

External Director Interview

I am fully committed to supporting global governance of SEGA SAMMY who strives to make life “more colorful” around the world



Makiko Ushijima Director, Audit and Supervisory Committee Member (External)

Q Based on your career, what perspective do you bring to your role as an External Director?

I am qualified as an attorney both in Japan and the United States, and I have been advising clients in cross-border M&A, finance, and international compliance matters for nearly 30 years. My specialty is investment funds, and I frequently advise overseas fund managers. I place particular importance on accountability to investors, including institutional investors such as pension funds and other asset owners. I also have experience representing major casino operators overseas, and I hope to help

strengthen the Company's international Gaming Business. As an Audit and Supervisory Committee member, I am responsible for monitoring the independence of the accounting audit and expressing opinions on its appropriateness, so I intend to carefully monitor financial indicators as well.

Q What is your overall assessment of SEGA SAMMY HOLDINGS' governance structure?

Our Board of Directors has a majority of External Directors, with a high percentage of women and several foreign nationals, yet there is no sense of focusing on differences in attributes. Instead, board diversity seems to have taken root naturally. It's a vibrant and colorful group, with each Director contributing to discussions based on their own abilities and convictions.

I also regard the governance structure itself as highly sophisticated. The governance framework consists of the Board of Directors, the Group Management Committee, and the Group Strategy Meeting, which is mainly attended by executives of Group companies. Directors, including External Directors, generally participate through the first two, which allows us to engage in management efficiently from both monitoring and management perspectives. In addition, recordings of important sessions of the Group Strategy Meeting are also shared with External Directors as prior reference materials for Board of Directors and Group Management

Committee meetings. Subcommittees that External Directors also participate in have been established to address key governance issues, such as group risk management, and the Independent Advisory Committee for nomination and compensation is composed entirely of External Directors. (→ For details of each body, see p. 73)

The Group business is steadily expanding globally, so Group governance is becoming synonymous with global governance. Overseas M&A has rapidly increased the number of employees abroad, making it a material issue of Group governance to manage human capital with both unifying force and respect for differences in legal systems and cultures at the global level. Unflinching willingness to try new things and learn from our mistakes has dramatically evolved our ability to address such challenges.

Q What is your assessment of the information provision system for External Directors, and what challenges do you see?

As corporate governance that contributes to “earning power” (i.e., the capability of an enterprise to generate profits) has become a subject widely discussed in the market, External Directors are also sometimes expected to state opinions or views that appropriately support risk-taking. For that purpose, it is essential that we obtain appropriate and sufficient information as a basis for our judgment. Since I do not have direct access to frontline information, I actively ask questions and request additional materials whenever uncertainties arise.

As we are a holding company, there is inevitably some distance between us and the Group companies that conduct business, as well as their acquisition targets. We need to first ensure that sufficient information is gathered in a timely manner at the holding entity level. To make this information-gathering more efficient, I proposed a system whereby the Audit and Supervisory Committee could directly request information

such as contracts and due diligence materials from the legal officers of each Group subsidiary. What we review is not necessarily the appropriateness of the contract clauses themselves, but rather the course of negotiations, the appropriateness of personnel allocation, and the feasibility of effective PMI.

The Audit and Supervisory Committee also conducts inspections at overseas sites. When we can directly discuss matters with local employees, we gain a sense of their enthusiasm and commitment, as well as a feel for the PMI status with the entities acquired, something that cannot be fully grasped from reports at our offices in Tokyo. When the Board of Directors deliberates on additional investments and other matters in the future, firsthand knowledge of the human resources who are engaged in practical operations overseas can serve as a valuable additional point of reference alongside written information.

Introduction

Value Creation Story

Growth Strategy

Strengthening of Non-Financial Capital

Governance

Other Data

Q What is your assessment of SEGA SAMMY's engagement with investors, and what aspects do you believe should be emphasized?

In recent years, expectations for engagement between Directors and institutional investors have risen, and we are seeing more requests for dialogue with External Directors, particularly from overseas investors who hold a significant portion of our shares.

Our management team, led by the CEO, is highly proactive in engaging with investors, creating various opportunities for dialogue, such as inviting major investors to the Group Management Committee for exchanges of opinions. While management-led dialogue is well established, it will become increasingly important for External Directors and Audit and Supervisory Committee members to fulfill their accountability to investors from a governance perspective. As an External Director of a global corporation, we need to strengthen our ability to engage in dialogue in English and provide explanations aligned with the legal frameworks of different jurisdictions.

In particular, with regard to the Gaming Business, which we are focusing on as our third business pillar, there is a perception that it is an unfamiliar and high-risk industry. Some investors lack sufficient knowledge and say they cannot assess the business potentials because they do not understand the industry, so further efforts are needed to ensure their understanding. It should be noted that the gaming industry is a highly regulated sector, requiring exceptionally strong compliance awareness. I also hope that investors will recognize that the External Directors are closely monitoring this business from a stringent governance perspective as it continues to be established.

Q Please share your assessment of SEGA SAMMY HOLDINGS' business portfolio management.

At first glance, the Group's business portfolio may appear to lack visible synergies among its businesses. In reality, the Pachislot & Pachinko Machines Business, which generates stable earnings, provides the source of funds for growth investments in other businesses and shareholder returns, creating a structure in which the businesses support each other through cash flow. In this context, it is noteworthy that in addition to stock-based compensation for officers, the domestic Group employee stock ownership association has a participation rate of over 80% (as of July 1, 2025), which is remarkably high. We must continue to strengthen this framework that allows all employees to share in the success of the Group as a whole. The process of resource allocation based on strategic investment criteria requires each business division to rigorously evaluate the risks of the others, which contributes to sound risk governance.

In the Consumer area, structural reforms of our European studios have finally reached a conclusion, and the European business is now entering a stage where it can generate full-fledged synergies between Rovio and SEGA. When I visited Sega Europe Limited last year, the local management seems stable and there was a strong sense of belonging to the Group. Our stance is shifting from respecting the policies of local management at overseas acquisition targets to directly controlling and integrating local operations and personnel. I also have the impression that they are gaining experience in securing local human capital, which is critical to the success of overseas operations.

Among the companies acquired in the Gaming Business, negotiations with Stakelogic faced difficult periods before closing. During that time, External Directors also raised tough questions, and several

extraordinary Group Management Committee meetings were convened for extensive discussion. Through this process, we were able to ensure sufficient examination of the acquisition terms and risk factors. However, Stakelogic is a non-listed company and its operations are spread across Europe, so strengthening governance will likely become an issue going forward. I see Stakelogic and GAN as a compelling combination for the omni-channel strategy, and I expect that the know-how accumulated as a land-based casino operator through PARADISE SEGASAMMY can also be leveraged in future business development.

At the same time, an important factor in establishing the Gaming Business is our approach to responsible gaming and measures against addiction. The Group holds licenses in more than 30 jurisdictions*, including Nevada in the United States, which has the strictest regulations in the world, and has accumulated compliance expertise across these jurisdictions. By leveraging this expertise and the know-how cultivated in the Pachislot & Pachinko Machines Business, I hope the Group can contribute to the establishment of unified regulations and measures against addiction that transcend national borders.

* As of June 2025

Q What are your expectations for SEGA SAMMY HOLDINGS going forward?

