

Strategy by Business: Digital Marketing Business

In providing comprehensive support for corporate DX, we focus on digital marketing, including digital advertising sales and operation, solutions that employ data and AI, and support for integrated online/offline advertising through our alliance with the Dentsu Group.

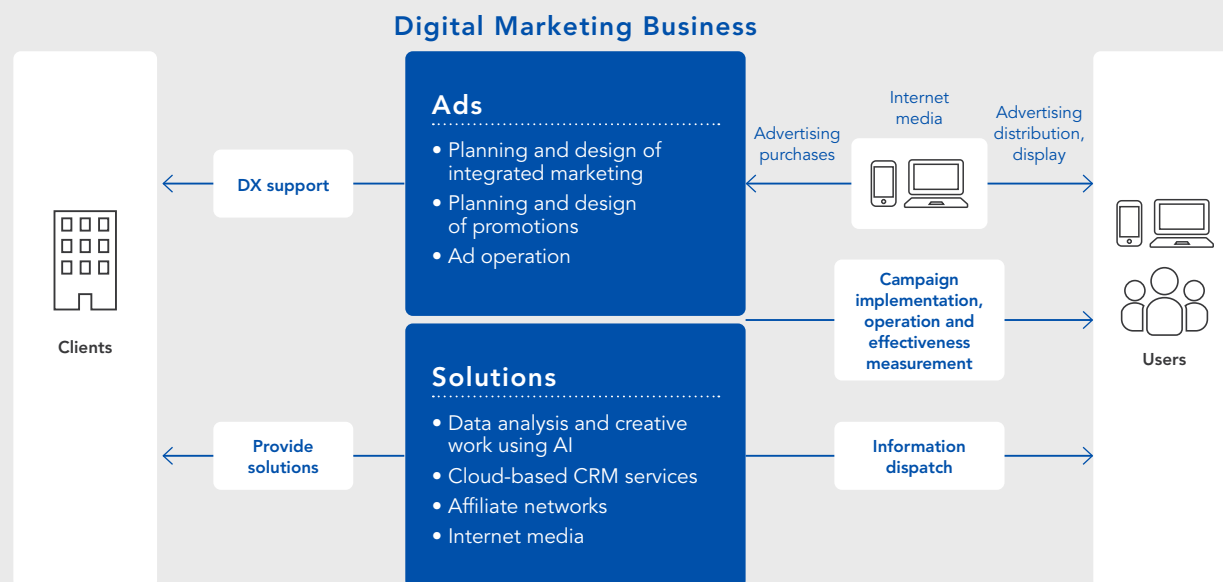
Opportunities

- Industrywide progress in DX
- Market expansion in the e-commerce advertising domain

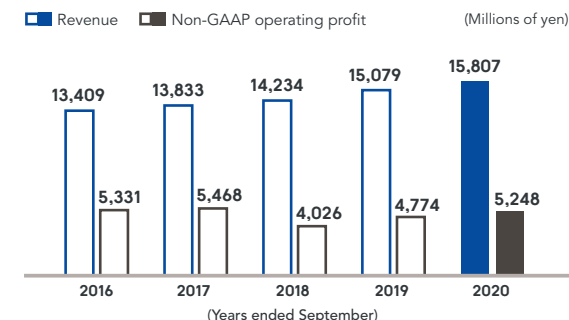
Issues

- Increasing sophistication and specialization of marketing methods
- Finding human resources versed in integrated online/offline marketing

Business Model

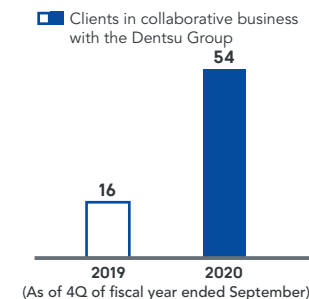


Revenue and Non-GAAP Operating Profit

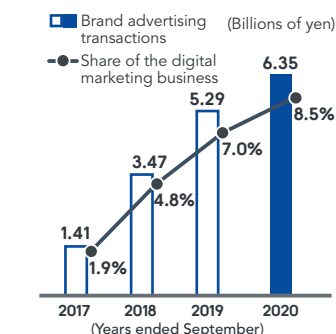


Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses.

Clients in Collaborative Business with the Dentsu Group



Domestic Brand Advertising Transactions



At a Glance

Revenue

¥15,807 million
(4.8% increase YoY)

Number of employees

1,055

Number of clients in collaborative business with the Dentsu Group

16 companies
⇒ **54** companies
(about 3.4 times increase YoY)

Growth in brand advertising

20.1 % increase YoY

Overview of Results for the Fiscal Year Ended September 2020

- Revenue and operating profit increased year on year. We more than compensated for lower demand for advertising that resulted from the COVID-19 pandemic by capturing emerging demand in other areas.
- Our alliance with the Dentsu Group has made progress, with growth in the number of clients and revenue per client over the medium term. The Septeni Group also acquired major clients independent of the alliance.
- In e-commerce, which was already a focus domain, we significantly expanded advertising transactions with Amazon by adapting to market acceleration resulting from the COVID-19 pandemic.

Future Strategy

Our vision for the future regarding changes in lifestyles, work styles and values is becoming a reality much faster than we had predicted because of the COVID-19 pandemic. This is particularly true in the e-commerce domain, where demand has gained momentum due to the growth in online consumption. We see changes in our operating environment as opportunities, and are aiming for sustainable growth by stepping up our business in the e-commerce advertising market.

In addition, we will continue to expand in the data & solutions domain and leverage our alliance with the Dentsu Group to provide finely tuned support to address diverse client needs and the rapidly evolving DX support market. The establishment of a new data & solutions company in January 2021 will enable us to provide sustainable support for client companies by leveraging the data and know-how we had previously developed for in-house use. In our alliance with the Dentsu Group, we will work to further increase market share and establish our competitive advantage in the industry by promoting marketing proposals for integrated online/offline advertising.

