



Business Results for 3rd Quarter of Fiscal Year September 2012

August 1, 2012

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

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



1 ||| Quarterly Earnings Overview

3Q FY9/12 Consolidated Earnings Highlights (Apr-Jun)

- Sales: ¥10,365mn (Up 27.4% year-over-year)
Operating Income: ¥310mn (Up 5.6 times year-over-year)
Exceed earnings estimates, setting new record high for 3Q
- Internet Marketing Business sales rose 20% year-over-year
Operating income rose by 3.4 times with a high rate of growth
- Social games continue to grow
Impact of “Complete Gacha” game termination was limited

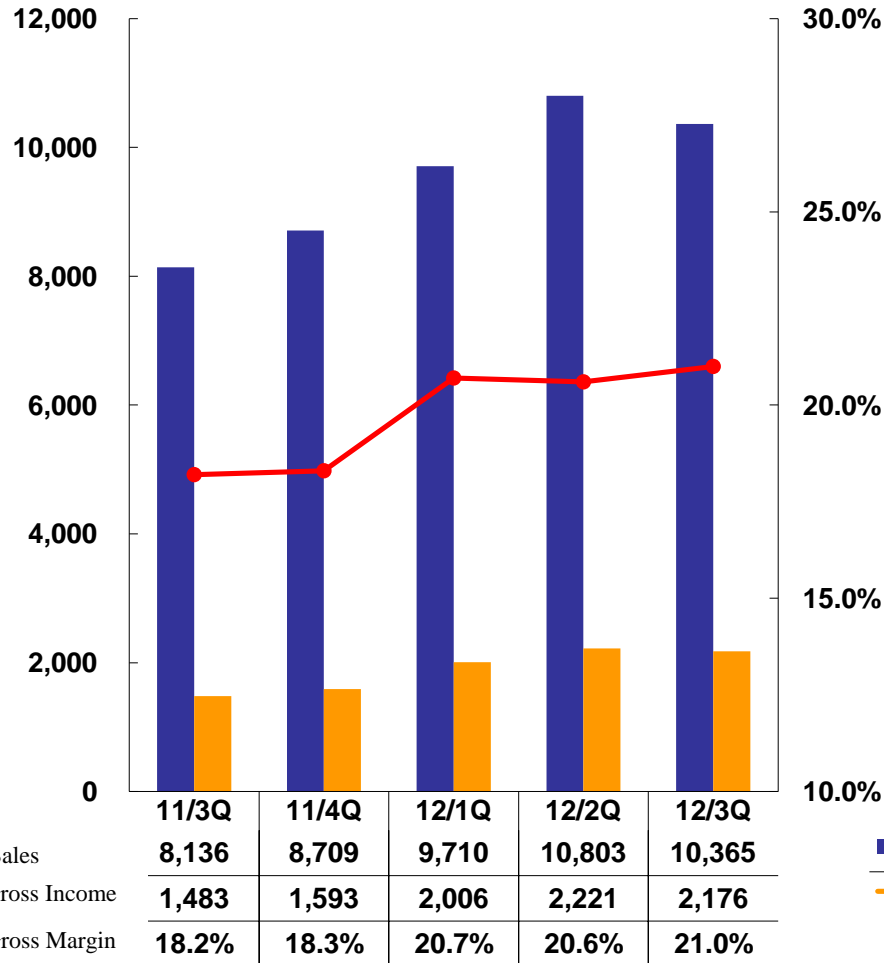
Consolidated Income Statement (Apr-Jun)

| | 3Q FY9/12 | | | | 3Q FY9/11 | | 2Q FY9/12 | |
|------------------|-----------|--------|-----------|-----------|-----------|--------|-----------|--------|
| | Value | Share | YY Change | QQ Change | Value | Share | Value | Share |
| Net Sales | 10,365 | 100.0% | +27.4% | -4.0% | 8,136 | 100.0% | 10,803 | 100.0% |
| Gross Income | 2,176 | 21.0% | +46.7% | -2.1% | 1,483 | 18.2% | 2,221 | 20.6% |
| SG&A | 1,865 | 18.0% | +30.6% | +8.3% | 1,428 | 17.6% | 1,722 | 16.0% |
| Operating Income | 310 | 3.0% | +460.4% | -37.7% | 55 | 0.7% | 498 | 4.6% |
| Ordinary Income | 324 | 3.1% | +235.4% | -38.1% | 96 | 1.2% | 524 | 4.9% |
| Net Income | 173 | 1.7% | +195.7% | +22.4% | 58 | 0.7% | 141 | 1.3% |

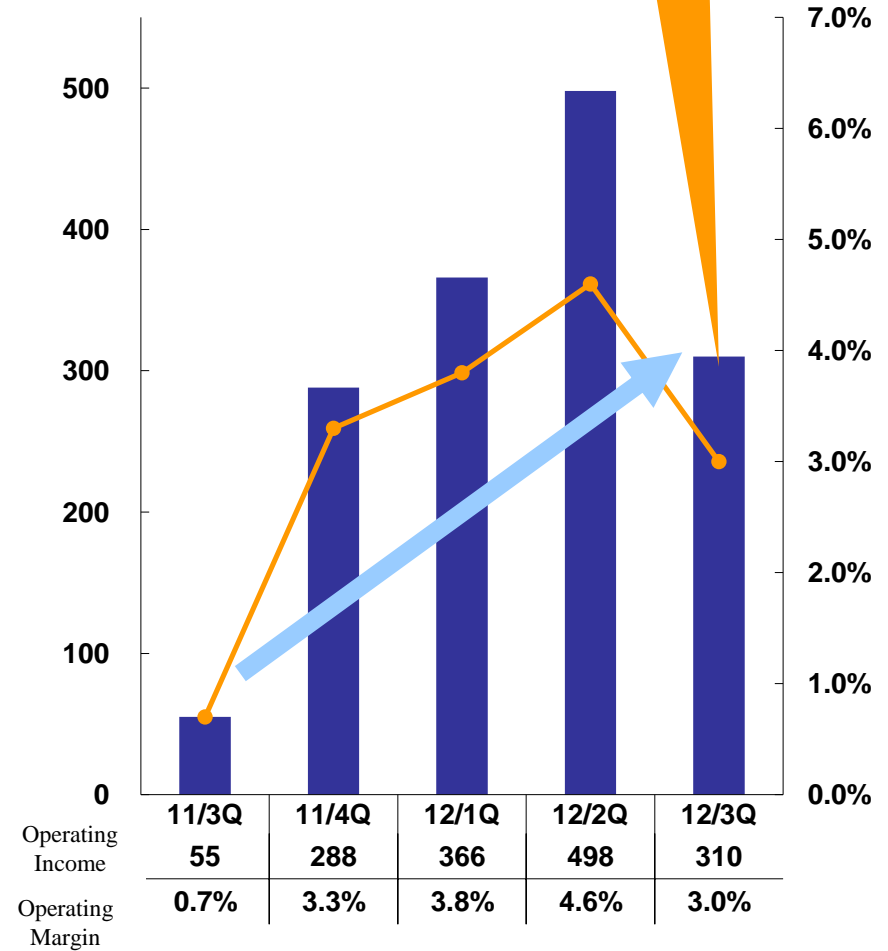
- ||| **Improvement in gross margins** due to an expansion in social games
- ||| Anticipatory investments from 77 new graduates and other hirings, advertising and promotional costs for social games caused SG&A to rise
(Rose ¥437mn yy, ¥142mn qq)
- ||| Anticipatory investments in new businesses led to a ¥75mn loss

