

## Summary of Consolidated Financial Statement for the Fiscal Year Ended December 31, 2023 [IFRS]

February 8, 2024  
Listed Market: TSE

SEPTENI HOLDINGS CO., LTD.

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

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Anticipated Date of General Shareholder's Meeting: March 27, 2024

Anticipated Financial Report Filing Date: March 27, 2024

Anticipated Dividend Payment Date: March 28, 2024

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 Fiscal Year Ended December 31, 2023 (From October 1, 2022 to December 31, 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	%
FY12/23	34,267	—	4,949	—	5,091	—	6,652	—	4,267	—	4,319	—
FY9/22	27,589	—	6,166	—	6,565	—	8,966	—	5,751	120.6	5,734	120.2

(Note) 1. 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 share-based payment expenses, impairment loss, and gain or loss on the sales of fixed assets from the IFRS-based operating profit.

2. As the fiscal year ended December 31, 2023 is 15 months due to a change in the fiscal year-end, the rate of year-over-year change is not stated.

	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets ratio	Operating profit to revenue ratio
	Yen	Yen	%	%	%
FY12/23	20.74	20.68	6.7	7.3	14.4
FY9/22	30.54	30.45	14.1	13.7	22.3

(Reference) Share of profit of investment accounted for using equity method: ¥1,851 million in FY12/23, ¥1,066 million in FY9/22

(Note) As the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations, revenue, operating profit, Non-GAAP operating profit and profit before tax represent the amount of continuing operations, excluding discontinued operations. The rate of year-over-year change for FY9/22 is not stated because the results for FY9/21 are not reclassified.

#### (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	Equity attributable to owners of parent per share
	Million Yen	Million Yen	Million Yen	%	Yen
FY12/23	93,606	65,705	65,594	70.1	316.70
FY9/22	88,731	62,754	62,705	70.7	299.54

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
FY12/23	3,785	-2,020	-1,835	20,873
FY9/22	3,650	-30,553	31,229	21,340

### 2. Dividends

	Dividends						Total dividend paid	Payout ratio	Ratio of total amount of dividends to equity attributable to owner of parent
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/22	—	—	—	—	4.60	4.60	971	15.1	2.1
FY12/23	—	—	—	—	5.20	5.20	1,086	25.1	1.7
FY12/24 Estimate	—	—	—	—	7.90	7.90		25.2	

(Note) For dividend policies, please refer to "2. Outlook (2) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms".

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

(% 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	31,000	—	4,700	—	6,500	—	31.38	

(Note) As the fiscal year ended December 31, 2023 is 15 months due to a change in the fiscal year-end, the rate of year-over-year change 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 at the end of fiscal year (incl. Treasury shares):	FY12/23	211,079,654	FY9/22	211,079,654
Treasury shares at the end of fiscal year:	FY12/23	3,964,545	FY9/22	1,739,243
Average number of shares outstanding:	FY12/23	208,284,960	FY9/22	187,766,998

(Note) The Company implements the stock incentive plan for the Directors and the Group Executive Officers. The number of treasury shares at the end of fiscal year includes 1,764,502 shares held by the BIP Trust, as well as 2,200,043 shares held by the Company. The Company's shares held by the BIP Trust is also included in the number of treasury shares to calculate the average number of shares outstanding.

#### (Reference) Non-Consolidated Financial Results Overview

1. Non-Consolidated Operating Results for the Fiscal Year Ended December 31, 2023 (From October 1, 2022 to December 31, 2023)

##### (1) Non-Consolidated Operating Results

(% figures represent year-over-year change)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY12/23	6,854	—	3,361	—	5,123	—	4,827	—
FY9/22	5,495	40.9	2,875	71.0	4,364	133.3	3,673	256.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY12/23	23.17		23.12	
FY9/22	19.56		19.51	

(Note) As the fiscal year ended December 31, 2023 is 15 months due to a change in the fiscal year-end, the rate of year-over-year change is not stated.

##### (2) Non-Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	Net assets per share	
	Million Yen		Million Yen			Yen	
FY12/23	59,524		57,129		96.0	275.83	
FY9/22	57,463		53,982		93.9	257.87	

(Reference) Owner's equity: ¥57,129 million in FY12/23, ¥53,982 million in FY9/22

\*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. Overview of Financial Results, etc. (1) Overview of Financial Results" and "2. Outlook (1) Outlook."

