



FY September/2021

Business Results for 1Q

Feb. 2, 2021

SEPTENI HOLDINGS CO., LTD.

01 Quarterly Consolidated Earnings Overview

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Since the start of FY9/16, the IFRS has been applied instead of the J-GAAP, which had been adopted until then.

Revenue is disclosed as an IFRS-based indicator instead of traditional net sales, which are also disclosed as reference information on a voluntary basis. Revenue from the Advertising Agency Sales, which accounts for the majority of the Internet Marketing Business, shows only the posted net margins.

Non-GAAP operating profit is disclosed on a voluntary basis to present actual business conditions more appropriately. Non-GAAP operating profit refers to the profit indicator used to assess ordinary business conditions after adjustments are made to IFRS-based operating profit pertaining to temporary factors such as the impairment losses, and gains or losses on the sales of fixed assets.

Numbers in this material are rounded to the respective nearest unit.

01

Quarterly Consolidated Earnings Overview

**Revenue and Non–GAAP operating profit
increased both QonQ and YonY.**

Consolidated

Revenue **¥5,275mn (YonY+20.9%)**

**Non–GAAP
Operating Profit** **¥1,215mn (YonY+97.9%)**

Digital Marketing Business

Both revenue and Non-GAAP operating profit increased by meeting the demand as the online consumption expands.

Revenue	¥4,704mn (YonY+ 22.6%)	Non-GAAP Operating Profit	¥1,971mn (YonY+ 53.2%)
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Media Platform Business

While revenue increased and hit the record high, the deficit increased.

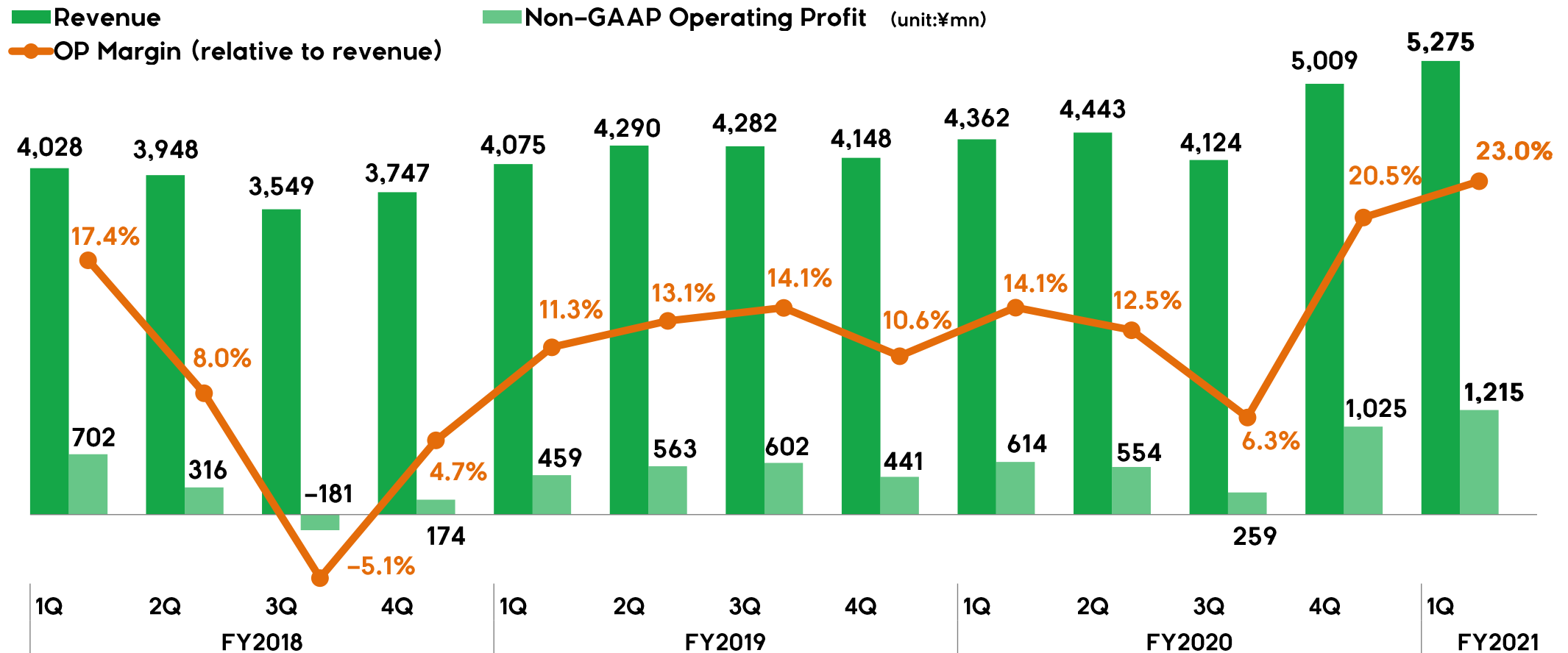
Revenue	¥660mn (YonY+ 8.9%)	Non-GAAP Operating Profit	¥-263mn (Deficit increased ¥53mn YonY)
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Profit for the period largely increased YonY.

(unit:¥mn)	1Q FY2021			1Q FY2020		FY2021 Estimates	Progress Rate
	Value	Share	YonY	Value	Share		
Revenue	5,275	100.0%	+20.9%	4,362	100.0%	20,000	26.4%
Gross Profit	4,271	81.0%	+20.2%	3,552	81.4%	—	—
SG&A	3,061	58.0%	+3.2%	2,968	68.0%	—	—
Non-GAAP Operating Profit	1,215	23.0%	+97.9%	614	14.1%	2,850	42.6%
Operating Profit	1,205	22.8%	+110.4%	572	13.1%	—	—
Profit for the period attributable to owners of the parent	865	16.4%	+123.2%	388	8.9%	1,785	48.5%
[Reference] Net Sales	23,027	—	+20.0%	19,187	—	85,000	27.1%

07 Quarterly Consolidated Earnings Trend

Both revenue and Non-GAAP operating profit achieved the record high and OP margin also increased as productivity was improved.



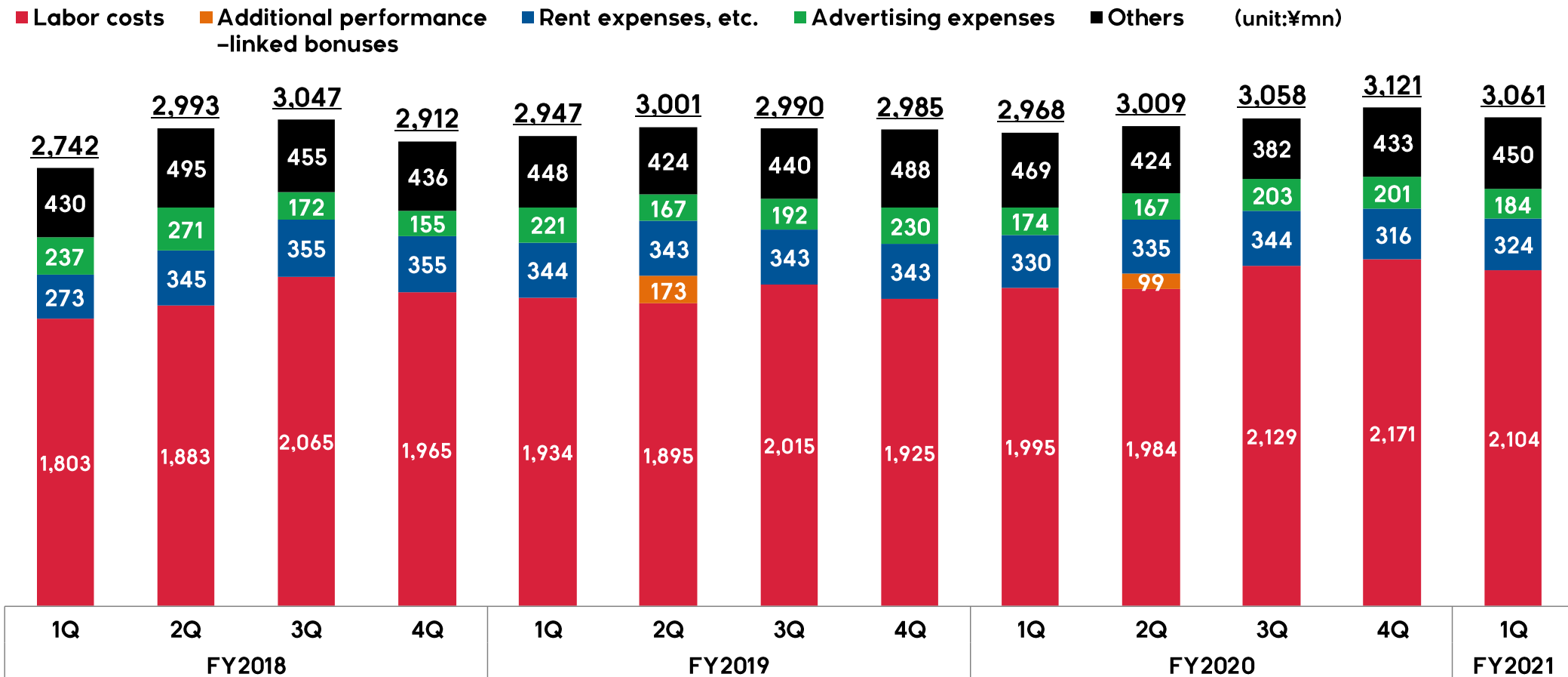
08 Constitution of Consolidated Expenses (IFRS)

Cost of sales increased mainly for orders of creative content with outside suppliers.

