SEGA SAMMY HOLDINGS
INTEGRATED REPORT

2026



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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.

A Fusion of the DNA of Challenge and Creativity »» P. 10

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/ir/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.



Sustainability website

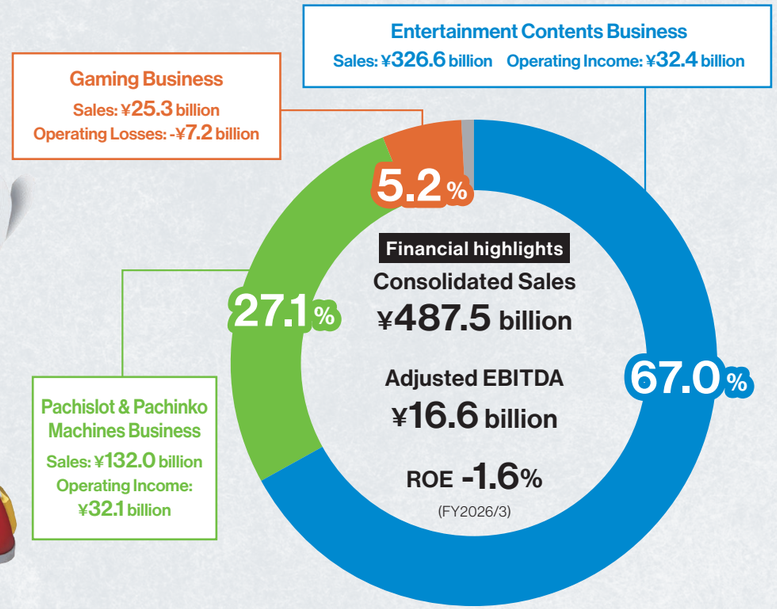
Provides detailed information and data on activities related to the Group's five materialities (key issues). Please read alongside the Integrated Report.

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

SNAP SHOT

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 fields, 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 by Business Segment

* Gray indicates other/elimination (0.7%)

Non-financial highlights

Number of employees (FY2026/3)

9,237 people * Excludes the No. of temporary employees

Affiliated entities (As of June 2026)

Japan ▶ 42 companies Overseas ▶ 87 companies

Engagement score

51.0 (FY2022/3) ▶ 58.0 (FY2026/3)

Culturally diverse human resources

554 people (FY2022/3) ▶ 957 people (FY2026/3)

Directors of the Board (As of June 2026)

Ratio of External Directors of the Board ▶ 53.8%

Ratio of Female Directors of the Board ▶ 30.8%

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, the Gaming Business develops casino machines for the gaming market and operates integrated resort (IR) facilities. Furthermore, by entering the North American online gaming market, we aim to establish the Gaming Business as the Group's third core business.

Unit sales of casino machines in the Gaming Business

1,310 units (FY2025/3) ▶ 1,890 units (FY2026/3)

Entertainment Contents Business
~Surprise the World with Creativity~



Offering a diversity of fun through consumer and arcade game content, visual media 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.

Overseas sales ratio

65.0% (FY2025/3)
▶ 65.5% (FY2026/3)

Licensing revenue

¥13.3 billion (FY2025/3)
▶ ¥17.5 billion (FY2026/3)



Pachislot & Pachinko Machines Business
~Changing the Industry through Innovation~



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

Led 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."

Total utilization share

4th place (FY2025/3)
▶ 4th place (FY2026/3)

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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 achieving our Group Mission/Purpose of "Captivate the World -Making Life More Colorful-."

Group Value
(Mindset and DNA)

Creativity is Genesis
×
Always Proactive, Always Pioneering

Group Mission/Purpose (Raison d'être)
Captivate the World
-Making Life More Colorful-

Group Vision (Ideal self)
Be a Game Changer

Long-Term Goals to 2030

Entertainment Contents Business
Enhancement of SEGA brand value
P. 42

Pachislot & Pachinko Machines Business
Establishment of No. 1 position in the industry
P. 46

Gaming Business
Establishment of business which can be the third pillar of the Group
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Material Issues to Be Addressed

Human Resources | **Products and Services** | **Environment** | **Addiction** | **Governance**
P. 24

SEGA SAMMY Group Mission Pyramid

Measures for Internal Penetration of the Mission Pyramid P. 51



Message from the CEO

With strong resolve, we will overcome our challenges and ensure our return to a growth trajectory

Haruki Satomi
President and Group CEO, Representative Director

■ Progress and outlook for the medium-term plan

The fiscal year ended March 2026 (FY2026/3) marks the second year of our medium-term plan WELCOME TO THE NEXT LEVEL (the fiscal year ended March 2025 (FY2025/3) through the fiscal year ending March 2027 (FY2027/3)). In this year, SEGA SAMMY Group recognized impairment losses on Rovio Entertainment Ltd. (Rovio) and Stakelogic B.V. (Stakelogic), resulting in a consolidated net loss recorded for the first time in 11 fiscal years. We exceeded our forecast in FY2025/3, the first year of the medium-term plan, thanks to the strong performance of the Entertainment Contents Business. However, we fell significantly short of the forecast in FY2026/3, in part because of the recognition of impairment losses. Given the challenges across our businesses, such as the need to strengthen our sales capability in consumer games and the underperformance of new F2P titles in the Entertainment Contents Business as well as the need to improve performance at the two companies acquired for the Gaming Business, we are now forecasting an adjusted EBITDA of ¥64.0 billion and ROE of 8.9% for FY2027/3, the final year of the medium-term plan. As a result, it is highly likely that we will fall short of the quantitative targets set in the medium-term plan, which were a three-year cumulative adjusted EBITDA of over ¥230.0 billion and a three-year average ROE of over 10%.

Given these disappointing performance results and the outlook that we will fail to meet the quantitative targets of our current medium-term plan, I keenly feel the weight of my responsibility as Group CEO. I would like to take this opportunity to apologize to our shareholders and to all the stakeholders who have high expectations for the Group.

We take these results seriously and, as our first step, will confront our challenges head-on and turn them into meaningful change. SEGA SAMMY Group has a history of transforming itself precisely when faced with difficult circumstances. We regard the net loss recorded this fiscal year as a material issue for management and believe the first step to restoring trust is to recognize the problems in our M&A process and business execution and to reliably reflect the lessons learned from them in a disciplined investment process and in our business turnaround plans going forward.

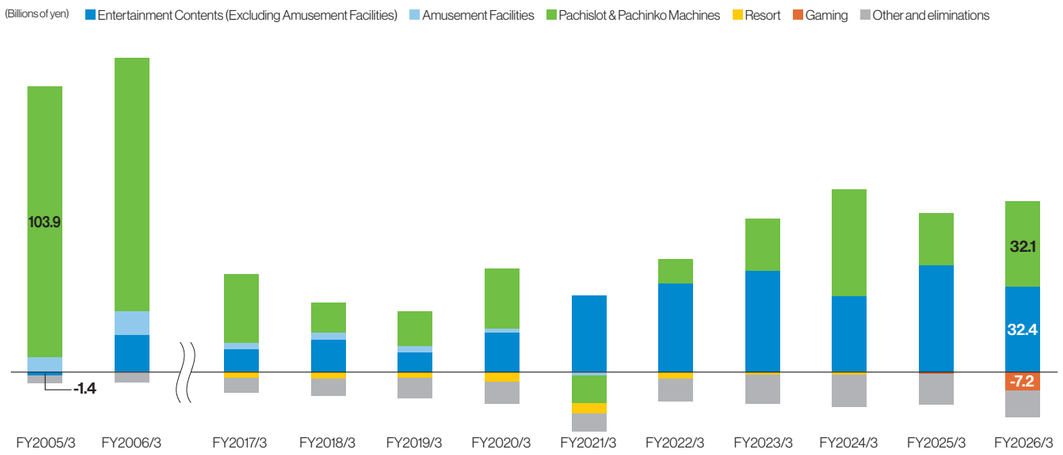
In addressing the specific challenges facing the Group, I would first like to touch on our current stock price. As of October 2026, we are seeing signs of recovery. However, stock prices in the entertainment industry have been in a corrective phase since last summer. External factors affecting the industry as a whole include concerns about structural changes in the industry driven by the rapid evolution of AI, a shift of investment capital toward sectors that attract more of it, and rising costs for components and development. At the same time, we recognize that the sluggishness of our stock price also reflects challenges inherent to the Group. Looking ahead to our next medium-term plan, we will confront the challenges that have surfaced during the current medium-term plan in earnest and take steps to resolve them. (Progress on medium-term plan: See P. 40)

■ Challenges that surfaced during the period of the current medium-term plan and our responses

Continuous transformation of our business portfolio

Since becoming President and COO (Representative Director)

Operating income (loss) trend by business



in 2017, I have consistently emphasized a management policy of "selection and concentration," which involves reviewing business areas that had expanded too far and appropriately allocating management resources to growth areas, as well as optimizing our portfolio with a focus on capital efficiency.

In the fiscal year ended March 2021, we sold the Amusement Center Operation Business, which had occupied a vital position in the Group's history, due to deterioration in the business environment caused by COVID-19. We also decided to withdraw from the domestic IR (Integrated Resort, including casino) business in the fiscal year ended March 2022. In FY2025/3, we also transferred all shares of PHOENIX RESORT CO., LTD., which operates Phoenix Seagaia Resort.

At the same time, we have pursued focused investment in the Entertainment Contents Business, which we have positioned as a growth business, while reinforcing the business foundation of the Gaming Business, which we aim to establish as our third pillar of business. During this time, the Pachislot & Pachinko Machines Business established a business model as a stable earnings source by improving its competitiveness and business efficiency, continuing to support the Group's investments and shareholder returns. By proactively investing the cash it generates into the growth businesses mentioned above, we have moved away from our dependence on the Pachislot & Pachinko Machines Business and made significant progress in building a business portfolio with the Entertainment Contents Business as a pillar of growth.

Challenges faced at Rovio and Stakelogic

As part of our efforts to transform our business portfolio, we carried out M&A to build a stronger foundation for future growth globally but we have faced serious challenges since completing these acquisitions. Rovio faced intensified competition after the acquisition as other companies successively launched major mobile titles and sales of key titles such as *Angry Birds 2* declined more than we had anticipated at the time of the acquisition. In addition, the GaaS (F2P) title *Sonic Rumble Party*, which SEGA developed and had positioned as a key title to be rolled out globally in partnership with Rovio, saw a delay in its launch and a range of KPIs fell short of expectations after release, leading to disappointing results. We have yet to generate the synergies we originally expected, including the transfer of Rovio's global mobile game business expertise to SEGA.

At Stakelogic, sales were highly dependent on the Dutch market when the acquisition was decided. While we had anticipated a temporary downturn in the Dutch market due to tighter regulations, we expected recovery after a certain period based on trends seen in the UK market, which had legalized online gaming earlier. However, contrary to our expectations, the Dutch market did not recover and has continued to shrink, resulting in a significant divergence from the revenue forecast we had envisioned when we decided on the acquisition.

Revisiting capital allocation and our approach to the business portfolio

In light of this situation, we first revisited our approach to investment discipline and capital allocation. We significantly reduced our strategic investment budget from the original forecast and decided to suspend any major M&A for the time being. We also reallocated part of our strategic investment budget and, during FY2026/3, acquired ¥20.0 billion worth of treasury stock and canceled them in April 2026.

For M&A, we have established strict criteria and processes based on our cost of capital but there were issues with how they were implemented. Going forward, as mentioned above, we will temporarily suspend the kind of major M&A we have previously pursued to acquire capabilities the Group lacked but will continue considering smaller investments that reinforce our existing businesses. When considering new deals, we will ensure even more careful execution by formulating business plans that factor in risk from multiple perspectives and creating contingency plans for unexpected events while also engaging our External Directors more closely in these discussions.

Turning Rovio and Stakelogic around

Our immediate priority is to rebuild the businesses of Rovio and Stakelogic through PMI and steady, reliable turnaround. We have already begun working to turn around both businesses, on which we recognized impairment losses in FY2026/3. At Rovio, we are improving the operation of its existing key titles, and sales of *Angry Birds 2* are showing signs of recovery. We will continue to steadily improve Rovio's performance and profitability by concentrating its game development resources on the key IP of *Angry Birds* and expanding Transmedia initiatives in partnership with SEGA.

At Stakelogic, we decided to scale down the Dutch business that had been a structural source of losses and consolidate its business base in Malta. We have also renewed its management structure and are reviewing unprofitable businesses, reducing fixed costs, and narrowing its pipeline to shift from quantity to quality, so as to maximize its exceptional technical capabilities.

Both companies will steadily implement turnaround efforts and enhance their business value from a long-term perspective.

Selection and concentration and improving sales capability in the Entertainment Contents Business

In addition to reviewing our M&A and turning around the companies we acquired, the Entertainment Contents Business itself also has challenges that need to be resolved. We recognize the importance of building a system that can continually reproduce hit titles, primarily in the Consumer area, to reduce volatility in our performance. In response to the struggles of our global GaaS (F2P) business which was positioned as a pillar of medium- to long-term growth, we will lower the priority of GaaS in our medium- to long-term strategy going forward and focus our management resources primarily on Full Game, centered on our key IPs. In addition, we have already discontinued development of Super Game, which we had been developing as part of our GaaS strategy. Although we have revised our investment priorities, we will continue our global GaaS initiatives.

We also recognize our sales capability in Full Game as a challenge. Digital sales have become the mainstream and user touchpoints have shifted to channels such as social media and influencers, but the Group has been slow to respond to these changes and has not been able to draw out the full potential of our IPs. In light of this, we are implementing reforms to improve our sales capability, including a fundamental overhaul of our marketing approach and changes to our organization and processes that enable data-driven decision-making. We will also shift from conventional promotion centered on traditional media and organized around new releases and launch dates to community-driven marketing built around our IP to sustain user interest starting from before new releases and lasting well after. Through these efforts, we will maximize the lifetime sales for each IP, encompassing not only the immediate post-release period but also catalogue sales.

Fostering understanding of our business portfolio

The Company has a diverse business portfolio and therefore constantly faces the perception of a conglomerate discount. However, I firmly believe that SEGA SAMMY Group is a collection of businesses that maximizes the creation of "captivating experiences" as set forth in our Group Mission/Purpose (raison d'être). I am confident that we can create a virtuous cycle in which the sum of the captivating experiences we create becomes our sales, and the accumulation of these experiences leads to greater fan satisfaction, which in turn drives revenue growth that will fuel further growth, letting the Group maximize corporate value. We hope to help our stakeholders understand this unique strength of the Group's business portfolio, in which the high cash-generating

Main Issues for FY2026/3

Entertainment Contents Business

- Recognition of impairment losses at Rovio
- Challenges in the sales capabilities of Full Game titles
- Delayed launch and underperformance of new F2P titles for the global market

Gaming Business

- Recording of impairment losses at Stakelogic
- Profitability improvement at GAN/Stakelogic

capacity of the Pachislot & Pachinko Machines Business enables continuous investment in our growth businesses and stable shareholder returns, by overcoming the challenges we have outlined here.

Continuing to improve our business foundation for the next medium-term plan

After steadily addressing these challenges, we will shift our focus to the next stage of growth. In FY2027/3, as we formulate our next medium-term plan, we will revisit and refine our business portfolio strategy, including cash allocation, though there will be no major change to the medium-term positioning of each business. In our next medium-term plan, we will focus on further improving the business foundation we have steadily developed and realizing its true value.

Entertainment Contents Business	Establish a growth trajectory centered on Full Game titles
Pachislot & Pachinko Machines Business	Maintain strong competitiveness and build a foundation for Group revenue
Gaming Business	Bottom out this fiscal year and return to growth from next fiscal year onward

Reshaping the Growth Strategy for the Next Medium-Term Plan (FY2028/3 Onward)

Entertainment Contents Business

In the Entertainment Contents Business, which serves as the core of our growth, we will re-establish a trend of profit growth and work to further elevate the SEGA brand globally. Compared with major global game publishers, even though SEGA operates with relatively modest development budgets per title, it is the only publisher to have ranked first in Metacritic's game publisher rankings three times. We see this as clear evidence that our ongoing investments have translated into strengthened development capabilities. If this is accompanied by improvements in sales capability as discussed above, we believe we can further increase the scale of revenue in the Consumer area.

In FY2027/3, we plan to launch four major new Full Game titles based on our key IPs. One of these, *STRANGER THAN HEAVEN*, a brand-new title from RGG Studio (formerly Ryu Ga Gotoku Studio), features international artists and globally recognized actors and aims to expand global sales beyond those achieved by the *Like a Drago*n series. We will continue to enhance our Transmedia strategy that maximizes IP value by deploying our game IPs across such diverse realms as movies, music, animation, and merchandising and by expanding touchpoints with our users and revenue. In FY2027/3, *Sonic* marks its 35th anniversary, and *Persona* its 30th. We will also combine these anniversary events with Transmedia initiatives and measures to increase catalogue sales and more to maximize sales across our IP as a whole. (Entertainment Contents Business: See P. 42)

Pachislot & Pachinko Machines Business

The Pachislot & Pachinko Machines Business is the key support for stable cash generation for the Group. We will continue to refine its business model while pursuing a Triple Crown of industry-leading positions in utilization, installations, and sales, further bolstering its earning power.

Our key indicator, pachislot & pachinko total utilization share, stood at fourth place at the end of FY2026/3 but climbed to second by June 2026 thanks to strong titles that sold well in the second half. We see this rise as real evidence that trust in the Sammy brand is recovering. For the first time in the history of the pachislot & pachinko machine industry, unit sales of pachislot machines in 2026 are expected to exceed those of pachinko machines, which represents an opportunity for the Group given our high share of the pachislot market. The Group has also accumulated expertise in increasing IP value while building win-win relationships with IP holders, starting with *Hokuto No Ken*. Leveraging this expertise, we will steadily move forward with launching promising new IP titles in addition to our existing popular series machines, as we aim for the top position in total utilization share. As a key initiative to revitalize the industry, we have been rolling out reel-exchangeable cabinets in earnest since FY2026/3. With reel unit sales, manufacturers can contain the sales price compared with a full cabinet, which in turn helps reduce the investment costs for pachinko halls. Because reel-exchangeable cabinets also require fewer components, they help reduce the impact of rising component prices. Further reductions in procurement costs should materialize if reuse becomes more widespread in the future. From a medium- to long-term perspective, we will lead the effort to revitalize the industry by reducing the investment costs for pachinko halls and, in turn, returning value to users. (Pachislot & Pachinko Machines Business: See P. 46)

Gaming Business

We aim to establish the Gaming Business as the Group's third pillar, and we are working to turn around our acquired companies in pursuit of this goal. We expect this business to bottom out in FY2027/3 and aim to achieve profitability at the ordinary income level during the period of our next medium-term plan. Within this business, the gaming machine sales business of SEGA SAMMY CREATION INC., the B2C businesses of GAN Limited (GAN), and PARADISE SEGASAMMY CO., Ltd. have already achieved profitability, and we expect further revenue growth going forward.

In recent years, demand for an omnichannel environment that delivers seamless customer experiences spanning online gaming to land-based casinos has increased among casino operators. The Group aims to become a B2B omnichannel solutions provider and is working to deploy B2B solutions that will help to build this environment. The acquisitions of GAN and Stakelogic have brought together the pieces we need to achieve this. Starting in FY2027/3, we will work quickly on improving GAN's B2B business and Stakelogic's business while leveraging the network we have built through our existing businesses to accelerate the rollout of our B2B solutions. (Gaming Business: See P. 48)

Long-term vision

The Group has broad entertainment touchpoints across diverse businesses, including games, visual media, toys, pachislot & pachinko machines, and gaming. We also have a business portfolio that has created new value across a wide range of genres and categories and major assets in IPs and brands that enjoy strong support from customers around the world. In addition, we have built a solid track record in commercializing and bringing IPs to market entrusted to us by other companies. By combining these strengths, we will deliver captivating experiences that only SEGA SAMMY can create to the world. At the same time, we will foster a corporate culture in which every employee can take on challenges with pride as we aim to build the Entertainment Contents Business into a solid and influential global brand that reaches 3.0 billion gamers worldwide, to secure the No. 1 position in the pachislot & pachinko machine industry, and to establish the Gaming Business as SEGA SAMMY's third business pillar. To achieve this, we must face each of the challenges that lie before us with integrity, solidify our business foundation, and return the Group to a growth trajectory.

The passion of our people as the starting point for sustainable corporate value growth

When it comes to achieving long-term growth, everything starts with our human capital. To share our values within the Group, we have set forth a clear Group Mission/Purpose (raison d'être): Captivate the World -Making Life More Colorful-. Guided by this bold statement, I continually tell our employees across the Group that creating and providing society with products and services that inspire emotion and empathy in people is both the form of social value the Group should aim to deliver and the path to sustainably increasing corporate value. Placing human capital at the starting point of value creation is a key management philosophy I have inherited from our Chairman, Hajime Satomi. Thinking in terms of "human capital management" is now the norm. However, even before the concept existed, we spent more than a decade focused on increasing engagement, investing continuously in our human capital, pursuing greater job satisfaction, and maximizing our employees' capabilities. We will continue to focus on building up our human capital, the source of the SEGA SAMMY Group's strengths, and drive our value creation process based on the cycle of strengths that starts from our human capital, so as to maximize corporate value.

When it comes to AI, which has become an important topic in recent years, we believe that it is our creators' craftsmanship that our fans truly value, so our policy is to make careful and deliberate decisions about using AI in our creative work. At the same time, the entire Group is working to actively apply AI in areas such as development support, operational efficiency, and data-driven marketing, so that employees can focus more on creative work.

Our commitment to craftsmanship is a long-cultivated asset shared by both Sammy, which has pursued "Always Proactive, Always Pioneering" and now marks its 50th anniversary since founding, and SEGA, which has built a brand supported by fans around the world through edgy entertainment guided by "Creativity is Genesis." Underlying all of this is the passion of each and every one of our employees. Lighting the flame of passion in one's own heart will encourage and inspire others to do the same, and this is what will serve as major momentum behind the SEGA SAMMY Group's growing presence around the world.

I am keenly aware of my responsibility to all our stakeholders—starting with our human capital and including our shareholders and investors—and I am determined to turn the business around, whatever it takes, and restore their trust. We ask for your continued support for SEGA SAMMY Group going forward.

A Fusion of the DNA of Challenge and Creativity

SEGA brand and numerous IPs, cultivated through creating "fun" ahead of the times

Upholding its corporate creed, "Creativity is Genesis," SEGA has delivered new "fun" through innovative game consoles, software and other products ahead of the times to the people around the world. These efforts have captivated many fans, building the globally recognized SEGA brand and creating numerous IPs that have continued to this day. These IPs extend not only to video games but also to visual media and music, creating additional revenue opportunities by expanding touchpoints with users. Furthermore, the fan base built to date represents one of SEGA's most vital assets.

1985

Hang-On
SEGA's first motion-controlled game to take the world by storm



©SEGA

SEGA

1988

SEGA GENESIS (Mega Drive)
A home video game console that became a massive hit in Europe and North America, making SEGA's name known worldwide. Gave rise to *Sonic*, SEGA's flagship IP.



©SEGA

Creativity is Genesis

×

Always Proactive, Always Pioneering

1989

ALADDIN
The industry's first single-bonus hitter pachislot machine



©Sammy

Sammy

2003

Pachislot Hokuto No Ken
A record-setting pachislot machine that sold over 620,000 units, becoming the biggest megahit in pachislot history



©Buronson & Tetsuo Hara／COAMIX 1983
©Sammy

A DNA of taking on challenges and driving innovation

Sammy has created numerous hit titles through its thorough research and development under the corporate creed and mindset of "Always Proactive, Always Pioneering", which means to keep trying everything without fear of failure. Even after the 2004 regulatory revisions, Sammy continued to innovate itself in the face of adversity, realizing new forms of gameplay within the regulatory framework and driving the pachislot market, thereby establishing its position as a top manufacturer. Since then, Sammy has continued to produce a succession of cutting-edge and innovative pachislot & pachinko machines with its outstanding planning and development capabilities. Behind Sammy's many hits lie an uncompromising approach to craftsmanship, including repeated test-shooting during development, and this commitment continues to be passed down today.



Embracing Failure Along the Road to Success

Hajime Satomi
Chairman Founder, Director of the Board

The DNA of Endeavor Passed Down Through Generations

Throughout its history, the SEGA SAMMY Group has never been satisfied with the status quo as it has continued to take on new challenges. Underlying this is our shared value of "Creativity is Genesis" × "Always Proactive, Always Pioneering." Creating something no one has ever attempted before, fearless in the face of hardship, forging our own path forward— I believe this very attitude is the "DNA of endeavor" that has shaped the SEGA SAMMY Group as it is today.

Ensuring that this DNA is passed down to the next generation is one of my key responsibilities.

Never Stop Taking On New Challenges

We deliver captivating experiences as a comprehensive entertainment company. Entertainment companies cannot achieve sustainable growth in corporate value unless they continue to create new value that consistently exceeds user expectations. That is why it is vital that we never settle for the status quo and keep taking on new challenges. At the same time, I have always made it a priority to thoroughly refine our products and services, releasing them into the world only once we are confident they are bound to be fun. If we betray our users even once by releasing something half-hearted, restoring trust will be no easy task. We take responsibility for our products and services and pursue perfection until the very end. It is my hope that our employees will continue to uphold this commitment to quality. That said, while new challenges and pursuing consistent quality matter, these must be underpinned by integrity. Rather than pursuing profits for ourselves alone or doing things that invite public criticism, we walk the high road of fairness and honesty. We must hold firm to this stance and continue building trust among our stakeholders.

Taking on challenges always comes with risk, meaning results may not always turn out as expected. The SEGA SAMMY Group of today also faces challenges that must be overcome as a result of past endeavors, and management has a responsibility to confront these challenges squarely. First and foremost, we must return to a reliable growth trajectory and restore trust. Still, I would like our employees to retain their resolve to take on new endeavors. Keep taking on challenges, learn from failure, and carry that experience forward to the next success. Through this accumulated effort, I believe a future in which SEGA SAMMY grows into a world-renowned entertainment company lies before us.

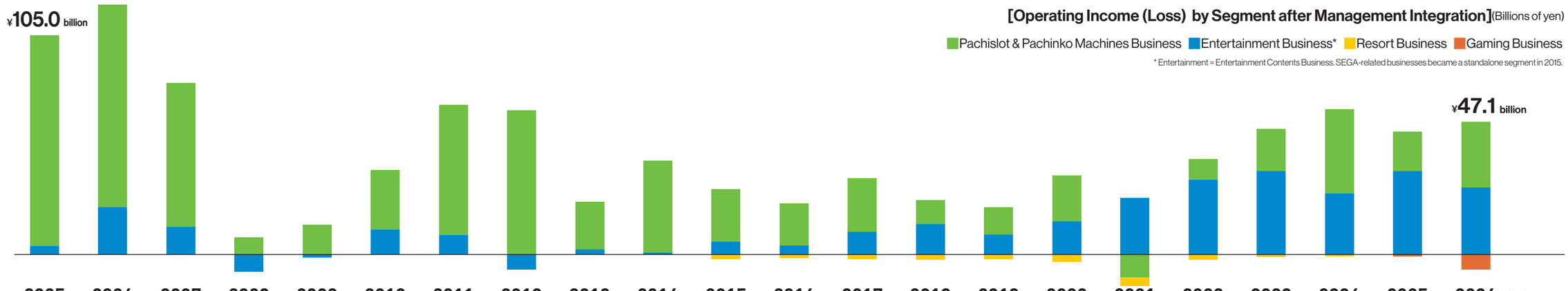
History of Innovation that Creates Captivating Experiences

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 (Loss) by Segment after Management Integration] (Billions of yen)

Pachislot & Pachinko Machines Business / Entertainment Business* / Resort Business / Gaming Business

* Entertainment = Entertainment Contents Business. SEGA-related businesses became a standalone segment in 2015.



Medium-Term Business Plan | Structural reforms | Recovery phase | Structural reforms | Road to 2020 | Structural reforms | Beyond the Status Quo | WELCOME TO THE NEXT LEVEL!

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, Entertainment Contents and Resort
- 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 amusement facilities business

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

2022 Exit
Withdrawal from domestic IR business

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

2024 Exit
Transfer of PHOENIX RESORT

2025
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.

Strengthening of the Mobile Business

2012 New SEGA Networks 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



2025
Opened the world's first official store, SEGA STORE SHANGHAI, and SEGA STORE TOKYO





2023 M&A Rovio Entertainment Ltd.

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
Launch of *Pachislot Psalms of Planets Eureka Seven*

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
Pachislot Kabaneri of the Iron Fortress made a big hit

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



2025
Launch of *Smart Pachislot Tokyo Revengers*

2025~
Launch of a reel-exchangeable cabinet



Gaming Business

2012 New
PARADISE SEGASAMMY CO., Ltd.

2013 New
SEGA SAMMY CREATION INC.

2017
Opened PARADISE CITY



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

2017
Acquisition of U.S. Nevada license





2024
Strong performance of *Railroad RICHES*

2025 Stakelogic B.V.
M&A GAN Limited

M&A Main M&A New Newly established
Exit Transfers, withdrawals, etc.

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Message from the Developers

Introducing the "Challenge and Creativity" of key people who embody the SEGA SAMMY Group's DNA.



Masayoshi Yokoyama

Senior Vice President, Executive Officer,
Head of RGG Studio Business Unit, SEGA CORPORATION

Taking on what no one has done before

I keep pushing to show the world something of value that people have not even imagined yet. Our job is not to chase the latest market trends. It is to offer a glimpse of a future that goes beyond what players can imagine. I believe that approach gives our games their distinctive worlds and has earned us the lasting support of our fans. To make those games, you need the ability to look ahead. Development takes several years from start to release. You have to picture the world as it will be when the game comes out, not as it is when you start making it. That is why I look beyond what is happening in games and entertainment today. I follow changes across society, from the news and the economy to fashion. What will still be around in three years? What will have disappeared? Those are the questions I keep asking as I shape the worlds of our games.

Like a Dragon is one of the clearest examples of that approach. Its distinctive world and themes have earned recognition, making it one of SEGA's signature titles and a driving force behind the Group's global growth.

At RGG Studio, we intend to keep building the *Like a Dragon* series while taking on new challenges that play to our strengths. One of those is *STRANGER THAN HEAVEN*, the new title we are developing. It follows one man fighting his way through a turbulent era, from 1915 into the postwar years. Through *Like a Dragon*, we have honed our craft: telling human stories, capturing the atmosphere of a city and its spaces, and directing scenes that bring out what makes each character compelling. This new IP draws fully on those strengths. But where *Like a Dragon* follows a single incident over roughly a week, this game follows one man's life across 50 years. Culture, values, even the streets themselves change dramatically along the way. It has been a challenge unlike anything we have taken on before—like making several different games at once and bringing them together as one.

We could not simply carry over the methods we had developed on *Like a Dragon*, either. Until now, making effective use of our city environments and assets (3D models) has helped us work efficiently and maintain high productivity. A game spanning 50 years of history does not allow that kind of asset reuse. We had to build everything from scratch. Even so, development of this new IP, on a scale we have never attempted before, is on schedule. That comes down to the strength we have built as a team over 20 years: responding quickly, making decisions, and solving problems throughout development.



Bringing the World Captivating Experiences No One Has Yet Imagined



Delivering both quality and efficiency

If we are going to take on something new and deliver a game our fans can believe in, we cannot compromise on quality. At RGG Studio, that quality comes from every team member's insistence on getting the details right. Even a five-minute trailer gets checked frame by frame. We look for the smallest discrepancies, including things you would never notice at normal playback speed. Fans around the world examine every detail of our games. We are committed to delivering quality that stands up to that scrutiny. That determination is one of RGG Studio's strengths and the foundation of our work.

Looking at the details through our fans' eyes also helps us build distinctive worlds that AI would struggle to create. The *Like a Dragon* series is often praised for its faithful recreations of real cities. But we are not simply reproducing a place. We are expressing it. Rather than copy a city exactly, we adjust the scale of buildings and build the streets around how fast the characters move. The aim is to make players feel as though they are really there. It is fiction, but fiction that feels right to the person playing. I believe that ability to create worlds attuned to human perception is a value unique to RGG Studio—and a strength AI cannot replace.

But even a great game is not enough on its own. Unless we can sustain the business, we cannot keep delivering captivating experiences to our fans. That is why efficiency matters to me just as much. By finding better ways to use existing assets and adjusting the balance of a game's components, we can make the experience significantly better without driving up additional costs. Keeping costs under control and holding the line on quality—we have to do both.

I want RGG Studio to remain a studio like no other—a name our fans trust. When they see a game from RGG Studio, I want them to know they can count on it.



STRANGER THAN HEAVEN
©SEGA

Entertainment Contents

Always Proactive, Always Pioneering to Continuously Create New Captivating Experiences



Hidekazu Kouchi
Senior Vice President, Executive Officer,
Managing Director of PS Research & Development Division,
Research & Development Group Division, Sammy Corporation

Sammy's strength lies in a development approach that puts the user first, looking ahead to the anticipation and excitement they will feel through gameplay, and then builds that experience without compromise. Another strength lies in our ability to collaborate across departments on shared goals and give shape to new value with a high degree of agility. Underlying all of this is the spirit of our corporate creed, "Always Proactive, Always Pioneering." We treasure this philosophy, and it drives us to constantly pursue new possibilities.

One initiative symbolizing this approach to development and the spirit of "Always Proactive, Always Pioneering" is the development of *Pachislot Kabaneri of the Iron Fortress*, which launched in July 2022. This was the first time this IP had been made into a pachislot machine, so we aimed both to establish it as a series that would grow into a pillar of Sammy's earnings and to increase recognition of the IP and its value through the pachislot & pachinko machines.

A major turning point in development was the shift to the No. 6.5 model. While we had originally been developing it as a No. 6.2 model, I was convinced that the response to the No. 6.5 model, which takes the excitement of play to the next sequence and sustains a sense of anticipation, would become the future standard. This is why I directed that this change be applied not only to this machine, which was already close to completion, but to every title then in development. Of course, a major specification change this late in development was no small burden for the team. However, we saw the potential to leverage the features of the No. 6.5 model to deliver a sense of anticipation and immersion beyond what conventional gameplay offered and the response from the team working on the project was surprisingly positive. The whole team gave their all without compromise to make something that would exceed expectations. Thanks to these efforts, we were able to bring *Pachislot Kabaneri of the Iron Fortress* to market at the perfect moment, just as the market for the No. 6.5 model was taking off.

The foundation of our ability to respond as quickly and flexibly as we did is a development structure in which the planning, payout design, art, sound, software, and other departments all work together as one. We also have an organizational culture that views change as new opportunities that we then leverage in development. Rather than treating regulatory and institutional changes as mere constraints, we use them as a springboard to create new gameplay experiences, incorporating them into development quickly and flexibly. In leveraging the third-party IP, we hold cross-departmental discussions on how to bring a work's appeal to life as fully as possible and what kind of captivating experiences we can create as pachislot and pachinko machines so that everyone shares the same goals and values. It is this collaboration, together with the enthusiasm of each and every person involved, that enables us bring out an IP's appeal in a way that satisfies IP holders and also helps increase the value of the IP itself.

In addition to the trust we have built with IP holders, *Pachislot Kabaneri of the Iron Fortress* has grown into a popular series that serves as a pillar of our earnings, creating an environment that makes it easier for us to take on challenges with new IPs and gameplay. These efforts have also helped bring in new users who became interested in pachislot and pachinko machines through a particular work or IP, creating a new trend that is invigorating the industry as a whole. Going forward, we will continue to take on challenges by drawing on our comprehensive strengths to keep creating captivating experiences unlike any before.



Pachislot Kabaneri of the Iron Fortress
©Kabaneri Committee ©Sammy

Pachislot & Pachinko Machines

Relentlessly Pursuing Captivating Experiences with an Uncompromising Player-First Approach



Masaki Yamamoto
Executive Vice President and Global CTO, Director of the Board,
Managing Director of Research & Development Division,
SEGA SAMMY CREATION INC.

Refining captivating experiences from the player's perspective

I joined SEGA in 1996, starting my career as a programmer for amusement (AM) machines. After working on multiple AM machines, including *SEGA RALLY 2*, I was involved in developing gaming machines when SEGA SAMMY CREATION INC. was founded and currently head the Research & Development Division.

What I cultivated during my years developing AM machines and what remains central to how I develop gaming machines today is the approach of thinking from the player's perspective. What do players immerse themselves in? What do they enjoy? I always make it a priority to see things as a player myself, playing extensively at actual casinos and performing thorough research.

At the same time, as I am in a position responsible for assessing the quality of games, it is vital to refrain from relying solely on my own sensibilities and always maintain an objective, macro perspective on market needs. To objectively grasp the value our customers seek rather than skew toward a creator's own values, I go to casinos to observe and analyze players' behavior and emotional shifts. Without that perspective, we can't make a game that players will love.

In doing so, having an environment where we can directly verify player and market reactions is one of our company's major strengths. Our highly capable sales team has built strong, trusted relationships with tribal casino operators in North America, enabling us to incorporate valuable operational insights and operator feedback into our product development process and accelerate our continuous improvement cycles.

The gaming cabinet *GENESIS ATMOS* is the culmination of everything SEGA's arcade team has cultivated over many years. Throughout the development process, we carefully scrutinized every design element to ensure that nothing would detract from the player experience, making adjustment after adjustment down to individual LED lights so that they would function as part of the visual effects rather than just look flashy. This thoroughness in design and construction has resulted in operators telling us they have never seen a cabinet this trouble-free and easy to maintain, which makes us especially proud. The slot title we featured on this cabinet, *Railroad RICHES*, was likewise developed by prioritizing fun for the player. Operators normally tend to shy away from longer bonus games for efficiency's sake, but we felt that was exactly where the fun lay, so we made our bonus game longer and worked in visual and sound effects throughout. As a result, this title is maintaining utilization well above the market average.

Contributing to the industry's long-term growth

I want to elevate gaming into a captivating experience that people enjoy not just for the outcome of winning or losing, but for the process, gameplay, and visual and sound effects that lead up to it. We want to dispel negative perceptions of casinos and turn them into social spaces where people enjoy connecting with one another. Ultimately, we aspire to see casino gaming recognized as a widely accepted form of entertainment, comparable to recreational activities such as golf and tennis. This is because we believe that continuing to present the appeal of casinos to society at large will lead to the long-term growth of the industry as a whole.

Our mission is to pass on our DNA as developers focused on the player's perspective to the next generation and continue delivering games that are loved around the world, while making the fullest use of the technology GAN and Stakelogic brought into the Group. This conviction is what drives us to innovate.



Railroad RICHES
© SEGA SAMMY CREATION INC.

Gaming

Strengths of the SEGA SAMMY Group

Versatile human capital leveraging their capabilities to create highly innovative entertainment

Financial Effects
- Expansion of business scope and revenue through the creation of highly innovative entertainment
- Business growth through the continuous creation of hit content

Strategic Effectiveness
- Enhancement of organizational unity and execution through the instillation of our mission
- Organizational foundation where versatile human capital can leverage their capabilities to work
- A corporate culture that continuously generates innovation

Number of Employees by Business Segment

Entertainment Contents: **6,600**

Pachislot & Pachinko Machines: **1,165**

Gaming: **928**

Employee Ratios

Overseas Employees **31.9%**

Development Employees **54.5%**

* As of the end of March 2026

Human Resources Strategy >>> P. 50

Creating business opportunities and competitive advantage centered on our brands and IP

Financial Effects
- Expansion of revenue opportunities through global IP utilization
- Creation of new business opportunities through partner collaboration
- Steady sales and utilization of pachislot & pachinko machines that leverage strong licensed IPs

Strategic Effectiveness
- High global recognition of our brands and extensive IP portfolio
- Strong relationships of trust with external IP holders and pachinko halls
- Competitive advantage in acquiring new IPs and expanding into new businesses

SEGA® SONIC THE HEDGEHOG™ 龍が如く™ P5 PERSONA5 ANGRY BIRDS™ PACHISLOT 北斗の拳 Sammy

Brand/IP >>> P. 21

Value Maximization Cycle

Enhance the value provided

Ability to create captivating experiences

Versatile Game Changers (human capital)

Ability to develop captivating experiences (1)

Unique business portfolio/ financial base

Create new value

Maximize value

Common values (mindset and DNA) for value creation

>>> P. 10

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

Source of captivating experiences

Brand/IP

Ability to develop captivating experiences (2)

Multichannel/ Transmedia

Accumulate capital

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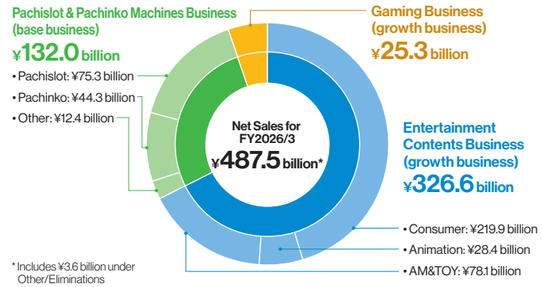
A unique business portfolio structure in which the high cash-generating capability of the Pachislot & Pachinko Machines Business enables growth investment in the Entertainment Contents and Gaming Businesses

Financial Effects
- Securing stable revenue by balancing our base business with our growth businesses
- Curbing the risk of earnings decline during market fluctuations

Strategic Effectiveness
- Continuous investment in growth businesses (Entertainment Contents, Gaming), enabled by stable operating cash flow generation (Pachislot & Pachinko Machines)
- Securing resilience to changes in the external environment (regulations, economic conditions)



Deploy IP across multiple channels such as games, visual media, merchandising, and pachislot & pachinko machines to draw out value from multiple angles

Financial Effects
- Expansion of revenue opportunities through the broad deployment of IP across multiple channels
- Expansion of revenue by expanding customer touchpoints

Strategic Effectiveness
- Transformation of products and services into IP assets that generate continuous revenue rather than one-off sales
- Maximization of revenue through greater recognition in the global market



Multichannel/Transmedia >>> P. 20

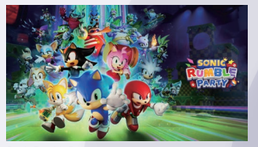
Multichannel/Transmedia



Starting with IP, we aim to expand our fan base and generate profits through cross-channel initiatives spanning games, visual media, merchandising etc.

Example: *Sonic* × Deployment Capability

F2P (Free-to-Play)



Sonic Rumble Party
©SEGA

Consumer Game



Sonic Racing: CrossWorlds
©SEGA



***Sonic* (IP)**

License



©SEGA



©SEGA

Visual Media



Sonic the Hedgehog 3
©2024 PARAMOUNT PICTURES AND SEGA OF AMERICA, INC.



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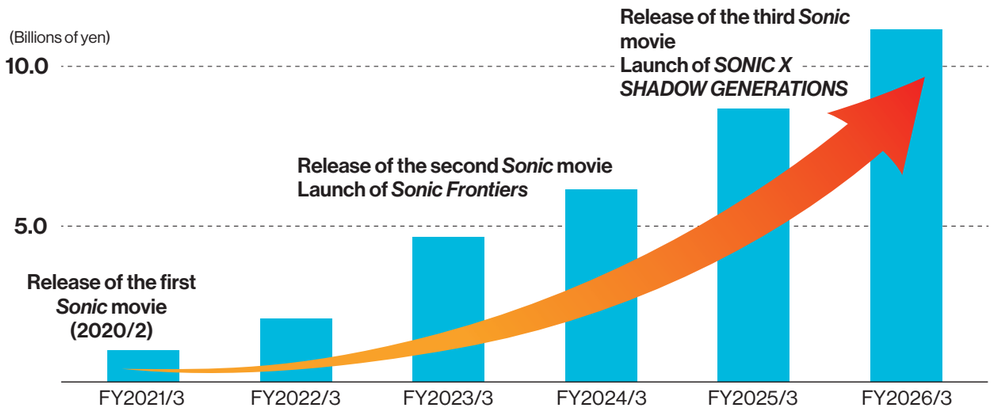
Merchandise, AM&TOY

Evolution of Licensing Revenue Expansion (Example: *Sonic*)



Brand/IP

●…[PCPS] Pachislot &Pachinko Machines ●…[CS] Consumer Game ●…[VM] Visual Media
●…[AM] Amusement Machines ●…[TOY] Toys etc.

Multi-channel Deployment of In-house IP

SEGA SAMMY owns a wide range of IPs, each with different strengths and fan bases. By formulating expansion strategies tailored to the unique characteristics of each IP and through multifaceted rollouts spanning games, visual media and merchandising, we are driving the acquisition of new fans and maximizing IP value.

Representative IPs	IP Characteristics and Deployment Strategies	Deployment Channels
SONIC THE HEDGEHOG™ Series launch: in 1991	*Sonic* series is a globally acclaimed game franchise starring the world's fastest hedgehog. Following the global success of its movies, Transmedia expansion has accelerated significantly. Spanning a wide range of touchpoints from games to visual media and toys, *Sonic* stands as one of SEGA's representative IPs.	PCPS CS VM AM TOY
	Key Titles	**Unit Sales**
	SONIC X SHADOW GENERATIONS (FY2025/3)	3.07 million units
	Sonic Superstars (FY2024/3)	2.88 million units
	Sonic Frontiers (FY2023/3)	5 million units (announced in August 2026)
龍が如く™ Series launch: in 2005	The *Like a Dragon* is a full-fledged action-adventure series depicting rich human drama set in the modern Japanese underworld. In addition to tie-ins with prominent actors, musical artists, and corporate partners, the series continues to expand its user base beyond video games through visual media, stage plays, merchandising, and various live events.	PCPS CS VM AM TOY
	Key Titles	**Unit Sales**
	Like a Dragon: Infinite ∞ Wealth (FY2024/3)	2.05 million units
	Yakuza: Like a Dragon (FY2020/3)	3.12 million units
P5 PERSONA5 Series launch: in 2002	*Persona* is a popular series based on juvenile RPG featuring personal growth of boys and girls. With its unique worldbuilding, stylish music, and highly compelling storylines, it has cultivated a large global fan base. Leveraging its distinctive universe, it expands across multiple media, including live music concerts, animation, and manga.	PCPS CS VM AM TOY
	Key Titles	**Unit Sales**
	Persona 3 Reload (FY2024/3)	3 million units (announced in June 2026)
	Persona 5 Series (FY2017/3)	15.5 million units

* Unless otherwise specified, sales figures are cumulative through the end of the fiscal year ended March 2026.

Utilization of External IP

Along with creating and nurturing in-house IPs, SEGA SAMMY Group strategically adopts and leverages external IPs.
By developing products and services that leverage the unique characteristics of IP and fan base of each IP, we aim to expand revenue opportunities and increase the probability of delivering hits.

Representative IPs	IP Characteristics and Deployment Strategies	Deployment Channels
PACHISLOT 北斗の拳 Series launch: in 2022	*Hokuto No Ken* is a highly popular pachislot & pachinko machines series that leverages an exceptionally well-known external IP. Series has generated numerous hit titles such as the original *Pachislot Hokuto No Ken* which boasted the largest sales volume in the history of the pachislot machines, with a cumulative sales volume of about 620,000 units.	PCPS CS VM AM TOY
	Key Titles	**Unit Sales**
	Smart Pachislot Hokuto No Ken Chapter of Resurrection 2 (FY2026/3)	49,000 units
	Smart Pachislot Hokuto No Ken (FY2024/3)	84,000 units (Top-selling smart pachislot title)

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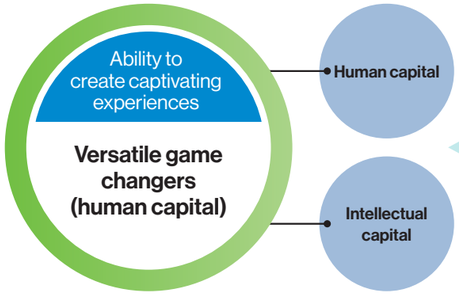
Financial and Non-Financial Capital

The unique strengths generated by combining the six forms of capital held by the SEGA SAMMY Group enable value creation unique to the Group. We will continue working to achieve sustainable growth and enhance corporate value by strengthening each form of capital. We also position materiality initiatives as measures that strengthen non-financial capital and prevent erosion of its value, and we will work to strengthen the foundation for long-term value creation.