When traveling overseas, I am reminded of the popularity of the *Sonic* IP and the global recognition of the SEGA brand. Games today transcend borders and have become a form of entertainment that allows fans around the world to share captivating experiences. I believe the SEGA SAMMY Group has the potential to continue providing such captivating

experiences. In this context, I hope to firmly support the Group in advancing its global governance as a comprehensive global entertainment company, so that it can make our life “more colorful” around the world.



Governance

Maintaining a corporate governance system that contributes to medium- to long-term improvements in corporate value by ensuring continuous high transparency in management

Transition to a stronger governance system

FY2016/3

- ▶ Established Independent Advisory Committee
- ▶ Assessed the Effectiveness of the Board of Directors
- ▶ Disclosed Medium-Term Management Policies and Target Management Indicators

Purpose

- To provide opinions on major management issues and exchange information for supervising the Board of Directors
- To strengthen the functions of the Board of Directors
- To promote accountability to capital markets and strengthen group management

FY2017/3

- ▶ Established the Position of CFO
- ▶ Increased External Directors to Three
- ▶ Disclosed Action Plan for Achieving Medium-Term Performance Targets

Purpose

- To drive growth strategies from a financial perspective and strengthen dialogue with capital markets

FY2020/3

- ▶ Increased External Directors to Four
- ▶ Reviewed Compensation System for Directors
- ▶ Adopted Stock Compensation Program with Restriction on Transfer

Purpose

- To strengthen governance
- To introduce incentives to improve corporate value in the medium to long term

FY2023/3

- ▶ Transitioned to a Company with an Audit and Supervisory Committee
- ▶ Established Group Sustainability Subcommittee
- ▶ Established Group Risk and Compliance Subcommittee

Purpose

- To strengthen governance
- To strengthen sustainability management

FY2025/3

- ▶ Raised the Number of External Directors to a Majority
- ▶ Revised Compensation System for Directors

Purpose

- To strengthen governance
- To introduce incentives to improve corporate value in the medium to long term

Basic Stance Regarding Corporate Governance

The SEGA SAMMY Group positions corporate governance as the most important foundation for facilitating good corporate behavior. The Group has the aim of “improving efficiency,” “securing soundness,” and “enhancing transparency” of corporate management as its “basic policy for corporate governance.” Based on this, the Group has made decisions on important management issues, including the appointment of Director candidates, determination of Directors’ compensation, oversight of management, and determination of auditors’ compensation.

Improving efficiency

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

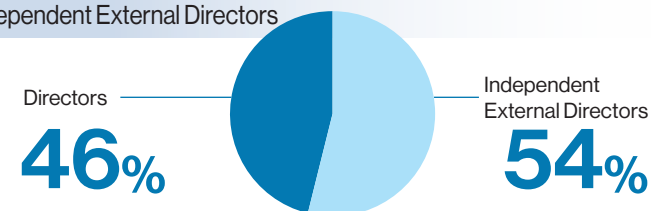
Securing soundness

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 to ensure compliance not just with laws and regulations, but with ethical standards and societal norms (compliance system).

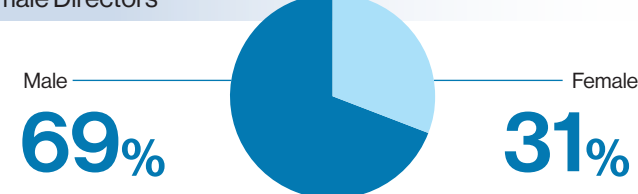
Enhancing transparency

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

Ratio of independent External Directors



Ratio of female Directors



Building a Corporate Governance System to Realize Our Raison d’Être

By accelerating growth strategies and business reforms through a transparent and sound governance system, we will realize our raison d’être, Captivate the World -Making Life More Colorful-, through our businesses.

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 business execution items to Executive Directors.

In addition, based on the belief that Directors with knowledge and experience regarding the industry, market trends, products, services, etc., can generate prompt and optimal management decisions, the Group companies have elected to choose the structure of a company with company auditors. The Company and the Group also appoint External Directors and strengthen the Executive Officers and internal auditing systems, allowing them to improve corporate governance from the aspects of both oversight and execution.

Board of Directors

The Board of Directors aims to achieve flexible management through the current level of 13 directors. Certain important managerial matters at each business company are also resolved or reported at various bodies, including the Company’s Board of Directors.

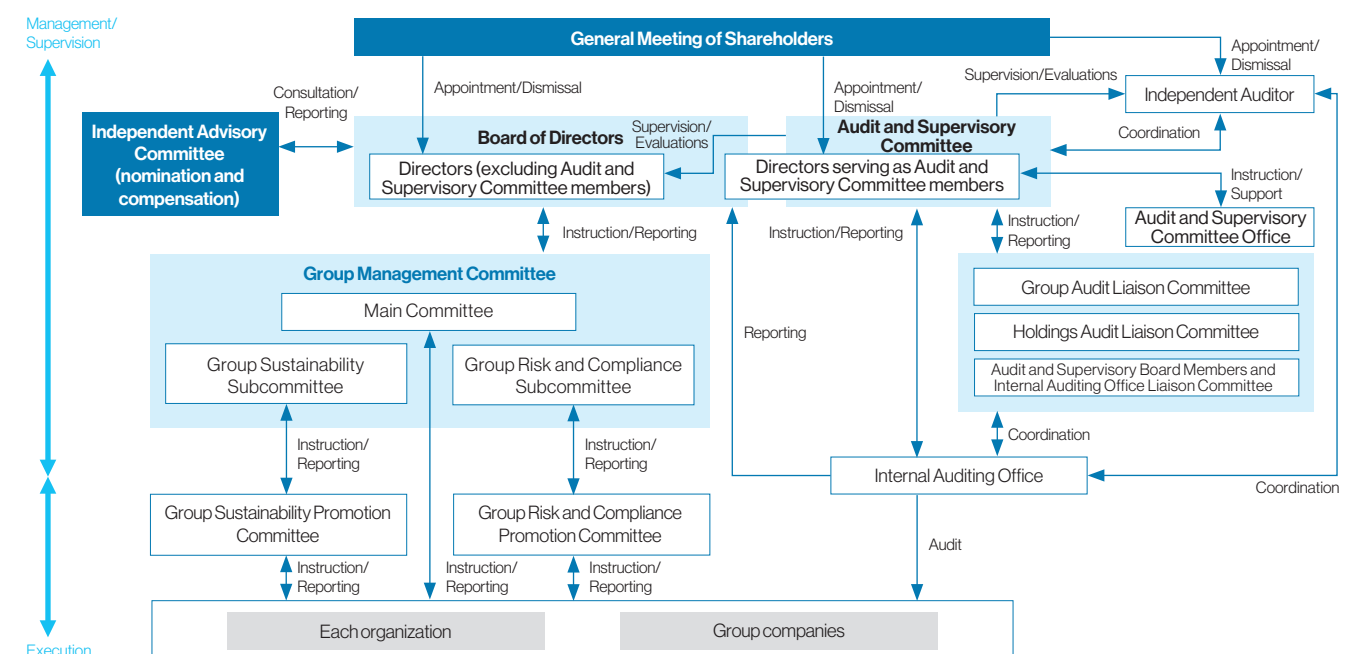
Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Audit and Supervisory Committee members. The Committee assigns duties to respective Audit and Supervisory Committee members, and deliberates on key matters for consideration, such as those involving the status of establishing and operating the Group’s corporate governance and internal control systems, and evaluations of the independent auditor.

