

02

Strategy & Performance

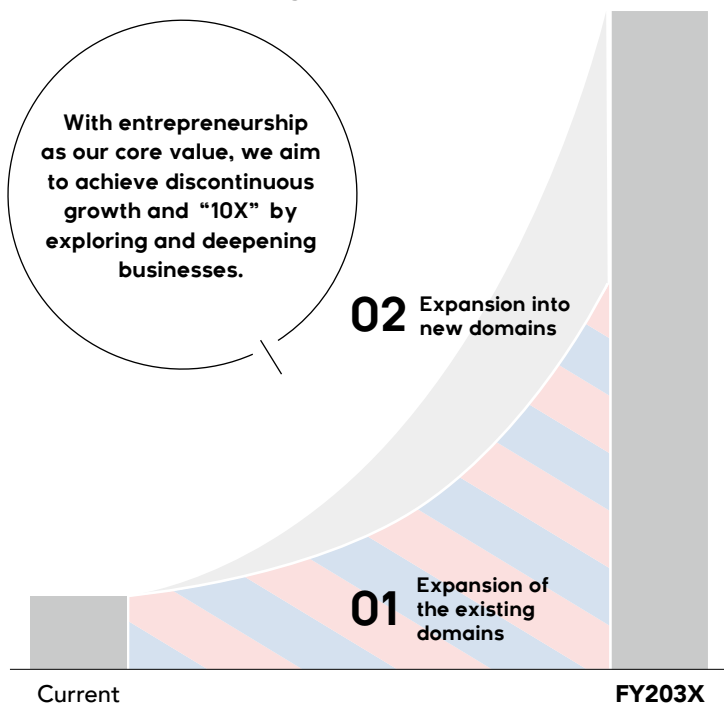
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|--|----|
| Updating Our Medium-Term Business Policies to Achieve “10X” | 24 |
| Digital Marketing Business | 26 |
| Stakeholder Engagement 02 Dialogue—Septeni Group and Dentsu Digital | 28 |
| Stakeholder Engagement 03 Dialogue of Group Executive Officers | 30 |
| Media Platform Business | 32 |
| Expansion into New Business Segments | 36 |

Updating Our Medium-Term Business Policies to Achieve “10X”

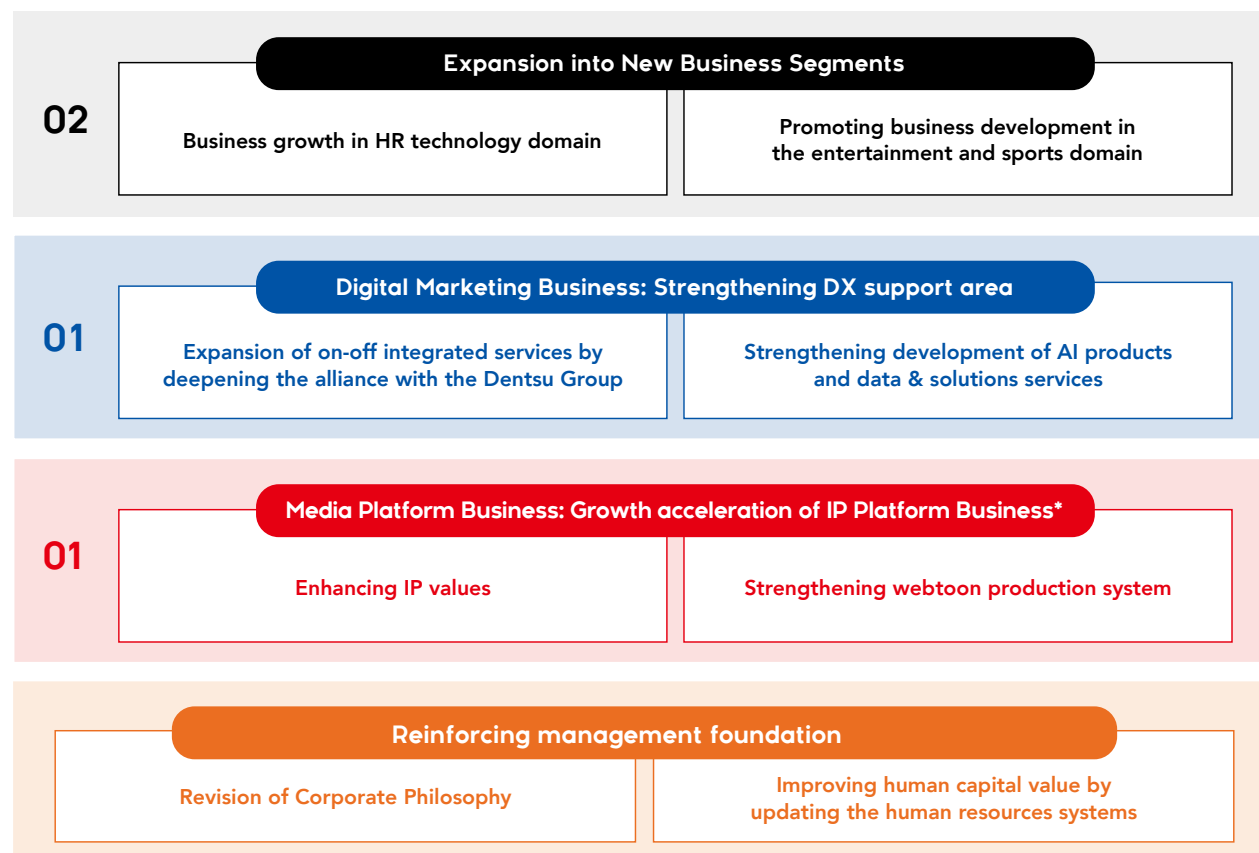
We utilize a rolling method to review our Medium-Term Business Policies every year so that management can adapt quickly to environment changes.