	Overview	Components	Enhancement initiatives
Human capital	We have versatile human capital in Japan and overseas with high levels of expertise and creativity needed to support each of our businesses, including in development. Under the Group Human Resources Strategy, the Human Capital Development Goals (HCDGs), we promote human capital development, cultural cultivation, and environment building across the Group while implementing human resources strategies tailored to the characteristics of our diverse businesses.	Ratio of culturally diverse human resources 24.5% Ratio of female managers 8.8% Amount invested in education ¥0.41 billion (cumulative total: ¥1.88 billion) Engagement score 58.0 (A) Ratio of development employees 54.5%	**Strengthen development of culturally diverse human resources** • Study abroad program • Increase the number of employees with overseas experience (increase employees with overseas expatriate experience by 50%) **Promote business-specific human resources strategies** **Create an environment that values diversity** • Flexible workstyles (flextime, side jobs, etc.) • Initiatives to support balancing work with childbirth and childcare (various leaves and the Celebration Allowance Program) **SEGA SAMMY College** **Improving engagement** • Sessions for executives to consider issues and countermeasures (executive sessions) • Town hall meetings **Strengthen development human capital** • Events for exchanging and sharing technologies across the Group
Intellectual capital	In addition to in-house developed IP, we have an extensive portfolio of IP acquired through M&A and from external sources, as well as development technologies and expertise cultivated through each of our businesses. By nurturing and strengthening these assets and deploying them across diverse regions and channels, we maximize IP value and expand revenue opportunities.	In-house IPs (Key IP series such as *Sonic*, *Persona*, and *Like a Dragon*) Patents Development technologies and expertise	Nurture and expand our extensive in-house IP portfolio Multifaceted deployment of owned IPs
Social and relationship capital	In addition to collaborative relationships with IP holders and external partners in Japan and overseas, we have built touchpoints with fans and customers worldwide over many years. By leveraging these relationships, we are expanding the multifaceted deployment of IPs and creating new products and services.	Licensed IPs Collaborative relationships with IP holders and external partners Global fan base Customer touchpoints	**Entertainment Contents Business** • Expand touchpoints through Transmedia expansion • Strengthen customer engagement through SEGA STORE and other channels • Expand collaboration and co-creation with IP holders and external partners **Pachislot & Pachinko Machines Business** • Strengthen partnerships with leading IP holders • Expand touchpoints with new fan and customer segments through IP • Development and deployment of reel-exchangeable cabinets through co-creation with pachinko halls and manufacturers
Financial capital	The Pachislot & Pachinko Machines Business' ability to generate stable cash enables further growth of the Entertainment Contents Business, active investment in new business areas such as the Gaming Business, and shareholder returns. In addition, through a diversified business portfolio with widely differing areas, we seek to reduce the risk of earnings fluctuations due to changes in the environment.	Stable cash-generating capability centered on the Pachislot & Pachinko Machines Business Unique business portfolio spanning a wide range of business areas Management conscious of capital efficiency	• Strategically invest generated cash to growth areas • Improve ROIC by reviewing the business portfolio • A capital structure that maintains an appropriate D/E ratio • Allocate capital with a balance between growth investment and shareholder returns
Natural capital	The SEGA SAMMY Group remains constantly mindful of the environmental impact of its business activities and, while complying with environmental laws and regulations, works to reduce its environmental impact and address climate change.	GHG emissions (Scope 1) 1,016 t-CO_2 GHG emissions (Scope 2) (Market-based) 5,357 t-CO_2 GHG emissions (Scope 2) (Location-based) 12,266 t-CO_2 GHG emissions (Scope 3) 816,090 t-CO_2	• Adoption of raw green electricity generated from solar power plants • Introduction of Green Power Certification System • Disclosure based on TCFD recommendations
Manufactured capital	We have the facilities and infrastructure to bring the products and service of each business, including games and pachislot & pachinko machines, to life. By leveraging this foundation, we turn ideas and creativity into high-quality products and content while ensuring stable, efficient business operations.	Development and production environments for games, pachislot & pachinko machines, gaming machines, etc. Sammy Kawagoe Factory	• Enhance development and production environments • Improve production efficiency and quality • Build a stable and flexible supply system • Promote part reuse and resource circulation

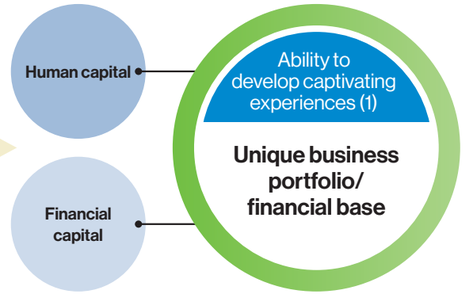
* All figures are as of the end of March 2026.

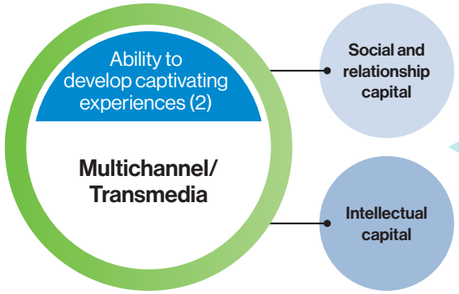
Relationship Between Strengths and Main Forms of Non-financial Capital



At the SEGA SAMMY Group, employees with diverse expertise and backgrounds leverage their individuality to generate ideas and improve service quality. These human capital-driven initiatives support the creation of new captivating experiences. Furthermore, by investing in education and developing culturally diverse human resources, we accumulate and enhance development technologies, IP creation capabilities, and expertise in global expansion as organizational knowledge, thereby expanding our intellectual capital.

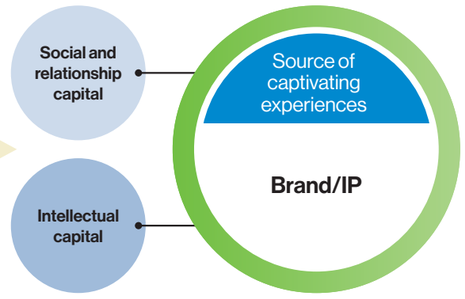
Human capital with diverse expertise and experience supports a wide range of businesses across the Group, including Entertainment Contents, Pachislot & Pachinko Machines, and Gaming. By enabling planning, development, and operations tailored to each business's characteristics, this human capital allows us to respond flexibly to rapidly changing market conditions and strengthen our business portfolio. Our diverse portfolio, which includes the Entertainment Contents Business with a wealth of IP and the Pachislot & Pachinko Machines Business with stable cash-generating capabilities, contributes to the stability of our financial base through the continuous creation of revenue opportunities and risk diversification.





Through collaboration with diverse companies, creators, and distribution and sales partners in Japan and overseas, we promote multichannel deployment and our Transmedia strategy, leveraging the depth of our social and relationship capital to enable multifaceted IP deployment. This deployment further strengthens relationships with partners and expands touchpoints with fans, enhancing the appeal and potential uses of IP and thereby expanding intellectual capital.

Drawing on the trust we have built with fans and collaborative partners over many years, and maintaining ongoing communication with them, we work to enhance the value of our brand/IP by providing captivating content. The SEGA SAMMY Group's advanced development technologies also help improve the quality of our products and services and are an important factor in further enhancing brand value. In addition to quality control for products and services, we conduct appropriate reviews and management of the use and depiction of characters and IP, as well as external communications. By establishing a governance framework that includes legal compliance and internal controls, and by emphasizing transparent and responsible operations, we work to maintain and protect the value of our brand/IP.



Materiality

Materiality Identification Process

① Issues Capturing and Materiality Evaluation

In 2019, we established policies for CSR and the SDGs. Through stakeholder dialogues with experts, investors, and employees, we gathered opinions and feedback and reported them to the Board of Directors. We then engaged in a series of discussions to identify materiality unique to the SEGA SAMMY Group.

② Issues Identification

In 2020, we carefully examined the relevance of the materiality themes to our businesses, referring to frameworks such as the SASB Standards. Under our Group Mission/Purpose of "Captivate the World," we identified the current five materiality themes by focusing on the value created by our core businesses.

③ Setting and Approval of Materiality

In April 2022, the Group Sustainability Subcommittee approved the current materiality content and their disclosure. Subsequently, the Group Management Strategy Committee (now the Group Management Committee) held discussions, and the Board of Directors granted final approval.

④ Progress Monitoring and Reviewing Materiality

Each Group company establishes specific targets and manages progress for each materiality theme. We continuously review them based on regular reporting and evaluations, stakeholder feedback, and social and environmental changes.

Materiality at the SEGA SAMMY Group		Target	Results for FY2026/3	Related Pages
Human Resources Cultural diversity Career development for women Training of core personnel Improvement of the work environment	To captivate the world, we have been investing in the human capital, culture, and environment that is our driving force, as well as consistently working on the agenda aligned with the concept of "human capital management." We will continue to make the necessary investments in our human capital and build the systems that enable every individual to remain "Game Changer."	• Culturally diverse human capital ... **Approx. 21% or more** • Percentage of women in managerial positions ... **Approx. 8% or more** • Amount invested in education ... **Average ¥0.45 billion / year (Cumulative total: ¥4.0 billion or more)** *Applicable to SEGA SAMMY HOLDINGS, SEGA, and Sammy • Engagement score ... **58 or above** *Applicable to major domestic Group Companies All targets are for either FY2031/3 or 2030	• Culturally diverse human capital ... **24.5%** • Percentage of women in managerial positions ... **8.8%** • Amount invested in education ... **¥0.41 billion** / year (Cumulative total: approx. ¥1.88 billion) • Engagement score ... **58.0** (Rating: A)	• Human Resources Strategy >>> **P. 50** official website Human Resources https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/human/
Products and Services	Products and services that combine safety and security with innovation deliver value that exceeds customer expectations and enrich the lives of people around the world. To achieve this, our Group Company sets material issues and strategies for products and services.	• **Enhancement** of SEGA brand value (Entertainment Contents Business) • Establishing **No. 1** position in the industry (Pachislot & Pachinko Machines Business)		• Entertainment Contents Business >>> **P. 42** • Pachislot & Pachinko Machines Business >>> **P. 46** • Gaming Business >>> **P. 48** official website Products and Services https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/products-services/
Environment Scope 1, 2 Scope 3	Environmental consideration is one of the important issues that companies should address. The SEGA SAMMY Group remains constantly aware of the environmental impacts of our business activities, complies with environmental laws and regulations, and works to reduce environmental impact and address climate change.	**Scope 1, 2** • Reducing group-wide GHG emissions by **around 50%** (2030) • Group-wide carbon neutrality (2050) **Scope 3** • Reducing GHG emissions by **22.5% or more** (2030)	• Conducted supplier survey (50 companies) • Supplier Briefings/Workshops (29 companies) • Conducted direct communication with suppliers (2 companies)	• Environment (TCFD Recommendations) >>> **P. 57** official website Environment https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/environment/
Addiction	As a group that captivates the world, the SEGA SAMMY Group recognizes the prevention of addiction and other related disorders as an important social responsibility in the industries, in order to ensure that customers can enjoy our pachislot machines and games with peace of mind. We engage in industry organization initiatives in both the pachislot & pachinko and video game industries, taking appropriate actions in line with them. We will continue to sincerely address the negative aspects of gaming and strive to create an environment where everyone can enjoy our products and services safely.	• Compliance with laws, regulations, voluntary standards, etc. related to addiction • Contributing to the sound development of the industry • Implementation of industry–academia collaborative research on addiction		• Addiction >>> **P. 56** official website Addiction https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/addiction/
Governance	The SEGA SAMMY Group positions corporate governance as the most important foundation for facilitating good corporate behavior. The Company and the Group uphold "improving efficiency," "securing soundness," and "enhancing transparency" of corporate management as its basic policy for corporate governance. On this basis, the Company and the Group make determinations on important management issues, including the appointment of director candidates, determining director and auditor remuneration, and management oversight.	• Maintaining a highly transparent management approach and a corporate governance system that supports medium- to long-term enhancement of corporate value		• Governance >>> **P. 58** official website Governance https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/governance/

Value Creation Process

Driven by our shared values of Creativity is Genesis × Always Proactive, Always Pioneering, we will create new captivating experiences while expanding our business domain and transcending genres and national borders by powerfully implementing a value creation cycle consisting of our four strengths. We will maximize the impact that entertainment can have on society, and while striving to curb the negative impact, we will continue to provide both social and economic value and pursue the maximization of corporate value.

Strengthening capital and further enhancing strengths through the value created

Input | **Business Activities** | **Outcome**

Strengths of SEGA SAMMY -Value Maximization Cycle-

- Expansion of business areas
- Geographic expansion

Enhancement of corporate value



Offering the Group's contents and services as entertainment suited to the times

Products and Services / Addiction / Environment

Natural Capital / Manufactured Capital

For details on materiality, see P. 24

Entertainment

- Games (Full Games / F2P)
- Visual Media
- Amusement machines
- Toys, prizes, and merchandise

For details, see P. 42

Pachislot & Pachinko Machines

For details, see P. 46

Gaming

For details, see P. 48

Governance

Creation of Economic Value

Entertainment

Be a solid and influential global brand that reaches 3.0 billion gamers worldwide

Pachislot & Pachinko Machines

Establishment of No. 1 position in the pachislot & pachinko machine industry

Gaming

Establishment of business which can be the third pillar of the Group

Creation of Social Value

Creating captivating experiences through products and services adding color to the lives of people around the world

Group Mission/Purpose

Captivate the World -Making Life More Colorful-

Risks, Opportunities, and Internal Challenges

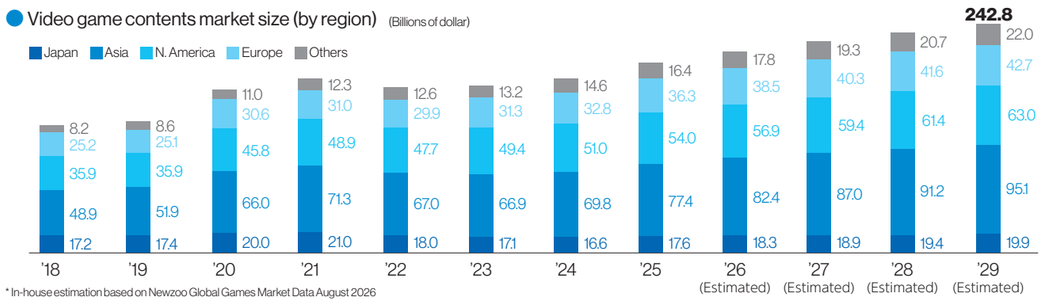
The SEGA SAMMY Group aims to maximize corporate value by accurately identifying changes in the market environment, appropriately addressing risks, and making management decisions that reliably capture growth opportunities.

Entertainment Contents Business

Market Environment

The global video game content market is becoming more diversified in terms of content delivery methods, and the new market is emerging due to the growth of emerging economies. Expectations for the growth of the video game market continue to increase, as the environment is now conducive to the provision of content and services for a longer period of time, regardless of device or platform, to the entire world.

● Video game contents market size (by region) (Billions of dollar)



* In-house estimation based on Newzoo Global Games Market Data August 2026

In the amusement machine market, despite the impact of soaring raw material prices due to the weak yen, the prize category continues to perform well, and the market as a whole remains firm.

Market data P. 31

Risks, Opportunities, and Internal Challenges: Countermeasures

Risks and Internal Challenges	Countermeasures
Risks ・Intensifying competition for consumers' discretionary time ・Increase in similar content and intensifying competition driven by the rapid advancement and widespread adoption of AI ・Increase in development expenses **Internal Challenges** ・Reliance on conventional sales methods ・Revitalization of Rovio's business	・Strengthening the fan base through the continuous release of new titles based on key IPs, as well as enhanced promotional activities and community engagement ・Expanding touchpoints through Transmedia strategies for in-house IPs while securing and improving profitability ・Strengthening the "sales capabilities" in the Consumer area ・Focusing Rovio's efforts on its key IP and advancing Transmedia expansion jointly led by SEGA and Rovio
Opportunities	**Initiatives to maximize opportunities**
・Growing demand for IP-based businesses, including game IPs	・Continuing to invest in the development and provision of highly competitive products and services ・Further expansion of key IPs by strengthening the games and implementing Transmedia strategies

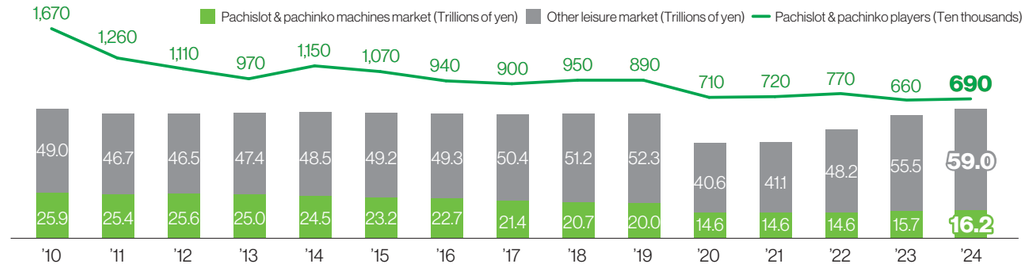
For details, please refer to the Entertainment Contents Business P. 42

Pachislot & Pachinko Machines Business

Market Environment

Along with the decline of the player population since 1995, there has been a long-term downtrend in the overall number of pachinko halls, as well as in the number of machines installed and in annual machine turnover. On the other hand, the number of machines installed per pachinko hall is on the rise due to increasing sizes of pachinko halls and other factors. Smart Pachislot is currently driving the pachislot market, while the pachinko market may also see a recovery as Smart Pachinko and machines with Lucky Trigger become more widespread.

● Trends in the Pachislot & Pachinko Machines Market and Other Leisure Markets size, and Pachislot & Pachinko players

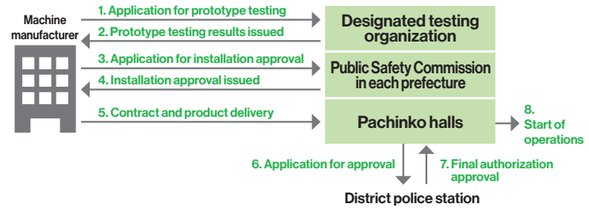


Source: White Paper on Leisure Industry 2025, Japan Productivity Center

Other market data P. 31

Pachislot & Pachinko Machines Approval Process

When marketing a new pachislot or pachinko machine, manufacturers are required to go through multi-step approval processes in accordance with the Act on Control and Improvement of Amusement Business, etc.



Risks, Opportunities, and Internal Challenges: Countermeasures

Risks and Internal Challenges	Countermeasures
Risks ・Contraction of the pachislot & pachinko machines market ・Changes to regulations and other rules related to pachislot & pachinko machines ・Procurement risks for raw materials ・Addiction **Internal Challenges** ・Intensifying competition to acquire IP rights	・Increasing market share by enhancing brand strength through the use of popular and new IPs ・Implementing measures to revitalize the industry, including the promotion of reel-exchangeable cabinets ・Monitoring the regulatory environment and establishing a development framework capable of responding flexibly to regulatory revisions ・Diversifying component suppliers, standardizing components, and minimizing the number of components by adopting reel-exchangeable cabinets ・Initiatives to tackle addiction across the industry P. 56 ・Building and maintaining long-term, trust-based relationships with partner companies ・Focusing on production investments and sponsorships
Opportunities	**Initiatives to maximize opportunities**
・Potential for user-base expansion as the regulatory review broadens the range of gameplay	・Creating new key series through new applications of popular IPs ・Expansion of the specification range

For details, please refer to the Pachislot & Pachinko Machines Business P. 46

Gaming Business

Market Environment

The gaming market is experiencing rapid growth in the sports betting and iGaming sectors following the legalization of online gaming. Against this backdrop, land-based casinos, particularly in North America, have continued to achieve steady growth. Further medium- to long-term growth is expected, driven by the expansion of online gaming.

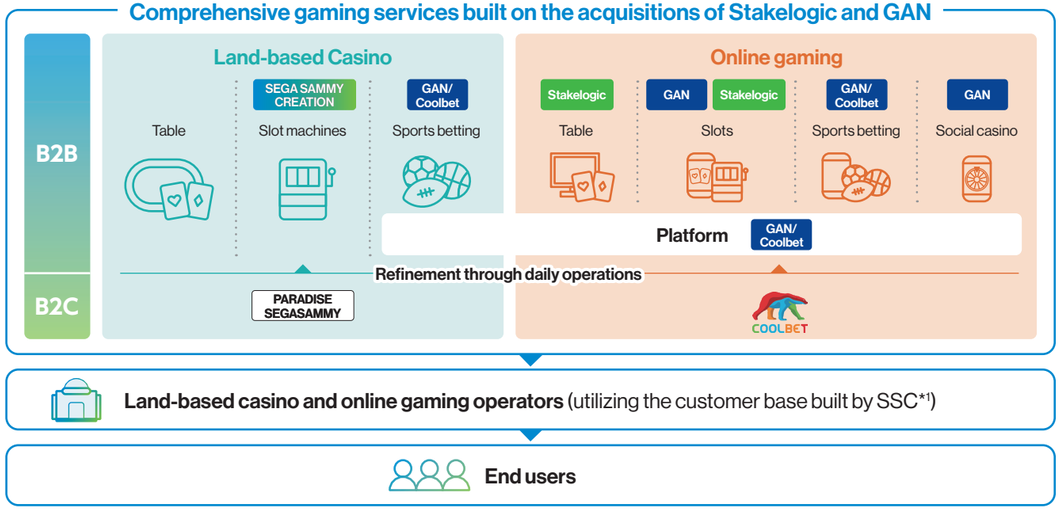
Market data P. 31

Risks, Opportunities, and Internal Challenges: Countermeasures

Risks and Internal Challenges	Countermeasures
Risks ・Changes in laws and regulations ・Intensifying competition with major competitors ・Addiction **Internal Challenges** ・Improving the profitability of GAN and Stakelogic	・Operating under valid gaming licenses, maintaining those licenses, monitoring regulatory environments in each country, and responding appropriately ・Leveraging the Group's unique strengths and technological capabilities ・Registration with Nevada's Responsible Gaming program and conducting industry–academia collaborative research on gambling addiction ・Promotion of business revitalization programs for GAN and Stakelogic
Opportunities	**Initiatives to maximize opportunities**
・Rapid expansion of the online casino market ・Demand for online expansion in the North American land-based casino market	・Providing B2B solutions to build omnichannel environments to the customer base acquired through gaming machine sales

For details, please refer to the Gaming Business P. 48

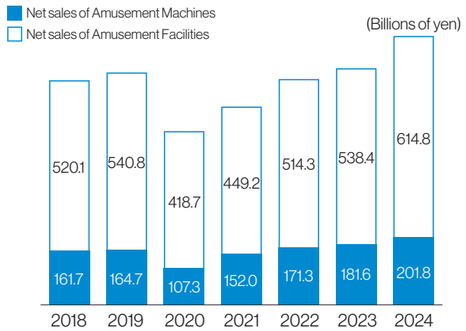
SEGA SAMMY's Omnichannel Concept



*1 SEGA SAMMY CREATION

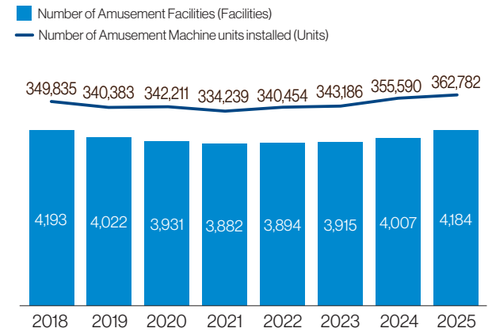
Entertainment Contents Business (Amusement Machine and Amusement Center Operations Markets Scale)

● Domestic Amusement Machine and Amusement Facility Sales



Sources: JAIA

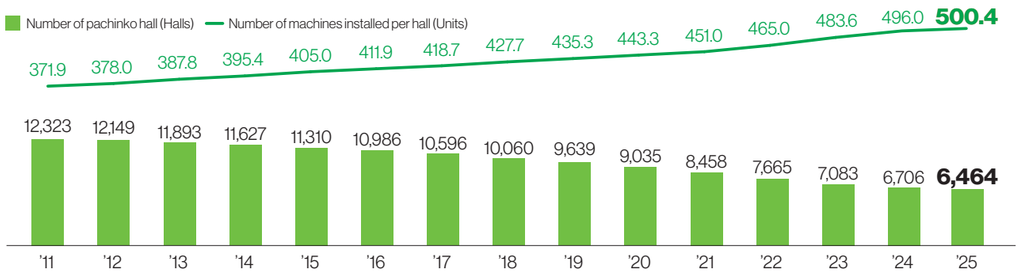
● Number of Amusement Facilities/Amusement Machine unit installed



Sources: National Police Agency

Pachislot & Pachinko Machines Business

● Transition of number of pachinko halls and number of machines installed per hall

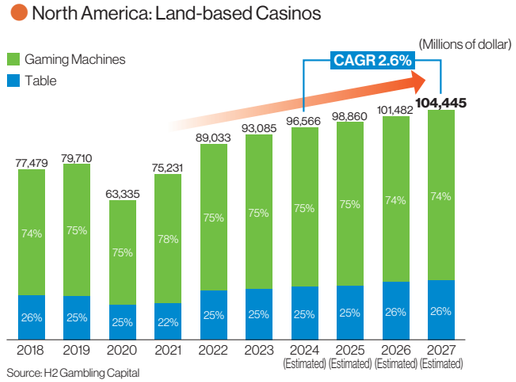


Source: National Police Agency

For detailed market data on the Pachislot & Pachinko Machines Business, please refer to our website.
https://www.segasammy.co.jp/en/ir/management/strategy/#004

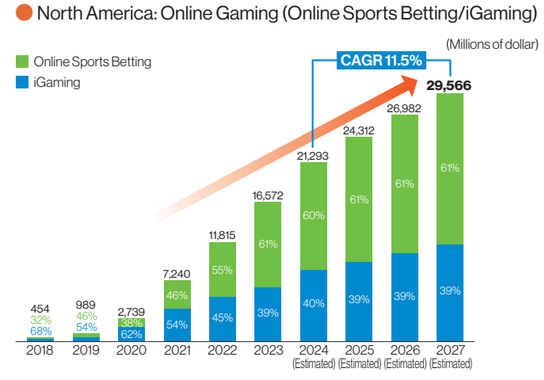
Gaming Business

● North America: Land-based Casinos



Source: H2 Gambling Capital

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



Management Conscious of Cost of Capital and Stock Price

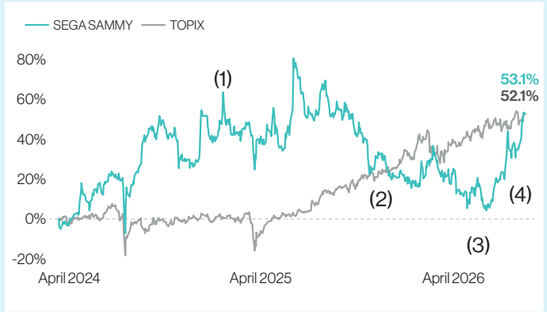
Perception of Stock Price

Relative stock valuation for the SEGA SAMMY Group is noticeably lower than that of other game companies. We recognize the main factors behind this are the presence of relatively large scale of our Pachislot & Pachinko Machines Business in our portfolio compared to other game companies as well as high volatility in the performance of the Entertainment Contents Business. We understand that a genuine recovery in our stock price requires the establishment of a revenue structure capable of generating sustainable and stable profits through greater visibility in profit growth in the Entertainment Contents Business and revenue generation of the Gaming Business. While addressing these challenges, we will continue our efforts to grow business profit, improve capital efficiency, and maintain an optimal capital structure and aim to expand our market capitalization by growing TSR through an expansion of equity spread and appropriate shareholder returns, thereby increasing corporate value.

▶ Stock Price (Rate of Change)

In the fiscal year ended March 2025, the first year of the medium-term plan, our stock price trended upward (1), driven mainly by strong performance in the Entertainment Contents Business, which we have positioned as a growth driver; however, it then shifted to a downward trend in response to changes in the operating environment across the entertainment industry as a whole, including threats from the rapid spread of AI (2), and our announcement of an outlook that falls short of medium-term plan targets due to factors such as the recognition of impairment losses (3).

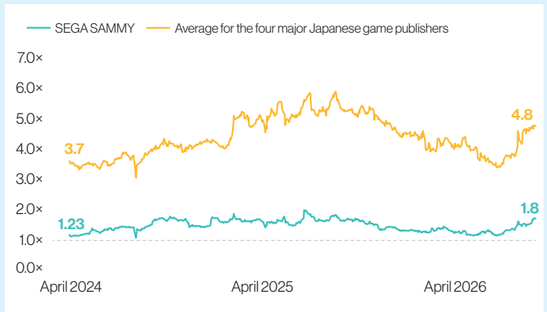
Recently, the industry as a whole is on a recovery trend, and our stock price has also been recovering since the Q1 earnings announcement (4). We aim to improve our valuation by continuing to address the challenges facing each of our businesses and returning to a growth trajectory.



▶ P/B Ratio

Our P/B ratio has remained above 1× but has stayed well below the average for the four major Japanese game publishers.

We recognize the challenges we need to address as follows: first, raising expectations for continued growth by reducing volatility in the Entertainment Contents Business and generating revenue in the Gaming Business; second, promoting stock market understanding of the effectiveness of our unique business portfolio, which combines these two businesses with the Pachislot & Pachinko Machines Business as a source of cash generation.

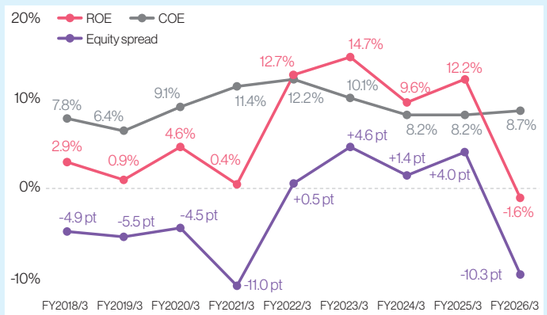


▶ ROE, COE, and Equity Spread

Having improved capital efficiency through appropriate use of financial leverage, enhancement of shareholder returns, and other measures, we have kept ROE at around the 10% level since the previous medium-term plan, with the equity spread also remaining positive.

More recently, ROE declined significantly due to factors such as the recognition of impairment losses, causing the equity spread to decrease significantly. However, we will continue to aim for improvement through greater capital efficiency and appropriate shareholder returns.

* ROE: Return on equity
* COE: Cost of equity (Source: Bloomberg)
* Equity spread: ROE-COE



Logic Tree for TSR Expansion

The SEGA SAMMY Group aims to maximize corporate value by expanding its equity spread and providing appropriate shareholder returns. Using adjusted EBITDA and ROE as key indicators, we are pursuing a financial strategy that emphasizes capital efficiency alongside a growth strategy that leverages the strengths of each business.

Expansion of TSR (maximizing corporate value)

Expansion of equity spread

ROE: Over 10%

(FY2025/3–FY2027/3 three-year average)

Shareholder return

DOE: 3% or more

Total return ratio: 50% or more

* Announced in May 2024

Growth of profit

Adjusted EBITDA: Over ¥230.0 billion

(FY2025/3–FY2027/3 three-year cumulative)

- **Investment focused on the Consumer area** — Entertainment Contents Business P. 42
- **Stable growth of the Pachislot & Pachinko Machines Business** — Pachislot & Pachinko Machines Business P. 46
- **Establishing the Gaming Business** — Gaming Business P. 48

Improvement of capital efficiency

Improvement of per business company ROIC

- **ROIC management**
- **Management of business portfolio**

Message from the CFO P. 36

Maintaining optimal capital structure

- **WACC reduction through net asset control**
- **Effective use of cash on hand**
- **Balance between business investment and returns**
- **Debt utilization**

Message from the CFO P. 36

▶ Other Efforts to Improve Corporate Value

Initiatives for capital cost reduction

- **Strengthen risk management** ⇒ Risk Management P. 74
  Risks, Opportunities, and Internal Challenges P. 28
- **Strengthen materiality-based initiatives** ⇒ Materiality P. 24
- **Strengthen performance management** ⇒ Message from the CFO P. 36
- **Strengthen communication with investors** ⇒ Dialogue with Capital Markets P. 34

Initiatives to raise employee awareness of stock price

- **Conduct internal IR activities** ⇒ Dialogue with Capital Markets P. 34
  Stock Compensation System for Employees P. 71
- **Increase the proportion of stock-based compensation in compensation for Directors, among other measures** ⇒ Compensation for Directors P. 70

Dialogue with Capital Markets

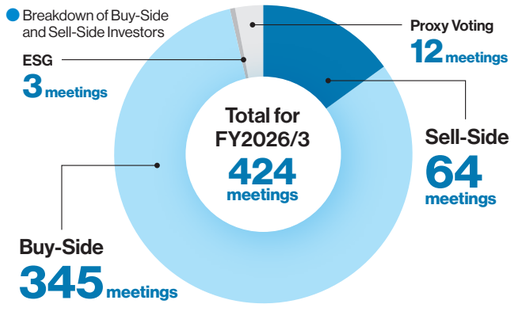
To promote constructive dialogue with shareholders and investors, the Company appoints an executive officer in charge of IR/SR, establishes dedicated IR/SR departments, and undertakes various initiatives. In promoting constructive dialogue with shareholders and investors, we work closely with internal departments such as Corporate Planning, Finance & Accounting, Legal, and General Corporate Administration. The President and Representative Director, along with the Group CFO, attend financial results briefings and actively engage in direct communication. In addition, the Group CFO and IR/SR staff conduct individual meetings as appropriate, and we provide opportunities several times a year for shareholders and investors to engage in one-on-one dialogue with the Company's President and Representative Director, etc.

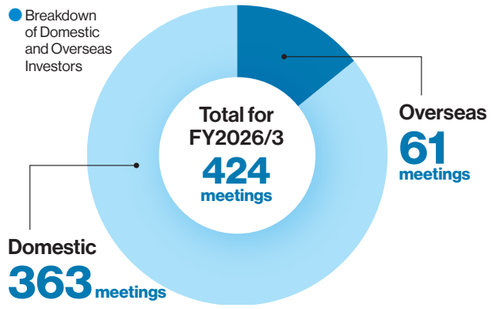
Status of IR Events Held

Event	FY2025/3	FY2026/3
General Meeting of Shareholders	1 time	1 time
Financial Results Briefings for Institutional Investors and Analysts	4 times	4 times
IR Meetings (Including ESG Meetings and Conferences)	98 meetings/238 participants* (executives) 286 meetings/606 participants* (IR/SR personnel)	103 meetings/207 participants* (executives) 321 meetings/873 participants* (IR/SR personnel)
SR Meetings	15 meetings	17 meetings
Individual Investor Briefings	2 times	1 time
Perception Study (Awareness Survey)	1 time	1 time

* Total number of participants

Overview of the Characteristics of Investors Engaged in Dialogue





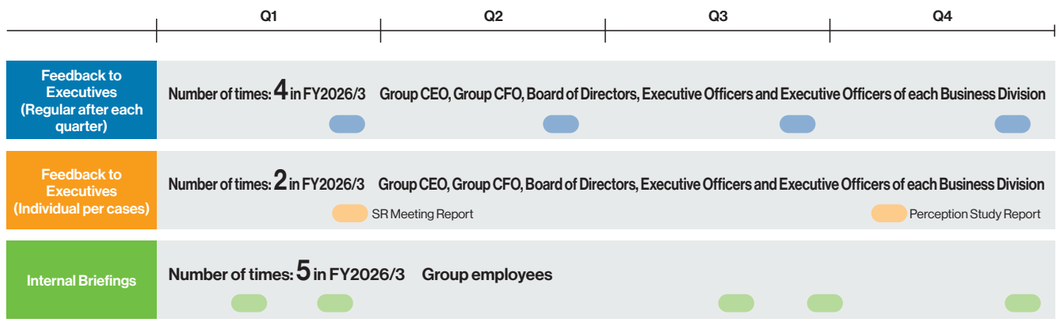
Themes and Areas of Interest in Dialogue with Investors

Theme	Details
Business strategy	Key performance indicators (KPIs) used as management indicators Business portfolio strategy Measures to improve capital efficiency
Capital allocation	Concept of investment in growth Shareholder return policy
Individual businesses	Entertainment Contents Business - Transmedia strategy/Implementation of impairment, etc. Pachislot & Pachinko Machines Business - Strategies for improving market share, business efficiency, and profitability/Reel-exchangeable cabinet Gaming Business - Growth strategies through M&A, etc./Amortization of goodwill, implementation of impairment, etc.
Business performance	Short-term business performance Progress on medium-term plan
Sustainability	Changes to the sustainability framework Progress of human resource strategy Governance structure Other initiatives for each materiality, such as addiction, etc.

Internal Feedback

The status of dialogues with shareholders and investors is regularly or promptly shared with the President and Representative Director, Group CFO, other Directors, External Directors, Executive Officers, and business heads as appropriate. This helps enhance management transparency and contributes to the Company's sustainable growth and medium- to long-term corporate value improvement.

	Results in FY2026/3	Overview
Feedback to Executives	Report at the Group Management Committee: 6 times Individual report to each exectives: After each quarter	Reports include investor feedback, analyst evaluations, shareholder trends, and market developments gathered through IR activities.
Monthly IR/SR Report	12 issues per year (monthly)	Market evaluation of the Company, investor feedback, market trends, and peer comparisons are shared internally via the intranet for Group employees.
Internal Briefings	5 sessions	Conducted to explain the objectives of IR activities and market evaluations to employees across the Group, including sessions for new employees and business unit staff, and financial results briefings
Employee Survey on Awareness of the Company's Stock Price	1 time	Conducted a survey of Group employees regarding their awareness of the Company's stock price (No. of valid responses: 3,374) Interest in the Company's stock price: 75%→86% Interest in the Company's stock price increased compared with the previous survey: 44% *previously conducted in 2022

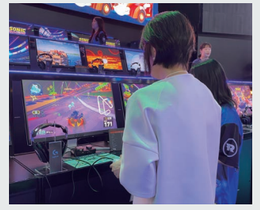


Main Agenda and Discussion Topics of Management-Level Committees »» P. 72

Initiatives to Promote Understanding of the Business

Entertainment Contents Business

In July 2025, in conjunction with the opening of SEGA STORE TOKYO, an official SEGA store aimed at strengthening the reach of SEGA's IPs and expanding touchpoints, we invited analysts and investors to provide them with an opportunity to experience the multifaceted development of its IPs and the expanding scope of the licensing-out business. In addition, at the "TOKYO GAME SHOW" held in September of the same year, we conducted tours of the SEGA/ATLUS booth for analysts and investors. The tours introduced the latest lineup and provided opportunities for attendees to experience playing the games on actual hardware. Through these initiatives, we fostered expectations for the future development of the Entertainment Contents Business.



Booth Tour at "TOKYO GAME SHOW"

Pachislot & Pachinko Machines Business

In March 2026, we held an "Investor Briefing on Pachislot & Pachinko Machines." Representatives from the department responsible for the Pachislot & Pachinko Machines Business explained, through demonstrations, the structural differences between medal-based machines and Smart Pachislot machines, as well as the replacement of reel-exchangeable cabinets. For pachinko machines, in addition to explaining the structure of Smart Pachinko machines and providing product explanations of the latest specifications, including Lucky Trigger, we also offered participants the opportunity to test shoot the machines themselves. The event served as a meaningful forum for dialogue, with participants commenting that they had gained a deeper understanding of the mechanisms and enjoyment of the products and expressing expectations for the future development of the business.



Investor Briefing on Pachislot & Pachinko Machines

Message from the CFO



Further deepening links between strategy and management resources and building a stronger foundation for transformation

Makoto Takahashi
Senior Executive Vice President and Group CFO, Executive Officer

Advancing management strategy with financial and human capital strategy in an integrated manner

I was appointed Group CFO as of April 1, 2026. As the head of the Corporate Planning Division and the Human Resources Development Division, I have worked to improve corporate value on two fronts: formulating management strategy for the entire Group and human capital management.

I believe that building win-win relationships with all the stakeholders who support the Company while sustainably increasing corporate value is a fundamental principle of corporate management. To achieve this, companies must continue to grow, evolving in step with changes in the environment. No matter how rationally we design a growth strategy or allocate capital to optimize our business portfolio, we cannot bring about real change unless the people who carry out strategy on the ground actually act. With this belief in mind, I have worked to integrate management strategy with human capital strategy to support the Group's medium- to long-term growth, serving as the bridge between management and human capital.

As Group CFO, I will manage our management strategy, human capital strategy, and financial and capital strategy in an integrated manner. I will place particular importance on improving discipline in how we allocate management resources and thereby translating investment outcomes into corporate value growth, and I will diligently pursue my duties to achieve sustainable corporate value growth.

Review of FY2026/3

We have set quantitative targets under the medium-term plan that began in the fiscal year ended March 2025 and runs through the fiscal year ending March 2027 (FY2027/3): over ¥230.0 billion in three-year cumulative adjusted EBITDA and an average ROE of over 10% for the three-year period. To achieve this, we have implemented a business portfolio strategy of allocating the cash generated to date to priority investments in the Entertainment Contents Business, which we have positioned as our growth business, while also developing the Gaming Business as a pillar of medium- to long-term growth.

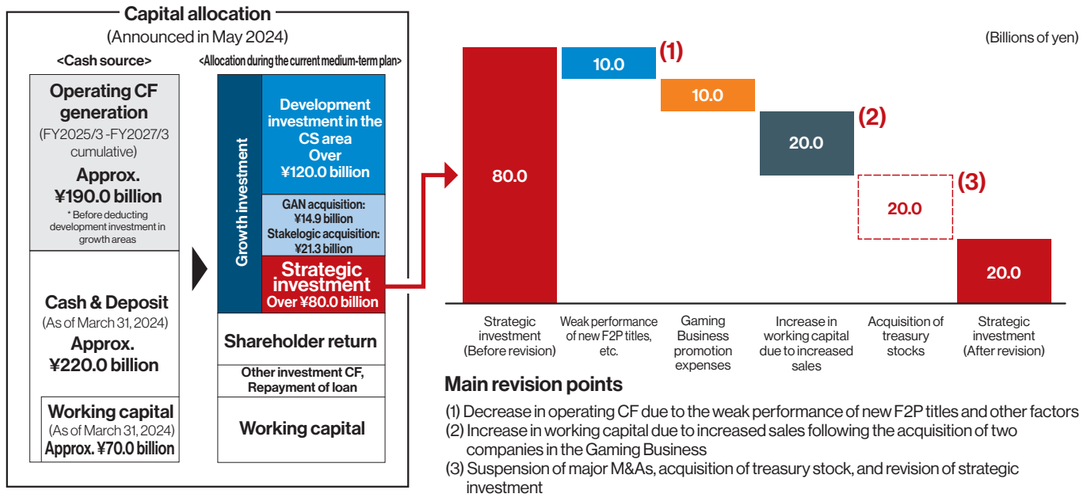
The fiscal year ended March 2026 (FY2026/3), the second year of the plan, saw sales increase year on year, while profits remained roughly on par with the previous fiscal year. In addition, a net loss was recorded due to the impact of impairment losses on goodwill, etc. at Rovio and Stakelogic. Looking at individual segments, the Pachislot & Pachinko Machines Business achieved increase in sales and profits for the second year running, exceeding our forecast. The Consumer area of the Entertainment Contents Business saw the Full Game area, new F2P titles, and Rovio experiencing soft performance and the Gaming Business recorded operating losses due to such factors as the incorporation of losses from our two acquired companies. In addition, at Rovio, as a result of revising its business forecast in response to intensifying competitive environment, we recognized impairment losses of approximately ¥31.9 billion on goodwill and other intangible assets. At Stakelogic as well, not only was ¥0.7 billion in impairment losses recognized due to the downsizing of operations in the Netherlands amid a sharp contraction in the Dutch market, but we also conservatively revised the business forecast in light of the changing business environment and recognized further impairment losses of approximately ¥18.0 billion, representing the full amount of goodwill, etc. For investments to these two companies, we squarely confront and take seriously the fact that they have not yet delivered the results we anticipated at the time of acquisition, and we believe it is essential to reflect on this and apply what we have learned to how we make management decisions going forward.

In this difficult business environment, we are now forecasting adjusted EBITDA of ¥64.0 billion and ROE of 8.9% for FY2027/3. For three-year cumulative adjusted EBITDA by segment, the Pachislot & Pachinko Machines Business is expected to come in close to plan, the Entertainment Contents Business is expected to reach ¥107.3 billion against a plan of over ¥180.0 billion, and the Gaming Business is expected to post negative adjusted EBITDA of ¥21.9 billion, reflecting the two acquisitions, which were not factored into the medium-term plan at the time it was announced. As a result, we announced that consolidated results for the final year of the medium-term plan are now expected to be over ¥142.5 billion in three-year cumulative adjusted EBITDA and 6.5% in three-year average ROE, both of which fall short of our targets.

Looking back on this medium-term plan, I see not only challenges, but also achievements that will drive our next phase of growth. Our games in the Consumer area have received growing recognition for their quality, steadily building a stronger foundation for global sales growth. At the same time, we face challenges in our sales capabilities, particularly in how we approach sales and marketing, which has kept us from fully converting this quality improvement into higher profitability. In addition to making great products, we must use dialogue with our user community and the data assets we have built to shape decisions across our business, including "when, how, and to whom we deliver." With this in mind, it is vital that we foster deeper coordination among development, sales, and marketing on a global scale so that improvements in game quality translate into solid business results.

These challenges are not unique to the Entertainment Contents Business. Across the Group, while valuing the passion we have for our businesses and products, we need to continually assess where to concentrate our management resources and where changes are needed, taking into account P&L, cash flow, growth potential, and capital efficiency. Through structural reforms, the Group has steadily developed a foundation for discussing and making decisions at the management level regarding our portfolio and the growth of individual businesses. We will take a hard look at the challenges identified through the current medium-term plan and will further enhance the quality of our management as we work toward our next phase of growth.

Revision of capital allocation policy (Announced in February 2026)



Main revision points

(1) Decrease in operating CF due to the weak performance of new F2P titles and other factors
(2) Increase in working capital due to increased sales following the acquisition of two companies in the Gaming Business
(3) Suspension of major M&As, acquisition of treasury stock, and revision of strategic investment

Capital allocation

In light of the current business environment and earnings trends, we have revised our capital allocation policy ahead of the final year of the medium-term plan. Our operating cash flow forecast has been revised downward by ¥20.0 billion due to such factors as the underperformance of new F2P titles in the Consumer area and losses in the Gaming Business. We have also suspended major M&A for the time being in response to the impairments at the two companies we acquired and have reduced strategic investment from over ¥80.0 billion to ¥20.0 billion. As part of this, we reallocated ¥20.0 billion to the acquisition of treasury stock, acquiring the full amount between February and March 2026 and executing the cancellation of all acquired stocks in April.

Meanwhile, we are also continuing our development investment in the Consumer area in light of the increase in Full Game launches and other factors. Rather than halting growth investment, we will identify the investments needed to boost the Group's competitiveness and clarify our priorities in capital allocation.

For shareholder returns, we will continue our policy of applying "dividend on equity ratio (DOE) of 3% or more" or "total return ratio of 50% or more," whichever is higher, and returning profits to shareholders through dividends or acquisitions of treasury stocks. In FY2026/3, we paid an annual dividend of ¥55 per share and, combined with acquisition of treasury stock, returned a total of ¥31.45 billion to shareholders. We forecast the same annual dividend of ¥55 per share in FY2027/3.

