

Latest update: June 23, 2022
Sega Sammy Holdings Inc.
Haruki Satomi,
President and Group CEO (Representative Director)
Contact: Internal Control Division: 03-6864-2034
Securities Code: 64600
<https://www.segasammy.co.jp/english/>

The status of Sega Sammy Holdings Inc. (the “Company”) corporate governance is as set forth below:

I. Basic Principles for Corporate Governance, Capital Composition, Corporate Attributes, and Other Basic Information

1. Basic Principles

The Company and the Group position corporate governance as the most important foundation for facilitating good corporate behavior. The Company and the Group uphold “improving efficiency,” “securing soundness,” and “enhancing transparency” of corporate management as its basic policy for corporate governance. On this basis, the Company and the Group make determinations on important management issues, including the appointment of director candidates, determining director and auditor remuneration, and management oversight.

Improving Efficiency

By establishing a prompt and appropriate decision-making process and improving the efficiency of corporate management, the Company aims to maximize its corporate value, thereby striving to provide appropriate returns to various stakeholders, including shareholders.

Securing Soundness

Amid significant changes in the business environment, to maximize the Company’s corporate value, the Company and the Group will appropriately recognize and manage the various risks surrounding the Company and the Group. The Company and the Group will strive to secure sound management by establishing a system (compliance system) to ensure compliance not just with laws and regulations, but with ethical standards and societal norms.

Enhancing Transparency

With the growing importance of information disclosure for companies, the Company and the Group will fulfill their accountability to all stakeholders, including shareholders, and further improve disclosure through proactive engagement in IR activities, thereby cultivating highly transparent management.

In addition, the Company and the Group view CSR activities as actions that help achieve both the Group’s sustainable value creation and the sustainable development of stakeholders and have established the Sustainability Promotion Division, so that the Company and the Group, as good corporate citizens, will be able to appropriately respond to a wide range of societal demands. The Company and the Group have also established the Group CSR & SDGs Policy, Group CSR Charter, Group Code of Conduct, and Group Management Policy to set the foundations for CSR activities; have revised and improved various internal rules, manuals, and other guidelines that directly regulate specific businesses; and have proactively developed CSR activities on the initiative of the Group as a whole to create positive relationships with our stakeholders.

[Reasons for Noncompliance with Principles Set Forth in the Corporate Governance Code]

The Company complies with all principles set forth in the revised version of Corporate Governance Code effective in June 2021.

[Disclosure in Accordance with Principles Set Forth in the Corporate Governance Code]

[Principle 1.4 Cross-shareholding]

The Company possesses shares for purposes other than investment only in cases in which the Company believes the possession thereof will enable business alliances, expand transactions, and will lead to an improvement in corporate value, thereby benefitting shareholders.

The Company periodically examines the economic rationale, future outlook, and other aspects regarding the possession of such shares at its Board of Directors meetings and discusses whether the future possession thereof is justifiable.

In general, the Company exercises the voting rights corresponding to such shares on all proposals based on whether adopting such proposals will contribute to the sustainable growth and mid-to-long-term corporate value enhancement of both the Company and the investee.

[Principle 1.7 Related Party Transactions]

In accordance with laws and regulations, the Company requires a resolution of a Board of Directors meeting to permit competitive or conflict of interest transactions with officers of the Company or with companies substantively controlled by any officer of the Company.

Transaction conditions, the policy for determining transaction conditions, and related matters are disclosed in the annual securities report and other documents.

If any officer of the Company, any company substantially controlled by any officer of the Company, or any major shareholder engages in transactions as a customer of the Company, the Company has established a scheme whereby the Company will not be subject to disadvantageous treatment.

Annual Securities Report (https://www.segasammy.co.jp/japanese/ir/library/printing_yuhou/)

[Supplementary Principle 2.4.1]

To achieve the Group's mission—Constantly Creating, Forever Captivating—the Company has declared its vision to be a Game Changer. This is a commitment to generate innovation in the face of various changes in the operating environment. In establishing the human resource foundations needed to make this vision reality, the Company will not proceed by setting individual targets for mid-career hires and foreign personnel and promoting mid-career hires to management positions. Instead, it will take the course of pursuing mission goals and sustainable corporate growth, by formulating and setting proprietary and measurable targets regarding the following:

① Multicultural talent: No. (ratio) of persons

Sega Corporation, the Group's main operating company, provides content and services that resonate with the world's three billion gamers. It has set the medium- to long-term goal of boosting overseas sales as a proportion of net sales. The Company already employs some 2,000 individuals at game development studios in different countries across the globe. It is vital that these overseas studio personnel and domestic Japanese personnel reach a common cultural understanding to develop the global business side by side. In addition, Sammy Corporation is seeking to venture into new business domains. In this connection, the recruitment and training of multicultural personnel at the Company, Sega Corporation, and Sammy Corporation (i.e., personnel with foreign language skills, experience living abroad, or foreign nationality) have been established as indicators.

② Female managers: No. (ratio) of persons

To respond to a rapidly changing market landscape and meet the needs of diverse users, and for "Constantly Creating, Forever Captivating," an environment in which people with ambition and ability can thrive regardless of gender is vital. To that end, the ratio of women in managerial posts at the Company, Sega Corporation, and Sammy Corporation has been established as an indicator.

③ Amount invested in education

In the VUCA era, when making predictions about the future is difficult and major changes in the environment occur daily, achieving sustainable corporate growth requires that each and every employee continuously hone their skills and give full play to their individuality. The Sega Sammy Group has

established the SS-College as a Groupwide cross-sectional educational institution offering programs for cultivating universal and newly required skills and for encouraging personnel to grow to become leaders in the Sega Sammy style. Depending on the category of the program, the programs have been formulated for selected or voluntary participants or for specific ranks. To further expand the functions of SS-College, nurture the Sega Sammy-style culture, and make this a source of competitive strength, the Company has established as an indicator the amounts invested in education for the development of the next generation of talent.

④ Workplace environment improvement (engagement score)

The Company believes that personnel with diverse values working together enthusiastically to realize the Group's mission will make the key contributions to Constantly Creating, Forever Captivating. With the aim of engaging personnel (i.e., human capital) based on the mission to which the Group aspires, the engagement score at each major domestic Group company has been established as another indicator.

Note that the above indicators are disclosed on the Company website in its fiscal year results presentation. Sustainability site (<https://www.segasammy.co.jp/japanese/sustainability/>)
Fiscal Year Results Presentation (<https://www.segasammy.co.jp/japanese/ir/library/presentation.do>)

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

To ensure the future provision of pensions and other benefits, the Company and some of its consolidated subsidiaries have established a foundation and set forth rules and regulations. The pension funds are managed in accordance with these rules and regulations.

Given the potential impact of the management of these corporate pension funds on stable asset accumulation for employees and the corporate finances of the Company group, the corporate pension division enlists asset management experts with the necessary experience and qualities.

In addition, corporate pension funds are managed under an appropriate system whereby the state of asset management is monitored through regular investment reports made by the fund management agencies and regular reports to the Company's Board of Directors.

[Principle 3.1 Full Disclosure: (1) Company's objectives (e.g., business principles), business strategies, business plans]

(i) For our group mission, business strategies, business plans, focused business indicators, and objectives, please refer to the Company website, settlement of accounts documents, integrated reports, sustainability reports, and other documents. (Note)

Group Mission (<https://www.segasammy.co.jp/japanese/pr/corp/ol/>)

Business Strategies and Business Plan (<https://www.segasammy.co.jp/japanese/ir/management/>)

Settlement of Accounts Document (<https://www.segasammy.co.jp/japanese/ir/library/presentation.do>)

Integrated Report (https://www.segasammy.co.jp/japanese/ir/library/printing_annual/)

Sustainability Report (https://www.segasammy.co.jp/japanese/pr/commu/csr_report/)

(Note) The Company presented the focused business indicators and objectives at the briefing session on the settlement of accounts held May 13, 2021 as follows:

Ordinary income of 45.0 billion yen and ROE exceeding 10% for the fiscal year ending March 31, 2024

[Principle 3.1 Full Disclosure: (2) Basic principles and policies on corporate governance based on each of the principles of the Code]

(ii) The Company upholds a Basic Policy for Corporate Governance that comprises "improving efficiency," "securing soundness," and "enhancing transparency" with regard to corporate management, in order to maximize corporate value for stakeholders, including shareholders. Based on this policy, the Company determines and addresses important management issues, including the appointment of director candidates, determining director remuneration, and management oversight.

The foregoing is disclosed in the annual securities report, corporate governance reports, and other documents.

[Principle 3.1 Full Disclosure: (3) Policies and procedures for determination of remuneration for senior

management and directors by the Board of Directors]

(iii) The basic policy for the system of remuneration for directors (excluding directors serving as Audit and Supervisory Committee members [“Audit and Supervisory Committee members” hereinafter] and external directors) highlights the need to provide incentives to work to enhance corporate value, further the sustainable growth of the Group, and provide a determination process characterized by high transparency and objectivity.

Regarding the policy for determining the amounts of remuneration for directors (excluding Audit and Supervisory Committee members), the President (Representative Director) presents the remuneration structure, the method for calculating each category of remuneration, and other relevant particulars to the Independent Advisory Committee. The Independent Advisory Committee then deliberates on and evaluates proposed details and submits the results of this process as its opinion to the President (Representative Director). The President (Representative Director) then refers a policy for determining director remuneration reflecting this opinion to the Board of Directors for resolution.

The remuneration for Audit and Supervisory Committee members and external directors is composed of fixed remuneration (basic remuneration only) from the perspective of their role and independence. The amounts for Audit and Supervisory Committee members are determined through deliberations of the Audit and Supervisory Committee. The amount for external directors are determined by the Board of Directors.

The details are disclosed in the annual securities report.

