

**【Note】This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.**

Securities Code: 6460
June 3, 2021

Haruki Satomi
President, Representative Director
SEGA SAMMY HOLDINGS INC.
Sumitomo Fudosan Osaki Garden Tower,
1-1-1 Nishi-Shinagawa, Shinagawa-ku,
Tokyo, Japan

Dear Shareholders:

Notice of the 17th Ordinary General Meeting of Shareholders to be held on June 24, 2021

We inform you that the 17th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) will be held at the Head Office of SEGA SAMMY Group (LIGHTHOUSE Hall, 11F, GRAND HARBOR, Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo, Japan) on Thursday, June 24, 2021 at 10:00 a.m. for the purposes listed below.

You are cordially requested to avoid attending the meeting as much as possible to prevent the spread of the novel coronavirus disease (COVID-19) and to exercise your voting rights by either mail (in writing) or via the Internet. Therefore, please review the attached Reference Documents for General Meeting of Shareholders, and kindly exercise your voting rights before 6:00 p.m., Japan Standard Time, on Wednesday, June 23, 2021.

Details of the Meeting

- 1. Date and time:** Thursday, June 24, 2021 at 10:00 a.m. (Reception commences at 9:00 a.m.)
- 2. Venue:** LIGHTHOUSE Hall, 11F, GRAND HARBOR,
Head Office of SEGA SAMMY Group
Sumitomo Fudosan Osaki Garden Tower,
1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo, 141-0033, Japan

3. Agenda:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 17th fiscal year (from April 1, 2020 to March 31, 2021) and results of audits by the Independent Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 17th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal 1:** To elect eight (8) Directors
Proposal 2: To elect three (3) Audit & Supervisory Board Members
Proposal 3: To elect one (1) Substitute Audit & Supervisory Board Member
Proposal 4: To revise stock compensation program with restriction on transfer for Directors

* If you attend the meeting in person, please submit the enclosed voting form at the reception desk at the meeting location on the day of the meeting.

* Please note that persons other than shareholders of the Company such as a proxy and an accompanying person cannot attend the meeting.

* Should any change need to be made to the Reference Documents for General Meeting of Shareholders, Business Report or Consolidated/Non-Consolidated Financial Statements, such changes shall be posted on the website of the Company.

* For voting results, an extraordinary report shall be posted on the website of the Company in place of the Notice of Resolutions. Information in English will be posted on our English website.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

* We will take appropriate measures to prevent COVID-19 according to the circumstance on the day of the meeting. Should any significant change need to be made to the operation of the meeting in response to circumstances, such changes shall be posted on the website of the Company. Please check the updated information on our English website.
(<https://www.segasammy.co.jp/english/ir/stock/meeting/>).

Pursuant to the provisions of laws and regulations and the Articles of Incorporation, the following matters are posted on the website of the Company and not attached to this document.

- **Business Report**

- Company's Share Subscription Rights

- Independent Auditors

- Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution

- **Consolidated Financial Statements**

- Consolidated Statement of Changes in Net Assets

- Notes to Consolidated Financial Statements

- **Non-Consolidated Financial Statements**

- Non-Consolidated Statement of Changes in Net Assets

- Notes to Non-Consolidated Financial Statements

* The Business Report audited by the Audit & Supervisory Board, and Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board include the above documents posted on the website of the Company.

The Company's website: <https://www.segasammy.co.jp/english/ir/stock/meeting/>

Information on Exercise of Voting Rights

We recognize that the shareholders' voting right to be exercised in the General Meeting of Shareholders is an important right for our shareholders.

Please review the attached Reference Documents for General Meeting of Shareholders, and we respectfully request that you exercise your voting rights.

The following three methods are available for exercising your voting rights.

Not attending the meeting in person

Exercise of your voting rights in writing

Please indicate "for" or "against" the proposals on the enclosed voting form and return it by mail to the Company.

Deadline: Wednesday, June 23, 2021, 6:00 p.m. (time of receipt)

Exercise of your voting rights via the Internet

Please enter "for" or "against" the proposals following the instructions on the voting website on pages 5-6.

Deadline: Wednesday, June 23, 2021 by 6:00 p.m.

Attending the meeting in person

Exercise of your voting rights on-site at the meeting

Please submit the enclosed voting form at the reception desk of the venue.

Date and time of the meeting: Thursday, June 24, 2021 at 10:00 a.m.

Guidelines on filling out the voting form

Please indicate "for" or "against" for each of the proposals in the voting form.

Proposals 1 and 2

- To approve all nominees, circle "賛" mark.
- To disapprove all nominees, circle "否" mark.
- To disapprove part of nominees, circle "賛" mark and enter the number of nominees whom you are against.

Proposals 3 and 4

- To approve, circle "賛" mark.
- To disapprove, circle "否" mark.

Notice regarding prevention of COVID-19

You are cordially requested to avoid attending the meeting in person to prevent the spread of COVID-19 and to exercise your voting rights by either in writing or via the Internet.

Information on Exercise of Voting Rights via the Internet etc.

Please read the following when you exercise your voting rights via the Internet.

Deadline for Exercise of Voting Rights: Wednesday, June 23, 2021 by 6:00 p.m.

* Please exercise your voting rights as soon as possible.

By scanning the QR code

Scan the “QR code for login” and you can log on to the voting website without entering the “voting rights exercise code” and “temporary password.”

***Voting right using the following method can be exercised only once.**

1. Scan the QR code.

Use your smartphone and scan the “QR code for login” printed on the right-hand side of the enclosed voting form slip.

2. Select the option of exercise of voting rights.

The screen displays available options for exercise of voting rights. Select your preferred option for exercise of voting rights.

3. Select “for” or “against” each proposal.

Follow the on-screen instructions and select “for” or “against” each proposal.

Follow the on-screen instructions to complete your exercise of voting rights.

For login for the second time onward

Please follow the instructions on the next page.

■Electronic proxy voting platform for institutional investors

Institutional investors can use the electronic proxy voting platform that is operated by Investor Communications Japan, Inc., which is designed for institutional investors to exercise their voting rights electronically.

FAQs for exercise of voting rights

Q: If the voting rights are exercised both in writing and via the Internet, which one is valid?

A: The Internet vote will be deemed as valid.

Q: If voting rights are exercised more than once via the Internet, are all of the votes valid?

A: If voting rights are exercised more than once, the last vote will be deemed as valid.

By entering the “voting rights exercise code” and “temporary password”

1. Access the voting website.

Voting website

<https://evote.tr.mufg.jp/>

Click “Proceed.”

2. Enter the “voting rights exercise code” and “temporary password” printed on the right-hand side of the enclosed voting form slip.

Click “Login.”

3. Fill in the fields “New Password” and “New Password (for confirmation).”

Click “Send.”

Follow the on-line instructions and enter “for” or “against.”

Notes on use

Handling of the voting website

You can exercise your voting rights via the Internet by accessing the voting website (<https://evote.tr.mufg.jp/>) using your personal computer, smartphone or cell phone (except from 2:00 a.m. to 5:00 a.m.).

About Internet access

1. You may be unable to use the voting website depending on your Internet configuration, your subscription service, or the device you use.
2. Please note that any costs incurred in using the designated voting website, such as Internet connection fees and communication charges, shall be borne by the shareholder.

Handling of passwords

To prevent unauthorized access or falsification of the content for exercising voting rights by a person other than a shareholder, shareholders who exercise voting rights via the Internet are kindly requested to change the “temporary password” on the voting website.

For inquiries concerning operating procedures for the voting website:

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Toll-free line : 0120-173-027 (Domestic [Japan] call only)

Hours : 9:00 a.m. - 9:00 p.m.

Reference Documents for General Meeting of Shareholders

Proposals and reference information

Proposal 1: To elect eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect eight (8) Directors, increasing the number of External Directors by one (1) in order to ensure management transparency and further strengthen corporate governance.

The nominees for Directors are as described below. Policy and procedures for selection of such nominees are described in page 21.

Nominee No.	Name	Gender	Age	No. of Years Served as Director	Position and Responsibilities at the Company	No. of Concurrent Positions at Other Listed Companies	Attendance at Board of Directors' Meetings
1	Hajime Satomi [Reappointment]	Male	79	16 years	Chairman, Representative Director	0	13/13 (100%)
2	Haruki Satomi [Reappointment]	Male	42	9 years	President and Group CEO, Representative Director in charge of Executive Secretariat Division, Public Relations Office, Group Licensing Division, Sustainability Promotion Division and Internal Audit Department	0	13/13 (100%)
3	Koichi Fukazawa [Reappointment]	Male	55	6 years	Senior Executive Vice President and Group CFO, Director of the Board in charge of Integrated Resort Business Division, Corporate Planning Division, Finance & Accounting Division, IT Solution Division and Human Resource Development Division	0	13/13 (100%)
4	Hideo Yoshizawa [Reappointment]	Male	56	2 years	Senior Vice President, Director of the Board in charge of General Administration Division, Legal & Intellectual Property Division and Internal Control Office	0	13/13 (100%)
5	Kohei Katsukawa [Reappointment] External Director Independent Director	Male	70	5 years	Director of the Board (External)	1	12/13 (92%)
6	Melanie Brock [Reappointment] External Director Independent Director	Female	57	2 years	Director of the Board (External)	0	13/13 (100%)
7	Naoko Murasaki [New appointment] External Director Independent Director	Female	49	—	—	1	—
8	Fujiyo Ishiguro [New appointment] External Director Independent Director	Female	63	—	—	3	—

Note: The age and the number of years served as Director of each nominee are as of the conclusion of this meeting.

