

## Summary of Consolidated Financial Statement for the Nine Months Ended June 30, 2023 [IFRS]

August 8, 2023  
Listed Market: TSE

SEPTENI HOLDINGS CO., LTD.

Stock Code: 4293 URL: <https://www.septeni-holdings.co.jp/en>

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Anticipated Financial Report Filing Date: August 9, 2023

Anticipated Dividend Payment Date: —

Supplemental Earnings Presentation Materials: Available

Earnings Presentation Meeting: Held for institutional investors, analysts, media

(All figures of less than 1 million yen are rounded down to the nearest digit)

### 1. Consolidated Financial Results for the Nine Months Ended June 30, 2023 (From October 1, 2022 to June 30, 2023)

#### (1) Consolidated Financial Results (% figures represent year-over-year change)

	Revenue		Operating Profit		Non-GAAP Operating Profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3Q FY12/23	21,638	0.3	2,285	-48.9	2,408	-49.6	3,095	-50.7	1,993	-51.5	2,031	-50.5
3Q FY9/22	21,567	35.5	4,474	39.6	4,778	59.3	6,275	87.3	4,112	82.5	4,101	82.0

(Note) Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gain and loss 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, impairment loss, and gain or loss on the sales of fixed assets from the IFRS-based operating profit.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FY12/23	9.71		9.69	
3Q FY9/22	22.72		22.66	

#### (2) Consolidated Financial Position

	Total Assets		Total Equity		Equity attributable to owners of parent		Ratio of equity attributable to owners of parent to total assets	
	Million Yen		Million Yen		Million Yen		%	
3Q FY12/23	88,465		63,231		63,182		71.4	
FY9/22	88,731		62,754		62,705		70.7	

### 2. Dividends

	Dividends					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Term-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
FY9/22	—	—	—	—	4.60	4.60
FY12/23	—	—	—	—	—	—
FY12/23 Estimate	—	—	—	—	—	—

(Note) Revisions to the most recently announced dividends estimates: None  
Dividend forecasts for the fiscal year ending December 2023 are undecided.

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2023 (From October 1, 2022 to December 31, 2023)

(% figures represent year-over-year change)

	Revenue		Non-GAAP Operating profit		Profit for the period attributable to owners of parent		Basic earnings per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Yen	
Full Year	36,700	—	4,200	—	3,650	—	17.53	

(Note) Revisions to the most recently announced consolidated forecasts: Yes

For the fiscal year-end is changed from September 30 to December 31 and FY12/2023 is a transitional period, the year-on-year change rate is not stated.

\*Others

(1) Material changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidations) :  
None

(2) Changes in accounting policies and accounting estimates

Changes in accounting policies required by IFRS: None  
Changes in accounting policies other than IFRS requirement: None  
Changes in accounting estimates: None

(3) Number of issued and outstanding shares (common shares)

Issued and outstanding shares as of term-end (incl. Treasury shares):	3Q FY12/23	211,079,654	FY9/22	211,079,654
Treasury shares as of term-end:	3Q FY12/23	3,964,545	FY9/22	1,739,243
Average number of cumulative shares outstanding:	3Q FY12/23	209,073,431	3Q FY9/22	180,496,836

\*The summary of consolidated financial statements is not subject to the auditing by the Certified Public Accountants or the audit corporation.

\*Notes for using forecasted information and others

(1) Consolidated Forecasts

Any description regarding the future in this material, such as financial results forecasts and an outlook, is based on the available information and certain conditions which the Company believes to be reasonable at the moment, and actual financial results may differ from the forecasts due to various factors.

For the conditions which the forecasts are based on, please refer to “1. Qualitative Information on the Quarterly Financial Results (2) Explanation of Earnings Forecasts and Other Forward-Looking Information.”

(2) Way of getting supplemental material of annual results

The Company will hold a financial results briefing as below. The briefing materials will be available on the website after the summary of consolidated financial statements is disclosed. The audio archive of the briefing will be also available on the website.

