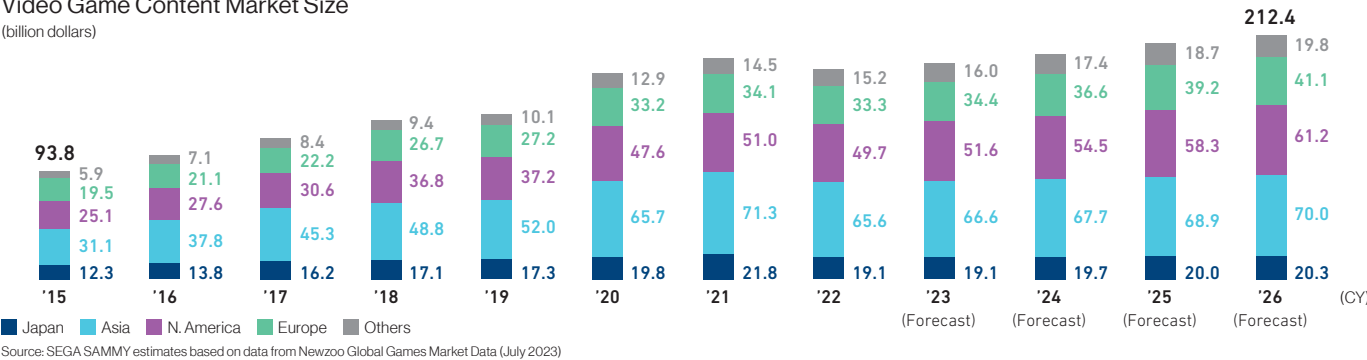


In addition to drawing on our abundant IP assets to roll out content globally, we will work to expand business value by taking advantage of our broad business portfolio.

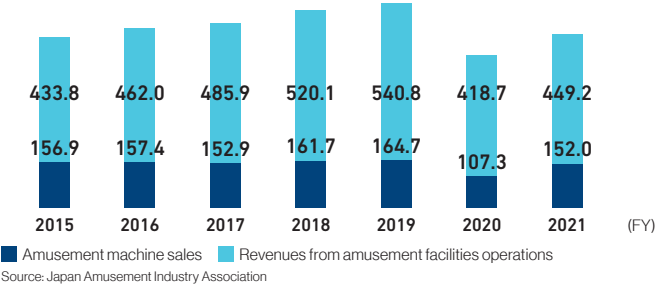
External Environment

The global video game content market continues to grow against the backdrop of rising download sales and the proliferation of game distribution platforms. Although the Amusement Machine and Amusement Facilities Operations markets were hard hit by COVID-19, the prizes began to rally in 2021 and the market is recovering gradually.

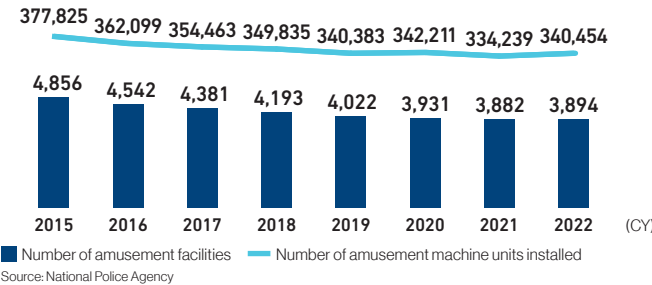
Video Game Content Market Size  
(billion dollars)



Domestic Amusement Machine Sales and Revenues from Amusement Facilities Operations  
(Billions of yen)



Number of Amusement Facilities and Amusement Machine Units Installed



Anticipated Opportunities and Risks		Responses
<b>Opportunities</b> <ul style="list-style-type: none"><li>• Ongoing growth in the video game content market In the global video game content market, the market environment has been changing drastically. Sales methods for consumer games have diversified, as instanced by the growth in download sales. At the same time, a broader variety of monetization methods, such as the expansion of F2P and subscription services, has led to an environment where profits can be secured continuously over a long period of time.</li></ul>		<b>Targeting opportunities</b> <ul style="list-style-type: none"><li>• Expanding touchpoints with users</li><li>• Prolonging product life cycles</li><li>• Strengthening user engagement</li></ul>
<b>Risks</b> <ul style="list-style-type: none"><li>• Intensification of the competitive environment due to the emergence of titles using high-quality, leading IP in the consumer area</li><li>• Possible reduced willingness of facility operators to invest capital due to changes in personal consumption trends and user needs in the field of Amusement Machine Sales</li><li>• Generation of surplus inventory in consumer game software, toys, etc., when new products cannot be launched during the sales season</li></ul>		<b>Addressing risks</b> <ul style="list-style-type: none"><li>• Optimizing the number of titles under operation and the scale of new title launches</li><li>• Providing a profit model that improves the investment efficiency of facility operators and secures long-term stable earnings for the Group</li><li>• Strengthening product development management</li></ul>

