



FY December/2023

Business Results for 2Q

May 11, 2023

SEPTENI HOLDINGS CO., LTD.

- 01 Consolidated Cumulative Second Quarter Earnings Overview**
- 02 Quarterly Consolidated Earnings Overview**
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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.

Revenue 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 appropriately express the actual state of the business. It refers to the profit indicator to assess ordinary business conditions after adjustments are made to IFRS-based operating profit pertaining to 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, the impairment loss, and gain or loss on the sales of fixed assets.

Figures in this material are rounded to the nearest unit.

01

Consolidated Cumulative Second Quarter Earnings Overview

Revenue remained almost flat from the previous fiscal year.

Profit decreased due to increased expenses from the strengthening of human capital investment and new consolidation.

Consolidated

Revenue

¥14,540mn (YoY + **0.6%**)

**Non-GAAP
Operating Profit**

¥2,202mn (YoY –43.2%)

EPS

¥10.28 (YoY –¥8.13)

**Digital
Marketing
Business**

Amid high YoY hurdles, revenue and profit declined due to budget cuts by some clients.

Revenue **¥12,896mn** (YoY–2.4%) Non-GAAP Operating Profit **¥3,887mn** (YoY–30.2%)

**Media
Platform
Business**

Driven by the IP Platform Business, revenue increased and loss narrowed YoY.

Revenue **¥1,892mn** (YoY +**36.9%**) Non-GAAP Operating Profit **–¥329mn** (**Deficit narrowed YoY ¥177mn**)

Including investment in new segments of –¥27 mn

Equity in earnings of affiliates increased due to the conversion of Dentsu Digital Inc. into an equity–method affiliate in FY2022/2Q.

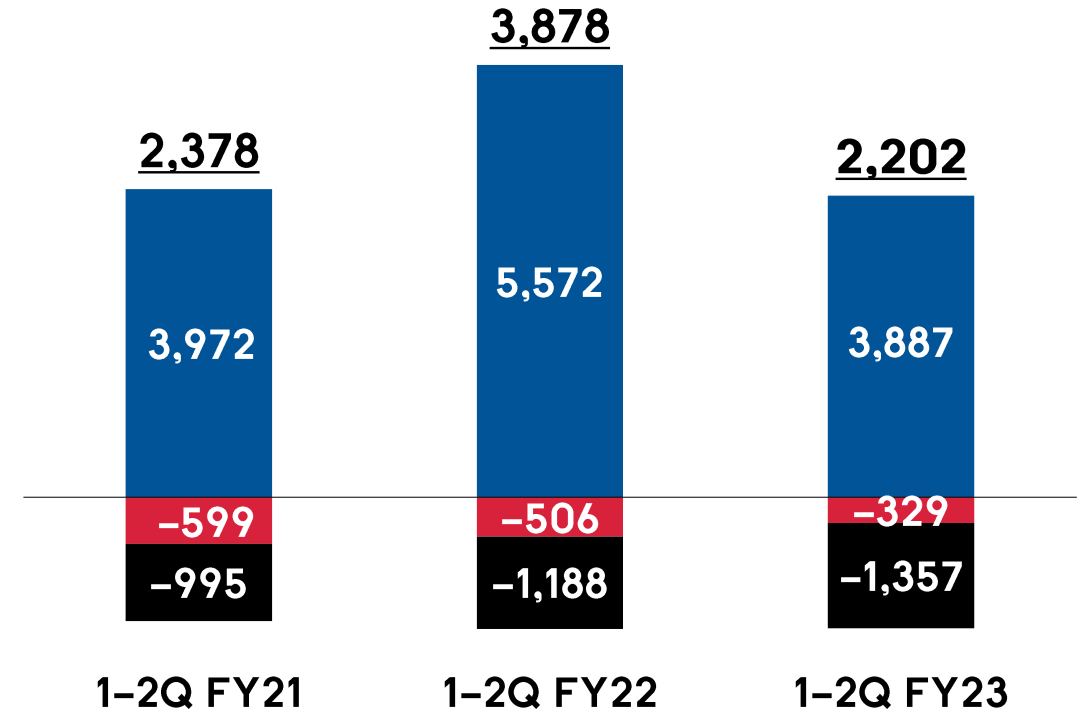
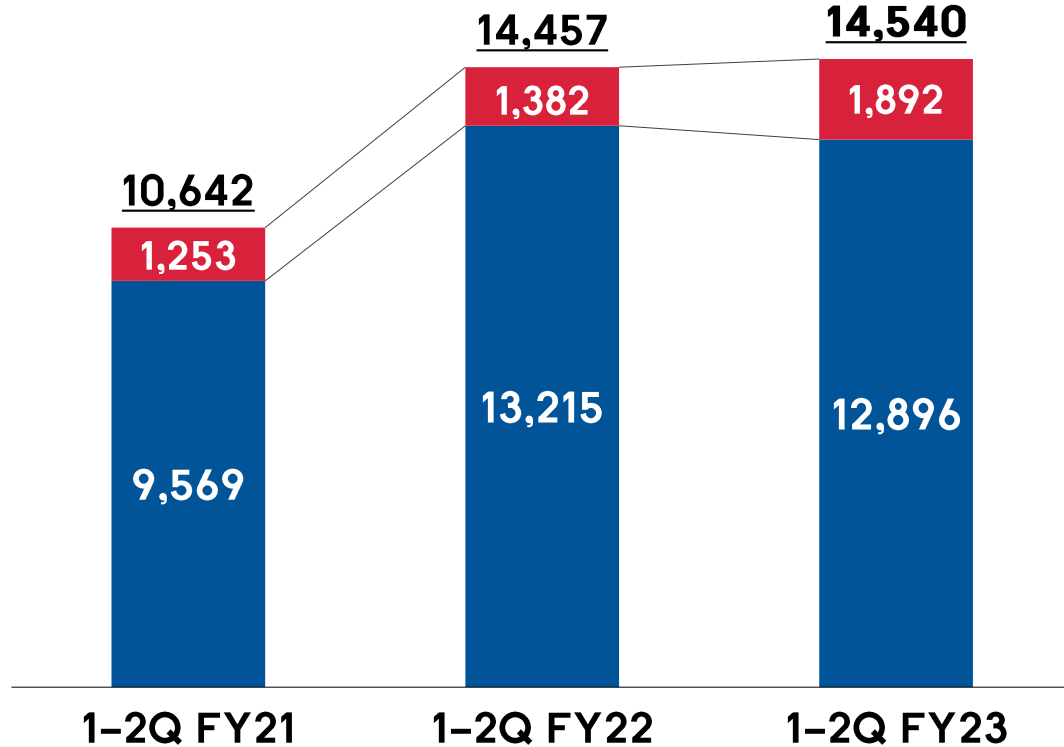
(unit: ¥mn)	1–2Q/FY2023			1–2Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	14,540	100.0%	+0.6%	14,457	100.0%
Gross Profit	11,210	77.1%	-4.1%	11,690	80.9%
SG&A expenses	9,089	62.5%	+15.2%	7,889	54.6%
Non–GAAP operating profit	2,202	15.1%	-43.2%	3,878	26.8%
Operating profit	2,064	14.2%	-43.5%	3,653	25.3%
Financial income	2	0.0%	-99.6%	386	2.7%
Financial expenses	109	0.7%	+361.0%	24	0.2%
Equity in earnings of affiliates	1,118	7.7%	+96.7%	569	3.9%
Profit for the period attributable to owners of parent	2,156	14.8%	-29.5%	3,057	21.1%
Basic earnings per share (EPS) (¥)	10.28	—	-8.13	18.41	—
[Reference] Net sales	66,907	—	-0.1%	66,946	—

