

Business Results for 1Q Fiscal Year September 2014

February 6, 2014

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



1. Quarterly Consolidated Earnings Overview
2. Internet Marketing Business
3. Media Content Business
4. Earnings Estimates and Midterm Business Policies
5. Appendix

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

1. Quarterly Consolidated Earnings Overview

Net Sales: ¥12,532mn (Up 15.1% year on year)
Operating Income: ¥682mn (Up 134.9% year on year)

- Both net sales and operating income reached **new record highs** on a quarterly basis.
-

The Internet Marketing Business performed well.

- **Sales and operating income rose 21% and 87%** year on year, respectively.
 - One factor temporarily boosted gross income.
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The Media Content Business posted a smaller operating loss than a year ago.

- The performance of the mobile game business was firm.
 - A service to distribute new Manga works, *GANMA!*, has been released.
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	1Q FY9/14			1Q FY9/13		1Q FY9/14 Estimate
	Value	Share	YY Change	Value	Share	
Net Sales	12,532	100.0%	+15.1%	10,891	100.0%	12,400
Gross Income	2,578	20.6%	+18.4%	2,178	20.0%	—
SG&A	1,895	15.1%	+0.4%	1,887	17.3%	—
Operating Income	682	5.5%	+134.9%	290	2.7%	580
Ordinary Income	737	5.9%	+118.2%	338	3.1%	590
Net Income	413	3.3%	+121.4%	186	1.7%	340

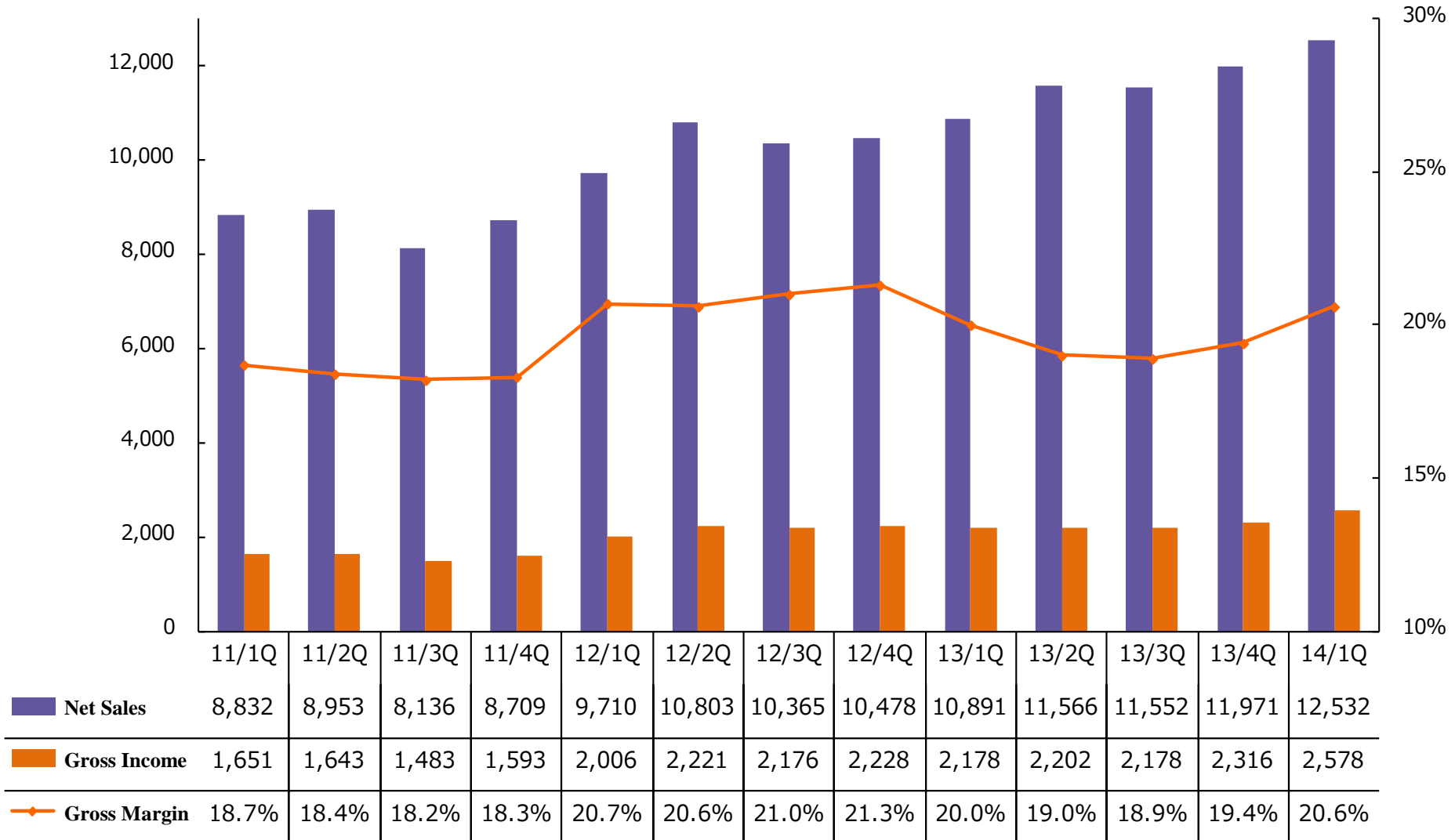
Income rose significantly, and income at all levels except net income reached **new record highs**.

- Operations expanded in the Internet Marketing Business. One factor temporarily boosted gross income.
- The operating loss in the Media Content Business was reduced by 65 million yen.

SG&A expenses rose only slightly, reflecting the sale of two subsidiaries since the second quarter of the previous fiscal year.

