



Business Results for 1Q Fiscal Year September 2013

February 5, 2013

SEPTENI HOLDINGS CO., LTD.
<http://www.septeni-holdings.co.jp/en/>
Securities Code: 4293

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|---|--|-----------------------------|---------|
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※ Unless stated otherwise, all figures in this document are based on units of million yen.



1 ||| Quarterly Earnings Overview

1Q (Oct-Dec) Consolidated Earnings Highlights

Sales: ¥10,891mn (Up 12.2% year-over-year)

Operating Income: ¥290mn (Down 20.7% year-over-year)

Sales reach new record high

Internet Marketing Business sales and operating income trended favorably and grew 15.2% and 44.4% year-over-year respectively

Media Contents Business recorded negative operating income

Social games business leveled off, but new growth opportunities being explored

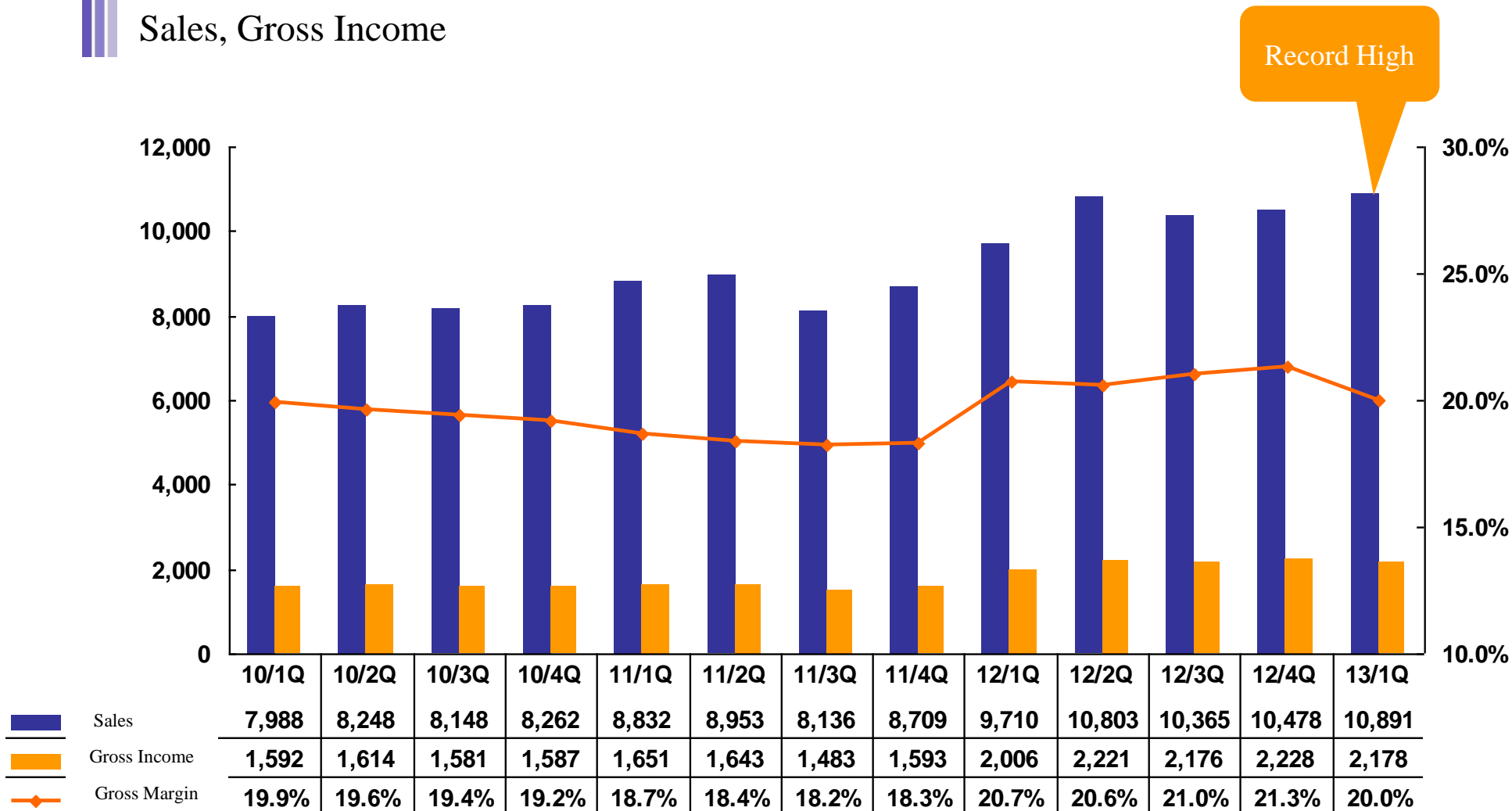
Consolidated Income Statement (Oct-Dec)

	1Q FY9/13				1Q FY9/12	4Q FY9/12	1Q FY9/13 Estimates
	Value	Share	YY Change	QQ Change			
Net Sales	10,891	100.0%	+12.2%	+3.9%	9,710	10,478	10,700
Gross Income	2,178	20.0%	+8.5%	-2.3%	2,006	2,228	—
SG&A	1,887	17.3%	+15.1%	+0.5%	1,640	1,877	—
Operating Income	290	2.7%	-20.7%	-17.4%	366	351	200
Ordinary Income	338	3.1%	-17.0%	-11.5%	407	382	230
Net Income	186	1.7%	+45.2%	-20.2%	128	233	120

- ||| Growth in the Internet Marketing Business contributes to double digit growth in sales
- ||| Contraction in Media Contents Business sales led to decline in gross income margin
- ||| Net income rose by a large margin of **45.2%** year-over-year (Extraordinary loss of ¥161mn booked in 1Q of the previous term)

