

April 6, 2018

(Translation)

Dear Sirs,

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,
Vice President,
Senior Executive Officer
Managing Director of
Finance & Accounting Division
(TEL: 03-6215-9955)

Notice of changes in Specified Subsidiary (Dissolution of Subsidiary)

SEGA SAMMY HOLDINGS INC. hereby announces that it has decided to dissolve and liquidate the consolidated subsidiary SEGA SAMMY BUSAN INC. as follows.

Description

1. Reasons for share transfer

In the press release “Notice of Discontinuance of Development of Complex in Busan Metropolitan City, South Korea and Recording of Extraordinary Loss” dated December 22, 2016, the Company announced the discontinuance of its complex development project in Busan Metropolitan City, South Korea. Following the announcement, the Company reached an agreement with Busan Metropolitan City, South Korea on the return of acquired land as announced in the press release “(Progress in Disclosed Matter) Notice of Transfer of Noncurrent Assets” dated March 15, 2017. Since related procedures have been completed, the Company has determined to dissolve and liquidate the subsidiary.

2. Overview of the dissolution subsidiary

(1) Name	SEGA SAMMY BUSAN INC.	
(2) Head office	233, Jungang-daero, Dong-gu, Busan, Republic of Korea	
(3) Title and name of representative	Naoya Tsurumi, President(Representative Director)	
(4) Business description	Development and operation of a complex comprised of hotel, entertainment facilities, commercial facilities, etc.	
(5) Capital	124,000,000,000 KRW	
(6) Date of establishment	April 18, 2013	
(7) Major shareholders and their shareholding ratio	SEGA SAMMY HOLDINGS INC. 75.0% PHOENIX RESORT CO., LTD. (wholly owned subsidiary of the Company) 25.0%	
(8) Relationship with the concerned company	Capital Relationship	The Company holds 100% of the shares in the concerned company. (including indirect holding)
	Personnel Relationship	Some of the Company’s Directors and employees concurrently serve the concerned company as President(Representative Director) or Director of the Board or Auditor

	Business Relationship	The Company has loaned capital to the concerned company. The loaned money, etc. was collected.		
	Relevant Facts Concerning Related Parties	The concerned company is the related party of the Company because it is the consolidated subsidiary of the Company.		
(9) Operating performance and financial condition of the concerned company for the latest three fiscal years (unit: million KRW (unit: million yen(Note1)))				
Fiscal year	FY Ended March 2015	FY Ended March 2016	FY Ended March 2017	
Net Assets	120,915 (13,071)	114,745 (11,336)	76,054 (7,582)	
Total assets	124,113 (13,416)	132,736 (13,114)	94,549 (9,426)	
Net asset per share (KRW(yen(Note1)))	9,751.28 (1,054.11)	9,253.65 (914.26)	6,133.44 (611.50)	
Net sales	— (—)	— (—)	— (—)	
Operating income	Δ1,417 (Δ146)	Δ2,204 (Δ229)	Δ1,447 (Δ137)	
Ordinary income	Δ2,182 (Δ225)	Δ6,170 (Δ642)	Δ2,032 (Δ193)	
Profit attributable to owners of parent	Δ2,182 (Δ225)	Δ6,170 (Δ642)	Δ38,690 (Δ3,675)	
Net income per share (KRW(yen(Note1)))	Δ175.97 (Δ18.21)	Δ497.63 (Δ51.80)	Δ3,120.21 (Δ296.42)	
Dividend per share (KRW(yen(Note1)))	— (—)	— (—)	— (—)	

(Note1) Exchange rate at the fiscal year end and average rate of the fiscal year are used for each fiscal year.

3. Schedule

Resolution of dissolution of the subsidiary : April 6, 2018

Completion of liquidation : by the end of July, 2018 (tentative)

4. Future outlook

The impact from this matter is currently under detailed examination. If any matters required for disclosure should arise in the future, we will announce it promptly. In addition, the forecasts of consolidated operating results for FY ending March 31, 2019 is scheduled to be disclosed on May 11, 2018.

(For reference)

Forecast of consolidated operating results for FY ended March, 2018 (announced on November 30, 2018) and actual consolidated operating results of FY ended March, 2017 are as follows

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY ended March, 2018 (Forecast)	330,000	13,000	10,000	5,000
FY ended March, 2017	366,939	29,527	28,542	27,607

(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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