Improving capital efficiency

The key to how we allocate capital going forward will be to further enhance the effectiveness of our investment discipline. While growing new businesses using only our own resources requires considerable time and investment, this enhancement of investment discipline does not mean that we are ruling out M&A and other future initiatives. That said, our priority for now is to focus on post-merger integration at the companies we have acquired and to apply what we have learned from those experiences to future investment decisions. In M&A, we will re-examine not only our investment criteria but also how we apply them and take a more careful approach to assessing risk in business plans and changes in the business environment. We will continue to consider small-scale investments needed for business growth while making our investment criteria more effective in practice.

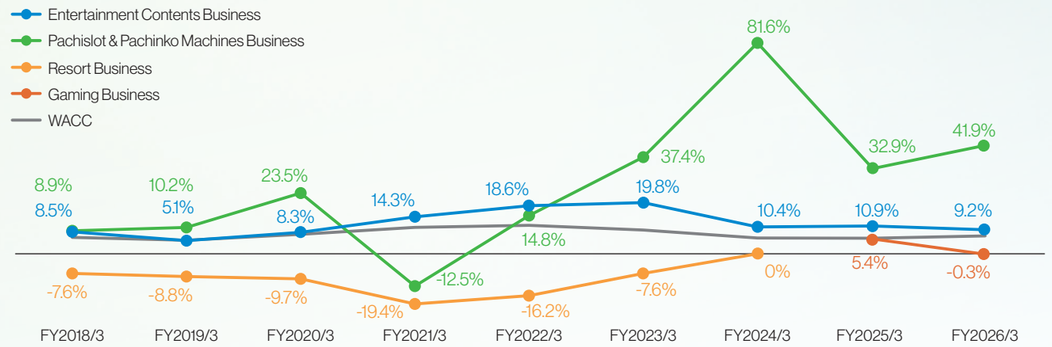
In managing our balance sheet, we will emphasize balance with capital efficiency. The Group has been taking the approach of appropriately using debt to optimize capital structure and contain weighted average cost of capital (WACC). With operating cash flow and development investment recently diverging from our original forecasts, what matters most is pursuing a capital structure that increases corporate value while balancing our businesses' capacity to generate cash, opportunities for growth investments, and shareholder returns. We will ensure a financial base capable of reliably implementing the growth investments we need while maintaining financial discipline and revisit our approach to capital allocation and capital structure as we formulate our next medium-term plan.

Based on this approach to management focused on capital efficiency, we are working to improve total shareholder return (TSR) through the expansion of our equity spread and shareholder returns. Translating the Group's strengths—the cash-generating capability of the Pachislot & Pachinko Machines Business and the global reach of the Entertainment Contents Business—into corporate value requires that the capital we invest generate steady returns.

In our dialogue with investors, we have heard expectations for the Group's potential alongside pointed questions as to why we have not fully translated that potential into results and whether we can accelerate the pace of our portfolio transformation. I personally believe a key challenge we need to address is to reduce the volatility in business performance. When profits fluctuate significantly, we cannot sufficiently strengthen the capital market's confidence in our future growth potential. It is vital to achieve both stable growth and high profitability, not through single-year hits, but through an appropriate combination of our product lineup and business models.

ROIC for FY2026/3 remained at a high level of 41.9% in the Pachislot & Pachinko Machines Business and stood at 9.2%, a level above WACC, in the Entertainment Contents Business. We have introduced a framework that determines the priority of investments based on ROIC monitoring, which we will make even more effective as we head into our next medium-term plan. It is vital to translate ROIC into the KPIs that people on the ground at each Group company work with on a daily basis, such as investment and returns in game development, sales growth in the structurally high-margin licensing business, and the ratio of digital sales in sales operations, rather than asking those on the front lines to think in terms of ROIC itself. ROIC will be used as more than a mere measurement index and will instead be applied to investment decisions, business operations, and resource allocation to improve capital efficiency across the Group.
(Management Conscious of Cost of Capital and Stock Price ⇒ P. 32)

ROIC trend by business



* ROIC by business: Adjusted profits by business/Investment capital by business

Bringing out the full creative potential of our human capital

It is our human capital that implements our strategy and turns investments into results. The Group's ranks of culturally diverse human resources have grown to more than 900 people, or roughly 20% of all employees, as we work to grow this talent pool for global business expansion. We have also made career development for women a priority indicator as we work to create an environment where women can work with peace of mind and fully demonstrate their abilities. The ratio of female managers has also surpassed 8%, and both of these figures already far exceed our 2030 targets. In our next medium-term plan, we will continue to strengthen our human capital by redesigning our targets alongside initiatives to make more strategic use of this talent. We will also evolve our human capital portfolio by incorporating AI and other technologies into skill sets, as we will be required to improve operational efficiency and develop new business models using AI. Also, the Group has placed strong focus on engagement from an early stage, translating the results into improvements to our HR system, working conditions, and more. Across the Group, we achieved our target of 58 points, originally set for FY2031/3, ahead of schedule in FY2026/3. We will also continue to make education investments centered on SEGA SAMMY College.

We will continue to carry out a range of human capital initiatives, aiming to build a corporate group where employees, regardless of gender or nationality, can bring energy and enthusiasm to their work and find fulfillment in their roles.

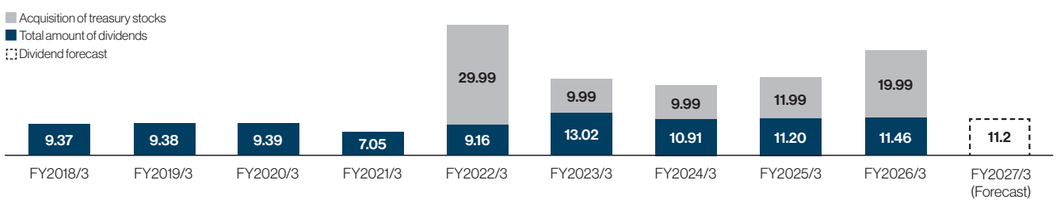
Overcoming challenges to reignite profit growth

The SEGA SAMMY Group was created when Chairman Hajime Satomi, the founder of Sammy, merged the company with SEGA, which had a global brand and business foundation, in pursuit of his goal to deliver entertainment to the world. At the same time, expanding our potential as a comprehensive entertainment company group also poses the challenge of dispersing our management resources.

Through structural reforms such as our withdrawal from the Amusement Center Operation Business and the Resort Business, the Group has optimized its business portfolio and concentrated management resources on our core businesses. As the head of corporate planning, I took part in this process and feel that the Group's portfolio management has grown stronger since around this time. Sammy's Pachislot & Pachinko Machines Business continues to support the Group through the stable cash generation due to high ROIC leveraging its strong competitiveness. SEGA's operating income, under ¥10.0 billion at the time of the merger, has grown to around ¥40.0 billion today thanks to the strength of its IPs, its outstanding development capabilities, and a globally competitive brand, with the Entertainment Contents Business expected to post a record ¥42.5 billion in profit under our forecast for FY2027/3. With our core business foundation steadily growing stronger, I believe it is now important to firmly address the challenges identified in our current medium-term plan and demonstrate our progress through tangible results, one by one. As Group CFO, I will drive this forward, bringing our strategy, our human capital, and our financial and capital policies together in an optimized way. We thank you for your continued support.

Trend of shareholder return amounts

(Billions of yen)



	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3	FY2027/3 (Forecast)
Shareholder return amounts	**¥9.37 billion**	**¥9.38 billion**	**¥9.39 billion**	**¥7.05 billion**	**¥39.15 billion***1	**¥23.02 billion***2	**¥20.91 billion***3	**¥23.20 billion***4	**¥31.45 billion***5	**Approx. ¥11.2 billion***6
Cash dividends per share	Interim: ¥20 Year-end: ¥20	Interim: ¥20 Year-end: ¥20	Interim: ¥20 Year-end: ¥20	Interim: ¥10 Year-end: ¥20	Interim: ¥20 Year-end: ¥20	Interim: ¥20 Year-end: ¥39	Interim: ¥23 Year-end: ¥27	Interim: ¥25 Year-end: ¥27	Interim: ¥27 Year-end: ¥28	Interim: ¥27 Year-end: ¥28
DOE*7	**3.0%**	**3.1%**	**3.1%**	**2.4%**	**3.1%**	**4.2%**	**3.3%**	**3.0%**	**3.1%**	**3.0% or more**
Total return ratio*8	**105%**	**355%**	**68%**	**553%**	**106%**	**50%**	**63.3%**	**51.5%**	—*9	**50% or more**

*1 The acquisition period for treasury stock was from November 9, 2021 to April 19, 2022. *2 The acquisition period for treasury stock was from May 1, 2023 to December 22, 2023. *3 The acquisition period for treasury stock was from September 2, 2024 to September 20, 2024. *4 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. The acquisition period for treasury stock was from June 2, 2025 to June 20, 2025. *5 The acquisition period for treasury stock was from February 16, 2026 to March 23, 2026. This includes ¥19.99 billion in treasury stock acquired in connection with the strategic investment revisions. *6 As the initial dividend forecast is provisionally calculated based on a DOE of 3%, the dividend forecast for FY2027/3 is ¥55 per share for the full year (interim dividend of ¥27 and year-end dividend of ¥28), with the resulting shareholder return amount expected to be approximately ¥11.2 billion. If calculated based on a total return ratio of 50%, and given that profit attributable to owners of parent under the FY2027/3 operating results forecast announced today is ¥32.5 billion, the shareholder return amount would be approximately ¥16.2 billion. * The actual shareholder return amount and method may vary depending on the progress of performance and similar factors. *7 DOE (Dividend on equity ratio) = Dividends/Net assets
*8 Total return ratio = (Total dividends paid + Total amount of treasury stocks acquired)/Profit attributable to owners of parent *9 Due to net loss for the fiscal year

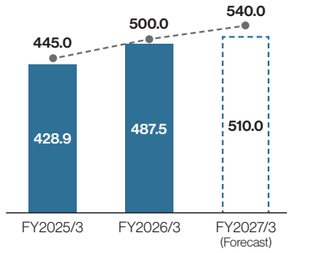
Progress of the Medium-Term Plan

Initial Plan vs. Final-Year Forecast

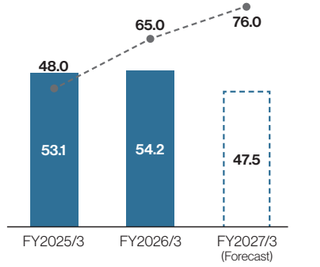
In the medium-term plan that started in the fiscal year ended March 2025, we set consolidated three-year cumulative adjusted EBITDA of over ¥230.0 billion and three-year average ROE of over 10% as our key management indicators to aim for, and have carried out a range of measures aimed at the Group's next stage of growth. However, due to factors such as the impairment losses recognized in the fiscal year ended March 2026 and changes in the business environment that were not anticipated when the plan was formulated, we now expect to fall short of our initial targets. We will respond earnestly to the challenges that emerged over the period of the medium-term plan and work to rebuild toward our next medium-term plan.

Current medium-term plan	Projected results
(FY2025/3–FY2027/3 three-year cumulative) **Adjusted EBITDA: Over ¥230.0 billion**	(FY2025/3–FY2027/3 three-year cumulative) **Adjusted EBITDA: Over ¥142.5 billion**
(FY2025/3–FY2027/3 three-year average) **ROE: Over 10%**	(FY2025/3–FY2027/3 three-year average) **ROE: 6.5%** **(FY2025/3: 12.2%; FY2026/3: -1.6%; FY2027/3: 8.9%)**

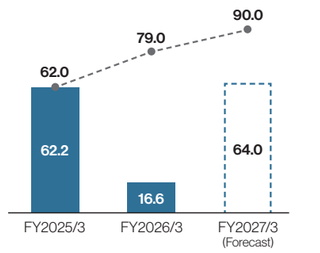
Sales (Billions of yen)



Ordinary income (Billions of yen)



Adjusted EBITDA (Billions of yen)



Results — Medium-term plan target (as of formulation) — Single-year forecast

Achievements and Challenges in FY2026/3

	Achievements	Challenges	Initial plan vs. forecast: Adjusted EBITDA (Three-year cumulative)
Entertainment Contents Business	• Growth of key domestic IPs (progress in globalization, and improved development capabilities centered on domestic studios) • Growth of the Transmedia Business	• Recognition of impairment losses at Rovio • Challenges in the sales capabilities of Full Game titles • Delayed launch and underperformance of new F2P titles for the global market	Plan: Over ¥180.0 billion Forecast: ¥107.3 billion
Pachislot & Pachinko Machines Business	• Generation of steady profit • Creation of multiple hit titles • Launch of the new cabinet	• Measures against approval risk for pachislot machines • Response to rising costs and production risk	Plan: Over ¥90.0 billion Forecast: ¥85.9 billion
Gaming Business	• Creation of hit titles in the gaming machine sales • Growth of PARADISE SEGASAMMY • Completion of acquisitions for entry into the online gaming business	• Recognition of impairment losses at Stakelogic • Profitability improvement at GAN/ Stakelogic	Plan: Positive Forecast: -¥21.9 billion

Future Policy

We will pursue growth strategies suited to the characteristics of each business while addressing the challenges that have emerged. In the Entertainment Contents Business, we will strengthen the rollout of titles centered on Full Game while maximizing IP value through strong Transmedia initiatives such as video adaptations and merchandising as we aim to establish a stable growth trajectory. In the Pachislot & Pachinko Machines Business, we will maintain our strong market competitiveness and reinforce our role as a stable revenue base supporting growth across the Group by continuing to steadily launch titles based on existing popular series and new IPs and strengthen product competitiveness. In the Gaming Business, we will steadily revitalize and improve profitability for our acquired companies while further strengthening our business foundation to provide B2B omnichannel solutions, leading to revenue growth from next fiscal year onward.

Business segment	Policy	Key initiatives/Strategy
Entertainment Contents Business	**Establish a growth trajectory centered on Full Game titles**	• Strengthening games at the core of our business • Further expansion of the Transmedia strategy P. 42
Pachislot & Pachinko Machines Business	**Maintain strong competitiveness and build a foundation for Group revenue**	• Initiatives to improve total utilization share • Efforts to revitalize the industry P. 46
Gaming Business	**Bottom out this fiscal year and return to growth from next fiscal year onward**	• Promoting GAN/Stakelogic business revitalization programs • Provide B2B omnichannel solutions P. 48

Reshaping the Growth Strategy for the Next Medium-Term Plan (FY2028/3 Onward)

Progress of the Medium-Term Plan (Adjusted EBITDA)

(Billions of yen)

	FY2025/3			FY2026/3			FY2027/3		
	Guideline	Results	Difference	Guideline	Results	Difference	Guideline	Forecast	Difference
Company-wide	**62.0**	**62.2**	**+0.2**	**79.0**	**16.6**	**-62.4**	**90.0**	**64.0**	**-26.0**
Entertainment Contents	50.0	48.1	-1.9	60.0	13.3	-46.7	70.0	52.5	-17.5
Pachislot & Pachinko Machines	26.5	24.2	-2.3	31.0	33.7	+2.7	33.0	27.5	-5.5
Gaming	-1.5	1.0	+2.5	1.0	-18.4	-19.4	1.5	-4.0	-5.5
Other/Eliminations	-13.0	-11.1	+1.9	-13.0	-12.0	+1.0	-14.5	-12.0	+2.5

Entertainment Contents Business

We aim to achieve steady earnings growth by strengthening game sales and expanding our Transmedia strategy.



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

Achievements and Challenges under the Current Medium-Term Plan

In the Entertainment Contents Business, we have steadily increased global sales through initiatives including simultaneous worldwide releases of consumer games, multi-platform development, and the active rollout of subscription services in collaboration with various platform providers. We have simultaneously applied continuous investment to strengthen our development and product capabilities, which has enabled us to establish a framework for consistently creating high-quality content. Under the current medium-term plan, we have accelerated our Transmedia expansion, leading to enhanced IP value and the creation of new revenue opportunities. These initiatives have helped our key IPs, represented by *Sonic*, *Persona*, and *Like a Dragon*, grow significantly on a global scale.

On the other hand, we recognize that there remains room for improvement in our sales capabilities to translate high-quality content into sales results, and that this represents a major challenge. We will aim to maximize lifetime sales of each game title going forward by strengthening data-driven digital sales, in addition to generating buzz through fandom (fan base) and expanding IP awareness.

In the GaaS area, Rovio's performance weakened, due in part to intensifying competition in the mobile game market. This resulted in the recognition of impairment losses in the fiscal year ended March 2026 (FY2026/3). We also faced other difficulties in this area, including the weak performance of the F2P title *Sonic Rumble Party* and the cancellation of Super Game development.

At Rovio, sales of its key mobile game *Angry Birds 2*, are already showing signs of recovery through ongoing updates, events, and other initiatives. We will continue to work to turn the business around by strengthening existing key titles and concentrating development resources on leading IPs such as *Angry Birds* and *Sonic*, promoting Transmedia expansion through collaboration with the SEGA Group, and implementing measures to increase profitability, including improving profit margins through the use of external payments and disciplined cost management.

For GaaS other than Rovio, we will review the investment allocation to this area while continuing to utilize the development assets and other resources we have accumulated in future projects. Going forward, we will focus on the development of Full Game to expand our medium-term to long-term revenue base, while continuing our GaaS initiatives after further pursuing selection and concentration.



Sonic Racing: CrossWorlds
©SEGA



Example of *Sonic* merchandising
©SEGA

Future Strategy

Strengthening Games at the Core of Our Business

As noted before, we will concentrate management resources on Full Game, which forms the core of the business, and further strengthen them. We will seek to maximize game sales by steadily advancing sales transformation and coordinating it with our Transmedia strategy, both centered on key IPs including *Sonic*, *Persona*, and *Like a Dragon*. At the same time, we will stabilize our revenue base by strengthening the operation of existing F2P titles while creating diverse revenue opportunities by leveraging external platforms such as subscription services.

Further Expansion of the Transmedia Strategy

We will continue to pursue our Transmedia strategy, in which high-potential IPs are developed primarily through games while also expanding into visual media, music, merchandising, location-based entertainment, and other areas, thereby simultaneously increasing user touchpoints and revenue to enhance IP value. In addition to the already successful *Sonic*, we will further expand Transmedia development for key IPs such as *Like a Dragon*, *Persona*, and *Angry Birds*.



Building Fandom through Game Enhancement and Transmedia Expansion

Starting with games that are the source of SEGA's revenue, we aim to expand title awareness and maximize sales results through collaboration with partners and influencers. We will also broaden touchpoints with our IPs through Transmedia expansion to further expand our fan base. By significantly growing our fan base through the twin engines of games and Transmedia, we will build a strong user base that supports not only increased sales of new Full Game titles but also catalogue sales of past titles and other content.



SEGA STORE TOKYO



Sonic the Hedgehog 3
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FY2026/3 left us with challenges, including difficulties in the GaaS area and the recognition of impairment losses for Rovio, but we also achieved solid results, including growth in our key IPs and expansion of the Transmedia business. We will contribute to enhancing the corporate value of the SEGA Group by sincerely addressing each of these challenges on our path while continuing to provide fans around the world with captivating experiences through SEGA's IPs.

Strengthening Games at the Core of Our Business

Strengthening Full Game for Key IPs and the Future Development Pipeline

In the fiscal year ending March 2027 (FY2027/3), we plan to launch four key titles, including *STRANGER THAN HEAVEN*, an entirely new title from RGG Studio (formerly Ryu Ga Gotoku Studio), and *Persona 4 Revival*, a remake of the fourth title in the globally acclaimed *Persona* series. We also plan to launch four or more key titles in the fiscal year ending March 2028, giving us an extensive development pipeline that will drive future growth. With this pipeline in place, we will firmly implement sales transformation to increase lifetime unit sales.

FY2027/3 Four Key Titles (including European IP Titles)



STRANGER THAN HEAVEN (Jan. 15, 2027)



Football Manager 27 (Nov 10, 2026)



Persona 4 Revival (Feb. 18, 2027)

* One other key title is scheduled for release

(Reference) Announced Title Lineup*



Crazy Taxi: World Tour (2027)



VIRTUA FIGHTER CROSSROADS (2027)



Persona 6



Total War: WARHAMMER 40,000



Total War: MEDIEVAL III



Alien: Isolation 2

* As of June 2026

Sales Transformation

Toward a Global Publishing Structure

We will strengthen our sales capabilities in three directions: marketing and sales strategies, data and technology, and organization and processes. Our efforts to improve organization and processes include integrating the publishing organizations previously divided between Asia (including Japan) and Europe and North America, and transitioning to a global organizational structure. In terms of data and technology, we have consolidated customer data and marketing expertise previously dispersed across regions and established a framework for data-driven sales and marketing activities based on common KPIs and databases beginning in FY2027/3.



From Conventional Advertising to Continuous Promotion Utilizing New Media

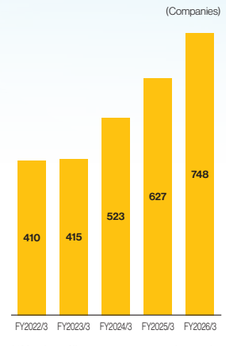
We previously relied on promotions that peaked around each new title's release date and marketing methods centered on traditional media. Going forward, we will expand IP awareness and our fan base by encouraging voluntary information sharing and generating early buzz through various social media platforms and collaborations with influencers. By conducting Transmedia expansion and promotions for past titles alongside occasions such as new title releases, we will expand revenue opportunities across the entire IP portfolio. We have already begun specific initiatives for *STRANGER THAN HEAVEN* and *Persona 4 Revival*. By starting marketing activities earlier than for past titles, we are creating touchpoints with users and working with partners and influencers to generate buzz. Wishlist numbers, one of the indicators we track, are progressing steadily at levels well above those of past titles in the series. By visualizing user interest before release and using those responses to inform subsequent promotions, we aim to build momentum for each title, establish a large fan base and cultivate high expectations by the time of release, and translate that into sales results. This is the sales transformation that we are pursuing. We will further strengthen these initiatives in preparation for the sales of major titles going forward.

Transmedia Strategy

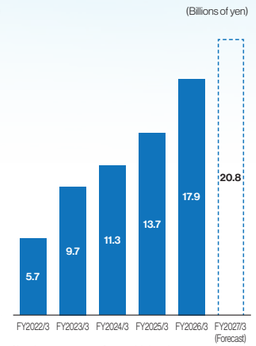
Licensing-out Business

Following the success of the *Sonic* movie series, both licensing revenue and the number of licensees have continued to grow globally. We will leverage the sales channels and partner network established through *Sonic* to further promote Transmedia expansion for other key IPs. Beyond the North American market which has driven growth to date, we will strengthen development in the Japanese and Asian markets. We are also pursuing a multifaceted roll-out of the *Angry Birds* IP beginning in January 2026, including licensing and merchandising, while leveraging the SEGA Group's global partner network, which we believe could contribute to sales growth in Asia. With these efforts, we will further enhance the value of each IP globally in ways best fitting its characteristics.

Trend in number of licensees*1



Licensing revenue trends*2



*1 Number of licensees represents the number of business partners from which sales were recorded during the fiscal year
*2 Excludes allocated revenue from the *Sonic* movies
* Rovio's licensing revenue for FY2024/3 to FY2026/3 is an approximate figure

Key Focus Areas for Transmedia Expansion

In Transmedia expansion, we will strengthen development of key IPs such as *Persona*, *Like a Dragon*, and *Angry Birds* in addition to *Sonic*, thereby strengthening our revenue base through multiple IPs. We will also expand touchpoints with licensees and strengthen relationships with them, seeking to develop new licensees and create business opportunities through events hosted by SEGA, such as licensing kickoffs for licensees, as well as by exhibiting at large-scale events such as Licensing Expo. We will strengthen store and location-based entertainment (LBE) development, including pop-up stores, permanent stores, and facilities operated under licensing-out arrangements, expanding touchpoints with fans and enhancing IP value.

Sonic is celebrating its 35th anniversary this year, and the *Sonic the Hedgehog 4* movie is scheduled for release in March 2027. *Persona* is also celebrating its 30th anniversary, while *The Angry Birds Movie 3* is scheduled for release in December 2026. We will further accelerate our Transmedia expansion going forward while leveraging these events and other opportunities.

Sonic 35th Anniversary





Persona 30th Anniversary



Angry Birds



The Angry Birds Movie 3

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Pachislot & Pachinko Machines Business

Leveraging highly competitive product development and promising IP titles, we will continue to take on the challenge of improving our total utilization share and revitalizing the industry



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

Achievements and Challenges in FY2026/3

In the fiscal year ended March 2026 (FY2026/3), sales of pachislot machines in particular were strong, driving an increase in both revenue and profit. Revival machines based on past hit titles, such as *Smart Pachislot Hokuto No Ken Chapter of Resurrection 2* released in the second half, were particularly well-received both for their faithful reproduction of the originals and for their new gameplay elements. Both sales and utilization grew significantly, including for titles that leveraged new IPs such as *Smart Pachislot Tokyo Revengers*. We believe we have significantly restored the market's trust in the Sammy brand as a result of this.

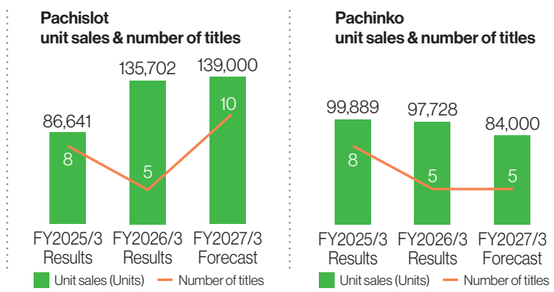
We also began introducing the new reel-exchangeable pachislot cabinets, described in more detail later, as a new initiative to help revitalize the industry and from March 2026, we started the reel unit sales of reel-exchangeable cabinets, offering only the parts needed for replacement. With these initiatives, we have been able to take concrete steps toward revitalizing the industry. We expect roughly 20% of pachislot machines sold to be through reel unit sales in the fiscal year ending March 2027 (FY2027/3), and we will continue to promote this initiative.



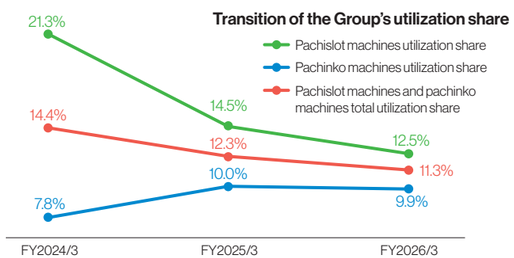
Smart Pachislot Hokuto No Ken Chapter of Resurrection 2



Smart Pachislot Tokyo Revengers



Our goal is to achieve the Triple Crown in the Pachislot & Pachinko Machines Business, which means capturing the top share in sales, installations, and utilization. The indicator we place the greatest importance on is utilization share, which encompasses manufacturers, pachinko halls, and users. As of the end of FY2026/3, our pachislot & pachinko total utilization share remained in fourth place, but utilization for titles launched from the second half onward has been very strong. We will continue our efforts to achieve the top position in total utilization share.



Ranking for total utilization share

FY2024/3		FY2025/3		FY2026/3	
Company S	21.1%	Company S	19.4%	Company S	21.7%
Company K	15.2%	Company K	15.6%	Company K	15.8%
Sammy	**14.4%**	Company S	12.5%	Company S	11.5%
Company S	12.8%	**Sammy**	**12.3%**	**Sammy**	**11.3%**

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

Basic Strategy

In addition to the *Hokuto No Ken* series, our signature IP for the Pachislot & Pachinko Machines Business, we have steadily expanded our use of other companies' IPs, establishing new popular series such as *Kabaneri of the Iron Fortress*. Going forward, we will continue our efforts to improve our total utilization share through leveraging the strong partnerships we have built with our IP holder partners, responding to market needs, and developing products from the user's perspective, while also promoting initiatives to revitalize the industry through our reel-exchangeable cabinets.

Initiatives to Improve Total Utilization Share

Acquiring Promising IPs and Establishing New Key Series

In the second quarter of FY2027/3, we launched *Smart Pachislot Lycoris Recoil*, a popular IP title that has drawn attention across the pachislot & pachinko machines industry. We are also working earnestly to develop titles based on other popular IPs, including the TV anime *SHANGRI-LA FRONTIER* and TV anime *OSHI NO KO*—the first titles in the industry to be adapted into pachislot & pachinko machines based on these IPs. To acquire and continuously secure licenses for promising IPs like these, we are committed to product development that draws out the full appeal of the IP while also focusing on improving IP value by pursuing measures such as investing in and sponsoring production committees for anime and other works. We are also proactively pursuing efforts to create touchpoints through promotions with our IP partners in order to expand awareness among users and IP fans and to promote play of the titles. By further strengthening our collaboration with original creators, publishers, and production committees and deepening our relationships of trust with them, we will continue to build a system that enables us to secure promising IPs on a stable basis. Through these efforts we will aim to establish a new key series to follow our existing key series. We will continue to offer a rich, powerful lineup including our key series and expand our touchpoints to increase our total utilization share.



Smart Pachislot Lycoris Recoil

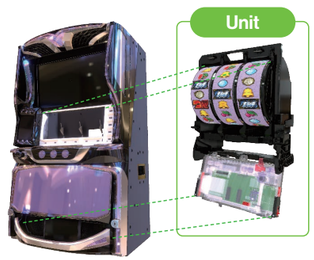
Competitive Product Development from the User's Perspective

In the Pachislot & Pachinko Machines Business, we have set up an in-house mock pachinko hall called "Parlor Sammy" to create an environment where employees can try out titles under development, and we use the frank opinions and ideas gathered there to refine our products. We also encourage employees to experience pachislot & pachinko and other entertainment on a daily basis. By introducing systems that support this, we have built a mechanism for feeding the insights and inspiration gained from these experiences back into product development. We believe that having employees who are themselves enthusiastic users makes it possible to carry out truly user-oriented planning and development, which can then serve as the source of the development capabilities that let us continually produce hit titles.

Efforts to Revitalize the Industry

Promoting the Reel-Exchangeable Cabinet and Achieving a Triple Win

At the same time, we are promoting the introduction of new reel-exchangeable pachislot cabinet that allows changeover to new titles by replacing only some parts, such as the reel unit. As the unit price of pachislot & pachinko machines continues to rise, wider adoption of this cabinet will enable manufacturers to contain sales prices while maintaining their existing gross margin levels. It will also enable pachinko halls to replace machines at lower costs than with conventional cabinets, reducing their cost burden. We believe this will enhance returns to users and improve the playing environment, ultimately contributing to the recovery and growth of the player population as a whole. We are aiming for a Triple Win structure in which pachislot & pachinko machine manufacturers, pachinko halls, and users all share in the benefits. We will continue working to further expand adoption of the reel-exchangeable cabinets and revitalize the market.



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Gaming Business

Solidifying our foundation for further growth through steady execution of business revitalization programs and accelerating the promotion of omnichannel strategy



Naoki Kameda
SEGA SAMMY CREATION INC.
President and Global COO,
Representative Director

Achievements and Challenges in FY2026/3



Super Burst Bouncing Lions
© SEGA SAMMY CREATION INC.

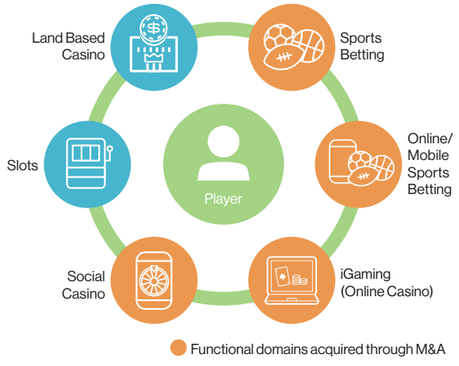
The fiscal year ended March 2026 (FY2026/3) was a year of significant progress toward advancing our omnichannel solutions strategy, with the completion of the acquisitions of GAN and Stakelogic, in addition to the steady growth in our existing gaming machine sales and PARADISE CITY. While sales increased from the consolidation of the two companies, operating losses also widened. Furthermore, Stakelogic experienced a significant decline in profitability as the market environment in the Netherlands, which accounted for the majority of its revenue, deteriorated faster than anticipated at the time of the acquisition due to tighter regulations. As a result, in addition to impairment associated with the downsizing of its business in the Netherlands, it recognized impairment losses for the full amount of goodwill and other assets. We take these results very seriously and will implement measures to achieve an early turnaround.

Growth of Existing Businesses

In gaming machine sales, increased unit sales, primarily in the North American market, enabled us to achieve an operating profit and year-on-year profit growth for the second consecutive year. Following our key title *Railroad RICHES*, the *Super Burst* series also showed strong utilization and received industry awards, demonstrating continued improvements in our product competitiveness. PARADISE CITY, one of Northeast Asia's largest integrated resorts, also steadily improved performance, delivering solid results, including record-high sales and profit since opening, in FY2026/3.

Complementing Functions for the Provision of Omnichannel Solutions

We have also worked to complement the functions needed to provide B2B solutions to casino operators for building an omnichannel environment that seamlessly connects land-based casinos with online gaming, for which demand has been increasing in recent years. GAN, which we acquired, primarily owns a tech stack (technical infrastructure) that supports B2B online casino and sports betting business, and also operates a B2C business through its Coolbet brand, while Stakelogic develops and provides online gaming content such as video slots and live casinos. With these two companies joining the Group, we now have all the key pieces of the value chain needed for the omnichannel strategy that we are pursuing, as shown in the diagram on the right. While GAN's B2C business has remained solid, primarily in Northern Europe and South America, its B2B businesses, including its platform business, are operating at a loss. As noted above, Stakelogic has also experienced a significant decline in profitability. Under these circumstances, we will first pursue business revitalization programs to rebuild the two companies and work to improve their performance.



Future Strategy

Promoting Business Revitalization Programs

At GAN and Stakelogic, we will strengthen their business foundations through the various measures under the business revitalization programs formulated for each company, with the aim of achieving a turnaround during the period of the next medium-term plan.

GAN Initiatives

At GAN, we will first promote system migration to "V2," its next-generation platform for social casino and other services. Migration to this platform is expected to significantly improve customer satisfaction through enhanced UI/UX and contribute to increasing operator revenue through its wide range of functions, offering the potential not only to retain GAN's existing customers but also to acquire new ones. At the same time, this will also lead to lower operating costs at GAN. In parallel, we are also reviewing the organization and fixed costs. We identified inefficient areas and streamlined the complex organization, carrying out organizational restructuring that included studio closures and workforce reductions. Going forward, we will steadily continue measures such as restructuring unprofitable businesses while prioritizing business strategies to rebuild the organization into one capable of concentrating investment on highly profitable projects.

Stakelogic Initiatives

At Stakelogic, we are similarly reducing fixed costs and reviewing unprofitable businesses, including closing the studio and reducing the workforce in its live casino business in the Netherlands. In content development, we are also narrowing its pipeline from approximately 60 titles per year to around nine, shifting the focus from quantity to quality to promote efficient business operations while creating new revenue sources, including by porting popular Group titles in land casinos, such as *Railroad RICHES*, to online. We will also work to establish a new live gaming revenue model through collaboration with other land casinos and expand into new markets outside the Netherlands. Through these measures, we will work to improve profitability while strengthening the business foundation for medium- to long-term growth.

Overall Business Revitalization Program

GAN	Stakelogic
1. Migration to the V2 platform	1. Eliminating loss sources
2. Organization and fixed cost review	2. Existing business strategic pivot and new revenue source development
3. Business strategy prioritization	3. New growth model design

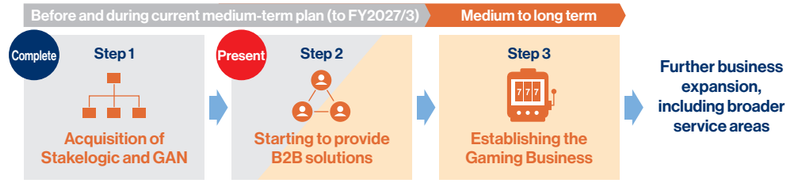
Strengthening Existing Businesses

In gaming machine sales, by shifting from the conventional outright sales model to a lease-centered business model, we will build a recurring and stable revenue base and further deepen relationships with casino operators. At PARADISE CITY, we are also expanding the customer base by attracting mass-market customers through the adjacent hotel acquired in 2026. We position the facility as an important customer touchpoint and leverage it to understand player needs and accumulate operational expertise, thereby enhancing the competitiveness of the Gaming Business as a whole.

Roadmap to Future Growth

Step 1 was completed in FY2026/3 and going forward, we will accelerate the planning and development of B2B solutions by combining the brand strength and our strong customer base of leading casino operators, including tribal casinos—both of which we have built through gaming machine sales—with GAN and Stakelogic's technologies and content. By creating synergies across those Group companies through the provision of comprehensive gaming services, we will unlock new revenue opportunities and strengthen our revenue base as we work to establish the Gaming Business as the Group's third pillar.

B2B omnichannel solutions provider



Human Resources Strategy

Developing People Who Can Create Captivating Experiences

Group Human Resources Strategy HCDGs

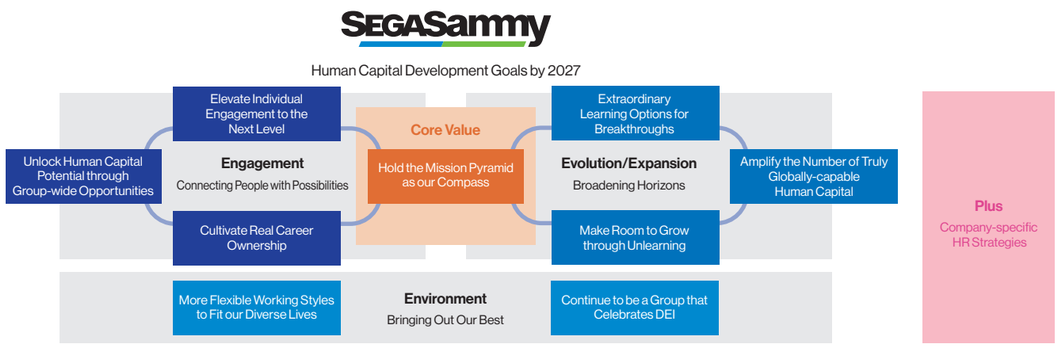
A Two-Tier HR Strategy that Supports the Challenges of the Group and Each Company

The SEGA SAMMY Group upholds "Captivate the World -Making Life More Colorful-" as its Group Mission/Purpose, and we see our raison d'être as creating a society overflowing with empathy through our products and services, and adding color to the lives of people worldwide.

We established the Human Capital strategy, the Human Capital Development Goals (HCDGs), as a group-wide theme to foster the human capital, culture, and environment required to continuously fulfill our Purpose. Under this framework, we adopt a two-tier strategic structure that layers company-specific Human Capital strategies tailored to each business's unique characteristics (Tier 2) on top of HCDGs (Tier 1), which serves as our shared foundation.

HCDGs aim to advance fundamental transformation that brings about sustainability by addressing four interrelated themes in an integrated manner. Each of the panels for each theme represents a more specific goal to be attained, and each is operated with quantitative targets and observation indicators for the entire Group or for each business.

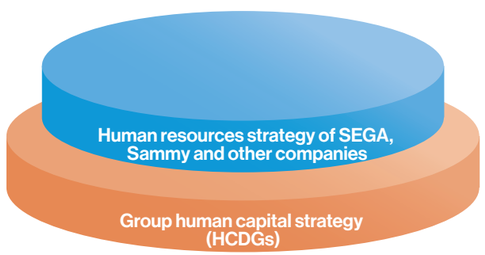
Through the realization of these HCDGs, we will enable all current and future challenges by SEGA SAMMY.



Category	Results for FY2026/3	2030 Targets (Announced in May 2022)
Culturally diverse*1 human capital	24.5% (957 people)	Approx. 900 people or more (Approx. 21% or more)
Percentage of female managers	8.8% (106 people)	Approx. 8% or more (Approx. 80 people or more)
Amount invested in education*2	Approx. ¥0.41 billion/year (Cumulative total: approx. ¥1.88 billion)	Average ¥0.45 billion/year (Cumulative total: ¥4 billion or more)
Engagement score*3	58.0 (Rating: A)	58 or above (Rating: A or above)

*1 Certified based on multiple criteria, such as being a foreign national, having lived abroad and experienced multiculturalism, and having certain skills of multiple languages such as English and Chinese. Human resources who are exposed to diverse cultures and can apply that experience to their work.
*2 Cumulative investment from FY2023/3 to FY2031/3
*3 Overall score based on the motivation cloud provided by Link and Motivation Inc.
[Target Company] Culturally diverse human capital, Percentage of female managers, Amount invested in education: SEGA SAMMY HOLDINGS INC., SEGA CORPORATION, Sammy Corporation/ Engagement score: Major domestic Group Companies

Uniqueness and Viability of Business Strategy



Core Value

Mission Pyramid as a common absolute axis

The Mission Pyramid (MP) is a framework that literally articulates the organization's Group Mission/Purpose (raison d'être) and Group Vision (Ideal self), as well as structurally expresses the goals, strategies, organization, and tactics to realize them, and has been in operation for over 10 years. In order to realize the MPs of the higher-level organizations, more specific MPs are set for each of their sub-organizations, and finally broken down into the roles and goals of the individuals who belong to these organizations, thereby clarifying the ideal profile of each individual in a shared values and sense of direction.

In a rapidly changing environment often known as VUCA (Volatility, Uncertainty, Complexity, Ambiguity), where each individual is required to make decisions in an autonomous and decentralized manner, MP serves as a key guiding principle.

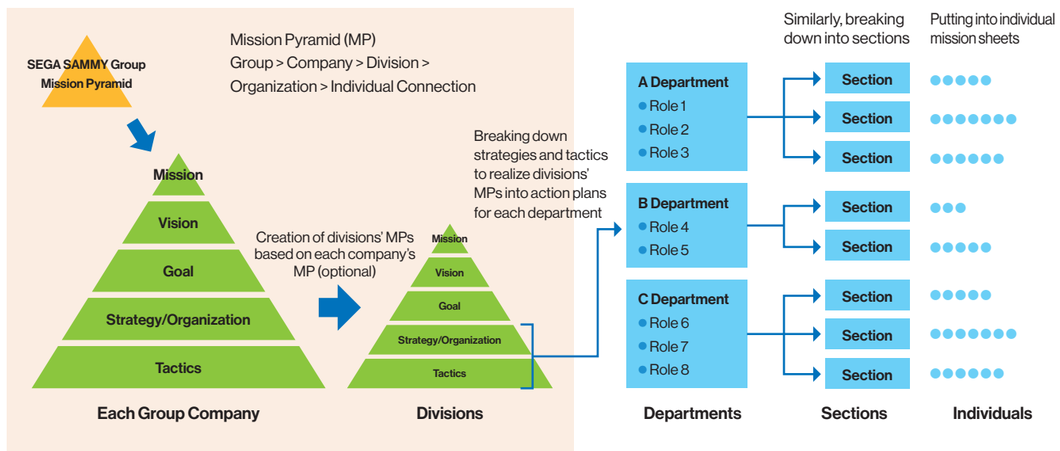
At the SEGA SAMMY Group, we are pursuing consistent initiatives to ensure this framework functions effectively and delivers results.

Through Level-Specific Training and onboarding for new graduates and mid-career hires at SEGA SAMMY College, we offer learning opportunities for all employees to grasp its intent and structure. At the same time, we design training programs to build the human capital required to fulfill each company's MP.

Linking MP with evaluation criteria across personnel system and award system is another key initiative to operationalize MP. Furthermore, we regularly measure the degree of penetration regarding MPs, and data demonstrates a clear correlation with employee engagement. This reinforces our view of MP as the central pillar of our HR strategy and a centripetal force that unites the diverse strengths of our human capital.



Top: Mid-career hire orientation, Bottom: New employee training



Human Resources Strategy

Engagement

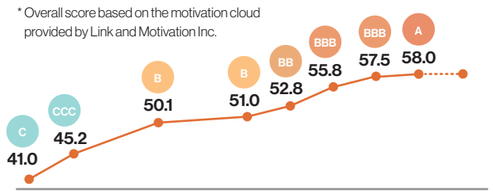
Connecting People with Possibilities

The SEGA SAMMY Group has conducted employee engagement surveys since 2016. The ability of each of our human capital to connect with work that matches their thoughts, values, and abilities, and to demonstrate their capabilities, is our driving force, leading to a Game Change.

The survey comprehensively visualizes the engagement factors related to companies, supervisors, and workplaces, and establishes issues and measures to bring each company closer to its ideal organizational state. As a result of ongoing efforts, the Group's engagement score* reached 58.0 pts (rating: A) as of FY2026/3, achieving the 2030 target of 58.0 pts (rating: A) five years ahead of schedule.

The current score indicates that an environment where employees can work with a sense of purpose has been established, and we now consider ourselves in a phase of moving toward unique organizational designs aligned with each company's medium- to long-term vision and strategy.

* Overall score based on the motivation cloud provided by Link and Motivation Inc.



[Reference] Correlation Between Engagement Score and Rating

* Scores are deviation values based on the national average of "B 50."

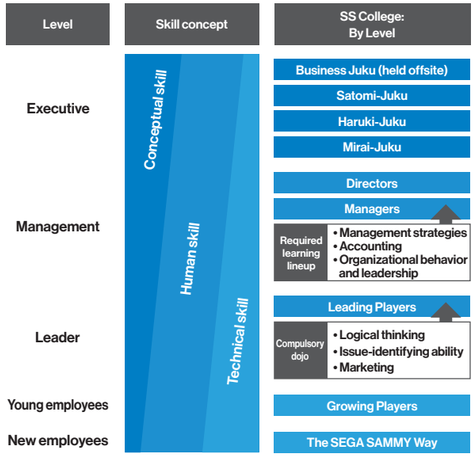
Score	33	39	42	45	48	52	55	58	61	67
Rating	DD	DDD	C	CC	CCC	B	BB	BBB	A	AA	AAA

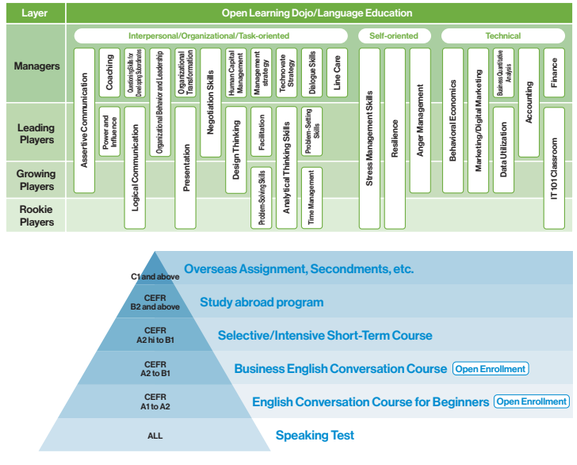
Evolution/Expansion

Broadening Horizons

SEGA SAMMY College, which opened in conjunction with the consolidation of the Group headquarters in 2018, offers a wide variety of learning and experience programs for the entire Group to promote the evolution and expansion of human capital and the organization.

We are expanding our programs to include a level-specific/selective program to develop SEGA SAMMY-like leaders, Open Learning Dojo (training hall) where employees can learn various skills according to their wishes, language education to develop globally competent culturally diverse human resources, and IT courses, including AI and data utilization, to develop human capital for DX. The target employees continue to expand through the digitization (online) and hybridization of training programs, with a cumulative total of about 78,000 participants by the end of March 2026. It will continue to evolve further as an in-house learning institution that nurtures creators and bearers of captivating experiences.





Environment

Bringing Out Our Best

In today's rapidly changing market environment, responding to diverse user preferences requires the Group to become a microcosm of global diversity, incorporating not only cultural diversity but also a wide range of attributes and cognitive diversity. Continuously expanding the range of human capital who can thrive in the Group by accommodating more values and work-life styles is a critically important agenda for enhancing the feasibility and effectiveness of our strategies. The Group is building a working environment where diverse human capital can thrive.

