



FY September/2021

Business Results for 4Q

Oct. 28, 2021

SEPTENI HOLDINGS CO., LTD.

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Since the start of FY9/16, IFRS has been applied instead of the previous J-GAAP.

Conventional "net sales" are voluntarily disclosed as reference information, while "revenue" is disclosed as an indicator based on IFRS.

Revenues from advertising agency sales, which account for the majority of the Digital Marketing Business, are recorded on a net basis only for the margin portion.

"Non-GAAP operating profit" is voluntarily disclosed in order to more appropriately express the actual state of the business and 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 stock-based compensation expenses, the impairment losses, and gains or losses on the sales of fixed assets.

Figures in this material are rounded to the nearest unit.

01

Consolidated Earnings Overview in FY9/21

**Revenue up YoY, profits up sharply,
and revenue set a record high.**

Consolidated

Revenue **¥21,384mn (YoY+19.2%)**

**Non-GAAP
Operating Profit** **¥3,796mn (YoY+54.8%)**

Digital Marketing Business

Revenue and profit increased due to adapting to environmental changes through COVID-19.

Revenue **¥18,869mn** (YonY+**19.4%**) Non-GAAP Operating Profit **¥6,991mn** (YonY+**33.2%**)

Media Platform Business

Revenue growth continued, and deficit excluding investment in new segments narrowed.

Revenue **¥2,885mn** (YonY+**16.0%**) Non-GAAP Operating Profit **¥-1,110mn** (Deficit increased ¥154mn YonY)
Including investment in new segments of ¥203mn

06 Consolidated Income Statement (Full Year)

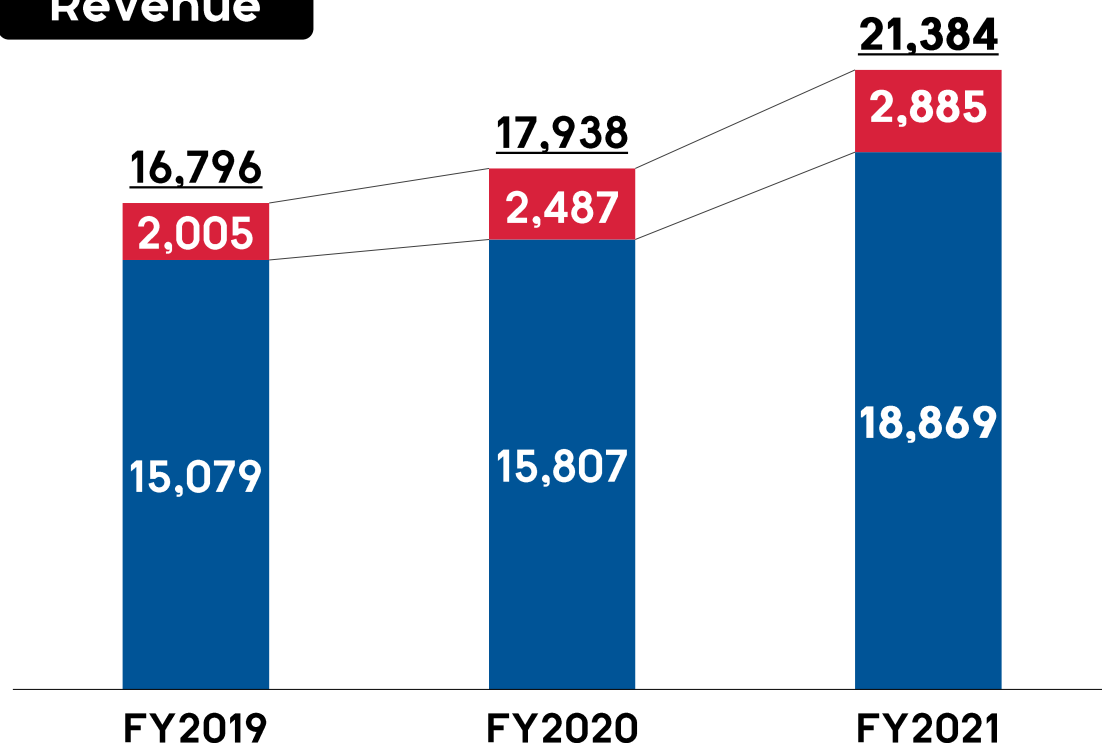
In each performance item, it came in close to the revised earnings estimate. High growth of +27.6% YonY in net sales.

(unit: ¥mn)	FY2021			FY2020		FY2021 Estimate	Progress rate
	Value	Ratio	YonY	Value	Ratio		
Revenue	21,384	100.0%	+19.2%	17,938	100.0%	21,500	99.5%
Gross profit	17,285	80.8%	+18.4%	14,596	81.4%	—	—
SG&A expenses	13,745	64.3%	+13.1%	12,156	67.8%	—	—
Non-GAAP Operating profit	3,796	17.8%	+54.8%	2,452	13.7%	4,000	94.9%
Operating profit	3,650	17.1%	+60.5%	2,274	12.7%	—	—
Profit for the period attributable to owners of the parent	2,604	12.2%	+77.8%	1,464	8.2%	2,850	91.4%
[Reference] Net sales	97,606	—	+27.6%	76,489	—	—	—

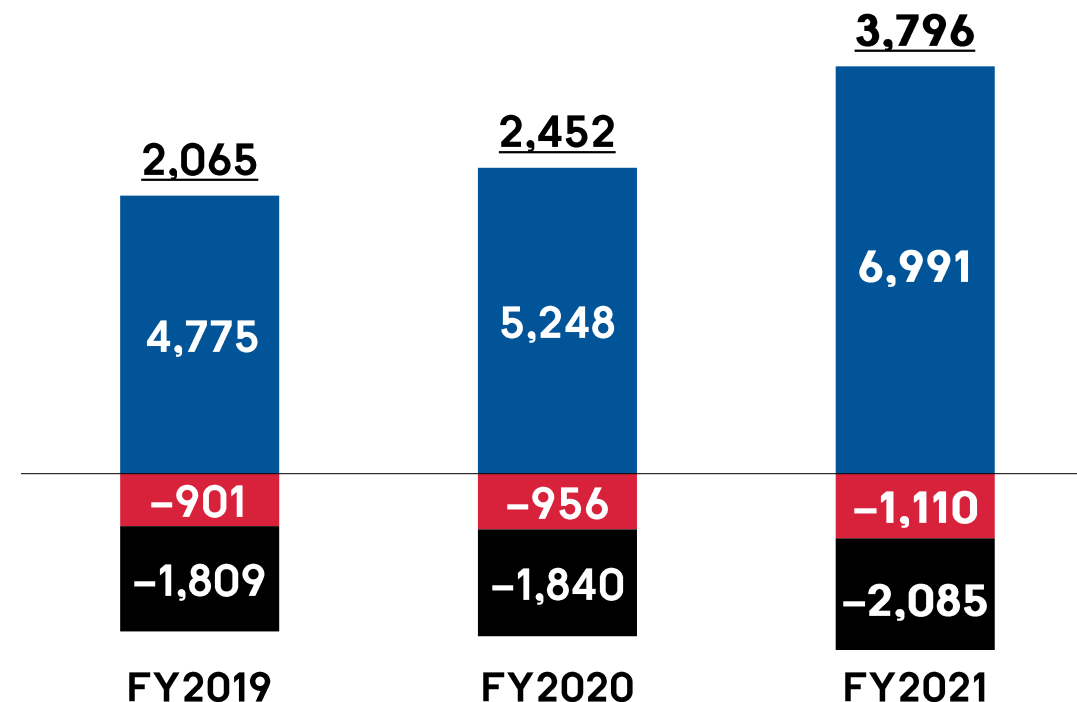
Accelerating growth centered on the Digital Marketing Business.

Digital Marketing Media Platform Adjustments (unit: ¥mn)

Revenue



Non-GAAP Operating profit

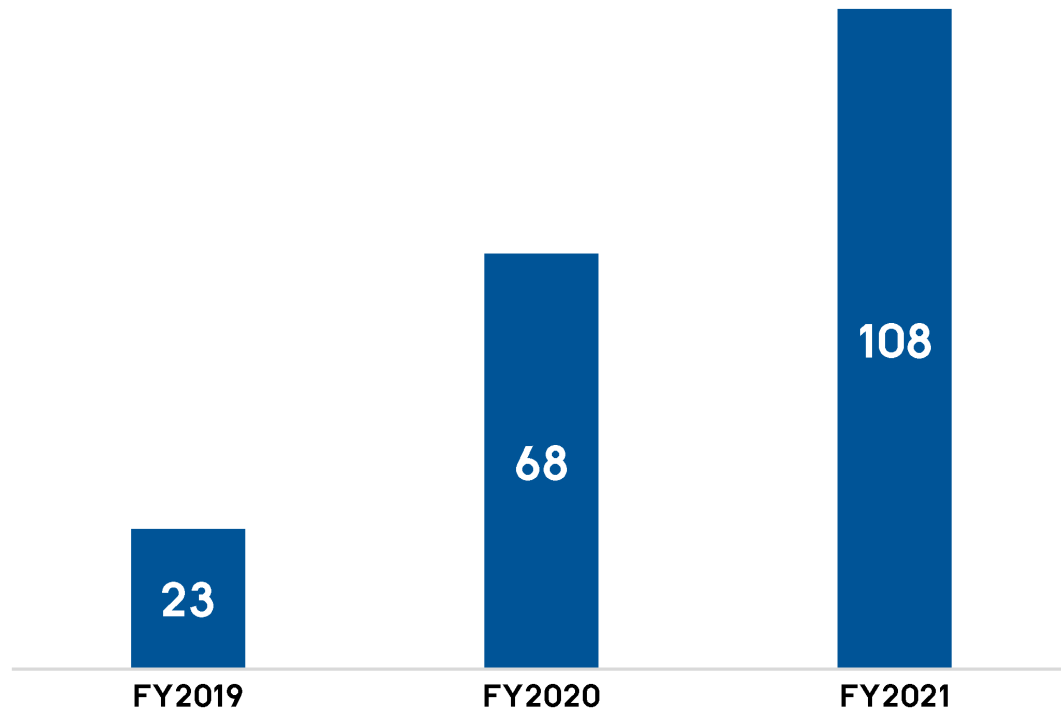


*As the elimination of intersegment revenues is omitted, the total of each business revenues and consolidated revenues (underlined figures) do not coincide.

Steady progress in the number of clients acquired through the alliance with Dentsu and domestic brand advertising.