In this update, which was implemented in conjunction with the announcement of financial results of the fiscal year ended September 2022, we will advance the “domain expansion” that we have set out as a medium-term theme since the fiscal year ended September 2020. We will focus on strengthening and growing each segment, as well as on strengthening our management foundation, to enhance our execution capabilities for long-term growth.

Discontinuous curved growth line



Progress in “domain expansion” based on the Medium-Term Management Policies



*Manga Content Business is renamed to IP Platform Business from the fiscal year ending December 2023.

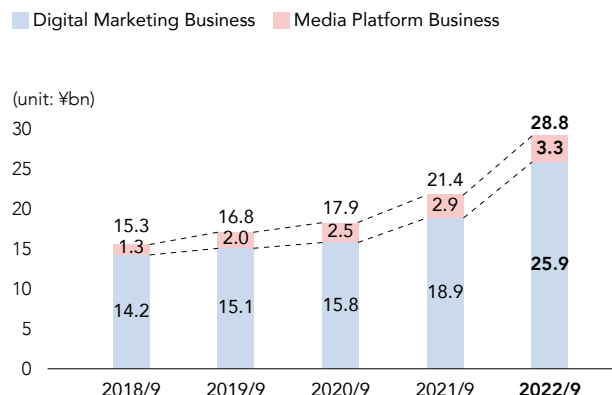
Updating Our Medium-Term Business Policies to Achieve "10X"

Summary of FY2022/9

Both the Digital Marketing Business and the Media Platform Business recorded significant increases in revenue, and both revenue and Non-GAAP operating profit reached record highs for the consolidated full-year results.

Looking back at our performance over the last 5 years, we see that revenue and operating profit have grown approximately 1.9 times and 5.8 times, respectively, and profit have grown more strongly compared to revenue.

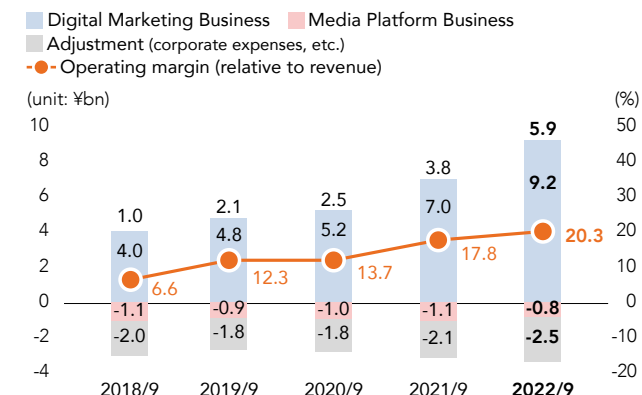
Revenue



(Note) As the elimination of intersegment revenues is omitted, the total of each revenues and consolidated revenue do not coincide.

▶ Please refer to the following for details. <https://www.septeni-holdings.co.jp/en/ir/finance/highlights.html>

Non-GAAP operating profit/Operating margin

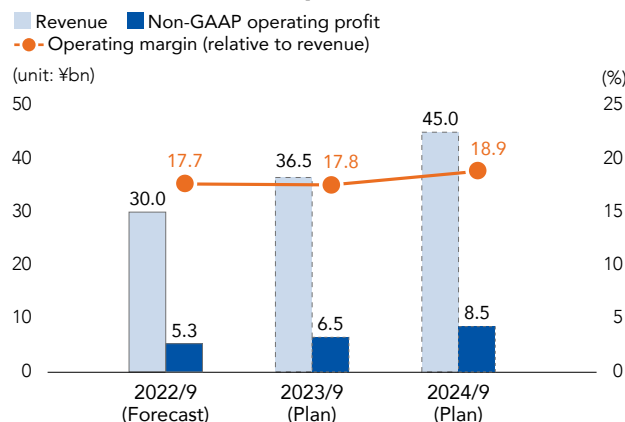


Implement upfront investment for future growth while increasing revenues

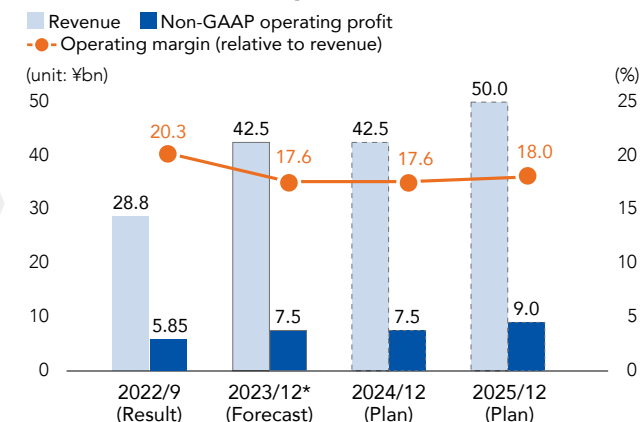
This update calls for significant growth in revenue to ¥50 billion and Non-GAAP operating profit to ¥9 billion in the three-year period ending December 31, 2025.

