

February 9, 2023

(Translation)

Dear all,

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

(Code No. 6460, Tokyo Stock Exchange Prime)

Further Inquiry: Makoto Takahashi,
 Executive Vice President,
 Executive Officer,
 Managing Director of
 Corporate Planning Division
 (TEL: 03-6864-2400)

Notice of Revision of Operating Results Forecast

SEGA SAMMY HOLDINGS INC. (the “Company”) hereby notifies that it has revised its full-year operating results forecast announced on May 13, 2022 as follows.

Description

Revisions to full-year consolidated operating results forecast for the fiscal year ending March 2023 (April 1, 2022 to March 31, 2023)

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Yen)
Previously announced forecast (A)	375,000	40,000	40,000	28,000	126.83
Revised forecast this time (B)	381,500	45,000	46,000	31,500	142.66
Amount of increase or decrease (B-A)	6,500	5,000	6,000	3,500	—
Rate of increase or decrease (%)	1.7	12.5	15.0	12.5	—
(Reference) Operating results for the previous fiscal year (Fiscal year ended March 31, 2022)	320,949	32,042	33,344	37,027	158.85

(Reference: Per segment breakdown of full-year operating results forecast for the fiscal year ending March 2023)

(Unit: million yen)

Segment		Previously announced forecast (A)	Revised forecast this time (B)	Amount of increase or decrease (B-A)
Net sales	Total	375,000	381,500	6,500
	Entertainment Contents Business	277,000	280,000	3,000
	Pachislot and Pachinko Machines Business	86,000	89,000	3,000
	Resort Business	11,500	11,500	—
	Others/Eliminations, etc.	500	1,000	500
Ordinary income	Total	40,000	46,000	6,000
	Entertainment Contents Business	40,000	41,000	1,000
	Pachislot and Pachinko Machines Business	12,000	17,500	5,500
	Resort Business	(3,000)	(3,000)	—
	Others/Eliminations, etc.	(9,000)	(9,500)	(500)

■ Reasons for revision of full-year consolidated operating results forecast

The Entertainment Content business and the Resort business are expected to remain at the same level as the previous forecast, but the performance of Pachislot and Pachinko Machines Business is strong. As a result, sales and each stage of income are expected to exceed the previous forecast.

Since it is difficult to calculate a reasonable tax rate at this stage, profit attributable to owners of parent is calculated at a simplified tax rate of 30%.

The status by business segment is as follows.

(Entertainment Contents Business)

In the Consumer area, in addition to sales of some new titles and repeat titles for full game being lower than expected, we expect to record cost associated with the revaluation of asset quality of inventory assets at the end of the fiscal year. On the other hand, operating income is expected to be generally at the same level as the previous forecast due to strong sales of major new full game titles such as "Sonic Frontiers" and F2P titles, as well as the positive impact of foreign exchange rates on earnings.

In Amusement Machine area, sales of UFO Catcher® series and prizes, etc. remains strong, backed by persistent demand in the prize category, and net sales is expected to exceed the previous forecast. On the other hand, operating income is expected to be lower than the previous forecast due to the impact of raw material price hikes and other factors.

In Animation and Toy area, operating income is expected to exceed the previous forecast, mainly due to strong animation distribution revenues, etc.

(Reference: Per sub-segment breakdown of Entertainment Contents business)

(Unit: million yen)

Sub segments		Previously announced forecast (A)	Revised forecast this time (B)	Amount of increase or decrease (B-A)	
Net sales	Breakdown	Total	277,000	280,000	3,000
		Consumer area	192,000	188,000	(4,000)
		Amusement Machine area	55,800	63,500	7,700
		Animation / Toy area	28,700	28,000	(700)
		Others/Eliminations, etc.	500	500	—
Operating income	Breakdown	Total	39,000	39,500	500
		Consumer area	34,500	34,500	—
		Amusement Machine area	3,300	1,800	(1,500)
		Animation / Toy area	3,000	4,000	1,000
		Others/Eliminations, etc.	(1,800)	(800)	1,000

(Pachislot and Pachinko Machines Business)

While we postponed the timing of delivery of some mainstay titles for both pachislot and pachinko machines to the next fiscal year, titles sold within this fiscal year are generally steady. With regard to pachislot machines, we revised the unit sales forecast to 90,000 units (84,000 units in the previous forecast) in response to strong sales of "Pachislot Kabaneri of the Iron Fortress" and other products. As for pachinko machines, we revised the unit sales forecast to 100,000 units (114,000 units in the previous forecast), as the impact of the postponement of some titles cannot be compensated. Both net sales and ordinary income are expected to exceed the previous forecast, as pachislot machines, which have relatively high profit margins, are performing above the previous forecast, and fixed costs are also at lower levels than initially expected.

(Resort Business)

Both domestic and overseas are expected to remain at the same level as the previous forecast, as the behavioral restriction associated with COVID-19 have eased, and profits are recovering as initially estimated.

*The operating results forecast and other figures 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.

- END -