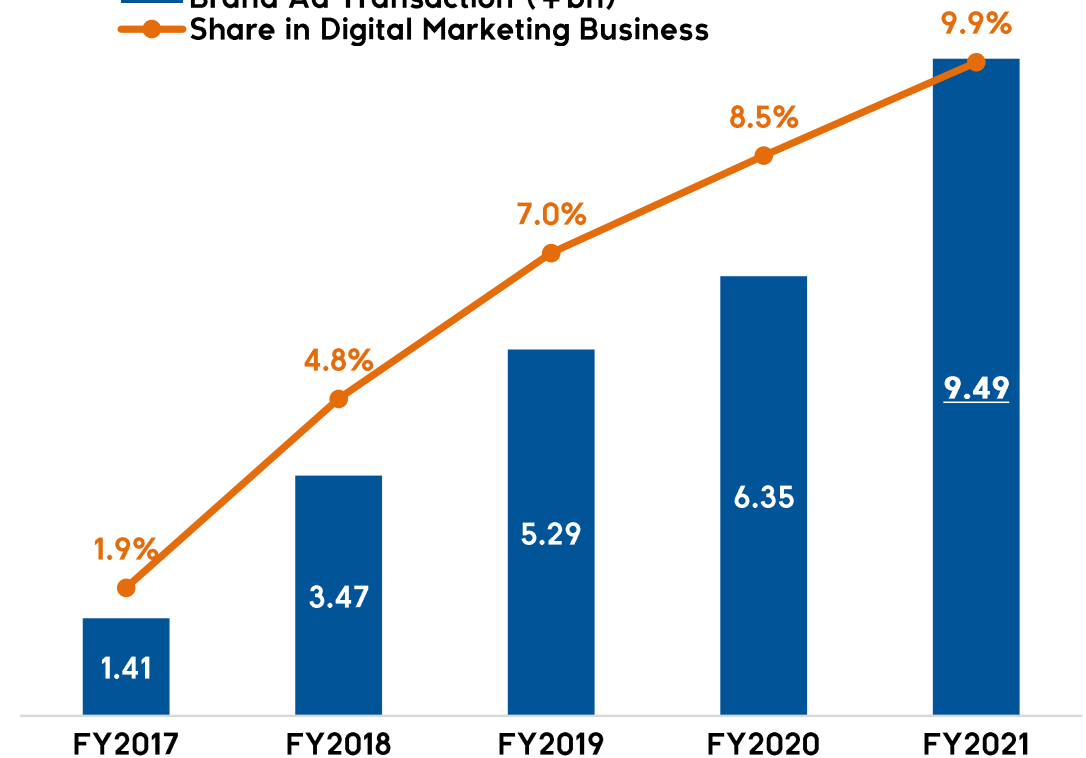
Volume of clients in collaboration with Dentsu

■ Volume of clients



Transaction of domestic brand ad

■ Brand Ad Transaction (¥ bn)
● Share in Digital Marketing Business

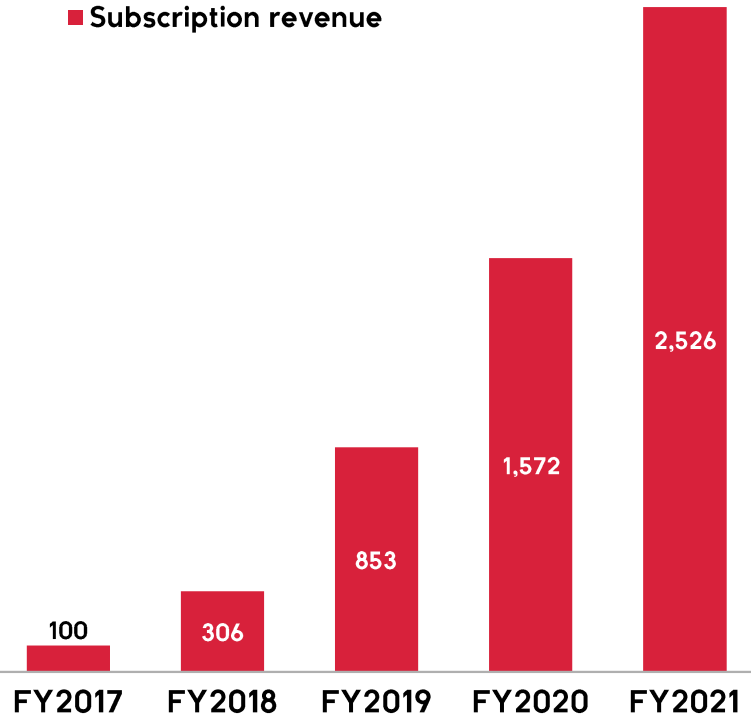


Subscription revenue and commerce revenue in GANMA! are growing steadily. Steady growth in D2C business earnings as well.

GANMA! subscription revenue

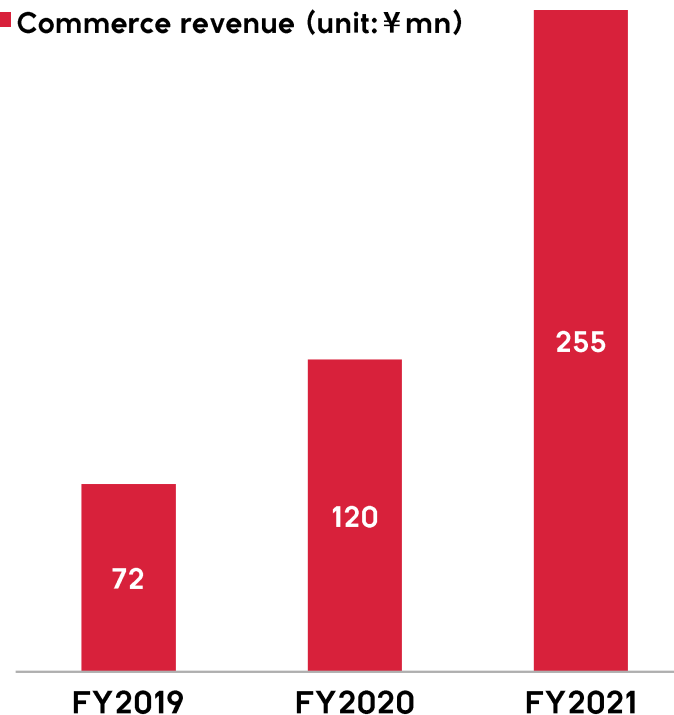
* Volume in 1Q FY2017=100

■ Subscription revenue



GANMA! commerce revenue

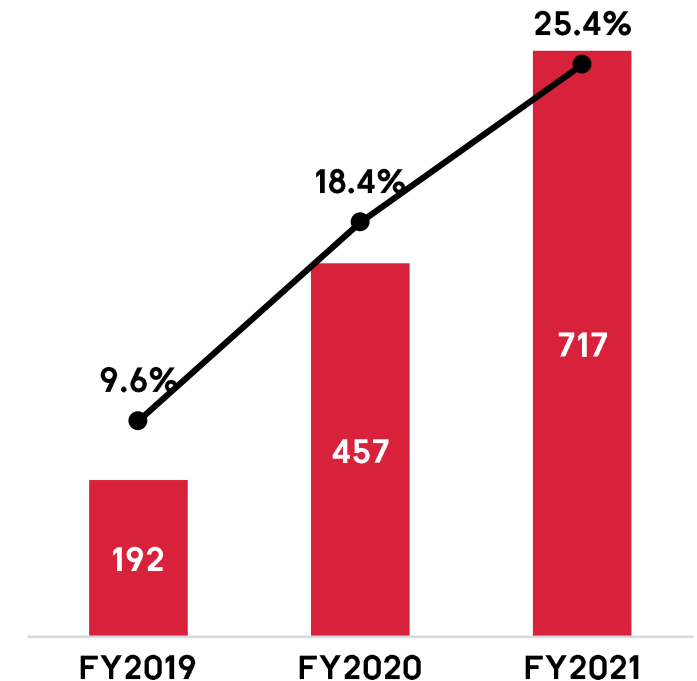
■ Commerce revenue (unit: ¥ mn)



D2C revenue

■ D2C revenue (unit: ¥ mn)

● Ratio of D2C revenue



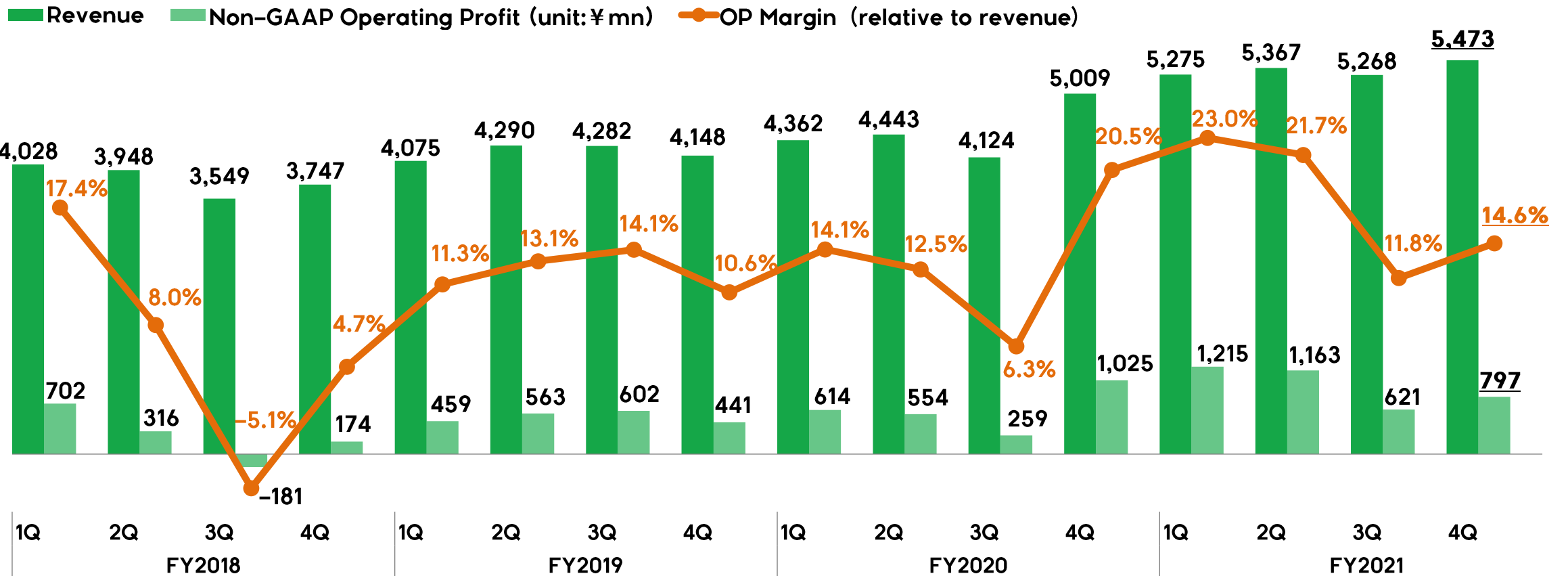
02

Quarterly Consolidated Earnings Overview

Net sales and revenue grew steadily, but profits declined due to one-time expenses, etc.