[Principle 3.1 Full Disclosure: (4) Policies and procedures for appointment and dismissal of senior management and nomination of director candidates by the Board of Directors]

(iv) The Company has formulated a skills matrix based on the experience and knowledge required for management of a listed company and the experience and knowledge required to achieve the Company’s long-term vision. The basic policy calls for selecting and determining director candidates based on comprehensive assessment of both character and fit with the skills matrix. The Independent Advisory Committee examines a proposal for such candidates submitted by the President (Representative Director), conducts interviews and the like with such candidates, and submits the evaluation results as its opinion to the President (Representative Director). Based on these evaluation results, the President (Representative Director) judges the director candidates in accordance with the above-mentioned policy. The Board of Directors then discusses and approves such judgment. The same applies when the Independent Advisory Committee recommends director candidates to the President (Representative Director).

If a director is deemed unable to perform his or her duties due to mental or physical incapacity or if a material fact such as misconduct or violation of laws, regulations, or the Articles of Incorporation is recognized in the performance of his or her duties, the Independent Advisory Committee shall deliberate to determine the appropriate action in a timely manner. Based on the results of such deliberation compiled in a report to the Board of Directors, the appropriate action with regard to the director shall be determined by the Board of Directors.

[Principle 3.1 Full Disclosure: (5) Explanation of individual cases of appointment and dismissal of senior management and nomination of director candidates by the Board of Directors based on (4) above]

(v) Reasons for the appointment and dismissal of all directors are disclosed in the convocation notice for General Meeting of Shareholders (reference documents).

Convocation notice for General Meeting of Shareholders
(<https://www.segasammy.co.jp/japanese/ir/stock/meeting/>)

[Supplementary Principle 3.1.3]

To achieve sustainable improvement in corporate value and a sustainable society, the Group has identified the following five (5) important issues: “products and services,” “people,” “the environment,” “addiction,” and “governance” based on its sustainability vision. The Group has set specific quantitative goals for these important issues.

In addition, the Group believes that creating an environment in which diverse human resources can work comfortably, regardless of gender, nationality, and the like, will lead to sustainable growth and improved corporate value. The Group has also positioned intellectual property as an important element in boosting

corporate competitiveness and as a management resource in support of corporate management and is engaged in corresponding efforts based on the policies established for each business. Furthermore, the Group conducts financial risk analyses based on TCFD recommendations related to climate change. Such information on the Group's sustainability initiatives is disclosed on the Company website and in integrated reports and sustainability reports.

Integrated Report (https://www.segasammy.co.jp/japanese/ir/library/printing_annual/)
Sustainability Report
(https://www.segasammy.co.jp/japanese/media/file/pr/commu/sustainability_statement/SUSTAINABILITY_STATEMENT_all.pdf)

[Supplementary Principle 4.1.1]

The Company is a pure holding company. In principle, decisions on business management are made at each business company to bolster agile decision-making. Nevertheless, important management matters are determined by the Board of Directors of the Company, after the scale and operating results of each business company have been taken into account and individual standards for money amounts established.

A resolution made at a Board of Directors meeting of the Company is required for actions taken by shareholders of business companies, including the appointment of officers of subsidiary companies. In addition, the Board of Directors of the Company determines matters stipulated in the laws and regulations or the Articles of Incorporation, as well as important matters related to the Company and the Group, including Group reorganizations, mergers and acquisitions, and entry into new business areas.

[Principle 4.9 Independence Standards and Qualification for Independent External Directors]

The standards for the independence of independent external officers of the Company have been established as internal rules to ensure compliance with the Companies Act and regulations established by Tokyo Stock Exchange. The Board of Directors appoints, as independent external director candidates, individuals who meet said standards and are expected to contribute to constructive discussions in a candid and active manner at Board of Directors meetings.

A summary of the rules regarding independence is provided in the "Other matters related to independent officers" section of this report.

[Supplementary Principle 4.10.1]

For the corporate governance form, the Company has adopted the structure of a company with an Audit and Supervisory Committee. The Board of Directors is composed of twelve (12) directors (including six (6) independent external directors). To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors on matters such as nomination and remuneration of the senior management and directors, the Company has established an optional Independent Advisory Committee under the Board of Directors. The Independent Advisory Committee, which is composed of all independent external directors, provides opinions to the President (Representative Director) of the Company, including opinions based on the perspectives of diversity and skills, in the review of such important matters as nomination and remuneration.

For decision-making on nomination, remuneration, and the like, the Board of Directors consults with and solicits reports from the Independent Advisory Committee.

The composition, authority, roles, and other aspects of the Independent Advisory Committee are disclosed in annual securities reports, integrated reports, and other documents.

Annual Securities Report (https://www.segasammy.co.jp/japanese/ir/library/printing_yuhou/)
Integrated Report (https://www.segasammy.co.jp/japanese/ir/library/printing_annual/)

[Supplementary Principle 4.11.1]

The Board of Directors is composed of five (5) internal directors (excluding Audit and Supervisory Committee members) who are familiar with domestic and overseas business and have the knowledge needed for business operations; as well as one (1) internal Audit and Supervisory Committee member and six (6) external directors who bring with them special knowledge, experience, and expertise and provide advice and supervision for management from the general viewpoint of society at large. For their appointment, the Company nominates candidates from the perspective of diversity, including gender and internationality, who also offer a wealth of knowledge, experience, and other qualities as corporate

managers, and considers the size of the Board of Directors appropriate.

The Company has also formulated a skills matrix based on the experience and knowledge required to manage a listed company and the experience and knowledge required to achieve the Company's long-term vision. In connection with the appointment of directors, the Independent Advisory Committee evaluates each director candidate based on the skills matrix to determine whether he/she is capable of appropriately discharging his/her duty of care to serve as a responsible and prudent manager and to contribute to the Group's sustainable growth and enhancement of corporate value, as entrusted by shareholders to the management, thereby seeking to secure and improve the functions of the Board of Directors. The skills matrix, which presents the skills of the entire Board of Directors, is presented in this report and in the Notice of the Ordinary General Meeting of Shareholders.

Notice of the Ordinary General Meeting of Shareholders
(<https://www.segasammy.co.jp/japanese/ir/stock/meeting/>)

[Supplementary Principle 4.11.2]

Where Company directors also serve as directors at other companies, such positions should be limited to a reasonable number to fulfill their roles and responsibilities. The necessary time and effort should be devoted to fulfilling such duties and responsibilities.

The status of holding concurrent positions as directors is disclosed each year through the convocation notice for General Meeting of Shareholders or through the annual securities report. The same kind of disclosure is also made for the status of attendance by external directors at Board of Directors meetings.

[Supplementary Principle 4.11.3]

1. Purpose of evaluation

The Company shall perform analyses and evaluations of the effectiveness of the Board of Directors each year to ensure that the Board of Directors effectively fulfills its roles and responsibilities to "improve efficiency," "secure soundness," and "enhance transparency" of the Company's corporate management.

2. Method of evaluation

For the fiscal year ended March 31, 2022, the Company provided questionnaires to all directors and Audit and Supervisory Committee members to evaluate the effectiveness of the Board of Directors.

In the fiscal year ended March 31, 2022, in addition to confirming matters considered important in the effective fulfillment of the Company's Board of Directors' roles and responsibilities (including composition, operation, status of deliberations concerning strategy, and other matters put before the Board of Directors), in light of the move to the Tokyo Stock Exchange's Prime Market, the Company confirmed such matters as the involvement of the Board of Directors in issues related to sustainability and the governance structure expected by the market. To ensure objective evaluations, an external organization was contracted to design the questionnaire and analyze and evaluate the responses.

At meetings of the Independent Advisory Committee and the Board of Directors, deliberations took place based on the results of the analysis of questionnaire responses. These concerned such matters as the effectiveness of the Board of Directors during the fiscal year and where issues might lie.

3. Summary of evaluation results

Based on these deliberations, the Board of Directors was judged to be functioning effectively, with especially high marks in recognition of that an appropriate proportion of the directors are independent external directors and that they contribute to constructive discussions. It was also noted that the allocation of time for questions and discussions, pointed out as an issue in the previous year, was now satisfactory. Nevertheless, to enhance effectiveness still further, it is essential for the Board of Directors to deepen discussions on such matters as overall Group policy and progress on important projects. Given the diversity of the companies comprising the Group, it is essential to improve the sophistication of the risk management structure for the entire Group.

Having acknowledged these issues, the Company will strive to allow the Board of Directors to function even more effectively.

[Supplementary Principle 4.14.2]

At the time they assume office, Company directors are provided with opportunities to participate in internally conducted orientation and training sessions to acquire knowledge on the roles and responsibilities

expected of directors of a listed company, as well as knowledge of applicable laws and regulations and compliance. After assuming office, the directors are continuously provided with further opportunities to acquire necessary or new knowledge and to improve the same, including participating in training sessions provided by external lecturers such as attorneys and experts in each area, for example, after the conclusion of a Board of Directors meeting.

In addition, the Company encourages each director to voluntarily improve him/herself by participating in external seminars and lectures sponsored by organizations to which the Company belongs and provides support for the expenses necessary therefor.

[Principle 5.1 Policy on Constructive Dialogue with Shareholders]

To facilitate constructive dialogue with shareholders and investors, the Company works from the basic position of appointing an executive officer in charge of Investor Relations (IR) & Shareholder Relations (SR), establishing a department in charge of IR & SR, and implementing the following efforts:

In facilitating constructive dialogue with shareholders and investors, the Company acts to ensure close and positive cooperation between and among internal departments, including the corporate planning, finance and accounting, legal affairs, and general affairs departments.

In line with the quarterly disclosure of operating results, the Company holds online briefing sessions that primarily target institutional investors.

The President (Representative Director) of the Company and the Chief Financial Officer or others attend briefing sessions on the settlement of accounts and actively engages in direct interactions.

For shareholders and investors, the executive officer in charge of IR & SR and IR & SR personnel hold individual meetings after the quarterly disclosure of operating results. In addition, in line with the direction of the Company, small conferences or other gatherings may also be held as appropriate.

