



Business Results For 2Q Fiscal Year September 2013

May 2, 2013

SEPTENI HOLDINGS CO., LTD.

<http://www.septeni-holdings.co.jp/en/>

Securities Code: 4293

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※ All data in this document are in units of million yen unless otherwise stated



1 ||| Quarterly Earnings Overview

2Q Consolidated Earnings Highlights (Jan-Mar)

Sales: ¥11,566 million (Up 7.1% yy)

Operating Income: ¥479 million (Down 3.8% yy)

Sales reached a new record high

Internet Marketing Business sales and operating income rose 14% and 42% yy contributing to favorable consolidated earnings

Media Contents Business saw its margin of loss contract by ¥72 million and the profitability of social games improved

Net income rose by approximately 3.9 times yy to a new record high of ¥549 million due to the occurrence of extraordinary income

Consolidated Income Statement (Jan-Mar)

	2Q FY9/13				2Q FY9/12	1Q FY9/13	2Q FY9/13 Estimate
	Value	Share	YY Change	QQ Change			
Sales	11,566	100.0%	+7.1%	+6.2%	10,803	10,891	11,200
Gross Income	2,202	19.0%	-0.9%	+1.1%	2,221	2,178	—
SG&A	1,722	14.9%	-0.0%	-8.7%	1,722	1,887	—
Operating Income	479	4.2%	-3.8%	+65.0%	498	290	375
Ordinary Income	542	4.7%	+3.4%	+60.3%	524	338	394
Net Income	549	4.8%	+288.4%	+194.6%	141	186	426

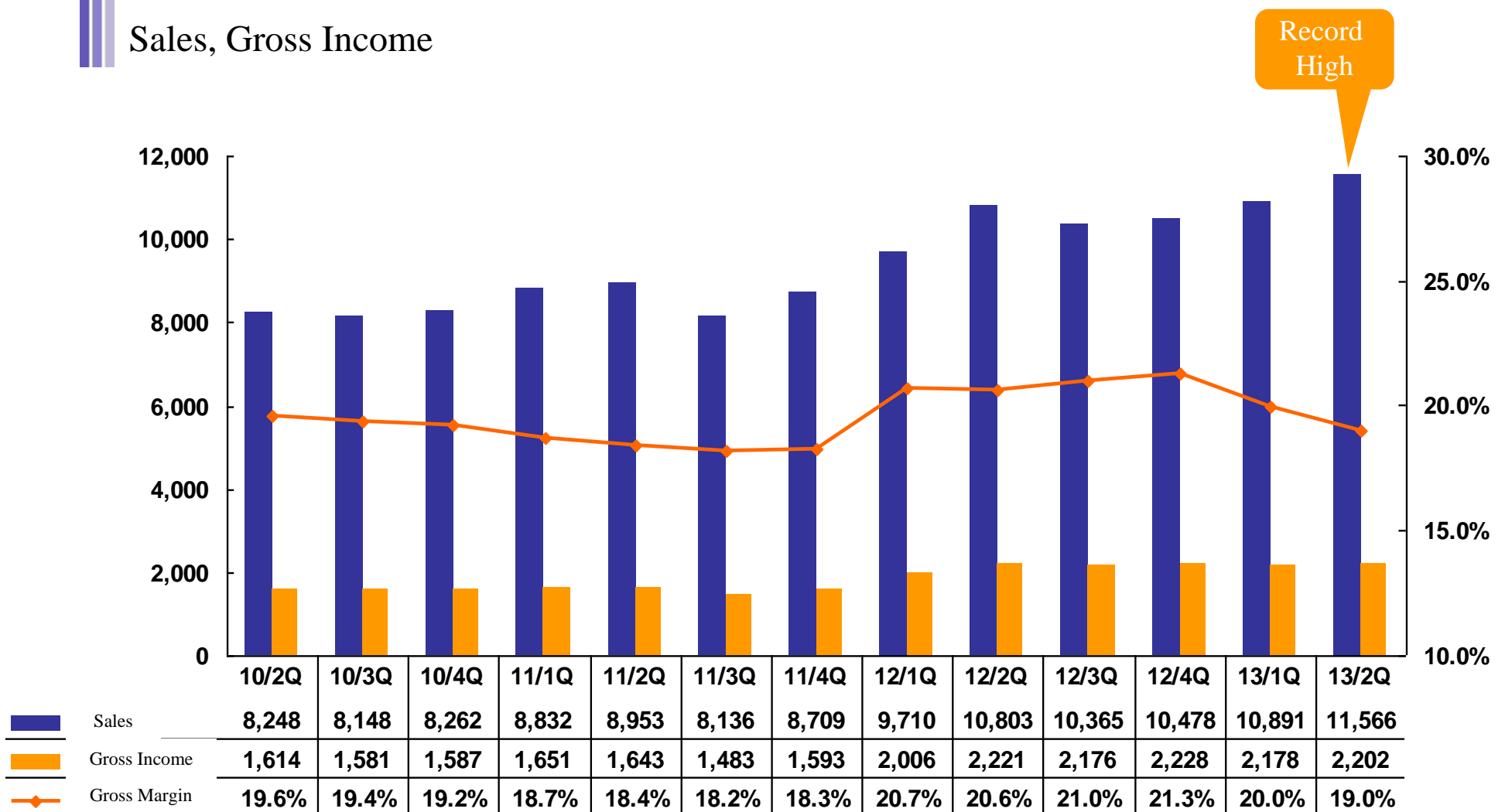
Expansion in the Internet Marketing Business and contraction in the margin of loss in the Media Contents Business allowed operating income to **rise 65.0%** qq and recovered to nearly the equivalent levels of same period last year, which was record-high.

Retreat from the commerce business was a factor in the decline in gross income and SG&A expenses

Valuation gains on marketable securities (Non-operating income) of ¥58 million and sale of Group company shares contributed to ¥313 million in extraordinary income

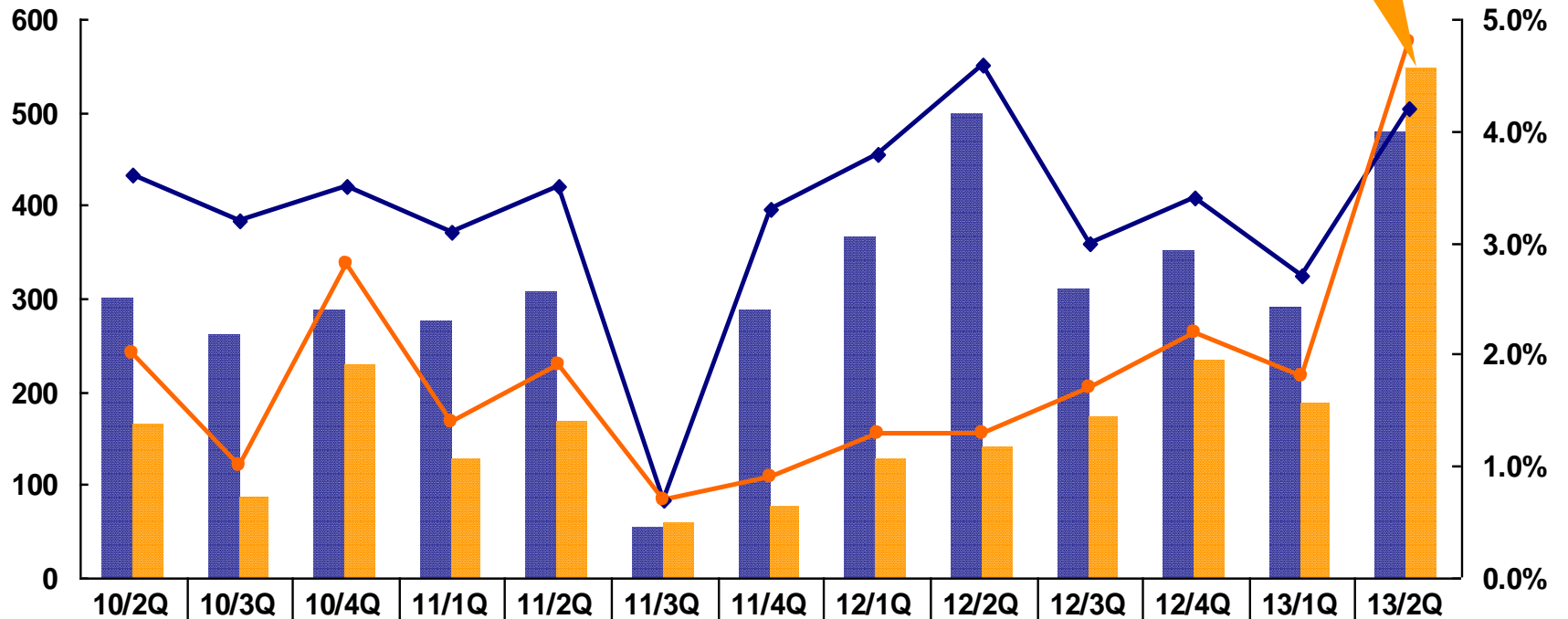
Trend in Quarterly Consolidated Earnings