(unit: ¥mn)	4Q FY2021			4Q FY2020	
	Value	Ratio	YonY	Value	Ratio
Revenue	5,473	100.0%	+9.3%	5,009	100.0%
Gross profit	4,394	80.3%	+6.1%	4,140	82.7%
SG&A expenses	3,711	67.8%	+18.9%	3,121	62.3%
Non-GAAP Operating profit	797	14.6%	-22.2%	1,025	20.5%
Operating profit	445	8.1%	-55.9%	1,008	20.1%
Profit for the period attributable to owners of the parent	350	6.4%	-48.6%	681	13.6%
[Reference] Net sales	26,358	—	+20.9%	21,804	—

Revenue set a record high,
and operating profit margin recovered.



13 Constitution of Consolidated Expenses (IFRS)

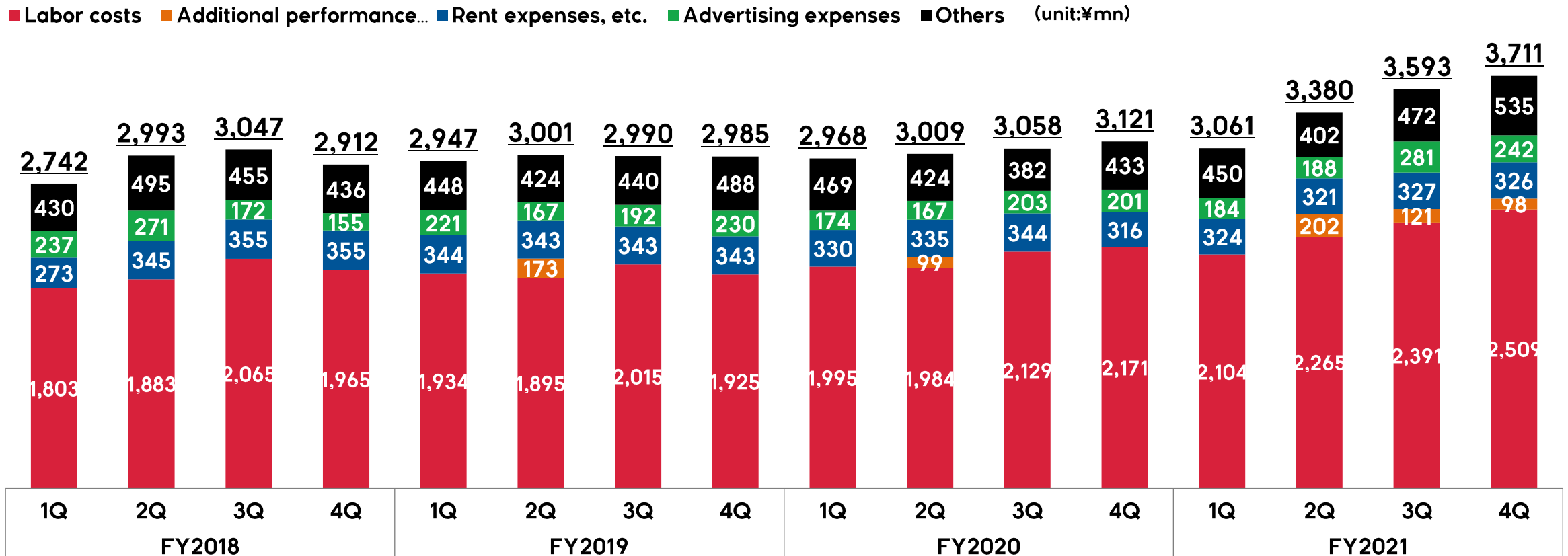
Outsourcing expenses increased, mainly for creative services, due to an increase in projects.

(unit:¥mn)	FY2020				FY2021				QonQ	YonY
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total of cost of sales	810	853	810	869	1,005	939	1,076	1,079	+0.3%	+24.1%
Labor costs	251	257	268	287	296	321	347	344	-1.0%	+19.9%
Subcontract costs	118	131	138	84	240	167	204	244	+19.5%	+192.1%
Others	441	465	404	499	468	451	525	491	-6.4%	-1.6%
Total of SG&A	2,968	3,009	3,058	3,121	3,061	3,380	3,593	3,711	+3.3%	+18.9%
Labor costs*	1,995	1,984	2,129	2,171	2,104	2,468	2,513	2,509	+4.9%	+15.6%
Additional performance-linked bonus (fixed)	—	99	—	—	—	202	121	98	-18.9%	—
Rent expenses etc.	330	335	344	316	324	321	327	326	-0.3%	+3.3%
Advertising expenses	174	167	203	201	184	188	281	242	-13.8%	+20.4%
Others	469	424	382	433	450	402	472	535	+13.3%	+23.5%

*In FY2020/1Q, 2Q and since FY2021/2Q, performance-linked stock compensation (BIP trust), which is a reconciliation to Non-GAAP operating profit, is recognized as labor costs.

14 Quarterly Consolidated SG&A Trend

Increase mainly in labor costs due to additional performance-linked bonuses and other factors in line with progress in results.



*In FY2020/1Q, 2Q and since FY2021/2Q, performance-linked stock compensation (BIP trust), which is a reconciliation to Non-GAAP operating profit, is recognized as labor costs.

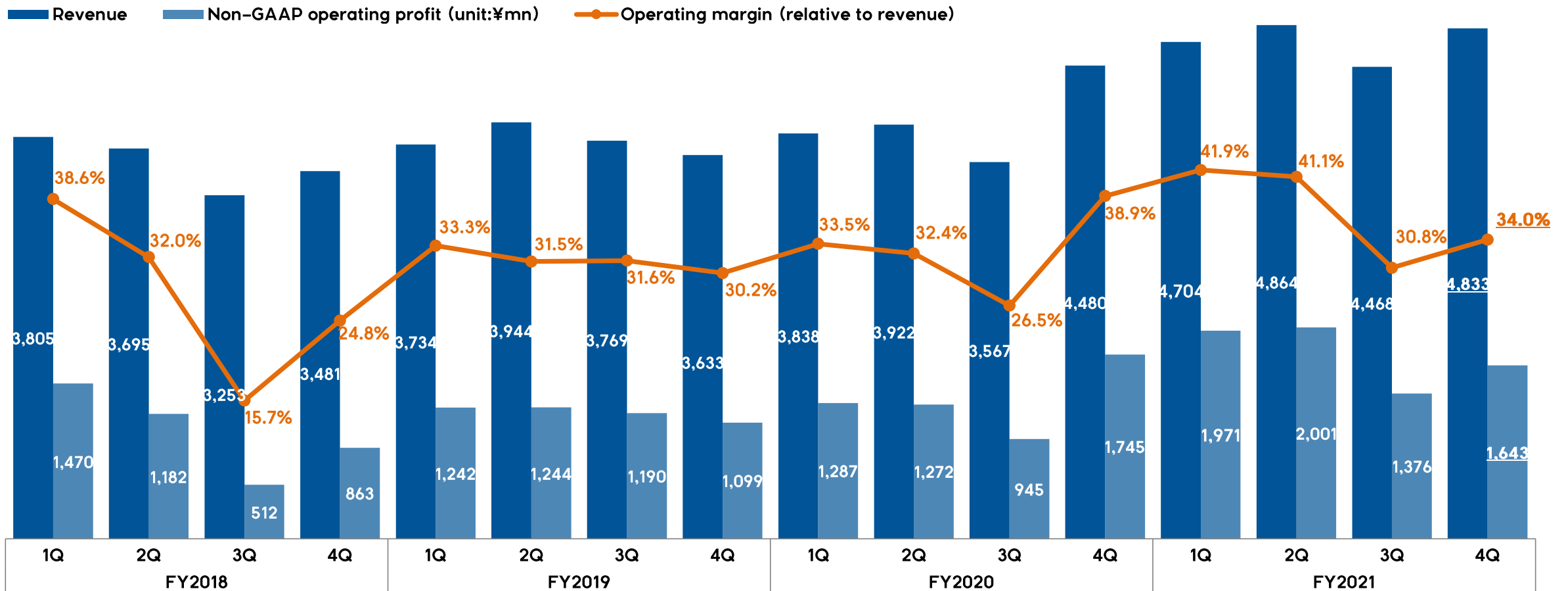
03

Digital Marketing Business

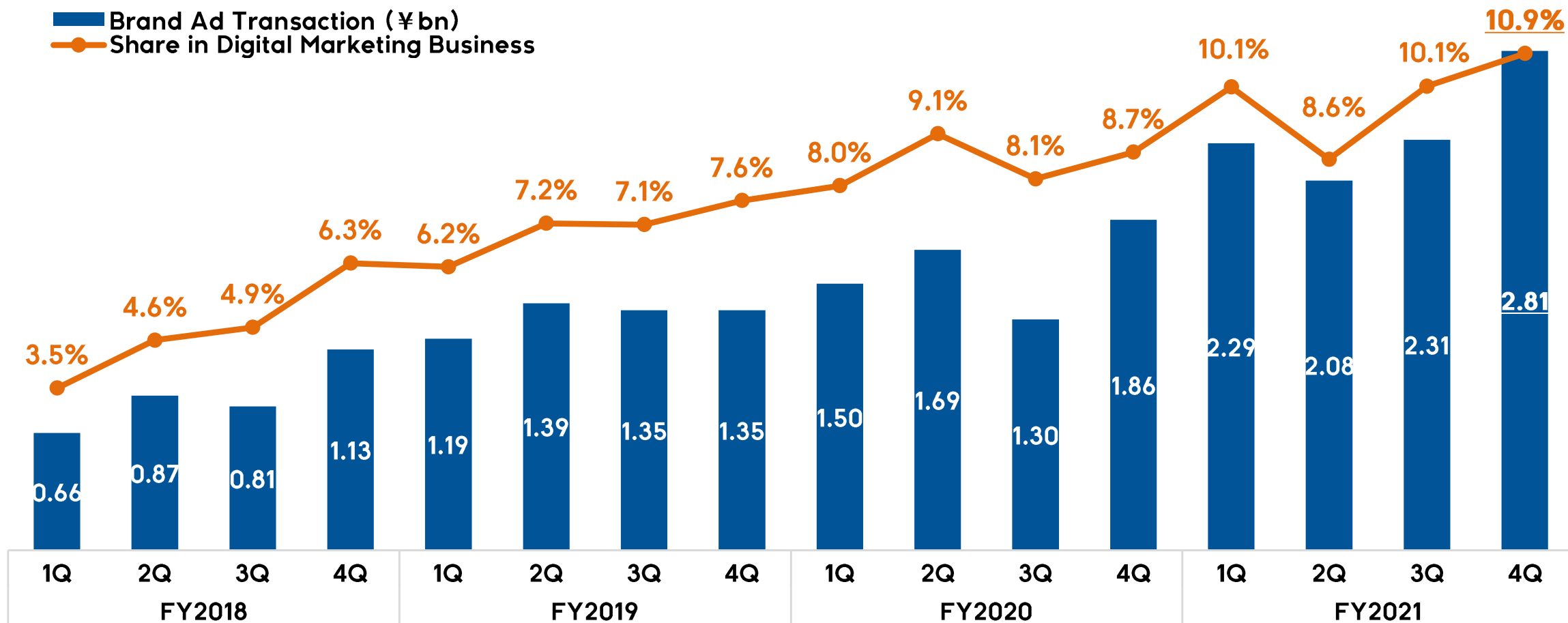
Net sales grew by over 20% YonY, and the result landed mostly at the same level as it was estimated.