For overseas shareholders and investors, the Representative Director of the Company, the Chief Financial Officer or others, or the executive officer in charge of IR & SR and IR & SR personnel provide opportunities to engage in dialogue individually multiple times per year, mainly online.

Regarding the status of dialogue with shareholders and investors, the Company provides prompt feedback on a regular basis or as needed to the Representative Director, Chief Financial Officer, and other directors or executive officers. The Company strives to utilize that information to further the sustainable growth and enhance corporate value of the Company in the medium to long term.

In accordance with the basic view that shareholders should be treated equally, when engaging in dialogue with shareholders with respect to the handling of unpublished important matters, whether for briefing sessions on settlement of accounts or any other meetings, the Company endeavors to manage information in accordance with applicable laws, including the Financial Instruments and Exchange Act and the Insider Trading Prevention Regulations, which are internal regulations set for the purpose of eliminating insider trading.

2. Capital Structure

(1) Foreign shareholding ratio

20% or more but less than 30%

(2) Status of major shareholders

| Name / Company name | Number of shares owned | Percentage (%) |
|--|------------------------|----------------|
| HS Company LLC | 35,308,000 | 15.83 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 33,251,900 | 14.91 |
| Custody Bank of Japan, Ltd. (Trust Account) | 14,826,200 | 6.65 |
| FSC Co., Ltd | 13,682,840 | 6.13 |
| Hajime Satomi | 7,885,038 | 3.53 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 6,589,825 | 2.95 |
| KOREA SECURITIES DEPOSITORY-SAMSUNG | 5,648,900 | 2.53 |
| Haruki Satomi | 3,887,361 | 1.74 |
| THE BANK OF NEW YORK MELLON 140044 | 3,413,032 | 1.53 |
| Hideo Ando | 2,694,500 | 1.20 |

| | |
|--|------|
| (3) Controlling shareholders (except for parent company) | None |
| (4) Parent company | None |
| (5) Supplementary explanation | |

In regard to the above-mentioned “Status of major shareholders,” calculations assume the following conditions:

* The status as of the end of March 2022 is stated.

* The shareholding ratio is calculated after deducting the number of treasury shares (43,307,930 shares).

3. Corporate Attributes

| | |
|---|---|
| (1) Listed stock exchange and market section | Tokyo Stock Exchange, Prime Market |
| (2) Fiscal year-end | March |
| (3) Type of business | Machinery |
| (4) Number of (consolidated) employees at the end of the immediately preceding fiscal year | 1,000 employees or more |
| (5) (Consolidated) sales of the immediately preceding fiscal year | JPY 100 billion or more but less than JPY 1,000 billion |
| (6) Number of consolidated subsidiaries at the end of the immediately preceding fiscal year | 50 companies or more but less than 100 companies |

4. Policy on Measures to Protect Minority Shareholders in Transactions with Controlling Shareholders

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5. Other Special Circumstances with the Potential of Material Impact on Corporate Governance

In December 2017, one of the Company’s consolidated subsidiaries, SEGA SAMMY CREATION INC. and its subsidiary Sega Sammy Creation USA INC. obtained a license to manufacture and sell gaming equipment in Nevada, U.S.A. The two (2) subsidiaries and the Company were subject to examination for the license. A wide-ranging and rigorous examination was conducted regarding the financial conditions, tax practices, transaction information, and governance—specifically on the rigor of the compliance system. This eventually resulted in official recognition of eligibility for the license. With an eye to maintaining the license and obtaining new licenses in other regions and countries, the Group will promote an enhanced compliance system, including legal compliance, and communicate its importance through training and education.

II. Management Organization for Managerial Decision-Making, Execution and Oversight, and Other Corporate Governance Structures

1. Organizational Structure, Organizational Management, etc.

| | |
|----------------------|--|
| Form of organization | Company with Audit and Supervisory Committee |
|----------------------|--|

[Directors]

| | |
|--|-----------|
| Maximum number of directors stipulated in Articles of Incorporation | 20 |
| Term of office of directors stipulated in Articles of Incorporation | One year |
| Chairperson of Board of Directors meetings | President |
| Number of directors | 12 |
| Appointment of external directors | Yes |
| Number of external directors | 6 |
| Among external directors, number of persons designated as independent officers | 6 |

Relationship to the Company (1)

| Name | Attributes | Relationship to the Company (*) | | | | | | | | | | |
|------------------|---------------------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Kohei Katsukawa | Individual from another company | | | | | △ | | | △ | | | |
| Melanie Brock | Individual from another company | | | | △ | | | | | | | |
| Fujiyo Ishiguro | Individual from another company | | | | | | | | | | | |
| Kazutaka Okubo | Individual from another company | | | | | | | | | | △ | |
| Shione Kinoshita | Attorney-at-law | | | | | | | | | | | |
| Naoko Murasaki | Individual from another company | | | | | | | | | | | |

* Categories for relationship to the Company

* “○” when the individual presently falls under or has recently fallen under the category; “△” when the individual fell under the category in the past

* “●” when a close relative of the individual presently falls under or has recently fallen under the category (excluding categories h to j); “▲” when a close relative of the individual fell under the category in the past (excluding categories h to j)

- An executive of a listed company or any of its subsidiaries
- An executive or non-executive director of a parent company of a listed company
- An executive of a fellow subsidiary of a listed company
- A party (or its executive) whose major clients are listed companies
- A major client (or its executive) of a listed company
- A consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from a listed company, besides remuneration as an officer
- A major shareholder of a listed company (or an executive of the said major shareholder if the shareholder is a legal entity)

- h. An executive (the individual himself/herself only) of a client (which does not fall under any of the foregoing items d, e, or f) of a listed company
- i. An executive (the individual himself/herself only) of a party which has mutual appointments of external officers
- j. An executive (the individual himself/herself only) of a party that receives a donation from a listed company
- k. Other

Relationship to the Company (2)

| Name | Designation as Independent Officer | Supplementary Explanation of Relationship | Reasons for Appointment as External Director |
|-----------------|------------------------------------|--|--|
| Kohei Katsukawa | ○ | <p>Mr. Katsukawa was formerly the Managing Executive Officer of Sumitomo Mitsui Banking Corporation, one of the Company's major clients, from April 2005 to April 2007. The Company has business relations with Sumitomo Mitsui Banking Corporation in terms of borrowings, deposits, and currency exchange.</p> | <p>Mr. Katsukawa has appropriately fulfilled the roles of an External Director to determine important management matters and oversee the execution of business from a fair standpoint. We have appointed Mr. Katsukawa again as External Director based on expectations that he will continue to provide valuable input on Company management, based on his wealth of experience and broad-ranging insight gained over many years as a corporate manager.</p> |
| Melanie Brock | ○ | <p>Ms. Brock concurrently serves as CEO of Melanie Brock Advisory Ltd., with which the Company engaged in transactions from August 2018 to April 2019. The total amount of these transactions was less than 10 million yen. No business transactions with that company are currently in progress.</p> | <p>Ms. Brock has appropriately fulfilled the roles of an External Director to determine important management matters and oversee the execution of business from a fair standpoint. We have appointed Ms. Brock again as External Director based on expectations that she will continue to strengthen the Company's corporate governance system and improve the quality of management decision-making, drawing on her diverse range of ideas and values and her extensive experience and career record as an international business leader.</p> |

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|------------------|---|--|---|
| Fujiyo Ishiguro | ○ | - | Ms. Ishiguro has appropriately fulfilled the roles of an External Director to determine important management matters and oversee the execution of business from a fair standpoint. As a founder of Netyear Group Corporation, she brings with her a wealth of knowledge of corporate management and digital fields, as well as experience serving as an external director of other listed companies. We have appointed Ms. Ishiguro again as External Director based on expectations that she will continue to provide valuable input on the management of the Company by drawing on this knowledge and experience. |
| Kazutaka Okubo | ○ | Mr. Okubo was formerly a Senior Executive Board Member of Ernst & Young ShinNihon LLC. Although the Company attended external seminars held by Ernst & Young ShinNihon LLC, the transaction amounts did not exceed the Company's minor standards given in the supplementary explanation. | Mr. Okubo brings with him many years of experience in audit services as a certified public accountant and deep insights on finance and accounting. We have appointed him as an External Director serving as an Audit and Supervisory Committee Member based on expectations that he will appropriately guide and oversee the Company's management from an objective standpoint, drawing on a wealth of knowledge in governance gained through his experience as an external director. |
| Shione Kinoshita | ○ | - | Ms. Kinoshita provides deep expertise in labor laws gained through experience as an attorney-at-law and as Vice Chairperson of the Labor Legislation Committee, Dai-ichi Tokyo Bar Association. We have appointed her as an External Director serving as an Audit and Supervisory Committee Member based on expectations that she will appropriately guide and oversee the Company's management from an objective standpoint, drawing on a wealth of knowledge in governance gained through her experience as an external director. While she lacks experience in corporate management other than as an outside officer, for the reasons mentioned above, we believe she will be able to effectively fulfill her duties as an External Director serving as an Audit and Supervisory Committee Member. |

| | | | |
|----------------|---|---|---|
| Naoko Murasaki | ○ | - | Ms. Murasaki has a high degree of expertise in the field of the global risk and governance which she gained over many years in the National Police Agency, the Ministry of Foreign Affairs and risk consulting firms. We have appointed her as an External Director serving as an Audit and Supervisory Committee Member based on expectations that she will appropriately guide and oversee the Company's management from an objective standpoint, drawing on a wealth of knowledge in governance gained through her experience as an external director. |
|----------------|---|---|---|

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|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |
|---|-------------|

Voluntary Committee's Establishment Status, Composition, and the Attributes of the Chairperson

| | Committee Name | All Committee Members | Full-time Members | Internal Directors | External Directors | External Experts | Other | Chairperson |
|---|--------------------------------|-----------------------|-------------------|--------------------|--------------------|------------------|-------|-------------|
| Voluntary Committee Corresponding to Nomination Committee | Independent Advisory Committee | 6 | 0 | 0 | 6 | 0 | 0 | N/A |
| Voluntary Committee Corresponding to Remuneration Committee | Independent Advisory Committee | 6 | 0 | 0 | 6 | 0 | 0 | N/A |

Supplementary Explanation

“N/A” in the column of “Chairperson” means no ranks (including the rank of Chairperson) are established to enhance the independence and objectivity of each Committee member and promote impartial and judicious discussions and review; provided, however, that a person in charge of contact and coordination is assigned to receive referrals for the Committee and submit the opinions of the Committee.