##### (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 transcript of the briefing will be also available on the website.

February 8, 2024 (Thu.) – FY12/2023 Financial Results Briefing for Institutional Investors, Analysts and the Press

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## 1. Overview of Financial Results, etc.

### (1) Overview of Financial Results

Due to a change in the fiscal year-end, the fiscal year under review is the 15-month period from October 1, 2022 to December 31, 2023, and the rate of year-over-year change in consolidated and non-consolidated results on a financial reporting basis is not stated.

In addition, because the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations, revenue, operating profit, Non-GAAP operating profit and profit before tax represent the amount of continuing operations, excluding discontinued operations.

As a reference, the results of profit and loss and the rate of year-over-year change from the previous fiscal year are presented, assuming that both the previous year and the fiscal current fiscal year are the 12-month period from January to December.

#### (Financial results for the fiscal year under review)

Individual smartphone ownership in Japan rose to 77.3% in 2022, as the quantitative expansion continued, with the exceptionally high popularization rate of more than 90% of those in their 20s through 50s now owning a smartphone. At the same time, the individual objectives for smartphone use are also diversifying with the increasing usage rate of SNS (social networking services), meaning there are also have been a profound qualitative change in use (source: “Communications Usage Trend Survey in 2022,” Ministry of Internal Affairs and Communications). As such, with the smartphone becoming a mainstream device to access the Internet, in the market for various services and applications, expansion into content such as video, music, and e-books is accelerating. Additionally, social media is being used not only for communication, but is also expanding into fields such as payments and purchases. As its influence is growing even stronger, demand for marketing support utilizing the individual characteristics of different media as well as data and AI is also increasing further. Furthermore, internet advertising expenditures in the Japanese advertising market in 2022 reached ¥3,091.2 billion (up 14.3% year on year), exceeding that of the four traditional mass media advertising expenditures (¥2,398.5 billion, down 2.3% year on year, source: “2022 Advertising Expenditures in Japan” by Dentsu Inc.). As such, the COVID-19 pandemic has also been a catalyst for bringing about a massive wave of digital transformation (DX) across all industries, and even in the advertising industry, there has been further growth in demand for digital marketing.

Under these circumstances, in the main Digital Marketing Business, despite the economic impact, it acquired new clients, expanded existing businesses, and promoted collaboration with the Dentsu Group. It also made up-front investments centered on strengthening investment in human capital.

As a result, revenue was ¥34,267 million, operating profit was ¥4,949 million, Non-GAAP operating profit was ¥5,091 million, profit before tax was ¥6,652 million, profit was ¥4,267 million and profit attributable to owners of parent was ¥4,319 million.

For non-consolidated operating results, operating revenue was ¥6,854 million, operating profit was ¥3,361 million, ordinary profit was ¥5,123 million and net income was ¥4,827 million.

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 gains and losses 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 temporary factors refer to one-off items, such as share-based payment expenses, impairment losses, and gains or losses on sales of fixed assets, which the Group believes shall be excluded for the purposes of preparing an outlook based on certain rules.

Adjustments from operating profit to Non-GAAP operating profit are as follows. Due to a change in the fiscal year-end, the fiscal year under review is the 15-month period from October 1, 2022 to December 31, 2023, and the rate of year-over-year change in consolidated results on a financial reporting basis is not stated:

(Million yen)

	Previous consolidated fiscal year (Fiscal year ended September 30, 2022)	Current consolidated fiscal year (Fiscal year ended December 31, 2023)	Change of amount	Rate of change
Operating profit	6,166	4,949	—	—
Adjustment (Amortization of acquisition-related intangible assets)	31	51	—	
Adjustment (Share-based payment expenses)	129	39	—	
Adjustment (Others)	240	52	—	
Non-GAAP operating profit	6,565	5,091	—	—

Operating results by reportable segment are as follows. Revenue and Non-GAAP operating loss for the Media Platform Business represent the amount before the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations.

(i) Digital Marketing Business

The Digital Marketing Business consists of business segments that provide comprehensive DX support, centered on digital marketing.

In the fiscal year under review, despite the economic impact, it acquired new clients, expanded existing businesses, and promoted collaboration with the Dentsu Group. It also made up-front investments centered on strengthening investment in human capital.