Quarterly Consolidated Earnings Trend

Sales, Gross Income



Operating Income



Changes in Business Segments

Our Business Will Be Divided into the Three Segments of **Internet Marketing**, **Media Contents**, and **Others** from the Current Term

||| FY9/11

| Internet Advertising Business |
|-------------------------------|
| Internet Advertising Agency |
| Ad Network |
| Mobile Media Rep |

| Technology Business |
|---|
| Cloud CRM Type Services (Tricorn Corporation) |
| Social Application Development (Cytech, Inc.) |

| Contents Business |
|-------------------|
| Mobile Contents |

| Direct Marketing Business |
|----------------------------------|
| Direct Mail Outsourcing Services |
| In-Ship Advertising |

| Other Business |
|----------------|
| Commerce |

||| From FY9/12

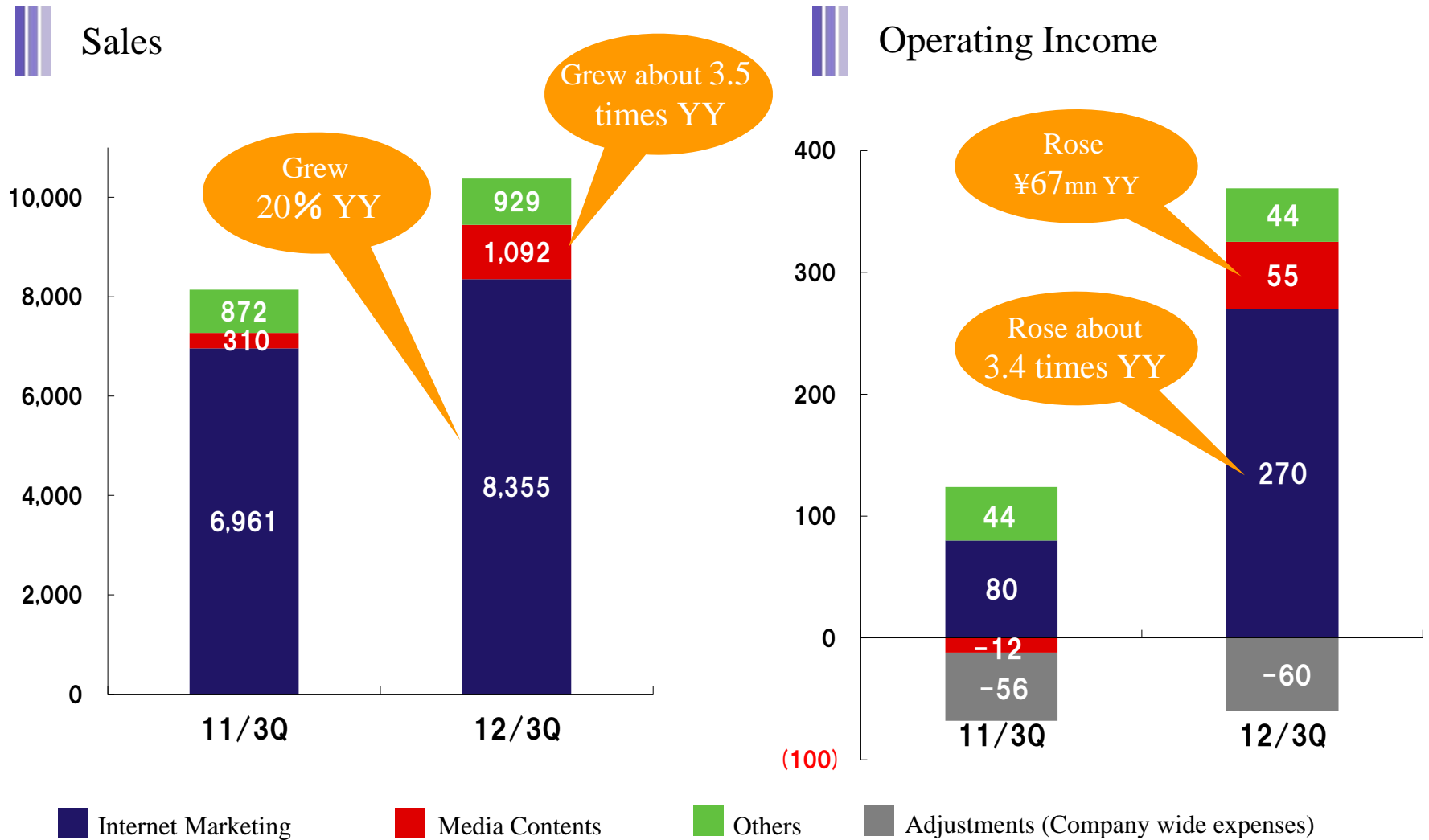
| Internet Marketing Business |
|-----------------------------|
|-----------------------------|

| Media Contents Business |
|-------------------------|
|-------------------------|

| Others |
|--------|
|--------|

※ Reported segments include the two segments of Internet Marketing Business and Media Contents Business

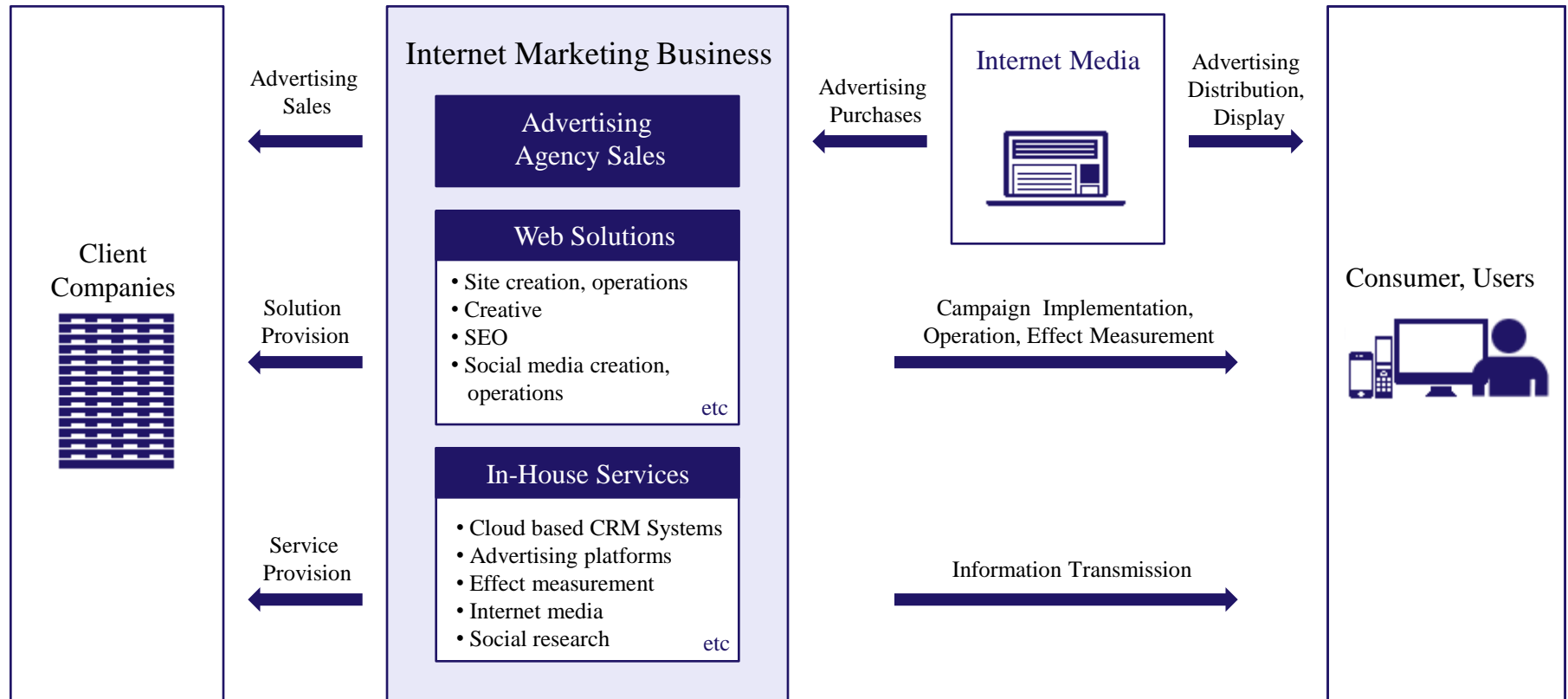
Earnings By Business Segments (Apr-Jun)