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. The following two Voluntary Committees are established: the Independent Advisory Committee and the Group Management Committee. In addition, the Group Sustainability Subcommittee and the Group Risk and Compliance Subcommittee are established as bodies that discuss and inspect special themes.

Independent Advisory Committee: P. 75, Group Management Committee: P. 76





Evaluation of the Effectiveness of the Board of Directors

1. Purpose of evaluation

The Company has performed analyses and evaluations of the effectiveness of the Board of Directors each year since 2016 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. The Company aims to further improve the effectiveness of the Board of Directors.

2. Method of evaluation

In assessing the effectiveness of the Board of Directors for the fiscal year ended March 2025, we conducted a questionnaire survey with all Directors (including Audit and Supervisory Committee members) in order to understand the expectations and challenges for the Board of Directors to contribute more effectively to the Company’s sustainable growth.

In this questionnaire survey, to ensure objective evaluation, we engaged an external organization for the design of the items and the analysis and assessment. We confirmed the matters considered important for the Company’s Board of Directors to effectively fulfill its roles and responsibilities (composition and operation of the Board of Directors, deliberations on strategy, etc.), as well as the effectiveness of efforts to address issues from the previous fiscal year. External Directors also evaluated their own individual performance.

In addition, the Board of Directors deliberated on the effectiveness of the Board of Directors during the fiscal year under review, where issues existed, measures to address such issues, and other matters, based on reports of the analysis results of the questionnaire prepared by the external organization.

3. Summary of evaluation results

As a result of these deliberations, the Board of Directors of the Company was judged to be functioning effectively with strengths identified as ensuring diversity among members, enabling independent External Directors to participate constructively in discussions from a medium- to long-term perspective, and fostering an open and lively debate from a Group-wide standpoint.

The issues identified in this evaluation and the initiatives toward resolving them are as follows.

Evaluation item	FY2025/3 Issues	FY2026/3 Initiatives
Discussion on Human Capital Strategy	• Further enhancement of discussions on the human capital strategy is required. • Given the rise in geopolitical risks in recent years, all companies are required to formulate strategies with greater accuracy, supported by deeper analysis and more agile responses. To this end, the Board of Directors needs reinforcement with international human capital who have global experience and expertise in consumer games and gaming.	• As part of Group and operating company Human Resources Strategies, consider succession plans for the development of future management, including training successors for key positions over the next five to ten years and monitoring their progress. • Review the Director skills matrix in line with current business content and strategies, and examine succession planning for Directors.
Group Monitoring	• While discussions on risk progress, oversight and training in overseas operations still require further development. Continued prompt responses are needed in this regard.	• Redefine the responsibilities and roles of headquarters within the Group. • Continue reviewing reporting lines and monitoring systems from a global perspective.
Discussion on Capital Efficiency	• Although discussions have been held on initiatives for realizing management that is conscious of capital efficiency, there is insufficient shared understanding of the basic policy. • There is a lack of shared understanding and insufficient discussion regarding the setting of business targets aimed at enhancing corporate value.	• To realize management that is conscious of capital efficiency, continue sharing major Group companies' business strategies and financial information at the Board of Directors and Group Management Committee. • Reinforce shared understanding of the intentions and background behind each business KPI target, and continue monitoring KPIs and discussing capital allocation.
Initiatives on Sustainability	• Considering Responsible Gaming and social impact is a must. Sufficient deliberation should also be given to how these will be addressed.	• Accurately identify the status of industry-wide initiatives in the gaming sector and compare them with those of our Group, then work with operating companies to develop future measures to address any gaps.

Effectiveness Evaluation of the Audit and Supervisory Committee

1. Purpose of evaluation

To enhance transparency of our governance structure and to continuously improve auditing functions, the Company introduced effectiveness evaluations of the Audit and Supervisory Committee, utilizing the PDCA cycle to improve effectiveness.

2. Method of evaluation

For the effectiveness evaluation, we conducted a qualitative assessment based on materials regarding the board of corporate auditors' effectiveness evaluation published by the Japan Audit & Supervisory Board Members Association. The main evaluation items were the appropriateness of the audit plan, the effectiveness of governance, internal control, operational audits, and Group audits, attendance at important meetings, selection of key audit matters (KAM), and collaboration with accounting auditors and the internal audit department. An Audit and Supervisory Committee member chaired the discussions, and opinions were exchanged on evaluations, issues, and potential improvements for each item. The results were reviewed by the Audit and Supervisory Committee, which deliberated on effectiveness, identified issues, and measures to address them.

3. Summary of evaluation results and report to the Board of Directors

We concluded that the effectiveness of the Audit and Supervisory Committee is sufficiently ensured to a certain degree. We identified further strengthening of “responses to new businesses,” “information sharing,” and “risk responses” as issues, and reported to the Board of Directors that we will work on improvements in cooperation with the Board of Directors and other bodies.

About the Independent Advisory Committee

The Independent Advisory Committee is composed of all the Company's independent External Directors and independent External Audit and Supervisory Committee members. It analyzes and evaluates the overall effectiveness of the Board of Directors in response to requests from the Board of Directors or the Representative Director, participates in the compensation decision-making process for Directors of the Company and Group companies, and confirms and advises independently on proposals for the appointment of Directors other than Audit and Supervisory Committee members. The Committee also functions as a body for information exchange in support of the Board of Directors' supervisory role.

Activities of the Independent Advisory Committee

FY2025/3: Three meetings held

Main activities

- Deliberated and responded to consultations regarding the Director compensation structure and revisions to the stock compensation system presented by the President and Representative Director.
- Reviewed the Director compensation decision-making process established by the Board of Directors and deliberated on the scale of the stock compensation program with restrictions on transfer for the fiscal year.
- Deliberated on proposals for Director appointments for the fiscal year and conducted interviews with new candidates.

Name	Attendance
Kohei Katsukawa	3/3 (100%)
Melanie Brock	3/3 (100%)
Fujiyo Ishiguro	3/3 (100%)
Ankur Sahu	1/2 (50%)
Kazutaka Okubo	3/3 (100%)
Naoko Murasaki	3/3 (100%)
Makiko Ushijima	2/2 (100%)

* Attendance records for Ankur Sahu and Makiko Ushijima reflect meetings held after their appointment as Directors on June 25, 2024.



Main Agenda and Discussion Topics of Management-Level Committees

Group Management Committee

The Group Management Committee, established under the Board of Directors, discusses and examines matters related to improving the profitability and efficiency of the Group's businesses and strategic investment projects. The Committee is composed of the Company's Directors (excluding the Chairman and Representative Director) and Audit and Supervisory Committee members, and meets as appropriate. In the fiscal year ended March 2025, it was convened 17 times (approximately 31 hours in total), during which 38 matters were discussed.

