

October 25, 2022

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.  
Representative: Representative Director, Group President and Chief Executive Officer  
Koki Sato  
(TSE Standard Code: 4293)

**Notice of Capital and Business Alliance Agreement with and factory,inc (Securities code: 7035),  
Subscription to Third-Party Allocation of New Shares and Acquisition of Shares**

Septeni Holdings Co., Ltd. (“Company”) announces that at the Board of Directors’ meeting held on October 25, 2022, the Company concluded a capital and business alliance agreement (the “Capital and Business Alliance Agreement” and the Capital and Business Alliance based on this agreement will be referred to as the “Capital and Business Alliance”) with and factory,inc. The Company also subscribed for new shares to be issued by and factory,inc through a third-party allocation, provided that the securities registration statement submitted by and factory,inc becomes effective (the “Capital Increase through Third-Party Allocation”), and decided to acquire the shares of and factory,inc held by Mr. Takamasa Ohara, the Chairman of the Board of Directors of and factory,inc (the “Share Acquisition” and, in conjunction with the Capital Increase through Third-Party Allocation, the “Transaction”), in order to make the company an equity method affiliate of the Company.

The acquisition of shares constitutes 5% or more of the total voting rights and falls under the category of "purchasing acts as provided for by Cabinet Order as acts equivalent to Tender Offer" prescribed in Article 167, paragraph (1) of the Financial Instruments and Exchange Act and Article 31 of the Enforcement Order of the same Act.

1. Purpose of the Capital and Business Alliance

Under the Group Mission of “To inspire the world with entrepreneurship,” the Company is developing mainly two businesses: the Digital Marketing Business and the Media Platform Business. In particular, in the Digital Marketing Business, we have strong client channels and management capabilities in the digital advertising market, and capabilities in creative, such as advertising production, and tool development, and have achieved sustainable growth through contributions to the growth of client companies. In the Media Platform Business, with the manga content business at the center, the Company is promoting new businesses development in order to create the next pillar of our business. In addition, the Company is expanding our existing businesses and expanding into new business domains as a medium-term theme in our Midterm Business Policies.

Meanwhile, with the mission of “to make people’s lives more fulfilling by bringing a little ‘something extra’ to their daily lives,” and factory,inc has focused on expanding earnings from manga apps for smartphones developed in collaboration with publishers in its core APP business. As the e-book market, and factory,inc's main business area, is expected to continue growing in the future, their policy is to expand its share in the manga app market and further accelerate business growth by realizing the creation of new services through M&A and capital and business alliances in the future, while increasing the number of users and sales by continuing to invest in growth in existing manga apps. To achieve their policy, and factory,inc said that they were seeking partners that would contribute to enhancing their corporate value beyond mere financing sources.

The Company and and factory,inc have continued to collaborate in the advertising operation area for and factory,inc's manga apps and have engaged in discussions toward broad business collaboration. As a result of discussions on utilizing the Company's deep knowledge and know-how in digital marketing and and factory,inc's know-how in the app growth, strengthening collaboration in the promotion of and factory,inc's manga apps, and the future creation of new businesses in collaboration with the two companies, the Company and and factory,inc agreed on the direction that realizing business collaboration as a medium- to long-term partner will contribute to the enhancement of the corporate value of both companies, and concluded this Capital and Business Alliance Agreement.

## 2. Details of the Capital and Business Alliance

### (1) Details of the business alliance

- Strengthen business collaboration in the advertising field in and factory,inc's existing manga business
- Send outside directors to and factory,inc by the Company
- Consider collaboration in new business areas, centered on the digital transformation (DX) field

### (2) Details of the capital alliance

Following this Transaction, the Company plans to acquire 21.29% of the voting rights of and factory,inc and make it an equity method affiliate.

#### i. Capital Increase through Third-Party Allocation

The outline of Capital Increase through Third-Party Allocation is as follows.

The number of shares	1,408,450 shares
Amount to be paid in	Total amount 499,999,750 yen (355 yen per share)
Scheduled payment date	November 10, 2022 (planned)

#### ii. Share Acquisition

The outline of the Share Acquisition is as follows. As stated at the beginning, the Share Acquisition constitutes 5% or more of the total voting rights and falls under the category of "purchasing acts as provided for by Cabinet Order as acts equivalent to Tender Offer" prescribed in Article 167, paragraph (1) of the Financial Instruments and Exchange Act and Article 31 of the Enforcement Order of the same Act.

