

(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,  
 Vice President,  
 Senior Executive Officer  
 Managing Director of  
 Finance & Accounting Division  
 (TEL: 03-6864-2400)

Notice of Adjustment of Full-Year Consolidated Operating Results Forecast and  
 Recording of Impairment Loss

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the "Company") has made an adjustment to the forecast of its consolidated operating results for the year ending March 31, 2019 publicized on May 11, 2018. Moreover, impairment loss of fixed assets has been recorded as extraordinary loss for the third quarter of the fiscal year, as described below.

Description

- Adjustment to consolidated operating results forecast for the year ending March 31, 2019 (Apr 1, 2018-Mar 31, 2019)

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent	Net income (loss) per share (yen)
Previously publicized forecast (A)	390,000	21,000	16,000	12,000	51.20
Adjusted forecast (B)	337,000	13,000	7,500	△1,500	△6.40
Amount of increase or decrease (B-A)	△53,000	△8,000	△8,500	△13,500	△57.60
Rate of increase or decrease (%)	△13.6	△38.1	△53.1	—	—
(For reference) Operating results for the same period of the previous year (from Apr 1, 2017 to Mar 31, 2018)	323,664	17,720	14,578	8,930	38.10

■Reason for the adjustment

In the Digital Games area of the Entertainment Contents Business, the Company's existing mainstay titles have slowed down as the service has been operated over long term while the competition in the Japanese mobile game market intensifies. The Company aimed to increase revenues through the introduction of new titles in this fiscal year but it is expected that such will not compensate for the slowdown of existing mainstay titles due to such reasons as the introduction of new titles being delayed and the performance of introduced titles has been below our expectation. The Entertainment Contents Business other than the Digital Games area is mostly performing better than the previous forecast

centering on the Packaged Games area, but this has not been able to compensate for the decrease of revenue in the Digital Games area, thus sales and operating income of the Entertainment Contents Business are expected to decrease from the previously publicized forecast.

Concerning the Pachislot and Pachinko Machines Business, the number of titles on sale, as well as machine unit sales, are expected to decrease from the initial plan, mainly due to the acquisition status of approval in prototype testing has been lower than expected. The Company has been tackled on restraining operating expenses, but sales and operating income are expected to decrease from the previously publicized forecast.

The Company also recorded the impairment losses described below. Because of those factors it has made an adjustment to the forecast of its consolidated operating results for the year ending March 31, 2019.

Meanwhile, there is no change in year-end cash dividends at 20 yen per share and annual dividends at 40 yen per share.

(Reference: Segment break down)

Full Year Operating Results Forecast for the year ending March 31, 2019

(Unit: million yen)

Segment		Previously publicized forecast (A)	Adjusted forecast (B)	Amount of increase or decrease (B-A)
Net sales	Total	390,000	337,000	△53,000
	Pachislot and Pachinko Machines	122,000	102,000	△20,000
	Entertainment Contents	258,000	224,500	△33,500
	Resort	10,000	10,500	500
Operating income	Total	21,000	13,000	△8,000
	Pachislot and Pachinko Machines	18,500	14,000	△4,500
	Entertainment Contents	13,500	9,700	△3,800
	Resort	△3,000	△2,800	200
	Other/Elimination	△8,000	△7,900	100

## 2. Recording of impairment loss

The Company decided to record 6,108 million yen of impairment loss for the part of fixed assets in Digital Games area owned by SEGA Games Co., Ltd., consolidated subsidiary of the Company and its consolidated subsidiaries as extraordinary losses in the settlement for the third quarter of the year ending March 31, 2019.

## 3. Future initiatives

In the Entertainment Contents Business, the Company will accelerate intellectual property (IPs) oriented business roll-out to maximize the value of IPs owned by the Group while actively utilizing external IPs in an effort to increase revenue. In the Digital Games area, the Company will promote the effective use of resources and improve accuracy of development management through organizational integration, restructuring, etc. with the Packaged Games area of which revenue is trending upwards while aiming to increase revenue by investigating and adjusting the scale of mobile game to develop and operate in the Digital Games area. Meanwhile, the Digital Games area will continue the business roll-out as an important channel for expanding IPs.

As for the Pachislot and Pachinko Machines Business, the Company promotes the effort to improve the approval rate and supply attractive titles in order to bring about a full-fledged supply of titles conforming to new regulations and voluntary regulation, thereby increasing machine unit sales and revitalizing the market. Also, the Company will continue the effort to increase profitability via streamlining such as through cost reduction.

The operating forecast for the year ending March 31, 2020, which will be the final year in the medium-term business strategy "Road to 2020" announced in May 2017, is scheduled to be announced together with the settlement for the fiscal year ending March 31, 2019 in light of the above initiatives.

(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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