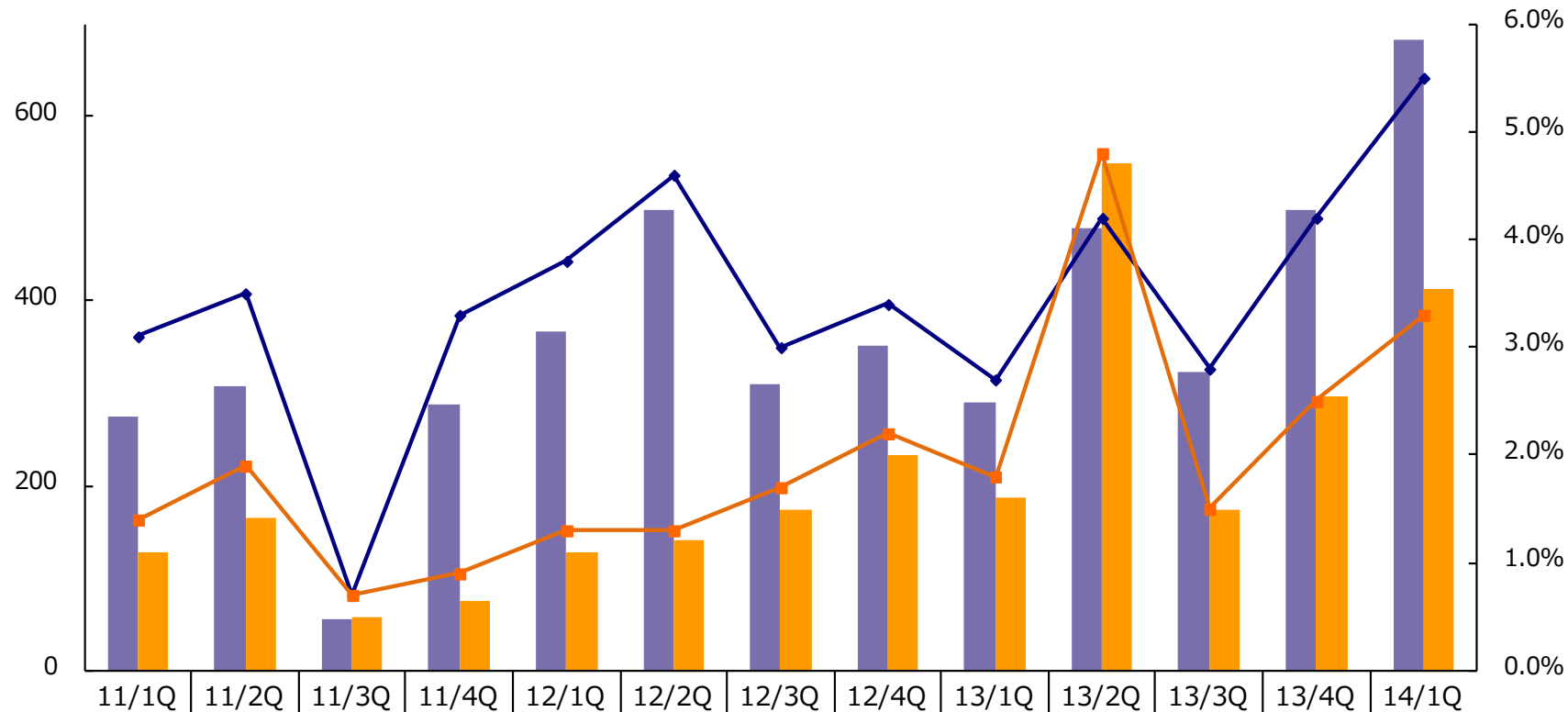
Net Sales, Gross Income

Both hit a new **record high**.



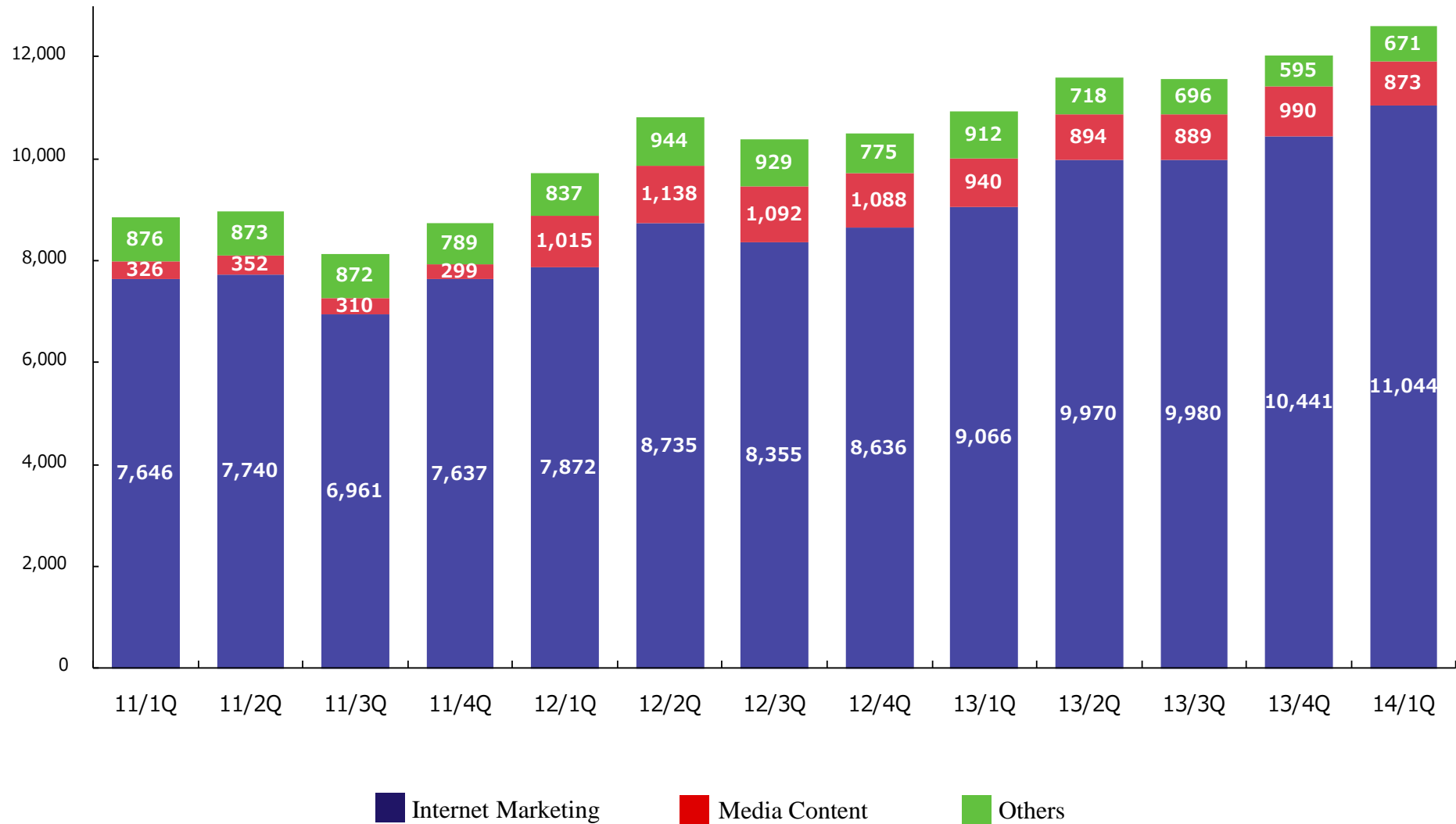
Operating Income, Net Income

Operating income hit a new **record high**.