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
1	<p>[Reappointment]</p> <p>Hajime Satomi (January 16, 1942) Age 79 Gender: Male</p> <p>Number of the Company's shares owned: 7,833,638 shares</p> <p>No. of years served as Director: 16 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<p>Mar. 1980</p> <p>Feb. 2004</p> <p>May 2004</p> <p>Jun. 2004</p> <p>Jun. 2004</p> <p>Oct. 2004</p> <p>Jun. 2007</p> <p>May 2008</p> <p>Apr. 2012</p> <p>May 2013</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>Apr. 2017</p> <p>Apr. 2017</p> <p>Apr. 2017</p> <p>Apr. 2018</p> <p>Apr. 2018</p> <p>Apr. 2021</p>	<p>President, Representative Director of Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Chairman of the Board, Representative Director of SEGA CORPORATION</p> <p>Chairman of JAPAN AMUSEMENT MACHINERY MANUFACTURERS ASSOCIATION (now Japan Amusement Industry Association) (current position)</p> <p>Chairman and CEO, Representative Director of Sammy Corporation</p> <p>Chairman and CEO, Representative Director of SEGA CORPORATION</p> <p>Chairman, President and CEO, Representative Director of the Company</p> <p>President, CEO and COO, Representative Director of SEGA CORPORATION</p> <p>Chairman and CEO, Representative Director of the above</p> <p>Chairman of the Board of Sammy Corporation</p> <p>Chairman and CEO, Representative Director of the above</p> <p>Advisor to NDK (current position)</p> <p>Chairman, President, CEO and COO, Representative Director of the Company</p> <p>Chairman and CEO, Representative Director of the Company</p> <p>Chairman of the Board, Representative Director of Sammy Corporation (current position)</p> <p>Honorary Chairman of the Board of SEGA Holdings Co., Ltd. (now SEGA CORPORATION) (current position)</p> <p>Chairman and Group CEO, Representative Director of the Company</p> <p>Senior Advisor, Director of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Chairman, Representative Director of the Company (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Chairman of the Board, Representative Director of Sammy Corporation and Honorary Chairman of the Board of SEGA CORPORATION</p>			
<p>[Reason for nomination as candidate for Director] Mr. Hajime Satomi has served as a corporate manager of the Company and Group companies, demonstrated leadership over many years and contributed to the development of the Group. We seek appointment of Mr. Hajime Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience, career record and hard-earned insight, and contribute to improving the corporate value of the Company.</p> <p>Notes: 1. The Company conducts transactions relating to intermediary services for insurance, etc. with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights. 2. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company
2	<p>[Reappointment]</p> <p>Haruki Satomi (January 11, 1979) Age 42 Gender: Male</p> <p>Number of the Company's shares owned: 3,723,161 shares</p> <p>No. of years served as Director: 9 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<p>Mar. 2004 Joined Sammy Corporation</p> <p>Jan. 2005 Joined SEGA CORPORATION</p> <p>Jun. 2012 Senior Vice President, Director of the Board of the Company</p> <p>Jun. 2012 Senior Vice President, Director of the Board of SEGA CORPORATION</p> <p>Apr. 2014 Senior Vice President, Director of the Board of Sammy Corporation</p> <p>Nov. 2014 Deputy COO, Representative Director of SEGA CORPORATION</p> <p>Nov. 2015 Deputy COO, Representative Director of Sammy Corporation</p> <p>Apr. 2016 President and COO, Representative Director of the above</p> <p>Jun. 2016 Executive Vice President, Director of the Board of the Company</p> <p>Apr. 2017 President and COO, Representative Director of the Company</p> <p>Apr. 2017 President and CEO, Representative Director of Sammy Corporation (current position)</p> <p>Apr. 2017 Chairman and CEO, Representative Director of SEGA Games Co., Ltd. (now SEGA CORPORATION) (current position)</p> <p>Apr. 2018 President and Group COO, Representative Director of the Company</p> <p>Apr. 2018 Chairman of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Apr. 2021 President and Group CEO, Representative Director of the Company (current position)</p> <p>Apr. 2021 Chairman of the Board of Sammy Networks Co., Ltd. (current position)</p> <p>Apr. 2021 Officer of NDK (current position)</p> <p>Apr. 2021 Officer of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] President and CEO, Representative Director of Sammy Corporation and Chairman and CEO, Representative Director of SEGA CORPORATION</p>		
<p>[Reason for nomination as candidate for Director] Mr. Haruki Satomi has served as a corporate manager of the Company and Group companies and contributed to the improvement of corporate earnings. He currently serves as President, Representative Director of the Company and demonstrates leadership as a Chief Executive Officer of the Group. We seek appointment of Mr. Haruki Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience, career record and leadership, and contribute to improving the corporate value of the Company.</p> <p>Notes: 1. The Company conducts transactions relating to intermediary services for insurance, etc. with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights. 2. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company
3	<p>[Reappointment]</p> <p>Koichi Fukazawa (November 2, 1965) Age 55 Gender: Male</p> <p>Number of the Company's shares owned: 43,200 shares</p> <p>No. of years served as Director: 6 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<p>Apr. 1990 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)</p> <p>Jul. 2003 Joined Sammy Corporation</p> <p>Aug. 2003 Vice President, Executive Officer and Managing Director of President's Office of the above</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of President's Office of the Company</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of Chairman's Office and President's Office of SEGA CORPORATION</p> <p>Jun. 2005 Senior Vice President, Director of the Board and Managing Director of Chairman's Office and President's Office of the above</p> <p>Jan. 2007 President, Representative Director of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Aug. 2007 Senior Vice President, Executive Officer and in charge of the Corporate Strategy and External Affairs of the Company</p> <p>May 2008 Senior Vice President, Director of the Board and Managing Director of New Business Division of SEGA CORPORATION</p> <p>Apr. 2009 Officer of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current position)</p> <p>Jun. 2009 President, Representative Director of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Apr. 2014 Senior Executive Vice President, Representative Director of SEGA TOYS CO., LTD.</p> <p>Jun. 2015 Senior Vice President, Director of the Board of the Company</p> <p>Jun. 2016 Executive Vice President and CFO, Director of the Board of the Company</p> <p>Apr. 2018 Executive Vice President and Group CFO, Director of the Board of the Company</p> <p>Jun. 2020 Senior Executive Vice President and Group CFO, Director of the Board of the Company (current position)</p> <p>Apr. 2021 Senior Vice President, Director of the Board of Sammy Corporation (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Senior Vice President, Director of the Board of Sammy Corporation</p>		
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Koichi Fukazawa has served as a corporate manager of the Company and Group companies in various fields including corporate planning, administration and new businesses. He currently serves as CFO of the Group and promotes the Integrated Resort Business in Japan.</p> <p>We seek appointment of Mr. Koichi Fukazawa as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience and career record, and contribute to improving the corporate value of the Company.</p> <p>Notes: 1. There is no special interest between the Company and Mr. Koichi Fukazawa. 2. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company
4	<p>[Reappointment]</p> <p>Hideo Yoshizawa (August 27, 1964) Age 56 Gender: Male</p> <p>Number of the Company's shares owned: 20,000 shares</p> <p>No. of years served as Director: 2 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<p>Apr. 1987 Joined Japan Leasing Corporation (now Sumitomo Mitsui Finance and Leasing Co., Ltd.)</p> <p>Jun. 1999 Manager of Financial Planning Department of the above</p> <p>Jul. 2001 Joined Sammy Corporation</p> <p>Jun. 2002 Vice President, Executive Officer and Deputy Managing Director of President Office of the above</p> <p>Jun. 2004 Senior Vice President, Director of the Board and Managing Director of Administration Division of the above</p> <p>Oct. 2004 Senior Vice President, Director of the Board and Managing Director of Corporate Division and President Office of the above</p> <p>Aug. 2007 Senior Vice President, Executive Officer of the Company</p> <p>Mar. 2012 Senior Vice President, Director of the Board of PHOENIX RESORT CO., LTD.</p> <p>Apr. 2015 President, Representative Director of TAIYO ELEC Co., Ltd.</p> <p>Apr. 2016 Senior Vice President, Director of the Board of SEGA Holdings Co., Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2016 Senior Vice President, Director of the Board and Managing Director of Corporate Division of the above</p> <p>Jun. 2016 Senior Vice President, Director of the Board of SEGA ENTERTAINMENT CO., LTD. (now GENDA SEGA Entertainment Inc.) (current position)</p> <p>Jun. 2016 Auditor of Sega Amusements Taiwan Ltd.</p> <p>Apr. 2017 Executive Vice President, Director of the Board and Managing Director of Corporate Division of SEGA Holdings Co., Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2017 Audit & Supervisory Board Member of SEGA Games Co., Ltd. (now SEGA CORPORATION)</p> <p>Oct. 2018 Senior Vice President, Executive Officer and Managing Director of Legal Division of the Company</p> <p>Jun. 2019 Senior Vice President, Director of the Board of the Company (current position)</p> <p>Jun. 2020 Senior Vice President, Director of the Board of SEGA CORPORATION (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Senior Vice President, Director of the Board of SEGA CORPORATION</p>		
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hideo Yoshizawa has served as a corporate manager of the Company's and the Group's pachinko and pachislot machines business, entertainment contents business, and resort business companies, and has extensive knowledge and a wealth of experience in the Company's core business.</p> <p>We seek appointment of Mr. Hideo Yoshizawa as Director as we expect he will benefit the decision making of the Company's Board of Directors with such knowledge and experience, and contribute to improving the corporate value of the Company.</p> <p>Notes: 1. There is no special interest between the Company and Mr. Hideo Yoshizawa. 2. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
5	<p>[Reappointment] [Nominee for External Director] [Independent Director]</p> <p>Kohei Katsukawa (January 8, 1951) Age 70 Gender: Male</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: 5 years</p> <p>Attendance at Board of Directors' meetings: 92% (12/13)</p>	<p>Apr. 1974</p> <p>Apr. 2001</p> <p>Apr. 2005</p> <p>Jun. 2007</p> <p>Jul. 2010</p> <p>Apr. 2014</p> <p>Dec. 2014</p> <p>Jun. 2016</p> <p>Jun. 2016</p> <p>Jun. 2016</p> <p>Mar. 2017</p> <p>Jan. 2021</p>	<p>Joined Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)</p> <p>Executive Officer, Head of Osaka Corporate Banking Division II of Sumitomo Mitsui Banking Corporation</p> <p>Managing Executive Officer, Deputy Head of Whole sale Banking Unit (in charge of East Japan) of the above</p> <p>Executive Vice President and Representative Director of NIF SMBC Ventures Co., Ltd. (now SMBC Venture Capital Co., Ltd.)</p> <p>President and Representative Director of SMBC Venture Capital Co., Ltd.</p> <p>President and Representative Director of GINSEN Co., Ltd.</p> <p>Outside Director of Kyoto University Innovation Capital Co., Ltd. (current position)</p> <p>Director of the Board (External) of the Company (current position)</p> <p>Special Advisor of GINSEN Co., Ltd.</p> <p>Outside Director of ELECOM CO., LTD. (current position)</p> <p>Director of DX ANTENNA CO., LTD. (current position)</p> <p>Advisor of GINSEN Co., Ltd. (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 1)] Outside Director of ELECOM CO., LTD.</p>			
<p>[Reason for nomination as candidate for External Director and outline of expected roles] Mr. Kohei 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 seek appointment of Mr. Kohei Katsukawa as External Director as we expect that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience and broad-ranging insight gained over many years as a corporate manager.</p> <p>Notes: 1. There is no special interest between the Company and Mr. Kohei Katsukawa. 2. Mr. Kohei Katsukawa is an External Director-nominee, and the Company has notified the Tokyo Stock Exchange (TSE) of his inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. The Company has concluded a liability agreement with Mr. Kohei Katsukawa that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Kohei Katsukawa is approved, the Company plans to continue the said limited liability agreement. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
6	[Reappointment] [Nominee for External Director] [Independent Director]	Nov. 1987	Earned Bachelor of School of Humanities at The University of Western Australia
	Melanie Brock (April 10, 1964) Age 57 Gender: Female	Nov. 1990	Earned Master of Arts in Japanese, Conference Interpreting and Translation at The University of Queensland
		Mar. 2003	CEO of AGENDA (now Melanie Brock Advisory Ltd.) (current position)
		Mar. 2010	Board Member of Australia-Japan Foundation
		Apr. 2010	Board Member of Australia Japan Business Co-operation Committee (current position)
		Apr. 2010	Chair of Australian and New Zealand Chamber of Commerce in Japan
		Oct. 2010	Regional Manager - Japan of Meat & Livestock Australia
		Dec. 2012	Chair of Australian Business Asia
		Nov. 2016	Chair Emeritus of Australian and New Zealand Chamber of Commerce in Japan (current position)
		Jun. 2019	Director of the Board (External) of the Company (current position)
		Jul. 2019	Board Member of Australia-Japan Research Center (AJRC) (current position)
	Oct. 2019	Global Ambassador of Advance, an initiative supported by Australian Government funding (current position)	
	Number of the Company's shares owned: -	No. of years served as Director: 2 years	Attendance at Board of Directors' meetings: 100% (13/13)
[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] CEO of Melanie Brock Advisory Ltd.			
<p>[Reason for nomination as candidate for External Director and outline of expected roles] Ms. Melanie 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 seek appointment of Ms. Melanie Brock as External Director as we expect that she will continue to strengthen the Company's corporate governance system and improve the quality of management decision making based on her diverse range of ideas and values, making use of her extensive experience and career record as an international business leader.</p> <p>Notes: 1. There is no special interest between the Company and Ms. Melanie Brock. 2. Ms. Melanie Brock is an External Director-nominee, and the Company has notified the Tokyo Stock Exchange (TSE) of her inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. The Company has concluded a liability agreement with Ms. Melanie Brock that limits her liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Ms. Melanie Brock is approved, the Company plans to continue the said limited liability agreement. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
7	<p>[New appointment] [Nominee for External Director] [Independent Director]</p> <p>Naoko Murasaki (August 18, 1971) Age 49 Gender: Female</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: -</p> <p>Attendance at Board of Directors' meetings: -</p>	<p>Apr. 1995</p> <p>Aug. 2001</p> <p>Aug. 2003</p> <p>Mar. 2005</p> <p>Jul. 2006</p> <p>Oct. 2007</p> <p>Apr. 2008</p> <p>Apr. 2010</p> <p>Jan. 2013</p> <p>Jan. 2015</p> <p>Jan. 2016</p> <p>Aug. 2018</p> <p>Sep. 2018</p> <p>Mar. 2021</p>	<p>Joined the National Police Agency</p> <p>Northeast Asia Division, Asian and Oceanian Affairs Bureau of Ministry of Foreign Affairs</p> <p>Chief of 2nd Criminal Investigation Division, Criminal Investigation Department of Shizuoka Prefectural Police Headquarters</p> <p>Chief of Foreign Affairs Division, Security Department of Hyogo Prefectural Police Headquarters</p> <p>Foreign Affairs Division, Foreign Affairs and Intelligence Department, Security Bureau of National Police Agency</p> <p>Security Planning Division, Security Bureau of National Police Agency</p> <p>Bain & Company Japan Incorporated</p> <p>Senior Director of Kroll International Inc. (Japan Office)</p> <p>Associate Managing Director of the above</p> <p>Head of Japan of the above</p> <p>Managing Director and Head of Japan of the above</p> <p>President and Representative Director of Nobligier Co., Ltd. (current position)</p> <p>Senior Advisor of Kroll International Inc. (Japan Office) (current position)</p> <p>Outside Director of Sansei Landic Co., Ltd. (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 1)] President and Representative Director of Nobligier Co., Ltd. and Outside Director of Sansei Landic Co., Ltd.</p>			
<p>[Reason for nomination as candidate for External Director and outline of expected roles] Ms. Naoko 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 seek appointment of Ms. Naoko Murasaki as External Director as we expect she will provide supervision and advice making use of her expertise and insight based on her experience and ability, which we regard highly, if she is appointed as an External Director.</p> <p>Notes: 1. There is no special interest between the Company and Ms. Naoko Murasaki. 2. Ms. Naoko Murasaki is a new nominee for External Director. If the election of Ms. Naoko Murasaki is approved, the Company plans to notify the Tokyo Stock Exchange (TSE) of her inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. Ms. Naoko Murasaki is a new nominee for External Director. If the election of Ms. Naoko Murasaki is approved, the Company plans to conclude a liability agreement with her that limits her liability to the minimum liability amount stipulated in laws and regulations. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
8	<p>[New appointment] [Nominee for External Director] [Independent Director]</p> <p>Fujiyo Ishiguro (February 1, 1958) Age 63 Gender: Female</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: -</p> <p>Attendance at Board of Directors' meetings: -</p>	<p>Jan. 1981</p> <p>Jan. 1988</p> <p>Sep. 1994</p> <p>Jan. 1999</p> <p>Jul. 1999</p> <p>May 2000</p> <p>Jun. 2013</p> <p>Mar. 2014</p> <p>Jun. 2014</p> <p>Jun. 2015</p> <p>May 2021</p> <p>Jun. 2021</p>	<p>Joined BROTHER INDUSTRIES, LTD.</p> <p>Joined Swarovski Japan Ltd.</p> <p>President of Alphametrix, Inc.</p> <p>Director of Netyear Group, Inc.</p> <p>Director of Netyear Group Corporation</p> <p>President & CEO of the above (current position)</p> <p>Outside Audit & Supervisory Board Member of Sompo Japan Insurance Inc.</p> <p>Outside Director of Hottolink, Inc.</p> <p>Outside Director of Monex Group, Inc. (current position)</p> <p>Outside Director of Sompo Japan Nipponkoa Insurance Inc. (now Sompo Japan Insurance Inc.) (current position)</p> <p>Outside Director of WingArc1st Inc. (current position)</p> <p>Director of Netyear Group Corporation (scheduled)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 3)] President & CEO of Netyear Group Corporation, Outside Director of Monex Group, Inc. and Outside Director of WingArc1st Inc.</p>			
<p>[Reason for nomination as candidate for External Director and outline of expected roles] Ms. Fujiyo Ishiguro has a wealth of knowledge in corporate management and digital fields as a founder of Netyear Group Corporation, and has experience as an Outside Director of other listed companies. We seek appointment of Ms. Fujiyo Ishiguro as External Director as we expect she will provide supervision and advice based on her experience and ability, which we regard highly, if she is appointed as an External Director.</p> <p>Notes: 1. There is no special interest between the Company and Ms. Fujiyo Ishiguro. 2. Ms. Fujiyo Ishiguro is a new nominee for External Director. If the election of Ms. Fujiyo Ishiguro is approved, the Company plans to notify the Tokyo Stock Exchange (TSE) of her inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. Ms. Fujiyo Ishiguro is a new nominee for External Director. If the election of Ms. Fujiyo Ishiguro is approved, the Company plans to conclude a liability agreement with her that limits her liability to the minimum liability amount stipulated in laws and regulations. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Directors as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>			

