



FY September/2022

Business Results for 1Q

Feb. 10, 2022

SEPTENI HOLDINGS CO., LTD.

01 Quarterly Consolidated Earnings Overview

02 Digital Marketing Business

03 Media Platform Business

04 Update on Midterm Business Policies

05 Earnings Estimates for FY9/22

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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

Quarterly Consolidated Earnings Overview

**Revenue increased and
profit up sharply YonY.**

Consolidated

Revenue

¥6,572mn (YonY+24.6%)

**Non-GAAP
Operating Profit**

¥2,020mn (YonY+66.2%)

EPS

¥10.08 (YonY+47.4%)

Digital Marketing Business

Revenue and profit increased due to the organic growth and the progress of the alliance with the Dentsu Group.

Revenue **¥5,999mn** (YonY+**27.5%**) Non-GAAP Operating Profit **¥2,822mn** (YonY+**43.2%**)

Media Platform Business

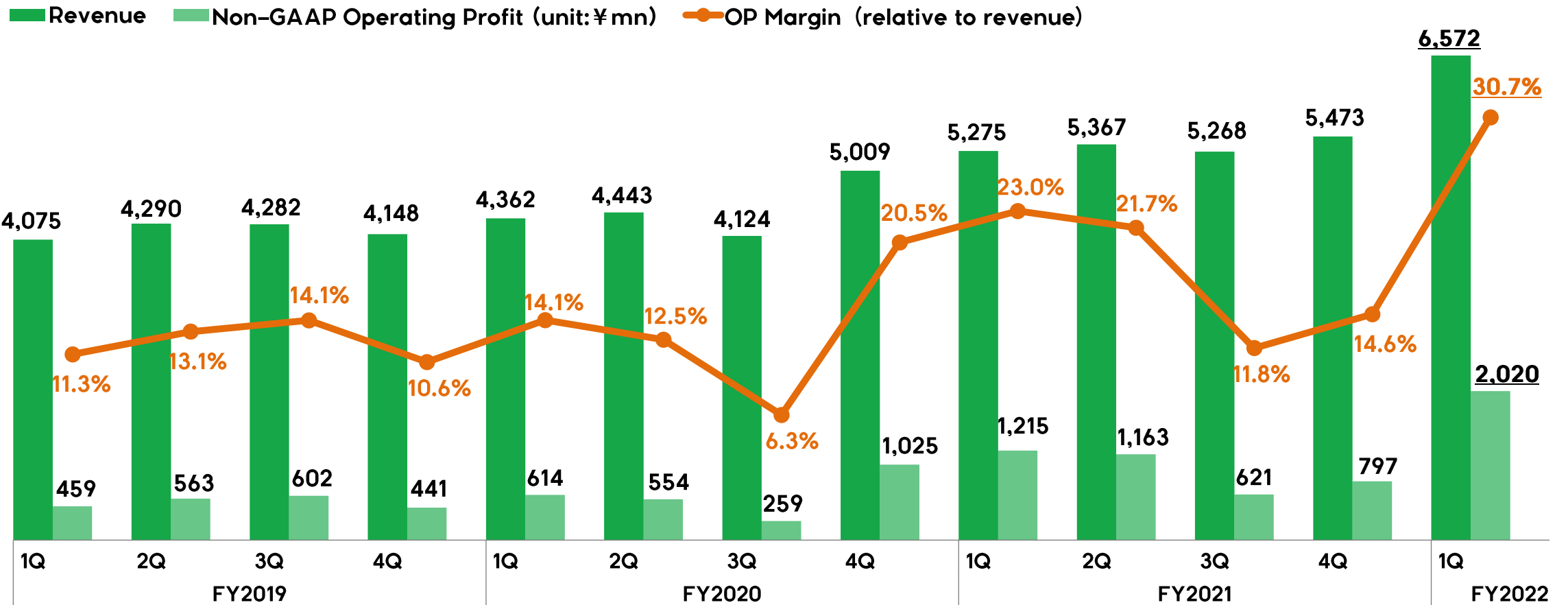
Deficit narrowed due to the growth of Manga Content Business.

Revenue **¥644mn** (YonY–2.5%) Non-GAAP Operating Profit **¥–262mn** (Deficit narrowed **¥1mn YonY**)
Including investment in new segments of ¥51 mn

**Steady progress in each performance item.
Net sales recorded a high growth of +30.8% YoY.**

(unit: ¥mn)	1Q FY2022			1Q FY2021	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,572	100.0%	+24.6%	5,275	100.0%
Gross profit	5,452	83.0%	+27.7%	4,271	81.0%
SG&A expenses	3,447	52.4%	+12.6%	3,061	58.0%
Non-GAAP Operating profit	2,020	30.7%	+66.2%	1,215	23.0%
Operating profit	1,940	29.5%	+61.1%	1,205	22.8%
Profit for the period attributable to owners of the parent	1,275	19.4%	+47.4%	865	16.4%
Earnings per Share (EPS) (¥)	10.08	—	+47.4%	6.84	—
[Reference] Net sales	30,110	—	+30.8%	21,804	—

Both revenue and operating profit set record highs.



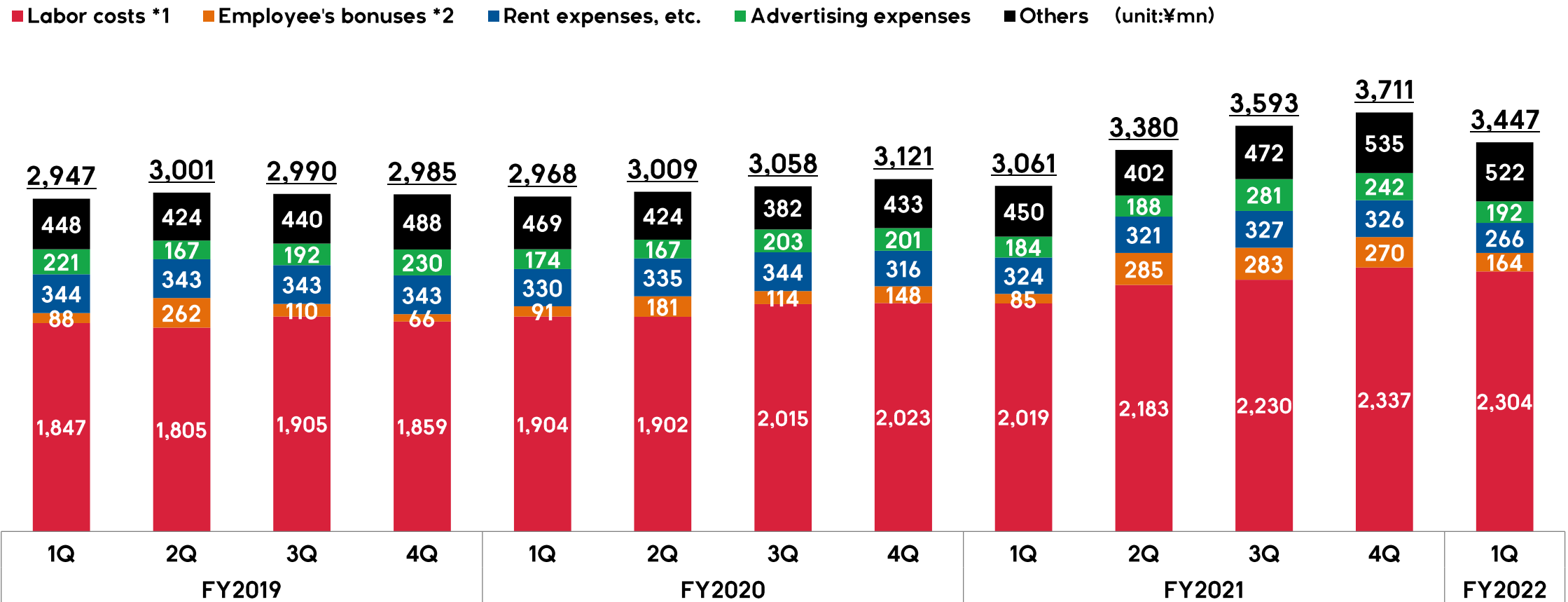
Cost of sales are increasing due to an increase in revenue.

(unit:¥mn)	FY2020				FY2021				FY2022		QonQ	YonY
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3Q	4Q	1Q			
Total of cost of sales	810	853	810	869	1,005	939	1,076	1,079	1,120	+3.8%	+11.5%	
Labor costs	251	257	268	287	296	321	347	344	364	+6.0%	+23.1%	
Subcontract costs	118	131	138	84	240	167	204	244	294	+20.3%	+22.3%	
Others	441	465	404	499	468	451	525	491	462	-6.0%	-1.4%	
Total of SG&A	2,968	3,009	3,058	3,121	3,061	3,380	3,593	3,711	3,477	-7.1%	+12.6%	
Labor costs *1	1,904	1,902	2,015	2,023	2,019	2,183	2,230	2,337	2,304	-1.4%	+14.1%	
Employee bonus*2	91	181	114	148	85	285	283	270	164	-39.3%	+93.0%	
Rent expenses etc.	330	335	344	316	324	321	327	326	266	-18.6%	-18.0%	
Advertising expenses	174	167	203	201	184	188	281	242	192	-20.9%	+4.4%	
Others	469	424	382	433	450	402	472	535	522	-2.5%	+16.0%	

*1 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.

*2 Including estimation amount for additional performance-linked bonus.

Rent expenses decreased due to partial cancellation of offices related to the promotion of telework.



*1 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.

*2 Including estimation for additional performance-linked bonus.

