

SEPTENI

FY September/2022

Business Results for 2Q

May. 12, 2022

SEPTENI HOLDINGS CO., LTD.

01 First Half of FY9/22 Consolidated Earnings Overview

02 Quarterly Consolidated Earnings Overview

03 Digital Marketing Business

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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.

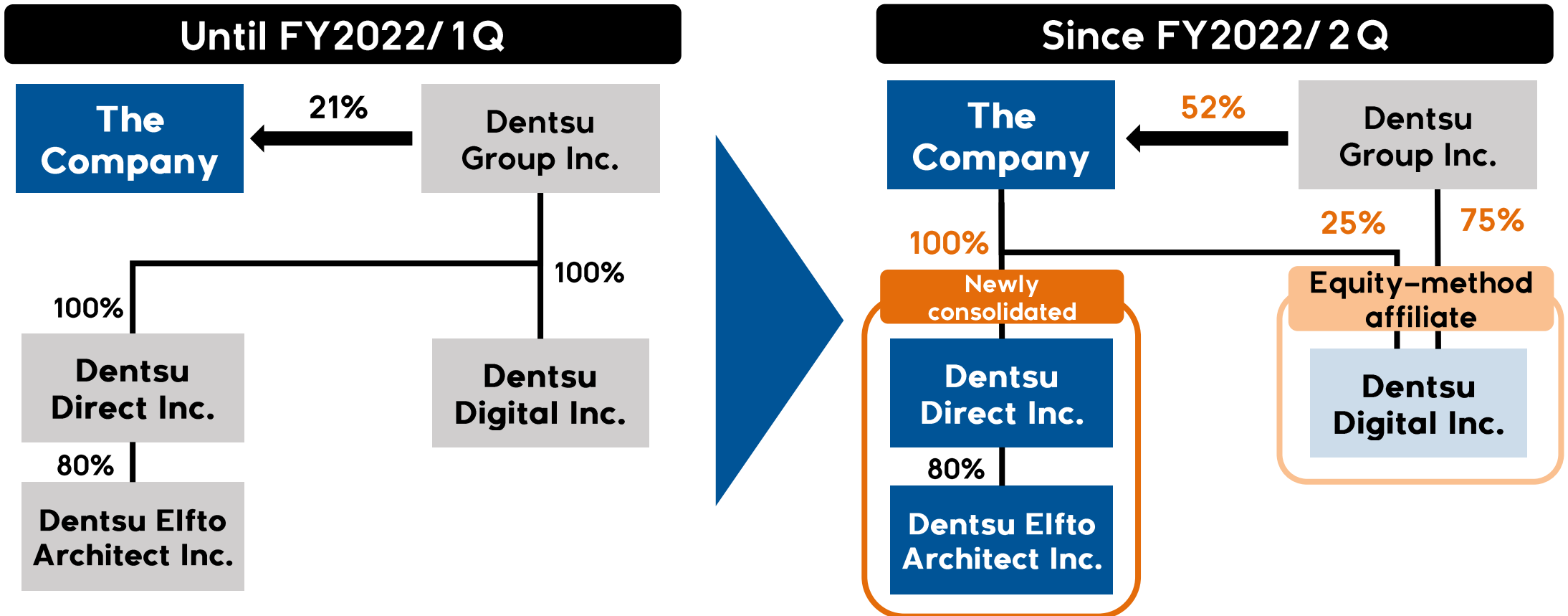
Figures in this material are rounded to the nearest unit.

01

First Half of FY9/22 Consolidated Earnings Overview

04 Group Structure from January 2022 onward

Dentsu Direct Inc. and Dentsu Elfto Architect Inc. are incorporated into our results by newly consolidating them. Equity in earnings of affiliates is recorded as a result of the conversion of Dentsu Digital Inc. into an equity-method affiliate.



Revenue increased and profits increased significantly year on year due to the addition of the effects of new consolidation to the growth of each segment.

Consolidated

Revenue

¥14,457mn (YonY+35.8%)

Non-GAAP
Operating Profit

¥3,878mn (YonY +63.0%)

EPS

¥18.57 (YonY +¥6.08)

Digital Marketing Business

Revenue and profits increased due to organic growth,
new consolidation, and progress in the alliance
with the Dentsu Group.

| | | | |
|---------|--|---------------------------------|---------------------------------------|
| Revenue | ¥13,215mn (YonY+ 38.1%) | Non-GAAP Operating Profit | ¥5,572mn (YonY+ 40.3%) |
|---------|--|---------------------------------|---------------------------------------|

Media Platform Business

Higher revenue and narrower loss due to growth
in the Manga Content Business.

| | | | |
|---------|---------------------------------------|---------------------------------|---|
| Revenue | ¥1,382mn (YonY+ 10.3%) | Non-GAAP Operating Profit | ¥–506mn (Deficit narrowed ¥93mn YonY) |
|---------|---------------------------------------|---------------------------------|---|

Including investment in new segments of ¥109 mn

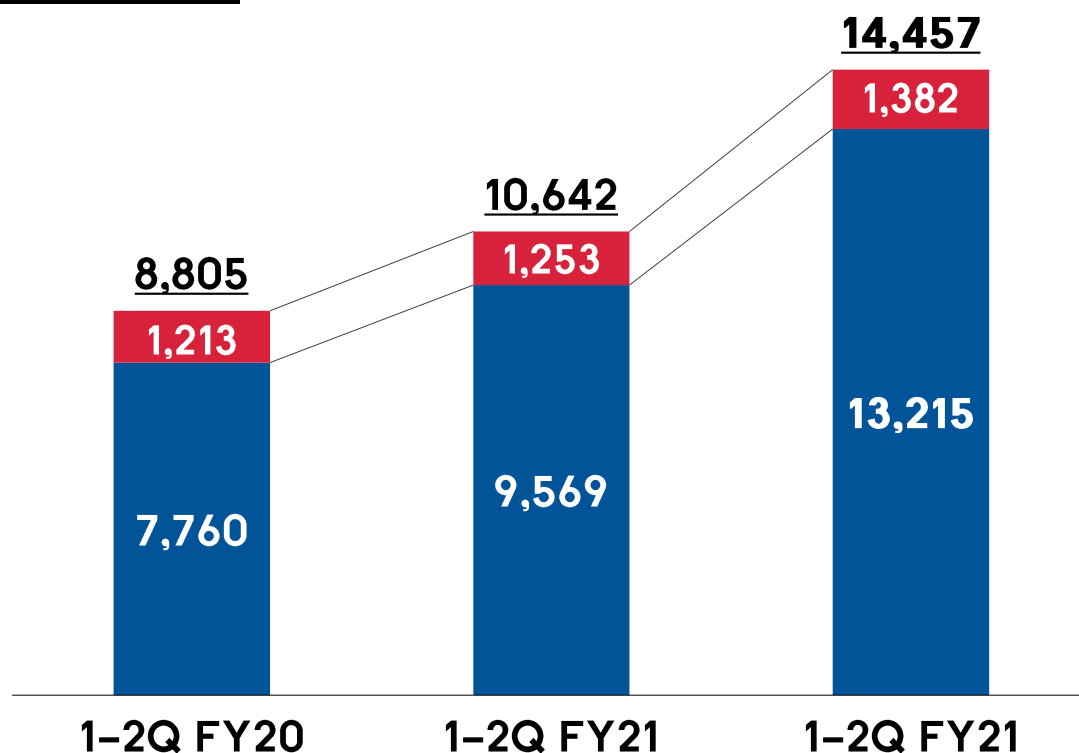
Net income roughly doubled due to organic growth, the effects of new consolidation, and an increase in equity in earnings of affiliates.

| (unit: ¥mn) | First Half of FY2022 | | | First Half of FY2021 | |
|---|----------------------|--------|---------|----------------------|--------|
| | Value | Ratio | YonY | Value | Ratio |
| Revenue | 14,457 | 100.0% | +35.8% | 10,642 | 100.0% |
| Gross profit | 11,690 | 80.9% | +34.4% | 8,699 | 81.7% |
| SG&A expenses | 7,879 | 54.5% | +22.3% | 6,441 | 60.5% |
| Non–GAAP Operating profit | 3,878 | 26.8% | +63.0% | 2,378 | 22.3% |
| Operating profit | 3,663 | 25.3% | +63.3% | 2,244 | 21.1% |
| Equity in earnings of affiliates | 589 | 4.1% | +867.8% | 61 | 0.6% |
| Profit for the period attributable to owners of the parent | 3,084 | 21.3% | +95.3% | 1,580 | 14.8% |
| Basic earnings per share (EPS) (¥) | 18.57 | — | +6.08 | 12.49 | — |
| [Reference] Net sales | 66,946 | — | +40.0% | 47,810 | — |

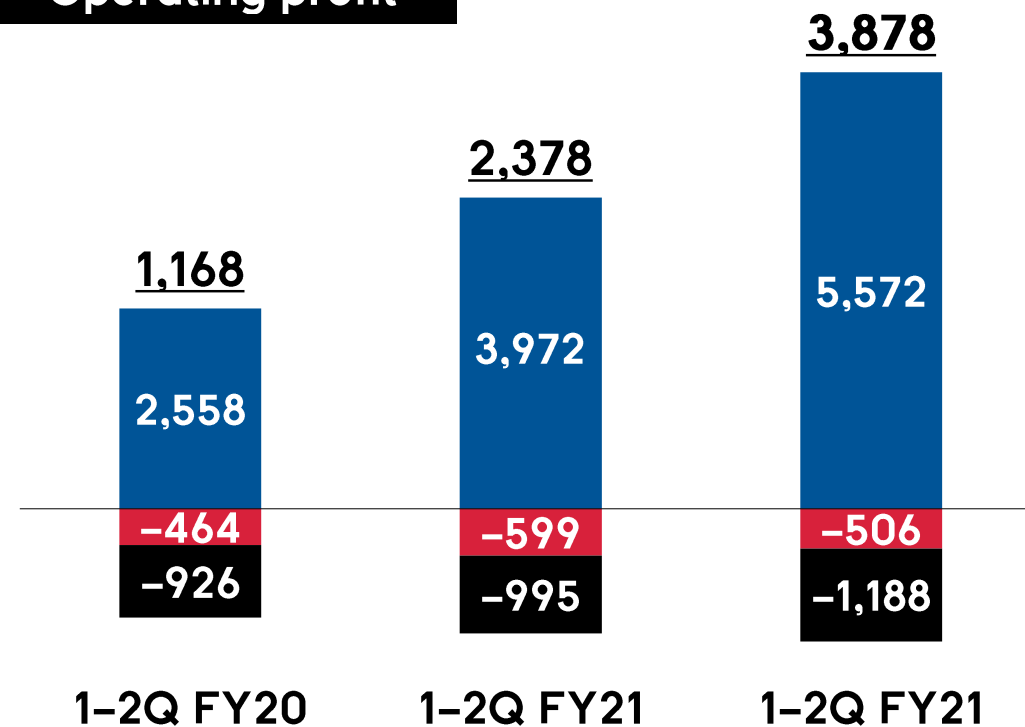
Digital Marketing Business has driven high growth through organic growth and the effects of new consolidation.

