



FY September/2022

Business Results for 3Q

Aug. 9, 2022

SEPTENI HOLDINGS CO., LTD.

01 Consolidated Earnings Overview in 1–3Q FY9/22

02 Quarterly Consolidated Earnings Overview

03 Digital Marketing Business

04 Media Platform Business

05 Revised Earnings Estimates and Progress of Earnings Estimates

06 Appendix

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 appropriately express the actual state of the business. It refers to the profit indicator to assess ordinary business conditions after adjustments are made to IFRS-based operating profit pertaining to gains and losses related to acquisition actions such as amortization of acquisition-related intangible assets and M&A expenses, and 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 1–3Q FY9/22

Revenue and profit increased year on year.
EPS exceeded the full-year result of the previous fiscal
year (¥20.59) in cumulative 3Q.

Consolidated

Revenue

¥21,567mn (YonY+**35.5%**)

**Non-GAAP
Operating Profit**

¥4,778mn (YonY +**59.3%**)

EPS

¥22.72 (YonY +**¥4.9**)

**Digital
Marketing
Business**

Both revenue and Non-GAAP operating profit smoothly progressed partially due to the new consolidation.

Revenue **¥19,474mn** (YonY+ **38.7%**) Non-GAAP Operating Profit **¥7,300mn** (YonY+ **36.5%**)

**Media
Platform
Business**

Revenue steadily progressed and loss narrowed led by the Manga Content Business.

Revenue **¥2,315mn** (YonY+ **7.9%**) Non-GAAP Operating Profit **¥-703mn** (Deficit narrowed **¥132mn YonY**)
Including investment in new segments of ¥141mn

06 Consolidated Income Statement (Oct–Jun)



Profit for the period grew significantly due to organic growth and an increase in equity in earnings of affiliates, as well as the recording of valuation gains on securities held as finance income.

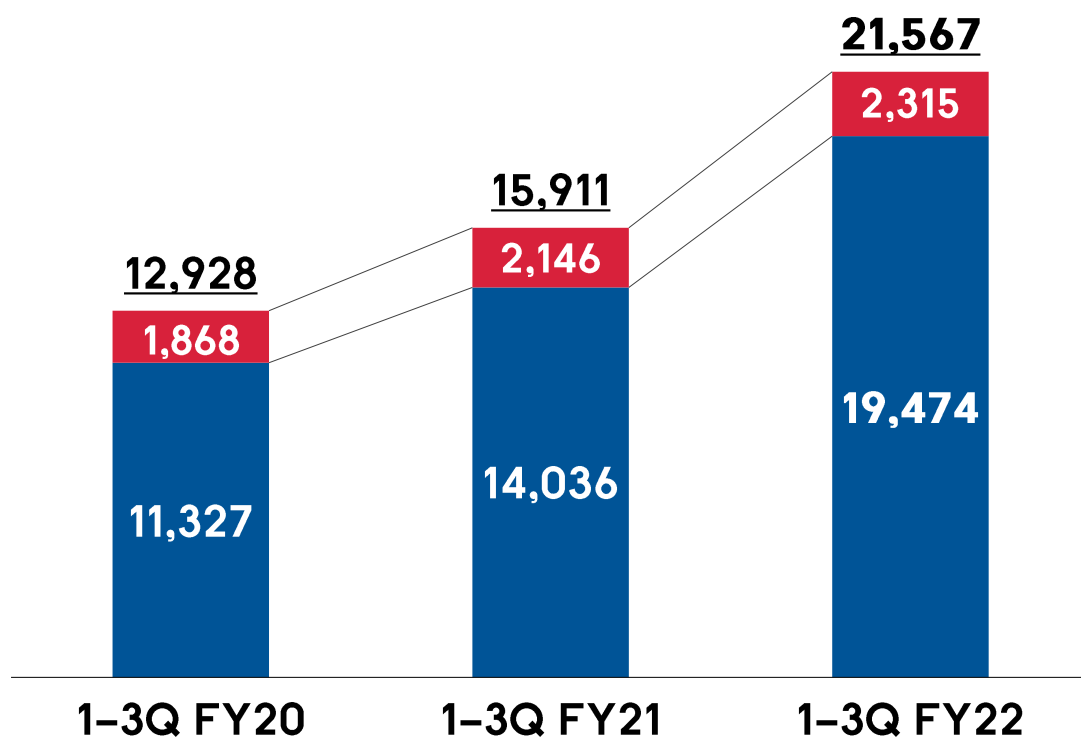
(unit: ¥mn)	1–3Q/FY2022			1–3Q/FY2021	
	Value	Ratio	YonY	Value	Ratio
Revenue	21,567	100.0%	+35.5%	15,911	100.0%
Gross profit	17,162	79.6%	+33.1%	12,891	81.0%
SG&A expenses	12,515	58.0%	+24.7%	10,034	63.1%
Non–GAAP Operating profit	4,778	22.2%	+59.3%	2,999	18.8%
Operating profit	4,474	20.7%	+39.6%	3,205	20.2%
Financial income	1,245	5.8%	+766.1%	144	0.9%
Equity in earnings of affiliates	784	3.6%	+1,969.5%	38	0.2%
Profit for the period attributable to owners of the parent	4,101	19.0%	+82.0%	2,254	14.2%
Basic earnings per share (EPS) (¥)	22.72	—	+4.9	17.82	—
[Reference] Net sales	98,782	—	+38.6%	71,248	—

07 Earnings Trends by Business Segment (Oct–Jun)

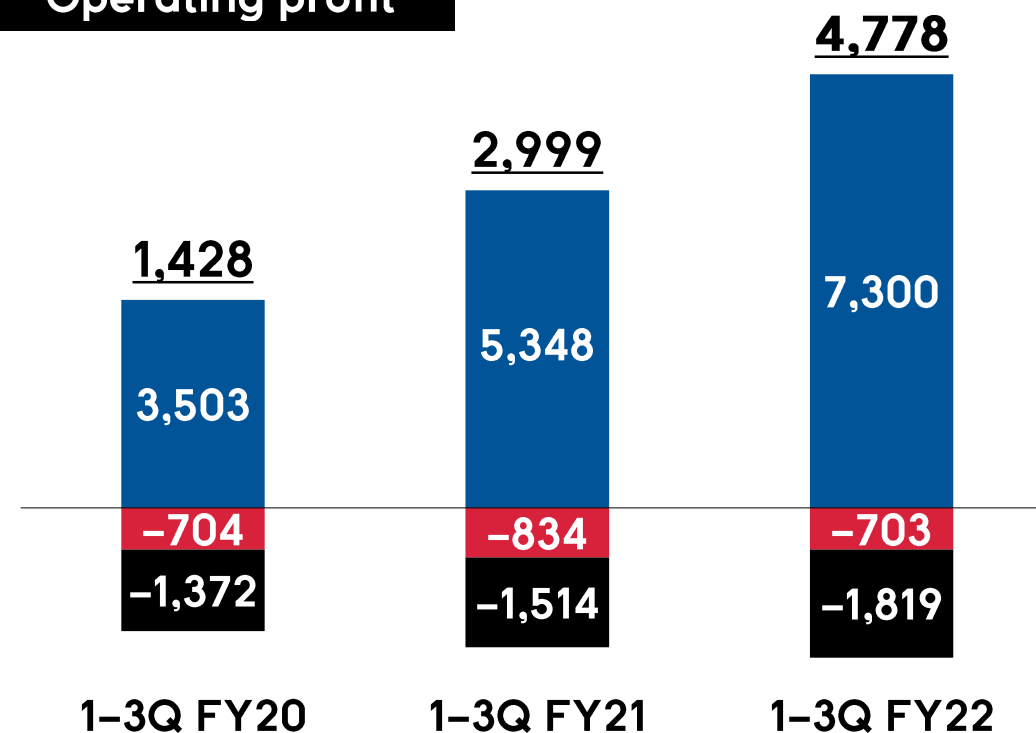
Both revenue and Non-GAAP operating profit increased well due to the high growth of Digital Marketing Business.

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.

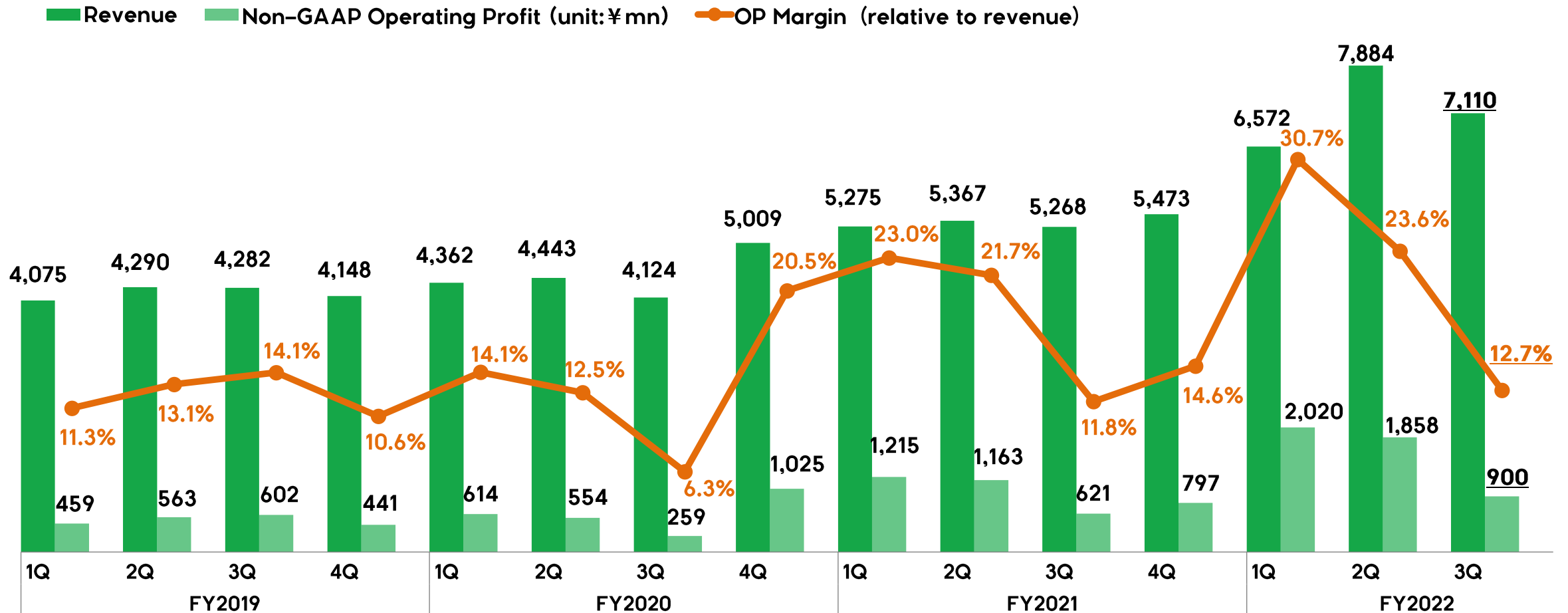
02

Quarterly Consolidated Earnings Overview

Top-line grew favorably YonY, and the profit for the period largely increased.