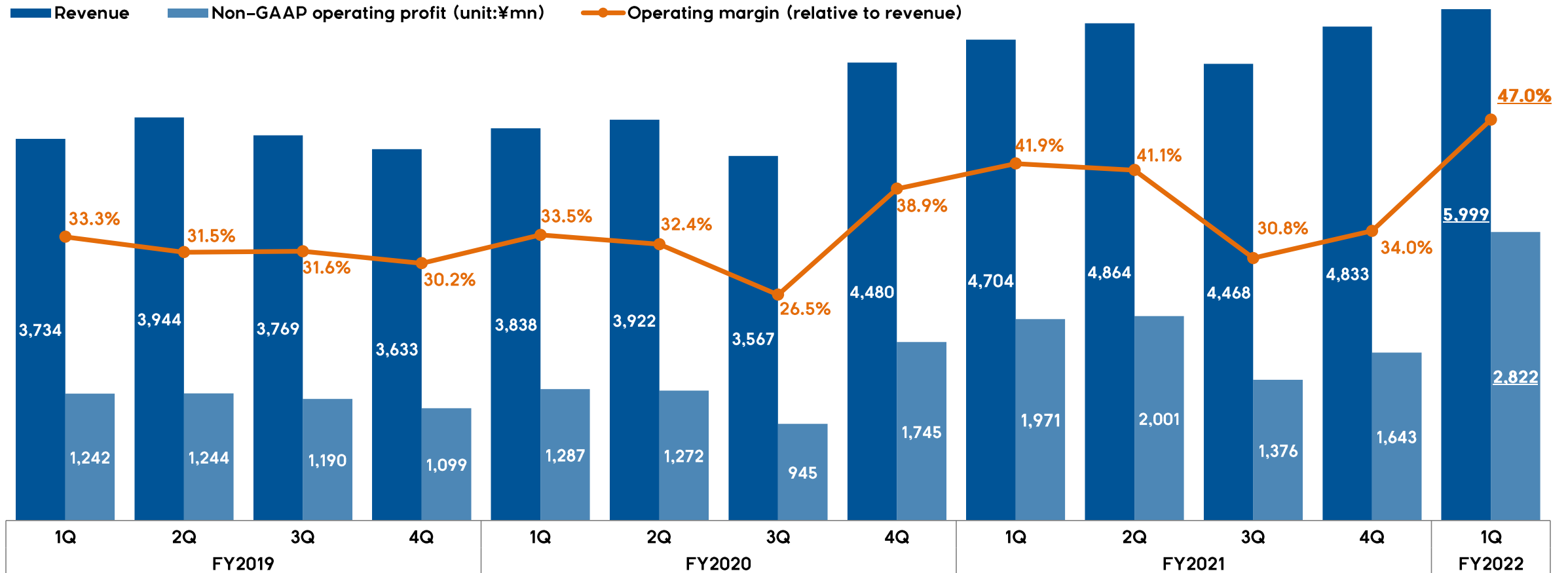
02

Digital Marketing Business

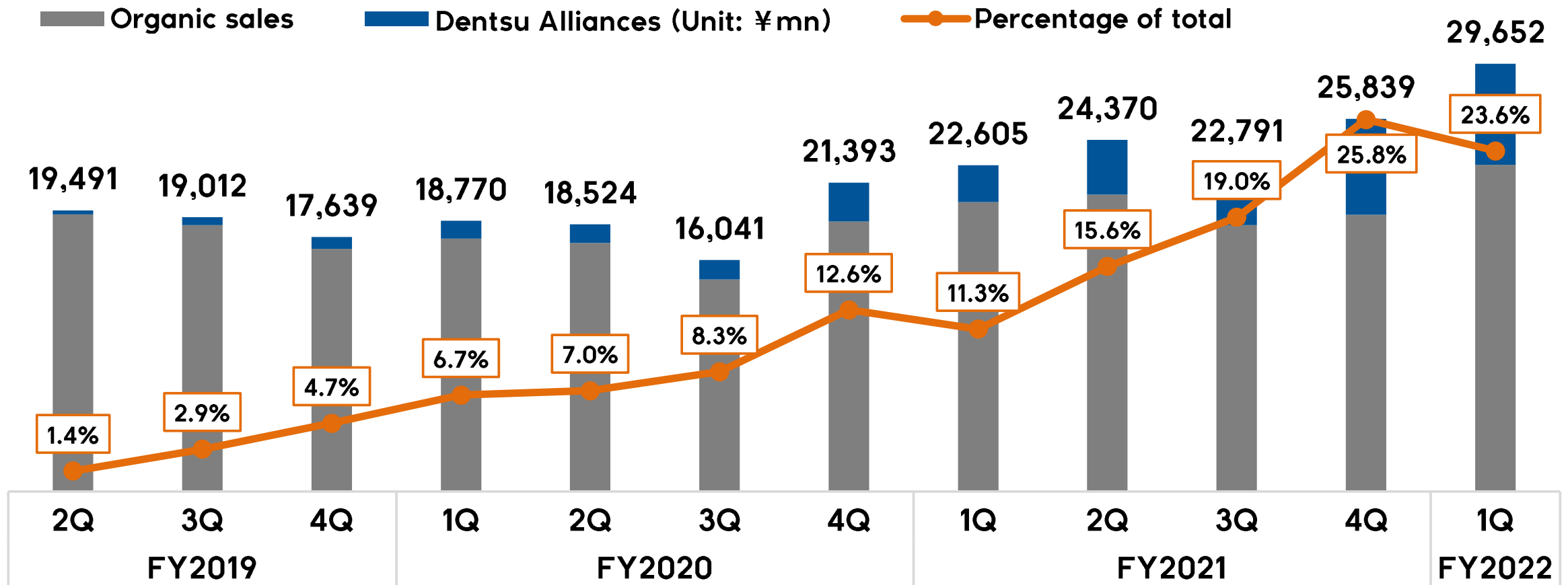
Net sales grew by more than 30% YonY, and both revenue and Non-GAAP operating profit reached record highs.

(unit:¥mn)	1Q FY2022			1Q FY2021	
	Value	Ratio	YonY	Value	Ratio
Revenue	5,999	100.0%	+ 27.5%	4,704	100.0%
Gross profit	5,189	86.5%	+ 28.3%	4,044	86.0%
SG&A	2,367	39.5%	+ 13.9%	2,078	44.2%
Non-GAAP Operating profit	2,822	47.0%	+ 43.2%	1,971	41.9%
【Reference】 Net Sales	29,652	—	+ 31.2%	22,605	—

Due to the increase related to seasonality, the operating profit margin landed at a higher-than-expected level.



The number of clients acquired in the alliance reached 85, and the number of clients, organic sales and sales from the alliance relatively expanded.



03

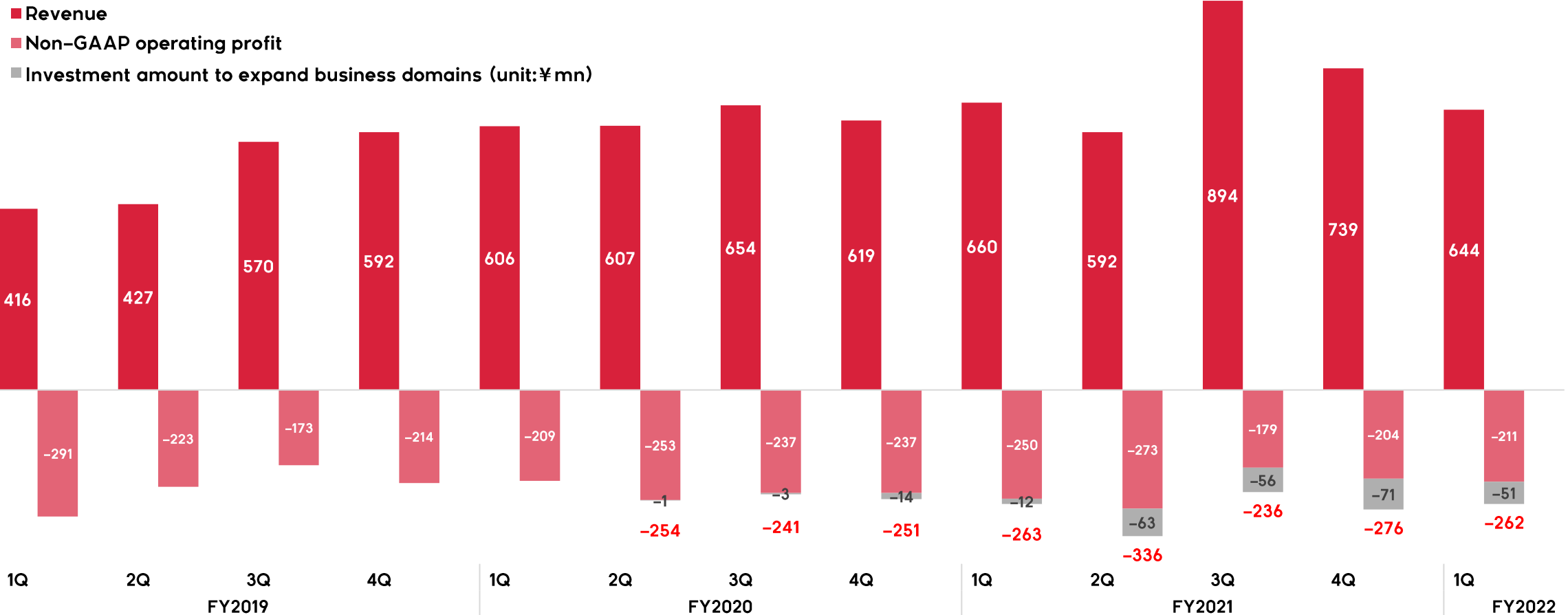
Media Platform Business

Gross profit increased YonY due to an increase in the mix of high-margin products, such as subscriptions.

(unit:¥mn)	1Q FY2022			1Q FY2021	
	Value	Ratio	YonY	Value	Ratio
Revenue	644	100.0%	-2.5%	660	100.0%
Gross profit	330	51.3%	+ 7.0%	309	46.7%
SG&A	592	91.9%	+3.6%	571	86.5%
Non-GAAP Operating profit	-262	—	+ 1	-263	—
Investment amount to expand business domains*	-51	—	-39	-12	—

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

Excluding investment for new business domain expansion, deficit from existing Media Platform businesses narrowed YoY.

