

Major Questions Concerning Actual Results for Second Quarter  
of the Year Ending March 2013

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Investor Relations, SEGA SAMMY HOLDINGS INC.

**Actual Results for the Second Quarter of the Year Ending March 2013**

■ **General Matters**

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

A: Sales and income decreased mainly due to the decrease in number of unit sales of pachinko machines impacted by the market environment, and sales and income of the Pachislot and Pachinko Machines Business fell below the same quarter of the previous fiscal year.

Q: What factors led to an increase in operating income despite a significant decrease in sales compared to the initial forecast?

A: Sales fell below the initial forecast despite strong sales of packaged games in the Consumer Business due to the decrease in number of unit sales of pachislot machines resulting from the revision of the sales schedule, and decrease in the number of unit sales of pachinko machines impacted by the market environment. On the other hand, operating income increased compared to the initial forecast due to posting period of R&D expense, advertising expense, etc., being postponed to the second half of the fiscal year.

Q: What is the progress in the resort complex business in South Korea?

A: Paradise Sega Sammy, a joint venture with South Korea's Paradise Group, was established in July. Going forward, we will hold specific discussions concerning the opening in 2016, but the current forecast calls for total investment size of approximately 800 billion won in this project, of which the Company expects to invest approximately 140 billion won.

■ **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 (second quarter of the year ended March 2012)?

A: Sales and income decreased compared to the same quarter of the previous fiscal year mainly due to the decrease in number of unit sales of pachinko titles impacted by the market environment.

Q: What factors led to the significant improvement in income margin compared to the initial forecast?

A: Income margin improved due to reduced sales-related expenses such as advertising expense as a result of revision of the sales schedule for some products.

■ **Amusement Machine Sales Business**

Q: What factors led to the decrease in income despite sales being flat compared to the same quarter of the previous fiscal year (second quarter of year ended March 2012)?

A: Income decreased compared to the same quarter of the previous fiscal year due to there being no sales

of products with high income margin such as new mainstay titles.

Q: What factors led to the significant improvement in income margin compared to the initial forecast?

A: Income margin improved compared to the initial forecast due to posting period of expenses such as R&D expense being postponed to the second half of the fiscal year.

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

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

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 fiscal year.

#### ■ **Consumer Business**

Q: What factors led to the increase in sales and contraction of losses compared to the same quarter of the previous fiscal year (second quarter of year ended March 2012)?

A: Sales increased and losses contracted as a result of business restructuring in Europe and the U.S., in addition to strong repeat sales of titles released in the previous period and sales of distributed titles in the packaged game software field, as well as strong service of "Phantasy Star Online 2" in the digital game field.

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

A: We are conducting full-fledged development, including the cumulative downloads of "Kingdom Conquest," a service launched two fiscal periods ago which has surpassed 3 million downloads. "Phantasy Star Online 2" which was launched in the second quarter is doing very well having surpassed 1 million subscribers on a cumulative basis with 60,000 users logged on at any time.

### Forecast for the Full-Year Ending March 2013

#### ■ **General Matters**

Q: What is the reason behind not revising the full-year forecast of operating results?

A: The operating results are generally strong up to the second quarter, but as for the full-year forecast of operating results, we will inspect the sales trend of mainstay products in the second half of the fiscal year and release any revision as soon as possible, if revision is needed.

Q: Are there plans to introduce mainstay titles and such considering a heavy weight on the second half of the fiscal year in the full-year forecast?

A: We expect to introduce several mainstay titles in the Pachislot and Pachinko Machines Business and the Consumer Business in the second half of the fiscal year.

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

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

A: For Pachislot Machine Business, we plan to sell several major titles including Sammy's "Pachislot GHOST IN THE SHELL - STAND ALONE COMPLEX -" For Pachinko Machines Business, we plan

to sell mainstay titles such as Sammy's "Pachinko CR Shin-Juoh."

■ **Amusement Machine Sales Business**

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

A: We are not planning to sell any major titles this period, but we are planning to introduce CVT kits for several titles such as "SENGOKU-TAISEN" and "INITIAL D ARCADE STAGE 6 AA"

■ **Amusement Center Operations Business**

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

A: We plan 99% compared to the same period of previous year.

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

A: We will aim to reinforce our operations capability and aim for earnings improvement amidst the challenging market environment.

■ **Consumer Business**

Q: What is the forecast for the full-year considering that operating results of the first half of the fiscal year significantly exceeded the initial forecast?

A: The first half is progressing well, and we are planning sales of major titles in the packaged game software field in the second half of the fiscal year. In addition, we plan to introduce several mainstay titles including "Kingdom Conquest II" in the digital games field. Therefore, we will need to track the trends of these titles.

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