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.

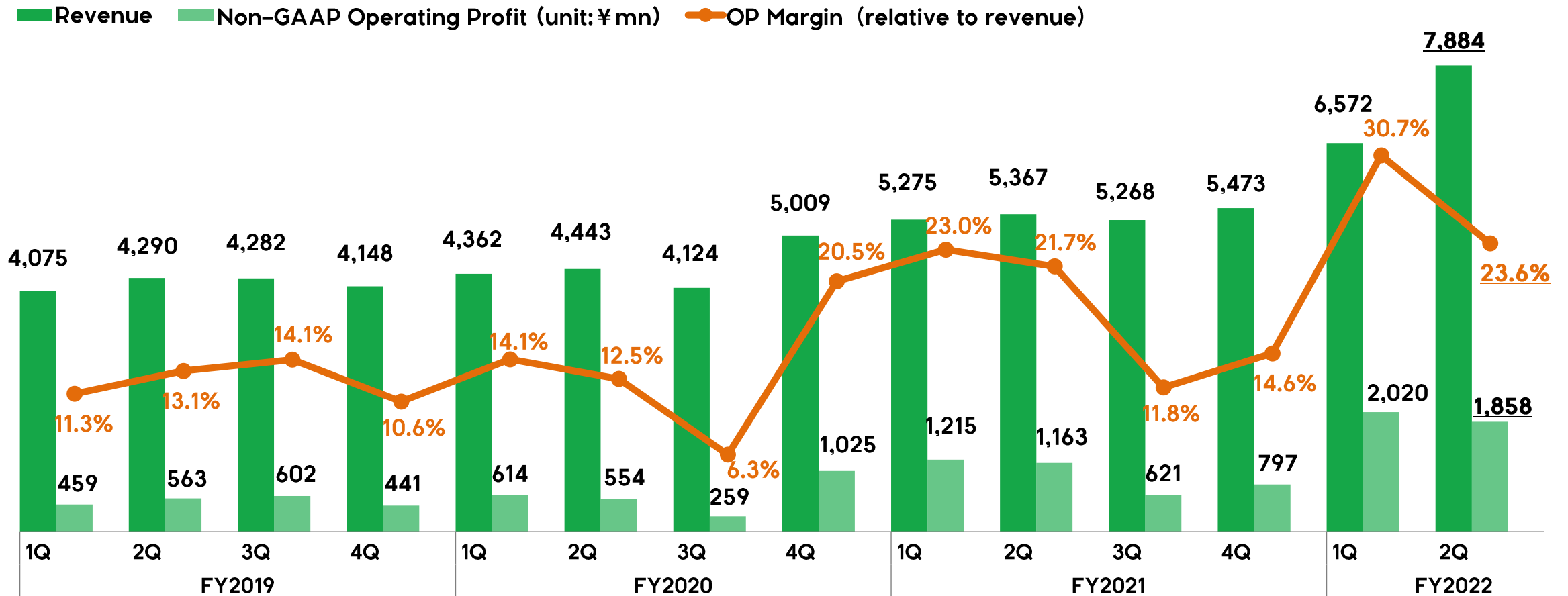
02

Quarterly Consolidated Earnings Overview

**Top-line growth outpaced cost growth,
and each profit item grew.**

| (unit: ¥mn) | 2Q FY2022 | | | 2Q FY2021 | |
|---|---------------|--------|-----------|-----------|--------|
| | Value | Ratio | YonY | Value | Ratio |
| Revenue | 7,884 | 100.0% | +46.9% | 5,367 | 100.0% |
| Gross profit | 6,237 | 79.1% | +40.9% | 4,428 | 82.5% |
| SG&A expenses | 4,432 | 56.2% | +31.1% | 3,380 | 63.0% |
| Non-GAAP Operating profit | 1,858 | 23.6% | +59.7% | 1,163 | 21.7% |
| Operating profit | 1,723 | 21.9% | +65.9% | 1,039 | 19.4% |
| Equity in earnings of affiliates | 571 | 7.3% | +2,089.1% | 26 | 0.5% |
| Profit for the period attributable to owners of the parent | 1,810 | 23.0% | +153.2% | 715 | 13.3% |
| [Reference] Net sales | 36,836 | — | +48.6% | 24,783 | — |

**Revenue set a new record high
and Non-GAAP operating profit margin improved YonY.**



12 Constitution of Consolidated Expenses (IFRS)

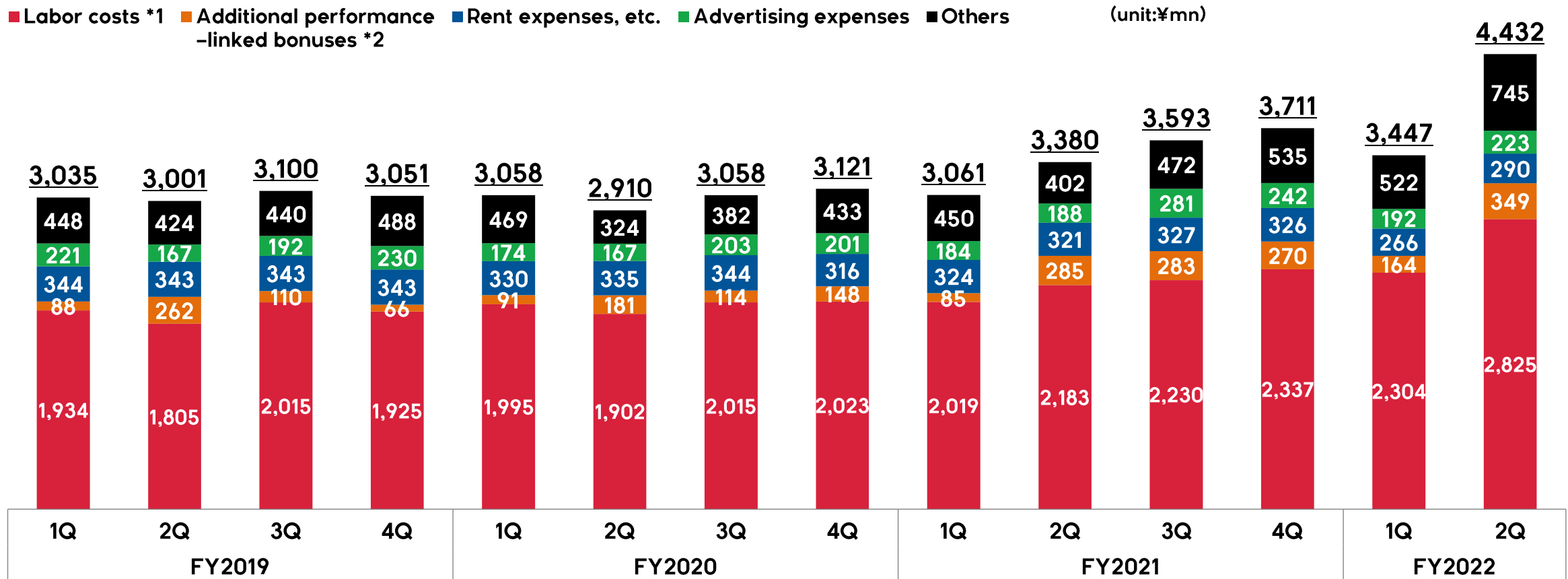
Cost of sales are increasing due to an increase in revenue.

| (unit:¥mn) | FY2020 | | | | FY2021 | | | FY2022 | | QonQ | YonY |
|------------------------|--------|-------|-------|-------|--------|-------|-------|--------|-------|---------|---------|
| | 2 Q | 3 Q | 4 Q | 1 Q | 2 Q | 3Q | 4Q | 1Q | 2Q | | |
| Total of cost of sales | 853 | 810 | 869 | 1,005 | 939 | 1,076 | 1,079 | 1,120 | 1,647 | +47.0% | +75.4% |
| Labor costs | 257 | 268 | 287 | 296 | 321 | 347 | 344 | 364 | 366 | +0.3% | +13.9% |
| Subcontract costs | 131 | 138 | 84 | 240 | 167 | 204 | 244 | 294 | 779 | +165.1% | +366.8% |
| Others | 465 | 404 | 499 | 468 | 451 | 525 | 491 | 462 | 503 | +8.9% | +11.4% |
| Total of SG&A | 3,009 | 3,058 | 3,121 | 3,061 | 3,380 | 3,593 | 3,711 | 3,477 | 4,432 | +28.6% | +31.1% |
| Labor costs *1 | 1,902 | 2,015 | 2,023 | 2,019 | 2,183 | 2,230 | 2,337 | 2,304 | 2,825 | +22.6% | +29.4% |
| Employee bonus*2 | 181 | 114 | 148 | 85 | 285 | 283 | 270 | 164 | 349 | +112.7% | +22.5% |
| Rent expenses etc. | 335 | 344 | 316 | 324 | 321 | 327 | 326 | 266 | 290 | +9.4% | -9.6% |
| Advertising expenses | 167 | 203 | 201 | 184 | 188 | 281 | 242 | 192 | 223 | +16.1% | +18.2% |
| Others | 424 | 382 | 433 | 450 | 402 | 472 | 535 | 522 | 745 | +42.8% | +85.1% |

*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.