The functions and roles of the Independent Advisory Committee, the frequency of Committee meetings, and other matters are as stated in “c) Voluntary Committees” in “Matters Related to the Functions of Business Execution, Auditing/Oversight, Nomination and Remuneration Decisions, etc.”

[Audit and Supervisory Committee Members]

| | |
|---|-------------|
| Establishment of Audit and Supervisory Committee | Established |
| Maximum Number of Audit and Supervisory Committee Members Stipulated in Articles of Incorporation | 5 |
| Number of Audit and Supervisory Committee Members | 4 |

Status of cooperation among the Audit and Supervisory Committee, independent auditor, and internal auditing departments

Status of cooperation between the Audit and Supervisory Committee and independent auditor
To improve accounting compliance, the Company sees it as essential to implement effective cooperation between the Audit and Supervisory Committee and independent auditor. In general, twice a year, the Company holds meetings of the Holdings Audit Liaison Committee, composed of Audit and Supervisory Committee members of the Company and standing auditors, accounting departments, and internal auditing departments of SEGA CORPORATION and Sammy Corporation, and KPMG AZSA LLC, the independent auditor for the Company.

Status of cooperation between internal auditing departments and the independent auditor
While no regular meetings are held to promote cooperation between internal auditing independent auditor, matters identified during the course of evaluations related to internal audits of financial reports and matters identified during the course of accounting auditing, and other such matters are shared as appropriate and contribute to each body's respective auditing activities. Moreover, at fiscal year's end, the Company holds meetings to allow reporting to the independent auditor of the year's Group-wide internal audit results and internal control evaluation results. The above-mentioned Holdings Audit Liaison Committee allows sharing of information between internal auditing departments and the independent auditor.

Status of cooperation between the Audit and Supervisory Committee and internal auditing departments
On June 22, 2022, with the goal of expanding audits by the Audit and Supervisory Committee and ensuring the independence of internal auditing departments, these departments were moved from organizations under the direct jurisdiction of the President (Representative Director) to organizations under the direct jurisdiction of the Audit and Supervisory Committee. This means that internal audits now proceed based on instructions from the Audit and Supervisory Committee. The findings of internal audits and internal control evaluations related to financial reporting and the status of improvements are reported to standing Audit and Supervisory Committee members of the Company on each occasion and to the Audit and Supervisory Committee semiannually.

Status of cooperation between Group company auditors and internal audit departments
To "improve efficiency," "secure soundness," and "enhance transparency" of corporate management and to ensure the propriety of business operations, the Company sees it as essential to implement effective cooperation between Group company auditors and internal auditing departments. To this end, the Company holds quarterly meetings of Audit & Supervisory Board Members and Internal Auditing Office Liaison Committee, composed of standing Audit and Supervisory Committee members of the Company, standing auditors of Group companies, and the Company's internal auditing department.

[Independent Officers]

| | |
|--------------------------------|---|
| Number of independent officers | 6 |
|--------------------------------|---|

Other matters related to independent officers

The policy for appointment of independent officers of the Company is as follows:

- (a) All external officers satisfying the qualifications for independent officers are designated as independent officers.
- (b) Independence is judged based on the requirements for qualification stipulated in the Companies Act and the criteria for independence established by Tokyo Stock Exchange, Inc. The terms *major client*, *large sums of money*, and so forth are judged based on the criteria determined in accordance with the published appointment standards model for independent officers. An outline thereof is stated as follows:

In order for a candidate to qualify as an independent external officer of the Company, none of the following shall apply thereto:

- 1) A person (or its executive) whose major client is the Group. In this item, “major” means that the relevant client receives, from the Group, payments in an amount equivalent to 2% or more of the annual consolidated sales of the relevant client during the most recent fiscal year.
 - 2) A major client (or its executive) of the Company. In this item, “major” means that the Company receives, from the client, payments in an amount equivalent to 2% or more of the annual consolidated sales of the Company during the most recent fiscal year.
 - 3) A major shareholder (or its executive) possessing 10% or more of the total outstanding shares of the Company.
 - 4) A person (or its executive) for whom 10% or more of their total outstanding shares are possessed by the Group.
 - 5) The annual remuneration amount (excluding the remuneration as an officer of the Company) that the relevant external officer receives directly from the Group as a legal, accounting, or tax expert or consultant is JPY 10 million or more on average for the past three (3) years.
 - 6) The amount of donations, etc., that the Group provides to a non-profit organization for which the relevant external officer serves as an executive officer is JPY 10 million or more for the most recent business year.
 - 7) Any person falling under any of the preceding six (6) items during the past one (1) year.
 - 8) A spouse of, a relative within the second degree of kinship with, or a relative living together with the relevant external officer falling under any of the seven (7) preceding items, or an executive director, executive officer, manager or other important employee of the Group. In this item, “important” means managerial positions equivalent to a department manager or higher.
- (c) The Company determines the minor standards for information of attributes to be stated in a notification of independent officer as follows: for the period of the most recent fiscal year, and from the start date of the relevant fiscal year until the date of submission of the most recent notification of independent officer, respectively, “less than JPY 100 million in the transaction amount” for “transactions,” and “less than JPY 10 million” for “donations.”

[Incentives]

| | |
|--|---|
| Performance Status of Incentive Policies for Directors | <input checked="" type="checkbox"/> A performance-linked remuneration system is implemented. <input checked="" type="checkbox"/> A stock option system is implemented. <input checked="" type="checkbox"/> Other (A stock compensation system with restriction of transfer is implemented) <input type="checkbox"/> None implemented |
|--|---|

Supplementary Explanation on Applicable Items

Please refer to the annual securities report.

| | |
|------------------------------------|---|
| Persons Eligible for Stock Options | Employees Directors of subsidiaries Employees of subsidiaries |
|------------------------------------|---|

Supplementary Explanation on Applicable Items

The Group has provided subscription rights to shares (stock options) to the following persons with the aim of improving motivation and morale towards enhancing the operating results of the Group, and increasing the corporate value of the Group as a whole.

Employees of the Company, and directors and employees of the Company's subsidiaries

Exercise period of the subscription rights to shares: July 1, 2024 to June 30, 2026

Date of the resolution: August 2, 2021 (Extraordinary Board of Directors meeting)

[Director Remuneration]

| | |
|--|-----------------------------------|
| Disclosure of Individual Director Remuneration | Partial and individual disclosure |
|--|-----------------------------------|

Supplementary Explanation on Applicable Items

The remuneration paid to directors for the fiscal year ended March 31, 2022 was as follows:

Annual total amount of remuneration: JPY 1,195 million for ten (10) directors (among such amount, JPY 53 million for five (5) external directors)

(Note) The limit of the amount of remuneration to be paid to directors was resolved to be JPY 1,700 million (of which the amount for external directors is to be JPY 100 million annually) at the Ordinary General Meeting of Shareholders held June 21, 2019.

Separate from the above amount of remuneration for directors, at the Ordinary General Meeting of Shareholders held June 21, 2019, it was resolved to introduce a stock compensation system with restriction of transfer for directors (excluding external directors). Furthermore, at the Ordinary General Meeting of Shareholders held June 24, 2021, the stock compensation system with restriction of transfer was partially revised to comprise "continuous service based stock with restriction of transfer," in which the number of shares to be released from restriction of transfer is determined on the condition that the person serves as a director, etc. of the Company for a certain period of time, and "performance-based stock with restriction of transfer," in which the number of shares to be released from restriction of transfer is determined based on the length of service as a director, etc. of the Company and achievement of the business performance targets in the Company's Mid-Term Plan. It was also resolved to limit the amount of remuneration to JPY 300 million per year and the total number of the Company's shares to be allotted to 300,000 shares per year.

The foregoing is disclosed in the business report and is published on the Company website. The annual securities report individually discloses only part of the same.

| | |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The basic policy for the system of remuneration for directors (excluding Audit and Supervisory Committee members and external directors) is to place chief focus on providing incentive to work toward corporate value enhancement and sustainable growth of the Group and provide a determination process characterized by high transparency and objectivity.

Regarding the policy for determining the amounts of director remuneration, the President (Representative Director) presents the remuneration structure, the method for calculating each category of remuneration and other relevant particulars to the Independent Advisory Committee. The Independent Advisory Committee then deliberates on and evaluates that content and submits the result of that process as its opinion to the President (Representative Director). The President (Representative Director) then refers a policy for determining director remuneration reflecting that opinion to the Board of Directors for resolution.

The remuneration for Audit and Supervisory Committee members and external directors who are not Audit and Supervisory Committee members is composed of fixed remuneration (basic remuneration only) from the perspective of their role and independence. Individual amounts are determined by the Audit and Supervisory Committee and by the Board of Directors, respectively. The details are disclosed in the annual securities report.

[Support System for External Directors]

To support external directors, the Company has established an appropriate information communication system through the Secretariat to allow adequate advance review of the contents of the agenda items to be discussed at Board of Directors meetings.

In addition, the Secretariat takes the effort to help newly appointed external directors understand Group operations by implementing individually-based orientation on such matters with the aim of ensuring that newly appointed external directors are able to contribute to substantive discussions in Board of Directors meetings.

