Summary of Consolidated Financial Statement
for the Fiscal Year Ended September 30, 2017 [IFRS]

November 9, 2017

SEPTENI HOLDINGS CO., LTD. Listed Market: TSE
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Anticipated General Annual Shareholder Meeting Date: December 21, 2017
Anticipated Dividend Payment Date: December 1, 2017
Anticipated Financial Report Filing Date: December 21, 2017
Supplemental Earnings Presentation Materials: Available
Earnings Presentation Meeting: Held for institutional investors, analysts, media

(All figures of less than 1 million yen are rounded down to the nearest digit)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2017 (From October 1, 2016 to September 30, 2017)

(1) Consolidated Earnings (% figures represent year-over-year change)

	Revenue		Operating Profit		Profit before tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/17	14,702	6.1	2,248	-45.9	2,448	-42.8	2,206	-2.0	2,211	-12.2	2,636	8.4
FY9/16	13,862	—	4,154	—	4,281	—	2,252	-2.1	2,519	7.1	2,431	5.3

(Note) 1. Non-GAAP operating profit: ¥2,325 million in FY9/17 (-43.9%), ¥4,147 million in FY9/16 (—)
2. Revenue, operating profit, Non-GAAP operating profit and profit before tax are indicated the amount of continuing operations excluded discontinued operations. Because earnings results of AXEL MARK INC. and its subsidiary are presented after they are reclassified as discontinued operations. Furthermore, as the earning results of FY2015 is not rearranged, year-over-year change of 2016 is not mentioned.

	Basic earnings per share	Diluted earnings per share	ROE	ROA	Revenue Operating Margin
	Yen	Yen	%	%	%
FY9/17	17.38	17.29	15.1	7.8	15.3
FY9/16	19.43	19.30	19.8	15.4	30.0

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of parent per share
	Million Yen	Million Yen	Million Yen	%	Yen
FY9/17	32,929	15,224	15,172	46.1	120.08
FY9/16	29,981	15,046	14,156	47.2	109.13

(3) Consolidated Cash Flow Information

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Cash and cash equivalents at end of year
	Million Yen	Million Yen	Million Yen	Million Yen
FY9/17	-808	-1,706	2,457	15,519
FY9/16	3,209	-109	801	15,481

2. Dividend Conditions

	Dividends					Total Value of Dividends (Total)	Dividend Payout Ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/16	—	—	—	16.00	16.00	415	16.5	3.3
FY9/17	—	—	—	3.20	3.20	410	18.4	2.8
FY9/18 Estimate	—	—	—	—	—		—	

(Note) 1. Estimates for dividends in the fiscal year ending September 30, 2018 have yet to be decided.
2. The Company implemented a 5-for-1 stock split for its common stock on October 1, 2016. The figures for the fiscal year ended September 30, 2016 are stated based on the number of shares before the stock split.

3. Consolidated Financial Results Forecast for the Six Months Ending March 31, 2018 (From October 1, 2017 to March 31, 2018)

(% figures represent year-over-year change)

	Revenue		Non-GAAP Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First half	8,000	9.5	1,000	-25.5	600	-65.6	4.75

(Note) Instead of full-year earnings estimates, the Company discloses its earnings estimates for the next half year.

* Annotation

(1) Important changes in subsidiaries, including changes in the scope of consolidation: None

(2) Changes in accounting methods, procedures, presentation methods

Changes in accounting policies required by IFRSs:	None
Other changes in accounting methods:	None
Changes in accounting estimates:	None

(3) Shares issued (common stock)

Shares issued as of term-end (incl. Treasury stock):	FY9/17	138,819,000	FY9/16	138,641,500
Treasury stock as of tem-end:	FY9/17	12,463,355	FY9/16	8,924,155
Average number of shares outstanding:	FY9/17	127,193,039	FY9/16	129,661,912

(Reference) Non-Consolidated Earnings Overview

1. Non-Consolidated Earnings for the Fiscal Year Ended September 2017 (October 1, 2016 – September 30, 2017)

(1) Non-Consolidated Earnings (% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/17	3,800	44.5	2,015	97.0	2,248	133.3	1,581	44.6
FY9/16	2,630	△7.5	1,023	△19.9	964	△35.9	1,094	△46.2

	EPS	Fully Diluted EPS
	Yen	Yen
FY9/17	12.43	12.36
FY9/16	8.44	8.38

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/17	15,562	9,990	64.1	78.90
FY9/16	11,068	10,028	90.1	76.88

(Reference) Capital: ¥9,970 million in FY9/17, ¥9,972 million in FY9/16

* Cautionary note about the use of results forecasts and other special notes

(1) Stock split

The Company implemented a 5-for-1 stock split for its common stock on October 1, 2016. The shares issued (common stock) were calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year. BPS, Diluted earnings per share, Equity attributable to owners of parent per share and shares issued as of term-end are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

