

December 24, 2019

(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 mergers between consolidated subsidiaries and changes in trade names of certain consolidated subsidiaries due to organizational restructuring in Entertainment Contents Business

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the Company) has determined to absorb and merge SEGA Games Co., Ltd. (SGC) and SEGA Interactive Co, Ltd. (SIC) into SGC and to change the trade names of some of its consolidated subsidiaries at its Director of the Board meeting held today. The merger will be conducted with SGC as the surviving company.

Description

1. Background and objectives of the reorganization

In May 2017, the Company Group formulated a medium-term management plan called "Road to 2020" with the fiscal year ending March 2020 as the final year, and have been worked to increase corporate value. In Entertainment Contents Business, the Packaged Games area performed favorably, centered on expanding overseas markets, and we were able to build a structure capable of generating stable profits. On the other hand, the Digital Games area centered on mobile games in Japan performed below expectation and made it difficult to achieve the targets initially set for "Road to 2020".

We expect the global game market to continue expanding as new game platforms and business models become more widespread with the development of technologies and infrastructures such as 5G and cloud. In order to increase the presence of the Company Group and realize further growth, we decided to reorganize the Company Group because of the necessity of integrating the two major business companies of the Company Group, SGC and SIC, in order to make reallocation of the domestic R & D resources of the Company Group more flexibly than ever before, thereby strengthening our competitiveness in global markets.

Going forward, we will work to further expand sales of existing titles in overseas markets and actively develop global titles originating from domestic R & D. At the same time, we will promote the creation of synergies among group through derivative development of IP that leverages the integrated strengths of the Company Group.

2. Summary of the merger

1) Schedule for Merger

Resolution of the Director of the Board meeting

December 24, 2019

Extraordinary General Meeting of Shareholders (Merger Parties)

February-March, 2020 (planned)

Effective date of the merger

April 1, 2020 (planned)

- 2) Merger method
The SEGA Interactive Co., Ltd. will be extinguished on the effective date through an absorption-type merger with SEGA Games Co., Ltd. as the surviving company.
- 3) Details of assignment related to merger
As this merger will be an absorption merger between the wholly-owned subsidiaries of the Company, there will be no issuance of new shares, increases in capital stock or payments for merger grants.
- 4) Handling of subscription rights to shares and corporate bonds with subscription rights to shares of extinguished company
Not applicable.

3. Overview of the companies involved in the merger (as of September 30, 2019)

	The surviving company in an absorption merger	The extinguished company in an absorption merger
Name	SEGA Games Co., Ltd.	SEGA Interactive Co., Ltd.
Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
Job Title/Name of Representative	Kenji Matsubara, President (Representative Director)	Yukio Sugino, President (Representative Director)
Details of business	Planning, development, and sales of game-related contents for mobile phones, PCs, smart devices, and home video game consoles	Development and sales of amusement machines
Date of establishment	June 3, 1960	April 1, 2015
Capital stock	JPY 0.1 billion	JPY 0.1 billion
Number of shares outstanding	174,945,700 shares	1,000 shares
Fiscal year end	March 31	March 31
Major shareholders and share ratio	SEGA Holdings Co., Ltd. 100%	SEGA Holdings Co., Ltd. 100%

4. Change of the company names (effective as of April 1, 2020)
 - 1) New Company Name: SEGA GROUP CORPORATION (currently SEGA Holdings Co., Ltd.)
 - 2) New Company Name: SEGA CORPORATION (currently SEGA Games Co., Ltd.)