Key Themes and Initiatives Related to Diversity (Including Initiatives at some Group Companies)

Promoting Career Development for Women
- Unconscious bias training
- Support for women's career development (pregnancy, childbirth, and return-to-work support)
- Town hall meetings on career development for women
- Career workshops for young female employees

Childcare Support
- Extension of childcare leave/short working hours beyond legal requirements
- Childcare leave using accumulated annual leave
- Short-time flextime system
- Childbirth celebration bonus and childcare support allowances

Support for Balancing Work and Caregiving
- Financial support for caregiving leave/family visits
- Extended caregiving short working hours beyond legal requirements, and the option of multiple divisions of leave
- Short-time flextime system
- Promoting awareness through VTuber videos

Providing Flexible Workstyles
- Flextime system
- Short working hours system
- Remote work and hybrid work systems
- Select-time and select-location systems

Support for Sexual Minorities
- Various systems for same-sex partners (e.g., ceremonial leave, welfare benefits)
- Work support related to gender-affirming surgery, hormonal treatment, etc.

Employment of Persons with Disabilities
- Establishment of a special subsidiary, SEGA SAMMY BUSINESS SUPPORT INC.
- Experiential training to promote understanding of persons with disabilities
- Leave for medical appointments

S.S.FIVE: Common Mindset/Stance to Make the Most of Diversity

S.S.FIVE represent the common mindset and stance necessary for diverse human capital to cooperate with each other while demonstrating their individuality.

Inspired by the 'human qualities' that Hajime Satomi, Chairman Founder of the Company, has long valued, we have established a shared set of competencies across the SEGA SAMMY Group. In addition to being incorporated directly or indirectly into the human capital requirements and evaluation criteria of each Group company, they are also important learning objectives in executive layer and Level-Specific Training at SEGA SAMMY College, the Group's in-house learning institution, and are part of our systematic efforts to cultivate human capital that is unique to SEGA SAMMY.

S.S. FIVE
SEGA SAMMY 5つの力

- Our Core Qualities -

Drive	Proactively tackle new challenges.
Empathy	Actively build networks based on mutual trust.
Initiative	Keep your goals in mind and act accordingly.
Control	Plan for the future. Act in the present with integrity and sincerity.
Resolve	Realize your potential and complete tasks to the best of your ability.

* For details on SEGA SAMMY Group initiatives related to human capital, please refer to our sustainability website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/human/

Human Resources Strategy

Business-specific Human Resources Strategies

SEGA

SEGA has positioned the strengthening of hub human capital that connects Japan and overseas as a priority issue in pursuing its Transmedia strategy and regional expansion, and is promoting various measures to strengthen relationships in Japan and overseas.

Vision	Gap	Priority issues	Priority measures and KPIs	Outcome
Be a Game Changer ● Establishing a global brand	**Ideal** **Transmedia× Regional expansion** ● Further expansion of the pillars ● Strengthening of development and product capabilities ● Global management structure **Bridging the gap** ● Strengthening human capital for connecting ● Strengthening human capital for creating ● Toward an organization capable of sustainable growth **Present** ● Forming a global value chain ● Launched legacy IP initiative ● Promoting Transmedia strategy ● Rebuilding European CS business	**Strengthening hub human capital**	● Strengthening English language skills at the management level (increasing ratio of English-speaking human capital by 50%) ● Increasing the number of employees with overseas experience (increasing employees with overseas expatriate experience by 50%) ● Increasing recruitment of global human capital ● Strengthening global human capital management capabilities	● Strengthening IP-based business alliances in each area ● Expansion of business scale of our IPs and leading IPs ● Establishment of business support systems and improvement in business speed ● Fostering innovation through diverse interactions ● Allocation of human capital to adapt to change ● Global penetration of the purpose, unified organization
		Strengthening the development organization	● Improving an environment for development human capital to play an active role ● Promoting selection of young employees to important positions ● Enhancing recruitment of mid-level human capital	
		Promoting DEI	● Support for diverse work styles ● Career development for women (women in leadership positions: 22% → 30%) ● Expansion of engagement measures (target score: 58)	
		Strengthening Group HR functions	● Strengthening Group personnel coordination ● Visualizing human capital information in Japan and overseas	

Entertainment Contents Business — Enhancing Hub Function to Connect Japan and Overseas

SEGA is pursuing a "Transmedia strategy" that simultaneously promotes the expansion of IP development areas and regional expansion. At this critical juncture of our global shift, it is important to develop and strengthen hub human capital who can realize business collaboration with global players and cooperation between development studios and overseas operating companies. The roles of hub human capital are wide-ranging, including not only linguistic capabilities but also leadership in sharing of regulations and business practices, the resolution of cultural differences, and the optimization of work procedures to facilitate the global rollout of content from each studio. There are also members who drive global strategies by managing performance not only at the site level but also at the business unit level.

Currently, we have dispatched staff from Japan to six countries and regions. Going forward, by securing and developing human capital, we plan to—by the fiscal year ending March 2027—increase the number of employees with overseas assignment experience to 150% of the level as of the fiscal year ended March 2024 to further advance our global management.



Sammy

At Sammy, we consider the fact that we have employees who love pachislot/pachinko and entertainment to be our greatest strength and asset. We will continue to offer more attractive products through a system that further encourages employees to experience pachislot/pachinko and entertainment and feeds back their knowledge to our products.

Vision	Gap	Priority issues	Priority measures and KPIs	Outcome
Revitalizing the pachislot & pachinko machines industry **Winning a "triple crown" in market share** ● Overwhelming support from users and pachinko halls ● Maximization of long-term business value by revitalizing the pachislot & pachinko machines industry	**Ideal** ● No.1 in pachislot & pachinko total utilization share ● Driving the revival of the pachislot & pachinko machines industry **Bridging the gap** ● Expanding support from existing users ● Gaining new users **Present** ● Pachislot & pachinko total utilization share: 3rd or 4th ● Unstoppable shrinkage of the pachislot & pachinko machines industry	**For existing users (including dormant users)**	**Providing attractive products by strengthening the user's perspective** → Boosting employees' pachislot/pachinko and entertainment experience to strengthen the user perspective × Strengthening the system to reflect employee knowledge in products	**Promoting employees' pachislot/pachinko and entertainment experiences** ● With Pachi initiative ● Captivating experience leave ● Encouraging employees to take paid leave (increasing utilization rate from 64% to 75%) **Expanding in-house test shooting system** ● Expanding in-house test shooting and feedback (20% increase in the number of test shooting per title, expansion of target divisions)
		For new users (young adults, inbound tourists)	**Providing new product value distinct from that of past products** → Creation of new attractions for pachislot & pachinko machines through diverse human capital	**Promoting new ideas and innovation through diversification of human capital** ● Promoting recruitment and selection to important positions of women, non-users, human capital with cultural diversity, and persons with disabilities (increasing their percentage by 20%) ● Expanding mid-career hiring ● Expanding recruiting opportunities

Expanding support from existing users and return of dormant users
- Development of machines that capture user preferences
- Development structure capable of handling all specification ranges

Gaining new users
- Inflow of a new user segment

Pachislot & Pachinko Machines Business — For Offering Attractive Products

Sammy sees offering products that are supported by users as a material issue in expanding its share of the pachislot & pachinko machines market, and is promoting manufacturing from the user perspective in order to meet the diverse needs of a wide range of users. Currently, 88.4% of Sammy employees play pachislot/pachinko machines, with an annual play frequency of 73.0 times, which is significantly higher than the general user participation rate, according to the *White Paper on Leisure Industry*. Sammy encourages employees to experience pachislot/pachinko and entertainment because we believe that having employees play and be users is a strength that leads to understanding user perspectives and providing attractive products. We have implemented various measures to increase the amount of time employees spend experiencing entertainment such as With Pachi, a program that provides support for two or more employees to play pachislot/pachinko together; holding events such as Company-wide Test Shooting Day for in-house products; and promoting the use of captivating experience leave, a special leave for experiencing entertainment. All of these measures are reflected in the development of our own products through in-house questionnaires and feedback. In addition, we have set up a mock hall called Parlor Sammy to create an environment where employees can freely try out products under development. We are promoting measures to reflect the frank opinions obtained there in our products for further refinement. The initiative currently applies to around 60% of all employees, aiming to further improve quality and strengthen our systems.



Addressing Addiction and Gaming Disorders

Initiatives for Addiction

The SEGA SAMMY Group, which captivates the world, recognizes the prevention of addiction and other related disorders as an important social responsibility in the industries, in order to ensure that customers can enjoy our pachislot machines and games with peace of mind. We engage in industry organization initiatives in both the pachislot & pachinko and video game industries, taking appropriate actions in line with them. We will continue to sincerely address the negative aspects of gaming and strive to create an environment where everyone can enjoy our products and services safely.

● Main Activities

SEGA Survey and research on gaming disorders conducted by four gaming-related organizations in Japan

At the World Health Assembly in May 2019, the World Health Organization (WHO) recognized "gaming disorder" as a disease, defining it as a pattern of excessive online and video gaming. In Japan, the Computer Entertainment Supplier's Association (CESA), the Japan Online Game Association (JOGA), the Mobile Content Forum (MCF), and the Japan Esports Union (JESU) established a joint study group to conduct surveys and research relating to phenomena triggered by game play, and to educate the public about appropriate ways to enjoy video games. In April 2023, a report entitled "Survey and Research Results on Gaming Disorders" commissioned by the study group and conducted by external experts was published. The SEGA SAMMY Group will continue to address these issues appropriately in cooperation with the study group, aiming to foster the healthy development of the video game industry.

Sammy Promotion of measures to combat addiction such as gambling, primarily with industry organizations

Promotion and Enhancement of the Self-Exclusion and Family-Requested Exclusion Program

As part of industry-wide efforts to help prevent addiction in pachinko and pachislot, the industry has been promoting the introduction of the Self-Exclusion and Family-Requested Exclusion Program at pachinko halls. By enrolling in this program, players can set limits in advance based on self-declaration, such as a daily spending cap, a maximum number of plays per day, a monthly limit on visits to pachinko halls, and restrictions on entry. If these limits are exceeded, staff at pachinko halls provide support, including requesting that the player leave the pachinko halls. Under the family-requested option, family members can also apply measures to restrict a player's entry to pachinko halls. In line with regulatory developments, efforts to promote the use of this program have progressed, and as of the end of March 2026, the program has been introduced in approximately 96% of pachinko halls.

This program is being promoted alongside the "Smart Play Style" initiative, which aims to encourage responsible and balanced ways of playing.

Implementation of Standardized Awareness Messaging and Promotion of Pachislot and Pachinko Machines Considering Addiction

Standardized awareness messages established by the pachinko and pachislot industry, such as "Pachinko and pachislot are the entertainment to be enjoyed moderately" and "Be careful not to become overly absorbed" are displayed on pachislot and pachinko machine screens and posters. In addition, efforts are being made to promote the adoption of pachislot and pachinko machines that incorporate stricter pay-out regulation, as well as smart pachislot and pachinko machines that allow players to easily check information such as pay-out data. This information is managed by the pachislot and pachinko machine information center and is expected to help prevent fraudulent activities and addiction. As of the end of March 2026, the installation rate of Smart Pachinko machines stood at approximately 25%, while Smart Pachislot machines reached approximately 59%.

For other initiatives related to addiction, please visit our website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/addiction/

Scenario Analysis Based on TCFD

Governance

As an organization to discuss and deliberate on the basic policies and important matters related to climate change, we established the Group Sustainability Subcommittee within the Group Management Committee, an optional committee, in April 2022. The Group Sustainability Subcommittee is composed of the President and Group CEO of the Company, as well as directors and Audit and Supervisory Committee members who are consistent with sustainability in the skills matrix of the Board of Directors and also includes the CFO of the Group from the perspective of disclosure by the TCFD. The Company's Corporate Planning Division is in charge of the secretariat.

Sustainability Governance System P. 75

Strategy

To understand the risks and opportunities that future climate change may have on our business activities and financial impact, we have conducted an analysis using scenario analysis methods and the framework proposed by TCFD to predict changes in the external environment.

We disclose the results of our scenario analysis based on three axes: short-term (within 2 years), medium-term (over 2 years to within 10 years), and long-term (over 10 years) for the timing of the emergence of climate change-related risks and opportunities that are expected to significantly impact on the Group.

● Scenario Analysis Results (Risks/Opportunities, Financial Impact)

Large category	Middle category	Risks/Opportunities Items	Timing	Impact on the Group [●Risk ●Opportunity]	Impact Level
Transition risk/ Opportunity	Policies and regulatory requirements	Introduction of GHG emission regulations and carbon taxes	Medium/ Long-term	● The carbon tax burden will increase if governments adopt stricter climate change-related regulations and apply carbon taxes to greenhouse gas emissions.	Small
			Medium/ Long-term	● If regulations related to climate change are strengthened, and a carbon tax is introduced for greenhouse gas emissions, the carbon tax will be passed on to procurement prices, including plastics and so on, increasing procurement costs.	Large
	Resources Efficiency	Reduction of parts, materials, and packaging through environment-focused changes to marketing formats	Medium/ Long-term	● Transforming the online sales of games and sales of pachislot and pachinko machines into environmentally conscious sales forms will decrease costs, such as reducing parts and packaging materials.	Large

Short term: within 2 years, Medium term: over 2 years to within 10 years, Long term: over 10 years

Risk Management

We identified climate change-related risks that are expected to have a significant impact on our group as follows:

- **Risks related to the "transition" to a low-carbon economy**...Climate change policies, regulations, technological development, market trends, and market valuations, etc.
- **Risks related to "physical" changes caused by climate change**...Acute or chronic damage caused by disasters brought about by climate change

In addition, for climate change-related risks that are expected to have a significant impact, we evaluate the importance based on the impact assessment criteria using internal indicators.

Indicators and Targets

(a) Metrics Used by the Organization to Assess Climate Change-Related Risks and Opportunities based on its Strategy and Risk Management Process

We have established greenhouse gas emissions (Scope 1, 2, 3) as an indicator for managing climate change-related risks and opportunities.

(b) Scope 1, Scope 2, and, if Applicable, Scope 3 Greenhouse Gas Emissions and Related Risks

We work on calculating the greenhouse gas emissions of the entire group since the fiscal year ended March 2015.

*For FY2025/3, we have obtained third-party assurance from SOCOTEC Certification Japan for Scope 1, 2, and 3 greenhouse gas emissions.

For disclosure based on TCFD Recommendations, please visit our website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/environment/tcfd/



External Directors' Dialogue

Fulfilling our responsibilities as External Directors to restore trust

Bringing Our Experience to Bear as External Directors

Katsukawa: I consider it my responsibility as an External Director to leverage the discerning eye for assessing the growth potential of businesses that I have honed through my involvement in the management of financial institutions and private equity funds. At Board of Directors meetings, I emphasize the perspective of working backward to determine what we should do now to enhance the Company's corporate value five or ten years from now. I make a point of saying what needs to be said when it needs to be said and of making proposals that directly contribute to enhancing corporate value.

Murasaki: After serving at the National Police Agency, I developed expertise in risk management at a foreign-affiliated consulting firm. For this reason, I place particular emphasis on risk-based monitoring. The SEGA SAMMY Group does not believe in prioritizing profit at the expense of compliance. Its corporate culture respects diverse opinions and encourages frank discussion, so I feel the Board of Directors is also an environment where opinions can be expressed freely. Since I assumed my position in 2021, the risk and compliance management system has been further strengthened, with detailed reports made to the Board each quarter. I feel that this has ensured the transparency needed to enhance the effectiveness of our supervisory activities.

Katsukawa: It is precisely because such transparent information is provided that External Directors can speak frankly at Board meetings based on their respective areas of expertise. There have also been many instances where the executive team has sincerely taken on board our critical opinions as External Directors and responded promptly.

Enhancing the Effectiveness of M&A and Moving toward the Next Stage of Growth

Katsukawa: At the same time, we also take the impairment losses recognized for Rovio and Stakelogic in the fiscal year ended March 2026 very seriously. Before deciding to proceed with these acquisitions, we held extensive discussions at the Group Management Committee and other bodies, carefully considering the results of due diligence conducted by external consultants. However, we recognize that, in addition to changes in the market environment and business assumptions following the acquisitions, a major factor behind the impairment losses was that, in the case of Rovio, it took longer than anticipated to capitalize on synergies with the acquired company. From our supervisory position, we need to seriously examine the fact that we were unable to anticipate these acquisition risks and to encourage more multifaceted verification and take this into account in our future supervisory work. At the management camp in September 2025, we reviewed the processes for past M&A transactions, including recent large-scale transactions. I believe it is important to apply the lessons from this experience to future investment decisions and discussions at the Board meetings and the Group Management Committee.

Murasaki: We aimed to leverage Rovio's expertise and technologies to grow and strengthen our mobile games business. As we began deploying them in our business following the acquisition, it became clear that the potential identified during due diligence differed from the conditions required for implementation and operation, revealing challenges that required further verification and adjustments. This M&A was intended not to enhance our strengths but to address our weaknesses, and we came to recognize that we needed a deeper understanding of the target company's business and technologies to fully leverage its strengths.

This experience taught us a major lesson: the ability to overcome language and cultural barriers, together with practical post-merger integration (PMI) expertise, is indispensable when conducting M&A involving overseas companies, and we need to secure human capital with these skills. We must not let these impairment losses be in vain. After reviewing the entire process, we must ensure this experience leads to the success of our next investment.

Katsukawa: M&A is not the only area requiring our attention. With game development costs rising in recent years, in-house game development itself has come to entail enormous risk. Although we have delegated authority over game development to the respective companies and divisions, we have firmly put in place a mechanism to monitor progress through regular reports on title portfolios and other matters to the Group Management Committee.

Murasaki: In that respect, revising the inline process for confirming development progress several years ago was a major step forward. It has allowed us to detect warning signs such as development delays and cost overruns early, and a mechanism now operates effectively to share these issues promptly and discuss limits on development investment.

SEGA SAMMY's Approach to Creativity in the AI Era

Murasaki: When considering the sustainable enhancement of corporate value going forward, the rapid evolution of generative AI is an unavoidable topic. While it offers opportunities to improve development efficiency, it also poses risks around copyright and reliability. We have established the Group AI Subcommittee and are considering appropriate ways to use generative AI, including formulating guidelines. I believe our proactive efforts to use it to improve the efficiency of indirect operations are also worthy of recognition.

Katsukawa: At the same time, I strongly support CEO Satomi's policy of not using generative AI directly in the creative aspects of games and other content. Game creation is about providing captivating experiences to fans, and valuing uniquely human creativity helps build relationships of trust with our fans. This commitment to creativity has received strong support at the General Meeting of Shareholders, where many shareholders are also fans, and I hope the Group continues to value it as a way to enhance the Group's brand value.

Murasaki: I understand that our development teams take pride in the belief that AI cannot create the kinds of worlds they can. Users are highly sensitive to the difference between works imbued with the spirit of their creators and AI-generated content, so this policy makes a great deal of sense to me. The Group has many sincere, passionate people who deeply love our products, and I believe the power of this human capital is nothing less than our most valuable management resource.

Katsukawa: I agree completely. At the same time, these outstanding intangible forms of value, including our human capital and brands, are not yet translating sufficiently into earnings, and I believe this has created a gap between our potential corporate value and our stock price. The Group has yet to achieve sufficient earnings power compared with our industry peers. What we do have, though, is a culture of valuing people that we have upheld since the Company's founding. We also consistently rank highly among companies where students want to work, attracting outstanding human capital every year. To break free of our current constraints, creating an environment where these talented people can play an even greater role and fully demonstrate their capabilities is essential. Establishing this kind of environment would likely improve profitability and steadily close this gap. Combining the intangible assets of SEGA and Sammy is another important challenge. In that respect, I have great expectations that the Gaming Business, which bears the names of both companies, will gain global recognition under the SEGA SAMMY brand and grow into our third pillar.

Restoring the Trust of Our Shareholders

Katsukawa: Although we expect to fall short of the targets under the current medium-term plan, I have urged management to maintain their determination to get as close to those targets as possible right through to the very end. This is because if management shows even a hint of giving up, it will affect employee morale. Looking at each business separately, the Pachislot & Pachinko Machines Business maintains high profitability. If it can also achieve the top position in total utilization share, our most important indicator, it will become an overwhelming presence leading the industry. The Entertainment Contents Business also has limitless revenue growth potential if it can make even more effective use of SEGA's extensive portfolio of world-class IPs. As we unlock the potential of these business divisions, I expect the Group as a whole, including the corporate divisions, to pursue greater efficiency and evolve into a stronger SEGA SAMMY.

Murasaki: Looking toward the next medium-term plan, restoring trust in the near term is our highest priority. We must restore shareholders' confidence in the Group's M&A activities by putting the three companies we acquired—Rovio, Stakelogic, and GAN—on a solid footing as quickly as possible. In formulating the next medium-term plan, I intend to rigorously examine not only the path toward restoring confidence in our M&A but also the feasibility of the medium-term plan as a whole.

Katsukawa: Against a backdrop of rapid technological advances, the landscape surrounding the entertainment industry is changing at an unimaginable pace. While we need to improve the plan's feasibility, building the next medium-term plan by simply extending the current one will not be sufficient to respond to these dizzying changes. For the SEGA SAMMY Group to survive as a truly strong player in this new era, we need to break out of our existing mold and formulate a new plan with the firm resolve to reinvent ourselves. I intend to maintain a rigorous supervisory stance to help build a truly strong Group.

Governance

Maintaining a corporate governance system that contributes to medium- to long-term improvements in corporate value by ensuring continuous high transparency in management

Transition to a stronger governance system

FY2016/3

- **Established Independent Advisory Committee**
- **Assessed the Effectiveness of the Board of Directors**
- **Disclosed Medium-Term Management Policies and Target Management Indicators**

Purpose
- To provide opinions on major management issues and exchange information for supervising the Board of Directors
- To strengthen the functions of the Board of Directors
- To promote accountability to capital markets and strengthen group management

FY2017/3

- **Established the Position of CFO**
- **Increased External Directors to Three**
- **Disclosed Action Plan for Achieving Medium-Term Performance Targets**

Purpose
- To drive growth strategies from a financial perspective and strengthen dialogue with capital markets

FY2020/3

- **Increased External Directors to Four**
- **Reviewed Compensation System for Directors**
- **Adopted Stock Compensation Program with Restriction on Transfer**

Purpose
- To strengthen governance
- To introduce incentives to improve corporate value in the medium to long term

FY2023/3

- **Transitioned to a Company with an Audit and Supervisory Committee**
- **Established Group Sustainability Subcommittee**
- **Established Group Risk and Compliance Subcommittee**

Purpose
- To strengthen governance
- To strengthen sustainability management

FY2025/3

- **Raised the Number of External Directors to a Majority**
- **Revised Compensation System for Directors**

Purpose
- To strengthen governance
- To introduce incentives to improve corporate value in the medium to long term

FY2027/3

- **Established Group AI Subcommittee**

Purpose
- To strengthen governance

* As of the end of Oct. 2026

Basic Stance Regarding Corporate Governance

The SEGA SAMMY Group positions corporate governance as the most important foundation for facilitating good corporate behavior. The Group has the aim of "improving efficiency," "securing soundness," and "enhancing transparency" of corporate management as its "basic policy for corporate governance." Based on this, the Group has made decisions on important management issues, including the appointment of Director candidates, determination of Directors' compensation, oversight of management, and determination of auditors' compensation.

Improving efficiency

By establishing a rapid and appropriate decision-making process and improving the efficiency of corporate management, the Group aims to maximize its corporate value, thereby striving to provide appropriate returns to various stakeholders, including shareholders.

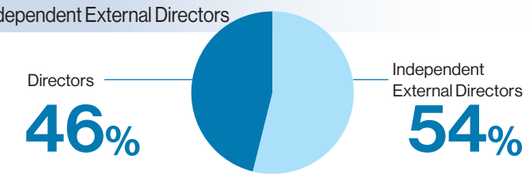
Securing soundness

Amid significant changes in the business environment, to maximize the Company's corporate value, the Company and the Group will appropriately recognize and manage the various risks surrounding the Company and the Group. The Company and the Group will strive to secure sound management by establishing a system to ensure compliance not just with laws and regulations, but with ethical standards and societal norms (compliance system).

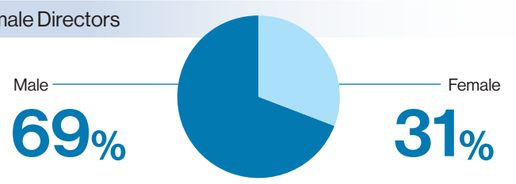
Enhancing transparency

With the growing importance of information disclosure for companies, the Group will fulfill its accountability to all stakeholders, including shareholders, and further improve disclosure through proactive engagement in IR activities, thereby cultivating highly transparent management.

Ratio of independent External Directors



Ratio of female Directors



Building a Corporate Governance System to Realize Our Raison d'Être

By accelerating growth strategies and business reforms through a transparent and sound governance system, we will realize our raison d'être, Captivate the World -Making Life More Colorful-, through our businesses.

To further promote productive discussions by the Board of Directors and to strengthen its oversight functions, the Company has chosen the structure of a company with an Audit and Supervisory Committee. This will allow it to delegate a considerable portion of important business execution items to Executive Directors.

In addition, based on the belief that Directors with knowledge and experience regarding the industry, market trends, products, services, etc., can generate prompt and optimal management decisions, the Group companies have elected to choose the structure of a company with company auditors. The Company and the Group also appoint External Directors and strengthen the Executive Officers and internal auditing systems, allowing them to improve corporate governance from the aspects of both oversight and execution.

Board of Directors

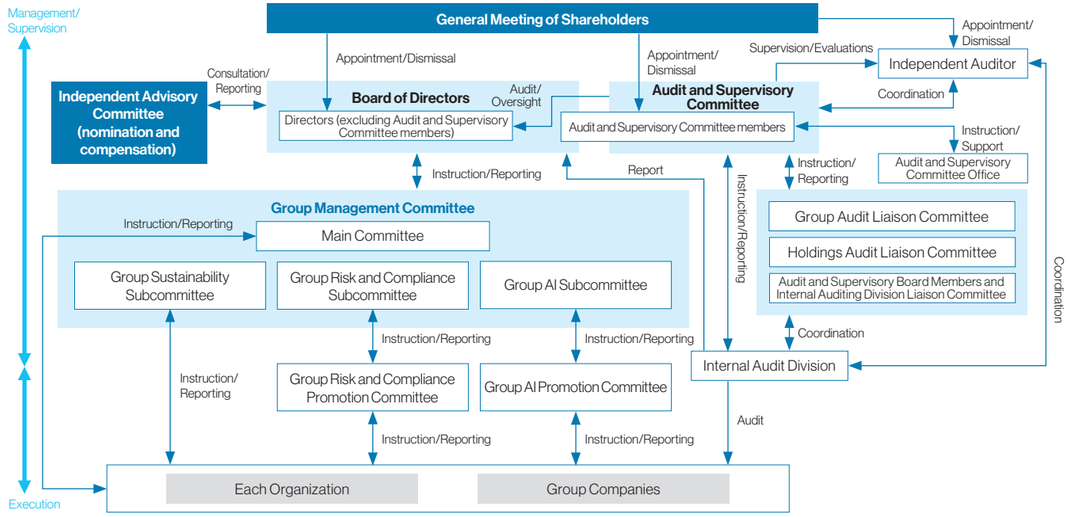
The Board of Directors aims to achieve flexible management through the current level of 13 directors. Certain important managerial matters at each business company are also resolved or reported at various bodies, including the Company's Board of Directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Audit and Supervisory Committee members. The Committee assigns duties to respective Audit and Supervisory Committee members, and deliberates on key matters for consideration, such as those involving the status of establishing and operating the Group's corporate governance and internal control systems, and evaluations of the independent auditor.

Voluntary Committees

Voluntary Committees are the bodies that discuss and inspect the specified matters regarding the management of the Group, which are specifically referred by the Board of Directors, and report and submit the results of such discussions and inspections to the Board of Directors. The following two Voluntary Committees are established: the Independent Advisory Committee and the Group Management Committee. In addition, the Group Sustainability Subcommittee and the Group Risk and Compliance Subcommittee are established as bodies that discuss and inspect special themes. Considering the recent environment surrounding AI, we established the Group AI Subcommittee starting in April 2026 to conduct discussions and evaluations focused on AI advancement and governance.



For details of corporate governance, please visit our website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/governance/corporate-governance/

Governance

Message from the CIO



Takaharu Kato
Senior Vice President
and Group CIO,
Executive Officer

I am Takaharu Kato, CIO of the SEGA SAMMY Group. My role is to develop IT strategies and policies for the Group as a whole while respecting the autonomy and speed of the operating companies, spread valuable knowledge and insights of the individual companies, and ultimately drive growth across the Group. A particularly important management issue in all of this is how to translate the use of generative AI into concrete business results.

Nearly all employees across the SEGA SAMMY Group in Japan now use generative AI, which has steadily boosted operational efficiency at the individual level. We plan to shift to a phase where the time freed up by AI is channeled into the creation of new value to be steadily converted into business results.

To accelerate these efforts, we have established the Group AI Promotion Subcommittee, a cross-Group structure connecting management and work sites. We will also take an integrated, Group-wide approach to initiatives to promote AI and solve issues that individual operating companies previously dealt with on their own while seeking management decisions as needed.

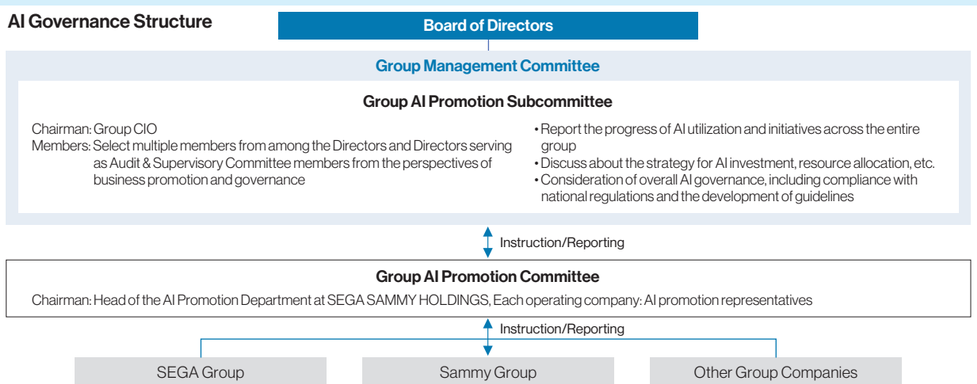
The Group AI Promotion Subcommittee is also establishing legal compliance measures and guidelines and advancing efforts in consultation with management in order to create an environment where AI can be used safely and securely.

For example, we have put in place a flexible operating framework under our generative AI usage guidelines that prevents internal data from being used to train AI, ensures copyright verification, and responds to laws and regulations that vary by country as well as global trends. We update these guidelines on an ongoing basis with advice from lawyers and external organizations.

In addition, we have conducted careful, ongoing discussions among related departments tailored to the specific IP and use case to put in place a framework to responsibly manage risks unique to a game and entertainment company, such as infringement on other companies' intellectual property, damage to reputation or user sentiment.

The SEGA SAMMY Group's mission is to "Captivate the World -Making Life More Colorful-." We believe that shifting the time freed up through AI adoption toward creators' "new value creation" is the very essence of improving corporate value over the medium to long term. My mission is to achieve a high level of balance between "offensive AI investment" and "defensive AI governance" and to continuously enhance the SEGA SAMMY Group's corporate value.

AI Governance Structure

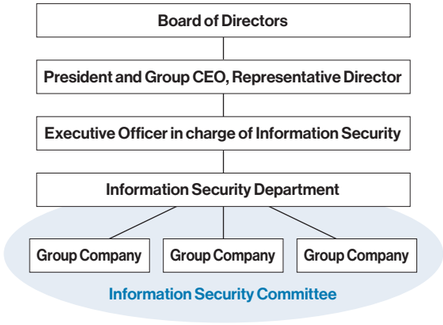


Information Security

In today's rapidly advancing information society, where highly networked information technology (IT) increasingly impacts corporate value, ensuring IT security and protecting information assets from various threats is not only a critical management issue but also a social responsibility for companies.

The SEGA SAMMY Group continuously implements measures and improves standards based on this policy, aiming to be a company that is consistently trusted by all stakeholders, including our customers.

Information Security Promotion Framework



For details on Information Security, please refer to our website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/governance/compliance/#008

Information Security Training

We provide the necessary training to ensure and maintain IT security.

Every year, we provide information literacy education and training (E-learning) to all employees of the SEGA SAMMY Group. In addition, we conduct targeted email attack training and quick training sessions on notable cases multiple times a year.

FY2026/3
E-learning completion rate
95.5%
Three major companies
(SEGA SAMMY HD, SEGA, Sammy)

Information Security Audits

We conduct information security audits and internal inspections to verify that the SEGA SAMMY Group's information security measures are appropriately maintained and managed. Information security audits are conducted in the form of either internal or external audits. Based on the results of these information security audits and internal inspections, we improve and revise our information security measures.

Effectiveness Evaluation of the Board of Directors

1. Purpose of evaluation

The Company has performed analyses and evaluations of the effectiveness of the Board of Directors each year since 2016 to ensure that the Board of Directors effectively fulfills its roles and responsibilities to "improve efficiency," "secure soundness," and "enhance transparency" of the Company's corporate management. The Company continues to make improvements to the effectiveness of the Board of Directors based on these analyses and evaluations.

2. Method of evaluation

In assessing the effectiveness of the Board of Directors for the fiscal year ended March 2026, we conducted a questionnaire survey with all Directors (including Audit and Supervisory Committee members) in order to understand the expectations and challenges for the Board of Directors to contribute more effectively to the Company's sustainable growth.

In this questionnaire survey, to ensure objective evaluation, we engaged an external organization for the design of the items and the analysis and assessment. We confirmed the matters considered important for the Company's Board of Directors to effectively fulfill its roles and responsibilities (composition and operation of the Board of Directors, deliberations on strategy, etc.), as well as the effectiveness of efforts to address issues from the previous fiscal year. External Directors also evaluated their own individual performance.

In addition, the Board of Directors deliberated on the effectiveness of the Board of Directors during the fiscal year under review, where issues existed, measures to address such issues, and other matters, based on reports of the analysis results of the questionnaire prepared by the external organization.

3. Summary of evaluation results

As a result of these deliberations, the Board of Directors was found to be functioning effectively, with strengths including effective supervision of nominations and compensation, maintaining an effective internal whistleblowing system, and providing information support to External Directors through the secretariat.

The issues identified in this evaluation and the initiatives toward resolving them are as follows.

Evaluation item	Issues in FY2026/3	Initiatives in FY2027/3
M&A supervision	• Insufficient ongoing supervision and time for deliberation • Insufficient monitoring of the post-merger integration (PMI) process following large-scale M&A transactions and in response to changes in the business environment • Insufficient in-depth deliberation on the strategies underlying the consideration of and decision-making on M&As	• Based on the results of the effectiveness evaluation, we conduct interviews with Directors regarding annual discussion themes. The Group Management Committee determines the annual discussion agenda after discussions, including proposals from the secretariat and other matters. • We will deepen our discussions by providing information to External Directors, regularly monitoring the business portfolio, holding intensive off-site discussions, and considering the next medium-term plan.
Discussion of human capital strategies linked to management strategies	• Insufficient clarification of the human capital required given the differing nature of the businesses • Insufficient examination of the direction of and relationship between AI strategy and human resource allocation	
Discussion of resource allocation across the group	• Difficulty in establishing effective discussions given differing business characteristics • Insufficient time for deliberation	
Group governance	• Insufficient deliberation on delegation of authority, monitoring mechanisms, and cyber risk governance policies • Insufficient systematic initiatives to improve risk literacy and foster compliance awareness	We will review roles and authority, further enhance monitoring, and ensure opportunities for cybersecurity discussions.

Effectiveness Evaluation of the Audit and Supervisory Committee

1. Purpose of evaluation

To enhance transparency of our governance structure and to continuously improve auditing functions, the Company has conducted effectiveness evaluations of the Audit and Supervisory Committee since the fiscal year ended March 2025, with the aim of enhancing its effectiveness through the use of the PDCA cycle.

2. Method of evaluation

For the effectiveness evaluation, we conducted a qualitative assessment based on materials regarding the board of corporate auditors' effectiveness evaluation published by the Japan Audit & Supervisory Board Members Association. The main evaluation items were the appropriateness of the audit plan, the effectiveness of governance, internal control, operational audits, and Group audits, attendance at important meetings, selection of key audit matters (KAM), and collaboration with accounting auditors and the internal audit department. A standing Audit and Supervisory Committee member chaired the discussions, and opinions were exchanged on evaluations, issues, and potential improvements for each item. The results were reviewed by the Audit and Supervisory Committee, which deliberated on its effectiveness, the area in which issues lie, and measures to address them.

3. Summary of evaluation results and report to the Board of Directors

We concluded that the effectiveness of the Audit and Supervisory Committee is ensured to a certain degree. We also recognized some improvement in the issues identified in the previous fiscal year. We identified the need to further strengthen "risk responses," "information security," and "improving information sharing leveraging AI," among other areas, as issues, and reported to the Board of Directors that we will work on improvements in cooperation with the Board of Directors and other bodies.

About the Independent Advisory Committee

The Independent Advisory Committee is composed of the Company's independent External Directors. It analyzes and evaluates the overall effectiveness of the Board of Directors in response to requests from the Board of Directors or the Representative Director, participates in the compensation decision-making process for Directors of the Company and Group companies, and confirms and advises independently on proposals for the appointment of Directors other than Audit and Supervisory Committee members. The Committee also functions as a body for information exchange for oversight of the Board of Directors.

Activities of the Independent Advisory Committee

FY2026/3: Two meetings held

Main activities

- Deliberated and responded to consultations regarding the Director compensation structure and revisions to the stock compensation system presented by the President and Representative Director.
- Reviewed the Director compensation decision-making process established by the Board of Directors and deliberated on the scale of the stock compensation program with restrictions on transfer for the fiscal year under review.
- Deliberated on proposals for Director appointments for the fiscal year under review.

Name	Attendance
Kohei Katsukawa	2/2 (100%)
Melanie Brock	2/2 (100%)
Fujiyo Ishiguro	2/2 (100%)
Ankur Sahu	1/2 (50%)
Kazutaka Okubo	2/2 (100%)
Naoko Murasaki	2/2 (100%)
Makiko Ushijima	2/2 (100%)

Policy and Procedure for Appointment of Directors

The Company has established a skills matrix based on the experience required of management at a listed company, as well as the knowledge and insight necessary to achieve our long-term vision. When selecting Directors, our basic policy is to make decisions comprehensively by assessing whether candidates align with this skills matrix and by evaluating their personal qualities. The Independent Advisory Committee reviews the proposed candidates presented by the President and Representative Director, conducts interviews, and submits its evaluation results as an opinion to the President and Representative Director. The President and Representative Director uses the results of such reviews to determine director candidates in accordance with the above policy, which shall be reviewed and approved by the Board of Directors. The same also applies when the Independent Advisory Committee recommends a director candidate to the President and Representative Director.

Skills Matrix

	Name	Gender	Corporate Management	Entertainment Business Creation	Finance/ Accounting	Risk Management/ Compliance	Legal affairs	ICT/DX	Global	Sustainability
Directors	Hajime Satomi	Male	●	●						
	Haruki Satomi	Male	●	●					●	●
	Koichi Fukazawa	Male	●	●	●			●		
	Shuji Utsumi	Male	●	●					●	
	Ayumu Hoshino	Male	●	●						
	Kohei Katsukawa External	Male	●		●	●				
	Fujiyo Ishiguro External	Female	●					●	●	●
	Ankur Sahu External	Male	●		●				●	
	Rie Yano External	Female	●					●	●	
Audit and Supervisory Committee Members	Hiroshi Ishikura	Male			●	●				●
	Kazutaka Okubo External	Male	●		●	●				●
	Naoko Murasaki External	Female	●			●			●	●
	Makiko Ushijima External	Female				●	●		●	●

Skills Matrix Definition and Reason for Selection

Item	Definition	Connection to Business Strategy
Corporate Management	Experience and knowledge in leading the formulation and execution of management strategies aimed at enhancing corporate value over the medium to long term, as well as the organizational operations, allocation of management resources, portfolio management, and other related areas, as a senior executive of a listed company or an equivalent organization	Amid the global development of businesses with different characteristics, such as Entertainment Contents, Pachislot & Pachinko Machines, and Gaming, decision-making and allocation of management resources are required from a medium- to long-term perspective. Therefore, Directors with a high level of experience and knowledge in corporate management are required to provide supervision and advice on the direction of management and the validity of the Company's strategies at the Board of Directors.
Entertainment Business Creation	Experience in leading the launch and growth of businesses in the entertainment field through the planning, development, and deployment of content, IP, services, etc., or experience and knowledge in business creation (including the validation of growth strategies and business portfolios)	Amid rapid changes in the market environment and customer needs, it is necessary for the Company to incorporate practical experience and knowledge of business creation into the Board of Directors in order to maintain the competitiveness of its businesses and content. The Board of Directors is therefore required to take responsibility for assessing the validity of growth strategies and the business portfolio.
Finance/Accounting	Professional experience in financial institutions, audit firms, capital markets, etc., or experience and knowledge to lead finance and accounting, capital policy, corporate value evaluation, etc., at listed companies, etc., which contribute to the supervision and advice on financial strategies by the Board of Directors	In order to maximize corporate value over the medium to long term, it is necessary for the Company to promote financial strategies that emphasize capital-efficiency. The Board of Directors is therefore required to enhance the quality of management decisions and contribute to constructive engagement with capital markets by verifying the reasonableness of the corporate value evaluation and financial and business plans, as well as by supervising the optimization of funding policies and capital structure.
Risk Management/ Compliance	Professional experience in risk management related to business, financial, regulatory and reputational risks, etc. associated with corporate activities, or experience and knowledge that contribute to Board-level oversight of the establishment and operation of the compliance system and internal controls, and internal audits (or responses to audits)	As the Company operates in diverse business fields and regions, it is essential for the Company to manage risks according to the characteristics of its businesses and regions, and manage the Company based on the premise of compliance. The Board of Directors is therefore required to provide appropriate supervision and advice on these matters.
Legal affairs	Practical experience in corporate legal affairs, cross-border transactions, governance, dispute resolution, and related areas, or experience and knowledge as a legal professional that contribute to the supervision and advice on management decision-making and governance	As the Company operates multiple businesses globally, the Company needs appropriate supervision and advice from a legal perspective regarding management decisions and responses. It is therefore necessary to ensure that the Board of Directors makes decisions with due consideration of legal risks.
ICT/DX	Experience in formulating and promoting operational reforms, business innovation, data utilization, system strategies, etc., utilizing information and digital technologies, or experience and knowledge in the ICT and digital transformation (DX) fields	Amid significant changes in the business environment and competitive conditions due to the progress of digital technologies, it is necessary for the Company to make management decisions based on the perspective of ICT and DX, with a view to medium- to long-term business strategies, operational sophistication and the establishment of competitive advantage.
Global	Experience in leading business expansion in overseas markets or managing local operations, or knowledge of regional market environments, cultures, business practices, regulations, and geopolitical risks, together with the experience and knowledge necessary to provide appropriate supervision and advice on growth strategies and risk management	As the Company strives for sustainable growth through global business expansion, it is necessary for the Company to manage its business based on the premise that market environments, regulations, geopolitical risks, and other conditions differ across regions. The Board of Directors is therefore required to provide appropriate supervision and advice on these matters.
Sustainability	Knowledge in sustainability-related issues such as the environment, society, human resources, and governance, or experience and knowledge in integrating management strategies with corporate value enhancement through the formulation and promotion of ESG strategies and the disclosure of non-financial information	Under the mission of "Captivate the World," it is necessary for the Company to promote problem-solving based on materiality in an integrated manner with management strategies and pursue long-term corporate value enhancement. Based on this viewpoint, the Board of Directors is required to incorporate a sustainability-related perspective into its oversight.

Executive Profile

* For details on expertise and experience, please refer to P. 66.
* Tenure of office is as of June 2026.
* Board of Directors attendance figures are for the fiscal year ended March 2026.

For details on each Director's career history, please see this link.
▶https://www.segasammy.co.jp/en/officer/

Directors

Hajime Satomi



Chairman Founder, Director of the Board
Tenure of office
21 years
Board of Directors attendance
11/13 (85%)

Reasons for appointment

Mr. Hajime Satomi has served as an executive of the Company and Group companies, and currently also serves as Honorary Chairman of the Board of Sammy Corporation and SEGA CORPORATION. He possesses extensive experience and a proven track record.

Haruki Satomi



President and Group CEO, Representative Director
Tenure of office
14 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Haruki Satomi has held executive positions within the Company and Group companies, contributing to improved business performance. He continued to demonstrate leadership as the Group's Chief Executive Officer, contributing to the enhancement of the Company's corporate value.

Koichi Fukazawa



Executive Managing Director, Director of the Board
Tenure of office
11 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Koichi Fukazawa has served as head of a wide range of fields, including corporate planning, administration, and new businesses, while also fulfilling roles as a corporate manager and driving the Gaming Business.

Shuji Utsumi



Director of the Board
Tenure of office
2 years
Board of Directors attendance
12/13 (92%)

Reasons for appointment

Mr. Shuji Utsumi has held executive positions at entertainment companies with global operations and currently serves as President and COO, Representative Director of SEGA CORPORATION. He drives business growth on a global scale.

Ayumu Hoshino



Director of the Board
Tenure of office
2 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Ayumu Hoshino has led the Pachislot & Pachinko Machines Business in the development department and currently serves as President and COO, Representative Director of Sammy Corporation, as well as Vice Chairman of The Nikkoso Research Foundation for Safe Society. He possesses extensive knowledge and experience in the Group's core businesses.

Kohei Katsukawa



Director of the Board (External)
Tenure of office
10 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Kohei Katsukawa appropriately fulfills responsibilities such as participating in key management decisions and overseeing business execution from an objective and impartial standpoint. He brings extensive experience as a corporate manager and contributes to the Company's management through valuable insights and constructive advice.

Fujiyo Ishiguro



Director of the Board (External)
Tenure of office
5 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

As the founder of Netyear Group Corporation, Ms. Fujiyo Ishiguro possesses expertise in corporate management and the IT/DX field. She contributes to the Company's management through valuable insights and constructive feedback.

Ankur Sahu



Director of the Board (External)
Tenure of office
2 years
Board of Directors attendance
10/13 (77%)

Reasons for appointment

Mr. Ankur Sahu has handled corporate investment projects at Goldman Sachs, contributing to the growth and revitalization of numerous global companies. He provides valuable perspectives and advice that support the Company's global business development.

Rie Yano



Director of the Board (External)
Tenure of office
–
Board of Directors attendance
–

Reasons for appointment

In addition to her experience in global businesses at Mitsubishi Corporation and Coach, a U.S.-based company, Ms. Rie Yano is well versed in diverse areas, including business creation, through her work as a founder and representative of startups and her activities at a venture capital firm. As such, she is anticipated to offer valuable perspectives and advice.

Audit and Supervisory Committee Members

Hiroshi Ishikura



Director, Standing Audit and Supervisory Committee Member
Tenure of office
2 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Hiroshi Ishikura possesses expertise in management and financial accounting through experience as a certified public accountant and as an executive overseeing administrative divisions at operating companies. He has served as head of internal audit, internal control, and CSR departments within the Company, and currently serves as an Audit and Supervisory Board Member at a Group subsidiary. He possesses a broad understanding of the Group as a whole, along with extensive knowledge of accounting and governance.