Business Overview

Ensuring steady earnings through expansion across a range of areas

SEGA SAMMY's Entertainment Contents Business has expanded into various entertainment domains, each of which presents different market growth potential and levels of competition. Leveraging its well-balanced portfolio, the Group is generating stable income without relying excessively on any specific IP, title, or business activity.

Consumer Area

We will focus on expanding the scale of earnings by strengthening the global branding of existing IPs.

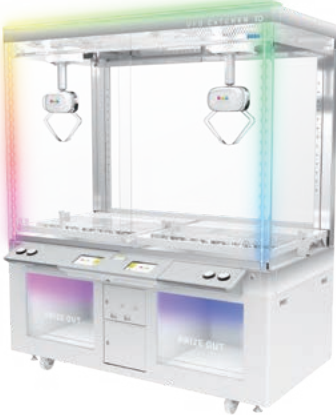
To capitalize effectively on our abundant IP assets, including dormant IPs, we will further develop these IPs by means of remakes, remastering, and reboots, etc., as well as offering them to subscription-based services and other forms of monetization across multiple channels.



Sonic Frontiers  
©SEGA

Amusement Machine Area

We will aim to improve profitability by focusing on strong-performing prize categories.



UFO CATCHER 10  
©SEGA

Animation and Toy Area

In the Animation area, in addition to producing animations of our major IPs, such as Detective Conan, Anpanman, and LUPIN THE 3rd, the Group is focusing on the animation licensing and merchandising businesses.

The Toy area is expanding to encompass a broad target audience, including mainstay educational toys, character goods, and products for adults.



DETECTIVE CONAN: Black Iron Submarine  
©2023 GOSHO AOYAMA/DETECTIVE CONAN COMMITTEE  
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► Progress of Medium-Term Plan

Goals

Global Branding of Existing IPs

We will expand touchpoints with users and maximize earnings opportunities by reinforcing simultaneous worldwide releases and the multiplatform deployment of content. We will also focus on remaking and remastering existing IPs and support subscription-based services to prolong product life cycles. Furthermore, we aim to strengthen user engagement and increase the value of our IPs through a mix of media and other approaches to connect these IPs with more people.

1

Expansion of touchpoints

2

Prolonging the product life cycle

3

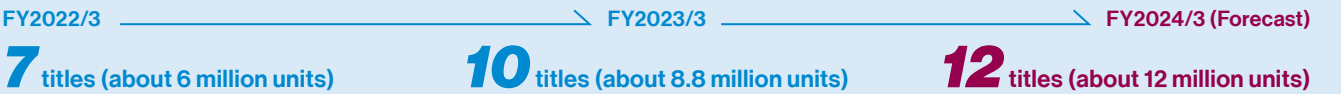
Strengthening of user engagement

Progress

1 Expansion of touchpoints

Made steady progress with global launches and multi-platform development. Achieved sales of about 6 million units with 7 titles in FY2022/3, and about 8.8 million units with 10 titles in FY2023/3. In FY2024/3, we plan to release 12 titles, targeting sales of about 12 million units.

Multiple simultaneous worldwide releases and multiplatform deployment of content (new titles)



