

Midterm Business Policies

Formerly, the Septeni Group presented its Midterm Business Policies without subdividing the term by year. However, we have made a major revision in light of changes in our operating environment. Going forward, we will use a rolling method to review our policies each fiscal year, including our plans for revenue and operating profit.

In line with the Midterm Business Policies commencing in the fiscal year ending September 2020, we will work to expand our businesses under the theme of “domain expansion.” Together with the adoption of this theme, we have changed our business segment names. We will also consider expansion into new business segments under the Midterm Business Policies.

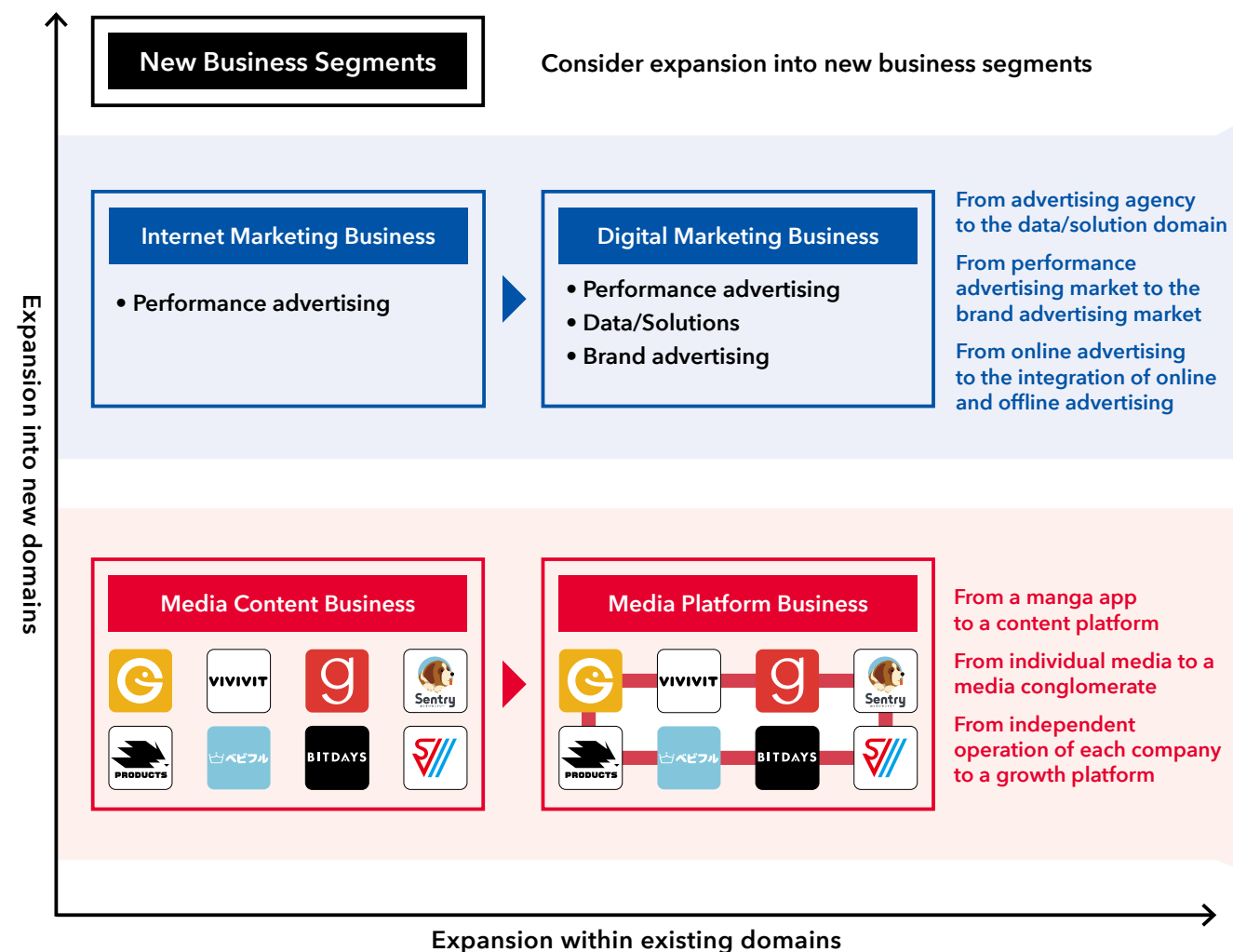
Theme of the Midterm Business Policies



Changes of Segment Names

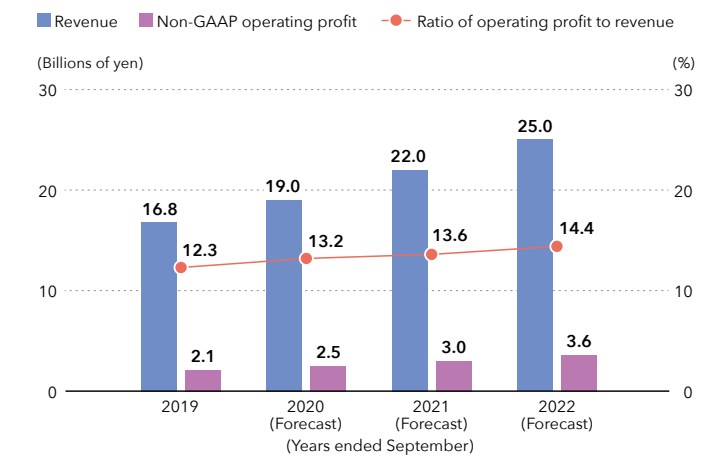
Former Segment Names	New Segment Names
Internet Marketing Business	Digital Marketing Business
Media Content Business	Media Platform Business

Overview of Midterm Business Policies (Domain Expansion)



Three-Year Plan

Aim for growth by increasing profit through higher revenue while expanding into new business segments

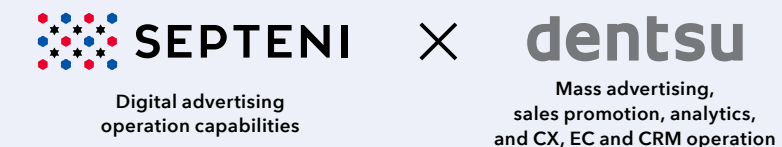


Digital Marketing Business

Basic Policy

Aim for organic growth through development of new markets
+
Accelerate cooperation with Dentsu Group companies

Digital transformation through integration of online and offline advertising



- Use the expertise and strengths of both companies in the digital domain
- Further increase personnel for DX promotion based on the integration of online and offline advertising

Promote digital transformation throughout the industry by accelerating cooperation with Dentsu Group companies

