



FY September/2021

Business Results for 3Q

Jul. 29, 2021

SEPTENI HOLDINGS CO., LTD.

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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

Consolidated Earnings Overview in 1–3Q FY9/21

**Revenue increased and
Non-GAAP operating profit up sharply YonY.**

Consolidated

Revenue **¥15,911mn** (YonY+ **23.1%**)

**Non-GAAP
Operating Profit** **¥2,999mn** (YonY approx. **2.1x**)

**Digital
Marketing
Business**

**Both Revenue and profit increased
due to the sustained strength of momentum.**

Revenue **¥14,036mn** (YonY+**23.9%**) Non-GAAP
Operating Profit **¥5,348mn** (YonY+ **52.6%**)

**Media
Platform
Business**

**Revenue increased YonY, but the deficit widened
due to upfront investment.**

Revenue **¥2,146mn** (YonY+**14.9%**) Non-GAAP
Operating Profit **¥-834mn** (Deficit increased
¥130mn YonY)

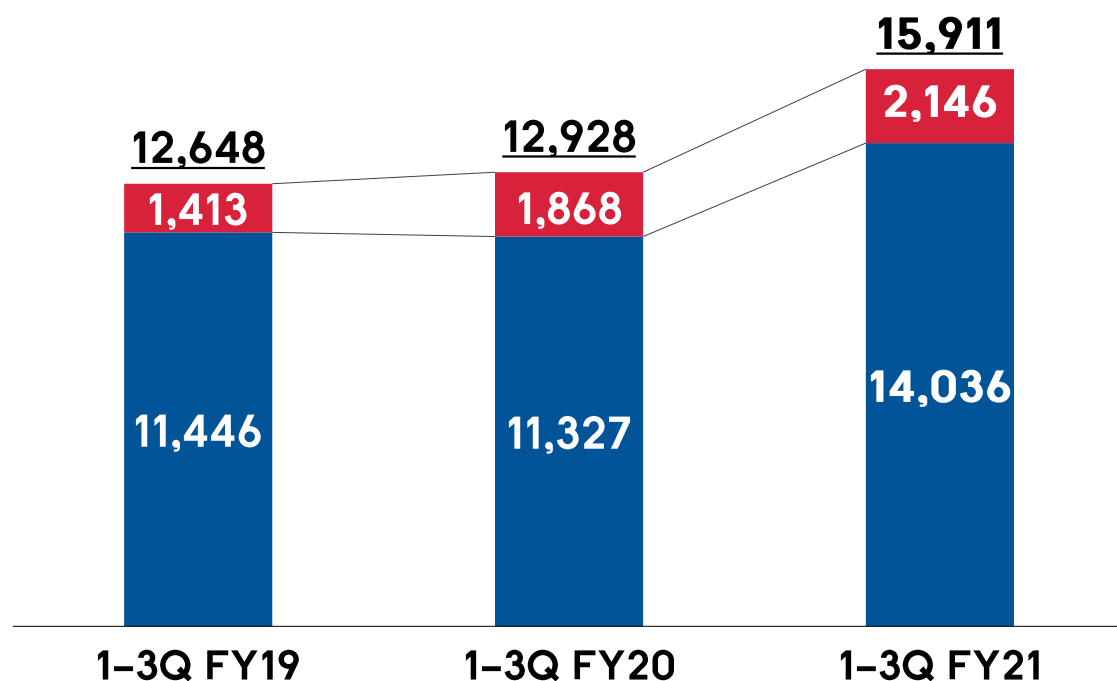
**Operating profit doubled and
profit for the period increased by about 3 times YonY.**

(unit: ¥mn)	1-3Q/FY2021			1-3Q/FY2020	
	Value	Ratio	YonY	Value	Ratio
Revenue	15,911	100.0%	+23.1%	12,928	100.0%
Gross profit	12,891	81.0%	+23.3%	10,456	80.9%
SG&A expenses	10,034	63.1%	+11.1%	9,035	69.9%
Non-GAAP Operating profit	2,999	18.8%	+110.1%	1,428	11.0%
Operating profit	3,205	20.2%	+153.1%	1,267	9.8%
Profit for the period attributable to owners of the parent	2,254	14.2%	+187.7%	783	6.1%
[Reference] Net sales	71,248	—	+30.3%	54,685	—

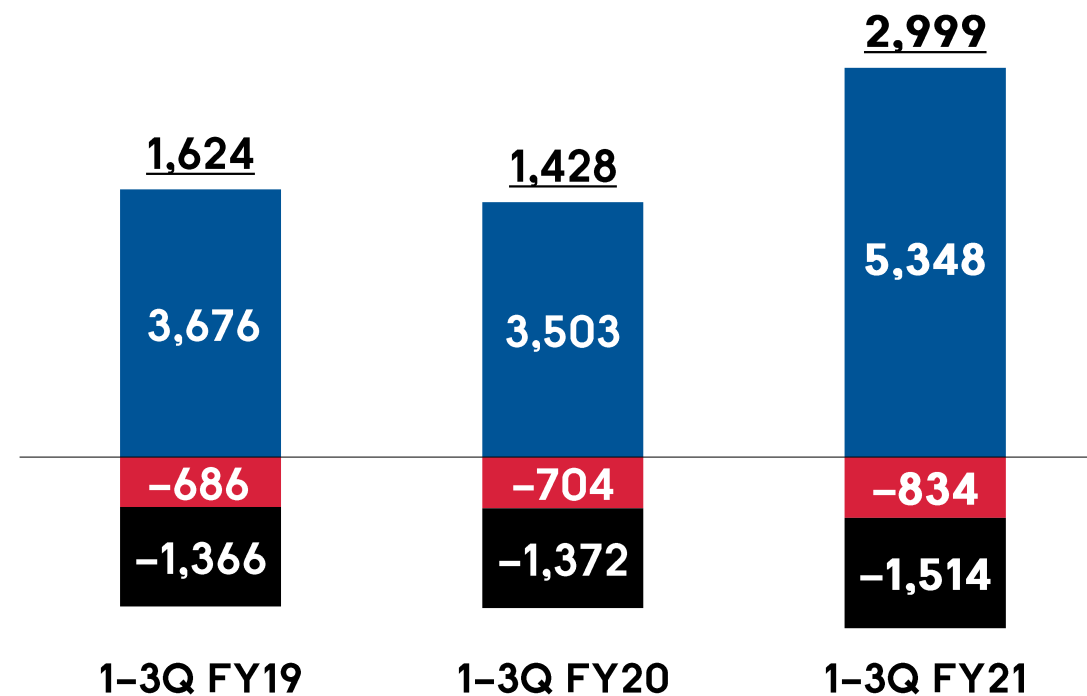
V-shaped recovery in the Digital Marketing Business and steady growth in each business in the Media Platform Business.

■ 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.

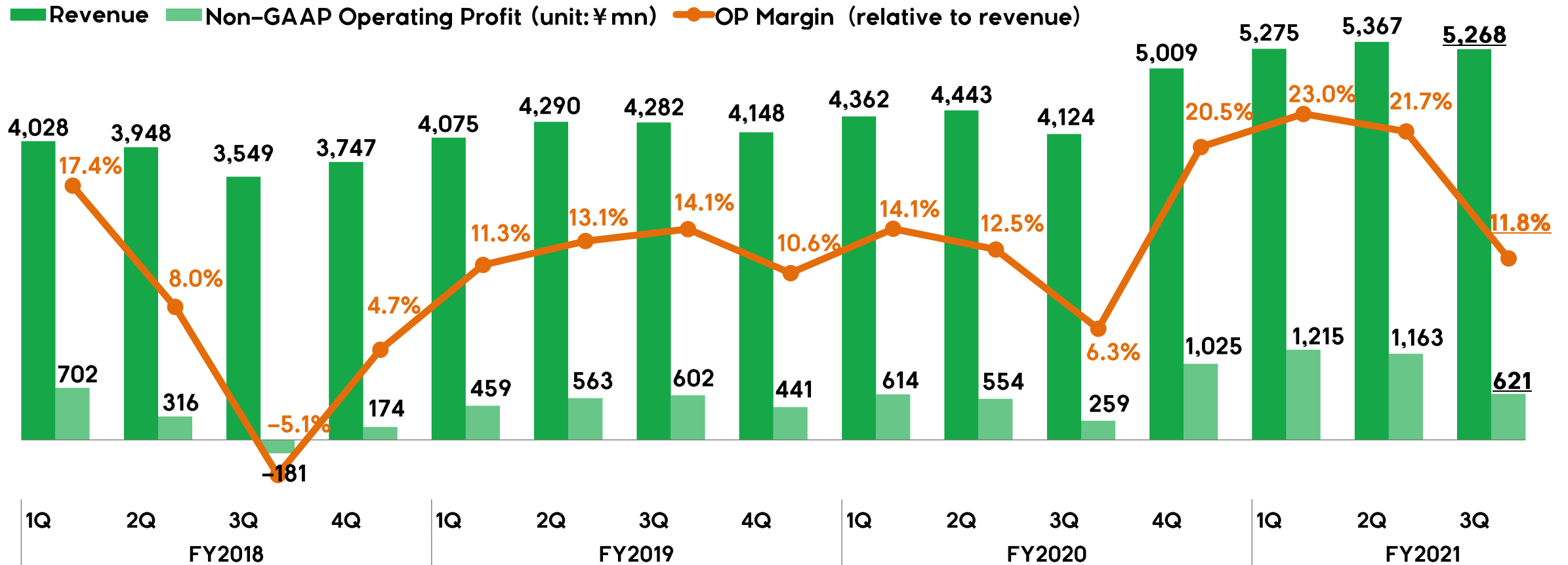
02

Quarterly Consolidated Earnings Overview

Recovered from the impact of COVID-19, and revenue increased and profits up significantly YonY. Net sales also largely grew +42.0% YonY.