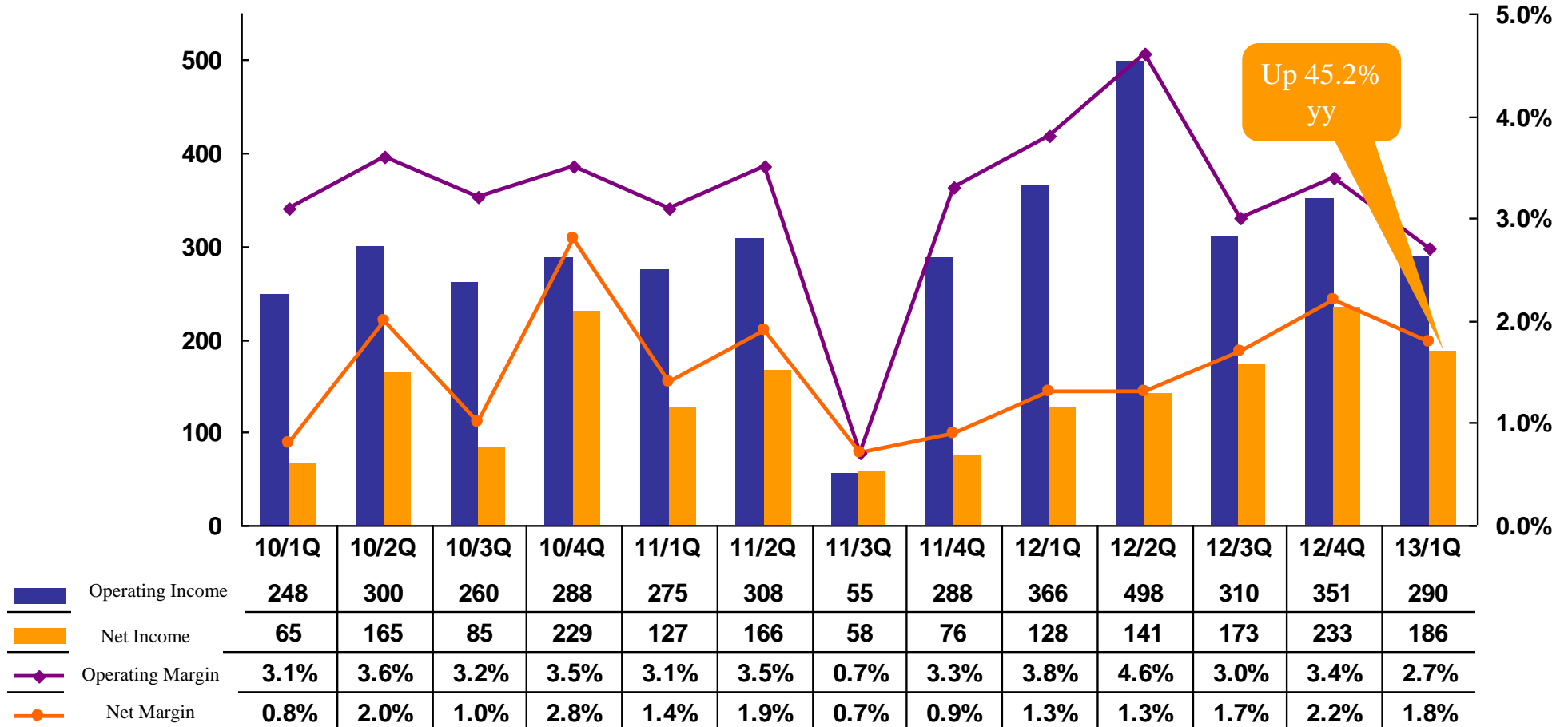
Quarterly Consolidated Earnings Trend

Sales, Gross Income



Quarterly Consolidated Earnings Trend

Operating Income / Net Income

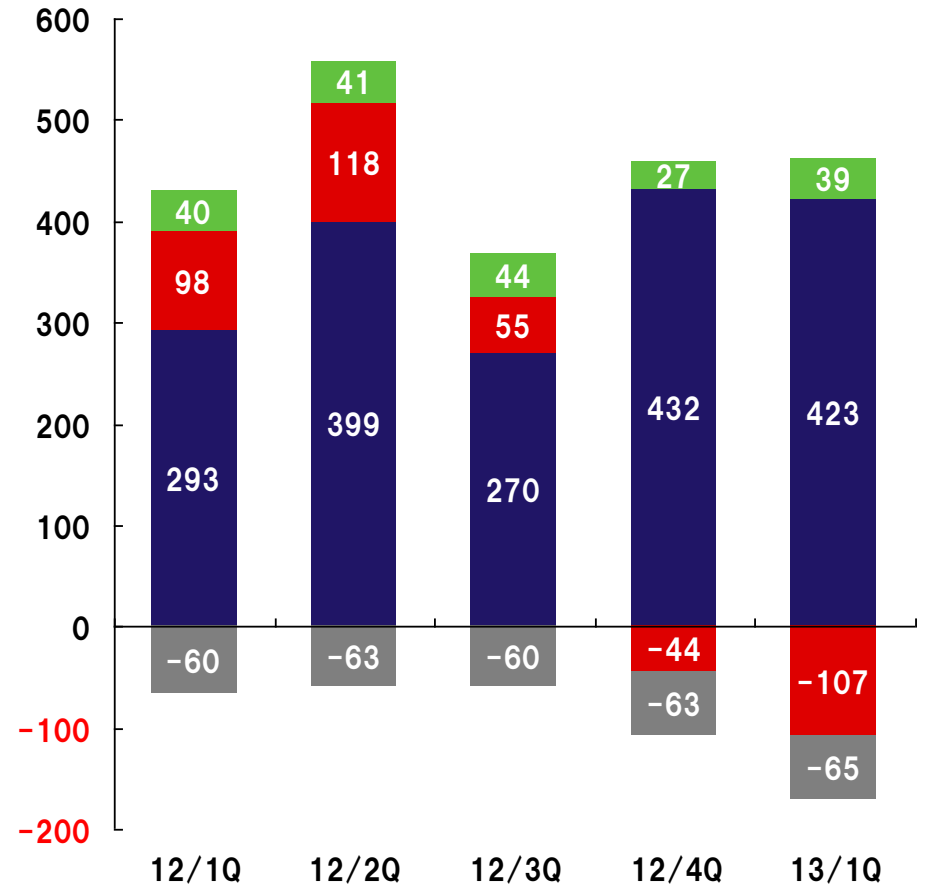
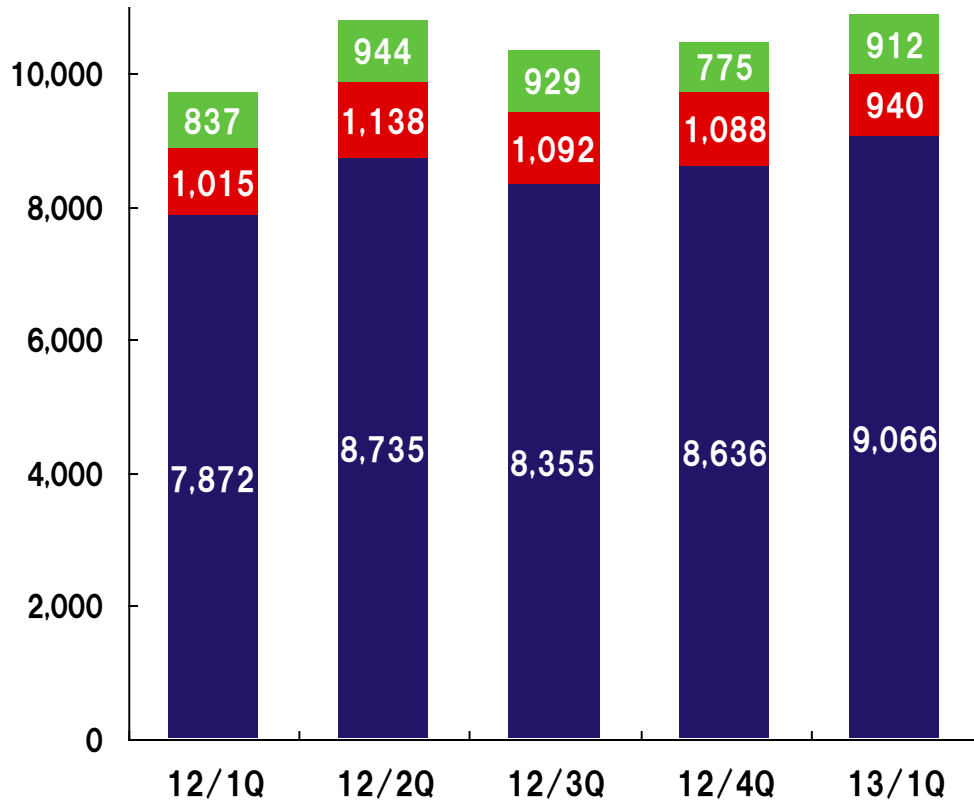