(unit:¥mn)	FY2019				FY2020				FY2021	QonQ	YonY
	1 Q	2 Q	3Q	4 Q	1 Q	2 Q	3Q	4 Q	1 Q		
Total of cost of sales	673	740	690	730	810	853	810	869	1,005	+15.6%	+24.1%
Labor costs	273	286	230	239	251	257	268	287	296	+3.2%	+17.8%
Subcontract costs	95	143	98	112	118	131	138	84	240	+187.4%	+104.0%
Others	306	311	362	378	441	465	404	499	468	-6.1%	+6.3%
Total of SG&A	2,947	3,001	2,990	2,985	2,968	3,009	3,058	3,121	3,061	-1.9%	+3.2%
Labor costs	1,934	1,895	2,015	1,925	1,995	1,984	2,129	2,171	2,104	-3.1%	+5.5%
Additional performance-linked bonus	—	173	—	—	—	99	—	—	—	—	—
Rent expenses etc.	344	343	343	343	330	335	344	316	324	+2.6%	-1.9%
Advertising expenses	221	167	192	230	174	167	203	201	184	-8.8%	+5.5%
Others	448	424	440	488	469	424	382	433	450	+3.9%	-4.0%

*In line with the adoption of IFRS16 (lease accounting standards), some rents are posted as financial expenses from FY9/2020.

Operating activities expenses are mainly suppressed as a telecommuting system continues.



* In line with the adoption of IFRS16 (lease accounting standards), some rents are posted as financial expenses from FY9/2020.

02

Digital Marketing Business

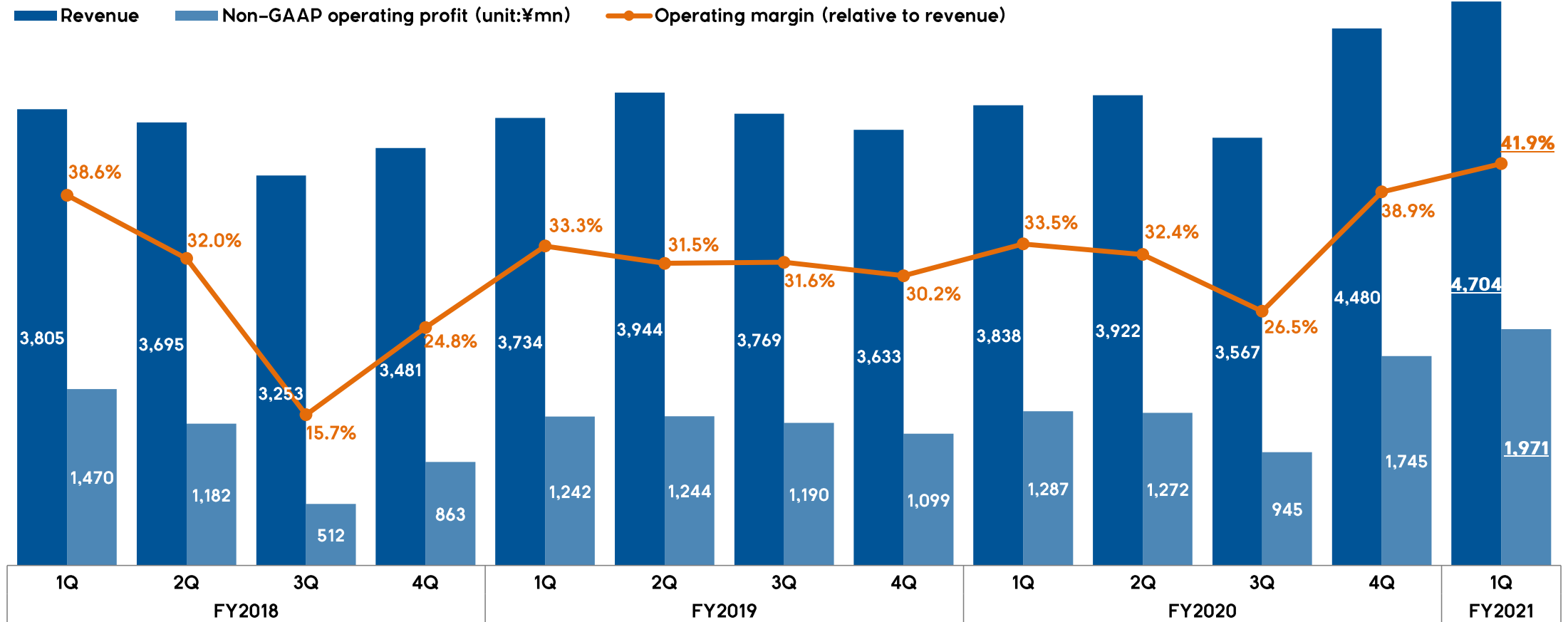
11 Digital Marketing Business Earnings Overview

The demand from online consumption is continuously strong, and both net sales and revenue increased more than 20% YonY, representing steady progress towards the earnings estimates.

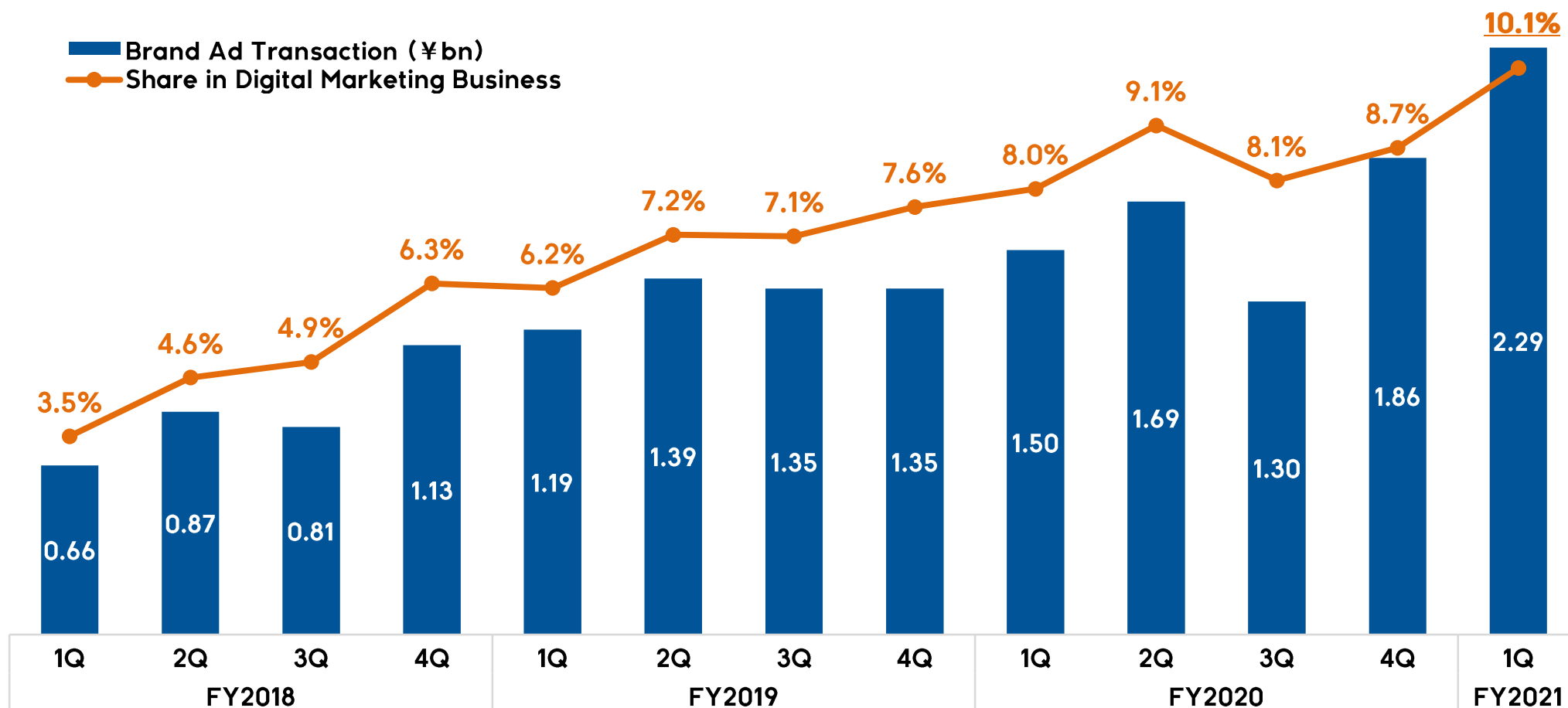
(unit:¥mn)	1Q FY2021			1Q FY2020		FY2021 Estimate	Progress rate
	Value	Share	YY Change	Value	Share		
Revenue	4,704	100.0%	+ 22.6%	3,838	100.0%	17,300	27.2%
Gross profit	4,044	86.0%	+ 21.8%	3,319	86.5%	—	—
SG&A	2,078	44.2%	+ 1.6%	2,046	53.3%	—	—
Non-GAAP Operating profit	1,971	41.9%	+ 53.2%	1,287	33.5%	5,700	34.6%
【Reference】 Net Sales	22,605	—	+ 20.4%	18,770	—	—	—

12 Digital Marketing Business Quarterly Earnings Trend

By growing the average sales per client, **productivity was improved**.
The cost management has been also progressed as a telecommuting system continues,
and **the operating margin was largely increased**.