Sales, Gross Income



Trend in Quarterly Consolidated Earnings

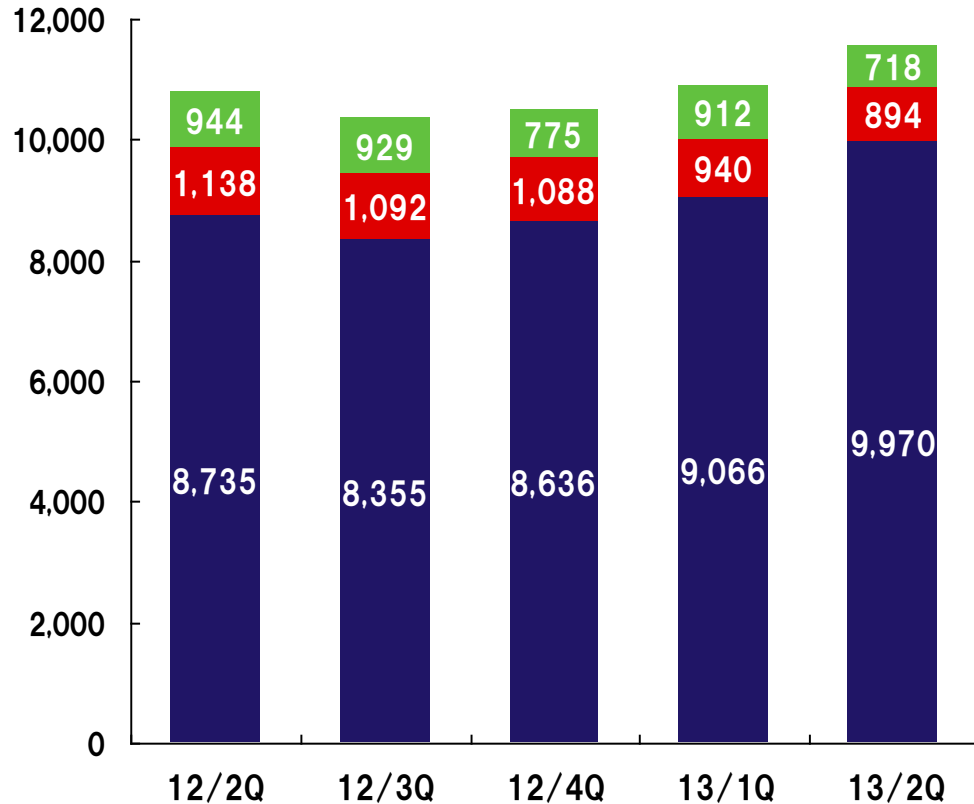
Operating and Net Incomes



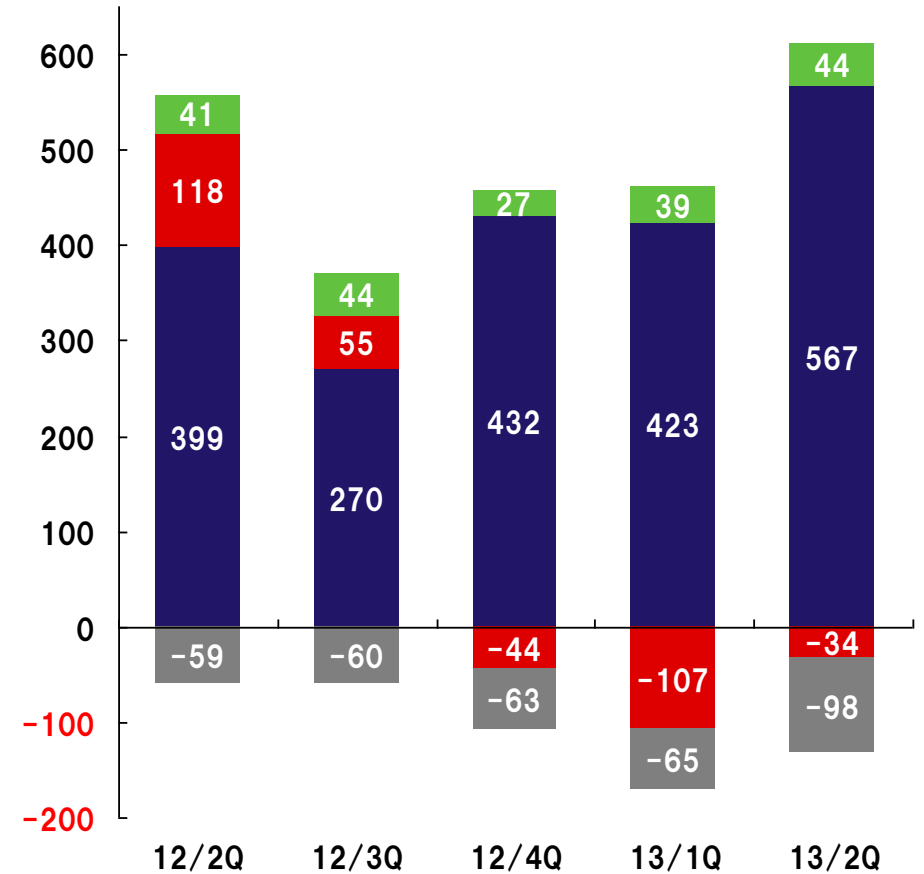
Operating Income	300	260	288	275	308	55	288	366	498	310	351	290	479
Net Income	165	85	229	127	166	58	76	128	141	173	233	186	549
Operating Margin	3.6%	3.2%	3.5%	3.1%	3.5%	0.7%	3.3%	3.8%	4.6%	3.0%	3.4%	2.7%	4.2%
Net Margin	2.0%	1.0%	2.8%	1.4%	1.9%	0.7%	0.9%	1.3%	1.3%	1.7%	2.2%	1.8%	4.8%

