

# Strengths of the SEGA SAMMY Group

## Value Maximization Cycle

Ability to  
create captivating  
experience

**Versatile Game  
Changers  
(human capital)**

Ability to  
develop captivating  
experience (1)

**Unique business  
portfolio/  
financial base**

Common values (mindset and DNA) for value creation

**Creativity is Genesis**

**Always Proactive,  
Always Pioneering**

Source of captivating  
experience

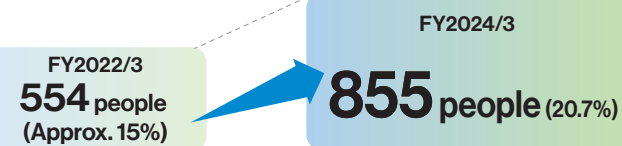
**Brand/IP**

Ability to  
develop captivating  
experience (2)

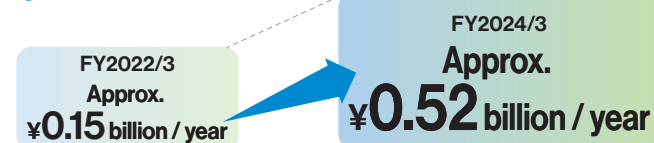
**Multichannel/  
transmedia**

The Group has created highly innovative entertainment by leveraging its IPs and other management resources in a wide range of business areas. The driving force behind this is versatile human capital with unique ideas. Through the penetration of the Mission Pyramid into each organization and individual, we are actively promoting the creation of systems and investment in human capital so that our multi-talented human capital can maximize their abilities in their respective fields while also aligning their directions toward the creation of captivating experiences.

● Culturally diverse human capital (ratio)



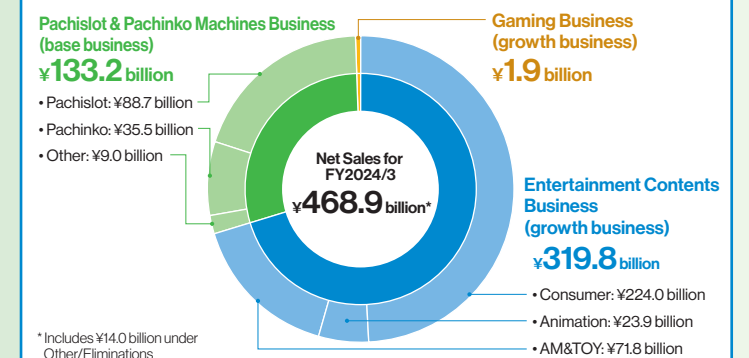
● Amount invested in education



The SEGA brand is highly recognized in overseas markets thanks to a string of hits, including the *SEGA GENESIS* (known as the *Mega Drive* outside North America) home video game console, which once dominated the global market. Such brand power and a rich set of globally recognized IPs are strengths that bring us a series of business opportunities with major platform providers and other business partners. In addition, the trust Sammy has earned from outside IP holders and pachinko halls through the continued success and high utilization rates of the pachislot & pachinko machines with outside IPs, including the *Hokuto No Ken* series, have led to the acquisition of new IPs and stable machine sales, providing a foundation for stable earnings.



The Group's business portfolio, which spans an extremely broad range of entertainment areas, is the foundation for the Group's sustained growth in corporate value. The ability of the Pachislot & Pachinko Machines Business to generate stable cash is an advantage that other specialized game manufacturers do not have, and enables active investment in further growth of the Entertainment Contents Business as well as in new areas such as Gaming Business. A diversified business portfolio with widely differing areas reduces the risk of earnings fluctuations due to changes in the environment. Diverse user touchpoints such as games, goods, animation, pachislot & pachinko machines, and manga will expand the potential for maximizing IP value through multifaceted development.



By leveraging our brand/IP, versatile human capital, and unique business portfolio/financial base, we are pursuing a transmedia strategy to broadly expand revenue opportunities through IPs to multiple platforms and multiple channels such as movies, videos, and merchandise. We have achieved solid successes, including the Hollywood adaptation of the Sonic IP, and will further expand business through multifaceted development of our abundant IP assets to various channels and age groups in more diverse regions, including pachislot & pachinko machines and gaming.



# 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.



## Enhancement of corporate value

### Expansion of business areas and geographic expansion



### Social Value

For materiality, see P.54

**Constantly Creating,  
Forever Captivating**  
— Making Life More Colorful —

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

### Economic Value

For further details on the  
medium-term plan, see P.32

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# An IP Portfolio that Powers Our Growth

The Group owns and has access to multiple, highly competitive IPs, including acquired IPs and those of other companies in addition to those developed in-house. By cultivating and expanding these abundant IPs and deploying them in a variety of fields, we have achieved stable earnings.