Kazutaka Okubo



Director, Audit and Supervisory Committee Member (External)
Tenure of office
7 years
(including 3 years as an Audit and Supervisory Committee Member)
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Mr. Kazutaka Okubo has experience in auditing as a certified public accountant, with strong expertise in finance and accounting. He brings extensive knowledge of governance from experience as an External Director, providing appropriate guidance and oversight of the Company's management from an objective standpoint.

Naoko Murasaki



Director, Audit and Supervisory Committee Member (External)
Tenure of office
5 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Ms. Naoko Murasaki has extensive experience in global risk management and governance, based on experience at the National Police Agency, the Ministry of Foreign Affairs, and a risk consulting firm. She provides appropriate guidance and oversight of the Company's management from an objective standpoint.

Makiko Ushijima



Director, Audit and Supervisory Committee Member (External)
Tenure of office
2 years
Board of Directors attendance
13/13 (100%)

Reasons for appointment

Ms. Makiko Ushijima is a licensed attorney at law in Japan and the State of New York, and is certified as a U.S. certified public accountant. She brings experience in M&A deals and global corporate compliance, as well as a multifaceted perspective on finance, legal affairs, and governance, providing appropriate guidance and oversight for the Company's global business expansion.

Executive Officers

Senior Executive Vice President, Executive Officer	Senior Executive Vice President and Group CFO, Executive Officer	Executive Vice President, Executive Officer	Senior Vice President and Group CIO, Executive Officer	Senior Vice President, Executive Officer	Vice President, Executive Officer
Yukio Sugino	Makoto Takahashi	Hideo Yoshizawa	Takaharu Kato	Koji Takeyama	Hironobu Otsuka
		Yoichi Owaki			Yukio Kawasaki
					Natsue Ishida

Compensation for Directors

Compensation Amount for Directors and the Method for Calculating Such Compensation

The Company's compensation system for Directors is designed to ensure transparency and provide greater incentives to increase corporate value. The compensation system for Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors) is determined based on the basic policy outlined below.

(1) The system must increase management's focus on shareholder interests and sharing value with shareholders.
(2) The system must clarify the responsibilities of management in improving the corporate value of the Group.
(3) The system must function as an incentive to support the sustainable growth of the Group.
(4) The system must have compensation levels for ensuring and maintaining excellent human capital appropriate for executing the roles and responsibilities of Directors of the Company.

Based on the basic policy, the compensation system for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and External Directors) includes fixed compensation, Directors' bonuses, and post-delivery stock-based compensation.

Fixed compensation

A compensation table shall be formulated to specify each component of the compensation, namely, basic compensation and role compensation. The Company shall provide the sum of these components of compensation as monthly fixed compensation.

Directors' bonuses

Directors' bonuses are paid as performance based compensation in the amount determined by multiplying the above fixed compensation by coefficients calculated based on a bonus table that defines the number of months of Directors' bonuses based on three elements: the level of the adjusted EBITDA; level of business plans achieved; and the year-on-year growth.

Stock-based compensation (post-delivery stock-based compensation)

With the aim of further aligning the long-term interests of the Company's Directors with those of shareholders and providing incentives to enhance the Company's corporate value over the medium to long term, the Company has abolished the stock compensation system with restriction on transfer for Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors; hereinafter referred to as "Eligible Directors"), and introduced a post-delivery stock-based compensation system in which shares of common stock of the Company are allocated to Eligible Directors after a certain period of time.

Total amounts of compensation and the maximum number of shares for Eligible Directors under this system are determined separately for Performance Share Units (PSU) and post-delivery Restricted Stock Units (RSU), based on a comprehensive consideration of contributions and other factors relating to Eligible Directors.

The Board of Directors of the Company will determine the ratio of fixed compensation, single-year performance-based bonus, and post-delivery stock-based compensation to be approximately 1:1:1 in the cumulative compensation over the three fiscal years if the targets of the medium-term plan are achieved. The proportion of PSU and RSU in the period of the medium-term plan is as follows.

PSU (financial indicator)	PSU (future financial indicator)	RSU
60%	20%	20%

Note: PSU compensation is determined based on achievement of business performance targets during the period subject to business performance evaluations and tenure during the subject period. Achievement of business performance targets will be assessed based on the financial indicator of adjusted EBITDA, as well as the employee engagement score (EMS), figures related to culturally diverse human capital (MC human capital), and the ratio of women in managerial positions, all of which are future financial indicators.

For details on compensation for Directors, please refer to P. 97 of the Annual Securities Report. (Japanese only)
https://www.segasammy.co.jp/cms/wp-content/uploads/pdf/ja/ir/ir_Annual_security_report_FY202603_j.pdf

The compensation of Directors and Directors who are Audit and Supervisory Committee members for the fiscal year ended March 2026 is as follows.

Position	Number of Directors/ Audit & Supervisory Board members	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)				
			Basic compensation	Bonuses	Post-delivery stock-based compensation		Of the items on the left, non-monetary compensation, etc.
					PSU	RSU	
Directors (excluding Audit and Supervisory Committee members and External Directors)	5	446	537	-	-176	84	-91
Directors (Audit and Supervisory Committee members) (excluding External Directors)	1	28	28	-	-	-	-
External Directors	7	100	100	-	-	-	-

Notes:
1. Both bonuses and compensation under the post-delivery stock-based compensation system are recorded as expenses in the fiscal year ended March 2026.
2. Non-monetary compensation, etc. consists of post-delivery stock-based compensation.
3. Directors as of the end of the fiscal year ended March 2026 include nine Directors (excluding Audit and Supervisory Committee members but including four External Directors) and four Directors that are Audit and Supervisory Committee members (including three External Directors)
4. The negative figure under PSU is attributable to fluctuations in the payment rate based on the achievement of performance targets, and the impact of the revaluation of shares granted in prior fiscal years based on the share price at the end of the fiscal year ended March 2026.

Directors who received ¥100 million or more in total compensation for the fiscal year ended March 2026 are as follows.

Name	Position	Total compensation, etc. (Millions of yen)	Company	Total compensation, etc. by type (Millions of yen)				
				Basic compensation	Bonuses	Post-delivery stock-based compensation		Of the items on the left, non-monetary compensation, etc.
						PSU	RSU	
Hajime Satomi	Director	179	The Company	216	-	-73	36	-36
Haruki Satomi	Director	198	The Company	240	-	-81	40	-41
Ayumu Hoshino	Director	111	The Company	9	-	-	-	-
			Sammy Corporation	38	39	15	8	23

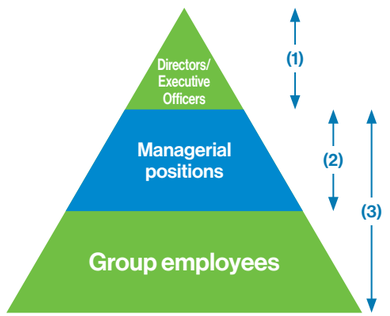
Stock Compensation System for Employees

Recently, we reviewed the stock compensation system across the entire Group and introduced measures to align the value shared by shareholders, Directors, and employees, while enhancing motivation to contribute toward medium-term corporate value creation.

Specifically, we established a post-delivery, unit-type stock compensation scheme for Directors and Executive Officers, and for managers, we replaced the previous stock option plan with a stock-granting ESOP trust. We have also introduced stock compensation systems for senior employees of overseas Group Companies. In addition, the most significant change was the introduction of a special incentive program, utilizing the employee stock ownership association, for domestic Group employees. Before implementation, the employee stock ownership association participation rate was around 24%, but after implementation, it rose to about 80%, significantly exceeding the average participation rate of stock ownership association for employees among Tokyo Stock Exchange-listed companies.

■ Background and aims of the review of the stock compensation system

- To promote value sharing among shareholders, Directors, and employees
- To be aware of the stock price as an indicator and aim to improve corporate value by working together with the Group



Target	Revised points
(1) Directors/ Executive Officers	• Changed to the post-delivery, unit-type stock compensation scheme (RSU/PSU) • Increased the ratio of stock-based compensation compared to the past system
(2) Managerial positions	• Abolished stock options and introduced a stock-granting ESOP trust • Granting a number of shares corresponding to the achievement rate of the performance targets in the medium-term plan • Clarify the linkage with business performance further
(3) Group employees	• Create an environment for employees to own the Company's shares more easily • Introduced a special incentive program that utilizes the employee stock ownership association ⇒**Participation rate of stock ownership association increased to about 80%*** (approx. 24% before the introduction of the system)

* As of July 1, 2026

Main Agenda and Discussion Topics of Management-Level Committees

Group Management Committee

The Group Management Committee, established under the Board of Directors, discusses and examines matters related to improving the profitability and efficiency of the Group's businesses, strategic investments and other projects. The Committee is composed of the Company's Directors (excluding the Chairman Founder, Director of the Board) and Directors who are Audit and Supervisory Committee members, and meets as appropriate. In the fiscal year ended March 2026, it was convened 21 times (approximately 45 hours in total), during which 49 matters were discussed.

■ Members

8 Directors/4 Directors who are Audit and Supervisory Committee members, 1 Representative Director of SEGA FAVE CORPORATION *Excluding the Chairman

*** Chair: President and Group CEO, Representative Director**

■ Number of Discussions/Hours

• FY2026/3: 21 meetings/49 matters/approx. 45 hours of discussion
(FY2025/3: 17 meetings/38 matters/approx. 31 hours of discussion)

Examples of discussion topics

Item	Number of items	Main topics of discussion
Management strategies	11	Formulation of material issues and response policies for the Group and operating companies, business plans, medium-term plans, etc.
Risk and compliance	3	Group Risk and Compliance Subcommittee, ERM, IT security, cybersecurity
Sustainability	3	Group Sustainability Subcommittee, etc.
Governance	5	Group risk governance framework, evaluation of the effectiveness of the Board of Directors, External Director nomination process, etc.
Growth investment	13	Project cases including M&A, etc.
External feedback	6	Feedback from investors and shareholders, etc.
Others	8	AI and data utilization, annual discussion agenda, etc.

Selected excerpts from discussions

Discussion on the Perception Study (January 2026)

Katsukawa: The results of this study have reaffirmed our recognition that, while investors view the growth potential of SEGA SAMMY's businesses positively, they have also expressed concerns with our approach to capital allocation and our post-M&A initiatives, among other areas. Whether these issues are viewed as temporary or recognized as medium- to long-term management issues through our future performance and dialogue with the market will depend greatly on how we respond and communicate information. The Board of Directors must also take these issues seriously and further enhance our efforts to address to management issues and information disclosure so that investors can appropriately assess our corporate value.
Utsumi: As the holding company, we need to present a consistent story explaining each business segment's role and how it contributes to the Group's overall growth strategy and enhancement of corporate value. We want to clearly communicate why we have built the Group's current portfolio, how each business complements the others to achieve growth, and where we will allocate management resources.
Ishiguro: The Gaming Business is an area that is difficult for investors to evaluate, so explaining only its market size and growth potential makes it hard for them to assess the business's feasibility. We need to deepen investor understanding by specifically explaining what strengths we will leverage, how much we will invest, and the timeframe in which we aim to achieve profitability.
Okubo: Continuing to take on challenges is essential to sustainable corporate growth. At the same time, recognizing that challenges involve a certain level of risk, it is essential to establish mechanisms to appropriately assess achievement and challenges and apply the insights gained to subsequent decision-making. We also need to explain to investors and help them understand our consistent management stance of continuing to take on challenges without being swayed by short-term results, as well as the governance policies and other measures that support this stance.
Satomi: I believe corporate value is comprehensive value created together with all stakeholders, including employees, business partners, and fans, in addition to the assessment of the capital market. From this perspective, our unique business portfolio combining Entertainment Contents, Pachislot & Pachinko Machines, and Gaming is one of SEGA SAMMY's strengths, and it is important to clearly communicate its strategic significance and growth story to investors.

Management camp



In September 2025, SEGA SAMMY HOLDINGS held a management camp. The camp was conducted with the aim of unifying the management team's awareness by changing the setting and holding intensive discussions. The event was attended by internal and external Directors, Executive Officers, and executives of major Group Companies.

Discussion topics
Long-term vision workshop
Roadmap for the utilization of generative AI
Group Risk and Compliance Subcommittee
Discussion on the Company's positioning from the perspective of capital market trends
Review and analysis of M&A projects, etc.

Selected excerpts from discussions

Discussion on the Group Risk and Compliance Subcommittee (September 2025)

Sahu: When acquiring a startup, we need to continuously verify whether the company has a compliance mindset consistent with local laws and regulations. Rather than relying solely on local management, it is essential to work with specialists to verify compliance with local laws and regulations and establish the governance framework required as the Group company.
Utsumi: Rather than assuming that Japanese operating practices are appropriate, we need to respond in a way that takes into account the laws and regulations, cultures, and values of each country.
Satomi: Underlying values about how work is performed and how companies are organized differ by region and culture. For example, in some countries and regions, roles and authority are clearly defined in job descriptions, with employees expected to perform their duties within that scope. We need to respond with an understanding of such assumptions regarding work styles and management that differ from those in Japan. Social perceptions and awareness of harassment also differ, so it is essential to design and operate organizations in ways that reflect the characteristics of each region. At the same time, for key governance matters, we need consider establishing mechanisms to share information and respond across organizational boundaries as needed.
Fukazawa: Handling internal whistleblowing reports concerning harassment at overseas locations can be challenging. In the Gaming Business, we provide training to ensure compliance with Nevada labor law and respond to reports according to a established escalation flow.
Okubo: As a holding company, the first step toward strengthening governance is to establish communication lines and gain a concrete understanding of the circumstances and issues at each Group company.
Ushijima: To implement measures to prevent insider trading, it is essential for the holding company to oversee the entire Group and centrally manage these measures.
Satomi: Awareness of insider trading prevention is well established among management. We need to assess how far this awareness has taken hold among general employees, and based on that understanding, take steps to raise compliance awareness throughout the Group.
Katsukawa: To protect our employees as well, we need to clearly define what constitutes material information and provide ongoing guidance, using specific examples.

* As a result of this discussion, we added Group-wide provisions to the existing policies of each Group company's existing insider trading prevention policies, promoted multi-lingual translation of these policies, and rolled these policies out to all Group companies.

Discussion on Dialogue with Capital Markets (September 2025)

Satomi: In dialogue with investors, we are often asked about whether we might consider divesting businesses and the balance between growth investment and shareholder returns. We need to share how management responds to such questions. At the same time, while we receive comments expressing expectations for our potential, including our IP and development capabilities, challenges have also been pointed out regarding the profitability of the Entertainment Contents Business, the approval rate in the Pachislot & Pachinko Machines Business, and the risk of goodwill impairment. Before discussing a conglomerate discount, our priority should be to improve the profitability and stability of each business.
Fukazawa: We need to objectively analyze and examine each business's profitability and the factors behind performance fluctuations to understand why the Company is not being adequately valued by the capital market. In the Pachislot & Pachinko Machines Business, structural factors such as regulatory changes make it difficult for the market to reflect future performance in the share price. In contrast, reducing volatility in the Entertainment Contents Business and increasing confidence in stable growth may lead to an improvement in the Company's valuation. We need to deepen our discussions, including whether these views are valid.
Sahu: To enhance the Group's corporate value, it is important not only to consider how to realize synergies between businesses but also how to communicate those synergies to the capital markets. We need to consider it from the aspects of both operations and communication.
Satomi: To gain the confidence of the capital markets, we need not only to present numerical targets but also to demonstrate continuous and stable growth through actual results. Given the difficulty of forecasting the business environment several years ahead, we need to carefully consider how far we can set reasonable numerical targets and how best to present them. Taking future uncertainty into account, we should consider the communication format best suited to the Company.

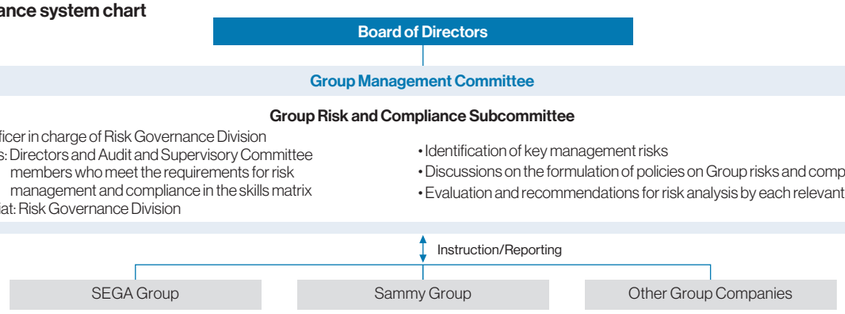
Governance

Risk Management

Risk governance system

The Group has established the Group Risk and Compliance Subcommittee within the Group Management Committee to address risks related to the execution of business operations in cooperation with the Risk Governance Division. The Risk Governance Division was newly established as an organization to centrally manage risks for the entire Group in order to build a stronger risk governance structure following SEGA SAMMY HOLDINGS' transition to the Prime Market in 2022. In addition to clarifying the risk management system, an internal audit section under the direct supervision of the Audit and Supervisory Committee audits the state of risk management by each section and periodically reports its findings to management decision-making bodies and management organizations involved in execution and oversight. Led by persons in charge of risk and compliance at Group companies, the Group Risk and Compliance Promotion Committee, established under this structure, discusses, verifies, and shares measures and information related to risk and compliance within the Group.

Risk governance system chart



Internal Auditing System

The SEGA SAMMY Group conducts internal audits and J-SOX evaluations of all Group companies in Japan and overseas under an independent internal auditing system directly overseen by the Audit and Supervisory Committee. In conducting audits, we thoroughly understand the characteristics of each business and the conditions at each workplace before performing verification and evaluation from the perspectives of the spirit of the Group Code of Conduct, as well as legality and reasonableness. Through a collaborative approach to advisory activities that goes beyond one-sided issue identification, we provide specific advice and proposals for improvement. We report audit results and improvement status to the Audit and Supervisory Committee on each occasion and periodically to the Board of Directors and management. We work to enhance the effectiveness of the oversight functions through discussions on the annual audit plan and key audit matters.

Examples of priority audit themes

Initiative theme	Initiative details	Key contributions
Cybersecurity audits	Conduct "forward-looking audits" based on international standards such as NIST at major Group locations. Objectively evaluate and verify the cybersecurity framework while promoting the accumulation and internalization of specialized audit expertise.	Contribute to enhancing capabilities for responding to cyber risks and strengthening business continuity. Support top management in fulfilling its accountability to stakeholders and achieve reductions in outsourcing costs.
Audits of risks associated with new businesses, etc.	Audit significant risks associated with changes in the business environment, including new businesses, the use of AI, and information management, and support early risk identification and the consideration of response measures.	Identify risks in new business areas early and support management decision-making that accounts for risk. Prevent unforeseen risks from materializing and support sustainable enhancement of corporate value.
Support for post-audit improvements	After understanding the circumstances of each business and workplace, identify root causes of issues through dialogue with audited departments and support the formulation and implementation of effective improvement measures.	Encourage autonomous risk management by each division and prevent significant risks from being overlooked or responses from being delayed. Support strengthening preventive Group governance.

Sustainability Management

Sustainability Governance System

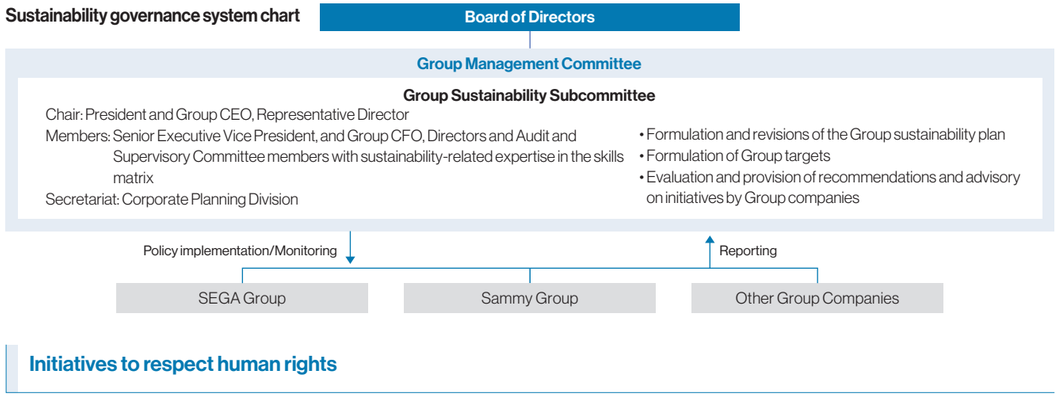
The Group has established a Group Sustainability Subcommittee within the Group Management Committee to conduct management discussions on matters such as formulating Group policies and goals, reviewing the status of each company's efforts, and revising goals. Decisions on Group policies and goals are made by the SEGA SAMMY HOLDINGS Board of Directors.

The main functions of key organizations are as follows.

Group Management Committee (Group Sustainability Subcommittee)
- Formulation of the Group sustainability plan, recommendations for revisions
- Setting of Group targets, progress monitoring
- Evaluation of initiatives by Group companies, provision of recommendations and advice

Group Companies
- Establishment of internal project implementation organizations
- Formulation and implementation of sustainability plans
- Reflection of plans in business strategies

Sustainability governance system chart



Initiatives to respect human rights

Based on the SEGA SAMMY Group Human Rights Policy established in September 2024, we initiated the establishment of a human rights due diligence framework in the fiscal year ended March 2026. As a first step, we are identifying and assessing human rights issues related to our business activities. Starting with the Entertainment Contents Business, we are sequentially conducting gap analyses based on international standards and guidelines, as well as double materiality assessments using ESRS. Moving forward, based on the outcomes of this ongoing Group-wide risk identification and assessment, we will concentrate our efforts on high-priority risk areas.

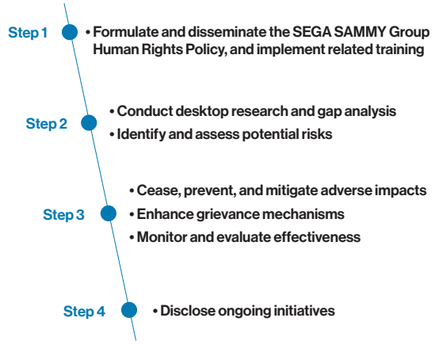
Commitment to respect human rights

The SEGA SAMMY Group provides entertainment with the Group Mission and Purpose of Captivate the World -Making Life More Colorful-. The Group will keep implementing initiatives for respecting human rights in order to be a corporate group that is trusted, needed, and respected by society.

Past initiatives

FY2006/3	Established the SEGA SAMMY Group Code of Conduct
FY2015/3	Signed the United Nations Global Compact
	Formulated the SEGA SAMMY Group Management Policy
	Formulated the SEGA SAMMY Group Supply Chain CSR Deployment Guidebook (Revised as the Sustainable Procurement Guidelines in FY2025/3)
FY2016/3	Began internal training on topics such as supply chain management and forced labor
FY2017/3	Initiated investigations into the use of conflict minerals
FY2018/3	Published a statement on the UK Modern Slavery Act
FY2025/3	Formulated the SEGA SAMMY Group Human Rights Policy
	Formulated the SEGA SAMMY Group Sustainable Procurement Guidelines
FY2026/3	Began establishing human rights due diligence framework

Steps for human rights response

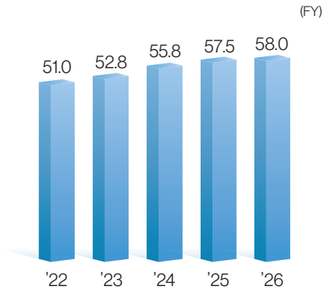


For details on the SEGA SAMMY Group Human Rights Policy, please visit our website.
https://www.segasammy.co.jp/en/sustainability/group-sustainabilitymateriality/human/humanrights/

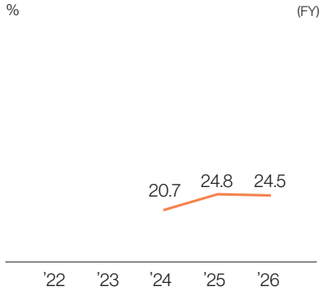
Non-Financial Highlights

Human Capital Data

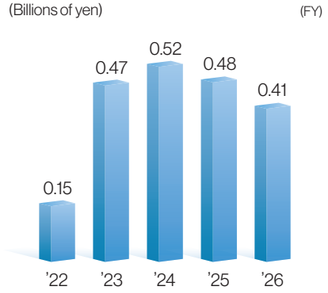
Engagement Score



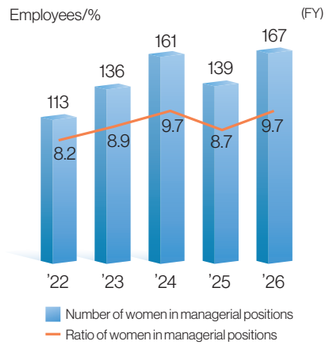
Ratio of Culturally Diverse Human Resources



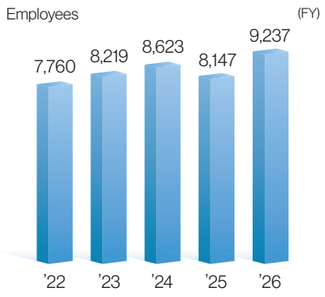
Investment in Education



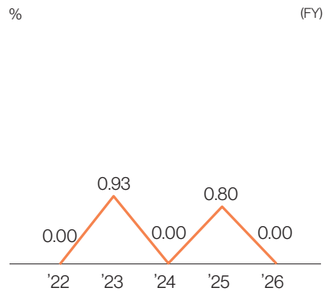
Number of Women in Managerial Positions/ Ratio of Women in Managerial Positions



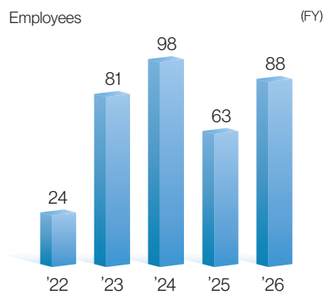
Number of Employees*1



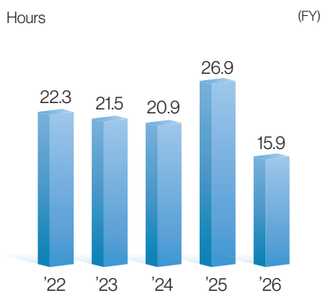
New Employee Turnover Rate*2



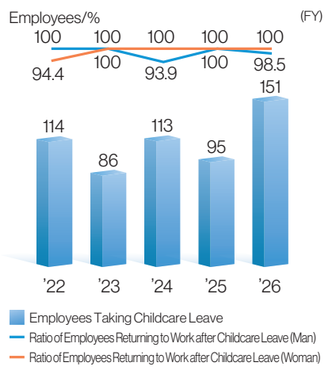
Employees Rehired after Retirement



Average Overtime Hours per Month



Employees Taking Childcare Leave/ Ratio of Employees Returning to Work after Childcare Leave



*1 Group consolidated figures
*2 Companies in scope: 3 domestic companies (SEGA SAMMY HOLDINGS, SEGA, Sammy)

Other Indicators (FY)

	2022	2023	2024	2025	**2026**
Mid-Career Hires (employees)	131	310	332	267	**233**
Hiring of Persons with Disabilities*3 (employees)	129	135	147	156	**171**
Employees Taking Maternity Leave (employees)	39	38	34	37	**38**
Days of Paid Leave Taken*4 (non-managerial employees) (days)	12.0	14.5	14.7	15.9	**12.9**
Ratio of Paid Leave Taken*4 (non-managerial employees) (%)	56.6	65.6	69.3	69.5	**77.4**
Days of Volunteer Leave Taken (days)	26	8	7	7	**4**
Employees Taking Volunteer Leave (employees)	19	31	31	37	**8**
Gender Pay-Gap (all employees) (%)*5	-	76.5	76.5	75.2	**79.5**

*3 Number of persons with disabilities employed by Group companies subject to the Employment Rate System for Persons with Disabilities
*4 Calculated by dividing the annual number of paid leave days taken by the annual number of statutory paid leave days granted. Non-statutory paid leave adopted by some Group companies is also included.
*5 The company in scope is SEGA SAMMY HOLDINGS INC. The calculation method used is average annual income of female employees divided by average annual income of male employees.

Scope of Data

- 10 companies in Japan (FY2022/3), 11 companies in Japan (FY2023/3), 12 companies in Japan (FY2024/3), 11 companies in Japan (FY2025/3), 14 companies in Japan (FY2026/3) (SEGA SAMMY HOLDINGS INC., SEGA CORPORATION, Sammy Corporation, ATLUS. CO., LTD., Sammy Networks Co., Ltd., SEGA FAVE CORPORATION, SEGA Logistics Service Co., Ltd., DARTSLIVE Co., Ltd., TMS ENTERTAINMENT CO., LTD., SEGA SAMMY CREATION INC., MARZA ANIMATION PLANET INC., Sammy Digital Security Co., Ltd., Hivecreation Co., Ltd., Sega Sapporo Studio Co., Ltd.)

Environmental Data (FY)

	2022	2023	2024	2025	**2026**
Greenhouse Gas Emissions (Scope 1) (t-CO_2)	7,049	6,620	5,801	1,110	**1,016**
Greenhouse Gas Emissions (Scope 2) (market based)*1 (t-CO_2)	20,982	14,469	15,792	5,033	**5,357**
Greenhouse Gas Emissions (Scope 2) (location based) (t-CO_2)	22,446	21,126	22,059	11,796	**12,266**
Greenhouse Gas Emissions (Scope 3) (t-CO_2)	607,175	761,242	799,562	694,209	**816,090**
Total Energy Consumption*2 (GJ)	-	642,850	568,233	279,361	**287,621**
Electricity Consumption*2 (MWh)	52,847	51,550	53,198	29,230	**30,229**
Industrial Waste Discharge*2 (t)	1,164	1,381	3,011	1,906	**7,691**
Water Intake*2 (m^3)	711,227	768,821	733,742	86,425	**82,928**
Water Discharge*2 (m^3)	-	125,138	137,143	86,425	**82,928**
Number of Violations of Environmental Laws and Regulations	0	0	0	0	**0**
Pachislot & Pachinko Machines Recycling rate at Sammy Kawagoe Factory (total for pachislot & pachinko machines) (%)	96.4	98.3	89.8	92.2	**93.4**

*1 Greenhouse Gas Emissions (Scope 2) (Market based) is calculated taking into account of raw green electricity generated from built solar power plants and green power certificate purchases.
*2 Third-party assurance is obtained for data from FY2024/3 to FY2025/3.
* This aggregate data includes estimated values calculated based on floor area and other factors.
* Greenhouse gas emissions factor for purchased electricity: Adjusted emission factor for each electric utility for the previous year of each reporting year.
* Greenhouse gas emissions (Scope 1, Scope 2, Scope 3) have obtained third-party assurance for data from FY2022/3 to FY2025/3.

Scope of Data

- 19 group companies (FY2022/3), 19 group companies (FY2023/3), 19 group companies (FY2024/3), 23 group companies (FY2025/3), 23 group companies (FY2026/3) (SEGA SAMMY HOLDINGS INC., SEGA CORPORATION, Sammy Corporation, ATLUS. CO., LTD., Sammy Networks Co., Ltd., SEGA FAVE CORPORATION, SEGA Logistics Service Co., Ltd., DARTSLIVE Co., Ltd., TMS ENTERTAINMENT CO., LTD., Sega of America, Inc., Sega Europe Limited, Sega Publishing Europe Ltd, The Creative Assembly Ltd., Sega Black Sea EOOD, Sports Interactive Ltd., Two Point Studios Limited, Rovio Entertainment Ltd., Ruby Oyun ve Yazılım Danışmanlik Sanayi Ticaret Anonim Şirketi (Ruby Games), Rovio Toronto, Inc., Rovio Barcelona S.L.U., Rovio Sweden Ab, Rovio Copenhagen ApS, Rovio Interactive Entertainment Canada Ltd)

For ESG data, please visit our website.
https://www.segasammy.co.jp/en/sustainability/dataesg/

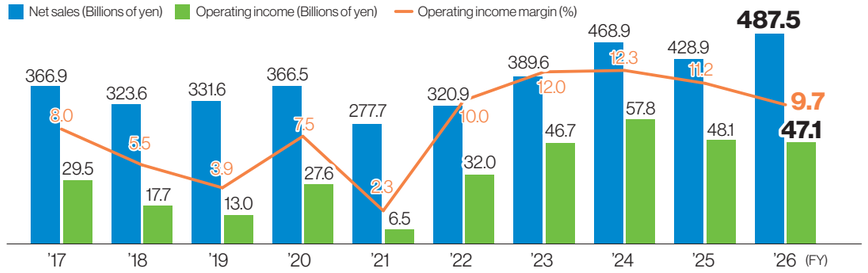
For ESG Information Index, please visit our website.
https://www.segasammy.co.jp/en/sustainability/data/index/

Financial Highlights

Net Sales*1/Operating Income/Operating Income Margin

¥487.5 billion/¥47.1 billion/9.7%

Net sales reached ¥487.5 billion (up 13.7% year on year), driven by strong performance in the Pachislot & Pachinko Machines Business and contributions from the Gaming Business following the acquisition of two companies. On the other hand, operating income came in at ¥47.1 billion (down 2.1% year on year), with an operating margin of 9.7%, reflecting soft performance in the Entertainment Contents Business and widening losses resulting from the consolidation of the two acquired companies in the Gaming Business.

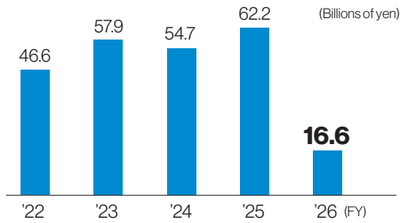


Adjusted EBITDA*

¥16.6 billion

Adjusted EBITDA resulted in ¥16.6 billion (down 73.3% year on year), due to recognition of impairment losses on goodwill and other intangible assets related to Rovio and goodwill and tangible fixed assets related to Stakelogic as extraordinary losses of business, as well as recording goodwill and trademark rights amortization, etc. associated with M&A.

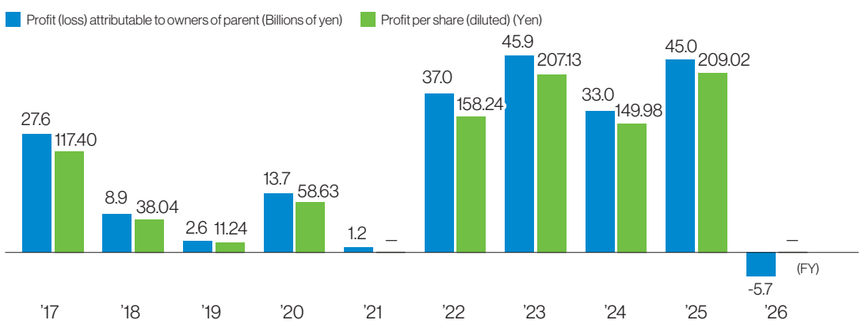
* Adjusted EBITDA: Ordinary income + Interest expense + Depreciation and amortization ± Adjustment items
Adjustment items: Extraordinary income of business, extraordinary losses of business (impairment, title write-down, etc.), profit attributable to non-controlling interests, goodwill, trademark right amortization, etc. associated with M&A



Profit (loss) Attributable to Owners of Parent/Profit per Share

¥-5.7 billion/¥—

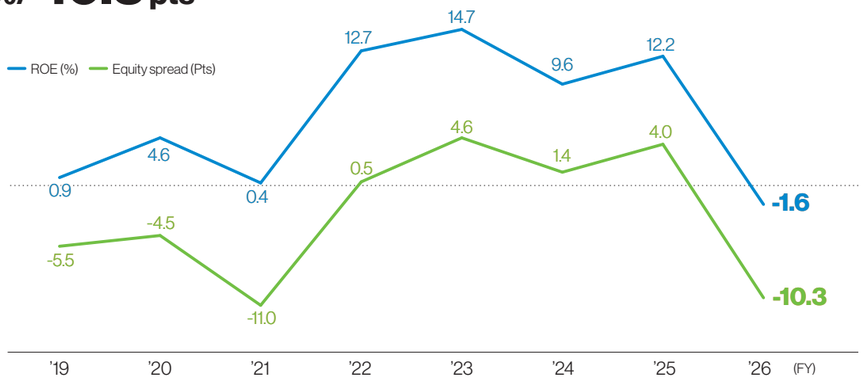
As impairment losses on goodwill and other intangible assets related to Rovio, as well as on goodwill and tangible fixed assets related to Stakelogic, were recognized as extraordinary losses, net loss attributable to owners of parent amounted to ¥5.7 billion (down 112.7% year on year). Furthermore, a gain on deferred tax adjustments was recorded following a review of the recoverability of deferred tax assets.



ROE/Equity Spread

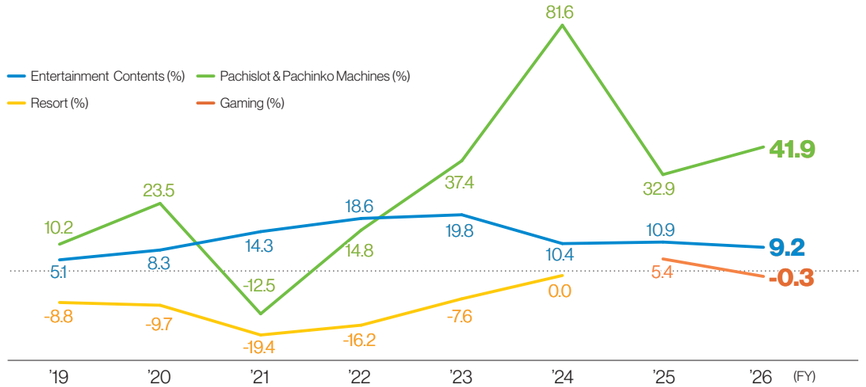
-1.6%/-10.3 pts

Due to recording a net loss, ROE was -1.6% (down 13.8 pts year on year). Consequently, the equity spread was also negative, at -10.3 pts.



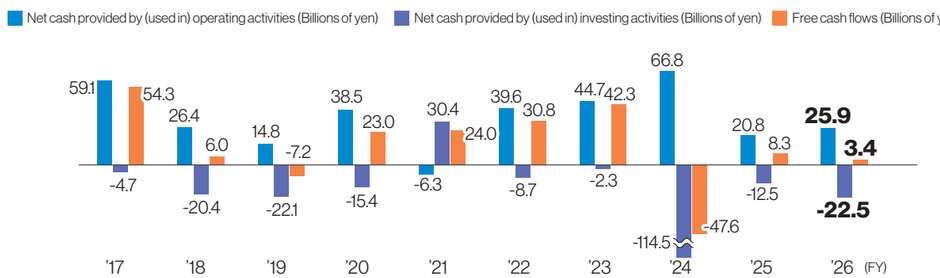
ROIC by Business

The Pachislot & Pachinko Machines Business made a strong recovery, rising 9.0 pts year on year to 41.9%. In the Entertainment Contents Business, despite a decrease in invested capital due to impairment losses, etc. ROIC came in at 9.2%, which was down 1.7 pts year on year, maintaining a solid level. In the Gaming Business, ROIC came in at negative 0.3%, which was down 5.7 pts year on year due to an increase in invested capital associated with the acquisition of the two companies, etc.



Cash Flows*1

Operating activities provided net cash of ¥25.9 billion for the fiscal year ended March 2026 (compared with an inflow of ¥20.8 billion in the previous fiscal year). Investing activities used net cash of ¥22.5 billion (compared with an outflow of ¥12.5 billion in the previous fiscal year).

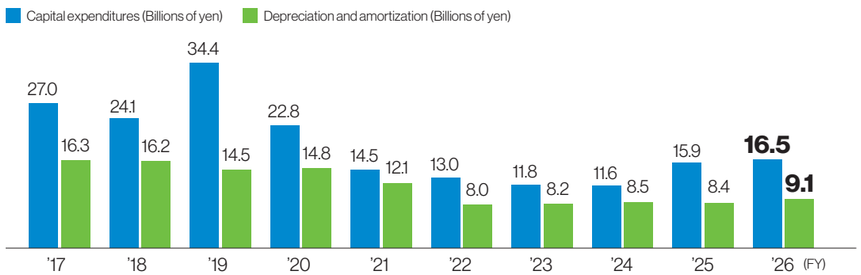


*1 Allocated revenue related to investments in film production in the U.S. was previously included in "non-operating income" but is now included in "net sales" beginning in the fiscal year ended March 2025. In accordance with this change, net sales, net cash provided by (used in) operating activities and net cash provided by (used in) investing activities for the fiscal year ended March 2024 were adjusted retrospectively.

● Capital Expenditures/Depreciation and Amortization

¥16.5 billion/¥9.1 billion

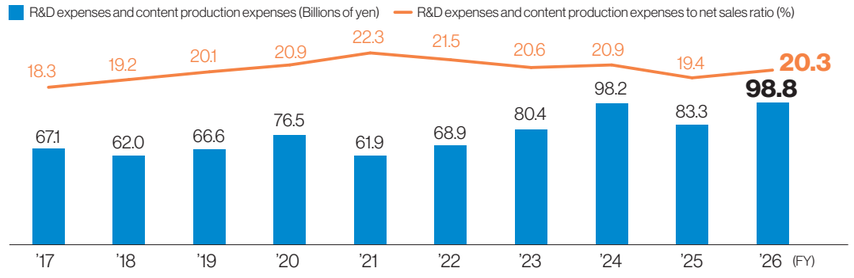
Capital expenditures were up 3.8% year on year to ¥16.5 billion.
Depreciation and amortization increased 8.3% year on year to ¥9.1 billion.



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

¥98.8 billion/20.3%

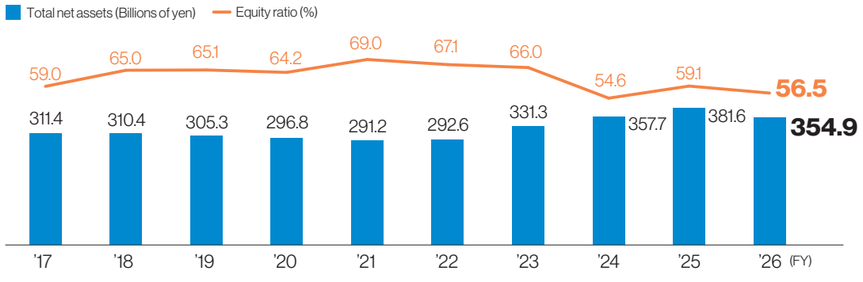
R&D expenses and content production expenses increased 18.6% year on year to ¥98.8 billion.



● Total Net Assets/Equity Ratio

¥354.9 billion/56.5%

Total net assets decreased ¥26.7 billion from the end of the previous fiscal year to ¥354.9 billion.
The equity ratio decreased 2.6 pts from the end of the previous fiscal year to 56.5%.



Company Profile/Stock Information

Company profile

Company name	SEGA SAMMY HOLDINGS INC.
Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan
URL	https://www.segasammy.co.jp/en/
Established	October 1, 2004
Capital	¥29.9 billion (As of March 31, 2026)
Principal business	Management of SEGA SAMMY Group as the holding company

Stock information (As of March 31, 2026)

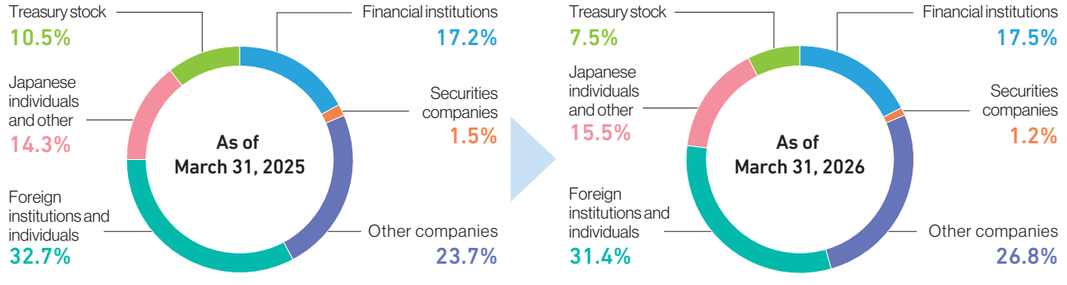
Number of shares authorized for issue	800,000,000
Total shares issued and outstanding	221,229,476
Number of shareholders	55,827

Major shareholders (As of March 31, 2026)

Name of shareholder	Shares held	Shares ratio
HS Company	41,168,000	18.60%
The Master Trust Bank of Japan, Ltd. (Trust account)	23,626,800	10.67%
SEGA SAMMY HOLDINGS INC.	16,585,035	7.49%
STATE STREET BANK AND TRUST COMPANY 505001	14,681,219	6.63%
FSC Co., Ltd.	13,682,840	6.18%
Custody Bank of Japan, Ltd. (Trust account)	9,469,700	4.28%
Hajime Satomi	4,178,638	1.88%
Haruki Satomi	3,921,261	1.77%
STATE STREET BANK AND TRUST COMPANY 505103	3,716,283	1.67%
THE BANK OF NEW YORK MELLON 140044	3,093,428	1.39%

* In addition to the above, 49,370 shares are held by the officer remuneration BIP trust and 1,930,142 shares are held by the stock-granting ESOP trust.

Breakdown of shareholders



Consolidated Financial Statements

SEGA SAMMY HOLDINGS INC. and Consolidated Subsidiaries
As of March 31, 2025 and 2026

Consolidated Balance Sheets

Millions of yen

	2025	2026
Assets		
Current assets		
Cash and deposits	¥200,360	**¥153,366**
Notes, accounts receivable—trade (Note 7 (1))	52,653	**67,576**
Securities	—	**509**
Merchandise and finished goods	10,958	**14,051**
Work in process	59,565	**78,486**
Raw materials and supplies	23,155	**18,454**
Income taxes receivable	7,660	**2,541**
Other	34,692	**40,306**
Allowance for doubtful accounts	(303)	**(581)**
Total current assets	388,744	**374,711**
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	42,828	**44,339**
Accumulated depreciation	(21,573)	**(23,472)**
Buildings and structures, net	21,255	**20,866**
Machinery, equipment, and vehicles	8,037	**8,906**
Accumulated depreciation	(5,947)	**(6,367)**
Machinery, equipment, and vehicles, net	2,089	**2,539**
Amusement machines and facilities	6,428	**8,015**
Accumulated depreciation	(5,714)	**(6,483)**
Amusement machines and facilities, net	713	**1,532**
Land (Note 7 (4))	13,691	**13,715**
Construction in progress	741	**1,269**
Other	46,359	**50,131**
Accumulated depreciation	(35,919)	**(38,990)**
Other, net	10,440	**11,140**
Total property, plant, and equipment	48,931	**51,063**
Intangible assets		
Goodwill	30,119	**14,568**
Trademark right	44,871	**45,313**
Other	16,251	**20,229**
Total intangible assets	91,241	**80,111**
Investments and other assets		
Investment securities (Note 7 (2)(3))	51,185	**53,384**
Long-term loans receivable	12,126	**9,335**
Lease and guarantee deposits	6,810	**1,774**
Net defined benefit assets	11,366	**13,514**
Deferred tax assets	16,874	**30,615**
Other	17,598	**13,000**
Allowance for doubtful accounts	(102)	**(124)**
Total investments and other assets	115,859	**121,502**
Total noncurrent assets	256,033	**252,677**
Total assets	¥644,777	**¥627,388**

Millions of yen

	2025	2026
Liabilities		
Current liabilities		
Notes and accounts payable—trade	¥23,560	**¥17,448**
Short-term borrowings	7,500	**7,500**
Accrued expenses	21,401	**25,761**
Income taxes payable	3,822	**11,460**
Contract liabilities	14,228	**18,330**
Provision for bonuses	11,984	**10,267**
Provision for directors' bonuses	1,071	**382**
Provision for point card certificates	78	**46**
Provision for loss on litigation	—	**1,014**
Asset retirement obligations	—	**25**
Other	10,531	**16,910**
Total current liabilities	94,179	**109,147**
Noncurrent liabilities		
Bonds payable	10,000	**10,000**
Long-term borrowings	132,000	**124,500**
Long-term income taxes payable	—	**45**
Lease obligations	4,639	**4,943**
Deferred tax liabilities	11,292	**11,142**
Provision for stock compensation	2,149	**2,518**
Net defined benefit liability	4,616	**5,247**
Asset retirement obligations	2,329	**2,497**
Other	1,964	**2,378**
Total noncurrent liabilities	168,993	**163,273**
Total liabilities	263,173	**272,420**
Net assets		
Shareholders' equity		
Capital stock	29,953	**29,953**
Capital surplus	69,740	**29,819**
Retained earnings	314,947	**297,607**
Treasury stock	(54,866)	**(46,282)**
Total shareholders' equity	359,774	**311,096**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,441	**2,576**
Deferred gains or losses on hedges	641	**1,543**
Revaluation reserve for land (Note 7 (4))	(1,109)	**(1,109)**
Foreign currency translation adjustment	16,868	**37,950**
Remeasurements of defined benefit plans	1,548	**2,635**
Total accumulated other comprehensive income	21,391	**43,596**
Share acquisition rights	414	**243**
Non-controlling interests	24	**31**
Total net assets	381,604	**354,967**
Total liabilities and net assets	¥644,777	**¥627,388**

See accompanying notes.