We have incorporated forward-looking investments centered on human capital for future growth into our plans that will be returned to corporate and shareholder value in about three to five years. As we will change the fiscal year-end from September to December from the fiscal year 2023, the fiscal year ending December 2023 will be an irregular 15-month period.

Consolidated (before update)



Consolidated (after update)



*15-month period due to irregular accounting.

Digital Marketing Business

Business Overview

We engage in the overall support of 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.

Strengths

- Knowledge and expertise in the digital advertising domain
- Integrated online/offline marketing
- Expanding capabilities through the alliance with the Dentsu Group

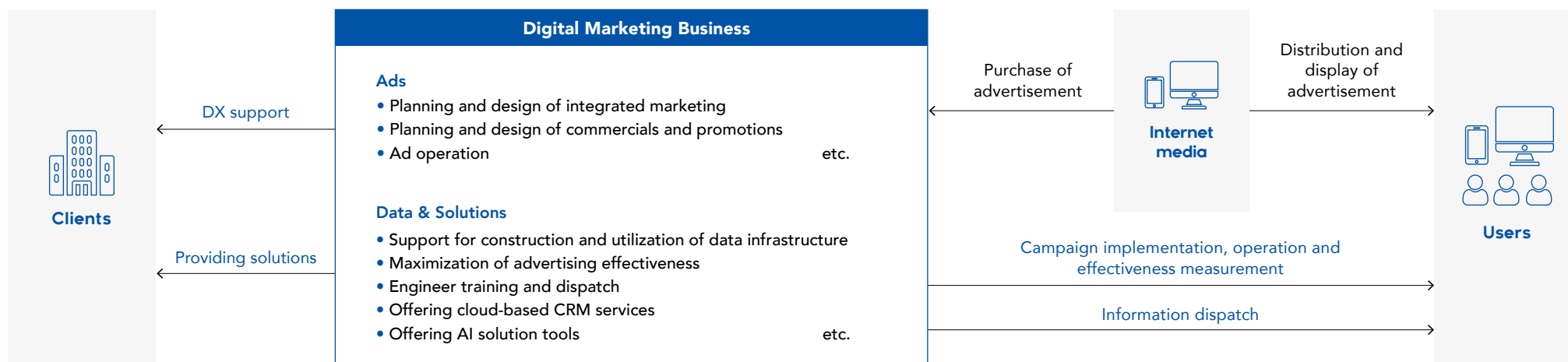
Opportunities

- Society-wide and Industry-wide progress in DX
- Growth of the digital advertising market
- Demand expansion in the data & solutions domain

Issues

- Securing digital transformation personnel
- Connectivity between the digital advertising and data & solutions domains
- Sophistication and complexity of client needs in the data & solutions domain

Business Model



Digital Marketing Business

Summary of FY2022/9

In the year ended September 30, 2022, both revenue and profit increased significantly due to organic growth in response to increased demand for DX by companies, the promotion of collaboration with the Dentsu Group by deepening capital-and-business alliance, and the effects of new consolidations.

In the collaboration with the Dentsu Group, which we are focusing on, the number of clients has steadily increased by 26 companies compared to the previous year, and collaborative sales have also expanded. Domestic brand advertising saw a slight decrease from the previous year as a reaction to a sharp increase in demand stemming from the holding of large-scale events in the fiscal year ended September 2021, but grew significantly compared to the fiscal year ended September 2020.

Future Strategies

To strengthen the DX support area, we will continue to expand integrated online / offline services by deepening collaboration with the Dentsu Group. At the same time, we will strengthen the development of AI products and data solution services to enhance advertising effectiveness. In addition, we are actively recruiting personnel for future growth as a means of strengthening our human capital.

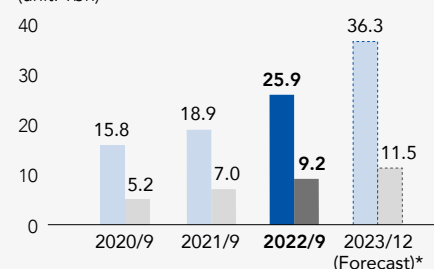
In the digital advertising domain, we entered into a capital-and-business alliance with and factory,inc in November 2022 and made it an equity-method affiliate. and factory,inc's main business is developing and operating manga apps in collaboration with publishers, and it has a track record in improving IP value of publishers and promoting DX. Going forward, we will strengthen DX support areas by strengthening business collaboration in the advertising area.

At a Glance

Revenue and Non-GAAP Operating Profit

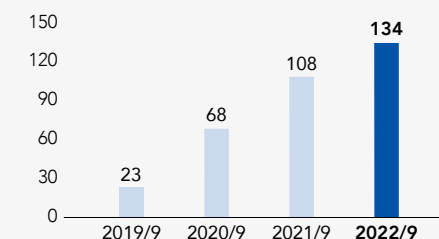
■ Revenue ■ Non-GAAP operating profit

(unit: ¥bn)



*15-month period due to irregular accounting.