Personnel and other expenses both increased because of the new consolidation.



*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.

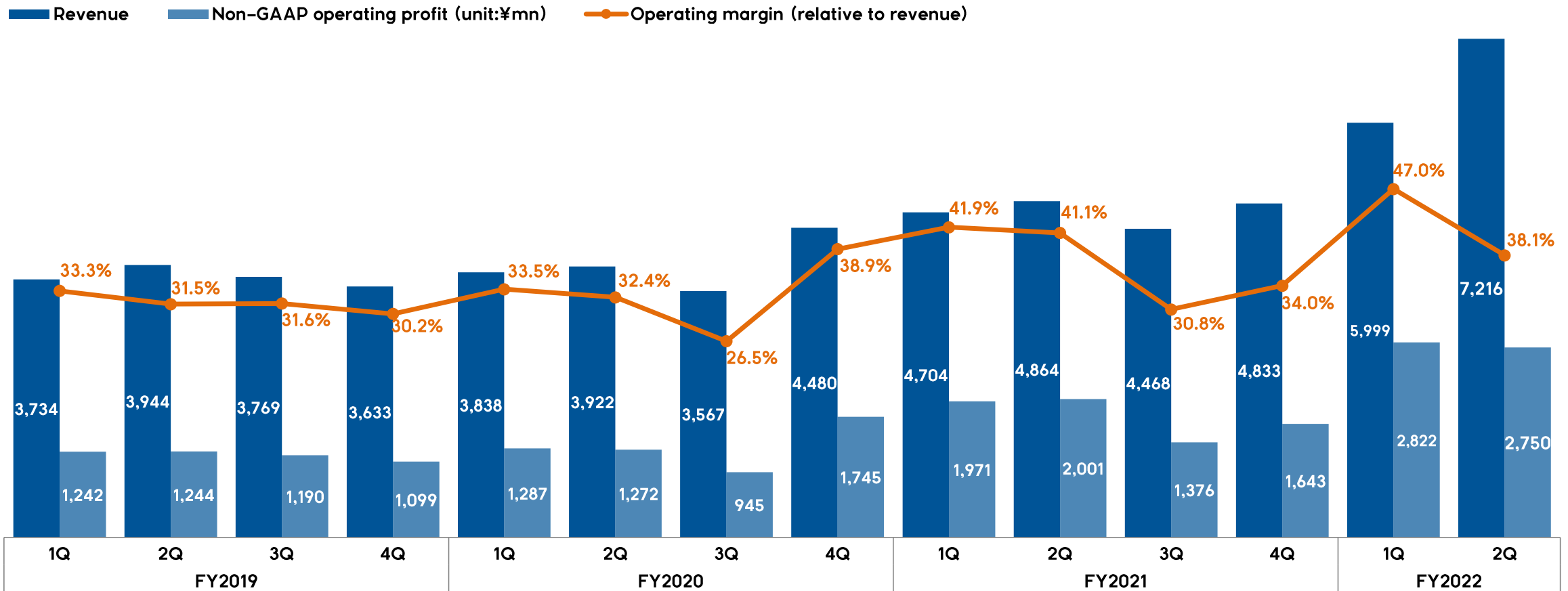
03

Digital Marketing Business

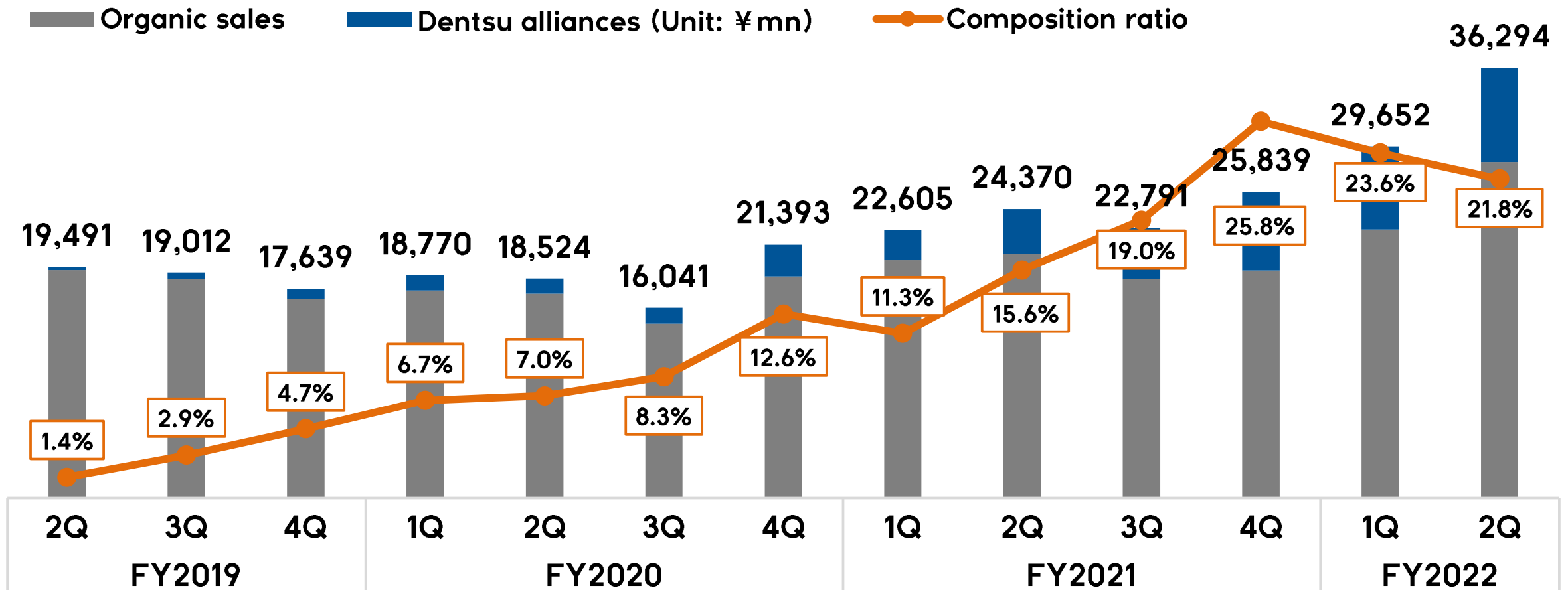
Steady progress with the addition of **two newly consolidated companies**, while maintaining the strong momentum up to the present time.

| (unit:¥mn) | 2Q FY2022 | | | 2Q FY2021 | |
|------------------------------|-----------|--------|---------|-----------|--------|
| | Value | Ratio | YonY | Value | Ratio |
| Revenue | 7,216 | 100.0% | + 48.4% | 4,864 | 100.0% |
| Gross profit | 5,902 | 81.8% | + 39.3% | 4,237 | 87.1% |
| SG&A | 3,161 | 43.8% | + 41.4% | 2,235 | 46.0% |
| Non-GAAP Operating profit | 2,750 | 38.1% | + 37.4% | 2,001 | 41.1% |
| 【Reference】 Net Sales | 36,294 | — | + 48.9% | 24,370 | — |

Revenue and Non-GAAP operating profit remained steady and **both increased YonY.**



Steady growth in both number of clients and sales.



04

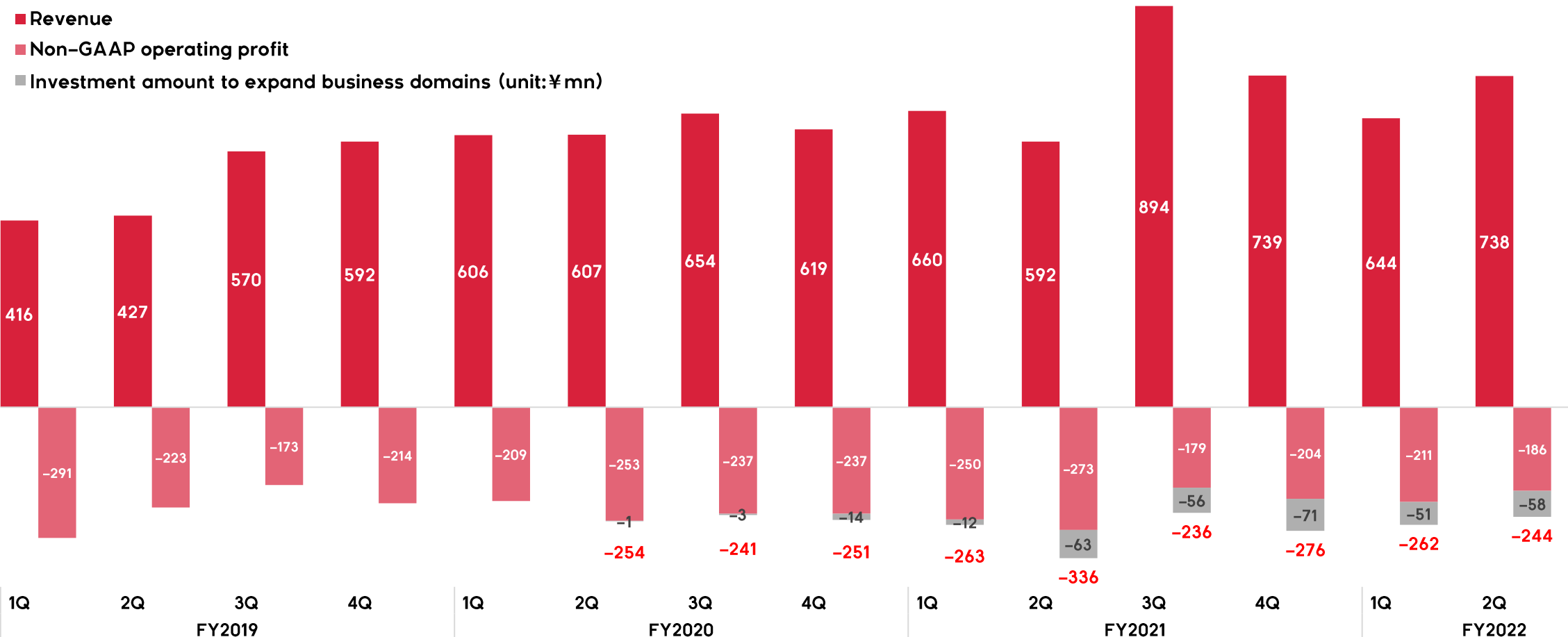
Media Platform Business

Higher revenue and narrower loss driven
by the Manga Content Business.

