

Notice regarding the Organizational Restructure in the Entertainment Contents Business

SEGA CORPORATION (SEGA) hereby notifies that it has resolved to transfer the Amusement Machine business to SEGA TOYS CO., LTD. (SEGA TOYS), a consolidated subsidiary of SEGA, through an absorption-type demerger and to change the trade name of the successor company, SEGA TOYS as described below.

Description

1. Background and Purpose of Organizational Restructure

SEGA SAMMY Group has established its Medium-term Plan, “Beyond the Status Quo - Breaking the Current Situation and Becoming a Sustainable Company-“, which position the fiscal year ending March 2024 as the final year, and has been working to expand its corporate value.

In the Entertainment Contents Business, mainly in the Consumer area, we promoted the Pillar Strategy, which focuses on multi-platform roll-out and simultaneous global launch of major titles such as *Sonic the Hedgehog* series, *Persona* series, *Like a Dragon* series and others, and we have steadily implemented that strategy.

In the next Medium-term Plan, which is currently under the formulation, we set strengthening of transmedia as one of the key strategies for the Entertainment Contents Business in order to expand the Pillar Strategy and move on to the next stage. In *Sonic the Hedgehog* series, one of our core IPs, we have achieved significant growth in the game, animation, merchandising, licensing and other businesses, starting with the blockbuster success of the movie, and has been accumulating expertise in transmedia development in the global market. Going forward, the Group will seek to further enhance its main IPs by maximizing the use of its expertise under the transmedia strategy and by steering the Group towards a policy of maximizing Group synergies by combining the strengths of each business, such as Amusement Machines, Animation / Toy and others.

As part of the promotion of the transmedia strategy, we have decided to establish a new business unit by integrating the Amusement Machine business and Toy business, prior to the announcement of the next Medium-term Plan. In the various entertainment scenes of modern society, the value of seamless experiences from the digital to the physical and real world is expanding greatly, and the community of people fostered there is showing unique development as pop culture symbolizing Japan, as represented by the term "oshi-katsu (actions supporting one's fave)". Such trend is also expected to expand at a global level in the future.

In the midst of the great business opportunities presented by these megatrends, we integrate our Amusement Machine business and Toy business, aiming to provide people with new entertainment based on the strengths of the mutual businesses and to offer a comfortable time and place in many scenes, and create new experiential value. In addition, in order to proceed the integration of both businesses in stages, the integrated company will initially adopt an In-House Company System for its organizational structure.

2. Summary of This Absorption-type Demerger

(1) Schedule of this absorption-type demerger

Resolution at the Director of the Board meeting (SEGA)	January 9, 2024
Signing of the absorption-type demerger agreement (company concerned)	January 9, 2024
Effective date of the absorption-type demerger	April 1, 2024 (plan)

*This absorption-type demerger will be carried out without a resolution by the General Meeting of Shareholders, as the absorption-type demerger company falls under a simplified absorption-type demerger as defined in Article 784(2) of the Companies Act, and the successor company in absorption-type demerger company falls under a summary form absorption-type demerger as defined in Article 796(1) of the Companies Act for the

successor company in an absorption-type demerger.

- (2) Method of this absorption-type demerger
An absorption-type demerger, with SEGA TOYS as the successor company and SEGA as the demerged company in absorption-type demerger.
- (3) Details of allocation in relation to this absorption-type demerger
No shares or other money, etc. will be allocated as a result of the absorption-type demerger since this absorption-type demerger will take place between wholly-owned subsidiaries of the Company.
- (4) Handling of subscription rights to shares and corporate bonds with subscription rights to shares upon this absorption-type demerger
Not applicable.
- (5) Capital to be increased or decreased by this absorption-type demerger
There is no increase or decrease in our capital due to this absorption-type demerger.
- (6) Rights and obligations to be succeeded to by the successor company
SEGA TOYS will succeed the assets, liabilities and contractual status, as well as the rights and obligations associated therewith, of the business concerned, which are necessary to carry out the business subject to the absorption-type demerger to the extent provided in the absorption-type demerger agreement.
- (7) Prospects of fulfillment of obligations for the debt
We believe that there are no issues with the certainty of prospect of fulfillment of the obligations for the debt incurred by each of the succeeding and splitting companies after this absorption-type demerger.

3. Overview of The Company Concerned in This Absorption-type Demerger (as of December 31, 2023)

	Demerged company in absorption-type demerger	Successor company in absorption-type demerger
(1) Company name	SEGA CORPORATION	SEGA TOYS CO., LTD.
(2) Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
(3) Job title and name of representative	Yukio Sugino, President and COO, Representative Director	Naoko Miyazaki, President and CEO
(4) Details of business	Planning, development and sales of game-related contents for mobile phones, PCs, smart devices and home video game consoles, and development and sales of Amusement Machines	Development, manufacturing and sales of toys
(5) Capital	100 million yen	100 million yen
(6) Date of establishment	June 3, 1960	February 1, 1991
(7) Total number of shares outstanding	174,945,700 shares	21,906,655 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and share ratio	SEGA SAMMY HOLDINGS INC.: 100%	SEGA CORPORATION: 100%
(10) Financial status and results of operations for business of previous fiscal year (fiscal year ended March 2023) (unit: million yen unless otherwise indicated)		
Net assets	102,905	2,519

Total assets	193,145	5,090
Net assets per share	588.21 yen	115.02 yen
Net sales	191,678	13,104
Operating income	17,539	358
Ordinary income	17,190	446
Profit attributable to owners of parent	11,488	366
Earnings per share	65.67 yen	16.72 yen