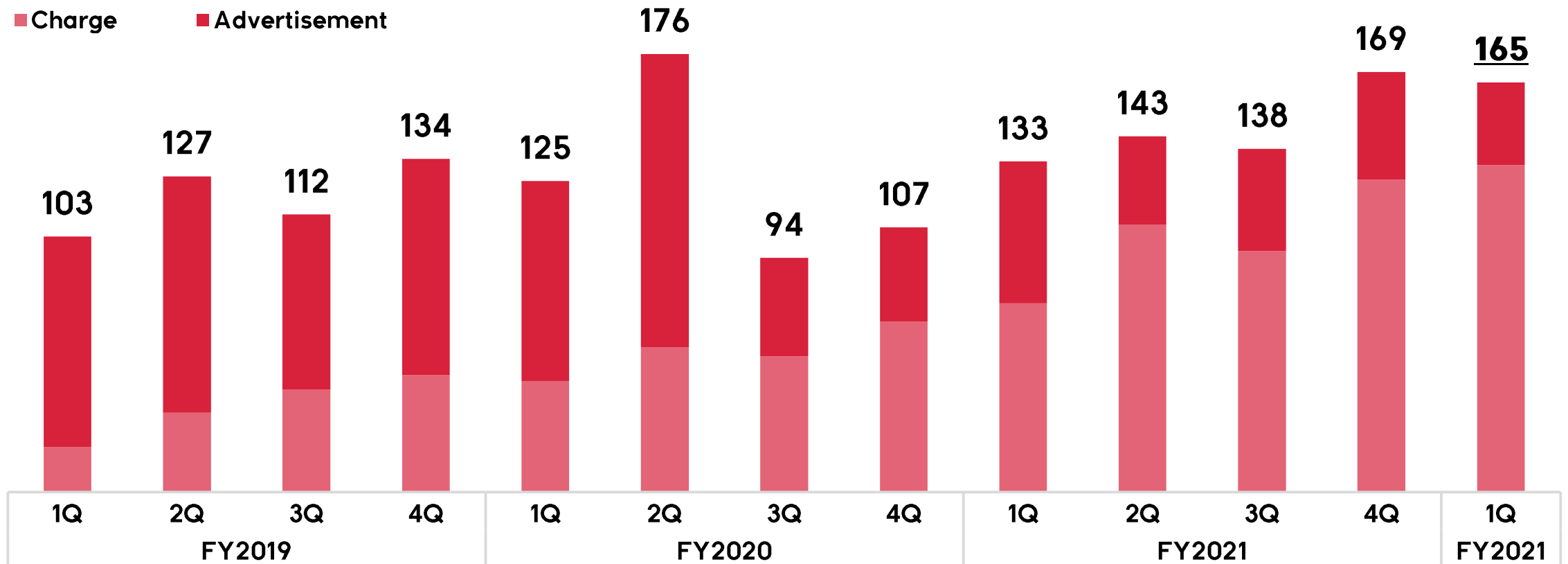


Steady growth of charge revenue continues.

*Volume in 1Q FY2018= 100

■ Charge

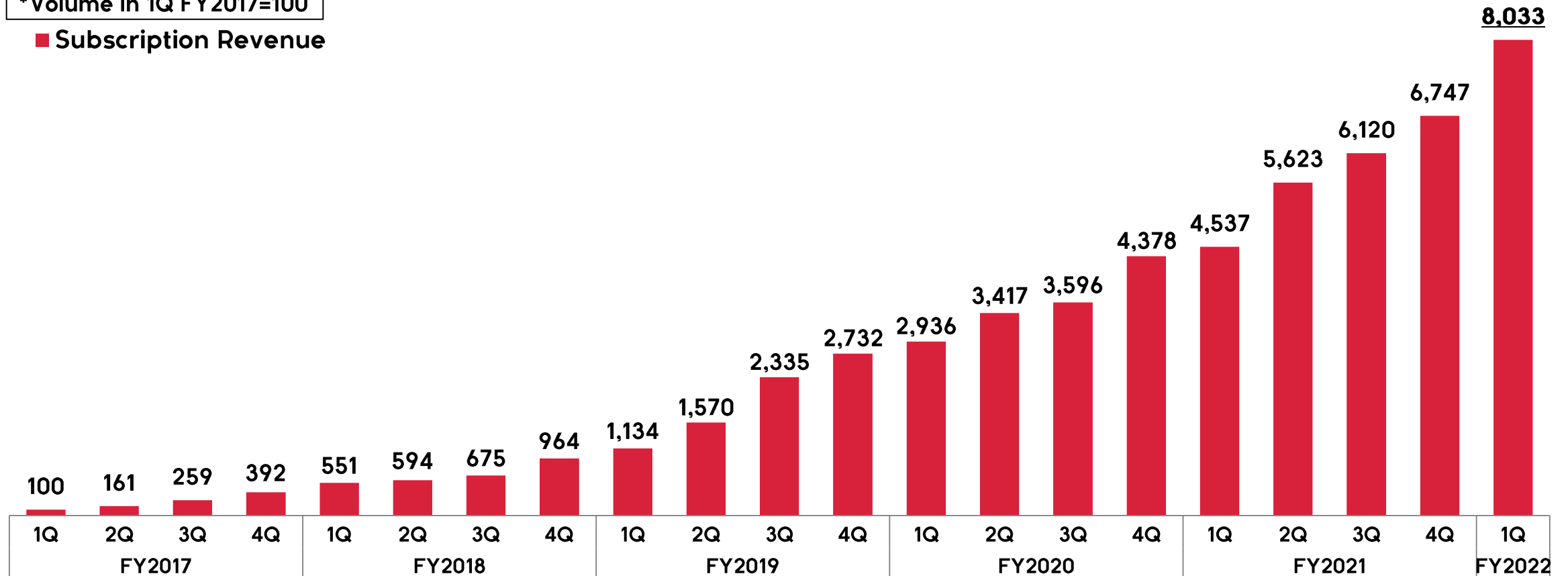
■ Advertisement



Steady increase in the number of users, increasing by approximately 1.8 times YonY.

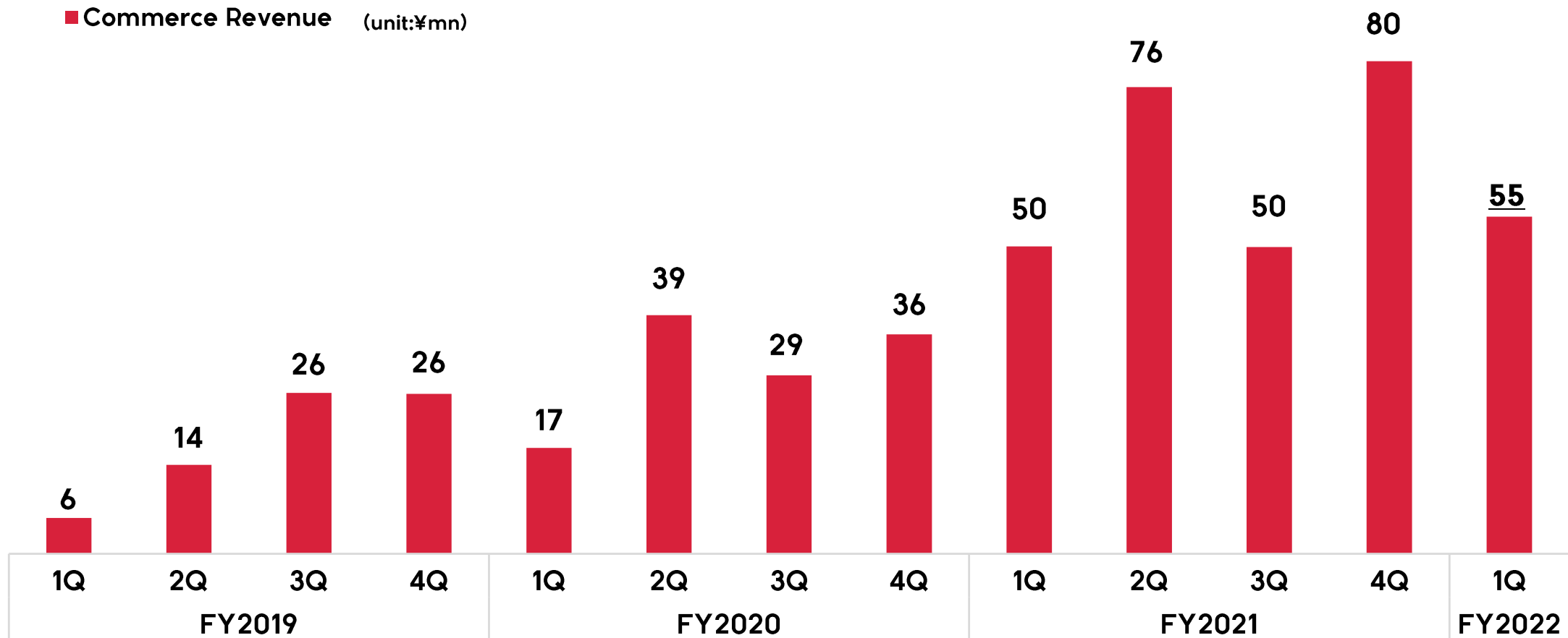
*Volume in 1Q FY2017=100

■ Subscription Revenue



19 Manga Content Business Commerce Revenue* Trend

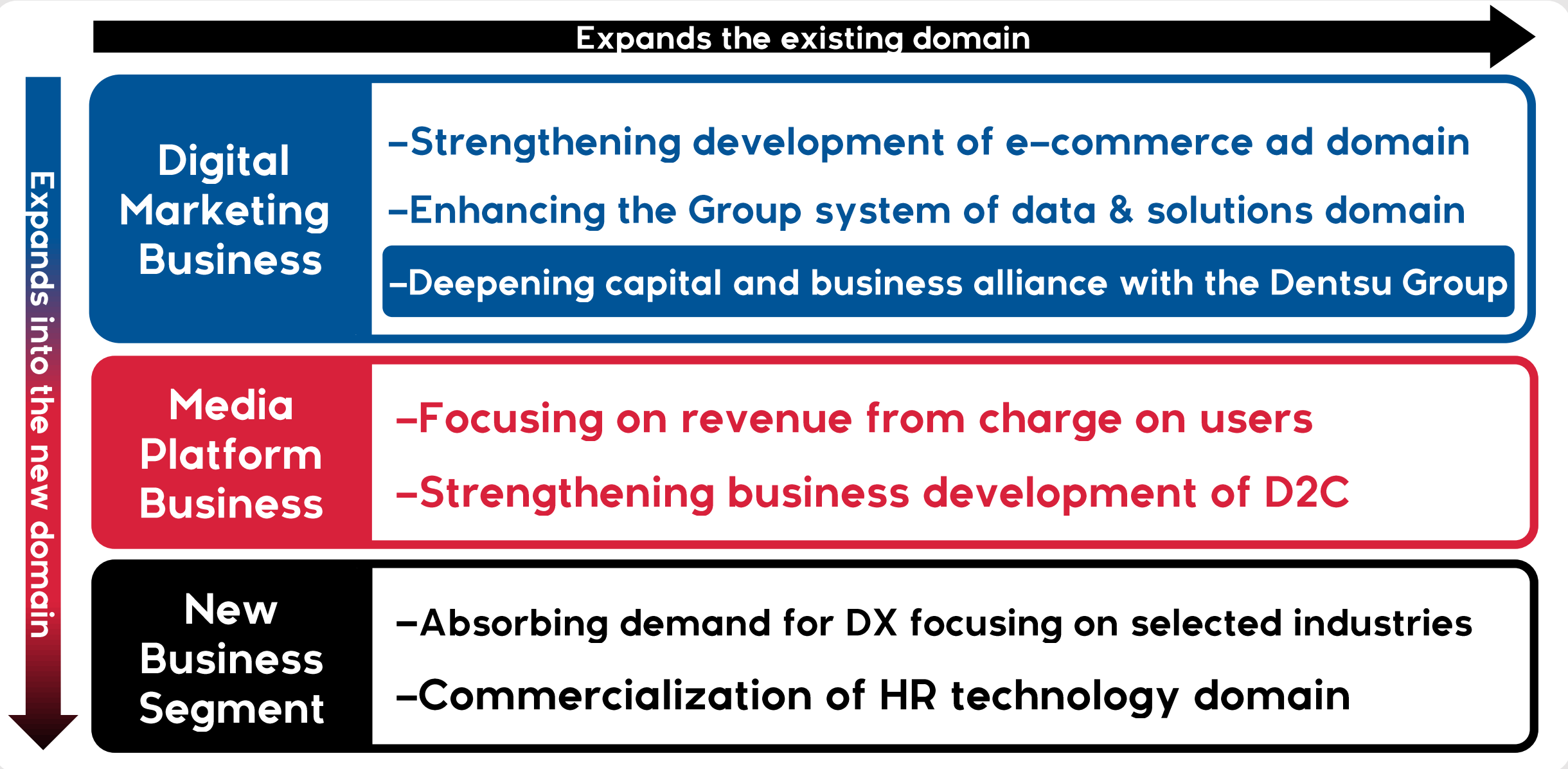
GANMA!'s popular work “*My Lv.999 Love for Yamada-kun*” being the driving force, revenue from e-book sales increased.