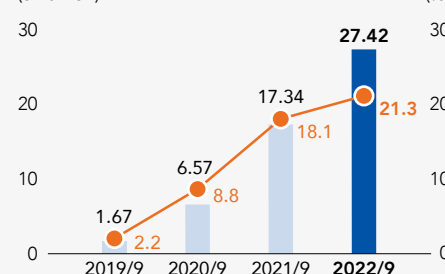
Number of Clients in Collaboration with Dentsu Group



Sales from the Collaboration with Dentsu Group

■ Dentsu alliance sales
● Share in the Digital Marketing Business

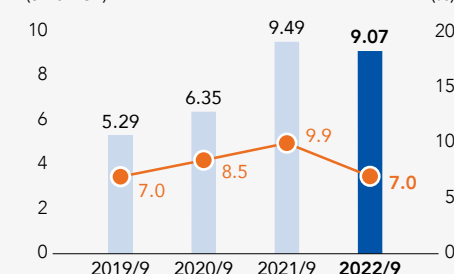
(unit: ¥bn)



Domestic Brand Advertising Sales

■ Domestic Brand Advertising Sales
● Share in the Digital Marketing Business

(unit: ¥bn)



► Please refer to the following for details.

<https://www.septeni-holdings.co.jp/en/ir/finance/review.html>

Stakeholder Engagement 02

Dialogue— Septeni Group and Dentsu Digital

Teaming up to apply technology for marketing DX that creates new value

The Septeni Group and Dentsu Digital Inc. have stepped up their collaboration since deepening the capital and business alliance in January 2022. Dentsu Digital Executive Vice President Tomohiko Sugiura and Septeni Group Executive Officer Masayuki Muto discussed the past and future of the partnership between the two companies.



Masayuki Muto

Septeni Group Executive Officer

Joined Septeni in 2001, where his primary responsibility is alliances and data technology fields. Joined the collaborative project with Dentsu in 2018 and has served as Director and Executive Officer at Dentsu Digital since 2019.

Tomohiko Sugiura

Executive Vice President, Dentsu Digital Inc.

Joined Dentsu in 1998, where he is responsible for overall business development and organization building in the Dentsu Group's digital domain. Executive officer of Dentsu Digital since its founding in 2016, and Executive Vice President since 2020.

Our alliance is driving significant progress in sales, ad creative, and development

Muto: Four years have already passed since the Septeni Group and Dentsu Group entered into our capital and business alliance. What are your candid thoughts on the alliance during that time?

Sugiura: I really believe that the alliance is going very well in all three of the areas we are working together—sales, ad creative, and development. We have had many successes in the four years, and I believe both companies have evolved and grown in various ways.

Muto: I agree. I think we have a very good partnership and our strengths are meshing well in each area. Are there any areas in particular that stand out to you?

Sugiura: Yes. In the sales area, Septeni's expertise has enabled us to develop major clients even in industries where we had little experience. In the ad creative area,

the dedicated in-house team that Septeni Ad Creative formed for our business has given us the ability to quickly respond to client needs. In the development area, the system we created together for back-office processes, such as automating report creation and streamlining operations, is vastly improving our productivity.

Muto: The programmatic advertising business must handle a huge amount of data to process it quickly and accurately. We also recently broadened the collaboration from digital marketing to the digital transformation.

Sugiura: The areas we have been working on as a team have become increasingly sophisticated over the past four years.

Muto: In your view, what do you see as strengths of the Septeni Group?

Sugiura: In one word, I would say it's your “agility.” You do everything quickly and with light footwork. When you find a problem, you take quick action to fix it. At the Dentsu Group, we are better at deliberating and

tackling complex issues, so working with Septeni has been very inspiring.

Muto: That's interesting. From our side, we see Dentsu Digital's strength at its creativity. You are constantly looking to create something completely new and to imbue it with a high amount of value. We are always learning as we watch you take that approach.

Our partnership will be increasingly tested as digitalization breaks down barriers

Muto: Considering the current state of the Japanese advertising market, what areas do you think Dentsu Digital will focus on in the future?

Sugiura: We think the digital marketing market is going to continue expanding. One reason for this is that the barriers between the different types of media are coming down. The debate between choosing “mass

Stakeholder Engagement 02 Dialogue— Septeni Group and Dentsu Digital

media or the internet” is losing its meaning—everything is moving in the same direction of digitalization. Another reason is the digitalization of customer contact points. As cashless payments and mobile purchases become the norm, the competition will be the degree to which we can use data obtained from each point of contact to provide personalized communication and customer experiences.

Muto: So instead of either mass media or digital, all of marketing is moving in the single direction of digitalization. That means the focus is on how to use the data and technology to deliver to users high-quality information at the right time.

