

Actual Results for the Third Quarter of the Year Ending March 2014

■General Matters

Q: What factors led to the increase in sales and income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2013)? □

A: Sales and income significantly increased mainly due to the sale of mainstay titles in the Pachislot and Pachinko Machines Business.

Q: What is the gain on sales of investment securities posted in extraordinary gain? □

A: Extraordinary gain was posted mainly due to the sales of Sanrio Co., Ltd. shares.

Q: What is the reason for the sales of Sanrio shares? □

A: The Company decided to participate as a seller following receiving the proposal of offering from Sanrio Co., Ltd. and in support of the purpose for the offering. By selling the investment securities the Company owns at the same time, will enhance the flexibility in the Company's management.

Q: What is the owning policy for the remaining Sanrio shares? Is there an intention for additional offering?

A: There are no plans for additional offering at the current stage. There is a lockup period starting from the pricing date of the offering during the 180 days counted from the delivery date.

Q: What is the loss on liquidation of affiliated company posted in extraordinary loss? □

A: The extraordinary loss was posted due to the liquidation of Sega Jinwin (Shanghai) Amusements Co., Ltd., the joint venture company that conducts development, manufacturing and sales of amusement machines in China.

Q: What factors led to the increase in R&D expense compared to the same quarter of the previous fiscal year?

A: R&D expense increased compared to the same quarter of the previous fiscal year mainly in the Consumer Business and the Pachislot and Pachinko Machines Business.

Q: What factors led to the significant increase in cap-ex compared to the same quarter of the previous fiscal year?

A: Cap-ex increased compared to the same quarter of the previous fiscal year mainly due to the purchase

of land for developing a complex in Centum City, Busan Metropolitan City, South Korea.

Q: What factors led to the increase in depreciation compared to the same quarter of the previous fiscal year?

A: Depreciation increased compared to the same quarter of the previous fiscal year centering on the Pachislot and Pachinko Machines Business, mainly due to the start of the operations of a new factory and a new distribution center in September 2012.

Q: What factors led to the increase in advertising expense compared to the same quarter of the previous fiscal year?

A: Advertising expense increased compared to the same quarter of the previous fiscal year mainly due to the sales of mainstay titles in the Pachislot and Pachinko Machines Business.

■ Pachislot and Pachinko Machines Business

Q: What factors led to the increase in sales and income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2013)?

A: Sales and income significantly increased compared to the same quarter of the previous fiscal year due to the shipments of mainstay pachislot machines and pachinko machines concentrating in the third quarter.

Q: The recent pachinko machines market continues to see sluggish sales, excluding certain titles, but what are the activities going forward?

A: Sales other than the mainstay titles are sluggish at our Company as well. Going forward, we will conduct the development of machines that will be supported by the market and introduce them at an appropriate period.

■ Amusement Machine Sales Business

Q: What factors led to the decrease in sales and posting of operating loss compared to the same quarter of the previous fiscal year (third quarter of year ended March 2013)?

A: Sales decreased and operating loss was posted compared to the same quarter of the previous fiscal year despite the new release of “**Hokuto no Ken BATTLE MEDAL**” in the third quarter, due to sales being sluggish as a result of the curbing of investment on new titles by amusement facilities operators.

■ Amusement Center Operations Business

Q: What factors led to the decrease in income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2013)?

A: Operating loss was posted as a result of same store sales struggling to increase.

Q: What factors led to the seemingly downward trend in same store sales?

A: Same store sales of domestic amusement centers remain at a low level due to the decrease in ability to

attract customers resulting from the lack of titles that drive the market.

■ Consumer Business

Q: What factors led to the increase in sales and income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2013)?

A: Sales and income increased mainly due to “Phantasy Star Online 2” service continuing to be robust in the digital games field, in addition to titles for smart devices such as “CHAIN CHRONICLE” and “Puyopuyo!! Quest” contributing to income.

Q: What were the major actual results in the digital games field?

A: Mainstay PC online title “Phantasy Star Online 2” continues to be robust and the gross revenue of SEGA Networks Co., Ltd., which mainly provides contents and services for smart devices, for the third quarter alone was robust at 6.7 billion yen. (+55% compared to the previous quarter)

Q: What were the actual results for major digital games?

A: Major digital games are robust such as PC title “Phantasy Star Online 2” surpassed cumulative downloads of 3 million, smartphone title “Puyopuyo!! Quest” surpassed 7 million downloads and “CHAIN CHRONICLE” surpassed 2 million downloads.

■ Other Business

Q: What are the reasons behind the Others segment expanding in loss compared to the same quarter of the previous fiscal year?

A: Loss expanded in the Others segment mainly due to preliminary expenses emerging at SEGA SAMMY CREATION INC., which develops machines for casinos.

Forecast for the Full-Year Ending March 2014

■ General Matters

Q: What is the reason behind not reviewing the full-year forecast?

A: The progression of results up to the third quarter is mostly solid against the full-year forecasts, but in order to achieve the full-year forecasts, there are some management issues left such as the need to release mainstay titles of pachislot and pachinko machines in the fourth quarter, etc. The Company will promptly announce revisions if they are deemed necessary after determining the sales trends and such of individual products, including pachislot and pachinko machines, in the fourth quarter.

■ Pachislot and Pachinko Machines Business

Q: What are the major titles to be sold in the second half of the fiscal year?

A: In the Pachislot Machines Business, we plan to sell several titles including “Pachislot Lagrange: The Flower of Rin-ne.” In the Pachinko Machines Business, we plan to sell “Pachinko CR Monster Hunter,” etc. On the other hand, mainstay pachislot titles scheduled for release in the fourth quarter require an

appropriate introduction period to be determined, and careful investigation will be conducted in view of market trends, etc.

■Amusement Machine Sales Business

Q: What are the major titles to be sold in the second half of the fiscal year?

A: Regarding the full-year forecasts, we will sell the mainstay title “**The World of Three Kingdoms**,” but we will carefully assess the sales trends as the market environment is expected to continue being sluggish.

■Amusement Center Operations Business

Q: What are the plans of SEGA domestic same store sales for the full-year?

A: We plan 101.8% compared to the same period of the previous year.

Q: Is the full-year forecasts for the SEGA same store sales achievable?

A: We will aim to strengthen the earnings capacity of each store through reinforcing our operations capabilities despite the market environment being expected to continue to be sluggish.

■Consumer Business

Q: What is the forecast for the full-year?

A: Sales and income are forecast to increase year-on-year due to improvement in earnings in the Digital Games Business. Although the Packaged Games Business is expected to be sluggish, we will aim to expand earnings through developing titles for smartphones to develop into Asia in the Digital Games Business.

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*The contents in this material are the judgment and projections of the Company’s management based on currently available information. These contents involve risks and uncertainties, and the actual results may differ materially from these contents/comments.