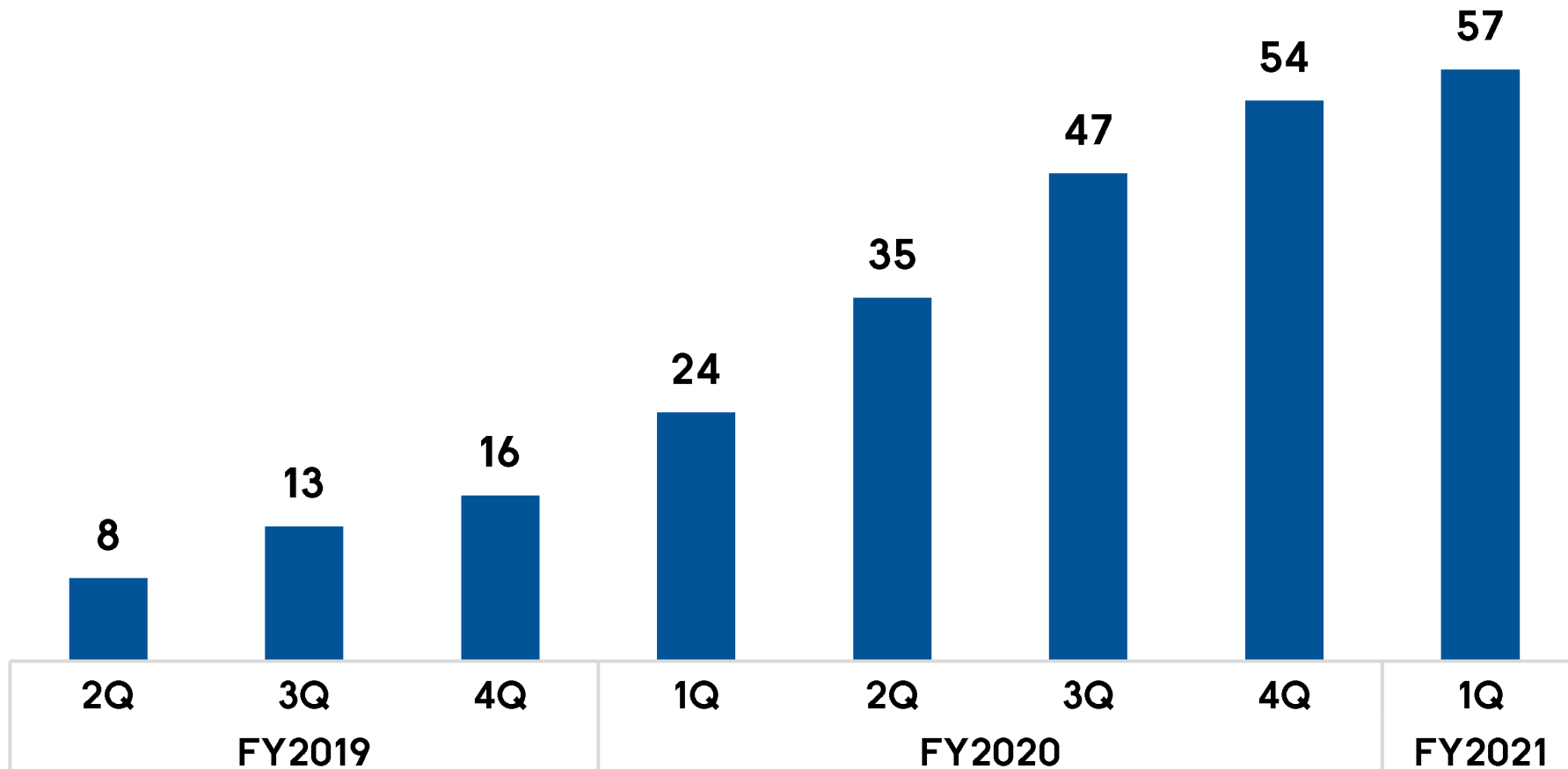


Share of **brand advertising** which the Group has been focusing on **exceeded 10%.**



It has been two years since the start of alliance, and net sales of the mid-term alliance is **more than tripled compared to the first year.**

■ Volume of clients in collaboration with Dentsu



In order to **strengthen data & solutions domain**, an intermediate holding company called “Septeni Data Solutions, Inc.” was established.



Septeni Data Solutions, Inc.

Intermediate Holding Company managing data & solutions domain



FLINTERS, Inc.

Development of software regarding distribution of ads and creative production, etc.

Tricorn Corporation

Offering services such as crowd design consulting to support clients' CRM activities.

Milogos, Inc.

Offering solution services such as a tool utilizing LINE.

▶ Capturing the growing demand of DX and promoting “**expansion into data & solutions domain**” in the mid-term policy.

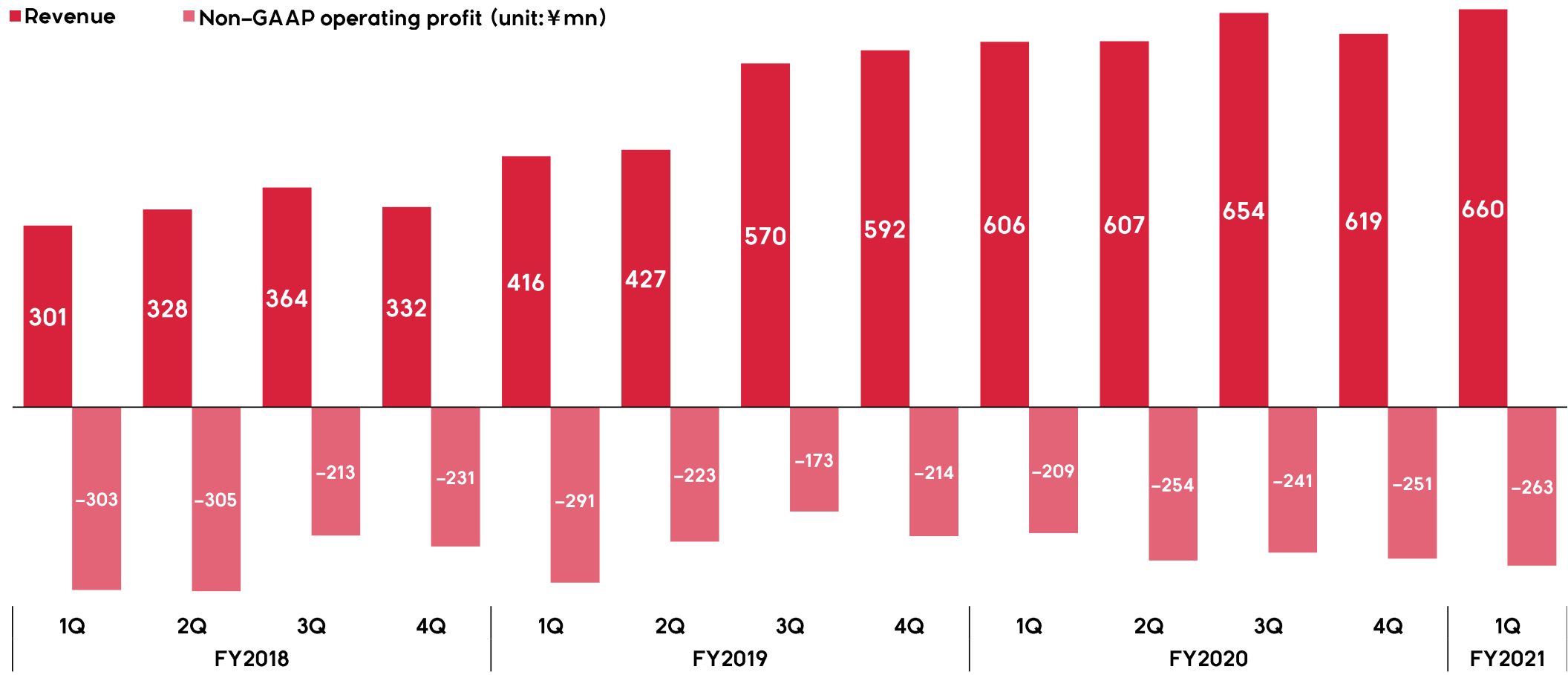
03

Media Platform Business

The progress of revenue to the earnings estimate is steady.

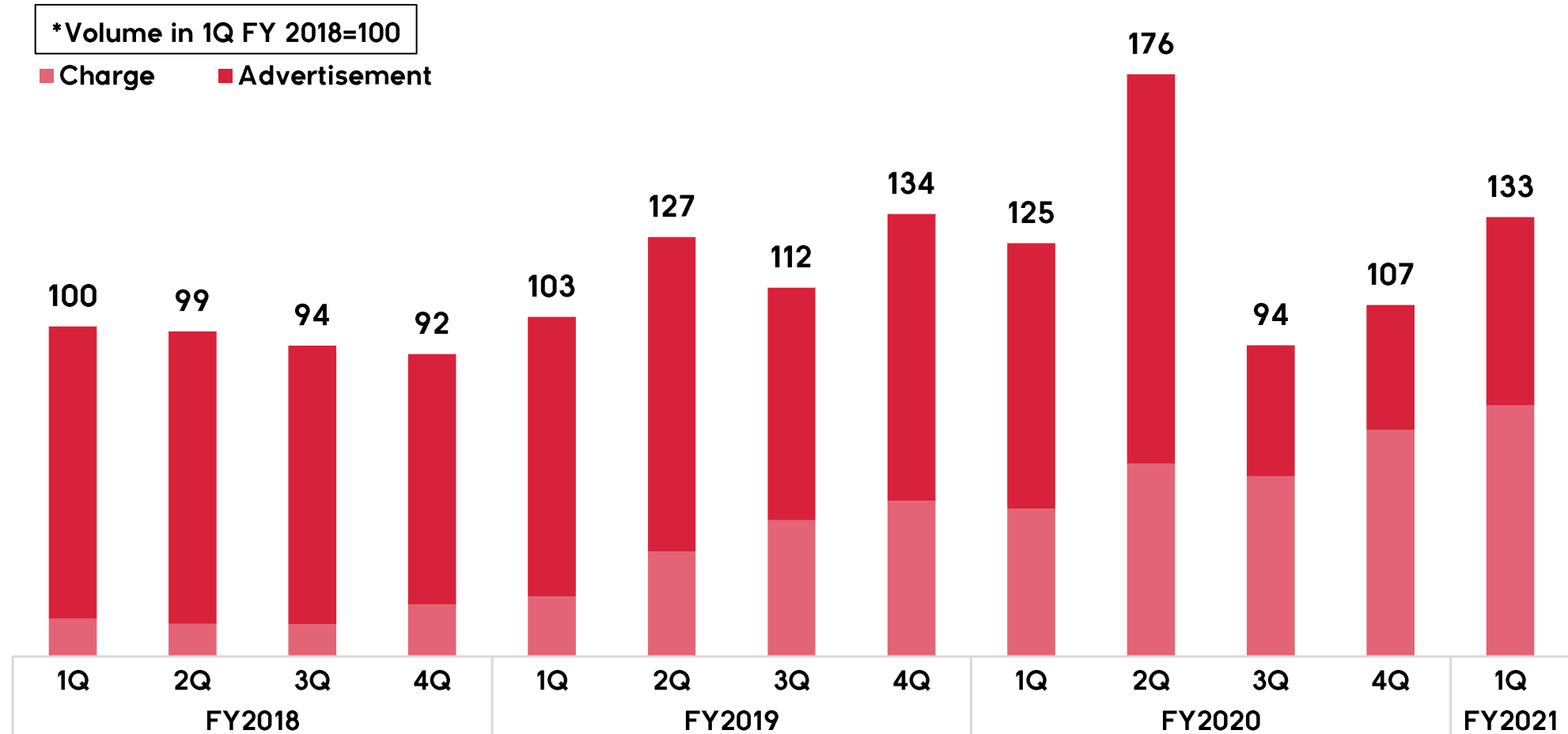
(unit:¥mn)	1Q FY2021			1Q FY2020		FY2021 Estimates	Progress rate
	Value	Share	YY Change	Value	Share		
Revenue	660	100.0%	+8.9%	606	100.0%	3,000	22.0%
Gross profit	309	46.7%	-0.3%	309	51.1%	—	—
SG&A	571	86.5%	+9.7%	521	85.9%	—	—
Non-GAAP Operating profit	-263	—	-53	-209	—	-800	—