(unit: ¥mn)	3Q FY2021			3Q FY2020	
	Value	Ratio	YonY	Value	Ratio
Revenue	5,268	100.0%	+27.8%	4,124	100.0%
Gross profit	4,192	79.6%	+26.5%	3,314	80.4%
SG&A expenses	3,593	68.2%	+17.5%	3,058	74.2%
Non-GAAP Operating profit	621	11.8%	+139.5%	259	6.3%
Operating profit	962	18.3%	+323.5%	227	5.5%
Profit for the period attributable to owners of the parent	674	12.8%	+673.3%	87	2.1%
[Reference] Net sales	23,438	—	+42.0%	16,504	—

The momentum of earnings expansion continued as it adapts to environmental changes by COVID-19.



11 Constitution of Consolidated Expenses (IFRS)

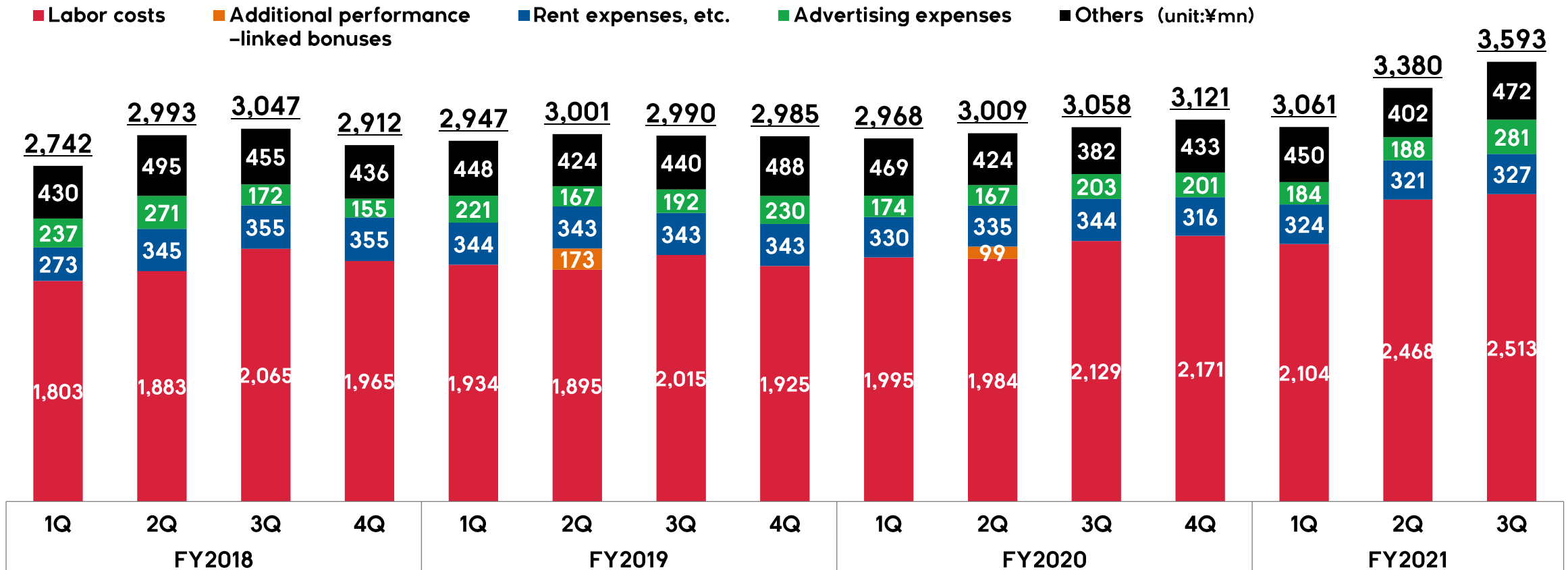
Increased in each expense item in line with business scale expansion.

(unit:¥mn)	FY2019		FY2020				FY2021			QonQ	YonY
	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q		
Total of cost of sales	690	730	810	853	810	869	1,005	939	1,076	+14.6%	+32.8%
Labor costs	230	239	251	257	268	287	296	321	347	+8.2%	+29.4%
Subcontract costs	98	112	118	131	138	84	240	167	204	+22.5%	+48.1%
Others	362	378	441	465	404	499	468	451	525	+16.2%	+29.9%
Total of SG&A	2,990	2,985	2,968	3,009	3,058	3,121	3,061	3,380	3,593	+6.3%	+17.5%
Labor costs*	2,015	1,925	1,995	1,984	2,129	2,171	2,104	2,468	2,513	+1.8%	+18.0%
Additional performance-linked bonus (fixed)	—	—	—	99	—	—	—	—	—	—	—
Rent expenses etc.	343	343	330	335	344	316	324	321	327	+1.8%	-4.9%
Advertising expenses	192	230	174	167	203	201	184	188	281	+49.3%	+38.5%
Others	440	488	469	424	382	433	450	402	472	+17.4%	+23.6%

*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.

12 Quarterly Consolidated SG&A Trend

Labor costs increased, mainly due to investment in human resources as a result of the expansion of business performance.



*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.