Index

1. Overview of Earnings Performance, Etc. 3
(1) Earnings Performance Analysis 3
(2) Financial Conditions Analysis 5
(3) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms 6
2. Corporate Structure 7
3. Basic Stance on the Choice of Accounting Standards 8
4. Consolidated Financial Statements 9
Consolidated Statement of Financial Position 9
Consolidated Statement of Profit or Loss 11
Consolidated Statement of Comprehensive Income 12
Consolidated Statement of Changes in Equity 13
Consolidated cash flow statement 14
(Segment information) 15
(Per-share information) 17

1. Overview of Earnings Performance, Etc.

(1) Earnings Performance Analysis

(Earnings for the current term)

In 2016, the individual smartphone ownership rate in Japan grew to 56.8% and exceeded 80% among young people in their 10's to 30's, showing that the quantitative expansion is progressing particularly in the young adult segment. In addition, the time spent on smartphone per owner also increased substantially along with the rising utilization rate of SNS (social networking services), suggesting a marked qualitative change as well (Source: "White Paper 2017 Information and Communications in Japan" of the Ministry of Internal Affairs and Communications). As such, the smartphone has become a mainstream device for accessing the Internet, and the market for advertising and diverse services and content corresponding to this trend is expanding. In addition, the power of social media, led by SNS, is increasing still further, and this is consequently prompting greater demand for marketing support that makes use of the characteristics of social media.

In this environment, the SEPTENI Group has been focusing on smartphone advertising and strengthening the production and sales system of video advertising, which shows marked growth even in smartphone advertising. At the same time, the Group has also been working to expand revenue in Southeast Asia by pressing forward with business expansion overseas.

In addition, to strengthen its competitiveness over the medium to long term, the Group stepped up the recruitment and cultivation of human resources, taking advantage of its AI-type personnel system centered on machine learning, and made prior investments in expanding the user base of *GANMA!*, a manga content app in the Media Content Business.

As a result, revenue increased to ¥14,702 million (up 6.1% year on year), non-GAAP operating profit declined to ¥2,325 million (down 43.9% year on year), operating profit fell to ¥2,248 million (down 45.9% year on year) and profit attributable to owners of parent totaled ¥2,211 million (down 12.2% year on year), with revenue practically hitting a record high for the sixth straight fiscal year.

On November 10, 2016, the Company sold some of the holding in AXEL MARK INC. and excluded the company and its subsidiaries from the scope of consolidation. As a result, profits and losses of the company and its subsidiaries and profits and losses related to the sales of the shares were separated from continued operations and reclassified into discontinued operations.

Operating results by reporting segment are as follows:

(i) Internet Marketing Business

The Internet Marketing Business provides comprehensive marketing support services for companies, using the Internet. The Group sells Internet advertising and operates its own services, including cloud-based CRM services and marketing platforms such as affiliate networks.

In the fiscal year under review, against a backdrop of the expanding market of Internet advertising, primarily performance-based advertising for smartphones, the Group expanded its operations by actively conducting sales activities. Backed by diversifying advertising products and enriched advertising expressions along with the increasing demand, the ratio of smartphone advertising to sales in this segment remained high. Above all, sales of video advertising, a focus for the Group, grew substantially. Meanwhile, a decline in advertising for certain existing large-scale projects had an impact, but revenue in the overseas business remained steady, mainly helped by Lion Digital Global LTD that engages in the Internet advertising agency business in Southeast Asia and became a consolidated subsidiary of the Group in October 2016, contributing to the revenue expansion in the Internet Marketing Business.

Overall, revenue in this segment stood at 13,833 million yen (up 3.2% year on year). Non-GAAP operating profit was 4,255 million yen (down 20.2%).

(ii) Media Content Business

The Manga Content Business engages in the cultivation and support of Manga artists for the purpose of planning and developing the Group's own intellectual property (IP) and operates *GANMA!*, a manga content app consisting mainly of the original works of house artists, as in-house media. In addition, the Media Content Business develops new businesses born from intrapreneurship, including the recruiting platform business, social contribution platform business, and medical platform business.

In the Manga Content Business, the Group actively made marketing investments including TVCM in the fiscal year under review to expand the scale of *GANMA!*, a manga content app. As a result, despite an increase in selling and administrative expenses, particularly advertising expenses, the number of *GANMA!* users increased significantly, and cumulative downloads of the app as of September 30, 2017 stood at 8.59 million, about 2.2 times the number at the end of the previous fiscal year. In addition, sales of advertising in *GANMA!* also remained steady, and app revenue centering on advertising revenue increased significantly.