As a result, revenue was ¥32,112 million, and Non-GAAP operating profit was ¥8,527 million.

(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 fiscal year under review, the segment grew mainly in the IP Platform Business, and the loss narrowed. However, other businesses underperformed under the post-COVID environment.

As a result, revenue was ¥5,839 million, and Non-GAAP operating loss was ¥656 million.

(Reference)

The following figures show the status of profit and loss and the rate of year-over-year change on a calendar year basis, assuming that the accounting period of the Group was the 12-month period from January to December for both the previous fiscal year and the current fiscal year.

As the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations, revenue, operating profit, Non-GAAP operating profit and profit before tax represent the amount of continuing operations, excluding discontinued operations.

Revenue was ¥27,674 million (down 0.6% year on year), operating profit was ¥3,922 million (down 22.3% year on year), Non-GAAP operating profit was ¥4,016 million (down 25.9% year on year), profit before tax was ¥5,660 million (down 27.2% year on year), profit was ¥3,699 million (down 26.7% year on year), and profit attributable to owners of parent was ¥3,736 million (down 25.9% year on year).

(2) Overview of Financial Positions

Total assets increased by ¥4,875 million compared to the previous fiscal year and reached ¥93,606 million. This is mainly due to an increase of ¥1,546 million in operating receivables, ¥907 million in investment accounted for using equity method, and ¥809 million in right-of-use assets.

Total liabilities increased by ¥1,924 million compared to the previous fiscal year and reached ¥27,901 million. This is mainly due to trade payables increased by ¥2,140 million.

Total equity increased by ¥2,951 million compared to the previous fiscal year and reached ¥65,705 million. This is mainly due to a record of profit of ¥4,267 million and an increase of ¥658 million from changes without loss of control of subsidiaries, while a decrease of ¥1,278 million from purchase of treasury shares and dividends paid of ¥963 million.

### (3) Overview of Cash Flows

“Cash and cash equivalents” decreased by ¥467 million and totaled ¥20,873 million. The following are the details and factors of each cash flows in the fiscal year under review.

#### (i) Cash flows from operating activities

As a result of operating activities in the fiscal year under review, cash inflows totaled ¥3,785 million (cash inflows of ¥3,650 million in the previous fiscal year). This was mainly due to a record of ¥6,652 million in profit before tax from continuing operations, ¥1,856 million in dividends received and ¥2,271 million in increase in trade payables, while a record of ¥1,851 million in equity in earnings of affiliates, ¥1,909 million in increase in trade receivables and ¥3,740 million in income taxes paid.

#### (ii) Cash flows from investing activities

As a result of investing activities in the fiscal year under review, cash outflows totaled ¥2,020 million (cash outflows of ¥30,553 million in the previous fiscal year). This was mainly due to a record of ¥1,109 million in purchase of securities, ¥933 million in purchase of investments accounted for using the equity method, and ¥828 million in payments of contingent consideration.

#### (iii) Cash flows from financing activities

As a result of financing activities in the fiscal year under review, cash outflows totaled ¥1,835 million (cash inflows of ¥31,229 million in the previous fiscal year). This was mainly due to repayments of long-term loans payable of ¥2,000 million, purchase of treasury stock of ¥1,278 million, dividends paid of ¥963 million, and repayments of lease liabilities of ¥752 million, while there was a net increase in short-term borrowings of ¥3,000 million.

## 2. Outlook

### (1) Outlook

#### (i) Policies

Under the new management structure, the Group set the medium-term theme from the fiscal year ending December 2024 onward as “Focus & Synergies.” Based on the human capital management that has been built up to date, the Group will create synergies among its business segments and within its business areas while evolving its strengths to become a group with multiple strong businesses, aiming for sustainable growth and increased corporate value over the medium to long term.

The Digital Marketing Business will be divided into 3 areas: the Marketing Communication Area, the Direct Business Area, and the Data & Solutions Area, and the Group will develop area management while promoting business reorganization and strengthening. In addition, the Group aims to generate group synergies by utilizing the assets of the Digital Marketing Business and create new businesses from within each area.

In addition, as growth investments, the Group will consider investments for organic growth and the creation of new businesses, as well as M&A for growth in each area of the Digital Marketing Business.