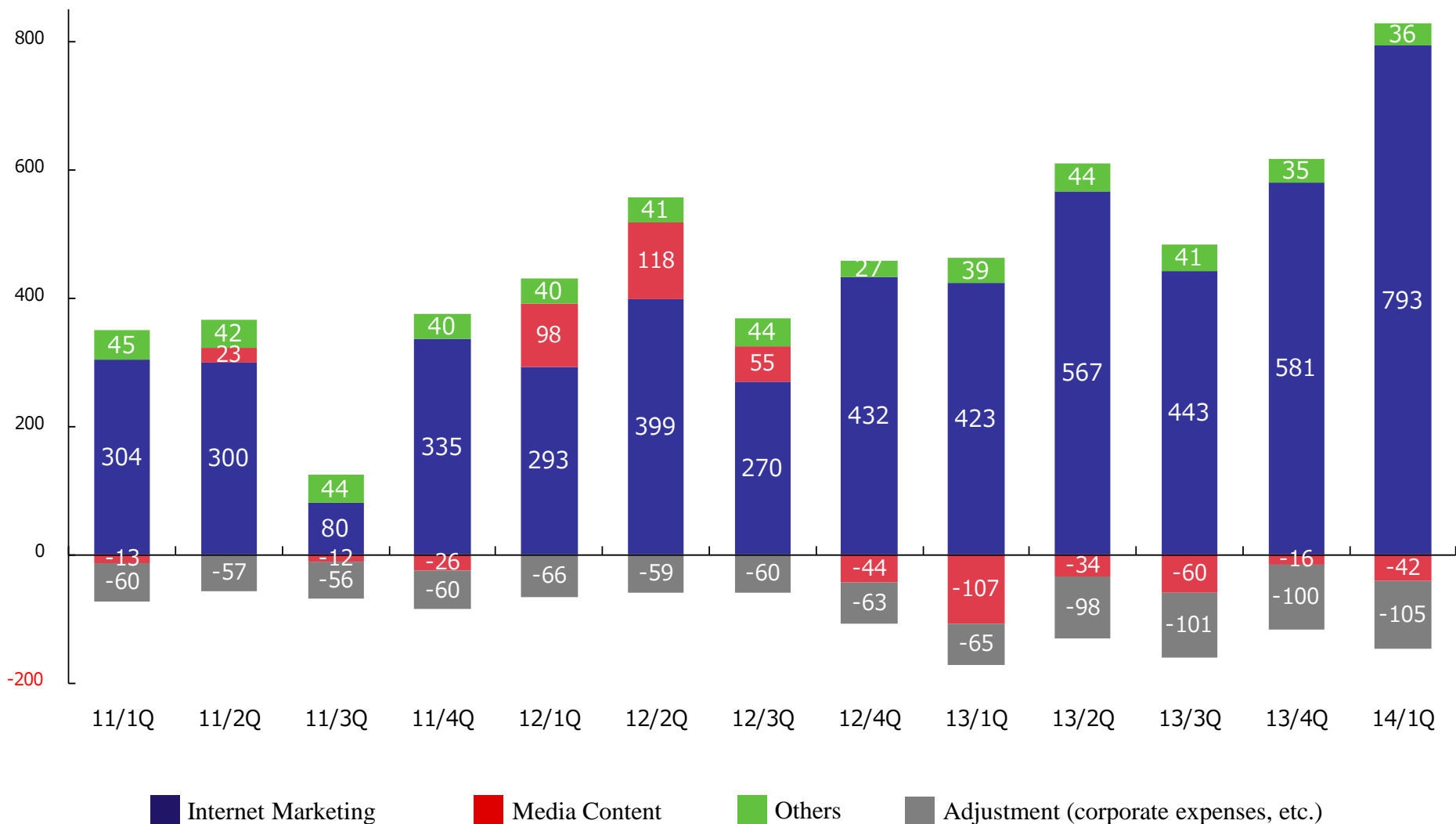


Operating Income	275	308	55	288	366	498	310	351	290	479	323	499	682
Net Income	127	166	58	76	128	141	173	233	186	549	174	296	413
Operating Margin	3.1%	3.5%	0.7%	3.3%	3.8%	4.6%	3.0%	3.4%	2.7%	4.2%	2.8%	4.2%	5.5%
Net Income Margin	1.4%	1.9%	0.7%	0.9%	1.3%	1.3%	1.7%	2.2%	1.8%	4.8%	1.5%	2.5%	3.3%

Net Sales

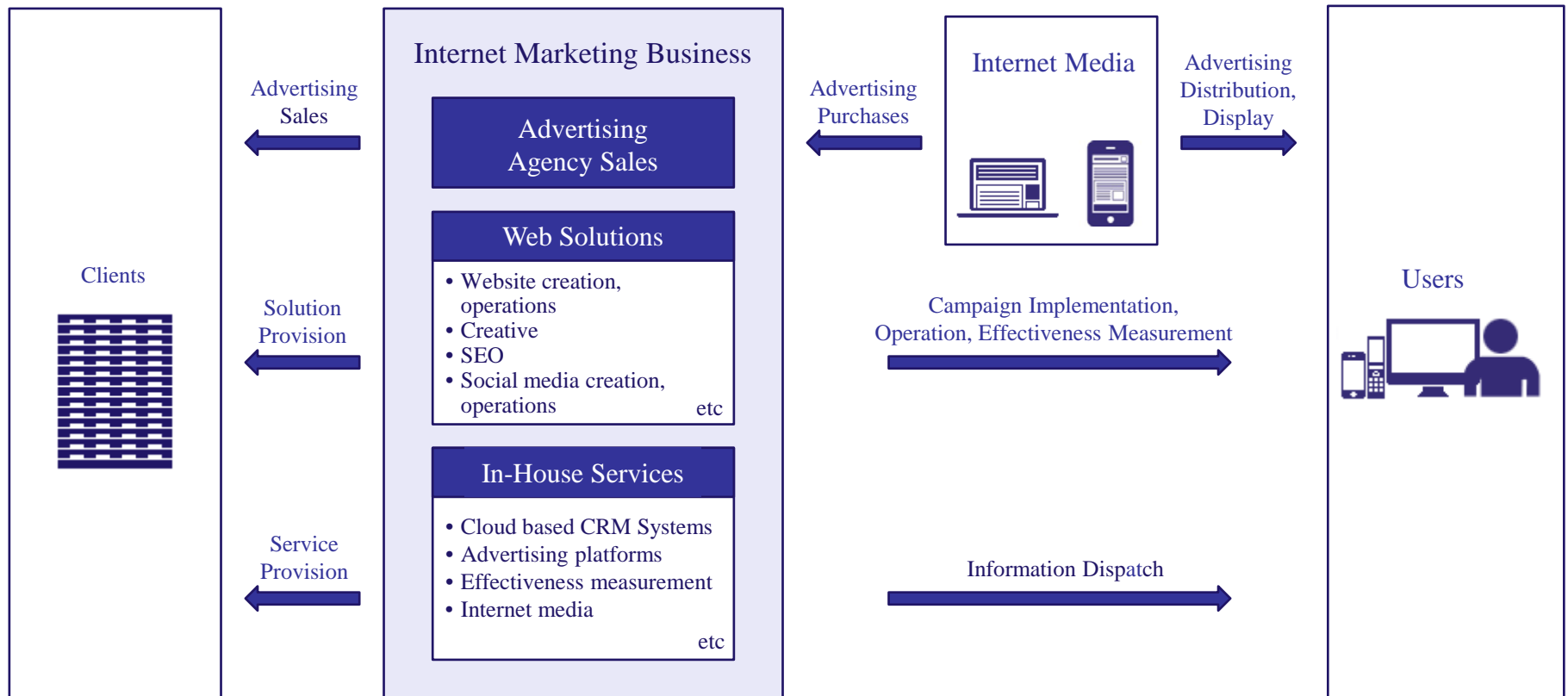


Operating Income



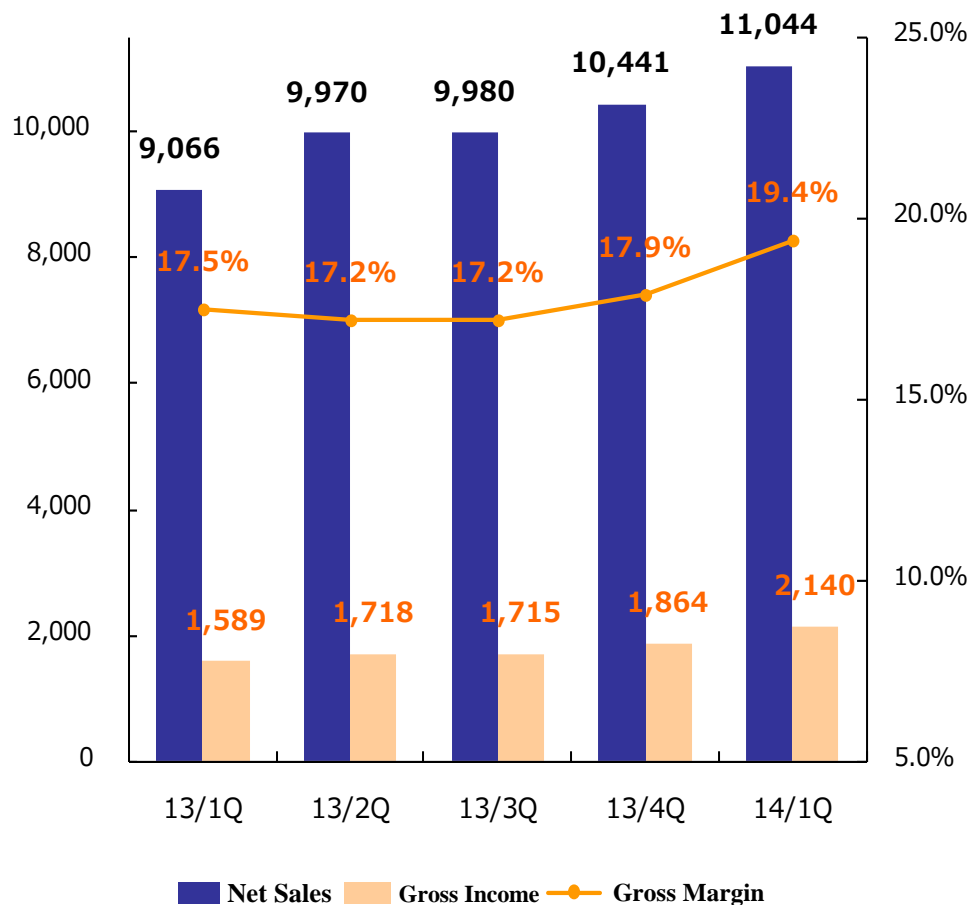
2. Internet Marketing Business

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 an ad network and cloud-based CRM services.