To support external directors serving as Audit and Supervisory Committee members, the Internal Audit Division directly under the Audit and Supervisory Committee and staff belonging to the Audit and Supervisory Committee Office assist in their duties. Matters related to appointments, personnel transfers, evaluations, and other matters concerning such staff require prior approval from the Audit and Supervisory Committee. This is intended to ensure independence from directors who are not Audit and Supervisory Committee members. To allow adequate review of agenda items and other issues to be discussed in meetings attended by external directors serving as Audit and Supervisory Committee members, the Company has established an appropriate information communication system through the secretariat of each conference body, the Audit and Supervisory Committee Office, etc.

[Status of Persons Who Retired from Positions Such as President and Representative Director]

The names, etc. of advisers and consultants who retired from positions such as President and Representative Director

| Name | Title and position | Duties | Working arrangements and conditions (full-time/part-time, with/without remuneration, etc.) | Date of retirement from position such as President | Term of office |
|------|--------------------|--------|--|--|----------------|
| - | - | - | - | - | - |

| | |
|---|---|
| Number of advisers and consultants who retired from positions such as President and Representative Director | 0 |
|---|---|

Other matters

The Company has introduced an advisory and consultant system, but has no person to hold the office at the present moment.

2. Matters Related to the Functions of Business Execution, Auditing/Oversight, Nomination and Remuneration Decisions, etc. (Overview of Current Corporate Governance System)

The Company and its Group companies regard corporate governance as the most important basis for corporate conduct. Based on “improving efficiency,” “securing soundness,” and “enhancing transparency” as the basic policies for corporate governance, the Company determines important matters for management, including the appointment of director candidates, the determination of director remuneration, the management oversight, and the determination of auditing remuneration, etc.

To further promote productive discussions by the Board of Directors and to strengthen its oversight functions, the Company has chosen the structure of a company with an Audit and Supervisory Committee. This will allow it to delegate a considerable portion of important decisions on business execution to executive directors. In addition, by considering that directors with a wealth of knowledge and experience regarding the industry, market trends, products, merchandise, services, etc. can generate prompt and optimal management decisions, the Group companies have chosen the structure of a company with company auditors. The Company and the Group also appoint external directors and strengthen the executive officer and internal auditing systems, thereby improving corporate governance from the aspects of both oversight and execution.

Functions and roles to be performed by external directors for corporate governance of the Company

- a) The Company selects external directors who are not Audit and Supervisory Committee members from among managers, etc., who are expected to provide advice on how to enhance the corporate value of the Company and the Group from external perspectives, and provide oversight functions over the execution of duties by directors, based on their deep insight and extensive experience.
- b) The Company understands that Audit and Supervisory Committee members play an important role in realizing a corporate governance system which improves the neutrality and independence of the auditing system, and thus, selects external directors serving as Audit and Supervisory Committee members who are certified public accountants, attorneys and others, and from whom it is expected that the soundness of the management can be secured by conducting auditing, etc. from a neutral and objective standpoint.

Principles regarding the independence of external directors

The Company judges the independence of external directors based on the independence criteria established by Tokyo Stock Exchange, Inc., and judges the terms *major*, *large amount of*, and so forth based on the criteria determined referring to the published appointment standards model for independent officers, and judges that there is no possibility the persons who satisfy such criteria may cause any conflict of interests with general shareholders.

For the status of our efforts on the strengthening of the functions of Audit and Supervisory Committee members, please see the “Support System for External Directors” section.

In its aim to improve the execution of business operations and the functions of auditing and oversight, the Company operates the following conference bodies:

a) Board of Directors

At ordinary Board of Directors meetings held once a month in principle and extraordinary Board of Directors meetings held as appropriate, the Board of Directors aims to achieve flexible management through the current level of twelve (12) directors. Certain important managerial matters at each business company are also resolved and reported at various bodies, including the Company’s Board of Directors.

b) Audit and Supervisory Committee

The Audit and Supervisory Board consists of four (4) Audit and Supervisory Committee members and holds its meetings generally once a month, or when otherwise necessary. The Audit and Supervisory Committee assigns duties to respective Audit and Supervisory Committee members, and deliberates on key matters for consideration such as those involving the Group’s corporate governance, the status of establishing and operating internal control systems, and evaluations of the independent auditor.

c) Voluntary Committees

Voluntary Committees are the bodies that discuss and inspect the specified matters regarding the management of the Group which are specifically referred by the Board of Directors, and report and submit the results of such discussions and inspections to the Board of Directors. In addition, Voluntary Committees can establish a sub-committee as a body that discusses and inspects further specialized matters. Currently, following two (2) Committees are established as Voluntary Committees:

1) Independent Advisory Committee

The Independent Advisory Committee is composed of independent external directors of the Company. This Committee provides input from an independent perspective in response to referrals by the Board of Directors or the Representative Director, in order to ensure conformance with various principles related to the Corporate Governance Code (Principle 3.1(iii), Principle 3.1(iv), Supplementary Principle 4.1.3, Supplementary Principle 4.2.1, Principle 4.3, Supplementary Principle 4.3.1, Supplementary Principle 4.3.2, Supplementary Principle 4.3.3, Supplementary Principle 4.10.1, Supplementary Principle 4.10.1, Supplementary Principle 4.11.3). The Committee exchanges information as part of its oversight of the Board of Directors and holds meetings when appropriate.

2) Group Management Strategies Committee

The Group Management Strategies Committee is established under the Company's Board of Directors and discusses and reviews the improvement of profitability, efficiency, strategic investments, and other aspects of the Group's businesses. This Committee is composed of directors (excluding the Chairperson [Representative Director]), and meets as appropriate. Each subcommittee comprises directors who match each of the requirements for risk management, compliance, and sustainability in the Board of Directors' skills matrix. In addition, the Sustainability Subcommittee also includes the Group CFO, in order to ensure that information disclosure is based on the TCFD's recommendations.

d) Promotion Committees

Promotion Committees are the bodies that discuss, review, and coordinate the policies and other aspects of the Group regarding corporate governance and sustainability. Currently, the Group Risk and Compliance Promotion Committee has been established as a place where measures and information regarding internal control, compliance, risk management, and related matters are mainly discussed, reviewed, and shared. The Sustainability Promotion Committee has been established as a place where measures regarding sustainability are discussed, reviewed, and shared. The Group Risk and Compliance Promotion Committee is composed of officers, etc. in charge of ensuring the compliance of domestic companies subject to the "Internal Control Report System Relating to Financial Reporting" (the so-called "Japanese SOX Act"), including the Company, SEGA CORPORATION and Sammy Corporation, while the Sustainability Promotion Committee is composed of officers, etc. in charge of ensuring the sustainability of major Group companies, including SEGA CORPORATION and Sammy Corporation. Meetings of these committees are held as needed.

e) Group Audit Liaison Committee

The Group Audit Liaison Committee is composed of standing Audit and Supervisory Committee members of the Company and standing auditors of Group companies. Meetings generally occur three (3) times a year. The purpose of these meetings is to share information on timely issues (including revised laws) affecting the Company and the Group and to ensure effective joint efforts among the standing Audit and Supervisory Committee members of the Company and auditors of Group companies.

f) Holdings Audit Liaison Committee

The Holdings Audit Liaison Committee is composed of Audit and Supervisory Committee members of the Company, standing auditors, accounting departments, internal auditing departments, and other departments in SEGA CORPORATION and Sammy Corporation, and KPMG AZSA LLC, the independent auditor for the Company. At Committee meetings generally held twice annually, opinions from their respective viewpoints are exchanged to improve accounting compliance.

g) Audit & Supervisory Board Members and Internal Auditing Office Liaison Committee

The Audit & Supervisory Board Members and Internal Auditing Office Liaison Committee is composed of standing Audit and Supervisory Committee members of the Company, standing auditors of Group

companies, and the Company's internal auditing department. Meetings are generally held quarterly, with the goal of securing soundness in corporate management through information shared among the aforementioned Audit and Supervisory Committee members, standing auditors of Group companies, and the Company's internal auditing department.

The (c) Voluntary Committees and (d) Promotion Committees discuss and review specified matters regarding the management of the Group.

The (e) Group Audit Liaison Committee, (f) Holdings Audit Liaison Committee, and (g) Audit & Supervisory Board Members and Internal Auditing Office Liaison Committee share information and exchange opinions among their members, thereby furthering cooperation between the Company and Group subsidiaries.

(Implementation of internal audits and internal control evaluations)

To ensure that the execution of duties is in conformance with laws and regulations and the Articles of Incorporation, and to assure the propriety of business operations, internal auditing departments have been established within the Company and major Group companies. Internal audits and internal control evaluations related to financial reporting for the Company and such Group companies are handled by a total of 27 persons. In addition, the Company's approach to governance is one whereby all internal auditing staff of the Group companies belong to the Company's internal auditing department on a concurrent secondment basis, and the Company accordingly performs internal audits and internal control evaluations related to financial reporting with respect to all Group companies.

KPMG AZSA LLC, the independent auditor for the Company since the Company's establishment on October 1, 2004, has provided the Company with advice on not only year-end auditing but also accounting processing during the term, as appropriate, from its perspective as an accounting auditor.