As revenue from advertisement with high margin rate decreased YonY, the deficit increased.

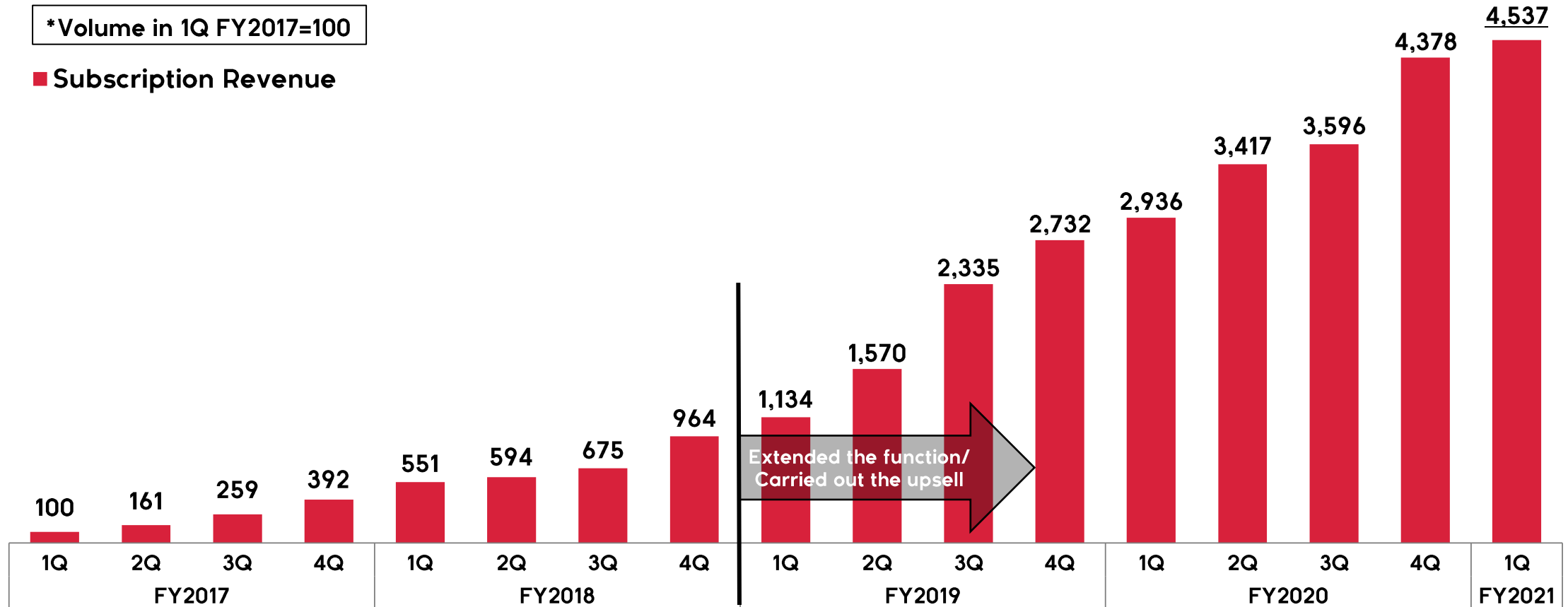


19 Manga Content Business Revenue Trend

Revenue from advertisement, which had been negatively affected by COVID-19, is gradually recovering and **revenue from charges on users steadily increased.**

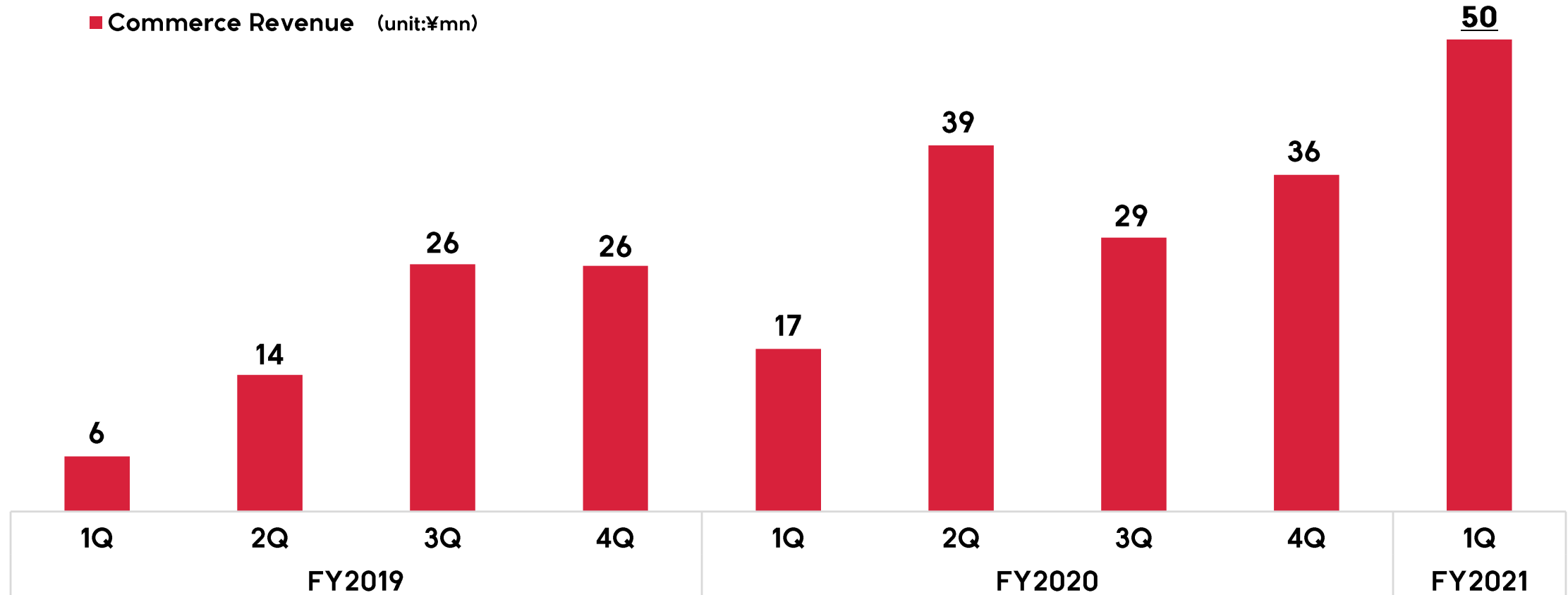


In December 2020, some functions of the app were updated.
Subscription revenue increased by about 1.5 times YonY.



21 Manga Content Business Commerce Revenue* Trend

Commerce domain including crowdfunding and e-books becomes a focus point **to expand revenue from charges on users.**



*Commerce revenue: Revenue from the sales of content, such as e-books and crowdfunding.



Manga Content Business

In order to strengthen anime business, Qzil.la, Inc. was established as a new company to create and produce anime content.*

*Please check the press release announced on February 1, 2021 for details.

