



July 30, 2019

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.
Representative: Representative Director, Group President and Chief Executive Officer
Koki Sato
(JASDAQ code: 4293)

**Notice Regarding Recognition of Impairment Loss,
Revision of Full-Year Consolidated Earnings Estimates for FY2019
and Year-End Dividend Estimates for FY2019**

SEPTENI HOLDINGS (the “Company”) has posted an impairment loss in the third quarter of the consolidated fiscal year ending September 30, 2019 (International Financial Reporting Standards, hereinafter referred to as “IFRS”). Accordingly, the Company has revised its full-year consolidated earnings estimates for the fiscal year ending September 30, 2019, previously announced on October 30, 2018. The Company also announces year-end dividend estimates for the fiscal year ending September 30, 2019, which has remained undetermined to date. Details are as follows:

1. Background and details of the impairment loss recognized

As a result of a review of the business plan for Lion Digital Global LTD (hereinafter referred to as “Lion”), which was consolidated in October 2016, it was revealed that Lion would likely underperform its initial business plan anticipated at the time of the merger, given the intensifying competition in the fast-growing digital advertising market in Southeast Asia, which is Lion’s primary focus.

The Company has conducted impairment testing in accordance with IFRS requirements and examined the future collectability. Consequently, the Company recorded an impairment loss of ¥1,812 million* for Lion’s goodwill and business assets recognized in value at the time of the merger in the third quarter of the fiscal year ending September 30, 2019. The impairment loss included ¥1,790 million for goodwill, and ¥23 million for other business assets.

2. Future outlook

The Company posted the ¥1,812 million* impairment loss in the third quarter of the fiscal year ending September 30, 2019 (IFRS).

For the future overseas development of the Internet Marketing Business, the Company aims to achieve consistent growth in overseas revenue with an aggressive approach to gain customers in Asia countries, where it already operates, under the fundamental policy, “Expand advertising business globally”, as proposed in the Midterm Business Policies announced on November 8, 2016.

The Company has reshuffled the local management team, including the CEO at Lion in July 2019. Lion currently operates in six countries in Southeast Asia. Going forward, the Company will drive the selection and integration of the business hubs, aiming for the subsidiary to rapidly contribute to revenue on a consolidated basis. In the medium and long term, the Company aims to reestablish and expand Lion as a leading digital marketing company in Southeast Asia.

*Subject to change reflecting currency exchange rate fluctuations through the end of September 2019, because the yen value is derived by multiplying the US dollar amount by the average yen/US dollar exchange rate during the period.

3. Fiscal Year September 2019 Consolidated Earnings Estimates (October 1, 2018 to September 30, 2019)

	Revenue	Non-GAAP Operating profit	Profit for the period attributable to owners of the parent	Basic earnings per share
Estimates announced previously (A)	Million Yen 17,200	Million Yen 2,000	Million Yen 1,300	Yen 10.28
Estimates announced this time (B)	17,200	2,000	-734	-5.81
Increased/decreased amount (B-A)	—	—	-2,034	
Increase/decrease rate (%)	—	—	—	
Results in previous year (Full FY Sep. 2018)	15,272	1,011	847	6.71

4. Reasons for the Revision

Given the recognition of the impairment loss discussed earlier, the Company expects that profit attributable to owners of the parent will be negative ¥734 million in the consolidated fiscal year ending September 30, 2019.

Further, while Non-GAAP operating profit is steadily growing, estimates for Non-GAAP operating profit will not change. This is because cost for structural reforms toward Lion's reestablishment will be posted in the fourth quarter of the consolidated fiscal year ending September 30, 2019.

5. Fiscal Year September 2019 Dividend Estimates

	Full Year Dividend (Yen)				
	1Q End	2Q End	3Q End	Term End	Total
Previous estimates	—	—	—	—	—
Current estimates				2.00	2.00
FY9/19 Actual	—	—	—		
FY9/18 Actual	—	—	—	2.00	2.00

6. Reasons for Consolidated Earnings and Dividend Estimates Announcement

The Company also announces year-end dividend estimates in light of the revision to the full-year consolidated earnings estimates. (Profit attributable to owners of the parent.)

This estimate is based on its dividend payout ratio target of 15% and basic policy of paying a minimum of JPY 2 per share.

The Company believes that the plunge in profit attributable to owners of the parent resulting from the impairment loss will be temporary, without capital outflow.

< Note > The estimates cited above are based on the best information available at the time of their creation, and actual results may differ due to various unforeseen factors.

■ Inquiries about this news release

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