2 Prolonging the product life cycle

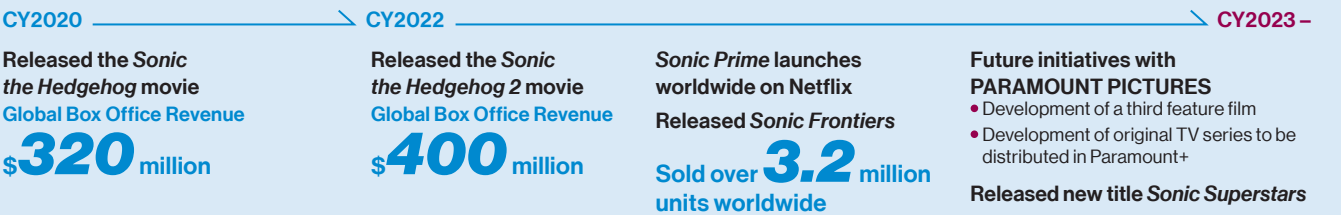
By promoting remakes/remasters and spin-offs/changes of theme, we achieved sales of approximately 4 million units in FY2022/3 and approximately 3.5 million units in FY2023/3. In FY2024/3, we are targeting about 5 million units. We will also continue to actively promote subscriptions.

Released many titles with remake/remaster, spin-off/changes of theme (new titles)

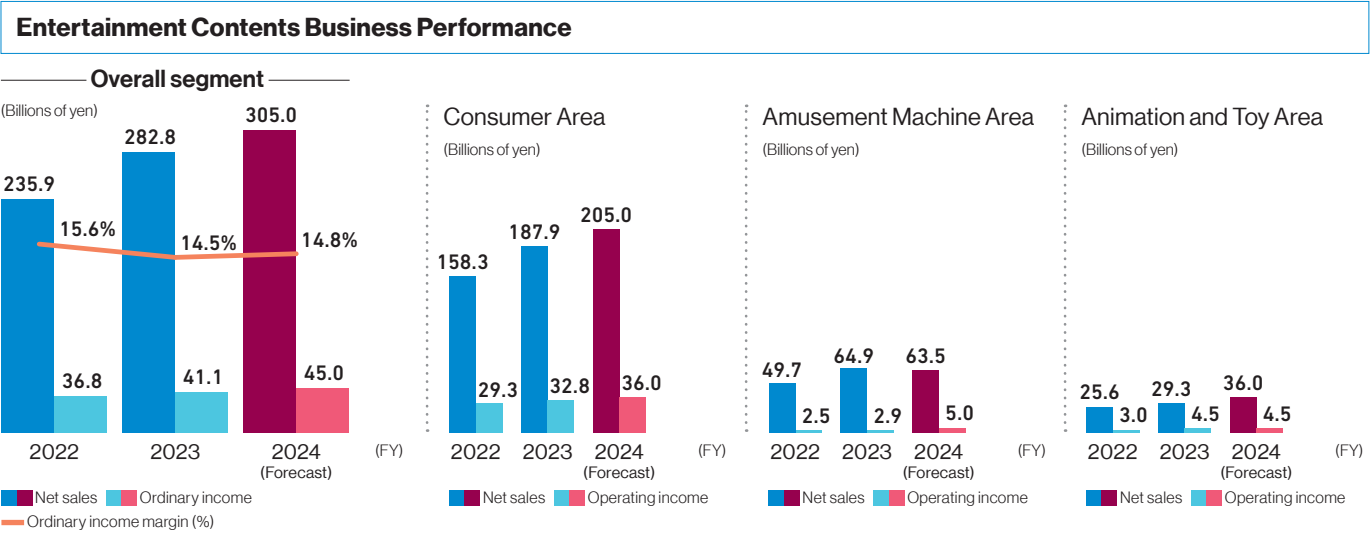


3 Strengthening of user engagement

We strengthened our media mix, and worked to further raise awareness of the Sonic IP and expand our brand. Going forward, Paramount Pictures will develop a third Sonic movie and an original TV series for Paramount +, its paid streaming service.



► Achievements in FY2023/3 and future initiatives



Consumer Area

In terms of full games, we released new titles include *Sonic Frontiers*, *Persona 5 Royal* (Remaster), and *Like a Dragon: Ishin!*, and sales volume remained strong at 10.09 million units (compared with 8.77 million units sold in the previous fiscal year). Sales of repeat titles, however, remained soft due to weakness in the market, with 17.79 million copies sold (compared to 18.43 million in the previous fiscal year). As a result, overall full game sales totaled 27.89 million units (compared with 27.20 million units sold in the previous year). In F2P, *Project SEKAI COLORFUL STAGE! feat. Hatsune Miku* and *ONE PIECE Bounty Rush*\* drove performance, resulting in year-on-year sales and profit growth.

Going forward, we will work to advance our business development on a global scale. We will concentrate our management resources toward this aim, and enhance our development system by hiring and training talented human resources. We will also develop high-quality content, and expand our library by creating and utilizing IP.