07 Earnings Trend by Business Segment (Oct–Mar)

Digital Marketing Media Platform Adjustments (Unit: mn)

Revenue

Non-GAAP Operating Profit



*As the elimination of intersegment revenue is omitted, the total of each business revenue and consolidated revenue (underlined figures) do not coincide.

02

Quarterly Consolidated Earnings Overview

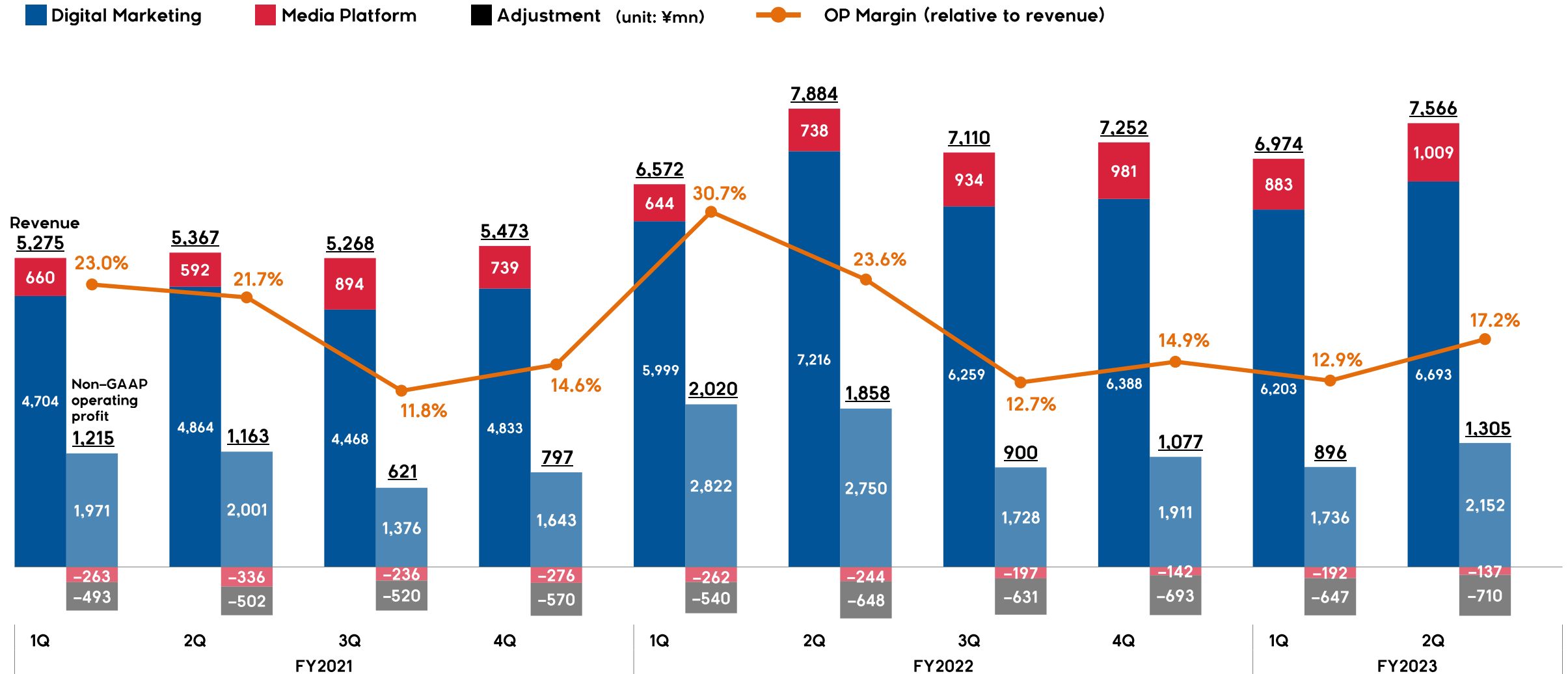
09 Consolidated Income Statement (Jan–Mar)



Revenue and profit declined as YoY add-on value by new consolidation passed and revenue growth rate declined. On the other hand, revenue hit the second-highest level on record.

(unit: ¥mn)	2Q/FY2023			2Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	7,566	100.0%	-4.0%	7,884	100.0%
Gross Profit	5,805	76.7%	-6.9%	6,237	79.1%
SG&A expenses	4,532	59.9%	+2.0%	4,442	56.3%
Non-GAAP operating profit	1,305	17.2%	-29.7%	1,858	23.6%
Operating profit	1,221	16.1%	-28.7%	1,713	21.7%
Financial income	586	7.7%	+65.5%	354	4.5%
Financial expenses	13	0.2%	-4.2%	14	0.2%
Equity in earnings of affiliates	474	6.3%	-14.0%	551	7.0%
Profit for the period attributable to owners of parent	1,573	20.8%	-11.7%	1,782	22.6%
[Reference] Net sales	34,844	—	-5.4%	36,836	—