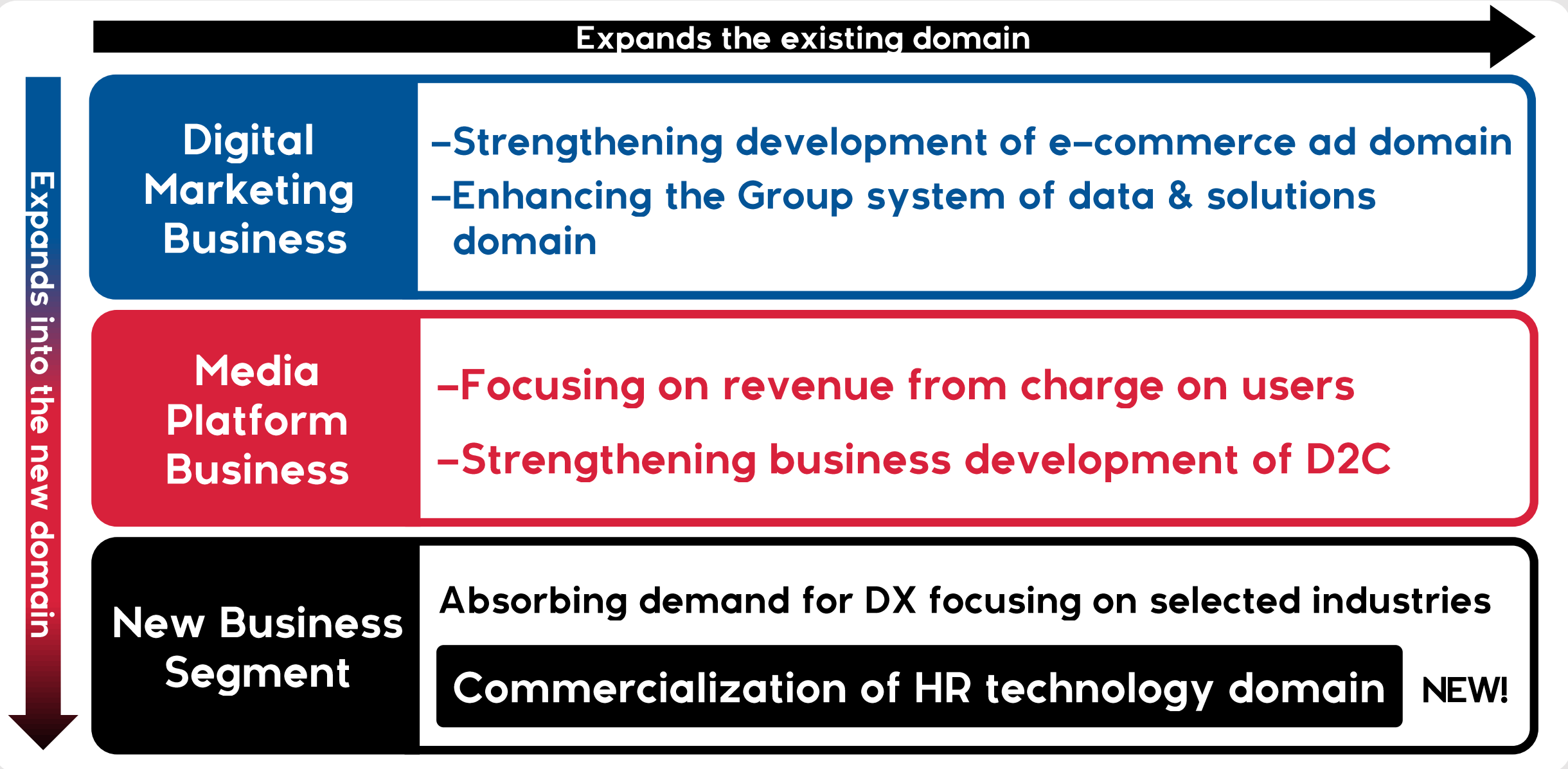


Strengthen business development of D2C domain

ALPHABLE Inc. was established as a new company and launched men's cosmetic brand "MULC."

04

Expansion into New Business Segment



**Aiming for commercialization of HR technology domain,
it starts to sell the Group IP to external clients.**

Human Capital Lab, Inc. was established as a new company and it started to develop and sell “HaKaSe Onboard”, an onboarding system which realizes early entry into the workforce for new employees. (Patent pending for AI-based 360° assessment algorithm.)

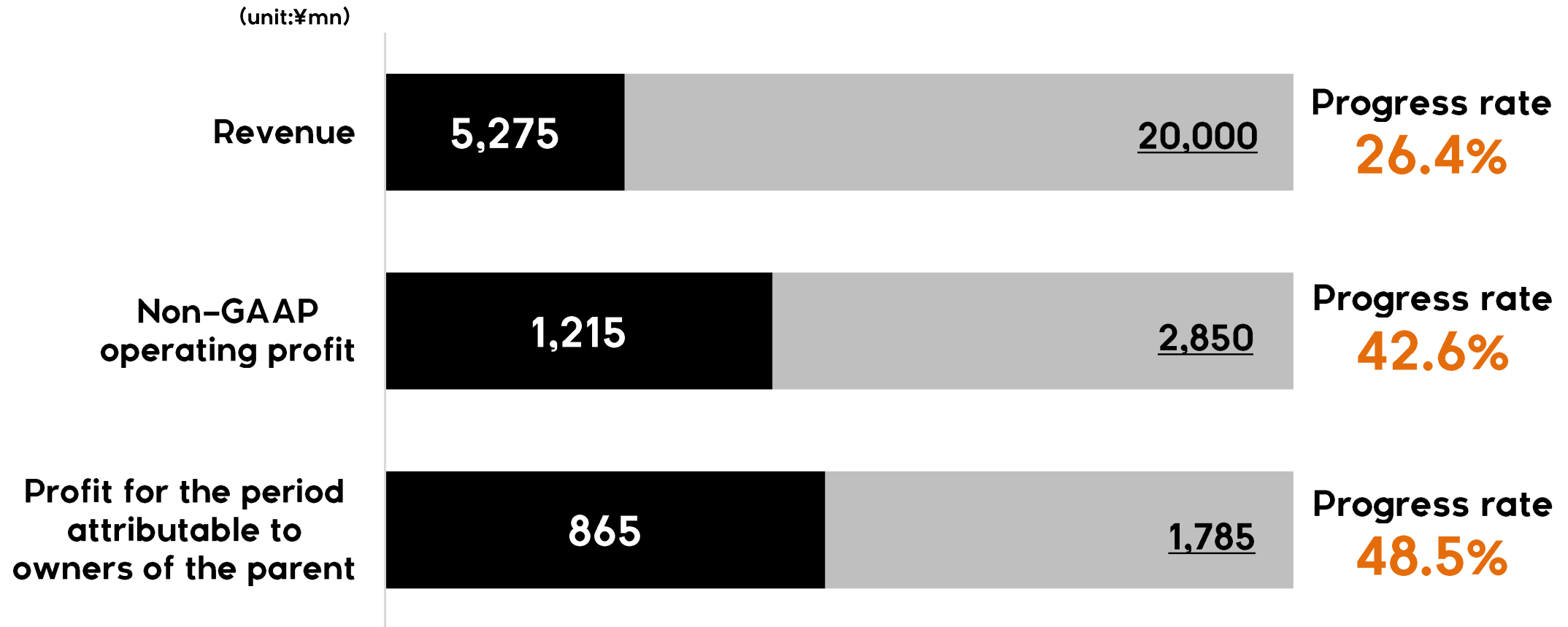


05

Progress on Earnings Estimates

27 Progress on Earnings Estimates (Consolidated)

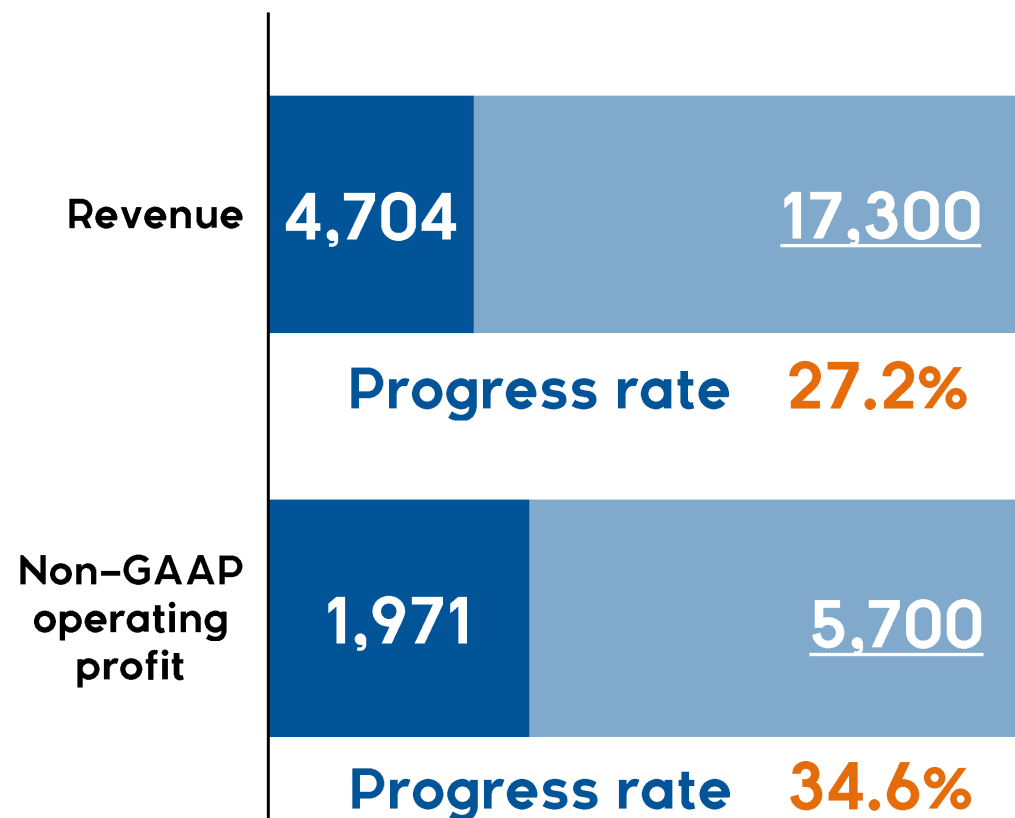
It shows the steady progress while revision of the earnings estimates was decided to forego because it takes time to monitor external environment changes.