\*Developed by SEGA CORPORATION and published by Bandai Namco Entertainment Inc.



Persona 5 Royal (Remaster)  
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Amusement Machine Area

Sales and profits rose year on year due to strong performance in the prize machine category. We will continue to strengthen the prize machine category, where demand remains strong, while responding to the effects of supply chain turmoil, exchange rate fluctuations, and soaring prices in raw materials.



EIKETSU TAISEN  
©SEGA

Animation and Toy Area

In the Animation and Toy area, in Animation we recorded revenues from animation production and distribution, including the newly released movie *Detective Conan: The Halloween Bride*. In Toy, sales were firm, both for new products such as *With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium Design by yourself* and for mainstay products, resulting in year-on-year growth in sales and profits.

As well as strengthening various video distributions, we will continue to promote sales of new and mainstay products in the Toy area.

With a front camera! Fun to change mouse covers!  
Sumikkogurashi Personal Computer Premium Design by yourself  
©2022 San-X Co., Ltd. All Rights Reserved.

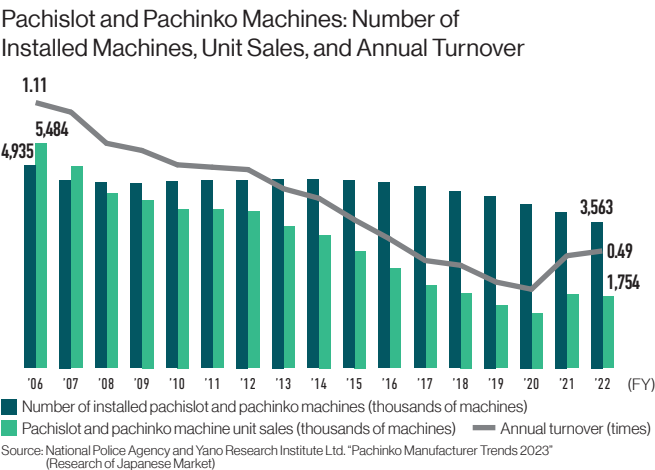
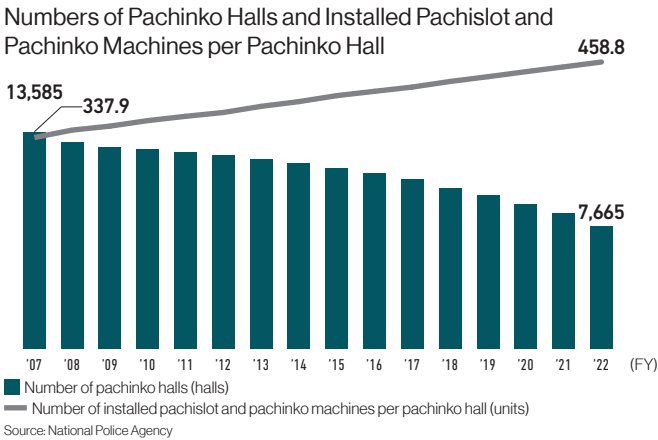
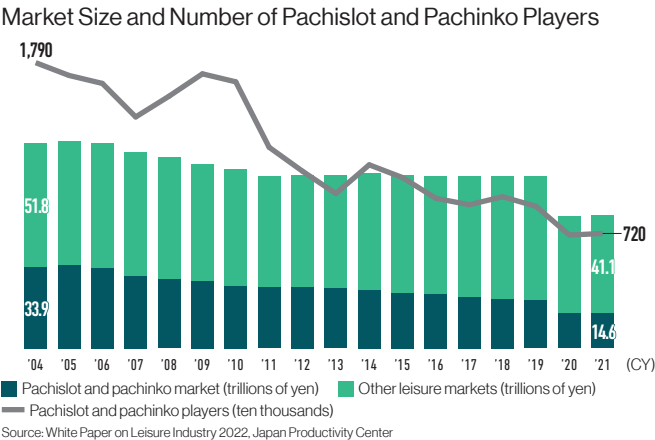




As an “innovator in the industry,” we will launch new initiatives and strive to generate stable profits by enhancing profitability.