As a result, revenue in this segment came to 1,163 million yen (up 93.5% year on year). The non-GAAP operating loss was 1,420 million yen (non-GAAP operating loss of 718 million yen in the previous fiscal year).

(Outlook for Next Fiscal Year)

(i) Policy

In the fiscal year ending September 30, 2018, the Group aims to increase profitability on a consolidated basis through the sustainable growth of the Internet Marketing Business, while at the same time continuing to make effective investments in the Media Content Business to expand the scale of media.

In the Internet Marketing Business, the Group will increase its growth potential in the Japanese market by improving profitability through a focus on sales of video advertising and in-house media and efforts to improve the client mix and the product mix. In overseas markets, the Group aims to expand its share by promoting active market development mainly in Asia.

In the Media Content Business, the Group will expand the user base of *GANMA!* to further expand the scale of media by continuously making marketing investments, mainly in online advertising. At the same time, the Group aims to increase app revenue centered on advertising revenue by further promoting sales of advertising in *GANMA!* through the enhanced development of the brand advertising market.

In addition, to strengthen our competitiveness over the medium to long term and make sustainable growth, we will actively invest in the development of human resources, the source of our growth. We have revised the personnel system in October 2017 by using the AI-type personnel system centered on machine learning which the Company has been developing and operating on its own for the purpose of recruiting more excellent human resources to use them as an operational force early and contribute to earnings. For the fiscal year ending September 30, 2018, we have factored in an increase in selling and administrative expenses mainly due to the payment of performance-based bonuses.

(ii) Earnings estimates for the first half

The Company will change its policy on the disclosure of earnings estimates in the fiscal year ending September 30, 2018. In the Internet marketing market, which continues to grow in a rapidly changing environment, the period of smartphone proliferation has run its course, and sales of advertising through smartphones remain high in the Company, accounting for more than 80% of its revenue. In this environment, while unpredictable factors that can produce fluctuations in the market environment still exist, it has become somewhat easier to make future forecasts, in comparison to recent years. Therefore, we will change our policy on the disclosure of earnings estimates from announcing earnings estimates for the next quarter to making earnings estimates semiannually.

For the six months of the fiscal year ending September 30, 2018, revenue is expected to increase year on year, thanks to the solid performance of the Internet Marketing Business. In the Media Content Business, revenue is expected to increase significantly year on year mainly due to the expansion of advertising revenue, and the operating loss in this segment on a stand-alone basis is expected to contract, despite continued marketing investments in *GANMA!*. However, because we have factored in an increase in selling and administrative expenses, particularly personnel expenses, due to investments we will make in human resources to strengthen our competitiveness over the medium to long term, as we mentioned earlier, we anticipate an increase in revenue but a decline in profit on a consolidated basis.

Earnings estimates for the first half of the fiscal year ending September 30, 2018 (from October 1, 2017 to March 31, 2018)

Revenue	8,000 million yen
Non-GAAP operating profit	1,000 million yen
Profit attributable to owners of parent	600 million yen

The estimates above are based on information available at the time of publication of this summary and involve uncertain factors. Actual results may differ from them for a variety of reasons.

(2) Financial Conditions Analysis

Total assets at the end of the fiscal year under review increased 2,948 million yen from the end of the previous fiscal year to 32,929 million yen. This was primarily attributable to an increase of 1,670 million yen in goodwill and an increase of 1,332 million yen in investments accounted for using the equity method. The increase in goodwill was due to the posting of goodwill associated with the acquisition of Lion Digital Global LTD as a result of our acquiring 96.01% of its shares in cash. The increase in investments accounted for using the equity method was mainly due to the conversion of AXEL MARK INC. and its subsidiaries into equity-method affiliates as a result of their exclusion from the scope of consolidation due to the sales of some of the shares in AXEL MARK INC. which the Company had held.

Total liabilities rose 2,770 million yen, to 17,705 million yen, chiefly due to an increase of 3,567 million yen in other financial liabilities. The increase in other financial liabilities was mainly due to non-current borrowings.

Equity increased 178 million yen, to 15,224 million yen, chiefly reflecting the acquisition of treasury shares of 1,206 million yen (including the Company's shares acquired by the BIP (Board Incentive Plan) Trust), a decrease of 641 million yen in changes in ownership interests in subsidiaries that result in loss of control and the posting of profit for the period of 2,206 million yen.

(Cash flows)

Cash and cash equivalents in the fiscal year under review rose 38 million yen from the end of the previous fiscal year to 15,519 million yen.

The following is a description of the situation and factors of each category of cash flow in the fiscal year under review.