| (unit:¥mn) | 2Q FY2022 | | | 2Q FY2021 | |
|--|-----------|--------|--------|-----------|--------|
| | Value | Ratio | YoY | Value | Ratio |
| Revenue | 738 | 100.0% | +24.6% | 592 | 100.0% |
| Gross profit | 406 | 55.0% | +49.9% | 271 | 45.7% |
| SG&A | 650 | 88.0% | +7.2% | 606 | 102.3% |
| Non-GAAP Operating profit | -244 | — | +92 | -336 | — |
| Investment amount to expand business domains* | -58 | — | +5 | -63 | — |

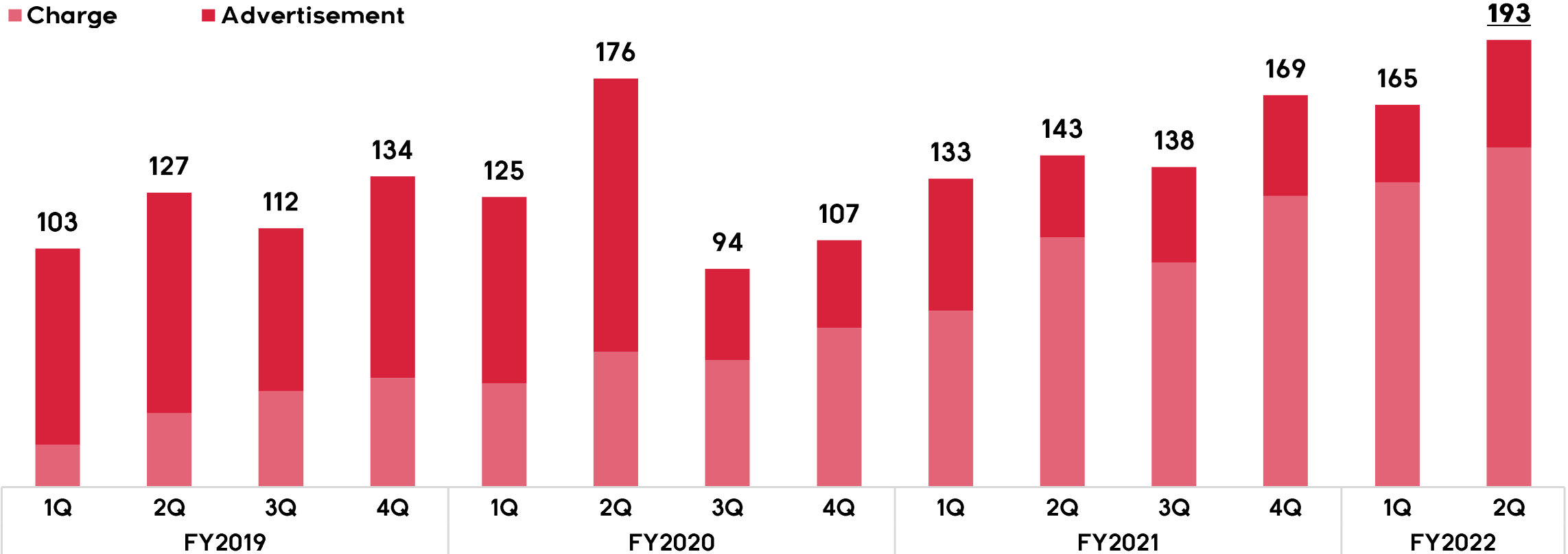
*Total operating profit (loss) from businesses positioned as expansion into new business segments.

Existing Media Platform Business progressed steadily, excluding investment for new business domain.



Advertising revenue reversed due to delivery of anime projects, and charge revenues continued to **grow stably**.

*Volume in 1Q FY2018= 100

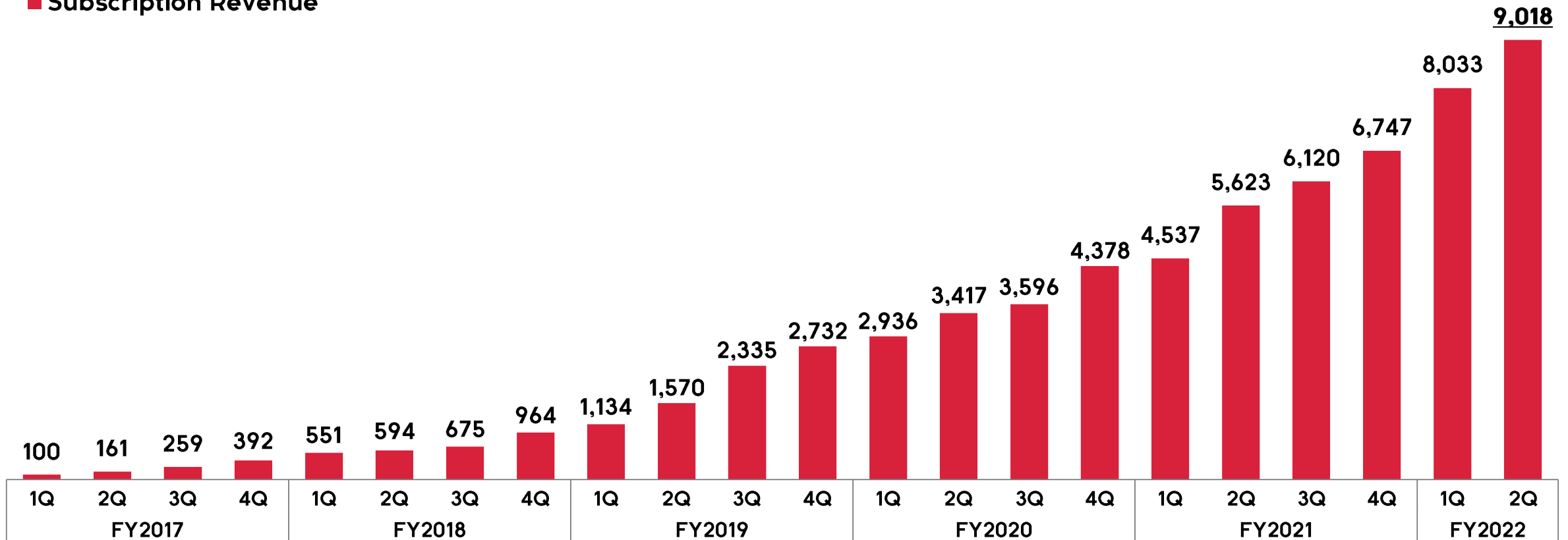


22 Manga Content Business Subscription Revenue Trend

The number of users is steadily increased by **approximately 1.6 times YonY.**

*Volume in 1Q FY2017=100

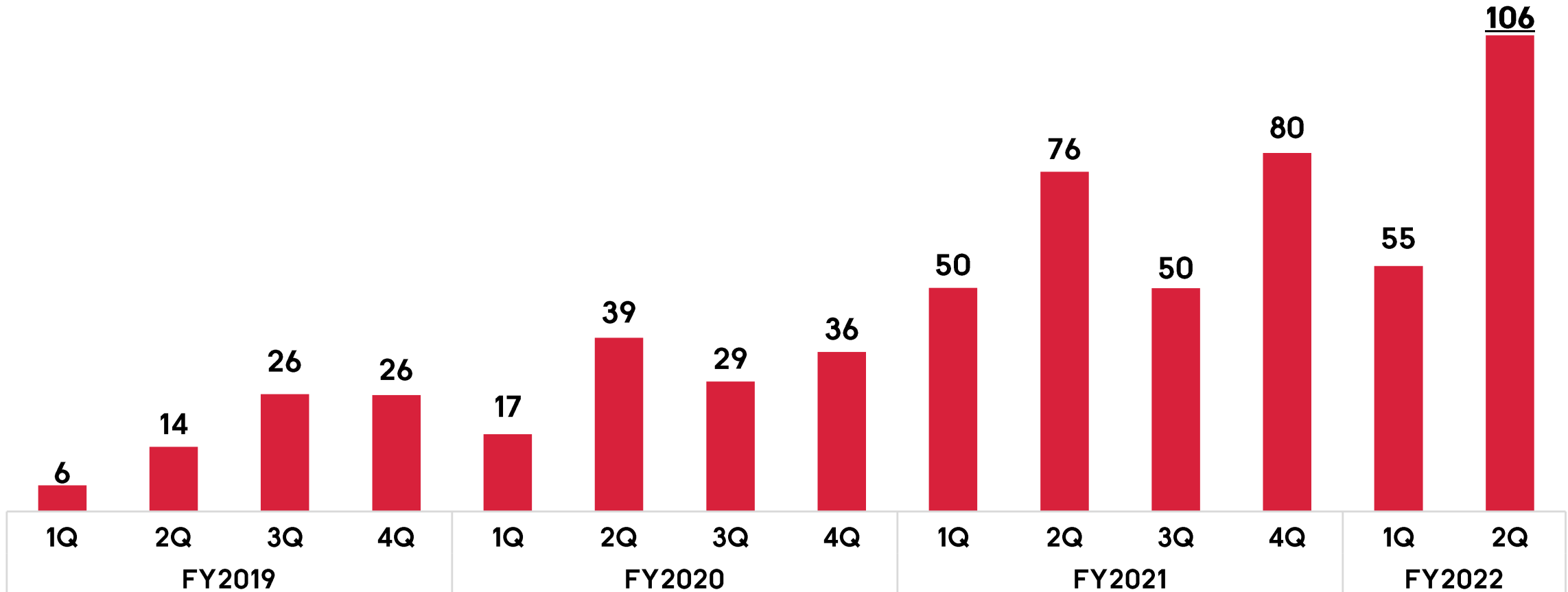
■ Subscription Revenue



23 Manga Content Business Commerce Revenue* Trend

Sales of e-books and crowdfunding of popular GANMA! titles grew, leading to an increase in commerce revenue.