(unit: ¥mn)	3Q FY2022			3Q FY2021	
	Value	Ratio	YonY	Value	Ratio
Revenue	7,110	100.0%	+35.0%	5,268	100.0%
Gross profit	5,473	77.0%	+30.5%	4,192	79.6%
SG&A expenses	4,626	65.1%	+28.7%	3,593	68.2%
Non-GAAP Operating profit	900	12.7%	+45.1%	621	11.8%
Operating profit	821	11.5%	-14.6%	962	18.3%
Financial income	858	12.1%	+1,199.8%	66	1.3%
Equity in earnings of affiliates	216	3.0%	—	-23	—
Profit for the period attributable to owners of the parent	1,044	14.7%	+54.8%	674	12.8%
[Reference] Net sales	31,836	—	+35.8%	23,428	—

Revenue largely grew YonY due to the new consolidation, and Non-GAAP operating profit margin improved YonY.



11 Constitution of Consolidated Expenses (IFRS)

Cost of sales and SG&A expenses both increased YonY due to the expansion of scale, but the extent of the increase is limited QonQ.

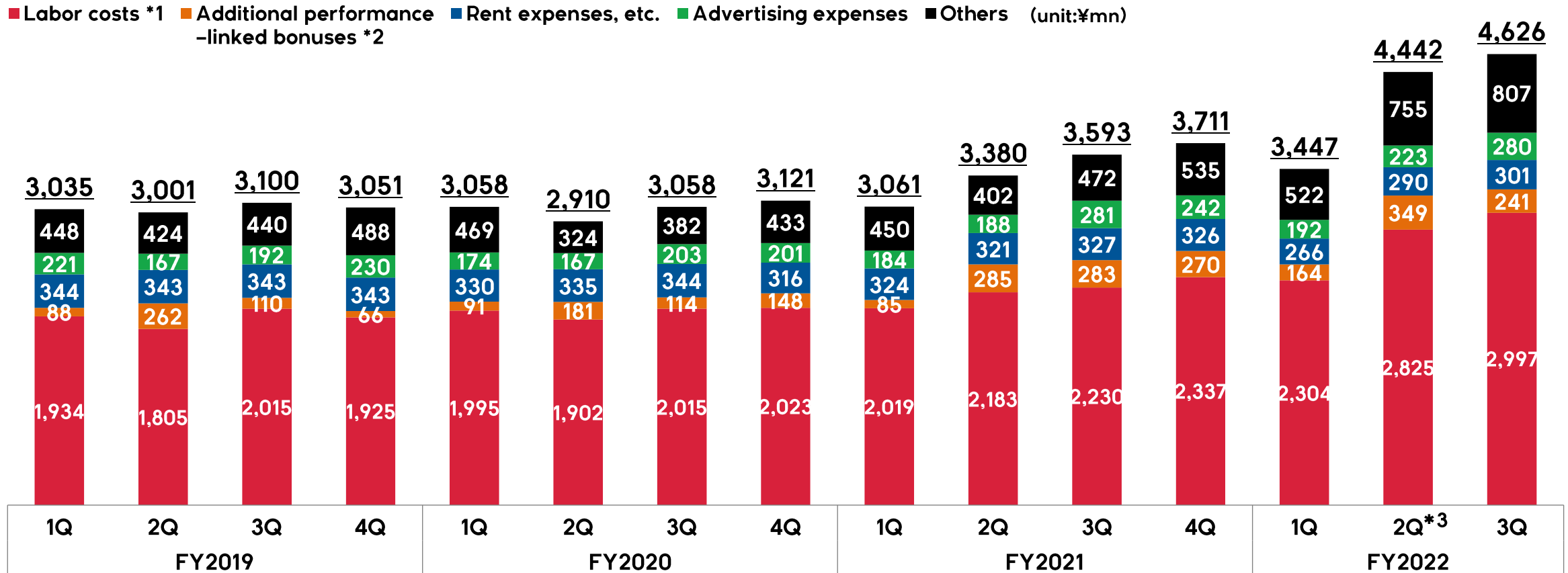
(unit:¥mn)	FY2020		FY2021				FY2022			QonQ	YonY
	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1Q	2Q *3	3Q		
Total of cost of sales	810	869	1,005	939	1,076	1,079	1,120	1,647	1,637	-0.6%	+52.2%
Labor costs	268	287	296	321	347	344	364	366	388	+6.1%	+11.6%
Subcontract costs	138	84	240	167	204	244	294	779	632	-18.8%	+209.5%
Others	404	499	468	451	525	491	462	503	617	+22.8%	+17.7%
Total of SG&A	3,058	3,121	3,061	3,380	3,593	3,711	3,447	4,442	4,626	+4.1%	+28.7%
Labor costs *1	2,015	2,023	2,019	2,183	2,230	2,337	2,304	2,825	2,997	+6.1%	+34.4%
Employee bonus*2	114	148	85	285	283	270	164	349	241	-31.0%	-14.9%
Rent expenses etc.	344	316	324	321	327	326	266	290	301	+3.7%	-7.9%
Advertising expenses	203	201	184	188	281	242	192	223	280	+25.6%	-0.6%
Others	382	433	450	402	472	535	522	755	807	+6.9%	+70.9%

*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.

*3 In conjunction with the completion of the work to identify intangibles from acquisitions, adjustments are made retrospectively to total SG&A and others in its FY2022/2Q results.

Labor cost and other expenses both increased because 126 new graduates joined in April.



*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.

*3 In conjunction with the completion of the work to identify intangibles from acquisitions, adjustments are made retrospectively to total SG&A and others in its FY2022/2Q results.

03

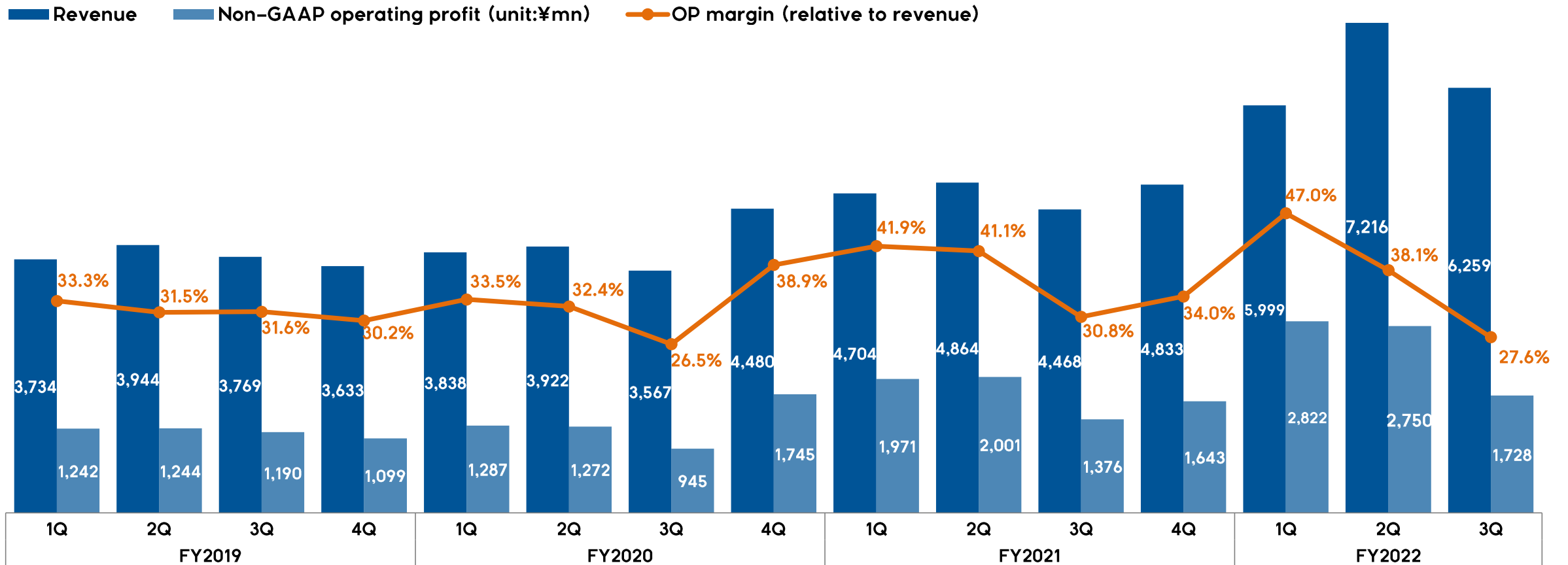
Digital Marketing Business

Revenue and Non-GAAP operating profit **smoothly progressed** with the addition of **two newly consolidated companies** in the last quarter.

