

Summary of 1st Quarter Results for FY Ending March 2015

October 15, 2014

SEGA SAMMY HOLDINGS INC.

■ Consolidated Income Statements (Summary)

Consolidated net sales for the first quarter of the fiscal year ending March 2015 **decreased** by **3%** year-on-year to **88.3 billion yen**, operating income **decreased** by **42%** to **9.3 billion yen** and ordinary income **decreased** by **41%** to **10 billion yen**.

Quarterly net income **decreased** by **57%** year-on-year to **5.5 billion yen**.

In the first quarter under review, operating income, ordinary income and quarterly net income have exceeded the fiscal first half forecasts previously announced. However, since loss in reserve related to demolition of some facilities at Phoenix Seagaia Resort operated by our subsidiary Phoenix Resort Co., Ltd. is expected in the second quarter, as well as there being a need to determine the sales schedule in the Pachislot and Pachinko Machines Business and trends such as services condition in the digital games field, there is no revision to the previously announced figures concerning the fiscal first half forecasts of operating results. Forecast revisions will be promptly announced when revisions are deemed necessary.

■ Costs and Expenses

• R&D Expense / Content Production Expense

Increased year-on-year centering on the Consumer Business which posted development costs at ATLUS, which became a group company in the previous fiscal year.

• Cap-ex

Decreased year-on-year due to the backlash from the same quarter of the previous fiscal year in which acquisition of land in Busan, South Korea was conducted.

• Depreciation

Increased year-on-year in the Amusement Center Operations Business.

• Advertising

Increased year-on-year with an aim to expand profits from digital titles in the Consumer Business.

■ Consolidated Balance Sheet (Summary)

Compared to the end of the previous fiscal year, current assets **decreased** by **3.7 billion yen** due to decreased securities (short-term fund management) while cash and deposits and also notes and accounts receivable-trade increased. Noncurrent assets **decreased** by **3.3 billion yen** due to decrease in investment securities (valuation loss on stocks held). Current liabilities **decreased** by **10.2 billion yen** due to factors such as a decrease in notes and

accounts-payable trade.

Net assets **decreased** by **2.1 billion yen** to **346.1 billion yen**.

As a result, total assets as of the end of June 2014 **decreased** by **7.1 billion yen** from the end of the previous fiscal year, to **535.8 billion yen**.

Equity ratio came to **63.7%**, as we continue to maintain a sound level.

■ Pachislot and Pachinko Machines

Net sales **decreased 8%** to **47.4 billion yen** and operating income **decreased 31%** to **12.9 billion yen** year-on-year.

In the pachislot machine business, although sales of launched mainstay title “**Pachislot SOUTEN-NO-KEN 2**” were generally solid, unit sales **decreased** by **around 25,000 units** year-on-year to **82,000 units**.

Furthermore, as for the pachinko machine business, since sales of several titles – in particular, “**Pachinko CR Bakemonogatari**” – performed well, unit sales **increased** by **around 22,000 units** year-on-year to **50,000 units**.

In the fiscal first half forecasts, a year-on-year decrease in sales and profits is forecast as the launch of several mainstay titles are planned in the second half of the fiscal year.

■ Amusement Machine Sales

Net sales **increased 6%** to **7.2 billion yen** year-on-year, and operating loss was **600 million yen (operating loss of 400 million yen for the same period in the previous fiscal year)**.

In the Amusement Machine Sales Business, although sales of CVT KITS and expendables such as cards for the “**WORLD CLUB Champion Football**” series and distribution of earnings from revenue sharing titles such as the “**BORDER BREAK**” series and “**SEGA NETWORK MAHJONG MJ5 Evolution**” were posted, loss expanded compared to the same quarter of the previous fiscal year due to a lack of mainstay title being launched.

As for the fiscal first half forecasts, although sales centering on CVT KITS for several titles will be conducted, year-on-year expansion in loss is forecast as the severe market environment is expected to continue and because of increased advertising expenses.

■ Amusement Center Operations

Net sales **decreased 4%** to **9.6 billion yen** compared to the same quarter of the previous fiscal year and operating loss was **400 million yen (operating loss of 0 billion yen for the same period in the previous fiscal year)**.

In the Amusement Center Operations Business, although domestic same store sales of domestic amusement facilities was 99.4% year-on-year, decrease in net sales caused by consumption tax rate hike led to a decrease in sales and posting of loss.

There were **201 domestic facilities** at the end of the first quarter following **three** openings.

In the fiscal first half forecasts, although year-on-year decrease in sales and income is forecast, we will make efforts to improve profitability by narrowing down investments and streamlining facility operations, etc.

■ Consumer Business

Net sales **increased** by **12%** to **21.1 billion yen** year-on-year and operating loss was **200 million yen (operating**

income of 0 billion yen for the same period in the previous fiscal year).

In the Packaged Games Business, new titles including “**PERSONA Q SHADOW OF THE LABYRINTH**” were launched and unit sales surpassed the actual results of the same quarter of the previous fiscal year.

In the Digital Games Business, “**Phantasy Star Online 2**”, “**Puyopuyo!! Quest**” and “**CHAIN CHRONICLE**” were strong.

On the pachinko and pachislot game website for mobile phones and PCs, measures for “**777TOWN for Android**” and “**777TOWN for iOS**” for smartphones and “**Moba7**” for DeNA were enhanced.

In the Toy Business, sales were conducted focusing on mainstay products such as “**Anpanman Series**” and “**Jewelpod Series**”.

In the Animation Business, distribution of earnings from the movie “**LUPIN THE 3rd VS DETECTIVE CONAN THE MOVIE**” which recorded over 3 million viewers and TV series such as “**Yowamushi Pedal**” remained strong.

In the fiscal first half forecasts, in the Packaged Games Business, the launch of a domestic title “**PERSONA 4 The ULTIMAX ULTRA SUPLEX HOLD**” is planned in the second quarter.

In the Digital Games Business, “**CHAIN CHRONICLE – Kizuna no Shintairiku**” was launched in July and “**EPISODE3**”, a new chapter from “**Phantasy Star Online 2**”, is also planned for a launch. Meanwhile, an increase in advertising expenses, etc. is expected. Therefore, year-on-year increase in sales and posting of loss are forecast in the fiscal first half forecasts.

*The contents of this material and comments made during the questions and answers etc. of this briefing session are the judgment and projections of the Company’s management based on currently available information. The contents involve risk and uncertainty and the actual results may differ materially from these contents / comments.