※ 3Q FY9/11 Business segment earnings have been revised to reflect the new business segment definitions

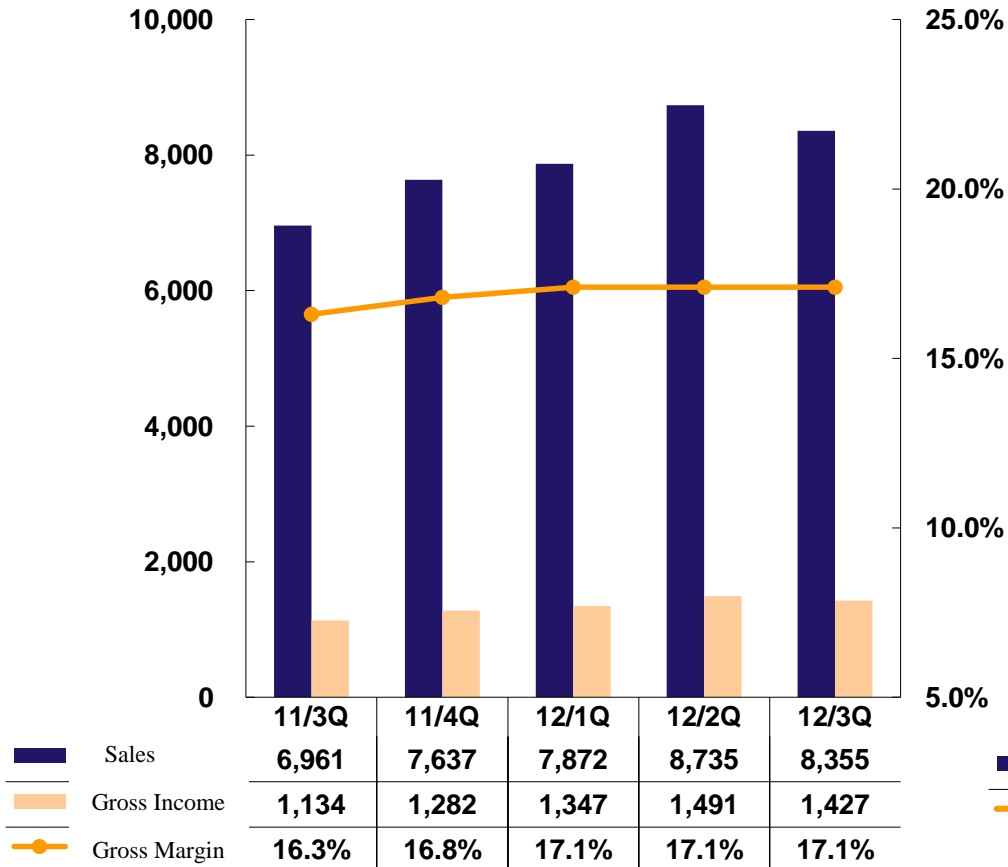
Internet Marketing Business Overview

Comprehensive **Marketing Support Services** for corporations leveraging the Internet. With 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.

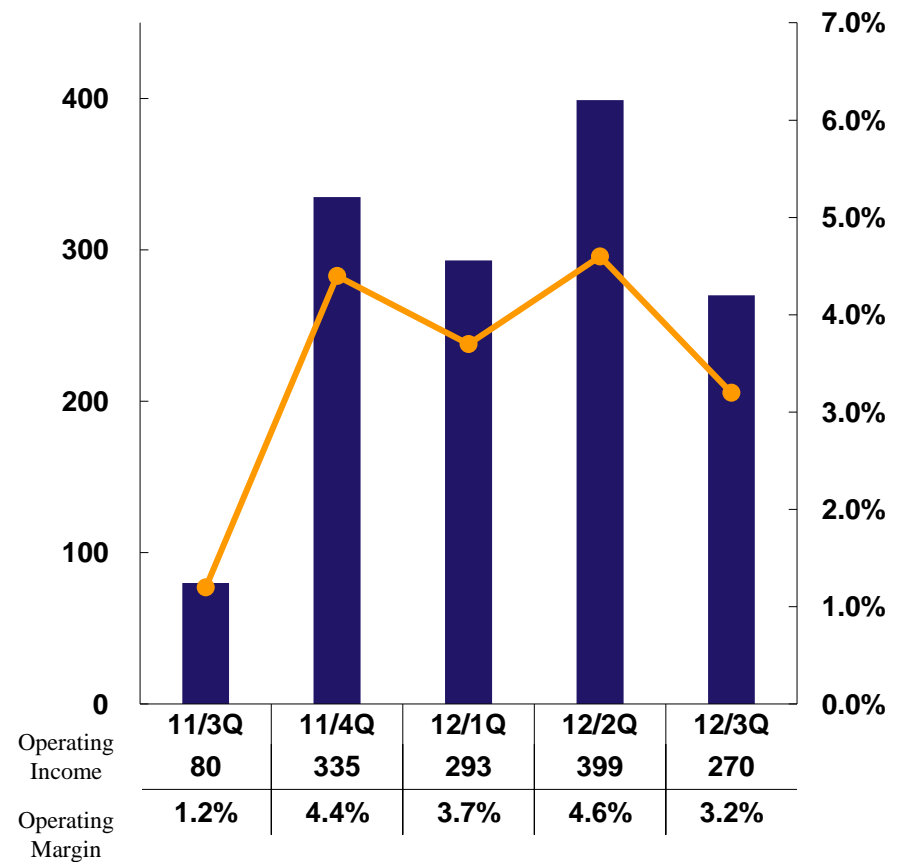


Internet Marketing Business Quarterly Earnings Trend

Sales, Gross Income



Operating Income



※ 3Q to 4Q FY9/11 earnings data adjusted to reflect new business segment definitions

Internet Marketing Business Conditions

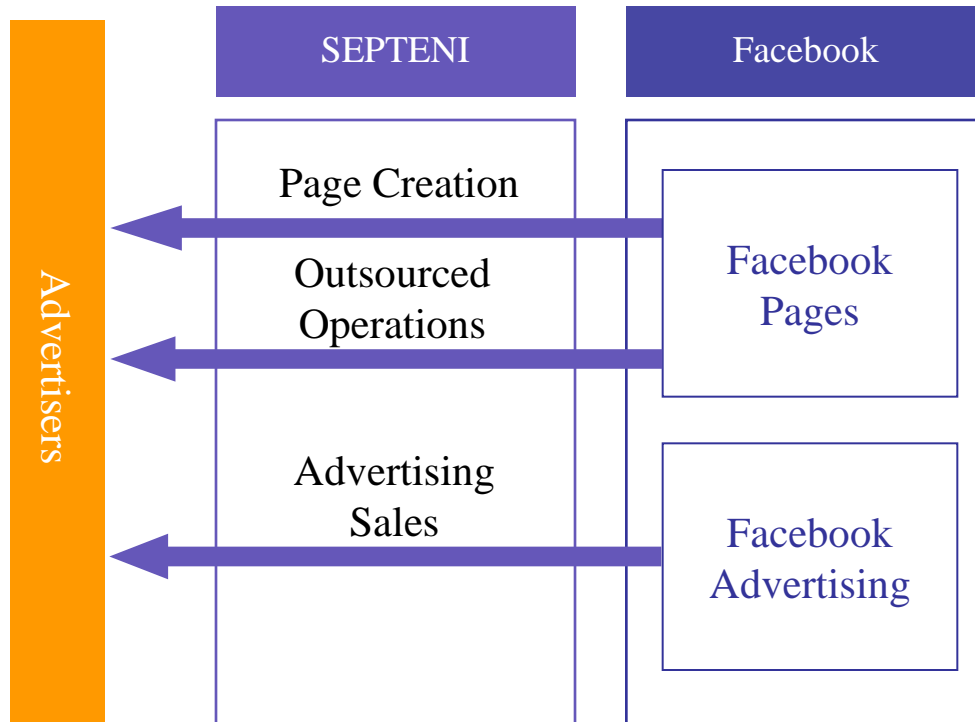
3Q FY9/12 Earnings

| | Value | YY Change | QQ Change |
|------------------|--------------|-----------|-----------|
| Sales | 8,355 | +20.0% | -4.3% |
| Gross Income | 1,427 | +25.9% | -4.3% |
| Gross Margin | 17.1% | +0.8pt | +0.0pt |
| SG&A | 1,156 | +9.8% | +5.9% |
| Operating Income | 270 | +236.9% | -32.1% |
| Operating Margin | 3.2% | +2.0pt | -1.4pt |