(unit:¥mn)	4Q FY2021			4Q FY2020		FY2021 Estimates	Progress rate
	Value	Ratio	YonY	Value	Ratio		
Revenue	4,833	100.0%	+ 7.9%	4,480	100.0%	18,800	100.4%
Gross profit	4,097	84.8%	+ 5.2%	3,895	86.9%	—	—
SG&A	2,562	53.0%	+ 18.8%	2,156	48.1%	—	—
Non-GAAP Operating profit	1,643	34.0%	- 5.8%	1,745	38.9%	7,050	99.2%
[Reference] Net Sales	25,839	—	+ 20.8%	21,393	—	—	—

While the hurdles rose YonY, the pace of revenue growth remained unchanged and sustained growth momentum.

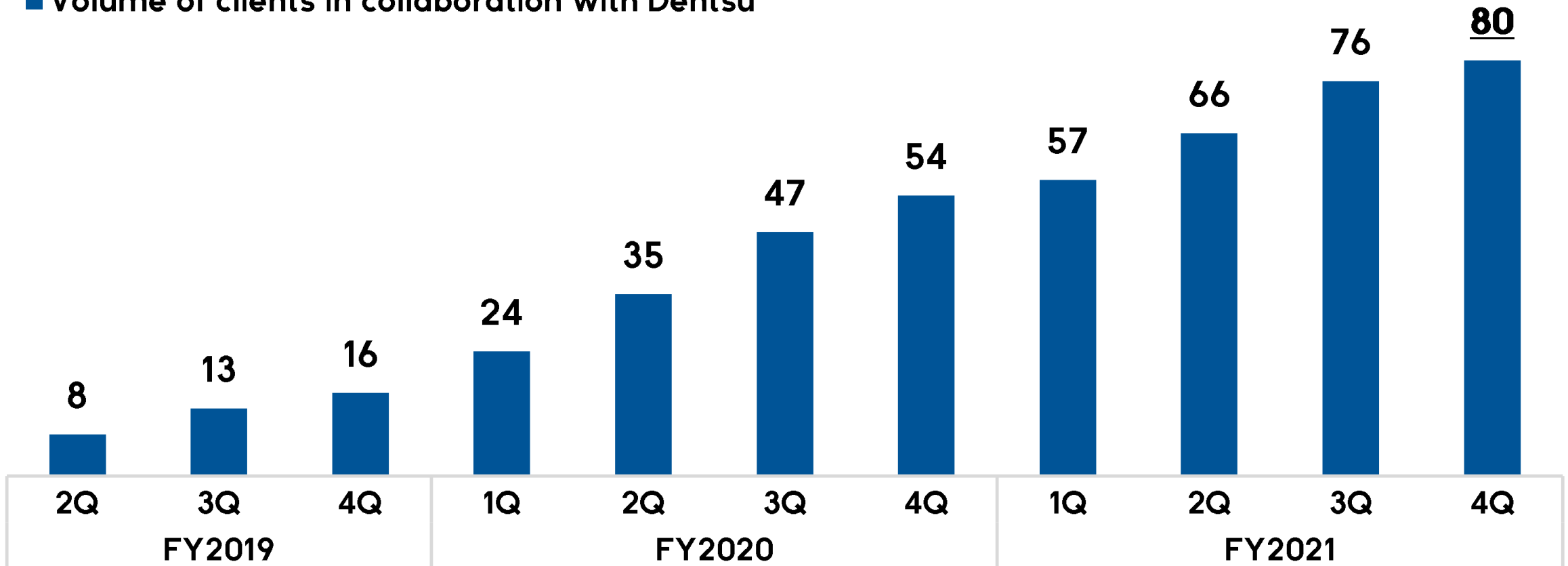


Record-high transaction value and composition ratio.



The number of clients acquired in the alliance increased by about 1.5 times YonY.

■ Volume of clients in collaboration with Dentsu



04

Media Platform Business

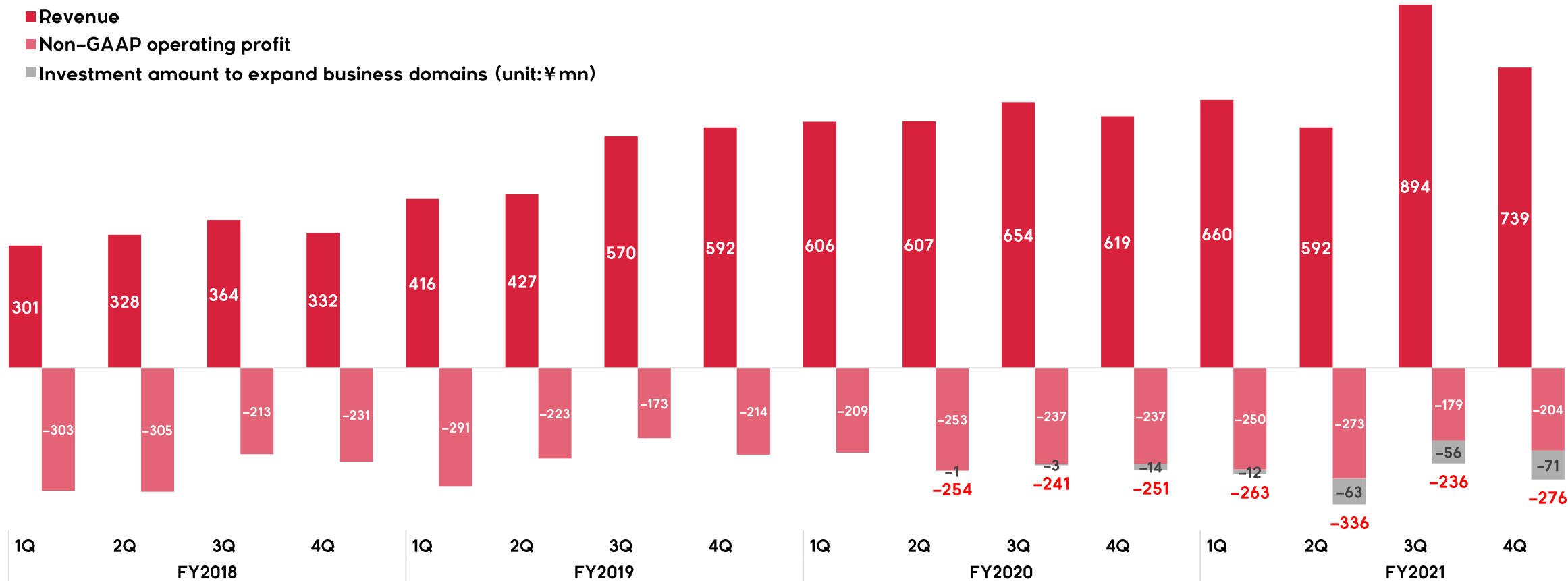
Revenue increased due to continued growth in commerce revenue in the D2C domain.

(unit:¥mn)	4Q FY2021			4Q FY2020		FY2021 Estimates	Progress rate
	Value	Ratio	YonY	Value	Ratio		
Revenue	739	100.0%	+19.4%	619	100.0%	3,100	93.1%
Gross profit	397	53.7%	+18.1%	336	54.2%	—	—
SG&A	688	93.2%	+17.2%	587	94.9%	—	—
Non-GAAP Operating profit	-276	—	-24	-251	—	-1,000	—
Investment amount to expand business domains*	-71	—	—	-14	—	—	—

*Total operating profit (loss) from businesses positioned as expansion into new business segments

22 Media Platform Business Quarterly Earnings Trend

Excluding investment for new business domain expansion, existing Media Platform businesses marked revenue growth and narrowed deficit.



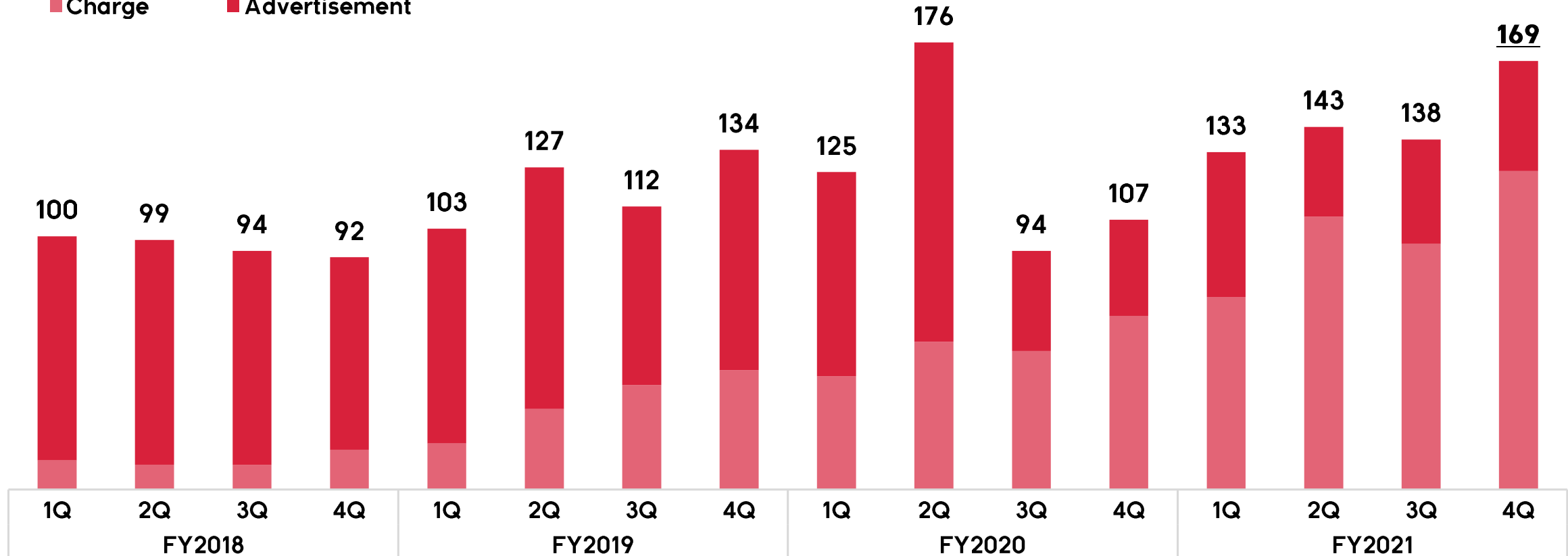
23 Manga Content Business Revenue Trend

Advertising revenue increased YonY, and charge revenue increased significantly, **driven by subscriptions and e-books.**