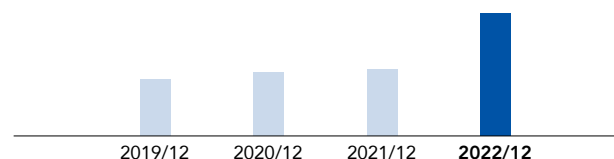
Sugiura: Yes, and to do that we will need to fully master our ability to make full use of data and technology, including to ensure due consideration to personal privacy. I believe that meeting users’ true needs requires more than simply using the data to optimize the information we provide. I think we also need to use our ability to provide high-quality ad creative to bridge



the divide between online and offline.

Muto: The layers of front office (sales), ad creative, development, and technology all need to be expanded and interlinked. Our group has the capability to do this.

Collaborations with Dentsu Digital in the development and technology domains



Sugiura: The reality is, however, there still seems to be much fragmentation in business environment. I think our aim should be to be an “indivisible” team for our groups to face and solve client issues and support their business growth.

A partnership for marketing DX and supporting corporate growth

Muto: In closing, do you have a message for the Septeni Group stakeholders reading this report?

Sugiura: Our two companies provide the core of the Dentsu Group’s digital marketing business, and I believe there are still many more synergies that can come from combining our forces. I would like to see us make our business even larger so we can support the growth of companies not only in Japan but around the world.

Muto: From our side at Septeni, access to the Dentsu Group assets has enabled us to develop services and



products and pursue many new areas in ways we could not have done on our own. I have high hopes for the future.

Sugiura: As I said earlier, we are working closely together as a single team to delve into some major themes in the industry, and I believe that combining our strengths will lead us to innovations that will fundamentally change the conventional concept of marketing. Our goal is to bring a new type of marketing from Japan that we can be proud of worldwide. There are still many challenges ahead, and I look forward to working together as partners to “Be the one” that supports business growth for companies around the world.

Muto: After working closely together for the past four years, the path forward to our objectives has become increasingly clear. We look forward to continuing our partnership to “Be the one.”

Stakeholder Engagement 03 Dialogue of Group Executive Officers

Creating a successful online-offline integrated model for the direct marketing world

Dentsu Direct Inc. became a wholly owned subsidiary of Septeni Holdings in January 2022. Dentsu Direct President Kazunari Kondo and Septeni Group Executive Officer Masayuki Takano, who oversees PMI, discussed the future of direct marketing.



Masayuki Takano

Septeni Group Executive Officer

Joined Septeni in 2006. In his first year, he participated in the launch of Prime X Co., Ltd., of which he later became a director. Appointed CEO of Septeni Crossgate Co., Ltd. in 2013, and Group Executive Officer in January 2018.

Kazunari Kondo

President, Dentsu Direct Inc.

Joined Dentsu in 1992. After working as general manager of the 11th Business Produce Department, he was appointed as Representative Director of Dentsu Direct Marketing (currently Dentsu Direct) in 2020. He has served as a Group Executive Officer at Septeni since January 2022.

Joining the Septeni Group with great expectations

Takano: I was put in charge of PMI about a year and a half ago when it was decided to make Dentsu Direct a subsidiary. To be honest, my first impression was that I would have no idea what's going to become of until we get started. At the same time, I'd always been very intrigued about "online-offline integrated marketing," and I knew it wouldn't take long to find some kind of synergy within the Group.

Kondo: Direct orders from advertisers accounted for 50 to 60% of Dentsu Direct's revenue. We were a Dentsu Group subsidiary, yet we had a relatively small volume of orders from within the group, which was unusual. I had great expectations, too, when I learned we were joining the Septeni Group because it opened a door to continue developing our business structure without

relying on the Dentsu Group.

Takano: Our business content is very different, since Septeni focuses on digital marketing while Dentsu Direct's focus is offline marketing. The essence, however, is the same because we are both in the business of selling things. The technological advances are creating a whole new variety of digital marketing methods, and sometimes we have been so busy keeping up with the technology that we sometimes do not pay enough attention to what is essential to the growth of the client's business. It seems to me like everyone at Dentsu Direct has a much deeper understanding of essential aspects of advertising, such as maintaining a sense of distance from the client's business and providing value to the user, including how to present sales points, set sales prices, and communicate with users after purchases. I think that understanding is reflected in the company's high profitability.

Kondo: I appreciate that. Still, the old structure remains in many ways. That's become even more clear to me since we joined the Septeni Group. The speed of decision-making, the vitality of the employees, and the spirit of taking on challenges are on completely different levels than ours. The entire group is growing by leaps and bounds, which is very inspiring to us. I find myself often saying to my coworkers, "Let's put speed into everything like they do at Septeni!"

Generating powerful synergies from the solid relationship we have built

Takano: From the very beginning of our partnership, I sensed that Dentsu Direct was fully committed to moving forward together as part of the same group. Over the past year, I feel that through communication on many

Stakeholder Engagement 03 Dialogue of Group Executive Officers

levels we’ve built a solid relationship. I actually would have liked to have seen us produce more concrete results from our synergies, such as building on our integrated online-offline solutions and making joint proposals to our clients. However, we have built a solid foundation that really feel will produce some major results.

Kondo: Actually, Dentsu Direct was created when the Dentsu Group reorganized just six months prior when we joined with the Septeni Group, so through this first year a lot of our focus was on putting our internal structure in place. Now that that’s complete, I’m looking forward to fiscal 2023 to be the first year of true collaboration. Once we turn that switch, I feel like we will really start moving forward at a rapid pace.