#### (ii) Financial Results Forecasts

In the fiscal year ending December 2024, the Company expects steady growth centered on the Digital Marketing Business and a boost to profit attributable to owners of parent due to the partial sale of shares of COMICSMART INC. owned by the Company, and a significant increase in basic earnings per share.

Financial results forecasts for the fiscal year ending December 2024 (From January 1, 2023 to December 31, 2024):

Revenue	31,000 million yen
Non-GAAP operating profit	4,700 million yen
Profit attributable to owners of parent	6,500 million yen
Basic earnings per share	31.38 yen

For the details of the sale of the IP Platform Business, please refer to the “Notice of Changes in Consolidated Subsidiary (Share Transfer) and Recognition of Gain on Sale” disclosed on December 19, 2023 and February 8, 2024.

The above forecasts are based on estimates and beliefs in light of the information currently available and are subject to a number of uncertainties. Actual results may differ from the above forecasts due to various factors.

(2) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms

The Company recognizes that returning profits to shareholders is one of the key management issues and will implement flexible and appropriate allocations based on the following policies.

Regarding dividends of surplus, in consideration of its consolidated earnings performance of each fiscal year, the strengthening of its financial position, the Group's business strategy going forward and other factors, the Company endeavors to return profits to shareholders within the range of our distributable amount, with a target dividend payout ratio of around 25% to profit attributable to owners of parent. Furthermore, by setting a minimum annual dividend per share of ¥3 in principle, it will consider the continuity and stability of dividends, while basing on appropriate profit distribution in line with business growth. Retained earnings will be used for investments in high-growth and profitable business domains, as well as for investments to improve the efficiency and vitalization of existing businesses, and for educational investment to develop human resources. The Company intends to acquire own shares on an ongoing basis by comprehensively taking into account market conditions, opportunities to invest in businesses, capital efficiency, the level of share price, etc. and to implement such share repurchases in a flexible manner.

Based on these policies, the Company revised the year-end dividend forecast for the fiscal year ended December 31, 2023 to ¥5.2 per share, an increase of ¥0.6 per share from the latest forecast. For the details, please refer to the “Notice of Revision of Year-End Dividend Forecast (Dividend Increase)” disclosed on February 8, 2024.

The dividend for the fiscal year under review is scheduled to be submitted at the 33rd Ordinary General Meeting of Shareholders to be held on March 27, 2024.

The year-end dividend for the fiscal year ending December 31, 2024 is planned to be ¥7.9 per share.

3. Basic Stance on the Choice of Accounting Standards

The Group has promoted the global operational presence and adopted IFRS since the fiscal year ended September 30, 2016, to improve the quality of business administration through standardized accounting procedures within the Group and to improve convenience for stakeholders, including shareholders and investors in Japan and overseas, by increasing the international comparability of financial information in capital markets.

#### 4. Consolidated Financial Statements and Key Notes

##### (1) Consolidated Statement of Financial Position

(Thousand yen)

	FY2022 (As of September 30, 2022)	FY2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	21,340,076	20,873,416
Trade receivables	18,285,273	19,830,799
Inventories	103,154	72,849
Other financial assets	98,953	101,550
Other current assets	757,815	1,997,253
Subtotal	40,585,272	42,875,867
Assets held for sale	—	807,491
Total current assets	40,585,272	43,683,358
Non-current assets		
Property, plant, and equipment	235,022	257,486
Right-of-use assets	1,090,965	1,899,500
Goodwill	4,693,055	4,693,055
Intangible assets	525,138	432,366
Investments accounted for using equity method	33,342,226	34,249,351
Other financial assets	6,904,527	7,106,364
Other non-current assets	24,244	13,260
Deferred tax assets	1,330,663	1,271,250
Total non-current assets	48,145,841	49,922,632
Total assets	88,731,112	93,605,990