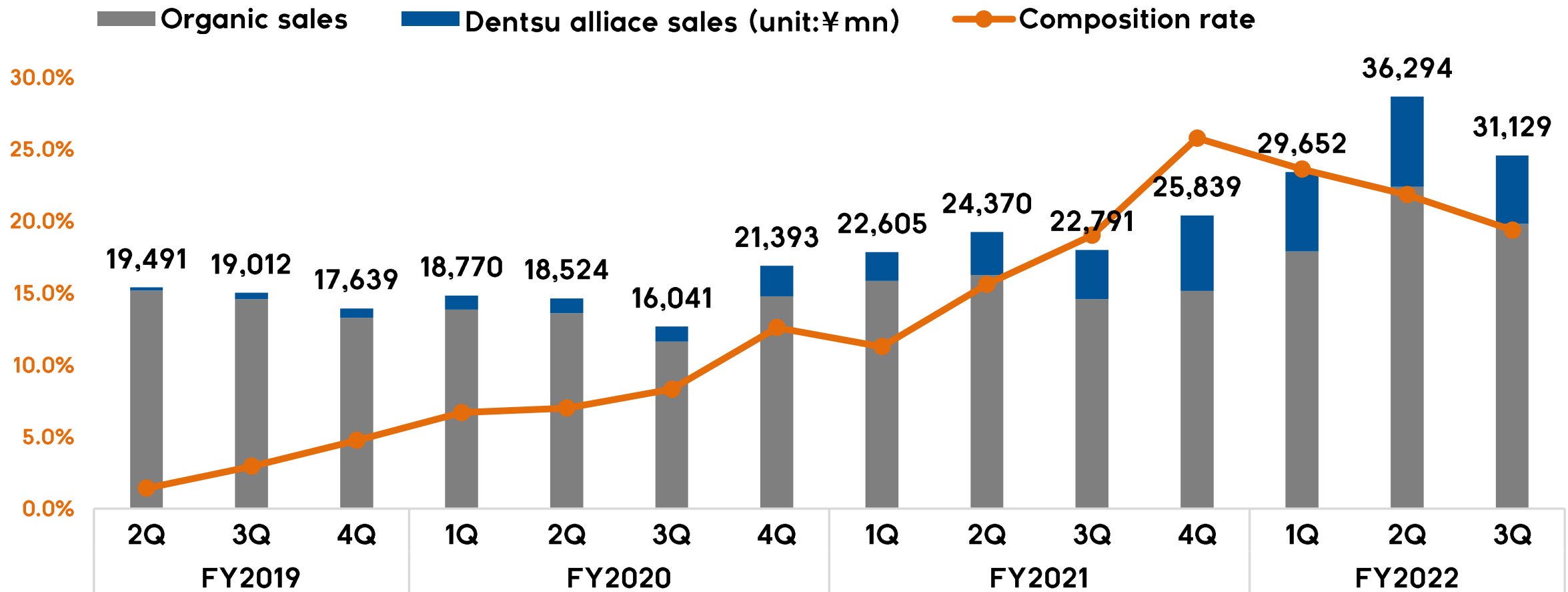
(unit:¥mn)	3Q FY2022			3Q FY2021	
	Value	Ratio	YonY	Value	Ratio
Revenue	6,259	100.0%	+ 40.1%	4,468	100.0%
Gross profit	5,051	80.7%	+ 33.7%	3,777	84.5%
SG&A	3,344	53.4%	+ 39.2%	2,402	53.8%
Non-GAAP Operating profit	1,728	27.6%	+ 25.6%	1,376	30.8%
【Reference】 Net Sales	31,129	—	+ 36.6%	22,791	—

16 Digital Marketing Business Quarterly Earnings Trend

Revenue and Non-GAAP operating profit **increased** YonY, and **operating profit margin declined** due to the impact of the new consolidation.



Both organic sales and the sales from the Dentsu alliance favorably **increased** YonY.



04

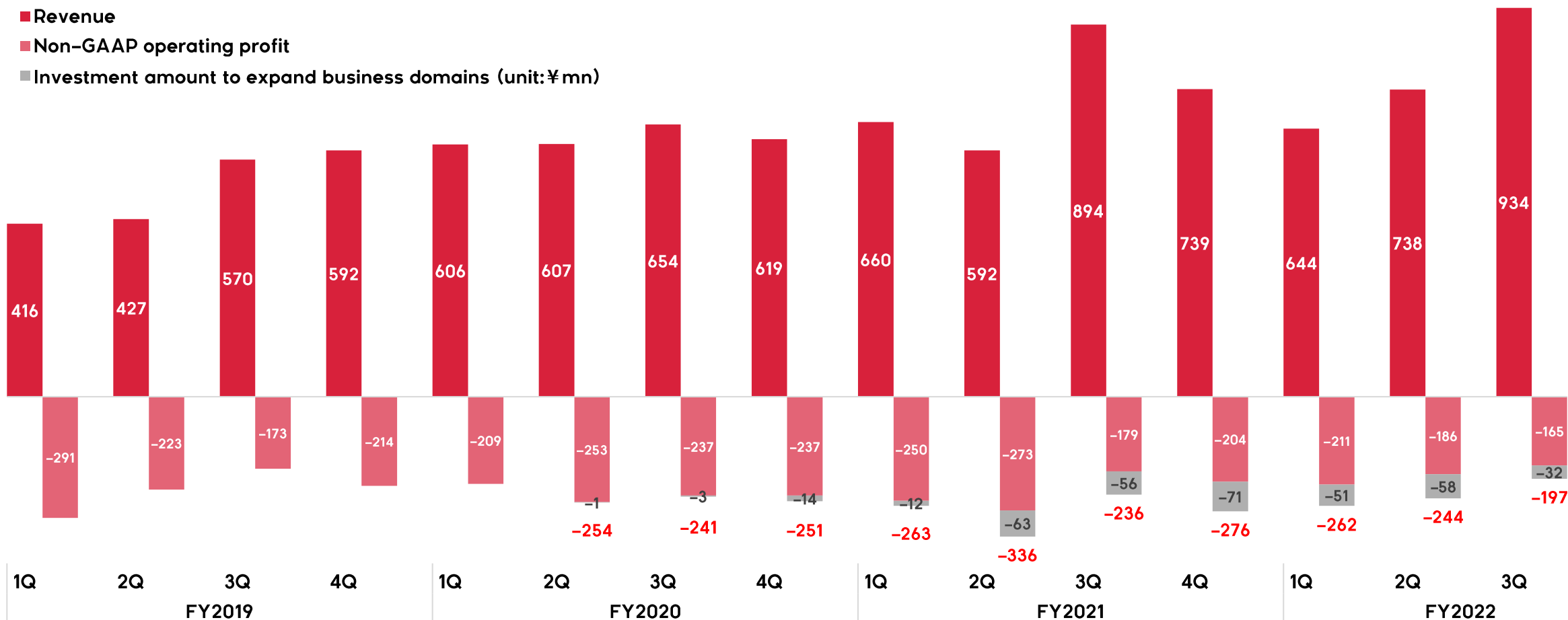
Media Platform Business

**Revenue reached a record high,
and the extent of the loss shrank.**

(unit:¥mn)	3Q FY2022			3Q FY2021	
	Value	Ratio	YoY	Value	Ratio
Revenue	934	100.0%	+4.5%	894	100.0%
Gross profit	496	53.1%	-0.2%	497	55.6%
SG&A	693	74.2%	-5.5%	733	82.0%
Non-GAAP Operating profit	-197	—	+39	-236	—
Investment amount to expand business domains*	-32	—	+24	-56	—

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

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

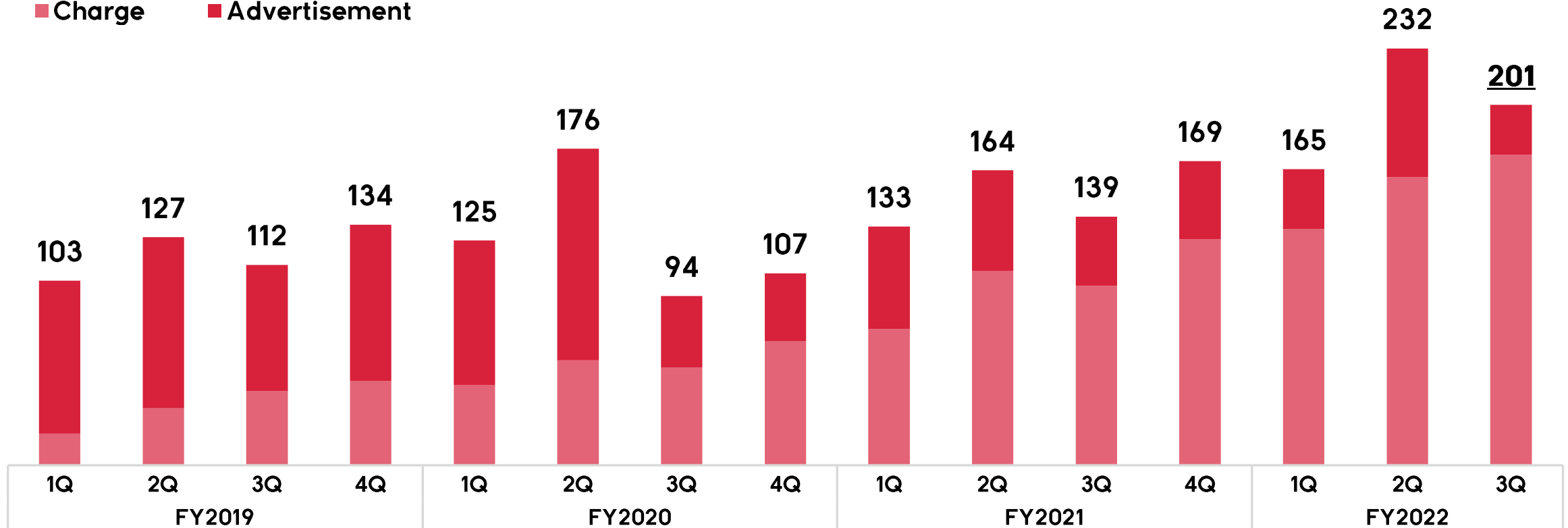


Charge revenue continued to **grew stably**.

