

The goal of the new medium-term plan is to go *Beyond the Status Quo*. We are aiming to break out of the current situation and become a truly sustainable corporate group. As quantitative goals for the plan, we have set a target of ordinary income of ¥45.0 billion and ROE of over 10% in the fiscal year ending March 2024.

# GOAL Beyond the Status Quo

Breaking the Current Situation and Becoming a Sustainable Company

FY2024/3: Ordinary income **¥45.0 billion**, ROE over **10%**



## Strategic Framework

In terms of growth investment, we will focus management resources mainly on the Consumer area and expand the scale of earnings by strengthening the global branding of existing IPs.

Our initiatives will include expanding touch points with users such as by the multiplatform deployment of content and simultaneous worldwide release, prolonging product life cycles by remastering and remaking IPs and other measures, and strengthening user engagement through a mix of media. Over the long run, we aim to

create "Super Games" that can bring in sales of ¥100.0 billion over their lifetimes.

In the Pachislot and Pachinko Machines Business, we are aiming to boost market share by creating machines from a user-centric perspective and optimizing the product lineup, while also working to improve business efficiency and ensure stable earnings.

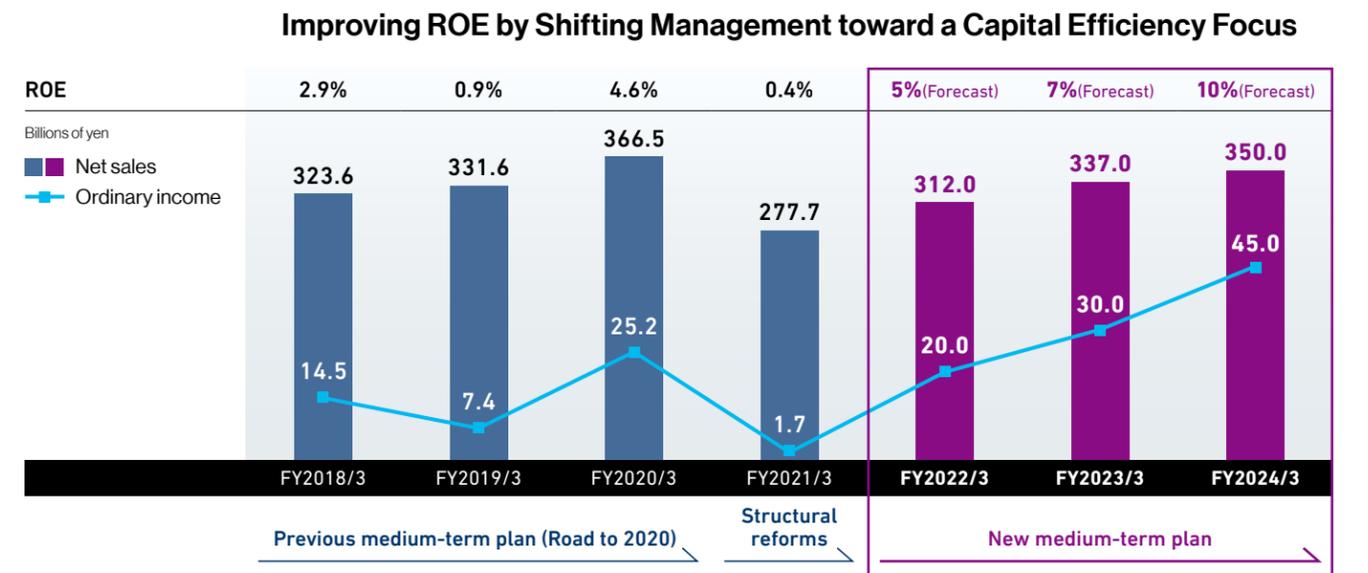
In the integrated resort (IR) business, we will continue to pursue the possibility of acquiring certification as an IR business operator.