*Volume in 1Q FY2018= 100

■ Charge

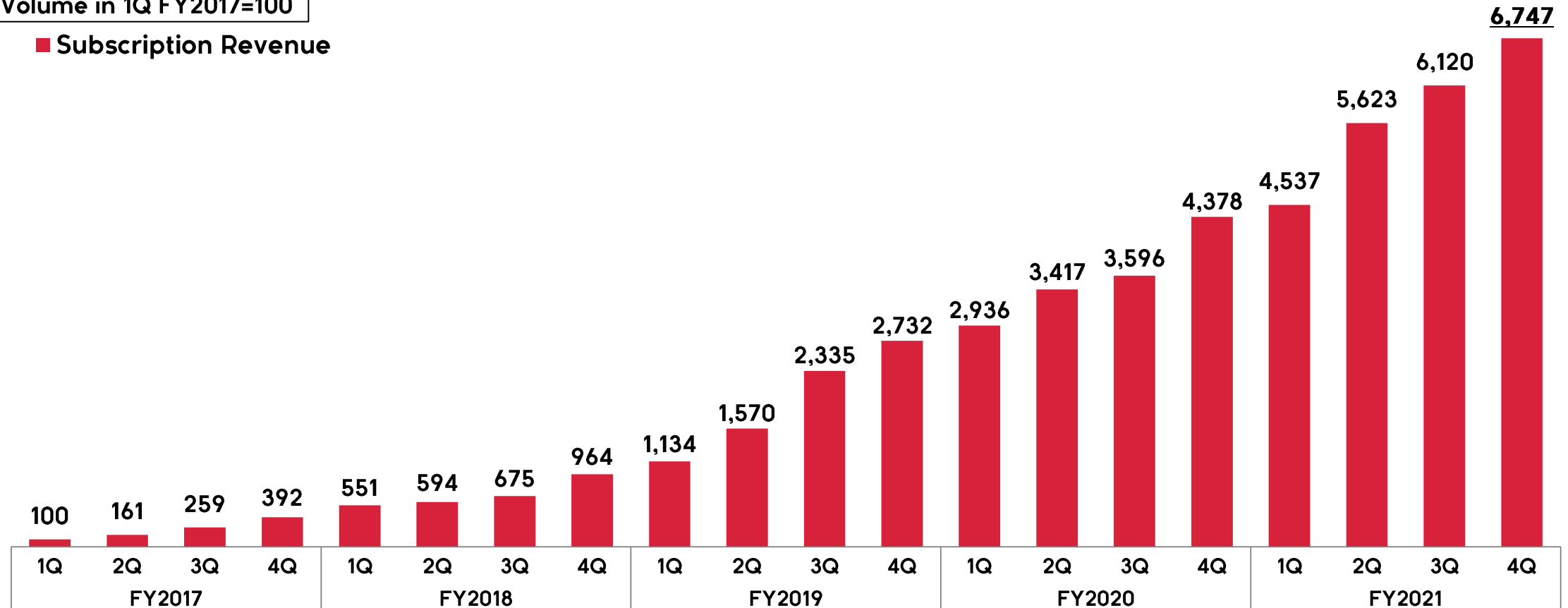
■ Advertisement



**Steady increase in the number of users, increasing by
approximately 1.5 times year-on-year.**

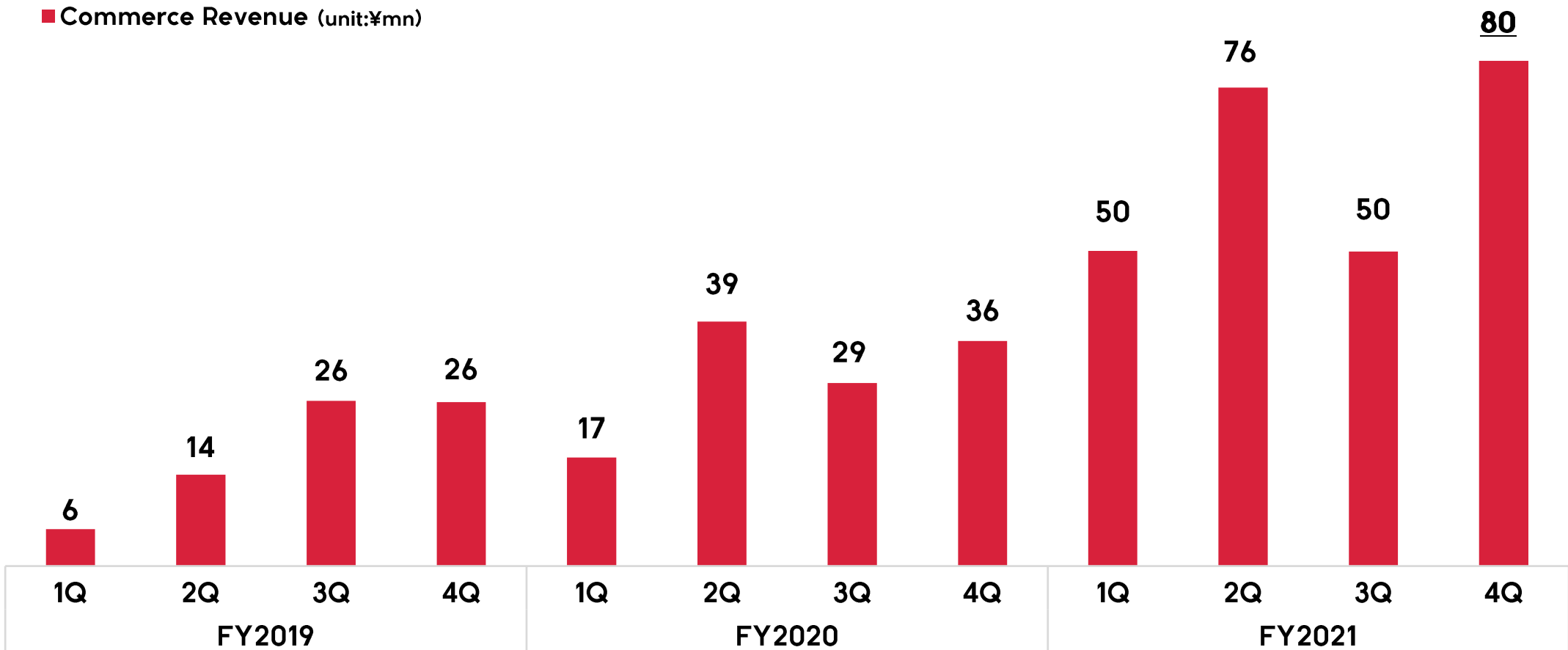
*Volume in 1Q FY2017=100

■ Subscription Revenue



25 Manga Content Business Commerce Revenue* Trend

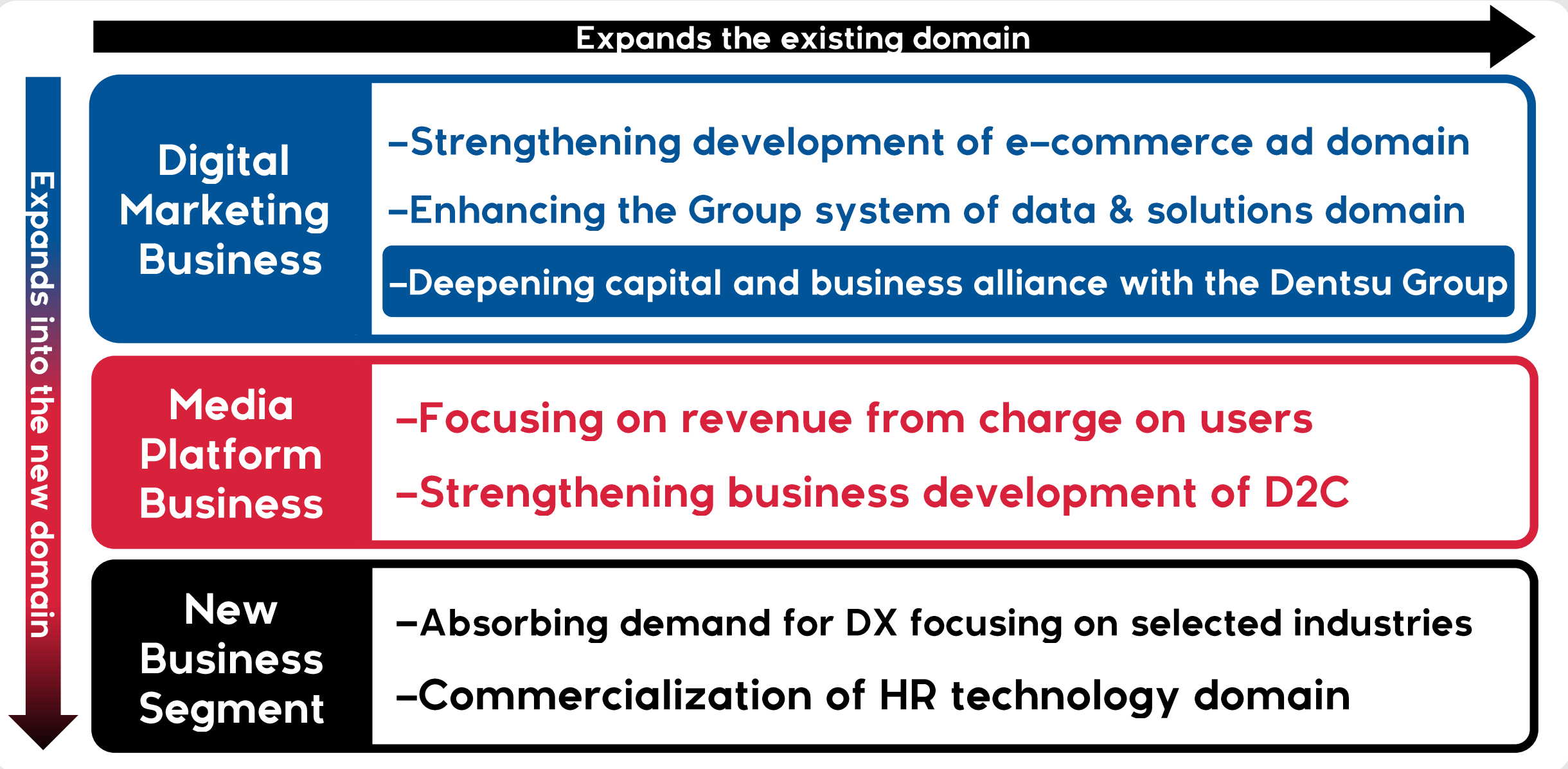
GANMA!'s popular work *“My Lv.999 Love for Yamada-kun”* being the driving force, significant growth in revenue from e-book sales.



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

05

Midterm Business Policies and Earnings Estimates



Achievements to date

Dramatic improvement in profitability and productivity due to capital and business alliance implemented in 2018.