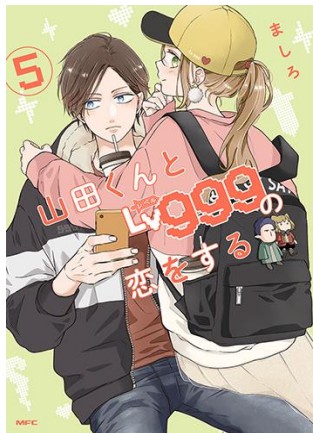
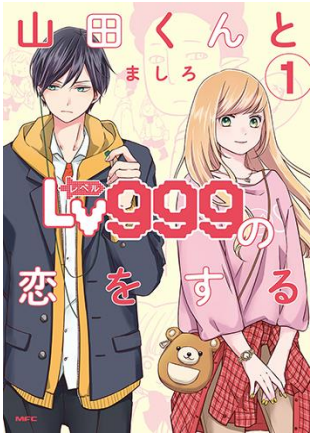
■ Commerce Revenue (unit:¥mn)



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

24 Manga Content Business topic

“My Lv.999 Love for Yamada-kun,” a popular title on GANMA!, has issued a cumulative total of **1 million copies***1, exceeding the total number of PVs in the app of **3.9 billion times***2.



The 5th TSUTAYA
Comic Awards

6th



The NEXT MANGA
AWARDS

Web manga
category

4th

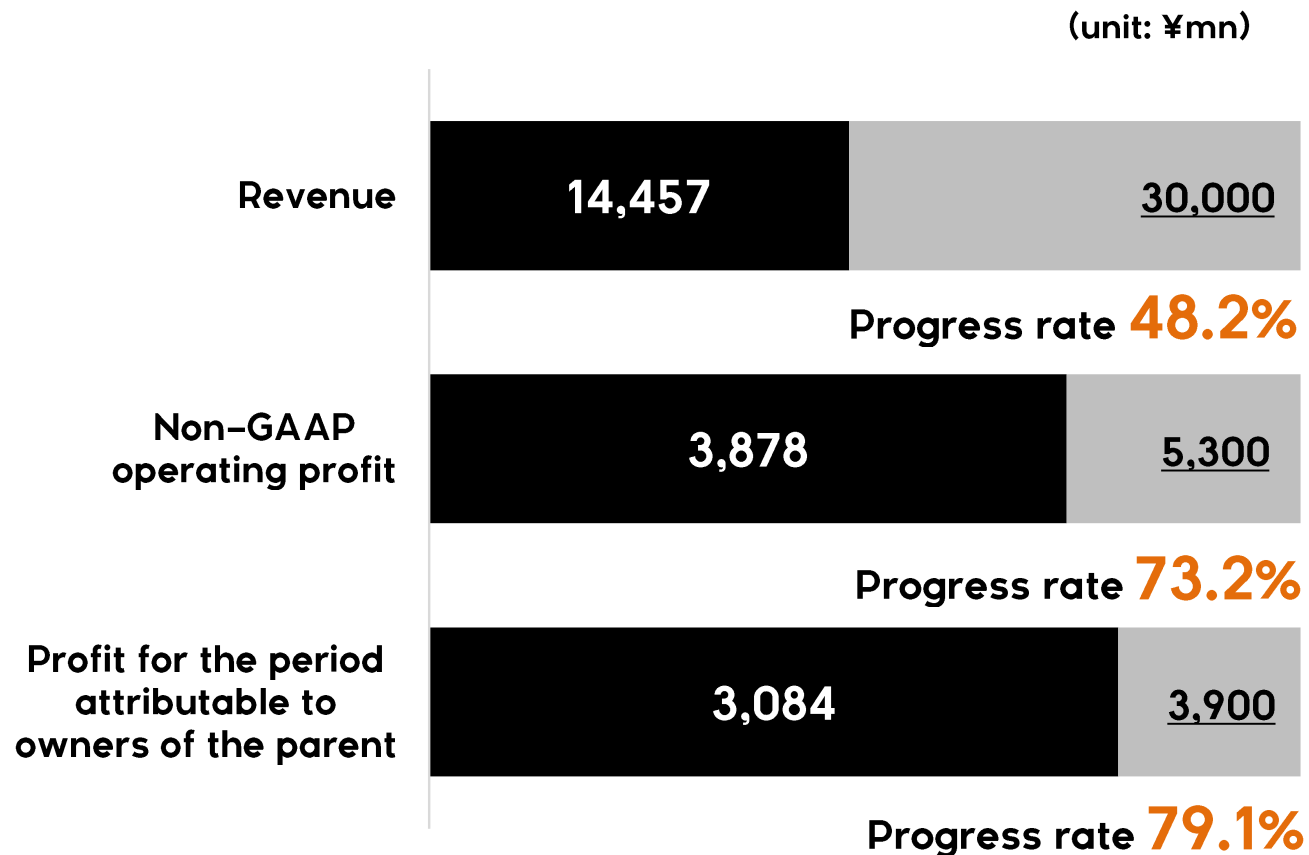
*1 The total of paper copies and digital copies. *2 As of April 2022.

05

Progress on Earnings Estimates

26 Progress on Earnings Estimates (Consolidated)

Earnings estimates remained unchanged to verify the uncertainty of the external environment, while progress toward the estimates was favorable.



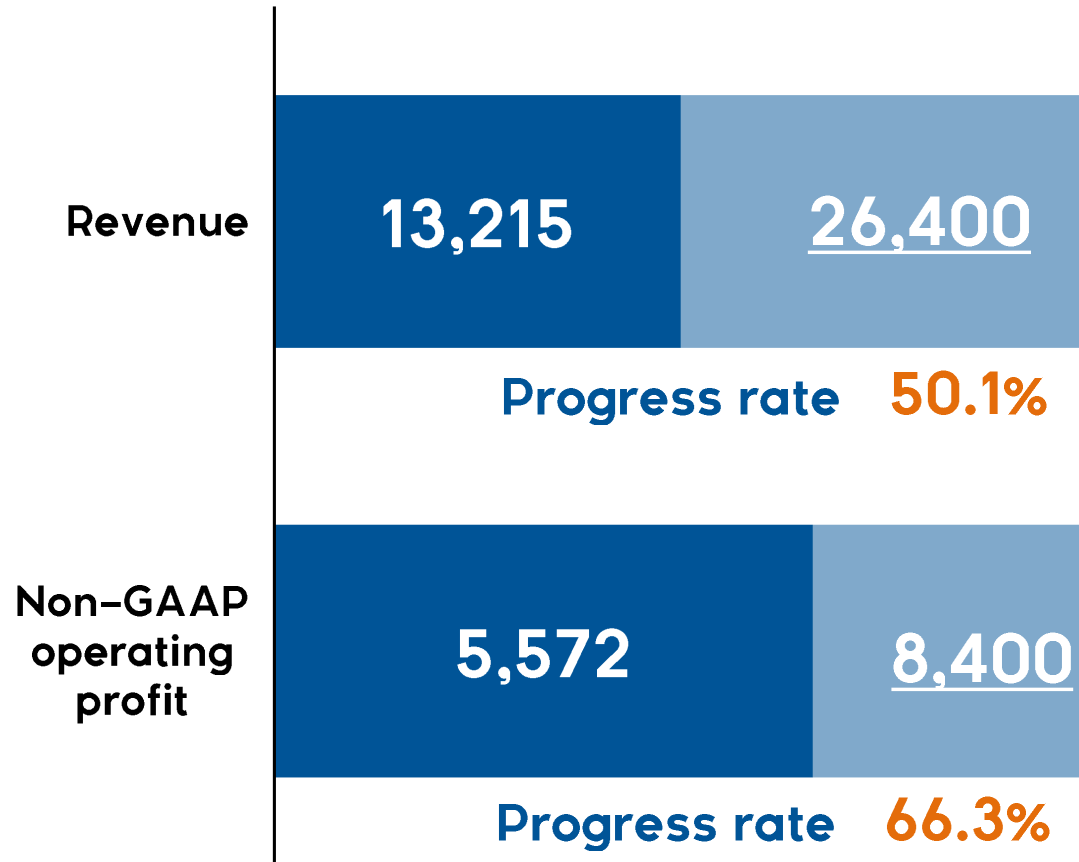
| | 1H of FY2022 | Estimate |
|---------|--------------|----------|
| EPS (¥) | 18.57 | 20.68 |

| *Reference | 1H of FY2022 | 1H of FY2021 |
|--|--------------|--------------|
| EPS (¥) | 18.57 | 12.49 |
| Profit for the period attributable to owners of the parent (¥mn) | 3,084 | 1,580 |
| Average number of shares during the period (thousand shares) | 166,075 | 126,453 |