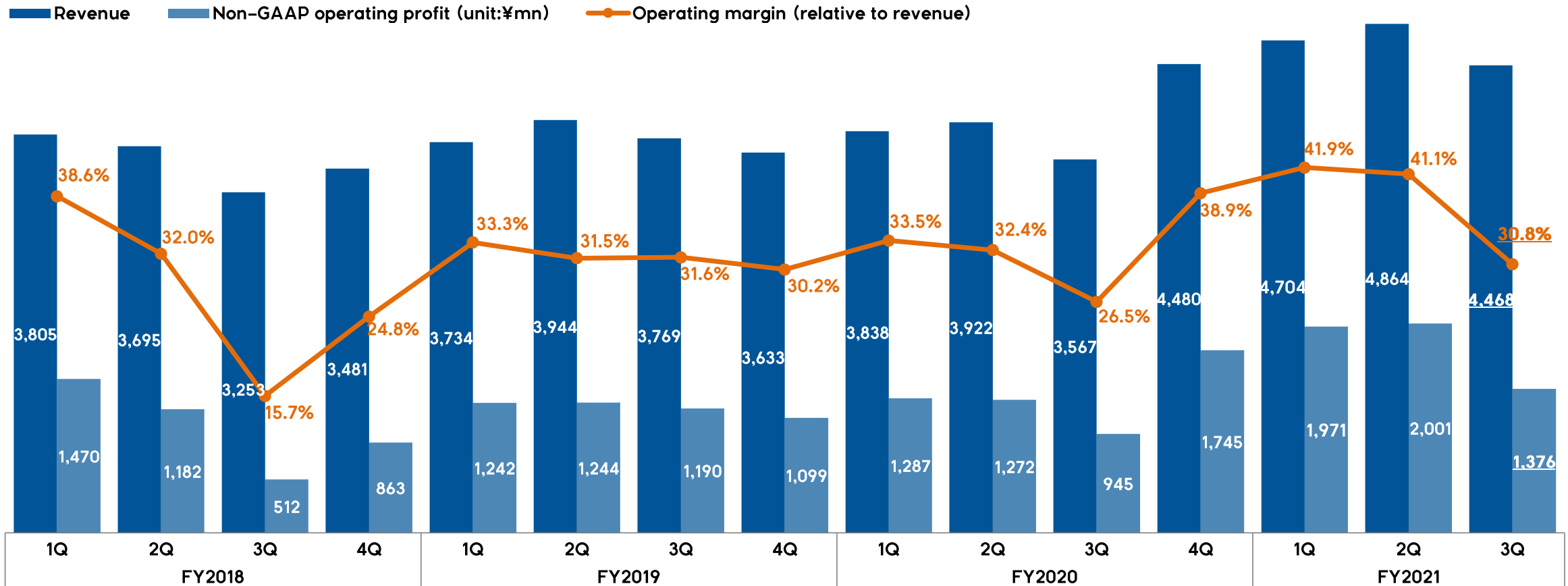
03

Digital Marketing Business

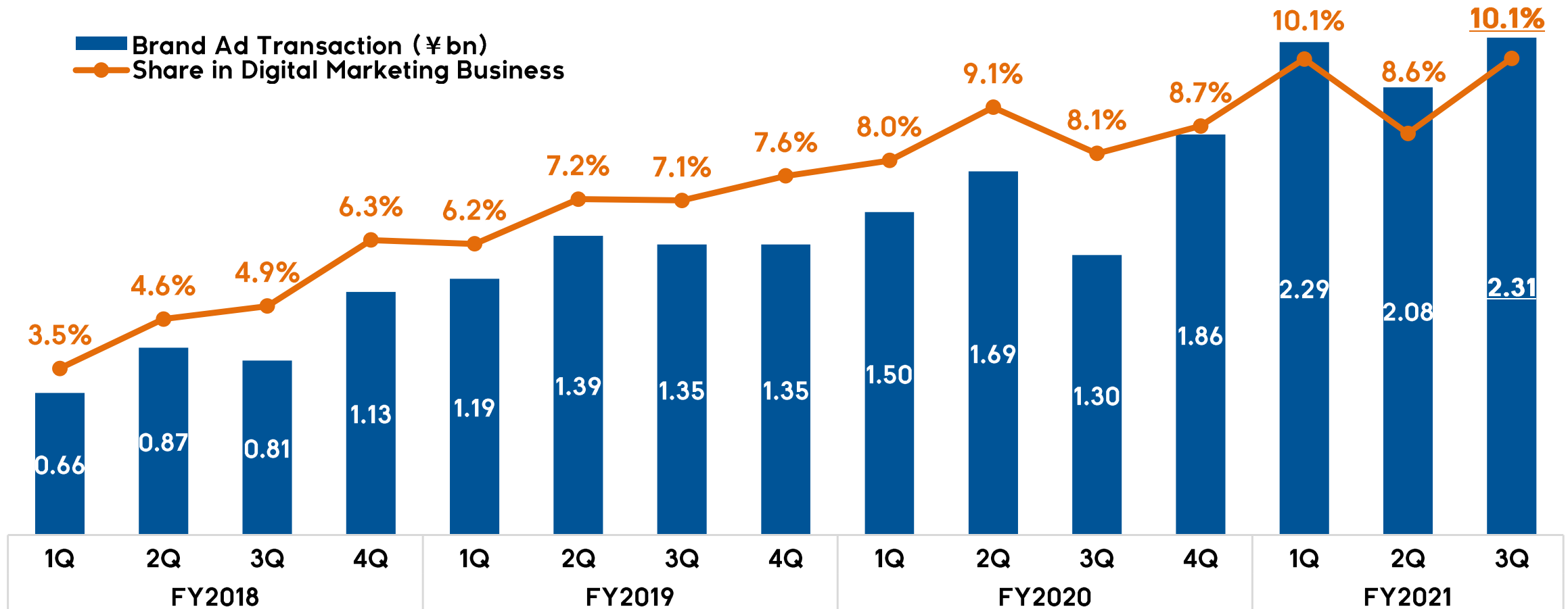
High growth in net sales and revenue continued, absorbing the growth in SG&A expenses and increasing profits.

(unit:¥mn)	3Q FY2021			3Q FY2020	
	Value	Ratio	YonY	Value	Ratio
Revenue	4,468	100.0%	+ 25.3%	3,567	100.0%
Gross profit	3,777	84.5%	+ 24.5%	3,035	85.1%
SG&A	2,402	53.8%	+ 14.7%	2,093	58.7%
Non-GAAP Operating profit	1,376	30.8%	+ 45.6%	945	26.5%
【Reference】 Net Sales	22,791	—	+ 42.1%	16,041	—

Although revenue declined QonQ due to seasonality in advertising demand, the momentum continued since FY2020/4Q.

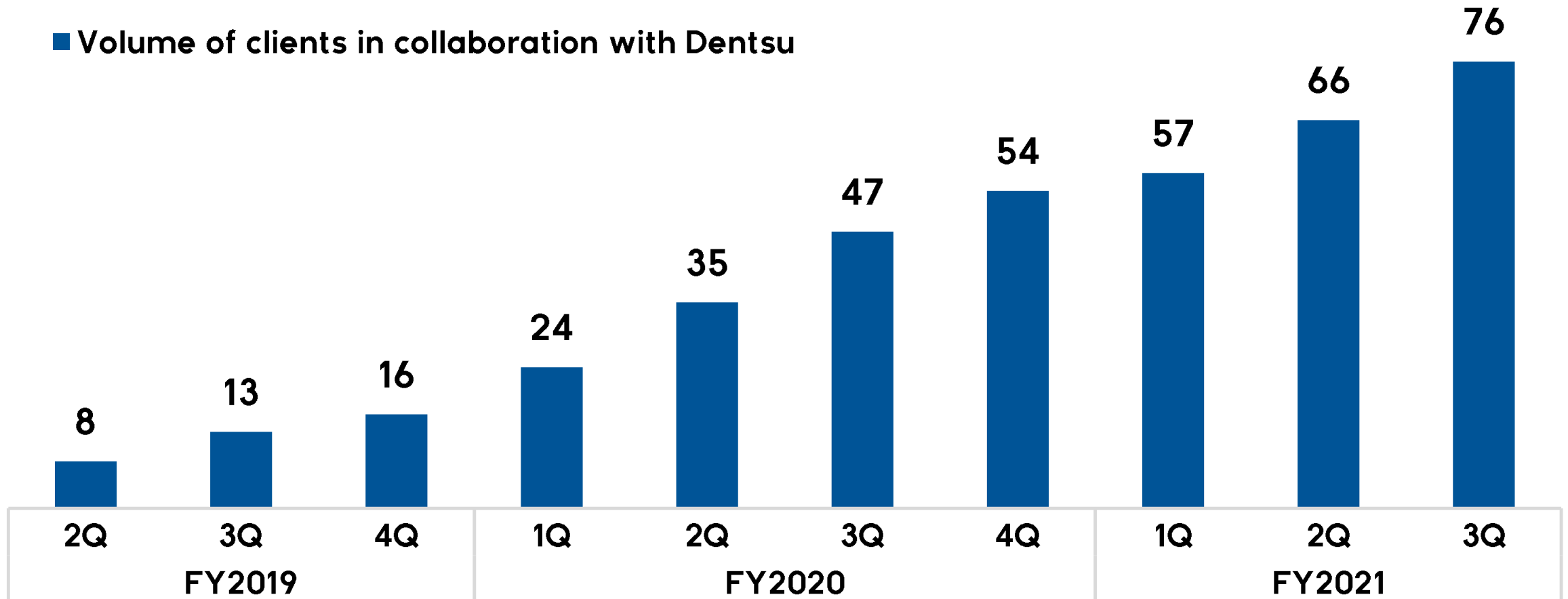


Up 77.5% YonY and positive QonQ.



The number of clients acquired in the alliance increased by about 1.6 times YonY.