10 Quarterly Trend of Earnings by Business Segment

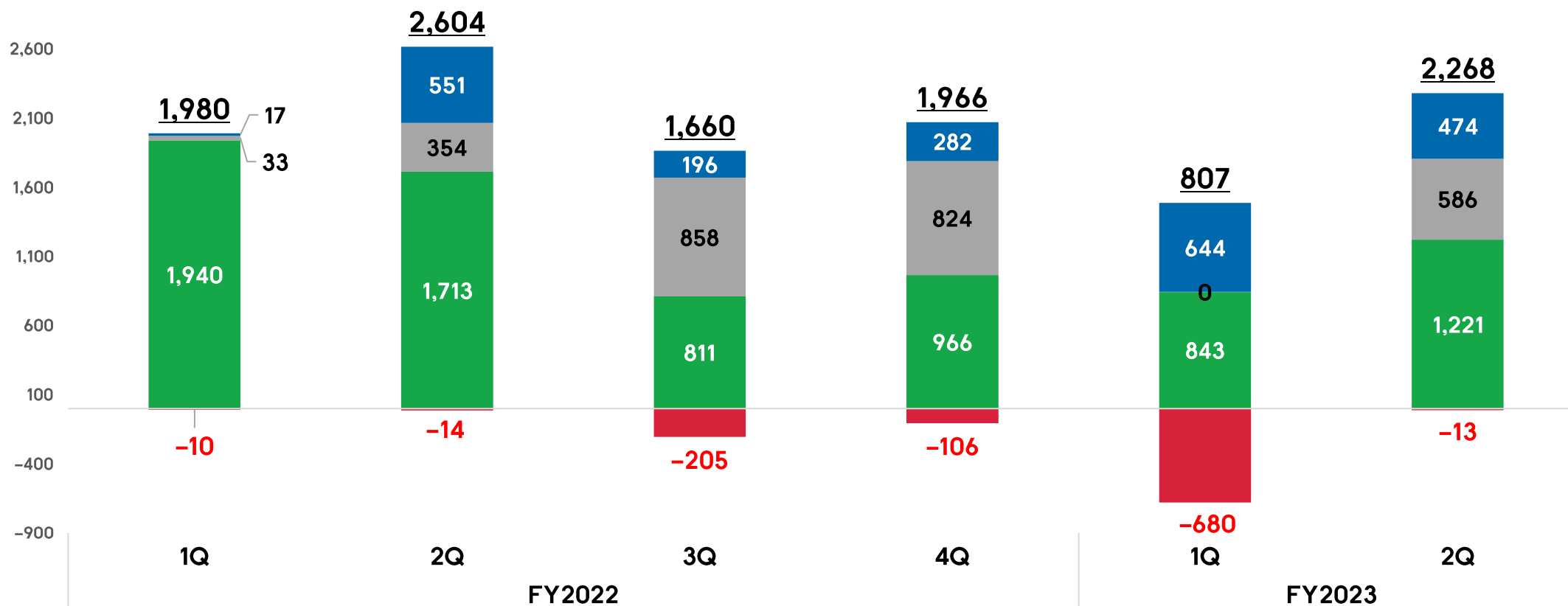


*As the elimination of intersegment revenue is omitted, the total of each business revenue and consolidated revenue (underlined figures) do not coincide.

11 Quarterly Trend of Consolidated Profit Before Tax

Financial income increased due to valuation gain of securities.

■ IFRS operating profit ■ Financial income ■ Financial expenses ■ Equity in earnings of affiliates Profit before tax (unit: ¥mn)



12 Constitution of Consolidated Expenses (IFRS)

Cost of sales increased due to strong e-book sales in the IP Platform Business.

(unit: ¥mn)	FY2021				FY2022				FY2023		QonQ	YonY
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q		
Total of cost of sales	1,005	939	1,076	1,079	1,120	1,647	1,637	1,694	1,568	1,762	+12.3%	+7.0%
Labor costs	296	321	347	344	364	366	388	379	393	408	+4.0%	+11.6%
Subcontract costs	240	167	204	244	294	779	632	674	545	659	+21.0%	-15.3%
Others	468	451	525	491	462	503	617	641	631	695	+10.1%	+38.1%
Total of SG&A	3,061	3,380	3,593	3,711	3,447	4,442	4,636	4,543	4,557	4,532	-0.6%	+2.0%
Labor costs ^{*1}	2,019	2,183	2,230	2,337	2,298	2,825	3,002	2,888	3,000	3,004	+0.2%	+6.3%
Employee bonuses ^{*2}	85	285	283	270	169	349	236	183	152	163	+7.1%	-53.2%
Rent expenses etc.	324	321	327	326	266	290	301	312	301	298	-1.0%	+2.5%
Advertising expenses	184	188	281	242	192	223	280	265	228	190	-16.5%	-14.6%
Taxes and dues ^{*3}	35	37	41	60	45	126	124	120	107	107	+0.3%	-14.9%
Others	415	366	431	476	477	629	693	774	770	769	-0.1%	+22.2%

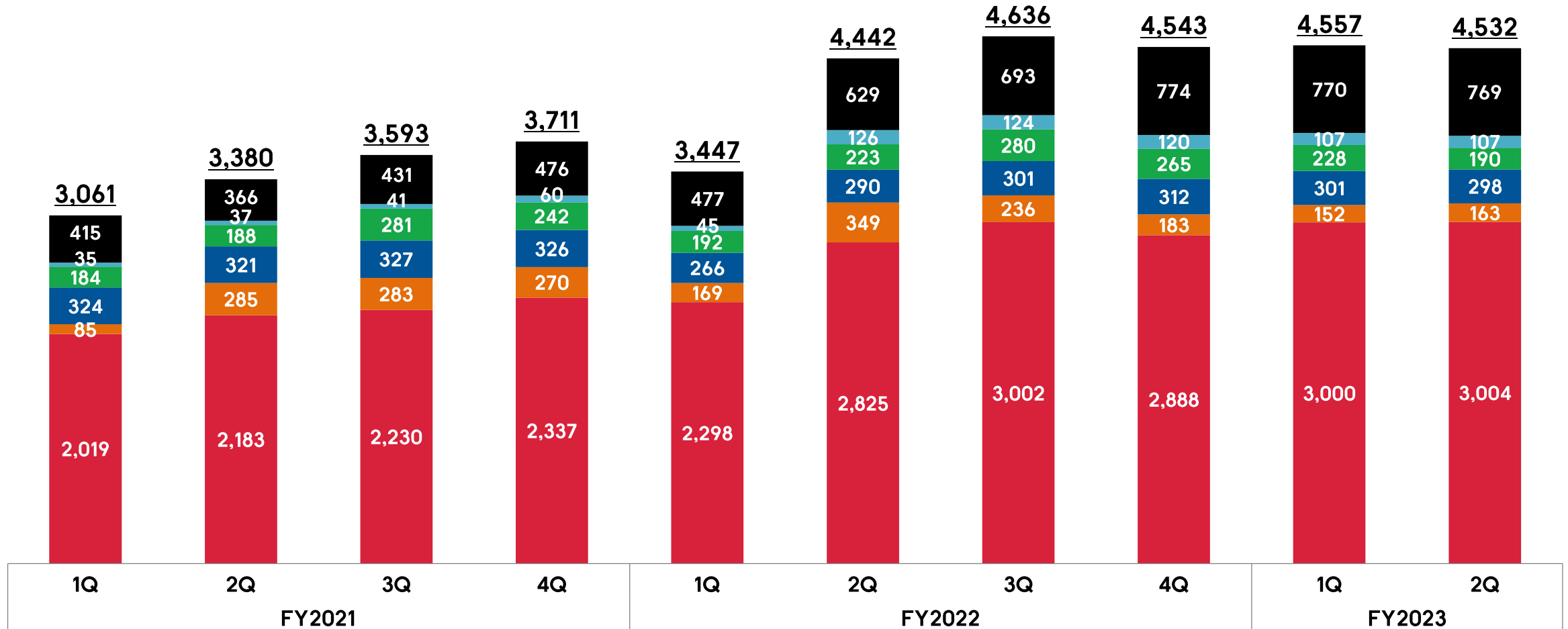
*1 In FY2020/1Q, 2Q and since FY2021/2Q, performance-linked stock compensation (BIP trust), which is a reconciliation to Non-GAAP operating profit, is recognized as labor costs.