## Quantitative Goals

We will improve ROE by shifting management toward a focus on capital efficiency. We had been maintaining a substantial equity capital buffer preparing for entry into the domestic IR business,

which meant holding down financial leverage. Going forward, we will optimize the capital structure, shift to a policy of proactive investment, and target an ROE of over 10%.



## Breakdown by Segment

We aim to achieve further growth in the Entertainment Contents Business, targeting ¥40.0 billion in ordinary income in the fiscal year ending March 2024. In the Pachislot and Pachinko Machines Business, we will build a business structure that can steadily generate

ordinary income at a level of around ¥10.0 billion over three years. The Resort Business will target the fastest possible return to profitability once the COVID-19 pandemic subsides.

|                                 |                        | FY2021/3 (Results) | FY2022/3 (Forecast) | FY2023/3 (Forecast) | FY2024/3 (Forecast) |
|---------------------------------|------------------------|--------------------|---------------------|---------------------|---------------------|
| Entertainment Contents          | Net sales              | 217.8              | 213.0               | 238.0               | 242.0               |
|                                 | Operating income       | 27.9               | 23.0                | 28.5                | 39.0                |
|                                 | <b>Ordinary income</b> | <b>27.9</b>        | <b>25.0</b>         | <b>30.0</b>         | <b>40.0</b>         |
| Pachislot and Pachinko Machines | Net sales              | 53.1               | 89.0                | 88.0                | 96.0                |
|                                 | Operating income       | -10.6              | 9.0                 | 9.0                 | 13.0                |
|                                 | <b>Ordinary income</b> | <b>-11.3</b>       | <b>9.0</b>          | <b>9.0</b>          | <b>13.0</b>         |
| Resort                          | Net sales              | 6.3                | 9.5                 | 10.5                | 10.5                |
|                                 | Operating income       | -4.1               | -3.0                | -1.5                | -1.3                |
|                                 | <b>Ordinary income</b> | <b>-8.9</b>        | <b>-5.0</b>         | <b>0</b>            | <b>1.0</b>          |
| Other and eliminations          | Net sales              | 0.5                | 0.5                 | 0.5                 | 1.5                 |
|                                 | Operating income       | -6.7               | -9.0                | -9.0                | -8.7                |
|                                 | <b>Ordinary income</b> | <b>-6.0</b>        | <b>-9.0</b>         | <b>-9.0</b>         | <b>-9.0</b>         |
| Consolidated                    | Net sales              | 277.7              | 312.0               | 337.0               | 350.0               |
|                                 | Operating income       | 6.5                | 20.0                | 27.0                | 42.0                |
|                                 | <b>Ordinary income</b> | <b>1.7</b>         | <b>20.0</b>         | <b>30.0</b>         | <b>45.0</b>         |
|                                 | <b>ROE</b>             | <b>0.4%</b>        | <b>5%</b>           | <b>7%</b>           | <b>10%</b>          |

## Goals and Strategies for the Entertainment Contents Business

In the Entertainment Contents Business, we have positioned the Consumer area as a growth area for the Group. Over the period of the new medium-term plan, we will expand the scale of earnings by digging deeper into existing IPs and developing them globally. We are also striving to create “Super Games,” major titles that scale globally, by the fiscal year ending March 2026.

Moreover, we will augment development resources in Japan and overseas and actively seek out acquisition opportunities. We will also continue to invest in startups and other ventures. In the Consumer area, we plan additional investments of ¥100.0 billion over the next five years.