	(Thousand yen)	
	FY2022	FY2023
	(As of September 30, 2022)	(As of December 31, 2023)
<b>Liabilities and Equity</b>		
Liabilities		
Current liabilities		
Trade payables	16,891,357	19,031,397
Other financial liabilities	4,910,042	4,414,965
Income taxes payable	557,879	421,929
Other current liabilities	2,847,110	2,227,759
Subtotal	25,206,388	26,096,050
Liabilities directly associated with assets held for sale	—	236,525
Total current liabilities	25,206,388	26,332,575
Non-current liabilities		
Other financial liabilities	531,226	1,369,940
Provisions	159,063	152,549
Deferred tax liabilities	80,366	46,137
Total non-current liabilities	770,655	1,568,627
Total liabilities	25,977,043	27,901,201
Equity		
Equity attributable to owners of parent		
Share capital	18,428,004	18,428,004
Capital surplus	25,309,728	25,426,993
Treasury shares	-575,707	-1,396,624
Retained earnings	19,671,818	23,185,222
Other components of equity	-128,588	-49,731
Total equity attributable to owners of parent	62,705,254	65,593,864
Non-controlling interests	48,815	110,925
Total equity	62,754,069	65,704,788
Total liabilities and equity	88,731,112	93,605,990

## (2) Consolidated Statement of Profit or Loss

(Thousand yen)

	FY2022 (From October 1, 2021 to September 30, 2022)	FY2023 (From October 1, 2022 to December 31, 2023)
Continuing operations		
Revenue	27,589,386	34,266,611
Cost of sales	5,023,904	6,799,214
Gross profit	22,565,482	27,467,397
Selling, general and administrative expenses	16,176,779	22,499,702
Other income	23,314	66,173
Other expenses	246,238	84,734
Operating profit	6,165,779	4,949,134
Finance income	2,068,952	5,760
Finance costs	334,594	153,485
Share of profit of investments accounted for using equity method	1,066,228	1,850,739
Profit before tax	8,966,365	6,652,148
Income tax expenses	2,659,861	1,727,766
Profit from continuing operations	6,306,504	4,924,381
Discontinued operations		
Loss from discontinued operations	-555,831	-657,107
Profit	5,750,673	4,267,275
Profit (loss) attributable to:		
Owners of parent	5,733,564	4,318,831
Non-controlling interests	17,109	-51,556
Total	5,750,673	4,267,275
Earnings per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	33.50	23.56
Discontinued operations	-2.96	-2.82
Total	30.54	20.74
Diluted earnings (loss) per share (Yen)		
Continuing operations	33.40	23.50
Discontinued operations	-2.95	-2.81
Total	30.45	20.68

## (3) Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY2022 (From October 1, 2021 to September 30, 2022)	FY2023 (From October 1, 2022 to December 31, 2023)
Profit	5,750,673	4,267,275
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	25,055	201,646
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	114,591	28,097
Cash flow hedges	8,356	2,990
Share of other comprehensive income of investment accounted for using equity method	—	3,664
Total other comprehensive income, net of tax	148,001	236,397
Total comprehensive income	5,898,674	4,503,672
Comprehensive income attributable to:		
Owners of parent	5,881,565	4,555,228
Non-controlling interests	17,109	-51,556
Comprehensive income	5,898,674	4,503,672

## (4) 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 at 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	—	—	—	5,733,564	—	5,733,564	17,109	5,750,673
Other comprehensive income	—	—	—	—	148,001	148,001	—	148,001
Total comprehensive income	—	—	—	5,733,564	148,001	5,881,565	17,109	5,898,674
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 shares	—	—	-26	—	—	-26	—	-26
Obtaining of control of subsidiaries	—	5,102,147	1,116,161	—	—	6,218,308	14,902	6,233,210
Other	—	144,671	—	45,911	-45,911	144,671	-2,064	142,606
Total transactions with owners	16,302,620	21,408,456	1,116,135	-384,029	-45,911	38,397,270	12,838	38,410,107
Balance at September 30, 2022	18,428,004	25,309,728	-575,707	19,671,818	-128,588	62,705,254	48,815	62,754,069

(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 at 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)	—	—	—	4,318,831	—	4,318,831	-51,556	4,267,275
Other comprehensive income	—	—	—	—	236,397	236,397	—	236,397
Total comprehensive income	—	—	—	4,318,831	236,397	4,555,228	-51,556	4,503,672
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	—	542,167	—	—	—	542,167	115,350	657,516
Other	—	32,629	—	157,539	-157,539	32,629	-1,684	30,945
Total transactions with owners	—	117,265	-820,917	-805,426	-157,539	-1,666,618	113,665	-1,552,953
Balance at December 31, 2023	18,428,004	25,426,993	-1,396,624	23,185,222	-49,731	65,593,864	110,925	65,704,788

