

March 25, 2021

(Translation)

Dear Sirs or Madams,

Name of Company: SEGA SAMMY HOLDINGS INC.  
Name of Representative: Haruki Satomi,  
President and Group COO  
Representative Director

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Yoichi Owaki,  
Senior Vice President,  
Executive Officer  
Managing Director of  
Finance & Accounting Division  
(TEL: 03-6864-2400)

#### Notice of Transfer of Consolidated Subsidiary (Transfer of Shares)

SEGA SAMMY HOLDINGS Inc. (the Company) resolved to transfer all shares of Sega Amusements International Limited (SAI) held by SEGA CORPORATION (SOJ), a consolidated subsidiary of the Company, to KAIZEN ENTERTAINMENT LIMITED (KAIZEN) at the Board of Directors meeting held on March 25, 2021.

As a result of the transfer of shares, SAI will be excluded from the scope of consolidation.

#### Description

##### 1. Reasons for transfer of consolidated subsidiary (transfer of shares)

In light of the situation that many of our Group's business are significantly affected by COVID-19, in order to reform our organizational structure to adapt to the external environment and we are continuing our effort to review the balance sheet for non-business properties, build an organizational structure that can adapt to changes in the market environment, reduce costs centered on group-wide fixed expenses and others.

Sales of amusement machines in the U.S. and Europe declined significantly as it is strongly affected by COVID-19 and recorded losses as of 3Q of the fiscal year ending March 31, 2021. In addition, the situation remains uncertain due to the factors such as the continuation of lockdown in the United Kingdom and others.

We have been considering various options in order to respond flexibly and efficiently to these changes in business environment and within this process, we have been discussing transfer of SAI shares to KAIZEN, the newly established company by Paul Williams, SAI's current CEO, in the MBO method and have decided to conclude the share transfer agreement at the Board of Directors meeting held today.

As for amusement machine sales in the U.S. and Europe territories, the Company Group will change the business scheme to grant the right to use Sega brand to SAI.

## 2. Overview of the subsidiary to be transferred

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(1) Name	Sega Amusements International Limited		
(2) Location	42, Barwell Business Park, Leatherhead Road, Chessington, Surrey, KT9 2NY, UK		
(3) Job Title/Name of Representative	Paul Williams, CEO		
(4) Details of business	Import, sales and manufacture of amusement machines		
(5) Capital stock	25 million pounds (5,090 million yen (Note 1))		
(6) Date of establishment	March 31, 1983		
(7) Major shareholders and share ratio	SEGA CORPORATION (100%)		
(8) Relationship between a listed company and the company concerned	Capital relationship	SOJ, a consolidated subsidiary of the Company, owns 100% of shares of the company concerned.	
	Personal relationships	Directors and employees of the Company's consolidated subsidiaries also serve as executive officers and directors of the company concerned. Employees of the Company's consolidated subsidiaries are seconded to the company concerned.	
	Business relationship	SOJ is providing loans to the company concerned.	
	Relevant Status to Relevant Party	The company concerned is a consolidated subsidiary of the Company and qualifies as a relevant party.	
(9) Operating and financial result of the concerned company for the last three years (Unit: thousand pound (million yen (Note 2)))			
Fiscal year end	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal Year Ended March 31, 2020
Net assets	15,699 (2,338)	16,902 (2,444)	18,570 (2,486)
Total assets	22,240 (3,312)	23,346 (3,376)	26,507 (3,549)
Net assets per share (Pounds (Yen))	0.01 (0.9)	0.01 (0.9)	0.01 (1.0)
Sales	27,021 (3,978)	28,951 (4,215)	30,669 (4,247)
Operating income	1,519 (223)	1,447 (210)	1,832 (253)
Ordinary income	896 (132)	1,608 (234)	1,931 (267)
Net income	631 (93)	1,203 (175)	1,667 (230)
Earnings per share (JPY)	0.00 (0.0)	0.00 (0.1)	0.00 (0.1)

(Note 1): Exchange rates to yen are based on the rates when the Company acquired company concerned.

(Note 2): Exchange rates to yen are based on the rate at the fiscal year end and average rate of the fiscal year of the respective accounting periods.

### 3. Overview of the counterparty to the transfer the shares

(1) Name	KAIZEN ENTERTAINMENT LIMITED	
(2) Location	42 Barwell Business Park, Leatherhead Road, Chessington, Surrey, England, KT9 2NY	
(3) Job Title/Name of Representative	Paul Williams, Director	
(4) Details of business	Manufacture of professional games, arcade games, and toys	
(5) Capital stock	1 pound	
(6) Date of establishment	December 10, 2020	
(7) Major shareholders and share ratio	Paul Williams 100%	
(8) Relationship between a listed company and the company concerned	Capital relationship	There is no capital relationship between the Company and the company concerned.
	Personal relationships	It is a private company established by the CEO of SAI, a consolidated subsidiary of the Company, and he concurrently assumes director of the company.
	Business relationship	There is no business relationship between the Company and the concerned company.
	Relevant Status to Relevant Party	The company concerned does not qualify as a relevant party of the Company.

(Note 3): As KAIZEN was established on December 2020, there is no financial results of previous fiscal year. Thus, we exclude the information of Net assets and Total assets of KAIZEN.

### 4. Number of shares to be transferred, transfer value, and the status of the shares owned before and after transfer

(1) Shares owned prior to the transfer	2,597,282,301 shares (Note 4) (Percentage of voting rights holding: 100%)
(2) Number of shares to be transferred	2,597,282,301 shares (Note 4)
(3) Transfer value	Transfer price is not disclosed due to the intention of transferee. Transfer value is determined through negotiations with the equity transferee based on the earning forecast of SAI and the result of analysis by a third-party and other, and is recognized as a fair value.
(4) Shares owned after the transfer	0 shares (Percentage of voting rights holding: 0%)

(Note 4) The number of shares as of the time of resolution at the Board of Directors meeting are 2,597,282,300 shares, but the Company plans to transfer the share with issuing one new share after the resolution.

### 5. Schedule of transfer

(1) Date of resolution at the Board of Directors meeting	March 25, 2021
(2) Execution date of agreement	March 30, 2021 (planned)
(3) Implementation date of share transfer	March 30, 2021 (planned)

## 6. Forecast

In conjunction with this transfer, the Company expects to record extraordinary losses (structural reform expenses) at the fiscal year ending March 2021, but this is factored into the revised operating results forecast for the fiscal year ending March 2021 released on February 12, 2021.

(Reference) Consolidated operating results forecast for the fiscal year ending March 2021 (Announced on February 12, 2021) and Consolidated results for the previous fiscal year

(Unit: million yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of parent
Consolidated operating results forecast for the current fiscal year (Fiscal year ending March 2021)	276,000	9,000	7,000	(3,000)
Consolidated operating results for the previous fiscal year (Fiscal year ended March 2020)	366,594	27,643	25,296	13,775

\*The operating results forecasts contained in this document are made based on information available as of the date of publication of this document. Actual results may differ from the projected figures due to various factors going forward.

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