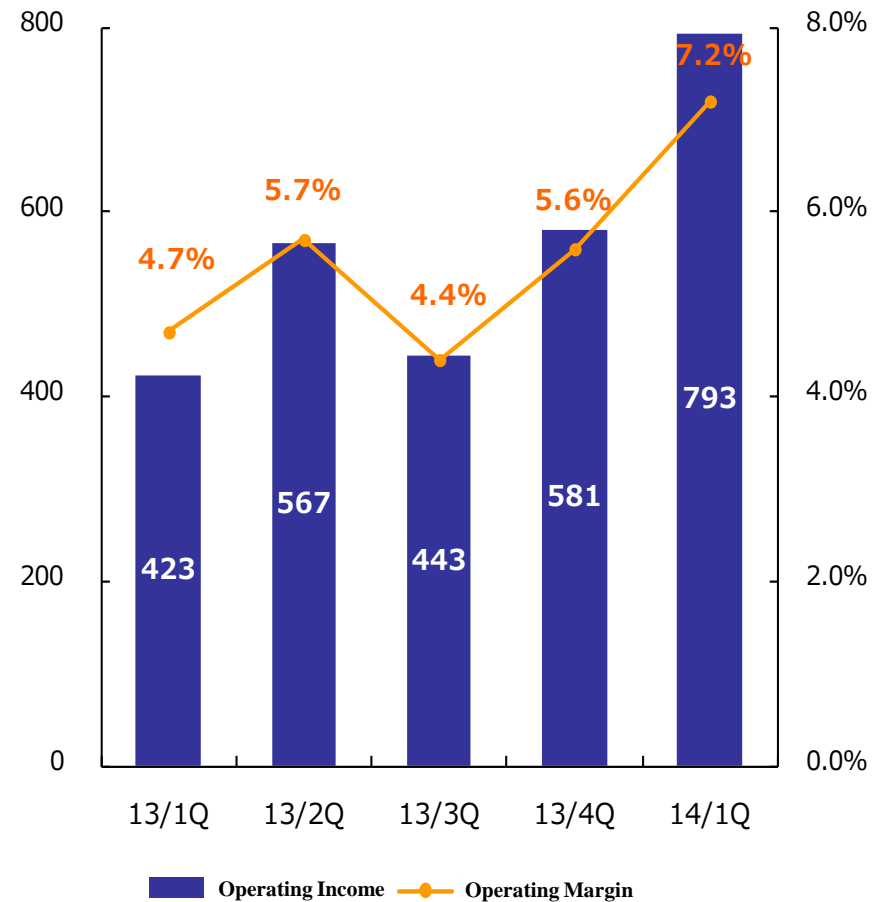
Net Sales, Gross Income

Both hit a new **record high**.



Operating Income

Operating income hit a new **record high**.



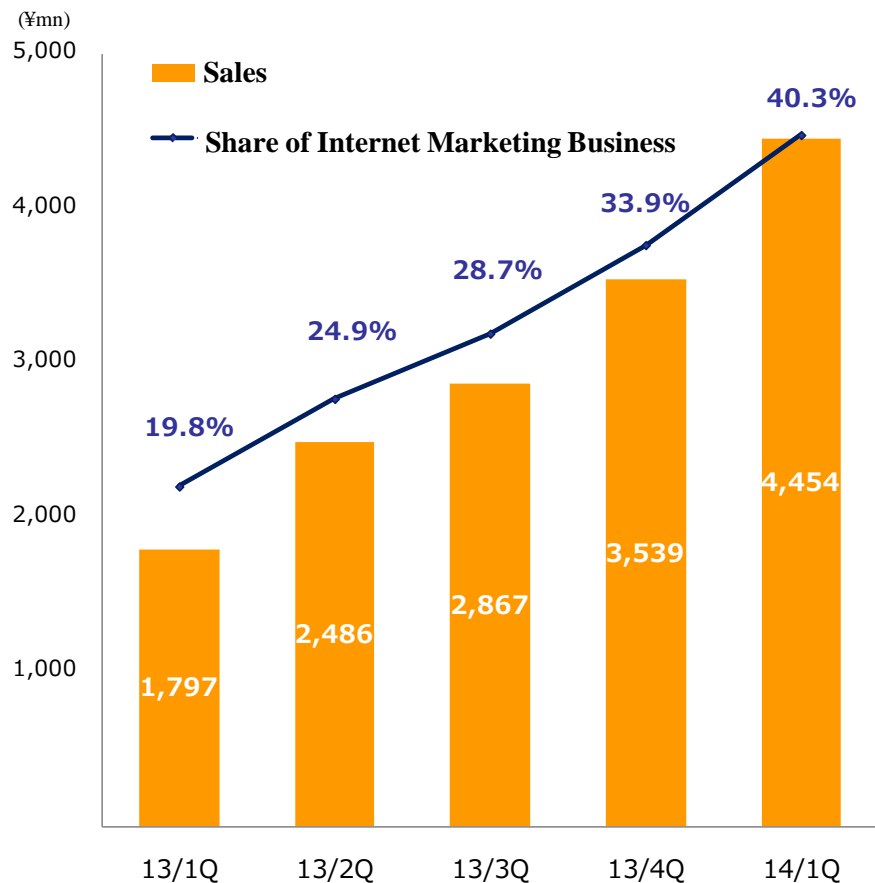
	1Q FY9/14			1Q FY9/13	
	Value	Share	YY Change	Value	Share
Net Sales	11,044	100.0%	+21.8%	9,066	100.0%
Gross Income	2,140	19.4%	+34.7%	1,589	17.5%
SG&A	1,346	12.2%	+ 15.5%	1,165	12.9%
Operating Income	793	7.2%	+87.3%	423	4.7%

Net sales rose a significant **21.8%** year on year, reflecting the continued increase in ad placements by Internet service providers.
Sales were firm in Japan, and **expanded overseas**.