*Volume in 1Q FY2018= 100

■ Charge

■ Advertisement

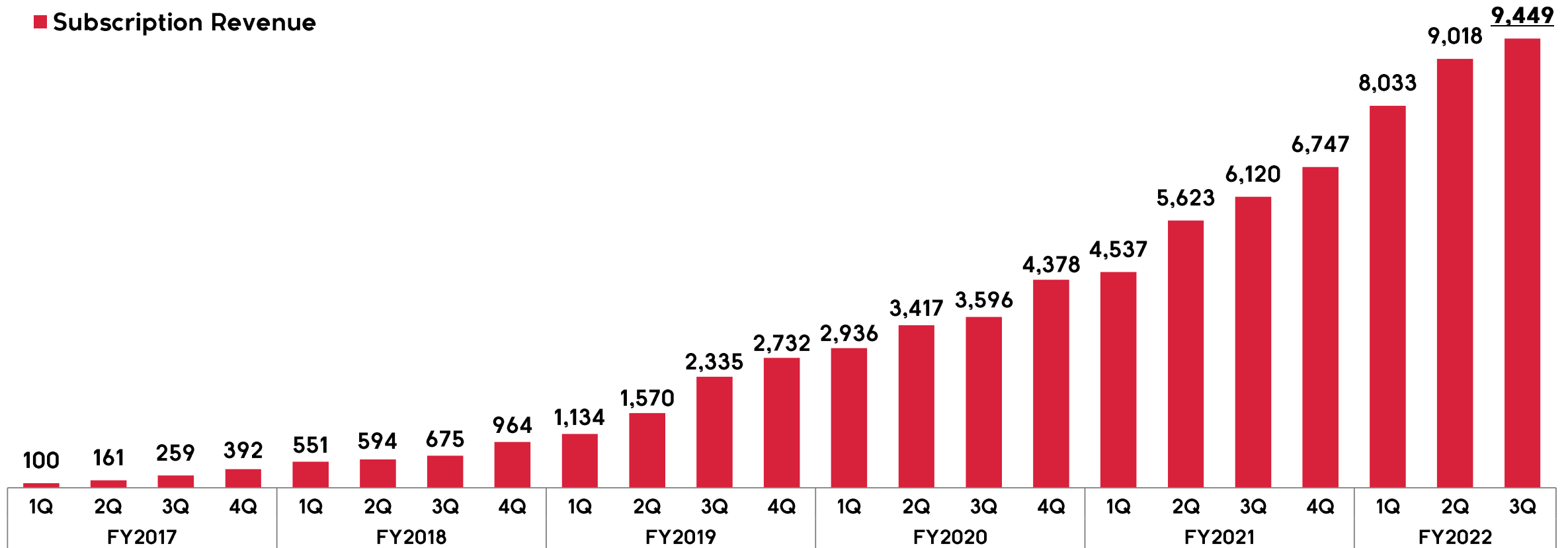


*Due to a change in the aggregation logic, retrospective adjustments were made to results before FY2022/2Q.

The number of users increased well by
approximately 1.5 times YoY.

*Volume in 1Q FY2017=100

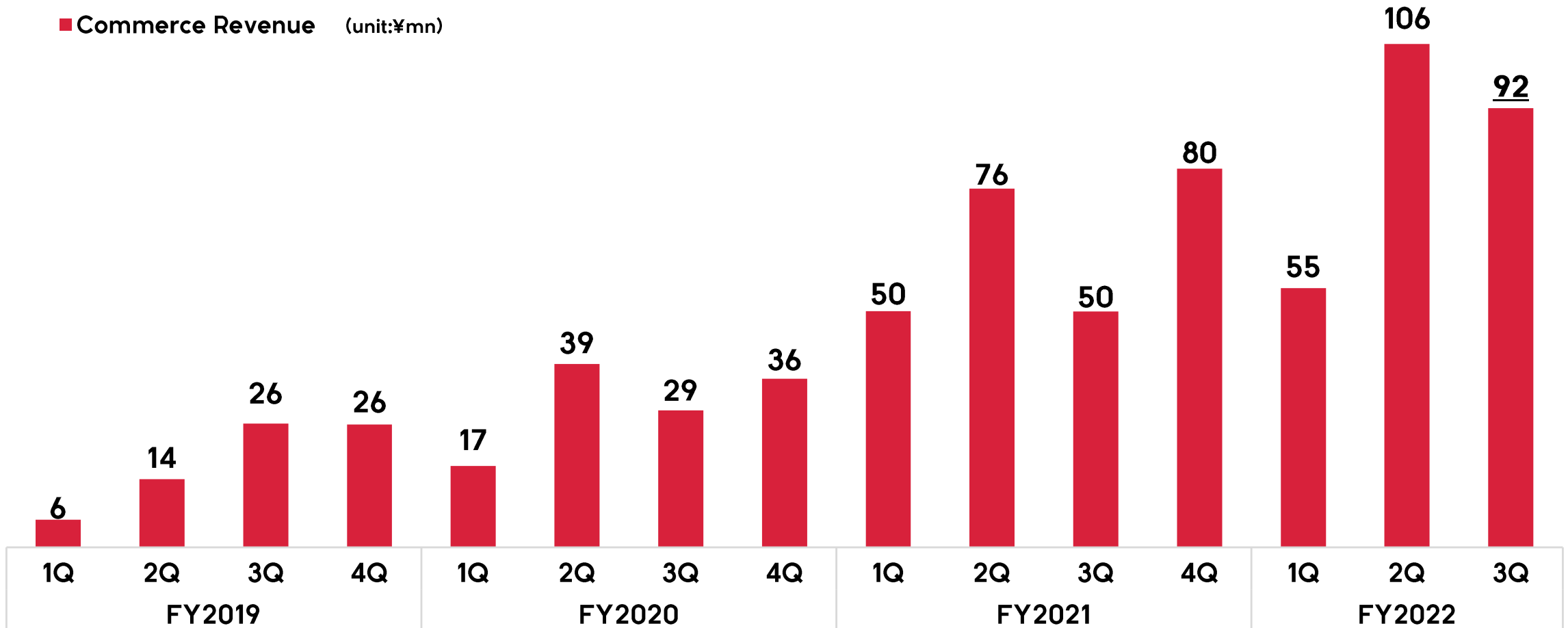
■ Subscription Revenue



22 Manga Content Business Commerce Revenue* Trend

Sales of e-books of popular GANMA! titles largely expanded, leading to an increase in commerce revenue **by approximately 1.9 times YonY.**

■ Commerce Revenue (unit:¥mn)



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

“My Lv.999 Love for Yamada-kun,” a popular title in the series of GANMA! won the grand prize of “The 6th TSUTAYA Comic Awards.”



©ましろ/COMICSMART INC.

“TSUTAYA Comic Awards”

This is a comic award that decides the “next break through” comics only by readership votes.



05

**Revised Earnings Estimates and
Progress on Earnings Estimates**

25 Revision of Full-Year Earnings Estimates (Consolidated)



Earnings estimates are revised upward due to the high growth of Digital Marketing Business, increase in equity in earnings of affiliates and recording of valuation gains on securities.

(unit: ¥mn)	Revenue	Non-GAAP operating profit	Profit attributable to owners of the parent	Basic earnings per share
Previously announced estimate (A)	30,000	5,300	3,900	¥20.68
Estimate as revised this time (B)	30,000	6,000	4,850	¥25.71
Change (B-A)	—	700	950	
Change (%)	—	13.2	24.4	
Results for the previous fiscal year (FY2021)	21,384	3,796	2,604	¥20.59
	FY9/22 (Current year's forecast)		FY9/21 (previous year)	
DPS (¥) /Dividend payout ratio (%)	¥3.90	15.2%	¥3.40	16.5%

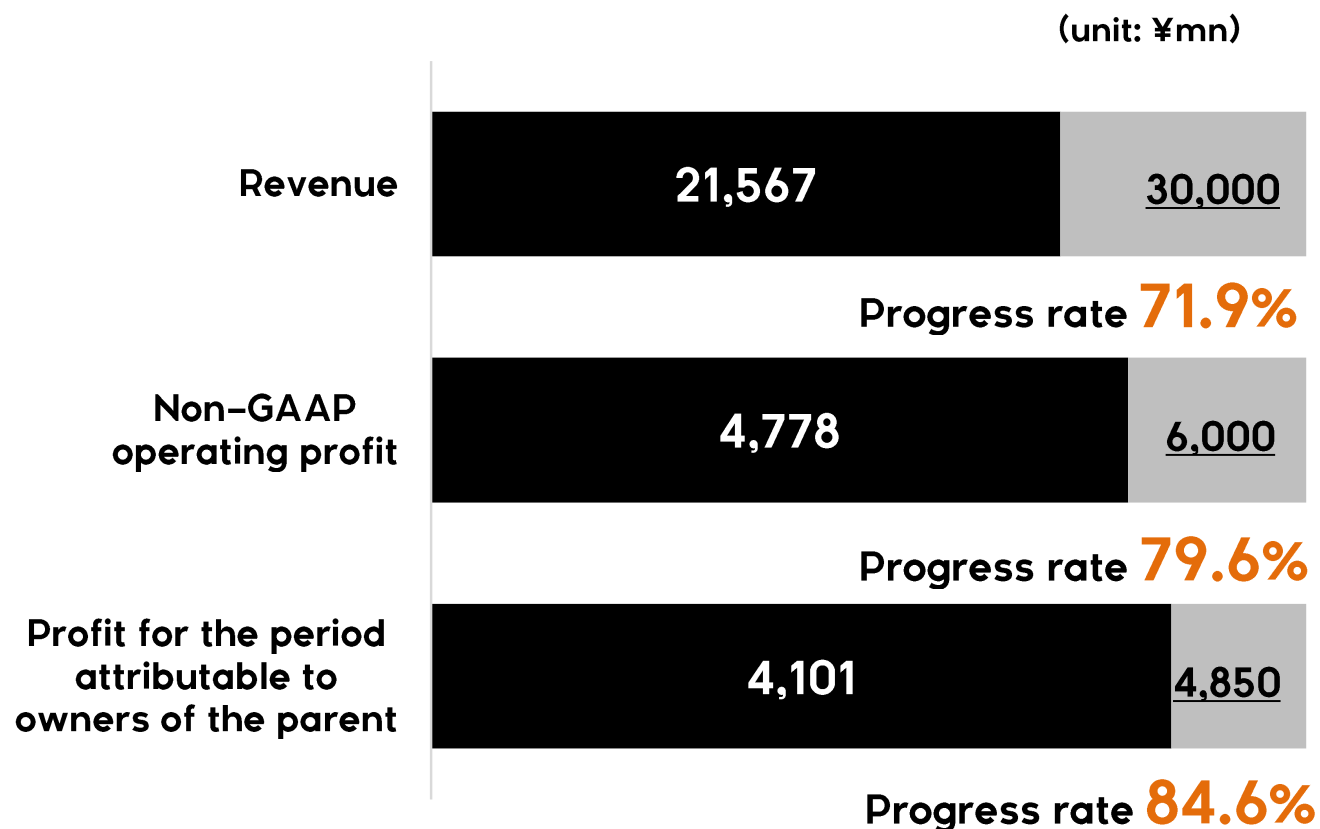
26 Revision of Full-Year Earnings (by Segment)

Estimate of Non-GAAP operating profit is revised upward due to the high growth of Digital Marketing Business.