■ Volume of clients in collaboration with Dentsu



04

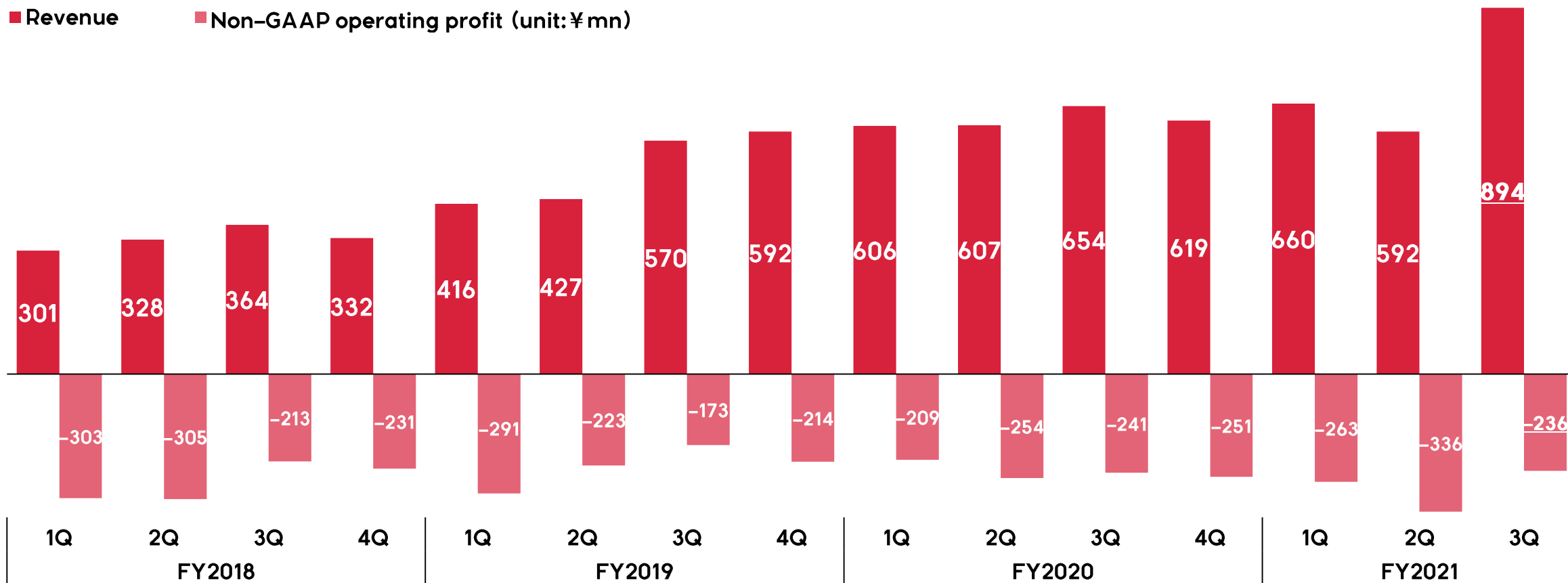
Media Platform Business

**Significant increase in revenue
driven by commerce revenues in the D2C domain.**

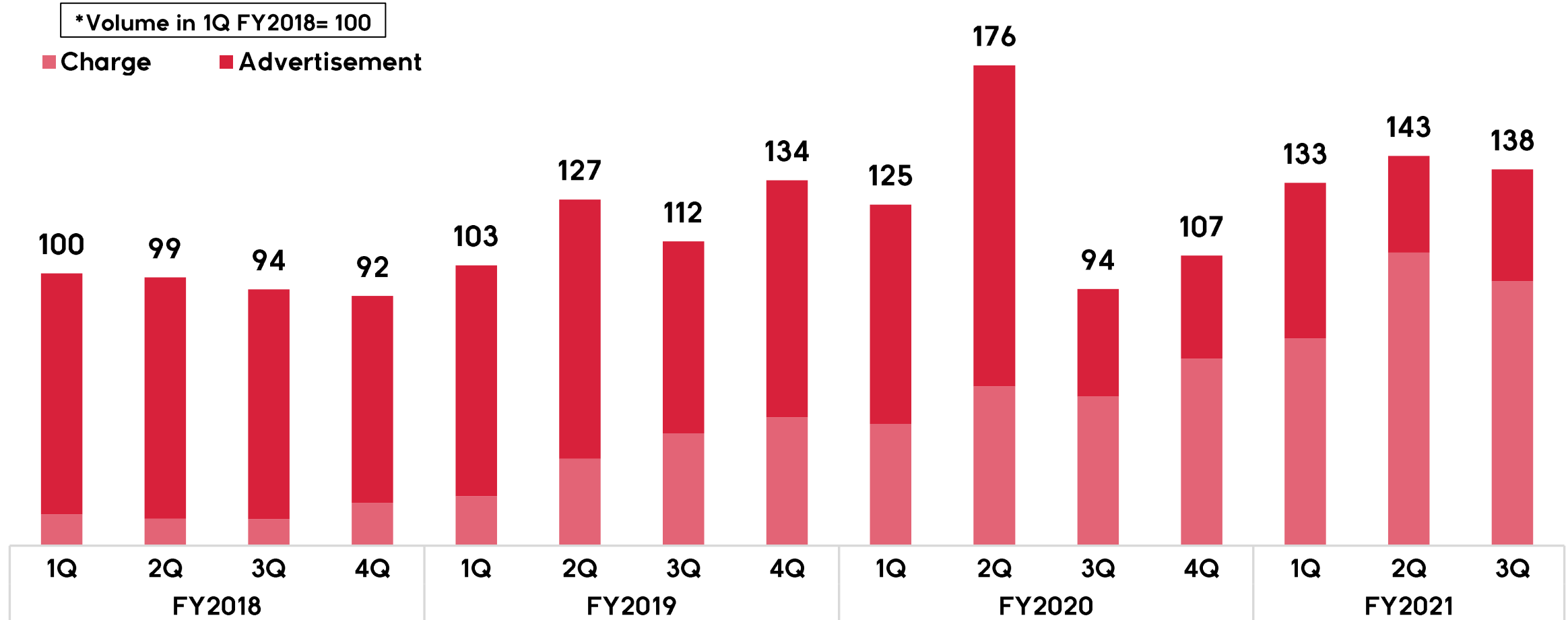
(unit:¥mn)	3Q FY2021			3Q FY2020	
	Value	Ratio	YonY	Value	Ratio
Revenue	894	100.0%	+36.6%	654	100.0%
Gross profit	497	55.6%	+33.1%	373	57.1%
SG&A	733	82.0%	+19.3%	614	93.9%
Non-GAAP Operating profit	-236	—	+5	-241	—
Investment amount to expand business domains*	-56	—	—	-3	—

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

While continuing to invest in expanding into new business segments, loss narrowed due to revenue growth.



Advertising revenue showed **signs of recovery, mainly in solution projects**, and revenue from charge steadily progressed.

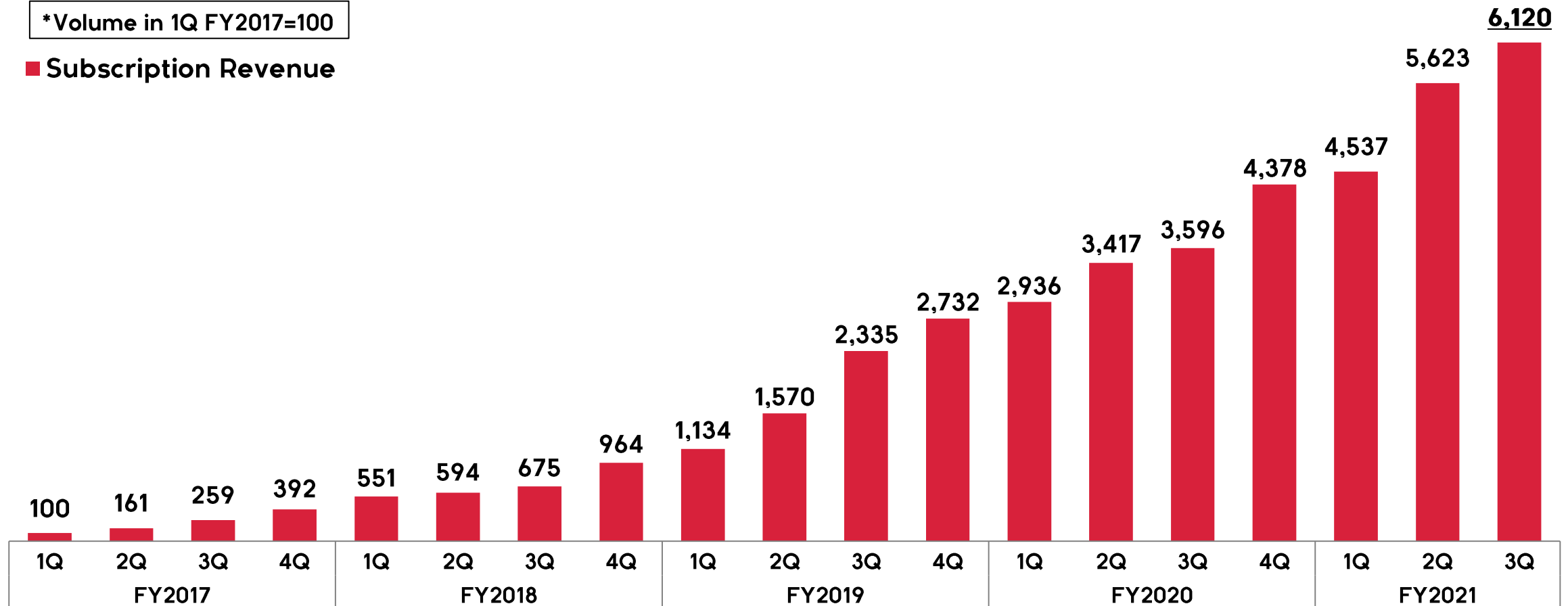


22 Manga Content Business Subscription Revenue Trend

Increased by approx. 1.7 times YonY.