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

04

Update on Midterm Business Policies



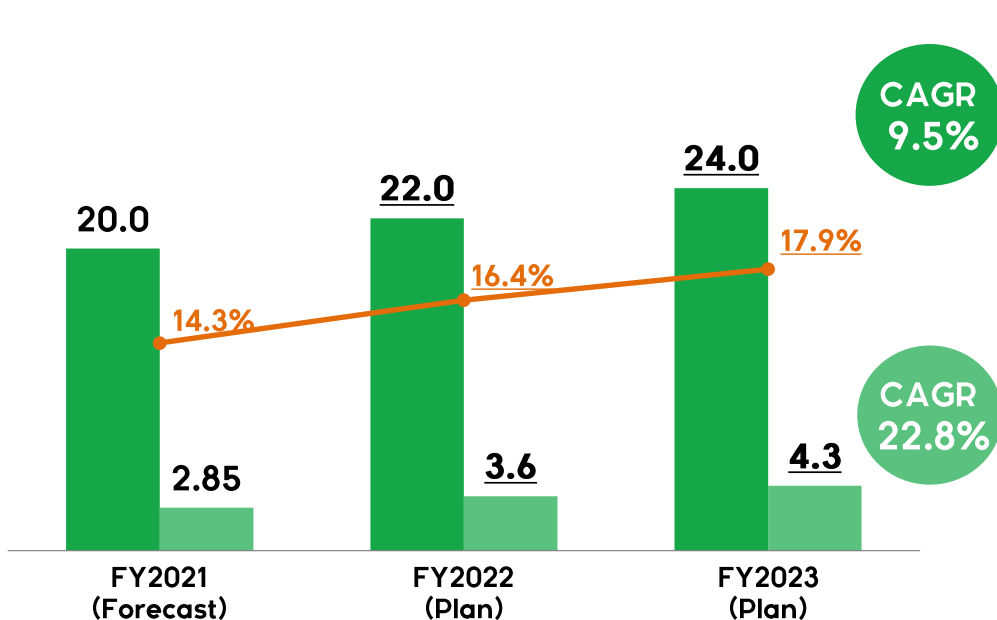
Approach to 3–Year Plan Numerical Values

- **Organic growth and Synergies from deeper alliances with the Dentsu Group have been estimated.**
- **Positive investment in human resources for business growth and organizational enhancement has already been incorporated into the plan.**
- **Business investment opportunities by segment, taking into account the business environment, are under the consideration.**
- **Updating dividend policy with the growth phase and flexible shareholder return measures in accordance are under the consideration.**
- **The next update of the midterm business policies is scheduled at the full-year financial results for the fiscal year ending September 2022.**

Significant acceleration of growth is expected due to deepening of alliance with Dentsu Group.

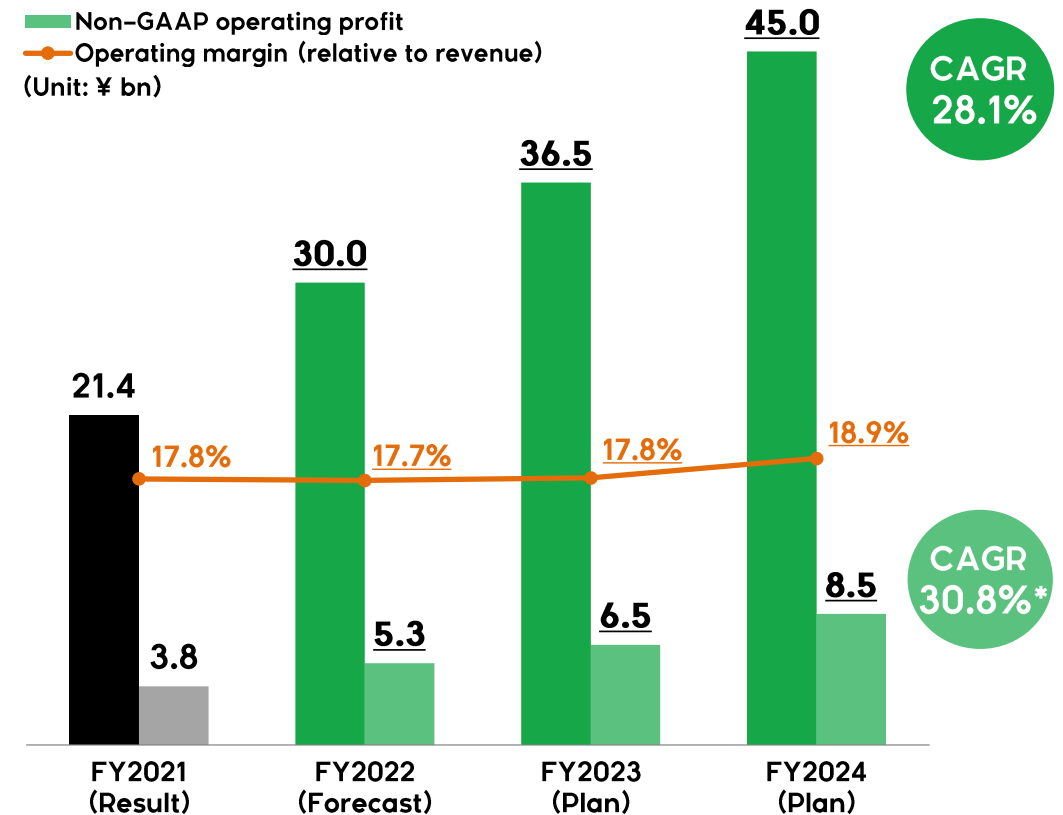
Consolidated (before update)

■ Revenue
■ Non-GAAP operating profit
—●— Operating margin (relative to revenue)
 (Unit: ¥ bn)



Consolidated (after update)

■ Revenue
■ Non-GAAP operating profit
—●— Operating margin (relative to revenue)
 (Unit: ¥ bn)



*Made a correction in the number revealed on February 10, 2022.

Digital Marketing Business

Maintain high profitability and expand market share by placing the alliance with the Dentsu Group at the core of our growth strategy.

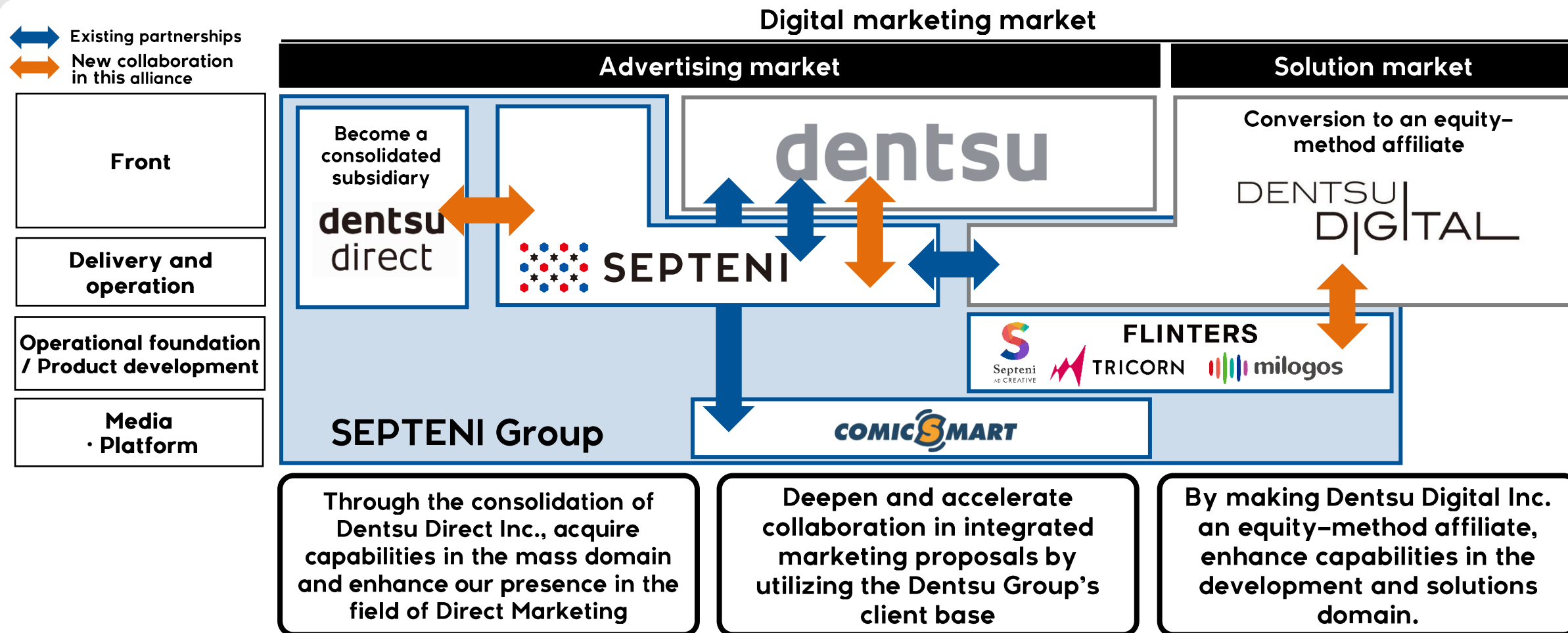
- **Increase in unit price by improving service value to clients**
- **Organizational growth through active investment in human capital**
- **Growth in solution revenue by strengthening the development system**

Media Platform Business

Develop into the next core business while maintaining appropriate financial discipline.

