

July 16, 2021

(Translation)

Dear Sirs or Madams,

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

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

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

Notice of Disposal of Treasury Stocks as Stock Compensation with Restriction of Transfer

SEGA SAMMY HOLDINGS INC. (the Company) hereby notifies that it has resolved to dispose its treasury stocks as stock compensation with restriction of transfer (hereinafter "Disposal of Treasury Stocks") today at the Board of Directors meeting of the Company as follows.

Description

1. Overview of Disposal

(1)	Payment date	August 5, 2021
(2)	Type and number of shares to be disposed	413,300 shares of Company's common stock
(3)	Disposal amount	1,502 yen per share
(4)	Total disposal amount	620,776,600 yen
(5)	Allottee	4 Directors of the Board of the Company (*1, 2): 128,300 shares 8 executive officers of the Company (*2): 34,400 shares 19 Directors of the Board of the Company's subsidiaries (*2): 139,600 shares 21 executive officers of the Company's subsidiaries (*2): 111,000 shares (*1) Excluding external Director of the Board (*2) Persons concurrently serve some positions are included in any of the above and do not overlap
(6)	Other	This treasury stocks disposal shall be subject to the entry into force of securities registration statement in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

At our 17th Annual General Meeting of Shareholders held on June 24, 2021, the partial revision of the previous stock compensation program with restriction of transfer (the revised stock compensation program with restriction of transfer is hereinafter referred to as "this Program") with the aim of further matching the long-term benefits with our shareholders and our Directors of the Board (excluding external Directors of the Board, the "Eligible Directors" hereinafter) and to link the compensations of those Eligible Directors with the Medium-Term Plan (from fiscal year ending March 31, 2022 to fiscal year ending March 31, 2024) (hereinafter "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, and also setting the total amount of monetary compensation receivables required to grant the stocks with restriction of transfer to Eligible Directors based on this Program at not to exceed 0.3 billion yen per year as before and the total number of the Company's common stock to be issued or disposed of at not to exceed 300,000 stocks per year and others were approved. Stocks with restriction of transfer in this program consists of 2 types, which are "continuous service based stocks with restriction of transfer", in which the number of stocks to be released from restriction of transfer is determined on the condition that the eligible personnel act as certain position of the Company or subsidiaries of the Company (limited to subsidiaries with a shareholding ratio of 50% or more, hereinafter referred to as the "Group Companies" and together with the Company, the "Company's Group Companies") for a certain period of time, and "performance-based stocks with restriction of transfer" in which the number of stocks to be released from restriction of transfer is determined based on the length of service and the degree of achievement of the business performance targets in our Mid-Term Plan.

Today, at our Board of Directors meeting, we have resolved to allocate 413,300 shares of our common stock as specified stocks with restriction of transfer, as stock compensation with restriction of transfer for Eligible Director, for the period from our 17th Ordinary General Meeting of Shareholders to our 18th Ordinary General Meeting of Shareholders to be held in June 2022, and for our executive officers and Director of the Board and executive officers of Group Companies (hereinafter "Officers, etc. of Group Companies") as stock compensation with restriction of transfer for our 18th fiscal period (from April 1, 2021 to March 31, 2022), for 4 Eligible Directors, 8 executive officers of the Company, 19 Directors of the Board of Group Companies and 21 executive officers of Group Companies (hereinafter "Eligible Allottees") by providing total of 620,776,600 yen as monetary compensation receivables to eligible allottees, and such eligible allottees to contribute all such monetary compensation receivables as properties contributed in kind. The amount of monetary compensation receivables to each Eligible Allottee is determined with taking various matters into account comprehensively, including the degree of contribution of each Eligible Allottee at the Company. In addition, the relevant monetary compensation receivables shall be paid on the condition that each Eligible Allottee enters into an agreement on allocation of stocks with restriction for transfer (hereinafter "Allocation Agreement") which includes following contents with the Company and others.