## (5) Quarterly Consolidated Statement of Cash Flow

(Thousand yen)

	FY2022 (From October 1, 2021 to September 30, 2022)	FY2023 (From October 1, 2022 to December 31, 2023)
Cash flows from operating activities		
Profit before tax from continuing operations	8,966,365	6,652,148
Loss before tax from discontinued operations	-725,652	-666,259
Adjustments:		
Depreciation and amortization	767,297	967,653
Interest and dividend income	-2,446	-4,562
Interest expenses	24,920	26,229
Share of loss (profit) of investments accounted for using equity method	-1,066,228	-1,850,739
Loss (profit) on valuation of securities	-2,032,753	42,700
Other	183,323	70,391
Changes in working capital		
Decrease (increase) in trade receivables	1,242,834	-1,908,593
Decrease (increase) in inventories	16,657	27,526
Increase (decrease) in trade payables	-19,550	2,271,407
Other	-1,234,828	-1,431
Subtotal	6,119,938	5,626,471
Interest received	2,255	4,462
Dividends received	34,227	1,855,868
Interest paid	-25,202	-28,144
Income taxes refund	—	66,438
Income taxes paid	-2,481,389	-3,739,690
Cash flows provided by (used in) operating activities	3,649,828	3,785,405
Cash flows from investing activities		
Proceeds from sale of securities	99,998	311,068
Purchase of securities	-1,311,447	-1,109,047
Purchase of property, plant, and equipment	-37,769	-168,007
Purchase of intangible assets	-72,805	-12,573
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	43,065
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 equity method	-31,312,999	-932,830
Payments for loans receivable	-609,149	—
Collection of loans receivable	2,165,465	—
Other	363,304	676,358
Cash flows provided by (used in) investing activities	-30,552,974	-2,020,045

	(Thousand yen)	
	FY2022 (From October 1, 2021 to September 30, 2022)	FY2023 (From October 1, 2022 to December 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	3,000,000
Repayments of long-term borrowings	-851,551	-2,000,350
Repayments of lease liabilities	-605,802	-751,749
Dividends paid	-429,940	-962,966
Proceeds from issuance of shares	32,402,037	—
Proceeds from sale of treasury shares	—	221,993
Purchase of treasury shares	-26	-1,278,448
Other	713,924	-63,181
Cash flows provided by (used in) financing activities	31,228,641	-1,834,702
Effect of exchange rate changes on cash and cash equivalents	114,591	29,118
Net increase (decrease) in cash and cash equivalents	4,440,086	-40,223
Cash and cash equivalents at beginning of period	16,899,990	21,340,076
Net increase (decrease) in cash and cash equivalents from transfer to assets held for sale	—	-426,437
Cash and cash equivalents at end of period	21,340,076	20,873,416

(6) Notes on Quarterly Consolidated Financial Statements

(i) Notes on Matters Related to Going Concern Assumption

No applicable items.

(ii) Changes in Accounting Policies

No applicable items.

(iii) 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 financial 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 gains and losses related to acquisition actions such as amortization of acquisition-related intangible assets and M&A expenses and temporary factors such as share-based payment expenses, impairment losses, and gains and losses on sales of fixed assets. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gains and losses 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. Gains and losses 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 share-based payment expenses, impairment losses, and gains and losses on sales of fixed 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 fiscal year (from October 1, 2021 to September 30, 2022)

(Thousand yen)

	Digital Marketing *2	Media Platform *3	Total	Adjustments *4	Consolidated
Segment revenue	25,861,984	3,296,727	29,158,711	-1,569,324	27,589,386
Segment profit (loss) *1	9,211,291	-844,464	8,366,827	-1,801,650	6,565,177

(Notes) 1. The segment profit is Non-GAAP operating profit

2. The segment revenue and segment profit in the Digital Marketing Business include segment revenue and segment loss related to JNJ INTERACTIVE INC., which was transferred on November 30, 2023.
3. The segment revenue and segment loss in the Media Platform Business show the amount before reclassification of the results of COMICSMART INC. and its subsidiaries, etc.
4. The breakdown of adjustments is as follows. Expenses related to the operation of the holding company consist of personnel expenses, etc. The results of COMICSMART INC. and its subsidiaries, etc. are reclassified to "transfer to discontinued operations."