- **Strengthening IP development capabilities and enhancing the value of owned IP**
- **Growth of platforms**
- **Growth in D2C revenue**

Anticipate further collaborative synergies in both areas and functions.

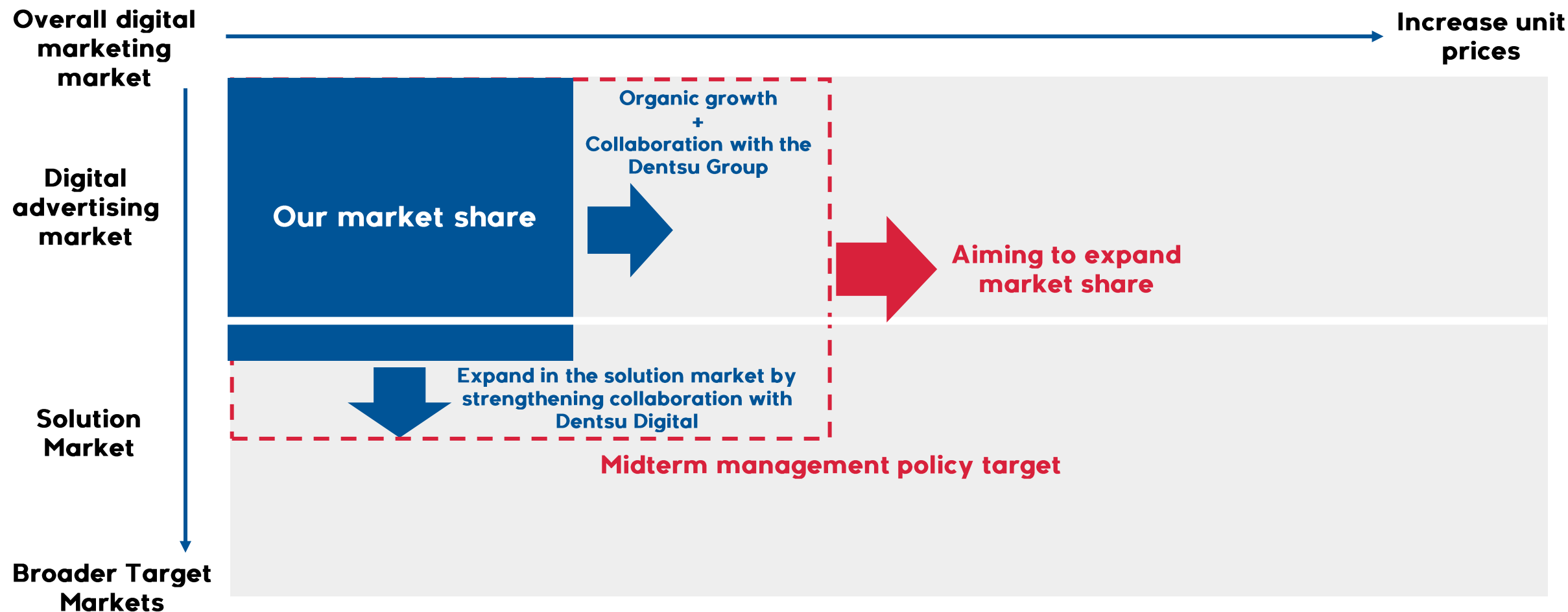


Expanding capabilities in the digital marketing area through the consolidation of Dentsu Direct and the conversion of Dentsu Digital into an equity-method affiliate

Existing/ New areas	Business Segments		Business Activities	Business Domain		
				Existing domains	Dentsu Direct	Dentsu Digital
Existing areas	Digital Marketing Business	Digital advertising	<ul style="list-style-type: none"> Overall integrated marketing in the digital domain Advertising operation, etc. 	✓	✓	✓
		Data solutions domain	<ul style="list-style-type: none"> Providing solutions by collecting, integrating, and utilizing data Providing solutions tools using AI 	✓	✓	✓
		CRM and client solutions	<ul style="list-style-type: none"> Providing CRM solutions Providing EC solutions Providing CMS solutions, etc. 	✓	✓	✓
	Media Platform Business		<ul style="list-style-type: none"> Manga Content/Employment and Recruiting Platform/Social Contribution Platform/Childcare Platform, etc. 	✓		
	New business segments		<ul style="list-style-type: none"> HR Technology/Other New Businesses 	✓		
New areas	Digital Marketing Business	Mass/Offline advertising	<ul style="list-style-type: none"> Planning and design of offline marketing centered on mail-order companies Planning and design of commercials and promotions 		✓	
		Business transformation and DX solutions business	<ul style="list-style-type: none"> Support for formulation of management vision Support for organizational reform Support for business model design/service design, etc. 			✓

27 Digital Marketing Business Market Share Expansion (Image) SEPTENI

Aim to expand market share by increasing unit prices in the digital advertising market and expanding its business in the solution markets by strengthening collaboration with Dentsu Digital.



*The figure is an image and differs from the actual size.

28 Impact of capital increase on EPS and future outlook

EPS dilution due to deepening of the capital and business alliances is expected to improve in the first year through the Company's organic growth and business alliance synergies, and double growth in several years.

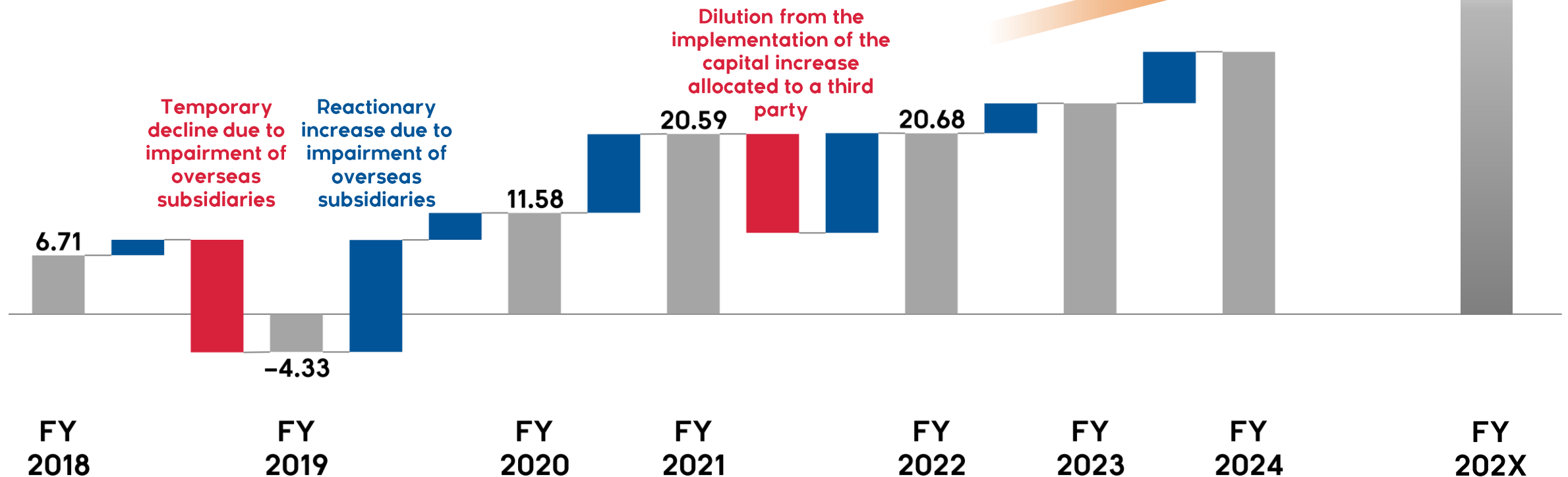
Trends in EPSs

(from FY2022 to the future, assumed image at the present time)

■ Increase

■ Decrease

■ Total



05

Earnings Estimates for FY9/22

30 Full Year Consolidated Earnings Estimates for FY2022 SEPTENI

Expect acceleration of growth mainly through deepening of alliance with Dentsu Group.

(unit: ¥mn)	Full Year Results in FY2021	Earnings Estimates for FY2022	Expected growth rate
Revenue	21,384	30,000	+40.3%
Non-GAAP operating profit	3,796	5,300	+39.6%
Profit for the period attributable to owners of the parent	2,604	3,900	+49.8%
EPS (¥)	20.59	20.68	+0.4%
【Reference】 Net Sales	97,606	136,000	+39.3%

31 Full Year Earnings Estimates by Business Segment



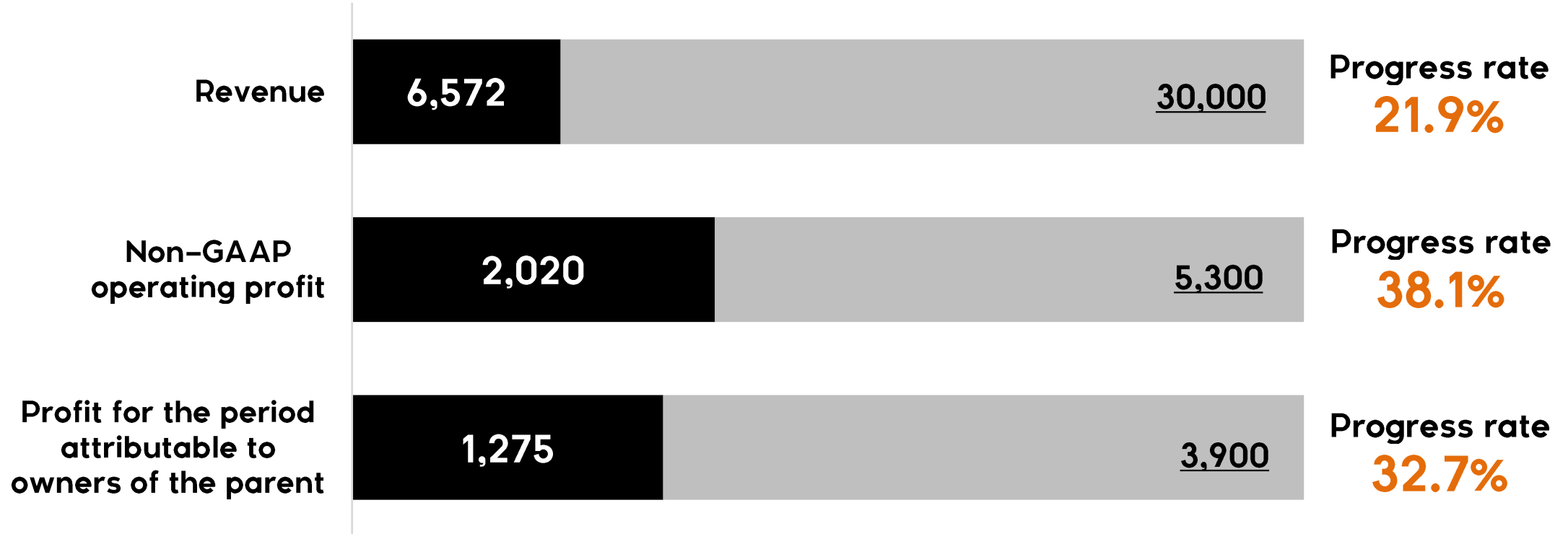
(unit: ¥mn)

	Revenue			Non-GAAP operating profit		
	Results In FY2021	Earnings Estimates for FY2022	Expected growth rate	Results In FY2021	Earnings Estimates for FY2022	Expected growth rate
Digital Marketing	18,869	26,400	+39.9%	6,991	8,400	+20.2%
Media Platform	2,885	4,000	+38.6%	-1,110 (-203)*	-800 (-200)*	-
Elimination or corporate	-370	-400	-	-2,085	-2,300	-
Consolidated	21,384	30,000	+40.3%	3,796	5,300	+39.6%

*The numbers in () indicates investment amount to expand business domains.