Takano: Dentsu Direct has the major advantage of high profitability and one of the highest levels of earnings per employee in the Septeni Group. Dentsu Direct should become an even stronger company by integrating Septeni’s perspective on human capital management, which is a feature of the Septeni Group,



as well as the approach of backcasting from a future target image to adjust our strategies and tactics.

Kondo: As you said, I also think Dentsu Direct’s greatest strength is that we are always ready to take on challenges in front of us. But if that’s all that we are focused on, then someday we will stop growing. I also believe that now, while we have a certain amount of strength, our greatest management challenge is to take a long-term perspective on creating businesses that will become new sources of earnings.

Searching for a unique direct marketing breakthrough

Takano: The industry is currently focused on online-offline integrated marketing as it applies to brand marketing. The online-offline marketing process is gradually being integrated along the marketing funnel—getting users to recognize the brand, arousing interest, and linking to a purchase. However, no one has found a way to achieve the online-offline integration of direct marketing. It’s difficult to design synergies along the timeline because the aim of direct marketing is to directly generate sales both online and offline. I believe that only company with the ability to achieve that is Dentsu Direct, which is now part of the Septeni Group.

Kondo: First, I feel that there are very few companies in the direct marketing field in Japan that can handle TV and digital advertising on the scale of Dentsu Direct. Direct marketing used to be secondary to the primary brand marketing activities, but it is now becoming the main marketing activity since the coronavirus pandemic made online purchases common for many users. We



see that trend and it makes us feel proud to be doing what we do.

Takano: I think our aim should be to fully integrate online-offline marketing in the direct marketing field and be a company providing the full service from campaign planning to product delivery. The Septeni Group companies have extensive experience and expertise in linking platforms and the digital marketing that we will need. I consider it my job to ensure you can use those assets to their full extent for reaching our goal.

Kondo: That will be invaluable, and we will use the strong support from the Septeni Group to activate synergies as quickly as possible and become a company offering unique direct marketing services in Japan. I expect great things!

Media Platform Business

Business Overview

We are developing a number of media and products, including the IP Platform Business (formerly Manga Content Business), which operates GANMA!, a manga app composed mainly of original works, as well as the Employment Platform Business, the Social Contribution Platform Business, and the Childcare Platform Business. Focusing on growth fields and social issues in the near future, each company aims to realize its respective vision and missions.

Strengths

- Business development capabilities and expansion into other fields
- Knowledge and expertise in developing new IP