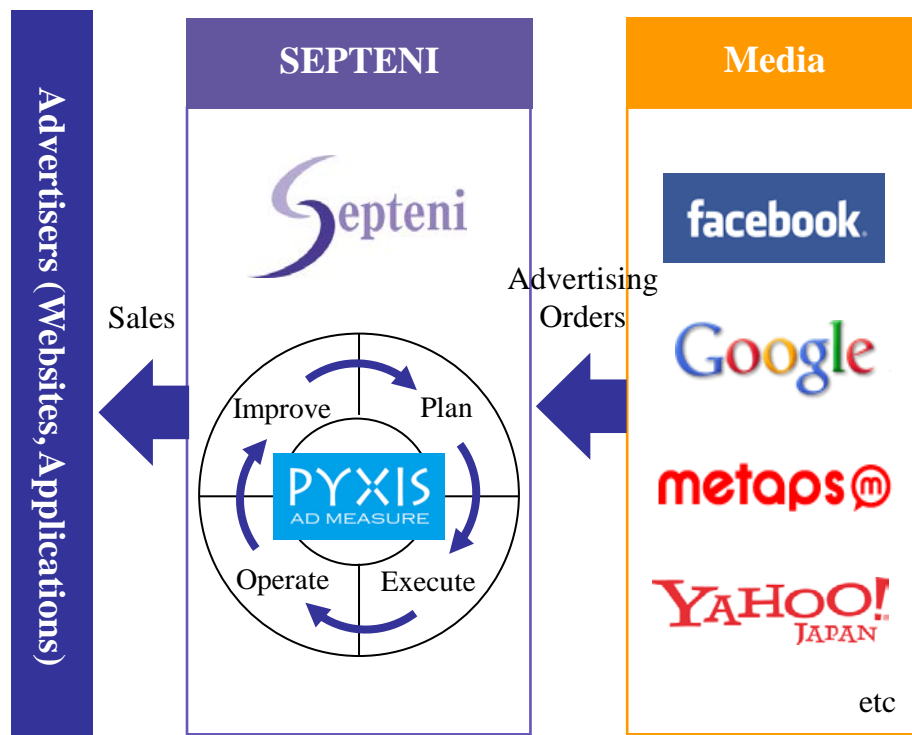
Operating income **increased a significant 87.3%** year on year due to the rise in net sales and one factor that temporarily boosted gross income.

With full-scale **globalization**, growth opportunities expanded for **smartphone advertising** and the **social media business**.

Smartphone Advertising Sales Trend



Business Model

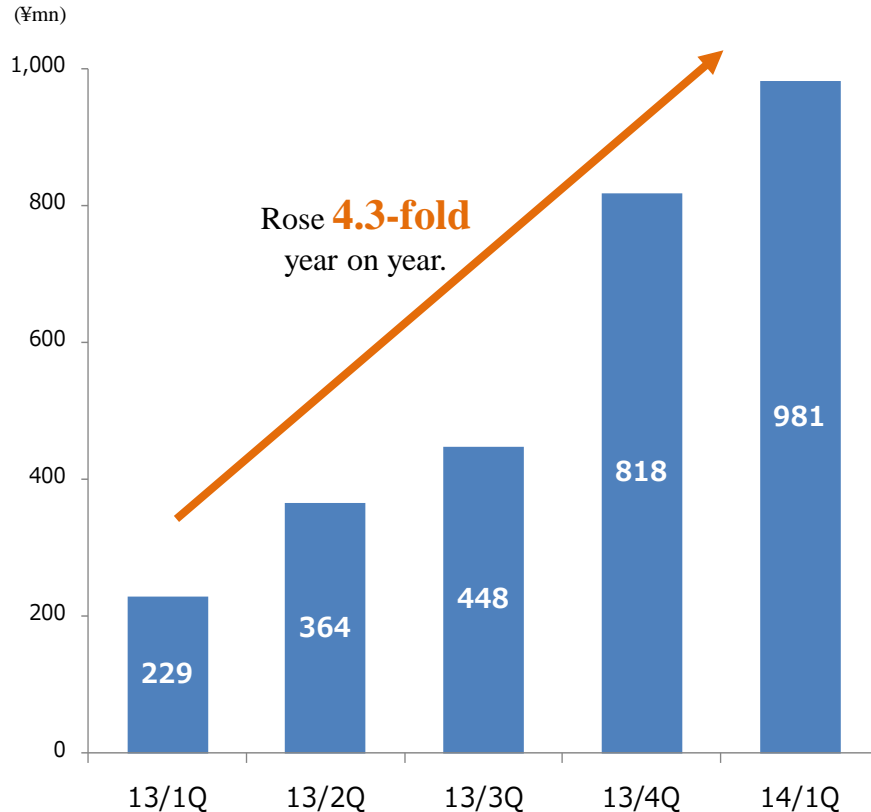


Sales were **around 2.5 times** the year-ago level. The sales share exceeded **40%**.

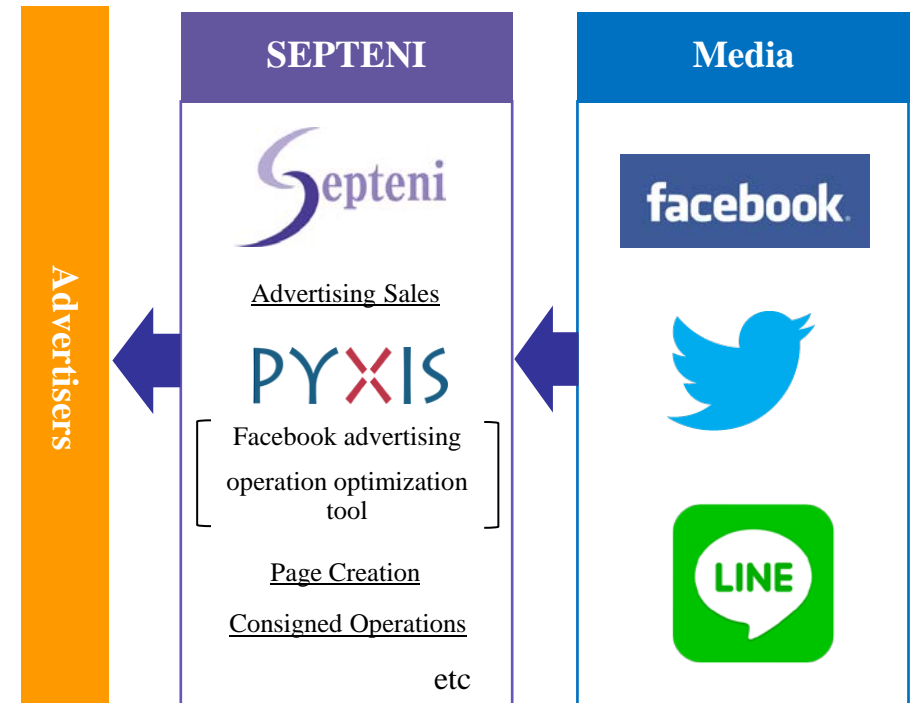
Smartphone advertising billings overseas rose significantly.

Social Media Business Sales Trend

(Aggregate of sales in Facebook, Twitter, and LINE)



Business Model

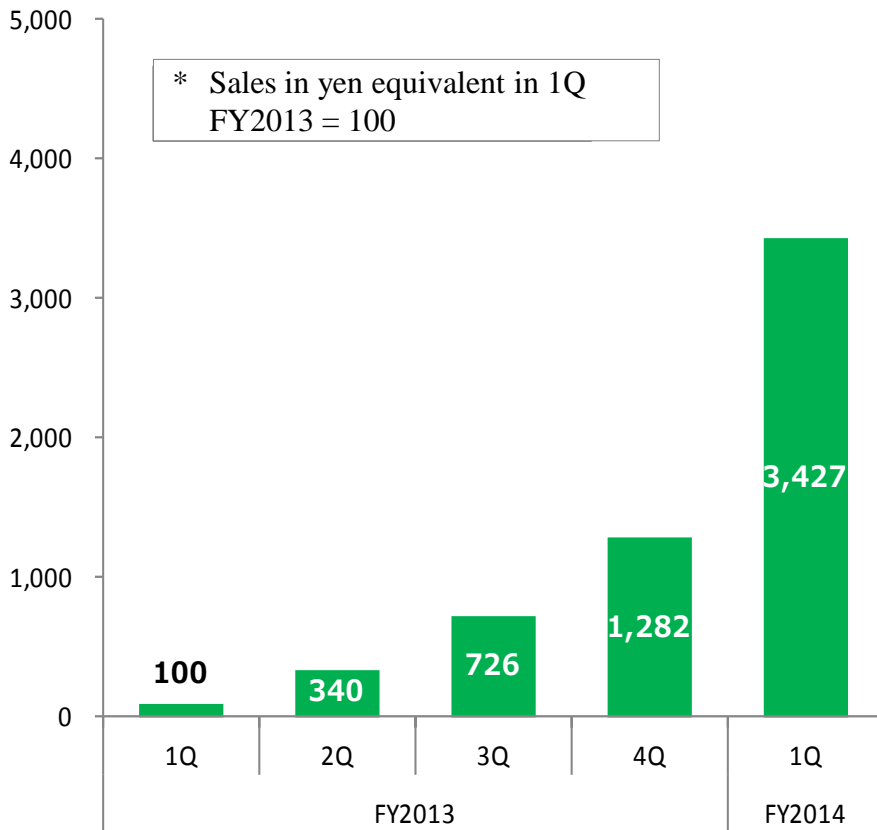


Facebook-related services maintained double-digit growth quarter on quarter.