Steady Progress toward Earnings Forecasts

(unit: ¥mn)

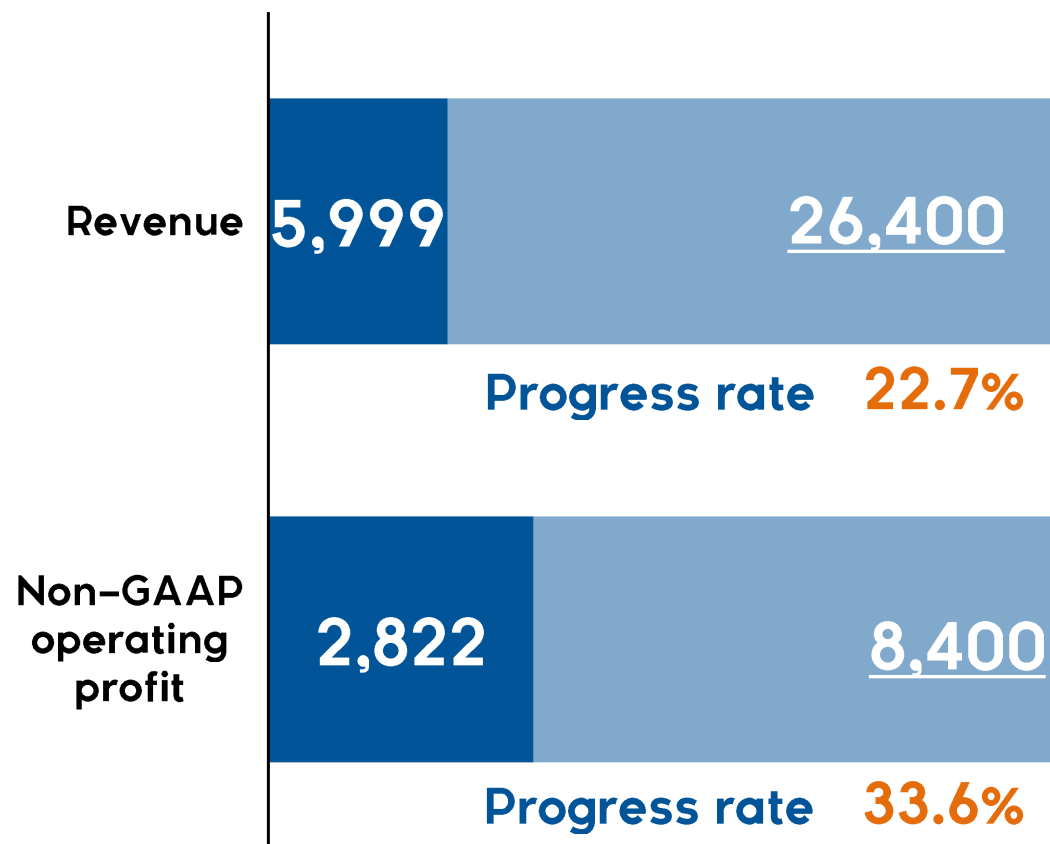


33 Progress toward Earnings Estimates (By Business Segment)



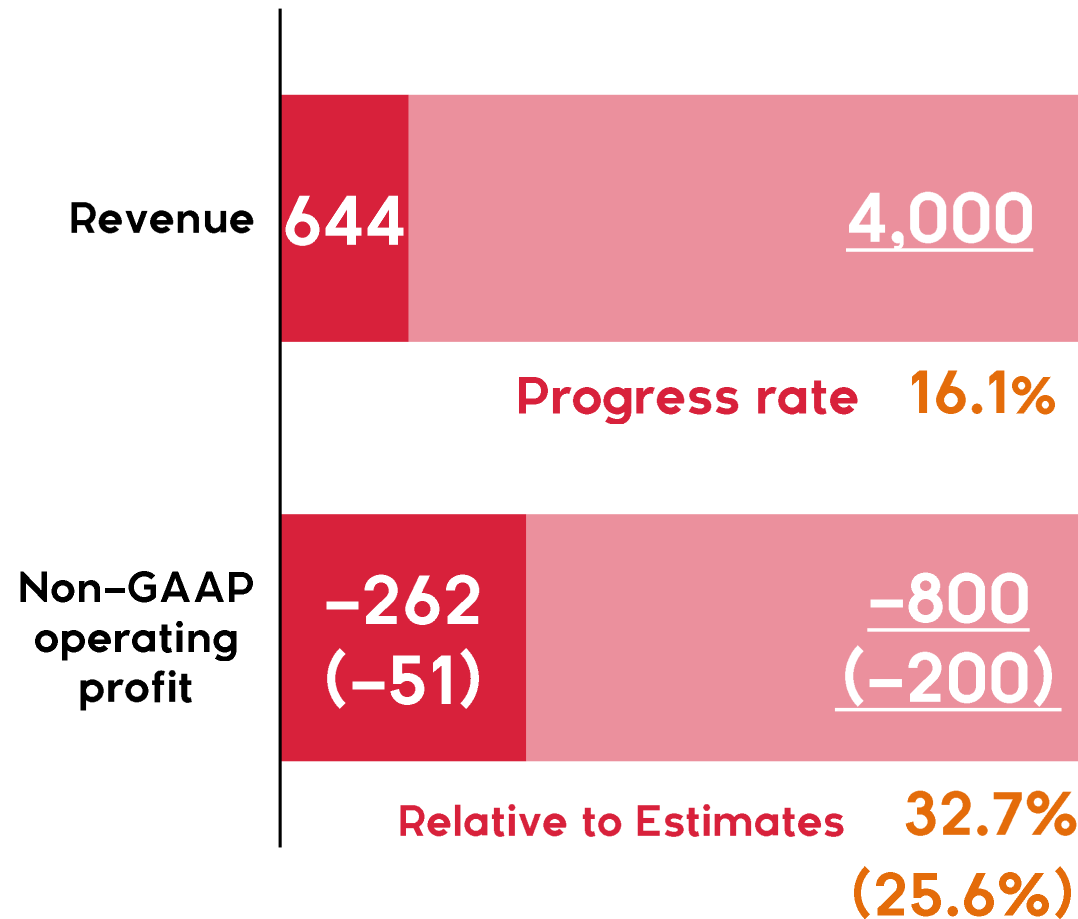
Digital Marketing Business

(unit: ¥mn)



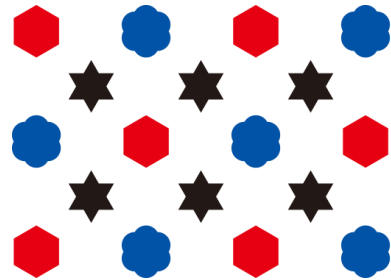
Media Platform Business

(unit: ¥mn)



*The numbers in () indicates investment amount to expand business domains.

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 Feb. 10, 2022 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

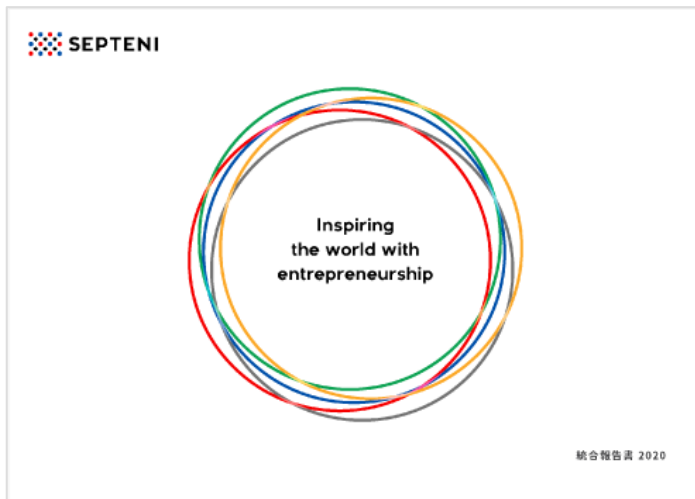
Use diversity as a competitive edge. We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

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)



To realize a sustainable society and the Company's mission, continue activities that contribute to solving social issues through business operations.