## Sonic The Hedgehog Series

Sonic, SEGA's flagship IP, was introduced in 1991 as a high-speed action game in which players can run at a frenetic pace through stages of various ups, downs, and loops. Several hit games followed, continuing to attract fans around the world. The *Sonic the Hedgehog* movie, released in 2020, and its sequel, *Sonic the Hedgehog 2*, released in 2022, were both global blockbusters, which has helped to accelerate the growth of the Sonic IP.

Approx.  
1.77 billion  
(units and downloads)

Full Game total  
F2P total



©SEGA

## Persona Series

The *Persona* series is a coming-of-age themed RPG about teenage boys and girls who, having awakened to their special Persona powers, encounter various incidents and hardships as they grow. With its unique characters and settings, stylish songs, and compelling stories, the *Persona* series has gained many fans around the world. This popular series, with its cumulative total of 24 titles, has been adapted for a variety of media, including live music, animation, and manga, which has attracted new users.

Approx.  
23.50 million  
(units and downloads)

Full Game total



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## Like a Dragon Series

*Like a Dragon*, a dramatic adventure game series created in 2005 for adults tired of playing traditional video games to truly enjoy, offers a full-fledged crime suspense experience that follows the encounters and partings between the main characters and a wide range of others, each with their own personalities, through incidents in the underworld. Set in an entertainment district and filled with a variety of adult play spots, this series has sold approx. 27.70 million units in total.

Approx.  
27.70 million  
(units and downloads)

Full Game total



©SEGA

## Hokuto No Ken Series

The original *Pachislot Hokuto No Ken* boasts the largest sales volume in the history of the pachislot & pachinko machines market, with a cumulative sales volume of about 620,000 units. The total sales number of pachislot & pachinko machines is approximately 3.15 million, and the total number of Full Game total, F2P titles, and amusement machines amounts to 5.80 million (units/DL), making it a huge IP. *Smart Pachislot Hokuto No Ken* was introduced in 2023, and it has become a major hit.

Pachislot & Pachinko Machines  
Approx. 3.15 million  
(units)

Full Game total, F2P, and  
amusement machines

More than 5.80 million  
(units and downloads)



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## Extensive IP Portfolio



SONIC X SHADOW GENERATIONS  
©SEGA



Persona 3 Reload  
©ATLUS. ©SEGA



Angry Birds 2  
©Rovio Entertainment Ltd



Persona5: The Phantom X  
©[2024] Perfect World Adapted from Persona5 ©ATLUS. ©SEGA.



UFO CATCHER 10  
©SEGA



CS/PC game



Mobile



AM&TOY

IP



Animation



License



Pachislot & Pachinko Machines



Sonic the Hedgehog 2  
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Like a Dragon: Yakuza  
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Smart Pachislot Hokuto No Ken  
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Pachislot Kabaneri of the Iron Fortress  
©Kabaneri Committee ©Sammy