Media Platform Business

Basic Policy

Now that upfront investment in GANMA! has peaked and investment in new businesses is contributing to revenue, individual companies will combine their strengths to enhance their growth potential as a group.

COMICS MART

Operator of GANMA!, a manga app with over 200 original works in various genres.

Pharmarket

Operator of SENTRY, a system that links dispensing pharmacies with individual patients by helping pharmacists provide patients with required information on their prescriptions.

gooddo

Operator of social contribution platform gooddo. Provides public relations support and consulting to NPOs and NGOs.

vivivit

Operator of VIVIVIT, one of Japan's largest matching services for creative workers, through which more than 500,000 of their works have been posted.

TowaStela

Developer and operator of Babyful, an online childcare support platform, and other childcare goods e-commerce websites.

Delight Tube

Operator of BITDAYS, an online lifestyle magazine that presents business trends involving the application of fintech, real estate tech and other digital technologies in an easy to understand fashion.

EDGE

Developer of smartphone game apps and ad products.

Septeni Ventures

New business development and incubation support.

Strategy by Business: Digital Marketing Business

The Digital Marketing Business harnesses the Internet to provide comprehensive marketing support services to corporations. In addition to selling Internet advertising, this business is also expanding operations in the field of digital solutions, including marketing platforms such as cloud-based customer relation management (CRM) services and affiliate networks.