- The number of cooperative clients has increased to 80 clients for 4Q/FY2021, and the quarterly sales from the collaboration have grown approximately 3 times in the past year.
- Average spend per client approximately doubled.
- Higher spending per client raised sales per employee by about 35%, resulting in a significant improvement in productivity.

Deepen alliance through this capital and business alliance

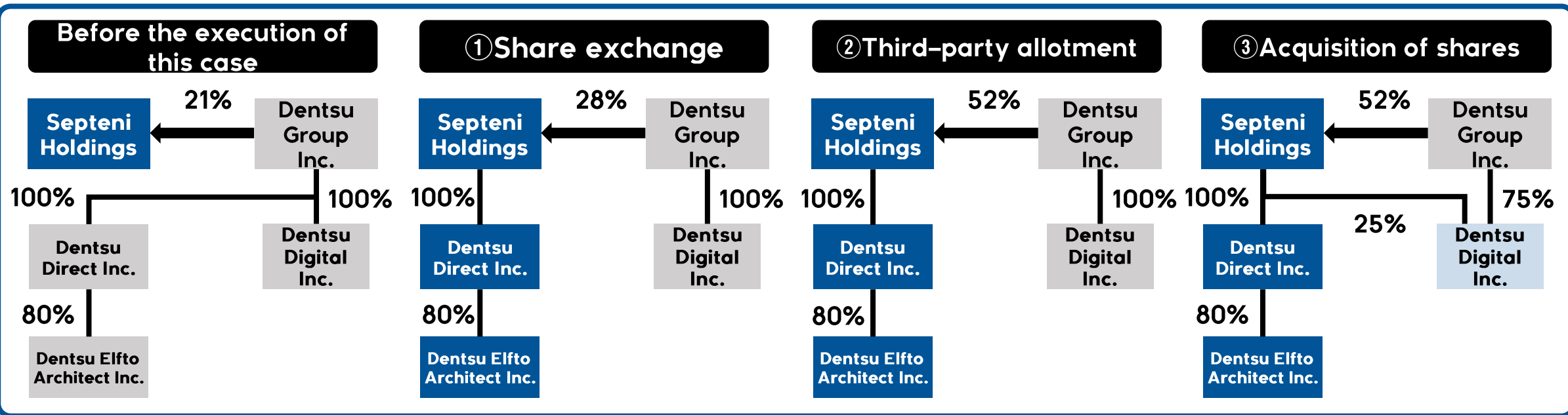
Aiming to be No. 1 in the Domestic Digital Marketing Domain by maximizing the collaboration between the two groups in the areas of digital marketing and data solutions.

- Acquisition of new collaborations and large-scale clients by expanding the commercial distribution from the Dentsu Group.
- Contribution to results from the consolidation of Dentsu Direct Inc. and the acquisition of capabilities in the direct marketing area.
- Strengthen solutions and development areas and capture equity in earnings of affiliates by making Dentsu Digital Inc. an equity-method affiliate.
- Achieve synergies by sharing BPO domains, joint development, and improving procurement capabilities through the promotion of integration of business foundations.

29 Overview of Deepening Capital and Business Alliances SEPTENI

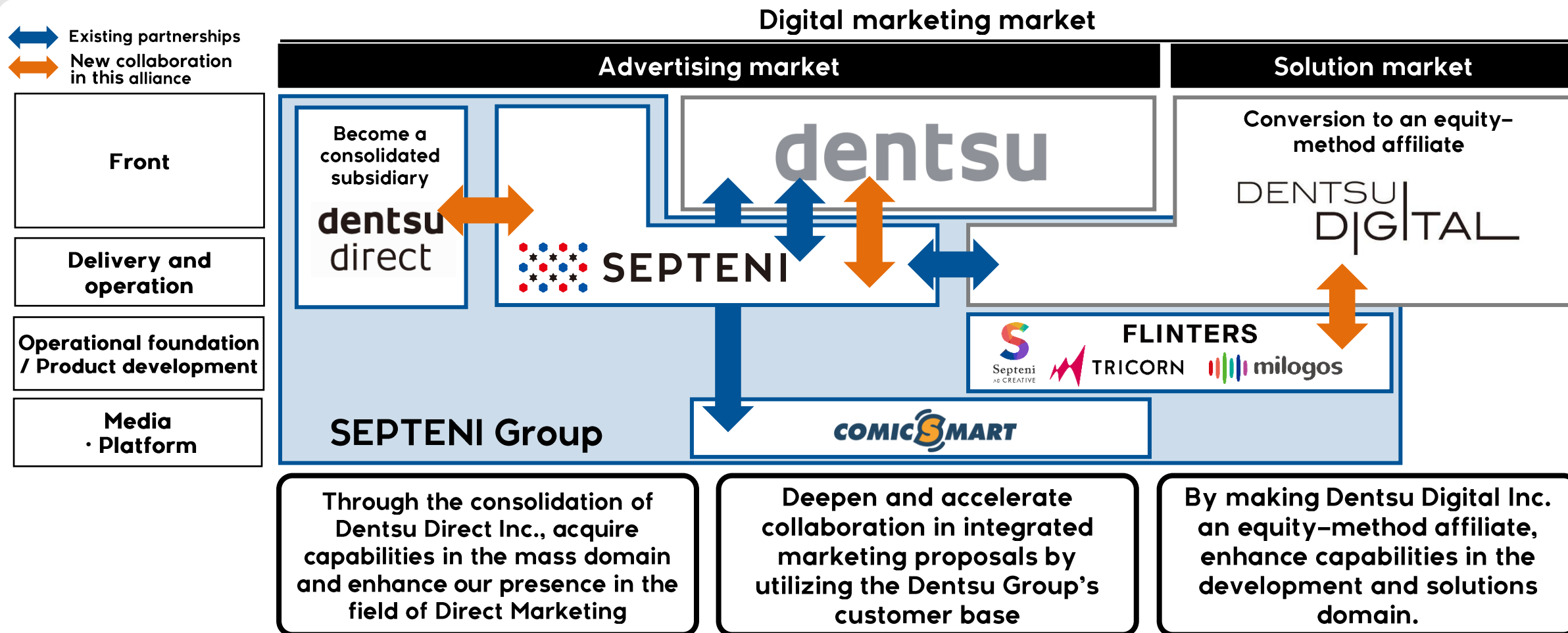
Scheme of the Capital and Business Alliance

- ① Made Dentsu Direct Inc., a subsidiary of the Dentsu Group Inc., a wholly owned subsidiary through a share exchange. (Allotted 3,274 shares of our common stock for each share of Dentsu Direct)
- ② Implemented third-party allotment of shares to Dentsu Group Inc. as underwriter. (70,118,794 shares of our common stock, 52.01% of the voting rights of Dentsu Group Inc. after the capital increase, and a total amount paid in of ¥32.61 bn)
- ③ Acquired 25% of Dentsu Digital and made it our equity-method affiliate. (acquisition cost: ¥31.25 bn)



※For details, please refer to the Timely Disclosure Material on the Capital and Business Alliance announced on the same day.

Anticipate further collaborative synergies in both areas and functions.



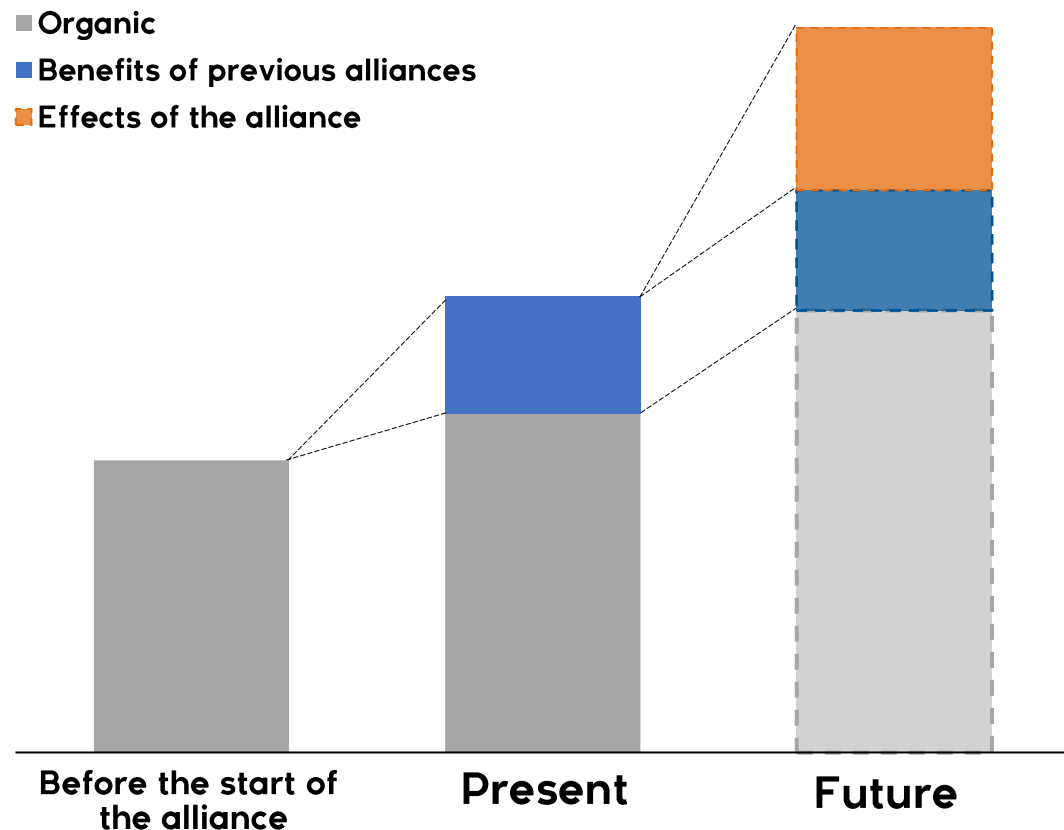
Both groups aim to be the largest digital marketing partner to provide our clients the best solutions in an environment where people with various talents assemble with the joy of working.



Digital Marketing	<p>Accelerate collaboration on digital marketing projects through expansion of the commercial distribution from Dentsu Group.</p> <p>Strengthen the Direct Marketing domain and joint developing solutions utilizing the strengths of both Dentsu Direct Inc. and our group.</p> <p>Expand collaboration with the Dentsu Group in the Septeni Group's advertising management and creative areas.</p>
Data Solutions	<p>Strengthen the development structure and promote product development of both groups by accelerating collaboration with Dentsu Digital Inc.</p>
Others	<p>Consideration of integrated programs for recruitment and development of digital human resources, mutual use of tools, etc.</p>

Through organic growth and expansion of Dentsu collaboration Aim for business growth well above the market average

Image of future growth



- Acquisition of new collaborations and large-scale clients through expansion of commercial distribution
- Strengthen the direct marketing domain through acquisitions and development and solutions domains through investment.
- Synergies in multiple domains by promoting the integration of business foundations

- Advertising management support for digital marketing projects handled by the Dentsu Group
- Online/offline integrated marketing proposals by leveraging the client bases of both companies' groups, etc.