Proposal 2: To elect three (3) Audit & Supervisory Board Members

The terms of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect three (3) Audit & Supervisory Board Members.

We have obtained the consent of the Audit & Supervisory Board with respect to the submission of this proposal.

The nominees for Audit & Supervisory Board Members are as described below. Policy and procedures for selection of such nominees are described in page 21.

Nominee No.	Name	Gender and Age	No. of Years Served as Audit & Supervisory Board Member	Position at the Company	No. of Concurrent Positions at Other Listed Companies	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
1	Yukito Sakaue [Reappointment]	Male 69	7 years	Audit & Supervisory Board Member	0	13/13 (100%)	15/15 (100%)
2	Kazutaka Okubo [Reappointment] External Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	Male 48	2 years	Audit & Supervisory Board Member	5	12/13 (92%)	15/15 (100%)
3	Shione Kinoshita [New appointment] External Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	Female 61	—	—	0	—	—

Note: The age and the number of years served as Audit & Supervisory Board Member of each nominee are as of the conclusion of this meeting.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company
1	<p>[Reappointment]</p> <p>Yukito Sakaue (December 23, 1951) Age 69 Gender: Male</p> <p>Number of the Company's shares owned: 3,100 shares</p> <p>No. of years served as Audit & Supervisory Board Member: 7 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p> <p>Attendance at Audit & Supervisory Board meetings 100% (15/15)</p>	<p>Apr. 2003 Joined Sammy Corporation as Director of Audit Office</p> <p>Jan. 2004 Director of Legal Department of Administration Division of the above</p> <p>Nov. 2006 Director of Audit & Supervisory Board Members' Office of the Company</p> <p>Jun. 2014 Audit & Supervisory Board Member of the Company (current position)</p> <p>Jun. 2014 Standing Audit & Supervisory Board Member of SEGA CORPORATION</p> <p>Apr. 2015 Audit & Supervisory Board Member of SEGA Holdings Co., Ltd. (now SEGA CORPORATION)</p> <p>Apr. 2015 Audit & Supervisory Board Member of SEGA Interactive Co., Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2015 Standing Audit & Supervisory Board Member of SEGA Holdings Co., Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2015 Audit & Supervisory Board Member of SEGA Games Co., Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2015 Audit & Supervisory Board Member of TMS ENTERTAINMENT CO., LTD.</p> <p>Jun. 2015 Audit & Supervisory Board Member of SEGA ENTERTAINMENT CO., LTD. (now GENDA SEGA Entertainment Inc.)</p> <p>Jun. 2015 Audit & Supervisory Board Member of MARZA ANIMATION PLANET INC.</p> <p>Jun. 2017 Audit & Supervisory Board Member of ATLUS. CO., LTD. (current position)</p> <p>Jun. 2019 Audit & Supervisory Board Member of SEGA Logistics Service Co., Ltd. (current position)</p> <p>Jun. 2019 Audit & Supervisory Board Member of DARTSLIVE Co., Ltd. (current position)</p> <p>Apr. 2020 Audit & Supervisory Board Member of SEGA CORPORATION (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Audit & Supervisory Board Member of SEGA CORPORATION</p>		
<p>[Reason for nomination as candidate for Audit & Supervisory Board Member] Mr. Yukito Sakaue has served as an Audit & Supervisory Board Member of the Company's Group companies and mainly engaged in work concerning legal and audit issues since he joined Sammy Corporation, the Company's subsidiary. We seek appointment of Mr. Yukito Sakaue as Audit & Supervisory Board Member as we expect that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience regarding audits and knowledge of corporate ethics and corporate governance.</p>		
<p>Notes: 1. There is no special interest between the Company and Mr. Yukito Sakaue. 2. The Company has concluded a liability agreement with Mr. Yukito Sakaue that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Yukito Sakaue is approved, the Company plans to continue the said limited liability agreement. 3. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Audit & Supervisory Board Members as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company
2	<p>[Reappointment] [Nominee for External Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]</p> <p>Kazutaka Okubo (March 22, 1973) Age 48 Gender: Male</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Audit & Supervisory Board Member: 2 years</p> <p>Attendance at Board of Directors' meetings: 92% (12/13)</p> <p>Attendance at Audit & Supervisory Board meetings 100% (15/15)</p>	<p>Nov. 1995 Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)</p> <p>Oct. 2003 Director of Shinnihon Integrity Assurance, Inc. (now Ernst & Young Shinnihon Sustainability Co., Ltd.)</p> <p>Feb. 2005 Managing Director of the above</p> <p>Jun. 2006 Partner of Ernst & Young ShinNihon (now Ernst & Young ShinNihon LLC)</p> <p>Jul. 2012 Senior Partner of Ernst & Young ShinNihon LLC</p> <p>Feb. 2016 Senior Executive Board Member of the above</p> <p>Jun. 2019 President and Representative Director of Okubo Associates Inc. (current position)</p> <p>Jun. 2019 Outside Director of Sun Frontier Fudousan Co., Ltd. (current position)</p> <p>Jun. 2019 Audit & Supervisory Board Member (External) of the Company (current position)</p> <p>Sep. 2019 Outside Audit & Supervisory Board Member of BrainPad Inc. (current position)</p> <p>Dec. 2019 Outside Director of LIFULL Co., Ltd. (current position)</p> <p>Feb. 2020 Outside Director of SALA Corporation (current position)</p> <p>Jun. 2020 Outside Director of The Shoko Chukin Bank, Ltd. (current position)</p> <p>Jun. 2020 Outside Director of Musashi Seimitsu Industry Co., Ltd. (current position)</p> <p>Nov. 2020 President and Representative Director of K.K. SS Dnaform (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 5)] President and Representative Director of Okubo Associates Inc., President and Representative Director of K.K. SS Dnaform, Outside Director of Sun Frontier Fudousan Co., Ltd., Outside Director of LIFULL Co., Ltd., Outside Director of SALA Corporation, Outside Director of Musashi Seimitsu Industry Co., Ltd. and Outside Audit & Supervisory Board Member of BrainPad Inc.</p>		
<p>[Reason for nomination as candidate for Audit & Supervisory Board Member (External) and outline of expected roles] Mr. Kazutaka Okubo has many years of experience in audit services as a certified public accountant and deep insight about finance and accounting. We seek appointment of Mr. Kazutaka Okubo as Audit & Supervisory Board Member (External) as we expect that he will continue to appropriately guide and oversee the Company's management from an objective standpoint based on a wealth of knowledge in governance which he gained through experience as an Outside Director.</p>		
<p>Notes: 1. There is no special interest between the Company and Mr. Kazutaka Okubo. 2. Mr. Kazutaka Okubo is a nominee for External Audit & Supervisory Board Member, and the Company has notified the Tokyo Stock Exchange (TSE) of his inauguration as independent audit & supervisory board member under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. The Company has concluded a liability agreement with Mr. Kazutaka Okubo that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Kazutaka Okubo is approved, the Company plans to continue the said limited liability agreement. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Audit & Supervisory Board Members as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office.</p>		