August 8, 2023 (Tue.) – FY12/2023 Third Quarter Financial Results Briefing for Institutional Investors, Analysts and the Press

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## 1. Qualitative Information on the Quarterly Financial Results

### (1) Explanation of Financial Results

In the consolidated cumulative third quarter of the fiscal year under review (hereinafter “the current quarter”), in the main Digital Marketing Business, both revenue and operating profit decreased year on year due to the impact of budget reduction by some advertisers, as well as increased expenses mainly from the strengthening of investment in human capital. In the Media Platform Business, revenue increased and the loss decreased due to the growth of the IP Platform Business (the name changed from the Manga Content Business from the first quarter of the current fiscal year) centered on billing revenue.

As a result, revenue was ¥21,638 million (up 0.3% year on year), operating profit was ¥2,285 million (down 48.9% year on year), Non-GAAP operating profit was ¥2,408 million (down 49.6% year on year), and quarterly profit attributable to owners of parent was ¥2,031 million (down 50.5% year on year).

The Group discloses consolidated financial results in terms of both its internal measures which management relies upon in making decisions (hereinafter the “Non-GAAP financial measures”) and those under IFRS. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gain and loss related to acquisition actions and temporary factors from the IFRS-based operating profit. Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Group and industry peers and year-on-year comparisons by stakeholders and can provide useful information in understanding the underlying financial results and outlook of the Group. Gain and loss related to acquisition actions refer to amortization of acquisition-related intangible assets and M&A expenses, and unusual items refer to one-off items, such as stock-based compensation expenses, impairment loss, and gain or loss on sales of non-current assets, which the Group believes shall be excluded for the purposes of preparing an outlook based on certain rules.

Reconciliation from operating profit to Non-GAAP operating profit are as below:

(unit: ¥mn)

	3Q FY2022 (Previous Consolidated Cumulative 3Q)	3Q FY2023 (Current Consolidated Cumulative 3Q)	Change	Percentage of change
Operating profit	4,474	2,285	-2,189	-48.9%
Adjustment (Amortization of acquisition-related intangible assets)	20	31	11	
Adjustment (Stock-based compensation expenses)	101	33	-68	
Adjustment (Others)	182	60	-122	
Non-GAAP operating profit	4,778	2,408	-2,370	-49.6%

Operating results by reportable segment are as follows.

#### (i) Digital Marketing Business

The Digital Marketing Business consists of business segments that provide comprehensive DX support, such as proposals that integrate online and offline, centered on digital marketing.

In the current quarter, it was affected by budget reduction of some advertisers, as well as increased expenses centered on the strengthening of investment in human capital.

As a result, revenue was ¥18,872 million (down 3.1% year on year), and Non-GAAP operating profit was ¥4,957 million (down 32.1% year on year).

#### (ii) Media Platform Business

The Media Platform Business consists of IP Platform Business "GANMA!", Employment Platform Business "ViViViT", Platform Business of Social Contribution "gooddo", Childcare Platform Business "Babyful" etc.

In the current quarter, revenue increased due to the growth of the IP Platform Business centered on billing revenue. Furthermore, the loss narrowed due to accelerated monetization of own IP.

As a result, revenue was ¥3,151 million (up 36.1% year on year) and Non-GAAP operating loss was ¥455 million (compared with an Non-GAAP operating loss of ¥703 million in the same quarter of the previous year).

(2) Explanation of Earnings Forecasts and Other Forward-Looking Information

Regarding the consolidated earnings forecasts for the fiscal year ending December 2023, the Company revised its estimates announced on November 10, 2022, in consideration of the quarterly results under review. Please refer to “Notification on Revisions to the Full-Year Consolidated Earnings Estimates for the FY2023” announced on August 8, 2023.

2. Consolidated Financial Statements and Key Notes  
(1) Quarterly Consolidated Statement of Financial Position

(Thousand yen)