Number of Discussions / Hours

• FY2025/3 17 meetings / 38 matters / approx. 31 hours of discussion (FY2024/3: 23 meetings / 43 matters / approx. 40 hours of discussion)

Examples of discussion topics

Item	Number of items	Main topics of discussion
Business strategy	9	Formulation of material issues and response policies for the Group and operating companies, business plans, medium-term plans, etc.
Risk and compliance	3	Group Risk and Compliance Subcommittee, ERM, IT security, cybersecurity
Sustainability	2	Group Sustainability Subcommittee
Governance	6	Group risk governance framework, evaluation of the effectiveness of the Board of Directors, External Director nomination process, etc.
Growth investment	11	Project cases including M&A, etc.
Others	7	Feedback from investors and shareholders, AI utilization, etc.

Selected excerpts from discussions

Discussion on AI utilization (December 2024)

Haruki: The situation differs by country, but in Japan, employees themselves are taking the lead in adopting AI. However, if adoption comes as a directive from SEGA SAMMY HOLDINGS, there can be pushback, so caution is necessary. It is important not only to pursue efficiency in operations, but also to explore how AI can make game development more engaging.

Ishiguro: The key points in AI utilization are how effectively we can leverage data, but with OpenAI and others advancing at such a rapid pace, it is difficult to keep up. Even if we try to use AI internally, while leveraging in-house data is good, the challenge is how many external advances we can incorporate.

Murasaki: Fundamentally, the concept of AI is not unlike copying others' works, so when similar outputs are generated by combining various conditions, the scope of whether legal action can or will be taken is unclear, and that poses a risk. There may also be cases where a lawsuit would not even be viable.

Ushijima: It would be good to establish guidelines. For example, we could base them on global (or Group-wide) guidelines and then localize them according to each country's regulations.

Discussion on Feedback from Investors and Shareholders (February 2025)

Okubo: I have heard that investors are focused on shareholder returns, but are they demanding short-term returns?

Fukazawa: Because video game companies are highly volatile, there is a need to maintain a risk buffer. Our approach of leveraging capital investment is seen as unique, but with net cash falling below 50.0 billion yen, the key point in discussions with investors is how we balance investment and shareholder returns. If we pursue a large acquisition going forward, the situation will change.

Haruki: Our acquisition of Rovio is still viewed with some skepticism, but under our shareholder return policy, the better our performance, the more returns we provide to shareholders. So once Rovio and other acquired companies grow, those concerns should naturally be resolved.

Utsumi: I understand that the appeal of our IP library and our transmedia strategy are being correctly conveyed in recent communications, and that there is demand for further disclosure on our medium-term lineup.

Ishiguro: There is an impression that our initiatives on ESG have toned down, but it is important that we respond sensitively to investor opinions and demonstrate our stance. I would like to see continuous monitoring and reporting.

Haruki: My impression is that investors are not very concerned with our environmental aspects. While some investors exclude gambling-related stocks from their portfolios, the majority do not.

Okubo: ESG terminology may change with the times, but fundamentally, it comes down to how corporate risks are evaluated. Gambling addiction, if it becomes a social issue, is indeed a risk, but it is impossible to completely eliminate all risks. The same applies to environmental issues. It is important not to overreact but to understand the core issues correctly and proceed accordingly.

Management camp

In September 2024, SEGA SAMMY HOLDINGS held a management camp. The camp was conducted with the aim of unifying the management team's awareness by changing the setting and holding intensive discussions. The event was attended by internal and external Directors, Executive Officers, and executives of major Group Companies.



	Discussion topics
Day 1	Gaming Business (Market information input, etc.)
	Capital allocation (policy on utilizing growth investment capacity)
	Response to capital markets (sharing cases of activism and hostile takeovers, discussions based on investor feedback)
Day 2	Group governance (corporate structure, global HQ framework, role of C-level executives)
	Group Risk and Compliance Subcommittee (risk map discussion, Group cybersecurity measures, etc.)

Selected excerpts from discussions

Discussion on the approach, policy, and allocation of growth investment capacity (Day 1)

Okubo: For example, what image do you have of the Group ten years from now? What kind of society would we ideally like to see realized through our corporate philosophy? We need to think by backcasting from that vision, asking ourselves what actions are necessary now to achieve it. Before debating each investment project individually, we should first discuss the overall picture.

Fukazawa: While that perspective is important, from a practical standpoint, businesses are always in motion, and each unit brings forward its own proposed investments one after another. When overall investment capacity, allocation, and priorities are all variable factors, it becomes difficult to judge the viability of each investment, so we should first establish a shared understanding. After that, we can discuss individual investment targets either by backcasting from our future vision or on a case-by-case basis.

Haruki: We need a deeper shared understanding of the market environment, including its future outlook. Even for the video game market there is not enough shared understanding of which countries' market sizes are expanding. The same applies to the Pachislot & Pachinko market and gaming market. We also need to understand the mega-trends that cannot be resisted. For example, since Japan's population decline cannot be stopped, we cannot draw up business plans based on assumptions of population growth.

Sahu: From the market's perspective, on a sum-of-the-parts basis, the Entertainment Contents Business commands high multiples, while the Pachislot & Pachinko Machines Business is seen as shrinking and has low multiples, though the fact remains that it generates cash. The Gaming Business is still at an early stage, but considering these realities, we need to think not only about where to invest to generate profit and growth, but also about how those investments will be evaluated by the capital markets.

Hoshino: I fully understand Sammy's position within the Group. To continue generating cash, we need to revitalize the shrinking pachislot & pachinko machines market. The industry as a whole is working on measures to increase fans, such as successfully capturing inbound demand.

Fukazawa: From an external viewpoint, if we focus investment on the Consumer area and deliver results, that unit has the highest multiples and would greatly impact the stock price. When deciding where to allocate capital, we need to explain to the market not only why we concentrate investment in high-expectation areas like the Consumer area, but also why we are continuing to invest in gaming at all.

Haruki: There are companies, like ours, that also operate in multiple non-gaming sectors but are still valued at PER levels of 20 to 30 times. Those companies are valued mainly on their video game business, with deficits in other operations largely overlooked. The SEGA SAMMY Group's valuation, at only the low-teens in PER, is simply because its video game business is smaller. If SEGA's revenue and profit levels increase, its valuation will also rise.

Katsukawa: Since we have decided to prioritize investment in consumer and gaming, we should properly execute the necessary investments there, including in human capital. On the human capital side headcount alone does not make the cut. It is important to have people with the necessary knowledge and skills.

Discussion on risk map and cybersecurity measures (Day 2)

Okubo: Threats of acquisition, the response to the Gaming Business, and the relationship between C-level executives of Group Companies and the holdings company should also be included in the risk map for discussion. Also, we need to align the level of detail across Group Companies. SEGA seemed to be anticipating a broader range of risks, so I would like those written out as well. The remaining issue is prioritization.

Murasaki: It is said that cybersecurity should be discussed at the Board of Directors. We need to discuss not only how much we can defend, but also how we will respond in the event of an incident. Currently, post-incident responses tend to be delayed. Cybersecurity and information leaks are categorized separately, but in the case of cyberattacks, aside from system support, the measures that need to be taken are almost the same as for information leaks. It would be easier to recognize as a management issue if these were consolidated under information security.

Sahu: Have we consolidated our handling of reputational risk? It would be better to communicate that to Group Companies as well.



Compensation for Directors

Compensation Amount for Directors and the Method for Calculating Such Compensation

The Company's compensation system for Directors is designed to ensure transparency and provide greater incentives to increase corporate value. The compensation system for Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors) is determined based on the basic policy outlined below.

