

August 1, 2023

(Translation)

Dear all,

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

(Code No. 6460, Tokyo Stock Exchange Prime)

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

Notice Regarding the Introduction of Stock Compensation Plan for Officers and Employees of certain overseas subsidiaries of the Company through Post-Grant Stock Compensation Program

SEGA SAMMY HOLDINGS INC. (the "Company") hereby notifies that it has resolved to introduce the stock compensation plan for officers and employees of certain overseas subsidiaries of the Company through post-grant stock compensation program (the "Plan") at the Board of Directors meeting held today as described below.

Description

1. Purpose of introduction of the Plan

The Company has introduced the stock compensation program with the aim of providing the directors and officers of the Company and our group companies (the Company Group) the incentives to sustainably improve the corporate value of the Company as well as further matching the long-term benefits with our shareholders and to link the compensations of the directors and officers of the Company and Company Group with the performance target of our group to improve our corporate value over the medium to long term. This time, the Company introduces the Plan in order to expand this stock compensation program for the overseas offices of the Company Group.

2. Overview of the Plan

(1) Recipients under the Plan

The Recipients under the Plan are officers and employees of certain overseas subsidiaries of the Company (subsidiaries are the consolidated subsidiaries of the Company (limited to the subsidiaries in which Company holds a 50% or more on an outstanding share basis)) (the "Recipients")

(2) Outline of the Plan

1) Restricted Stock Unit (the "RSU")

RSU is the plan that the Company grant the Recipients in advance the number of restricted stock units determined by the Company, and will deliver shares of common stock of the Company (the "Share(s)"), the number of which is the same as the number of such units (the "Number of Shares (i)") if the RSUs vest by fulfilment of certain conditions, such as the Recipients holding position as officers, and employees at the overseas subsidiary of the Company during the period determined in advance by the Company.

2) Performance Share Unit (the “PSU”)

PSU is the plan that the Company grant the Recipients in advance the number of restricted stock units determined by the Company, and will deliver Share(s), the number of which is the same as the number of such units determined based on ratio of performance achievement (the “Number of Shares (ii)”) if the PSUs vest by achievement of the performance target by the Company, etc.

In addition, the total amount of monetary compensation receivables to be granted to Recipients and the total number of common stocks to be issued or disposed of by the Company based on this program shall not exceed 0.7 billion yen and 700,000 stocks per year, respectively, as approved at the Board of Directors meeting held on May 13, 2021. Also, if the total number of issued shares of the Company increases or decreases due to stock consolidation or stock split (including free distribution of shares), the Company will adjust the Number of Shares (i) and Number of Shares (ii) by multiplying it by the ratio of the consolidation or split.

(3) The method and timing of delivery of the Shares

The Company will deliver the Shares in the Number of Shares (i) and Number of Shares (ii) at the timing stipulated by the Company after the vesting by issuing new shares or disposing treasury stock pursuant to the decision of the Board of Directors meeting of the Company through contribution in kind of the monetary compensation receivables against the Company that are provided by the Company to the Recipients. Any fraction less than a unit of Shares in the Company at the time of delivery will be rounded down to the nearest whole unit.

In addition, the amount to be paid per Share that will be issued or disposed under the Plan shall be determined by the Corporation based on the closing price of the Share in the regular trading thereof on the Tokyo Stock Exchange on the trading day immediately preceding the date when our Board of Directors meeting makes a decision with respect to such issuance or transfer (or, if no transaction has been effected on such trading day, the closing price on the immediately preceding trading day) and (ii) at a price that is not particularly favorable to the Recipients and within the range that will be compliant with applicable laws and regulations.

(4) Handling in the event where reorganization or any other events occur

In the event a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly owned subsidiary, or any other matter related to organizational restructuring, etc., is approved at the General Meeting of Shareholders of the Company (or if approval in the General Meeting of Shareholders of the Company is not required in relation to such organizational restructuring, etc., then at the Board of Directors meeting of the Company) or any other events stipulated by the Company occur, and in case such organizational restructuring, etc. results in the resignation or retirement of the Recipients from his/her position as the officers or employees of the Company or the Company Group, the Company may deliver the Shares, money or shares of the other party of such reorganization in the number or amount reasonably stipulated in accordance with the resolution of our Board of Directors meeting.

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