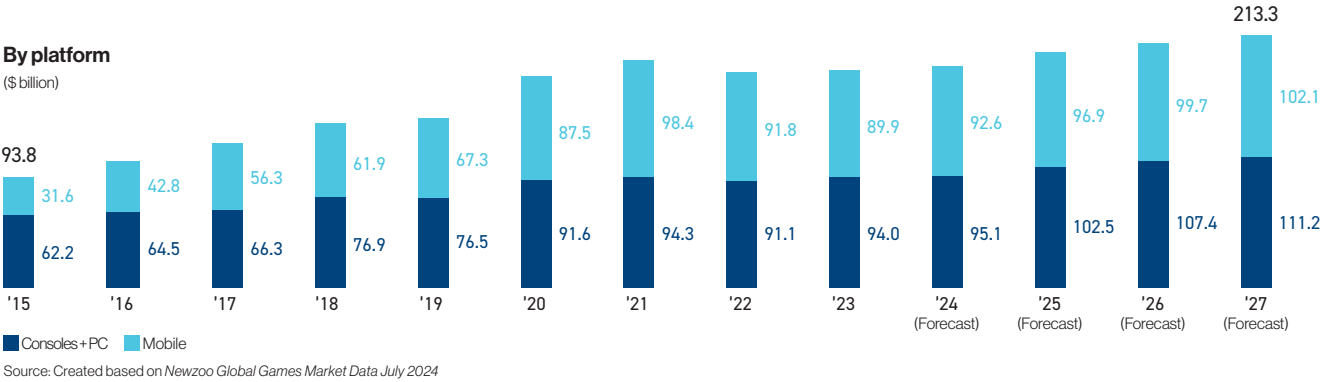
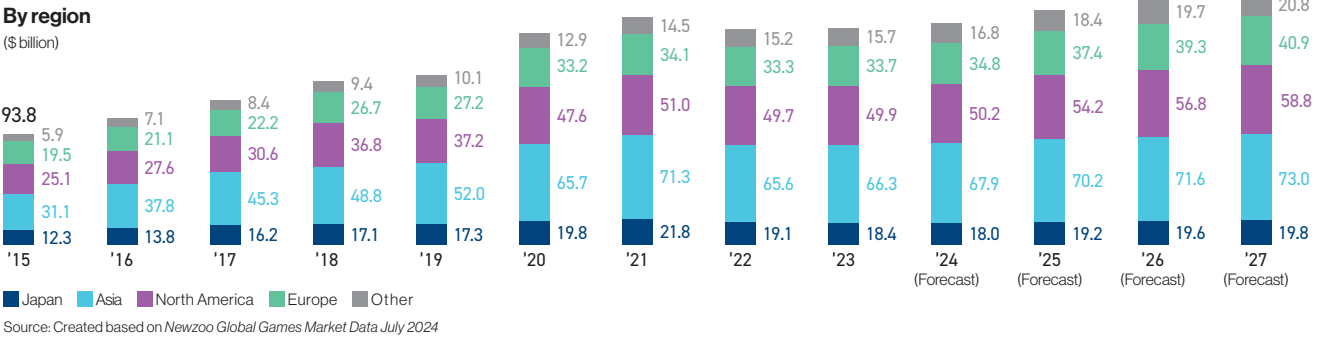
# External Environment (Risks and Opportunities)

## Market Environment

### Entertainment Contents Business

Given that the global video game content market is becoming more diversified in terms of content delivery methods, and the 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. 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.

#### Video Game Content Market Size

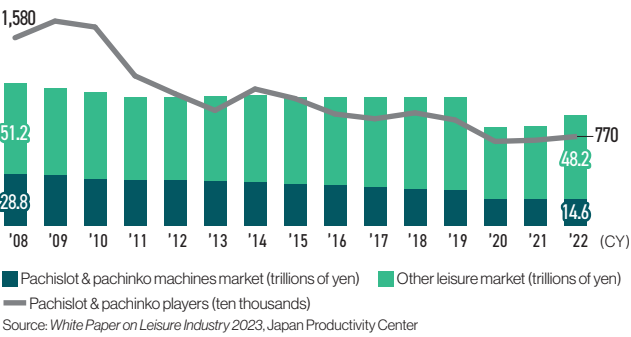


Risks and Countermeasures	Risks	Countermeasures
	<ul style="list-style-type: none"><li>Intensifying competitive environment due to the emergence of high-quality titles and titles using leading IP in the Consumer area</li><li>Possible reduced willingness of facility operators to invest capital due to changes in personal consumption trends and needs in the field of Amusement Machine area</li><li>Generation of surplus inventory in home video game software, etc., when new products cannot be launched during the sales season</li></ul>	<ul style="list-style-type: none"><li>Optimizing the scale of new title launches and the number of titles under operation</li><li>Enhancing IP value through transmedia strategy</li><li>Concentration of resources on prize machines with high investment efficiency</li><li>Enhanced inventory management and digital sales</li></ul>
Opportunities and Initiatives	Opportunities	Initiatives to maximize opportunities
	<ul style="list-style-type: none"><li>Continued growth of the video game content market: Diversification of forms of content provision and the emergence of markets through the growth of emerging economies will create an environment that will enable us to secure earnings over the long term.</li></ul>	<ul style="list-style-type: none"><li>Further expansion of major IPs through transmedia strategy</li><li>Investments to strengthen development and product capabilities</li></ul>

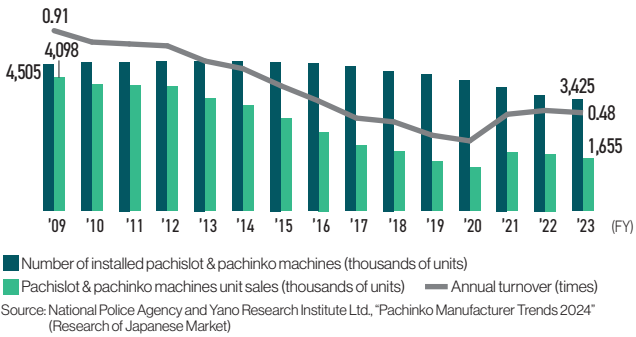
### Pachislot & Pachinko Machines Business

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 number of machines installed per pachinko hall is on the rise due to increasing sizes of pachinko halls and other factors. As for utilization status, although it has not reached the pre-COVID-19 pandemic level, the pachislot machine market is currently on the road to recovery due to strong smart pachislot performance, and the pachinko market is also expected to recover in the future with the introduction of new hit models of smart pachinko and machines with lucky triggers.