	FY2022 (Ended September 30, 2022)	3Q FY2023 (Ended June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	21,340,076	20,041,478
Operating receivables	18,285,273	17,564,012
Inventory	103,154	104,098
Other financial assets	98,953	42,556
Other current assets	757,815	1,584,700
Total current assets	40,585,272	39,336,844
Non-current assets		
Property, plant, and equipment	235,022	328,702
Right-of-use assets	1,090,965	2,175,927
Goodwill	4,693,055	4,693,055
Intangible assets	525,138	463,585
Investments accounted for using equity method	33,342,226	33,462,256
Other financial assets	6,904,527	6,527,923
Other non-current assets	24,244	20,301
Deferred tax assets	1,330,663	1,456,008
Total non-current assets	48,145,841	49,127,758
Total assets	88,731,112	88,464,601
<b>Liabilities and Equity</b>		
Liabilities		
Current liabilities		
Operating payables	16,891,357	17,025,038
Other financial liabilities	4,910,042	4,823,717
Current income taxes payable	557,879	—
Other current liabilities	2,847,110	1,511,792
Total current liabilities	25,206,388	23,360,547
Non-current liabilities		
Other financial liabilities	531,226	1,628,566
Provisions	159,063	175,104
Deferred tax liabilities	80,366	69,750
Total non-current liabilities	770,655	1,873,420
Total liabilities	25,977,043	25,233,967
Equity		
Equity attributable to owners of parent		
Share capital	18,428,004	18,428,004
Capital surplus	25,309,728	25,502,729
Treasury shares	-575,707	-1,396,624
Retained earnings	19,671,818	20,741,229
Other components of equity	-128,588	-93,710
Total equity attributable to owners of parent	62,705,254	63,181,627
Non-controlling interests	48,815	49,007
Total equity	62,754,069	63,230,635
Total liabilities and equity	88,731,112	88,464,601

## (2) Quarterly Consolidated Statement of Profit or Loss

(Thousand yen)

	3Q FY2022 (From October 1, 2021 to June 30, 2022)	3Q FY2023 (From October 1, 2022 to June 30, 2023)
Revenue	21,566,758	21,637,552
Cost of sales	4,404,408	5,224,017
Gross profit	17,162,351	16,413,535
Selling, general and administrative expenses	12,514,844	14,077,270
Other income	12,672	19,653
Other expenses	185,871	71,177
Operating profit	4,474,307	2,284,741
Financial income	1,244,847	4,832
Financial expenses	228,607	237,372
Share of profit from investments accounted for using equity method	784,448	1,042,968
Profit before tax	6,274,996	3,095,170
Income tax expenses	2,163,101	1,101,881
Profit	4,111,894	1,993,289
Profit (loss) attributable to:		
Owners of parent	4,101,282	2,031,026
Non-controlling interests	10,612	-37,737
Total	4,111,894	1,993,289
Earnings per share		
Basic earnings per share (Yen)	22.72	9.71
Diluted earnings per share (Yen)	22.66	9.69

## (3) Quarterly Consolidated Statement of Comprehensive Income

(Thousand yen)

	3Q FY2022 (From October 1, 2021 to June 30, 2022)	3Q FY2023 (From October 1, 2022 to June 30, 2023)
Profit (loss)	4,111,894	1,993,289
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes in financial assets measured at fair value through other comprehensive income	41,810	462
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	104,023	32,777
Cash flow hedges	6,947	2,990
Total other comprehensive income, net of tax	152,780	36,229
Total comprehensive income	<u>4,264,674</u>	<u>2,029,518</u>
Comprehensive income attributable to:		
Owners of parent	4,254,062	2,067,255
Non-controlling interests	10,612	-37,737
Comprehensive income	<u>4,264,674</u>	<u>2,029,518</u>



## (4) Quarterly Consolidated Statement of Changes in Equity

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of October 1, 2021	2,125,384	3,901,272	-1,691,842	14,322,283	-230,678	18,426,419	18,869	18,445,288
Profit (loss)	—	—	—	4,101,282	—	4,101,282	10,612	4,111,894
Other comprehensive income	—	—	—	—	152,780	152,780	—	152,780
Total comprehensive income	—	—	—	4,101,282	152,780	4,254,062	10,612	4,264,674
Issuance of new shares	16,302,620	16,161,638	—	—	—	32,464,257	—	32,464,257
Dividends of surplus	—	—	—	-429,940	—	-429,940	—	-429,940
Purchase of treasury stock	—	—	-26	—	—	-26	—	-26
Changes due to acquisition of control of subsidiaries	—	5,102,147	1,116,161	—	—	6,218,308	14,902	6,233,210
Other	—	101,128	—	45,866	-45,866	101,128	-2,064	99,063
Total amount of transactions with owners	16,302,620	21,364,913	1,116,135	-384,075	-45,866	38,353,727	12,838	38,366,565
Balance as of June 30, 2022	18,428,004	25,266,185	-575,707	18,039,490	-123,764	61,034,208	42,318	61,076,527