- (1) The system must increase management's focus on shareholder interests and sharing value with shareholders.
- (2) The system must clarify the responsibilities of management in improving the corporate value of the Group.
- (3) The system must function as an incentive to support the sustainable growth of the Group.
- (4) The system must have compensation levels for ensuring and maintaining excellent human capital appropriate for executing the roles and responsibilities of Directors of the Company.

Based on the basic policy, the compensation system for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and External Directors) includes fixed compensation, Directors' bonuses, and post-delivery stock-based compensation.

Fixed compensation

A compensation table shall be formulated to specify each component of the compensation, namely, basic compensation and role compensation. The Company shall provide the sum of these components of compensation as monthly fixed compensation.

Directors' bonuses

Directors' bonuses are paid as performance based compensation in the amount determined by multiplying the above fixed compensation by coefficients calculated based on a bonus table that defines the number of months of Directors' bonuses based on three elements: the level of the adjusted EBITDA; level of business plans achieved; and the year-on-year growth.

Stock-based compensation (post-delivery stock-based compensation)

With the aim of further aligning the long-term interests of the Company's Directors with those of shareholders and providing incentives to enhance the Company's corporate value over the medium to long term, the Company has abolished the stock compensation system with restriction on transfer for Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors; hereinafter referred to as "Eligible Directors"), and introduced a post-delivery stock-based compensation system in which shares of common stock of the Company are allocated to Eligible Directors after a certain period of time.

Total amounts of compensation and the maximum number of shares for Eligible Directors under this system are determined separately for Performance Share Units (PSU) and post-delivery Restricted Stock Units (RSU), based on a comprehensive consideration of contributions and other factors relating to Eligible Directors.

The Board of Directors of the Company will determine the ratio of fixed compensation, single-year performance-based bonus, and post-delivery stock-based compensation to be approximately 1:1:1 in the cumulative compensation over the three fiscal years if the targets of the medium-term plan are achieved. The proportion of PSU and RSU in the period of the medium-term plan is as follows.

PSU (financial indicator)	PSU (future financial indicator)	RSU
60%	20%	20%

Note: PSU compensation is determined based on achievement of business performance targets during the period subject to business performance evaluations and tenure during the subject period. Achievement of business performance targets will be assessed based on the financial indicator of adjusted EBITDA, as well as the employee engagement score (EMS), figures related to culturally diverse human capital (MC human capital), and the ratio of women in managerial positions, all of which are future financial indicators.

For details on compensation for Directors, please refer to P. 98 of the Annual Securities Report. (Japanese only)
https://www.segasammy.co.jp/cms/wp-content/uploads/pdf/ja/ir/Annual_security_report_FY202503_ir.pdf

The compensation of Directors and Directors who are Audit and Supervisory Committee members for the fiscal year ended March 2025 is as follows.

Position	Number of Directors / Audit & Supervisory Board members	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)				
			Basic compensation	Bonuses	Post-delivery stock-based compensation		Of the items on the left, non-monetary compensation, etc.
					PSU	RSU	
Directors (excluding Audit and Supervisory Committee members and External Directors)	7	1,313	555	365	304	88	392
Directors (Audit and Supervisory Committee members) (excluding External Directors)	2	24	24	-	-	-	-
External Directors	8	97	97	-	-	-	-

- Notes:
- Both bonuses and compensation under the post-delivery stock-based compensation system are recorded as expenses in the fiscal year ended March 2025.
 - Non-monetary compensation, etc. consists of post-delivery stock-based compensation.
 - Directors as of the end of the fiscal year ended March 2025 include nine Directors (excluding Audit and Supervisory Committee members but including four External Directors) and four Directors that are Audit and Supervisory Committee members (including three External Directors).
 - The differences in numbers of payees above reflect the inclusion of two Directors (excluding Audit and Supervisory Committee members and including no External Directors) and two Directors that are Audit and Supervisory Committee members (including one External Director) who retired as of the end of the Ordinary General Meeting of Shareholders held June 25, 2024.

Directors who received ¥100 million or more in total compensation for the fiscal year ended March 2025 are as follows.

Name	Position	Total compensation, etc. (Millions of yen)	Company	Total compensation, etc. by type (Millions of yen)				
				Basic compensation	Bonuses	Post-delivery stock-based compensation		Of the items on the left, non-monetary compensation, etc.
						PSU	RSU	
Hajime Satomi	Director	530	The Company	216	153	127	34	161
Haruki Satomi	Director	589	The Company	240	170	141	38	179
Koichi Fukazawa	Director	153	The Company	60	42	35	15	50
Shuji Utsumi	Director	123	The Company	8	-	-	-	-
			SEGA CORPORATION	32	42	31	8	40

Stock Compensation System for Employees

Recently, we reviewed the stock compensation system across the entire Group and introduced measures to align the value shared by shareholders, Directors, and employees, while enhancing motivation to contribute toward medium-term corporate value creation.

Specifically, we established a post-delivery, unit-type stock compensation scheme for Directors and Executive Officers, and for managers, we replaced the previous stock option plan with a stock-granting ESOP trust. We have also introduced stock compensation systems for senior employees of overseas Group Companies. In addition, the most significant change was the introduction of a special incentive program, utilizing the employee stock ownership association, for domestic Group employees. Before implementation, the employee stock ownership association participation rate was around 24%, but after implementation, it rose to about 80%, significantly exceeding the average level of Tokyo Stock Exchange-listed companies.

■ Background and aims of the review of the stock compensation system

- To promote value sharing among shareholders, Directors, and employees
- To be aware of the stock price as an indicator and aim to improve corporate value by working together with the Group

	Target	Revised points
	(1) Directors/ Executive Officers	• Changed to the post-delivery, unit-type stock compensation scheme (RSU/PSU) • Increased the ratio of stock-based compensation compared to the past system
	(2) Managerial positions	• Abolished stock options and introduced a stock-granting ESOP trust • Granting a number of shares corresponding to the achievement rate of the performance targets in the medium-term plan • Clarify the linkage with business performance further
	(3) Group employees	• Create an environment for employees to own the Company's shares more easily • Introduced a special incentive program that utilizes the employee stock ownership association ⇒ Participation rate of stock ownership association increased to about 80%* (approx. 24% before the introduction of the system)

* As of July 1, 2025



Please refer to P.19 of the Corporate Governance Report for more information on the support system for External Directors.
https://www.segasammy.co.jp/cms/wp-content/uploads/pdf/en/CGreport-en_25.pdf

Policy and Procedure for Appointment of Directors

The Company has established a skills matrix based on the experience required of management at a listed company, as well as the knowledge and insight necessary to achieve our long-term vision. When selecting Directors, our basic policy is to make decisions comprehensively by assessing whether candidates align with this skills matrix and by evaluating their personal qualities.

The Independent Advisory Committee reviews the proposed candidates presented by the President and Representative Director, conducts interviews, and submits its evaluation results as an opinion to the President and Representative Director.

The President and Representative Director uses the results of such reviews to determine director candidates in accordance with the above policy, which shall be reviewed and approved by the Board of Directors. The same also applies when the Independent Advisory Committee recommends a director candidate to the President and Representative Director.