(unit: ¥mn)	Revenue			Non-GAAP operating profit		
	Previous Estimate	Revised Estimate	Change (%)	Previous Estimate	Revised Estimate	Change (%)
Digital Marketing	26,400	26,500	+0.4	8,400	9,400	+11.9
Media Platform	4,000	3,800	-5.0	-800	-800	-
Eliminations and Corporate	-400	-300	-	-2,300	-2,600	-
Consolidated	30,000	30,000	-	5,300	6,000	+13.2

27 Progress on Earnings Estimates (Consolidated)

Steady progress towards the estimates after the revision.

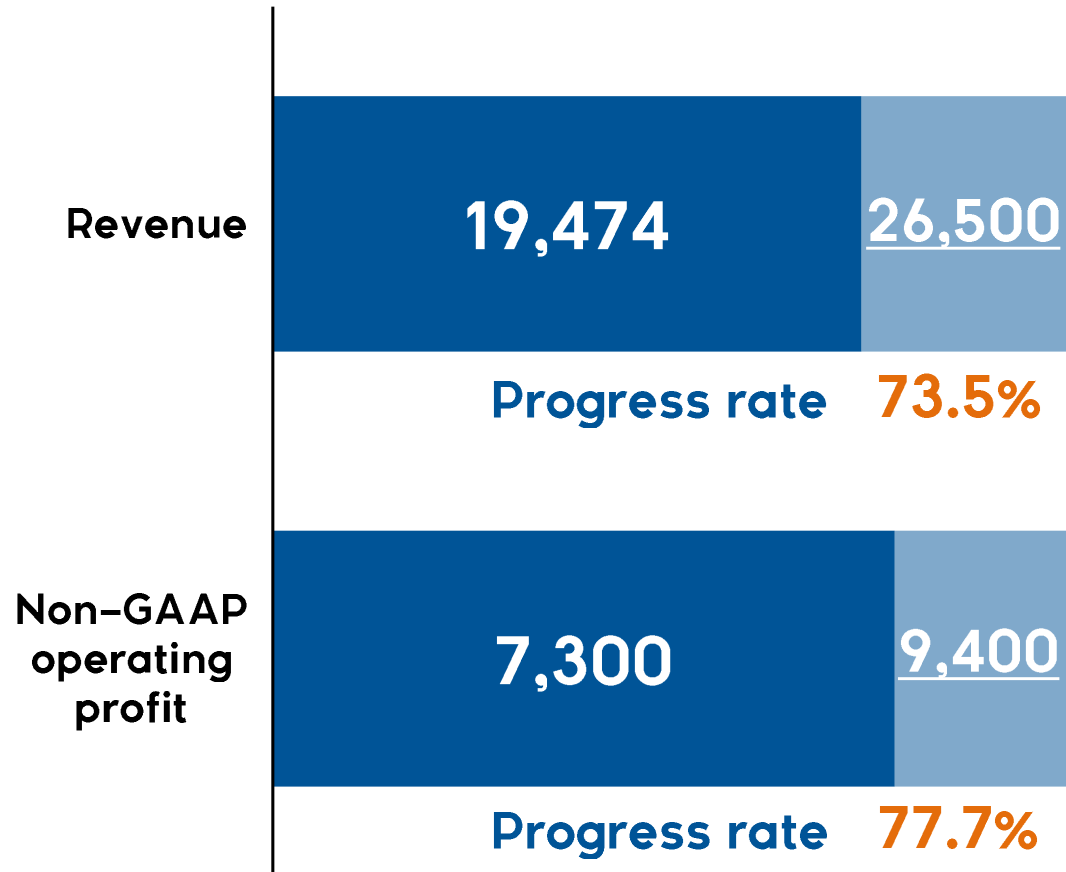


	1-3Q/FY2022	Estimate
EPS (¥)	22.72	25.71
*Reference		
	1-3Q/ FY2022	1-3Q/ FY2021
EPS (¥)	22.72	17.82
Profit for the period attributable to owners of the parent (¥mn)	4,101	2,254
Average number of shares during the period (thousand shares)	180,497	126,453

28 Progress toward Earnings Estimates (By Business Segment) SEPTENI

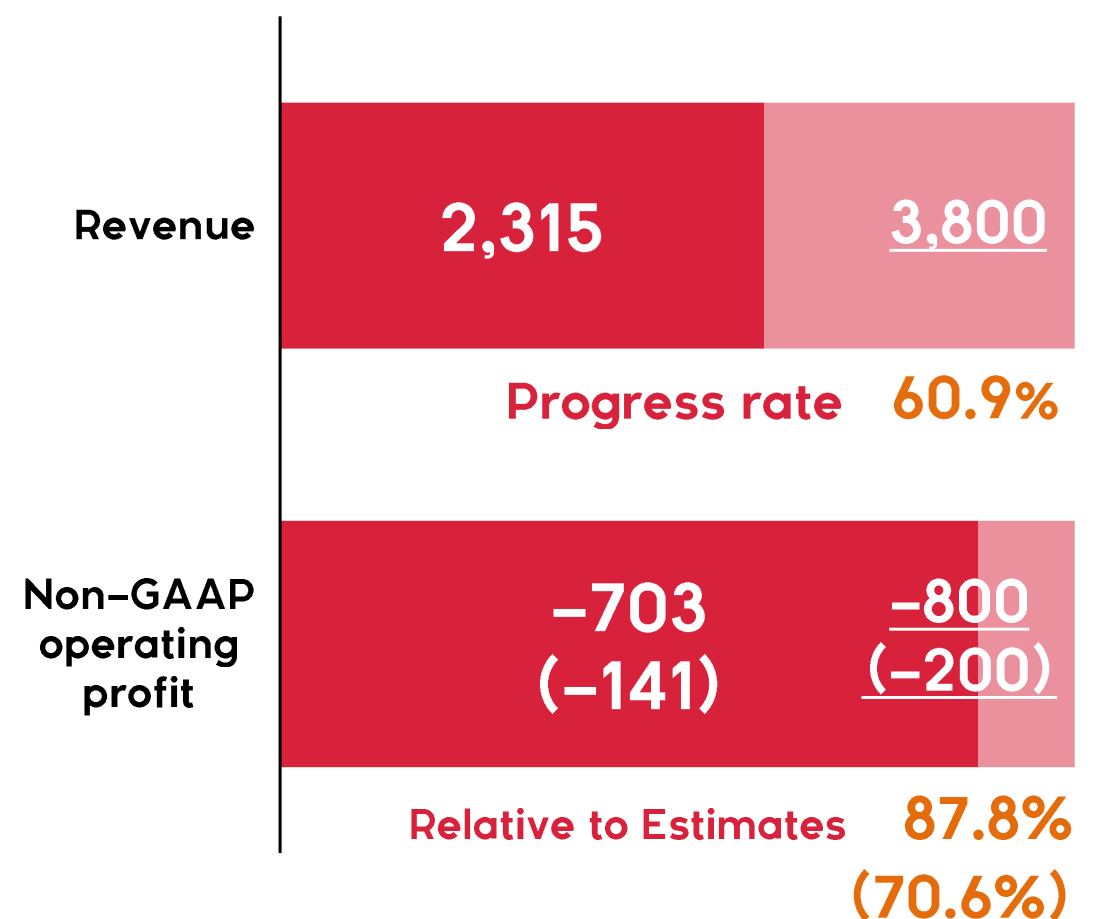
Digital Marketing Business

(unit: ¥mn)



Media Platform Business

(unit: ¥mn)

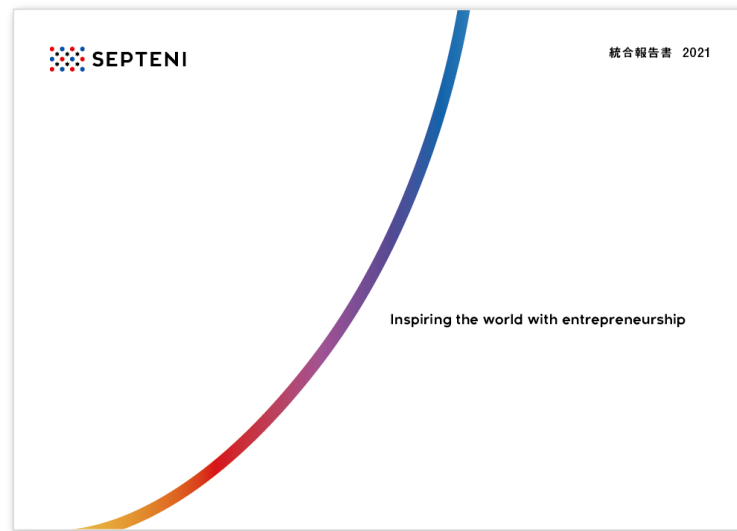


*The numbers in () indicates investment amount to expand business domains.

29 Topic FY2021 Integrated Report



The Integrated Report 2021 was produced mainly to discuss on the growth image in the medium-to-long term, the value creation model, and the challenge to the sustainability.



Focus points

- Path to long-term growth
- Value creation model
- Outcomes generated by the alliance with the Dentsu Group
- Update to Sustainability
- Governance

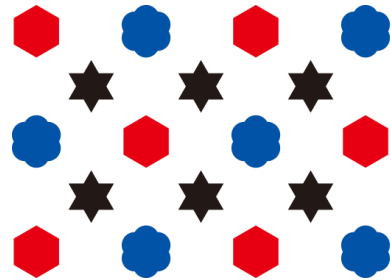


QR code



*English version will be available in the late August.

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 Aug 9, 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.

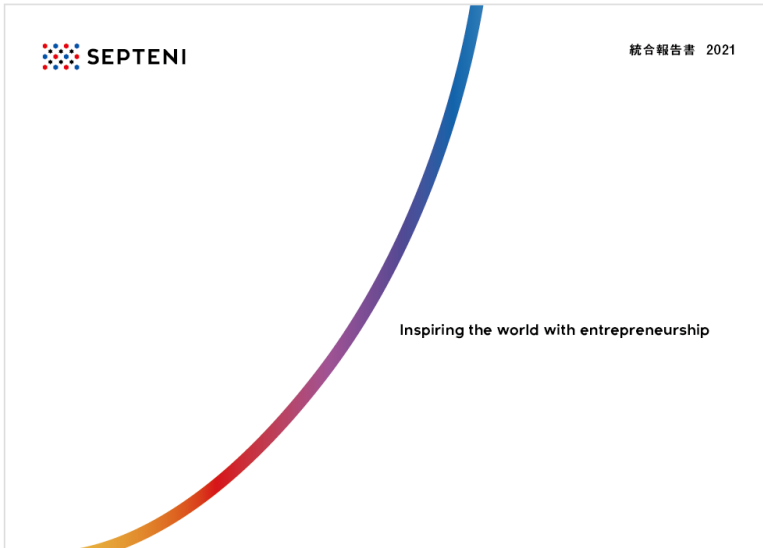
Passion

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.