(i) Cash flows from (used in) operating activities

Cash flows used in operating activities stood at 808 million yen (cash-in of 3,209 million yen in the previous fiscal year).

This reflected outflows such as income taxes paid of 2,682 million yen and a decrease in working capital of 495 million yen, offsetting inflows such as a profit before tax from continuing operations of 2,448 million yen.

(ii) Cash flows from (used in) investing activities

Cash flows used in investing activities came to 1,706 million yen (cash-out of 109 million yen in the previous fiscal year).

This result was mainly attributable to a net cash inflow of 403 million yen from the purchase of securities and proceeds from sales of securities (purchase of securities of 246 million yen and proceeds from sales of securities of 649 million yen), while there was an outflow of 1,374 million yen due to the purchase of shares of subsidiaries that result in acquisition of control.

(iii) Cash flows from (used in) financing activities

Cash flows from financing activities stood at 2,457 million yen (cash-in of 801 million yen in the previous fiscal year).

This was largely a reflection of outflows due to dividends paid of 415 million yen and the purchase of treasury shares of 1,206 million yen, as well as a net cash inflow of 4,792 million yen due to non-current borrowings (repayments of non-current borrowings of 208 million yen and proceeds from non-current borrowings of 5,000 million yen).

(Reference) Trends in Cash Flow-Related Indicators

	FY9/15	FY9/16	FY9/17
Ratio of equity attributable to owners of parent to total assets (%)	44.1	47.2	46.1
Ratio of equity attributable to owners of parent to total assets, market capitalization based (%)	217.2	194.7	118.6
Interest-bearing debt to cash flow ratio (%)	67.3	48.1	–
Interest coverage ratio	433.3	330.0	–

Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent/ Total assets

Ratio of equity attributable to owners of parent to total assets, market capitalization based: Market capitalization/ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/ Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/ Interest payments

(Notes) 1. Each number above is calculated from consolidated financial data.

2. The market capitalization is the closing stock price at the end of the fiscal year multiplied by the number of shares outstanding (excluding treasury stock).

3. The cash flows are cash flows from (used in) operating activities.

4. Interest-bearing debt is all the debt on which interest is paid that is posted in the statement of financial position.

5. The date of transition to IFRS was October 1, 2014. The Company is applying IFRS from the fiscal year ending September 30, 2016. Data for fiscal years up to the fiscal year ended September 30, 2014 are thus not described.

6. The cash flow to interest-bearing debt ratio and the interest coverage ratio for the fiscal year ended September 30, 2017 are not stated because cash flows from operating activities were negative.

(3) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms

We recognize that returning profits to our shareholders is a key management issue, and will flexibly implement the policy outlined below regarding the appropriate distribution of profits.

With regard to the distribution of retained earnings, we will consider our consolidated earnings performance in each fiscal year, the need to fortify our financial position, and the Group business strategies, etc., and distribute profits to maintain a dividend payout ratio of around 15% based on profit attributable to owners of parent. Furthermore, we have established a minimum full-year dividend target level of ¥2 per share, and seek to strike a balance between stable dividends and an appropriate level of profit distribution to allow us to grow our earnings. In addition, we will endeavor to utilize our retained earnings for investments in training personnel, optimizing and reinvigorating our existing businesses, and capturing new business areas that have the potential for high growth and profitability.

Based on these policies, we expect to pay a ¥3.2 dividend per share during the current fiscal year as a year-end dividend.

Furthermore, with regard to dividends in the next term, we expect to pay dividends in accordance with the above mentioned policy, and will announce the specific value for our dividend estimate as soon as we announce earnings estimates for the full year.