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company
3	<p>[New appointment] [Nominee for External Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]</p> <p>Shione Kinoshita (August 11, 1959) Age 61 Gender: Female</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Audit & Supervisory Board Member: -</p> <p>Attendance at Board of Directors' meetings: -</p> <p>Attendance at Audit & Supervisory Board meetings -</p>	<p>Apr. 1985 Registered as attorney-at-law</p> <p>Apr. 1985 Joined Hashimoto Joint Law Office</p> <p>Nov. 1986 Joined Daiichifuyo Law Office (current position)</p> <p>Apr. 2004 Vice-President of Dai-ichi Tokyo Bar Association</p> <p>Apr. 2010 Visiting Professor of The University of Tokyo Graduate Schools for Law and Politics</p> <p>Jun. 2011 Outside Audit & Supervisory Board Member of SURUGA bank Ltd.</p> <p>Apr. 2013 Vice President of Tokyo Institute of Technology (current position)</p> <p>Oct. 2014 Director of Japan Labor Law Association (current position)</p> <p>Jun. 2018 Outside Director of SURUGA bank Ltd.</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Attorney-at-law of Daiichifuyo Law Office</p>		
<p>[Reason for nomination as candidate for Audit & Supervisory Board Member (External) and outline of expected roles] Ms. Shione Kinoshita has a high degree of expertise in labor laws which she gained through her experience as an attorney-at-law as well as a Vice Chairperson of Labor Legislation Committee, Dai-ichi Tokyo Bar Association. We seek appointment of Ms. Shione Kinoshita as Audit & Supervisory Board Member (External) as we expect that she will appropriately guide and oversee the Company's management from an objective standpoint based on her wealth of knowledge in governance gained through her experience as an Outside Director. Although she does not have experience in corporate management other than as an Outside Director, we judge that she will be able to appropriately perform her duties as an External Audit & Supervisory Board Member for the reasons mentioned above.</p> <p>Notes: 1. There is no special interest between the Company and Ms. Shione Kinoshita. 2. If Ms. Shione Kinoshita assumes the position as Audit & Supervisory Board Member (External), the Company plans to notify the Tokyo Stock Exchange (TSE) of her inauguration as independent audit & supervisory board member under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 21. 3. If Ms. Shione Kinoshita assumes the position as Audit & Supervisory Board Member (External), the Company plans to conclude a liability agreement with her that limits her liability to the minimum liability amount stipulated in laws and regulations. 4. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Audit & Supervisory Board Members as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. All candidates will be insured under the insurance contract, which is to be renewed during their terms of office. 5. SURUGA bank Ltd., at which Ms. Shione Kinoshita served as Outside Audit & Supervisory Board Member and Outside Director, received administrative actions (partial business suspension order and business improvement order) from the Financial Services Agency in October 2018 for issues were identified including fraudulent activities related to loans for share houses and other real estate loans, business operations that adversely affect the interests of customers, and inappropriate financing of family businesses. She was not aware of the above facts until they were discovered during her tenure as Outside Audit & Supervisory Board Member. However, she regularly provided advice from the perspective of legal compliance and alerted the bank about compliance with laws and regulations. After the above facts were revealed, she appropriately performed her duties as Outside Director by urging the bank to take appropriate measures to strengthen compliance, improve its governance system, and establish measures to prevent recurrence, and worked to restore trust in the bank.</p>		

Proposal 3: To elect one (1) Substitute Audit & Supervisory Board Member

We are seeking to elect one (1) Substitute Audit & Supervisory Board Member (External), in preparation for the case where the number of Audit & Supervisory Board Members becomes less than the number prescribed by the laws and regulations.

We have obtained the consent of the Audit & Supervisory Board with respect to the submission of this proposal.

The nominee for Substitute Audit & Supervisory Board Member (External) is as described below. Policy and procedures for selection of the nominee are described in page 21.

Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company	
<p>[Nominee for Substitute External Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]</p> <p>Kazuaki Inaoka (November 29, 1955) Age 65 Gender: Male</p> <p>Number of the Company's shares owned: -</p>	<p>Apr. 1978 Mar. 1999 May 2000 Mar. 2003 Mar. 2005 Jun. 2007 Jun. 2012 Jun. 2018</p>	<p>Joined NIPPON LIFE INSURANCE COMPANY Manager of Investment Research Office, Equity Investment Department of the above Manager of Investment Research Department of Nissay Asset Management Corporation General Manager of 8th Corporate Relations Management Department of NIPPON LIFE INSURANCE COMPANY Director of NISSAY CAPITAL CO., LTD. Corporate Auditor of The Master Trust Bank of Japan, Ltd. Director, Division Manager of Securities Lending & Transition Management Division of the above Standing Audit & Supervisory Board Member of Sammy Corporation (current position)</p>
<p>[Important concurrent duties outside the Company (No. of concurrent positions at other listed companies: 0)] Standing Audit & Supervisory Board Member of Sammy Corporation</p>		
<p>[Reason for nomination as candidate for Substitute Audit & Supervisory Board Member (External) and outline of expected roles] We seek appointment of Mr. Kazuaki Inaoka as Substitute Audit & Supervisory Board Member (External) as we deem that he will be able to oversee Directors' performance of duties from an objective and fair standpoint based on his many years of experience working at financial institutions and deep insight about finance and accounting.</p> <p>Notes: 1. The age of the nominee is as of the conclusion of this meeting. 2. There is no special interest between the Company and Mr. Kazuaki Inaoka. 3. Mr. Kazuaki Inaoka is an Audit & Supervisory Board Member of the Company's specified associated company, Sammy Corporation. 4. If Mr. Kazuaki Inaoka assumes the position as Audit & Supervisory Board Member (External), the Company will notify the Tokyo Stock Exchange (TSE) of his inauguration audit & supervisory board member under the regulations of TSE. 5. If Mr. Kazuaki Inaoka assumes the position as Audit & Supervisory Board Member (External), the Company plans to conclude a liability agreement with him that limits his liability to the minimum liability amount stipulated in laws and regulations. 6. The Company has concluded a directors and officers liability insurance contract with an insurance company with all of its Audit & Supervisory Board Members as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. If Mr. Kazuaki Inaoka assumes the position as Audit & Supervisory Board Member, he will be insured under the insurance contract, which is to be renewed during his term of office.</p>		

[Reference]

Policy and procedures for selection of Director and Auditor-nominees

It is our basic policy that the Company selects Director and Auditor-nominees based on consideration of their personalities, insights, abilities, experience, etc., in a comprehensive manner. The Independent Advisory Committee comprising of Independent External Directors and Independent External Audit & Supervisory Board Members shall examine the draft of Director and Auditor-nominees presented by the President, Representative Director, hold interviews with such nominees, and report the result of evaluation to the President, Representative Director as its opinion. The President, Representative Director shall determine the Director and Auditor-nominees based on the evaluation result in accordance with the above policy, and the Board of Directors shall review and approve it. The same shall apply to a case where the Independent Advisory Committee makes recommendation of Director and Auditor-nominees to the President, Representative Director.

The Independence Criteria

The “independence” criteria regarding Independent External Directors and Audit & Supervisory Board Members of the Company have been prepared, on the assumption that provisions stipulated in the Companies Act and the Tokyo Stock Exchange are complied with, to set forth rules. The Board of Directors shall select a person who meets the said criteria and who is expected to contribute to honest, active and constructive discussion at the Board of Directors. Outline of the rules regarding the independence is as follows.

(a) The Independence Criteria is based on qualifications for Outside Directors and Corporate Auditors as stipulated in the Companies Act, and the independence standards stipulated by the Tokyo Stock Exchange, and wording of “major,” “a large amount of,” etc., are defined by the guideline developed by referring to published models of selection criteria for independent officers. The followings are its summaries.

* A person shall not fall under any of the items below in order to be Independent External Director or Independent External Audit & Supervisory Board Member of the Company.

- (1) A party whose major business partner is the Group or an executive person thereof
The “major” in this item is defined as that such party received payment from the Group in the amount equivalent to 2% of the total consolidated net sales of the said party or more for the most recent fiscal year.
- (2) A party who is a major business partner of the Company or an executive person thereof
The “major” in this item is defined as that the Company received payment from such party in the amount equivalent to 2% of the total consolidated net sales of the Company or more for the most recent fiscal year.
- (3) A major shareholder who holds 10 % or more of the total shares issued and outstanding of the Company or an executive person thereof
- (4) A party of which the Group holds 10% or more of the total shares issued and outstanding or an executive person thereof
- (5) The said External Director or Audit & Supervisory Board Member who has received, directly from the Group, compensation as legal professional, accounting or taxation specialist, or consultant for an average of 10 million yen or more annually (excluding compensation paid for the position as Director or Audit & Supervisory Board Member of the Company) for the last three years.
- (6) The amount of donation by the Group to non-profit organization for which the said External Director or Audit & Supervisory Board Member serves as an executive person was 10 million yen or more for the most recent fiscal year.
- (7) A party who has fallen under any of the above 6 items in the past one year
- (8) The said External Director or Audit & Supervisory Board Member whose spouse, relative within the second degree, or relative living together falls under any items from 1 to the preceding item, or serves as Executive Director, Executive Officer, Manager, or employee in an important position at the Group
The “important” in this item is defined as being in a position of manager level or above.

(b) With regard to minor criteria concerning attribute information to be stated in the Independent Director and Audit & Supervisory Board Member Designation Form, the Company deems “less than 100 million yen” as minor for “transactions,” and “less than 10 million yen” for “donation,” for the most recent fiscal year, and for the period starting from the beginning date of the current fiscal year to the submission date of the most recent designation form.

* Partially revised the Independence Criteria on March 23, 2021.

Proposal 4: To revise stock compensation program with restriction on transfer for Directors

It was approved at the 15th Ordinary General Meeting of Shareholders held on June 21, 2019 that the total amount of remuneration to the Company's Directors shall be within ¥1,700 million (including the amount of remuneration to External Directors, which is to be within ¥100 million) per year. At the same Meeting, it was approved that, separately from the amount of remuneration stated above, the total amount of monetary compensation receivables to be provided to the Company's Directors (excluding External Directors; hereinafter referred to as the "Eligible Directors") as remuneration for granting shares with restriction on transfer shall be within ¥300 million per year, and that the total number of shares of the Company's common stock to be issued or disposed of by the Company shall not exceed 300,000 shares per year. As part of a review of the remuneration system for Directors and Audit & Supervisory Board Members, for the purpose of further matching the long-term benefits of Directors with our shareholders and to link the remuneration for the Company's Directors with the Medium-Term Plan (from fiscal year ending March 31, 2022 to fiscal year ending March 31, 2024) (hereinafter referred to as the "Mid-Term Plan") of SEGA SAMMY Group announced on May 13, 2021 which was established to improve our corporate value over the medium to long term, we are seeking to revise as follows the stock compensation program with restriction on transfer (hereinafter referred to as the "Program"), and request approval.

The Program is a program under which the Company allots its shares of common stock to the Eligible Directors in accordance with the resolution of its Board of Directors meeting, by providing monetary compensation receivables within the total amount of monetary compensation receivables for grant of shares with restriction on transfer to them and make them contribute all of those monetary compensation receivables as assets for contribution in kind, and to attach the restriction on transfer for certain period of time to the allotted shares.

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

The allotment of shares with restriction on transfer was determined by the Board of Directors meeting, taking into consideration the degree of contribution of the Eligible Directors and other factors in a comprehensive manner and after receiving advice of the Independent Advisory Committee comprising of Independent External Directors and Independent External Audit & Supervisory Board Members, and thus its contents are deemed reasonable. At the Board of Directors meeting held on May 10, 2019, the Company determined its basic policy for the remuneration system for Directors and Audit & Supervisory Board Members, the outline of which is as described in the Business Report. The allotment of shares with restriction on transfer under this proposal is in line with this policy.

The current number of Directors is eight (8), including three (3) External Directors. If Proposal 1 "To elect Eight (8) Directors" is approved and resolved as originally proposed, the number of Directors will be eight (8), including four (4) External Directors.

Based on this proposal, the total amount of monetary compensation receivables to be provided to the Eligible Directors for granting shares with restriction on transfer shall be within ¥300 million per year, and the total number of shares of the Company's common stock to be issued or disposed of by the Company shall not exceed 300,000 shares (Note) per year, as approved at the 15th Ordinary General Meeting of Shareholders held on June 21, 2019. The amount to be paid in per share shall be the amount determined by the Board of Directors of the Company within a range that is not particularly advantageous to the Eligible Directors who will receive such shares of the Company's common stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors pertaining to the issuance or disposal of such shares (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

(Note) In the event that the Company engages in a stock split, reverse stock split (including a gratis allotment of the Company's common stock), or other actions that may affect the value of its common stock per share, effective on or after the date of the resolution at this meeting, it will reasonably adjust the upper limit of total

number of shares of its common stock to be issued or disposed of after taking the stock split ratio, reverse stock split ratio, and other factors into account.

The issuance or disposal of shares of the Company's common stock under this proposal is conditional upon the Eligible Directors' consent to the abovementioned in-kind contribution, and the execution of an agreement for allotment of shares with restriction on transfer including the following contents (hereinafter referred to as the "Allotment Agreement") between the Company and the Eligible Directors.

If this proposal is approved and resolved as originally proposed, we intend to introduce a program similar to the Program for executive officers of the Company, and Directors and executive officers of some of the Group companies excluding the Company (hereinafter referred to as the "Officers, etc. of Group Companies").