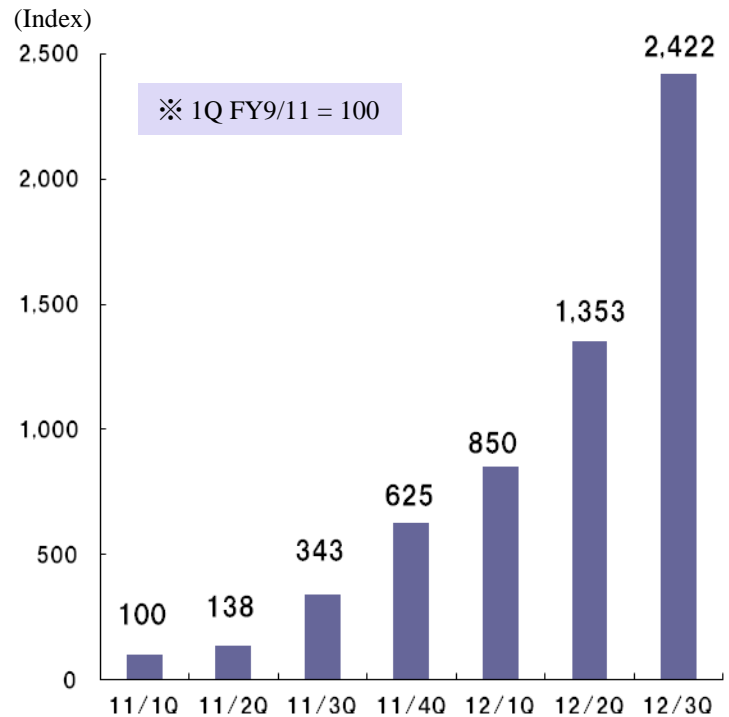
Comments

- Internet advertising demand strong
Sales rose by large **20%** yy margin
- Higher personnel costs on 50 new graduate hires led to increase in SG&A costs (Rose ¥102mn yy, ¥64mn qq)
- Facebook** related services grew by a strong **1.8 times** qq
- Smartphone advertising** sales rose **31%** qq, exceeded feature phone sales

Facebook Related Services



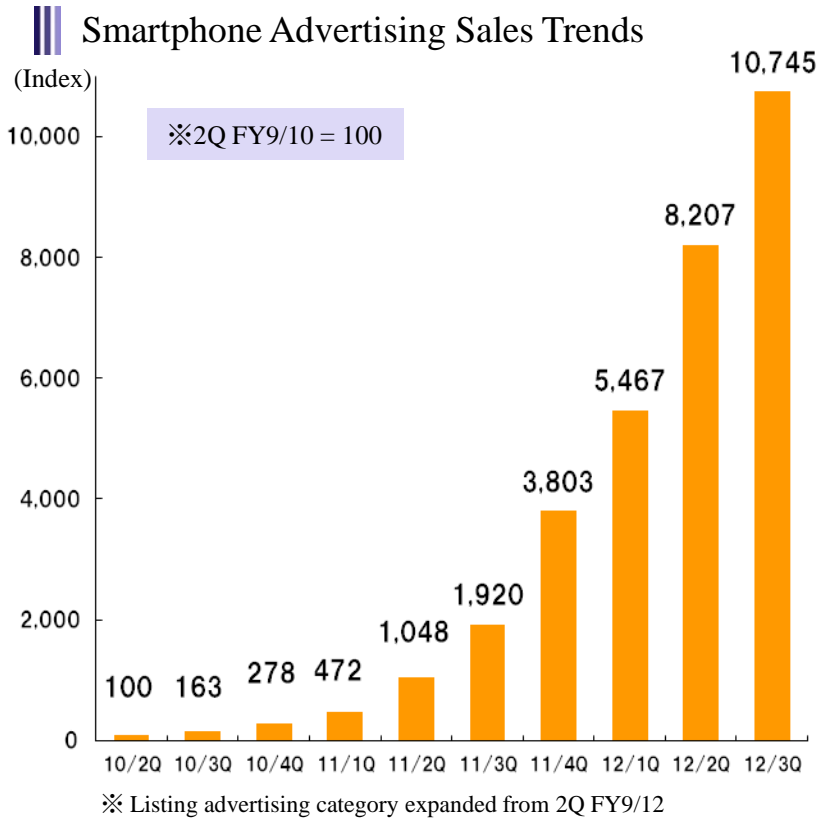
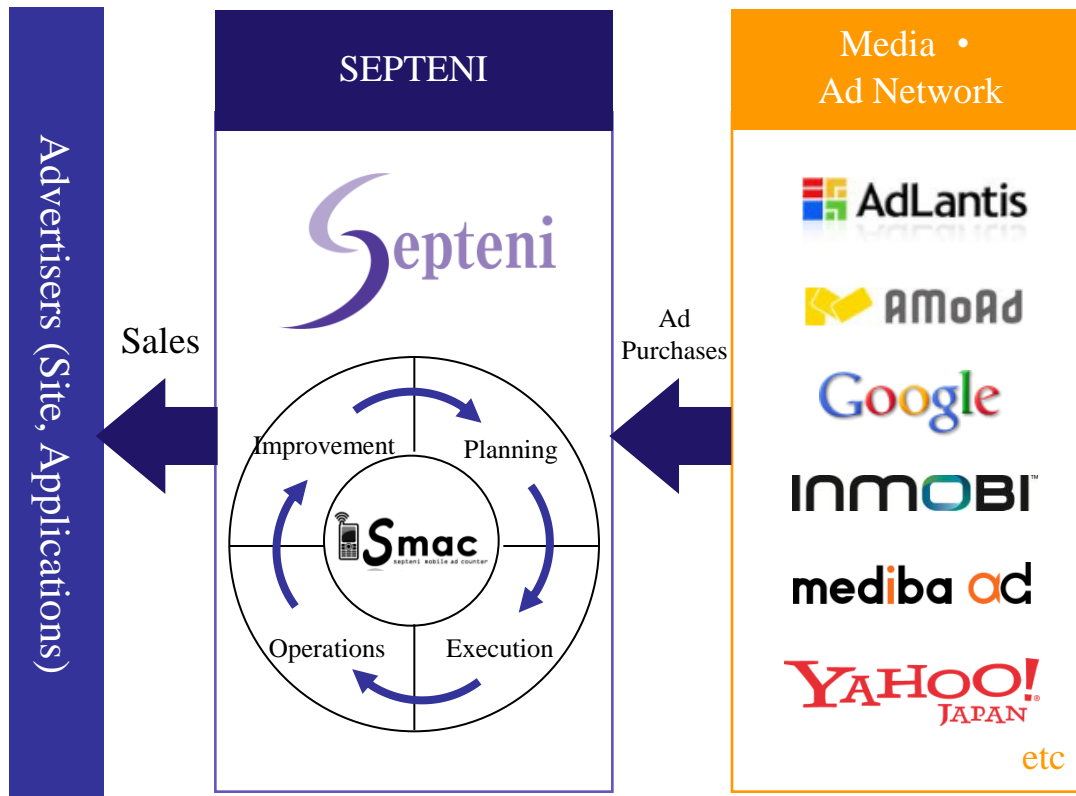
Facebook Related Sales Trend