Up 45.2%
yy

Earnings by Business Segment

Sales

Operating Income



Internet Marketing

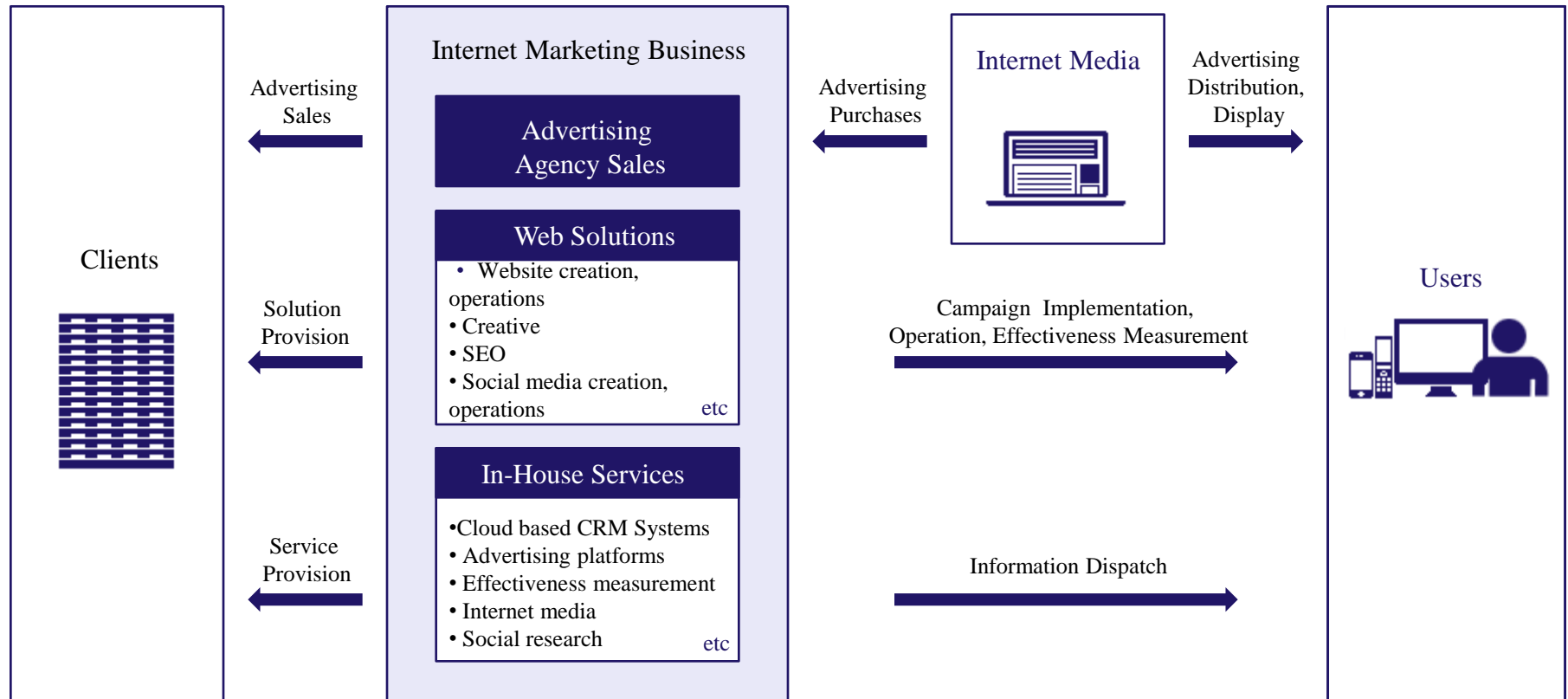
Media Contents

Others

Adjustments (Company Wide Expenses)