Earnings By Business Segment

Sales



Operating Income



Internet Marketing

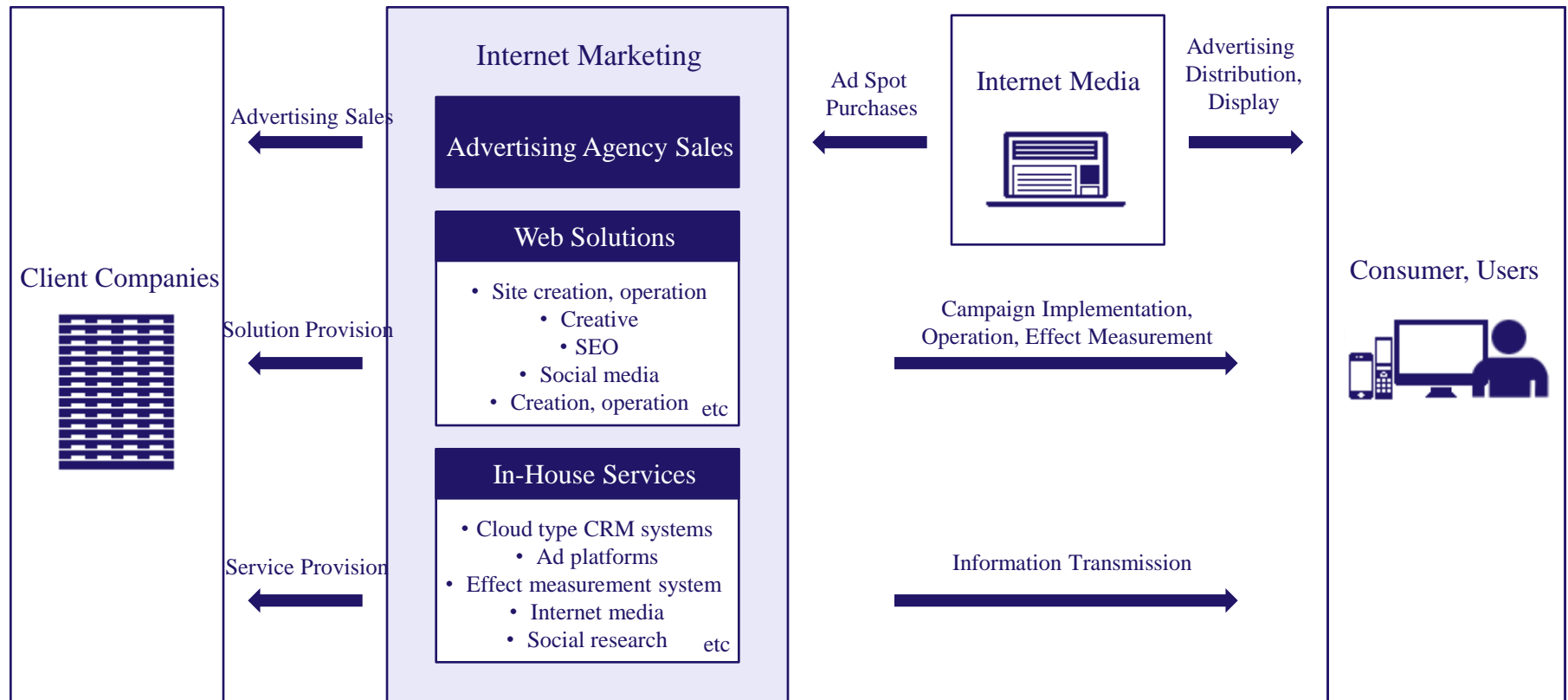
Media Contents

Others

Adjustments (Company wide expenses)

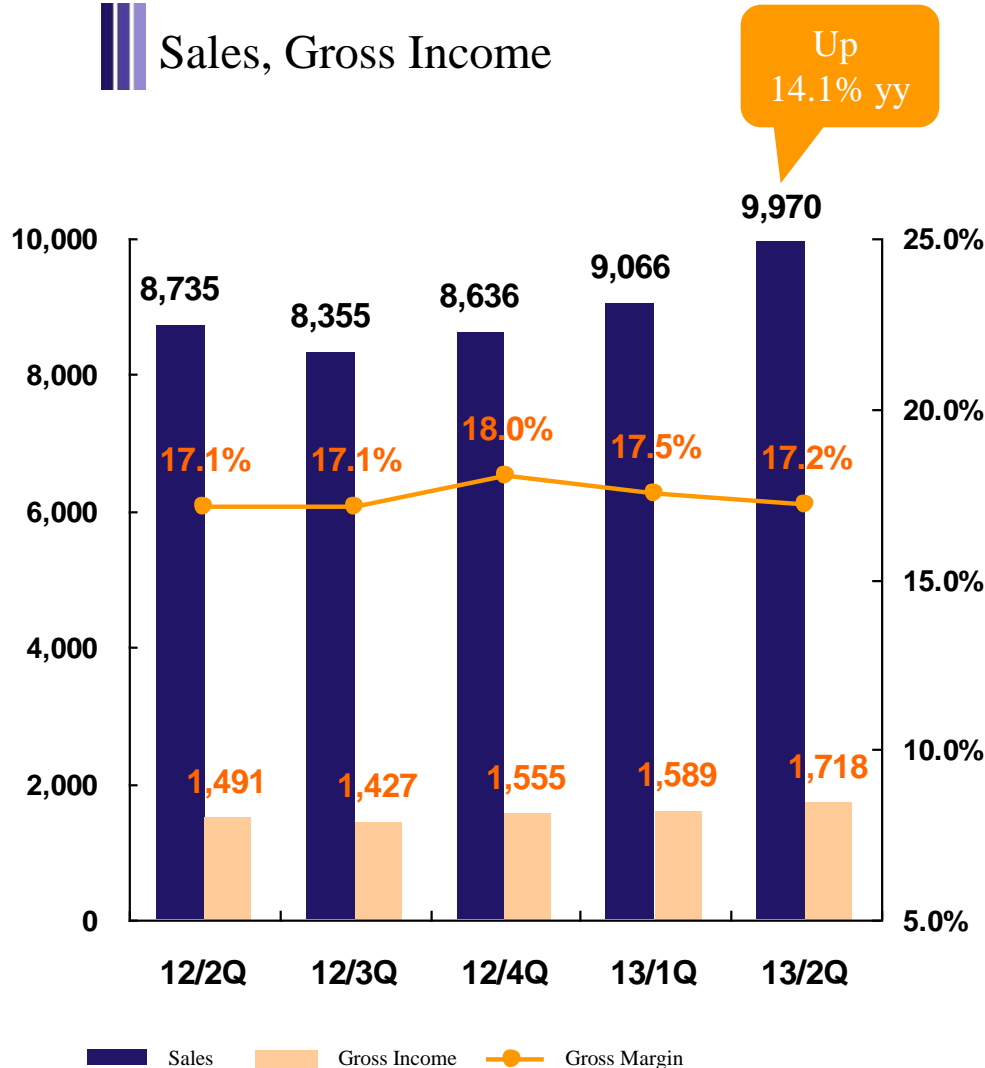
Internet Marketing Business Overview

Comprehensive **marketing support services** provided to corporations leveraging the Internet. Providing a wide range of web solutions including sales of Internet advertising, and **in-house services** including marketing platforms for ad network and operation of cloud type CRM services.