The business is developing markets in Asia in addition to the domestic market, which continues to record high growth.

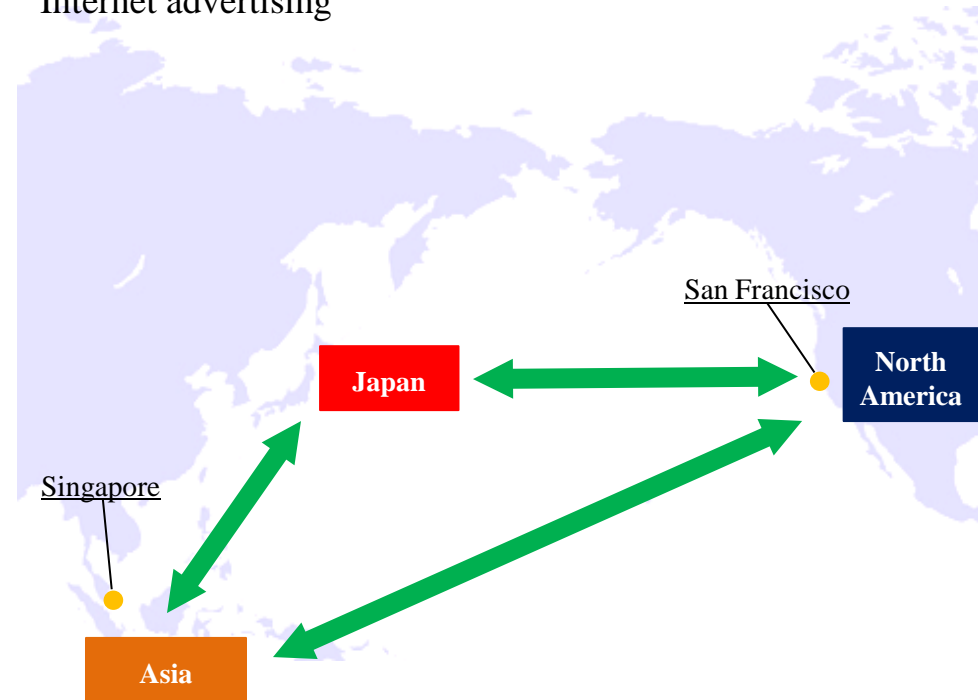
The Twitter business is being strengthened.

Overseas Sales Trend



Business Model

Establishing a cross-border trading system for Internet advertising

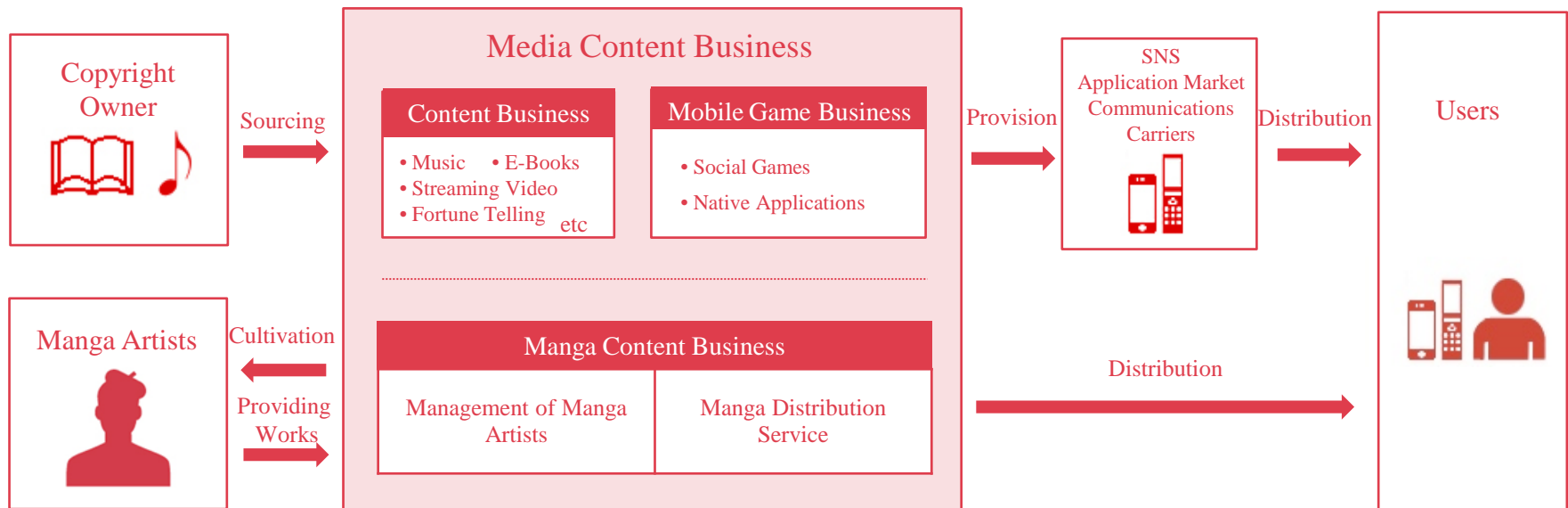


Our business base in North America is performing well, and operations have expanded significantly.