Our Efforts

SDGs

Environment

- Reduction of printing paper
- Promotion of green purchasing
- Implementation of resource and energy conservation measures and promotion of recycling



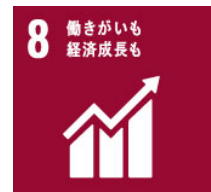
Support for culture/sports/entertainment industry

- Recruitment of top athletes and supporting athlete promotion and athletic competition promotion
- Support of professional soccer team and professional dance team
- Support for the development of manga artists



Diversity & Inclusion

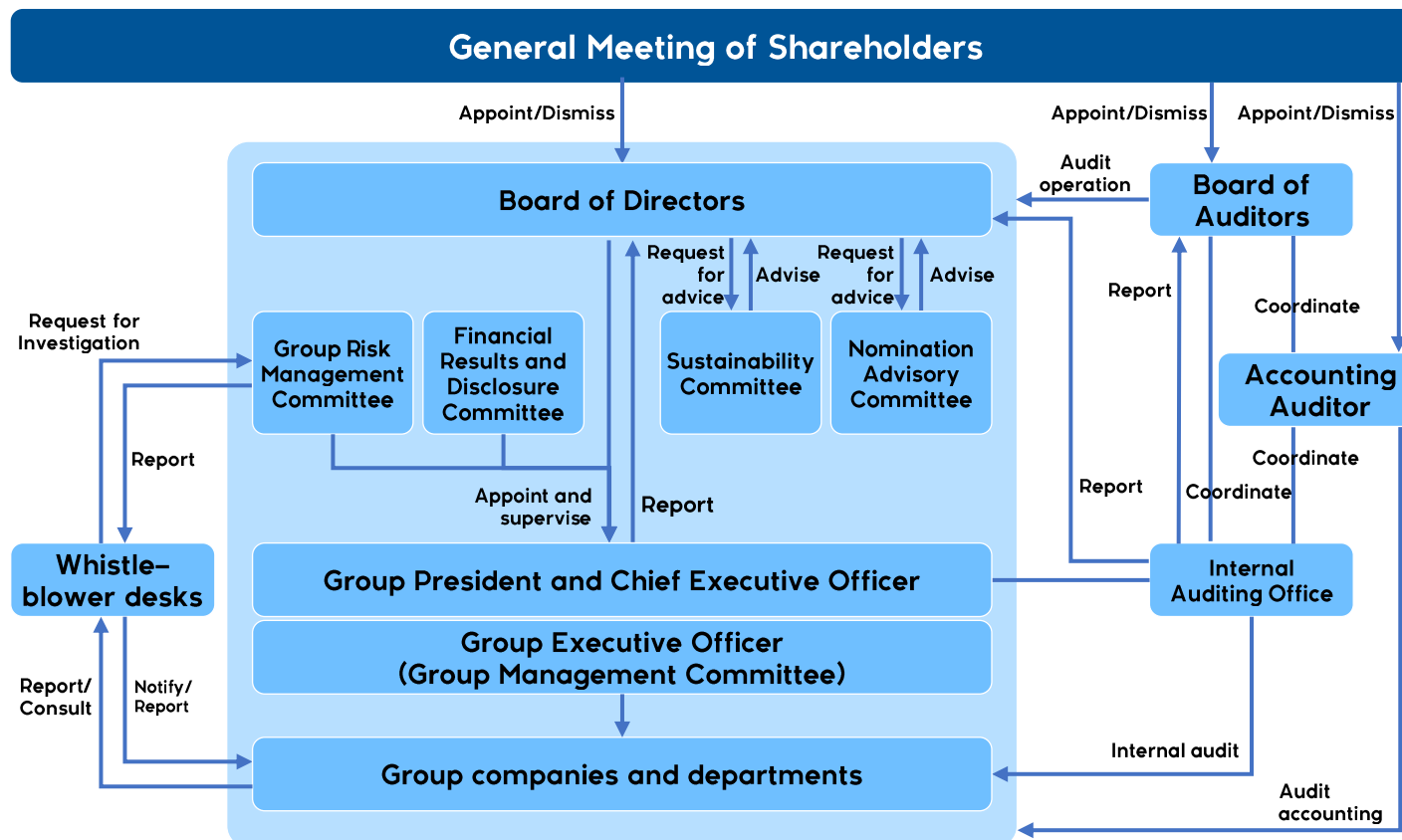
- [28.6%] of the Board of Directors is composed of women
- Revised target ratio of female managers: 25% by October 2023 (Previous target: 17% by October 2020)
- Support for employees raising children and introduction of diverse work styles



39 Enhancing Corporate Governance

In addition to conducting business in accordance with our Corporate Philosophy and Code of Conduct and making fair and efficient decisions, the Company focuses on establishing and operating a system to ensure compliance with laws and regulations and appropriate supervision of corporate performance.

Corporate Management Structure



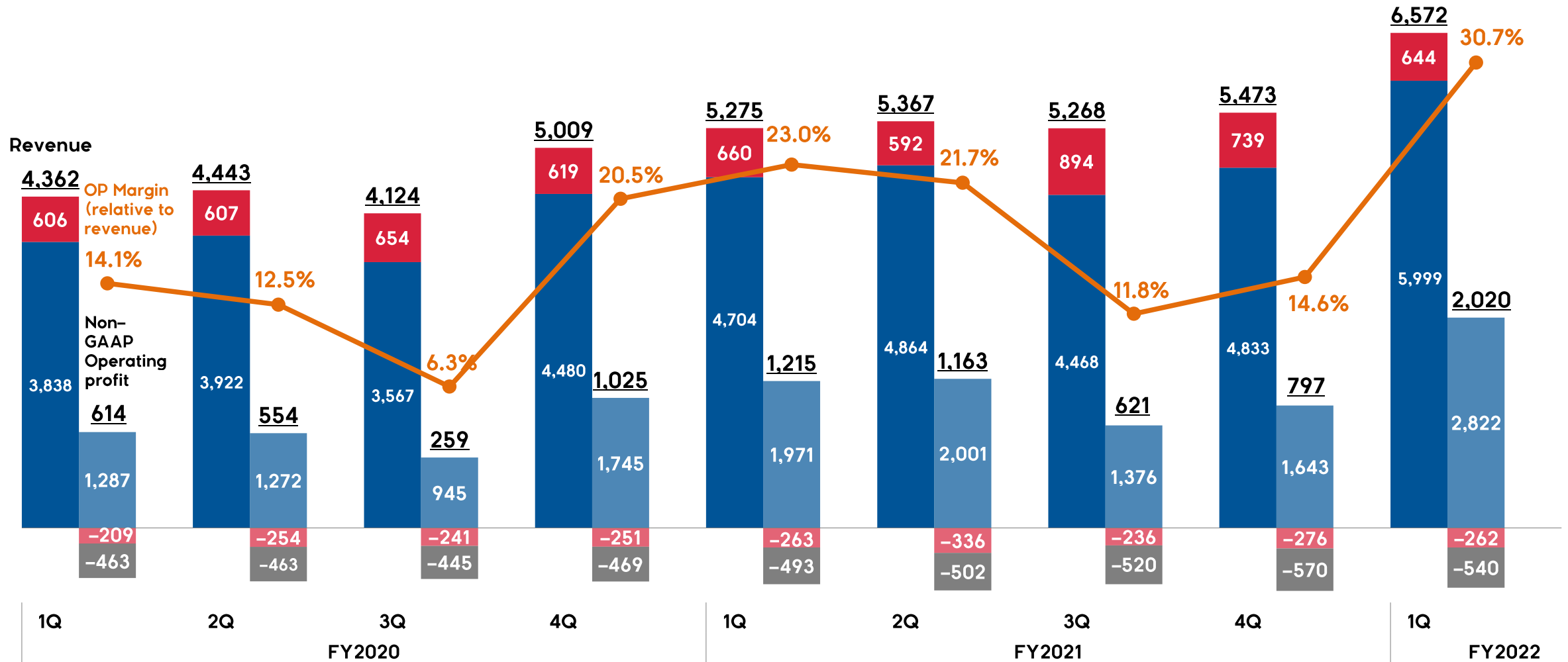
Transition of Governance Reform

- FY2015:
 - Appointed outside directors
- FY2016:
 - Introduced an evaluation of the effectiveness of the Board of Directors
 - Strengthen checking functions by establishing various committees
 - Withdrawal of anti-takeover defense measures
- FY2017:
 - Introduction of a performance-linked stock compensation system for officers
 - Introduction of a delegated executive officer system
 - Separation of executive and supervisory functions
- FY2022 (planned):
 - Establishment of the Sustainability Committee and enhancement of awareness of ESG
 - Further Strengthening Representative director Independence and Diversity (Ratio of Outside Directors: 71.4%, Ratio of Female Directors: 28.6%)

40 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).

41 Digital Marketing Business Quarterly Trend



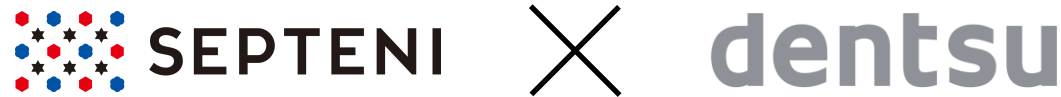
(unit:¥mn)	FY2020				FY2021				FY2022
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4Q	1Q
Net Sales	18,770	18,524	16,041	21,393	22,605	24,370	22,791	25,839	29,652
Revenue	3,838	3,922	3,567	4,480	4,704	4,864	4,468	4,833	5,999
Domestic Revenue	3,468	3,702	3,380	4,293	4,429	4,607	4,182	4,536	5,575
Overseas Revenue	370	220	187	187	275	257	285	297	424
Ratio of Overseas Revenue	9.6%	5.6%	5.2%	4.2%	5.8%	5.3%	6.4%	6.1%	7.1%
Ratio of Revenue to Net Sales	20.4%	21.2%	22.2%	20.9%	20.8%	20.0%	19.6%	18.7%	20.2%
Non-GAAP Operating Profit	1,287	1,272	945	1,745	1,971	2,001	1,376	1,643	2,822
Operating Margin to Revenue	33.5%	32.4%	26.5%	38.9%	41.9%	41.1%	30.8%	34.0%	47.0%
Domestic Brand Advertising Transaction (¥bn)	1.50	1.69	1.30	1.86	2.29	2.08	2.31	2.81	2.39
Share in Digital Marketing Business	8.0%	9.1%	8.1%	8.7%	10.1%	8.6%	10.1%	10.9%	8.1%
Volume of Clients in collaboration with Dentsu	24	35	47	54	57	66	76	80	85

42 Media Platform Business Quarterly Trend

	FY2020				FY2021				FY2022
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
Manga Content Business Revenue (Volume in 1Q FY2018=100)	125	176	94	107	133	143	138	170	166
Subscription Revenue (Volume in 1Q FY2017=100)	2,936	3,417	3,596	4,378	4,537	5,627	6,120	6,747	8,033
GANMA! ARPU (¥)*1	51.3	39.8	31.9	29.9	44.0	75.6	67.7	94.1	63.8
Manga Content Business Commerce Revenue (¥mn)	17	39	29	36	50	76	50	80	55
Investment amount to expand business domains (¥mn)	—	-1	-3	-14	-12	-63	-56	-71	-51

*1: Numbers from the last months of every quarter.

Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client 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.

