

July 12, 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 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 10, 2023		
(2)	Type and number of shares to be disposed	64,200 shares of Company's common stock		
(3)	Disposal amount	2,989 yen per share		
(4)	Total disposal amount	191,893,800 yen		
(5)	Allottee	4 Directors of the Board of the Company (*1, 2)	5 directors	36,000 stocks
		Executive officers of the Company (*2)	8 directors	3,700 stocks
		Directors of the Board of the Company's subsidiaries (*2)	16 directors	11,100 stocks
		Executive officers of the Company's subsidiaries (*2)	24 directors	13,400 stocks
		(*1) Excluding Audit and Supervisory Committee members and external Directors 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 to the previous stock compensation program with restriction of transfer in order to link the compensations of our Directors of the Board (excluding external Directors of the Board) 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, with the aim of further matching the long-term benefits with our shareholders and those Directors of the Board (excluding external Directors of the Board) and to improve our corporate value over the medium to long term was approved. In addition, along with the transition to a company with an Audit and Supervisory Committee, setting the total amount of monetary compensation receivables required to grant the stocks with restriction of transfer to Directors of the Board (excluding Audit and Supervisory Committee members and external Directors of the Board, hereinafter Eligible Directors) based on stock compensation program with restriction of transfer (the revised stock compensation program with restriction of transfer is hereinafter referred to as "this Program") at not to exceed 0.3 billion yen per year 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 as before and others were approved at our 18th Annual General Meeting of Shareholders held on June 22, 2022. 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 64,200 shares of our common stock as specified stocks with restriction of transfer, as stock compensation with restriction of transfer for Eligible Directors, for the period from our 19th Ordinary General Meeting of Shareholders to our 20th Ordinary General Meeting of Shareholders to be held in June 2024, and for our executive officers and Directors of the Board and executive officers of Group Companies ("Officers, etc. of Group Companies") as stock compensation with restriction of transfer for our 20th fiscal period (from April 1, 2023 to March 31, 2024), for 5 Eligible Directors of the Board, 8 executive officers of the Company, 16 Directors of the Board of Group Companies and 24 executive officers of Group Companies ("Eligible Allottees") by providing total of 191,893,800 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 ("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 Officers, etc. of Group Companies	Continuous service based stocks with restriction of transfer

3. Outline of Allocation Agreement

Continuous service based stocks with restriction of transfer

1) Transfer Restriction Period

August 10, 2023-August 9, 2026

At transfer restriction period set forth above (hereinafter "Transfer Restriction Period") the Eligible Allottees, are restricted to transfer, set right of pledge, set mortgage, give a gift during life or testamentary gift or otherwise dispose (of any stocks with the restriction of transfer allotted for Eligible Allottees ("Allotted Stocks") to any third party ("Transfer Restriction").

2) Acquisition of stocks with restriction of transfer without compensation

The Company will naturally acquire the Allotted Stocks without compensation, if the Eligible Allottees resign from Director of the Board or executive officer of any of Company's Group Companies by date, the ordinary general meeting of shareholders of the Company will be held (by the first end day of our business fiscal year in case the Eligible Allottees are executive officer of the Company or officer, etc. of Group Companies) after the commencement date of the Transfer Restriction Period, 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 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 expires (hereinafter "Expiration Point"), we shall naturally acquire such Allotted Stocks without compensation immediately after Expiration Point.

3) Release of restriction of transfer

The Company will release the restriction of transfer set for all Allotted Stocks 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 by the date, the ordinary general meeting of shareholders of the Company will be held (before by the first end day of our business fiscal year in case the Eligible Allottees are executive officer of the Company or officer, etc. of Group Companies) after the commencement date of the Transfer Restriction Period, at the Expiration Point. However, if the Eligible Allottees 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 for reasons deemed legitimate by our Board of Directors meeting, the Company will release the restriction of transfer set for all Allotted Stocks held by such Eligible Allottees immediately following such resignation.

4) Provisions on the management of stocks

Eligible Allottees, will complete the opening of an account that describes or records the Allotted Stocks in a manner that designated by the Company at the SMBC Nikko Securities Co., Ltd., and will keep and maintain the Allotted Stocks 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 (limited to the cases where the effective date of such reorganization, etc. falls before the Expiration Point., hereinafter "Approval Point of Reorganization, etc."), 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 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., the Company shall naturally acquire all of the Allotted Shares 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 2,989 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 11, 2023) 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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