27 Progress toward Earnings Estimates (By Business Segment) SEPTENI

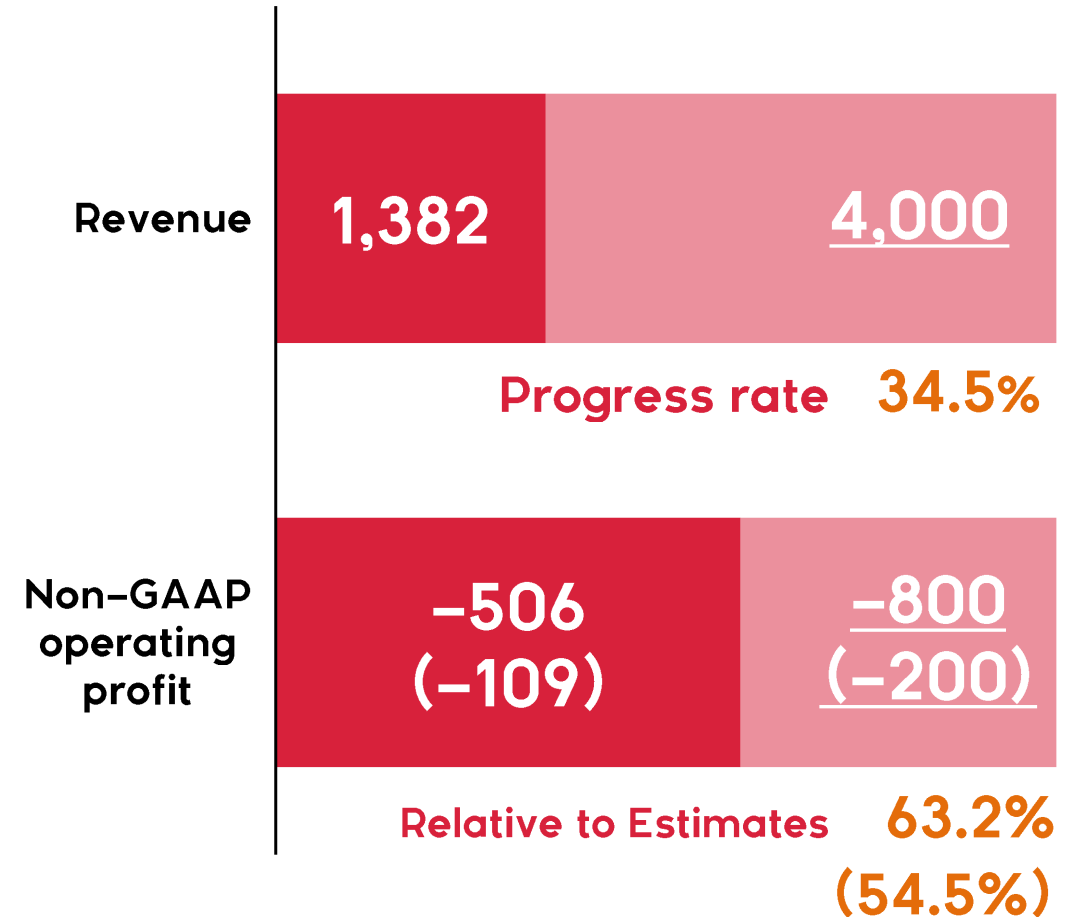
Digital Marketing Business

(unit: ¥mn)



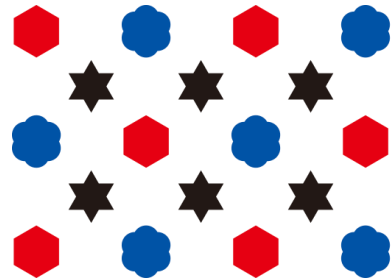
Media Platform Business

(unit: ¥mn)



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

Thank you for your interest!



SEPTENI

Contact Information

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 May 12, 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

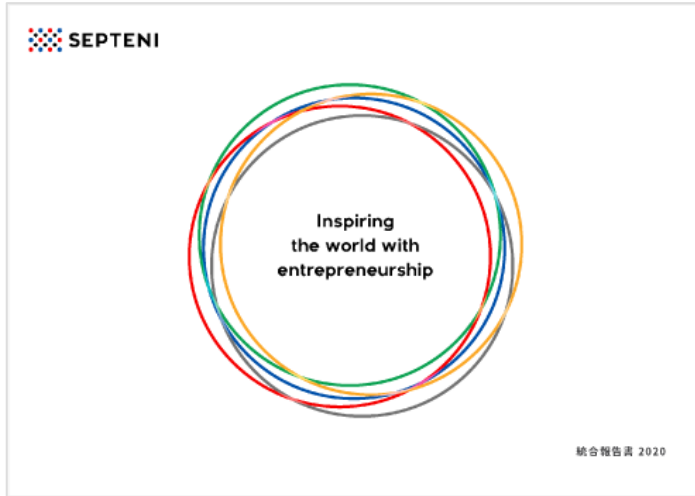
Use diversity as a competitive edge. We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

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



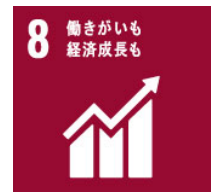
Support for culture/sports/entertainment industry

- 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

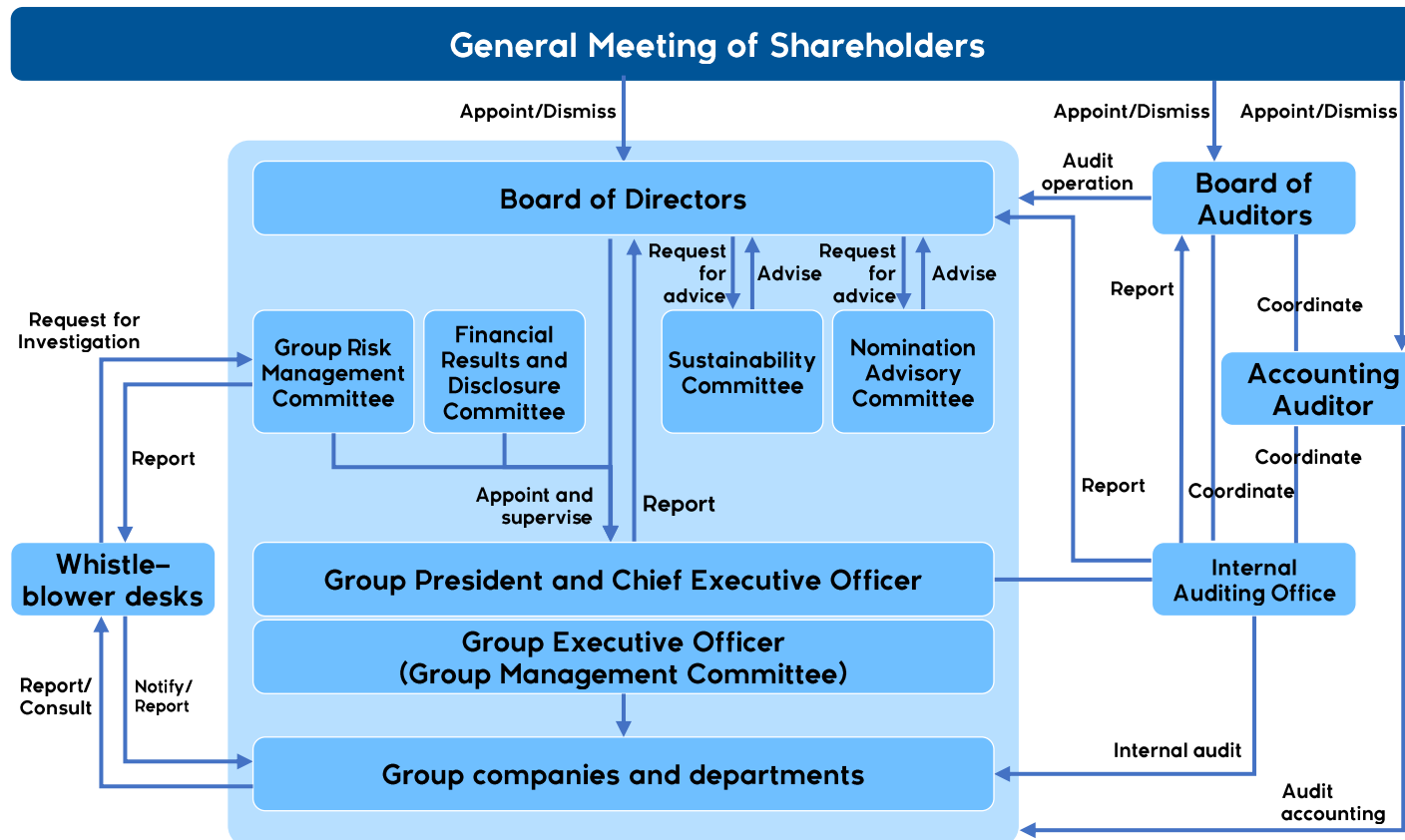
- [28.6%] of the Board of Directors is composed of women
- Revised target ratio of female managers: 25% by October 2023 (Previous target: 17% by October 2020)
- Support for employees raising children and introduction of diverse work styles



33 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.