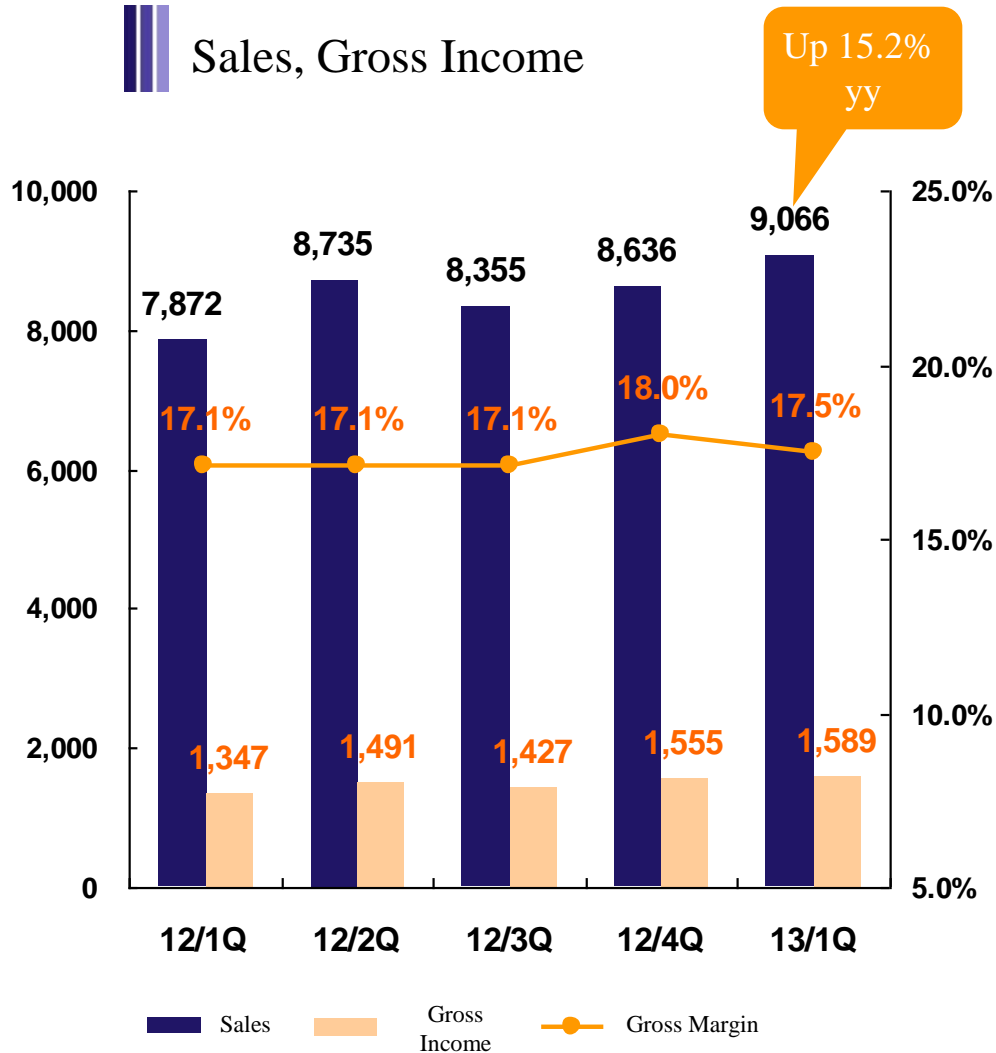
Internet Marketing Business Overview

Comprehensive **Marketing Support Services** for corporations leveraging the Internet. Internet advertising sales and provision of various web solutions, SEPTENI will provide **In-house Services** such as marketing platforms including ad network, and cloud based CRM services.

