

October 15, 2014

SEGA SAMMY HOLDINGS INC.

Actual Results for the First Quarter of the Year Ending March 2015

■General Matters

Q : What factors led to a significant decrease in income while decrease in sales was slight compared to the same quarter of the previous fiscal year?

A : Sales decreased about 3% compared to the same quarter of the previous fiscal year due to increase in pachinko unit sales and in sales in the digital games field while pachislot unit sales decreased compared to the same quarter of the previous fiscal year. Operating income decreased about 42% due to rising costs for the pachislot machines, and the sales ratio of pachislot machines which generate relatively high margins decreased compared to the same quarter of the previous fiscal year.

Q : Will the forecast of operating results be revised since income has significantly exceeded the fiscal first half forecasts as of the first quarter?

A : Although the operating income is generally solid as of now, in addition to expected loss in the second quarter associated with a resolution that some facilities at Phoenix Seagaia Resort, which is operated by our subsidiary Phoenix Resort Co., Ltd. will not be utilized in the future, we need to determine the sales schedule in the Pachislot and Pachinko Machines Business and trends such as services condition in the digital games field. Therefore, there is no revision to the forecast of operating results for the second quarter of the year ending March 2015 or for the full-year, which have been previously announced. Forecast revisions will be promptly announced when revisions are deemed necessary.

Q : What are the details and amount of loss expected in the second quarter?

A : At a meeting of the Board of Directors, a resolution was made that some facilities at the Phoenix Seagaia Resort, operated by our subsidiary Phoenix Resort Co., Ltd., will not be utilized in the future. Accordingly, around 3 billion yen of loss is planned to be posted in the second quarter of the year ending March 2015.

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 centering on the Consumer Business which posted R&D expense at ATLUS, which became a group company in the previous fiscal year.

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

A : Cap-ex decreased due to the backlash from the previous fiscal year in which acquisition of land in Busan, South Korea was conducted.

■ Pachislot and Pachinko Machines Business

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

A : Although pachislot mainstay title “**Pachislot SOUTEN-NO-KEN 2**” was launched and performance was generally robust, unit sales decreased compared to the same quarter of the previous fiscal year, while several titles of pachinko machines including “**Pachinko CR Bakemonogatari**” performed well surpassing the unit sales of the same quarter of the previous fiscal year. As a result, net sales saw around an 8% decrease in sales. Income decreased about 31% due to rising costs and decrease in the sales ratio of pachislot machines which generate relatively high margins.

■ Amusement Machine Sales Business

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

A : In the first quarter, sales increased compared to the same quarter of the previous fiscal year in line with the increase in the number of consolidated subsidiaries overseas. However, loss expanded due to lack of mainstay titles being launched.

■ Amusement Center Operations Business

Q : What factors led to the expanded loss compared to the same quarter of the previous fiscal year?

A : Loss expanded due to the decrease in domestic same-store sales of domestic facilities caused by the consumption tax rate hike and increase in depreciation in line with the investment in game machines.

■ Consumer Business

Q : What factors led to the posting of operating loss compared to the same quarter of the previous fiscal year?

A : Operating loss was posted due to increase in advertising expense, etc. although sales increased compared to the same quarter of the previous fiscal year due to the growth of earnings in the digital games field.

Q : What were the actual results of the major digital game titles?

A : Their performance was robust such as “**Phantasy Star Online 2**” surpassing cumulative downloads of 3.5 million, smartphone application “**Puyopuyo!! Quest**” achieving 10 million downloads and “**CHAIN CHRONICLE**” surpassing 3.0 million downloads.

Q : What are the reasons behind the decrease in net sales of digital games compared to the fourth quarter of the previous fiscal year (January 2014 to March 2014) ?

A : Net sales decreased in the first quarter due to planned major update in the second quarter in the digital games field.

Q : What is the status of “CHAIN CHRONICLE” which was launched in China and South Korea?

A : It is performing well and has grown to the point of contributing to profits.

*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.