1. Transfer restriction period

The Eligible Directors who were allotted shares with restriction on transfer shall not transfer, create a security interest on, or otherwise dispose of (hereinafter referred to as the "Transfer Restriction") the allotted shares with restriction on transfer (hereinafter referred to as the "Allotted Shares") during a time period set out by the Company's Board of Directors, which shall be between 3 (three) years and 10 (ten) years from the date of allotment in accordance with the Allotment Agreement for "continuous service based shares with restriction on transfer," and during a time period until the conclusion of the first Ordinary General Meeting of Shareholders of the Company to be held after the completion of the Mid-Term Plan to be announced by the Company for "performance-based shares with restriction on transfer" (these periods are hereinafter collectively referred to as the "Transfer Restriction Period," for both the "continuous service based shares with restriction on transfer" and "performance-based shares with restriction on transfer").

2. Acquisition of the Allotted Shares free of charge

If the Eligible Director leaves his or her position as Director or Executive Officer of the Company or of a subsidiary of the Company (limited to subsidiaries in which the Company has a shareholding ratio of at least 50%; hereinafter together with the Company referred to as the "Group Companies") prior to the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company following the start date of the Transfer Restriction Period, the Company shall naturally acquire free of charge the Allotted Shares, unless such retirement is due to expiry of the term of office, reaching the retirement age, death or other reasons deemed justifiable by the Company's Board of Directors. At the expiry of the Transfer Restriction Period, in accordance with the provision of 3 below, the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed.

3. Removal of the Transfer Restriction

(1) "Continuous service based shares with restriction on transfer"

The Company shall remove the Transfer Restriction with respect to the Allotted Shares in whole at the expiry of the Transfer Restriction Period, provided that the Eligible Director continuously served as Director or Executive Officer of Group Companies during the period from the start date of the Transfer Restriction Period to the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company. However, in the event that an Eligible Director leaves any position as Director or Executive Officer of the Group Companies prior to the expiry of the Transfer Restriction Period due to expiry of the term of office, reaching the retirement age, death or other reasons deemed justifiable by the Company's Board of Directors, the number of the Allotted Shares subject to removal of the Transfer Restriction and the timing of such removal of the Transfer Restriction shall be reasonably adjusted, as necessary.

(2) "Performance-based shares with restriction on transfer"

The Company shall, upon applying a release rate according to the performance achievement level of the most recent fiscal year, and according to the length of service during the Mid-Term Plan, adjust reasonably as necessary the number of the Allotted Shares subject to removal of the Transfer Restriction and the timing of such removal of the Transfer Restriction, provided that the Eligible Director continuously served as Director or Executive Officer of Group Companies during the period from the start date of the Transfer Restriction Period to the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company. However, in the event that an Eligible Director leaves any position as Director or Executive Officer of the Group Companies prior to the expiry of the Transfer Restriction Period due to reaching the retirement age, death or other reasons deemed justifiable by the Company's Board of Directors, or in the event

that there is a change in positions during the period of the Mid-Term Plan, the number of the Allotted Shares subject to removal of the Transfer Restriction shall be reasonably adjusted, as necessary, within the range of performance conditions.

4. Treatment of the Allotted Shares in the event of organizational restructuring, etc.

If a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly owned subsidiary of another party, is approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if such organizational restructuring, etc. does not require approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period (only if the effective date of such organizational restructuring, etc. comes prior to the expiration of the Transfer Restriction Period; hereinafter referred to as "At Approval of Organizational Restructuring"), and if the Eligible Director to whom shares with restriction on transfer are allotted leaves any position as Director or Executive Officer of Group Companies in line with such organizational restructuring, etc., the Company shall remove, based on the resolution of the Board of Directors of the Company, the Transfer Restriction of the Allotted Shares at a date prior to the effective date of such organizational restructuring, etc. as to the number of Allotted Shares as reasonably determined in consideration of the period from the start date of the Transfer Restriction Period to the day on which the organizational restructuring, etc. is approved. At Approval of Organizational Restructuring, immediately after the removal of the Transfer Restriction (a point in time prior to the effective date of such organizational restructuring, etc. reasonably determined by the Company's Board of Directors, if removal of the Transfer Restriction in accordance with the provision above does not take effect), the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed.

[Reference: Policies in this Mid-Term Plan]

(1) Allocation decision policy

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

(2) Upper limit for the number of monetary compensation receivables and allotted shares

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

Note 1: This number is based on the number if Proposal 1 “To elect Eight (8) Directors” is approved and resolved as originally proposed.

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

(3) Outline by condition

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

(4) Details of performance-based conditions

ROE criteria As of end of the fiscal year ending March 31, 2024	Release rate Eligible Directors and Executive Officers of the Company	Release rate (Note 1) Officers, etc. of Group Companies
10% or more	100%	80-100%
8% or more, less than 10%	50%	30-50%
Less than 8%	0%	0-25%

Note 1: For Officers, etc. of Group Companies, in addition to the consolidated ROE criteria, KPIs (ordinary income, ROIC, etc.) for each company are set, and will determine the release rate after individual evaluations.

Business Report

(From April 1, 2020 To March 31, 2021)

I Outline of the Group's Business

1. The Current Business Development and Results of Operations

With regard to the environment of the Entertainment Contents Business, in the consumer field (used in the previous fiscal year, the digital game software field and the packaged game software field), download sales for PCs and home video game consoles are progressing resulting from the impact of consumption from staying at home to prevent the spread of COVID-19, the launched new-generation console machines, and the advance of digitalization, while rising demand for games was evident. In addition, the game market is expected to further revitalize and expand on a global scale, with diversified revenue opportunities from new business models and services, and the development of technologies and infrastructure such as 5G and the Cloud computing. As for the market for amusement centers and amusement machines, although amusement center operation, which had slumped due to the impact of COVID-19, has entered a recovery trend gradually with a focus on prize category.

Regarding the pachislot and pachinko industry, pachinko halls across the country suspended their operations in the first quarter of the current fiscal year in response to the declaration of a state of emergency from government and requests from local governments due to the spread of COVID-19. Pachinko hall operators' purchasing motivation was significantly dropped in the first half of the current fiscal year with the extension of the deadline to remove the machines based on former standards due to the impact of COVID-19. In this environment, for pachinko machines, some of new standard machines are gaining popularity. Also, for pachislot machines, the introduction of Type 6.1, the new standard machines, has begun.

In the resort industry, demand for both domestic and overseas travel was dropped, resulting in a drastically reduced number of tourists due to the impact of COVID-19 and travel restrictions imposed by each country. The recovery in domestic tourism demand was observed during "Go to Travel Campaign" launched by the national government in July 2020, but travel demand has once again been sluggish mainly due to the suspension of the campaign announced in December 2020 and restrictions on economic activities following the declaration of a state of emergency that was issued again in January 2021. Also the enforcement order, etc. pertaining to the "Act on the Establishment of Specified Integrated Resort Areas" have been sequentially enforced from April 2019, including the establishment of the Japan Casino Regulatory Commission in January 2020, and the national government's draft basic policy was announced in October 2020, and the application period for the certification of integrated resort district development plans was revised. Furthermore, in January 2021, some local governments commenced the request for proposal (RFP), a public tender for integrated resort operators.

In this business environment, net sales for the fiscal year ended March 31, 2021 amounted to ¥277,748 million, (a decrease of 24.2% from the previous fiscal year). The Group posted an operating income of ¥6,553 million (a decrease of 76.3% from the previous fiscal year), ordinary income of ¥1,715 million (a decrease of 93.2% from the previous fiscal year) and profit attributable to owners of parent of ¥1,274 million (a decrease of 90.7% from the previous fiscal year). In addition, due to the impact of the structural reform, the initiative undertaken by the Company in this fiscal year, gain on sales of noncurrent assets of ¥15,258 million and gain on sales of investment securities of ¥11,266 million were recorded as extraordinary income, while structural reform expenses of ¥34,191 million, including loss on sales of shares of subsidiaries in the amusement center operations field and the amusement machines field, and extra retirement payments for the call for voluntary retirement of employees, were recorded as extraordinary losses. Also, income taxes - deferred of ¥(12,200) million were recorded along with deferred tax assets in result in considering the recoverability of deferred tax assets carefully due to the trend of business performance in the future.

Result of each segment is as follows

Net sales in each segment here do not include Inter-segment sales between segments.

In addition, as a reportable segment of the Group, The business operated by SEGA SAMMY CREATION INC., which was previously included in "Entertainment Contents", have been changed to "Pachislot and Pachinko Machines", and the segment income has been changed from "operating income" to "ordinary income" from the fiscal year ended March 31, 2021. The comparison and analysis of the current fiscal year are prepared based on the modified segment classification. In addition, the order of description of business segments has been changed.

《Entertainment Contents》

In the consumer field, for Full Game*, the Group released new titles including "Persona 5 Strikers", "YAKUZA : LIKE A DRAGON", "Football Manager 2021", etc. with strong performance of repeat sales, leading to sales of 41,770 thousand copies (28,570 thousand copies in the previous fiscal year). For free-to-play games (F2P*), new titles such as "Re:ZERO -Starting Life in Another World- Lost in Memories" and "Project SEKAI COLORFUL STAGE! feat. Hatsune Miku" strongly performed, and existing titles as well.

*Consumer field is classified by following 3 business models.

Full Game	Physical sales and download sales of full game for home video game consoles and PCs. (Download content sales are not included.)
F2P	Sales of contents with offering free basic play and microtransaction for smartphones and PCs.
Others	Sales of additional downloadable contents, consignment sales of 3rd party titles, revenue from consignment development, transfer of titles, offering of titles in batches to 1st parties, sales of non-game software products, etc.

In the amusement machine field, the Group sold with a focus on mainstay products such as UFO CATCHER series and prizes.

In the amusement center operations field, the Group excluded a company, operating amusement facilities, from the scope of consolidation at the end of the third quarter of the current fiscal year through transfer of its shares in December 2020 with the structural reform.

In the animated film and toy field, the Group released a movie "Detective Conan: The Scarlet Alibi", which was special summarizing TV animation series although the release of "Detective Conan: The Scarlet Bullet" was delayed due to the impact of COVID-19, and recorded earnings from video production and distribution, while performed strong toy sales of new products such as "Fun to change mouse covers! Sumikkogurashi Personal Computer Plus" and mainstay toy products.

Also the Group recorded gain on sales of investment securities as extraordinary income in the fourth quarter of the current fiscal year due to sales of investment securities which was booked gain on valuation of investment securities as non-operating income until the third quarter of the current fiscal year. As a result, net sales in this segment were ¥217,810 million (a decrease of 12.0% from the previous fiscal year) and ordinary income was ¥27,917 million (an increase of 71.6% from the previous fiscal year).

《Pachislot and Pachinko Machines》

For pachislot machines, the Group has launched "Pachislot Hokuto No Ken Shukumei", etc., leading to overall sales of 35 thousand units (123 thousand units in the previous fiscal year). For pachinko machines, the Group has sold "P Shin Hokuto Muso Chapter 3", etc., leading to overall sales of 69 thousand units (104 thousand units in the previous fiscal year).

As a result, net sales in this segment were ¥53,198 million (a decrease of 51.0% from the previous fiscal year) and ordinary loss was ¥11,332 million (ordinary income of ¥22,781 million for the previous fiscal year).

《Resort》

In the resort business, at "Phoenix Seagaia Resort", the number of guests continued to fall sharply due to the impact of COVID-19, leading to 65.7% compared with the previous fiscal year. However, personal demand showed recovery like year-on-year increase of 110% and over of the number of guests from

October to November 2020, due to the effect of the "Go to Travel Campaign". In addition, expenses for participating in the domestic integrated resort incurred.

Overseas, "PARADISE CITY", operated by PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method) that the drop amounts (purchased amount of chips by customers at the table) was 33.8%, and the number of guests was 45.5% compared with the previous fiscal year, respectively, saw substantial decline from January to December, 2020.

*PARADISE SEGASAMMY Co., Ltd. is posted 3 months delay due to the fiscal year ended in December.

As a result, net sales in this segment were ¥6,320 million (a decrease of 39.7% from the previous fiscal year) and ordinary loss was ¥8,979 million (ordinary loss of ¥5,354 million for the previous fiscal year).