3. Reasons for Adoption of Current Corporate Governance System

To further promote productive discussions by the Board of Directors and to strengthen its oversight functions, the Company has chosen the structure of a company with an Audit and Supervisory Committee. This will allow it to delegate a considerable portion of important decisions on business execution to executive directors. In addition, by considering that directors with a wealth of knowledge and experience regarding the industry, market trends, products, merchandise, services, etc. can generate prompt and optimal management decisions, the Group companies have chosen the structure of a company with company auditors. The Company and the Group also appoint external directors and strengthen the executive officer and internal auditing systems, thereby improving corporate governance from the aspects of both oversight and execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

| | Supplementary Explanation |
|---|---|
| a. Early dispatch of convocation notice for General Meeting of Shareholders | The Company has sent the convocation notice three (3) weeks before the General Meeting of Shareholders date on each occasion since the Ordinary General Meeting of Shareholders held in June 2010. For 2022, the convocation notice was sent on June 1 and the Ordinary General Meeting of Shareholders was held June 22. |
| b. Determining date of General Meeting of Shareholders so as to avoid dates where general meetings of shareholders tend to be concentrated | The Company believes that it should hold its General Meeting of Shareholders on a date that will attract attendance of as many of its shareholders as possible based on the notion that the General Meeting of Shareholders acts as a forum for dialogue with its shareholders. As such, the Company schedules such meetings so as to avoid dates where general meetings of shareholders tend to be concentrated. |
| c. Exercise of voting rights through electromagnetic means | Exercise of voting rights through smartphones and personal computers, etc. has been conducted on each occasion since the Ordinary General Meeting of Shareholders held in June 2005. |
| d. Participation in platform for electronic exercise of voting rights and other measures towards improving the environment surrounding the exercise of voting rights by institutional investors | Since the Ordinary General Meeting of Shareholders held in June 2007, the Company has joined a platform for electronic exercise of voting rights for institutional investors operated by ICJ, Inc. |
| e. Providing convocation notice (summary) in English | The Company prepares an English translation of the convocation notice for General Meeting of Shareholders (full text) and publishes the translated notice on its website and on the website of Tokyo Stock Exchange, Inc. simultaneously with the Japanese original. |
| f. Other | To ensure that shareholders have sufficient time to consider how they will exercise their voting rights, the Company posts the convocation notice before mailing out the notice on its website and on the website of the Tokyo Stock Exchange, Inc. After the conclusion of the General Meeting of Shareholders, the Company posts the notice of resolutions, an extraordinary report on voting results, and a summary of the question and answer session on its website. In addition, since the Ordinary General Meeting of Shareholders held in June 2020, the Company has held a hybrid participation-type virtual shareholders meeting so that shareholders can watch the proceedings via the internet. |

2. IR Activities

| | Supplementary Explanation | Explanation by Representative(s) |
|---|--|----------------------------------|
| a. Preparation and publication of disclosure policy | The Company publishes its IR policy detailing its basic approach to information disclosure to its website. | - |
| b. Holding regular briefing sessions for individual investors | Briefing sessions on the settlement of accounts held every quarter for analysts and institutional investors are streamed live on YouTube. In addition, by posting videos of the briefing sessions on the Company website and providing an environment in which individual investors can also view the sessions, the Company strives for fairness in the dissemination of information. Note that securities companies organize separate company briefing sessions. | Yes |
| c. Holding regular briefing sessions for analysts and institutional investors | Briefing sessions on the settlement of accounts are held each quarter to provide explanations on business performance and future prospects. This includes a question and answer session. In addition, videos of the briefing sessions on the settlement of accounts are promptly posted on the Company website at a later date following the sessions to provide an environment in which anyone can view them. For the fiscal year ended March 31, 2022, the President (Representative Director) and the Chief Financial Officer attended sessions for the second quarter and full-year settlement of accounts, while the Chief Financial Officer and executive officer in charge of IR & SR attended sessions for the first and third quarter settlement of accounts to provide a briefing on the settlement of accounts. To deepen understanding of the Company's business, the President (Representative Director), the Chief Financial Officer, or the person responsible for the business in question attends small meetings organized by securities companies and large meetings organized by the Company to present and discuss management, finance, business strategies, and related matters. | Yes |
| d. Holding regular briefing sessions for overseas investors | The presentation materials used for briefing sessions on the settlement of accounts, large meetings, and other such events are posted in both Japanese and English with a script. At large meetings, the Company provides simultaneous interpretation into English. The President (Representative Director), the executive officer in charge of IR & SR, and the SR & IR personnel of the Company participate in online conferences organized by securities companies. They also hold presentations, engage in question and answer sessions, and attend individual meetings for overseas investors online or by telephone. | Yes |

| | Supplementary Explanation | Explanation by Representative(s) |
|--|--|----------------------------------|
| e. Posting of IR materials on website | <p>The Company publishes IR materials including brief reports on the settlement of accounts (<i>Kessan Tanshin</i>), materials distributed at briefing sessions on the settlement of accounts, press releases, annual securities reports, quarterly reports, financial data, notifications to the Tokyo Stock Exchange, market data, integrated reports, business reports, public announcements of settlement of accounts and convocation notice for General Meeting of Shareholders to the Company website.</p> <p>The Company creates a website page for individual investors and is striving to enhance the IR website, such as by providing easy-to-understand explanations of business overview and business performance for those who are learning about the Company for the first time.</p> <p>The Company distributes IR e-mails to provide notifications about IR-related press releases and major new product and other information.</p> | - |
| f. Establishment of division (personnel) in charge of IR | <p>Division in charge: Investor Relations (IR) & Shareholder Relations (SR) Department, Corporate Planning Division</p> <p>Director in charge: Director controlling Corporate Planning Division</p> <p>Coordinator: Managing Director of Corporate Planning Division</p> | - |

3. Measures to Ensure Respect for Stakeholders

| | Supplementary Explanation |
|---|--|
| a. Stipulation of respecting respective positions of stakeholders in accordance with internal regulations | <p>The Company and the Group divide stakeholders into the following five (5) categories: “customers,” “clients,” “shareholders and investors,” “employees,” and “society,” and have established the Group CSR Charter, a document clarifying our approach for each category, and the Group Code of Conduct, Group Management Policy, and the Group Guidelines, as specified guidelines for conduct and business operations which are closely related to business operations. In line with this, internal regulations stipulate that duties should be performed while respecting the group mission and complying with the code of conduct, etc.</p> |

Supplementary Explanation

b. Implementation of environmental activities, CSR activities, etc.

The Group CSR Charter, Group Code of Conduct, and Group Management Policy (in regard to CSR and environmental conservation, the SEGA SAMMY Group CSR & SDGs Policy and the Sega Sammy Group Environmental Policy, part of the Group Management Policy) clearly describe the direction to be taken in engaging in CSR activities in general and environmental conservation activities by the Company and the Group. Not only does the Company, as a representative of the Group, take initiative in actively developing CSR and SDGs activities and environmental conservation activities, but also each Group company develops such activities mainly in its business areas. The Company publishes results of such initiatives in the Integrated Report. It also prepares the Sustainability Report containing details in that regard and publishes such materials on its website.

[Integrated Report]

https://www.segasammy.co.jp/japanese/ir/library/pdf/printing_annual/2021/ir_2021_web_all_j.pdf

[Sustainability Report]

https://www.segasammy.co.jp/japanese/media/file/pr/commu/sustainability_statement/SUSTAINABILITY_STATEMENT_all.pdf

c. Formulation of policies, etc. on providing information to stakeholders

The provision of information to stakeholders is governed by the SEGA SAMMY Group Code of Conduct and Group Management Policy which are disclosed at the following URLs:

[Group Code of Conduct]

<https://www.segasammy.co.jp/japanese/pr/commu/csr/grcsr/>

[Group Management Policy]

<https://www.segasammy.co.jp/japanese/pr/commu/csr/grpolicy/>

IV. Matters Related to the Internal Control System

1. Basic Principles Regarding Internal Control System and the Progress of System Development

The Company has established the following basic policies for the development and improvement of its internal control systems in accordance with the provisions of the Companies Act:

- (1) A system to ensure that the execution of duties by the directors of the relevant stock company conforms to laws and regulations and the Articles of Incorporation

To ensure that all corporate activities are undertaken thoroughly based on compliance with laws and regulations, the Company has established the Group CSR Charter, the Group Code of Conduct, and Group Management Policies and guidelines (collectively “Group Principles and Rules” hereinafter). Based on the group mission, these basic policies address the social responsibilities to be fulfilled by a company as a member of society and serve as cornerstones for establishing various aspects of the compliance system. The President and Representative Director seeks to continually instill the intent and spirit thereof among officers and employees.

To ensure that the business operations of the Company proceed in a sound and appropriate manner and to further strengthen corporate governance, the Board of Directors shall strive to establish an effective internal control system to assure legal compliance, in accordance with the Group Management Policies established to manage the entire Group in a unified and consistent manner and with guidelines that set forth standards for the management and operation of the entire Group.

In addition to audits and periodic verification of the efficacy and functions of the internal controls system by the Audit and Supervisory Committee, the internal audit section under the direct jurisdiction of the Audit and Supervisory Committee strives to achieve early detection and correction of any issues, based on assessments of the efficacy of business audits by each section, internal controls related to financial reporting, and other matters.

To prevent the involvement of anti-social forces in the relevant company’s management, the Group Code of Conduct specifies the elimination of such involvement. In addition, as part of overall Group efforts, the Company incorporates an “elimination of anti-social forces provision” into all agreements and performs reviews to determine whether business partners fall under the definition of anti-social forces. The Company has established a system to ensure systematic and appropriate response to any contact with anti-social forces in cooperation with outside organizations, including law enforcement and attorneys.

- (2) A system for retaining and managing information on the execution of duties by directors of the relevant stock company

The President and Representative Director appoints a director to oversee the management departments. This director records information pertaining to the execution of duties in documents or on electromagnetic media, in accordance with internal regulations, and appropriately retains and manages the same in an easily searched format for ready review by directors.

To ensure the appropriate management of corporate secrets and other such information, the Company has established policies regarding information management and IT security and guidelines regarding IT security. The Company strives to disseminate the same to ensure the thorough promulgation of such guidelines throughout the Company and thorough compliance.

- (3) Rules and other systems regarding management of risk of losses by the relevant stock company

With regard to risks posed by the Company’s business operations, in cooperation with the Group Governance Division, the Group Risk and Compliance Subcommittee established within the Group Management Strategies Committee seeks to identify important management risks; discuss the formulation of policies related to Group risk and compliance; and assess and advise on risk analysis by individual related sections. These measures are intended to clarify the risk management structure. Additionally, an internal audit section under the direct jurisdiction of the Audit and Supervisory Committee audits the state of risk management by each section and periodically reports on the results thereof to management decision-making bodies and management organizations involved in execution and oversight.