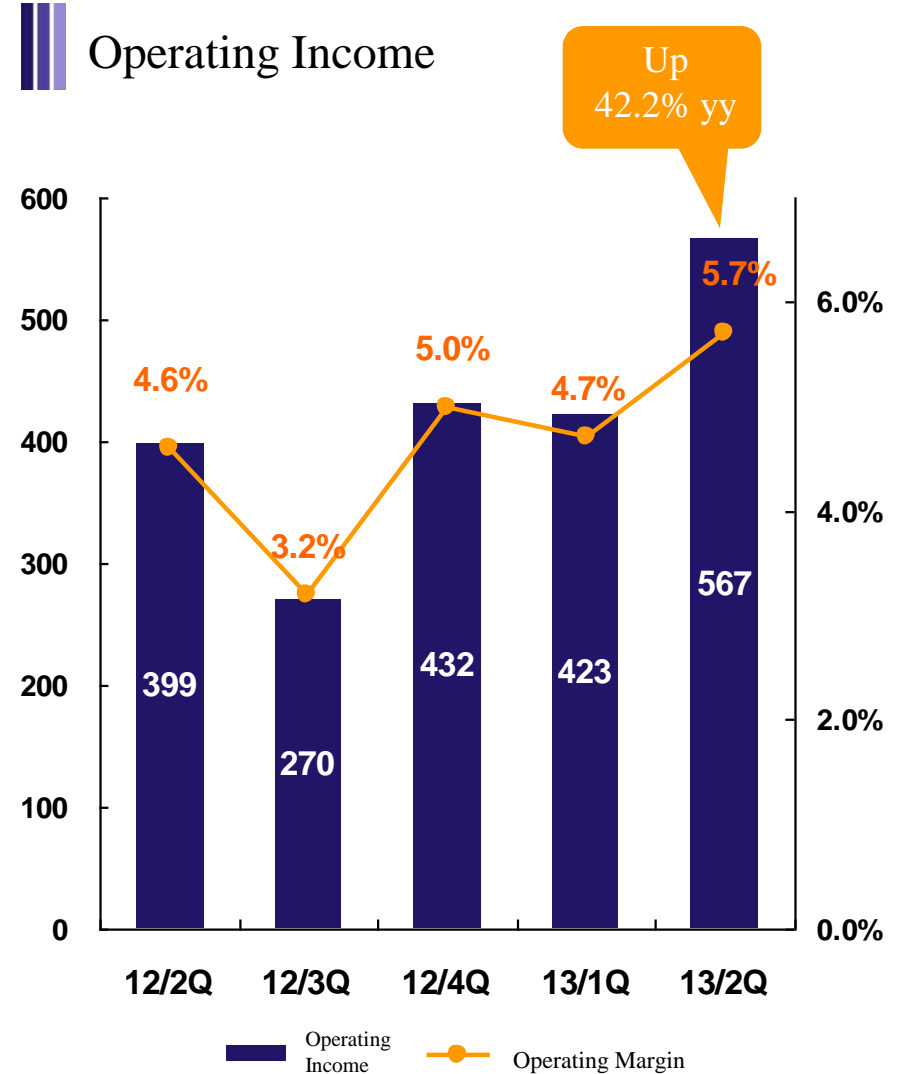


Internet Advertising Business Quarterly Earnings Trend

Sales, Gross Income



Operating Income



Internet Marketing Business Conditions

2Q FY9/13 Earnings

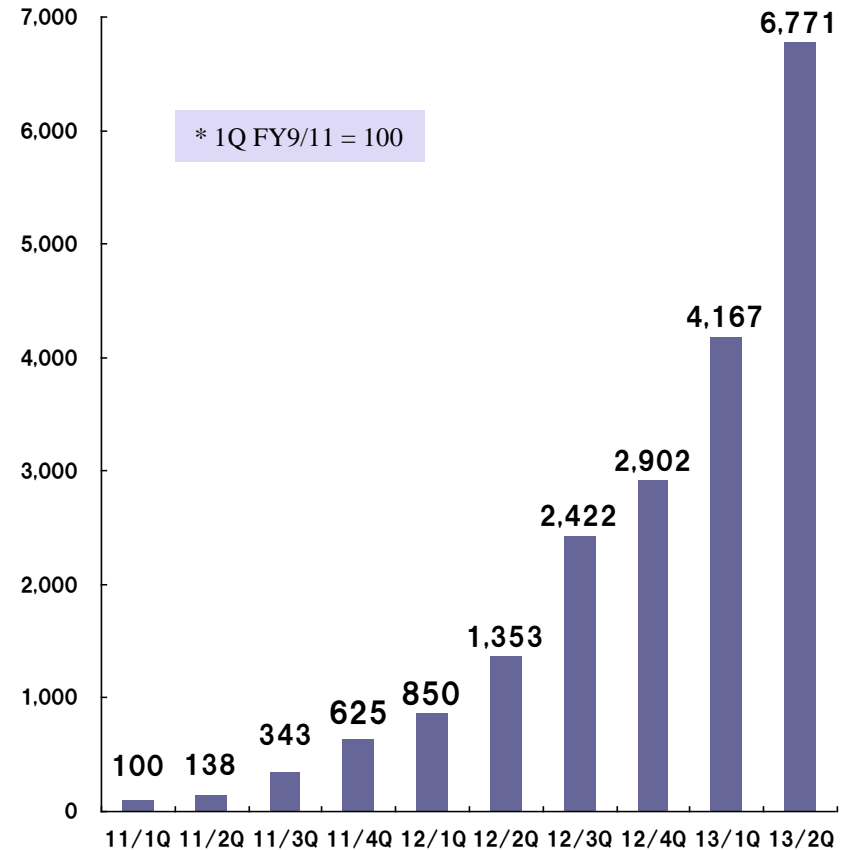
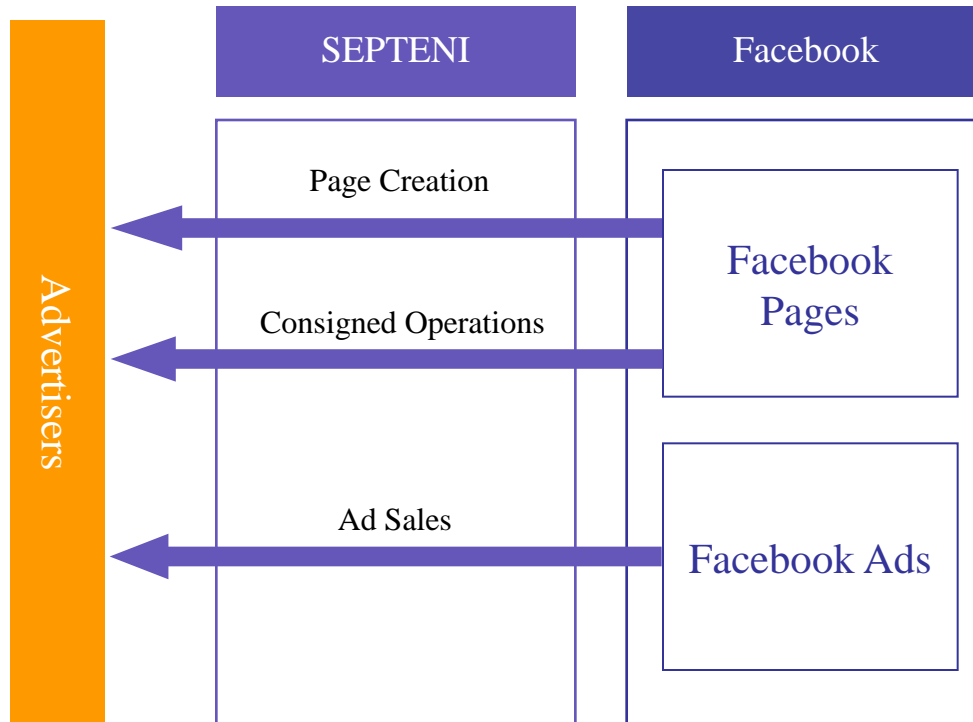
	Value	YY Change	QQ Change
Sales	9,970	+14.1%	+10.0%
Gross Income	1,718	+15.2%	+8.1%
Gross Margin	17.2%	+0.1pt	-0.3pt
SG&A	1,150	+5.4%	-1.3%
Operating Income	567	+42.2%	+34.0%
Operating Margin	5.7%	+1.1pt	+1.0pt

Comments on Business Conditions

- Efforts to cultivate performance-based advertising growth and year end demand contributed to continued double digit growth, sales rose by large margin to **record high**
- Higher sales and improved productivity allowed operating income to grow by **42.2%** yy and operating margin to remain at high level of 5.7%
- Focused realm of **Facebook related** and **smartphone advertising** services contributed to continued strong growth

Key Business Focus: Facebook Related Services

Facebook Related Sales Trend



Sales rose by **approximately 5 times** yy, **1.6 times** qq and continued strong growth.