Consolidated Statements of Income and Comprehensive Income

SEGA SAMMY HOLDINGS INC. and Consolidated Subsidiaries
Years ended March 31, 2025 and 2026

Millions of yen

	2025	2026
Net sales (Note 8 (1))	¥428,948	**¥487,542**
Cost of sales (Note 8 (2) and (3))	236,240	**272,132**
Gross profit	192,708	**215,409**
Selling, general and administrative expenses	144,584	**168,280**
Operating income	48,124	**47,128**
Other income (expenses)		
Interest income	3,446	**3,268**
Dividend income	157	**281**
Equity in earnings of affiliates	3,527	**5,402**
Gain on investments in partnership	1,053	**661**
Foreign exchange gains	—	**1,022**
Interest expenses	(1,822)	**(2,655)**
Commission fee	(146)	**(148)**
Settlement payments	—	**(624)**
Loss on investments in partnership	(922)	**(794)**
Loss on retirement of noncurrent assets	(77)	**(295)**
Foreign exchange losses	(1,240)	**—**
Gain on sales of noncurrent assets (Note 8 (4))	19	**7**
Gain on sales of investment securities	230	**841**
Gain on sales of shares of subsidiaries and affiliates	9,282	**—**
Loss on sales of noncurrent assets (Note 8 (5))	(0)	**(0)**
Impairment loss (Note 8 (6))	(1,296)	**(54,627)**
Loss on valuation of investment securities	(763)	**(851)**
Loss on business restructuring (Note 8 (7))	(6,164)	**(1,991)**
Other, net	1,394	**(409)**
Subtotal	6,678	**(50,912)**
Income (loss) before income taxes	54,803	**(3,783)**
Income taxes—current	8,082	**16,274**
Income taxes—deferred	1,661	**(14,306)**
Total income taxes	9,744	**1,968**
Profit (loss)	45,058	**(5,752)**
(Breakdown)		
Profit (loss) attributable to owners of parent	45,051	**(5,756)**
Profit attributable to non-controlling interests	6	**4**
Other comprehensive income		
Valuation difference on available-for-sale securities	385	**(865)**
Deferred gains or losses on hedges	865	**902**
Foreign currency translation adjustment	(1,789)	**20,760**
Remeasurements of defined benefit plans, net of tax	143	**1,105**
Share of other comprehensive income of entities accounted for by the equity method	(1,858)	**301**
Total other comprehensive income (Note 8 (8))	(2,254)	**22,204**
Comprehensive income	42,804	**16,452**
(Breakdown)		
Comprehensive income attributable to owners of parent	42,797	**16,448**
Comprehensive income attributable to non-controlling interests	¥ 6	**¥ 4**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

SEGA SAMMY HOLDINGS INC. and Consolidated Subsidiaries
Years ended March 31, 2025 and 2026

Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balances as of April 1, 2024	¥29,953	¥69,263	¥281,208	¥(47,151)	¥333,274	¥3,056	¥(230)
Changes in items during the period							
Dividends from surplus			(11,213)		(11,213)		
Profit attributable to owners of parent			45,051		45,051		
Increase (decrease) due to the change in the fiscal year-end of consolidated subsidiaries					—		
Purchase of treasury stock				(10,013)	(10,013)		
Disposal of treasury stock		(171)		2,944	2,772		
Cancellation of treasury stock					—		
Purchase of treasury stock by stock ownership plan trust				(4,362)	(4,362)		
Disposal of treasury stock to stock ownership plan trust		650		3,711	4,362		
Disposal of treasury stock by stock ownership plan trust				4	4		
Change in scope of consolidation			(98)		(98)		
Purchase of shares of consolidated subsidiaries		(2)			(2)		
Net changes in items other than shareholders' equity						385	872
Total changes in items during the period	—	476	33,739	(7,715)	26,500	385	872
Balances as of March 31, 2025	¥29,953	¥69,740	¥314,947	¥(54,866)	¥359,774	¥3,441	¥641

Millions of yen

	Accumulated other comprehensive income						
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balances as of April 1, 2024	¥(1,109)	¥20,388	¥1,540	¥23,645	¥751	¥30	¥357,702
Changes in items during the period							
Dividends from surplus							(11,213)
Profit attributable to owners of parent							45,051
Increase (decrease) due to the change in the fiscal year-end of consolidated subsidiaries							—
Purchase of treasury stock							(10,013)
Disposal of treasury stock							2,772
Cancellation of treasury stock							—
Purchase of treasury stock by stock ownership plan trust							(4,362)
Disposal of treasury stock to stock ownership plan trust							4,362
Disposal of treasury stock by stock ownership plan trust							4
Change in scope of consolidation							(98)
Purchase of shares of consolidated subsidiaries							(2)
Net changes in items other than shareholders' equity		(3,520)	8	(2,254)	(337)	(6)	(2,598)
Total changes in items during the period	—	(3,520)	8	(2,254)	(337)	(6)	23,902
Balances as of March 31, 2025	¥(1,109)	¥16,868	¥1,548	¥21,391	¥414	¥24	¥381,604

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balances as of April 1, 2025	**¥29,953**	**¥69,740**	**¥314,947**	**¥(54,866)**	**¥359,774**	**¥3,441**	**¥641**
Changes in items during the period							
Dividends from surplus			**(11,557)**		**(11,557)**		
Loss attributable to owners of parent			**(5,756)**		**(5,756)**		
Increase (decrease) due to the change in the fiscal year-end of consolidated subsidiaries			**(25)**		**(25)**		
Purchase of treasury stock				**(32,014)**	**(32,014)**		
Disposal of treasury stock		**(182)**		**819**	**637**		
Cancellation of treasury stock		**(39,738)**		**39,738**	**—**		
Purchase of treasury stock by stock ownership plan trust					**—**		
Disposal of treasury stock to stock ownership plan trust					**—**		
Disposal of treasury stock by stock ownership plan trust				**40**	**40**		
Change in scope of consolidation					**—**		
Purchase of shares of consolidated subsidiaries					**—**		
Net changes in items other than shareholders' equity						**(865)**	**902**
Total changes in items during the period	**—**	**(39,921)**	**(17,340)**	**8,583**	**(48,677)**	**(865)**	**902**
Balances as of March 31, 2026	**¥29,953**	**¥29,819**	**¥297,607**	**¥(46,282)**	**¥311,096**	**¥2,576**	**¥1,543**

Millions of yen

	Accumulated other comprehensive income						
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balances as of April 1, 2025	**¥(1,109)**	**¥16,868**	**¥1,548**	**¥21,391**	**¥414**	**¥24**	**¥381,604**
Changes in items during the period							
Dividends from surplus							**(11,557)**
Loss attributable to owners of parent							**(5,756)**
Increase (decrease) due to the change in the fiscal year-end of consolidated subsidiaries							**(25)**
Purchase of treasury stock							**(32,014)**
Disposal of treasury stock							**637**
Cancellation of treasury stock							**—**
Purchase of treasury stock by stock ownership plan trust							**—**
Disposal of treasury stock to stock ownership plan trust							**—**
Disposal of treasury stock by stock ownership plan trust							**40**
Change in scope of consolidation							**—**
Purchase of shares of consolidated subsidiaries							**—**
Net changes in items other than shareholders' equity		**21,081**	**1,086**	**22,204**	**(171)**	**7**	**22,041**
Total changes in items during the period	**—**	**21,081**	**1,086**	**22,204**	**(171)**	**7**	**(26,636)**
Balances as of March 31, 2026	**¥(1,109)**	**¥37,950**	**¥2,635**	**¥43,596**	**¥243**	**¥31**	**¥354,967**

See accompanying notes.

Consolidated Statements of Cash Flows

SEGA SAMMY HOLDINGS INC. and Consolidated Subsidiaries
Years ended March 31, 2025 and 2026

Millions of yen

	2025	**2026**
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	¥54,803	**¥(3,783)**
Depreciation and amortization	13,046	**16,171**
Impairment loss	1,296	**54,627**
Loss (gain) on sales of noncurrent assets	(19)	**(7)**
Loss on retirement of noncurrent assets	77	**295**
Loss (gain) on sales of shares of subsidiaries and affiliates	(9,282)	**—**
Loss (gain) on liquidation of subsidiaries and affiliates	2	**—**
Loss (gain) on sales of investment securities	(209)	**(820)**
Loss (gain) on valuation of investment securities	763	**851**
Loss (gain) on investments in partnership	(130)	**133**
Amortization of goodwill	3,061	**5,236**
Increase (decrease) in allowance for doubtful accounts	(194)	**257**
Increase (decrease) in provision for directors' bonuses	(12)	**(706)**
Increase (decrease) in net defined benefit liability	631	**1,081**
Increase (decrease) in provision for bonuses	709	**(1,972)**
Interest and dividend income	(3,645)	**(3,230)**
Interest expenses	1,801	**2,630**
Foreign exchange losses (gains)	1,134	**(706)**
Equity in (earnings) losses of affiliates	(3,527)	**(5,402)**
Decrease (increase) in notes and accounts receivable - trade	742	**(11,672)**
Decrease (increase) in inventories	(12,793)	**(18,312)**
Increase (decrease) in notes and accounts payable - trade	(2,352)	**(8,231)**
Increase (decrease) in contract liabilities	(4,330)	**3,513**
Increase (decrease) in guarantee deposits received	(272)	**9**
Other, net	(17,925)	**(1,954)**
Subtotal	23,374	**28,006**
Interest and dividend income received	3,173	**3,651**
Interest expenses paid	(1,783)	**(2,471)**
Extra retirement payments	(935)	**(267)**
Income taxes paid	(19,153)	**(11,053)**
Income taxes refund	16,180	**8,074**
Net cash provided by (used in) operating activities	¥20,856	**¥25,940**

See accompanying notes.

Consolidated Statements of Cash Flows

	Millions of yen	
	2025	**2026**
Net cash provided by (used in) investing activities		
Payments into time deposits	¥(1,610)	**¥—**
Proceeds from withdrawal of time deposits	—	**1,495**
Purchase of short-term investment securities	(5,000)	**—**
Proceeds from redemption of securities	5,000	**—**
Purchase of property, plant and equipment	(5,536)	**(6,175)**
Proceeds from sales of property, plant and equipment	66	**21**
Purchase of intangible assets	(6,324)	**(7,100)**
Proceeds from intangible assets	0	**—**
Purchase of investment securities	(390)	**(62)**
Proceeds from sales of investment securities	494	**1,011**
Proceeds from redemption of investment securities	36	**33**
Payments for investment in partnerships	(1,181)	**(1,617)**
Proceeds from distribution of investment in partnerships	1,356	**1,797**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 10 (2))	(2,584)	**(22,515)**
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(2,164)	**(600)**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 10 (3))	12,385	**—**
Purchase of stocks of subsidiaries and affiliates	(1,881)	**(58)**
Payments for investments in capital	(5,960)	**(3,979)**
Proceeds from share of profits on investments in capital	16	**11,007**
Payments of loans receivable	(3,004)	**(70)**
Collection of loans receivable	173	**962**
Payments for lease deposits	(145)	**(564)**
Collection of lease deposits	181	**5,202**
Other, net	3,532	**(1,301)**
Net cash provided by (used in) investing activities	(12,543)	**(22,514)**
Net cash provided by (used in) financing activities		
Repayments of short-term borrowings	—	**(4,328)**
Proceeds from long-term borrowings	15,000	**—**
Repayments of long-term borrowings	(22,507)	**(7,500)**
Purchase of treasury stock	(10,013)	**(32,014)**
Proceeds from exercise of stock options	2,310	**495**
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(15)	**—**
Cash dividends paid	(11,227)	**(11,555)**
Other, net	(1,527)	**(1,720)**
Net cash provided by (used in) financing activities	(27,981)	**(56,623)**
Effect of exchange rate change on cash and cash equivalents	(1,729)	**8,136**
Net increase (decrease) in cash and cash equivalents	(21,398)	**(45,059)**
Cash and cash equivalents at beginning of period	219,810	**198,865**
Increase in cash and cash equivalents from newly consolidated subsidiaries	453	**—**
Increase (decrease) in cash and cash equivalents from the change in the fiscal year-end of a consolidated subsidiary	—	**(29)**
Cash and cash equivalents at end of period (Note 10 (1))	¥198,865	**¥153,776**

See accompanying notes.

Notes to Consolidated Financial Statements

SEGA SAMMY HOLDINGS INC. and Consolidated Subsidiaries
Years ended March 31, 2025 and 2026

1 Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of SEGA SAMMY HOLDINGS INC. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. However, necessary adjustments are made upon consolidation for 2025 and 2026. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese-language consolidated financial statements is not presented in the accompanying consolidated financial statements. Each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in order to present them in a form which is more familiar to readers outside of Japan. Certain reclassifications have been made to the 2025 consolidated financial statements to conform to the classifications used in 2026. These changes had no impact on previously reported results of operations or shareholders' equity.

2 Summary of Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 106

(2) Number of non-consolidated subsidiaries: 8

Non-consolidated subsidiaries are excluded from the scope of consolidation because the combined amount of each of assets, net sales and net income corresponding to the percentage of equity interest held by the Company, and the combined amount of retained earnings corresponding to the percentage of equity interest held by the Company, do not have a significant effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: —

(2) Number of affiliated companies accounted for under the equity method: 8

(3) Number of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method: 14

Some of the Company's non-consolidated subsidiaries and affiliates are not accounted for under the equity method because the combined amount of net income corresponding to the percentage of equity interest held by the Company, and the combined amount of retained earnings corresponding to the percentage of equity interest held by the Company do not have a significant effect on the consolidated financial statements even if they are excluded from the scope of the equity method and have no significance as a whole.

3. Fiscal Year for Consolidated Subsidiaries

Among the consolidated subsidiaries, GAN Limited and 38 other companies have a fiscal year-end of December 31, which differs from the consolidated closing date.

In addition, necessary consolidation adjustments have been made on material transactions that occurred between the closing date of these subsidiaries and the consolidated closing date.

During the current consolidated fiscal year, GALAXY GRAPHICS Inc. changed its fiscal year-end from February 28 to March 31, the same as the date of consolidated settlement of accounts. In connection with this change in the date of settlement of accounts, profit (loss) during the one-month period from March 1 through March 31, 2025, was adjusted by increasing (decreasing) retained earnings.

4. Accounting policies

(1) Valuation standards and methods for important assets

1) Held-to-maturity debt securities
Amortized cost method (straight-line method)
2) Available-for-sale securities
Those other than securities without available fair market value:
Fair value method (The difference between acquisition cost and fair value is accounted for as the valuation difference on available- for-sale securities in net assets, with cost of sales determined by the moving average method.)

With respect to compound financial instruments whose fair value cannot be categorized and measured for each embedded derivative, the entire compound financial instrument is appraised by fair value. Unrealized gains or losses are reported as profit or loss for the current fiscal year.
Securities without available fair market value:
Moving average cost method.

The net amount of equity included in the Company's financial statements from limited liability investment partnerships and similar investments, regarded as marketable securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act, is calculated based on available and relevant financial statements for the partnership as of the reporting date stipulated in the partnership agreement.

3) Derivatives

Fair value method

4) Inventories

Primarily gross average cost method (method whereby the net realizable value (NRV) is calculated by writing down the book value to reflect a decrease in NRV)

Work in process is stated at cost determined by the specific identification method (method whereby the NRV is calculated by writing down the book value to reflect a decrease in NRV).

(2) Depreciation and amortization for important assets

1) Property, plant and equipment (excluding leased assets and right-of-use assets)

Primarily straight-line method

Useful lives for the assets are as follows:

Buildings and structures: 2–50 years

Machinery, equipment and vehicles: 2–16 years

Amusement machines and facilities: 2–5 years

2) Intangible assets (excluding leased assets)

Primarily straight-line method

The typical lifespan range is shown below.

Trademark rights: 10-23 years

Some software posted due to the production of game or other content is amortized by the straight-line method, based on expected service periods (within three years). Software used by the Group is amortized by the straight-line method based on useful lives within the Group (within five years).

3) Leased assets

Leased assets in finance leases that transfer ownership:

Depreciated using the same method applied to property, plant and equipment owned by the Company.

Leased assets in finance leases that do not transfer ownership:

Depreciated using the straight-line method based on the assumption that useful life equals the lease period, with a residual value of zero.

4) Right-of-use assets

The lease period or useful life of the asset, whichever is shorter, is used as the useful life, with a residual value of zero.

(3) Accounting for significant deferred assets

Bond issuance cost: All expenses are expensed at full amount at the time of payment.

(4) Accounting for significant allowances and provisions

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the following to prepare for possible losses on doubtful accounts.

General receivables:

Allowance is provided based on the actual rate of losses from bad debts.

Receivables associated with the potential for default and bankruptcy or reorganization claims, etc.:

Receivables associated with the potential for default and bankruptcy or reorganization claims, etc. are calculated based on a case by case assessment of the collectability.

2) Provision for bonuses

The estimated amount of bonuses is recorded to meet the payment of employee bonuses during the current fiscal year.

3) Provision for directors' bonuses

The estimated amount of bonuses is recorded to meet the payment of bonuses for directors.

4) Provision for point card certificates

To provide for use of points granted to customers, the estimated future usage amount as of the end of the current fiscal year is recorded.

5) Provision for stock compensation

To provide for issue of shares and compensation in similar form to officers and employees, the estimated future amount of shares and compensation in similar form to be issued as of the end of the current fiscal year is recorded.

6) Provision for loss on litigation

To provide for losses associated with litigation, the estimated amount of potential future losses as of the end of the current fiscal year is recorded.

(5) Accounting method for retirement benefits

1) Attribution method for projected retirement benefits

In calculating retirement benefit obligations, benefit formula attribution is adopted for the purpose of attributing projected retirement benefits to the period up to the end of the current fiscal year.

2) Treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized equally over a certain number of years (10 years, in principle) within the average remaining years of service for the employees at the time of accrual, or are recorded as expenses collectively at the time of accrual.

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (10 years, in principle) within the average remaining years of service for the employees at the time of accrual in each fiscal year, starting from the fiscal year following the year of accrual, or are recorded as expenses collectively in the fiscal year following the year of accrual.

(6) Accounting method for significant hedge

1) Hedge accounting

The Company adopts deferred hedge accounting. However, special treatment is applied to qualifying interest rate swap transactions.

Moreover, allocation hedge accounting is applied to qualifying currency swap transactions and forward exchange contracts at the Company and some consolidated subsidiaries.

2) Hedging instruments and hedged items

Hedging instruments: Currency swaps, interest rate swaps, and forward exchange contracts

Hedged items: Interest on borrowings, receivables and payables denominated in foreign currencies

3) Hedge policy

Use of derivative instruments is intended to mitigate risks associated with foreign exchange and interest rate fluctuation. As a rule, hedging is only used for items for which actual demand exists, not for speculative purposes.

4) Evaluation method of hedge effectiveness

Hedge effectiveness is evaluated by ratio analysis of cumulative fluctuations in the market between the hedged item and the hedging instrument. An evaluation of hedge effectiveness for currency swaps is omitted. This is because the material conditions for the notional principal of the hedging instrument and for the hedged item are the same and these transactions can offset market fluctuations. Also omitted is an evaluation of hedge effectiveness for interest rate swaps applied with special treatment.

(7) Accounting policy for recognition of significant revenues and expenses

The accounting policy for recognition of significant revenues is as follows. Compensation for individual performance obligations is received within roughly two months after their fulfillment (including cases of advance receipt based on contracts). However, where the period between the time of fulfillment and the time at which payment is made by customers is expected to be lengthy and the impact of financial elements is expected to be large due to relatively high related market interest rates, the obligations are considered to include important financial elements. These elements are adjusted for claims based on contracts established with the customers. The applicable interest rate is defined as the rate used to discount the estimated future cash receipts over the remaining period of the contract to the net book value of the claims.

1) Digital content

With regard to revenue from the granting of game distribution rights in the Entertainment Contents Business, the Group provides game content primarily to platform operators along with distribution rights, and the Group's performance obligation is to provide game content. The Group determines that the performance obligation is satisfied by the provision of game content to the platform operators, and if the contract is one in which usage fees are collected based upon the sales of the platform operator, the revenue is recognized when the sales of the platform operators are recorded, and in other cases, it is recognized when the game content is provided.

With regard to revenue from game downloads in the Entertainment Contents Business, the Group's performance obligation is to provide game content to customers. The Group determines that the performance obligation is satisfied by the provision of the game content to the customer, and recognizes the revenue when the game content is provided.

With regard to revenue from F2P items in the Entertainment Contents Business, and Pachislot & Pachinko Machines Business, the Group's performance obligation is to provide the services specified for each item to the customer. Depending on the nature of the item, the Group determines that the performance obligation is satisfied when the item is used by the customer or over the course of the estimated usage period as calculated based on past usage data for similar items, whereupon the revenue is recognized.

With regard to the annual update service for amusement machines in the Entertainment Contents Business, the Group's performance obligation is to consistently provide updates to content throughout the contract period. Therefore, the Group determines that the performance obligation is satisfied over the course of the contract period, with the revenue recognized over the period of the contract.

2) Sales of products and merchandise

Revenue from sales of products and merchandise in the Entertainment Contents Business, Pachislot & Pachinko Machines Business, and Gaming Business is primarily from sales through manufacture or wholesale. The Group's performance obligation is to deliver finished products or merchandise in accordance with a sales contract or the like with the customer. The Group determines that the performance obligation is satisfied when it delivers the finished products or merchandise and the customer assumes control over said finished products or merchandise, with the revenue recognized at the point of delivery. With regard to revenue from consignment type sales of certain merchandise, if, after the role (as the principal or agent) in the provision of goods or services is determined, the Group is involved in the sale of the merchandise as an agent, the revenue is recognized using the net amount after deducting the amount paid to the supplier from the amount received from the customer.

3) Online gaming

With regard to revenue from the SaaS service for casino operators in the Gaming Business, the Group's performance obligation is to provide online gaming platforms and gaming content primarily to casino operators. The Group determines performance obligation to be met based on the successful provision of the online platforms and gaming content to the casino operators. If the contract specifies the collection of usage fees based on the casino operator's net gaming revenue, online gaming revenue is recognized when the revenues of the casino operators are recorded. In other cases, the revenue is recognized when the service is provided.

With regard to revenue from operation of online gaming in the Gaming Business, the Group's performance obligation is to provide game content and betting services to end users. The Group determines the performance obligation to be met when the results of the games or events are finalized, and the online gaming revenue is recognized when the results of the games or events are finalized.

(8) Amortization method and period of goodwill

Where the duration of the effect of goodwill can be estimated on rational grounds, it is amortized over the estimated period by the straight-line method.

(9) Scope of funds in consolidated statements of cash flows

Funds in the consolidated statements of cash flows (cash and cash equivalents) consist of cash on hand (cash reserves), demand deposits, and short-term investments with a maturity of three months or less from acquisition, which can easily be converted to cash and are subject to insignificant risk of change in value.

(10) Application of the group tax-sharing system

The Company applies the group tax-sharing system.

3 Significant Accounting Estimates

(1) Valuation of inventories, etc. in the Entertainment Contents Business

1) Amounts posted to consolidated financial statements in the current fiscal year

	Millions of yen	
	2025	**2026**
Work in process	¥55,334	**¥74,609**
"Other" under intangible assets	6,462	**5,126**

2) Calculation method for amounts posted to consolidated financial statements in the current fiscal year

Work in process and software, etc. amounts posted due to production of game contents, etc. in the Entertainment Contents Business are stated at acquisition cost. They are routinely treated as costs considering anticipated sales volumes or expected service periods. However, in the event that the future recoverable value falls below that of the book value of the work in process and software, etc., the amount of said difference is posted to cost of sales.

3) Key assumptions used in calculating amounts posted to consolidated financial statements in the current fiscal year

Future recoverable value is an estimate based on sales forecasts for the following fiscal years.

4) Impact on consolidated financial statements in the following fiscal year

Discrepancies between forecasts and actual results arising from the timing of release of new products from rival companies within the same market and sales fluctuations due to the nature of hit-product business may affect profit and loss.

(2) Valuation of raw materials in the Pachislot & Pachinko Machines Business

1) Amount posted to consolidated financial statements in the current fiscal year

	Millions of yen	
	2025	**2026**
Raw materials	¥18,884	**¥12,217**

2) Calculation method for amounts posted to consolidated financial statements in the current fiscal year

Raw materials are posted at acquisition cost. If anticipated future raw material usage falls below stock, the surplus is posted to cost of sales.

3) Key assumptions used in calculating amounts posted to consolidated financial statements in the current fiscal year

Raw material usage forecasts are estimated based on the projected volume of pachinko and pachislot machine sales for the following fiscal years.

4) Impact on consolidated financial statements in the following fiscal year

Discrepancies between forecasts and actual results arising from the timing of release of new products from rival companies within the same market and sales fluctuations due to the nature of hit-product business may affect profit and loss.

(3) Valuation of shares of affiliates with regard to PARADISE SEGASAMMY Co., Ltd.

1) Amounts posted to consolidated financial statements in the current fiscal year

	Millions of yen	
	2025	**2026**
Shares of subsidiaries and affiliates	¥25,993	**¥30,882**

2) Calculation method for amounts posted to consolidated financial statements in the current fiscal year

PARADISE SEGASAMMY Co., Ltd. ("PSS" hereinafter) is a Group affiliate accounted for by the equity method. Investments in PSS are handled by equity method accounting.

PSS applies International Financial Reporting Standards (IFRS) and conducts impairment tests if there is an indication of impairment in its cash generating units. For cash generating units including goodwill, PSS conducts impairment tests on an annual basis, in addition to instances associated with indication of impairment. If the results of these impairment tests show that recoverable value falls below book value, the book value in PSS financial statements is reduced to the recoverable value. This, along with recognition of impairment loss, exerts an impact on the amount of shares of Group affiliates by equity method accounting.

PSS has posted ¥122,118 million in non-current assets, including goodwill of ¥5,716 million.

3) Key assumptions used in calculating amounts posted to consolidated financial statements in the current fiscal year

PSS conducts impairment tests on its cash generating units including goodwill and its cash generating units that show any indication of impairment and calculates recoverable value based on value in use or on the fair value less cost of disposal.

Key assumptions used for measurement of value in use are based on business plans, etc. fundamental to calculations of future cash flows, as well as growth rates and discount rates. Business and other plans are formulated based on numbers of casino users and drop amounts (amounts of chips purchased at gaming tables). Figures reflecting consideration of business growth are used to establish growth rates for the period following the target period of the business plans, etc. In addition, the discount rate is calculated using weighted average cost of capital as a basis and by reflecting the risk associated with businesses, determined based on external and internal information.

Fair value following the deduction of disposal costs mainly uses the real estate appraisal value (under depreciated replacement cost approach) of external experts who take into consideration the repurchase cost of the relevant asset and related depreciation factors.

4) Impact on consolidated financial statements in the following fiscal year

Estimates of future cash flows are based on best estimates from management. However, discrepancies between forecasts and actual trends in the number of users may affect profit and loss.

(4) Valuation of goodwill and other intangible assets of Rovio Entertainment Ltd

1) Amounts posted to consolidated financial statements in the current fiscal year

	Millions of yen	
	2025	**2026**
Goodwill	¥26,317	**¥— (after recording of impairment loss)**
Intangible assets	49,671	**48,701**
Trademark rights	44,860	**44,309**
Intangible assets related to technology	4,810	**4,392**

2) Method for calculating amounts posted to consolidated financial statements in the current fiscal year

Since Sega Europe Ltd. owns Rovio Entertainment Ltd ("Rovio" hereinafter) stock directly, Rovio applies the International Financial Reporting Standards. Accordingly, for cash generating units that include goodwill and other intangible assets, it conducts impairment testing for goodwill when signs suggest impairment of goodwill or at least once annually and for other intangible assets when signs of their impairment are present. If the results of this testing show that the recoverable value of these assets falls below their book value, it recognizes impairment losses by reducing the book value to the recoverable value.

Since signs of impairment were recognized in the current fiscal year, impairment losses were recorded on goodwill and other intangible assets based on impairment testing.

Outside experts were employed in these calculations because the choice of input data used in calculation methods and discount rates requires special expertise.

3) Key assumptions made in calculating amounts posted to the consolidated financial statements in the current fiscal year

Rovio measures use value as the recoverable value in impairment testing. In calculations of future cash flows based on this measurement, net sales, cost of sales, and advertising expenses of each major game title are identified as key assumptions based on Rovio's business plans.

4) Impact on consolidated financial statements in the following fiscal year

While future business plans are based on management's best estimates, profit and loss may be affected by differences between net sales per major game title and other figures and projections thereof.

(5) Allocation of acquisition costs related to the acquisition of stock in GAN Limited

1) Amounts posted to consolidated financial statements in the current fiscal year

Shown below are the ending balances of goodwill and other intangible assets (trademark rights, intangible assets related to technology, and customer-related assets) recorded following the acquisition of an equity stake in GAN Limited ("GAN" hereinafter) by SEGA SAMMY CREATION INC. ("SSC" hereinafter) during the consolidated fiscal year under review.

	Millions of yen
	2026
Goodwill	**¥14,516**
Other intangible assets	**4,585**
Trademark rights	**987**
Intangible assets related to technology	**2,640**
Customer-related assets	**957**

2) Method for calculating amounts posted to consolidated financial statements in the current fiscal year

Amounts allocated of identifiable other intangible assets are calculated via the income approach, converting expected future cash flows generated by the other intangible assets to their current values based on business plans used in corporate valuations.

Of these, trademark rights are valued using the relief from royalty method included in the income approach, while intangible assets related to technology are valued using the multi-period excess earnings method included in the income approach. Customer-related assets are valued using the distributor method included in the income approach.

For valuation of goodwill, the difference between the purchase price and the amounts allocated to identifiable assets and liabilities on the merger date is used as expected excess earnings from future business activities.

Outside experts were employed in these calculations because the choice of input data used in calculation methods and discount rates requires special expertise.

3) Key assumptions made in calculating amounts posted to the consolidated financial statements in the current fiscal year

In calculating future cash flow related to trademark rights, reasonable royalty rates assumed to be agreed to in transactions with third parties, based on GAN's business plans, are multiplied by net sales over the economically useful life of the trademark rights.

In calculating future cash flow related to intangible assets related to technology, excess earnings are calculated by deducting appropriate costs from forecasts of future revenues over the useful life of the assets, based on GAN's business plans.

In calculating future cash flow related to customer-related assets, excess earnings are calculated by deducting appropriate costs from forecasts of revenue related to existing customers and multiplying the result by the rate of decrease in customers, based on GAN's business plans.

4) Impact on consolidated financial statements in the following fiscal year

While future business plans are based on management's best estimates, profit and loss may be affected by differences between net sales per major service and other figures and projections thereof.

(6) Allocation of acquisition costs related to the acquisition of stock in Stakelogic B.V. and evaluation of goodwill and other property, plant and equipment

1) Amounts posted to consolidated financial statements in the current fiscal year

Shown below are the ending balances of the goodwill and other intangible assets recorded following the acquisition of a stake in Stakelogic B.V. ("Stakelogic" hereinafter) by SSC during the consolidated fiscal year under review.

	Millions of yen
	2026
Goodwill	**¥— (after recording of impairment loss)**
Other intangible assets	**—**

2) Method for calculating amounts posted to consolidated financial statements in the current fiscal year

Amounts allocated to identifiable intangible assets are calculated via the income approach, converting expected future cash flows generated by the intangible assets to their current values based on business plans used in corporate valuations. The results of these calculations showed no identifiable intangible assets.

For valuation of goodwill, the difference between the purchase price and the amounts allocated to identifiable assets and liabilities on the merger date is used as expected excess earnings from future business activities.

Goodwill and other property, plant and equipment are depreciated at prescribed intervals. Should signs suggest impairment, total undiscounted future cash flows from the asset group are compared to the book value of goodwill and other property, plant and equipment to determine whether to recognize an impairment loss. If this determination indicates a need to recognize an impairment loss, the book value is reduced to the recoverable value and the amount of the reduction in book value is recorded as an impairment loss under other expenses.

Stakelogic's business plans were revised in response to a marked deterioration in its business environment. This included a pronounced withdrawal of operators following the acquisition of its stock, as regulations were strengthened in its major market of the Netherlands in the current fiscal year. Given these circumstances, the Group identified signs of impairment. Since the results of determination of whether to recognize an impairment loss showed that the estimated total undiscounted future cash flows had fallen below the book value of non-current assets in larger units, including goodwill, the book value was reduced to the recoverable value of zero, while the amount of the reduction in book value was recorded as an impairment loss.

Outside experts were employed in these calculations because the choice of input data used in calculation methods and discount rates requires special expertise.

3) Key assumptions made in calculating amounts posted to the consolidated financial statements in the current fiscal year

Stakelogic measures use value as the recoverable value of non-current assets in larger units, including goodwill. Future cash flows used in this measurement are estimated using net sales and cost of sales for each major service as key assumptions, based on Stakelogic's business plans.

4 Unapplied New Accounting Standards

The Company and its domestic consolidated subsidiaries

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

Other relevant revised ASBJ statements, guidances, practical solutions, and transferred guidances

(1) Overview

These standards address the handling of various matters, including the recording of all lessee leases as assets and liabilities, largely in accordance with the International Financial Reporting Standards.

(2) Scheduled date of application

The guidance will apply from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of application of the accounting standard

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

- Implementation Guidance on Accounting for Financial Instruments (Transferred Guidance No. 9, March 11, 2025)

(1) Overview

This guidance revises account treatment related to equity investments in venture capital funds held by listed companies. The purpose is to provide investors with useful information through fair valuations of stocks without market prices included in venture capital funds and other funds.

(2) Scheduled date of application

The guidance will apply from the beginning of the fiscal year ending March 31, 2027.

(3) Effects of application of the accounting standard

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

5 Changes in Method of Presentation

(Consolidated balance sheets)

The account title "Notes, accounts receivable - trade, and contract assets" has been renamed "Notes and accounts receivable - trade" because no contract assets arose in the prior consolidated fiscal year or in the consolidated fiscal year under review.

6 Additional Information

(Officer remuneration BIP trust and stock-granting ESOP trust)

A resolution passed at the Board of Directors meeting held May 10, 2024 has led to the introduction of a stock-granting employee stock ownership plan (ESOP) trust ("plan" hereinafter) as a program to incentivize Company employees ("employees" hereinafter).

(1) Overview of transaction

The plan has been introduced to increase employee motivation and drive to contribute to business results and increase awareness of management participation, thereby strengthening corporate value over the medium to long term. In addition, as similar incentive plans for officers, certain Group companies have introduced not just share-granting ESOP trusts for employees, but officer BIP trusts for directors of Group companies.

(2) Company shares remaining in trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses) in the trust. At the end of the consolidated fiscal year under review, the book value and number of the Company's shares remaining in the ESOP and BIP trusts were ¥4,317 million and 1,979,512 shares, respectively.

7 Notes to Consolidated Balance Sheets

(1) Receivables from contracts with customers

Of notes and accounts receivable - trade, the amount of receivables from contracts with customers is provided in "Note21 Revenue recognition 3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts; information on revenue amounts expected to be recognized in the following fiscal years as the result of contracts with customers as of the end of the current fiscal year and the timing of such recognition: (1) Receivables from contracts with customers and the balance of contract liabilities" of the consolidated financial statements.

(2) Assets pledged as collateral

Assets pledged as collateral are as follows:

Millions of yen

	2025	**2026**
Shares of subsidiaries and affiliates	Note 1 ¥25,993	**Note 2 ¥30,882**
Total	25,993	**30,882**

Notes: 1. For a loan of ¥52,169 million (₩515,000 million) from financial institutions to the equity method affiliate PARADISE SEGASAMMY Co., Ltd. at the end of the prior fiscal year, the shares of this company are pledged as collateral.
2. For a loan of ¥64,021 million (₩615,000 million) from financial institutions to the equity method affiliate PARADISE SEGASAMMY Co., Ltd. at the end of the current fiscal year, the shares of this company are pledged as collateral.

(3) Investment securities in non-consolidated subsidiaries and affiliated companies

Millions of yen

	2025	**2026**
Investment securities (Shares)	¥27,311	**¥31,978**
Investment securities (Capital Contributions)	2,387	**2,653**

(4) Revaluation reserve for land

Consolidated subsidiary SEGA CORPORATION has revalued land for business, pursuant to the Act on Revaluation of Land (Act No. 34, March 31, 1998) and the Act for Partial Amendment of the Act on Revaluation of Land (Act No. 19, March 31, 2001).
Accordingly, SEGA FAVE CORPORATION has recorded the valuation difference as "revaluation reserve for land" under net assets.

Revaluation method
SEGA CORPORATION computed the value of land based on the methodology of making rational adjustments to the assessed value of fixed assets for taxation purposes as stipulated in Article 2, Item 3 of, and appraisals by licensed real estate appraisers as stipulated in Article 2, Item 5 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).
Date of the revaluation: March 31, 2002
Difference between fair value at the end of the fiscal year and book value after revaluation of revalued land: ¥(254) million

(5) Overdraft account and commitment line contracts

The Company and its consolidated subsidiaries concluded overdraft account contracts and commitment line contracts with banks for purposes of efficient procurement of operating capital.
The balance of unrealized borrowings based on these contracts is as follows:

Millions of yen

	2025	**2026**
Total amount of limit of overdraft account and commitment line contract	¥285,475	**¥285,954**
Balance of borrowings	—	**—**
Balance of unrealized borrowings	285,475	**285,954**

8 Notes to Consolidated Statements of Income and Comprehensive Income

(1) Revenue from contracts with customers

Net sales combine revenue from contracts with customers and revenue from other sources. The amount of revenue from contracts with customers is provided in "Note 21 Revenue recognition: 1. Disaggregation of revenue from contracts with customers" of the consolidated financial statements.

(2) The amount of ending inventory is determined after book value devaluation due to declines in profitability, and the following inventory write-down is included in the cost of sales

Millions of yen

	2025	**2026**
Cost of sales	¥7,303	**¥8,403**

(3) Total R&D expenses included in general and administrative expenses and the manufacturing cost are as follows:

Millions of yen

	2025	**2026**
	¥60,722	**¥75,372**

(4) Breakdown of gain on sales of non-current assets

Millions of yen

	2025	**2026**
Buildings and structures	¥13	**¥—**
Machinery, equipment and vehicles	—	**3**
Land	4	**—**
Other property, plant and equipment	1	**4**
Total	19	**7**

(5) Breakdown of loss on sales of non-current assets

Millions of yen

	2025	**2026**
Machinery, equipment and vehicles	¥—	**¥0**
Other property, plant and equipment	0	**0**
Total	0	**0**

(6) Breakdown of impairment loss

Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Use	Location	Type	Amount
Assets for business	Nevada, USA and five others	Buildings and structures	¥88
		Other property, plant and equipment	1,359
		Other intangible assets	3
		Total	1,451

The Group independently assesses assets or asset groups whose cash flows can be estimated separately based on business segments. The book values of assets or asset groups whose market values declined significantly or that are projected consistently to generate negative cash flows from operating activities are reduced to their recoverable values. The amount of this reduction is recorded as an impairment loss under other expenses.
Recoverable values are calculated based on memorandum values, as no future cash flows are expected.
The amount of ¥155 million is included in structural reform expenses under other expenses.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Use	Location	Type	Millions of yen Amount
Assets for business	Espoo, Finland and 18 others	Buildings and structures	**¥145**
		Machinery, equipment and vehicles	**120**
		Other property, plant and equipment	**2,767**
		Goodwill	**46,555**
		Trademark right	**4,461**
		Other intangible assets	**578**
		Total	**54,627**

The Group independently assesses assets or asset groups whose cash flows can be estimated separately based on business segments. The book values of assets or asset groups whose market values declined significantly or that are projected consistently to generate negative cash flows from operating activities are reduced to their recoverable values. The amount of this reduction is recorded as an impairment loss under other expenses.
Recoverable values are mainly measured based on value in use. Value in use is generally calculated by discounting future cash flows by 9.9%. The recoverable value of asset groups for which no future cash flows are expected is calculated using memorandum values.

During the current fiscal year, impairment losses were recognized on goodwill and other assets recorded in connection with acquisitions, as the recoverable amounts of the related asset groups, including goodwill, fell below their carrying amounts due to a decline in profitability. The principal components of the impairment losses were goodwill and other intangible assets related to Rovio totaling ¥31,993 million, and goodwill and other property, plant and equipment related to Stakelogic totaling ¥18,054 million.

(7) Loss on business restructuring

Prior fiscal year (from April 1, 2024 to March 31, 2025)
This loss represents costs associated with structural reform initiatives in response to the external business environment. A breakdown is provided below.

	Millions of yen 2025
Loss associated with suspension of game content development, etc.	**¥3,406**
Increased benefits for early retirement	**72**
Loss on sale of stock in affiliates	**2,530**
Impairment loss	**155**
Total	**6,164**

Current fiscal year (from April 1, 2025 to March 31, 2026)
This loss represents costs associated with structural reforms in the Gaming Business, mainly consisting of extra retirement payments for officers.

(8) Reclassification adjustments, income taxes, and tax effects concerning other comprehensive income

	Millions of yen 2025	 **2026**
Valuation difference on available-for-sale securities		
Amount arising during the period	¥634	**¥(426)**
Reclassification adjustments	(70)	**(824)**
Before adjustments for income tax and tax effects	564	**(1,250)**
Amount of income tax and tax effects	(179)	**385**
Valuation difference on available-for-sale securities	385	**(865)**
Deferred gains or losses on hedges		
Amount arising during the period	1,331	**1,708**
Reclassification adjustments	(171)	**(389)**
Before adjustments for income tax and tax effects	1,160	**1,318**
Amount of income tax and tax effects	(294)	**(416)**
Deferred gains or losses on hedges	865	**902**
Foreign currency translation adjustment		
Amount arising during the period	(1,833)	**20,760**
Reclassification adjustments	43	**—**
Before adjustments for income tax and tax effects	(1,789)	**20,760**
Amount of income tax and tax effects	—	**—**
Foreign currency translation adjustment	(1,789)	**20,760**
Remeasurements of defined benefit plans, net of tax		
Amount arising during the period	796	**2,635**
Reclassification adjustments	(849)	**(216)**
Before adjustments for income tax and tax effects	(52)	**2,418**
Amount of income tax and tax effects	196	**(1,313)**
Remeasurements of defined benefit plans, net of tax	143	**1,105**
Share of other comprehensive income of entities accounted for by the equity method		
Amount arising during the period	(1,858)	**301**
Reclassification adjustments	—	**—**
Share of other comprehensive income of entities accounted for by the equity method	(1,858)	**301**
Total other comprehensive income	¥(2,254)	**¥22,204**

9 Notes to Consolidated Statements of Changes in Net Assets

Prior fiscal year (From April 1, 2024 to March 31, 2025)

1. Issued stock

Shares

Type of stock	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	241,229,476	—	—	241,229,476

2. Treasury stock

Shares

Class of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	25,214,788	5,746,353	3,542,262	27,418,879

Note: The number of treasury stock of common stock includes Company shares held by the officer remuneration BIP trust (50,000 shares as of March 31, 2025) and Company shares held by the stock-granting ESOP trust (1,948,042 shares as of March 31, 2025).

(Outline of causes of change)

Increase

Increase due to market purchases pursuant to Board of Directors resolution: 3,549,800 shares

Increase due to purchase of odd-lot stock: 5,353 shares

Increase due to free acquisition upon retirement of individuals subject to stock compensation with restriction on transfer: 191,200 shares

Increase due to contributions to officer remuneration BIP trust accounts and stock-granting ESOP trust accounts: 2,000,000 shares

Decrease

Decrease due to sales of odd-lot stock: 104 shares

Decrease due to exercise of stock options: 1,540,200 shares

Decrease due to contributions to officer remuneration BIP trust accounts and stock-granting ESOP trust accounts: 2,000,000 shares

Decrease due to issue of shares based on the stock-granting ESOP trust system: 1,958 shares

3. Share acquisition rights

Company name	Breakdown	Type of stock	Number of stocks (Shares) As of April 1, 2024	Increase	Decrease	As of March 31, 2025	Balance at March 31, 2025 Millions of yen
The Company	Subscription rights to shares as stock options	—	—	—	—	—	¥345
Consolidated subsidiaries		—	—	—	—	—	69
Total			—	—	—	—	414

4. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 10, 2024	Common stock	¥5,832	¥27	March 31, 2024	June 5, 2024
Board of Directors Meeting held on November 8, 2024	Common stock	5,381	25	September 30, 2024	December 3, 2024

Note: The total dividend under the November 8, 2024 resolution of the Board of Directors includes ¥50 million in cash dividends paid on Company shares held by the officer remuneration BIP trust and the stock-granting ESOP trust.

(2) Of dividends for which the record date falls in the current fiscal year but for which the effective date falls in the following fiscal year

Resolution	Class of shares	Resource of dividend	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 12, 2025	Common stock	Retained earnings	¥5,826	¥27	March 31, 2025	June 4, 2025

Note: The total dividend under the May 12, 2025 resolution of the Board of Directors includes ¥53 million in dividends paid on Company shares held by the officer remuneration BIP trust and the stock-granting ESOP trust.

Current fiscal year (From April 1, 2025 to March 31, 2026)

1. Issued stock

Shares

Type of stock	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock	**241,229,476**	**—**	**20,000,000**	**221,229,476**

(Outline of causes of change)

Decrease

Decrease due to cancellation of treasury stock: 20,000,000 shares

2. Treasury stock

Shares

Class of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock	**27,418,879**	**11,508,241**	**20,362,573**	**18,564,547**

Note: The number of treasury stock of common stock includes Company shares held by the officer remuneration BIP trust (49,370 shares as of March 31, 2026) and Company shares held by the stock-granting ESOP trust (1,930,142 shares as of March 31, 2026).