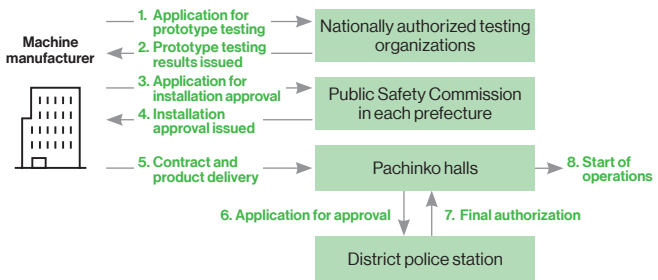
► External Environment

Along with the slow 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 opening of large pachinko halls and an increase in locations of major hall operators has been causing a rise in the number of machines installed per pachinko hall.



Pachislot and Pachinko Machine Approval Process

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



For more information on market data, see **P. 97-98**.

Anticipated Opportunities and Risks	Responses
<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>• Possibility of expanding user base By setting standards that allow new machines with a broader range of gameplay, recent revisions to regulations may expand the user base.</li><li>• Growing demand for machines that take advantage of revised regulations If models that take advantage of revised regulations gain the support of users, we can expect this to trigger greater demand among pachinko hall operators and feed into sales growth.</li></ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>• Issue of gambling addiction</li><li>• Changing user preferences</li><li>• Risk of inability to procure sufficient materials</li><li>• Surplus parts</li></ul> <p><b>Targeting opportunities</b></p> <ul style="list-style-type: none"><li>• Creation of Hits</li><li>• Improvement of Business Efficiency</li></ul> <p><b>Addressing risks</b></p> <ul style="list-style-type: none"><li>• Launch initiatives to tackle addiction across the industry</li><li>• Establish a system for developing a product lineup that features new types of gameplay and meets market needs</li><li>• Standardization of parts</li><li>• Cut procurement lead times</li><li>• Strengthen inventory controls</li><li>• Allow effective use of parts for other products</li></ul>

► Business Overview

Leveraging development capabilities to offer products that meet demand

The Pachislot and Pachinko Machines Business draws on a powerful IP lineup and industry-leading development capabilities to supply products that meet the demands of a diverse fan base. We are working to develop and market machines with innovative game-play that will help bring vitality to the market for both pachislot and pachinko machines. We are also seeking to lower costs through measures centered on the standardization and reuse of parts.



Sammy's Strengths

Multiple well-performing series

Series	Number of titles in series	Cumulative unit sales	Series	Number of titles in series	Cumulative unit sales
Hokuto no Ken	39	Approx. 3,040 thousand units	Hokuto Muso	12	Approx. 280 thousand units
ALADDIN	15	Approx. 580 thousand units	Eureka Seven	7	Approx. 170 thousand units
Beast King	16	Approx. 510 thousand units	《Monogatari》Series	12	Approx. 150 thousand units
SOUTEN-NO-KEN	16	Approx. 490 thousand units	Code Geass	4	Approx. 70 thousand units

Note: As of March 31, 2023

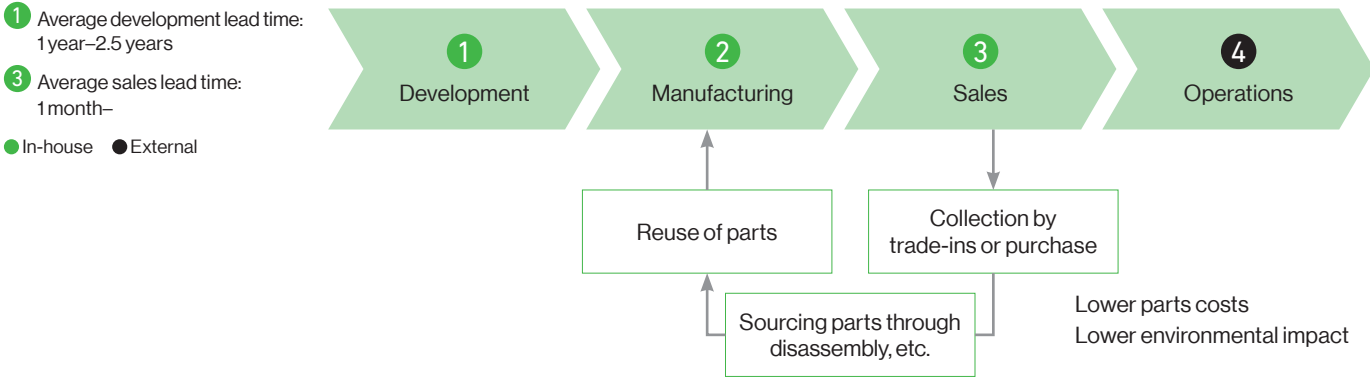
Lowering costs and raising profitability

Pachislot and pachinko businesses are characterized by a reliance on electronic parts that carry a high cost ratio.