*2 Including estimation amount for additional performance-linked bonus.

*3 Taxes and dues, originally accounted as others, were extracted and calculated.

13 Quarterly Trend of Consolidated SG&A

■ Labor costs *1 ■ Bonuses *2 ■ Rent expenses, etc. ■ Advertising expenses ■ Taxes and dues *3 ■ Others (unit: ¥mn)



*1 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.

*2 Including estimation amount for additional performance-linked bonus.

*3 Taxes and dues, originally accounted as others, were extracted and calculated.

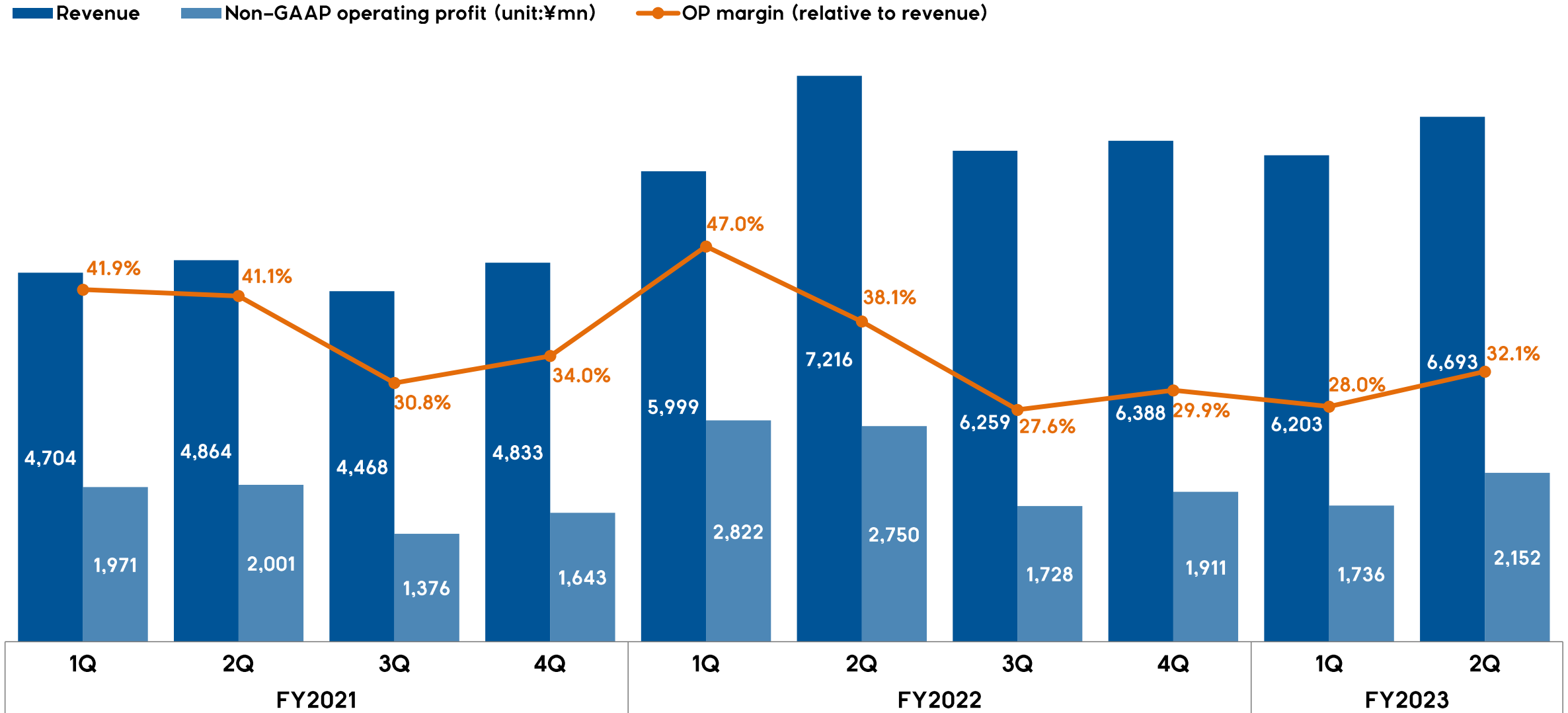
03

Digital Marketing Business

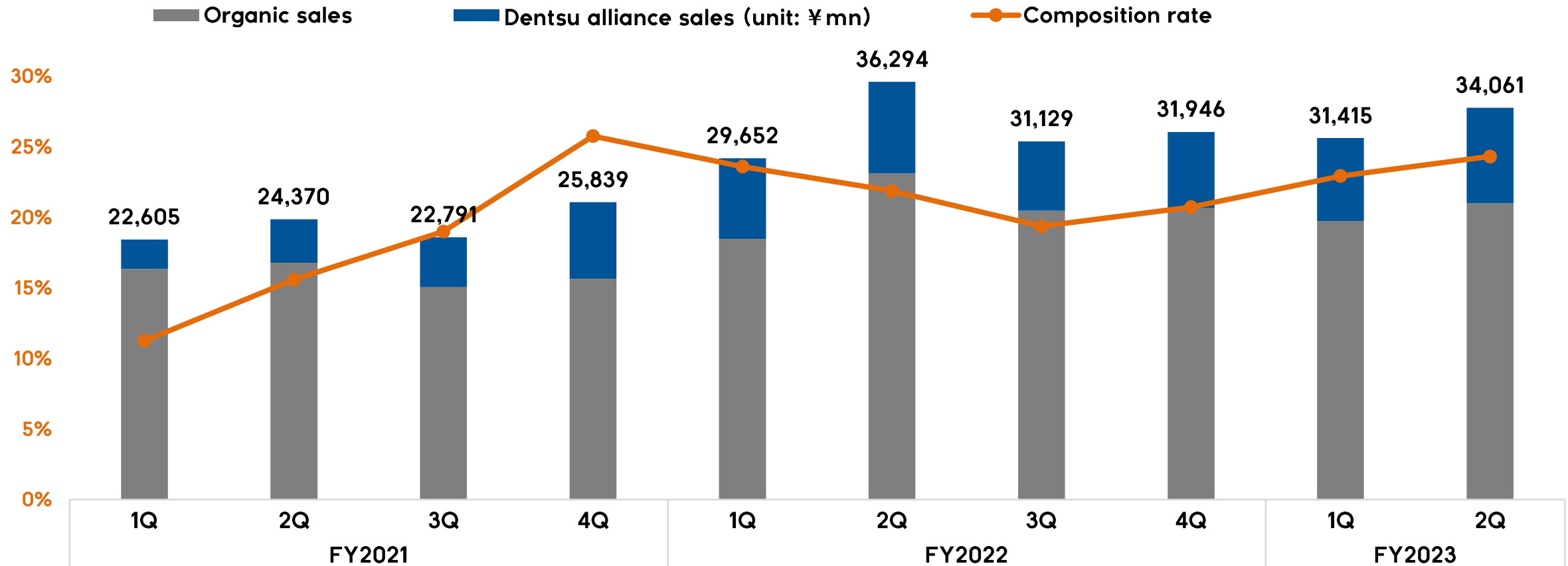
Amid high YoY hurdles, revenue and profit declined due to budget cuts by some clients.

(unit: ¥mn)	2Q/FY2023			2Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,693	100.0%	-7.3%	7,216	100.0%
Gross profit	5,400	80.7%	-8.5%	5,902	81.8%
SG&A	3,271	48.9%	+ 3.5%	3,161	43.8%
Non-GAAP operating profit	2,152	32.1%	-21.8%	2,750	38.1%
【Reference】 Net Sales	34,061	—	-6.2%	36,294	—
【Reference】 Revenue/Net Sales	—	19.6%	-0.2Pt	—	19.9%

16 Digital Marketing Business Quarterly Earnings Trend



The number of clients in collaboration with Dentsu **increased to 116.**



*Since FY2022/2Q, organic sales include the effects of new consolidation.

04

Media Platform Business

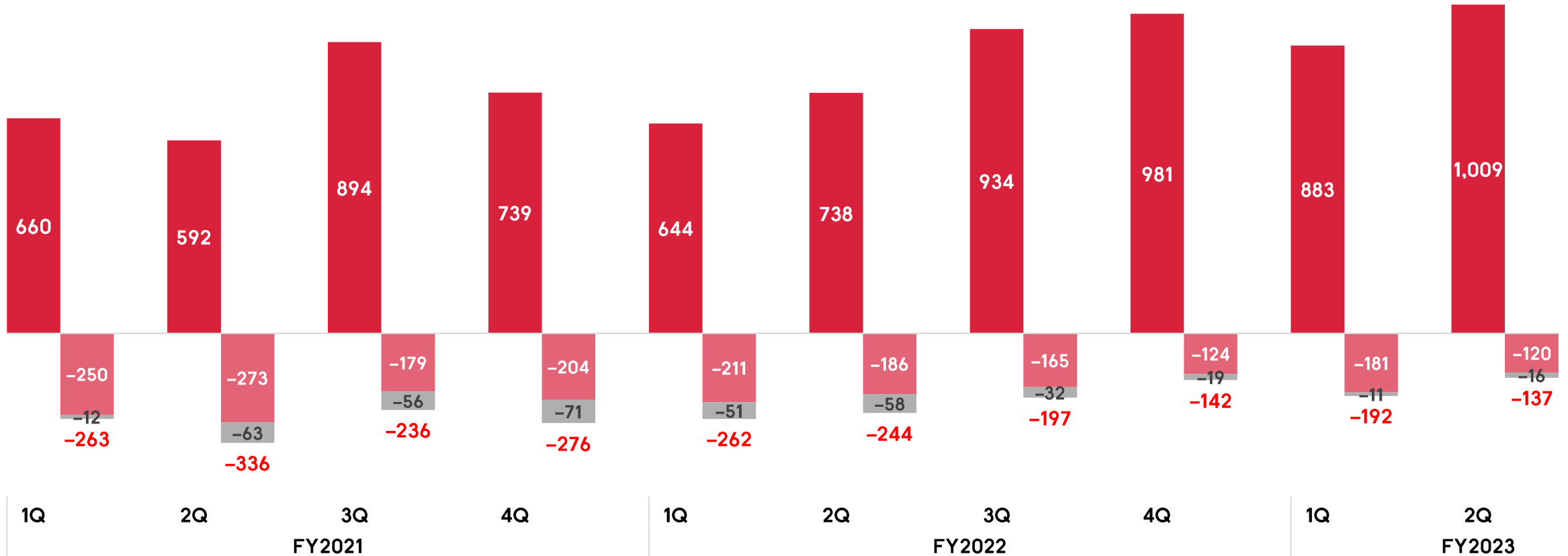
**Revenue increased YoY, mainly in the IP Platform Business,
and loss narrowed as the top-line grew.**

(unit:¥mn)	2Q/FY2023			2Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	1,009	100.0%	+36.8%	738	100.0%
Gross profit	538	53.3%	+32.6%	406	55.0%
SG&A	666	66.0%	+2.5%	650	88.0%
Non-GAAP operating profit	-137	—	+107	-244	—
Investment amount to expand business domains*	-16	—	+41	-58	—