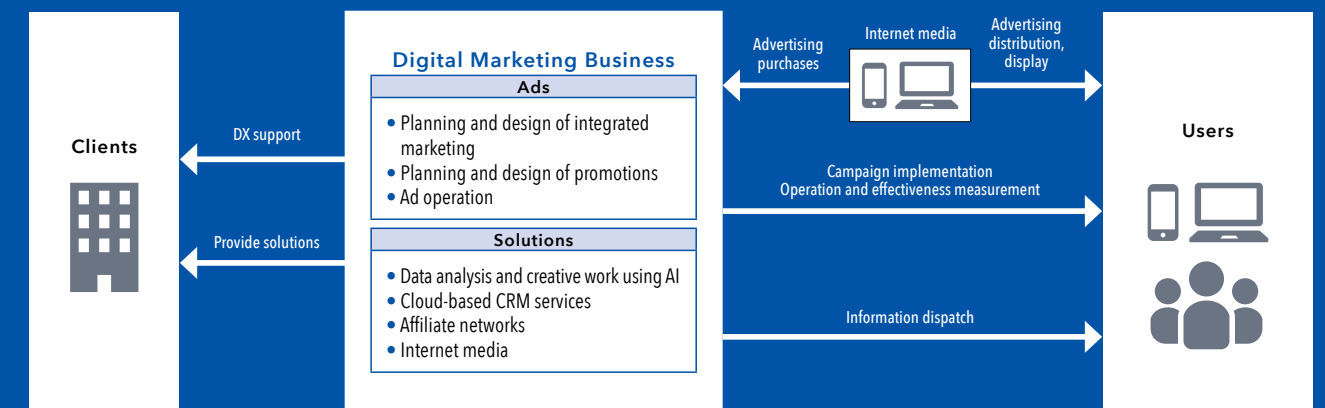
Opportunities

- Industrywide progress in digital transformation (DX)
- Establishment of a competitive advantage through collaboration with the Dentsu Group

Issues

- Increasing sophistication and specialization of marketing methods
- Securing human resources for integrated online/offline marketing

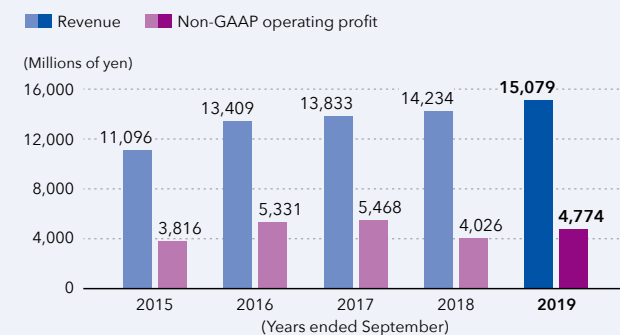
Business Model



Overview of Results for the Fiscal Year Ended September 2019

- Main subsidiaries SEPTENI CO., LTD. and Septeni Japan launch a new management structure.
- Cultivation of the brand advertising market progressed in Japan, resulting in a steady increase in clients and advertising for large-scale clients.
- Overseas, results were weak in North America and Asia. As a result, Southeast Asia subsidiary Lion Digital Global LTD booked losses including impairment on goodwill. We will restore the business by changing the management structure and selectively concentrating office locations.
- Efforts including support for ad operation for digital marketing projects handled by the Dentsu Group and provision of knowledge and technologies progressed as planned, contributing to an increase in profits.

Revenue and Non-GAAP Operating Profit



Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses. Unrestated figures for the preceding fiscal years are presented for reference only.

Specific Initiatives under the Capital and Business Alliance with the Dentsu Group

Making use of differ in their specialties and strength in both company, added value to provide for clients by creating synergy through short and medium-term initiatives are improved.



Offering knowledge and technology of the Internet Marketing Business

Sales of the Company group's media, mainly GANMA! by Dentsu Group

The Company supports the implementation of advertisements for net marketing projects handled by the Dentsu Group.

Mutual use of data assets held by both companies

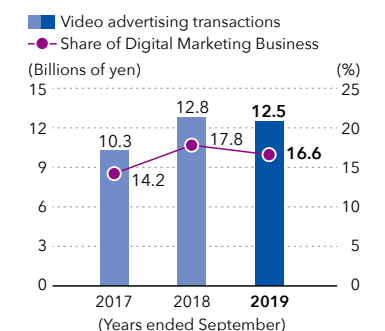
Propose integrated marketing of online/offline utilizing the client bases of both companies

Future Strategy

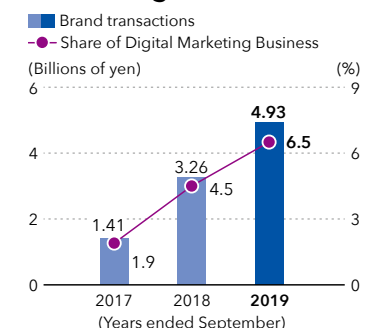
The Internet advertising market, where growth has been backed by a corporate shift to digital operations, has reached a turning point of sorts in recent years due to technological evolution of the Big Four tech companies and other major U.S.-based platforms. A particularly significant change has been the advances in data utilization and automation in the fields of design and operation of advertising to maximize the effects of promotion.