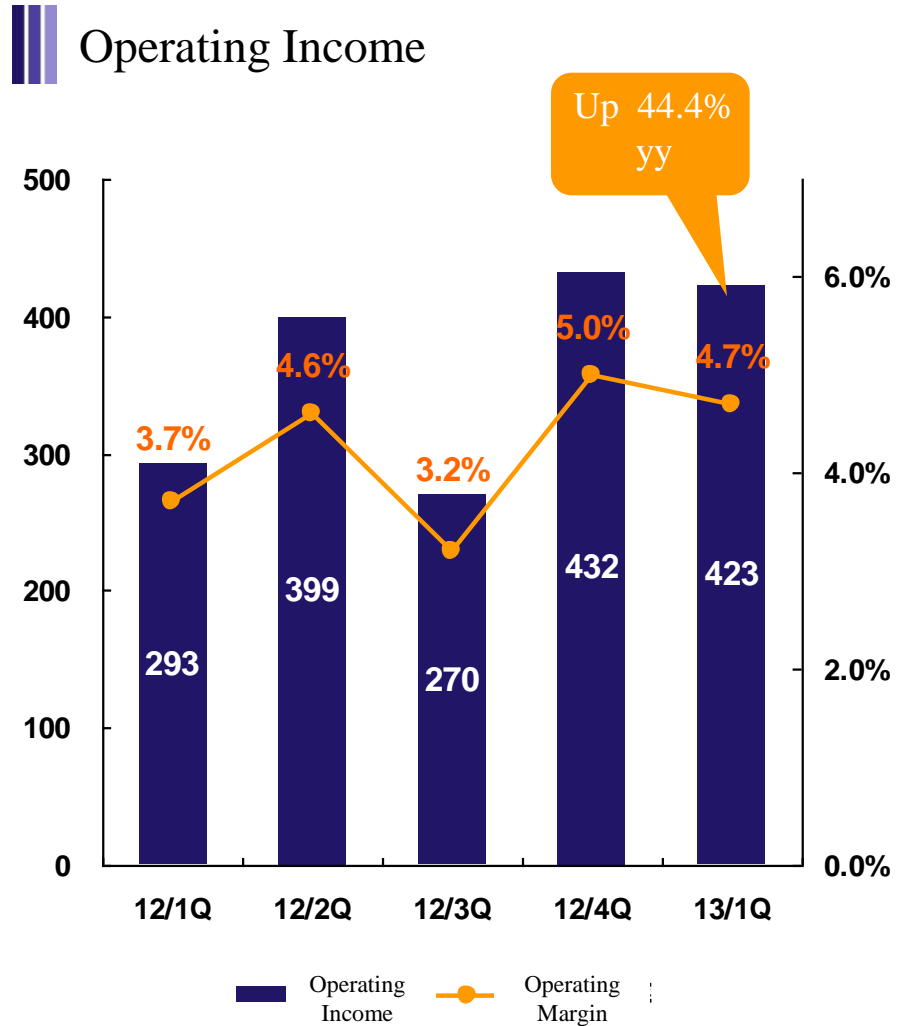


Internet Marketing Business Quarterly Earnings Trend

Sales, Gross Income



Operating Income



Internet Marketing Business Overview

1Q FY9/13 Earnings

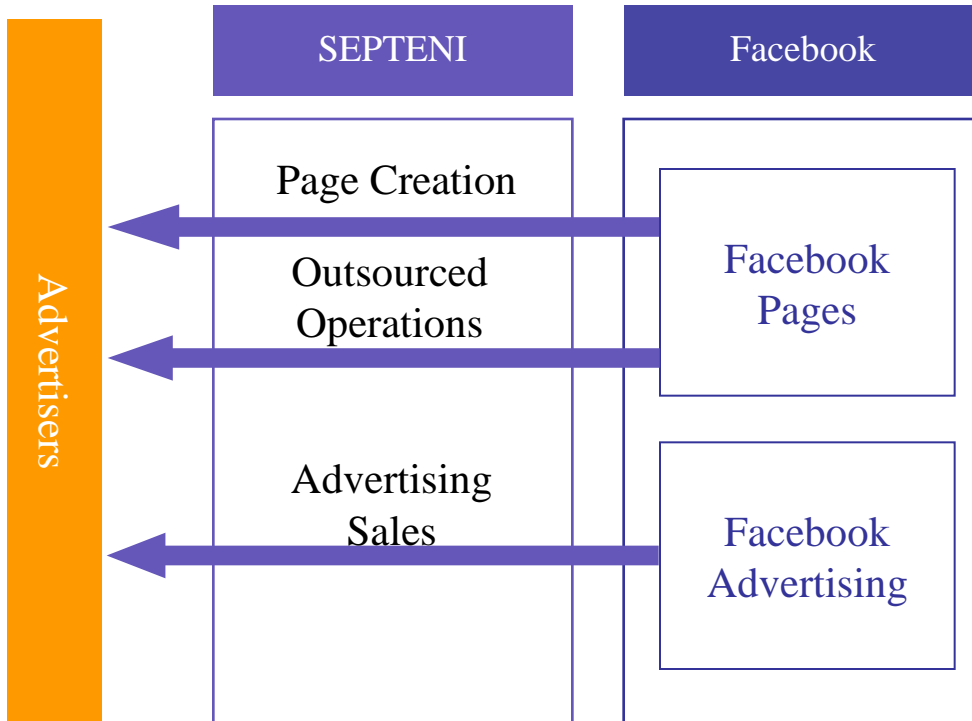
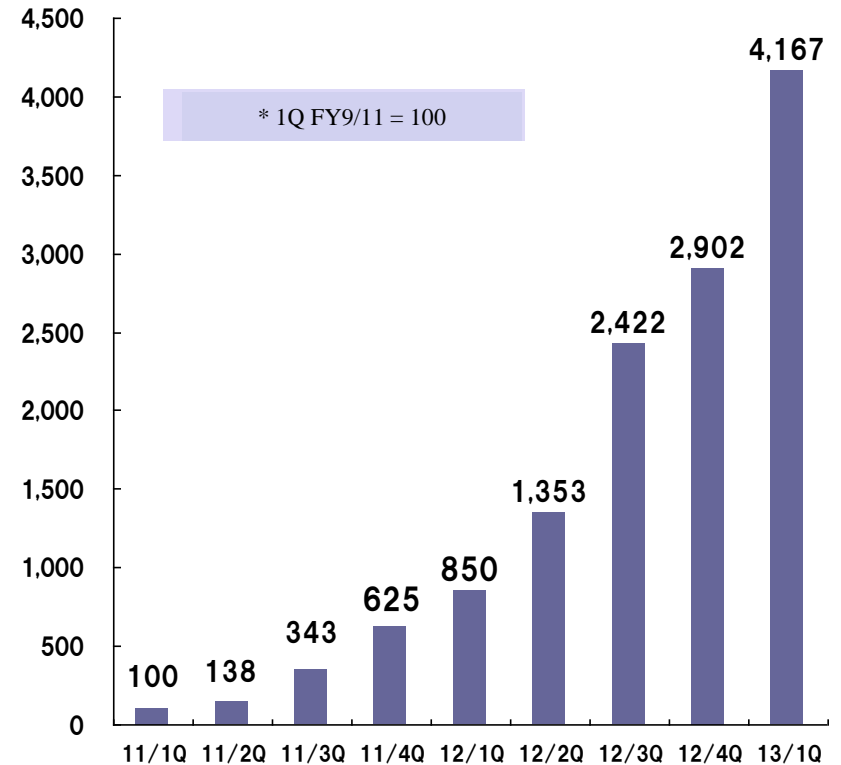
	Value	YY Change	QQ Change
Sales	9,066	+15.2%	+5.0%
Gross Income	1,589	+17.9%	+2.2%
Gross Margin	17.5%	+0.4pt	-0.5pt
SG&A	1,165	+10.5%	+3.8%
Operating Income	423	+44.4%	-2.0%
Operating Margin	4.7%	+1.0pt	-0.3pt

Comments

- Sales continue to grow by double digits to exceed ¥9.0bn
Advertisements by EC related business advertisers expand
- Increased sales lead to a strong **44.4%** yy growth in operating income
- Growth in the focus fields of **Facebook related** and **smartphone advertising** continued strongly

Focus Field: Facebook Related Business

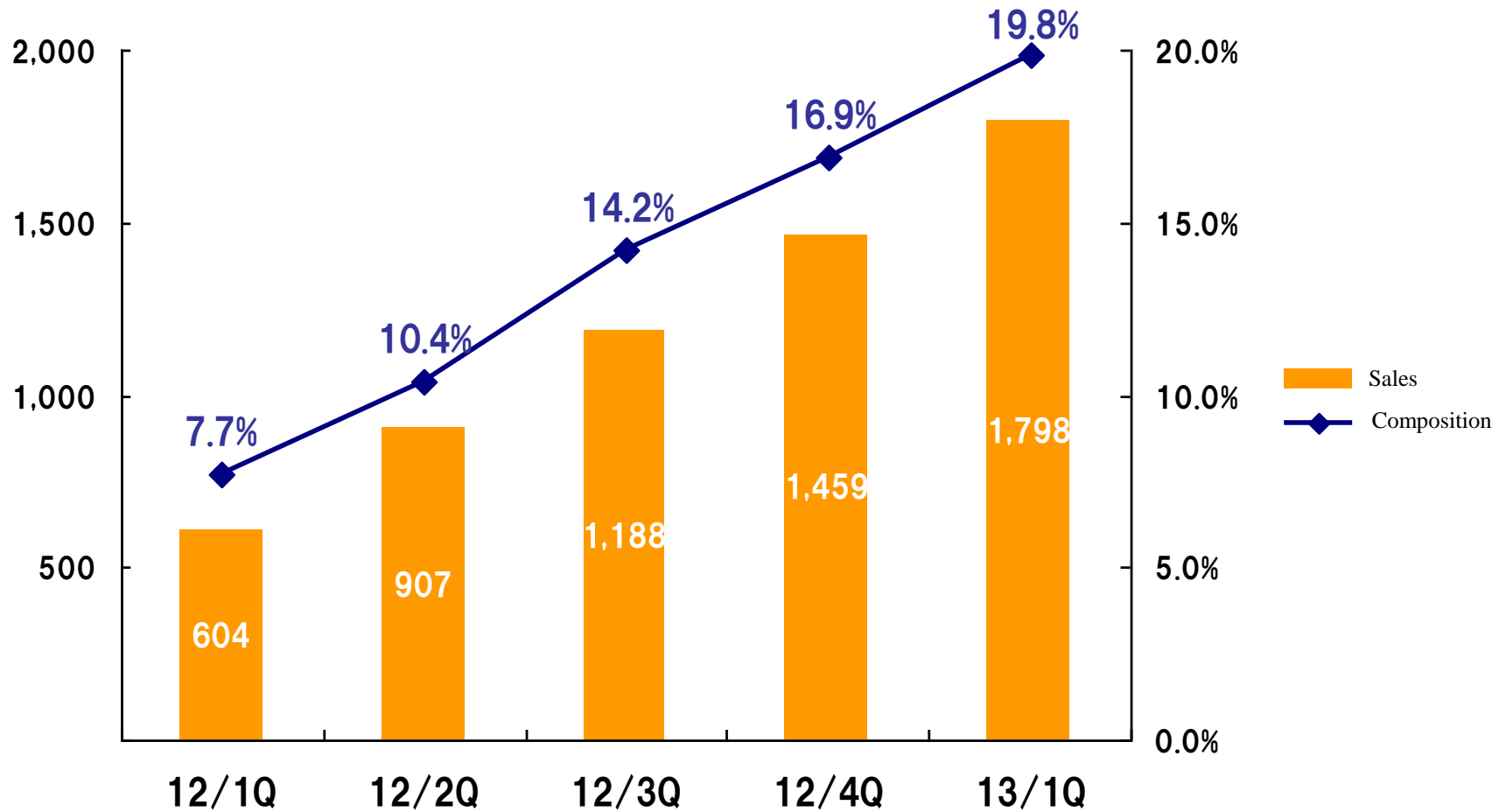
Facebook Related Sales Trend



Sales continue to grow by large margins of approximately 5 times yy, 1.4 times qq