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

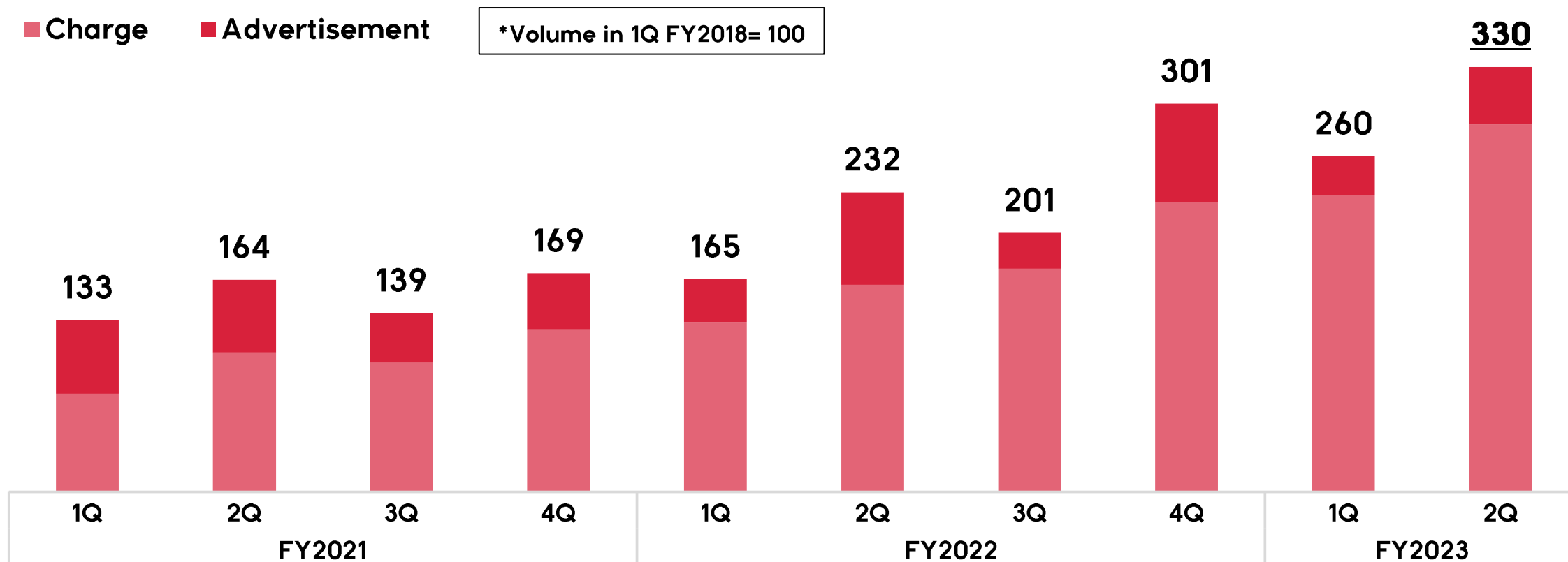
Revenue set **a new record high** and loss narrowed.

■ Revenue ■ Non-GAAP operating profit ■ Investment amount to expand business domains (unit: ¥mn)



