

(Translation)

November 2, 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 Full-Year 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 year ending March 31, 2017 publicized on May 13, 2016, as described below.

Description

Adjustment to the forecast of full-year consolidated operating results for the year ending March 31, 2017
 (from April 1, 2016 to March 31, 2017).

(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)	380,000	20,000	20,000	10,000	42.66
Adjusted forecast (B)	373,000	28,000	27,000	30,000	127.99
Amount of increase or decrease (B-A)	(7,000)	8,000	7,000	20,000	—
Rate of increase or decrease (%)	(1.8)	40.0	35.0	200.0	—
(For reference) Operating results for the same period of the previous year (from April 1, 2015 to March 31, 2016)	347,981	17,617	16,409	5,369	22.90

[Reasons for the adjustment]

Operating income and ordinary income are likely to surpass the previous forecast due mainly to the progression of improvement in profitability in Pachislot and Pachinko Machines Business. In addition, profit attributable to owners of parent is expected to significantly surpass the previous forecast due to factors such as the transfer of noncurrent assets during the fiscal year.

In Pachislot and Pachinko Machines Business, as a result of the review of the sales lineup to release titles efficiently at the optimum timing taking into account the current market environment and such, we have decided to change the sales of some titles including mainstay titles to the next fiscal year. Thus the number of new pachislot titles to be released was revised to 11 (previous forecast: 12) and new pachinko titles to 9 (previous forecast: 10). Accordingly, sales of pachislot machines are revised to 236,000 units (previous forecast: approximately 230,000 units) and sales of pachinko machines to 132,000 units (previous forecast: approximately 182,000 units). Furthermore, profitability is likely to improve substantially from the previous forecast against the backdrop of cost improvements through the reuse of components, etc. as well as improvements in cost structure including R&D expense.

In Entertainment Contents Business, although we are continuing with establishment/promotion of platform business

in the digital game software field for overseas centering on Southeast Asia, full-fledged operation has been behind the initial schedule. Also, we expect posting of operating expenses, etc., in line with launches of new titles in the packaged game software, amusement machine, and amusement center operations fields in the second half. On the other hand, since overall performance of Entertainment Contents Business including the domestic digital game software field in which business was developed centering on existing mainstay titles as well as the packaged game software field, the amusement machine field and the amusement center operations field has been solid compared to previously publicized forecast.

As a result of the above, consolidated net sales of 373,000 million yen (down 7,000 million yen from the previously publicized forecast), operating income of 28,000 million yen (up 8,000 million yen from the previously publicized forecast), ordinary income of 27,000 million yen (up 7,000 million yen from the previously publicized forecast). Furthermore, as a result of the transfer of noncurrent assets in the first half of the fiscal year and the transfer of shares of a subsidiary announced on October 31, profit attributable to owners of parent of 30,000 million yen (up 20,000 million yen from the previously publicized figure) is projected.

(For reference: segment breakdown)

Forecast of full-year operating results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017).

(Unit: million yen)

Segment		Previously publicized forecast (A)	Adjusted forecast (B)	Amount of increase or decrease (B-A)
Net sales	Total	380,000	373,000	(7,000)
	Pachislot and Pachinko Machines	157,000	153,500	(3,500)
	Entertainment Contents	207,000	205,000	(2,000)
	Resort	16,000	14,500	(1,500)
Operating income	Total	20,000	28,000	8,000
	Pachislot and Pachinko Machines	19,000	27,000	8,000
	Entertainment Contents	9,000	9,500	500
	Resort	(2,500)	(2,500)	—
	Other/Elimination	(5,500)	(6,000)	(500)

[Future initiatives]

The Group upholds “improvement in profitability” and “improvement in capital efficiency” as the medium-term management goal toward the fiscal period ending March 2020 and aims to achieve consolidated operating income margin of 15% and consolidated ROA of 5% by the fiscal period ending March 2020 (Note).

(Note) ROA= Profit attributable to owners of parent / Total assets

The Group will strive to further improve profitability and capital efficiency by continuing to discuss measures necessary to achieve the abovementioned management goal.

Meanwhile, there are no changes to the forecast of dividends of 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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