2. Corporate Structure

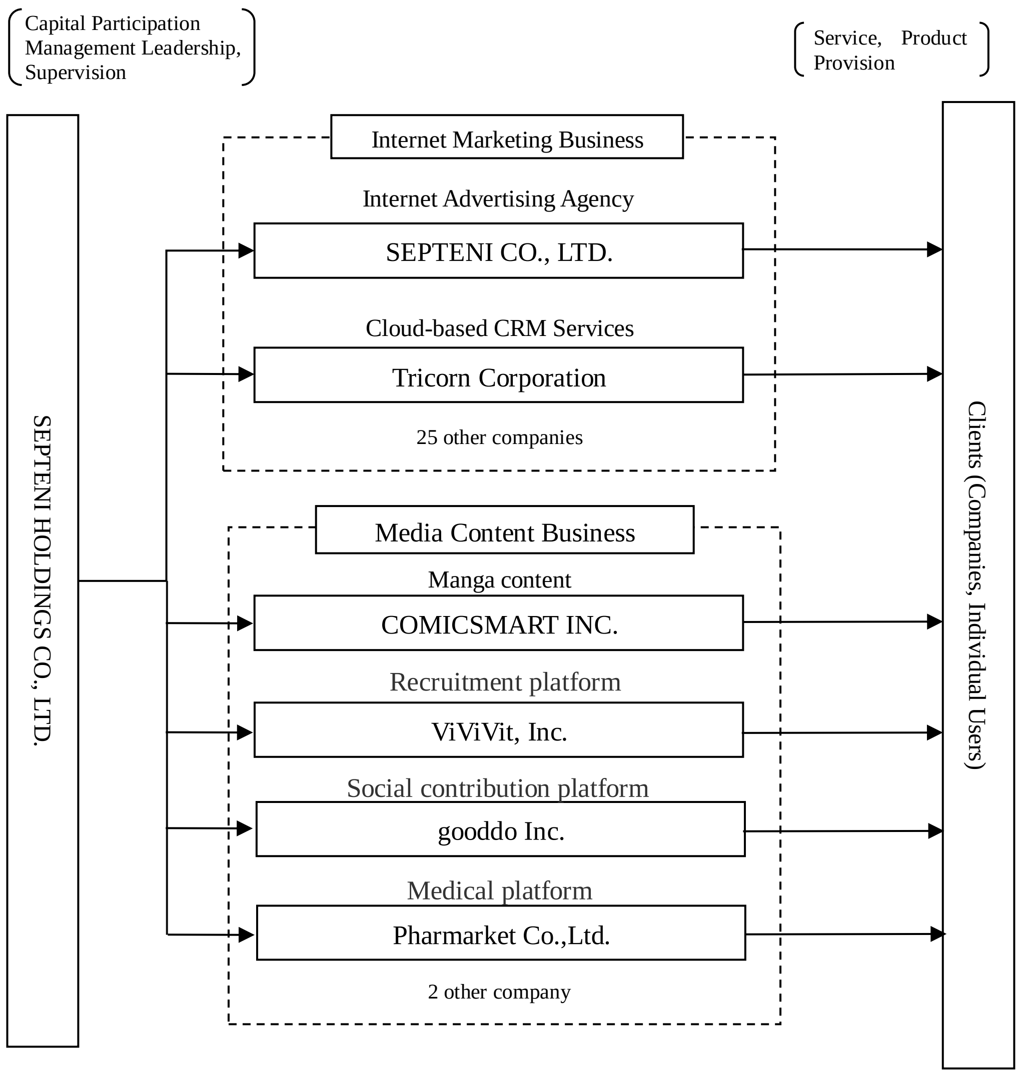
As of September 30, 2017, the SEPTENI Group comprises the holding company SEPTENI HOLDINGS, 33 consolidated subsidiaries, and 11 equity accounting method held affiliates (included one union) and is engaged in Internet marketing, media content.

AXEL MARK INC. and its subsidiaries have been converted to equity-method affiliates because they were excluded from the scope of consolidation as a result of our selling some of its shares on November 11, 2016.

Below is description of businesses and a breakdown of the companies that belong to each of the Group's business segments.

Business Segment	Business Description	Main Consolidated Subsidiaries
Internet Marketing Business	Internet advertising sales, Web solutions (website creation, operation, SEO services), marketing platform operations for ad networks, cloud-based CRM services, Internet marketing support services for corporations	SEPTENI CO., LTD. Tricorn Corporation
Media Content Business	The digital media content distribution business segment and platform business segment, including the manga content business, recruitment platform business, social contribution platform business, and medical platform business	COMICSMART, Inc.

SEPTENI's Corporate Structure



3. Basic Stance on the Choice of Accounting Standards

The Group promotes the development of global operations and is applying IFRS from the fiscal year ended September 30, 2016 to improve the quality of business administration through the unification of accounting procedures within the Group and to improve the convenience of stakeholders, including shareholders and investors in Japan and overseas, by increasing the international comparability of financial information in capital markets.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

（Thousand yen）

	Previous Term (Ended September 30,2016)	Current Term （Ended September 30, 2017）
Assets		
Current assets		
Cash and cash equivalents	15,480,970	15,519,366
Operating receivables	9,982,708	9,988,192
Inventories	118,517	9,794
Other financial assets	443,788	209,252
Other current assets	242,480	545,809
Total current assets	26,268,463	26,272,413
Non-current assets		
Property, plant and equipment	363,519	333,676
Goodwill	147,491	1,817,632
Intangible assets	232,261	169,005
Investments accounted for using equity method	611,991	1,943,739
Other financial assets	1,673,251	1,657,054
Other non-current assets	3,743	7,024
Deferred tax assets	680,225	728,192
Total non-current assets	3,712,481	6,656,322
Total assets	29,980,944	32,928,735

(Thousand yen)