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of October 1, 2022	18,428,004	25,309,728	-575,707	19,671,818	-128,588	62,705,254	48,815	62,754,069
Profit (loss)	—	—	—	2,031,026	—	2,031,026	-37,737	1,993,289
Other comprehensive income	—	—	—	—	36,229	36,229	—	36,229
Total comprehensive income	—	—	—	2,031,026	36,229	2,067,255	-37,737	2,029,518
Dividends of surplus	—	—	—	-962,966	—	-962,966	—	-962,966
Purchase of treasury shares	—	-2,506	-1,275,942	—	—	-1,278,448	—	-1,278,448
Disposal of treasury shares	—	-455,025	455,025	—	—	—	—	—
Changes without loss of control of subsidiaries	—	617,902	—	—	—	617,902	39,614	657,516
Other	—	32,629	—	1,351	-1,351	32,629	-1,684	30,945
Total amount of transactions with owners	—	193,001	-820,917	-961,615	-1,351	-1,590,882	37,930	-1,552,953
Balance as of June 30, 2023	18,428,004	25,502,729	-1,396,624	20,741,229	-93,710	63,181,627	49,007	63,230,635

## (5) Quarterly Consolidated Statement of Cash Flow

(Thousand yen)

	3Q FY 2022 (From October 1, 2021 to June 30, 2022)	3Q FY 2023 (From October 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before tax	6,274,996	3,095,170
Adjustments:		
Depreciation and amortization expenses	567,705	576,236
Interest income	-1,326	-2,955
Interest expenses	19,351	15,897
Share of loss (profit) of entities accounted for using equity method	-784,448	-1,042,968
Loss (profit) on valuation of securities	-1,217,130	161,556
Other	331,293	47,781
Increase or decrease in working capital		
Decrease (increase) in operating receivables	1,853,171	719,716
Decrease (increase) in inventories	12,403	-944
Increase (decrease) in operating payables	-497,660	133,681
Other	-1,325,833	-776,590
Subtotal	5,232,523	2,926,581
Interest income received	1,108	2,855
Dividends received	32,520	1,855,868
Interest expenses paid	-19,562	-21,796
Income taxes refund	—	65,264
Income taxes paid	-2,452,592	-2,930,727
Cash flows from operating activities	2,793,996	1,898,044
Cash flows from investing activities		
Proceeds from sale of securities	99,931	—
Purchase of securities	-133,772	-335,244
Purchase of property, plant, and equipment	-34,440	-146,662
Purchase of intangible assets	-24,421	-10,261
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	162,427	—
Payments of contingent considerations	—	-828,080
Purchases of investments accounted for using the equity method	-31,312,999	-932,830
Proceeds from refund of leasehold and guarantee deposits	289,873	1,131
Payments for loans receivable	-609,149	—
Collection of loans receivable	244,947	—
Other	56,740	559,024
Cash flows from investing activities	-31,260,862	-1,692,922

Cash flows from financing activities		
Proceeds from short-term borrowings	—	3,000,000
Repayments of long-term borrowings	-638,556	-2,000,350
Repayments of lease obligations	-454,144	-453,544
Cash dividends paid	-429,940	-962,966
Proceeds from issuance of shares	32,402,037	—
Proceeds from sales of treasury shares	—	221,993
Purchase of treasury shares	-26	-1,278,448
Other	-2,064	-63,181
Cash flows from financing activities	<u>30,877,306</u>	<u>-1,536,496</u>
Effect of exchange rate change on cash and cash equivalents	104,023	32,777
Increase (decrease) in cash and cash equivalents	<u>2,514,463</u>	<u>-1,298,597</u>
Cash and cash equivalents at beginning of period	16,899,990	21,340,076
Cash and cash equivalents at end of period	<u><u>19,414,453</u></u>	<u><u>20,041,478</u></u>

(6) Notes on Quarterly Consolidated Financial Statements

(i) Notes on Matters Related to Going Concern Assumption

No applicable items.

(ii) Information on Reportable Segments

1. Overview of reportable segments

The Group has a holding company structure where the Company is a holding company, and its subsidiaries (or their groups) are business units. Activities directly related to revenue generation are conducted solely by the business units.