Cumulative number of clients exceeds 300 companies

Focus Field: Smartphone Advertising



Smartphone advertising sales grow by about 3 times

Media Contents Business Overview

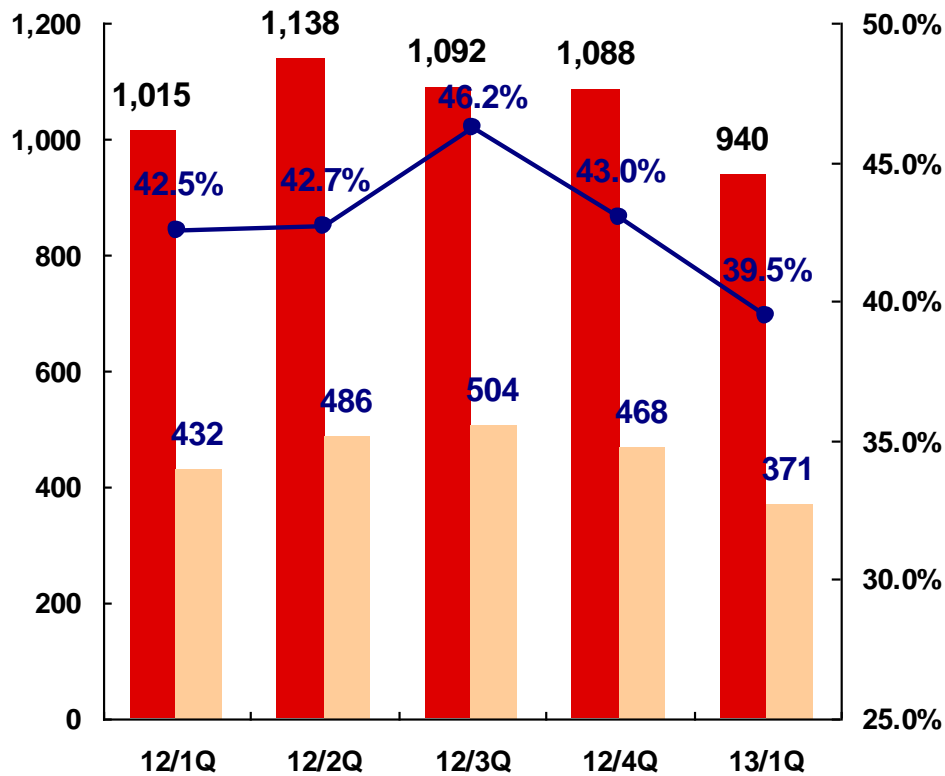
Various digital contents planning and development including social games for smartphones and feature phones provided to users across various platforms including SNS and mobile phone carriers. Also conduct other mobile media operations.



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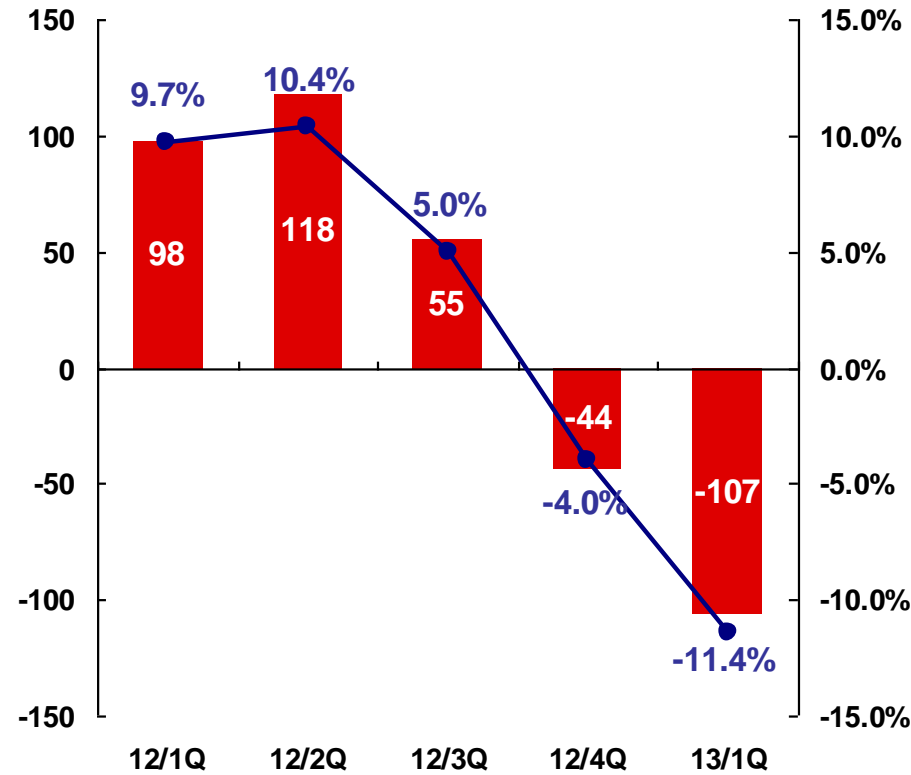
Media Contents Business Quarterly Earnings Trend

Sales, Gross Income



■ Sales ■ Gross Income ● Gross Margin

Operating Income



■ Operating Income ● Operating Margin

Media Contents Business Overview

1Q FY9/13 Earnings

	Value	YY Change	QQ Change
Sales	940	-7.4%	-13.6%
Gross Income	371	-14.0%	-20.7%
Gross Margin	39.5%	-3.0pt	-3.5pt
SG&A	478	+43.7%	-6.6%
Operating Income	-107	(-206)	(-63)
Operating Margin	-11.4%	-21.1pt	-7.4pt



Comments

- Social games sales declined to ¥519mn qq, and its composition of total segment sales fell to 55%
- New game title sales contribution limited, restraint in advertising and other expenses exercised but operating losses continued
- SEPTENI VENTURES promoting development of a total of 6 new business lines, anticipatory investments led to loss of ¥27mn

Social Games: Track Record





Sales Trend in Main Titles Provided

3 titles released in 1Q, cumulative number of registered users reached 3,320,000 at quarter end

Providing Company	Platform	Title	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q
	Mobage	Kingdom Chronicle	[Blue arrow from 12/1Q to 13/1Q]				
		Osama (King) Game	[Blue arrow from 12/2Q to 13/1Q]				
		Adventure Chronicle	[Blue arrow from 12/3Q to 13/1Q]				
		Legions of the sky	[Blue arrow from 12/3Q to 13/1Q]				
		ARAD SENKI SG	[Blue arrow from 13/1Q to 13/1Q]				
		Krono Makhia	[Blue arrow from 13/1Q to 13/1Q]				
	GREE	Legend of Grimoire Maiden Incarnation	[Blue arrow from 12/1Q to 13/1Q]				
		War Maidens from Ruined Countries	[Blue arrow from 12/3Q to 13/1Q]				
		“LAGRANGE, -The Flower of Rin-ne-Jersey Club girls” (Provider: NAMCO BANDAI Games Inc.)	[Blue arrow from 13/1Q to 13/1Q]				
Sales (¥mn)			350	563	593	639	519

Social Games: New Titles

- AXEL MARK expected to release 2-3 titles during 2Q
- Cytech to begin provision of 2 jointly developed, operated adapted-titles with NAMCO BANDAI Games Inc.