### Long-Term Goals

#### Becoming a Global Leading Contents Provider



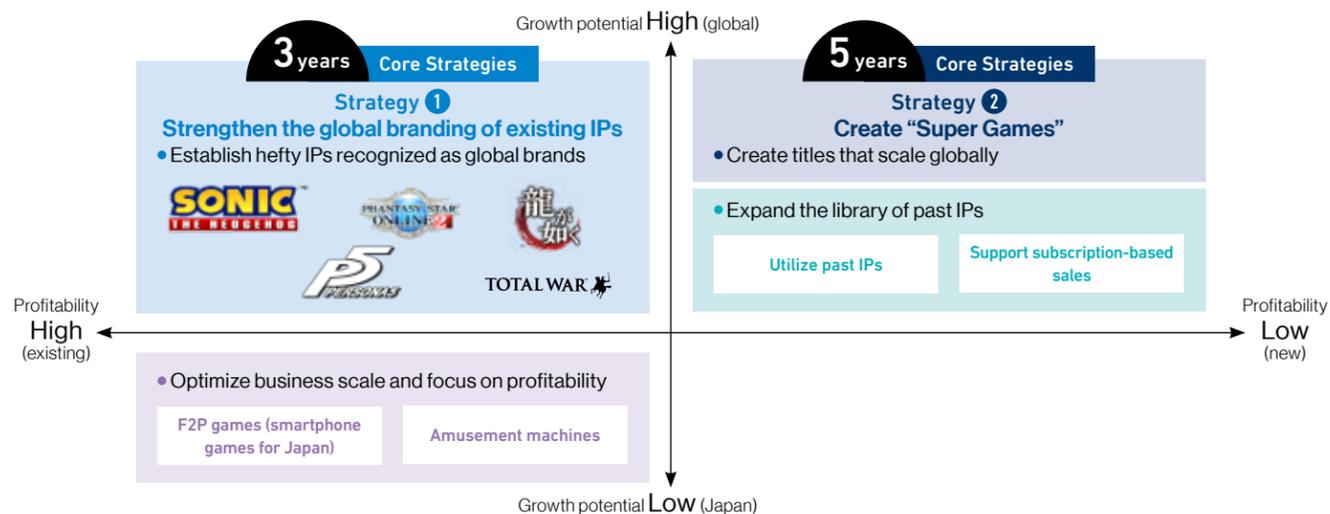
\* For more information, see pages 28-33.

**Proactive growth investment**  
(additional investments of up to ¥100.0 billion over five years)

### Strategic Portfolio

The core strategies of the new medium-term plan center around digging deeper into key existing IPs like *Sonic*, *PHANTASY STAR*, *YAKUZA (Ryu ga Gotoku)*, *Persona*, and *Total War* and offering these to global markets. We are also taking up the challenge of “Super Games” within five years. Also, given our large pool of IPs that enjoy strong global recognition, we will actively leverage past IPs and further develop them, that is, by means of remasters, remakes, reboots, etc.

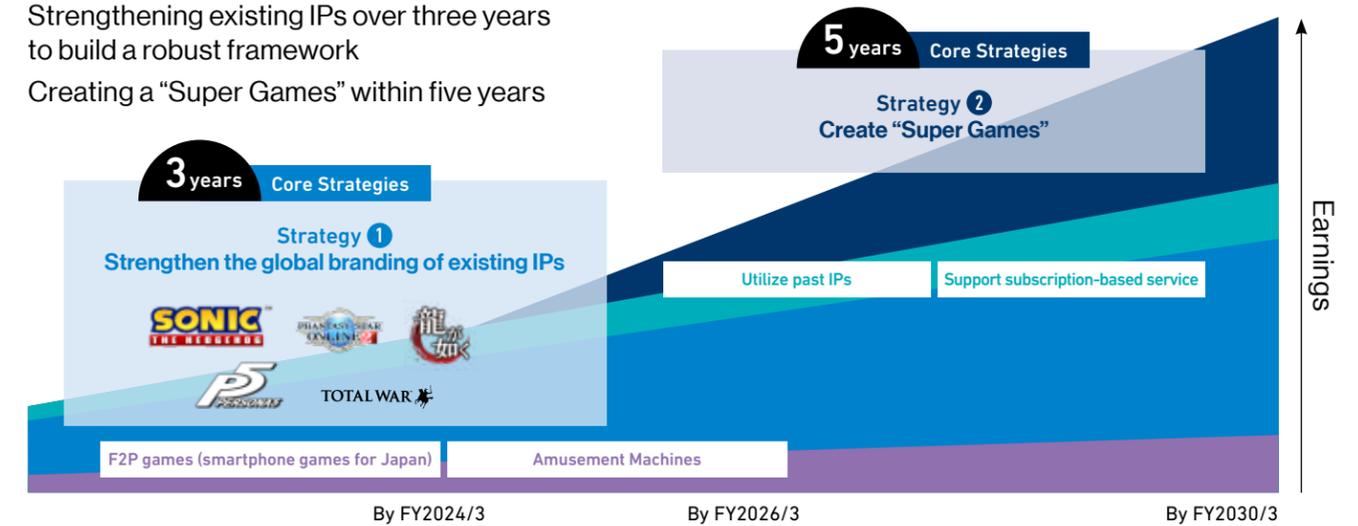
Meanwhile, in Japan, we will cultivate the F2P games (smartphone games) in domestic market and amusement machines into businesses that can secure stable earnings. We will select titles that have done well domestically and use these to target overseas markets as well.