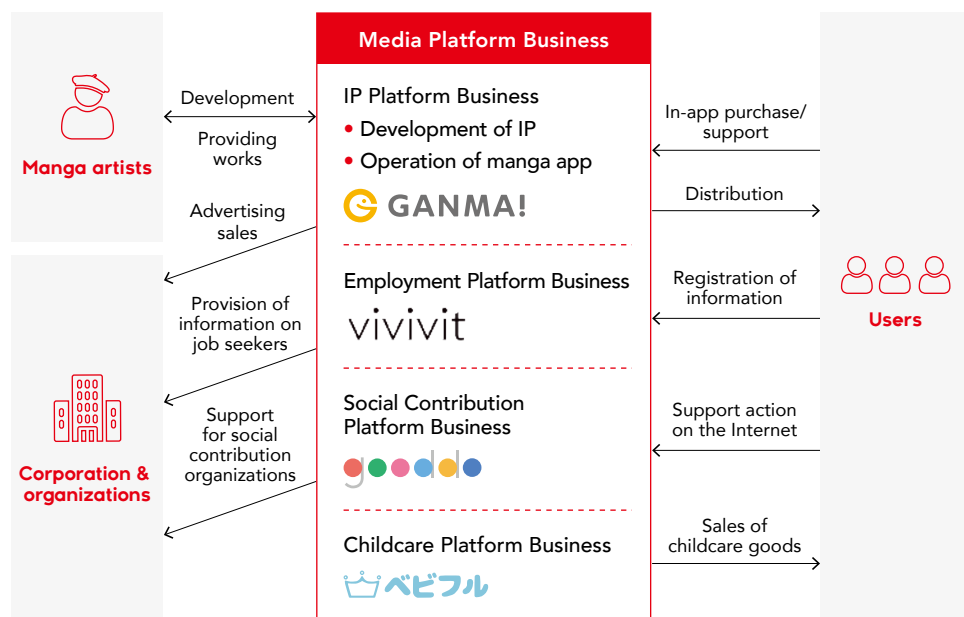
Opportunities

- Growth of domains targeted in each business

Issues

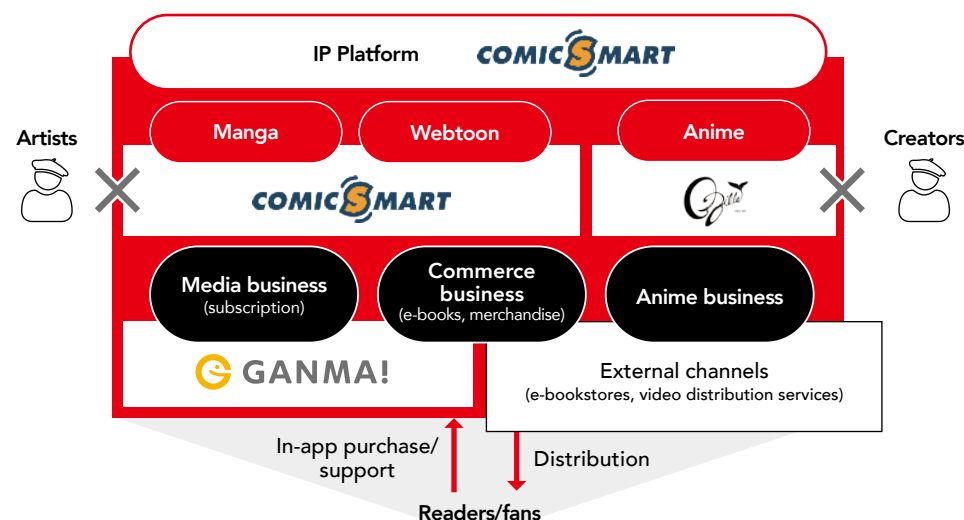
- The structure of the business is vulnerable to impacts from seasonality and the market environment
- Nurturing in-house IP

Business Model



Business Model of IP Platform Business

● Business development and monetization points



Media Platform Business

Summary of FY2022/9

In the IP Platform Business, both subscription revenue and commerce revenue grew significantly. In particular, GANMA!'s popular title *My Love Story with Yamada-kun at Lv999* in series has contributed significantly to sales growth.

Among other businesses, revenue in D2C businesses decreased due to environmental changes in online-consumption. Segment-wide revenue reached a record high, driven by the IP Platform Business, and the loss narrowed significantly.

Future Strategies

We will further accelerate the growth of our established business domains and strengthen the IP Platform Business by adding Webtoon* that are expected to expand in the future as a new domain.

In the media business, we aim to increase the number of subscriptions-based billings and to increase the unit price per customer by developing new services. In the commerce business, we will strengthen sales through diverse distribution platforms and develop new IP through co-creation with partners. In the animation business, we will expand both high-quality animation and casual animation by reinforcing our studio structure.

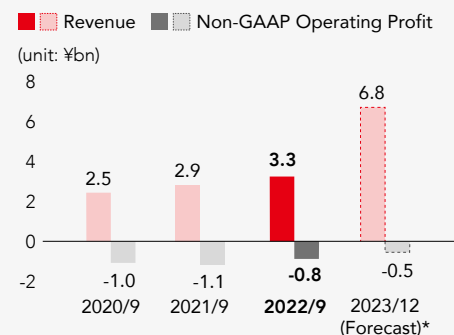
*Webtoon: Digital manga featuring vertical reading and full color. Since it is suitable for viewing on smart devices and allows easy and rich reading experiences from the presentation method using vertical scrolling, it has become popular as a new style of manga in recent years.

Representative works of GANMA!



At a Glance

Revenue and Non-GAAP Operating Profit



*15-month period due to irregular accounting.

▶ Please refer to the following for details.
<https://www.septeni-holdings.co.jp/en/ir/finance/review.html>

Cumulative downloads of GANMA! (as of February 2023)

approx. **17** million DL

No. of contracted creators

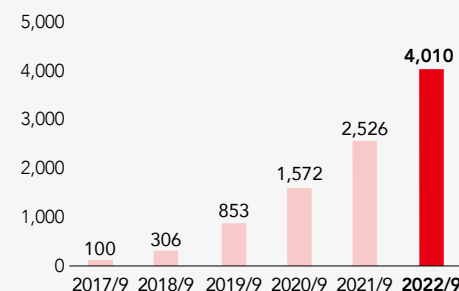
approx. **280** creators

No. of cumulative works created

More than **300** works

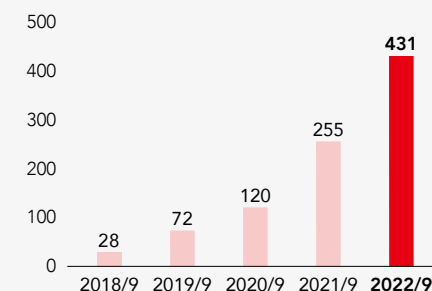
Subscription revenue trend of GANMA!

*Volume in FY2017/9 is 100



Commerce revenue

(unit: ¥mn)



Media Platform Business

Close Up

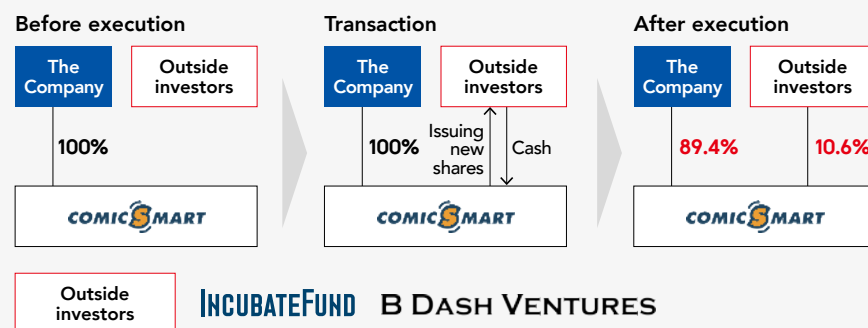
01

Growth Strategy of the IP Platform Business

Procure funds from outside sources to enhance content production and maximize future value

The IP Platform Business has so far made upfront investments in GANMA! through intra-group financing. In October 2022, the decision was made to source funds from outside, as we determined that 10 years had passed since the launch of GANMA! and the business model and growth strategies have been developed, meaning that options for further strengthening the growth potential of the IP Platform Business have expanded. With the involvement of outside investors, we will enhance the implementation system of growth strategies and aim to increase the value of the business and our corporate value.