The Group's reportable segments are based on business segments for which separate financial information is available and that the highest decision-maker examines on a regular basis to determine the distribution of management resources and evaluate the results. In consideration of similarities among the economic characteristics of each business segment and their quantitative importance and for the purpose of enabling the users of the financial statements to appropriately evaluate the Group's businesses and the economic circumstances, and their effects on the businesses, the Group discloses information on two reportable segments: the Digital Marketing Business and the Media Platform Business.

i. Digital Marketing Business

The Digital Marketing Business consists of businesses that provide comprehensive DX support, mainly in the marketing domain, such as marketing support through online-offline integration centered on the sales and operation of digital advertising, and the development and provision of solutions utilizing data and AI.

ii. Media Platform Business

The Media Platform Business consists of IP Platform Business "GANMA!", Employment Platform Business "ViViViT", Platform Business of Social Contribution "gooddo", Childcare Platform Business "Babyful" etc.

This segment includes business units that have commenced operation in recent years and have not made a profit due to prior investment for revenue generation. The highest decision-maker makes decisions on the distribution of management resources to those business units and evaluates their results, assuming risks and economic values that allow the Group to recover the investment costs through future revenue generation.

2. Measurement of reportable segments' profit and loss

Segment profit uses Non-GAAP operating profit based on IFRS adjusted for gain and loss 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, impairment loss, and gain and loss on sales of property, plant and equipment. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gain and loss related to acquisition actions and temporary factors from the IFRS-based operating profit. Management believes that disclosing Non-GAAP measures facilitates comparison between the Group and industry peers and year-on-year comparisons by stakeholders and can provide useful information in understanding the underlying operating results and outlook of the Group. Gain and loss related to acquisition actions refer to amortization of acquisition-related intangible assets and M&A expenses, and unusual items refer to one-off items, such as stock-based compensation expenses, impairment loss, and gain and loss on sales of non-current assets, which the Group believes shall be excluded for the purposes of preparing an outlook based on certain rules.

The prices of inter-segment transactions are determined based on the prices of transactions with external customers.

### 3. Information on reportable segments' profit and loss

Previous consolidated cumulative 3Q (from October 1, 2021 to June 30, 2022)

(Thousand yen)

	Digital Marketing	Media Platform	Total	Adjustment	Consolidated
Segment revenue *1	19,474,477	2,315,462	21,789,939	-223,181	21,566,758
Segment profit (loss) *2*3	7,300,077	-702,741	6,597,337	-1,819,057	4,778,280

(Notes) 1. Adjustments include the elimination of profit and loss transactions between reportable segments.

2. The segment profit is Non-GAAP operating profit.

3. Adjustments include the elimination of profit and loss transactions between reportable segments and expenses for the operation of the holding company. Expenses for the operation of the holding company are personnel expenses etc.

Current consolidated cumulative 3Q (from October 1, 2022 to June 30, 2023)

(Thousand yen)

	Digital Marketing	Media Platform	Total	Adjustment	Consolidated
Segment revenue *1	18,872,313	3,151,287	22,023,600	-386,048	21,637,552
Segment profit (loss) *2*3	4,956,610	-455,270	4,501,340	-2,093,018	2,408,322

(Notes) 1. Adjustments include the elimination of profit and loss transactions between reportable segments.

2. The segment profit is Non-GAAP operating profit.

3. Adjustments include the elimination of profit and loss transactions between reportable segments and expenses for the operation of the holding company. Expenses for the operation of the holding company are personnel expenses etc.

Adjustments of segment profit (loss) and profit before tax

(Thousand yen)

	3Q FY2022 (From October 1, 2021 to June 30, 2022)	3Q FY2023 (From October 1, 2022 to June 30, 2023)
Segment profit (Non-GAAP operating profit)	4,778,280	2,408,322
Selling, general and administrative expenses		
Amortization of acquisition-related intangible assets	-20,409	-30,614
Stock-based compensation expenses	-101,128	-32,629
Other profit (loss) (net)	-182,436	-60,337
Financial profit (loss) (net)	1,016,240	-232,539
Share of profit from investments accounted for using equity method	784,448	1,042,968
Profit before tax	6,274,996	3,095,170