

(Translation)

Dear Sirs or Madams,

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

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Yoichi Owaki,
 Senior Vice President,
 Executive Officer
 Managing Director of
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Notice of Revision of Full-Year Operating Results Forecast and Dividends Forecast,
 and Abolishment of Shareholder Benefits Program

SEGA SAMMY HOLDINGS INC. (the Company) hereby notifies that it has revised its full-year operating results forecast announced on November 6, 2020 as follows. In addition, we also notify that we resolved the revision of year-end dividends forecast and abolishment of the shareholder benefits program at Board of Directors meeting held today.

Description

1. Revision of operating results forecast

(1) Revision of consolidated operating results forecast for the fiscal year ending March 31, 2021
 (April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income (losses) per share
Previously announced forecast (A)	Million yen 283,000	Million yen (1,500)	Million yen (5,000)	Million yen (24,500)	Yen (104.21)
Revised forecast this time (B)	276,000	9,000	7,000	(3,000)	(12.76)
Amount of increase or decrease (B-A)	(7,000)	10,500	12,000	21,500	—
Rate of increase or decrease (%)	(2.5)	—	—	—	—
(Reference) Operating results for the previous fiscal year (Fiscal year ended March 31, 2020)	366,594	27,643	25,296	13,775	58.65

(Reference: Per segments breakdown of operating results forecast for the fiscal year ending March 31, 2021)

		(Million yen)			
Segment		Previously announced Forecast (A)	Revised forecast this time (B)	Amount of increase or decrease (B-A)	
Sales	Breakdown	Total	283,000	276,000	(7,000)
		Pachislot and Pachinko Machines Business	60,000	51,500	(8,500)
		Entertainment Contents Business	216,000	218,000	2,000
		Resort Business	6,500	6,000	(500)
		Others/Eliminations, etc.	500	500	—
Ordinary income (*)	Breakdown	Total	(5,000)	7,000	12,000
		Pachislot and Pachinko Machines Business	(10,500)	(12,500)	(2,000)
		Entertainment Contents Business	24,000	36,000	12,000
		Resort Business	(11,000)	(9,000)	2,000
		Others/Eliminations, etc.	(7,500)	(7,500)	—

*The Company has changed its method of measuring segment income from "operating income" to "ordinary income" from the fiscal year ending March 2021.

(2) Reasons for revision of full-year consolidated operating results forecast

We expect operating income and ordinary income to improve significantly and return to profitability, primarily due to the continued strong performance of the Consumer area in Entertainment Contents Business. In addition, the amount of extraordinary income to be recorded in connection with structural reform, which we continue to work on, is expected to exceed the previous forecast. As a result, profit attributable to owners of parent is also expected to significantly improve from the previous forecast.

The status of each business and structural reform initiatives are as follows.

(Pachislot and Pachinko Machines Business)

As we moved the launch timing of some titles that were scheduled for launch in 4Q to the next fiscal year, as a result of careful assessment of the optimal timing for release, the number of titles and unit sales for the fiscal year ending March 31, 2021 is expected to decline from the previous forecast. In addition, we expect to record one-off expense at the end of this fiscal year as we continue the review of inventory assets such as components. As a result, both sales and ordinary income are expected to be lower than the previous forecast.

(Entertainment Contents Business)

Consumer area is expected to significantly exceed the previous forecast, mainly due to continuous steady sales of repeat and F2P (free-to-play) titles, as well as strong pre-order of new title "Persona 5 Scramble Strikers (Western version)" which will be launched in 4Q. In addition, each area other than Consumer area are generally improving from the previous forecast, so both sales and ordinary income are expected to exceed the previous forecast.

(Resort Business)

Although sales are expected to be generally at the same level as the previous forecast, ordinary losses are expected to improve due to non-incurrence of prior expenses for domestic

IR and progress in cost restraint in PARADISE CITY at overseas.

(Initiatives of structural reform)

As we continue to review our balance sheet, mainly for non-business properties such as non-current assets and investment securities, we expect extraordinary income to be 26.0 billion yen for the full-year (previous forecast: 7.5 billion yen), which is higher than the previous forecast. Meanwhile, extraordinary losses are expected to be 38.0 billion yen for the full-year (previous forecast: 34.0 billion yen), which is higher than the previous forecast, due to ongoing efforts to review business portfolios and others.

2. Revision of dividends forecast

(1) Details of revision of dividends forecast

Record date	Cash dividends per share (yen)		
	End of 2Q	Year-end	Total
Previous forecast		TBD	TBD
Revised forecast this time		20.00 yen	30.00 yen
Results for this fiscal year	10.00 yen		
Results for the previous fiscal year (Fiscal year ended March 2020)	20.00 yen	20.00 yen	40.00 yen

(2) Reasons for the revision to dividends forecast

After comprehensive consideration of the recent business performance, future investment and cash flows, and other factors, which have been improving as stated in above revision of operating results forecast, year-end dividends forecast has been increased by 10 yen from interim dividends to 20 yen per share.

3. Abolishment of shareholder benefits program

(1) Reasons for abolishment of shareholder benefits program

We have been implementing shareholder benefits program with the primary aim of having many shareholders experience our services and holding our shares over the medium to long term. However, given that uncertain business conditions are expected to continue due to the impact of the COVID-19, we have decided to abolish shareholder benefits program as a result of careful consideration of the nature of the program as part of our structural reform we are working to adapt to the external environment.

(2) Timing when changes applies

We will abolish shareholder benefits program after the delivery to the shareholders who appeared or were recorded in the shareholder register as of September 30, 2020, which has already been distributed.

(3) Handling of distributed shareholder benefit tickets

The shareholder benefit tickets that have already been distributed can be used until the expiration date indicated on the ticket.

*The operating results forecast contained in this document are made based on information available as of the date of publication of this document. Actual results may differ from the projected figures due to various factors going forward.

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