The Facebook's key business realm of ads for smartphones got off to a good start

Key Business Focus: Facebook Related Services

Acquired 2 Facebook Certifications

Preferred Marketing Developer (Ads)

•••Our track record of advertising volume and in-house development of Facebook advertising operation management tool “PYXIS” were regarded highly



Mobile Measurement Partner

•••Our mobile advertising measurement system “Smac” enables effectiveness measurement of “Mobile App Install Ads” Facebook mobile (Smartphone) advertising

PYXIS

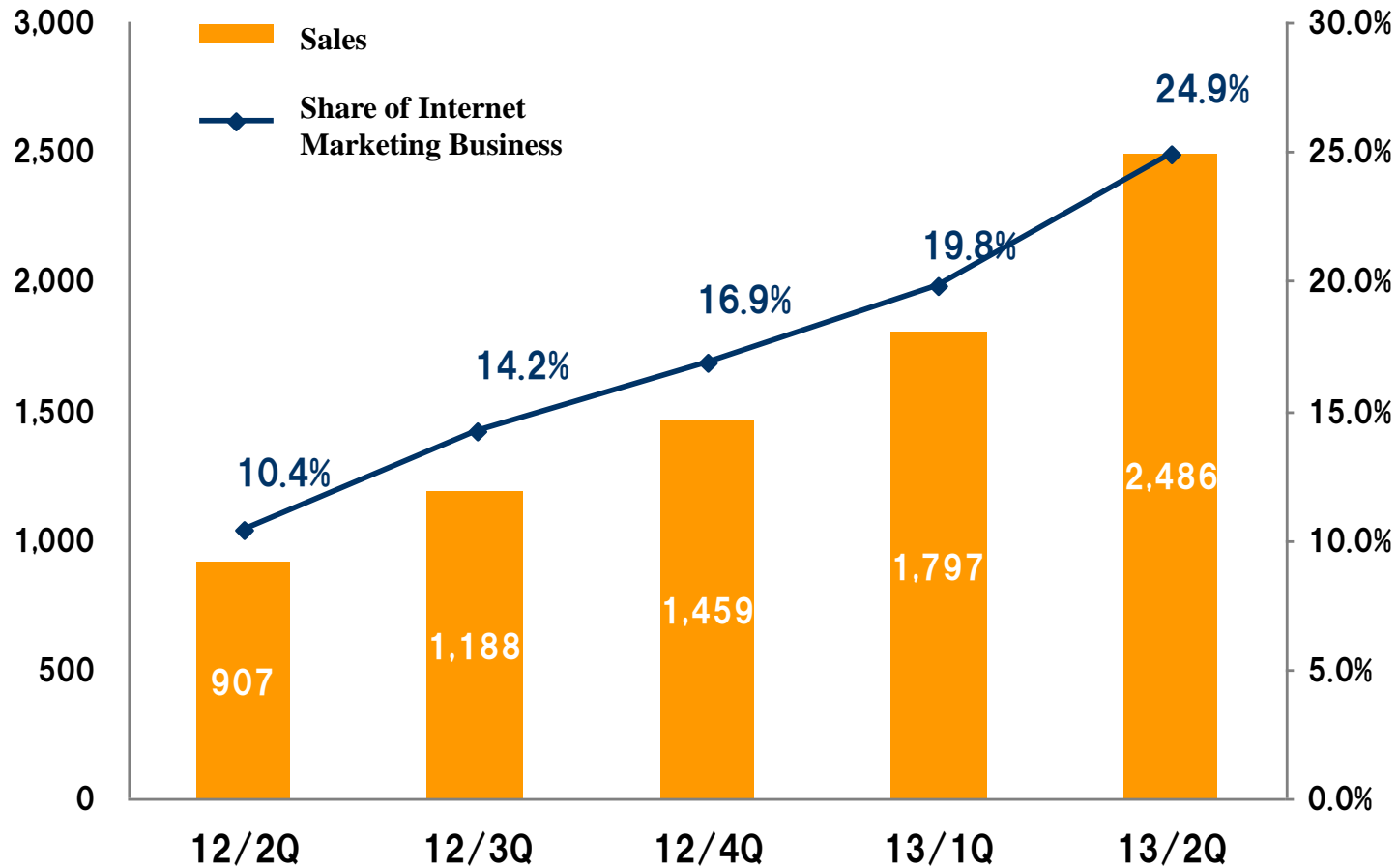


Response for Internet Elections (From April 2013)

Leveraging our corporate marketing support knowhow for the launch of Facebook page creation and operational support packaged services for political parties and election candidates



Key Business Focus: Smartphone Advertising



Facebook advertising has been added to the overall data from 2Q FY9/13

Sales rose **approximately 2.7 times** yy, share of Internet Marketing business rose to **approximately 25%**

Domestic, Overseas Facility Deployment

||| 2 new facilities opened during the second quarter



Media Contents Business Overview

Planning, development of various digital contents including social games for smartphones and feature phones, provision of various platforms to users including SNS and mobile phone carriers. Also operations for mobile media.