Sales rose by a strong **7 times** year-over-year, **1.8 times** quarter-over-quarter

Number of companies with which we have transactions exceeded **200**

Smartphone Advertising



Smartphone advertising sales surpassed feature phone advertising

Provision of in-house media “**Sekai no Kami Apuli**” started

Fortify promotional support provided to app development companies



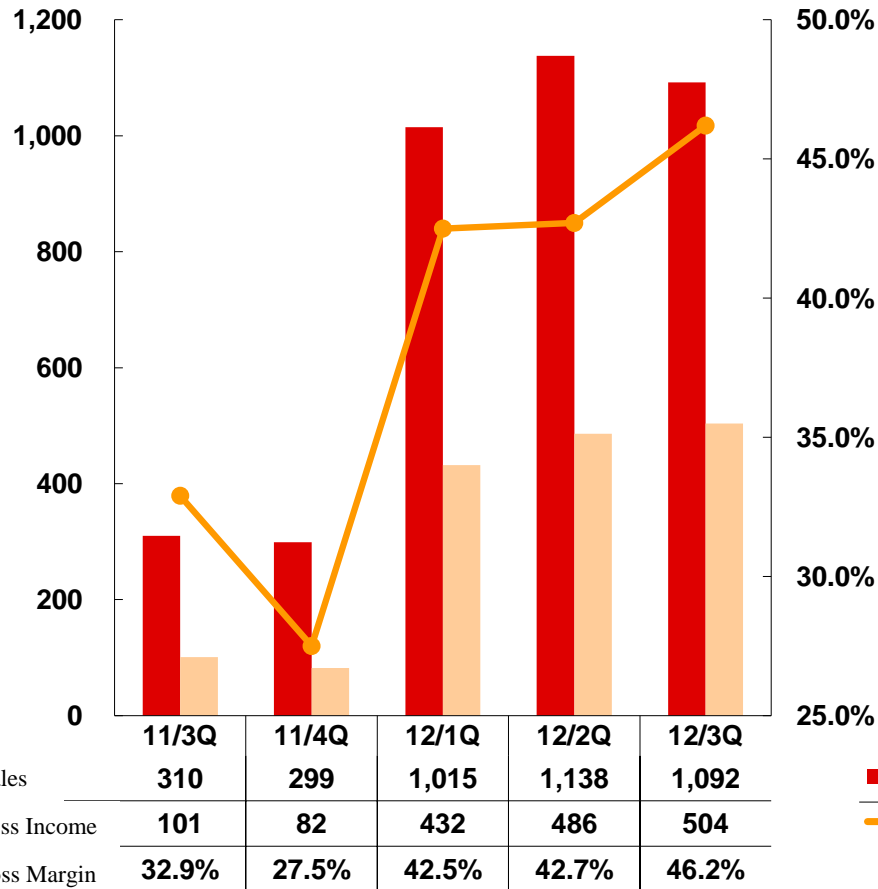
Media Contents Business Overview

Various digital contents planning and development including social games for smartphones and traditional cellular telephones provided to users across various platforms including SNS and cellular telephone service carriers. Also conduct other mobile media operations.

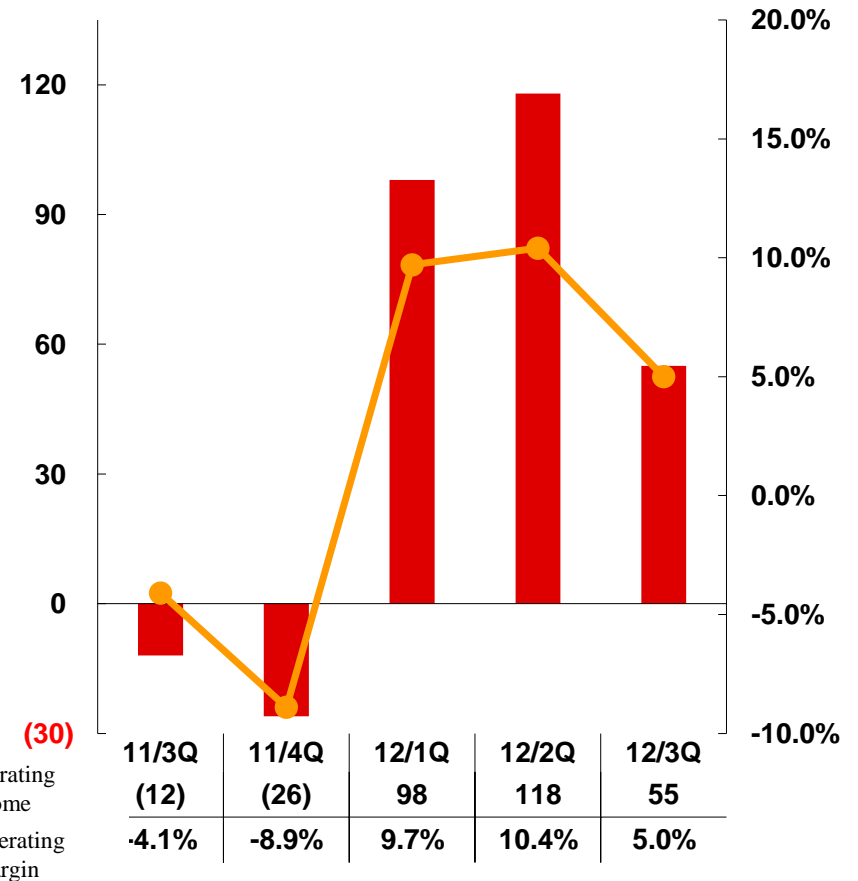


Media Contents Business Quarterly Earnings Trend

Sales, Gross Income



Operating Income



※ 3Q-4Q FY9/11 earnings data adjusted to reflect new business segment definitions

Media Contents Business Conditions

3Q FY9/12 Earnings

| | Value | YY Change | QQ Change |
|------------------|-------|-----------|-----------|
| Sales | 1,092 | +252.2% | -4.1% |
| Gross Income | 504 | +395.3% | +3.8% |
| Gross Margin | 46.2% | +13.3pt | +3.5pt |
| SG&A | 449 | +292.7% | +22.2% |
| Operating Income | 55 | (+67) | -53.4% |
| Operating Margin | 5.0% | +9.1pt | -5.4pt |

Comments



- Social games has risen to about 54% of sales and the subsequent improvement in gross margins contributed to an increase in gross income both yy and qq
- Termination of “Complete Gacha” games at end May had only limited impact upon 3Q earnings
- AXEL MARK purchased INDI SOFTWARE Co., Ltd. (M&A) as part of its efforts to fortify its social game development capability
- Implemented measures to fortify personnel in social games division, strengthen advertising, and other anticipatory investments in new services for smartphones

Social Games Track Record

Titles Provided and Sales Trends

Record high sales achieved in June even after the termination of “Complete Gacha”

| | | | 1Q FY9/12 | | | 2Q FY9/12 | | | 3Q FY9/12 | | |
|--------------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|
| Sales | | | 350 | | | 563 | | | 593 | | |

| Providing Company | Platform | Title | 2011 | | | 2012 | | | | | |
|---|----------|---------------------------------------|------|----|----|------|---|---|---|---|---|
| | | | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 |
|  AXEL MARK INC. | Mobage | Kingdom Chronicle | → | | | | | | | | |
| | | Osama (King) Game | → | | | | | | | | |
| | | Adventure Chronicle | → | | | | | | | | |
| | | Legions of the sky | → | | | | | | | | |
|  Cytech, Inc. | GREE | Legend of Grimoire Maiden Incarnation | → | | | | | | | | |
| | | War Maidens from Ruined Countries | → | | | | | | | | |

Future Social Games

||| New Titles



“Professional Baseball Chronicle”

- ||| Provision Start: 2012/7/17
- ||| Platform: Mobage
- ||| Joint Operator: Fuji Television Network, Inc.