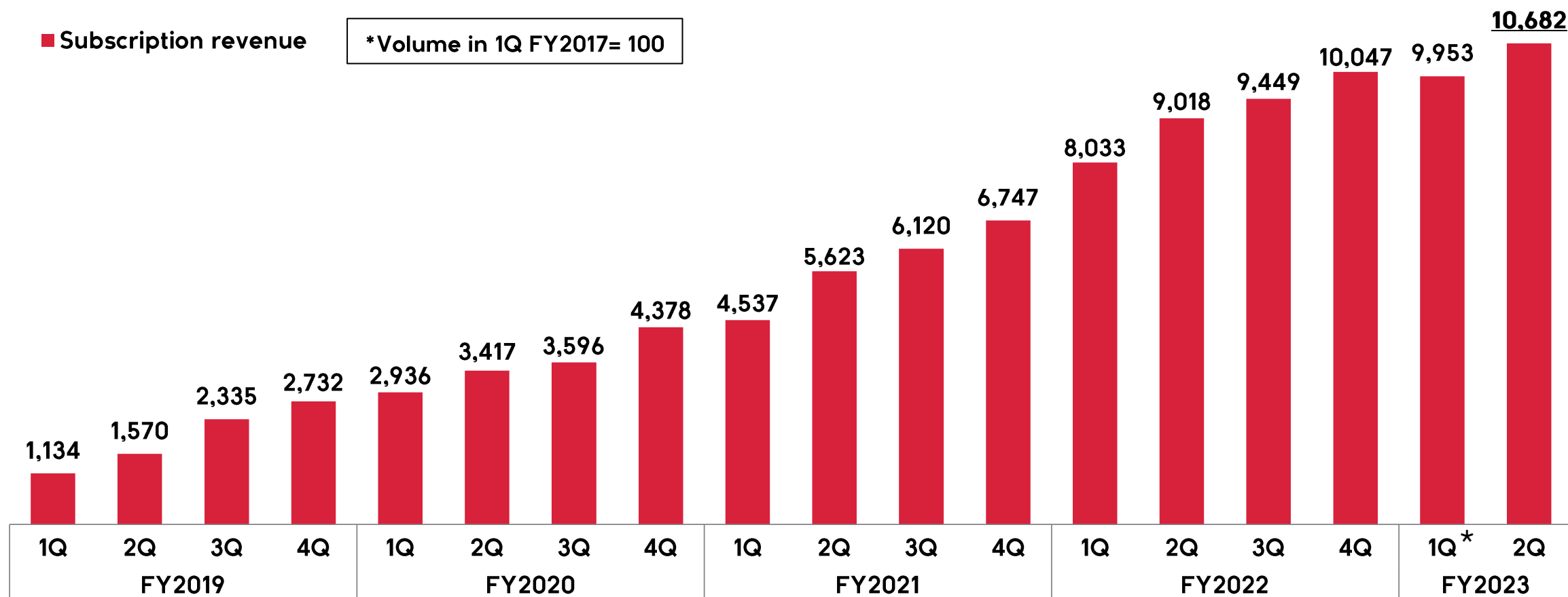
21 IP Platform Business Revenue Trend

**Billing revenue grew by approximately 1.8 times YoY,
driving the growth of the business.**



22 IP Platform Business Subscription Revenue Trend

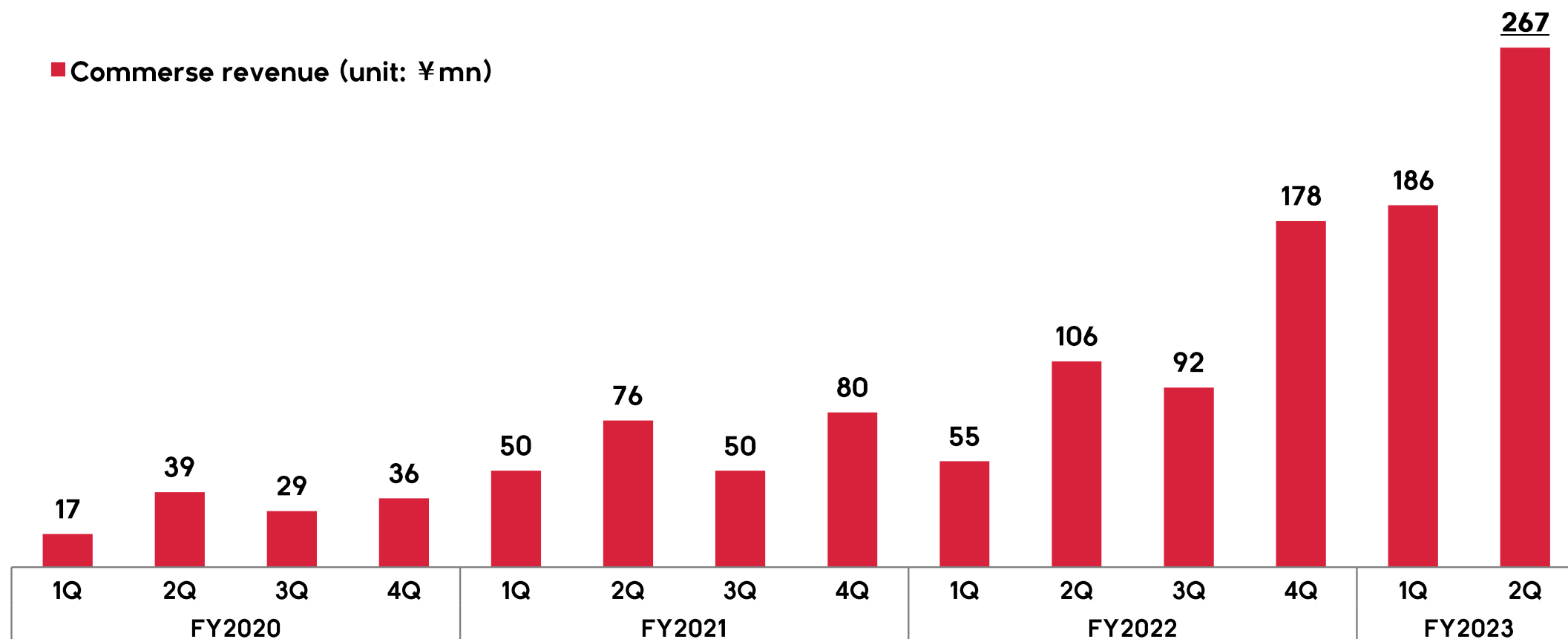
The number of subscribers increased steadily,
and subscription revenue reached **a record high**.



*The figure of FY2023/1Q is revised.

23 IP Platform Business Commerce Revenue* Trend

E-book sales expanded, and commerce revenue grew by approximately 2.5 times YoY.



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

Opened a new production studio for manga and Webtoon contents in Fukuoka, aiming to **create IP from Japan/Asia that fans are enthusiastic about worldwide.**



Fukuoka City studio actively recruits local creators and focuses mainly on the production of Webtoon contents.



Within a few years, it aims to build a Webtoon production and management system to serialize **100** titles simultaneously, which will be the same size as the current manga serialization.

05

Progress of Earnings Estimates

Medium-term theme since FY2020 is “Domain Expansion”

Digital Marketing Business: Strengthening DX supporting area

Expansion of on-off integrated services
by deepening the alliance with the Dentsu Group