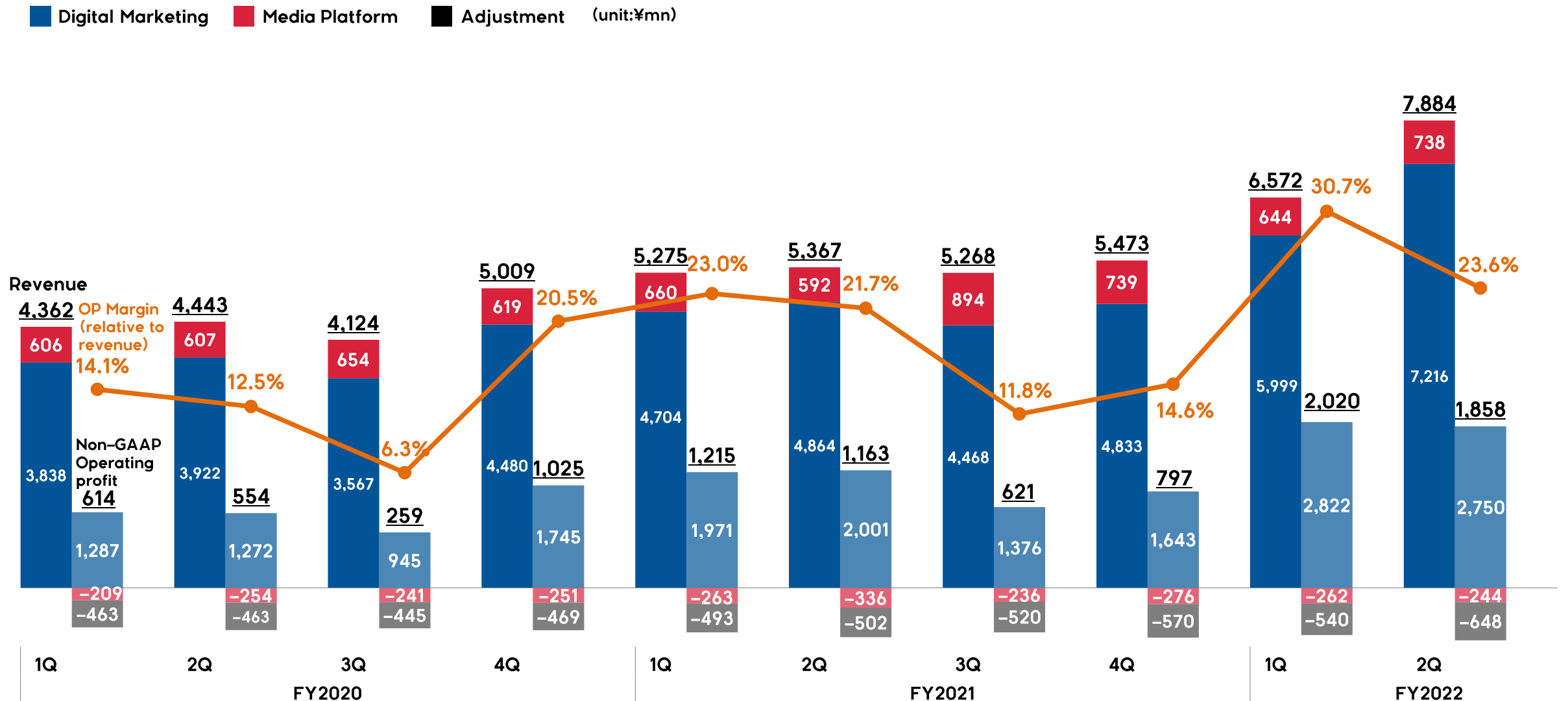
Coporate Management Structure



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%)

34 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).

| (unit:¥mn) | FY2020 | | | | FY2021 | | | | FY2022 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1 Q | 2 Q | 3 Q | 4 Q | 1 Q | 2 Q | 3 Q | 4Q | 1Q | 2Q |
| Net Sales | 18,770 | 18,524 | 16,041 | 21,393 | 22,605 | 24,370 | 22,791 | 25,839 | 29,652 | 36,294 |
| Revenue | 3,838 | 3,922 | 3,567 | 4,480 | 4,704 | 4,864 | 4,468 | 4,833 | 5,999 | 7,216 |
| Domestic Revenue | 3,468 | 3,702 | 3,380 | 4,293 | 4,429 | 4,607 | 4,182 | 4,536 | 5,575 | 6,923 |
| Overseas Revenue | 370 | 220 | 187 | 187 | 275 | 257 | 285 | 297 | 424 | 293 |
| Ratio of Overseas Revenue | 9.6% | 5.6% | 5.2% | 4.2% | 5.8% | 5.3% | 6.4% | 6.1% | 7.1% | 4.1% |
| Ratio of Revenue to Net Sales | 20.4% | 21.2% | 22.2% | 20.9% | 20.8% | 20.0% | 19.6% | 18.7% | 20.2% | 19.9% |
| Non-GAAP Operating Profit | 1,287 | 1,272 | 945 | 1,745 | 1,971 | 2,001 | 1,376 | 1,643 | 2,822 | 2,750 |
| Operating Margin to Revenue | 33.5% | 32.4% | 26.5% | 38.9% | 41.9% | 41.1% | 30.8% | 34.0% | 47.0% | 38.1% |
| Domestic Brand Advertising Transaction (¥bn) | 1.50 | 1.69 | 1.30 | 1.86 | 2.29 | 2.08 | 2.31 | 2.81 | 2.39 | 2.41 |
| Share in Digital Marketing Business | 8.0% | 9.1% | 8.1% | 8.7% | 10.1% | 8.6% | 10.1% | 10.9% | 8.1% | 6.6% |
| Volume of Clients in Collaboration with Dentsu | 24 | 35 | 47 | 54 | 57 | 66 | 76 | 80 | 85 | 88 |
| Ratio of Net Sales from the Collaboration with Dentsu | 6.7% | 7.0% | 8.3% | 12.6% | 11.3% | 15.6% | 19.0% | 25.8% | 23.6% | 21.8% |

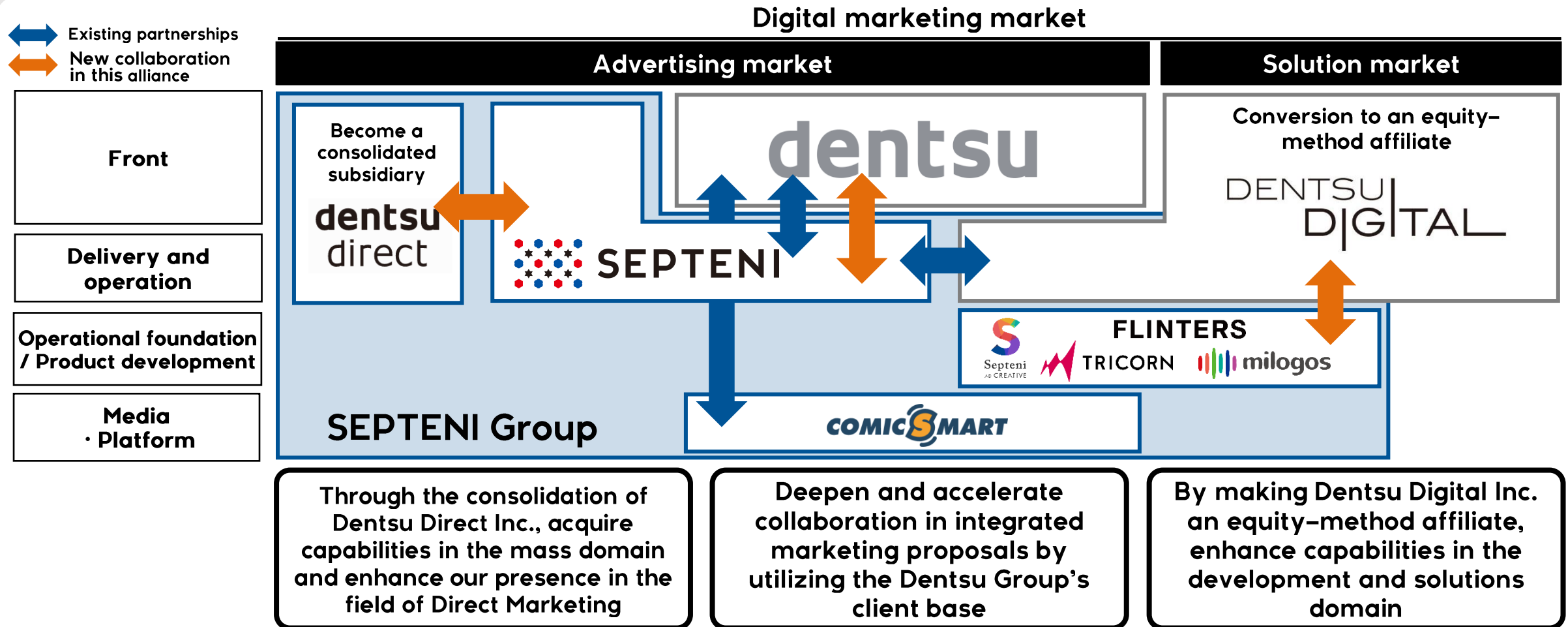
36 Media Platform Business Quarterly Trend



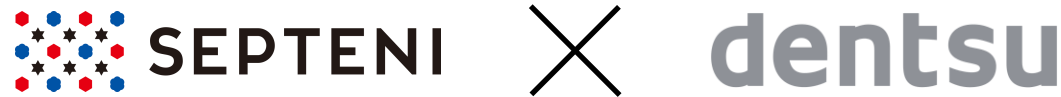
| | FY2020 | | | | FY2021 | | | | FY2022 | |
|---|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Manga Content Business Revenue (Volume in 1Q FY2018=100) | 125 | 176 | 94 | 107 | 133 | 143 | 138 | 170 | 166 | 193 |
| 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 | 9,018 |
| GANMA! ARPU (¥)*1 | 51.3 | 39.8 | 31.9 | 29.9 | 44.0 | 75.6 | 67.7 | 94.1 | 63.8 | 65.2 |
| Manga Content Business Commerce Revenue (¥mn) | 17 | 39 | 29 | 36 | 50 | 76 | 50 | 80 | 55 | 106 |
| Investment amount to expand business domains (¥mn) | — | -1 | -3 | -14 | -12 | -63 | -56 | -71 | -51 | -58 |

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

Anticipate further collaborative synergies in both areas and functions.



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.