The types of stocks with restriction of transfer to be allocated to each Eligible Allottee are as follows:

Eligible Allottees	Types of stocks with restriction of transfer
Eligible Directors and executive officers of the Company	Performance-based stocks with restriction of transfer
Officers, etc. of Group Companies	Performance-based stocks with restriction of transfer Continuous service based stocks with restriction of transfer

### 3. Outline of Allocation Agreement

#### I. Performance-based stocks with restriction of transfer

##### 1) Transfer Restriction Period

From August 5, 2021 to the conclusion of the Company's first Annual General Meeting of Shareholders after the end of the Mid-Term Plan

At transfer restriction period set forth above (hereinafter "Transfer Restriction period I"), the Eligible Allottees may not transfer, set right of pledge, set mortgage, give a gift during life or testamentary gift or otherwise dispose of any stocks with restriction on transfer allocated to such Eligible Allottees (hereinafter "Allotted Stocks I") to any third party (hereinafter "Transfer Restriction").

##### 2) Acquisition of stocks with restriction of transfer without compensation

The Company will naturally acquire the Allotted Stocks I without compensation, if the Eligible Allottees resign from Director of the Board or executive officers of any of Company's Group Companies by the date prior to the date of the first annual meeting of stockholders after the commencement date of the Transfer Restriction period I (in the case the Eligible Allottees are the executive officers of the Company or Officers, etc. of Group Companies, the first end day of the Company's fiscal year after the commencement date of the Transfer Restriction period I), unless there is a retirement age, death or other reason that our Board of Directors meeting deems legitimate.

In addition, in the event any of Allotted Stocks I for which restriction of transfer has not been released in accordance with the reasons for the releasing of restrictions on transfer set forth in 3) below at the time when Transfer Restriction period I expires (hereinafter "Expiration Point I"), we shall naturally acquire such Allotted Stocks I without compensation immediately after Expiration Point I.

##### 3) Release of restriction of transfer

The Company will release the restriction of transfer set for Allotted Stocks I held by Eligible Allottees, on the condition that the Eligible Allottees have continuously held the position of either a Director of the Board or an executive officer of Company's Group Companies until the date of the first ordinary general meeting of shareholders of the Company to be held after the commencement date of the Transfer Restriction Period I (or the first end day of the Company's fiscal year after the commencement date of the Transfer Restriction Period I if the allotted person is an executive officer of the Company or Officers, etc. of Group Companies), after applying the release rate shown in the table below according to the degree of achievement of the business results of the Company's 20th fiscal year, at the Expiration Point I. However, if the Eligible Allottee resign from any of the positions of Director of the Board and executive officers of Company's Group Companies prior to the expiration of Transfer Restriction Period I for reasons deemed legitimate by our Board of Directors meeting, to the extent of the operating result conditions, restriction of transfer on the Allotted Stocks I held by the Eligible Allottee at such time will be released as of the time immediately following such resignation, as reasonably adjusted based on the term of office. In addition, if there is a change in the position originally allocated during the Mid-Term Plan for the Eligible Allottees, the Company will release the restriction of transfer for the Allotted Stocks I that have been reasonably adjusted to the extent of the operating result conditions, at the Expiration Point I.

ROE criteria 20th business fiscal year of the Company (FY ending March 31, 2024)	Release rate Eligible Directors and Executive officers of the Company	Release rate (Note) Officers, etc. of Group Companies
10% or more	100%	80~100%
8% or more, less than 10%	50%	30~50%
Less than 8%	0%	0~25%

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

#### 4) Provisions on the management of stocks

Eligible Allottees will complete the opening of an account that describes or records the Allotted Stocks I in a manner that designated by the Company at the SMBC Nikko Securities Co., Ltd., and will keep and maintain the Allotted Stocks I in that account until restriction of transfer is released.

#### 5) Treatment at organizational restructuring, etc.

In the event a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly owned subsidiary, or any other matter related to organizational restructuring, etc., is approved at the General Meeting of Shareholders of the Company (or if approval in the General Meeting of Shareholders of the Company is not required in relation to such organizational restructuring, etc., then at the Board of Directors meeting of the Company) during the Transfer Restriction Period I (limited to the cases where the effective date of such reorganization, etc. falls before the Expiration Point I., hereinafter "Approval Point of Reorganization, etc. I"), and in case such organizational restructuring, etc. results in the resignation or retirement of Eligible Allottees who allocated the stocks with restriction of transfer from his/her position as Director of the Board or executive officer of Company's Group Companies, the Company will release the restriction of transfer for the number of the Allotted Stocks I that is reasonably determined based on the period from July 2021 (April 2021, if the Eligible Allottees are executive officer of the Company or the Officers, etc. of Group Companies) to the month including the date of such approval, based on the resolution of the Board of Directors meeting of the Company prior to the effective date of such organizational restructuring, etc.