Strategy by Business: Media Platform Business

This business provides numerous media products, including the manga app GANMA! that offers mainly original content, and conducts the recruitment, social contribution and childcare platform businesses. Each company in this business aims to achieve its vision and mission in focusing on the next potential growth markets and social issues.

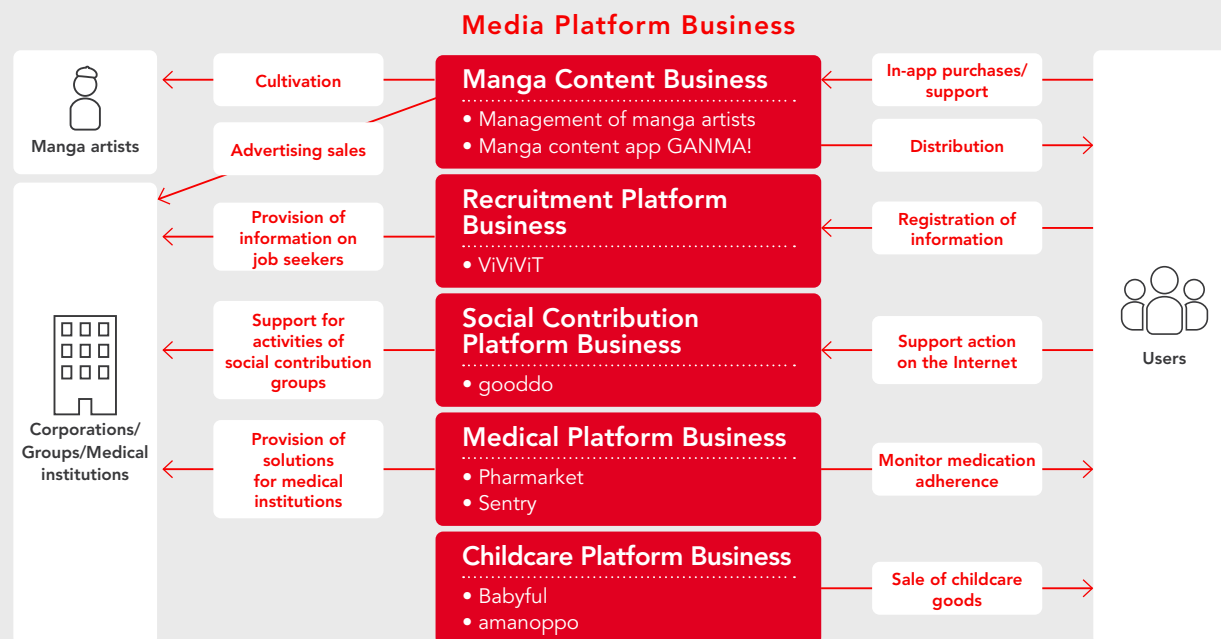
Opportunities

- Growth of each company's target domain
- Growth of the D2C market

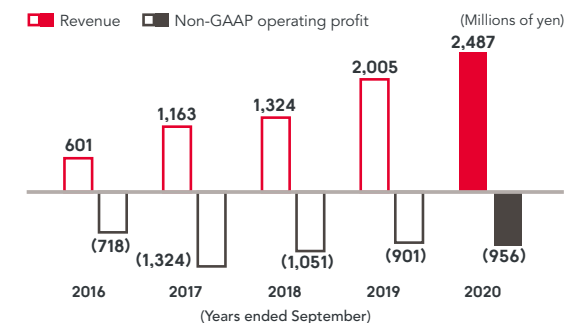
Issues

- Business structure that is easily affected by seasonality and the market environment
- Need for user engagement that is not influenced by the external environment

Business Model



Revenue and Non-GAAP Operating Profit (Loss)

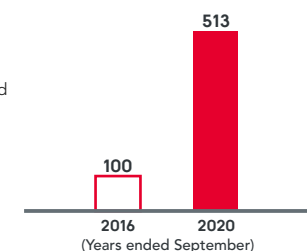


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GANMA!

App Revenue

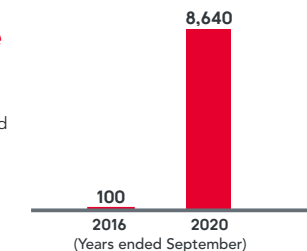
Index: Revenue in fiscal year ended September 2016 = 100



GANMA!

Subscription Revenue

Index: Revenue in fiscal year ended September 2016 = 100



At a Glance

Revenue

24.0% increase

Number of employees

87

Growth in subscription revenue

84.3% increase YoY

Number of GANMA! titles

Over **200**

Overview of Results for the Fiscal Year Ended September 2020

- Advertising revenue decreased due to the impact of the COVID-19 pandemic, but in-app sales revenue increased steadily.
- The cumulative number of GANMA! downloads exceeded 14 million as of the end of September 2020.
- The amount of supports for manga and anime artists provided by crowdfunding and the number of supporters have increased partly due to animation projects of popular works in GANMA!

Future Strategy

We will focus on growth domains to increase revenue and reduce losses in each business, with the target of achieving profitability in three years, as per the Midterm Business Policies. In the Manga Content Business, we are shifting the focus of monetization to in-app sales revenue given the impact of the COVID-19 pandemic. We are also planning to expand revenue in ways such as converting our original IP based on apps into e-books.

In addition, we will step up business development in the D2C domain by leveraging the networks and communities that each business has built. We will roll out brands that reflect Septeni's unique added value and lifestyle proposals to develop businesses that create activities and spaces for consumption. We expect these diverse business strategies to further increase revenue.