2. Issues to be Addressed

The environment in which the Entertainment Contents Business operates is characterized by rising expectations for the creation of profit opportunities based on further growth in the global game market and new business models. This comes in tandem with the increasing prevalence of network infrastructure and diversification in game distribution platforms in the consumer field (what up until last fiscal year had been the digital game software and packaged game software fields). Amidst such an environment, the Group has positioned the consumer field as a growth area in the Entertainment Contents Business, and will focus management resources on seizing upon mid- to long-term growth by developing quality contents and promoting global expansion. It will also enrich its library through the creation and utilization of intellectual property (IP), secure and nurture talented human resources that will enhance a structure for development, and endeavor to bolster user engagement with the long-term development of products and services. These are what the Group considers to be important management issues.

Amidst significant changes in regulatory and market environments, the pachislot and pachinko industry is trending toward a declining number of pachinko parlors, and an increasing number of larger pachinko parlors with a greater number of machines. On the other hand, the introduction of both pachislot and pachinko machines compliant with amended regulations is proceeding, although there appears to be a diminished appetite for spending at pachinko parlors on account of the impact exerted by COVID-19. Nonetheless, pachinko machines, with popular titles and compliancy with new regulations, are making their appearance, and with regard to pachislot machines, the introduction of Type 6.1, the new standard machines, has begun. Under these circumstances, in the Pachislot and Pachinko Machines Business, it is necessary for the Group to develop and supply products with innovative gameplay that meets market needs and complies with regulations so as to maintain and expand its market share. In addition, the need to improve profitability by increasing efficiency in areas such as development and by reducing costs through such means as the reuse of pachislot and pachinko machine parts is considered to be a management issue.

In the Resort Business, the Group continues to accumulate expertise through the development and operation of resort facilities in Japan, as well as integrated resorts overseas, while preparing for a future full-fledged integrated resort business. Going forward, the Group believes a management issue in bringing about an integrated resort business in Japan will be to unerringly adhere to the process of business selection by local authorities, the government certification of district development plans, and the acquisition of a gaming license, among other steps.

The Group has a mission of "Constantly Creating, Forever Captivating -Making Life More Colorful-" in order to realize a sustainable society and increase corporate value. While fully recognizing its position as a member of global society and engaging in communication with its various stakeholders, as a "good corporate citizen" the Group answers the ethical and public service expectations from society and works to provide value that contributes to the sustainable development of society. In addition, the Group has identified the following five important issues from the standpoint of ESG (Environment, Social, Governance) and the Sustainable Development Goals (SDGs), and is working to put them into practice throughout the entire Group.

- Environment (reduce environmental burden)
- Addiction (mitigate addiction)
- Human resources (improve job satisfaction, increase diversity, and eliminate inequality)
- Products/Services (develop innovative products, raise the quality of products/services, safe product offerings)
- Governance (strengthen corporate governance)

3. Fund Procurement, etc.

(1) Fund Procurement

The Company concluded commitment line contract with financial institutions covering ¥78,000 million aimed at securing medium- to long-term capital liquidity and otherwise providing a Group wide safety net. The contract amount has increased by ¥18,000 million in the fiscal year ended March 31, 2021.

Regarding fund procurement for the fiscal year ended March 31, 2021, after examining each business's exposure to COVID-19 related business risks and considering the effects on cash flows, the Company executed combined borrowings of ¥30,000 million from the overdraft limit although that has completed repayment as of the end of March 2021.

For effective use of the Group funds, the Group is operating the Cash Management System (CMS) involving twenty Group companies including the Company, SEGA GROUP CORPORATION and Sammy Corporation, etc.

(2) Capital Expenditures

The Group's capital expenditures totaled ¥14,504 million, including ¥10,471 million in the entertainment contents business, ¥3,336 million in the pachislot and pachinko machines business, and ¥194 million in the resort business.

(3) Business Transfers, Absorption-type Demergers, and Incorporation-type Demergers

There is no applicable material information for the fiscal year ended March 31, 2021.

(4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year ended March 31, 2021.

(5) Succession of Rights and Obligations Related to Businesses of Other Corporations, etc., through Absorption-type Mergers or Demergers

SEGA Games Co., Ltd. carried out an absorption-type merger of SEGA Interactive Co., Ltd. and changed its name to SEGA CORPORATION as of April 1, 2020.

(6) Acquisition or Disposition of Stocks and Other Interests or Share Subscription Rights, etc., of Other Companies

SEGA GROUP CORPORATION, a consolidated subsidiary of the Company, transferred the shares of SEGA ENTERTAINMENT CO., LTD. as of December 30, 2020. Consequently, SEGA ENTERTAINMENT CO., LTD. was excluded from the scope of consolidation.

SEGA CORPORATION, a consolidated subsidiary of the Company, transferred the shares of Sega Amusements International Ltd. as of March 30, 2021. Consequently, Sega Amusements International Ltd. was excluded from the scope of consolidation.

4. Assets and Profits and Losses for the Previous Fiscal Years

Fiscal Year Item		FY2018	FY2019	FY2020	FY2021
		From April 1, 2017 To March 31 2018	From April 1, 2018 To March 31 2019	From April 1, 2019 To March 31 2020	From April 1, 2020 To March 31 2021
Net sales	(¥ million)	323,664	331,648	366,594	277,748
Ordinary income	(¥ million)	14,578	7,495	25,296	1,715
Profit attributable to owners of parent	(¥ million)	8,930	2,642	13,775	1,274
Net income per share	(¥)	38.10	11.27	58.65	5.42
Total assets	(¥ million)	473,467	464,654	458,268	421,599
Net assets	(¥ million)	310,456	305,337	296,858	291,256

Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.

2. Net income per share is calculated based on the average number of shares outstanding during the period.

5. Major Business Segments

The business segments of the SEGA SAMMY Group are Entertainment Contents Business, Pachislot and Pachinko Machines Business and Resort Business. The primary business activities are as follows. From the fiscal year ended March 2021, the order of description of business segments has been reviewed.

Segment	Main Business
Entertainment Contents Business	Development and sales of digital game software serving as the main axis of segments, development and sales of packaged game software and amusement machines, development and operation of amusement centers, planning, production and sales of animated films, development, manufacture and sales of toys
Pachislot and Pachinko Machines Business	Development, manufacture and sales of pachislot and pachinko machines
Resort Business	Development and operation of hotels and golf courses, etc. in the integrated resorts business and other facilities businesses

6. Major Business Locations of the Group

- (1) The Company: SEGA SAMMY HOLDINGS INC.
Head Office (Shinagawa-ku, Tokyo)
- (2) Office of the main subsidiaries
 - ① SEGA GROUP CORPORATION
Head Office (Shinagawa-ku, Tokyo)
 - ② SEGA CORPORATION
Head Office (Shinagawa-ku, Tokyo)
 - ③ Sammy Corporation
Head Office (Shinagawa-ku, Tokyo)
Kawagoe Factory (Kawagoe-shi, Saitama)
Branches (8 Branches)
- (3) Employees of the Group
Number of employees (change from end of previous year) 7,535 (1,263 decrease)
Notes: 1. The number of employees includes full-time staff and staff on loan, but not temporary employees.
2. There was a decrease of 1,263 employees compared to the previous fiscal year. The main reasons are the exclusion from the scope of consolidation of Group companies in line with a share transfer and the implementation of a voluntary retirement recruitment drive.

7. Material Parent Company and Subsidiaries

(1) Relationships with parent company

There is no pertinent matter.

(2) Relationships with subsidiaries

Company	Capital	Percentage ratio of issued shares	Main business
SEGA GROUP CORPORATION (Note 2)	¥44,092 million	100.0%	Management of SEGA Group and all businesses appertaining thereto
Sammy Corporation	¥18,221 million	100.0%	Development/manufacture/sales of pachislot and pachinko machines
SEGA CORPORATION (Note 3)	¥100 million	100.0% (Note 1)	Planning/development/sales of game-related content for mobiles, PCs, smart devices and home video game platforms Development/manufacture/sales of amusement machine
ATLUS CO., LTD.	¥10 million	100.0% (Note 1)	Development of home video game software
Sega of America, Inc.	US\$110,000 thousand	100.0% (Note 1)	Development/management/sales of home video game software
Sega Europe Ltd.	£10,000 thousand	100.0% (Note 1)	Sales of home video game software
Sega Publishing Europe Ltd.	£0 thousand	100.0% (Note 1)	Sales of home video game software
Sega Logistics Service Co., Ltd.	¥100 million	100.0% (Note 1)	Maintenance service, transportation and warehouse business
DARTSLIVE Co., Ltd.	¥10 million	100.0% (Note 1)	Planning/development/sales of game equipment and game software
SEGA TOYS CO., LTD.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of toys
TMS ENTERTAINMENT CO., LTD.	¥100 million	100.0% (Note 1)	Planning/production/sales and other activities involving animated movies
MARZA ANIMATION PLANET INC.	¥100 million	100.0% (Note 1)	Production of computer graphics animations, planning/production of animated movies, licensing business
RODEO Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of pachislot machines
TAIYO ELEC Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of pachislot and pachinko machines
Sammy Networks Co., Ltd.	¥100 million	100.0% (Note 1)	Planning/production/sales of game and music contents through mobile phones and Internet, etc.
SEGA SAMMY CREATION INC.	¥10 million	100.0%	Development/production/sales of casino gaming machines
PHOENIX RESORT CO., LTD.	¥93 million	100.0%	Operation of resort facilities, including hotels, spas, golf courses, restaurants and international conference halls

Notes: 1. Percentage of ratio of issued shares includes rights of indirectly owned shares.

2. SEGA GROUP CORPORATION was changed its name from SEGA Holdings Co., Ltd. as of April 1, 2020.

3. SEGA CORPORATION was changed its name from SEGA Games Co., Ltd. as of April 1, 2020.
4. SEGA Interactive Co., Ltd. which was the consolidated subsidiary of the Company in the previous fiscal year, has been excluded from the scope of consolidation due to carrying out of the absorption-type merger with SEGA CORPORATION as the surviving company.
5. SEGA ENTERTAINMENT CO., LTD. and Sega Amusements International Ltd. which were the consolidated subsidiaries of the Company in the previous fiscal year, have been excluded from the scope of consolidation because of the sale of its shares.

(3) The status of the specified wholly owned subsidiaries

Name of specified wholly owned subsidiary	Address of specified wholly owned subsidiary	Book value of shares of wholly owned subsidiary
SEGA GROUP CORPORATION	1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	¥118,351 million
Sammy Corporation	1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	¥153,307 million

Note: Amount of total assets of the Company: ¥377,789 million

8. Main Banks and Borrowings

Lenders	Balance of loans payable
Sumitomo Mitsui Banking Corporation	¥17,500 million
MUFG Bank, Ltd.	¥7,000 million
Mizuho Bank, Ltd.	¥5,000 million
Resona Bank, Limited	¥4,200 million
Aozora Bank, Ltd.	¥4,000 million
The Bank of Yokohama, Ltd.	¥3,640 million
Sumitomo Mitsui Trust Bank, Limited	¥660 million
Total	¥42,000 million

9. Where the Articles of Incorporation Provide for the Board of Directors to Determine Distributions, etc., of Retained Earnings, Policy Regarding Exercise of Such Authority

The Company positions the return of profits to shareholders as an important management issue. For the dividends from retained earnings for the fiscal year ended March 31, 2021, the Company has paid the interim dividends for ¥10 per share and determined the year-end dividends for ¥20 per share, an increase of ¥10 from interim dividends, as a result of comprehensive considerations of the most recent results, future investments, cash flows and others.

Starting from the fiscal year ending March 31, 2022, the basic policy for shareholder returns is to maintain a total return ratio of 50% or more, taking the optimal balance between investment for business growth and capital efficiency improvement into account. With regard to dividends, the Company has set a dividend policy of DOE (Dividend on equity ratio) 3% or more as an indicator for achieving stable dividends and determine the specific dividends amount while also considering the results of past dividends. Also, as a way for shareholder return, the Company will determine buybacks of share flexibly, taking business performance trend and stock market trend into account. For dividends from retained earnings for the fiscal year ending March 31, 2022, annual dividends per share is scheduled to be ¥40 (of which, ¥20 for interim dividends) in accordance with the above basic policy regarding the distribution of revenue.

10. Other Significant Events of the Group

There is no applicable material information for the fiscal year ended March 31, 2021.