#### Market Sizes and Number of Pachislot & Pachinko Players

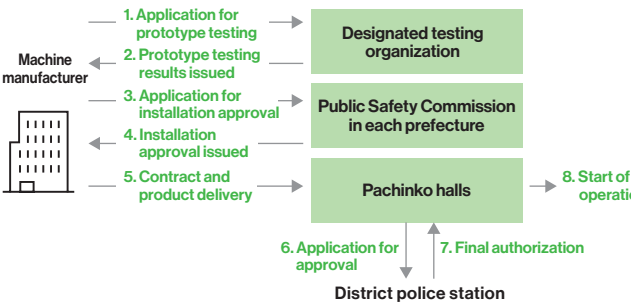


#### Pachislot & Pachinko Machines: Number of Installed Machines, Unit Sales, and Annual Turnover

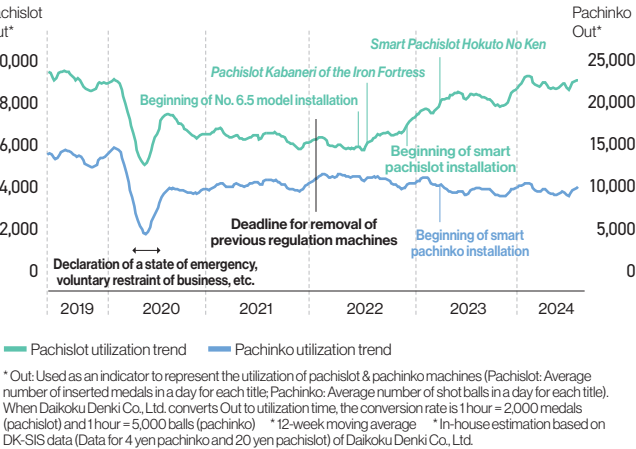


#### Pachislot & Pachinko Machines Approval Process

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



#### Utilization Trends of the Whole Market (Pachislot & Pachinko)



Explanation

Smart pachislot & pachinko machines are the next generation of machines that lend and play with electronic medals and balls instead of physical medals and balls, and are expected to contribute to reducing the burden on pachinko halls of transporting and cleaning medals and balls, as well as reducing power consumption. The new generation of machines is expected to bring many benefits, including the elimination of cheating and the improvement of gameplay and the game environment for users. Further, since payout information, etc. are managed by the machine information center, it is expected to serve as a countermeasure against addiction.