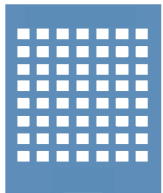
Close collaboration

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



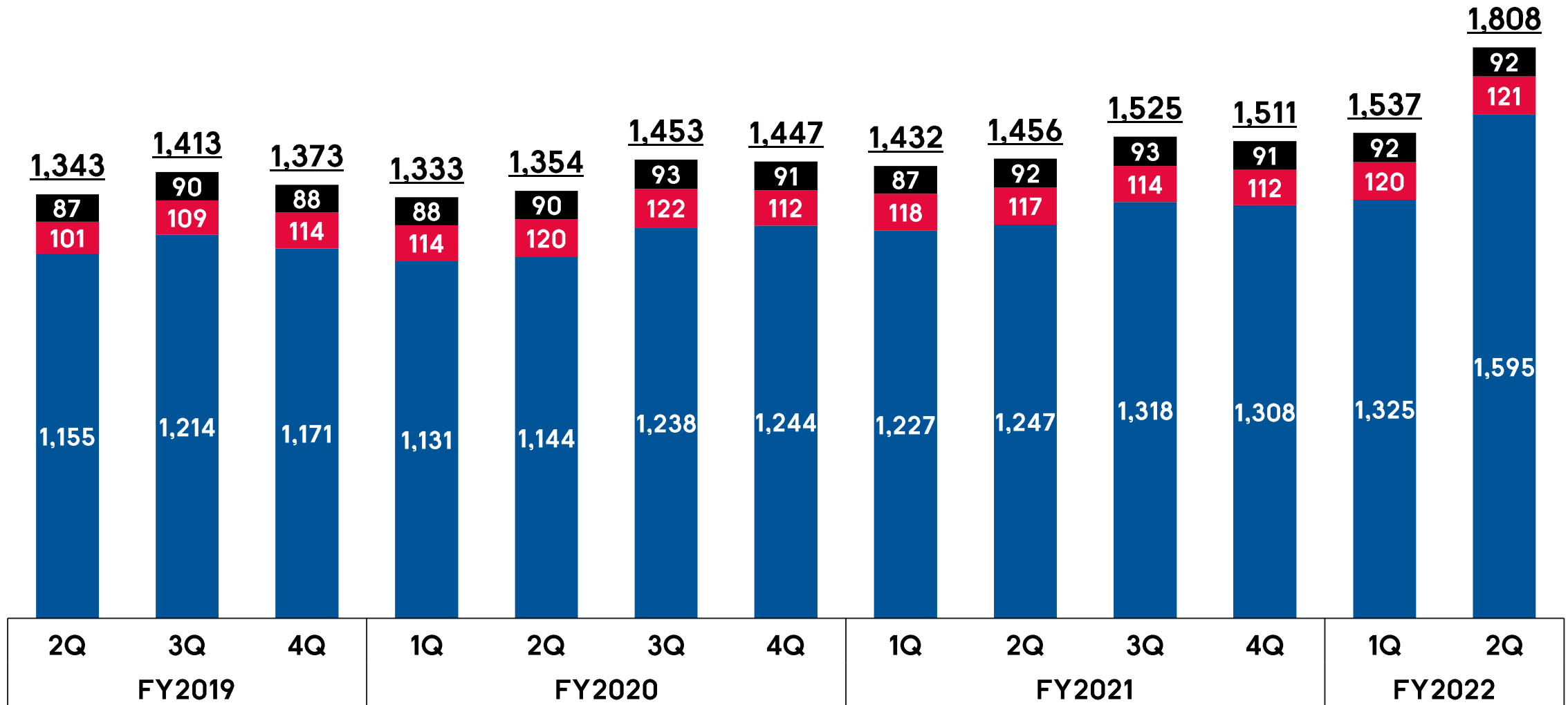
Mass media



39 Septeni Group Workforce Number Trend



■ Digital Marketing ■ Media Platform ■ Holdings Company



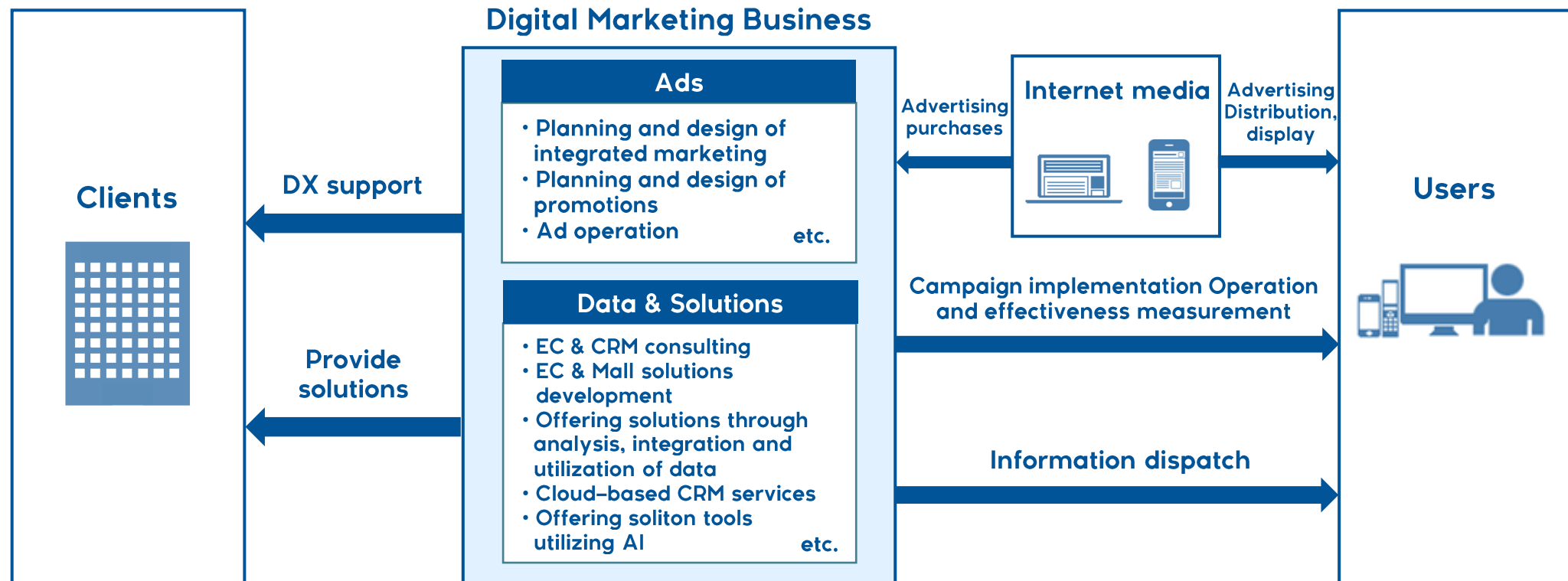
40 Main Group Companies by Business Segment As of May 12, 2022



| 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 |
| DENTSU DIRECT INC. | Direct marketing support business | FLINTERS BASE, Inc. | Software development support, career support for engineers |
| 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. |

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.

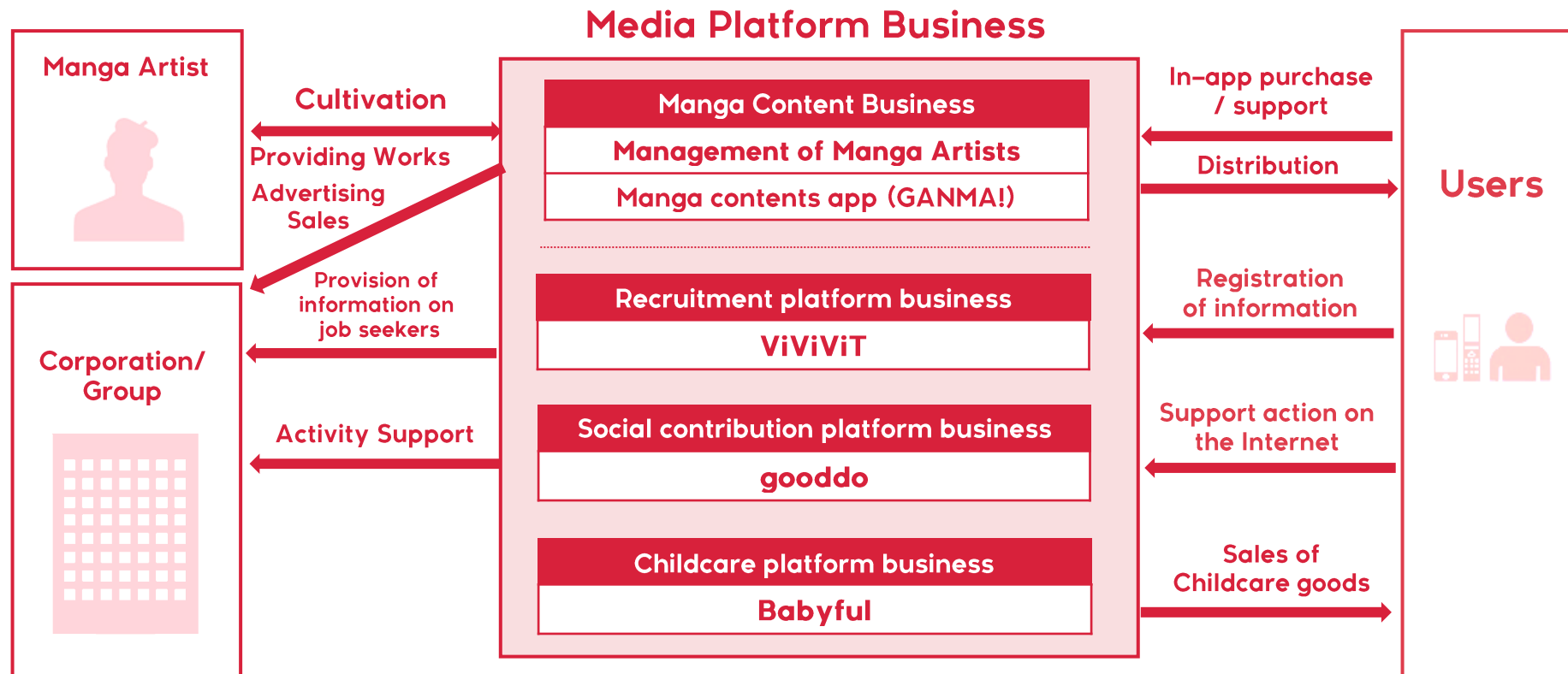


42 Business Model for the Media Platform Business

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



43 Consolidated Statement of Financial Position



| (unit:¥mn) | End of 2Q FY2022 | End of FY2021 | Change |
|--|------------------|---------------|-----------------------------|
| Current Assets | 43,672 | 33,452 | +10,220 |
| Non-Current Assets*¹ | 45,307 | 8,560 | +36,747*² |
| Total Assets | 88,979 | 42,011 | +46,968 |
| Current Liabilities | 28,041 | 20,329 | +7,712 |
| Non-Current Liabilities | 983 | 3,237 | -2,254 |
| Total Liabilities | 29,024 | 23,566 | +5,458 |
| Total Capital | 59,954 | 18,445 | +41,509*³ |
| Total Liabilities and Capital | 88,979 | 42,011 | +46,968 |

*1 Increase in intangible assets due to new consolidation is in the process of identifying.

*2 Investments accounted for using the equity method increased by ¥31,902 mn due to the conversion of Dentsu Digital into an equity-method affiliate following the acquisition of shares of Dentsu Digital.

*3 Capital increased by ¥16,303 mn and capital surplus increased by ¥21,321 mn due to capital increase the through third-party allotment and the share exchange.