II Shares Outstanding and Shareholders

1. **Number of shares authorized for issue** **800,000,000 shares**
2. **Total shares issued and outstanding** **266,229,476 shares**
3. **Number of shareholders** **63,903**
4. **Principal shareholders (Top 10)**

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
HS Company	35,308,000	15.01
The Master Trust Bank of Japan, Ltd. (Trust account)	15,314,700	6.51
FSC Co., Ltd.	13,682,840	5.82
Custody Bank of Japan, Ltd. (Trust account)	8,380,000	3.56
Hajime Satomi	7,833,638	3.33
STATE STREET BANK AND TRUST COMPANY 505001	6,271,472	2.66
KOREA SECURITIES DEPOSITORY-SAMSUNG	5,648,300	2.40
THE BANK OF NEW YORK MELLON 140044	3,831,676	1.62
Haruki Satomi	3,723,161	1.58
STATE STREET BANK AND TRUST COMPANY 505103	3,606,417	1.53

Note: Shareholding ratio was calculated excluding treasury stock (31,142,581 shares).

III Company Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Title and Areas of Responsibility	Name	Important Concurrent Posts
Chairman and Group CEO (Representative Director)	Hajime Satomi	Honorary Chairman of the Board of SEGA GROUP CORPORATION Chairman of the Board (Representative Director) of Sammy Corporation
President and Group COO (Representative Director) in charge of Executive Secretariat Division, Group Executive Office, Public Relations Office, Group Licensing Division and Internal Control Division	Haruki Satomi	President and CEO (Representative Director) of SEGA GROUP CORPORATION President and CEO (Representative Director) of Sammy Corporation
Senior Executive Vice President, Director of the Board in charge of Resort Business Division	Naoya Tsurumi	
Senior Executive Vice President and Group CFO, Director of the Board in charge of Finance & Accounting Division, IT Solutions Division, Investment Management Department and Japan Integrated Resort Business Department	Koichi Fukazawa	
Senior Vice President, Director of the Board in charge of General Affairs & Personnel Division, Legal & Intellectual Property Division, and CSR & SDGs Office	Hideo Yoshizawa	Executive Vice President, Director of the Board of SEGA GROUP CORPORATION
Director of the Board	Takeshi Natsuno	Director, Member of the Board of KADOKAWA CORPORATION President and Representative Director of DWANGO Co., Ltd. Chairman and Representative Director of MOVIE WALKER Co., Ltd. Outside Director of transcosmos inc. Outside Director of GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan
Director of the Board	Kohei Katsukawa	Outside Director of ELECOM CO., LTD.
Director of the Board	Melanie Brock	CEO of Melanie Brock Advisory Ltd.
Standing Audit & Supervisory Board Member	Shigeru Aoki	Audit & Supervisory Board Member of Sammy Corporation
Audit & Supervisory Board Member	Yukito Sakaue	Standing Audit & Supervisory Board Member of SEGA GROUP CORPORATION
Audit & Supervisory Board Member	Mineo Enomoto	Chairman of Enomoto and Matsui Law Office Audit & Supervisory Board Member of SEGA GROUP CORPORATION Outside Audit & Supervisory Board Member of SHIMOJIMA Co., Ltd.

<p>Audit & Supervisory Board Member</p>	<p>Kazutaka Okubo</p>	<p>President and Representative Director of Okubo Associates Inc. President and Representative Director of K.K. SS Dnaform Outside Director of Sun Frontier Fudousan Co., Ltd. Outside Director of LIFULL Co., Ltd. Outside Director of SALA Corporation Outside Director of Musashi Seimitsu Industry Co., Ltd. Outside Audit & Supervisory Board Member of BrainPad Inc.</p>
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- Notes: 1. Takeshi Natsuno, Kohei Katsukawa and Melanie Brock are External Director of the Board as stipulated in Article 2, Clause 15 of the Companies Act.
2. Mineo Enomoto and Kazutaka Okubo are External Audit & Supervisory Board Member as stipulated in Article 2, Clause 16 of the Companies Act.
3. The Company has submitted an Independent Directors/Audit & Supervisory Board Members Notification Form to Tokyo Stock Exchange, Inc. to register Directors of Takeshi Natsuno and Kohei Katsukawa, and Audit & Supervisory Board Members of Mineo Enomoto and Kazutaka Okubo as Independent Directors/Audit & Supervisory Board Members.
4. The Company has adopted the executive officer system to speed up decision-making, strengthen oversight of business execution, and reinforce business execution functions. The Company has thirteen executive officers. Among them, three executive officers: Naoya Tsurumi, Koichi Fukazawa, Hideo Yoshizawa who concurrently serve as Director of the Board, and ten executive officers: Yukio Sugino, Executive Vice President; Makoto Takahashi, Managing Director of Group Executive Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division, Executive Secretariat Division; Shuji Utsumi, In charge of Open Innovation; Hiroshi Ishikura, Managing Director of Internal Control Division and CSR & SDGs Office; Koichi Takahashi, Managing Director of General Affairs & Personnel Division; Takaharu Kato, Managing Director of IT Solution Division; Rei Kudo, Managing Director of Public Relations Office, Group Licensing Division; Hironobu Otsuka, Managing Director of Resort Business Division who don't serve as Director of the Board.
5. Since April 1, 2021, the Company has the following twelve executive officers. Among them, three executive officers: Naoya Tsurumi, Koichi Fukazawa, Hideo Yoshizawa who concurrently serve as Director of the Board, and nine executive officers: Yukio Sugino, Executive Vice President; Makoto Takahashi, Managing Director of Corporate Planning Division, Human Resources Development Division; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division, Executive Secretariat Division; Takaharu Kato, Managing Director of IT Solution Division; Rei Kudo, Managing Director of Public Relations Office, Group Licensing Division; Hironobu Otsuka, Managing Director of Integrated Resort Business Division; Koji Takeyama, Managing Director of General Administration Division; Yuka Ichiki, Managing Director of Sustainability Promotion Division who don't serve as Director of the Board.
6. Kazuaki Inaoka was elected as Substitute Audit & Supervisory Board Member stipulated in Article 3, Clause 329 of the Companies Act at the ordinary general meeting of shareholders held on June 24, 2020 in preparation for the case when the number of Audit & Supervisory Board Members becomes less than the number prescribed by the laws and regulations.

2. Remuneration, etc., to Directors and Audit & Supervisory Board Members

(1) Total Remuneration, etc., to Directors and Audit & Supervisory Board Members

Title	Number of individuals	Remuneration, etc. (¥ million)	Total amount of remuneration, etc. by type (¥ million)		
			basic remuneration	bonuses	share with restriction on transfer
Directors (of which External Directors)	10 (4)	591 (46)	591 (46)	- (-)	- (-)
Audit & Supervisory Board Members (of which External Audit & Supervisory Board Members)	3 (2)	38 (20)	38 (20)	- (-)	- (-)
Total	13	629	629	-	-

Notes: 1. With regard to the above basic remuneration, the Company has decided to reduce the remuneration of Directors and Executive Officers in line with management performance in the current fiscal year and in order to clarify management responsibility as pertains to voluntary retirement in line with structural reforms. The reduction is reflected in the above basic remuneration.

(Relevant persons and details of reduction)

Representative Director :30% of basic monthly remuneration

Director, Senior Executive Vice President :20% of basic monthly remuneration

Director, Senior Vice President :10% of basic monthly remuneration

(Applicable period)

From November 2020 to March 2021 (for 5 months)

In view of the progress of structural reform implementation, an offer was made to decline receipt of Directors' bonuses, and Directors' bonuses were therefore not provided. Stock compensation with restriction of transfer was not provided in the current fiscal year.

2. As of the end of the fiscal year ended March 31, 2021, the number of Directors was eight (including three External Directors), and the number of Audit & Supervisory Board Members was four (including two External Audit & Supervisory Board Members). These figures differ from the number of individuals mentioned above because of including two retired Directors (including one External Director) at the conclusion of the ordinary general meeting of shareholders held on June 24, 2020 and also there is one Audit & Supervisory Board Member who serves without compensation.

(2) Items Associated with Decision Policy as Pertains to Details of Remuneration for Individual Directors

Regarding the remuneration system for Directors (excluding External Directors), the primary focus is to function as an incentive to raise the Group's corporate value and sustainable growth. Moreover, its basic policy is to put in place a highly transparent and objective decision-making process.

Concerning decision policy for Directors' remuneration and other amounts, the Representative Director directs the Independent Advisory Committee on the compensation scheme as well as calculation method used for each type of compensation, among other matters. The Independent Advisory Committee deliberates and evaluates these details, and the result is proposed to the Representative Director as their opinions. Taking these opinions into account as a reference, the Representative Director consults the Board of Directors on the policy to determine remuneration amounts, then makes a final decision on the policy.

Decisions on the details of Directors' remuneration are made by the Independent Advisory Committee's deliberating and evaluating, with those findings being respected by the Board of Directors and a determination made in line with the decision policy.

The compensation scheme for the Company's Directors (excluding External Directors) is, from the perspective of basic remuneration, comprised of fixed remuneration and Directors' bonuses as performance-linked remuneration, and stock compensation with restriction of transfer.

Regarding fixed remuneration, a remuneration table is formulated to specify the amounts for each of the components, namely, basic remuneration and role remuneration. The Company shall provide the sum of these components of remuneration as monthly fixed remuneration.

From the perspective of their role and independence, the remuneration of External Directors is comprised

of fixed remuneration (basic remuneration only), and the amount of remuneration is decided by the Board of Directors.

Audit & Supervisory Board Members' remuneration is comprised of fixed remuneration (basic remuneration only) in accordance with their duties, and is based on their responsibilities to audit the execution of duties throughout the Group. The amount of remuneration is decided through discussions at the Audit & Supervisory Board.

(3) Items with Regard to Performance-linked Remuneration

Directors' bonuses are provided as performance-linked remuneration. The amount of a Directors' bonus is provided by multiplying the coefficient calculation from a bonus table that specifies the number of months for Directors' bonuses according to three factors, namely, the ordinary income level, the level of business plan achievement, and the year-on-year growth level, against fixed compensation.

*In the event a loss attributable to owners of parent is recorded, no Directors' bonuses shall be paid.

The evaluation index for Directors' bonus calculation adopts ordinary income, which is the income ordinarily generated by the Group from throughout its business activities, including gains and losses on investments that occur through the application of the equity method to its main business. In addition, the level of business plan achievement and the year-on-year growth level are employed to clarify responsibility for announced plans and to clarify responsibility for sustainable growth, respectively.

The targets and results of indices associated with performance-linked remuneration in the current fiscal year are as below.

(Unit: billions of yen)

	FY2020	FY2021		Changes from prior year	Changes from business plan
	Results	Business plan	Results		
Net sales	366.5	277.0	277.7	(88.8)	+0.7
Ordinary income	25.2	(20.0)	1.7	(23.5)	+21.7

Note: In view of the progress of structural reform implementation, an offer was made to decline receipt of Directors' bonuses, and Directors' bonuses were therefore not provided.

(4) Non-Monetary Remuneration

The system of stock compensation with restriction of transfer, resolved to be introduced at the Ordinary General Meeting of Shareholders held on June 21, 2019, has the objective of providing an incentive for Directors (excluding External Directors) to sustainably raise the Company's corporate value, together with further facilitating sharing of value with shareholders and Directors (excluding External Directors). The stock compensation with restriction of transfer, separate from Directors' conventional remuneration, is to be provided to eligible Directors and shall not exceed ¥300 million per year, or, the total number of shares of the Company's common stock to be issued or disposed of shall not exceed 300,000 shares per year. Specific details of the provision and allocation are determined by the Company's Board of Directors, taking into consideration the degree of contribution to financial performance in the previous fiscal year and other matters, in a comprehensive manner.

There was no stock compensation with restriction of transfer in the current fiscal year.

(5) Items with Regard to General Meeting of Shareholders' Resolutions Pertaining to the Remuneration of Directors and Audit & Supervisory Board Members

The dates of resolutions made at the Ordinary General Meeting of Shareholders pertaining to remuneration of the Company's officers are as follows.

