

April 3, 2023

(Translation)

Dear all,

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

(Code No. 6460, Tokyo Stock Exchange Prime)

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

Notice of Revisions to Compensation System at SEGA SAMMY HOLDINGS INC.
and its Major Subsidiary

SEGA SAMMY HOLDINGS INC. (the Company) hereby notified that the Company and Sammy corporation (Sammy), a major subsidiary of the Company, has decided to initiate a policy of revising its compensation system with the aim of creating an environment in which employees can maximize their potential and other purposes.

Effective on July 1, 2023, the Company and Sammy plan to increase the ratio of base salary within annual salary by raising the base salary and incorporating part of bonuses, as well as revising the retirement benefit system to raise the average monthly salary of existing employees by approximately 22% (*). As a result of this revision, the initial salary for university graduates will increase from ¥235,000 to ¥300,000, an increase of up to approximately 28%.

*On an annual salary basis, the average increase rate is about 15%

*We plan to introduce an advance payment system for retirement allowances (selective system), and the rate of increase will differ depending on this option

For further information, please refer to attached press release from the Company and Sammy.

Attached material:

Translation of Press Release from the Company

“Regarding the Revisions to Compensation System of SEGA SAMMY HOLDINGS INC.”

Translation of Press Release from Sammy

“Regarding the Revisions to Compensation System of Sammy Corporation”

*Reference: “Notice of Revisions to Compensation System at a Major Subsidiary of SEGA SAMMY HOLDINGS INC.” (announced on February 17, 2023)

https://www.segasammy.co.jp/cms/wp-content/uploads/2023/03/20230217_soj_compensation_e.pdf

April 3, 2023

(Translation)

Regarding the Revisions to Compensation System of SEGA SAMMY HOLDINGS INC.

SEGA SAMMY HOLDINGS (the Company) has decided to initiate a policy of revising its compensation system with the aim of creating an environment in which employees can maximize their potential and strengthen its competitiveness on a global scale.

■ Summary of Revision of Compensation System

Effective on July 1, 2023, the Company plans to increase the ratio of base salary within annual salary by raising the base salary and incorporating part of bonuses, as well as revising the retirement benefit system to raise the average monthly salary of existing employees by approximately 22% (*). As a result of this revision, the initial salary for university graduates will increase from ¥235,000 to ¥300,000, an increase of up to approximately 28%.

*On an annual salary basis, the average increase rate is about 15%

*We plan to introduce an advance payment system for retirement allowances (selective system), and the rate of increase will differ depending on this option

■ Background and Objectives of Revision of Compensation System

It is becoming increasingly important to adequately secure and enhance the necessary human resources in this era of VUCA, where the future is difficult to predict and highly uncertain. The revision of compensation system this time will further stabilize employees' income through base increases, etc., and realize an environment that facilitates further achievement and self-improvement. The program also aims to acquire, retain, and strengthen talented human resources and increase competitiveness on a global scale by responding to the increasingly diverse and fluid careers and life plans of employees.

■ Investment Policy of the Company and its Group Companies for Human Resources

To create an environment in which all employees can maximize their potential, the Group is reforming various personnel systems, including the development of a compensation system that treats employees according to their roles and contributions, and the expansion of measures that support the way each employee works to live his or her own life.

We are also actively investing in human resource education by establishing an in-house university, SEGA SAMMY College, which provides all kinds of training from new recruits to executives. Currently, we are investing approximately 450 million yen per year (actual results for FY2023/3), about three times more than before, in education, including the expansion of "Sega Sammy College" and the introduction of language education programs to develop culturally diverse human resources*. We plan to further introduce and operate various educational measures consistent with our management and business strategies, and expect to invest a cumulative total of more than 4 billion yen by FY2031/3.

*Certified based on multiple criteria, such as being a foreign national, having lived abroad and experienced multiple cultures, and having certain skills recognized in multiple languages such as English and Chinese. Human resources who are exposed to diverse cultures and can apply that experience to their work.

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N E W S R E L E A S E

April 3, 2023

(Translation)

Sammy Corporation

Regarding the Revisions to Compensation System of Sammy Corporation

Sammy Corporation (the Company) has decided to initiate a policy of revising its compensation system with the aim of creating an environment in which employees can maximize their potential and investing in human resources to continue creating attractive content.

■ Summary of Revision of Compensation System

Effective on July 1, 2023, the Company plans to increase the ratio of base salary within annual salary by raising the base salary and incorporating part of bonuses, as well as revising the retirement benefit system to raise the average monthly salary of existing employees by approximately 22% (*). As a result of this revision, the initial salary for university graduates will increase from ¥235,000 to ¥300,000, an increase of up to approximately 28%.

*On an annual salary basis, the average increase rate is about 15%

*We plan to introduce an advance payment system for retirement allowances (selective system), and the rate of increase will differ depending on this option

■ Background and Objectives of Revision of Compensation System

The pachislot and pachinko market has continued to face a challenging market environment due to decline of the player population. However, there are some positive signs in the market recently, as several popular pachinko titles are leading the market, and No. 6.5 model machines and Smart Pachislot, which were introduced in 2022, are performing well in pachislot. In this environment, we need to maintain and expand our sales share by working to develop and supply products with innovative gameplay that adapt to regulations and other requirements and meet market needs. To achieve this, it is essential to secure and enhance talented human resources, and we have decided to begin revising our compensation system.

The revision of compensation system will further stabilize employees' income through base increases, etc., and realize an environment that facilitates further achievement and self-improvement. The program also aims to acquire, retain, and strengthen talented human resources to create attractive content and to enhance competitiveness and growth in the market by responding to the increasingly diverse and fluid careers and life plans of employees.

■ Investment Policy of the Company and SEGA SAMMY Group Companies for Human Resources

To create an environment in which all employees can maximize their potential, the Company is reforming various personnel systems, including the development of a compensation system that treats employees according to their roles and contributions, and the expansion of measures that support the way each employee works to live his or her own life.

Also, SEGA SAMMY Group, where the Company belongs, is actively investing in human resource education by establishing an in-house university, SEGA SAMMY College, which provides all kinds of training from new recruits to executives as the group-wide initiative. Currently, we are investing approximately 450 million yen per year (actual results for FY2023/3), about three times more than before, in education, including the expansion of "Sega Sammy College" and the introduction of language education programs to develop culturally diverse human resources*. We plan to further introduce and operate various educational measures consistent with our management and business strategies, and expect to invest a cumulative total of more than 4 billion yen by FY2031/3.

*Certified based on multiple criteria, such as being a foreign national, having lived abroad and experienced multiple culture, and having certain skills recognized in multiple languages such as English and Chinese. Human resources who are exposed to diverse cultures and can apply that experience to their work.