“Space-time War Maiden Oracle”

- ||| Provision Start: 2012/7/23
- ||| Platform: GREE

||| 4th Quarter Outlook

- ||| Sales expected to expand on back of contribution from above new titles, and limited impact from new regulations of various guidelines
- ||| Start development for overseas expansion

New Services for Smartphones

SEPTENI VENTURES Co., Ltd. Providing 2 Services as New Businesses

Cluecoo



A smartphone application that allows not only textbooks and other hardware, but also translation and other services to be transacted between users.

Provided to students at **18 universities in the Tokyo metropolitan area.**

bondship



A game that presents groups of users missions using location information.

O to O Marketing platform that can be adapted to amusement facilities and restaurants

※ Marketing that leverages the Internet to encourage purchasing activities for bricks and mortar stores (From online to offline strategy)



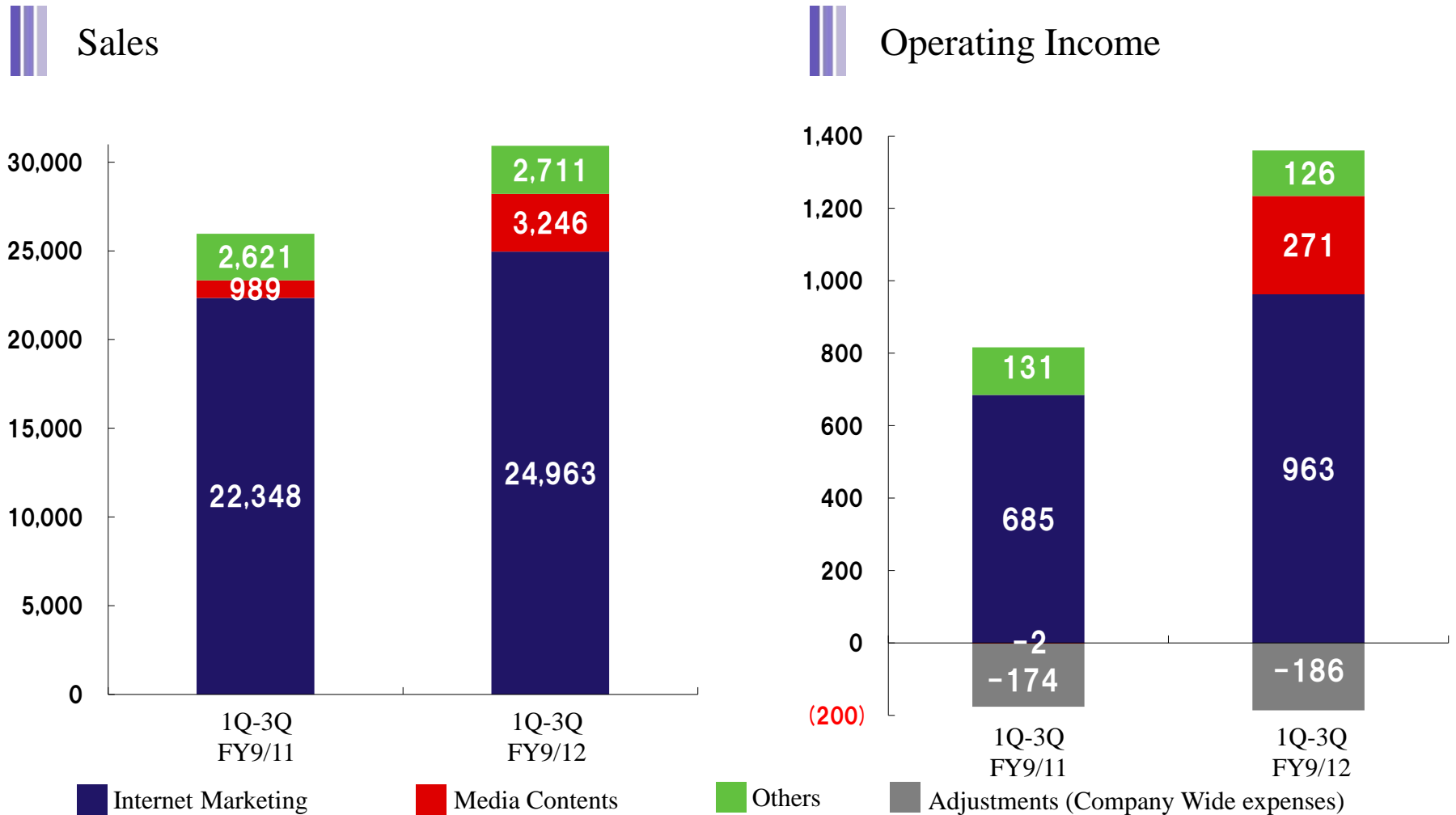
**2 ||| 3Q Earnings Results,
4Q Earnings Estimates**

Consolidated Income Statement (Oct-Jun)

| | 1Q-3Q FY9/12 | | | 1Q-3Q FY9/11 | |
|------------------|---------------|--------|----------------|--------------|--------|
| | Value | Share | YY Change | Value | Share |
| Sales | 30,879 | 100.0% | + 19.1% | 25,922 | 100.0% |
| Gross Income | 6,404 | 20.7% | + 34.0% | 4,779 | 18.4% |
| SG&A | 5,228 | 16.9% | + 26.3% | 4,139 | 16.0% |
| Operating Income | 1,175 | 3.8% | + 83.8% | 639 | 2.5% |
| Ordinary Income | 1,255 | 4.1% | + 90.1% | 660 | 2.6% |
| Net Income | 443 | 1.4% | + 25.9% | 352 | 1.4% |

- ||| Operating, ordinary incomes have already exceeded previous full year record highs
- ||| Net income achieved double digit growth

Earnings by Business Segment (Oct-Jun)



※ 1Q-3Q FY9/11 earnings data adjusted to reflect new business segment definitions

4Q FY9/12 Consolidated Earnings Estimates

Given changes in the operating environment, SEPTENI has chosen to announce earnings estimates for only the quarter immediately following the quarter for which results have been announced

First estimate for the full year has been disclosed from 3Q FY9/12

| | FY9/11 | 1Q-3Q FY9/12 | 4Q FY9/12 Estimate | FY9/12 Full Year Estimate | YY Change |
|------------------|--------|--------------|--------------------|---------------------------|---------------|
| Sales | 34,632 | 30,879 | 10,600 | 41,479 | +19.8% |
| Operating Income | 928 | 1,175 | 430 | 1,605 | +72.8% |
| Ordinary Income | 980 | 1,255 | 450 | 1,705 | +74.0% |
| Net Income | 429 | 443 | 240 | 683 | +59.2% |

||| 4Q (Jul-Sep) Internet Marketing Business expected to grow from both the previous quarter and previous fiscal year

||| Anticipatory investments are being made for the expansion of the social games realm within Media Contents Business

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 Media

Platforms

Earnings Targets (FY9/13)

Sales: **¥50.0bn**

Operating Income: **¥3.0bn**

Thank you 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 August 1, 2012 and we do not guarantee their accuracy. Therefore our actual results may differ due to various unforeseen risk factors and changes in global economies.



3 ||| Appendix

Company Overview

As of June 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 mainly Internet related and other businesses |
| Established | October 29, 1990 |
| Capitalization | ¥2,007 million |
| Shares Issued | 134,749 shares (Including 8,923 treasury shares) |
| Consolidated Workforce | 723 Full time employees, 835 Full time and contracted employees |

Main Group Companies by Business Segment

Holding Company

SEPTENI HOLDINGS CO., LTD.

As of August 1, 2012

Internet Marketing Business

| | |
|--------------------------------|--|
| SEPTENI CO., LTD. | Internet Advertising |
| mume, Inc | Mobile Advertising |
| MANGO, Inc. | SEM Operation |
| Vasara Inc. | Internet Advertising |
| HighScore, Inc. | Social Media, Marketing Support |
| GRP Co., Ltd. | Television Advertising |
| EAGLE i Co., Ltd. | Ad Network |
| Septeni Asia Pacific Pte. Ltd. | Internet Advertising for the Asia Pacific Region |
| 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 |
| ACRESS | Mail-order |

New Business Development

SEPTENI VENTURES Co., Ltd.

