

Summary of 1st Quarter Results for FY Ending March 2014

September 4, 2013
SEGA SAMMY HOLDINGS INC.

■ Consolidated Income Statements (Summary)

Consolidated net sales for the first quarter of the fiscal year ending March 2014 **increased** by **29.8%** year-on-year to **90.7 billion yen**, operating income **increased** by **198.1%** to **16.1 billion yen** and ordinary income **increased** by **269.6%** to **17 billion yen**.

Extraordinary gain of **3.3 billion yen** was posted due to the sale of noncurrent assets at the subsidiary Sega Corporation.

Quarterly net income **increased** by **416%** year-on-year to **12.9 billion yen**.

After posting increases in both sales and profits in the first quarter, ordinary income and quarterly net income have achieved the forecasted consolidated operating results for the first half of the fiscal year in terms of the fiscal first half forecasts that were disclosed earlier. The results for the fiscal year ending March 2014 are currently in line with the forecast as sales of mainstay products were as expected in the first quarter. The Company will promptly announce any revisions if they are deemed necessary.

■ Costs and Expenses

R&D expense increased year-on-year centering on the Consumer Business and the Pachislot and Pachinko Machines Business.

Cap-ex significantly increased year-on-year due to the purchase of land for resort development in Busan, South Korea.

Depreciation increased year-on-year mainly due to the start of operations of a new factory for the Pachislot and Pachinko Machines Business in September 2012.

Advertising expense increased year-on-year mainly due to the sales of mainstay titles in the Pachislot and Pachinko Machines Business.

■ Consolidated Balance Sheet (Summary)

Current assets **decreased** by **29 billion yen** due to the decrease of cash and deposits, while conversely, securities increased (short-term fund management). Noncurrent assets **increased** by **19 billion yen** due to the purchase of land in Busan, South Korea and increase in investment securities.

As a result, total assets as of the end of June 2013 **decreased** by **10 billion yen** from the end of the previous fiscal year, to **518.5 billion yen**.

Net assets **increased** by **13.8 billion yen** to **333.8 billion yen**.

Equity ratio came to **63.6%**, as we continue to maintain a sound level.

■Pachislot and Pachinko Machines

In the results of Pachislot and Pachinko Machines Business, net sales **increased** by **53.7%** year-on-year to **51.8 billion yen** and operating income **increased** by **139.7%** to **18.7 billion yen**.

Pachislot unit sales **increased** by **about 27,000 units** to reach **approximately 108,000 units** due to the sales of the mainstay title “**Pachislot Hokuto No Ken Chapter of Resurrection.**”

Pachinko unit sales **increased** by **about 4,000 units** year-on-year to reach **approximately 28,000 units** due to solid sales of each title, including the TAIYO ELEC brand “**CR Kayou Suspense Gekijou,**” despite the absence of sales of major titles.

In the fiscal first half forecasts, unit sales in both pachislot and pachinko are planned to increase by introducing several titles in both business lines.

■Amusement Machine Sales

In the results for the first quarter, net sales **decreased** by **18.1%** year-on-year to **6.8 billion yen** and **operating loss** was **400 million yen**, however, the results are solid compared to the forecast announced at the beginning of the period.

Year-on-year decrease in sales and posting of loss are forecasted in the fiscal first half forecasts due to major new titles planned to be introduced primarily in the second half of the fiscal year.

■Amusement Center Operations

Net sales were the same level as the same period last year, but posted a slight operating loss.

Same store sales of domestic amusement facilities were weak and were down to **92.5%** year-on-year.

The stores targeted as same stores have been changed from this fiscal year as a result of integration of center operations within the Group in the previous fiscal year, and the number of stores counted as amusement centers are based on game arcades directly operated by the Group in the domestic market.

There were **201 domestic facilities** at the end of the first quarter following **one** opening and **two** closures.

In the fiscal first half forecasts, we will aim to strengthen the earning capacity of each store by continuing to strengthen the management capabilities, etc.

In addition, a nature themed experience-based entertainment park “**Orbi Yokohama,**” developed between Sega Corporation and the British Broadcasting Corporation (BBC), is planned for opening on August 19.

■Consumer Business

Net sales **increased** by **26.2%** year-on-year to **18.8 billion yen** and in terms of operating income and loss, it returned to profit, posting a slight operating income, improving from the same period the previous year, which posted an operating loss of **1.5 billion yen**.

In the Packaged Games Business, “**Company of Heroes 2**” as well as other games were launched.

In the Digital Games Business, “**Phantasy Star Online 2**” continues to be robust and “**Puyopuyo!! Quest**” is solid surpassing 3 million downloads on July 24, 2013.

In the Toy Business and the Animation Business, mainstay products and titles were solid.

Regarding the fiscal first half forecasts, in the Packaged Games Business, the launch of “**Total War Rome II**,” a title for Europe and the U.S, is planned in September. In the Digital Games Business, we aim to release the updated version of “**Phantasy Star Online 2**” and to strengthen the titles for smart devices.

In addition, we will strengthen activities of mainstay products in the Toy Business and continue to develop business centering on new movies and TV series in the Animation Business.

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