Furthermore, at the Approval Point of Reorganization, etc. I, the Company shall naturally acquire all of the Allotted Shares I for which the restrictions on transfer have not been lifted as of the same date on the business day prior to the effective date of the Reorganization, etc. without compensation.

## II. Continuous service based stocks with restriction of transfer

### 1) Transfer Restriction Period

August 5, 2021-August 4, 2024

At transfer restriction period set forth above (hereinafter "Transfer Restriction Period II") the Officers, etc. of Group Companies, who are Eligible Allottees, are restricted to transfer the allocated stocks with the restriction of transfer for such Officers, etc. of Group Companies, who are Eligible Allottees (hereinafter "Allotted Stocks II").

### 2) Acquisition of stocks with restriction of transfer without compensation

The Company will naturally acquire the Allotted Stocks II without compensation, if the Eligible

Allottees resign from Director of the Board or executive officers of any of Company's Group Companies by day before the first end day of our business fiscal year after the commencement date of the Transfer Restriction Period II, unless there is a retirement age, death or other reason that our Board of Directors meeting deems legitimate.

In addition, in the event any of Allotted Stocks II for which restriction of transfer has not been released in accordance with the reasons for the releasing of restrictions on transfer set forth in 3) below at the time when Transfer Restriction period II expires (hereinafter "Expiration Point II"), we shall naturally acquire such Allotted Stocks II without compensation immediately after Expiration Point II.

3) Release of restriction of transfer

The Company will release the restriction of transfer set for all Allotted Stocks II held by the Officers, etc. of Group Companies, who are Eligible Allottees, on the condition that the Eligible Allottees have continuously held the position of either a Director of the Board or an executive officer of Company's Group Companies until the first end day of our business fiscal year after the commencement date of the Transfer Restriction Period II, at the Expiration Point II. However, if the Eligible Allottee resign from any of the positions of Director of the Board and executive officers of Company's Group Companies prior to the expiration of Restriction Period II for reasons deemed legitimate by our Board of Directors meeting, the Company will release the restriction of transfer set for all Allotted Stocks II held by such Eligible Allottees immediately following such resignation.

4) Provisions on the management of stocks

The Officers, etc. of Group Companies, who are Eligible Allottees, will complete the opening of an account that describes or records the Allotted Stocks II in a manner that designated by the Company at the SMBC Nikko Securities Co., Ltd., and will keep and maintain the Allotted Stocks II in that account until restriction of transfer is released.

5) Treatment at organizational restructuring, etc.

In the event a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly owned subsidiary, or any other matter related to organizational restructuring, etc., is approved at the General Meeting of Shareholders of the Company (or if approval in the General Meeting of Shareholders of the Company is not required in relation to such organizational restructuring, etc., then at the Board of Directors meeting of the Company) during the Transfer Restriction Period II (limited to the cases where the effective date of such reorganization, etc. falls before the Expiration Point II., hereinafter "Approval Point of Reorganization, etc. II"), and in case such organizational restructuring, etc. results in the resignation or retirement of the Officers, etc. of Group Companies, who are Eligible Allottees from his/her position as Director of the Board or executive officer of the Company's Group Companies, the Company will release the restriction of transfer for all Allotted Stocks II held by Eligible Allottees, based on the resolution of the Board of Directors meeting of the Company prior to the effective date of such organizational restructuring, etc.

Furthermore, at the Approval Point of Reorganization, etc. II, the Company shall naturally acquire all of the Allotted Shares II for which the restrictions on transfer have not been lifted as of the same date on the business day prior to the effective date of the Reorganization, etc. without compensation.

4. Basis of calculation of the amount to be paid and other detail

With regard to the disposal amount of this Treasury Stock Disposal, we have set 1,502 yen, which is the closing price of the common stock of the Company at the Tokyo Stock Exchange on the business day immediately preceding the resolution date of the Board of Directors meeting of the Company (July 15, 2021) in order to eliminate arbitrariness from the decision making concerning the amount. This is the market stock price immediately prior to the resolution date of our Board of Directors meeting, and

we believe this is a reasonable and not a particularly favorable value.

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