	Previous Term (Ended September 30,2016)	Current Term (Ended September 30, 2017)
Liabilities and Equity		
Liabilities		
Current liabilities		
Operating payables	9,652,601	9,349,155
Other financial liabilities	1,728,525	1,931,391
Current income taxes payable	1,236,846	309,710
Other current liabilities	1,573,264	1,796,410
Total current liabilities	14,191,236	13,386,666
Non-current liabilities		
Other financial liabilities	654,867	4,018,845
Provisions	88,454	82,821
Other non-current liabilities	518	1,140
Deferred tax liabilities	—	215,731
Total non-current liabilities	743,839	4,318,537
Total liabilities	14,935,075	17,705,203
Equity		
Equity attributable to owners of parent		
Share capital	2,085,004	2,113,611
Share premium	3,617,269	3,647,815
Treasury shares	-485,685	-1,691,818
Retained earnings	8,815,259	11,018,315
Other components of equity	123,875	84,355
Total equity attributable to owners of parent	14,155,722	15,172,278
Non-controlling interests	890,147	51,254
Total equity	15,045,869	15,223,532
Total liabilities and equity	29,980,944	32,928,735

(2) Consolidated Statement of Profit or Loss

(Thousand yen)

	Previous Term (Ended September 30,2015)	Current Term (Ended September 30, 2016)
Continuing operations		
Revenue	13,861,870	14,702,191
Cost of sales	1,383,668	1,713,539
Gross profit	12,478,202	12,988,652
Selling, general and administrative expense	8,350,253	10,651,666
Other income	46,044	14,949
Other expense	19,547	104,127
Operating profit	4,154,446	2,247,808
Finance income	111,387	277,030
Finance costs	94,699	113,963
Share of profit from investments accounted for using equity method	109,755	36,772
Profit before tax	4,280,889	2,447,647
Income tax expense	1,563,685	1,109,365
Profit from continuing operations	2,717,204	1,338,282
Discontinued operations		
Profit from discontinued operations	-465,195	868,070
Profit	2,252,009	2,206,352
Profit attributable to:		
Owners of parent	2,519,007	2,210,604
Non-controlling interests	-266,998	-4,252
Total	2,252,009	2,206,352
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	20.81	10.47
Discontinued operations	-1.38	6.91
Total	19.43	17.38
Diluted earnings per share (Yen)		
Continuing operations	20.68	10.42
Discontinued operations	-1.38	6.87
Total	19.30	17.29
Net sales	73,203,044	72,375,144

Reconciliation from operating profit to non-GAAP operating profit (Reference) (Thousand yen)

	Previous Term (Ended September 30,2015)	Current Term (Ended September 30, 2016)
Operating profit	4,154,446	2,247,808
Other income	20,000	960
Other expense	12,305	77,704
Non-GAAP operating profit	4,146,751	2,324,552

(3) Consolidated Statement of Comprehensive Income

(Thousand yen)

	Previous Term (Ended September 30,2015)	Current Term (Ended September 30, 2016)
Profit	2,252,009	2,206,352
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes in financial assets measured at fair value through other comprehensive income	298,883	183,719
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-114,119	258,466
Cash flow hedges	-5,511	13,770
Share of other comprehensive income of associates accounted for using equity method	—	1,514
Total other comprehensive income, net of tax	179,253	429,929
Total comprehensive income	2,431,262	2,636,281
Comprehensive income attributable to:		
Owners of parent	2,734,220	2,617,876
Non-controlling interests	-302,958	18,405
Comprehensive income	2,431,262	2,636,281

(4) Consolidated Statement of Changes in Equity

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at October 1, 2015	2,070,160	3,160,951	-485,012	6,495,103	65,966	11,307,168	984,604	12,291,772
Profit	—	—	—	2,519,007	—	2,519,007	-266,998	2,252,009
Other comprehensive income	—	—	—	—	215,213	215,213	-35,960	179,253
Total comprehensive income	—	—	—	2,519,007	215,213	2,734,220	-302,958	2,431,262
Issue of new shares	14,844	14,844	—	—	-29,495	193	—	193
Dividends of surplus	—	—	—	-362,825	—	-362,825	—	-362,825
Purchase and disposal of treasury shares	—	—	-673	—	—	-673	—	-673
Changes in ownership interests in subsidiaries that do not result in loss of control	—	441,060	—	—	—	441,060	204,114	645,174
Changes in ownership interests in subsidiaries that result in loss of control	—	—	—	—	—	—	—	—
Other	—	414	—	163,974	-127,809	36,579	4,387	40,966
Total amount of transactions with owners	14,844	456,318	-673	-198,851	-157,304	114,334	208,501	322,835
Balance at September 30, 2016	2,085,004	3,617,269	-485,685	8,815,259	123,875	14,155,722	890,147	15,045,869

