

September 4, 2012

Investor Relations, SEGA SAMMY HOLDINGS INC.

Actual Results for the First Quarter of the Year Ending March 2013

■ **General Matters**

Q: What factors led to the increases in sales and income compared to the same quarter of the previous fiscal year (first quarter of year ended March 2012)?

A: Sales increased mainly due to the pachislot sales in Pachislot and Pachinko Machines Business being strong and converting Phoenix Resort K.K. into a wholly owned subsidiary in the previous quarter.

Income increased due to operating expenses, etc., being suppressed by structural reforms implemented in the Consumer Business in addition to the strong sales of pachislot in Pachislot and Pachinko Machines Business.

Q: Will the forecast of operating results be adjusted since operating income exceeds the fiscal first half forecasts as of the first quarter?

A: Although the operating income is generally strong as of now, adjustment of forecasts will be released as soon as possible after determining that the sales trend of mainstay titles in the second quarter deems that an adjustment is necessary.

Q: What factors led to the significant increase in the capital expenditure amount compared to the end of the previous quarter?

A: The increase is mainly from the construction of a new plant and new distribution center of subsidiary Sammy Corporation.

Q: What is the reason behind changing the accounting policies of depreciation, and what is the resulting impact in amount?

A: From this fiscal year, the Company and its domestic consolidated subsidiaries have changed the useful life of property, plant and equipment from that which was mainly based on the Corporation Tax Act in Japan to that which is based on useful life determined with giving consideration to economic life. Additionally, the depreciation method for property, plant and equipment has also been changed mainly from the declining-balance method to the straight-line method. These changes are to be made to align to the realities of the depreciation for property, plant and equipment at the timing of the planned major capital investment. When compared to conventional accounting policies, the depreciation of the first quarter of the year ending March 2013 decreased by approximately 600 million yen.

Q: What is the purpose of investing in a resort complex including casino business in South Korea?

A: The Group considers the business of operating resort complexes including casinos as a new profit-making opportunity. As part of efforts to create the foundation for such, we decided to make a capital investment in Paradise Sega Sammy, a joint venture with Paradise Group. Furthermore, we have already established the joint venture.

### **■ Pachislot and Pachinko Machines Business**

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

A: Sales and income increased compared to the same quarter of the previous fiscal year due to the increase in number of unit sales of pachislot machines such as “Pachislot Monster Hunter” and “Pachislot Code Geass Lelouch of the Rebellion.”

Q: What factors led to the decrease in operating income margin compared to the same quarter of the previous fiscal year despite the increase in sales ratio of pachislot, which has a high operating income margin?

A: Operating income margin slightly decreased compared to the same quarter of the previous fiscal year mainly because the sales ratio of the Rodeo brand, which has a low operating income margin, was high, but the operating income margin is going strong compared to the forecast.

### **■ Amusement Machine Sales Business**

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

A: Although there were no sales of new titles, sales increased compared to the same quarter of the previous year due to the greatly strong sales of cards and other consumables and strong distribution of earnings through utilization of revenue sharing models.

### **■ Amusement Center Operations Business**

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

A: Sales and income decreased due to the reduction in the number of amusement centers and SEGA domestic same-store sales falling below the same quarter of the previous year.

### **■ Consumer Business**

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

A: Sales decreased mainly due to the reduction in the number of packaged game software titles as part of the measures for structural reform being implemented in the packaged game software field, but the range of loss shrunk due to suppressed costs such as operating expenses.

Q: How will efforts in the digital field change as a result of the establishment of SEGA Networks, Ltd. in July?

A: With the spin-off of SEGA Networks, we seek to maximize earnings through such means as speeding up decision-making in the digital game field, making the transition from the conventional “development-based” to “operation-based” structure and promptly responding to customer needs.

Q: What is the policy on “complete gacha” and the impact of such on operating results?

A: Mechanisms equivalent to “complete gacha” were employed as additional elements in some services, but all such equivalent mechanisms were terminated on May 31. This matter will have no impact on operating results.

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

A: We are conducting full-fledge development, including the cumulative downloads of “Kingdom Conquest,” a service launched two fiscal periods ago, surpassing 3 million downloads.

In the second quarter, we have attained a good start as “Phantasy Star Online 2,” the mainstay title of this fiscal period launched in July 4, surpassed 700,000 subscribers on a cumulative basis by July 20.

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