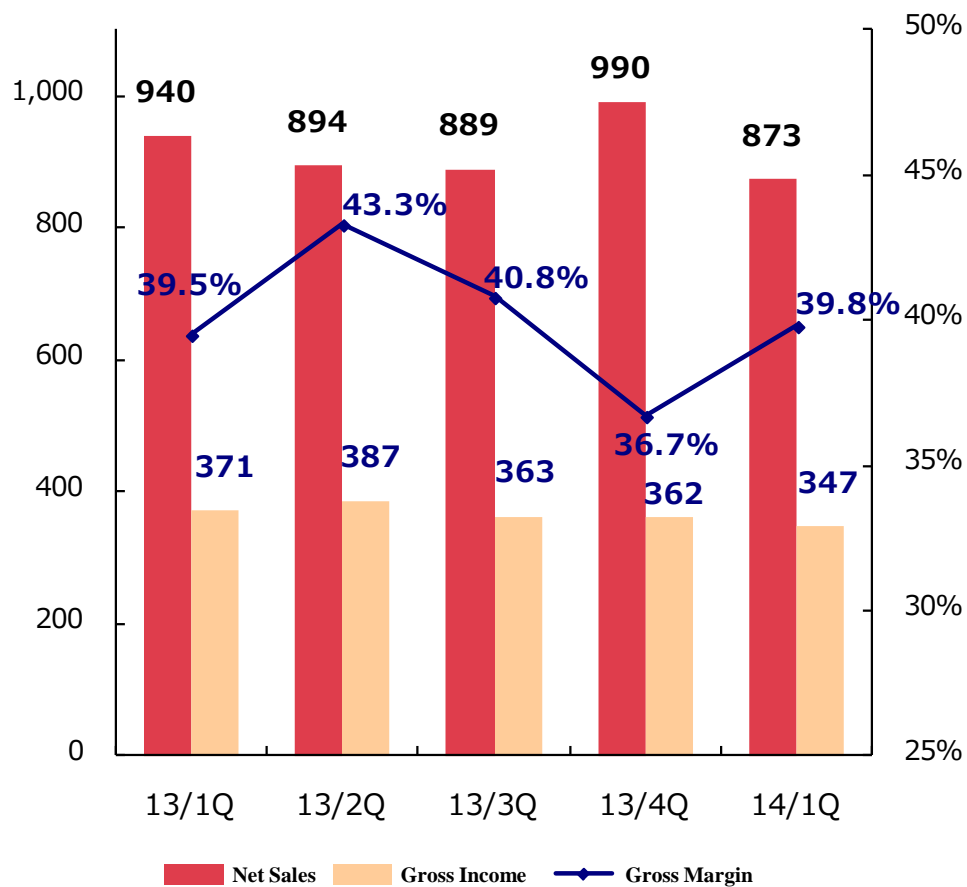
3. Media Content Business

The Media Content Business **plans and develops digital content**, including social games, primarily for smartphones, and provides it to users through SNS, the application market, and other platforms.

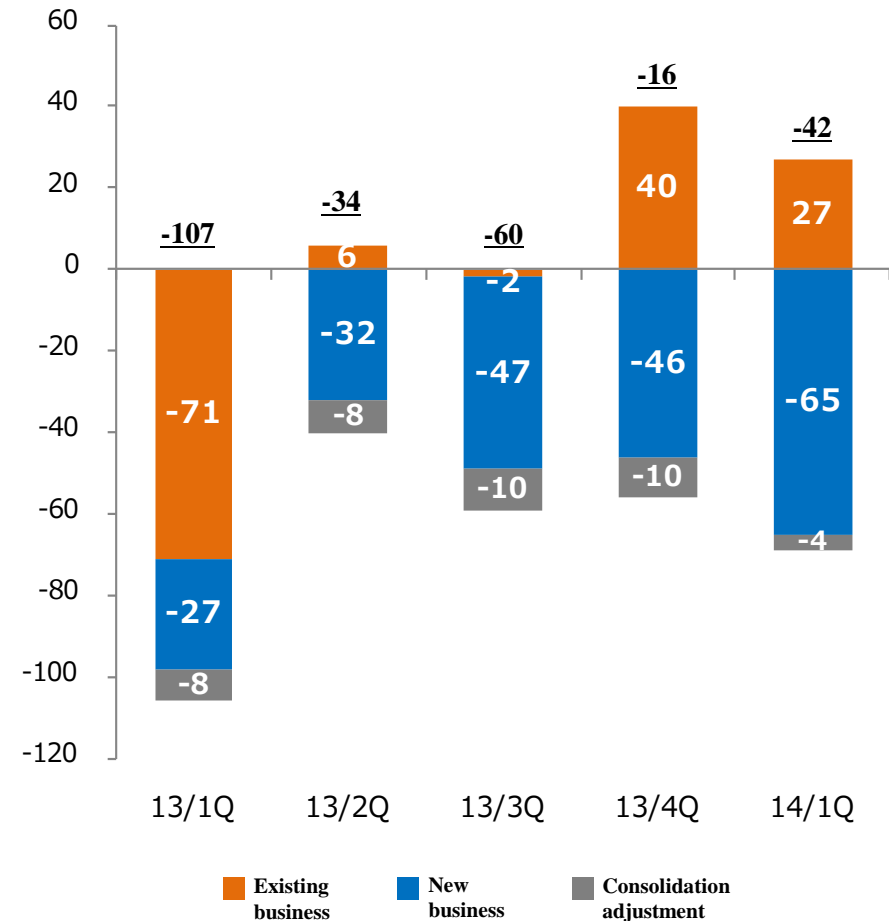
The business also develops and produces Manga artists and distributes Manga works, aiming to **plan and develop our own intellectual property**.



Net Sales, Gross Income



Operating Income (breakdown)



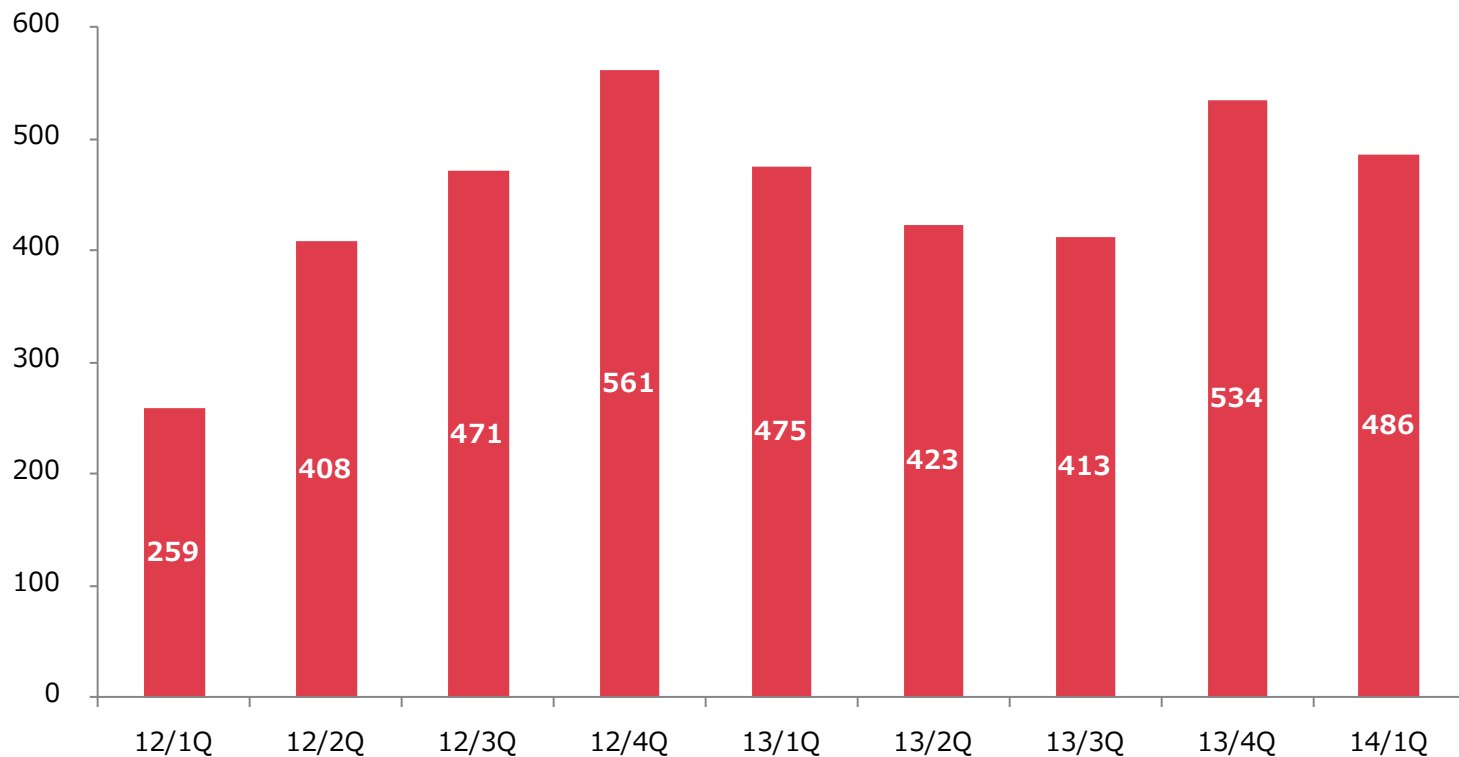
	1Q FY9/14			1Q FY9/13	
	Value	Share	YY Change	Value	Share
Net Sales	873	100.0%	-7.1%	940	100.0%
Gross Income	347	39.8%	-6.5%	371	39.5%
SG&A	389	44.6%	-18.6%	478	50.9%
Operating Income	-42	-4.8%	(+65)	-107	-11.4%

Net sales and operating income at AXEL MARK exceeded the initial forecast, reflecting the firm performance of mobile games.