33 Story of Septeni Group



Integrated Report 2021

The Integrated Report 2021 is available on the website, discussing medium-to-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/ir/library/integrated-report/integratedreport2021_ja.pdf)

*English version will be available on the website in the late August.



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



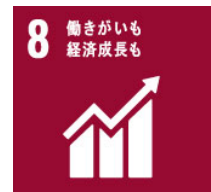
Support for culture/sports/entertainment industry

- 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

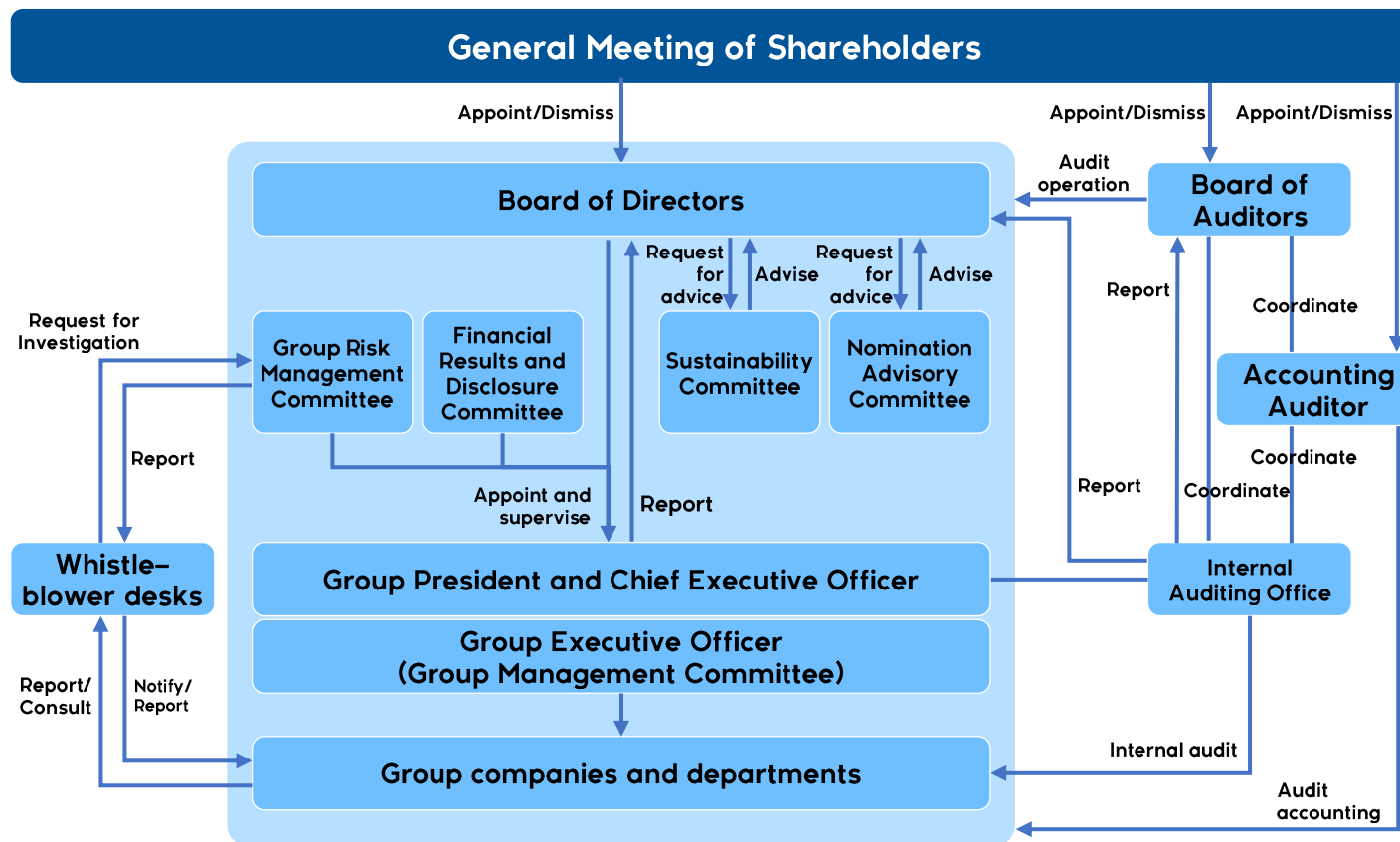
- [28.6%] of the Board of Directors is composed of women
- Revised target ratio of female managers: 25% by October 2023 (Previous target: 17% by October 2020)
- Support for employees raising children and introduction of diverse work styles



35 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.

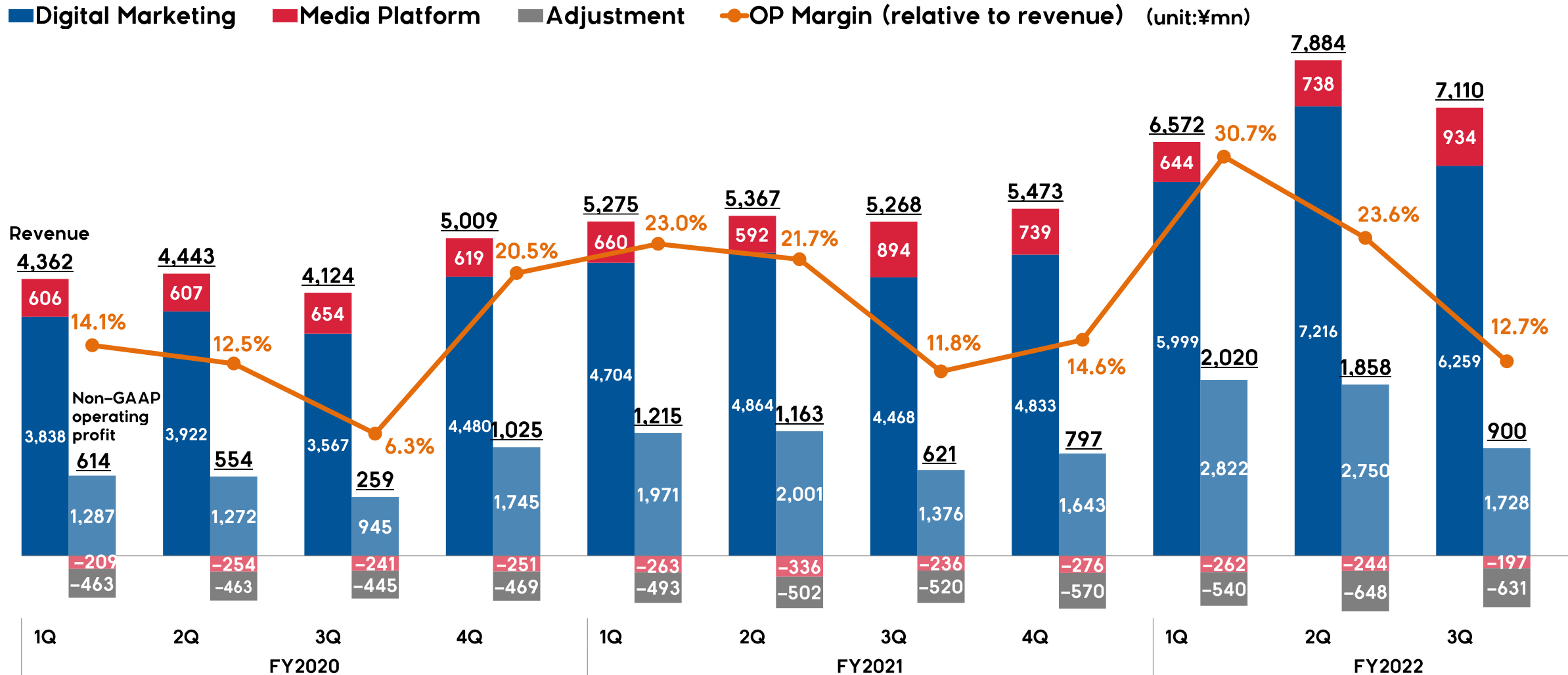
Corporate Management Structure



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%)

36 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).