- Enhancing our presence in growing markets through alliances
- Strengthen organizational foundation through collaboration (human resources and product development)
- Increase in per capital productivity due to increase in unit price per client

Earnings Estimate

The earnings estimate for FY2022/9 is undecided because it is currently difficult to make a reasonable calculation in view of the impact of this capital and business alliance.

(We will disclose the estimate as soon as it becomes possible to disclose it.)

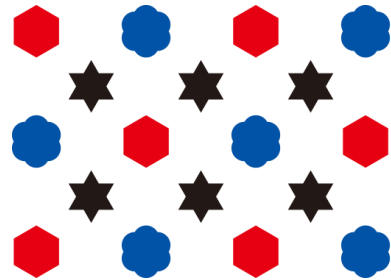
We will also update the 3-year plan of our medium-term management policy when it becomes possible to disclose earnings forecasts.

Dividend Forecast

For FY2021/9, we plan to pay a dividend of ¥3.4 per share.

In FY2022/9, we have not decided the forecast in consideration of the impact of the capital and business alliance.

Thank you for your interest!



SEPTENI

Contact Information

SEPTENI HOLDINGS CO., LTD. Corporate Planning, IR Division

www.septeni-holdings.co.jp/en/

E-mail: ir@septeni-holdings.co.jp

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 Oct 28, 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

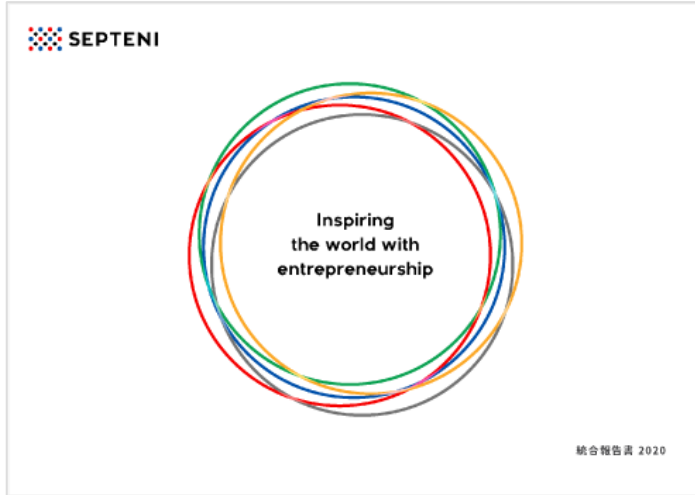
Use diversity as a competitive edge. We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

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.

Please check the details from the link or the code.

(https://www.septeni-holdings.co.jp/en/ir/library/integrated-report/integratedreport2020_en.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.

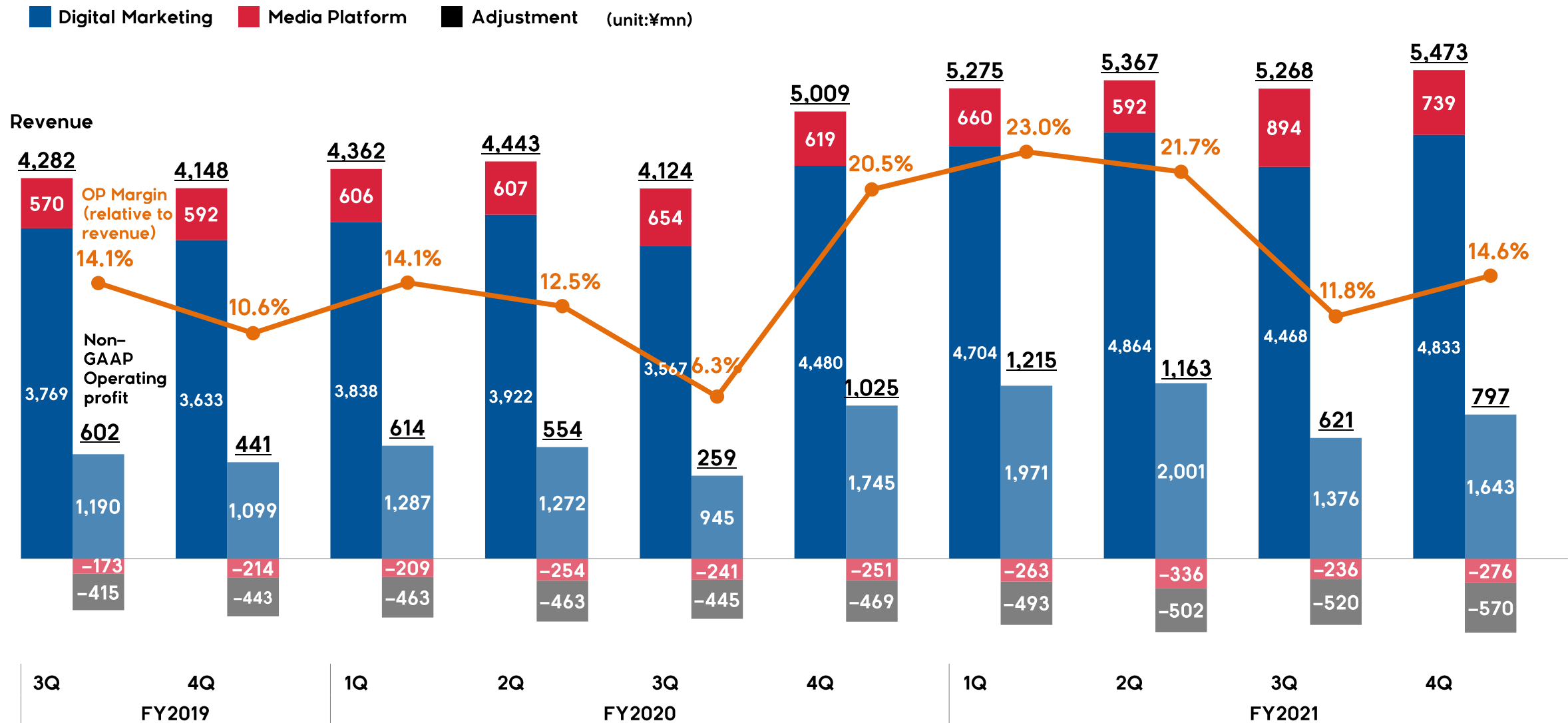
*only available in Japanese.

Please check the details from the link or the code.

(https://note.com/septeni_group)



38 Quarterly Consolidated Earnings Trend (by Business Segments)



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

39 Digital Marketing Business Quarterly Trend



(unit:¥mn)	FY2019	FY2020				FY2021			
	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Net Sales	17,639	18,770	18,524	16,041	21,393	22,605	24,370	22,791	25,839
Revenue	3,633	3,838	3,922	3,567	4,480	4,704	4,864	4,468	4,833
Domestic Revenue	3,356	3,468	3,702	3,380	4,293	4,429	4,607	4,182	4,536
Overseas Revenue	277	370	220	187	187	275	257	285	297
Ratio of Overseas Revenue	7.6%	9.6%	5.6%	5.2%	4.2%	5.8%	5.3%	6.4%	6.1%
Ratio of Revenue to Net Sales	20.6%	20.4%	21.2%	22.2%	20.9%	20.8%	20.0%	19.6%	18.7%
Non-GAAP Operating Profit	1,099	1,287	1,272	945	1,745	1,971	2,001	1,376	1,643
Operating Margin to Revenue	30.2%	33.5%	32.4%	26.5%	38.9%	41.9%	41.1%	30.8%	34.0%
Domestic Brand Advertising Transaction (¥bn)	13.5	15.0	16.9	13.0	18.6	22.9	20.8	23.1	28.1
Share in Digital Marketing Business	7.6%	8.0%	9.1%	8.1%	8.7%	10.1%	8.6%	10.1%	10.9%
Volume of Clients in collaboration with Dentsu	16	24	35	47	54	57	66	76	80

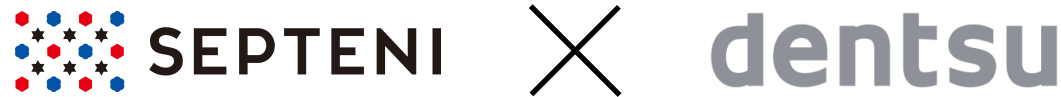
40 Media Platform Business Quarterly Trend



	FY2019		FY2020		FY2021				
	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Manga Content Business Revenue (Volume in 1Q FY2018=100)	134	125	176	94	107	133	143	138	169
Subscription Revenue (Volume in 1Q FY2017=100)	2,732	2,936	3,417	3,596	4,378	4,537	5,627	6,120	6747
GANMA! ARPU (¥)*1*2	60.5	51.3	39.8	31.9	29.9	44.0	75.6	67.7	94.1
Manga Content Business Commerce Revenue (¥mn)	26	17	39	29	36	50	76	50	80
Investment amount to expand business domains (¥mn)	—	—	-1	-3	-14	-12	-63	-56	-71

*1: Numbers from the last months of every quarter *2: Revised the number in 2Q FY2021

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



Build online and offline integrated proposal-making systems by sharing and utilizing all of the two companies' assets, including strategies, creative production, media buying and tools/solutions.

Septeni

- Digital planning including complementary measures to increase the reach of TV commercials.
 - Customization of creatives in sync with TV commercials.
 - Implementation of digital advertisements by leveraging linkage with data for the mass media area.
- etc.

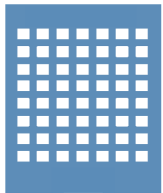
Close collaboration

Dentsu Group

- Planning of mass marketing based on the results of the validation of digital advertisements and digital data such as those available from search patterns and access to social media.
 - Utilization of original solutions.
- etc.