(Outline of causes of change)

Increase

Increase due to purchase on the market under Board of Directors resolution: 11,502,700 shares

Increase due to purchase of odd-lot stock: 5,241 shares

Increase due to gratis acquisitions associated with the resignation of individuals eligible for transfer-restricted share-based compensation: 300 shares

Decrease

Decrease due to demands for sale of odd-lot stock: 143 shares

Decrease due to exercise of stock options: 330,500 shares

Decrease due to retirement of persons eligible for share-based remuneration: 13,400 shares

Decrease due to granting of shares based on the officer remuneration BIP trust and stock-granting ESOP trust: 18,530 shares

Decrease due to cancellation of treasury stock: 20,000,000 shares

3. Share acquisition rights

Company name	Breakdown	Type of stock	Number of stocks (Shares) As of April 1, 2025	Increase	Decrease	As of March 31, 2026	Balance at March 31, 2026 Millions of yen
The Company	Subscription rights to shares as stock options	**—**	**—**	**—**	**—**	**—**	**¥243**
Consolidated subsidiaries	—	**—**	**—**	**—**	**—**	**—**	**—**
Total			**—**	**—**	**—**	**—**	**243**

4. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 12, 2025	Common stock	**¥5,826**	**¥27**	March 31, 2025	June 4, 2025
Board of Directors Meeting held on November 7, 2025	Common stock	**5,730**	**27**	September 30, 2025	December 3, 2025

Notes: 1. The total dividend based on the resolution of the Board of Directors meeting held May 12, 2025 includes ¥53 million in dividends on Company shares held by officer remuneration BIP trust accounts and stock-granting ESOP trust accounts.
2. The total dividend based on the resolution of the Board of Directors meeting held November 7, 2025, includes ¥53 million in dividends on Company shares held by the above trust accounts.

(2) Dividends for which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution (planned)	Class of shares	Resource of dividend	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 12, 2026	Common stock	Retained earnings	**¥5,730**	**¥28**	March 31, 2026	June 4, 2026

Note: The total dividend based on the resolution of the Board of Directors meeting held May 12, 2026 includes ¥55 million in dividends on Company shares held by officer remuneration BIP trust accounts and stock-granting ESOP trust accounts.

10 Notes to Consolidated Statements of Cash Flows

(1) Reconciliation of cash and cash equivalents at end of year and the amount recorded in the consolidated balance sheets

		Millions of yen
	2025	**2026**
Cash and deposits	¥200,360	**¥153,366**
Securities	—	**509**
Total	200,360	**153,876**
Time deposits, etc. held for more than three months	(1,495)	**—**
Securities for which the period from the acquisition date to the redemption date is longer than three months	—	**(100)**
Cash and cash equivalents	198,865	**153,776**

(2) Breakdown of major details of assets and liabilities of companies made new consolidated subsidiaries through acquisition of stock

Prior fiscal year (From April 1, 2024 to March 31, 2025)
Not applicable

Current fiscal year (From April 1, 2025 to March 31, 2026)
Shown below is a breakdown of assets and liabilities as of the time of newly adding Stakelogic B.V. to consolidation through acquisition of stock and the relationship between the stock acquisition price and (net) expenditures for the acquisition.

	Millions of yen
Current assets	¥ 1,182
Noncurrent assets	3,062
Goodwill	17,998
Current liabilities	(7,513)
Noncurrent liabilities	(93)
Stock acquisition price	14,636
Cash and cash equivalents	(325)
Deducted: Expenditures for acquisition	(14,310)

Shown below is a breakdown of assets and liabilities as of the time of newly adding GAN Limited to consolidation through acquisition of stock and the relationship between the stock acquisition price and (net) expenditures for the acquisition.

	Millions of yen
Current assets	¥ 7,154
Noncurrent assets	6,747
Goodwill	14,240
Current liabilities	(5,793)
Noncurrent liabilities	(8,670)
Stock acquisition price	13,678
Cash and cash equivalents	(5,474)
Deducted: Expenditures for acquisition	(8,204)

(3) Breakdown of major details of assets and liabilities of companies removed from list of consolidated subsidiaries through sale of stock

Prior fiscal year (From April 1, 2024 to March 31, 2025)
Shown below is a breakdown of assets and liabilities as of the time at which shares in PHOENIX RESORT CO., LTD. were sold and the removal of PHOENIX RESORT CO., LTD. from the list of consolidated subsidiaries and the relationship between the stock sale price and proceeds arising from the sale.

	Millions of yen
Current assets	¥1,444
Noncurrent assets	10,385
Current liabilities	(4,816)
Noncurrent liabilities	(2,552)
Gain on sales of shares of subsidiaries and affiliates	8,499
Stock sale price	12,960
Cash and cash equivalents	(574)
Deducted: Proceeds from sale	12,385

Current fiscal year (From April 1, 2025 to March 31, 2026)
Not applicable

11 Information for Certain Leases

1. Finance leases that do not transfer ownership prior to the initial year of application of the Accounting Standard for Lease Transactions

(1) Acquisition cost equivalent of leased items, accumulated depreciation equivalent, accumulated impairment loss equivalent, and year-end balance equivalent

Prior fiscal year (As of March 31, 2025)
Not applicable

Current fiscal year (As of March 31, 2026)
Not applicable

(2) Lease payments, reversal of accumulated impairment loss on leased assets, depreciation equivalent, interest expenses equivalent, and impairment loss

		Millions of yen
	2025	**2026**
Lease payments	¥12	**¥—**
Reversal of accumulated impairment loss on leased assets	9	**—**
Depreciation equivalent	10	**—**
Interest expenses equivalent	0	**—**

(3) Method for calculating depreciation equivalent

The straight-line method is applied on the assumption that useful life equals the lease period and the residual value is zero.

(4) Method for calculating interest expenses equivalent

Interest expenses equivalent are calculated as the difference between total lease charges and acquisition cost equivalent of leased items and are allocated to each fiscal year by the interest method.

2. Finance leases transactions

(1) Details of leased assets

Leased assets primarily consist of offices and other related facilities ("machinery, equipment and vehicles"; "other property, plant and equipment"; and "other intangible assets").

(2) Depreciation method for leased assets

- Leased assets in finance leases that transfer ownership: Depreciated using the same method applied to property, plant and equipment owned by the Company.
- Leased assets in finance leases that do not transfer ownership: Depreciated using the straight-line method based on the assumption that useful life equals the lease period, with a residual value of zero.

3. Lease transactions under International Financial Reporting Standards and U.S. GAAP

(1) Details of leased assets (right-of-use assets)

Leased assets (right-of-use assets) primarily consist of items related to leased offices of certain overseas consolidated subsidiaries.

(2) Depreciation method for right-of-use assets

The lease period or useful life of the asset, whichever is shorter, is used as the useful life, with a residual value of zero.

4. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

Millions of yen

	2025	2026
Within one year	¥ 3,772	**¥5,434**
Over one year	1,348	**14,067**
Total	5,121	**19,501**

Note: Major factors behind increases or decreases in operating lease transactions include the conclusion of a lease agreement on renewal and the payment of lease payables for offices leased for the Group's headquarters.

12 Financial Instruments

1. Outline of financial instruments

(1) Policy for financial instruments

The Group has signed an agreement concerning commitment lines with financial institutions to secure medium- to long-term funds liquidity with the Company as a holding company. This is intended to serve as a safety net for the entire Group. In addition, the Group raises necessary funds for each business based on the financial plan through bank borrowings or bond issues, while operating a Cash Management System for the purpose of making efficient use of Group funds. Most funds are invested primarily in low-risk and high-liquidity financial assets; some are invested in compound financial instruments, such as bonds, to further efficient funds management. Derivatives are not used for speculative purposes, but mainly used to manage exposure to financial risks, as described below.

(2) Details of financial instruments and their risks

Notes and accounts receivable trade, which are operating receivables, are exposed to customer credit risks. Additionally, operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risks. Securities and investment securities are composed mainly of investment trusts, bonds, and stocks related to business alliances with business partners. The latter are exposed to market price fluctuation risk.
Of notes and accounts payable—trade, which are operating payables, operating payables denominated in foreign currencies are exposed to exchange rate fluctuation risks. With respect to a portion thereof, the Group hedges risks using forward exchange contracts.
Borrowings and corporate bonds are secured to obtain working capital, make capital investments, and engage in M&A and other activities and to diversify means of fundraising. For certain borrowings with variable interest rates, the Group uses interest rate swap transactions to hedge the risk of fluctuating interest rates.
Derivative transactions are forward exchange contracts to hedge exchange rate fluctuation risk associated with operating payables denominated in foreign currencies, interest rate swap transactions to hedge interest rate fluctuation risk associated with borrowings of the Company, and forward exchange contracts to hedge exchange rate fluctuation risk associated with equity investments in overseas subsidiaries. Additionally, further information on hedge accounting, including hedging instruments and hedged items, hedge policy, and evaluation of hedge effectiveness, is provided in the aforementioned "(Significant matters forming the basis for preparing consolidated financial statements): 4. Accounting Policies: (6) Accounting method for significant hedge."

(3) Risk management system for financial instruments

1) Management of credit risk (risk related to contractual nonperformance by business partners)
For operating receivables, in accordance with the credit management and other rules of each company, a responsible department regularly monitors the status of major business partners and manages due dates and balances for each business partner while working to detect early or to mitigate any concerns about collection due to deteriorating financial positions and other factors.
As major monetary trusts and bonds generally have high ratings, the credit risk is minimal. In principle, the Group enters into derivative transactions only with its financial institutions.
The maximum amount of credit risk as of the end of the current fiscal year is represented as the amounts recorded in the consolidated balance sheets for financial assets exposed to credit risks.
2) Management of market risk (risk of fluctuations in foreign exchange or interest rates)
For certain borrowings with variable interest rates for the Company, the Company uses interest rate swap transactions, etc. to control the risk of fluctuating interest rates on loans.
Fair value and the financial condition of issuers (business partners) of securities and investment securities are periodically ascertained and reported to the Board of Directors meetings of each company. The holding status of principal stocks held is reviewed on an ongoing basis, in consideration of the relationship with business partners. In regard to certain compound financial instruments, etc., the Group periodically ascertains their fair value and reviews the holding status on an ongoing basis.
Derivatives transactions are executed and managed mainly by the financial department or the accounting department upon obtaining internal approval in compliance with the derivative transactions management and other rules of each company. Furthermore, reports on the status of the derivative transactions are presented to the Board of Directors at each company as appropriate.
3) Management of liquidity risk related to fund procurement (risk of inability to make payments on due date)
Operating payables and borrowings are exposed to liquidity risk.
At the Group, liquidity risk is managed by having each company set an adequate fund balance and update its financial plan monthly to maintain a fund balance exceeding the predetermined balance at each company and by having the Company confirm the cash management of each company.

(4) Supplementary remarks on the fair value, etc. of financial instruments

Since calculations of the fair value of financial instruments incorporate factors that vary, the fair value may vary depending on the assumptions made. Additionally, contract amounts concerning derivative transactions presented in the "(Derivatives)" section do not represent the market risk of the derivative transactions.

2. Matters related to market values, etc. of financial instruments

Consolidated balance sheet amounts, fair values, and their differences are as follows:

Prior fiscal year (As of March 31, 2025)

Millions of yen

	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
(1) Notes and accounts receivable—trade	¥52,653	¥52,653	¥ —
(2) Securities and investment securities			
1) Held-to-maturity debt securities	101	101	(0)
2) Available-for-sale securities	7,614	7,614	—
3) Stocks of affiliates	—	—	—
Total assets	60,369	60,368	(0)
(1) Long-term borrowings	132,000	129,118	2,881
(2) Bonds payable	10,000	9,491	508
Total liabilities	142,000	138,610	3,389
Derivative transactions			
1) Transactions outside the scope of hedge accounting	—	—	—
2) Transactions subject to hedge accounting	936	936	—
Total derivatives	936	936	—

Notes: 1. Notes are omitted for cash and deposits, notes and accounts payable - trade, and short-term borrowings because they are settled over short time spans and their fair values approximate their book values.
2. Notes concerning securities are as described in the "(Securities)" section. Notes concerning derivatives are as described in the "(Derivatives)" section.
3. Securities without available fair market value

Millions of yen

Category	2025
Investments in unlisted stocks, etc.	¥ 3,676
Investments in investment limited partnerships, etc.	10,094
Stocks of non-consolidated subsidiaries	723
Stocks of affiliates	26,588
Investments in capital of subsidiaries and affiliates	2,387

The above items are not included in "(2) Securities and investment securities."

4. Investments in partnerships and similar business organizations for which amounts corresponding to equity are recorded in net amounts on the Consolidated Balance Sheet are not included under "(2) Securities and investment securities." The amount of such investments recorded on the Consolidated Balance Sheet is ¥12,481 million.

Current fiscal year (As of March 31, 2026)

Millions of yen

	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
(1) Notes and accounts receivable—trade	**¥ 67,576**	**¥ 67,576**	**¥ —**
(2) Securities and investment securities			
1) Held-to-maturity debt securities	**100**	**100**	**(0)**
2) Available-for-sale securities	**5,613**	**5,613**	**—**
3) Stocks of affiliates	**—**	**—**	**—**
Total assets	**73,290**	**73,290**	**(0)**
(1) Long-term borrowings	**124,500**	**121,034**	**3,465**
(2) Bonds payable	**10,000**	**9,523**	**476**
Total liabilities	**134,500**	**130,557**	**3,942**
Derivative transactions			
1) Transactions outside the scope of hedge accounting	**—**	**—**	**—**
2) Transactions subject to hedge accounting	**2,254**	**2,254**	**—**
Total derivatives	**2,254**	**2,254**	**—**

Notes: 1. Notes are omitted for cash and deposits, notes and accounts payable - trade, and short-term borrowings because they are settled over short time spans and their fair values approximate their book values.
2. Notes concerning securities are as described in the "(Securities)" section. Notes concerning derivatives are as described in the "(Derivatives)" section.
3. Securities without available fair market value

Millions of yen

Category	2026
Investments in unlisted stocks, etc.	**¥ 3,263**
Investments in investment limited partnerships, etc.	**10,284**
Stocks of non-consolidated subsidiaries	**541**
Stocks of affiliates	**31,437**
Investments in capital of subsidiaries and affiliates	**2,653**

The above items are not included in "(2) Securities and investment securities."

4. Investments in partnerships and similar business organizations for which amounts corresponding to equity are recorded in net amounts on the Consolidated Balance Sheet are not included under "(2) Securities and investment securities." The amount of such investments recorded on the Consolidated Balance Sheet is ¥12,938 million.

Note 1: Redemption schedule for monetary receivables and securities with maturity after the consolidated balance sheet date

Prior fiscal year (As of March 31, 2025)

Millions of yen

	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	¥200,360	¥ —	¥—	¥—
Notes and accounts receivable—trade	50,921	1,732	—	—
Securities and investment securities				
Held-to-maturity debt securities (Bonds)*	—	100	—	—
Other securities with maturity (Foreign bonds)	—	—	—	—
Other securities with maturity (Other)	—	100	—	—
Total	251,282	1,932	—	—

* Receivables with early settlement provisions, etc. are presented in the scheduled redemption amount based on the assumption that they are held to maturity with early settlement provisions, etc. not applied.

Current fiscal year (As of March 31, 2026)

Millions of yen

	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	**¥153,366**	**¥ —**	**¥—**	**¥—**
Notes and accounts receivable—trade	**63,535**	**4,041**	**—**	**—**
Securities and investment securities				
Held-to-maturity debt securities (Bonds)*	**100**	**—**	**—**	**—**
Other securities with maturity (Foreign bonds)	**—**	**—**	**—**	**—**
Other securities with maturity (Other)	**—**	**—**	**—**	**—**
Total	**217,002**	**4,041**	**—**	**—**

* Receivables with early settlement provisions, etc. are presented in the scheduled redemption amount based on the assumption that they are held to maturity with early settlement provisions, etc. not applied.

Note 2: Repayment amounts of bonds payable, long-term borrowings, lease obligations, and other interest-bearing debts after the consolidated balance sheet date

Prior fiscal year (As of March 31, 2025)

Millions of yen

Category	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	¥7,500	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	—	7,500	17,500	21,800	22,500	62,700
Bonds payable	—	—	—	—	10,000	—
Lease obligations	1,445	1,341	1,017	894	455	930
Other interest-bearing debts:						
Accounts payable–facilities	24	24	24	24	16	5

Current fiscal year (As of March 31, 2026)

Millions of yen

Category	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	**¥7,500**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Long-term borrowings	**—**	**17,500**	**21,800**	**22,500**	**62,700**	**—**
Bonds payable	**—**	**—**	**—**	**10,000**	**—**	**—**
Lease obligations	**2,127**	**1,597**	**1,173**	**642**	**474**	**1,055**
Other interest-bearing debts:						
Accounts payable–facilities	**24**	**24**	**24**	**16**	**3**	**2**

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using (unadjusted) quoted prices in active markets for the same assets or liabilities

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using material unobservable inputs

If multiple inputs are used that are material to the fair value measurement, the fair value is categorized in the lowest priority input level in the fair value measurement.

(1) Financial assets and financial liabilities measured at fair value

Prior fiscal year (As of March 31, 2025)

Millions of yen

Category	Consolidated balance sheet amount	Fair value			
		Level 1	Level 2	Level 3	Total
Securities and investment securities					
Available-for-sale securities					
Stocks	¥6,137	¥6,137	¥ —	¥—	¥6,137
Debt securities	100	—	100	—	100
Other	1,376	—	1,032	343	1,376
Total assets	7,614	6,137	1,132	343	7,614
Derivative transactions*					
Currency-related	—	—	—	—	—
Interest rate-related	936	—	936	—	936
Total derivative transactions	936	—	936	—	936

* Net receivables and payables resulting from derivative transactions are presented on a net basis. Items for total net obligations are indicated in parentheses.

Current fiscal year (As of March 31, 2026)

Millions of yen

Category	Consolidated balance sheet amount	Fair value			
		Level 1	Level 2	Level 3	Total
Securities and investment securities					
Available-for-sale securities					
Stocks	**¥ 4,085**	**¥4,085**	**¥ —**	**¥ —**	**¥ 4,085**
Debt securities	**1**	**—**	**1**	**—**	**1**
Other	**1,526**	**—**	**1,526**	**0**	**1,526**
Total assets	**5,613**	**4,085**	**1,527**	**0**	**5,613**
Derivative transactions*					
Currency-related	**—**	**—**	**—**	**—**	**—**
Interest rate-related	**2,254**	**—**	**2,254**	**—**	**2,254**
Total derivative transactions	**2,254**	**—**	**2,254**	**—**	**2,254**

* Net receivables and payables resulting from derivative transactions are presented on a net basis. Items for total net obligations are indicated in parentheses.

(2) Financial assets and financial liabilities not to be measured at fair value

Prior fiscal year (As of March 31, 2025)

Millions of yen

Category	Consolidated balance sheet amount	Fair value			
		Level 1	Level 2	Level 3	Total
Notes and accounts receivable—trade	¥52,653	¥—	¥52,653	¥—	¥52,653
Securities and investment securities					
Held-to-maturity debt securities					
Bonds receivable	101	—	101	—	101
Stocks of affiliates	—	—	—	—	—
Total assets	52,755	—	52,754	—	52,754
Long-term borrowings	132,000	—	129,118	—	129,118
Bonds payable	10,000	—	9,491	—	9,491
Total liabilities	142,000	—	138,610	—	138,610

Current fiscal year (As of March 31, 2026)

Millions of yen

Category	Consolidated balance sheet amount	Fair value			
		Level 1	Level 2	Level 3	Total
Notes and accounts receivable—trade	¥ 67,576	¥—	¥ 67,576	¥—	¥ 67,576
Securities and investment securities					
Held-to-maturity debt securities					
Bonds receivable	100	—	100	—	100
Stocks of affiliates	—	—	—	—	—
Total assets	67,677	—	67,677	—	67,677
Long-term borrowings	124,500	—	121,034	—	121,034
Bonds payable	10,000	—	9,523	—	9,523
Total liabilities	134,500	—	130,557	—	130,557

Note 1: A description of the valuation techniques and inputs used in fair value measurement

Securities and investment securities:
Listed stocks are valued based on quoted prices. Since listed stocks are traded in active markets, their fair value is assigned to Level 1. The fair value of debt securities and bonds receivable held by the Group is assigned to Level 2 because they are infrequently traded and are for that reason not deemed to have quoted prices on active markets.
Other financial instruments include investment trusts and simple agreements for future equity (SAFEs). The fair value of investment trusts is assigned to Level 2 because they are infrequently traded and thereby deemed to lack quoted prices on active markets. SAFEs are assigned to Level 3 because the most recent fair values are estimated after accounting for factors that can affect the value of the financial instruments.
Derivative transactions:
The fair value of interest rate swaps and forward exchange contracts is measured using the present discounted value method based on observable inputs, such as interest rates and exchange rates, and is assigned to Level 2.
Notes and accounts receivable - trade:
The fair value of these items is measured using the present discounted value method based on the amount of receivables, time to maturity, and an interest rate reflecting credit risk, for each grouping of receivables in a specified period, and is assigned to Level 2.
Long-term borrowings:
The fair values of long-term borrowings are measured using the present discounted value method based on the sum of principal and interest, time to maturity, and an interest rate reflecting credit risk, and are assigned to Level 2.
Bonds payable:
The fair value of bonds payable issued by the Company is measured using the present discounted value method based on the sum of principal and interest, time to maturity, and an interest rate reflecting credit risk, and is assigned to Level 2.

Note 2: Information on fair value under Level 3 used to record financial assets and liabilities measured at fair value on the consolidated balance sheet

(1) Adjustments from beginning to ending balance and valuation gains/losses recognized during the period under review
Prior year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Securities and investment securities	
	Available-for-sale securities	Total
	Other	
Beginning balance	¥ 347	¥ 347
Profit/loss or other comprehensive income during the period*	(4)	(4)
Purchases, sale, issue, and settlement	—	—
Other	—	—
Ending balance	343	343

* Included in "valuation difference on available-for-sale securities" under "other comprehensive income" on the consolidated statement of comprehensive income.

Current year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Securities and investment securities	
	Available-for-sale securities	Total
	Other	
Beginning balance	¥343	¥343
Profit/loss or other comprehensive income during the period*	(343)	(343)
Purchases, sale, issue, and settlement	—	—
Other	—	—
Ending balance	0	0

* Included in "loss on valuation of investment securities" on the consolidated statement of income and "valuation difference on available-for-sale securities" under "other comprehensive income" on the consolidated statement of comprehensive income.

(2) Description of fair valuation process
The fair value of financial instruments assigned to Level 3 are calculated in accordance with the Accounting Standard for Fair Value Measurement and other applicable standards. Calculations of fair value consider the validity of fair value level assignments and fair valuation techniques employed in accordance with the nature and characteristics of and risks posed by the subject assets.

13 Investment Securities

1. Held-to-maturity debt securities

Prior fiscal year (As of March 31, 2025)

(1) Securities whose fair value exceeds the consolidated balance sheet amount

Millions of yen

Category	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
1) Government/municipal bonds, etc.	¥—	¥—	¥—
2) Corporate bonds	—	—	—
3) Other	—	—	—
Total	—	—	—

(2) Securities whose fair value is equal to or less than the consolidated balance sheet amount

Millions of yen

Category	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
1) Government/municipal bonds, etc.	¥ —	¥ —	¥—
2) Corporate bonds	101	101	(0)
3) Other	—	—	—
Total	101	101	(0)

Current fiscal year (As of March 31, 2026)

(1) Securities whose fair value exceeds the consolidated balance sheet amount

Millions of yen

Category	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
1) Government/municipal bonds, etc.	**¥—**	**¥—**	**¥—**
2) Corporate bonds	**—**	**—**	**—**
3) Other	**—**	**—**	**—**
Total	**—**	**—**	**—**

(2) Securities whose fair value is equal to or less than the consolidated balance sheet amount

Millions of yen

Category	Consolidated balance sheet amount	Fair value	Valuation gains (losses)
1) Government/municipal bonds, etc.	**¥ —**	**¥ —**	**¥—**
2) Corporate bonds	**100**	**100**	**(0)**
3) Other	**—**	**—**	**—**
Total	**100**	**100**	**(0)**

2. Available-for-sale securities

Prior fiscal year (As of March 31, 2025)

(1) Securities whose consolidated balance sheet amount exceeds the acquisition cost

Millions of yen

Category	Consolidated balance sheet amount	Acquisition cost	Valuation gains (losses)
1) Stocks	¥5,320	¥1,901	¥3,418
2) Debt securities	—	—	—
3) Other	1,021	584	436
Total	6,341	2,485	3,855

(2) Securities whose consolidated balance sheet amount is equal to or less than the acquisition cost

Millions of yen

Category	Consolidated balance sheet amount	Acquisition cost	Valuation gains (losses)
1) Stocks	¥816	¥870	¥ (53)
2) Debt securities	100	105	(5)
3) Other	355	410	(55)
Total	1,272	1,386	(113)

Current fiscal year (As of March 31, 2026)

(1) Securities whose consolidated balance sheet amount exceeds the acquisition cost

Millions of yen

Category	Consolidated balance sheet amount	Acquisition cost	Valuation gains (losses)
1) Stocks	**¥ 3,339**	**¥ 1,716**	**¥1,622**
2) Debt securities	**—**	**—**	**—**
3) Other	**1,173**	**706**	**466**
Total	**4,512**	**2,423**	**2,088**

(2) Securities whose consolidated balance sheet amount is equal to or less than the acquisition cost

Millions of yen

Category	Consolidated balance sheet amount	Acquisition cost	Valuation gains (losses)
1) Stocks	**¥ 746**	**¥842**	**¥(95)**
2) Debt securities	**1**	**1**	**—**
3) Other	**353**	**400**	**(47)**
Total	**1,100**	**1,244**	**(143)**

3. Available-for-sale securities sold during the fiscal year

Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Category	Amount of proceeds	Total gains on sales	Total losses on sales
1) Stocks	¥195	¥166	¥20
2) Debt securities	296	61	—
3) Other	3	1	—
Total	494	230	20

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

Category	Amount of proceeds	Total gains on sales	Total losses on sales
1) Stocks	**¥504**	**¥363**	**¥21**
2) Debt securities	**—**	**—**	**—**
3) Other	**584**	**477**	**—**
Total	**1,088**	**841**	**21**

4. Impairment loss on securities

Prior fiscal year (From April 1, 2024 to March 31, 2025)
The Group recognized impairment loss on available-for-sale securities in the amount of ¥763 million.

Current fiscal year (From April 1, 2025 to March 31, 2026)
The Group recognized impairment loss on available-for-sale securities in the amount of ¥851 million.

14 Derivative Transactions

1. Derivatives to which hedge accounting is not applied

(1) Transactions related to currencies

Prior fiscal year (As of March 31, 2025)
Not applicable

Current fiscal year (As of March 31, 2026)
Not applicable

(2) Compound financial instruments

With respect to compound financial instruments whose fair values cannot be categorized and measured for each embedded derivative, the entire compound financial instrument is appraised at fair value and included in "2. Available-for-sale securities" in the "(Securities)" section.

2. Derivatives to which hedge accounting is applied

(1) Transactions related to currencies

Prior fiscal year (As of March 31, 2025)
Not applicable

Current fiscal year (As of March 31, 2026)
Not applicable

(2) Transactions related to interest rates

Prior fiscal year (As of March 31, 2025)

Millions of yen

Hedge accounting method	Classification	Major hedged items	Contract value	Contract value due after one year	Fair value
Primary method (Note)	Interest rate swap transactions: Pay fixed and receive floating	Long-term borrowings	¥46,428	¥42,857	¥936
Total			46,428	42,857	936

Note: Primary method represents interest rate swap transactions for long-term borrowings used by the Company.

Current fiscal year (As of March 31, 2026)

Millions of yen

Hedge accounting method	Classification	Major hedged items	Contract value	Contract value due after one year	Fair value
Primary method (Note)	Interest rate swap transactions: Pay fixed and receive floating	Long-term borrowings	**¥42,857**	**¥39,285**	**¥2,254**
Total			**42,857**	**39,285**	**2,254**

Note: Primary method represents interest rate swap transactions for long-term borrowings used by the Company.

15 Retirement Benefits

1. Overview of retirement benefit plan adopted by the Group

The Company and some of its consolidated subsidiaries have adopted a defined benefit corporate pension plan, a lump-sum retirement benefit plan, or a defined contribution pension plan to provide retirement benefits to employees. In addition, the Company and certain consolidated subsidiaries have introduced selective defined contribution pension plans.
Under the lump-sum benefit plan held by certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are determined by applying a simplified method.

2. Defined benefit plan

(1) Table for adjustment of beginning and ending balances of retirement benefit liabilities (excluding plans to which simplified method is applied)

Millions of yen

	2025	2026
Beginning balance of retirement benefit obligations	¥28,761	**¥25,962**
Service costs–benefits earned during the year	1,452	**1,382**
Interest cost on projected benefit obligations	311	**476**
Actuarial differences accrued	(1,801)	**(1,442)**
Retirement benefits paid	(683)	**(850)**
Other	(2,077)	**(27)**
Ending balance of retirement benefit obligations	25,962	**25,499**

(2) Reconciliation of beginning and ending balances of pension assets

Millions of yen

	2025	2026
Beginning balance of pension assets	¥34,612	**¥33,708**
Expected return	692	**674**
Actuarial differences accrued	(1,005)	**1,192**
Contribution of employer	28	**—**
Retirement benefits paid	(622)	**(717)**
Other	3	**—**
Ending balance of pension assets	33,708	**34,857**

(3) Reconciliation of beginning and ending balances of liabilities related to retirement benefits for plans to which simplified method is applied

Millions of yen

	2025	2026
Balance of net defined benefit liability at start of period	¥928	**¥997**
Retirement benefit expenses	147	**181**
Retirement benefits paid	(73)	**(112)**
Other	(5)	**24**
Balance of net defined benefit liability at end of period	997	**1,090**

(4) Reconciliation of ending balances of retirement benefit liabilities and pension assets and liabilities and assets related to retirement benefits in the consolidated balance sheets

Millions of yen

	2025	2026
Funded projected benefit obligations	¥ 25,962	**¥ 25,499**
Pension assets	(33,708)	**(34,857)**
	(7,746)	**(9,358)**
Unfunded projected benefit obligations	997	**1,090**
Net amount of liabilities and assets recorded in the consolidated balance sheets	(6,749)	**(8,267)**
Net defined benefit liability	4,616	**5,247**
Net defined benefit assets	(11,366)	**(13,514)**
Net amount of liabilities and assets recorded in the consolidated balance sheets	(6,749)	**(8,267)**

Note: Includes retirement benefit scheme applying the simplified method.

(5) Breakdown of retirement benefit expenses

Millions of yen

	2025	2026
Service costs–benefits earned during the year	¥1,452	**¥1,382**
Interest cost on projected benefit obligations	311	**476**
Expected return on pension assets	(692)	**(674)**
Amortization of actuarial difference	(1,104)	**(436)**
Amortization of prior service cost	220	**220**
Retirement benefit expenses using the simplified method	147	**181**
Other	0	**—**
Retirement benefit expenses of defined benefit pension plan	334	**1,149**

(6) Remeasurements of defined benefit plans, net of tax

Below is the breakdown of recorded remeasurements of defined benefit plans, net of tax (before tax effect accounting).

Millions of yen

	2025	2026
Prior service costs	¥220	**¥ 220**
Actuarial difference	(272)	**2,198**
Total	(52)	**2,418**

(7) Accumulated remeasurements of defined benefit plans

Below is the breakdown of recorded accumulated remeasurements of defined benefit plans (before tax effect accounting).

Millions of yen

	2025	2026
Unrecognized prior service costs	¥(1,744)	**¥(1,524)**
Unrecognized actuarial difference	3,500	**5,698**
Total	1,755	**4,174**

(8) Matters related to pension assets

1) Major breakdown of pension assets

The ratios of major classes to the total pension assets are as follows:

	2025	2026
Debt securities	44%	**32%**
Stocks	19	**22**
Cash and deposits	21	**10**
General accounts	7	**22**
Other	9	**14**
Total	100	**100**

2) Method for setting long-term expected rate of return

In determining the long-term expected rate of return on pension assets, the Company and its consolidated subsidiaries consider the current and projected pension asset allocations, as well as current and future long-term rates of return on the various assets that make up the pension assets.

(9) Matters related to calculation basis for actuarial calculations

Basis for the actuarial calculations

	2025	**2026**
Discount rate	1.7-2.4%	**2.6-2.9%**
Long-term expected rate of return on pension assets	2.0%	**2.0%**
Salary increase ratio	Salary increase index is not used to calculate retirement benefits obligations.	**Salary increase index is not used to calculate retirement benefits obligations.**

3. Defined contribution plan

The required contribution amounts to the defined contribution plan of the Company and its consolidated subsidiaries were ¥1,449 million in the prior fiscal year and ¥1,602 million in the current fiscal year.

16 Stock Option Plan

1. Account title and amount of stock options recorded as expenses

Millions of yen

	2025	**2026**
Selling, general and administrative expenses—other	¥56	**¥—**

2. Amount recorded as profit due to invalidation as a result of non-exercise of rights

Millions of yen

	2025	**2026**
Other income	¥0	**¥2**

3. Details, volume, and changes in stock options

Prior fiscal year (From April 1, 2024 to March 31, 2025)

(1) Details of stock options

Company name	The Company	Consolidated subsidiary
Date of resolution	August 2, 2021	June 21, 2024
Categories and numbers of grantees (persons)	Company employees: 168 Subsidiary directors: 12 Subsidiary executive officers: 25 Subsidiary employees: 1,411	Former shareholders of RAISE ENTERTAINMENT Co., Ltd.: 3
Class and number of shares granted (shares)	Common stock 2,884,500	Common stock: 33
Grant date	September 1, 2021	June 21, 2024
Vesting conditions	Must be in continuous service during the period from the grant date (September 1, 2021) to the vesting date (June 30, 2024).	Total operating income in the three-year period from the year ending October 2024 through the year ending October 2026 must be ¥1,208 million or more.
Requisite service period	From September 1, 2021 to June 30, 2024	—
Exercise period	From July 1, 2024 to June 30, 2026	From April 1, 2027 to April 30, 2027

(2) Volume and changes in stock options

1) Number of stock options

Shares

Company name	The Company	Consolidated subsidiary
Date of resolution	August 2, 2021	June 21, 2024
Before vested (shares)		
At end of prior period	—	—
Granted	—	33
Forfeited	—	—
Vested	—	—
Unvested	—	33
After vested (shares)		
At end of prior period	2,694,000	—
Vested	—	—
Exercised	1,540,200	—
Forfeited	2,500	—
Exercisable	1,151,300	—

2) Per share price

Yen

Company name	The Company	Consolidated subsidiary RAISE ENTERTAINMENT Co., Ltd.
Date of resolution	August 2, 2021	June 21, 2024
Exercise price (yen)	¥1,500	¥15,997,784
Average price per share upon exercise (yen)	2,682	—
Fair value per share at grant date (yen)	300	—

Current fiscal year (From April 1, 2025 to March 31, 2026)

(1) Details of stock options

Company name	The Company	Consolidated subsidiary RAISE ENTERTAINMENT Co., Ltd.
Date of resolution	August 2, 2021	June 21, 2024
Categories and numbers of grantees (persons)	Company employees: 168 Subsidiary directors: 12 Subsidiary executive officers: 25 Subsidiary employees: 1,411	Former shareholders of RAISE ENTERTAINMENT Co., Ltd.: 3
Class and number of shares granted (shares)	Common stock 2,884,500	Common stock: 33
Grant date	September 1, 2021	June 21, 2024
Vesting conditions	Must be in continuous service during the period from the grant date (September 1, 2021) to the vesting date (June 30, 2024).	Total operating income in the three-year period from the year ending October 2024 through the year ending October 2026 must be ¥1,208 million or more.
Requisite service period	From September 1, 2021 to June 30, 2024	—
Exercise period	From July 1, 2024 to June 30, 2026	From April 1, 2027 to April 30, 2027

(2) Volume and changes in stock options

1) Number of stock options

Shares

Company name	The Company	Consolidated subsidiary RAISE ENTERTAINMENT Co., Ltd.
Date of resolution	August 2, 2021	June 21, 2024
Before vested (shares)		
At end of prior period	—	33
Granted	—	—
Forfeited	—	33
Vested	—	—
Unvested	—	—
After vested (shares)		
At end of prior period	1,151,300	—
Vested	—	—
Exercised	330,500	—
Forfeited	9,500	—
Exercisable	811,300	—

2) Per share price

Yen

Company name	The Company	Consolidated subsidiary RAISE ENTERTAINMENT Co., Ltd.
Date of resolution	August 2, 2021	June 21, 2024
Exercise price (yen)	¥1,500	¥15,997,784
Average price per share upon exercise (yen)	3,116	—
Fair value per share at grant date (yen)	300	—

4. Method for estimating fair value per share of stock options

Prior fiscal year (From April 1, 2024 to March 31, 2025)

(1) The Company

Not applicable

(2) Consolidated subsidiary

Since shares of stock in the consolidated subsidiary RAISE ENTERTAINMENT Co., Ltd. are not listed, the fair value per share of stock options on such shares is estimated based on the original value per unit. Prices estimated by the discounted cash flow method are used to value stock serving as the basis of calculations of the original value per unit.
Since estimates indicated that the original value per unit at the time they were granted was zero, no fair value per share is presented.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(1) The Company

Not applicable

(2) Consolidated subsidiary

Not applicable

5. Method for estimating the number of stock options vested

Due to the difficulty of making reasonable estimates of the number of stock options that will be forfeited in the future, the number here reflects only those stock options that have actually been forfeited.

(Stock compensation with restriction on transfer)

1. Details of stock compensation with restriction on transfer

	Continuous service-based shares with restriction on transfer in 2022	Continuous service-based shares with restriction on transfer in 2023
Categories and number of grantees (persons)	Company directors 4 Company executive officers 9 Subsidiary directors 18 Subsidiary executive officers 22	Company directors 5 Company executive officers 8 Subsidiary directors 16 Subsidiary executive officers 24
Class and number of shares granted (shares)	Common stock: 78,200	Common stock: 64,200
Grant date	August 19, 2022	August 10, 2023
Conditions for lifting restriction on transfer	(Notes) 1, 2	(Notes) 1, 2
Period of restriction on transfer	From August 19, 2022 to August 18, 2025	From August 10, 2023 to August 9, 2026

Notes: 1. If grantees resign as directors and executive officers of the Company or Company subsidiaries (limited to those in which the Group holds at least 50% of all shares; such subsidiaries and the Company shall hereinafter be referred to as "Group companies") on or before the day preceding the day of the Company's first Ordinary General Meeting of Shareholders arriving after the start of the period of restriction on transfer (or, if the grantees are Company executive officers or Group company officers, etc., on or before the day preceding the Company's first fiscal year-end date arriving after the start of the period of restriction on transfer), the Company shall acquire, by right, the allotted shares gratis, except in cases in which the reasons for such resignation are deemed valid by the Company Board of Directors, such as the expiration of term of office (except for "performance-based shares with restriction on transfer"), the attainment of the mandatory retirement age and death. The Company shall also acquire, by right, the allotted shares gratis for which the restriction on transfer is not lifted under the provisions of 2 and 3 below as of the expiration of the period of restriction on transfer.

2. Subject to the condition that grantees including Group company officers continue to serve as Group company directors or executive officers until the day preceding the day of the Company's first Ordinary General Meeting of Shareholders arriving after the start of the period of restriction on transfer (or, if the grantees are Company executive officers or Group company officers, etc., until the day preceding the Company's first fiscal year-end date arriving after the start of the period of restriction on transfer), as of the expiration of the period of restriction on transfer, the restriction will be lifted for all allotted shares. However, should such directors resign as directors and executive officers of Group companies before the expiration of the period of restriction on transfer for reasons deemed valid by the Company Board of Directors (for example, expiration of term of office, attainment of mandatory retirement age, or death), the number of allotted shares for which the restriction on transfer is lifted and the timing of such lifting are to be reasonably adjusted on an as-needed basis.

3. Subject to the condition that grantees continue to serve as Group company directors or executive officers until the day preceding the day of the Company's first Ordinary General Meeting of Shareholders arriving after the start of the period of restriction on transfer (or, if the grantees are Company executive officers or Group company officers, etc., until the day preceding the Company's first fiscal year-end date arriving after the start of the period of restriction on transfer), the number of shares for which the restriction on transfer will be lifted and the timing of such lifting are to be reasonably adjusted on an as-needed basis in accordance with the length of their service in such roles during the medium-term plan period, at the restriction lifting rate, which is linked to performance goal achievements in the medium- term plan. However, should such directors resign as directors and executive officers of Group companies before the expiration of the period of restriction on transfer for reasons deemed valid by the Company Board of Directors (for example, attaining mandatory retirement age and death or reassignment to other positions during the medium-term plan period), the number of shares for which the restriction on transfer is lifted shall be reasonably adjusted within the performance condition.

2. Volume and changes in stock compensation with restriction on transfer

1) Expensed amount and account title

Millions of yen

	2025	2026
Selling, general and administrative expenses—other	¥ —	¥ —

2) Number of shares

Shares

	Continuous service-based shares with restriction on transfer in 2022	Continuous service-based shares with restriction on transfer in 2023
Before lifting restriction		
At end of prior period	78,200	64,200
Granted	—	—
Acquired for free	200	100
Restriction lifted	78,000	—
Restriction valid	—	64,100

3) Per share price

Yen

	Continuous service-based shares with restriction on transfer in 2022	Continuous service-based shares with restriction on transfer in 2023
Fair value per share at grant date	¥2,228	¥2,989

Note: To prevent arbitrary price decisions, the Company uses the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately before the date of the Board of Directors resolution regarding the granting of shares with restriction on transfer.

(Details, volume, and changes in share-based remuneration plan included in transactions involving gratis issue of shares of stock as remuneration of directors)

1. Details of share-based remuneration plan (including RSU and PSU)

	Share-based remuneration in 2025 (restricted stock unit [RSU])	Share-based remuneration in 2026 (restricted stock unit [RSU])
Categories and number of grantees (persons)	Company directors 3 Subsidiary directors 17	Company directors 3 Subsidiary directors 14
Class and number of shares granted (units)	89,600 units (One share of common stock per unit) (Note 4)	63,900 units (One share of common stock per unit) (Note 4)
Grant date	September 1, 2024	July 30, 2025
Conditions for finalization of rights	(Notes 2, 4)	(Notes 2, 4)
Eligible employment period	(Note 2)	(Notes 2)

	Share-based remuneration in 2025 (performance share unit [PSU])
Categories and number of grantees (persons)	Company directors 3 Subsidiary directors 17
Class and number of shares granted (shares)	581,000 units (One share of common stock per unit) (Note 4)
Grant date	September 1, 2024
Conditions for finalization of rights	(Notes 3, 4)
Eligible employment period	(Note 3)

Notes: 1. The 20th Ordinary General Meeting of Shareholders held in June 2024 resolved to adopt a share-based remuneration plan (including RSU and PSU) for Directors (excluding Audit and Supervisory Committee Members and External Directors; "RSU and PSU" hereinafter). This system has been introduced to further align the interests of Directors with shareholder interests over the medium to long term and to provide incentives to strengthen corporate value. It consists of the following two types of remuneration.

2. Restricted stock unit (RSU)
RSU refers to a type of stock-based compensation wherein predetermined numbers of shares of the Company's stock and cash are granted after a period established by the Company Board of Directors in compensation for the period of service.

3. Performance share unit (PSU)
PSU refers to a type of stock-based compensation that provides Company shares and cash in amounts calculated based on the extent to which performance targets are achieved for multiple fiscal years corresponding to the period of the Company's medium-term management plan ("Performance Evaluation Period" hereinafter) and the period of service through the first annual shareholders' meeting after the end of the Performance Evaluation Period ("Eligible Period" hereinafter) to be delivered after the end of the Eligible Period. The first Performance Evaluation Period after the introduction of the System consists of the three fiscal years from the fiscal year ended March 31, 2025 to the fiscal year ending March 31, 2027, which corresponds to the period covered by the SEGA SAMMY Group Medium-Term Management Plan announced on May 10, 2024.

4. Under the PSU and RSU programs, shares of Company stock are granted to eligible Directors by either of the following methods after the end of the Eligible Period for the PSU program and after the end of the period established by the Company Board of Directors for the RSU program.
1) Allotment of shares in consideration of contribution in kind
Granting of shares of Company stock corresponding to PSU and RSU remuneration via awarding monetary remuneration claims and investing by the eligible Director the entire amount of such monetary remuneration claims in kind to be allotted the shares of Company stock
2) Gratis allotment
Determining numbers of PSUs and RSUs and allotting the corresponding shares of Company stock without pay-in for their issue or disposal
In the event of death or reorganization or in other exceptional cases, cash may be paid in a reasonable amount calculated by the Company Board of Directors.
Under this system, since the actual number of shares to be issued remains to be determined, the amounts granted are denominated in numbers of restricted stock units (RSUs) and performance stock units (PSUs), not numbers of actual shares. Units are then converted into actual numbers of shares issued when rights are finalized based on factors, including time in service, degree to which performance targets are achieved, and position-based ratio.

2. Volume and changes in share-based remuneration plan (including RSU and PSU)

1) Expensed amount and account title

Millions of yen

	2025	2026
Selling, general and administrative expenses—other	¥ 715	¥ 42

2) Number of shares

Shown below are the details on share-based remuneration plan for which rights were not finalized in the current consolidated fiscal year (year ended March 31, 2026) or rights were finalized but shares remained unissued at the end of the current consolidated fiscal year (year ended March 31, 2026).

Shares

	Share-based remuneration in 2025 (restricted stock unit [RSU])	Share-based remuneration in 2026 (restricted stock unit [RSU])
At end of prior period (shares)	89,600	—
Granted (shares)	—	57,900
Expired (shares)	—	—
Rights finalized (shares)	5,300	—
Unfinalized balance (shares)	84,300	57,900
Balance unissued after finalization of rights (shares)	—	—

Shares

	Share-based remuneration in 2025 (performance share unit [PSU])
At end of prior period (shares)	581,000
Granted (shares)	—
Expired (shares)	31,367
Rights finalized (shares)	2,833
Unfinalized balance (shares)	546,800
Balance unissued after finalization of rights (shares)	—

3) Per share price

Yen

	Share-based remuneration in 2025	Share-based remuneration in 2026
Fair value per share at grant date (yen)	¥2,550	¥3,060

3. Method for estimating the fair value per share of stock options

Estimated based on the closing price of a share of Company common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Company Board of Directors pertaining to the date of allotment (or the closing price on the most recent trading day if no trades were made on that date).

4. Method for estimating the number of shares for which rights are finalized

This system is managed on a unit basis. Since the number of shares granted under the PSU program can vary widely due to multiple factors, including the extent to which performance targets are achieved, the period of service ratio, and the position-based ratio, and the number of shares granted under the RSU program is also adjusted based on service status during the period in question, it is difficult to estimate reasonably future numbers of rights forfeited. For this reason, in estimating the number of shares for which rights are finalized, the method employed is to reflect only the numbers of rights forfeited based on actual results.

17 Income Taxes

1. Significant components of deferred tax assets and deferred tax liabilities

Millions of yen

	2025	2026
Deferred tax assets:		
Exclusion of provision of allowance for doubtful accounts from deductible expenses	¥ 314	**¥ 105**
Exclusion of loss on valuation of inventories from deductible expenses	2,034	**2,948**
Exclusion of provision for bonuses from deductible expenses	3,684	**3,392**
Net defined benefit liability	1,688	**1,823**
Excess of maximum depreciation and amortization	16,114	**15,949**
Exclusion of loss on valuation of investment securities from deductible expenses	362	**546**
Impairment loss	312	**282**
Other	10,861	**15,658**
Loss carried forward	17,728	**22,510**
Subtotal deferred tax assets	53,100	**63,218**
Valuation allowance for tax loss carried forward (Note 2)	(8,110)	**(13,515)**
Valuation allowance for deductible temporary difference	(21,402)	**(9,906)**
Subtotal valuation allowance (Note 1)	(29,512)	**(23,421)**
Offset to deferred tax liabilities	(6,712)	**(9,180)**
Total deferred tax assets	16,874	**30,615**
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(2,027)	**(2,022)**
Intangible assets recognized through business combination	(9,934)	**(9,969)**
Other	(6,043)	**(8,331)**
Subtotal deferred tax liabilities	(18,005)	**(20,323)**
Offset to deferred tax assets	6,712	**9,180**
Total deferred tax liabilities	(11,292)	**(11,142)**
Net deferred tax assets	5,582	**19,473**

Notes: 1. The valuation allowance declined by ¥6,091 million. The major factors for this decline were an increase in valuation allowance of ¥5,405 million for tax loss carryforwards and a decrease in valuation allowance for a deductible temporary difference of ¥11,496 million.
2. The amount of tax loss carried forward and their deferred tax assets by carryforward period are as follows:

Prior fiscal year (As of March 31, 2025)

Millions of yen

	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carried forward (a)	¥ 678	¥ 484	¥ —	¥ 943	¥ 834	¥ 14,788	¥ 17,728
Valuation allowance	(403)	(419)	—	(545)	(383)	(6,358)	(8,110)
Deferred tax assets	274	65	—	398	451	8,429	(b) 9,618

(a) The amount of tax loss carried forward is the amount given by the normal effective statutory tax rate.
(b) Regarding the amount of tax loss carried forward of ¥17,728 million (amount given by the normal effective statutory tax rate), deferred tax assets of ¥9,618 million were recorded. The Company deemed that a partial amount of tax loss carried forward can be recovered mainly in the following fiscal year based on estimates of taxable income.