Major digital agencies, including the Septeni Group, will be required to restructure to increase their organizational capabilities. This will include combining internal assets in order to respond with precision to the exacting demands of clients seeking to evolve their digital marketing. In light of these trends, our first step has been to enter into a business alliance with the Dentsu Group to secure a more advantageous position in the industry as we make integrated marketing proposals that combine online and offline advertising. In addition, by accelerating our expansion into the data solutions field, we will establish our presence as a partner that can help clients achieve the digital transformation they require.

Video Advertising Transactions



Domestic Brand Advertising Transactions



We provide client companies with benefits through data-centric marketing methods.

Yusuke Shimizu

President and Representative Director, SEPTENI CO., LTD. and Septeni Japan, Inc.
Group Executive Officer

2006 Joined SEPTENI CO., LTD. after graduating from university

2018 Appointed as Group Executive Officer (current position)

Appointed as President and Representative Director of SEPTENI CO., LTD. and Septeni Japan, Inc. (current positions)

In recent years, many companies have established IT infrastructure to utilize the data they have accumulated. However, few companies deploy this infrastructure in marketing to reliably achieve growth. By focusing on this situation, we plan to use data-centric marketing methods from the fiscal year ending September 2020 onward to provide clear benefits to client companies.



Strategy by Business: Media Platform Business

The Media Platform Business fosters and supports manga artists and operates the manga app GANMA!, which mainly features original works by exclusively affiliated authors, with the aim of planning and developing the Company's intellectual property (IP). In addition, the Media Platform Business conducts new businesses generated by the in-house startup program, such as the recruitment, social contribution and childcare platform businesses.

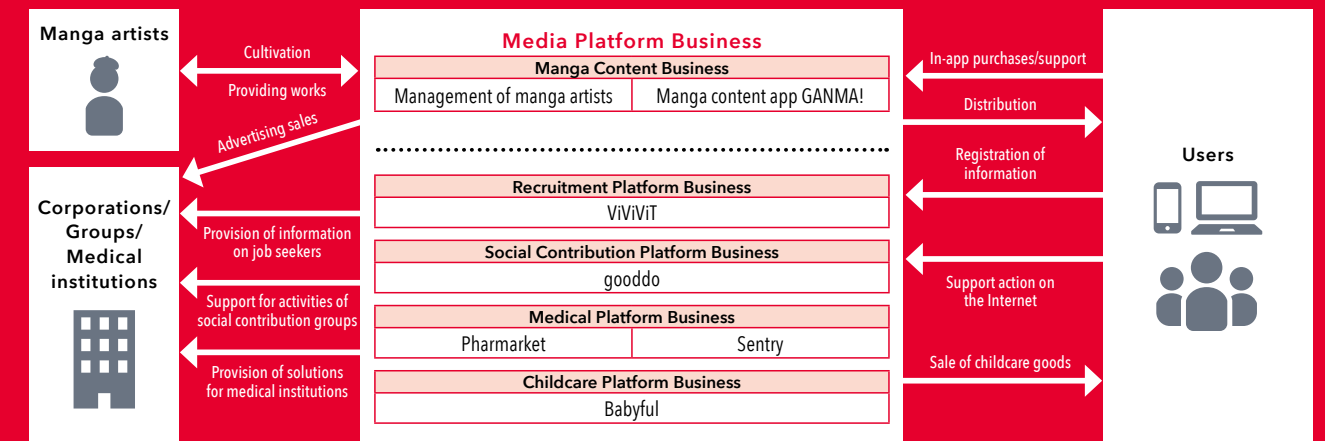
Opportunities

- Expansion of the manga app market
- Growth of new businesses including GANMA!

Issues

- Intensifying competition from new market entrants
- Need for user engagement that is not influenced by the external environment

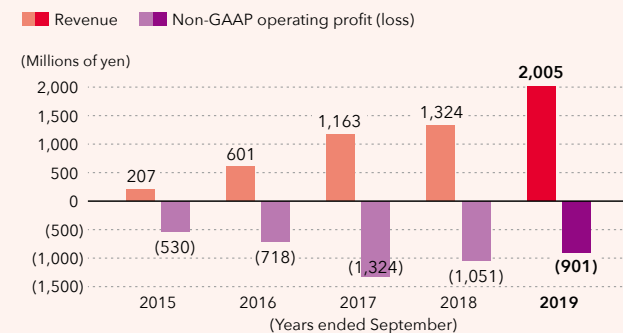
Business Model



Overview of Results for the Fiscal Year Ended September 2019

- The cumulative number of downloads of GANMA! exceeded 13 million as of the end of September 2019, and the number of monthly page views was 2.61 billion.
- Growth in the value of GANMA! as a medium contributed to further cultivation of the brand advertising market.
- In December 2018, apps underwent major updates, and a monthly all-you-can-read subscription service began for completed original works and certain third-party proprietary works.
- Operating loss decreased as revenue grew due to the expansion of brand advertising and in-app subscription sales
- Revenue from new businesses continued to grow.