Risks and countermeasures

Risks

Countermeasures

Opportunities and initiatives

Opportunities

Initiatives to maximize opportunities



# Internal Challenges

## Strengthening the Business Portfolio

### Profit structure issues in core businesses

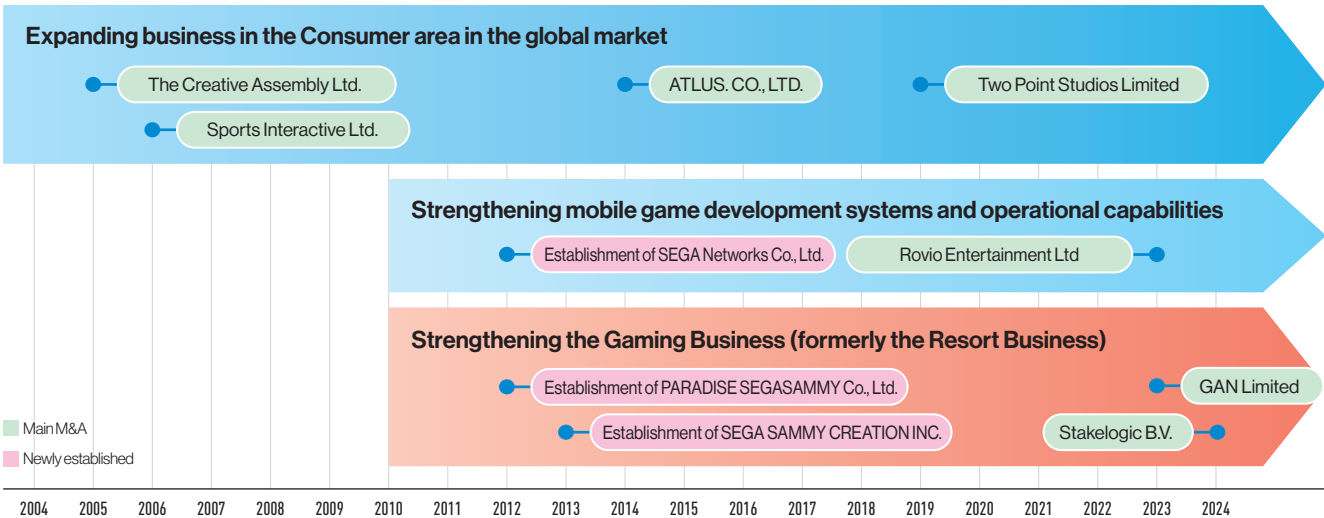
The Group positions the Entertainment Contents Business and the Gaming Business as growth businesses and the Pachislot & Pachinko Machines Business as a base business that secures stable earnings. Reducing volatility in business performance is a key issue, given the business characteristics that are dependent on the presence of hits and the regulatory environment. In the Entertainment Contents Business, we expect sales to grow by further promoting the expansion of existing IPs, which we have been working on, through the transmedia strategy. At the same time, over the long term, we will continue to improve profitability through higher ROIC. The Pachislot & Pachinko Machines Business has built a stable profit-generating structure by improving business efficiency, but as the market continues to shrink, it is necessary to transform itself into a business model that achieves growth for both the industry as a whole and for the Company. In the Gaming Business, in addition to establishing a business foundation as soon as possible through the steady completion of the GAN Limited and Stakelogic B.V. acquisitions and other goals, our key issue is to grow earnings by strengthening existing businesses.

Operating income (loss) and operating income margin by segment >>> P.51

### Investments to expand and strengthen the Group

In addition to the console and PC gaming segments of the Consumer area, the Group has recently executed M&As to expand its business, including global mobile games, and invested in Gaming Business M&As as well as in order to develop new future revenue bases. On the other hand, we recognized that strengthening the management and operational structure of overseas studios, which was the cause of deteriorating profitability at our European studios in the previous fiscal year, was a key issue. In addition to reviewing their product lineup, optimizing fixed costs, and improving investment efficiency, we also reviewed their development and sales structure and management system. We will continue to strengthen governance over our overseas studios, as well as strengthen hub human capital that connect Japan and overseas offices.

#### Strengthening the business portfolio



## Adaptability to Capture Changes and Needs

In these days of diversifying lifestyles and rapidly advancing technology, all of our businesses need to enhance their marketing and business-building capabilities to detect potential needs in order to create captivating experiences and meet the needs of various customers.

In the Entertainment Contents Business, we will leverage our broad business portfolio to increase user engagement and improve the profitability of games, our core business, by strategically rolling out IPs in various business fields through our transmedia strategy. In the Pachislot & Pachinko Machines Business, we aim to strengthen and stabilize our earnings base by planning and developing products based on market analysis and hypothesis testing to identify targets and needs, as well as by creating products that meet the needs of users and markets through our unique test-shoot evaluation system that provides more user-oriented evaluations and other means.

## Strengthening Relationships with External Partners

In order to further promote SEGA's transmedia strategy, it is important not only to deepen win-win relationships with current partners, including major platform providers, but also to build relationships with new partners. We will further expand our transmedia strategy by combining the relationships we have built with various partners for each project, including Sonic movies, with SEGA's brand power and rich IP assets. We will also expand business opportunities with new partners by building on these transmedia success stories.

In the Pachislot & Pachinko Machines Business, we will also continue to strengthen relationships with other companies in the industry, IP holders, and pachinko halls by investing in acquiring leading IPs, actively utilizing acquired IPs, providing industry common platforms, and developing cabinets to help reduce costs for both manufacturers and pachinko halls.



## Group-wide Human Resources Strategy

In order for versatile human capital with unique ideas to move toward the future in the same direction, we need to share values throughout the Group and strengthen mechanisms to encourage greater collaboration among different businesses. The SEGA SAMMY Group's overall human resources strategy, HCDGs, sets the Mission Pyramid as the common absolute axis and promotes its penetration through various measures. Furthermore, each of our businesses has formulated its own human resources strategy that defines its ideal state and priority issues toward achieving its goals, and is working to strengthen its human capital.

Human Resources Strategy >>> P.56