COMICSMART funding scheme



Major uses of funds

- Developing IPs/content with the aim of improving the quality of manga production and enhancing the development of webtoon titles
- Marketing and sales promotion investment
- Recruitment, etc.

Comments from outside director, COMICSMART INC.

We will contribute fully to COMICSMART's growth with the hopes of making it the next-generation world-renowned company

In recent years, South Korean companies have produced K-Pop and content like "Squid Game" and made great strides in the global entertainment market. Spurred by that, we wondered, "Can Japan also create a content business that targets the global market in a similar way?" and we began specific plans for the creation of next-generation businesses.

We have been aware for some time now that GANMA! is making a bold and direct attempt at content creation. We believed that President Sato, a man I respect as one of the top managers in Japan, would definitely take on the challenge, so we are excited to have the opportunity to participate as well.

When it comes to manga, content that Japan is known for worldwide, I believe GANMA! is the only entity that has both the ability to develop reproducible content and a platform with a firmly established user base. I am both honored and excited to be appointed as an outside director and to be able to participate in management this time.

We intend to contribute to the utmost to help Japanese content come out on top in the global market.



Tohru Akaura

Representative, Incubate Fund KK

COMMENT

Media Platform Business

Close Up

02

Promising multi-media development of original IPs: *My Love Story with Yamada-kun at Lv999*

My Love Story with Yamada-kun at Lv999, a work being serialized on GANMA!, won the grand prize in the 6th TSUTAYA Comic Awards. This award is a comic book award that is determined purely through reader participation, where readers vote on the comic book that is most likely to become the “next big thing.” A TV anime adaptation is also scheduled to start airing from April 2023, so its popularity can only be expected to grow in future.

Total copies in circulation (As of December 2022)

Over **2 million***

*Six volumes of books, e-books included
(published by KADOKAWA)

Awards won

- 13th anan Manga Awards: **Grand prize**
- 6th TSUTAYA Comic Awards: **Grand prize**
- Next Manga Awards 2021: **4th** in web manga category



©Mashiro / COMICS MART INC. /
Production Committee with
Yamada-kun at Lv999

Close Up

03

Producing high-end animated videos through co-creation with partner companies and creators

In the fiscal year 2022, we released a series of animated music videos (MVs) produced by Qzil.la, Inc., the Group’s digital animation studio.

As an example of our achievements, we produced an animated MV for “My Song” (lyrics by Tomoya Tabuchi, music composed and arranged by Shota Horie), a newly released song by the highly popular VTuber Tsunomaki Watame, whose channel has over one million registered users. It has been viewed over 3 million times on YouTube since it was released in January 2022.

“My Song” animated MV



Expansion into New Business Segments

In our Medium-term Business Policies published in October 2019, we are pushing forward with efforts we refer to as "Expansion into New Business Segments" to grow our business beyond the internet and into new territories for us such as sports, entertainment and HR technology.

Leveraging the internet-related business expertise that our Group has built up over the years in industries other than the internet, we will seize the momentum in recent years of the digital shift and DX. Doing so, we will help to create a world where the power of digitalization and technology makes various industries and whole societies flow more smoothly (*nameraka*) and seamlessly, while at the same time aiming to create the drivers of future growth.

Focus Domains

State of Business in FY2022/9

Future Strategy

HR Technology

Utilizing our in-house developed AI matching system, "HaKaSe," which optimizes human resources development on a person-by-person basis, we support a full series of companies' HR Initiatives from hiring to development.

Human Capital Lab

- Provide the "HaKaSe Onboard" DX service that supports employee onboarding, and promote PMF

- Push forward with expansion into the domain of recruiting and build a system for providing comprehensive DX services from recruitment to development while improving the cloud services we currently offer for onboarding

Sports

We participate in the Dai-Ichi Life D.League, the first ever professional dance league originating in Japan, manage a team and develop D.Leaguers.



- Participate in the Dai-Ichi Life D.League 2021–2022 season which began in November 2021
- Made our first appearance in the championship
- Advanced business development including partnership sales and issuing the league's first club token

- Participate in the Dai-Ichi Life D.League 2022–2023 season which began in October 2022
- Promote sports and education and search for ways to contribute to regional revitalization through dance

Entertainment

We are supporting the digital shift of the entertainment industry, operating in the three domains of communication design, content management, and business support.



- Develop collaborative products together with major entertainment agencies
- Build content production platforms to galvanize fan communities

- Work together with entertainment agencies and seek to expand into the VTuber industry as well, contribute to the further growth of industries through community management, content production and business development with digital as a starting point