Revenue and Non-GAAP Operating Profit (Loss)



Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses. Unrestated figures for the preceding fiscal years are presented for reference only.

About GANMA!

A manga app that lets users enjoy original new manga free of charge, **mainly the works of artists nurtured in-house**



(As of September 30, 2019)

Cumulative number of app downloads: **13.06 million**

Monthly page views: **2.61 billion**

Number of works: **224**

Number of serial works: **113**

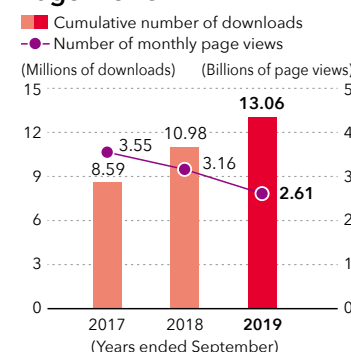
Number of works available by subscription: **111¹**

Main revenue sources are **advertising sales and subscriptions**

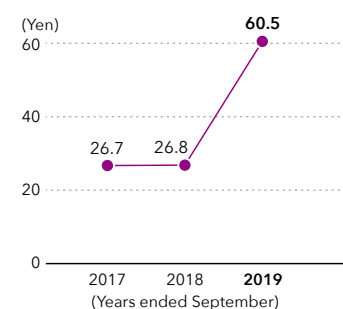
A total of **49 works (89 volumes)** have been published as books

1. About 10% from external sources

Cumulative Number of Downloads and Monthly Page Views



ARPU²

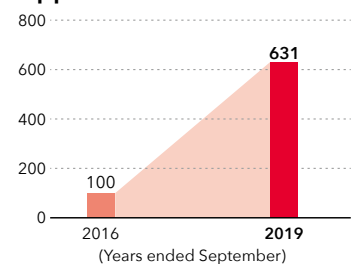


2. ARPU: Revenue of Manga Content Business (ads, in-app sales, IP revenue, etc.) ÷ Monthly active users (MAU)

Future Strategy

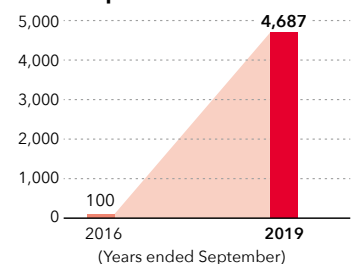
Our operating environment has seen a decrease in advertising due to a downturn in the social game advertising market, and a flood of app businesses. For GANMA!, we launched a subscription model as a second pillar of earnings to follow advertising, to raise the retention rate. This includes making major updates to enhance the user interface (UI) and user experience (UX), and creating products that are easy for first-timers to use. In the fiscal year ending September 2020, we will provide stronger support for our clients' communication strategies by rolling out original IP based on our own app media. In addition to our subscription service, which has been on a growth track since its launch, we will also introduce a function through which readers can donate to the works they want to support. Through further diversification of monetization methods such as these, we aim to expand revenue.

App Revenue



* Revenue in fiscal year ended September 2016 = 100

Subscription Revenue



* Revenue in fiscal year ended September 2016 = 100

We intend to empower the industry by creating many excellent works through GANMA!

Takefumi Okada

Director, COMICSMART, Inc.
Group Executive Officer

2003 Joined SEPTENI CO., LTD. after graduating from university
2018 Appointed as Director of COMICSMART, Inc. (current position)
2019 Appointed as Group Executive Officer (current position)

Japan has a solid presence in the world, as shown by the manga industry, but for the manga artists who support the industry, there are few opportunities to widely distribute their works on their own. Moreover, manga artists do not have sufficient income. Since the Company's founding, it has been our mission to make manga artist a desirable profession, and we are confident that the growth of our business will enable us to help address these industry issues.

Through GANMA!, we intend to empower manga artists and the entire manga industry by creating many excellent works using manga IP as a source.