28 Progress on Earnings Estimates (by Business Segment)

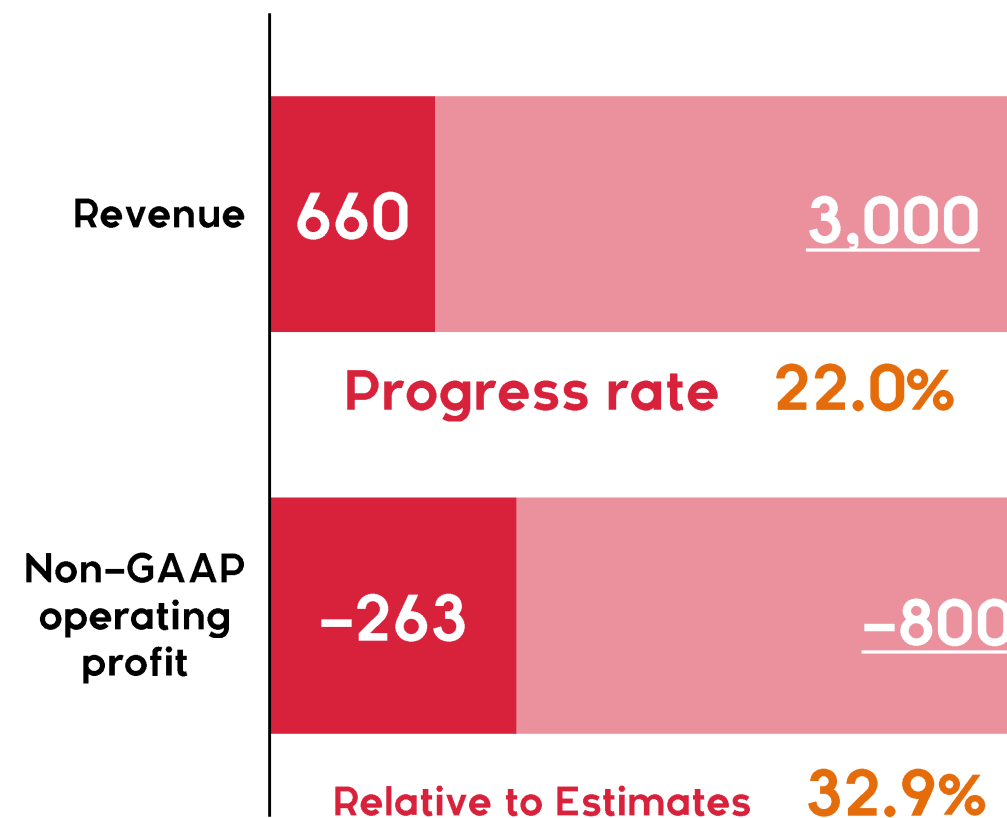
Digital Marketing Business

(unit:¥mn)

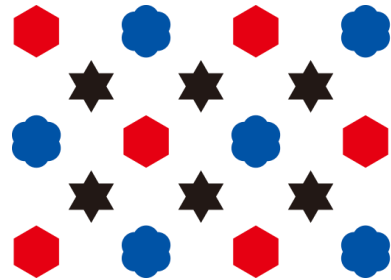


Media Platform Business

(unit:¥mn)



Thank you for your interest!



SEPTENI

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 2, 2021 and we do not guarantee their accuracy. Therefore, our actual results may differ due to various unforeseen risk factors and changes in global economies.

06

Appendix

[Mission]

**Inspiring the world with
entrepreneurship**

[Vision]

**Creating a strong and
great company**

[Creed]

Hinerankai

Speed

Speed is preferred over sophisticated but slow. We place speed first and follow a process of repeated trial and error to achieve a higher level of completion.

Stretch

Set challenging targets. We believe it is important to make innovations that meet challenging targets. The steady accumulation of day-to-day changes ultimately leads to remarkable growth.

Partnership

Achieving mutual growth. We all work hard, in competition and in cooperation, from the perspective of the management team to build a better company.

Fair & Open

Make things simple and easy for anybody to understand. We ensure fairness and openness in constructing an environment and relations.

Diversity

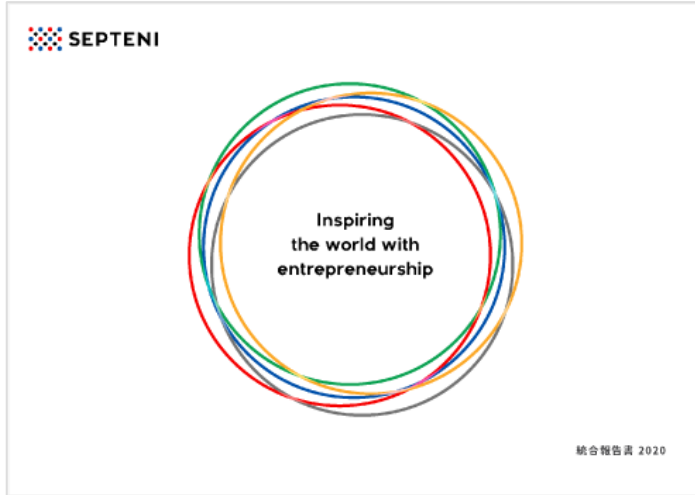
Use diversity as a competitive edge. We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

Passion

Remain passionate. We believe that passion will help us increase our capacity and consistently produce positive results. We continue our own personal development to stimulate corporate growth and contribute to society.

Free & Rule

Freedom within discipline. The decisions we make are not dictated by whether something is beneficial, but whether it is right. We comply with the corresponding regulations and ordinance and with the spirit of law, while concentrating on doing our jobs seriously yet happily.



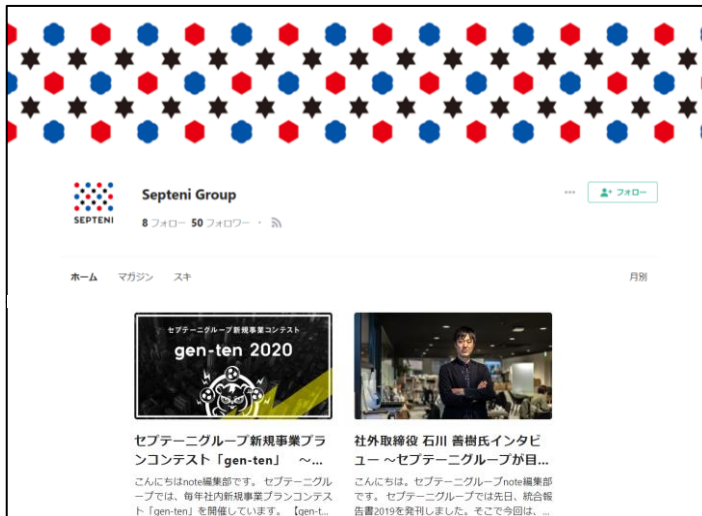
Integrated Report 2020

The Integrated Report 2020 is available on the website, discussing mid-long-term management policy, business strategy, and the framework of value creation in the businesses.

*English ver. will be available soon.

Please check the details from the link or the code.

(https://www.septeni-holdings.co.jp/ir/irnews/integratedreport2020_ja.pdf)



Septeni Group official “note”

Septeni Group official blog on “note” started in December 2019, introducing various approaches around its people and culture that cannot be talked enough on other materials.

*only available in Japanese.

Please check the details from the link or the code.

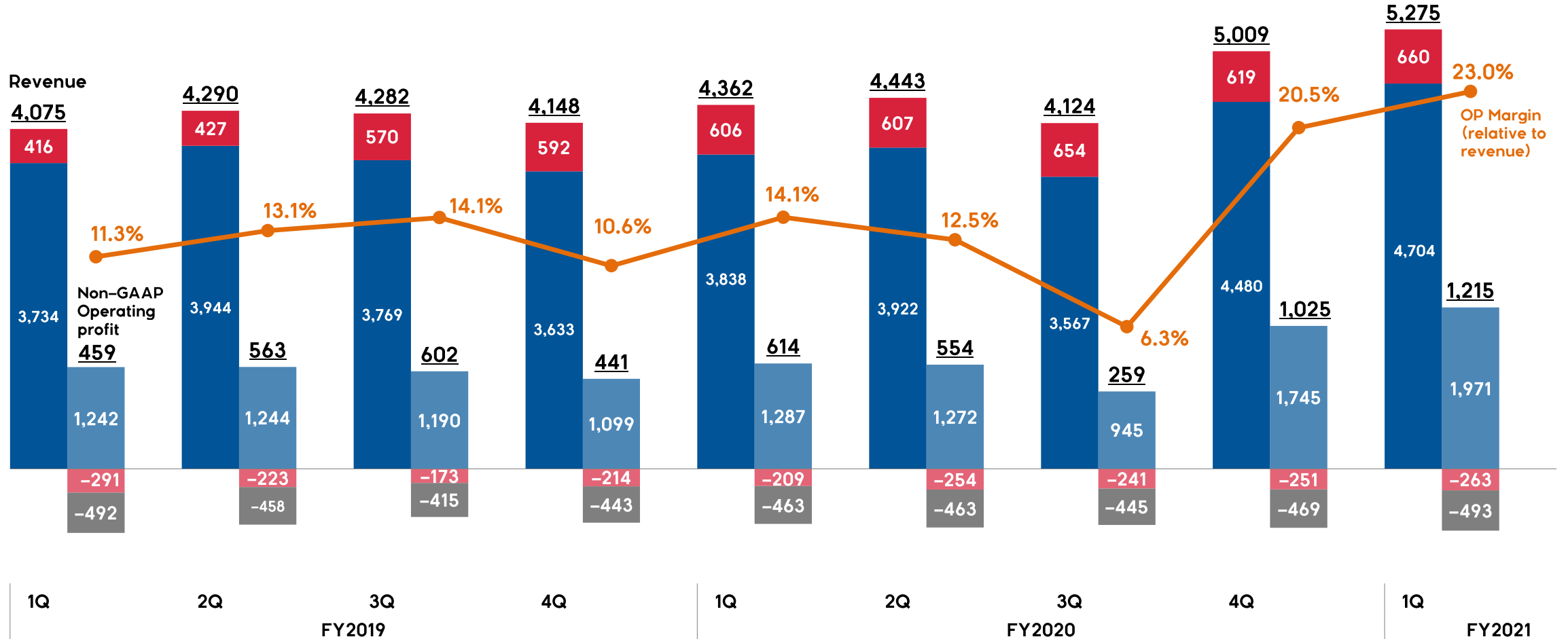
(https://note.com/septeni_group)



33 Quarterly Consolidated Earnings Trend (by Business Segments)



■ Digital Marketing ■ Media Platform ■ Adjustment (unit:¥mn)



*The Statement of intersegment revenue elimination is omitted, so the sum of revenues in each business does not match consolidated revenue (underlined numbers).