Skills Matrix Definition

The Company selected experience and knowledge required as a listed company, along with those that are required to achieve the long-term vision of the Company. **■ Directors, Audit and Supervisory Committee Members, and Executive Officers: P.82**

Item	Definition
Corporate management	Manager of a listed company or equivalent organization
Entertainment business creation	Experience as a business development manager or in starting a new business in the Group's business segments
Finance and accounting	Professional experience at financial institutions, auditing firms, etc., or experience as an officer in charge of a financial department at a major company
Risk management and compliance	Attorney, or other professional experience, or experience as an officer in charge of legal affairs, compliance, or audit at a major company
ICT/DX	Experience at IT companies, vendors, consulting firms, and other professional services, or experience as an officer in charge of IT at a major company
Global	Experience of living abroad, experience at an overseas operating company, or equivalent experience
Sustainability	Individuals who have insight into Environment and Human Resources (Diversity), which are part of the Company's Five Materialities (Human Resources, Products and Services, Environment, Addiction, and Governance) to be addressed, and are expected to play an active role in the promotion of sustainability by the Group

Support System for External Directors

To ensure that External Directors can thoroughly review agenda items prior to Board of Directors meetings, we have established an appropriate information-sharing system managed by the Secretariat.

For newly appointed External Directors, the Secretariat conducts individual orientation sessions on the Group's business activities to support their understanding and facilitate active discussion at Board of Directors meetings. In addition to the above, External Directors who serve as Audit and Supervisory Committee members are supported by dedicated staff within the Audit and Supervisory Committee Office, which reports directly to the Committee. Appointment, transfer, and evaluation of these staff members require prior consent from the Audit and Supervisory Committee, ensuring their independence from Directors who are not Audit and Supervisory Committee members. Furthermore, for meetings attended by External Directors serving as Audit and Supervisory Committee members, appropriate information-sharing systems are in place through the relevant secretariats and the Audit and Supervisory Committee Office to allow sufficient prior review of agenda items.

Strategic Shareholdings Policy

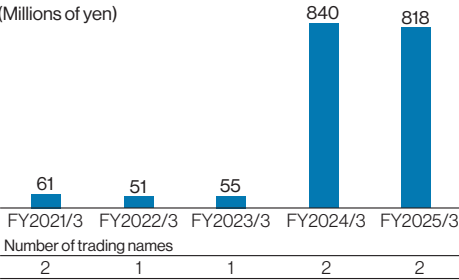
The Company holds shares for purposes other than pure investment only when such holdings are expected to contribute to business partnerships, expand transactions, and enhance both the Company's corporate value and shareholder interests.

The Board of Directors periodically reviews the economic rationale and future outlook of these shareholdings to determine whether continued ownership is appropriate.

In principle, voting rights for such shares are exercised on all proposals, based on whether they contribute to the sustainable growth and medium- to long-term corporate value of both the Company and the investee.

Changes in value of strategic shareholdings (excluding unlisted shares)

(Millions of yen)



Dialogue with Capital Markets

To promote constructive dialogue with shareholders and investors, the Company appoints an Executive Officer in charge of IR/SR and establishes dedicated IR/SR departments, carrying out the following initiatives as a basic policy.

In promoting constructive dialogue with shareholders and investors, we work closely with internal departments such as Corporate Planning, Finance & Accounting, Legal, and General Corporate Administration.

The President and Representative Director, along with the CFO, attend financial results briefings to engage in direct communication, while the Executive Officer in charge of IR/SR and staff conduct individual meetings and small conferences as appropriate.

Event	Number of times held in FY2025/3
General Meeting of Shareholders	1
Financial Results Briefings for Institutional Investors and Analysts	4
IR Meetings (Including ESG Meetings and Conferences)	98 (with 238 executives); 286 (with 606 IR/SR personnel)
SR Meetings	15
Individual Investor Briefings	2
Perception Study (Awareness Survey)	1

Main Dialogue Themes

Theme	Details
Business strategy	Key performance indicators (KPIs) used as management indicators Business portfolio strategy Measures to improve capital efficiency
Capital allocation	Approach to growth investment Shareholder return policy
Individual businesses	Entertainment Contents Business - Growth strategies such as Transmedia strategy and M&A initiatives - Structural reforms in the European region, etc. Pachislot & Pachinko Machines Business - Strategies for improving market share, efficiency, and profitability Gaming Business - Growth strategies through M&A and other initiatives
Business performance	Short-term results Progress on medium-term plan
Sustainability	Progress on human capital strategy Governance framework Other initiatives related to materialities, such as addiction

Dialogue session between shareholders and executives

We invited Mr. Kono from Marathon Asset Management to the Group Management Committee for an exchange of views with our executives.



Internal Feedback

The status of dialogues with shareholders and investors is regularly or promptly shared with the President and Representative Director, CFO, other Directors, External Directors, Executive Officers, and business heads as appropriate. This helps enhance management transparency and contributes to the Company's sustainable growth and medium- to long-term corporate value improvement.

	Results in FY2025/3	Overview
Feedback to Executives	Reports to the Group Management Committee: 5 times Individual reports to each officer: After each quarter	Reports include investor feedback, analyst evaluations, shareholder trends, and market developments gathered through IR activities.
Monthly IR/SR Report	Issued monthly	Market evaluation of the Company, investor feedback, market trends, and peer comparisons are shared internally via the intranet for Group employees.
Internal Briefings	6 sessions	Conducted to explain the objectives of IR activities and market evaluations to employees across the Group, including sessions for new employees and business unit staff, and financial results briefings.

Directors, Audit and Supervisory Committee Members, and Executive Officers

Directors

Hajime Satomi
Chairman
(Representative Director)



Tenure of office
20 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

Mr. Hajime Satomi has served as an executive of the Company and Group companies, and currently also serves as Honorary Chairman of the Board of Sammy Corporation and SEGA CORPORATION. He possesses extensive experience and a proven track record.

Expertise and experience



Haruki Satomi
President and Group CEO
(Representative Director)



Tenure of office
13 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

Mr. Haruki Satomi has held executive positions within the Company and Group companies, contributing to improved business performance. He continued to demonstrate leadership as the Group's Chief Executive Officer, contributing to the enhancement of the Company's corporate value.

Expertise and experience



Koichi Fukazawa
Senior Executive Vice
President and Group CFO,
Director of the Board



Tenure of office
10 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

Mr. Koichi Fukazawa has served as head of a wide range of fields, including corporate planning, administration, and new businesses, while also fulfilling roles as the Group's Chief Financial Officer and driving the Gaming Business.

Expertise and experience



Shuji Utsumi
Director of the Board



Tenure of office
1 year
Board of Directors
attendance
10/10 (100%)

Reasons for appointment

Mr. Shuji Utsumi has held executive positions at entertainment companies with global operations and currently serves as President and COO, Representative Director of SEGA CORPORATION. He drives business growth on a global scale.

Expertise and experience



Ayumu Hoshino
Director of the Board



Tenure of office
1 year
Board of Directors
attendance
10/10 (100%)

Reasons for appointment

Mr. Ayumu Hoshino has led the Pachislot & Pachinko Machines Business in the development department and currently serves as President and COO, Representative Director of Sammy Corporation, as well as Vice Chairman of The Nikkoso Research Foundation for Safe Society. He possesses extensive knowledge and experience in the Group's core businesses.