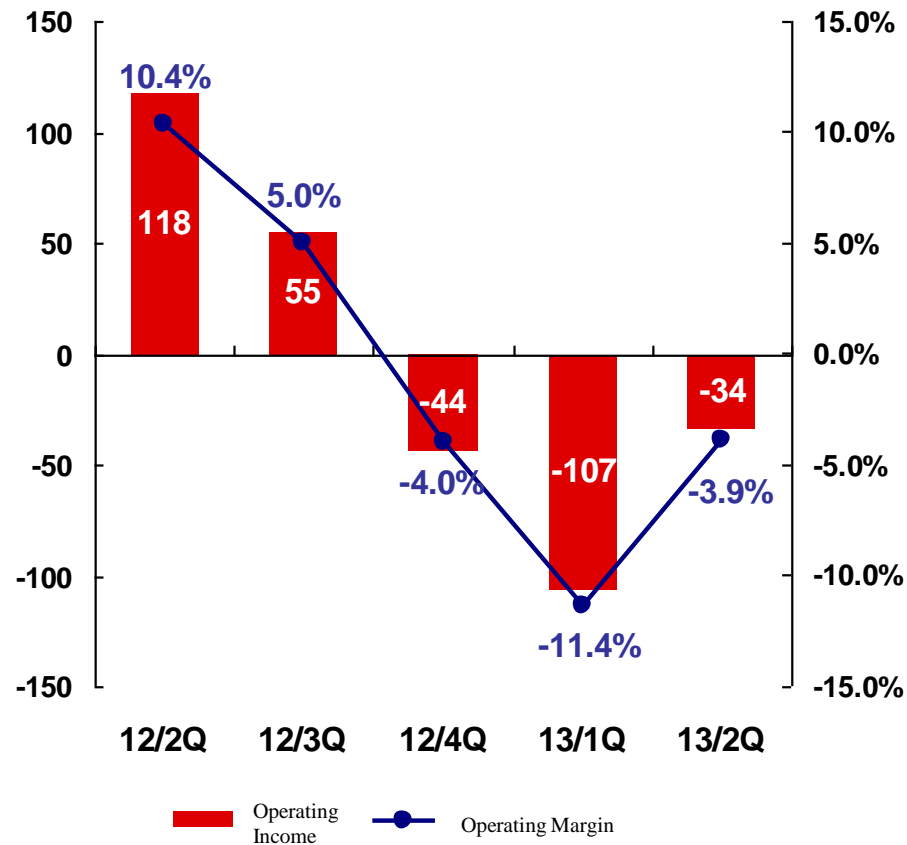
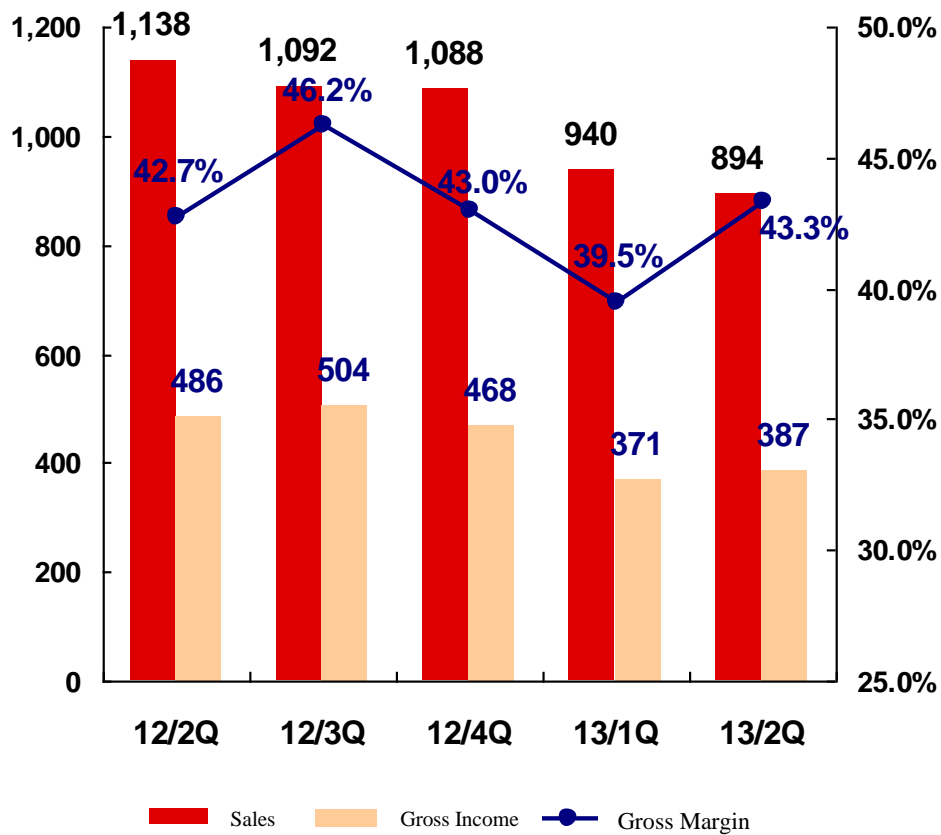


(C)Satelight / Project AKB0048
(C)NBGI
Powered by Cytech, Inc.

Media Contents Business Quarterly Earnings Trends

Sales, Gross Income

Operating Income



Media Contents Business Overview

2Q FY9/13 Earnings

	Value	YY Change	QQ Change
Sales	894	-21.5%	-4.9%
Gross Income	387	-20.4%	+4.2%
Gross Margin	43.3%	+0.6pt	+3.8pt
SG&A	422	+14.7%	-11.9%
Operating Income	-34	(-153)	(+72)
Operating Margin	-3.9%	-14.3pt	+7.5pt



Comments on Business Conditions

- While sales continued to decline, restraint in outsourcing fees, advertising expenses, labor costs and other expenses allowed the margin of operating loss to contract ¥72 million qq
- Social game business profitability improvements progressed and the combined earnings of the two companies (AXEL MARK and Cytech) turned to profits
- The loss arising from anticipatory investments for new business development by SEPTENI VENTURES amounted to ¥31mn

Social Games: Track Record

Sales Trend in Main Titles Provided

4 titles released in 2Q, cumulative number of registered users reached 3.98 million at quarter end[※]

Providing Company	Platform	Title	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q	13/2Q
 AXELMARK	Mobage	Kingdom Chronicle	→					
		Osama (King) Game	→					
		Adventure Chronicle	→					
		Legions of the sky	→					
		Tales of the Kingdoms	→					
		KING'S GAME Team Battle	→					
 CYTECH	GREE	Legend of Grimoire Maiden Incarnation	→					
		Valkyrie of Darkness	→					
		AKB0048 GALAXY CINDERELLA <small>(Provider: NAMCO BANDAI Games Inc.)</small>	→					
Sales (¥mn)			350	563	593	639	519	487

※ Excluding consigned development titles

Social Games: New Title and Future Development

||| New Titles



©AXEL MARK / ©E★Everystar

KING'S GAME Team Battle

- ||| 2nd version of “Osama(King) Game,” which has had registered users of over 750,000
- ||| Provider: AXEL MARK
- ||| Platform: Mobage
- ||| Provision Start: March 22, 2013

||| Outlook from the 3rd Quarter Forward

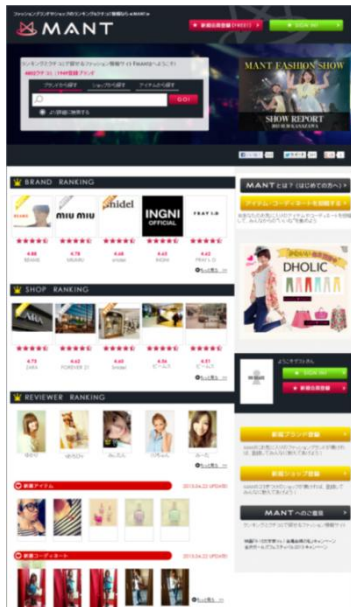
- ||| Total of 8 titles including large adapted titles expected to be released during the second half
- ||| In light of changes in the environment, we will transform our business strategy to aggressively take on title development in the joint- or custom-basis to secure solid earnings

New Internet Services

SEPTENI VENTURES launched 2 new services as part of its new business development during the first half



PC



Smartphones



“Word Of Mouth” Fashion Information Site

PC



Smartphones



Matching Type Human Resources Hiring Platform Focused Upon IT, Web Related Industries



**2 ||| 1H FY9/13 Earnings Results,
3Q Earnings Estimates**

Consolidated Income Statement (Oct to Mar)