*Volume in 1Q FY2017=100

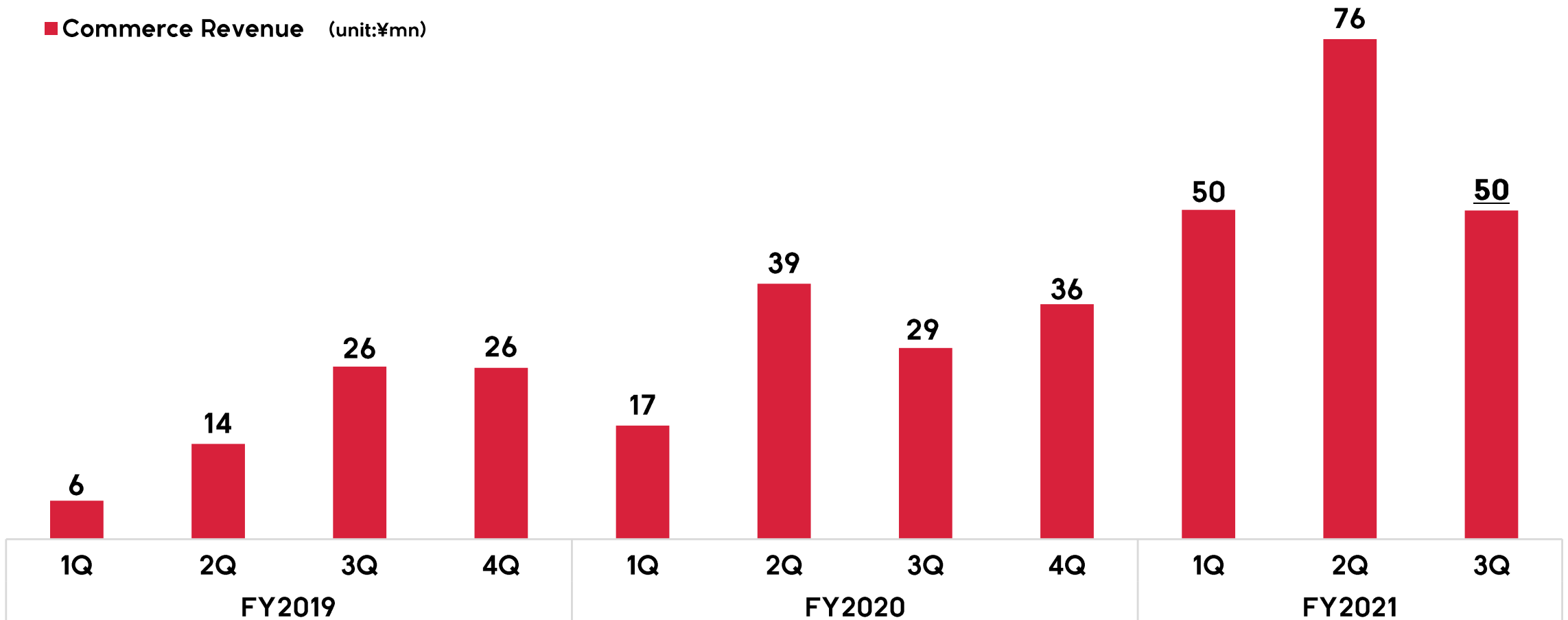
■ Subscription Revenue



23 Manga Content Business Commerce Revenue* Trend

Steady growth in crowdfunding and e-books.

■ Commerce Revenue (unit:¥mn)



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

05

Progress on Earnings Estimates

Progressed as planned against revised earnings estimates.

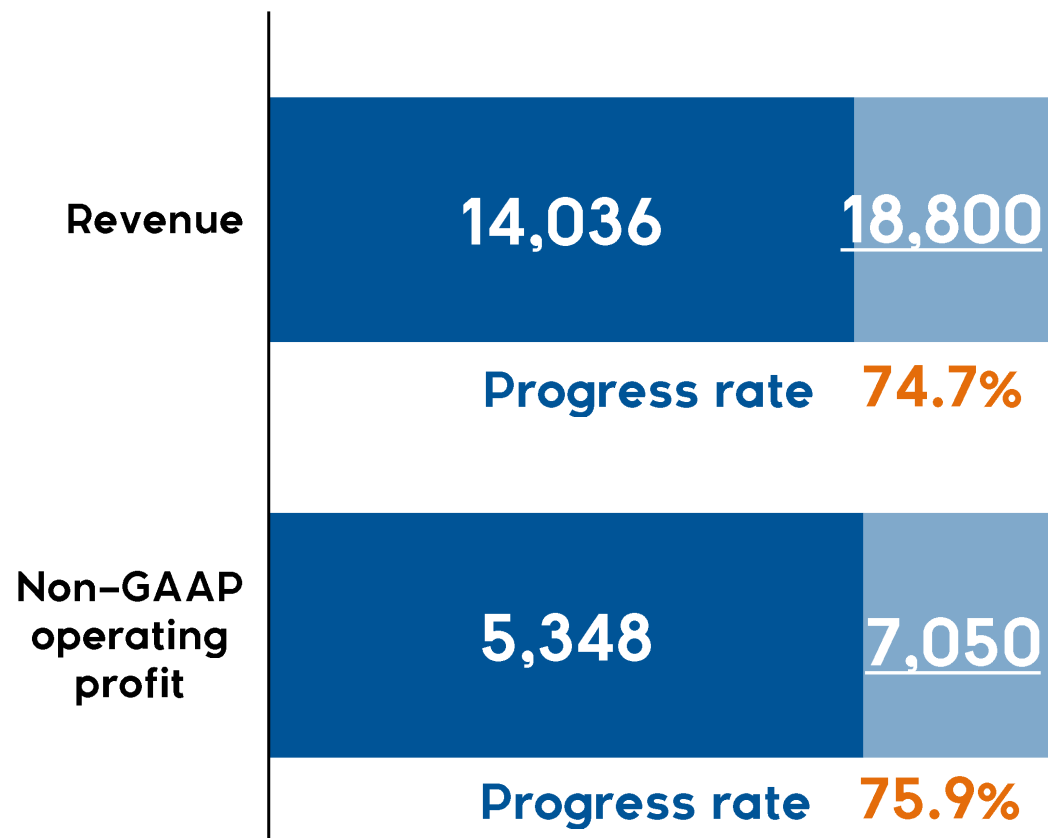


26 Progress on Earnings Estimates (by Business Segment)

SEPTENI

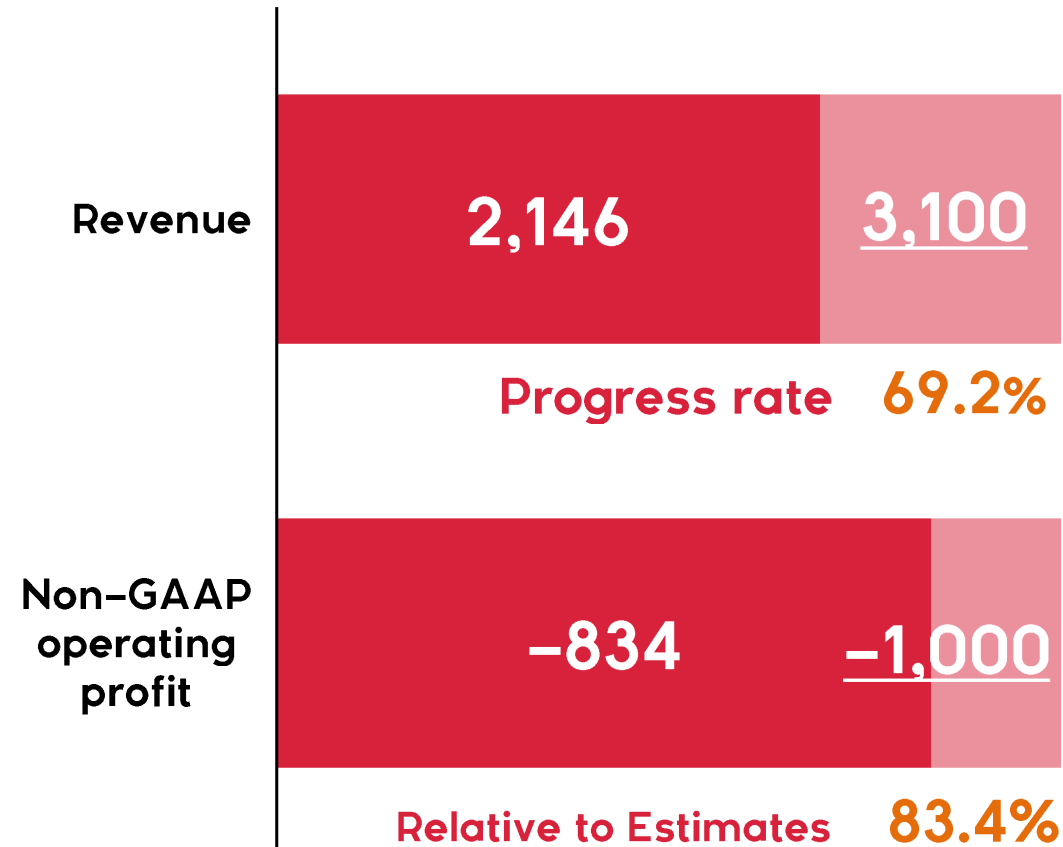
Digital Marketing Business

(unit:¥mn)