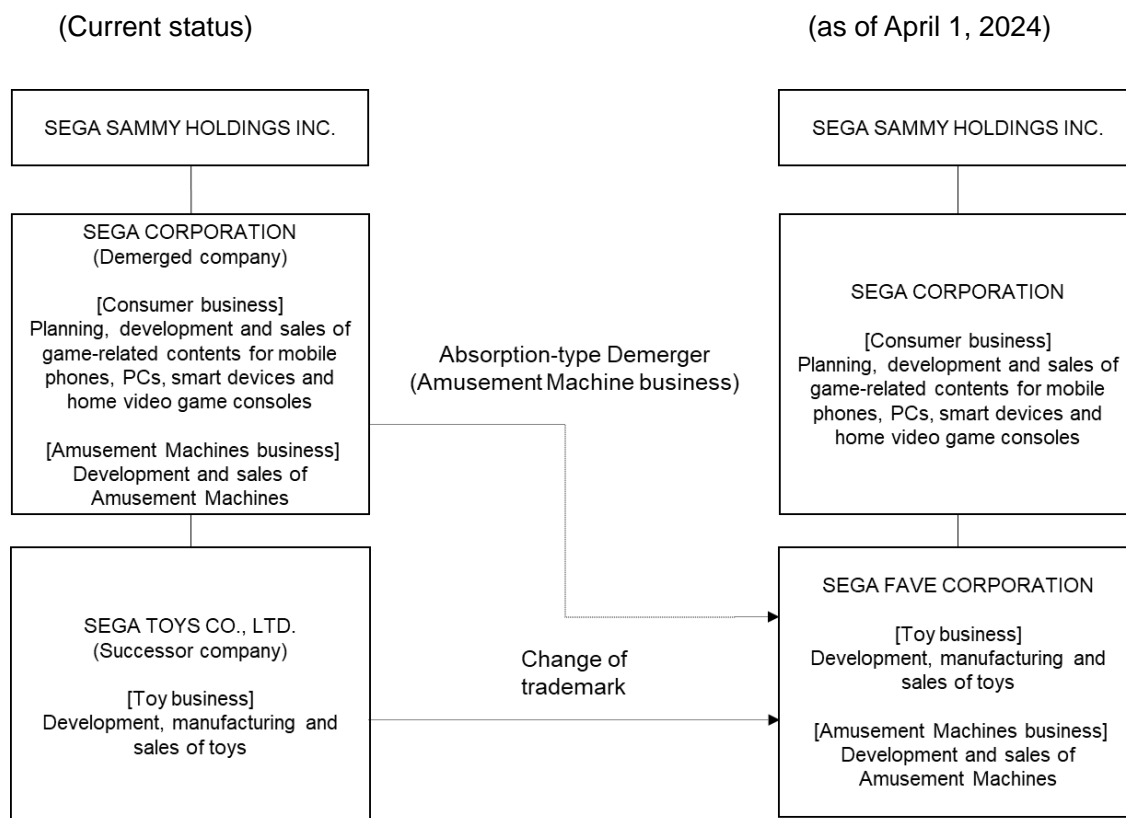
4. Status After This Organizational Restructure (including the change of trade name of SEGA TOYS)

(1) Company Name	SEGA FAVE CORPORATION
Former Company Name	SEGA TOYS CO., LTD.
(2) Planned date of change	April 1, 2024
(3) Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
(4) Name and job title of representative	Yukio Sugino, President, Representative Director
(5) Details of business	Development, manufacturing and sales of toys, and development and sales of Amusement Machines
(6) Capital	100 million yen
(7) Fiscal year end	March 31

*Change of the trade name and management system will be implemented subject to a resolution at the General Meeting of Shareholders of SEGA TOYS. Please refer to “6. Management System of SEGA FAVE CORPORATION After This Organizational Restructure” for the management system from April 1.

*There are no changes to the company name, location, capital and financial year end for SEGA. Please refer to “Notice of Changes of Directors at Major Subsidiaries of SEGA SAMMY HOLDINGS INC. (SEGA CORPORATION and Sammy Corporation)” for the management system of SEGA from April 1.

5. Conceptual Diagram of This Matter



6. Management System of SEGA FAVE CORPORATION After This Organizational Restructure

Name	New title
Yukio Sugino	President, Representative Director
Taketo Oshima	Executive Vice President, Director of the Board President of Amusement Contents Company
Naoko Miyazaki	Executive Vice President, Director of the Board President SEGA TOYS Company
Shigeru Yamashita	Executive Vice President, Director of the Board
Shuji Utsumi	Senior Vice President, Director of the Board
Takashi Mori	Senior Vice President, Executive Officer
Genichiro Yajima	Senior Vice President, Executive Officer
Yasuhiko Hamada	Senior Vice President, Executive Officer
Mikio Ina	Senior Vice President, Executive Officer
Takashi Shirai	Senior Vice President, Executive Officer
Shinya Sase	Vice President, Executive Officer
Kenji Otsuji	Vice President, Executive Officer
Hiroshi Kataoka	Vice President, Executive Officer
Kei Ishikawa	Vice President, Executive Officer
Yoshihito Kojima	Vice President, Executive Officer

Koji Ueda	Vice President, Executive Officer
Hidehiko Kato	Vice President, Executive Officer
Minoru Hayashi	Vice President, Executive Officer
Yoichiro Seto	Vice President, Executive Officer

7. Future Outlook

This organizational restructure will be carried out between the wholly-owned subsidiaries of the Company with the aim of expanding corporate value over the medium- to long-term, and therefore the impact on the Company's consolidated results for the fiscal year ending March 2024 is minimal. We will promptly announce any matters that need to be disclosed arise in the future.

-End-