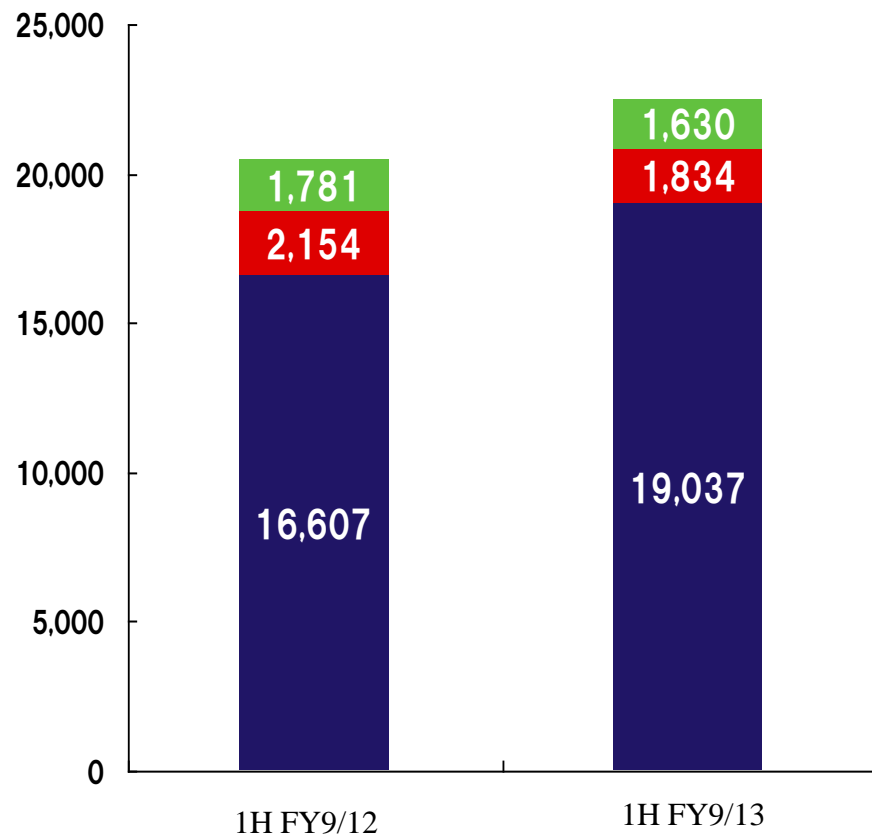
	1H FY9/13			1H FY9/12		1H FY9/13 Estimate	
	Value	Share	YY Change	Value	Share	Value	Share
Sales	22,458	100.0%	+9.5%	20,514	100.0%	22,091	100.0%
Gross Income	4,380	19.5%	+3.6%	4,228	20.6%	—	—
SG&A	3,609	16.1%	+7.3%	3,363	16.4%	—	—
Operating Income	770	3.4%	-11.0%	865	4.2%	665	3.0%
Ordinary Income	880	3.9%	-5.5%	931	4.5%	732	3.3%
Net Income	736	3.3%	+172.7%	270	1.3%	612	2.8%

||| Sales and operating, ordinary, and net incomes all exceeded earnings estimates

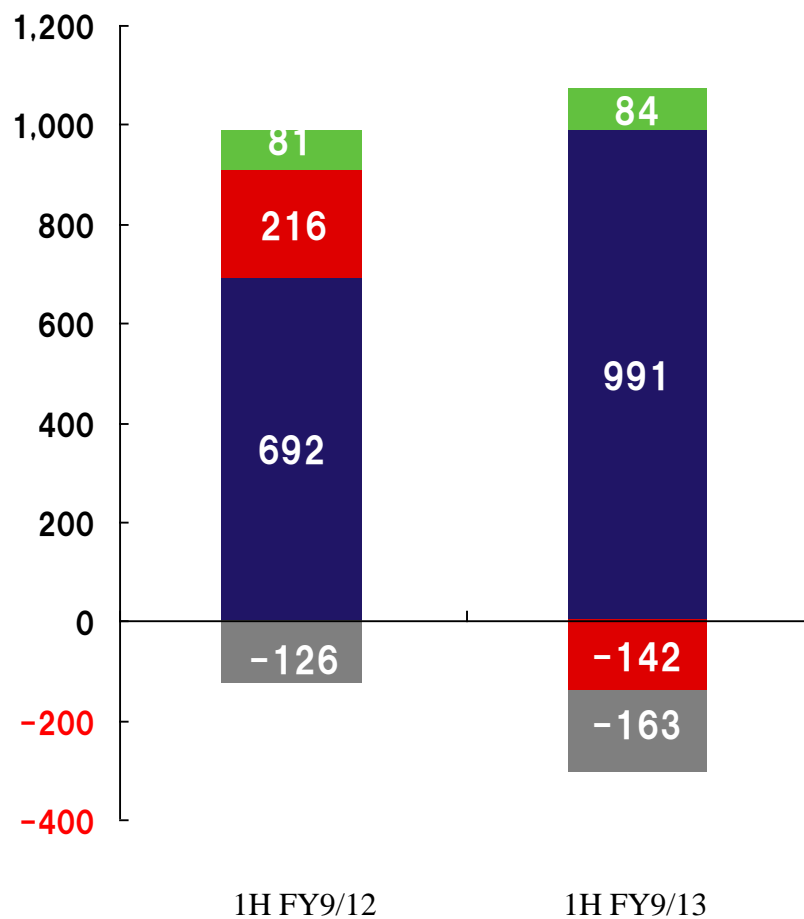
||| Net Income has already exceeded record high for full year net income

Business Segments Earnings (Oct to Mar)

Sales



Operating Income



■ Internet Marketing
 ■ Media Contents
 ■ Others
 ■ Adjustments (Company Wide Expenses)

3Q FY9/12 Consolidated Earnings Estimates

	1-3Q FY9/12	3Q FY9/13 Est.		1-3Q FY9/13 Est.	YY Change
		1H FY9/12	3Q FY9/13 Est.		
Sales	30,879	22,458	11,500	33,958	+10.0%
Operating Income	1,175	770	290	1,060	-9.9%
Ordinary Income	1,255	880	300	1,180	-6.0%
Net Income	443	736	170	906	+104.4%

- ||| Normal anticipatory investments in human resources were implemented during the third quarter including the hiring of 85 new graduate employees
- ||| Internet Marketing Business is expected to see growth in both sales and profits year-over-year
- ||| Endeavor to firmly realize profits in the social games business and create hit products to achieve strong growth

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 May 2, 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.



3 ||| Appendix

Company Overview

As of March 31, 2013

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	¥2,022 million
Shares Issued	134,969 shares (Including 8,923 treasury shares)
Consolidated Workforce	638 Full time employees, 743 Full time and contracted employees

Main Group Companies by Business Segment

Holding Company
 SEPTENI HOLDINGS CO., LTD.

As of May 2, 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
SEPTENI TECHNOLOGY CO., LTD.	Web Service Development
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

Other Business

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

SEPTENI VENTURES Co., Ltd.