Current fiscal year (As of March 31, 2026)

Millions of yen

	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carried forward (a)	**¥430**	**¥ —**	**¥ 744**	**¥577**	**¥1,252**	**¥19,505**	**¥22,510**
Valuation allowance	**(340)**	**—**	**(457)**	**(471)**	**(1,217)**	**(11,029)**	**(13,515)**
Deferred tax assets	**90**	**—**	**286**	**106**	**35**	**8,475**	**(b) 8,995**

(a) The amount of tax loss carried forward is the amount given by the normal effective statutory tax rate.
(b) Regarding the amount of tax loss carried forward of ¥22,510 million (amount given by the normal effective statutory tax rate), deferred tax assets of ¥8,995 million were recorded. The Company deemed that a partial amount of tax loss carried forward can be recovered mainly in the following fiscal year based on estimates of taxable income.

2. Breakdown by major causes of the significant difference between the statutory tax rate and the effective tax rate in cases where significant differences exist

	2025	**2026**
Normal effective statutory tax rate	30.6%	**—**
(Adjustment)		
Changes in valuation allowance	(17.4)	**—**
Permanently non-deductible expenses including entertainment expenses	2.1	**—**
Amortization of goodwill	1.8	**—**
Tax rate difference between the Company and consolidated subsidiaries	1.2	**—**
Tax credit for experimental and research expenses	(2.7)	**—**
Tax loss carried forward	2.9	**—**
Other	(0.7)	**—**
Effective tax rate after tax effect accounting	17.8	**—**

Note: Notes for the current consolidated fiscal year are omitted because a net loss was recorded before taxes.

3. Accounting treatment of national and local income tax or accounting treatment of related tax-effect accounting

Since the start of the current consolidated fiscal year, the Company and some domestic consolidated subsidiaries have applied the Group Tax Sharing System. Accounting treatment of national and local income tax or accounting treatment of and disclosure of related tax-effect accounting are conducted in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Accounting Standards Board of Japan [ASBJ] Practical Solution No. 42; August 12, 2021).

18 Business Combination

(Business Combination through Acquisition)

1. Acquisition of shares in Stakelogic B.V.

(1) Overview of the business combination

(i) Name and business of the acquired company
Name of the acquired company: Stakelogic B.V. (“Stakelogic”)
Description of business: iGaming content supplier business

(ii) Rationale for the business combination
In the Medium-term Plan announced in May 2024, the Company set a goal to establish the Gaming Business. In the Gaming Business, the Group has been developing and operating integrated resorts (IR) through PARADISE CITY, a joint venture with the Paradise Group in South Korea, and developing gaming devices and content through SEGA SAMMY CREATION INC. (“SSC”). In November 2023, the Group announced the acquisition of GAN Limited (“GAN”), which operates a SaaS business (provision of B2B platform) mainly for casino operators in the U.S., and a B2C online gaming business for Europe and South America, with the aim of entering the online gaming market, particularly the iGaming market in the U.S., which is expected to grow in the future.
Stakelogic’s strength lies in the development of iGaming content in the market the Group is targeting, and the Group believes that the acquisition of Stakelogic will further enhance the competitiveness of GAN’s B2B platform and contribute to the expansion of the Group’s Gaming Business.

(iii) Date of business combination
April 28, 2025 (deemed acquisition date: April 1, 2025)

(iv) Legal structure of the business combination
Acquisition of shares for cash consideration

(v) Name of company after the business combination
Unchanged

(vi) Share of voting rights acquired
100%

(vii) Main grounds for determining the acquiring company
SEGA SAMMY CREATION INC., a consolidated subsidiary of the Company, acquired the shares for a cash consideration.

(2) Period of the acquired company’s results included in the consolidated financial statements

Although the acquired company has a fiscal year-end of December 31, the difference from the consolidated fiscal year-end does not exceed three months. As the deemed acquisition date for this business combination is set as April 1, 2025, the consolidated financial statements include the operating results of the acquired company for the period from April 1 to December 31, 2025.

(3) Acquisition cost for the acquired company and breakdown by type of consideration

Consideration for acquisition (Note)	Cash	€ 89 million (¥14,636 million)
Acquisition cost		€ 89 million (¥14,636 million)

Note: The acquisition cost above reflects price adjustments based on the share transfer agreement.

(4) Description and amount of main acquisition-related expenses

Advisory fees, etc. ¥1,025 million

(5) Goodwill recognized, reason for recognition, and amortization method and period

(i) Goodwill recognized
¥17,998 million
A tentative amount of goodwill was recorded at the end of the first half of the consolidated fiscal year, as provisional accounting treatment had been applied based on reasonable information available at that time because the allocation of acquisition cost had not been completed. As of the end of the consolidated fiscal year, the purchase price allocation has been finalized.

(ii) Reason for recognition
Goodwill arose mainly from excess earning power expected from future business development.

(iii) Amortization method and period
Straight-line method over 9 years
The entire unamortized balance of this goodwill was recorded as an impairment loss.

(6) Assets acquired and liabilities assumed on the date of business combination and breakdown thereof

Current assets	¥1,182 million
Noncurrent assets	¥3,062 million
Total assets	¥4,245 million
Current liabilities	¥7,513 million
Noncurrent liabilities	¥93 million
Total liabilities	¥7,607 million

(7) Estimates of the effects on consolidated statements of income if the business combination had been completed on the start date of the consolidated fiscal year under review and calculation methods thereof

No such effects occurred because the deemed acquisition date is the first date of the consolidated fiscal year.

2. Acquisition of shares in GAN Limited

(1) Overview of the business combination

(i) Name and business of the acquired company
Name of the acquired company: GAN Limited
Description of business: SaaS business for US casino operators and B2C online gaming business for Europe and South America

(ii) Rationale for the business combination
GAN's businesses have expanded in the U.S. through the development of B2B products and services centered on its player account management (PAM) system for the integrated management of end-user data and its remote gaming server (RGS), serving as the core of iGaming operations. In 2021, it acquired the Vincent Group p.l.c., which develops and operates the Coolbet B2C online gaming platform in Europe and South America, as well as Silverback Gaming, a Bulgarian online casino game development studio. As a result, it has become an integrated online gaming platform provider with in-house development and operational capabilities in the fields of iGaming, online and retail sports betting, social casino gaming, and content development. The Company considers the iGaming market to be a particularly promising area of the U.S. online gaming market, in which future growth is expected. As growing numbers of U.S. states are legalizing iGaming, new entrants can be expected to join existing players in the online market. GAN's turnkey solutions are considered a fast and competitive avenue for such new entrants to gain a foothold in this market. The Company believes the combination of these outstanding technologies with the customer base and the content development capabilities of SSC, which provides gaming devices and content to local casino operators in North America, offers potential synergies that can contribute significantly to the growth of the Group's Gaming Business.

(iii) Date of business combination
May 27, 2025 (deemed acquisition date: April 1, 2025)

(iv) Legal structure of the business combination
Acquisition of shares for cash consideration

(v) Name of company after the business combination
Unchanged

(vi) Share of voting rights acquired
100%

(vii) Main grounds for determining the acquiring company
SEGA SAMMY CREATION INC., a consolidated subsidiary of the Company, acquired the shares for a cash consideration.

(2) Period of the acquired company's results included in the consolidated financial statements

Although the acquired company has a fiscal year-end of December 31, the difference from the consolidated fiscal year-end does not exceed three months. As the deemed acquisition date for this business combination is set as April 1, 2025, the consolidated financial statements include the operating results of the acquired company for the period from April 1 to December 31, 2025.

(3) Acquisition cost for the acquired company and breakdown by type of consideration

Consideration for the acquisition	Cash	USD 96.0 million (¥13,678 million)
Acquisition cost		USD 96.0 million (¥13,678 million)

(4) Description and amount of main acquisition-related costs

Advisory fees, etc. ¥1,319 million

(5) Goodwill recognized, reason for recognition, and amortization method and period

(i) Goodwill recognized
¥14,240 million
A tentative amount of goodwill was recorded at the end of the first half of the consolidated fiscal year, as provisional accounting treatment had been applied based on reasonable information available at that time because the allocation of acquisition cost had not been completed. As of the end of the consolidated fiscal year, the purchase price allocation has been finalized, resulting in a decrease of ¥3,257 million in goodwill.

(ii) Reason for recognition
Goodwill arose mainly from excess earning power expected from future business development.

(iii) Amortization method and period
Straight-line method over 10 years

(6) Assets acquired and liabilities assumed on the date of business combination and breakdown thereof

Current assets	¥7,154 million
Noncurrent assets	¥6,747 million
Total assets	¥13,902 million
Current liabilities	¥5,793 million
Noncurrent liabilities	¥8,670 million
Total liabilities	¥14,464 million

(7) Amount allocated to intangible assets other than goodwill, and main breakdown thereof, and weighted-average amortization period by type

(i) Amount allocated to intangible assets
¥4,727 million

(ii) Main breakdown and amortization periods

Trademark rights:	¥968 million	Amortization period:	10 years
Technology-related assets:	¥2,819 million	Amortization period:	5 years
Customer-related assets:	¥939 million	Amortization period:	10 years

(8) Estimates of the effects on consolidated statements of income if the business combination had been completed on the start date of the consolidated fiscal year under review and calculation methods thereof

No such effects occurred because the deemed acquisition date is the first date of the consolidated fiscal year.

(Transactions under common control, etc.)

At the meeting of the Board of Directors held February 7, 2025, the Company resolved to have the Company's consolidated subsidiary SSC succeed to the Company's Gaming Business via an absorption-type demerger. The demerger was implemented effective June 1, 2025.

(1) Purpose of the demerger

Announced in May 2024, the Company's Medium-term Plan identifies the goal of establishing the Gaming Business, in which the Group has established a customer base by developing and supplying gaming devices and content produced by SSC and accumulating expertise in casino operations that can also be applied to online gaming based on direct contact points established with customers through PARADISE CITY, a joint venture with the Paradise Group of South Korea. In addition, to gain entry into the online gaming market, centered on the iGaming market in the U.S., where growth is anticipated, the Company completed the procedures necessary to acquire Netherlands-based Stakelogic, a B2B iGaming content supplier, on April 28, 2025, and the procedures necessary to acquire GAN, which operates a B2B platform mainly for casino operators in the U.S., on May 27, 2025.

The Company has resolved to reorganize the Company and Group companies to move to a structure whereby SSC serves as the core company, based on the sound management of Gaming Business strategies, financial status, risks, and other matters, the establishment of governance systems that allow rapid decision-making in response to the changing business environment.

(2) Overview of the demerger

(i) Details of business to be demerged
Head office functions (administrative operations) of the Company's Gaming Business section

(ii) Date of business combination
June 1, 2025

(iii) Legal form of business combination
Absorption-type demerger, leaving SEGA SAMMY HOLDINGS INC. as the demerged company and SSC as the successor company

(iv) Overview of the companies involved in this absorption-type demerger (as of May 31, 2025)

	Successor company	Demerged company
Name	SEGA SAMMY CREATION INC.	SEGA SAMMY HOLDINGS INC.
Details of businesses	Development, manufacture, and sale of commercial casino devices and software (including online and social games)	Group business administration and associated operations as the holding company of a comprehensive entertainment Group
Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
Capital stock	¥10 million	¥29,953 million

(v) Name after business combination
Unchanged

(3) Overview of accounting treatment adoption

This transaction was treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

19 Asset Retirement Obligations

Prior fiscal year (As of March 31, 2025)
This information is omitted due to the immateriality of the total amount of asset retirement obligations.

Current fiscal year (As of March 31, 2026)
This information is omitted due to the immateriality of the total amount of asset retirement obligations.

20 Rental Property and Other Real Estate

Prior fiscal year (As of March 31, 2025)
This information is omitted due to the immateriality of the total amount of rental property and other real estate.

Current fiscal year (As of March 31, 2026)
This information is omitted due to the immateriality of the total amount of rental property and other real estate.

21 Revenue Recognition

1. Disaggregation of revenue from contracts with customers

The Group operates an Entertainment Contents Business, Pachislot & Pachinko Machines Business, and Gaming Business. Main goods or services primarily handled by these businesses are digital content, products and merchandise, and online gaming. Given below are the sales of goods or services by each business:

Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Other	Total
Digital content sales	¥169,623	¥ 4,901	¥ —	¥174,524	¥ —	¥174,524
Product and merchandise sales	86,209	88,234	4,595	179,039	—	179,039
Online gaming sales (Note 1)	—	—	—	—	—	—
Other sales	55,010	3,968	855	59,835	4,816	64,652
Revenue from contracts with customers	310,843	97,105	5,451	413,400	4,816	418,217
Other revenues (Note 2)	10,731	—	—	10,731	—	10,731
Sales to external customers	321,575	97,105	5,451	424,132	4,816	428,948

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Other	Total
Digital content sales	**¥168,440**	**¥ 5,657**	**¥ —**	**¥174,097**	**¥ —**	**¥174,097**
Product and merchandise sales	**87,555**	**121,450**	**6,536**	**215,542**	**—**	**215,542**
Online gaming sales (Note 1)	**—**	**—**	**16,874**	**16,874**	**—**	**16,874**
Other sales	**61,452**	**4,956**	**1,900**	**68,309**	**3,526**	**71,836**
Revenue from contracts with customers	**317,448**	**132,063**	**25,312**	**474,824**	**3,526**	**478,351**
Other revenues (Note 2)	**9,190**	**—**	**—**	**9,190**	**—**	**9,190**
Sales to external customers	**326,639**	**132,063**	**25,312**	**484,015**	**3,526**	**487,542**

Notes: 1. Online gaming sales was added to the types of goods or services in the current consolidated fiscal year in connection with the inclusion of Stakelogic B.V. and GAN Limited in the scope of consolidation.
2. Other revenues in the Entertainment Contents Business consist of distributed income related to investments in film production in the U.S. and revenues related to the Video Games Expenditure Credit (VGEC) in the UK.

2. Basic information for understanding revenue from contracts with customers

(1) Information on contracts, performance obligations, and when performance obligations are satisfied

Information on contracts, performance obligations, and when performance obligations are satisfied is as presented in "(Significant matters forming the basis for preparing consolidated financial statements): 4. Accounting Policies (7) Accounting policy for recognition of significant revenues and expenses."

(2) Information on calculating allocation amounts for performance obligations

When selling sets of multiple pieces of game content as part of granting game distribution rights or download sales in the Entertainment Contents Business, provision of each piece of content is deemed to satisfy the performance obligation, which is allocated separately. For sales by the Entertainment Contents Business of sets of amusement machines and bundled annual content update services, the amusement machine sales and annual content update services are regarded to carry their own performance obligations and are distributed separately.

In cases such as these, the transaction day stand-alone selling prices in the contract of the individual goods or services that serve as the bases for each performance obligation are calculated, and the transaction prices are then allocated based on the ratio of said stand-alone selling prices.

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts; information on revenue amounts expected to be recognized in the following fiscal years as the result of contracts with customers as of the end of the current fiscal year and the timing of such recognition

Prior fiscal year (From April 1, 2024 to March 31, 2025)

(1) Receivables from contracts with customers and the balances of contract liabilities

The breakdown of receivables from contracts with customers, and contract liabilities is as follows:

	Millions of yen	
	Beginning balance for the prior year	Ending balance for the prior year
Receivables from contracts with customers		
Notes receivable	¥5,859	¥3,703
Accounts receivable - trade	48,409	48,950
	54,269	52,653
Contract liabilities	19,367	14,228

Contract liabilities consist mainly of prepayments received from customers before the delivery of products or provision of services and balances of points awarded to customers for which performance obligations have not yet been fulfilled as of the end of the period. Contract liabilities are cancelled upon recognition of revenues.

Of the revenue recognized in the current fiscal year, the amount included in the contract liability balance at the beginning of the period is ¥14,416 million. The primary reason for the decrease in contract liabilities is a decrease in prepayments received before delivery of products.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the time frame in which the Company expects to recognize the amount as revenue are as follows:

	Millions of yen
Within one year	¥10,714
Over 1 year but within 2 years	1,060
Over 2 years but within 3 years	2,365
Over 3 years but within 4 years	64
Over 4 years	22
Total	14,228

Current fiscal year (From April 1, 2025 to March 31, 2026)

(1) Receivables from contracts with customers and the balances of contract liabilities

The breakdown of receivables from contracts with customers and contract liabilities is as follows:

	Millions of yen	
	Beginning balance for the current year	Ending balance for the current year
Receivables from contracts with customers		
Notes receivable	**¥3,703**	**¥11,871**
Accounts receivable - trade	**48,950**	**55,705**
	52,653	**67,576**
Contract liabilities	**14,228**	**18,330**

Contract liabilities consist mainly of prepayments received from customers before the delivery of products or provision of services and balances of points awarded to customers for which performance obligations have not yet been fulfilled as of the end of the period. Contract liabilities are cancelled upon recognition of revenues.

Of the revenue recognized in the current fiscal year, the amount included in the contract liability balance at the beginning of the period is ¥11,500 million. The primary reason for the increase in contract liabilities is an increase in prepayments received before delivery of products.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the time frame in which the Company expects to recognize the amount as revenue are as follows:

	Millions of yen
Within one year	**¥16,240**
Over 1 year but within 2 years	**1,221**
Over 2 years but within 3 years	**372**
Over 3 years but within 4 years	**283**
Over 4 years	**212**
Total	**18,330**

22 Segment Information

1. Overview of reporting segments

The Group's reporting segments are organizational units for which separate financial information is available. On this basis, the Board of Directors makes decisions on allocating management resources and examines financial performance on a regular basis.

Planning of business development and strategies as well as execution of business activities for each product and service is carried out by each Group company providing such product and service.

As such, the Group is comprised of segments classified by product and service provided through the businesses run by each Group company, in which Entertainment Contents Business, Pachislot & Pachinko Machines Business, and Gaming Business are the reporting segments.

The lines of business for each reporting segment are as follows:

Segment	Main products and businesses
Entertainment Contents Business	Development and sales of consumer game software including Full Game, F2P, etc., and amusement machines, planning, production and sales of animated films, development, manufacture and sales of toys, etc.
Pachislot & Pachinko Machines Business	Development, manufacture and sales of pachislot and pachinko machines
Gaming Business	Overseas online gaming-related business, operation of integrated resorts, development, manufacture and sales of gaming machines

2. Method for calculating net sales, income or loss, assets and other items by each reporting segment

The accounting methods applied to reporting segments are generally the same as those described in "Note 2 Summary of Significant Accounting Policies."

3. Information on the amounts of net sales, income or loss, assets, and other items by each reporting segment

Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment (Note)	Amount in Consolidated financial statements
Net sales:						
Net sales to external customers	¥321,575	¥97,105	¥5,451	¥424,132	¥ 4,816	¥428,948
Inter-segment sales and transfers	569	121	20	711	(711)	—
Total	322,145	97,226	5,471	424,843	4,105	428,948
Segment income (loss)	41,886	20,977	2,186	65,050	(11,935)	53,114
Segment assets	352,031	127,443	30,549	510,024	134,752	644,777
Other items:						
Depreciation	8,778	3,246	—	12,024	1,021	13,046
Interest income	2,233	317	0	2,550	896	3,446
Interest expenses	1,732	0	125	1,858	(36)	1,822
Equity in earnings (losses) of affiliates	7	287	3,233	3,527	—	3,527
Investments in affiliates accounted for by the equity method	1,223	568	25,993	27,785	—	27,785
Increases in property, plant and equipment and intangible assets	7,642	4,949	2,163	14,755	1,171	15,927

Notes: 1. The adjustment to net sales to external customers of ¥4,816 million corresponds to net sales not belonging to any reporting segment.
2. The adjustment to segment income (loss) of ¥(11,935) million includes losses on non-related to reporting segments of ¥(1,248) million, elimination of inter-segment transactions of ¥1 million, and general corporate expenses of ¥(10,688) million not allocated to each reporting segment. General corporate expenses consist mainly of Group management expenses incurred by the Company.
3. Adjustment to segment assets of ¥134,752 million includes the elimination of inter-segment transactions of ¥(121,735) million and general corporate assets of ¥256,488 million not allocated to each reporting segment. General corporate assets are mainly assets of the Company that are not allocated to each segment.
4. Adjustments to depreciation consist mainly of depreciation associated with the Company.
5. Adjustment to interest income of ¥896 million includes the elimination of inter-segment transactions of ¥(2,845) million and interest income of the Company of ¥3,742 million.
6. Adjustment to interest expenses of ¥(36) million includes the elimination of inter-segment transactions of ¥(2,845) million and interest expenses of the Company of ¥2,809 million.
7. Adjustments to increases in property, plant and equipment and intangible assets consist mainly of the purchase amount of non-current assets related to the Company.
8. Adjustments have been made to segment income (loss) and other income in the consolidated statements of income and comprehensive income.
9. Distributed income related to investments in film production in the U.S., which was previously posted in "equity in earnings of affiliates" under "other income," is reclassified in "net sales" since the current fiscal year.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment (Note)	Amount in Consolidated financial statements
Net sales:						
Net sales to external customers	**¥326,639**	**¥132,063**	**¥25,312**	**¥484,015**	**¥ 3,526**	**¥487,542**
Inter-segment sales and transfers	**606**	**94**	**0**	**701**	**(701)**	**—**
Total	**327,246**	**132,158**	**25,312**	**484,717**	**2,824**	**487,542**
Segment income (loss)	**34,447**	**33,301**	**(842)**	**66,905**	**(12,700)**	**54,205**
Segment assets	**343,774**	**77,932**	**81,052**	**502,758**	**124,630**	**627,388**
Other items:						
Depreciation	**9,781**	**3,677**	**1,699**	**15,158**	**1,012**	**16,171**
Interest income	**2,982**	**484**	**6**	**3,472**	**(204)**	**3,268**
Interest expenses	**2,036**	**-**	**652**	**2,688**	**(33)**	**2,655**
Equity in earnings (losses) of affiliates	**3**	**812**	**4,587**	**5,402**	**—**	**5,402**
Investments in affiliates accounted for by the equity method	**1,624**	**525**	**30,882**	**33,032**	**—**	**33,032**
Increases in property, plant and equipment and intangible assets	**7,626**	**5,473**	**1,939**	**15,039**	**1,482**	**16,522**

Notes: 1. The adjustment to net sales to external customers of ¥3,526 million corresponds to net sales not belonging to any reporting segment.
2. The adjustment to segment income (loss) of ¥(12,700) million includes losses on non-related to reporting segments of ¥(1,224) million, elimination of inter-segment transactions of ¥100 million, and general corporate expenses of ¥(11,575) million not allocated to each reporting segment. General corporate expenses consist mainly of Group management expenses incurred by the Company.
3. Adjustment to segment assets of ¥124,630 million includes the elimination of inter-segment transactions of ¥(124,794) million and general corporate assets of ¥249,424 million not allocated to each reporting segment. General corporate assets are mainly assets of the Company that are not allocated to each segment.
4. Adjustments to depreciation consist mainly of depreciation associated with the Company.
5. Adjustment to interest income of ¥(204) million includes the elimination of inter-segment transactions of ¥(4,804) million and interest income of the Company of ¥4,599 million.
6. Adjustment to interest expenses of ¥(33) million includes the elimination of inter-segment transactions of ¥(4,800) million and interest expenses of the Company of ¥4,766 million.
7. Adjustments to increases in property, plant and equipment and intangible assets consist mainly of the purchase amount of non-current assets related to the Company.
8. Adjustments have been made to segment income (loss) and other income in the consolidated statements of income and comprehensive income.

[Related information]

Prior fiscal year (From April 1, 2024 to March 31, 2025)

1. Information by product and service

This information has been omitted because it is disclosed in "(Segment information)."

2. Information by geographical area

(1) Net sales

Millions of yen

Japan	US	Europe	Other	Total
¥256,650	¥104,618	¥38,867	¥28,812	¥428,948

Note: Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen

Japan	North America	UK	Other	Total
¥39,956	¥1,297	¥6,365	¥1,311	¥48,931

3. Information by major customer

No description is provided here, since no external customer exists to whom sales are 10% or more of the net sales recorded in the consolidated statements of income or comprehensive income.

Current fiscal year (From April 1, 2025 to March 31, 2026)

1. Information by product and service

This information has been omitted because it is disclosed in "(Segment information)."

2. Information by geographical area

(1) Net sales

Millions of yen

Japan	US	Europe	Other	Total
¥302,338	**¥101,147**	**¥49,363**	**¥34,693**	**¥487,542**

Note: Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen

Japan	North America	UK	Other	Total
¥40,641	**¥993**	**¥6,804**	**¥2,623**	**¥51,063**

3. Information by major customer

No description is provided here, since no external customer exists to whom sales are 10% or more of the net sales recorded in the consolidated statements of income or comprehensive income.

[Information on impairment loss on non-current assets by reporting segment]
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment	Amount in consolidated financial statements
Impairment loss	¥156	¥5	¥1,288	¥1,451	¥—	¥1,451

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment	Amount in consolidated financial statements
Impairment loss	**¥32,187**	**¥2,187**	**¥20,252**	**¥54,627**	**¥—**	**¥54,627**

[Information on amortization and unamortized balance of goodwill by reporting segment]
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment	Amount in consolidated financial statements
Amortization during current period	¥2,579	¥482	¥—	¥3,061	¥—	¥3,061
Balance as of March 31, 2025	26,933	3,185	—	30,119	—	30,119

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

	Reporting segment					
	Entertainment Contents	Pachislot & Pachinko Machines	Gaming	Subtotal	Adjustment	Amount in consolidated financial statements
Amortization during current period	**¥ 2,198**	**¥ 336**	**¥ 2,700**	**¥ 5,236**	**¥—**	**¥ 5,236**
Balance as of March 31, 2026	**51**	**—**	**14,516**	**14,568**	**—**	**14,568**

[Information on gain from negative goodwill by reporting segment]
Prior fiscal year (From April 1, 2024 to March 31, 2025)
Not applicable
Current fiscal year (From April 1, 2025 to March 31, 2026)
Not applicable

23 Related-Party Transactions

1. Related-party transactions

(1) Transactions between the Company submitting consolidated financial statements and related parties

1) Non-consolidated subsidiaries and affiliates of the Company submitting consolidated financial statements
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
PARADISE SEGASAMMY Co., Ltd.	Gaming Business	Provision of collateral (Note)	¥25,993	—	¥—

Note: For a portion of the loans from financial institutions to PARADISE SEGASAMMY Co., Ltd., the shares of the company are pledged as collateral.

Current fiscal year (From April 1, 2025 to March 31, 2026)
Not applicable

2) Directors and major shareholders (limited to individuals) of the Company submitting consolidated financial statements
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
FSC LLC. (Note 2)	Non-life insurance agent	Payment of insurance premium (Note 1)	¥3	Prepaid expenses	¥1
				Long-term prepaid expenses	0

Notes: 1. Transaction prices are determined in the same way as for general transactions, referring to market prices.
2. Hajime Satomi, Chairman, Representative Director, and Haruki Satomi, President and Group CEO, Representative Director, directly hold a majority of the shares of FSC LLC. Job titles shown are those used within the Company as of the end of the current consolidated fiscal year.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
FSC LLC. (Note 2)	Non-life insurance agent	Payment of insurance premium (Note 1)	**¥2**	Prepaid expenses	**¥1**
				Long-term prepaid expenses	**0**

Notes: 1. Transaction prices are determined in the same way as for general transactions, referring to market prices.
2. Hajime Satomi, Chairman, Representative Director, and Haruki Satomi, President and Group CEO, Representative Director, directly hold a majority of the shares of FSC LLC. Job titles shown are those used within the Company as of the end of the current consolidated fiscal year.
3. Transaction amounts exclude consumption tax.

(2) Transactions between consolidated subsidiaries of the Company submitting consolidated financial statements and related parties

1) Non-consolidated subsidiaries and affiliates of the Company submitting consolidated financial statements
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
ZEEG LLC.	Pachislot & Pachinko Machines Business	Purchase of pachislot and pachinko machine parts (Note 1)	¥7,171	Accounts payable–trade	¥ 102
		Loan of funds (Note 2)	2,850	Short-term loans receivable	3,763
		Interest income (Note 2)	94	Long-term loans receivable	6,683
				Current assets, etc	30

Notes: 1. Transaction prices are determined referring to market prices.
2. The interest rate on loans is determined by taking market interest rates into consideration. The repayment terms are one to five years, with the principal to be repaid in a lump sum on the due date and interest to be repaid in annual installments. No collateral is accepted.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
ZEEG LLC.	Pachislot & Pachinko Machines Business	Purchase of pachislot and pachinko machine parts (Note 1)	**¥17,676**	Accounts payable–trade	**¥ 1,091**
		Loan of funds (Note 2)	**—**	Long-term loans receivable	**9,647**
		Interest income (Note 2)	**102**	Current assets, etc.	**29**
PARADISE SEGASAMMY Co., Ltd.	Gaming Business	Provision of collateral (Note 3)	**¥30,882**	—	**¥—**

Notes: 1. Transaction prices are determined referring to market prices.
2. The interest rate on loans is determined by taking market interest rates into consideration. The repayment terms are one to five years, with the principal to be repaid in a lump sum on the due date and interest to be repaid in annual installments. No collateral is accepted.
3. For a portion of the loans from financial institutions to PARADISE SEGASAMMY Co., Ltd., the shares of the company are pledged as collateral.

2) Directors and major shareholders (limited to individuals) of the Company submitting consolidated financial statements
Prior fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
Haruki Satomi	Chairman of SEGA SAMMY ARTS FOUNDATION	Payment of donation (Note 1)	¥100	—	¥—
FSC LLC. (Note 3)	Non-life insurance agent	Payment of insurance premium (Note 2)	3	Prepaid expenses	¥ 0

Notes: 1. The amount donated to the Foundation is determined with approval of the Board of Directors.
2. Transaction prices are determined in the same way as for general transactions, referring to market prices.
3. Hajime Satomi, Chairman, Representative Director, and Haruki Satomi, President and Group CEO, Representative Director, directly hold a majority of the shares of FSC LLC. Job titles shown are those used within the Company as of the end of the current consolidated fiscal year.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen

Name of related individual or company	Position and principal business	Description of the Company's transactions	Transaction amount	Accounts	End of period account balance
Haruki Satomi	Chairman of SEGA SAMMY ARTS FOUNDATION	Payment of donation (Note 1)	**¥95**	—	**¥—**
FSC LLC. (Note 3)	Non-life insurance agent	Payment of insurance premium (Note 2)	**5**	Prepaid expenses	**¥ 1**

Notes: 1. The amount donated to the Foundation is determined with approval of the Board of Directors.
2. Transaction prices are determined in the same way as for general transactions, referring to market prices.
3. Hajime Satomi, Chairman, Representative Director, and Haruki Satomi, President and Group CEO, Representative Director, directly hold a majority of the shares of FSC LLC. Job titles shown are those used within the Company as of the end of the current consolidated fiscal year.

2. Notes on the parent company or significant affiliates

(1) Information on the parent company

Not applicable

(2) Summarized financial information of significant affiliates

PARADISE SEGASAMMY Co., Ltd. is a significant affiliate in the current fiscal year. Its summarized financial statements are as follows:

Millions of yen

	2025	**2026**
Total current assets	¥ 22,637	**¥ 38,835**
Total noncurrent assets	126,894	**131,215**
Total current liabilities	19,182	**23,310**
Total noncurrent liabilities	76,586	**78,112**
Total net assets	57,764	**68,628**
Net sales	59,704	**62,856**
Income (loss) before income taxes	4,325	**7,581**
Profit (loss)	7,184	**10,193**

24 Per Share Information

Yen

Item	2025 (From April 1, 2024 to March 31, 2025)	**2026 (From April 1, 2025 to March 31, 2026)**
Net assets per share	¥1,782.73	**¥1,750.15**
Basic earnings (loss) per share	209.79	**(27.36)**
Diluted earnings per share	209.02	**—**

Notes: 1. Diluted earnings per share is not presented for the current fiscal year because, although potential shares exist, a net loss per share was recorded.
2. The calculation basis for net assets per share is as follows:

Items	2025 (As of March 31, 2025)	**2026 (As of March 31, 2026)**
Total of net assets in the consolidated balance sheets (Millions of yen)	¥381,604	**¥354,967**
Amounts deducted from net assets in the consolidated balance sheets (Millions of yen)	438	**274**
(Share acquisition rights) (Millions of yen)	414	**243**
(Non-controlling interests) (Millions of yen)	24	**31**
Net assets pertaining to common stock (Millions of yen)	381,165	**354,693**
Number of common shares used to calculate net assets per share (Thousands of shares)	213,810	**202,664**

Notes: 3. The calculation basis for basic earnings (loss) per share and diluted earnings per share is as follows:

Item	2025 (From April 1, 2024 to March 31, 2025)	**2026 (From April 1, 2025 to March 31, 2026)**
Basic earnings (loss) per share:		
Profit (loss) attributable to owners of parent (Millions of yen)	¥45,051	**¥ (5,756)**
Amount not attributable to ordinary shareholders (Millions of yen)	—	**—**
Profit (loss) attributable to owners of parent pertaining to common stock (Millions of yen)	45,051	**(5,756)**
Average number of common shares during the period (Thousands of shares)	214,750	**210,423**
Diluted earnings per share:		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	**—**
Increase in common stock (Thousands of shares)	789	**—**
(Share acquisition rights) (Thousands of shares)	789	**—**
Overview of dilutive shares not included in calculation of diluted earnings per share because of no dilutive effect	—	**—**

Notes: 4. The treasury stock of the Company held by the BIP trust account and stock-granting ESOP trust account in shareholder's equity are included in the number of treasury stock that are excluded from the average number of shares used in calculating basic earnings (loss) per share during the period. Average treasury stock during the period excluded for the purpose of calculating basic earnings (loss) per share: 1,172,281 shares for the prior fiscal year and 1,989,855 shares for the current fiscal year.

25 Significant Subsequent Events

(Cancellation of treasury stock)
At the meeting of the Board of Directors held on March 31, 2026, the Company resolved on matters pertaining to the cancellation of treasury stock conducted pursuant to Article 178 of the Companies Act of Japan.

(1) Rationale for the cancellation of treasury stock

The Group is committed to maximizing corporate value by focusing on capital efficiency. As part of these initiatives, the Group has formulated a capital allocation policy and has been allocating capital to growth investments and shareholder returns. In accordance with this policy, in the Consumer area, which the Group positions as a growth business, the Group has pursued business expansion through organic investments such as game development, as well as through the acquisition of Rovio. Furthermore, in the Gaming Business, which the Group has established as the third business pillar, the Group has reinforced the business foundation through acquisitions including GAN and Stakelogic.
However, in the financial results for the fiscal year ended March 31, 2026, the Group recorded impairment losses on goodwill and other intangible assets related to Rovio, as well as on goodwill and property, plant and equipment related to Stakelogic, as other expenses. In light of these developments, the Group has decided to revise the capital allocation policy and suspend large-scale M&A activities for the time being.
Consequently, the Group has reallocated the funds that had been reserved for large-scale M&A, and at the Board of Directors meeting held on February 13, 2026, resolved matters related to the acquisitions of treasury stock and implemented the acquisitions of approximately ¥20.0 billion.
Furthermore, at the Board of Directors meeting held on March 31, 2026, the Company resolved to cancel all of the treasury stock acquired and subsequently executed such cancellation.

(2) Details of cancellation of treasury stock

(i) Type of shares to be cancelled
Common stock
(ii) Total number of shares to be cancelled
7,684,100 shares
(Percentage of total shares outstanding before cancellation (including treasury stocks) : 3.47%)
(iii) Date for cancellation
April 24, 2026
(iv) Total number of shares outstanding after the cancellation (including treasury stocks)
213,545,376 shares

26 Supplemental Information

[Annexed consolidated detailed schedule of bonds]

Company name	Security titles	Issuance date	Balances as of April 1, 2025 (Millions of yen)	Balances as of March 31, 2026 (Millions of yen)	Interest rate (%)	Type	Date of maturity
The Company	5th Series of Unsecured Straight Bonds (Publicly offered bonds)	October 10, 2019	¥10,000	¥10,000	0.38	Unsecured	October 10, 2029
Total			10,000	10,000 (—)			

Notes: 1. Figure in parentheses under "Balance as of March 31, 2026" is the current portion amount of redemption.
2. The scheduled amount of redemption after the consolidated closing date is as follows:

Millions of yen

Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
¥—	¥—	¥—	¥10,000	¥—	¥—

[Annexed consolidated detailed schedule of borrowings]

Category	Balances as of April 1, 2025 (Millions of yen)	Balances as of March 31, 2026 (Millions of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	¥ —	¥ —	—	—
Current portion of long-term borrowings	7,500	7,500	1.8	—
Current portion of lease obligations	1,445	2,127	4.2	—
Long-term borrowings (Excluding current portion)	132,000	124,500	1.6	From 2027 to 2031
Lease obligations (Excluding current portion)	4,639	4,943	5.2	From 2027 to 2034
Other interest-bearing debts:				
Accounts payable—facilities	24	24	1.5	—
Accounts payable—facilities (Excluding current portion)	94	70	1.6	From 2027 to 2032
Total	145,703	139,165	—	—

Notes: 1. "Average interest rate" represents the weighted average rate applicable to the balance of borrowings at end of period.
2. Some lease obligations stated in the consolidated balance sheets represent the amounts with interest equivalents not deducted from the total lease payments. Accordingly, said lease obligations are not included when calculating the "Average interest rate."
3. The scheduled amounts of long-term borrowings, lease obligations, and other interest-bearing debts (excluding current portion) to be repaid after the consolidated closing date are as follows:

Millions of yen

	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Long-term borrowings	¥17,500	¥21,800	¥22,500	¥62,700	¥—
Lease obligations	1,597	1,173	642	474	1,055
Other interest-bearing debts:					
Accounts payable—facilities	24	24	16	3	2

[Schedule of asset retirement obligations]
No description is provided here, since the amount of asset retirement obligations as of the beginning and end of the current fiscal year was less than 1/100 of the total amount of liabilities and net assets, respectively, as of the beginning and end of the current fiscal year.

27 Other

First half information for the current fiscal year

(Cumulative period)	First six months	Current fiscal year
Net sales (Millions of yen)	¥201,108	¥487,542
Income (loss) before income taxes (Millions of yen)	6,427	(3,783)
Earnings (loss) attributable to owners of parent (Millions of yen)	2,742	(5,756)
Earnings (loss) per share (Yen)	12.96	(27.36)

Note: Provisional accounting treatment related to a business combination was finalized in the current consolidated fiscal year. Figures for the first six months of the year reflect the details of the finalization of the provisional accounting treatment.

28 Details of audit fees, etc.

a. Audit fees paid to certified public accountants

Millions of yen

Category	2025		2026	
	Fees based on audit certification services	Fees based on non-audit services	**Fees based on audit certification services**	**Fees based on non-audit services**
Reporting company	¥185	¥0	**¥201**	**¥20**
Consolidated subsidiaries	100	—	**109**	**—**
Total	286	0	**310**	**20**

(Non-audit services to reporting company)
Prior fiscal year
The Company paid ¥0 million as remuneration for support for the Company's Task Force on Climate-Related Financial Disclosures (TCFD) disclosure efforts.

Current fiscal year
The Company paid ¥20 million in remuneration for support for double materiality analysis and other activities to strengthen its sustainability disclosure regulations.

b. Audit fees paid to networks equal to certified public accountants (excluding a.)

Millions of yen

Category	2025		2026	
	Fees based on audit certification services	Fees based on non-audit services	**Fees based on audit certification services**	**Fees based on non-audit services**
Reporting company	¥ —	¥239	**¥ —**	**¥20**
Consolidated subsidiaries	163	173	**211**	**142**
Total	163	412	**211**	**163**

Prior fiscal year
The Company paid a ¥199 million fee to KPMG FAS Co., Ltd., which is part of the same network as the certified public accountants, as payment for non-audit services, including due diligence research.
Sega Europe Ltd., a consolidated Company subsidiary, paid a ¥68 million fee to KPMG LLP (UK), which belongs to the same network as certified public accountants contracted on the Company's behalf, based on non-audit services (e.g., tax consulting).

Current fiscal year
The Company paid an ¥11 million fee to KPMG Tax Corporation, which is part of the same network as the certified public accountants, as payment for non-audit services, including tax consulting and global minimum tax compliance.
Sega Europe Ltd., a consolidated Company subsidiary, paid a ¥93 million fee to KPMG LLP (UK), which belongs to the same network as certified public accountants contracted on the Company's behalf, based on non-audit services (e.g., tax consulting).

c. Other important fees based on audit certification services
Not applicable

To the Board of Directors of SEGA SAMMY HOLDINGS INC.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SEGA SAMMY HOLDINGS INC. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2026, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the valuation of goodwill and other intangible assets allocated to Rovio Entertainment Ltd

The key audit matter	How the matter was addressed in our audit
As described in Note 8 "Notes to Consolidated Statements of Income and Comprehensive Income (6) Breakdown of impairment loss" to the Consolidated Financial Statements, the Company recognized an impairment loss of ¥31,993 million on the full unamortized balance of goodwill and a portion of the unamortized balance of other intangible assets related to Rovio Entertainment Ltd ("Rovio"). In addition, as described in Note 3 "Significant Accounting Estimates (4) Valuation of goodwill and other intangible assets of Rovio Entertainment Ltd" to the consolidated financial statements, the carrying amounts, net of impairment losses, of trademark rights and technology-related intangible assets related to Rovio as presented in the consolidated balance sheet as of the end of the current fiscal year are ¥44,309 million and ¥4,392 million, respectively. The Company applies International Financial Reporting Standards in valuing goodwill and other intangible assets because it acquired shares of Rovio through Sega Europe Ltd. For the cash-generating unit (CGU) that includes goodwill and other intangible assets, goodwill is tested for impairment when there is an indication of impairment or at least annually, while other intangible assets are tested for impairment only when there is an indication of impairment. In performing impairment testing, when the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, with the excess recognized as an impairment loss. In the current fiscal year, the Company determined the recoverable amount based on value in use in the impairment testing. The future cash flows used in measuring the value in use are based on Rovio's future business plan. The business plans include estimates of net sales, cost of sales and advertising expenses for each major game title, which involve a high degree of uncertainty; therefore, management's judgments in these estimates have a significant impact on the estimation of future cash flows. In addition, selecting appropriate valuation techniques and input data for estimating the discount rate used to measure the value in use requires a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of the valuation of goodwill and other intangible assets allocated to Rovio was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary audit procedures we performed to assess the appropriateness of the valuation of goodwill and other intangible assets allocated to Rovio included the following: **(1) Internal control testing** We evaluated the design and operating effectiveness of the Company's internal controls relevant to the impairment testing on the CGU including goodwill and other intangible assets. **(2) Assessment of the reasonableness of the estimate of the present value of future cash flows** We assessed the reasonableness of key assumptions embedded in the business plan by performing the following procedures, among others: ● obtained an understanding of assumptions related to net sales, cost of sales and advertising expenses for each major game title through inquiry of management; ● assessed the appropriateness of the assumptions related to net sales by comparing them with historical performance and market data published by external organizations; and ● assessed the appropriateness of the assumptions related to cost of sales and advertising expenses by comparing the planned ratios against net sales with past actual results. In addition, we involved valuation specialists within our domestic network of firms to assist in assessing the following, among others: ● appropriateness of the valuation techniques used to estimate the discount rate based on the nature of the valuation and the requirements of the accounting standards; and ● appropriateness of the input data by comparing the input data used for calculating the discount rate with data published by external organizations.

Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill, etc. related to Stakelogic B.V.

The key audit matter	How the matter was addressed in our audit
As described in Note 8 "Notes to Consolidated Statements of Income and Comprehensive Income (6) Breakdown of impairment loss" to the Consolidated Financial Statements, the Company recognized an impairment loss of ¥18,054 million on goodwill and other property, plant and equipment ("goodwill, etc.") related to Stakelogic B.V. ("Stakelogic") for the current fiscal year. If the business environment has significantly deteriorated or is expected to deteriorate, goodwill, etc. is considered to have an indicator of impairment. In such cases, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows expected to be generated from the asset group with the carrying amount of goodwill, etc. If it is determined that an impairment loss should be recognized as a result of the comparison, the carrying amount is reduced to the recoverable amount, and the resulting decrease is recognized as an impairment loss. As described in Note 3 "Significant Accounting Estimates (6) Allocation of acquisition costs related to the acquisition of stock in Stakelogic B.V. and evaluation of goodwill and other property, plant and equipment" to the consolidated financial statements, the Company acquired shares of Stakelogic during the current fiscal year. However, against the backdrop of regulatory tightening in the Netherlands, Stakelogic's principal market, the business environment has significantly deteriorated following the acquisition. The Company considered these circumstances to give rise to an indicator of impairment, and, in response, revised its business plans and reduced the carrying amount of goodwill, etc. to their recoverable amount of nil, thereby recognizing an impairment loss. The determination of whether an impairment loss should be recognized on goodwill, etc. related to Stakelogic involves significant management judgment. Given that an impairment loss was recognized within a short period following the acquisition of the shares of Stakelogic, such judgment is particularly significant in this context. We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill, etc. related to Stakelogic was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary audit procedures we performed to assess the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill, etc. related to Stakelogic included the following: **(1) Internal control testing** We evaluated the design and operating effectiveness of the Company's internal controls relevant to the Company's judgment as to whether an impairment loss should be recognized on goodwill, etc. related to Stakelogic. **(2) Assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized** ● We made inquiries of management regarding the overview, purpose and process for determining the acquisition consideration related to the acquisition of Stakelogic shares. In addition, we inspected relevant documents such as the share transfer agreement, minutes of the Board of Directors' meetings and valuation materials, and assessed the reasonableness of the assumptions underlying the business plan as of the acquisition date. ● To assess whether significant changes in the business environment that could give rise to an impairment loss occurred after the acquisition of Stakelogic shares, we made inquiries of management and inspected relevant documents such as minutes of the Board of Directors' meetings, and evaluated consistency with available external information, including materials published by regulatory authorities in the key market. ● To assess the appropriateness of management's judgment as to whether an impairment loss should be recognized, we compared the projected net sales and operating income (loss) from the following fiscal year onward in the revised business plan for the current fiscal year with those in the business plan as of the acquisition date and assessed the reasonableness of the variances and the causes of such variances.

Other Information

The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in Note 28, "Details of audit fees, etc." of the Integrated Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masahiro Sasaki Designated Engagement Partner
Certified Public Accountant

Takeharu Kirikae Designated Engagement Partner
Certified Public Accountant

Tomoaki Murakami Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
October 30, 2026

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.



SEGA SAMMY HOLDINGS INC.

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