

Major Questions Concerning Actual Results for Third Quarter of Year Ending March 2016

March 8, 2016

SEGA SAMMY HOLDINGS INC.

Actual Results for the Third Quarter of the Year Ending March 2016

■ General Matters

Q: Will the full-year forecast of operating results be revised since the cumulative results through the third quarter have surpassed the full-year forecast mainly in income?

A: The cumulative results through the third quarter have surpassed the full-year forecast announced on December 4, 2015 in items of operating income, ordinary income and quarterly net income attributable to shareholders of parent company. However, since it is necessary to assess future trends of orders and sales which may be affected by regulations, etc. in the Pachislot and Pachinko Machines Business as well as the updating status of existing mainstay titles and operation status of new titles to be released in the Asian market, etc. in the digital game software field in the Entertainment Contents Business, there will be no changes made to the full-year consolidated operating results forecast announced on December 4, 2015. We will promptly announce any necessary revision to the forecast of operating results.

■ Matters Concerning Structure Reform

Q: How is the structural reform progressing?

A: As the structure reform initiatives for the fiscal year ending March 2016, efficiency in production/development structures was sought and solicitation of voluntary retirement was conducted in the Pachislot and Pachinko Machines Business. In the Entertainment Contents Business, we decided on the share transfer of Index Corporation, which operates the contents and solution business, and a corporation split and share transfer with regard to the darts bar business.

We will continue to advance discussions targeting all businesses and announce an overall summary at the full-year results presentation for the fiscal year ending March 2016.

■ Pachislot and Pachinko Machines Business

Q: What factors led to a decrease in sales and increase in income compared to the same period of the previous fiscal year?

A: Unit sales of pachislot machines increased due to release of several titles including “**Pachislot Onimusha3 Jikuu Tenshou.**” Even though mainstay titles such as “**Pachinko CR Hokuto No Ken 6 Tenshou Hyakuretsu**” were released, unit sales of pachinko machines decreased year-on-year due to the rebound from major titles. On the other hand, income increased due to the improvement in costs mainly brought on by reusing parts.

Q: What is the outlook for the Pachislot and Pachinko Machines Business in the fourth quarter?

A: We have been selling “**Pachislot Nisemonogatari**” and “**Pachinko CR Shin Hokuto Muso**” in the fourth quarter with steady orders. However, it is necessary to carefully assess the effect of regulations on the trend of future orders, and the sales schedule as well as sales trends of other titles.

■ Entertainment Contents Business

Q: What factors led to a decrease in sales and an increase in income compared to the same period of the previous fiscal year?

A: Sales of packaged games decreased due to the rebound from launching mainstay titles in the same period of the previous fiscal year.

On the other hand, income increased due to the strong performance of the amusement center operations field and reduction in R&D and advertising costs in the packaged game software field.

<Matters related to the digital game software field>

Q: What factors led to the decrease in sales compared to the same period of the previous fiscal year and posting a loss?

A: Sales decreased and a loss was posted due to asset values being reviewed since some PC and mobile titles, including “**Football Manager Online**” operated in South Korea, were not evaluated as favorably as initially expected and expenses such as advertising costs associated with the release of several titles increased, although existing titles such as “**PHANTASY STAR ONLINE 2**,” “**CHAIN CHRONICLE**” and “**Puyopuyo!! Quest**” were strong.

Q: What is the outlook for the digital game software field in the fourth quarter?

A: In addition to large-scale updates centering on existing titles such as “**PHANTASY STAR ONLINE 2**,” “**CHAIN CHRONICLE**” and “**Puyopuyo!! Quest**,” we are planning to release several new titles mainly in the Asian market. Thus we need to assess their operation status and such.

<Matters related to the packaged game software field>

Q: What factors led to the turnaround despite the decrease in sales from the same period of the previous fiscal year?

A: A turnaround was realized due to a decrease in R&D and advertising costs although sales decreased due to the fewer number of new major titles compared to the same period of the previous fiscal year.

<Matters related to the amusement center operations field>

Q: What factors led to increases in sales and income compared to the same period of the previous fiscal year?

A: The same-store sales performed strongly posting an increase of 1.7% year-on-year due to the strengthening of operations including prize category, etc.

<Matters related to the animation film and toy fields>

Q: What factors led to increases in sales and the turnaround from the same period of the previous fiscal year?

A: Sales increased year-on-year and a turnaround was realized due to the improvement in profitability through reduction of unprofitable businesses and narrowing down of product lineup to focus on those that are highly profitable in the toy business, as well as selling the TV series “**LUPIN THE 3rd PART4**,” recording solid license revenues from the TV series “**Yowamushi Pedal**” and sales revenue of its products in the animation film business.

■ **Resort Business**

Q: What factors led to the increase in sales and decrease in loss compared to the same period of the previous fiscal year?

A: Sales increased and losses decreased year-on-year due to the improvement in earnings at existing facilities such as “**TOKYO JOYPOLIS**” and “**Phoenix Seagaia Resort**” with the holding of various events, etc.

Q: What is the status of TOKYO JOYPOLIS?

A: As a result of efforts to improve facility operations such as collaboration with “**Tokyo Ghoul × JOYPOLIS**,” the number of users and average sales per customer solidly grew to show 13% and 3% year-on-year increases, respectively. Going forward, we will continue to work to increase the number of visitors by holding events such as the experience-based escape game “**Persona 3**.”

Q: What is the status of Orbi Yokohama?

A: The museum offering a supercharged nature experience, “**Orbi Yokohama**,” showed weak performance with a 20% year-on-year decrease in the number of facility users although the average sales per customer increased 2% with winter holiday events such as the new “**Aurora**” events, etc. We will continue to work to increase the number of visitors by introducing new video contents, etc.

Q: What is the status of Phoenix Seagaia Resort?

A: The total number of visitors decreased 11% year-on-year due to the closure of “**Sun Hotel Phoenix**” in June 2015. However, the average sales per customer increased 10% year-on-year due to the increase in the number of visitors to “**Sheraton Grande Ocean Resort**.” We will continue to implement sales promotion measures such as holding of a bridal fair celebrating the announcement of “**Tenku no Banquet Hall**” scheduled to open in the summer and the “**Ultimate Meat Journey in Seagaia**” food fair where Miyazaki beef can be enjoyed.

Q: What is the outlook for the Resort Business in the fourth quarter?

A: In addition to strengthening operations of existing facilities such as “**TOKYO JOYPOLIS**” and “**Phoenix Seagaia Resort**” by implementing sales promotion measures, “**Orbi Osaka**” and “**SHANGHAI JOYPOLIS**,” the first licensing out facilities, are scheduled to open. As to overseas business, we will continue to accumulate

knowhow through operation/development of casino facilities in South Korea to prepare for entry into integrated resort field.

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