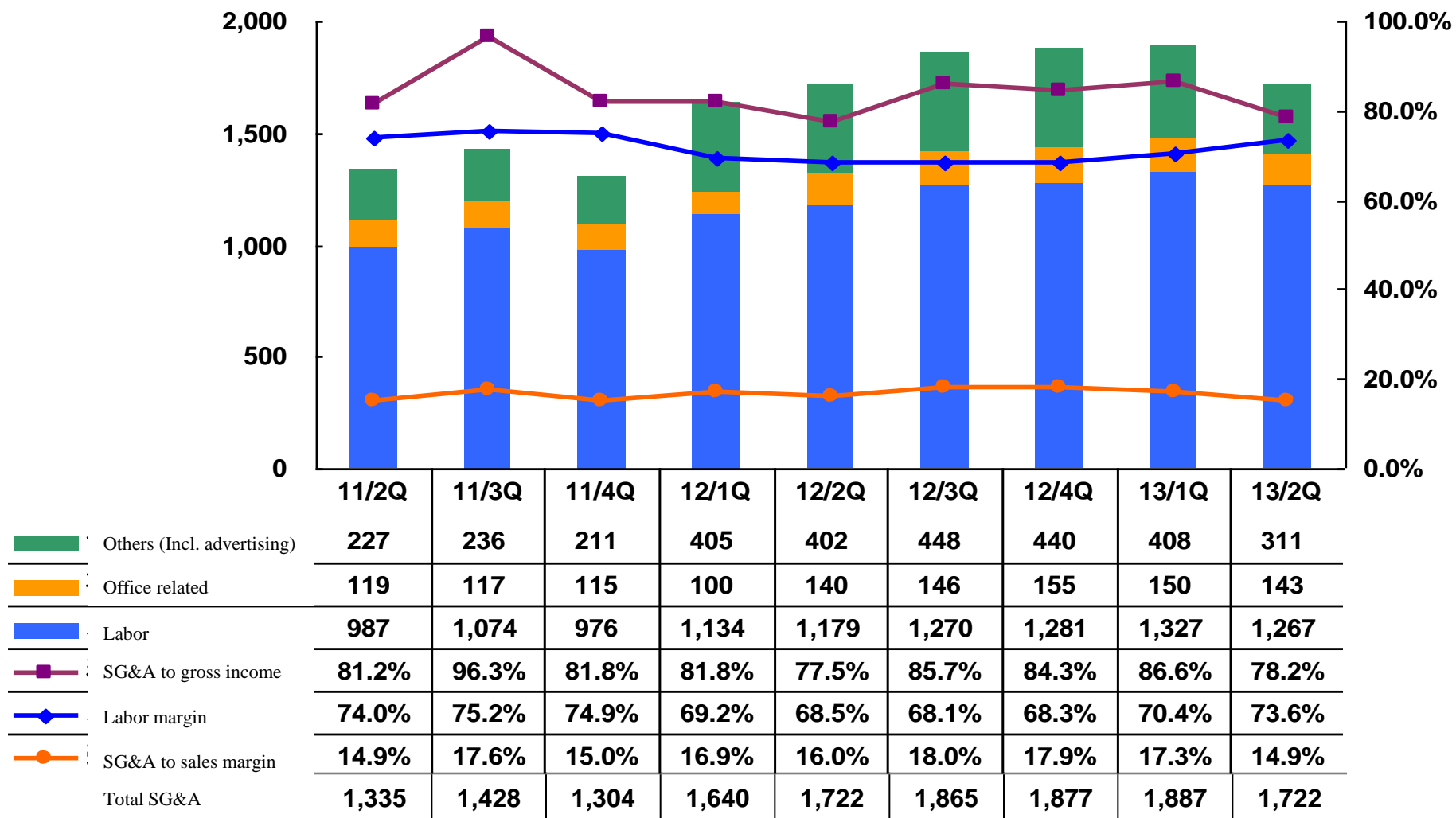
Consolidated Balance Sheet

	End 2Q FY9/13	End 1Q FY9/13	Change	Main Changes
Current Assets	12,700	11,190	+1,510	Cash, equivalents: +939 Notes, accounts receivable: +790
Fixed Assets	2,477	2,967	-489	Marketable securities: -380 Lease assets: -56
Total Assets	15,178	14,157	+1,020	
Current Liabilities	7,237	6,715	+521	Accounts payable: +408 Unpaid tax: +243 Outstanding payments: -148
Fixed Liabilities	103	162	-58	Lease liabilities: -33
Total Liabilities	7,340	6,877	+462	
Total Net Assets	7,837	7,279	+557	Retained earnings: +532
Total Liabilities, Net Assets	15,178	14,157	+1,020	

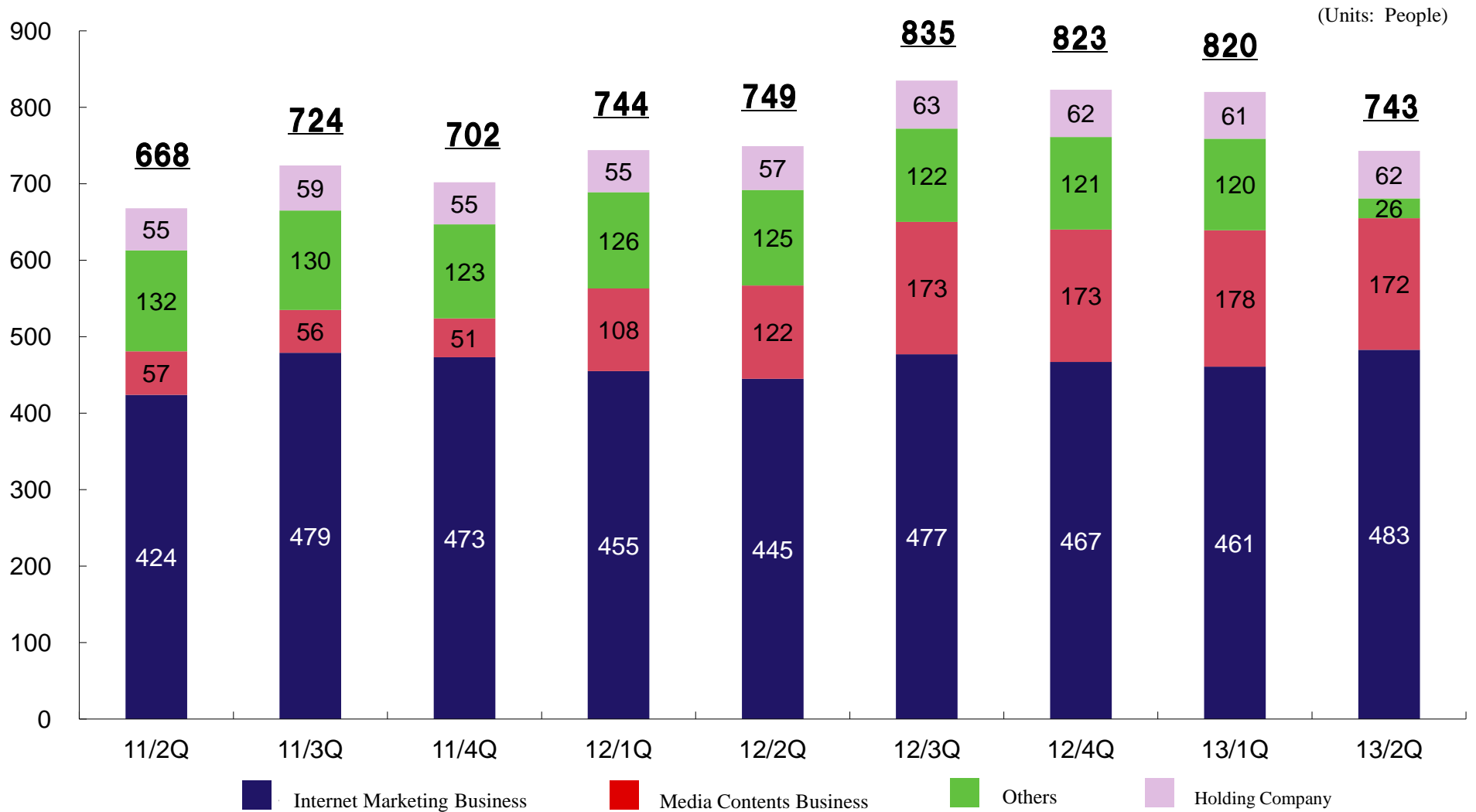
Consolidated Cash Flow

	2Q FY9/13	Main Changes	2Q FY9/12 (Jan-Mar)
Cash Flow from Operating Activities	231	Net income before taxes: +807 Change in accounts receivables: -804 Change in accounts payables: +460 Profit on sale of marketable securities: -209	594
Cash Flow from Investing Activities	741	Sales of marketable securities: +617 Recovery of loans extended: +205	39
Cash Flow from Financing Activities	-40	Change in debt: -40	-37
Translation Gains on Cash and Equivalents	4		—
Change in Cash and Equivalents	937		596
Change in Cash and Equivalents Resulting from Merger of Consolidated Subsidiaries	2		—
Cash and Equivalents at Term End	5,762		5,149

Consolidated SG&A Expense Trend



SEPTENI Group Work Force Number Trend



※ 2Q-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**