To grasp and appropriately manage both internal and external important risks including cases requiring emergency measures, the Company has established Group Management Policies, policies for risk management, and guidelines for crisis management. In the event of the emergence of any

conditions anticipated to materially affect the Group, crisis management organizations of the Company and the Group companies work jointly to discuss the measures to be taken, then proceed to take prompt and appropriate action.

(4) A system to ensure that directors of the relevant stock company efficiently execute their duties

To enhance deliberations on the Board of Directors while strengthening its oversight functions, the Company adopted a corporate structure with Audit and Supervisory Committee established so that the Board of Directors entrusts to executive directors appropriate matters related to important business execution decisions. The Board of Directors regulations and other rules and regulations enable appropriate and efficient business execution based on specified job authority and decision making processes.

(5) A system to ensure that the execution of duties by employees of the relevant stock company fully comply with laws and regulations and the Articles of Incorporation

The Company shall strive to promote Groupwide compliance measures for appropriate employee conduct in accordance with laws and regulations, Articles of Incorporation, and other internal regulations and social norms. These standards for conduct are based on the Group Principles and Codes.

The Company has established a whistleblowing system whereby any employee is free to report violations of laws and regulations, the Articles of Incorporation, or internal rules or social norms, as well as a system that allows the person overseeing such whistleblowing system to notify the Board of Directors and the Audit and Supervisory Committee without delay.

Confidential information concerning any whistleblower is protected. No whistleblowers will experience disadvantageous treatment due to their whistleblowing actions. As part of the system to ensure appropriate response while maintaining transparency, the Company has established business reporting channels, as well as an internal whistleblowing contact point, from which outside attorneys and others receive information.

(6) The following systems, among others, ensure the appropriateness of business operations in the relevant stock company and the corporate group, which consists of its parent company and subsidiaries:

(i) A system regarding the reporting of matters pertaining to the execution of duties by directors, executive officers, officers executing operations, or persons assigned to execute duties as stipulated in Article 598, paragraph 1 of the Companies Act (collectively, “Directors, Etc.” in the following paragraphs (iii) and (iv)) of subsidiaries of the relevant stock company to the relevant stock company

The Company has established a system requiring any officers or employees of the Company concurrently serving as directors or audit and supervisory board members of any Group companies to inform and share Group company information with the Company.

At the same time, the Company has established a system whereby communication, reporting, and sharing of important matters, information sharing regarding whistleblowing matters, and reporting and information sharing of accounting irregularities and errors proceed between the Company and the Group companies based on a vertical relationship specified in the related companies’ management regulations; provided, however, that confidential information regarding any whistleblowers shall be protected and no whistleblower shall experience disadvantageous treatment due to their whistleblowing actions.

In addition, the Company has established the Group Risk and Compliance Promotion Committee, Group Audit Liaison Committee, and other organizations to oversee controls related to various issues or major risks inherent to the Group. The internal auditing section under the direct jurisdiction of the Audit and Supervisory Committee also performs audits that reflect the interests of the entire Group and ensure the most effective appropriate information sharing and business execution possible within the Group.

(ii) A system regarding management of risk of loss to be incurred by subsidiaries of the relevant stock company

With regard to the key items and measures common to the Group as determined by the Company, the Company shall compel Group companies to address the same and undertake risk management specific to each subsidiary considering the size, characteristics, type of business, etc., of each company.

- (iii) A system to ensure that the duties of Directors, Etc., of subsidiaries of the relevant stock company shall be efficiently conducted

As with the Company, each Group company establishes a system to ensure that the duties and decision-making are efficiently and appropriately discharged, pursuant to the regulations of the Board of Directors and other rules, duly accounting for the size, characteristics, type of business, and other aspects of the relevant company. For this purpose, each Group company deploys an audit and supervisory board member system whereby executive officers implement business execution.

- (iv) A system to ensure that the execution of duties by Directors, Etc., and employees of subsidiaries of the relevant stock company fully comply with laws, regulations, and the provisions of the Articles of Incorporation

As practiced at the Company, the Company shall compel the Board of Directors of each Group company to establish a compliance system to ensure compliance with the Group Principles and Codes, based on the importance of compliance with the laws, regulations and the basic policies to ensure the fulfillment of social responsibilities by a company as a member of society.

- (7) If the Audit and Supervisory Committee Members of a company with an Audit and Supervisory Committee requests the assignment of employees to assist in their duties, matters related to such employees; matters related to the independence of such employees from the directors (excluding Audit and Supervisory Committee Members) of the company with an Audit and Supervisory Committee; and matters related to ensuring the efficacy of instructions to such employees by the Audit and Supervisory Committee of such company with an Audit and Supervisory Committee

An Audit and Supervisory Committee Office shall be established under the direct jurisdiction of the Audit and Supervisory Committee. Employees belonging to the Audit and Supervisory Committee Office shall assist in the duties of Audit and Supervisory Committee under the instruction of the Audit and Supervisory Committee.

In principle, employees assisting in the duties of the Audit and Supervisory Committee shall be assigned exclusively to such duties and shall not be subject to instructions from or supervision by other directors; provided, however, that under unavoidable circumstances, an employee may concurrently serve as an employee on the executive side. Independence is crucial when such employee also concurrently serves as an employee on the execution side. Appointment, dismissal, personnel transfer, personnel evaluation, disciplinary action, revision of salary, etc., regarding the relevant employee requires the prior approval of the Audit and Supervisory Committee.

- (8) The following systems, among others, related to reporting to Audit and Supervisory Committee Members of a company with an Audit and Supervisory Committee

- (i) A system whereby reports are made to Audit and Supervisory Committee Members of the relevant company with an Audit and Supervisory Committee by other directors, accounting advisors, and employees of a relevant company with an Audit and Supervisory Committee

If any Directors excluding Audit & Supervisory Committee Members or employees of the Company become aware of any material violations of laws and regulations or the provisions of the Articles of Incorporation regarding the execution of duties or become aware of any facts of misconduct or any facts that may result in significant damage to the Company, such Directors or employees must inform the Audit and Supervisory Committee thereof without delay. The same shall apply to any determination that may have material effects on the business or organization and to the results of internal audits.

- (ii) A system whereby reports are made to Audit and Supervisory Committee Members of the relevant company with an Audit and Supervisory Committee by the directors, accounting advisors, audit and supervisory board members, executive officers, employees executing business operations, persons assigned to perform the duties as stipulated in Article 598, paragraph 1 of the Companies Act, persons equivalent to any of the foregoing, employees of the subsidiaries of the relevant company with an Audit and Supervisory Committee, or any persons who receive reports from the foregoing

If any directors, audit and supervisory board members, executive officers, employees of Group companies, or any persons who receive reports from the foregoing become aware of material violations of laws and regulations or the provisions of the Articles of Incorporation regarding the execution of duties or become aware of any facts of misconduct or any facts that may lead to significant damage to the company, they must inform the Audit and Supervisory Committee of

the Company without delay. The same shall apply to any determination with the potential to have material effects on the business or organization and to the results of internal audits.

Audit and Supervisory Committee Members of the Company shall strive to establish a system based on a focus on Group management whereby audit and supervisory board members of the Group companies shall serve as persons receiving the reporting from the business operation execution side or an intermediary.

- (9) A system to ensure that those who submit the reports set forth in the preceding item shall not be disadvantageously treated due to such reports

Persons making the reports set forth in the preceding item shall not receive disadvantageous treatment for any reasons connected to submitting such reports. Any such disadvantageous treatment shall be subject to disciplinary action.

- (10) Procedures regarding advance payment or reimbursement of expenses incurred pertaining to the execution of duties by Audit and Supervisory Committee Members of a company with an Audit and Supervisory Committee; other matters related to policies regarding the handling of expenses and liabilities incurred in the execution of their duties

Upon the receipt of a request from the Audit and Supervisory Committee Members or Standing Audit and Supervisory Committee Members, in accordance with internal regulations, the Company shall bear all expenses incurred in relation to the execution of duties by Audit and Supervisory Committee Members. Expenses, etc., incurred by outside advisors set forth in item (11) shall be included therein.

- (11) A system to ensure that audits by Audit and Supervisory Committee Members of a company with an Audit and Supervisory Committee are conducted effectively

The Representative Director shall hold periodic meetings with the Audit and Supervisory Committee Members, and aim to facilitate communication and exchange of opinions regarding the Company's management, separate from reporting on business operations.

The Board of Directors ensures that the Audit and Supervisory Committee Members attend important meetings for business operations to ensure the appropriateness of business.

The Audit and Supervisory Committee shall utilize outside advisors, including attorneys, certified public accountants and others, independently and as necessary, and shall secure opportunities to receive advice regarding the duties of the Audit and Supervisory Committee Members.

2. Basic Views on Eliminating Anti-Social Forces and Developing a System for Dealing Therewith

To prevent the involvement of anti-social forces in the relevant company's management, the Group Code of Conduct specifies the elimination of such involvement. In addition, as part of overall Group efforts, the Company and its Group companies incorporate an "elimination of anti-social forces provision" into all agreements and perform reviews to determine whether business partners fall under the definition of anti-social forces. The Group has established a system to ensure systematic and appropriate response to any contact with anti-social forces in cooperation with outside organizations, including law enforcement and attorneys.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not adopted |
|------------------------------------|-------------|

Supplementary Explanation on Applicable Items

The Company considers that striving for efficiency, soundness, and transparency for its corporate management, as well as its acts of satisfying the expectations of stakeholders, will maximize its corporate value and raise the total stock market value, thereby resulting in constituting the best possible anti-takeover measure.