- The remuneration limit for Directors is ¥1,700 million (¥100 million for External Directors), pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 21, 2019. At the time of the resolution there were 10 Directors (four of whom were External Directors).
- The remuneration limit for Audit & Supervisory Board Members is ¥50 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders of Sammy Corporation on June 25, 2004, and at the Ordinary General Meeting of Shareholders of SEGA CORPORATION on June 29, 2004. At the time of the resolution there were four Audit & Supervisory Board Members.
- It was resolved at the Ordinary General Meeting of Shareholders held on June 21, 2019 to introduce

a system of stock compensation with restriction of transfer, separate from the above amount of Directors' remuneration, and that Directors (excluding External Directors) would be provided with an amount not to exceed ¥300 million per year, and that the total number of shares of the Company's stock shall not exceed 300,000 shares per year. At the time of the resolution there were six eligible Directors.

3. Liability Limitation Agreements

It is stipulated in the Articles of Incorporation that the Company may enter into agreements with Directors (excluding executive Directors etc.) and Audit & Supervisory Board Members that limit their liabilities for damages.

The outline of the liability limitation agreement that the Company entered into with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members respectively in accordance with the Articles of Incorporation is as follows:

(Outline of Liability Limitation Agreement)

The liability to compensate for damages under Article 423, Section 1 of the Companies Act will be limited to the minimum liability set forth by law in the absence of malicious intent or material negligence.

4. Items with Regard to Liability Insurance Contracts for Officers and Others

The Company has entered into an agreement with an insurance company concerning liability insurance contracts for officers and others. Those insured under the said liability insurance contracts are Directors, Audit & Supervisory Board Members, and managerial employees of the Company, and certain subsidiaries and affiliated companies. Concerning all of those who are insured, the Company, subsidiaries and affiliated companies pay the entirety of such insurance fees.

(Overview of liability insurance contracts for officers and others)

The said contract serves to compensate for damages, legal defense and other costs where the insured person is held liable in third-party litigation, shareholder representative lawsuits, corporate and other litigation. However, when said damages are the result of intent or negligence, they are outside of the scope of compensation. In this way, measures are in place so as not to impair the appropriateness of the duties executed by officers and others.

5. External Directors and Audit & Supervisory Board Members

(1) Main Activities of External Directors and Audit & Supervisory Board Members

Title	Name	Major Activities
External Director	Takeshi Natsuno	He attended 13 Board of Directors meetings out of the 13 meetings during the year (12 out of 12 regular meetings) and expressed his opinion based on his managerial insights as a corporate manager and his high level of expertise in the information communication field. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Kohei Katsukawa	He attended 12 Board of Directors meetings out of the 13 meetings during the year (11 out of 12 regular meetings) and expressed his opinion on managerial viewpoints as relates to financial matters based on a wealth of experience gained through his many years serving at financial institutions. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Melanie Brock	She attended 13 Board of Directors meetings out of the 13 meetings during the year (12 out of 12 regular meetings) and expressed her opinion on managerial viewpoints as an international business leader. She also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.

External Audit & Supervisory Board Member	Mineo Enomoto	He attended 12 Board of Directors meetings out of the 13 meetings during the year (11 out of 12 regular meetings) and expressed his opinion on professional and managerial viewpoints as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Audit & Supervisory Board meetings out of the 15 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
External Audit & Supervisory Board Member	Kazutaka Okubo	He attended 12 Board of Directors meetings out of the 13 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial viewpoints concerning the financial accounting and the internal control as a certified public accountant. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 15 Audit & Supervisory Board meetings out of the 15 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.

(2) Total Remuneration, etc., to External Directors and Audit & Supervisory Board Members

	Number of individuals	Remuneration, etc.	Of which Remuneration, etc., from subsidiary
Total remuneration, etc., to External Directors and Audit & Supervisory Board Members	6	¥66 million	¥ -million

Consolidated Balance Sheet

(As of March 31, 2021)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	276,295	Current liabilities	59,777
Cash and deposits	154,972	Notes and accounts payable - trade	16,994
Notes and accounts receivable - trade	38,176	Income taxes payable	839
Short-term investment securities	721	Accrued expenses	15,713
Merchandise and finished goods	7,514	Provision for bonuses	8,372
Work in process	31,941	Provision for directors' bonuses	732
Raw materials and supplies	13,456	Provision for point card certificates	311
Income taxes receivable	10,365	Asset retirement obligations	105
Other	19,447	Other	16,708
Allowance for doubtful accounts	(298)	Noncurrent liabilities	70,566
Noncurrent assets	145,304	Bonds payable	10,000
Property, plant and equipment	61,617	Long-term loans payable	42,000
Buildings and structures, net	28,219	Lease obligations	4,808
Machinery, equipment and vehicles, net	1,467	Net defined benefit liability	4,542
Amusement machines and facilities, net	964	Deferred tax liabilities	778
Land	18,396	Asset retirement obligations	2,933
Construction in progress	1,239	Provision for dismantling of fixed assets	420
Other, net	11,330	Other	5,083
Intangible assets	14,999	Total liabilities	130,343
Goodwill	4,711	Net assets	
Other	10,288	Shareholders' equity	294,991
Investments and other assets	68,686	Capital stock	29,953
Investment securities	38,323	Capital surplus	118,048
Long-term loans receivable	383	Retained earnings	200,551
Lease and guarantee deposits	8,075	Treasury stock	(53,561)
Net defined benefit assets	4,376	Accumulated other comprehensive income	(4,231)
Deferred tax assets	13,272	Valuation difference on available-for-sale securities	1,930
Other	4,667	Deferred gains or losses on hedges	(725)
Allowance for doubtful accounts	(413)	Revaluation reserve for land	(1,109)
		Foreign currency translation adjustment	(3,867)
		Remeasurements of defined benefit plans	(459)
		Non-controlling interests	496
		Total net assets	291,256
Total assets	421,599	Total liabilities and net assets	421,599

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Unit: millions of yen)

Item	Amount	
Net sales		277,748
Cost of sales		176,973
Gross profit		100,775
Selling, general and administrative expenses		94,221
Operating income		6,553
Non-operating income		
Interest income	136	
Dividends income	356	
Gain on investments in partnership	1,404	
Other	922	2,820
Non-operating expenses		
Interest expenses	470	
Equity in losses of affiliates	5,662	
Commission fee	97	
Loss on investments in partnership	208	
Foreign exchange losses	487	
Loss on retirement of noncurrent assets	294	
Other	436	7,657
Ordinary income		1,715
Extraordinary income		
Gain on sales of noncurrent assets	15,258	
Gain on sales of investment securities	11,266	
Other	2,303	28,828
Extraordinary loss		
Loss on sales of noncurrent assets	0	
Impairment loss	3,347	
Loss on valuation of investment securities	0	
Loss on COVID-19	2,822	
Structural reform expenses	34,191	
Other	27	40,389
Loss before income taxes		9,844
Income taxes-current	478	
Income taxes-deferred	(12,200)	(11,722)
Profit		1,877
Profit attributable to non-controlling interests		602
Profit attributable to owners of parent		1,274

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	34,499	Current liabilities	39,875
Cash and deposits	24,988	Accounts payable-other	5,659
Accounts receivable - trade	1,115	Income taxes payable	181
Short-term investment securities	221	Accrued expenses	1,124
Prepaid expenses	759	Deposits received	32,218
Short-term loans receivable from subsidiaries and affiliates	2,017	Provision for bonuses	277
Accounts receivable-other	2,287	Other	414
Other	3,110	Noncurrent liabilities	54,948
Noncurrent assets	343,289	Bonds payable	10,000
Property, plant and equipment	8,202	Long-term loans payable	42,000
Buildings, net	3,702	Asset retirement obligations	685
Structures, net	513	Provision for retirement benefits	304
Machinery and equipment, net	35	Deferred tax liabilities	407
Aircraft, net	2	Other	1,550
Vehicles, net	76	Total liabilities	94,823
Tools, furniture and fixtures, net	2,465	Net assets	
Land	1,406	Shareholders' equity	282,881
Intangible assets	515	Capital stock	29,953
Software	360	Capital surplus	192,179
Other	154	Legal capital surplus	29,945
Investments and other assets	334,571	Other capital surplus	162,234
Investment securities	8,800	Retained earnings	114,589
Shares of subsidiaries and affiliates	307,066	Other retained earnings	114,589
Investments in capital of subsidiaries and affiliates	1,495	Retained earnings brought forward	114,589
Long-term loans receivable from subsidiaries and affiliates	20,502	Treasury stock	(53,839)
Long-term loans receivable	37	Valuation and translation adjustments	83
Long-term prepaid expenses	41	Valuation difference on available-for-sale securities	83
Other	6,290	Total net assets	282,965
Allowance for doubtful accounts	(9,662)	Total liabilities and net assets	377,789
Total assets	377,789		

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	9,099	
Shared service income	3,069	
Dividends income	7,045	19,213
Operating expenses		
Selling, general and administrative expenses	13,472	13,472
Operating income		5,741
Non-operating income		
Interest income	171	
Interest on securities	23	
Dividends income	237	
Gain on investments in partnership	1,127	
Income from operation of noncurrent assets	103	
Other	172	1,836
Non-operating expenses		
Interest expenses	529	
Interest on bonds	45	
Commission fee	94	
Loss on investments in partnership	187	
Provision of allowance for doubtful accounts	621	
Other	266	1,744
Ordinary income		5,833
Extraordinary income		
Gain on sales of noncurrent assets	8	
Gain on sales of investment securities	8,089	
Gain on reversal of share acquisition rights	812	8,910
Extraordinary loss		
Impairment loss	40	
Loss on valuation of shares of subsidiaries and affiliates	2,815	
Loss on sales of investment securities	11	
Loss on COVID-19	75	
Structural reform expenses	110	3,052
Income before income taxes		11,691
Income taxes-current	1,568	
Income taxes-deferred	76	1,645
Net income		10,046

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Independent Auditor's Report

May 12, 2021

The Board of Directors of SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC
Tokyo Office, Japan

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Danya Sekiguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ueno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SEGA SAMMY HOLDINGS INC. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with

accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 12, 2021

The Board of Directors of SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC
Tokyo Office, Japan

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Danya Sekiguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ueno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SEGA SAMMY HOLDINGS INC. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

The Audit & Supervisory Board has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 17th fiscal year from April 1, 2020 through March 31, 2021 prepared by each of the Audit & Supervisory Board Members. After discussing the reports, we have prepared this Audit Report and report as follows.

1. Procedures and details of the audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board established the audit policy, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding the implementation of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the independent auditor regarding the execution of their duties, and sought explanations as necessary.
 - (2) Each Audit & Supervisory Board Member complied with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, allocation of duties, etc., communicated with Directors, the internal audit department, and other employees, as well as worked to enhance environment for information collection and auditing, while conducting the audit by the following methods:
 - 1) Each Audit & Supervisory Board Member participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, and sought explanations as necessary. We examined important authorized documents and associated information, and investigated the operations and assets at the head office and principal offices.

With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.
 - 2) We received the periodical reports from Directors, employees, and other relevant personnel, sought explanations as necessary, and expressed our opinions on the status of development and operation of the system for ensuring that the execution of the duties of the Directors conforms to the relevant laws and regulations and the Articles of Incorporation, as well as the details of the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act and the status of the system (internal control system) based on said resolutions, a necessary measure for ensuring proper business execution by a joint stock corporation and a corporate group consisting of its subsidiaries.

As to the internal control system associated with financial reports, we received reports from Directors and the independent auditor, KPMG AZSA LLC regarding the evaluation of the internal control and its audit, and sought explanations and expressed our opinions where necessary.
 - 3) We monitored and verified whether the independent auditor maintained its independence and implemented appropriate audits, and we received reports from the independent auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the independent auditor that “systems for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Corporate Calculation Regulations) were maintained in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the current fiscal year.

2. Result of audit

(1) The Report of Business Operations

- 1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company’s condition.
- 2) With regard to the execution of the duties of the Directors, we have found no evidence of wrongful

action or material violation of the relevant laws and regulations, nor of any violation with respect to the Articles of Incorporation.

- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the execution of the duties of the Directors regarding the internal control system, including the one associated with financial reports.
- (2) Audit result of the Financial Statements and supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
- (3) Audit result of the Consolidated Financial Statements and consolidated supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

May 13, 2021
Audit & Supervisory Board,
SEGA SAMMY HOLDINGS INC.
Shigeru Aoki, Standing Audit & Supervisory Board Member
Yukito Sakaue, Audit & Supervisory Board Member
Mineo Enomoto, Audit & Supervisory Board Member (External)
Kazutaka Okubo, Audit & Supervisory Board Member (External)