## Visualized Earnings Growth

Strengthening existing IPs over three years to build a robust framework

Creating a “Super Games” within five years



### Strategy 1 Strengthen the global branding of existing IPs 3 years Core Strategies

#### Growing mainstay IPs into global brands



### Strategy 2 Create “Super Games” 5 years Core Strategies

#### Taking on the challenge of creating major global titles



Target lifetime sales of ¥100.0 billion

## Goals and Strategies for the Pachislot and Pachinko Machines Business

In the Pachislot and Pachinko Machines Business, our aim is to build a stable earnings structure, becoming number one in total utilization of pachislot and pachinko machines by the fiscal year ending March 2024.

Although the pachislot and pachinko machine market as a whole is facing a shrinking number of pachinko halls, the overall number of installed machines has remained at a certain level owing to growth in the number of large halls. We believe there is ample room to ensure profits in this business by increasing machine turnover rates. We will heighten our focus on gaining market share, aiming to become the market leader in terms of sales and utilization as well as installation.

We will also focus both on boosting development efficiency and on achieving greater business efficiency through cost improvements to build a stable earnings structure.

### Long-Term Goals

No. 1 in sales and utilization share

Build a stable earnings structure



### Create Hits

We will revise the product lineup, which in recent years was weighted toward new IPs, and create machines from a thoroughly user-centric perspective. We will organize the lineup around series machines that offer greater hit potential. We will also actively explore reviving past hits while being highly selective about new IPs. Furthermore, we will

enhance media functions to reach out to users with various announcements. We will also take advantage of the relaxing of industry self-regulation banning TV advertising, carrying out a wide range of marketing including TV ads and digital media.

#### 1 Revising the product lineup

- Optimizing the product lineup (centered on series machines)
- Revivals of past IPs
- Rigorous screening and selection of new IPs

#### 2 Increasing hit potential

- Creating machines from a user-centric perspective
- Deeper user analysis by attribute

#### 3 Enhancing media functions

- Expanding communication with users through digital media

## Improving Business Efficiency

To achieve greater efficiency in development, we will work to incorporate common visual images and other production elements for both pachislot and pachinko machines. We will also develop derivative titles, such as spec changes. Apart from further standardizing components, we will continue to pursue cost improvements, such as holding

down excess inventory by optimizing first-lot production. We will step up digital transformation initiatives, focusing on expanding online sales support launched for pachislot machines to pachinko machines as well.