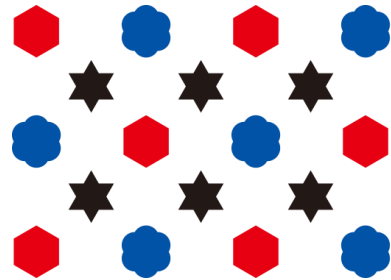


Media Platform Business

(unit:¥mn)



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 July 29, 2021 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

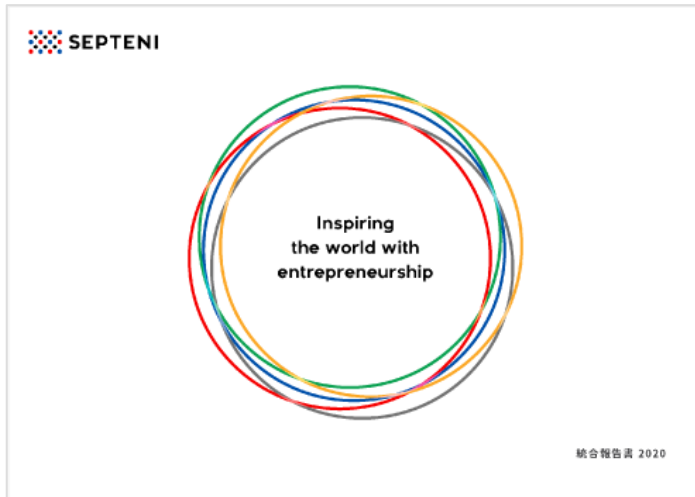
Use diversity as a competitive edge. We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

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”

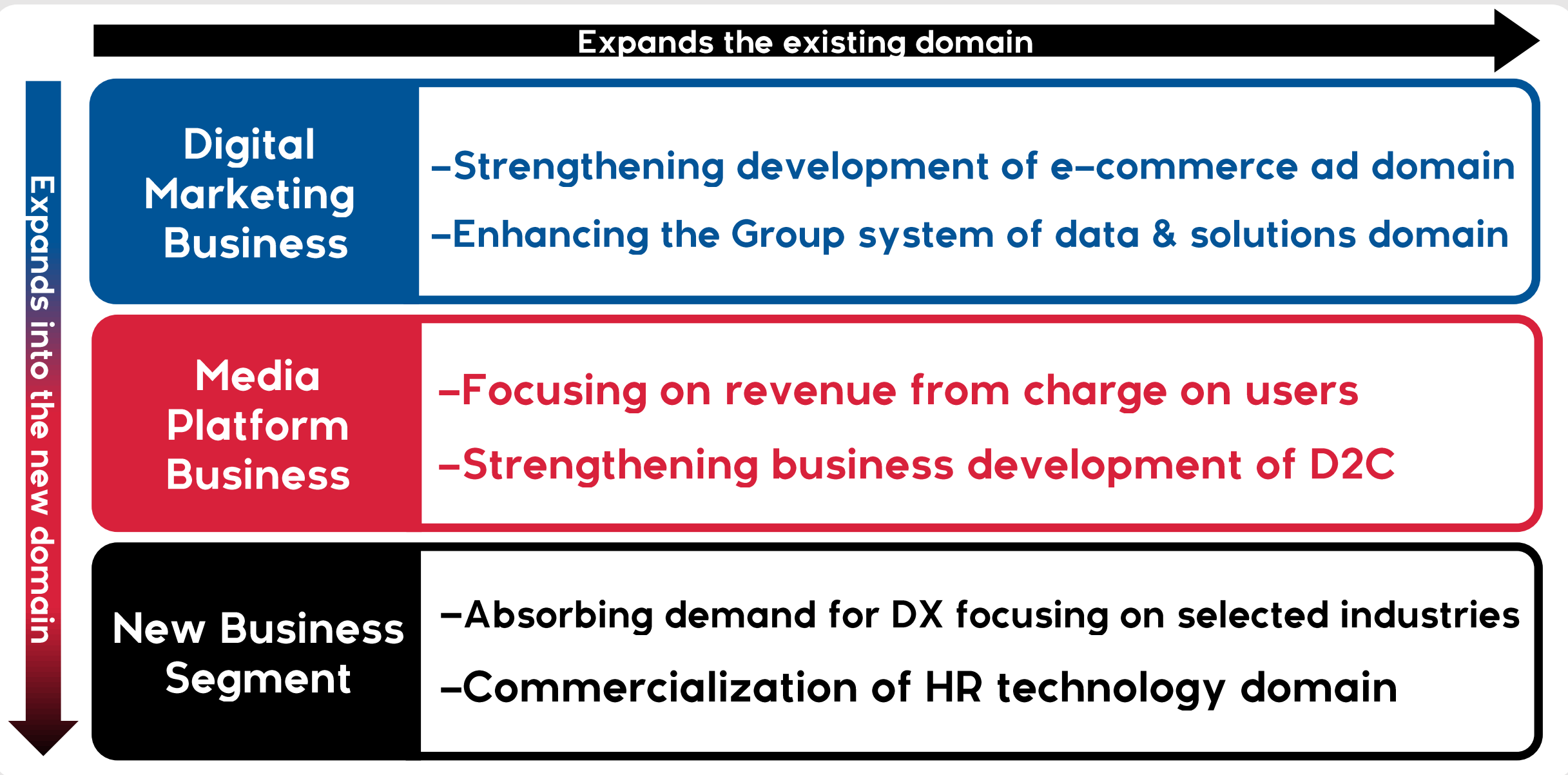
Septeni Group official blog on “note” started in December 2019, introducing various approaches around its people and culture that cannot be talked enough on other materials.

*only available in Japanese.

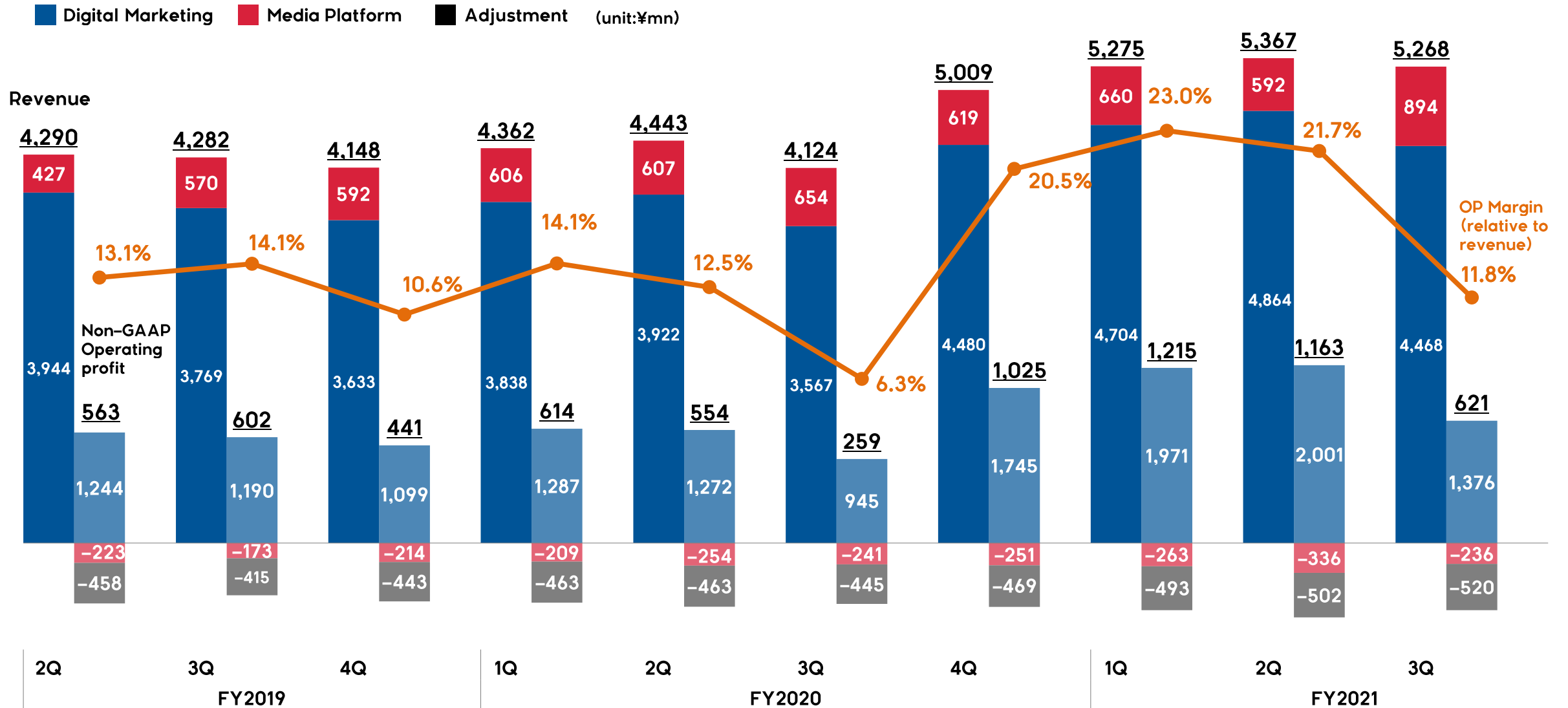
Please check the details from the link or the code.