Expertise and experience



Kohei Katsukawa
Director of the Board
(External)



Tenure of office
9 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

Mr. Kohei Katsukawa appropriately fulfills responsibilities such as participating in key management decisions and overseeing business execution from an objective and impartial standpoint. He brings extensive experience as a corporate manager and contributes to the Company's management through valuable insights and constructive advice.

Expertise and experience



Melanie Brock
Director of the Board
(External)



Tenure of office
6 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

Ms. Melanie Brock draws on extensive experience and achievements as an international business leader to contribute to strengthening the Company's corporate governance system and enhancing the quality of management decision-making through diverse perspectives and values.

Expertise and experience



Fujiyo Ishiguro
Director of the Board
(External)



Tenure of office
4 years
Board of Directors
attendance
12/12 (100%)

Reasons for appointment

As the founder of Netyear Group Corporation, Ms. Fujiyo Ishiguro possesses expertise in corporate management and the IT/DX field. She contributes to the Company's management through valuable insights and constructive feedback.

Expertise and experience



Ankur Sahu
Director of the Board
(External)



Tenure of office
1 year
Board of Directors
attendance
9/10 (90%)

Reasons for appointment

Mr. Ankur Sahu has handled corporate investment projects at Goldman Sachs, contributing to the growth and revitalization of numerous global companies. He provides valuable perspectives and advice that support the Company's global business development.

Expertise and experience



For details on each Director's career history, please see this link.
▶ <https://www.segasammy.co.jp/en/officer/>

* "Expertise and experience" lists up to four skills expected of each individual. It does not represent all of the knowledge or experience each individual possesses.

* For details on expertise and experience, please refer to P. 80.

* Tenure of office is as of June 2025.

Audit and Supervisory Committee Members

Hiroshi Ishikura Director, Audit and Supervisory Committee Member



Tenure of office
1 year
Board of Directors
attendance
12/12 (100%)
Audit and Supervisory
Committee attendance
9/9 (100%)

Expertise and experience



Reasons for appointment

Mr. Hiroshi Ishikura possesses expertise in management and financial accounting through experience as a certified public accountant and as an executive overseeing administrative divisions at operating companies. He has served as head of internal audit, internal control, and CSR departments within the Company, and currently serves as an Audit and Supervisory Board Member at a Group subsidiary. He possesses a broad understanding of the Group as a whole, along with extensive knowledge of accounting and governance.

Kazutaka Okubo Director, Audit and Supervisory Committee Member (External)



Tenure of office
3 years
Board of Directors
attendance
12/12 (100%)
Audit and Supervisory
Committee attendance
12/12 (100%)

Expertise and experience



Reasons for appointment

Mr. Kazutaka Okubo has experience in auditing as a certified public accountant, with strong expertise in finance and accounting. He brings extensive knowledge of governance from experience as an External Director, providing appropriate guidance and oversight of the Company's management from an objective standpoint.

Naoko Murasaki Director, Audit and Supervisory Committee Member (External)



Tenure of office
4 years
Board of Directors
attendance
12/12 (100%)
Audit and Supervisory
Committee attendance
12/12 (100%)

Expertise and experience



Reasons for appointment

Ms. Naoko Murasaki has extensive experience in global risk management and governance, based on experience at the National Police Agency, the Ministry of Foreign Affairs, and a risk consulting firm. She provides appropriate guidance and oversight of the Company's management from an objective standpoint.

Makiko Ushijima Director, Audit and Supervisory Committee Member (External)



Tenure of office
1 year
Board of Directors
attendance
10/10 (100%)
Audit and Supervisory
Committee attendance
9/9 (100%)

Expertise and experience

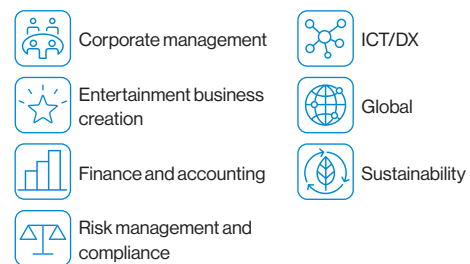


Reasons for appointment

Ms. Makiko Ushijima is a licensed attorney at law in Japan and the State of New York, and is certified as a U.S. certified public accountant. She brings experience in M&A deals and global corporate compliance, as well as a multifaceted perspective on finance, legal affairs, and governance, providing appropriate guidance and oversight for the Company's global business expansion.

* Board of Directors attendance is for the fiscal year ended March 2025.

Directors' skills list



Executive Officers

Senior Executive
Vice President,
Executive Officer

Yukio Sugino

Executive Vice
President, Executive
Officer

Hideo Yoshizawa

Makoto Takahashi

Yoichi Owaki

Senior Vice
President,
Executive Officer

Takaharu Kato

Vice President,
Executive Officer

Hironobu Otsuka

Koji Takeyama

Yukio Kawasaki

Natsue Ishida

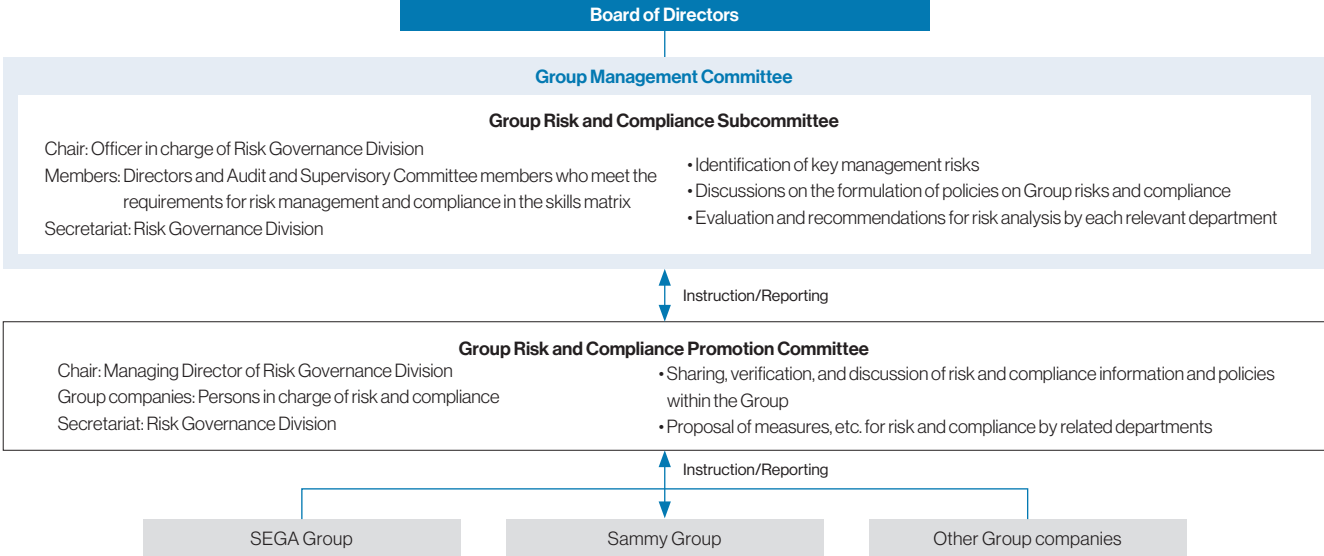


Risk Management

Risk governance system

The Group has established the Group Risk and Compliance Subcommittee within the Group Management Committee to address risks related to the execution of business operations in cooperation with the Risk Governance Division. The Risk Governance Division was newly established as an organization to centrally manage risks for the entire Group in order to build a stronger risk governance structure following SEGA SAMMY HOLDINGS' transition to the Prime Market in 2022. In addition to clarifying the risk management system, an internal audit section under the direct supervision of the Audit and Supervisory Committee audits the state of risk management by each section and periodically reports its findings to management decision-making bodies and management organizations involved in execution and oversight. Led by persons in charge of risk and compliance at Group companies, the Group Risk and Compliance Promotion Committee, established under this structure, discusses, verifies, and shares measures and information related to risk and compliance within the Group.