37 Digital Marketing Business Quarterly Trend



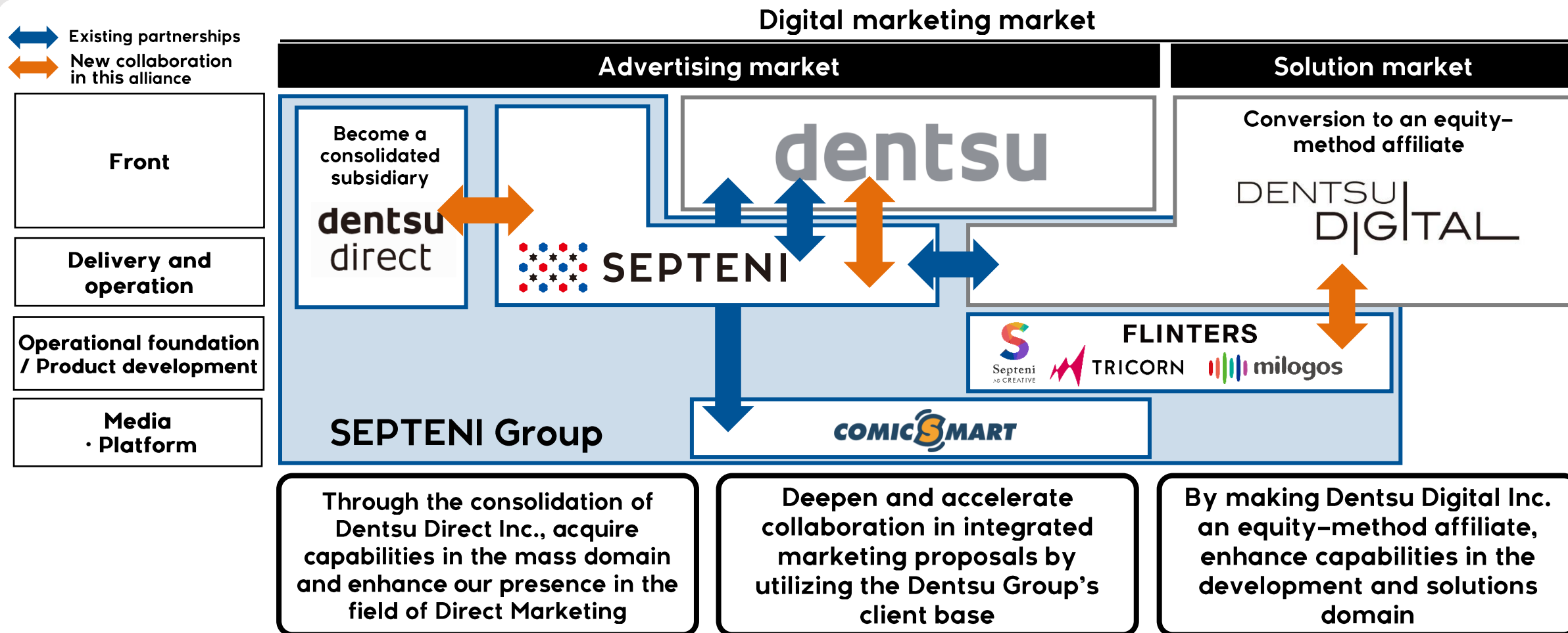
(unit:¥mn)	FY2020				FY2021				FY2022		
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4Q	1Q	2Q	3Q
Net Sales	18,770	18,524	16,041	21,393	22,605	24,370	22,791	25,839	29,652	36,294	31,129
Revenue	3,838	3,922	3,567	4,480	4,704	4,864	4,468	4,833	5,999	7,216	6,259
Domestic Revenue	3,468	3,702	3,380	4,293	4,429	4,607	4,182	4,536	5,575	6,923	5,863
Overseas Revenue	370	220	187	187	275	257	285	297	424	293	397
Ratio of Overseas Revenue	9.6%	5.6%	5.2%	4.2%	5.8%	5.3%	6.4%	6.1%	7.1%	4.1%	6.3%
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%	20.1%
Non-GAAP Operating Profit	1,287	1,272	945	1,745	1,971	2,001	1,376	1,643	2,822	2,750	1,728
Operating Margin to Revenue	33.5%	32.4%	26.5%	38.9%	41.9%	41.1%	30.8%	34.0%	47.0%	38.1%	27.6%
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	2.11
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%	6.8%
Volume of Clients in Collaboration with Dentsu	24	35	47	54	57	66	76	80	85	88	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%	19.4%

38 Media Platform Business Quarterly Trend

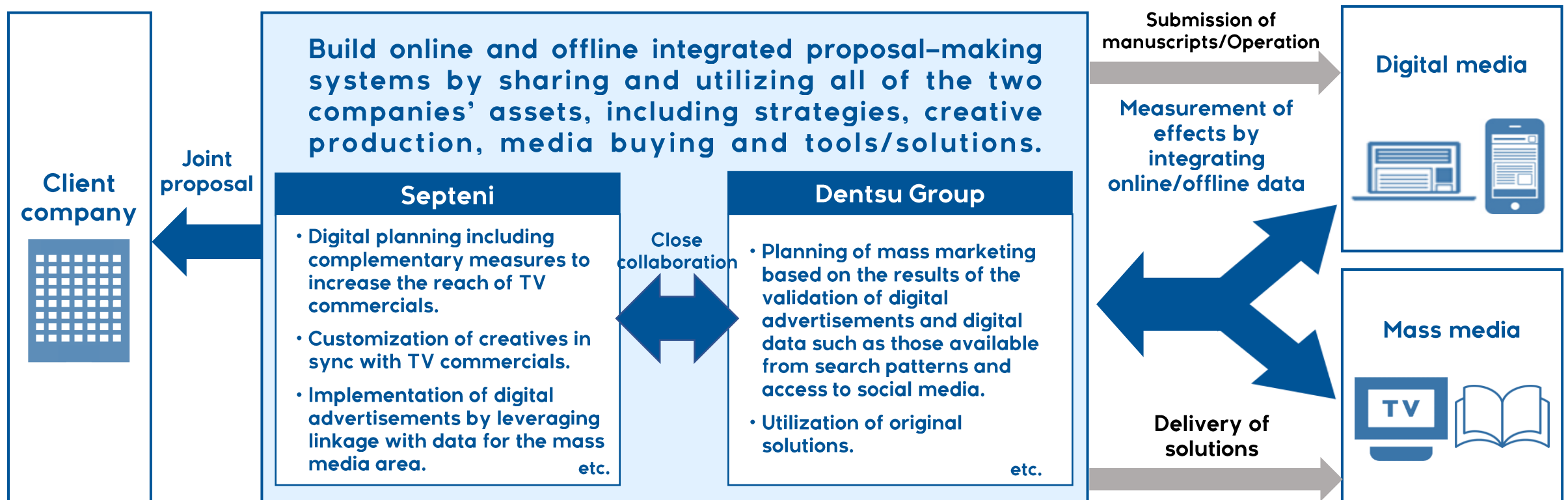
	FY2020				FY2021				FY2022		
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4Q	1Q	2Q	3Q
Manga Content Business Revenue (Volume in 1Q FY2018=100)	125	176	94	107	133	164	139	169	165	227	197
Subscription Revenue (Volume in 1Q FY2017=100)	2,936	3,417	3,596	4,378	4,537	5,627	6,120	6,747	8,033	9,018	9,449
GANMA! ARPU (¥)*1	51.3	39.8	31.9	29.9	44.0	75.6	67.7	94.1	63.8	65.5	85.3
Manga Content Business Commerce Revenue (¥mn)	17	39	29	36	50	76	50	80	55	106	92
Investment amount to expand business domains (¥mn)	—	-1	-3	-14	-12	-63	-56	-71	-51	-58	-32

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

Anticipate further collaborative synergies in both areas and functions.

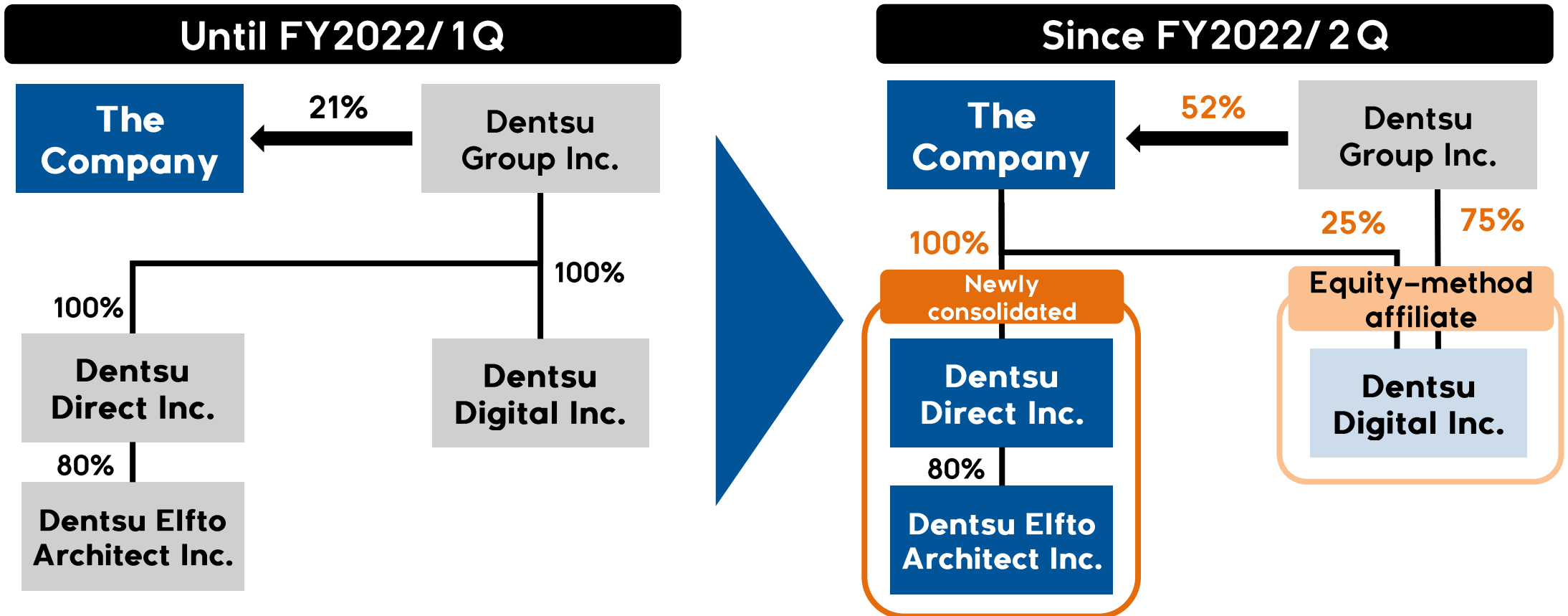


Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client bases (conceptual image)