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at October 1, 2016	2,085,004	3,617,269	-485,685	8,815,259	123,875	14,155,722	890,147	15,045,869
Profit	—	—	—	2,210,604	—	2,210,604	-4,252	2,206,352
Other comprehensive income	—	—	—	—	407,272	407,272	22,657	429,929
Total comprehensive income	—	—	—	2,210,604	407,272	2,617,876	18,405	2,636,281
Issue of new shares	28,607	28,606	—	—	-55,970	1,243	—	1,243
Dividends of surplus	—	—	—	-415,096	—	-415,096	—	-415,096
Purchase and disposal of treasury shares	—	—	-1,206,133	—	—	-1,206,133	—	-1,206,133
Changes in ownership interests in subsidiaries that do not result in loss of control	—	1,940	—	—	—	1,940	-218,024	-216,084
Changes in ownership interests in subsidiaries that result in loss of control	—	—	—	—	-2,873	-2,873	-638,394	-641,267
Other	—	—	—	407,548	-387,949	19,599	-880	18,719
Total amount of transactions with owners	28,607	30,546	-1,206,133	-7,548	-446,792	-1,601,320	-857,298	-2,458,618
Balance at September 30, 2017	2,113,611	3,647,815	-1,691,818	11,018,315	84,355	15,172,278	51,254	15,223,532

(5) Consolidated cash flow statement

（Thousand yen）

	Previous Term (Ended September 30,2016)	Current Term (Ended September 30, 2017)
Cash flows from (used in) operating activities		
Profit before tax from continuing operations	4,280,889	2,447,647
Profit before tax from discontinued operations	-433,934	1,259,841
Adjustments:		
Depreciation and amortization expense	221,164	212,985
Impairment loss	176,662	20,179
Interest income and dividend income	-7,313	-4,951
Interest expenses	9,863	12,939
Share of (profit) loss of entities accounted for using equity method	81,269	-36,772
(Profit) Loss related loss of control	—	-1,330,257
Other	134,093	-238,318
Increase or decrease in working capital		
Decrease (increase) in operating receivables	-164,672	-234,428
Decrease (increase) in inventories	-109,916	-9,310
Increase (decrease) in operating payables	449,566	-382,803
Other	293,739	131,361
Subtotal	4,768,872	1,848,113
Interest and dividend income received	7,313	37,587
Interest expenses paid	-9,723	-11,918
Income taxes refund	39,258	—
Income taxes paid	-1,596,915	-2,681,912
Cash flows from (used in) operating activities	3,208,805	-808,130
Cash flows from (used in) investing activities		
Proceeds from sales of securities	276,630	648,567
Purchase of securities	-196,762	-245,790
Purchase of property, plant and equipment	-153,148	-141,528
Purchase of intangible assets	-262,189	-23,337
Payments for sales of investments in subsidiaries with loss of control (after deducting Cash of disposed subsidiary)	—	-585,149
Purchase of investments in subsidiaries with loss of control (after deducting Cash of acquired subsidiary)	—	-1,374,449
Other	226,332	16,080
Cash flows from (used in) investing activities	-109,137	-1,705,606
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	-244,068	-497,267
Proceeds from non-current borrowings	700,000	5,000,000
Repayments of non-current borrowings	185,906	-208,328
Cash dividends paid	-362,825	-415,096
Proceeds from changes in interests in subsidiaries without loss of control	884,064	—
Purchases from changes in interests in subsidiaries without loss of control	—	-216,084
Dividends paid to non-controlling interests	-2,456	-880
Purchase of treasury shares	-673	-1,206,133
Other	12,778	1,243
Cash flows from (used in) financing activities	800,914	2,457,455
Effect of exchange rate change on cash and cash equivalents	-114,119	94,677
Increase (decrease) in cash and cash equivalents	3,786,463	38,396
Cash and cash equivalents at beginning of period	11,694,507	15,480,970
Cash and cash equivalents at end of period	15,480,970	15,519,366

(Segment information)

1. Overview of reportable segments

The Group has a holding company structure where the Company is a holding company and its subsidiaries (or their groups) are business units. Activities directly related to revenue generation are conducted solely by business units, which consist of the Company's subsidiaries (or their groups).