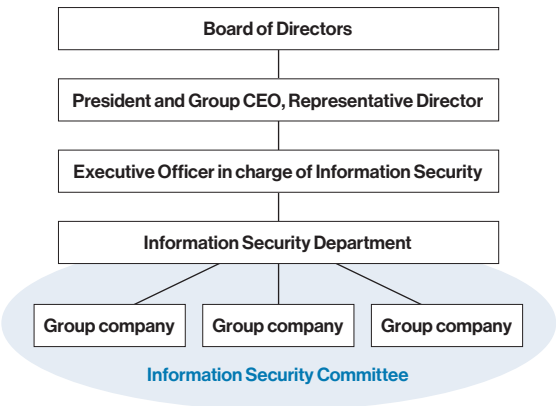
Risk governance system chart



Information security

In today's rapidly advancing information society, where highly networked information technology (IT) increasingly impacts corporate value, ensuring IT security and protecting information assets from various threats is not only a critical management issue but also a social responsibility for companies. Based on this policy, the SEGA SAMMY Group will continue to strengthen and advance its information security measures, striving to remain a company trusted by customers and all other stakeholders.

Information security promotion framework



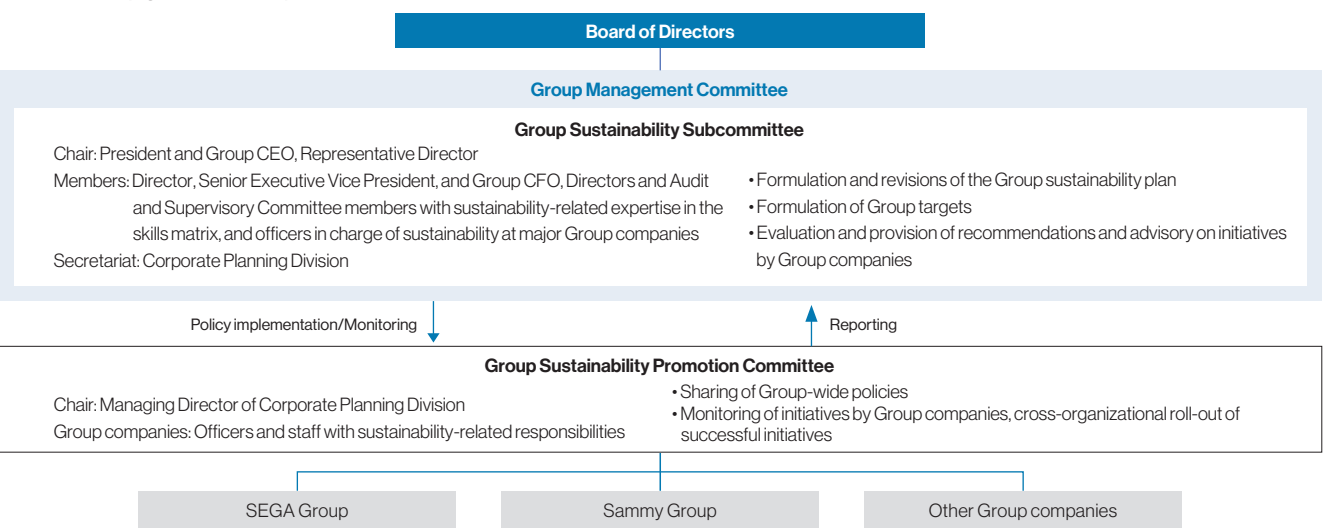
Please see our website for more information on our information security initiatives. <https://www.segasammy.co.jp/en/corp/compliance/#007>

Sustainability Management

Sustainability governance system

The Group has established a Group Sustainability Subcommittee within the Group Management Committee to conduct management discussions on matters such as formulating Group policies and goals, reviewing the status of each company's efforts, and revising goals. Decisions on Group policies and goals are made by the SEGA SAMMY HOLDINGS Board of Directors. The policies and goals that have been decided upon are shared with each Group company through the Group Sustainability Promotion Committee. In the course of their business, Group companies that have touchpoints with society take in various requests and feedback from customers and users. These are shared with other Group companies through the Group Sustainability Promotion Committee. Initiatives that should be incorporated into Group policies and goals are reported to the Group Sustainability Subcommittee for further discussion.

Sustainability governance system chart



Initiatives to respect human rights

At the first-half Group Sustainability Subcommittee meeting held in May 2024, the decision was made to strengthen human rights initiatives. Subsequently, the SEGA SAMMY Group Human Rights Policy was formally approved at the Board of Directors meeting held in September 2024.

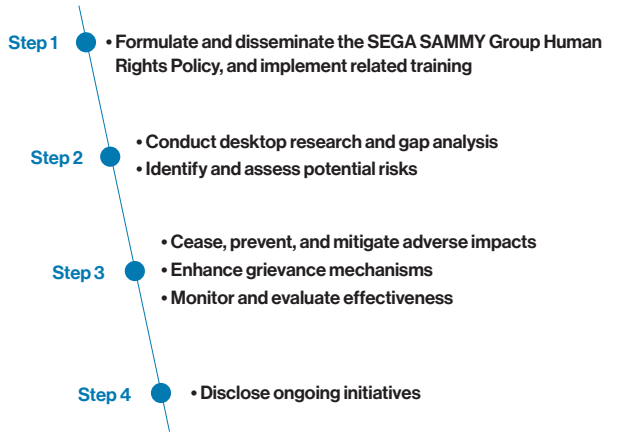
Commitment to respect human rights

The SEGA SAMMY Group provides entertainment with the Group Mission and Purpose of Captivate the World -Making Life More Colorful-. The Group will keep implementing initiatives for respecting human rights in order to be a corporate group that is trusted, needed, and respected by society.

Past initiatives

FY2006/3	Established the SEGA SAMMY Group Code of Conduct
	Signed the United Nations Global Compact
	Formulated the SEGA SAMMY Group Management Policy
FY2015/3	Formulated the SEGA SAMMY Group Supply Chain CSR Deployment Guidebook (Revised as the Sustainable Procurement Guidelines in FY2025/3)
FY2016/3	Began internal training on topics such as supply chain management and forced labor
FY2017/3	Initiated investigations into the use of conflict minerals
FY2018/3	Published a statement on the UK Modern Slavery Act
	Formulated the SEGA SAMMY Group Human Rights Policy
FY2025/3	Formulated the SEGA SAMMY Group Sustainable Procurement Guidelines

Steps for human rights response



For details on the SEGA SAMMY Group Human Rights Policy, please visit our website. https://www.segasammy.co.jp/en/sustainability/group-sustainability/humanrights_policy/