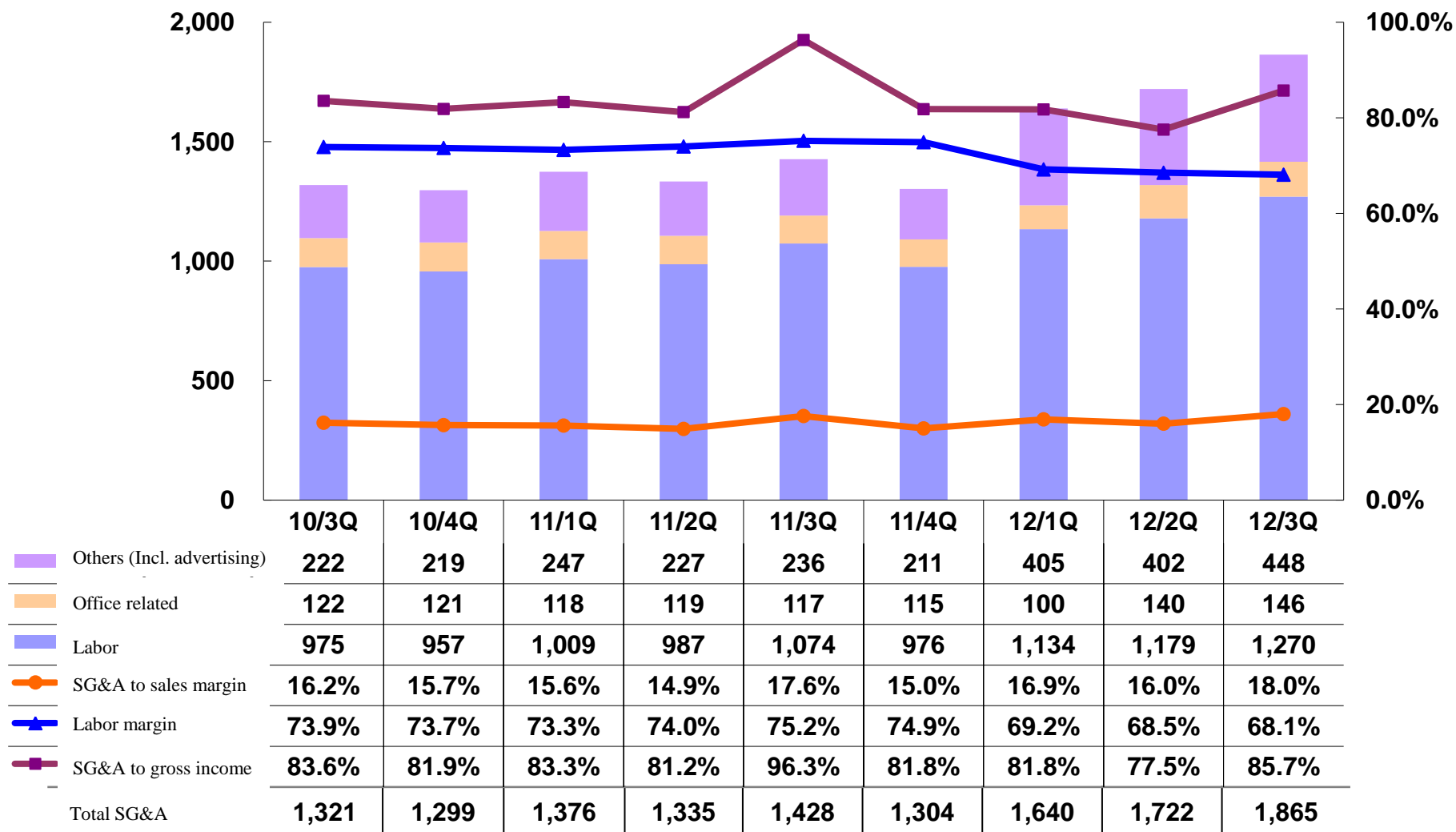
Consolidated Balance Sheet

| | End 3Q FY9/12 | End 2Q FY9/12 | Change | Main Changes |
|--|---------------|---------------|--------|--|
| Current Assets | 11,308 | 11,596 | -287 | Cash, equivalents: +105 Notes, accounts receivables: -347 |
| Fixed Assets | 2,797 | 2,618 | +179 | Goodwill: +176 |
| Total Assets | 14,106 | 14,214 | -108 | |
| Current Liabilities | 6,763 | 7,105 | -341 | Accounts payables: -422 Short term debt: +89 |
| Fixed Liabilities | 287 | 264 | +23 | |
| Total Liabilities | 7,050 | 7,369 | -318 | |
| Total Net Assets | 7,055 | 6,845 | +210 | Retained earnings: +173 |
| Total Liabilities, Net Assets | 14,106 | 14,214 | -108 | |

Consolidated Cash Flow

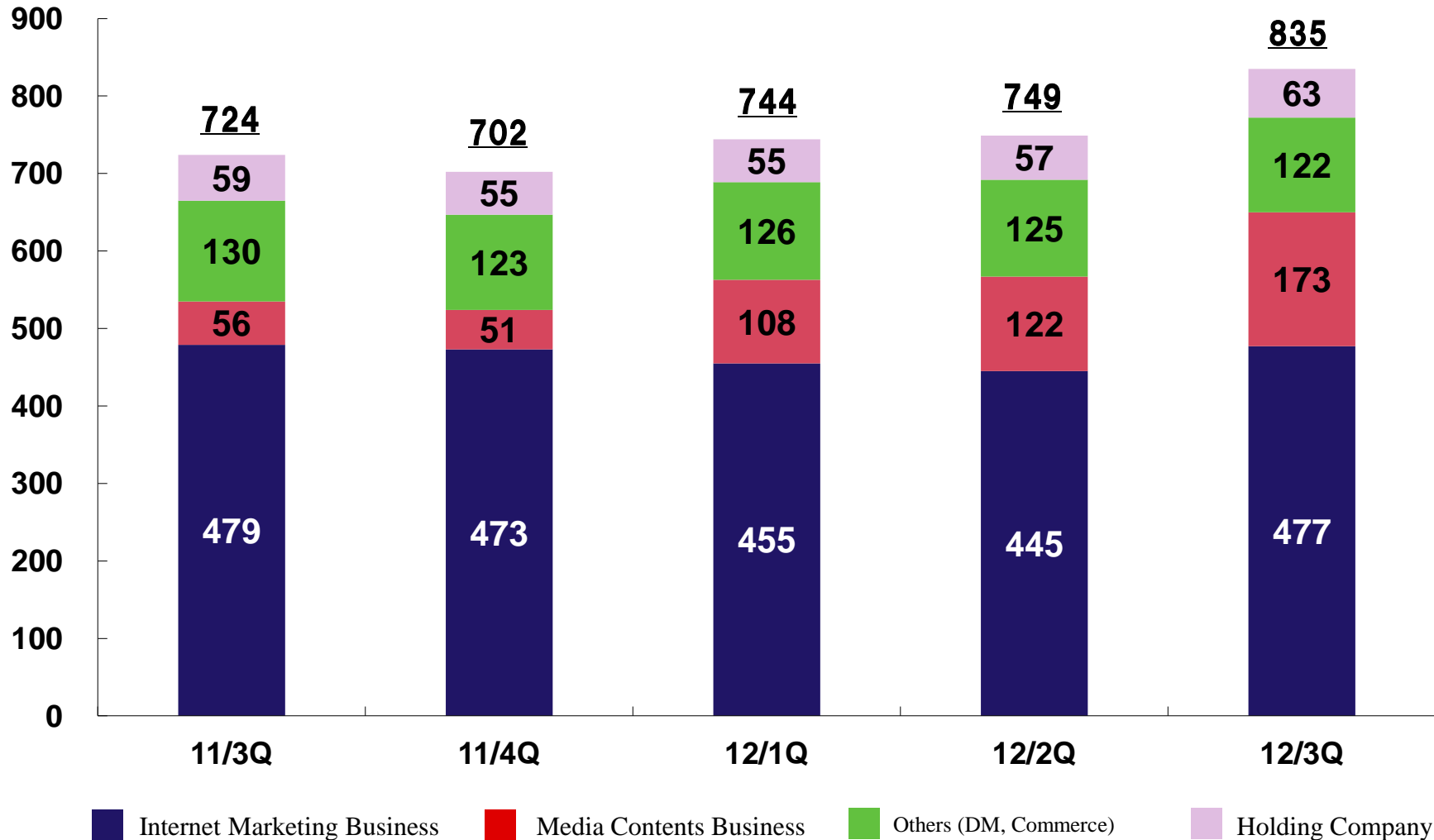
| | 3Q FY9/12 (Apr-Jun) | Main Changes | 3Q FY9/11 (Apr-Jun) |
|---|------------------------|---|------------------------|
| Cash Flow from Operating Activities | 177 | Net income before taxes, adjustments: +329 Corporate tax payment: -259 | 78 |
| Cash Flow from Investing Activities | -137 | Acquisition of marketable securities: -50 Acquisition of subsidiaries' shares: -70 | -473 |
| Cash Flow from Financing Activities | 67 | Increase in debt: +65 | -42 |
| Translation Gains from Change in Cash and Equivalents | -1 | | — |
| Change in Cash and Equivalents | 105 | | -437 |
| Cash and Equivalents at Term End | 5,255 | | 4,335 |

