

(Translation)

September 28, 2016

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.  
 Name of Representative: Hajime Satomi,  
 Chairman of the Board  
 and CEO and COO  
 (Code No. 6460, Tokyo Stock Exchange 1st Section)  
 Further Inquiry: Yoichi Owaki,  
 Executive Officer  
 Division Manager,  
 Finance and Accounting Division  
 (TEL: 03-6215-9955)

Notice of Adjustment of Consolidated Operating Results Forecast

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the "Company"), in consideration of the recent development of its business performance, has made an adjustment to the forecast of its consolidated operating results for the first half of the year ending March 31, 2017 (from April 1, 2016 to September 30, 2016) publicized on May 13, 2016, as described below.

Description

Adjustment to the forecast of the consolidated operating results for the first six months of the year ending March 31, 2017 (from April 1, 2016 to September 30, 2016)

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (yen)
Previously publicized forecast (A)	180,000	6,500	6,500	3,400	14.51
Adjusted forecast (B)	170,000	14,000	13,500	21,000	89.59
Amount of increase or decrease (B-A)	(10,000)	7,500	7,000	17,600	—
Rate of increase or decrease (%)	(5.6)	115.4	107.7	517.6	—
(For reference) Operating results for the same period of the previous year (from April 1, 2015 to September 30, 2015)	154,302	5,744	5,867	964	4.11

[Reasons for the adjustment]

In Pachislot and Pachinko Machines Business, in keeping with the review of the sales schedule, net sales are likely to drop slightly below the previous forecast. On the other hand, operating income, ordinary income and profit attributable to owners of parent are projected to largely surpass the previous forecast due to various reasons such as improvements in profitability from the reuse of components in Pachislot and Pachinko Machines Business, the continuation of strong results for Entertainment Contents Business as a whole, and recording of an extraordinary gain following the transfer of noncurrent assets as publicized on July 13.

For Pachislot and Pachinko Machines Business, in keeping with the review of the sales schedule for a portion of titles, the delivery schedule for mainstay title "Pachislot Hokuto No Ken Syura no kuni hen," will straddle the second and third quarters. As such, sales of pachislot machines are expected to reach approximately 82,000 units, (previous forecast: approximately 139,000 units). For pachinko machines, mainly due to strong sales of "Pachinko CR

SOUTEN-NO-KEN Tenki” rolled out in the second quarter, sales of pachinko machines are expected to reach approximately 76,000 units (previous forecast: 68,000 units). On the other hand, improvement in profitability is surpassing initial forecasts, due to factors such as the effects of cost cutting centered on the reuse of components, as well as a drop in selling, general and administrative expenses centered on development costs.

For Entertainment Contents Business, in the digital game software field, the distribution of “PHANTASY STAR ONLINE 2” via the PlayStation®4 from April continues strong sales, along with robust sales of titles for smart devices centered on existing mainstay titles such as “Puyopuyo!! Quest,” “CHAIN CHRONICLE – Kizuna no Shintairiku” and “Hortensia Saga.” In the packaged game software field, sales of “Persona5,” the latest title from the mainstay “Persona” series rolled out in September is robust, in addition to “Total War: WARHAMMER,” the latest title from the “Total War” series launched in May. In the amusement machines and the amusement center operations fields, utilization of “KanColle Arcade” continues to be steady. This, combined with income surpassing expectations due to the revenue-sharing model, is a factor in the operation recovery of amusement center operations. In the animated film and toy field, the theater film “Detective Conan The Darkest Nightmare” has set new box office records for movies in this series.

As a result of the above, consolidated net sales of 170,000 million yen (down 10,000 million yen from the previously publicized forecast), operating income of 14,000 million yen (up 7,500 million yen from the previously publicized forecast), ordinary income of 13,500 million yen (up 7,000 million yen from the previously publicized forecast) are foreseen for the first six months of the year ending March 31, 2017. Also, due to the expectation of an extraordinary gain of 9,400 million yen due to the transfer of noncurrent assets mentioned above, profit attributable to owners of parent of 21,000 million yen (up 17,600 million yen from the previously publicized forecast) is projected.

(For reference: segment breakdown)

Adjustment to the consolidated results forecast for the first six months of the year ending March 31, 2017 (from April 1, 2016 to September 30, 2016)

(Unit: million yen)

Segment		Previously publicized forecast (A)	Adjusted forecast (B)	Amount of increase or decrease (B-A)
Net sales	Total	180,000	170,000	(10,000)
	Pachislot and Pachinko Machines	80,000	65,000	(15,000)
	Entertainment Contents	93,000	98,000	5,000
	Resort	7,000	7,000	—
Operating income	Total	6,500	14,000	7,500
	Pachislot and Pachinko Machines	10,500	10,800	300
	Entertainment Contents	1,000	7,700	6,700
	Resort	(1,500)	(1,500)	—
	Other/Elimination	(3,500)	(3,000)	500

#### ■ Outlook for the full year

In the consolidated results forecast for the first six months of the year ending March 31, 2017, profit attributable to owners of parent is surpassing full-year predictions and progressing smoothly.

On the other hand, for Pachislot and Pachinko Machines Business, with the aim of realizing further soundness of the pachinko and pachislot industry, the Pachinko and Pachislot Industry 21st Century Club, comprised of 14 organizations in the industry, has declared in its “Statement of Promoting the Soundness of the Pachinko and Pachislot Industry” that it intends to collect and remove “pachinko machines possibly different from the tested version” by December 31, 2016. The Group may conduct replacement of machines upon flexibly reviewing its initial sales schedule, as it is also attempting to strive for the soundness of the pachislot and pachinko machines industry through the collection and removal of such pachislot and pachinko machines and replacement with appropriate machines. Moreover, for the Entertainment Contents Business, we are planning the sales of mainstay titles from the third quarter onwards. In addition, the Company commenced Group structural reforms since May 2014 and conducted an extensive review that included not just existing business, but also the position of all businesses including business fields that have moved ahead with prior investment. On top of classifying our aims as “Growth,” “Stable Revenue/Maintain,” and “Downsize/Withdraw” we are also aiming to “improve profitability” and “improve capital efficiency.” As a result of studying these Group structural reforms, we decided to secure capital by the transfer of noncurrent assets mentioned above and to acquire an overseas PC game development company. Going forward, we will continue to take initiative toward the further improvement of profitability and capital efficiency.

The forecast of full-year consolidated operating results for the year ending March 31, 2017 will be promptly announced when the outlook becomes clear after carefully assessing the sales status, operation status of these products and services and the impact of the above factors after the third quarter.

Meanwhile, there are no changes to the forecast of dividends of 20 yen for second quarter dividends, 20 yen for year-end dividends, 40 yen annually.

(Note) The above forecasts of operating results are made based on information available to management as of the date hereof. In the future, actual results may differ from the projected figures owing to various factors.

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