(https://note.com/septeni_group)





32 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).

33 Digital Marketing Business Quarterly Trend



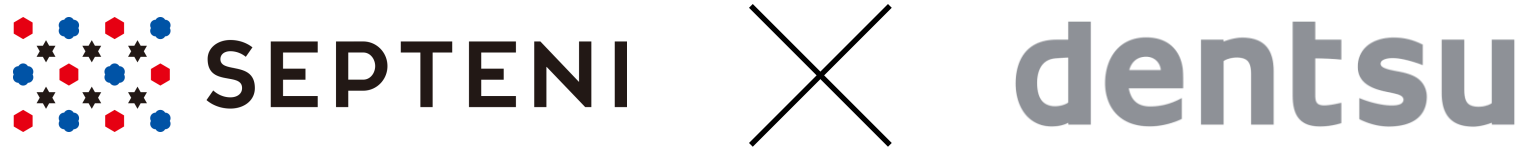
(unit:¥mn)	FY2019		FY2020				FY2021		
	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q
Net Sales	19,012	17,639	18,770	18,524	16,041	21,393	22,605	24,370	22,791
Revenue	3,769	3,633	3,838	3,922	3,567	4,480	4,704	4,864	4,468
Domestic Revenue	3,391	3,356	3,468	3,702	3,380	4,293	4,429	4,607	4,182
Overseas Revenue	378	277	370	220	187	187	275	257	285
Ratio of Overseas Revenue	10.0%	7.6%	9.6%	5.6%	5.2%	4.2%	5.8%	5.3%	6.4%
Ratio of Revenue to Net Sales	19.8%	20.6%	20.4%	21.2%	22.2%	20.9%	20.8%	20.0%	19.6%
Non-GAAP Operating Profit	1,190	1,099	1,287	1,272	945	1,745	1,971	2,001	1,376
Operating Margin to Revenue	31.6%	30.2%	33.5%	32.4%	26.5%	38.9%	41.9%	41.1%	30.8%
Domestic Brand Advertising Transaction (¥bn)	13.5	13.5	15.0	16.9	13.0	18.6	22.9	20.8	23.1
Share in Digital Marketing Business	7.1%	7.6%	8.0%	9.1%	8.1%	8.7%	10.1%	8.6%	10.1%
Volume of Clients in collaboration with Dentsu	13	16	24	35	47	54	57	66	76

34 Media Platform Business Quarterly Trend



	FY2019		FY2020				FY2021		
	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q
Manga Content Business Revenue (Volume in 1Q FY2018=100)	112	134	125	176	94	107	133	143	138
Subscription Revenue (Volume in 1Q FY2017=100)	2,335	2,732	2,936	3,417	3,596	4,378	4,537	5,627	6,120
GANMA! ARPU (¥)*1*2	48.9	60.5	51.3	39.8	31.9	29.9	44.0	75.6	67.7
Manga Content Business Commerce Revenue (¥mn)	26	26	17	39	29	36	50	76	50
Investment amount to expand business domains (¥mn)	—	—	—	-1	-3	-14	-12	-63	-56

*1: Numbers from the last months of every quarter *2: Revised the number in 2Q FY2021



Both Septeni Group and Dentsu Group aim to be **the largest digital marketing partners in Japan that lead the industry's development in **an environment where people with various talents assemble with the joy of working** and **by providing the best solutions** to clients.**

36 Business Alliance with Dentsu Group Specific initiatives in the alliance SEPTENI

Making use of differences in specialties and strengths in both companies, we add values to provide for our clients by creating synergy through short and medium-term initiatives.



Offering knowledge and technology of the Digital Marketing Business

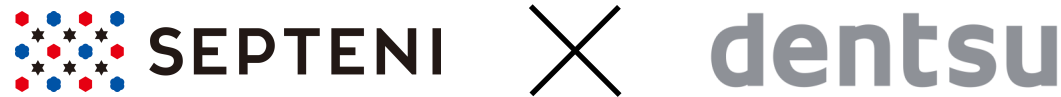
Sales of the Company group's media, mainly GANMA! by Dentsu Group

The Company supports the implementation of advertisements for digital 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

Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' clients 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.