Providing Company	AXEL MARK INC.		Cytech, Inc.	
Platform	Mobage		GREE	
Title	Tales of the Kingdoms	Valkyrie of Darkness	“LAGRANGE, - The Flower of Rin-ne - Jersey Club girls”	AKB0048 GALAXY CINDERELLA
				
Provision Date	2013/1/28	2013/1/11	2012/12/20	2013/1/17
Joint Development / Operation	—	—	NAMCO BANDAI Games Inc. (NBGI)	
Genre	Card Battle Games			

Changes in Group Companies (2Q)

Consolidated Subsidiary ACRESS Sold (2013/2/5)

- Retreat from unprofitable commerce business, concentrate management resources on Internet business
- About ¥100mn in extraordinary income expected to be booked in 2Q FY9/13
- Marginal impact upon sales, and operating and ordinary incomes from 2Q forward

Power Technology Excluded from Equity Accounting Method Held Affiliate (2013/1/1)

- Power Technology was absorbed through merger and SEPTENI exercised appraisal right in accordance with corporate law
- ¥210mn in extraordinary income expected to be booked in 2Q FY9/13
- Marginal impact upon sales, and operating and ordinary incomes from 2Q forward

First Half FY9/13 Consolidated Earnings Estimates

	1H FY9/12	1H FY9/13		YY Growth	
		1Q	2Q Estimates		
Sales	20,514	10,891	11,200	22,091	+7.7%
Operating Income	865	290	375	665	-23.1%
Ordinary Income	931	338	394	732	-21.4%
Net Income	270	186	426	612	+126.6%

- ||| Internet Marketing Business expected to see continued growth in both sales and profits
- ||| Media Contents Business expected to see an increase in sales in 2Q (Jan-Mar) compared with the 1Q and a reduction in the margin of loss
- ||| As of the current time, extraordinary income of ¥310mn expected to be booked during 2Q, and contribute to a large increase in net income

Thank you very much for your interest!

 Contact Information

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All estimates, opinions and plans provided in this document are based on the best information available at the time of the creation of this document on February 5, 2013 and we do not guarantee their accuracy. Therefore our actual results may differ due to various unforeseen risk factors and changes in global economies.



2 ||| Appendix

Company Overview

As of September 30, 2012

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director Koki Sato
Headquarters	Sumitomo Fudosan Shinjuku Grand Tower 28 th Floor, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo
Stock Code	4293 (JASDAQ)
Business Realm	The holding company for a group of companies conducting primarily Internet related and other businesses
Established	October 29, 1990
Capitalization	¥2,009 million
Shares Issued	134,819 shares (Including 8,923 treasury shares)
Consolidated Workforce	721 Full time employees, 820 Full time and contracted employees

Main Group Companies by Business Segment

Holding Company

SEPTENI HOLDINGS CO., LTD.

February 5, 2013

Internet Marketing Business

SEPTENI CO., LTD.	Internet Advertising
MANGO, Inc.	SEM Operation
Vasara Inc.	Internet Advertising
HighScore, Inc.	Social Media Marketing Support
EAGLE i Co., Ltd.	Ad Network
Septeni Asia Pacific Pte. Ltd.	Internet Advertising for the Asia Pacific Region
Septeni America, Inc.	Internet Marketing in North America
SETPENI CROSSGATE CO., LTD.	Affiliate Network
ASP CO., LTD.	e-Marketing Solutions
Tricorn Corporation	CRM Services
TRIGGER INC.	Social Research

Media Contents Business

AXEL MARK INC.	Mobile Contents
Cytech, Inc.	Social Applications

Others

SEPTENI DIRECTMARKETING CO., LTD.	Direct Mail
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New Business Development

SEPTENI VENTURES Co., Ltd.