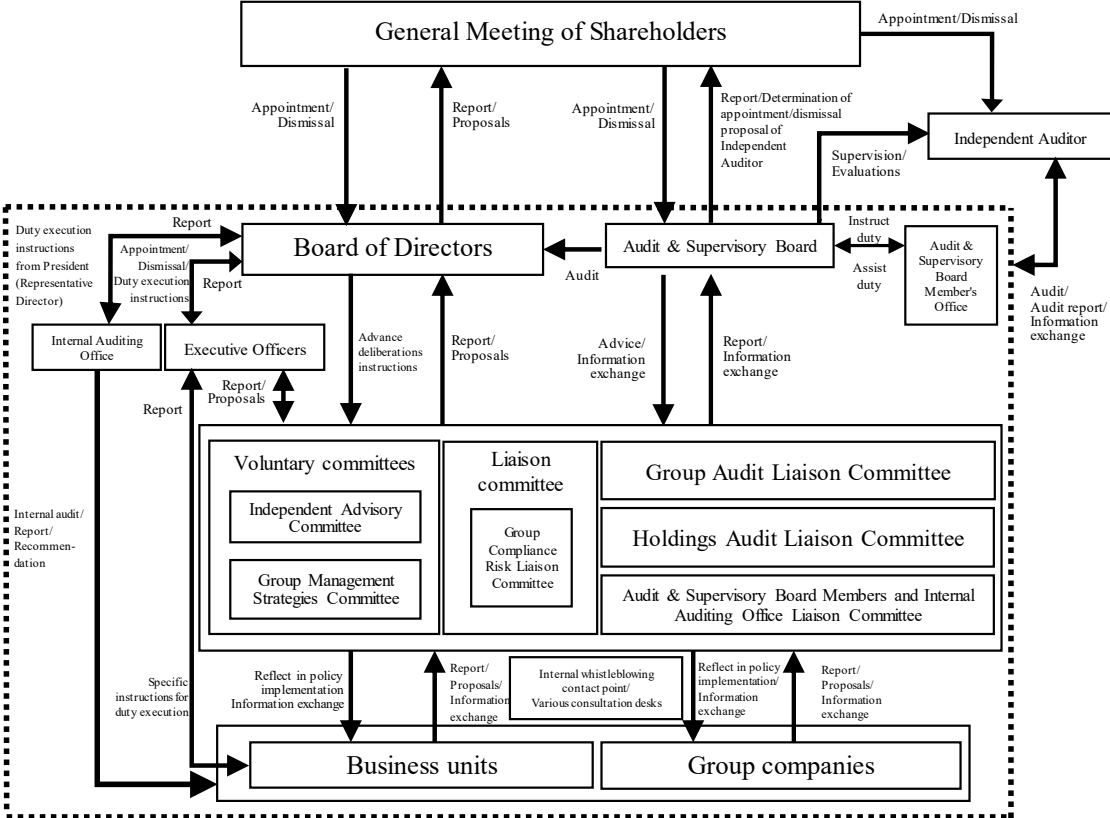
2. Other Matters Regarding Corporate Governance System, etc.

To improve corporate governance in the Company and the Group as a whole, the Company has established a Group Risk and Compliance Promotion Committee, and deliberates and confirms any problems occurring in constructing internal control for the management of the Group and the progress thereof, and thus strive to maintain and improve the level of corporate governance.

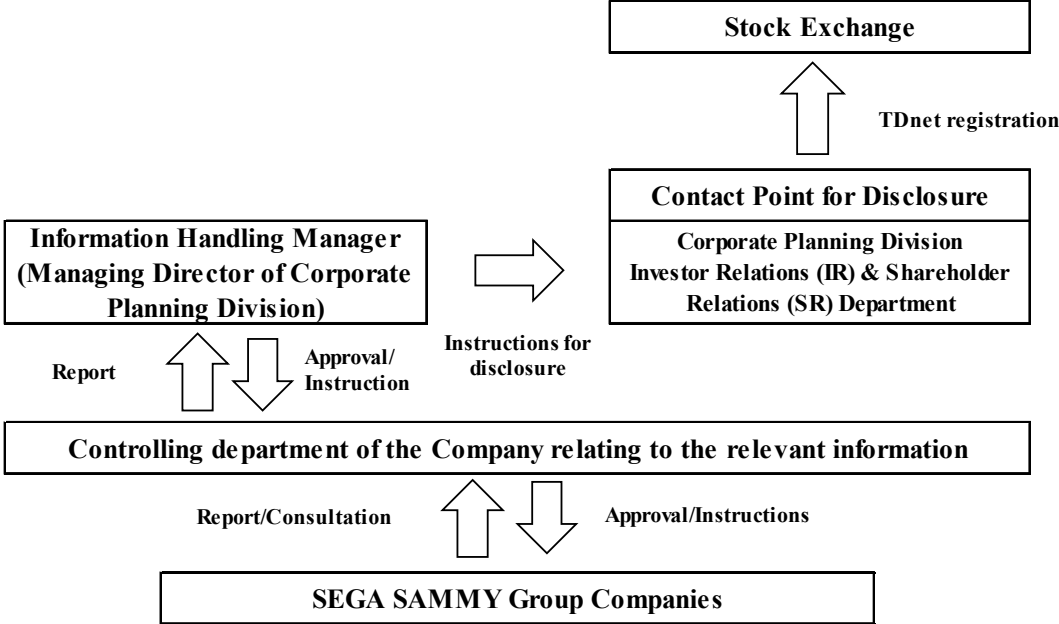
In addition, the Group started the Group Internal Control project during the fiscal year ended March 31, 2006; established a scheme for evaluation and reporting of the internal control system required for corporate groups under the Internal Control Report System Relating to Financial Reporting (the Japanese Version of the “SOX Act”), as stipulated in the Financial Instruments and Exchange Act; and remedied inadequacies discovered in the course of conducting such evaluation.

As a result, efforts to assure trust/reliability in financial reporting have resulted in the Company’s judgment that it has achieved effective internal control related to the financial reporting of the Group for the fiscal year ended March 31, 2022. The Company will continue to strive to assure continuing trust/reliability in our financial reporting and to maintain and develop our internal control system, taking into consideration issues such as improving efficiency and securing soundness.

Schematic diagram for corporate governance system

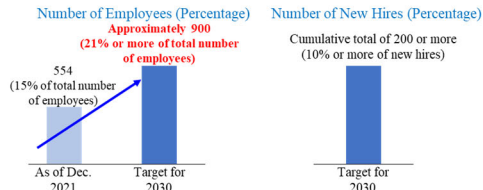


Overview of Timely Disclosure System



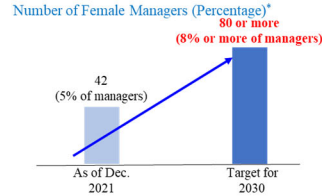
Core Human Resource Indicators

① Multicultural Human Resources*



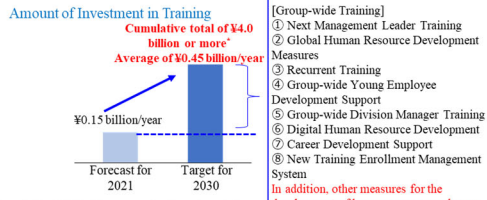
* Foreign nationals, multicultural (experience living overseas), daily conversation language ability or higher in English, Chinese, etc., and CEFR (Common European Framework of Reference for Languages) B2 level or higher

② Active Participation of Women



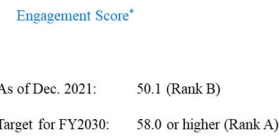
* Including professional staff
* Major Group companies in Japan (SSHD, SEGA, and Sammy)

③ Human Resource Development



* Cumulative total of the amount of investment from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2031

④ Internal Environment Development



* Score based on MOTIVATION CLOUD provided by Link and Motivation Inc.

| Rating | Deviation value |
|--------|-----------------|
| AAA | 67 or higher |
| AA | 61-66.9 |
| A | 58-60.9 |
| BBB | 54-57.9 |
| BB | 52-54.9 |
| B | 48-51.9 |
| CCC | 45-47.9 |
| CC | 42-44.9 |
| C | 39-41.9 |
| DDD | 33-38.9 |
| DD | Less than 33 |

Skill Matrix

| | Name | Position | External | Independence | Gender | Expertise and experience | | | | | | |
|----------------------------------|------------------|--|----------|--------------|--------|--------------------------|---------------------------------|------------------------|--------------------------------|--------|--------|----------------|
| | | | | | | Corporate management | Entertainment business creation | Finance and accounting | Risk management and compliance | ICT/DX | GLOBAL | Sustainability |
| Director | Hajime Satomi | Chairman, Representative Director | | | Male | ● | ● | | | | | |
| | Haruki Satomi | President and Group CEO, Representative Director | | | Male | ● | ● | | | | ● | ● |
| | Koichi Fukazawa | Senior Executive Vice President and Group CFO, Director of the Board | | | Male | ● | ● | ● | | ● | | |
| | Hideo Yoshizawa | Senior Vice President, Director of the Board | | | Male | ● | | ● | ● | | | |
| | Kohei Katsukawa | Director of the Board | ○ | ○ | Male | ● | | ● | ● | | | |
| | Melanie Brock | Director of the Board | ○ | ○ | Female | ● | | | | | ● | ● |
| | Naoko Murasaki | Director of the Board | ○ | ○ | Female | ● | | | ● | | ● | ● |
| | Fujiyo Ishiguro | Director of the Board | ○ | ○ | Female | ● | | | | ● | ● | ● |
| Audit & Supervisory Board Member | Yukito Sakaue | Audit & Supervisory Board Member | | | Male | | | ● | ● | | ● | |
| | Kazutaka Okubo | Audit & Supervisory Board Member | ○ | ○ | Male | ● | | ● | ● | | | ● |
| | Shione Kinoshita | Audit & Supervisory Board Member | ○ | ○ | Female | | | | ● | | | ● |

(Note) The above table indicates up to four fields in which expertise and experience are particularly expected for each individual. The table is not an exhaustive list of all the insight and experience that each individual possesses.