The Group is working to raise development efficiency and lower costs, such as through the reuse of parts.



Value Chain of the Pachislot and Pachinko Machines Business



## ► Progress of Medium-Term Plan

### Goals

**Achieve top share of total utilization of pachislot and pachinko machines and maintain steady earnings**

We aim to create hits and expand share of utilization by optimizing the product lineup, manufacturing machines from a user-centric perspective, and expanding communication with users through digital media. We will also improve business efficiency and maintain steady earnings by promoting standardized imagery and parts between pachislot and pachinko machines and promoting e-commerce.

#### Creation of Hits

- 1 Revising the product lineup
- 2 Increasing hit potential
- 3 Enhancing media functions

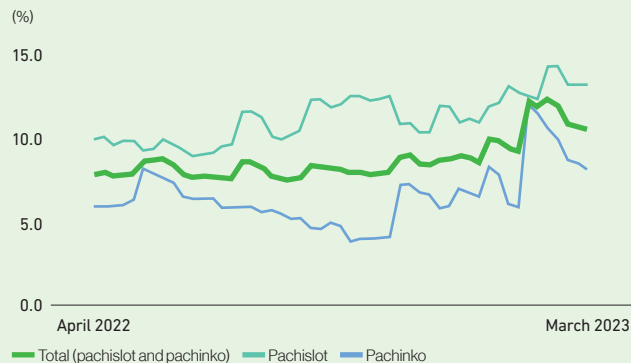
#### Improvement of Business Efficiency

- 1 Improvement of development efficiency
- 2 Cost reduction
- 3 Promote online commerce

### Progress

#### Although Pachislot was strong, total utilization share decreased YoY due to struggle in Pachinko

##### Trend of our utilization share



FY2022/3			FY2023/3		
1st	K Company	18%	1st	S Company	18%
2nd	S Company	18%	2nd	K Company	16%
3rd	<b>Sammy</b>	<b>11%</b>	3rd	S Company	14%
4th	S Company	9%	4th	<b>Sammy</b>	<b>9%</b>

- **Pachislot:** Increased due to strong sales of No. 6.5 Model (+2p)
- **Pachinko:** Decreased due to low utilization, while sales were strong (-7p)

#### Future initiatives

- **Pachislot:** Actively launch smart pachislot while continuously launch No. 6.5 Model, which utilization remains strong
- **Pachinko:** Work on developing machines that will be supported by users

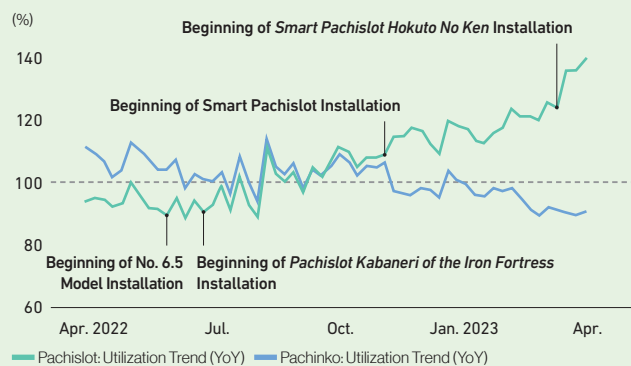
\* In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd.

\* Utilization Share = Ratio of Sammy machine's utilization out of total number of installed machine for each title × utilization of each title (Pachislot: Numbers of inserted medals, Pachinko: Numbers of shot balls)

\* Calculated by average of the fiscal year (Exclude weeks falling in two fiscal years)