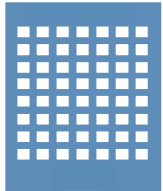
Close collaboration

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

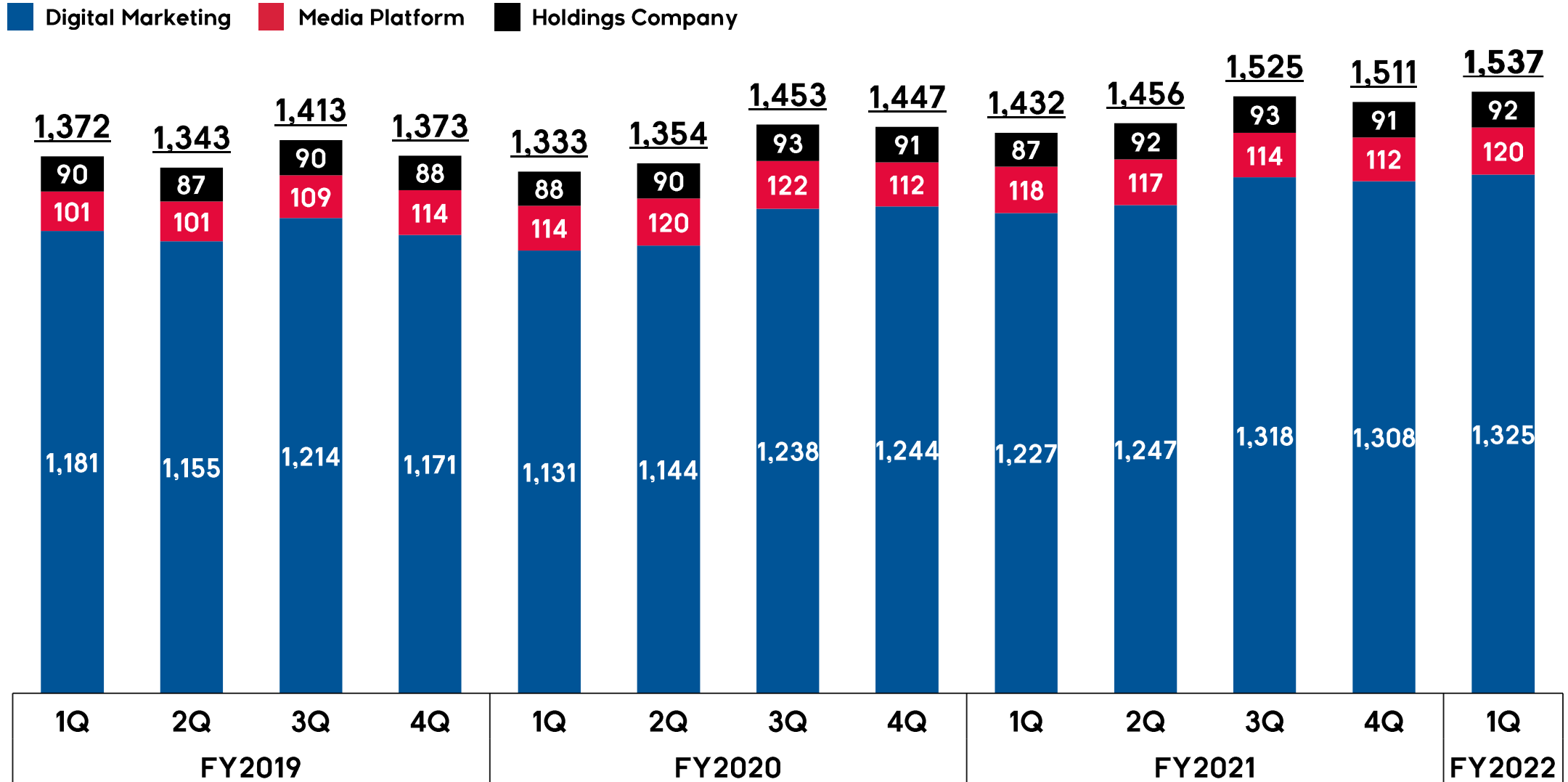
Digital media



Mass media



44 Septeni Group Workforce Number Trend



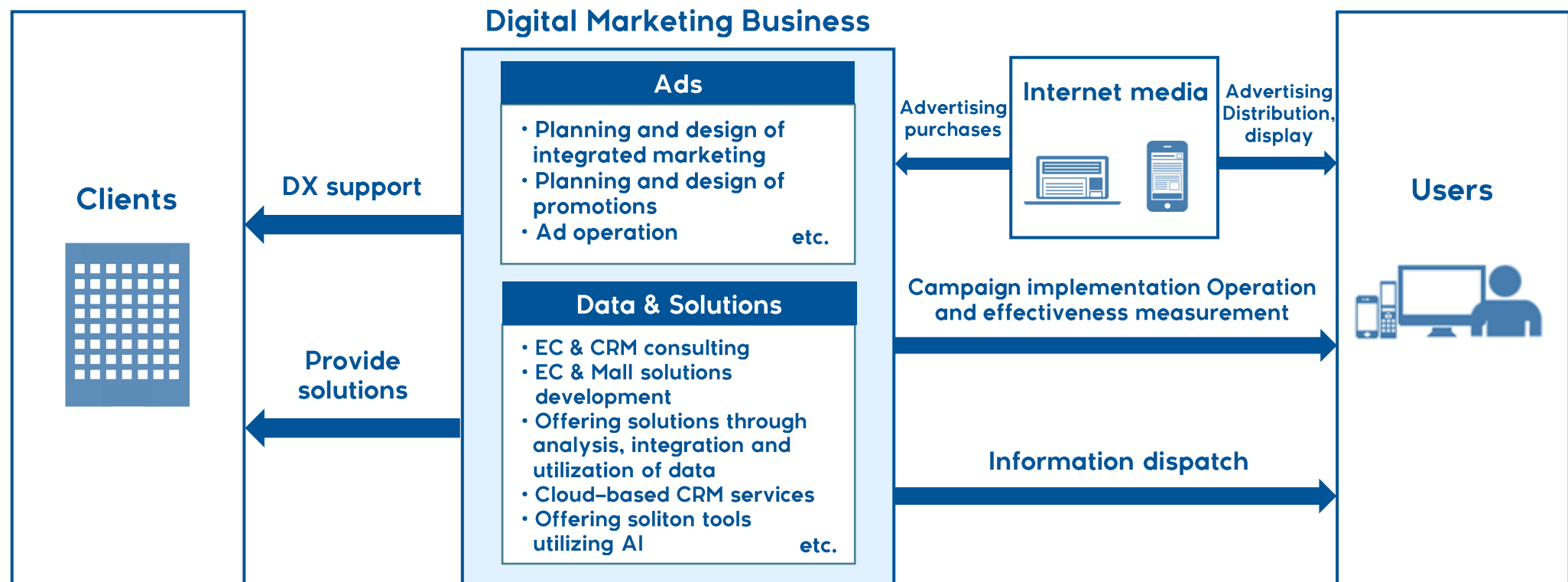
45 Main Group Companies by Business Segment As of Feb 10, 2022



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
Lion Digital Global LTD	Digital marketing support in Southeast Asia	JNJ INTERACTIVE INC.	Digital marketing support in South Korea
DENTSU DIRECT INC.	Direct marketing support business		
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.

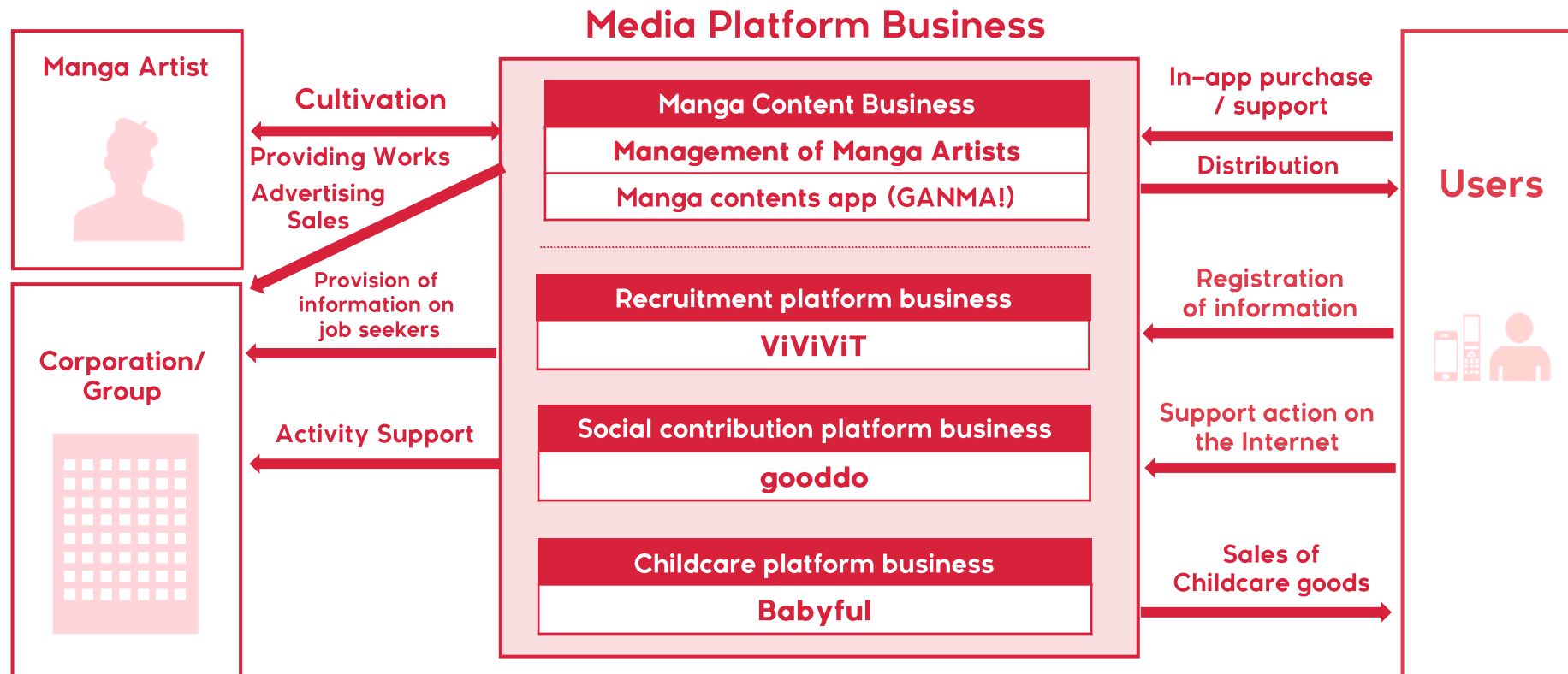
46 Business Model for the Digital Marketing Business

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.



47 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.



48 Consolidated Statement of Financial Position



(unit:¥mn)	End of 1Q FY2022	End of FY2021	Change
Current Assets	34,829	33,452	+1,377
Non-Current Assets	8,211	8,560	-349
Total Assets	43,040	42,011	+1,029
Current Liabilities	20,586	20,329	+257
Non-Current Liabilities	3,107	3,237	-130
Total Liabilities	23,693	23,566	+127
Total Capital	19,347	18,445	+902
Total Liabilities and Capital	43,040	42,011	+1,029