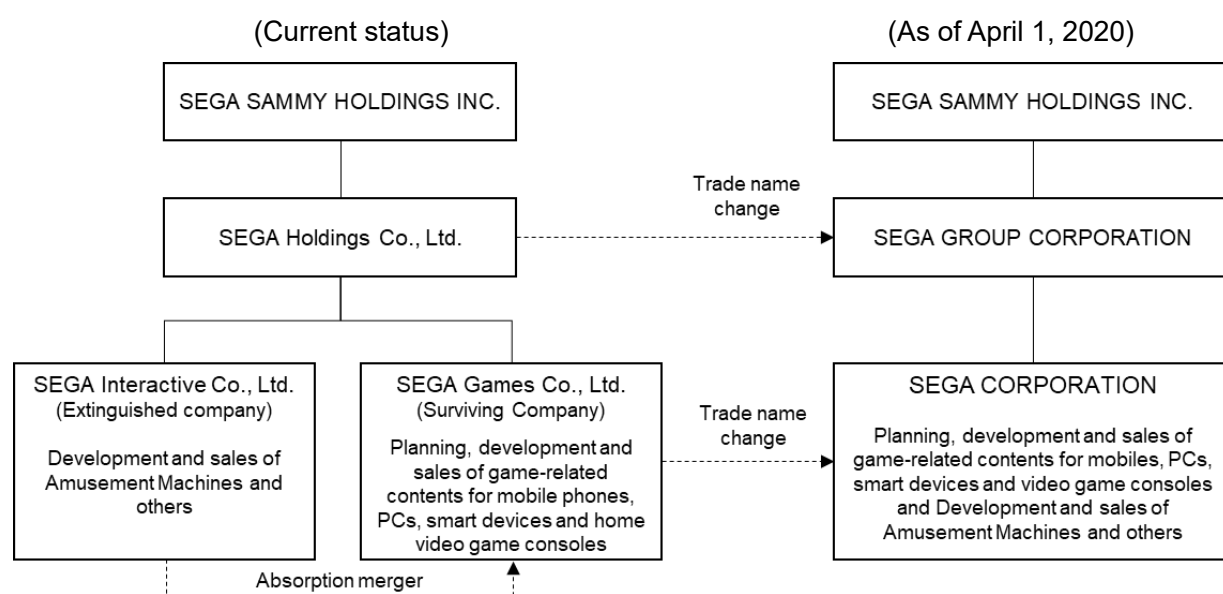
*See "7. Management structure of the subject subsidiary" for the new executive structure of the above two companies.

5. Status after merger and change of trade name

Name	SEGA GROUP CORPORATION	SEGA CORPORATION
Former name	SEGA Holdings Co., Ltd.	SEGA Games Co., Ltd.
Proposed date of change	April 1, 2020	April 1, 2020
Location of head office	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
Job Title/Name of Representative	Haruki Satomi,	Yukio Sugino, President (Representative Director)

	President (Representative Director)	
Details of business	Business management and incidental operations of SEGA Group	Planning, development and sales of game-related contents for mobile phones, PCs, smart devices and home video game consoles, and development and sales of Amusement Machines
Number of shares outstanding	1,100 shares	174,945,700 shares
Fiscal year end	March 31	March 31
Capital stock	JPY 44,092,921,265	JPY 0.1 billion

6. Conceptual Diagram of the Subject Subsidiaries



7. Management structure of the subject subsidiary

SEGA GROUP CORPORATION		SEGA CORPORATION	
New position	Name	New position	Name
Honorary Chairman of the Board	Hajime Satomi	Chairman and CEO (Representative Director)	Haruki Satomi
Chairman of the Board	Hideki Okamura	Vice Chairman of the Board, Amusement Business	Shigeru Yamashita
President and CEO (Representative Director)	Haruki Satomi	President and COO (Representative Director)	Yukio Sugino
Deputy President and COO (Representative Director)	Yukio Sugino	President and CPO (Chief Publishing Officer), Global Publishing & SEGA West Studios (Representative Director)	Kenji Matsubara

Executive Vice President (Director of the Board)	Kenji Matsubara	CSO (Chief Strategy Officer) and the head of SEGA Asia & Japan Studios	Shuji Utsumi
Executive Vice President (Director of the Board)	Hideo Yoshizawa	CCO (Chief Creative Officer)	Toshihiro Nagoshi
		Senior Vice President, SEGA West Studios & West Publishing HQ	Tatsuyuki Miyazaki
		Senior Vice President, Amusement Business	Taketo Oshima

8. Future outlook

This reorganization is a business reorganization among the wholly owned subsidiaries of the Company with the aim of expanding corporate value over the medium to long term, and therefore the impact on the Company's consolidated results for the current fiscal year is minimal. We will promptly announce any information that should be disclosed in the future.

(Reference) Forecasts of consolidated operating results for current fiscal year (announced in April 26, 2019) and actual consolidated results for the previous fiscal year (Units: Millions of yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Profit attributable to owners of parent
Forecasts for the current fiscal year (FY ending March 2020)	390,000	27,000	23,000	15,000
Results for the previous fiscal year (FY ended March 2019)	331,648	13,079	7,495	2,642

*The operating forecasts 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 forecasts due to various factors going forward.

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