#### Utilization level of Pachislot is significantly increasing

##### Utilization Trend (Pachislot & Pachinko)

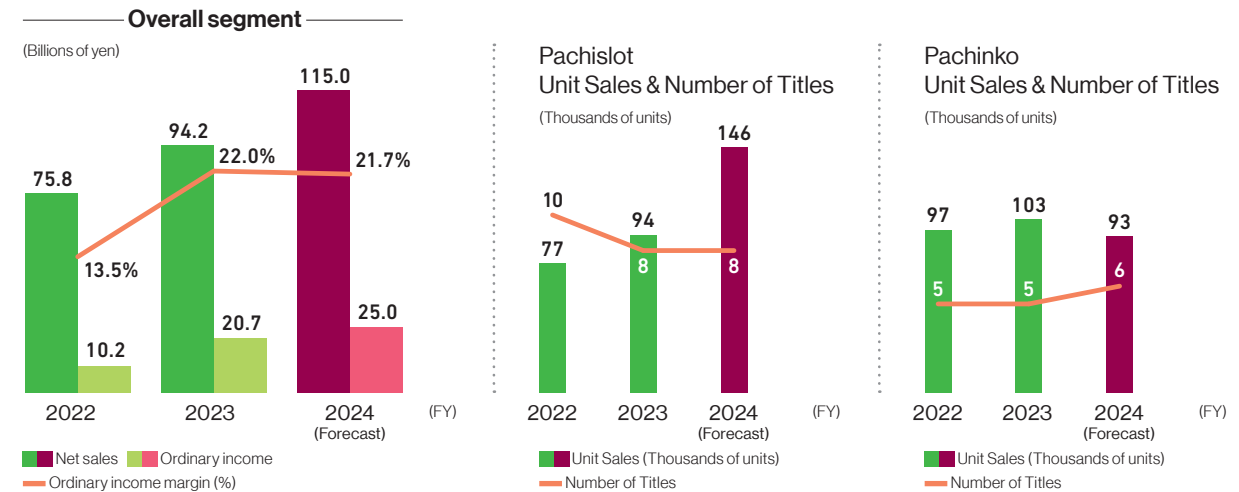


- **Pachislot:** Utilization level has increased due to installation of No. 6.5 Model and smart pachislot, which responds to revision of regulation  
Due to installation of *Smart Pachislot Hokuto No Ken*, etc., recent utilization is significantly increasing
- **Pachinko:** Due to lack of new hit machines, utilization continues centered on regular machines

\* In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd.

## ► Achievements in FY2023/3 and future initiatives

### Pachislot and Pachinko Machines Business Performance



In the fiscal year ended March 2023, sales of pachislot machines were roughly 94 thousand units (compared with 77 thousand units sold in the previous fiscal year). This was due to strong sales of No. 6.5 model machines such as *Pachislot Kabaneri of the Iron Fortress* and *Pachislot Saga of Tanya the Evil*. In particular, *Pachislot Kabaneri of the Iron Fortress* has maintained a high level of utilization since its release in July 2022, and following a series of additional sales, unit sales have been significantly above initial plan. Sales of pachinko machines totaled 103 thousand units (compared with 97 thousand units sold in the previous fiscal year), reflecting sales of flagship machine series such as *P Shin Hokuto Muso Chapter 4*. As a result of these factors, the Pachislot and Pachinko Machines Business achieved year-on-year increases in sales and profits.

In the fiscal year ending March 2024, as well as No. 6.5 model machines, which show good utilization, we will also actively launch smart pachislot titles such as *Smart Pachislot BIOHAZARD: VENDETTA* starting with *Smart Pachislot Hokuto No Ken*. Based on the above, we expect that, following on from the fiscal year ended March 2023, pachislot machines will continue to drive sales and profit growth. Although parts procurement conditions are improving, we will continue to monitor the situation closely. We will build a flexible and stable supply system to ensure our readiness to meet strong demand.

#### Major titles released in FY2024/3 (As of October 2023)

		Delivery month
Pachislot	<i>Smart Pachislot Hokuto No Ken</i>	Apr. 2023
	<i>Smart Pachislot BIOHAZARD: VENDETTA</i>	Jul. 2023
	<i>Pachislot Kizumonogatari -Hajimari No Toki-</i>	Sep. 2023
	<i>Pachislot Kabaneri of the Iron Fortress (Additional Sales)</i>	Oct. 2023
Pachinko	<i>P Aura Battler Dunbine 2 -ZEROLIMIT HYPER-</i>	Apr. 2023
	<i>P Hokuto No Ken Bokyosei</i>	May 2023
	<i>P Kabaneri of the Iron Fortress ~4,000Rengeki ver.~</i>	Jun. 2023
	<i>P BLACK LAGOON4</i>	Jul. 2023



Smart Pachislot BIOHAZARD: VENDETTA  
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©Sammy



P Shin Hokuto Muso Chapter 4  
©Buronson & Tetsuo Hara / COAMIX 1983.  
Approved No.KOU-423  
© 2010-2013 Koel Tecmo Games Co., Ltd. ©Sammy



# Resort Business

We are aiming to invest in the Gaming area as the third driver of earnings in tandem with bolstering the profitability of existing resort facilities.