41 Group Structure from January 2022 onward

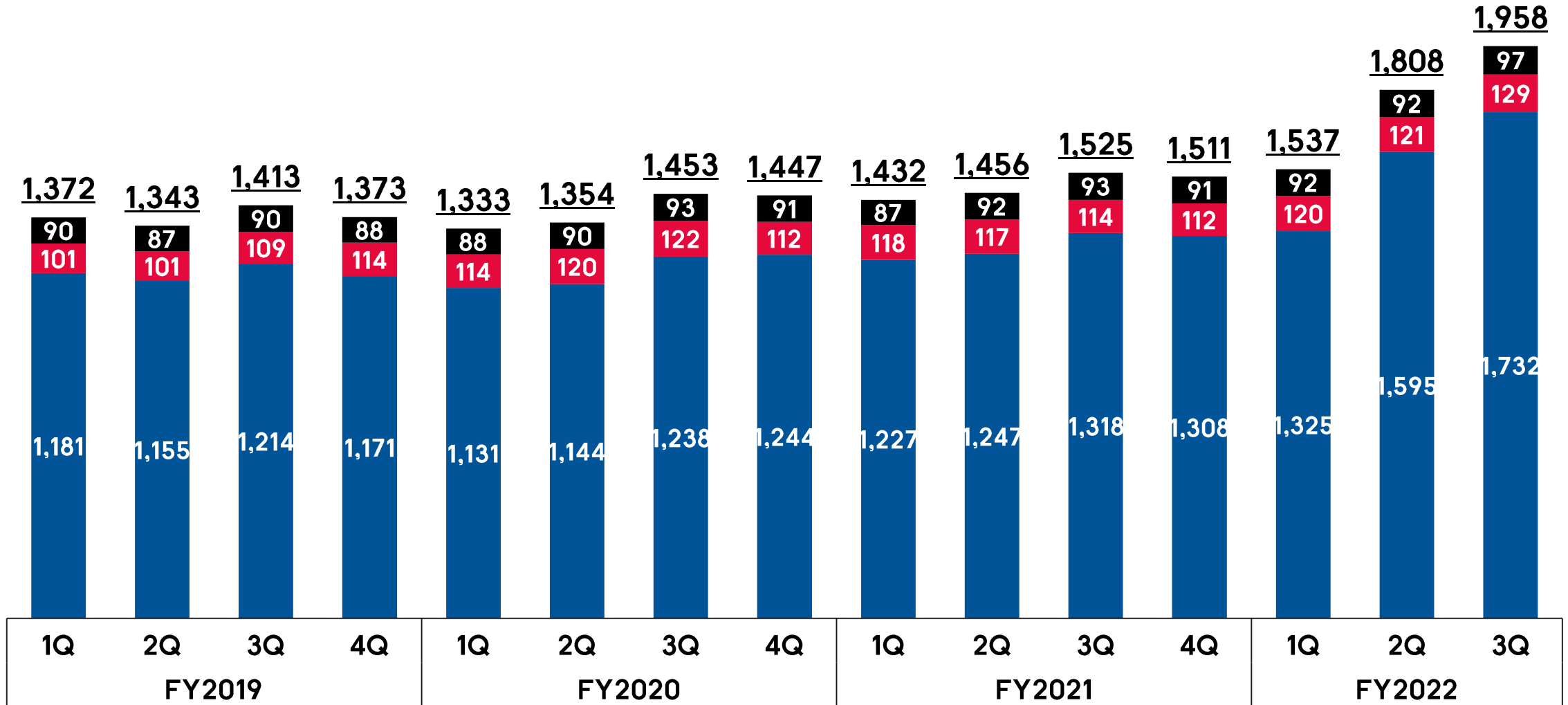
Dentsu Direct Inc. and Dentsu Elfto Architect Inc. are incorporated into our results by newly consolidating them. Equity in earnings of affiliates is recorded as a result of the conversion of Dentsu Digital Inc. into an equity-method affiliate.



42 Septeni Group Workforce Number Trend



■ Digital Marketing ■ Media Platform ■ Holdings Company



43 Main Group Companies by Business Segment

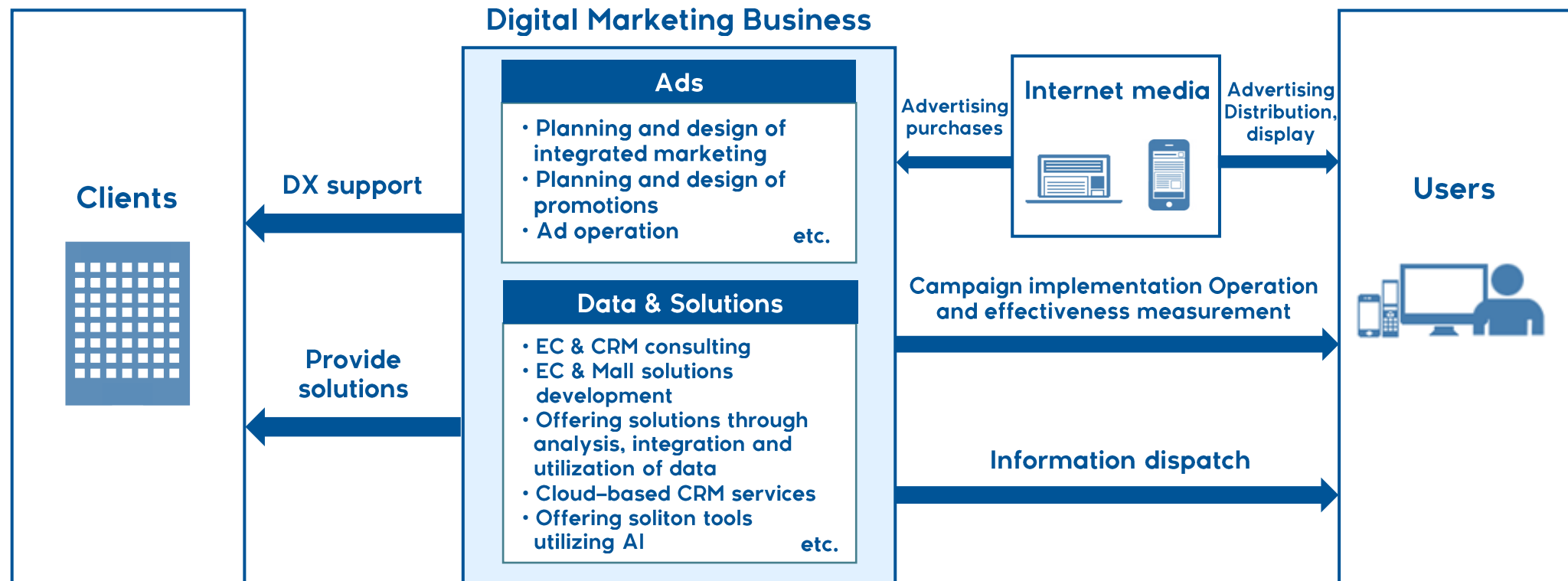
As of Aug 9, 2022



Holding Company		SEPTENI HOLDINGS CO., LTD	
Digital Marketing Business			
Septeni Japan, Inc.	Digital marketing support business	FLINTERS, Inc.	Planning, development and sales in data 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	Development of CRM service business and DX support business
Septeni America, Inc.	Digital marketing support business in North America region	Milogos, Inc.	Digital marketing support business
Lion Digital Global LTD	Digital marketing support business in Southeast Asia	JNJ INTERACTIVE INC.	Digital marketing support business in South Korea
Media Platform Business			
COMICSMART, Inc.	Manga Content Business	gooddo Inc.	Platform business of social contribution
ViViVit, Inc.	Finding work and recruitment platform business	TowaStela, Inc.	Childcare platform business
Delight Tube, Inc.	Planning, production and management of the Internet media	New business development	SEPTENI INCUBATE Co., Ltd.

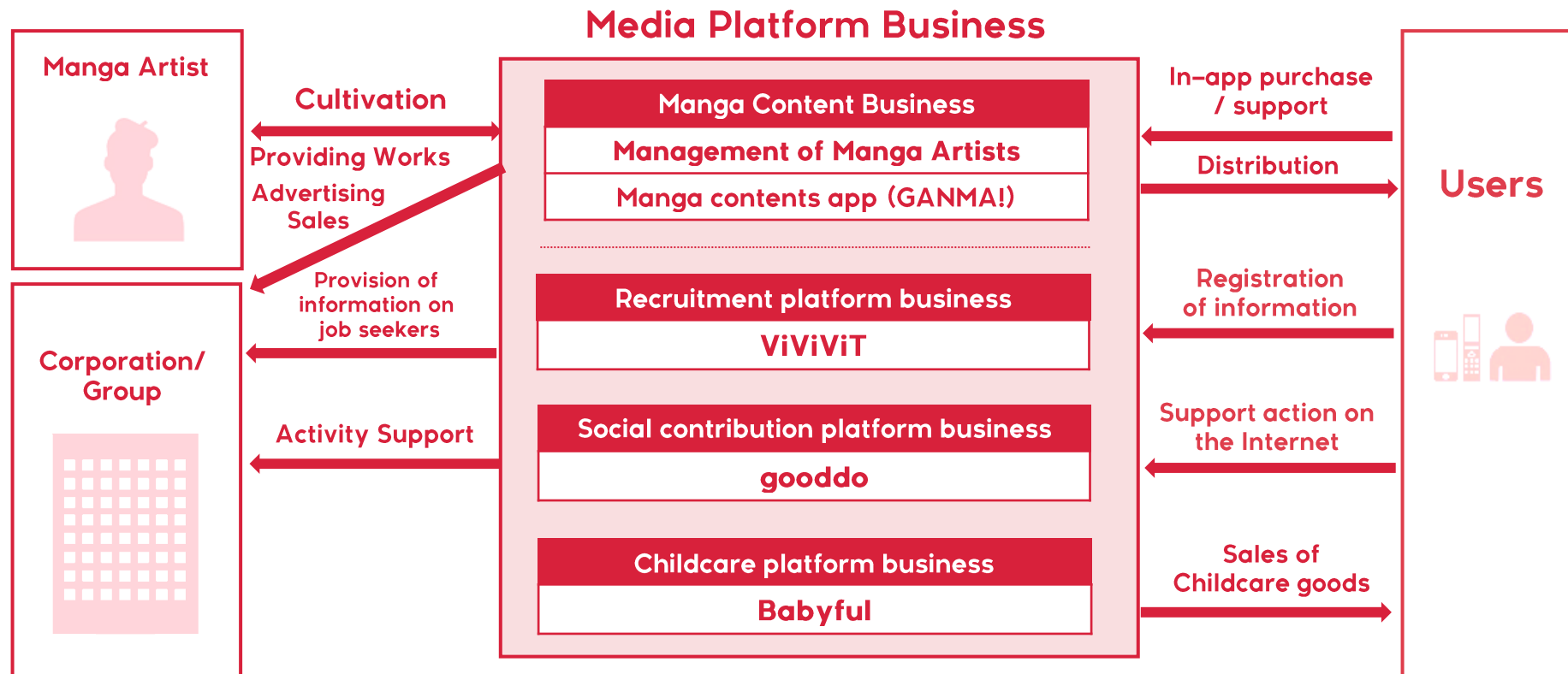
44 Business Model for the Digital Marketing Business

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 3Q FY2022	End of FY2021	Change
Current Assets	39,708	33,452	+6,257
Non-Current Assets*1	46,215	8,560	+37,659*1, 2
Total Assets	85,923	42,011	+43,912
Current Liabilities	23,952	20,329	+3,623
Non-Current Liabilities	894	3,237	-2,343
Total Liabilities	24,846	23,566	+1,280
Total Capital	61,077	18,445	+42,631*3
Total Liabilities and Capital	85,923	42,011	+43,912

*1 Other intangible assets increased by ¥429 million due to an increase in intangible assets from newly consolidated subsidiaries.

*2 Investments accounted for using the equity method increased by ¥31,995 million 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 million and capital surplus increased by ¥21,321 million due to capital increase the through third-party allotment and the share exchange.