Strengthening development of AI products
and data & solutions services

Media Platform Business: Growth acceleration of IP Platform Business*

Enhancing IP values

Strengthening webtoon production system

Expansion into New Business Segment

Business growth in HR technology domain

Promoting business development in the
entertainment and sports domain

Reinforcing management foundation

Revision of Corporate Philosophy

Improving human capital value by updating the
human resources systems

*Manga Content Business is renamed to IP Platform Business from FY2023.

From April 2023, with the aim of increasing human capital value, human resource investment will be strengthened, including raising salary levels.

Increase in fixed salary

Summary

Starting in April 2023, a pay increase will be implemented for the full-time employees of 9 Group companies. For all qualifications, the annual salary will be increased by about ¥0.8 million (about ¥1 million for some qualifications.)



**Aiming to maximize human capital value
by strengthening competitiveness in the recruitment market**

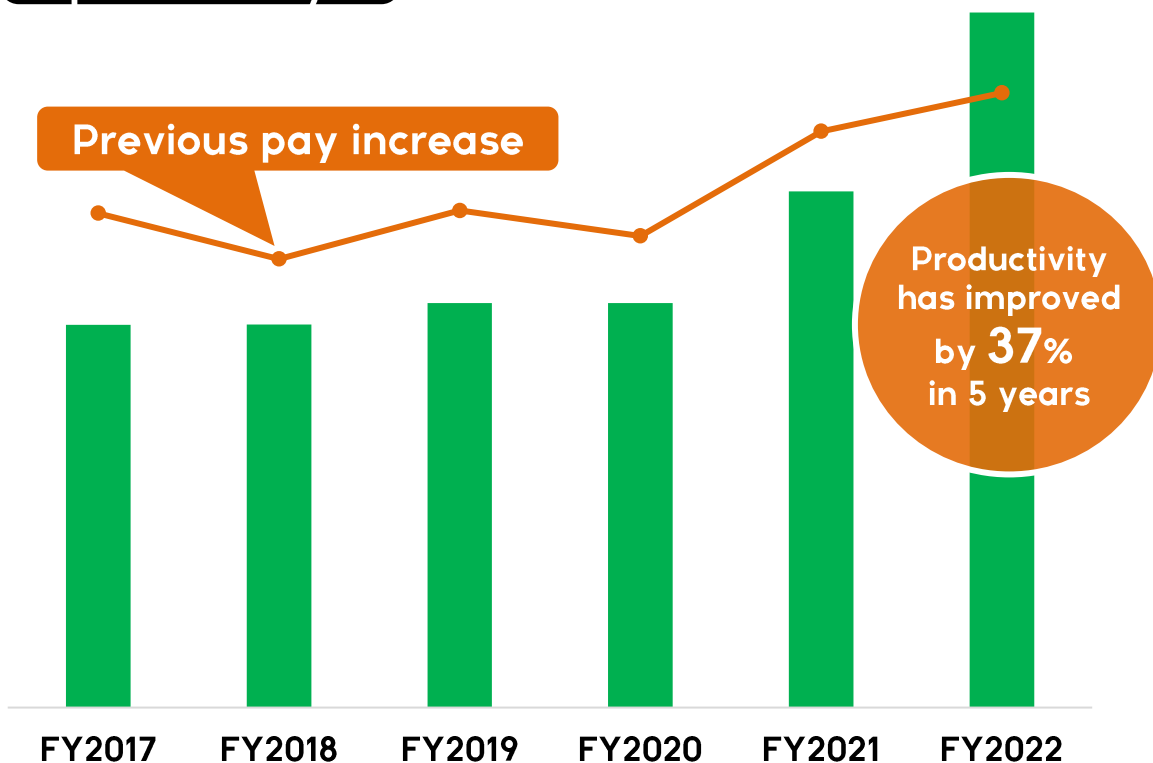
In addition, the Company plans to increase the incentive subsidy rate for the Employee Stock Ownership Plan and invest in new ways of working and office equipment.