Consolidated SG&A Expense Trend



SEPTENI Group Work Force Number Trend

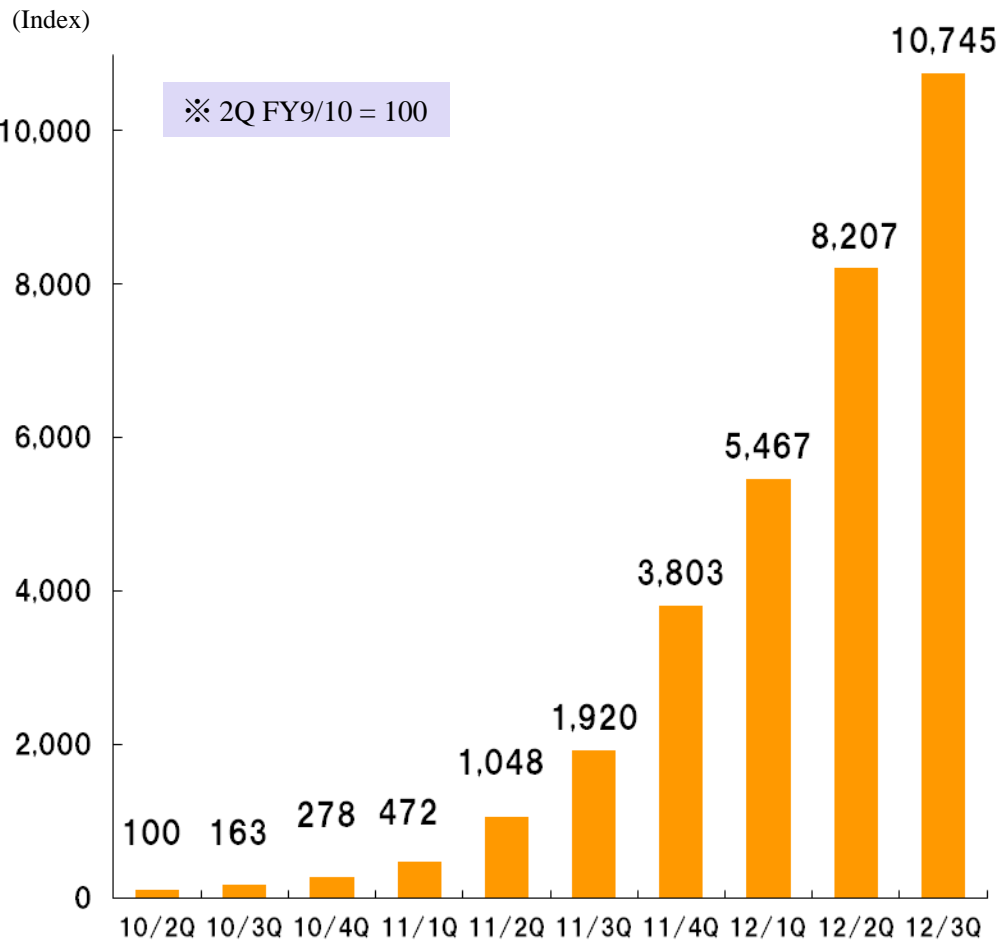
(Units: Persons)



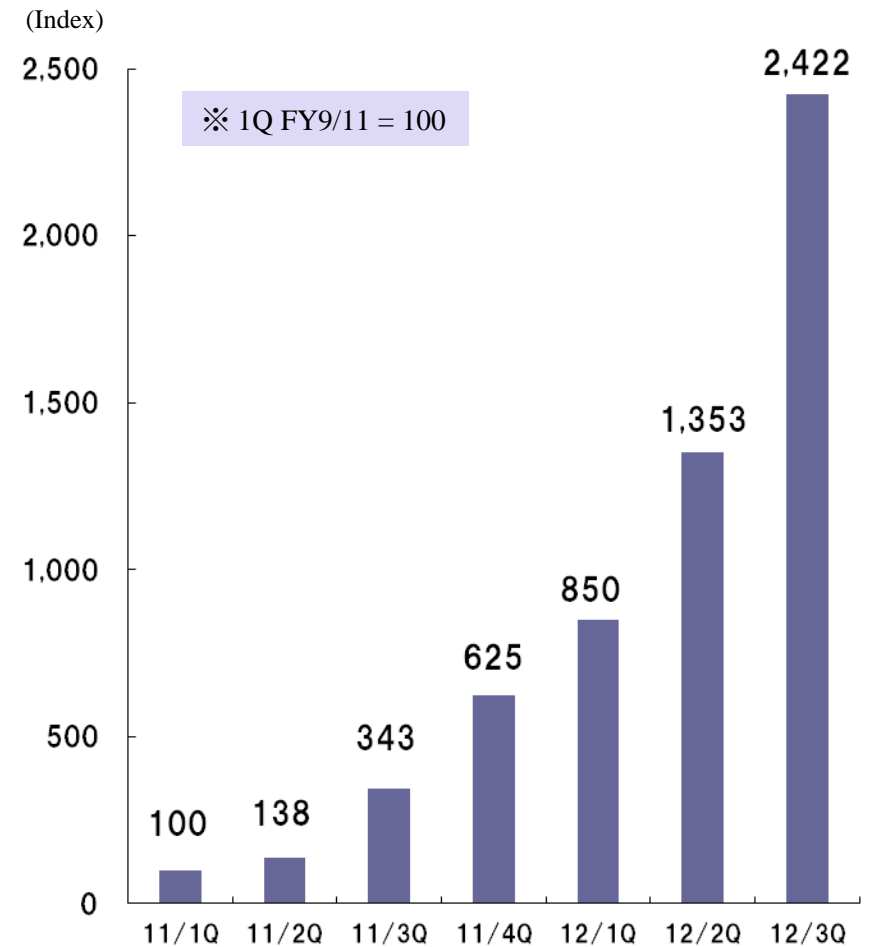
※ 3Q to 4Q FY9/11 business division data adjusted to reflect new business division definitions.

Focus of the Internet Marketing Business

Smartphone Advertising Sales Trend



Facebook Related Sales Trend



※ From 2Q FY9/12 scope of listing advertising expanded