## External Environment

Pandemic-related behavioral restrictions continue easing  
Behavioral restrictions in Japan continue to ease. Travel restrictions overseas, which had caused a severe impact, have also been eased.

Anticipated Opportunities and Risks		Responses
<b>Opportunities</b> <ul style="list-style-type: none"><li>Entry into the Gaming area</li></ul> Entry into the Gaming area has the potential to become a major source of earnings for the Group.	<b>Risks</b> <ul style="list-style-type: none"><li>Risk of lower customer numbers in the event of a resurgence of infections</li></ul>	<b>Targeting opportunities</b> <ul style="list-style-type: none"><li>Apply know-how accumulated during the Japan IR entry study toward investing in the Gaming area</li></ul> <b>Addressing risks</b> <ul style="list-style-type: none"><li>As a measure against the COVID-19 pandemic, thoroughly implemented preventive measures in accordance with national and local government policies</li></ul>

## Achievements in FY2023/3 and future initiatives

Phoenix Seagaia Resort achieved the highest sales and first profitability since it joined the Group due to the contribution of the government and facility's own measures to stimulate tourism demand, as well as the implementation of various measures and the enhancement of CRM focusing on individual customers.

Overseas, at PARADISE CITY, which is operated by PARADISE SEGASAMMY Co., Ltd. (an equity method affiliate), the easing of travel restrictions from June 2022 brought a gradual recovery of casino sales. From October 2022, drop amounts (the amount of chips purchased by customers) of Japanese VIPs rebounded sharply, reaching pre-pandemic levels.

As a result, net sales in this segment were ¥11,540 million (an increase of 33.2% from the previous fiscal year) and ordinary loss was ¥3,217 million (ordinary loss of ¥6,738 million for the previous fiscal year).

We will continue to work on tactical measures to attract customers in Japan at the Phoenix Seagaia Resort and overseas at PARADISE CITY. We will also apply the knowledge we have accumulated so far with the aim of investing in the Gaming area, a market that is expected to grow.



## Business Overview

Through the operation of resort facilities in Japan and overseas, the Group is working to build up development and operational expertise in areas such as hotels, golf, entertainment facilities, commercial facilities and casino operations, while examining investment opportunities in the Gaming area.

### Phoenix Seagaia Resort

(Miyazaki City, Miyazaki Prefecture)

Japan's leading resort complex  
Phoenix Seagaia Resort offers a richly varied resort experience that takes advantage of a beautiful natural setting. Surrounding it is a vast, nearly 700-hectare grove of Japanese black pines spreading roughly 11 kilometers north-south along the coast of the Pacific Ocean in Miyazaki Prefecture. The resort has three accommodation facilities, including the Sheraton Grande Ocean Resort. It also boasts a world-class convention center and Phoenix Country Club, one of Japan's preeminent golf courses.

In 2017, the largest renewal since the resort's opening was completed, transforming it into New Seagaia, which pursues the quintessential resort experience. Aiming to offer the most delicious food in Japan, we continue to create new culinary experiences at the resort by making use of its location in Miyazaki, which is well known in Japan as a treasure trove of food.



©Phoenix Resort

### PARADISE CITY

(Incheon Metropolitan City, South Korea)

South Korea's first IR facility  
PARADISE CITY, operated by PARADISE SEGASAMMY Co., Ltd., a joint venture with the PARADISE GROUP of South Korea, is the first IR facility in South Korea with hotels, casinos, convention halls, commercial facilities, and entertainment facilities. We aim to be the pre-eminent IR facility in northeast Asia by providing high-quality spaces and services.



### The North Country Golf Club

(Chitose City, Hokkaido)

As part of its activities to promote sports and contribute to the community of Chitose City, the Company runs Sega Sammy Cup Golf Tournament and operates it as a facility for snow activities, North Snowland in Chitose, in winter.

