

May 13, 2021

(Translation)

Dear Sirs or Madams,

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

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

Further Inquiry: Makoto Takahashi,
Senior Vice President,
Executive Officer,
Managing Director of
Corporate Planning Division
(TEL: 03-6864-2400)

Regarding the Revision of Stock Compensation Program with Restriction of Transfer

SEGA SAMMY HOLDINGS INC. ("the Company") hereby notifies that it has reviewed the director's compensation program at the Board of Directors meeting held on May 13, 2021 and resolved to propose a resolution requesting approval of revision of the stock compensation program with restriction of transfer ("Program") at the Company's 17th Annual General Meeting of Shareholders scheduled to be held on June 24, 2021 ("AGM").

Description

1. Reason for revision of the Program

This program was introduced with the aim of providing the Company's Director of the Board (excluding external Director of the Board, "Eligible Directors") the incentives to sustainably improve the corporate value of the Company and to promote value sharing between the Eligible Directors and shareholders at the 15th Annual General Meeting of Shareholders held on June 21, 2019. Provision of the total amount of monetary compensation receivables required and the total number of the Company's common stock to be issued or disposed of by the Company for grant of those stocks with restriction of transfer were approved as not to exceed 0.3 billion yen per year and 300,000 stocks per year, respectively.

The Company has decided to partially revise the program with the aim of further matching the long-term benefits with our shareholders and to link the compensations of our Director of the Board with the Medium-Term Plan (from fiscal year ending March 31, 2022 to fiscal year ending March 31, 2024) ("Mid-Term Plan") of SEGA SAMMY Group announced on May 13, 2021 which was established to improve our corporate value over the medium to long term.

If the resolution for the revision of this program is approved at the AGM as proposed, we plan to introduce a program similar to this to our executive officers and the Director of the Board and executive officers ("Officers, etc. of Group Companies") of some of our group companies excluding the Company.

2. Conditions of revision to the Program

Revision to the Program are subject to shareholders approval at the AGM.

3. Outline of the Program after the revision

The Program is a program under which the Company allocates its common stocks to the Eligible Directors in accordance with the resolution of its Board of Directors meeting, by providing monetary compensation receivables within the annual amount described above for grant of stocks with restriction of transfer to them and make them contribute all of those monetary compensation receivables as assets

for contribution in kind, and to attach the restriction of transfer for certain period of time and reason for free acquisition to the allocated stocks.

Specifically, stocks with restriction of transfer consists of "continuous service based stocks with restriction of transfer" (current program), in which the number of stocks to be released from restriction of transfer is determined on the condition that the Eligible Directors act as Director of the Board of the Company for a certain period of time, and "performance-based stocks with restriction of transfer" (the program to be added in this revision), in which the number of stocks to be released from restriction of transfer is determined based on the length of service as the Director of the Board of the Company, etc. and the degree of achievement of the business performance targets in our Mid-Term Plan.

(1) Total amount of monetary compensation receivable and total number of stocks with restriction of transfer to be granted to Eligible Directors

The total amount of monetary compensation receivables to be granted to Eligible Directors and the total number of common stocks to be issued or disposed of by the Company based on this program shall not exceed 0.3 billion yen and 300,000 stocks per year (Note), respectively, as approved at the 15th Annual General Meeting of Shareholders held on June 21, 2019.

(NOTE) In the event that the Company engages in a stock split, reverse stock split, or other actions that may affect the value of its common stock per share, effective on or after the date of the resolution at this AGM, it will reasonably adjust the upper limit of total number of shares of its common stock to be issued or disposed of after taking the stock split ratio, reverse stock split ratio, and other factors into account.

(2) Amount to be paid in for stocks with restriction of transfer

The amount to be paid in per one stock of the Company's common stocks to be issued or disposed of for the Eligible Directors under the Program will be determined based on the closing price of the common stocks of the Company quoted at the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the Board of Directors meeting of the Company regarding the issue or disposal (if no trading take place on such day, then the closing price on the most recent trading day prior to that date). The determined amount must be in the range that would not be particularly beneficial to the Eligible Directors who will be allocated such common stocks.

(3) Provision of monetary receivables and contribution in kind

The Company will provide each of the Eligible Directors a monetary compensation receivable in an amount equivalent to the amount to be paid in for the common stocks of the Company to be issued or disposed of. The Eligible Directors will contribute all of such monetary compensation receivables as assets for contribution in kind and will receive such common stocks in return.

(4) Execution of agreement on allocation of stocks with restriction for transfer

For the issuance or disposition of the Company's common stocks under the Program, an agreement on allocation of stocks with restriction of transfer, which includes the following terms, will be executed between the Company and the Eligible Directors.

- i. For a certain period of time, the Eligible Directors may not transfer, create security interest over or otherwise dispose of the common stocks of the Company issued or disposed of under the Program.
- ii. If certain event(s) occur(s), the Company shall acquire all or portion of such common stocks without charge.

(Reference: Policies in this Mid-Term Plan)

(1) Allocation decision policy

Within the range of monetary compensation receivables and allocated stocks listed below, Board of Directors meeting of the Company will determine the ratio of fixed compensation for a single fiscal year, performance-based bonuses for a single fiscal year, and stock compensation with restriction of transfer at the time the Mid-Term Plan is achieved to be approximately 1:1:1. In addition, the ratio of continuous service based stocks with restriction of transfer and performance-based stocks with restriction of transfer in the current Mid-Term Plan is expected to be approximately 1:3.

(2) Upper limit for the number of monetary compensation receivables and allocated stocks

Eligible person	Number of	Monetary	Common stocks
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	people	compensation receivables	
Eligible Directors	4 people (Note 1)	Within 0.3 billion yen (as before)	Up to 300,000 stocks (as before)
Executive Officers of the Company Officers, etc. of Group Companies	49 people (Note 2)	Within 0.7 billion yen	Up to 700,000 stocks

Note 1: This number is based on the number if the candidates for Director of the Board announced on May 13, 2021 are appointed at the AGM.

Note 2: This is the number as of May 1, 2021.

(3) Outline by Conditions

	Continuous service based (as before)	Performance-based (additional model)
(1) Restricted period of transfer	Period determined by the Board of Directors meeting of the company for 3-10 years from allocation	Until the AGM of the Company after the completion of the Medium-Term Plan
(2) Basic requirements for release	Continuous service for the period specified in (1)	Continuous service for the period specified in (1) and the degree of achievement of ROE at the end of the fiscal year ending March 31, 2024
(3) Basic conditions of allocation	Assume the post of Eligible Directors at the time of allocation of stocks	Assume the post of the Eligible Directors, executive officers of the Company or Officers, etc. of Group Companies on the allocation date of the first year of the Mid-Term Plan.

(4) Details of performance-based conditions

ROE criteria As of end of the fiscal year ending March 31, 2024	Release rate Eligible Directors and Executive officers of the Company	Release rate (Note) Officers, etc. of Group Companies
10% or more	100%	80%-100%
8% or more, less than 10%	50%	30-50%
Less than 8%	0%	0-25%

NOTE : For Officers, etc. of Group Companies, in addition to the consolidated ROE criteria, KPIs (ordinary income, ROIC, etc.) for each company are set, and will determine the release rate after individual evaluations.

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