(Thousand yen)

	Revenue and expenses related to the operation of the holding company and elimination of profit and loss transaction between reportable segments	Transfer to discontinued operations	Adjustments
Segment revenue	-339,787	-1,229,537	-1,569,324
Segment profit (loss)	-2,511,599	709,949	-1,801,650

Current consolidated fiscal year (from October 1, 2022 to December 31, 2023)

(Thousand yen)

	Digital Marketing *2	Media Platform *3	Total	Adjustments *4	Consolidated
Segment revenue	32,111,575	5,838,993	37,950,568	-3,683,957	34,266,611
Segment profit (loss) *1	8,526,919	-655,910	7,871,009	-2,779,703	5,091,306

(Notes) 1. The segment profit is Non-GAAP operating profit

2. The segment revenue and segment profit in the Digital Marketing Business include segment revenue and segment loss related to JNJ INTERACTIVE INC., which was transferred on November 30, 2023.
3. The segment revenue and segment loss in the Media Platform Business show the amount before reclassification of the results of COMICSMART INC. and its subsidiaries, etc.
4. The breakdown of adjustments is as follows. Expenses related to the operation of the holding company consist of personnel expenses, etc. The results of COMICSMART INC. and its subsidiaries, etc. are reclassified to "transfer to discontinued operations."

(Thousand yen)

	Revenue and expenses related to the operation of the holding company and elimination of profit and loss transaction between reportable segments	Transfer to discontinued operations	Adjustments
Segment revenue	-669,472	-3,014,485	-3,683,957
Segment profit (loss)	-3,444,787	665,084	-2,779,703



## Adjustments of segment profit (loss) and profit before tax

	(Thousand yen)	
	FY2022	FY2023
	(From October 1, 2021 to September 30, 2022)	(From October 1, 2022 to December 31, 2023)
Segment profit (non-GAAP operating profit)	6,565,177	5,091,306
Selling, general and administrative expenses		
Amortization of acquisition-related intangible assets	-30,614	-51,023
Share-based payment expenses	-128,729	-38,877
Other profit (loss) (net)	-240,056	-52,273
Financial profit (loss) (net)	1,734,358	-147,725
Share of profit of investments accounted for using equity method	1,066,228	1,850,739
Profit before tax	<u>8,966,365</u>	<u>6,652,148</u>

## (iv) Information on Value per Share

The basis of the calculation of earnings per share is shown in the table below.

	FY2022	FY2023
	(From October 1, 2021 to September 30, 2022)	(From October 1, 2022 to December 31, 2023)
Profit attributable to owners of parent (thousand yen)		
Continuing operations	6,289,395	4,906,493
Discontinued operations	-555,831	-587,663
Total	<u>5,733,564</u>	<u>4,318,831</u>
Average number of ordinary shares outstanding during the fiscal year (thousand shares)	187,767	208,285
Number of potential shares with dilutive effects		
Number of warrants (thousand shares)	<u>513</u>	<u>511</u>
Average number of shares outstanding in consideration of the number of potential shares with dilutive effects (thousand shares)	188,280	208,796
Basic earnings per share (yen)		
Continuing operations	33.50	23.56
Discontinued operations	-2.96	-2.82
Total	<u>30.54</u>	<u>20.74</u>
Diluted earnings per share (yen)		
Continuing operations	33.40	23.50
Discontinued operations	-2.95	-2.81
Total	<u>30.45</u>	<u>20.68</u>

## (v) Subsequent Events

(Sale of COMICSMART INC.)

In order to achieve sustainable growth and maximize business value of COMICSMART INC. (“COMICSMART”), the Company resolved at the Board of Directors meeting held on December 19, 2023 to sell 74,000 of the 116,400 shares of COMICSMART held by the Company (the transfer date is scheduled to be March 29, 2024). As of the date of the transfer, the Company's ownership of the voting rights in COMICSMART and its subsidiaries, etc. decreased from 89.42% to 32.57%. The Company will lose control of COMICSMART and COMICSMART will become its equity-method affiliate. As a result, in the fiscal year ending December 2024, the Company plans to record a profit of approximately ¥2.23 billion related to the sale of shares of COMICSMART.