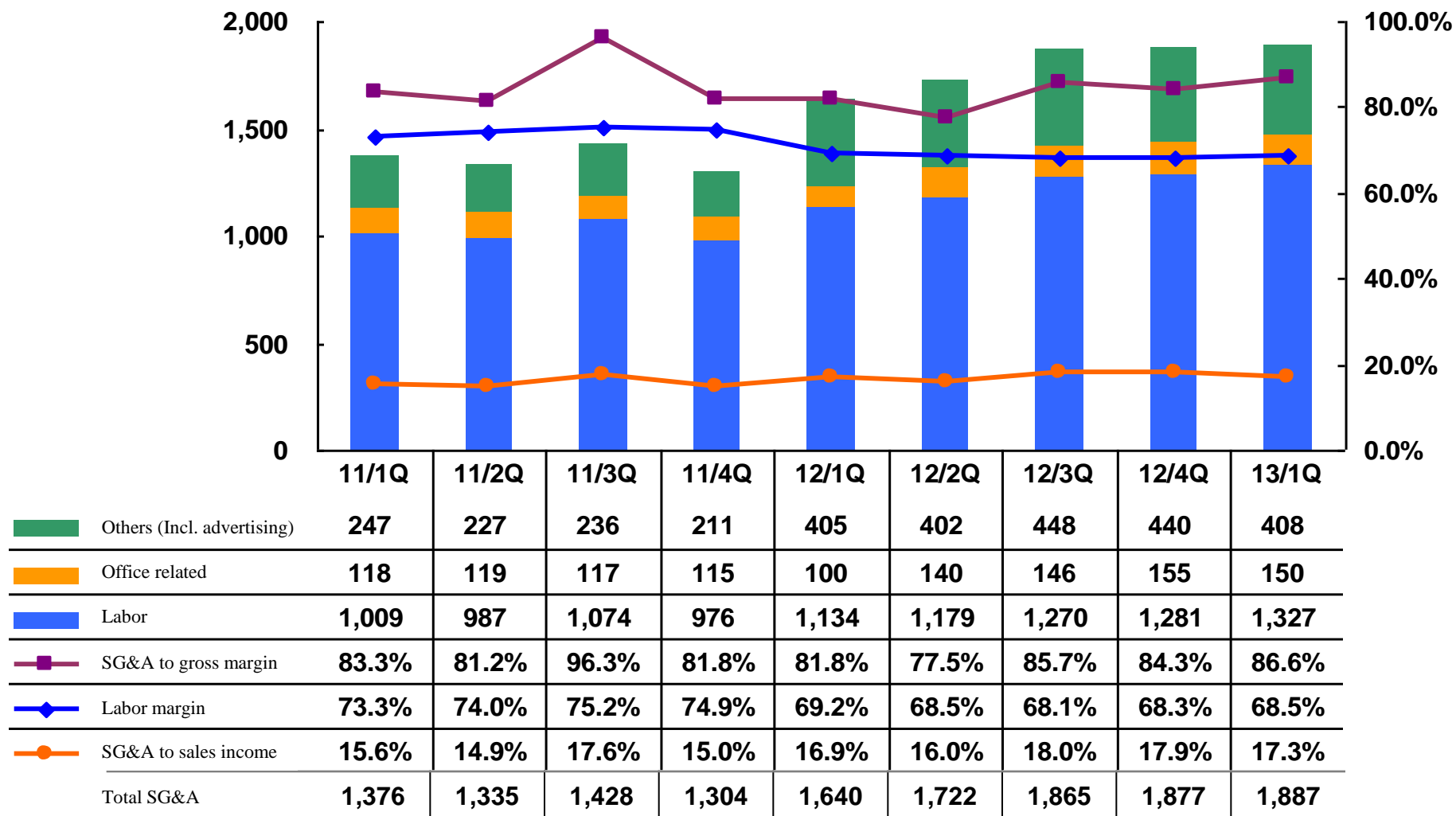
Consolidated Balance Sheet

	End 1Q FY9/13	End FY9/12	Change	Main Changes
Current Assets	11,190	11,381	-191	Cash and equivalents: -308 Notes, accounts receivables: +73
Fixed Assets	2,967	2,981	-14	
Total Assets	14,157	14,362	-205	
Current Liabilities	6,715	6,889	-174	Receivables: +144 Taxes: -319
Fixed Liabilities	162	227	-65	Long term debt: -51
Total Liabilities	6,877	7,116	-238	
Total Net Assets	7,279	7,246	+33	Retained earnings: +60 Minority interests: -35
Total Liabilities, Net Assets	14,157	14,362	-205	

Consolidated Cash Flow

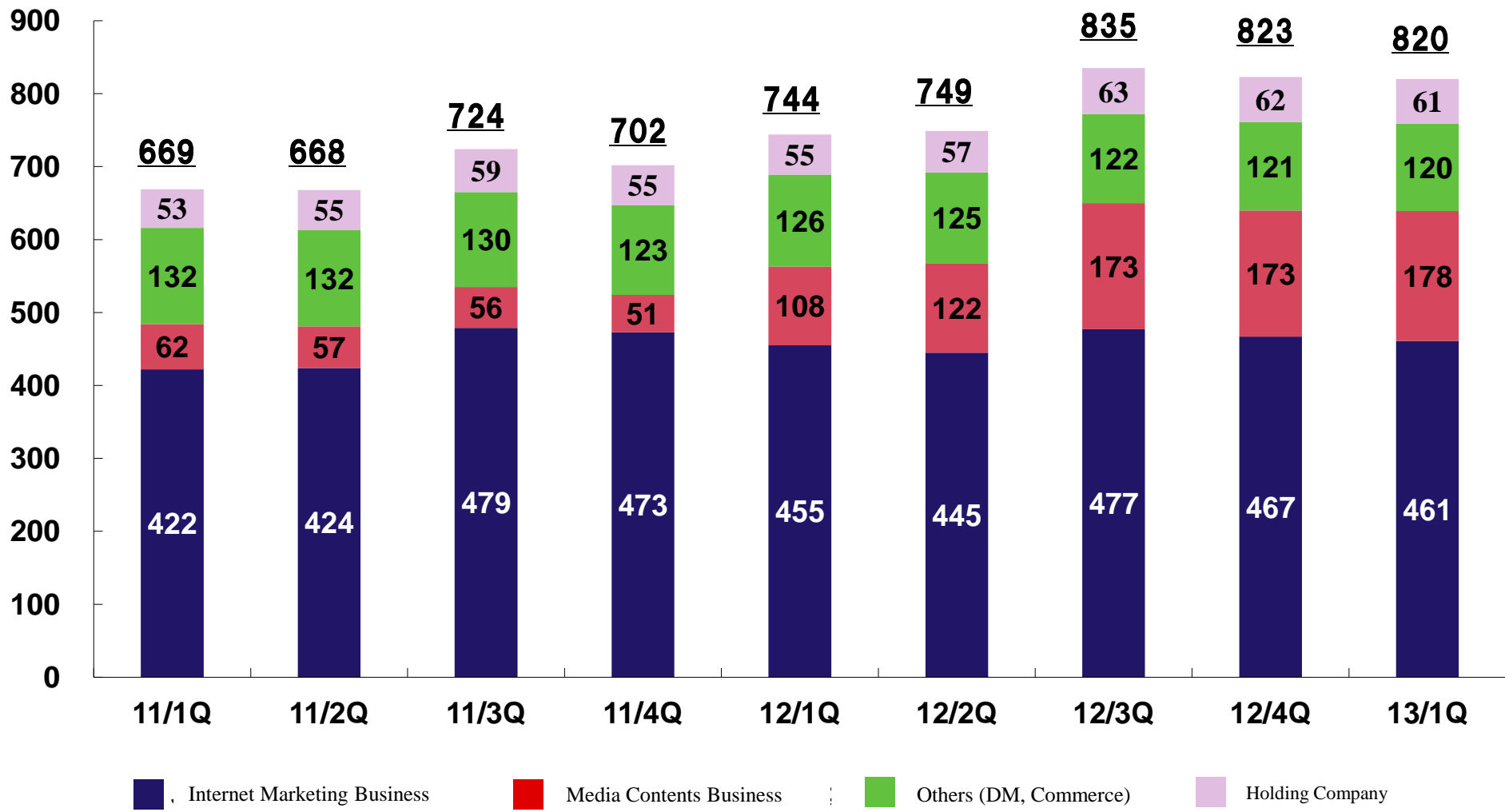
	1Q FY9/13 (Oct-Dec)	Main Changes	1Q FY9/12 (Oct-Dec)
Cash Flow from Operating Activities	-202	Income before taxes: +338 Bonus reserves: -130 Tax payments: -405	-76
Cash Flow from Investing Activities	-49	Investment partnership dividend: +39 Fixed asset acquisition: -90	-41
Cash Flow from Financing Activities	-62	Change in debt: +72 Dividend payment: -125	76
Translation Gains from Change in Cash and Equivalents	5		-
Change in Cash and Equivalents	-308		-41
Change in Cash and Equivalents Resulting from Merger of Consolidated Subsidiaries	-		140
Cash and Equivalents at Term End	4,822		4,552

Consolidated SG&A Expense Trend



SEPTENI Group Work Force Number Trend

(Units: People)



※ 1Q-4Q FY9/11 business division data adjusted to reflect new business division definitions.

Midterm Business Plan Overview

Concept

”SEPTENI Original”

Converting **in-house services** into new businesses through aggressive investments in growth fields

Create **high growth, high profitability** business models

Business Focus

Mobile

Social

Platforms

Earnings Targets (FY9/13)

Sales: **¥50.0bn**

Operating Income: **¥3.0bn**