Joint proposal

Client company



Submission of manuscripts/Operation

Measurement of effects by integrating online/offline data

Delivery of solutions

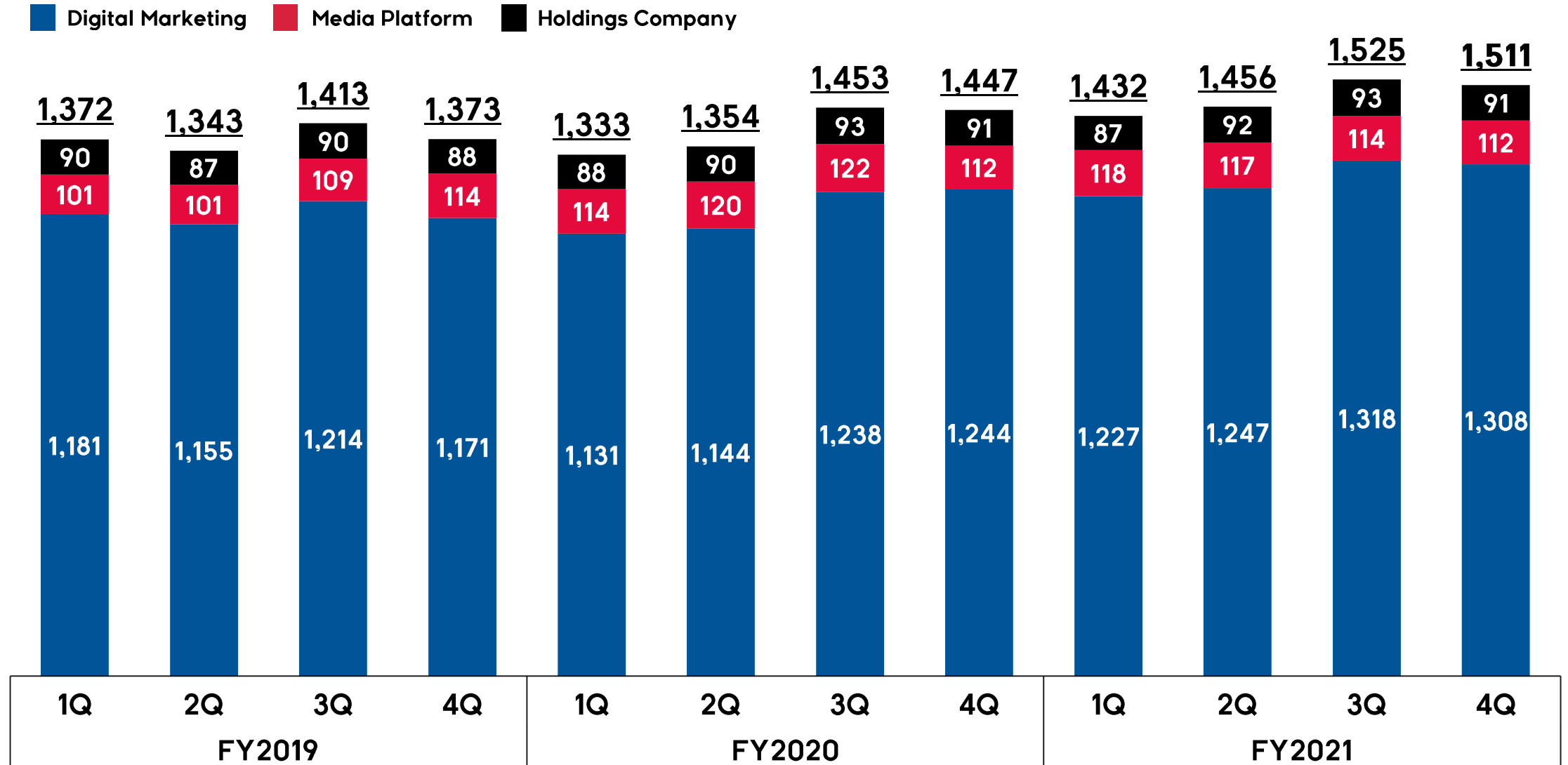
Digital media



Mass media



42 Septeni Group Workforce Number Trend



43 Main Group Companies by Business Segment

As of Oct 28, 2021



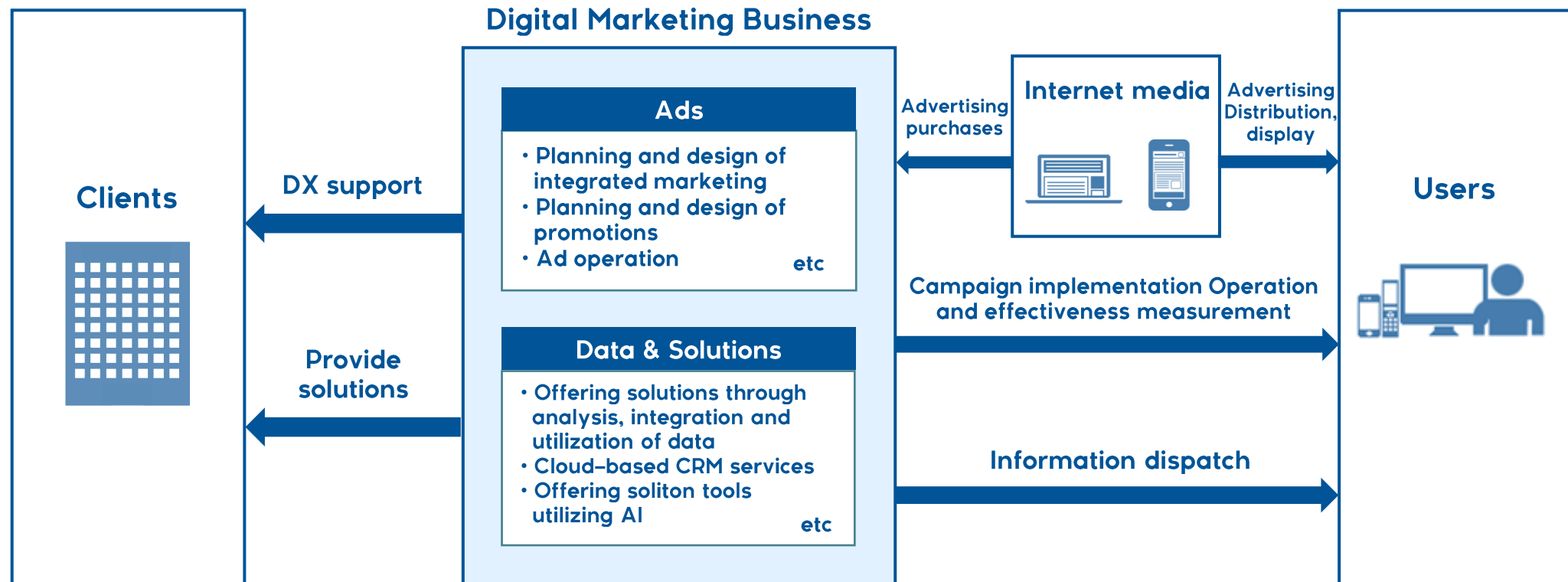
Holding Company	SEPTENI HOLDINGS CO., LTD
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Digital Marketing Business			
SEPTENI Japan, Inc.	Digital marketing support business	FLINTERS, Inc.	Planning, development and sales in digital solution area
SETPENI CROSSGATE CO., LTD.	Ad network and platform business	Tricorn Corporation	CRM service business
Septeni America, Inc.	Digital marketing support business based in North America region	Milogos, Inc.	Digital marketing support business
Lion Digital Global LTD	Digital marketing support in Southeast Asia	JNJ INTERACTIVE INC.	Digital marketing support in South Korea

Media Platform Business			
COMICSMART, Inc.	Manga Content Business	gooddo Inc.	Platform business of social contribution
ViViVit, Inc.	Recruitment platform business	TowaStela, Inc.	Childcare platform business
Delight Tube, Inc.	Planning, production and management of Internet media	New business development	SEPTENI INCUBATE Co., Ltd.

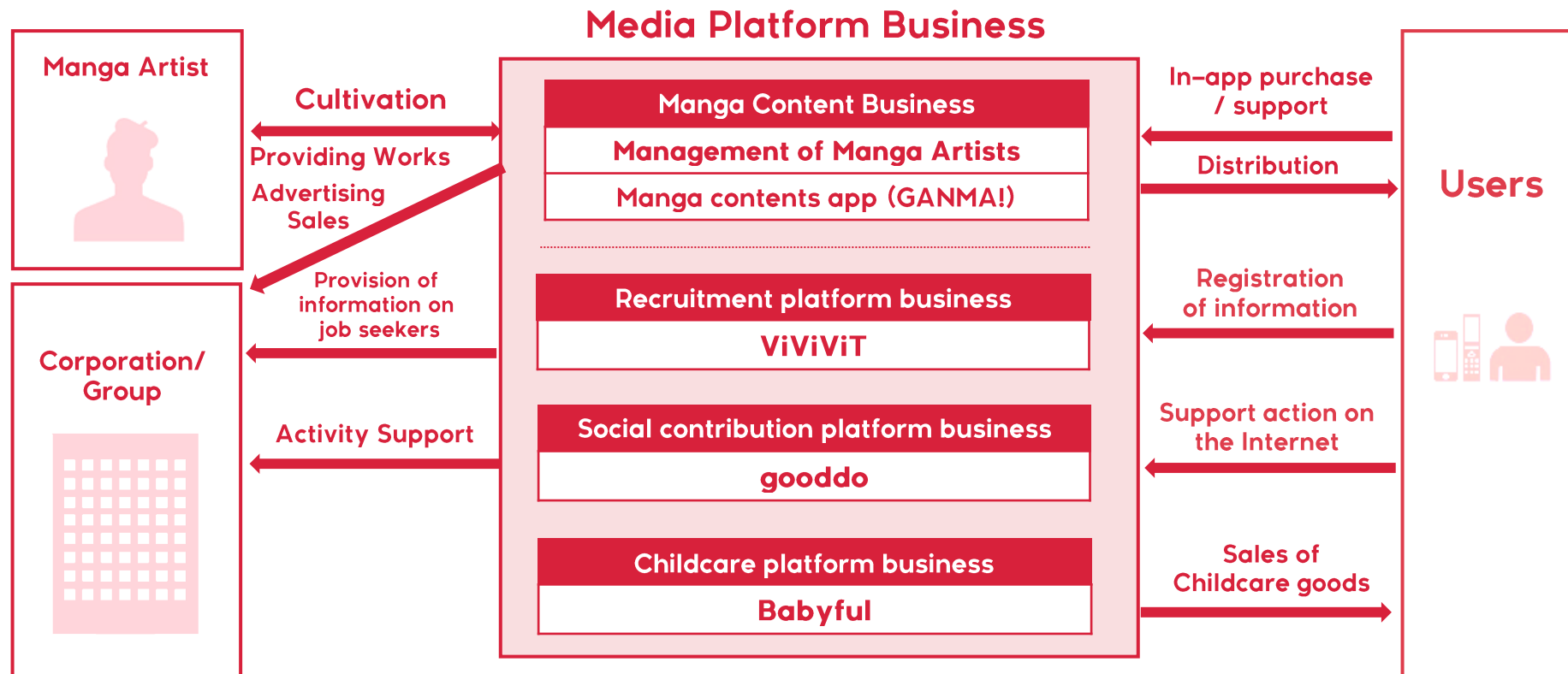
44 Business Model for the Digital Marketing Business

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.



45 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” and “childcare” as new businesses born from intrapreneurship.



46 Consolidated Statement of Financial Position



(unit:¥mn)	End of FY2021	End of FY2020	Change
Current Assets	33,452	27,373	+6,079
Non-Current Assets	8,560	7,052	+1,508
Total Assets	42,011	34,425	+7,586
Current Liabilities	20,329	15,314	+5,015
Non-Current Liabilities	3,237	3,299	-62
Total Liabilities	23,566	18,613	+4,953
Total Capital	18,445	15,811	+2,634
Total Liabilities and Capital	42,011	34,425	+7,586

*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.