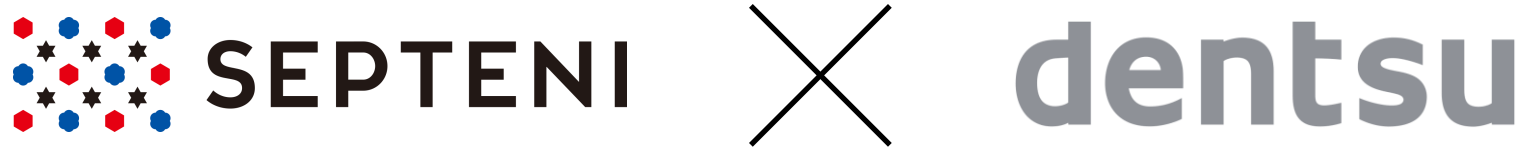
34 Digital Marketing Business Quarterly Trend



(unit:¥mn)	FY2019				FY2020				FY2021
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
Net Sales	19,169	19,491	19,012	17,639	18,770	18,524	16,041	21,393	22,605
Revenue	3,734	3,944	3,769	3,633	3,838	3,922	3,567	4,480	4,704
Domestic Revenue	3,373	3,557	3,391	3,356	3,468	3,702	3,380	4,293	4,429
Overseas Revenue	360	387	378	277	370	220	187	187	275
Ratio of Overseas Revenue	9.7%	9.8%	10.0%	7.6%	9.6%	5.6%	5.2%	4.2%	5.8%
Ratio of Revenue to Net Sales	19.5%	20.2%	19.8%	20.6%	20.4%	21.2%	22.2%	20.9%	20.8%
Non-GAAP Operating Profit	1,242	1,244	1,190	1,099	1,287	1,272	945	1,745	1,971
Operating Margin to Revenue	33.3%	31.5%	31.6%	30.2%	33.5%	32.4%	26.5%	38.9%	41.9%
Domestic Brand Advertising Transaction (¥bn)	1.19	1.39	1.35	1.35	1.50	1.69	1.30	1.86	2.29
Share in Digital Marketing Business	6.2%	7.2%	7.1%	7.6%	8.0%	9.1%	8.1%	8.7%	10.1%
Volume of Clients in collaboration with Dentsu	-	8	13	16	24	35	47	54	57

	FY2019				FY2020				FY2021
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
Revenue (Volume in 1Q FY2018=100)	103	127	112	134	125	176	94	107	133
Subscription Revenue (Volume in 1Q FY2017=100)	1,134	1,570	2,335	2,732	2,936	3,417	3,596	4,378	4,537
GANMA! ARPU (¥)*	36.6	53.3	48.9	60.5	51.3	39.8	31.9	29.9	44.0
Commerce Revenue (¥mn)	6	14	26	26	17	39	29	36	50

*Numbers from the last months of every quarter



Both Septeni Group and Dentsu Group aim to be **the largest digital marketing partners in Japan that lead the industry's development in **an environment where people with various talents assemble with the joy of working** and **by providing the best solutions** to clients.**

37 Business Alliance with Dentsu Group Specific initiatives in the alliance SEPTENI

Making use of differences in specialties and strengths in both companies, we add values to provide for our clients by creating synergy through short and medium-term initiatives.



Offering knowledge and technology of the Digital Marketing Business

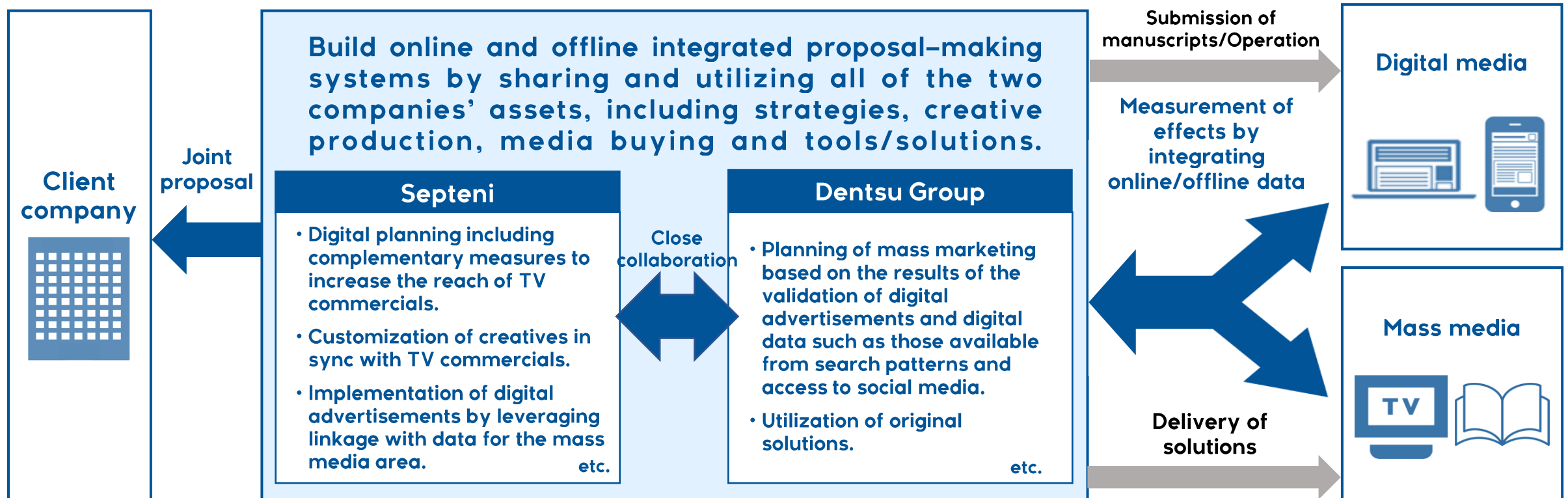
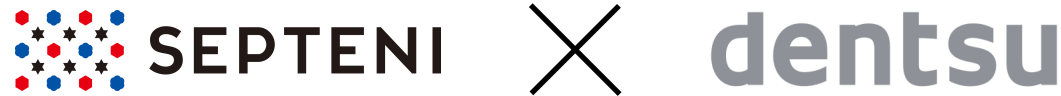
Sales of the Company group's media, mainly GANMA! by Dentsu Group

The Company supports the implementation of advertisements for digital marketing projects handled by the Dentsu Group

Mutual use of data assets held by both companies

Propose integrated marketing of online/offline utilizing the client bases of both companies

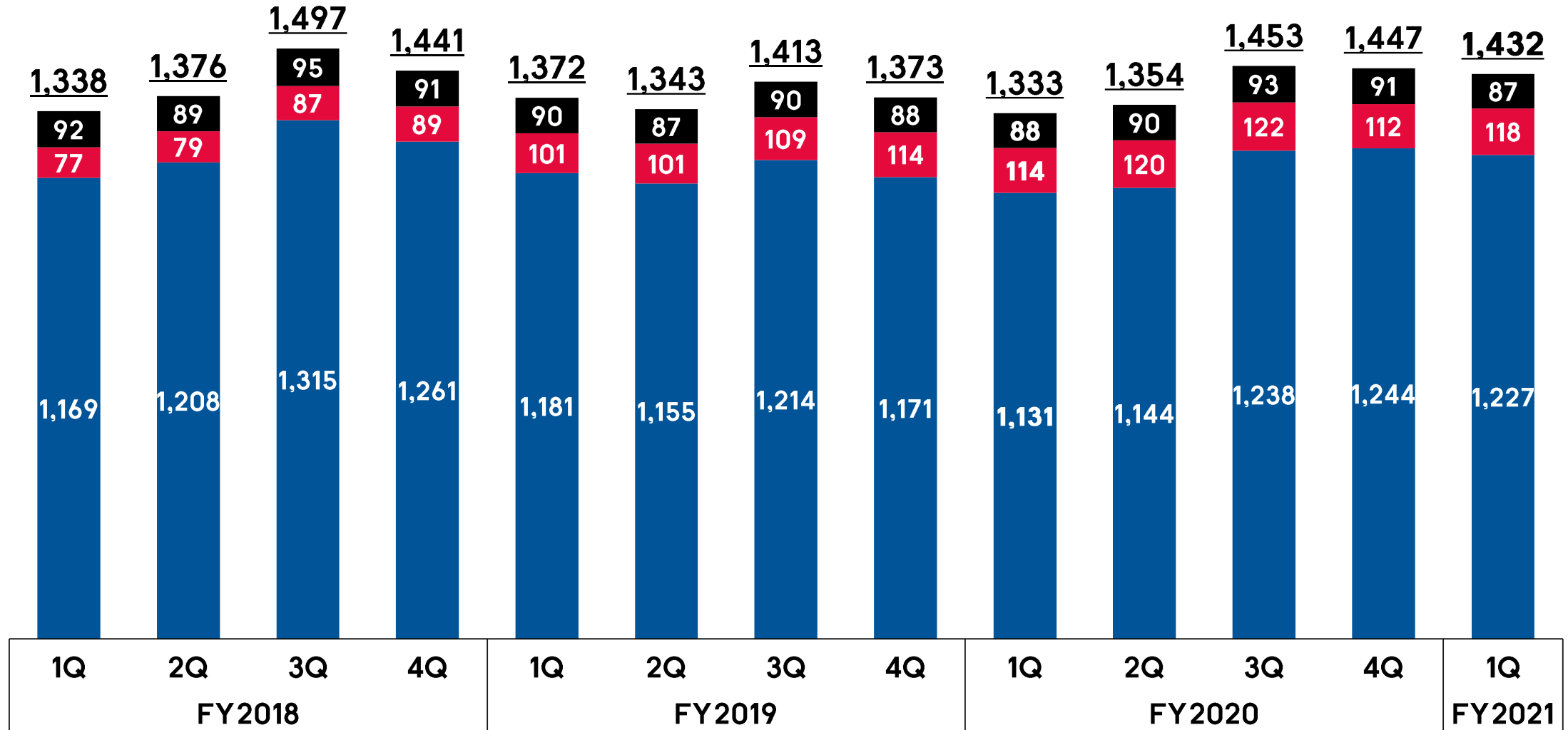
Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' clients bases (conceptual image)