The Group's reportable segments are based on business segments for which separate financial information is available and that the highest decision-maker examines on a regular basis to determine the distribution of management resources and evaluate the results. In consideration of similarities among the economic characteristics of each business segment and their quantitative importance and for the purpose of enabling the users of the financial statements to appropriately evaluate the Group's businesses and the economic circumstances for the businesses and their effects on the businesses, the Group discloses information on two reportable segments: the Internet Marketing Business and the Media Content Business

i. Internet Marketing Business

The Internet Marketing Business is a single business segment engaging in comprehensive Internet marketing support services for corporations, including sales of Internet advertising and the operation of marketing platforms such as cloud-based CRM services and affiliate networks.

ii. Media Content Business

The Media Content Business consists of several business segments, including the manga content business, recruitment platform business, social contribution platform business, and medical platform business. The Media Content Business includes business units that have commenced operation in recent years and have not made a profit due to prior investment for revenue generation. The highest decision-maker makes decisions on the distribution of management resources to those business units and evaluates their results, assuming risks and economic value that allow the Group to recover the investment costs through future revenue generation.

AXEL MARK INC. and its subsidiaries have been converted to equity-method affiliates because they were excluded from the scope of consolidation as a result of our selling some of its shares on November 11, 2016. The Non-core Business is operated by AXEL MARK INC. and its subsidiaries as an independent business area. Because its earnings performance was presented as discontinued operations in the previous fiscal year and during the period from October 1, 2016 to the date of losing control, the disclosure requirements of IFRS 8 (operating segments) do not apply.

2. Measurement of reportable segments' profits and losses

Segment profit is non-GAAP operating income, which is the sum of operating income in compliance with IFRS and temporary factors, including impairment losses and gains (losses) on sales of property, plant and equipment.

The Group voluntarily discloses the total amount of all transactions as net sales. The disclosure of net sales is not disclosure in accordance with IFRS. The management believes, however, that sales are useful information for users of the financial statements, and voluntarily discloses sales in its consolidated net profit-and-loss statement and segment information as reference information.

The prices of inter-segment transactions are determined based on the prices of transactions with external customers.

3. Information on reportable segments' profits and losses

Previous consolidated fiscal year (from October 1, 2015 to September 30, 2016)

(Thousand yen)

	Internet Marketing	Media Content	Total	Adjustment	Consolidated
Segment revenue	13,408,863	600,835	14,009,698	△147,828	13,861,870
Segment profit (loss) *	5,331,011	△717,535	4,613,476	△466,725	4,146,751
Segment sales	73,158,755	600,835	73,759,590	△556,546	73,203,044

(Notes) 1. The segment profit is non-GAAP operating profit.

2. Adjustment includes the elimination of profit and loss transactions between reportable segments and expenses for the operation of the holding company not attributable to reportable segments.

Fiscal Year Ended September 30, 2016 (from October 1, 2016 to September 30, 2017

(Thousand yen)

	Internet Marketing	Media Content	Total	Adjustment	Consolidated
Segment revenue	13,833,160	1,162,677	14,995,837	-293,646	14,702,191
Segment profit (loss) *	4,255,249	-1,420,305	2,834,944	-510,392	2,324,552
Segment sales	72,548,784	1,162,677	73,711,461	-1,336,317	72,375,144

(Notes) 1. The segment profit is non-GAAP operating profit.

2. Adjustment includes the elimination of profit and loss transactions between reportable segments and expenses for the operation of the holding company not attributable to reportable segments.

Reconciliation of segment profit (loss) and profit before tax

(Thousand yen)

	Previous Term (Ended September 30,2016)	Current Term (Ended September 30, 2017)
Segment profit (non-GAAP operating income)	4,146,751	2,324,552
Other profit (loss) (net)	7,695	-76,744
Financial profit (loss) (net)	16,688	163,067
Share of profit of entities accounted for using equity method	109,755	36,772
Profit before tax	4,280,889	2,447,647

(Per-share information)

The basis of the calculation of earnings per share is shown in the table below.

	Previous Term (Ended September 30,2016)	Current Term (Ended September 30, 2017)
Profit attributable to owners of parent (thousand yen)		
Continuing operations	2,698,776	1,332,054
Discontinued operations	-179,769	878,550
Total	2,519,007	2,210,604
Average number of ordinary shares outstanding during the fiscal year (thousand shares)	129,662	127,193
Number of potential shares with dilutive effects		
Number of warrants (thousand shares)	841	695
Average number of shares outstanding in consideration of the number of potential shares with dilutive effects (thousand shares)	130,503	127,888
Basic earnings per share (yen)		
Continuing operations	20.81	10.47
Discontinued operations	-1.38	6.91
Total	19.43	17.38
Diluted earnings per share (yen)		
Continuing operations	20.68	10.42
Discontinued operations	-1.38	6.87
Total	19.30	17.29

(Notes) The Company implemented a 5-for-1 stock split for its common stock on October 1, 2016. The shares issued (common stock) were calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year. BPS and Diluted earnings per share of the previous fiscal year are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.