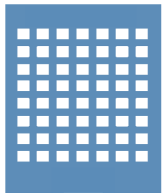
Close collaboration

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

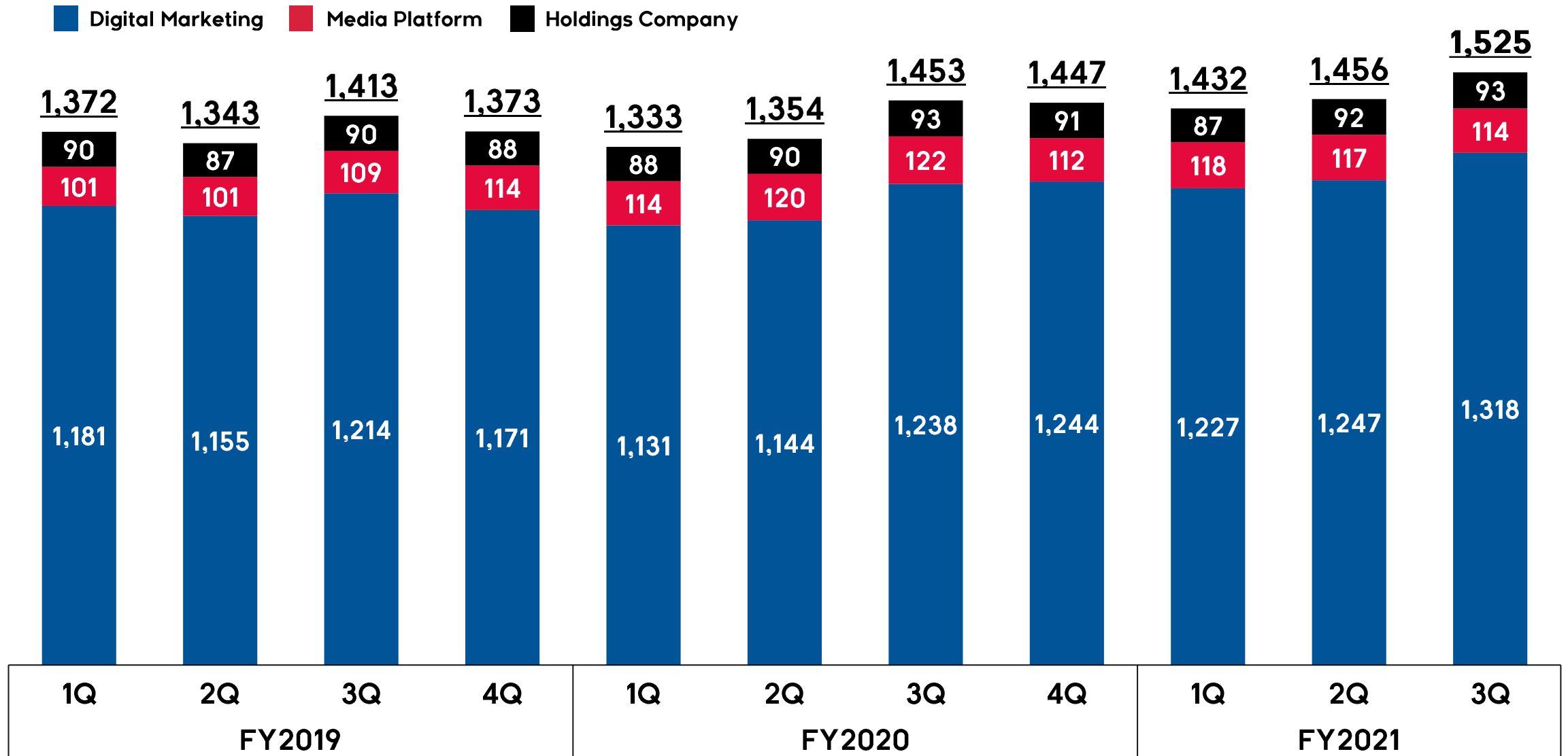
Digital media



Mass media



38 Septeni Group Workforce Number Trend



39 Main Group Companies by Business Segment

As of July 29, 2021



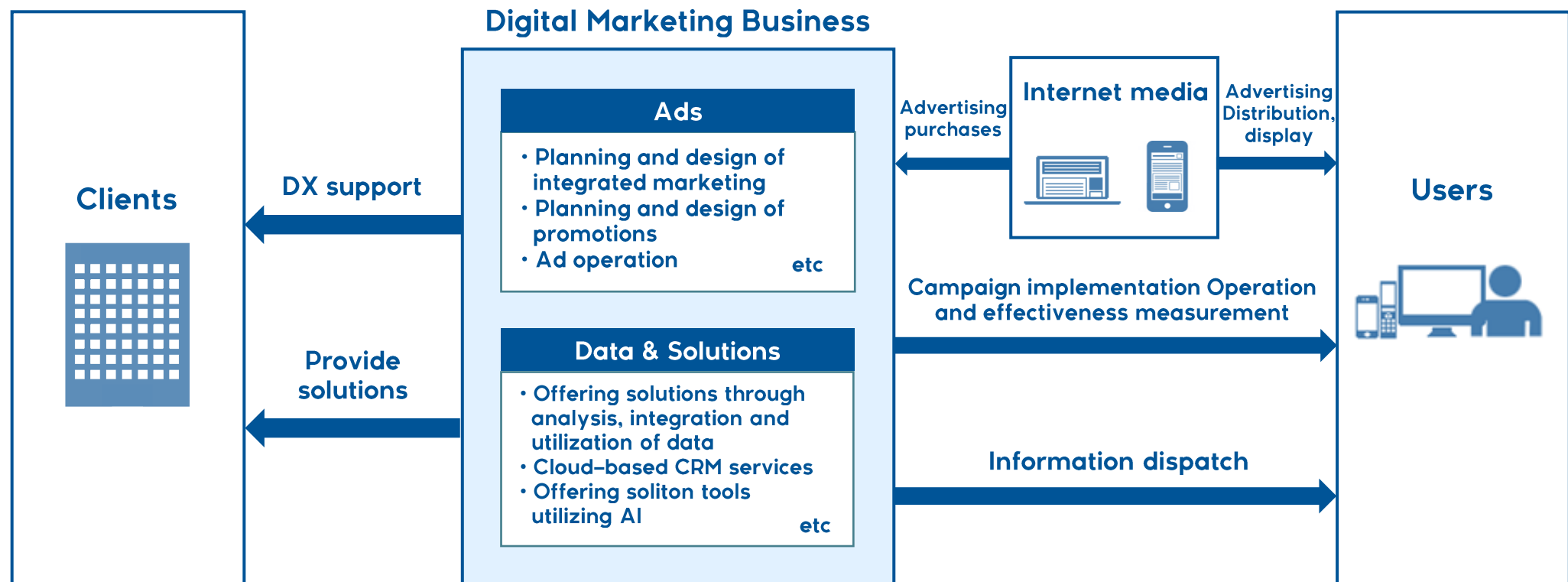
Holding Company	SEPTENI HOLDINGS CO., LTD
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Digital Marketing Business			
SEPTENI Japan, Inc.	Digital marketing support business	FLINTERS, Inc.	Planning, development and sales in digital solution area
SETPENI CROSSGATE CO., LTD.	Ad network and platform business	Tricorn Corporation	CRM service business
Septeni America, Inc.	Digital marketing support business based in North America region	Milogos, Inc.	Digital marketing support business
JNJ INTERACTIVE INC.	Digital marketing support in South Korea	Lion Digital Global LTD	Digital marketing support based in Southeast Asia

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.

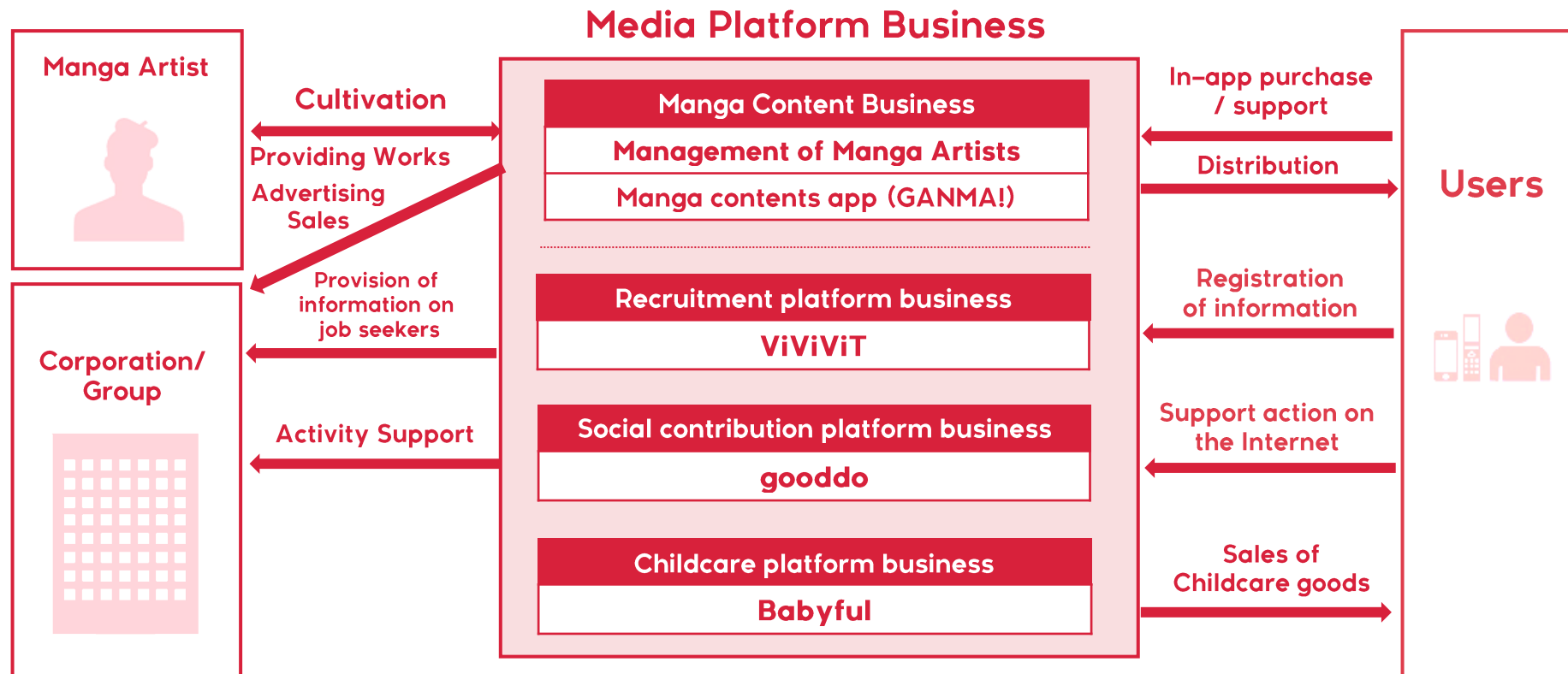
40 Business Model for the Digital Marketing Business

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.



41 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.



42 Consolidated Statement of Financial Position



(unit:¥mn)	End of 3Q FY2021	End of FY2020	Change
Current Assets	29,817	27,373	+2,444
Non-Current Assets	8,297	7,052	+1,245
Total Assets	38,115	34,425	+3,690
Current Liabilities	16,373	15,314	+1,059
Non-Current Liabilities	3,660	3,299	+360
Total Liabilities	20,032	18,613	+1,419
Total Capital	18,082	15,811	+2,271
Total Liabilities and Capital	38,115	34,425	+3,690

*In line with the adoption of IFRS16 (lease accounting standards), some rents we will pay in the future are posted as Right-of-use assets in Assets and financial liabilities in Liabilities.