Shares acquired	988,898 shares
Acquisition amount	Total amount 351,058,790 yen (355 yen per share)
Percentage of total voting rights	10.04 % Percentage of total voting rights is calculated based on the number of voting rights of and factory,inc's total shareholders of 98,499 as of August 31, 2022. The figures are rounded off to the second decimal place.
Date of Share Acquisition	November 10, 2022 (planned)

## 3. Overview of Capital and Business Alliance Partners

(1)	Name	and factory,inc																
(2)	Address	6-28, Aobadai 3-chome, Meguro-ku, Tokyo																
(3)	Job Title/Name of Representative	Rinji Aoki, President and Representative Director																
(4)	Business Activities	Businesses related to the development and operation of manga apps for smartphones and other businesses related to the provision of entertainment services																
(5)	Capital	¥552 million (As of August 31, 2022)																
(6)	Date of foundation	September 16, 2014																
(7)	Number of shares outstanding	9,853,520 shares (As of August 31, 2022)																
(8)	Fiscal year end	End of August																
(9)	Number of Employees	117 (As of August 31, 2022)																
(10)	Major Shareholders and Percentage of Shares Held (As of August 31, 2022) (Note 1)	<table> <tr> <td>Takamasa Ohara</td> <td>34.37%</td> </tr> <tr> <td>Rinji Aoki</td> <td>5.22%</td> </tr> <tr> <td>SQUARE ENIX CO., LTD.</td> <td>3.85%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>3.11%</td> </tr> <tr> <td>Shu Takehana</td> <td>2.88%</td> </tr> <tr> <td>Shogakukan Inc.</td> <td>1.97%</td> </tr> <tr> <td>Shueisha Inc.</td> <td>1.97%</td> </tr> <tr> <td>Hakusensha, Inc.</td> <td>1.97%</td> </tr> </table>	Takamasa Ohara	34.37%	Rinji Aoki	5.22%	SQUARE ENIX CO., LTD.	3.85%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.11%	Shu Takehana	2.88%	Shogakukan Inc.	1.97%	Shueisha Inc.	1.97%	Hakusensha, Inc.	1.97%
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	Jian Lin Zhou	1.73%	
	Masayo Aikawa	1.22%	
(11) Relationship with the Company			
	Capital relationship	Not applicable.	
	Personnel relationship	Not applicable.	
	Business relationship	Collaboration in the advertising area in and factory,inc's manga business.	
	To the related parties Applicable situation	Not applicable.	
(12) Financial Position and Operating Results for the Last Three Years (Note 2)			
Fiscal year end	Fiscal Year ended August 31, 2020	Fiscal Year ended August 31, 2021	Fiscal Year ended August 31, 2022
Net assets	1,449,684	888,292	540,995
Total assets	6,343,848	5,376,550	4,855,398
BPS (yen)	147.41	90.28	54.91
Net sales	2,946,007	3,044,429	2,833,435
Operating profit (loss)	-202,589	-83,567	66,079
Ordinary income (loss)	-259,767	-239,793	-144,147
Net income (loss)	-362,077	-561,392	-350,379
Net income (loss) per share (yen)	-37.01	-57.13	-35.57
Cash Dividends Per Share (yen)	-	-	-

(Note)1. The shareholding ratio is the ratio of the number of shares held to the total number of issued shares excluding treasury shares. And the figures are rounded off to the second decimal place.

2. Unit is thousands of yen unless otherwise noted.

#### 4. Schedule

(1) Date of execution of the Capital and Business Alliance Agreement	October 25, 2022
(2) Date of payment and date of transfer of shares	November 10, 2022 (planned)

#### 5. Future Outlook

The Company does not expect this Capital and Business Alliance to have a material impact on our consolidated results of operations.

#### ■ Contact Information

IR Division, Corporate Planning Department

E-mail: [ir@septeni-holdings.co.jp](mailto:ir@septeni-holdings.co.jp)

\*Please contact us by e-mail for any inquiries as the Company promotes a work-from-home system as of October 25, 2022.