The Manga Content Business launched a service to distribute new Manga works, *GANMA!*. The operating loss associated with upfront investments in new businesses rose to ¥65 million.

Despite the increase in upfront investments, operating loss **improved by ¥65 million** year on year.

AXEL MARK Mobile Game Sales Trend



Kingdom Chronicle



Legions of the Sky



Traitorous Ciel Ark



© SEGA Networks / © AXEL MARK

Although no new titles were released in 1Q, long-seller titles for browsers and *Traitorous Ciel Ark*, a native application, achieved a firm performance, and sales rose from a year earlier.....

Two or three new titles, including completely native applications, are planned to be released in the second half of the fiscal year ending September 30, 2014.

A service to distribute new serial Manga works online, **GANMA!**, has been launched. (December 12, 2013)

- Primarily distributes the works of Manga artists selected by *Route M*, a program to support new Manga artists
- Developing systems for readers to directly encourage and contribute to Manga artists' growth, such as a ranking system based on reader reviews and a system for posting illustrations

Million Doll



KARUKARERUKA



IREVERN



Musashikun to Murayamasan wa tsukiattemita



Go Remu



LICHT



4. Earnings Estimates and Midterm Business Policies

			Earnings in 1H FY9/13			Earnings Estimates for 1H FY9/14	Expected growth rate (1H)
	Earnings in 1Q FY9/13	Earnings in 2Q FY9/13		Earnings in 1Q FY9/14	Earnings Estimates for 2Q FY9/14		
Net Sales	10,891	11,566	22,458	12,532	13,300	25,832	+15.0%
Operating Income	290	479	770	682	580	1,262	+63.8%
Ordinary Income	338	542	880	737	580	1,317	+49.6%
Net Income	186	549	736	413	350	763	+3.6%

The Internet Marketing Business is performing well, and both sales and income are expected to increase from a year earlier.

The Media Content Business is expected to continue to post an operating loss, given the upfront investments in the mobile game business and Manga content business.

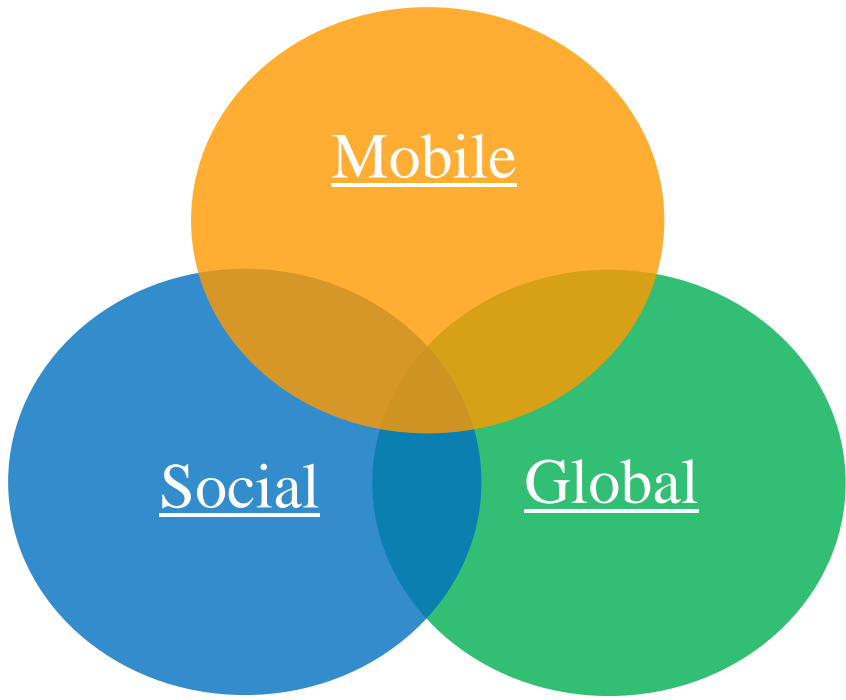
Extraordinary income of ¥313 million was posted in 2Q in the previous fiscal year. Net income in 1H FY9/2014 is expected to rise slightly from a year earlier.

Concept

Business Focus

“Double profits”

- | Increase the share of highly profitable businesses
- | Create a mainstay business second to advertising



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 February 6, 2014 and we do not guarantee their accuracy. Therefore our actual results may differ due to various unforeseen risk factors and changes in global economies.

5. Appendix

As of December 31, 2013

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director Koki Sato Chairman of the Board and Representative Director Mamoru Nanamura
Headquarters	Sumitomo Fudosan Shinjuku Grand Tower 28 th Floor, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo
Securities 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	¥2,026 million
Shares Issued	27,017,000 shares (Including 1,784,600 treasury shares)
Consolidated Workforce	710 full time employees, 826 full time and contracted employees

Holding Company

SEPTENI HOLDINGS CO., LTD

February 6, 2014

Internet Marketing Business

SEPTENI CO., LTD.	Internet ad agency/Providing assistance for overall promotions on internet
MANGO Inc.	SEM operation business
Vasara Inc.	Internet ad agency
HighScore, Inc.	Social media marketing support business
EAGLE i Co., Ltd.	Advertising network business
Septeni Original, Inc.	Planning and developing its own services
Septeni Asia Pacific Pte. Ltd.	Internet ad agency in Asia and Pacific Ocean region
Septeni America, Inc.	Internet marketing business for North America region
SEPTENI TECHNOLOGY CO., LTD.	Web service development
SETPENI CROSSGATE CO., LTD.	Ad network and platform business
ASP CO., LTD.	e-marketing solutions
Tricorn Corporation	CRM service business

Media Content Business

AXEL MARK INC.	Mobile Content business
COMICSMART Inc.	Manga Content business
ViViVit, Inc.	Matching-type recruitment platform

Others

SEPTENI DIRECTMARKETING CO.,LTD	DM business
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New Business Development

SEPTENI VENTURES Co., Ltd.

	End 1Q FY9/14	End FY9/13	Change	Main Changes
Current Assets	13,735	13,502	+ 233	Cash and deposits: +101 Notes and accounts receivable-trade: -129 Accounts receivable: +230
Non-current Assets	2,490	2,520	- 30	Goodwill: -32
Total Assets	16,225	16,023	+ 202	
Current Liabilities	7,516	7,590	- 74	Short-term loans payable: +85 Unpaid tax : -178
Non-current Liabilities	43	52	- 9	
Total Liabilities	7,560	7,643	- 83	
Total Net Assets	8,664	8,380	+ 284	Retained earnings: +236
Total Liabilities, Net Assets	16,225	16,023	+ 202	

	1Q FY9/14 (Oct-Dec)	Main Changes	1Q FY9/13 (Oct-Dec)
Cash Flows from Operating Activities	202	Net income before taxes: +731 Decrease in bonus reserves: -154 Corporate and other taxes: -398	-202
Cash Flows from Investing Activities	1		-49
Cash Flows from Financing Activities	-118	Increase in loans payable: +60 Cash dividends paid: -176	-62
Effect of Exchange Rate Changes on Cash and Cash Equivalents	15		5
Net Increase (Decrease) in Cash and Equivalents	101		-308
Cash and Equivalents at Term End	6,671		4,822

Consolidated SG&A Expense Trend

