

November 6, 2020

(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
 Finance & Accounting Division
 (TEL: 03-6864-2400)

Notice of Revision of Operating Results Forecast and
 Determination of Dividends from Retained Earnings (interim dividends)

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the “Company”) has revised the forecast of its operating results announced on August 5, 2020. In addition, we also inform that we have decided about the dividends from retained earnings (interim dividends) as follows at Board of Directors meeting held today.

Description

- Revisions to full-year consolidated operating results forecast for the fiscal year ending March 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previously announced forecast (A)	Millions of yen 277,000	Millions of yen (15,000)	Millions of yen (20,000)	Millions of yen (17,000)	Yen (72.31)
Revised forecast this time (B)	283,000	(1,500)	(5,000)	(24,500)	(104.21)
Amount of increase or decrease (B-A)	6,000	13,500	15,000	(7,500)	—
Rate of increase or decrease (%)	2.2	—	—	—	—
(Reference) Operating results for the previous fiscal year (Fiscal year ended March, 2020)	366,594	27,643	25,296	13,775	58.65

(Reference: per segments breakdown of full-year operating results forecast for fiscal year ending March, 2021)

		(Millions of yen)			
Segment		Previously announced forecast (A)	Revised forecast (B)	Amount of increase or decrease (B-A)	
Net sales	Breakdown	Total	277,000	283,000	6,000
		Pachislot and Pachinko Machines Business	56,000	60,000	4,000
		Entertainment Contents Business	214,000	216,000	2,000
		Resort Business	6,500	6,500	—
		Others/Eliminations, etc.	500	500	—
Ordinary income (*)	Breakdown	Total	(20,000)	(5,000)	15,000
		Pachislot and Pachinko Machines Business	(10,000)	(10,500)	(500)
		Entertainment Contents Business	11,000	24,000	13,000
		Resort Business	(12,500)	(11,000)	1,500
		Others/Eliminations, etc.	(8,500)	(7,500)	1,000

*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

Following recent trends of each business, net sales, operating income, and ordinary income are expected to exceed those in previous forecasts. On the other hand, due to the impact of structural reform being undertaken by the Company, net loss attributable to shareholders of the parent is expected to increase as we expected to record an extraordinary income and losses. The status of each business and the structural reform initiatives are as follows.

(Pachislot and Pachinko Machines Business)

Although sales of pachinko machines has been generally steady, as evidenced by strong orders for the mainstay pachinko machine "P Shin Hokuto Muso Chapter 3", launch of some titles is expected to delay behind the next fiscal year as it is taking time to obtain approval for prototype testing of pachislot machines which are higher margin. In addition, as we proceed the review of inventory assets such as components and others towards the end of the fiscal year, although net sales is expected to exceed the previous forecast, ordinary losses are expected to be at the same level as the initial forecast.

(Entertainment Contents Business)

Mainly because of strong sales of repeat titles and F2P (free-to-play) titles, forecast of Consumer area is expected to significantly exceed the previous forecast. In addition, as stated in "Notice of Recording of Extraordinary Losses Due to Structural Reform and Transfer of Consolidated Subsidiaries (Transfer of Shares)" announced on November 4, the ordinary loss for this area is expected to improve due to the implementation of the structural reform in Amusement Center Operations area. As a result, both net sales and ordinary income are expected to exceed the previous forecasts.

(Resort Business)

Domestically, although group tours and corporate demand for Phoenix Seagaia Resort

remained sluggish, consumer demand is currently recovering due in part to the benefits of "Go To Travel Campaign". As for overseas, PARADICE CITY has taken measures such as suspending operations at some of its facilities since July, reducing fixed expenses and others. As a result, although net sales is expected to be generally at the same level as the previous forecast, ordinary loss is expected to improve slightly.

(Structural Reform Initiatives)

As stated in the "Notice Regarding Recording of Extraordinary Income (gain on sales of investment securities)" announced on November 5, we expect to record extraordinary income of 7.5 billion yen for the full-year from the implementation of the sales of investment securities and other factors.

Meanwhile, due to the implementation of the structural reforms described above in Amusement Center Operations area and calling for the voluntary retirement of employees stated in the "Notice of Forecast regarding Recording of Extraordinary Loss in Associated with Call for Voluntary Retirement of Employees and Reduction in the Amount of Compensation of Directors" announced today, we expect to record extraordinary losses of 34 billion yen for the full-year. The improvement of ordinary income for the next fiscal year as the effect of those structural reform initiatives is expected to be approximately 15 billion yen.

3. Details of the interim dividends for fiscal year ending March 2021

	Determined amount	Most recent dividend forecast (Announced on August 5, 2020)	Result of previous fiscal year (Fiscal year ended March 2020)
Record date	September 30, 2020	Same as left	September 30, 2019
Cash dividends per share	10.00 yen	TBD	20.00 yen
Total dividend amount	2,350 million yen	-	4,695 million yen
Effective date	December 1, 2020	-	December 2, 2019
Dividend source	Retained earnings	-	Retained earnings

4. Determination of interim dividends and year-end dividends

Although the Company will continue its policy of stable dividends as in the past, after comprehensively considering its most recent consolidated results, future investment and cash flows and other factors, the Company has decided to reduce dividends by 10 yen from 20 yen, the result of previous fiscal year to 10 yen for interim dividends. Year-end dividends forecast will continue to be undecided. We will make a decision once again after assessing the recovery in earnings of each business and the progress of structural reform.

*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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