#### 1 Boost development efficiency

- Use common visual images for pachislot and pachinko machines
- Expand derivative titles, such as spec changes
- Rationalize visual production

#### 2 Cost improvements

- Promote introduction of standardized components between pachislot and pachinko machines
- Hold down excess inventory by optimizing first-lot production (medium to long-term target: zero excess inventory)

#### 3 Promote online commerce

- Expand online sales support to pachinko machines

## Goals and Strategies for the Resort Business

Due to the decision by the city of Yokohama to call off the process for selecting business operators for its planned integrated resort (IR) project, the Group has been compelled to reconsider its domestic IR strategy, but will continue to identify opportunities for entry into this business. In other operations, both *PARADISE CITY* and *Phoenix Seagaia Resort* expect recovery in demand going forward and will work to steadily secure earnings.

### Long-Term Goals

Aim for participation in IR

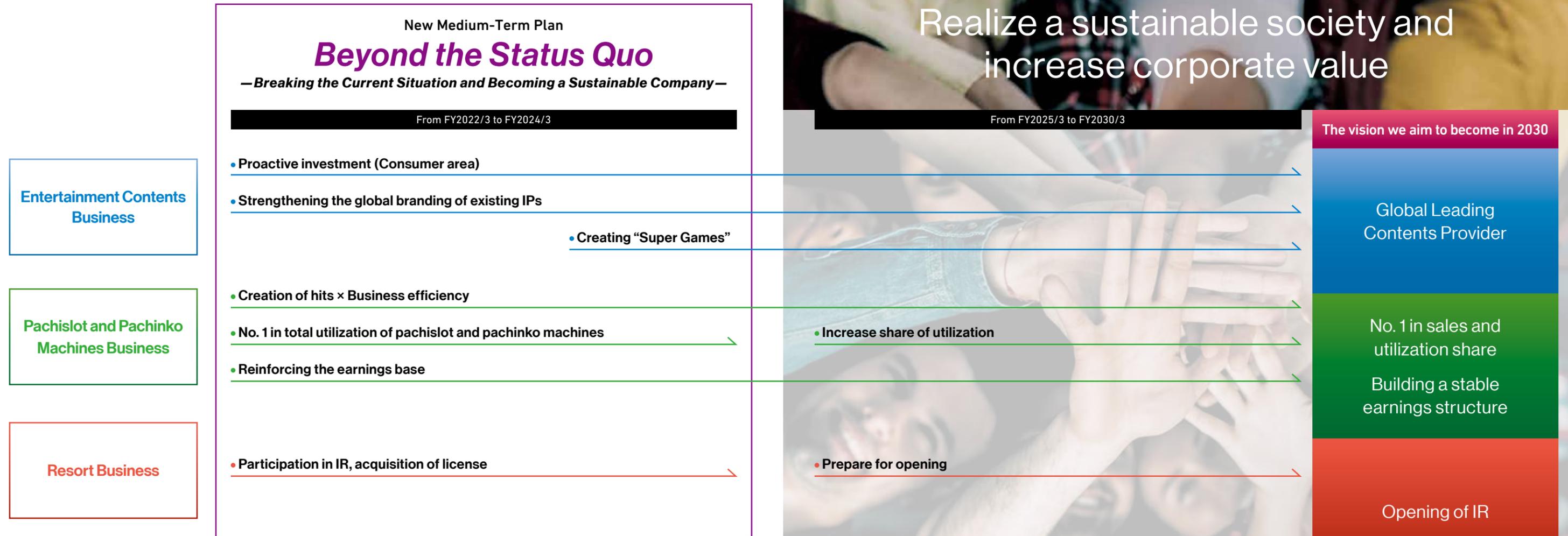
Achieve highly transparent and sustainable IR

### Process Leading up to IR Launch



## Medium to Long-Term Map

To achieve our vision for the Group in 2030, we are steadily implementing various measures under the slogan of the new medium-term plan: *Beyond the Status Quo—Breaking the Current Situation and Becoming a Sustainable Company—*.



- From FY2022/3 to FY2026/3
- Financial strategies for maximizing corporate value For more information, see page 20.
  - Efforts to address material issues (materiality) that make up the foundation of sustainability For more information, see page 46.



Realize a sustainable society and increase corporate value