39 Septeni Group Workforce Number Trend



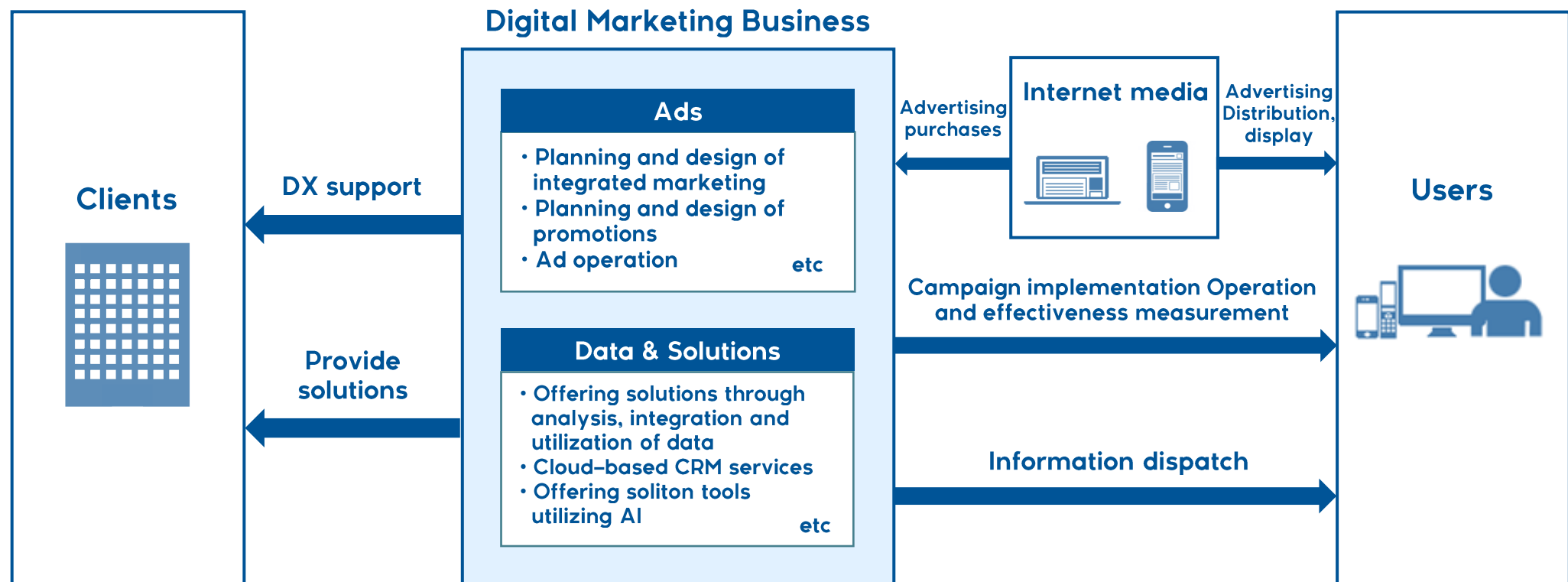
■ Digital Marketing ■ Media Platform ■ Holdings Company



Holding Company		SEPTENI HOLDINGS CO., LTD	
Digital Marketing Business			
SEPTENI Japan, Inc.	Digital marketing support business	FLINTERS, Inc.	Planning, development and sales in digital solution area
SETPENI CROSSGATE CO., LTD.	Ad network and platform business	Tricorn Corporation	CRM service business
Septeni America, Inc.	Digital marketing support business based in North America region	Milogos, Inc.	Digital marketing support business
JNJ INTERACTIVE INC.	Digital marketing support in South Korea	Lion Digital Global LTD	Digital marketing support based in Southeast Asia
Media Platform Business			
COMICSMART,Inc.	Manga Content Business	gooddo Inc.	Platform business of social contribution
ViViVit, Inc.	Recruitment platform business	Pharmarket Co.,Ltd.	Medical platform business
TowaStela, Inc.	Childcare platform business		

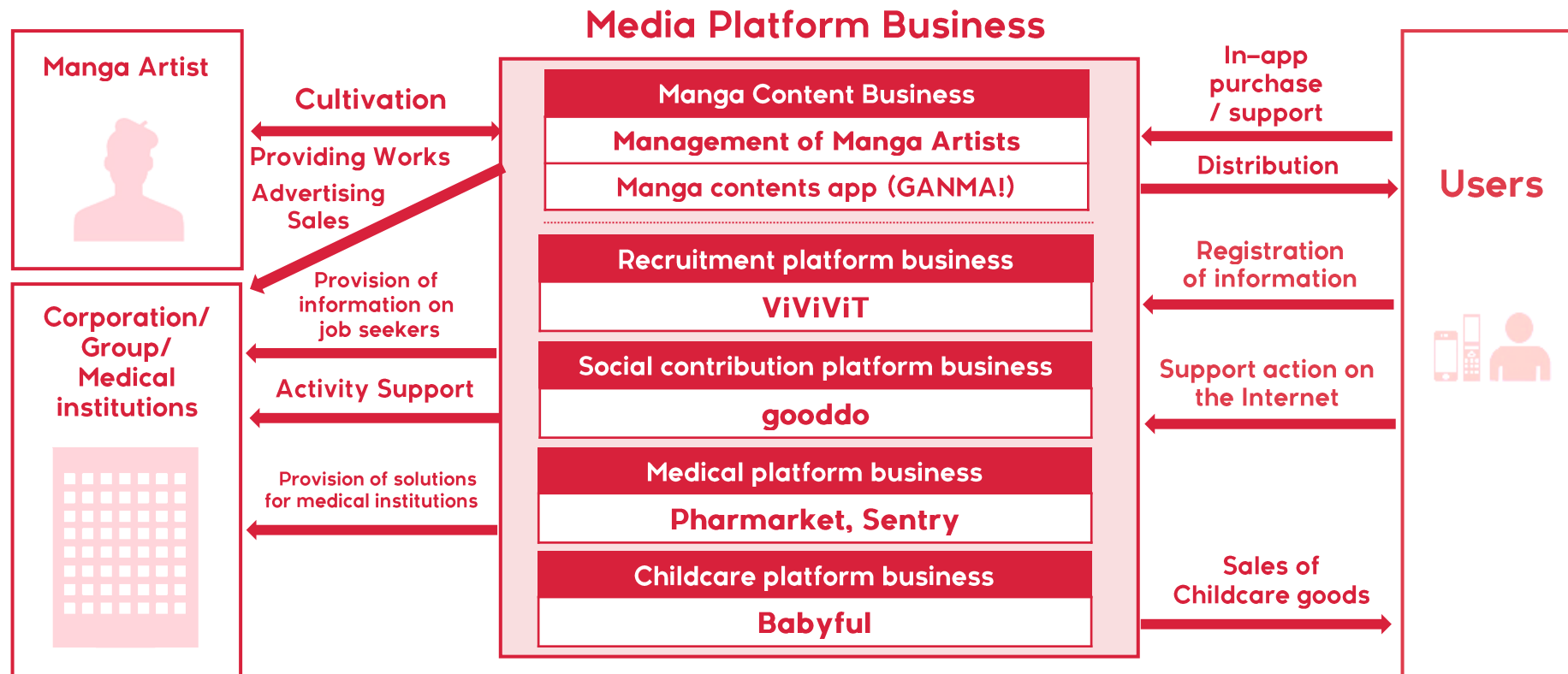
41 Business Model for the Digital Marketing Business

We engage in **the overall support of digital transformation (DX) of companies**, focusing on digital marketing such as the sale and operation of digital advertisements, offering solutions through the utilization of data and AI, and supporting marketing activities through the integration of online and offline advertisements in collaboration with the Dentsu Group.



42 Business Model for the Media Platform Business

In the Manga Content Business, efforts are being made to nurture and support manga artists for the purpose of **planning and developing the Company's own intellectual property (IP)**.
At the same time, **GANMA!** manga application, which consists of original products by dedicated artists, is operated as the **Company's own media**.
In addition, the Company develops platform-type businesses related to "recruitment," "social contribution," "medical services" and "childcare" as new businesses born from intrapreneurship.



43 Consolidated Statement of Financial Position



(unit:¥mn)	End of 1Q FY2021	End of FY2020	Change
Current Assets	28,539	27,373	+1,166
Non-Current Assets	7,030	7,052	– 22
Total Assets	35,569	34,425	+1,144
Current Liabilities	16,037	15,314	+723
Non-Current Liabilities	3,115	3,299	– 184
Total Liabilities	19,152	18,613	+539
Total Capital	16,417	15,811	+605
Total Liabilities and Capital	35,569	34,425	+1,144

*In line with the adoption of IFRS16 (lease accounting standards), some rents we will pay in the future are posted as Right-of-use assets in Assets and financial liabilities in Liabilities.