Planning to invest approximately ¥230 mn per quarter from FY2023/3Q onward and a total of about ¥680 mn for FY2023 in human resources.

Maximization of financial performance over the medium to long term through active investment in human capital is expected.

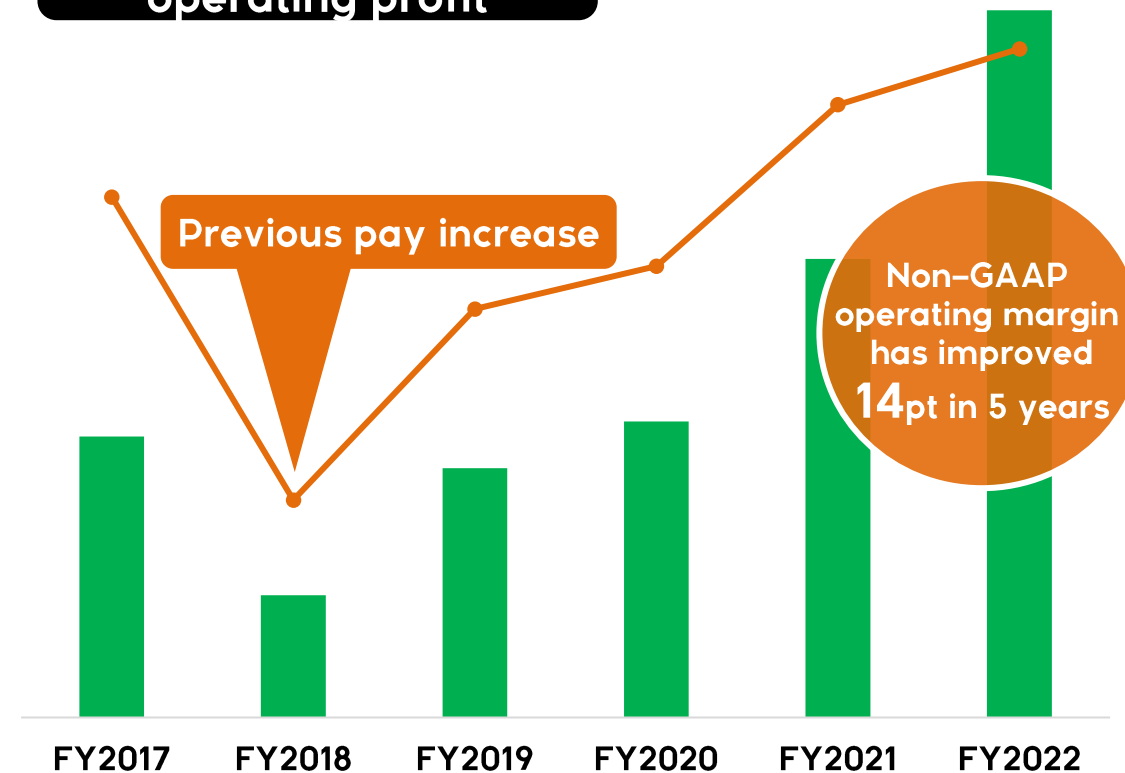
Trend of productivity

Consolidated net sales
Net sales per employee



Trend of Non-GAAP operating profit

Operating margin

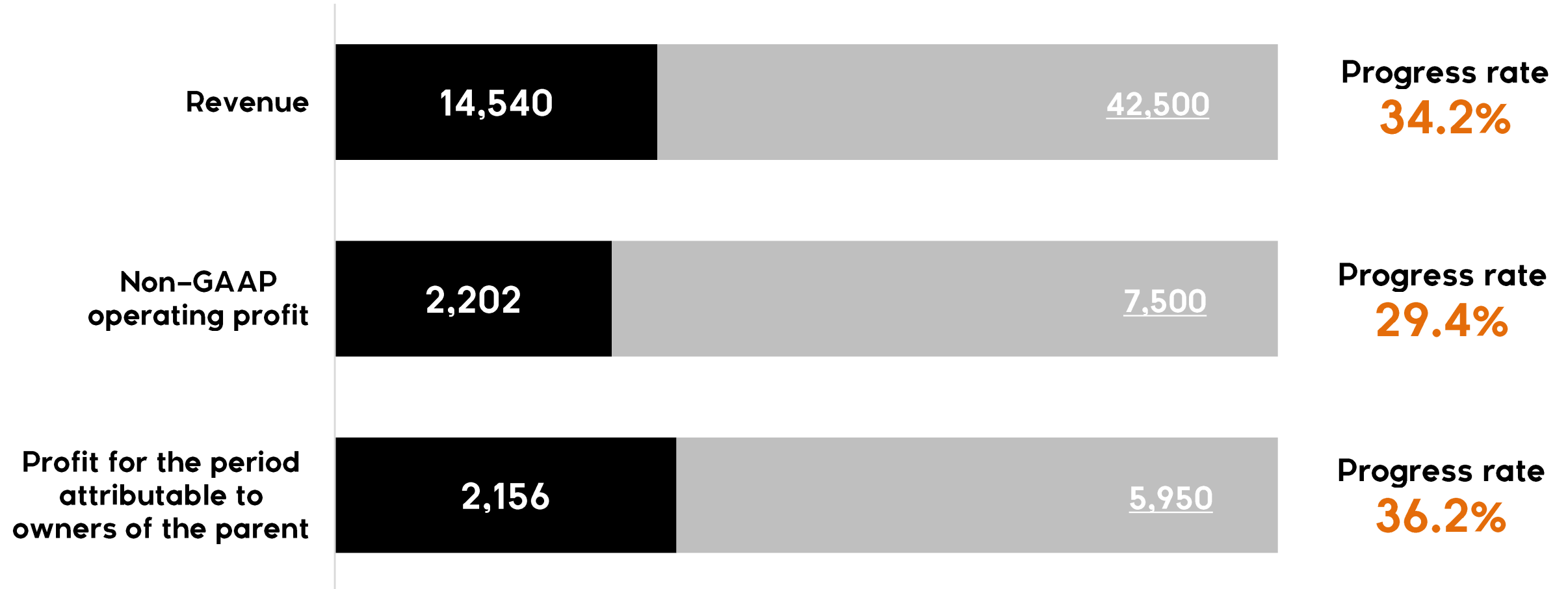


*For details, please refer to the press release on November 10, 2022.

29 Progress toward Earnings Estimates (Consolidated, 15-month period)



(unit: ¥mn)

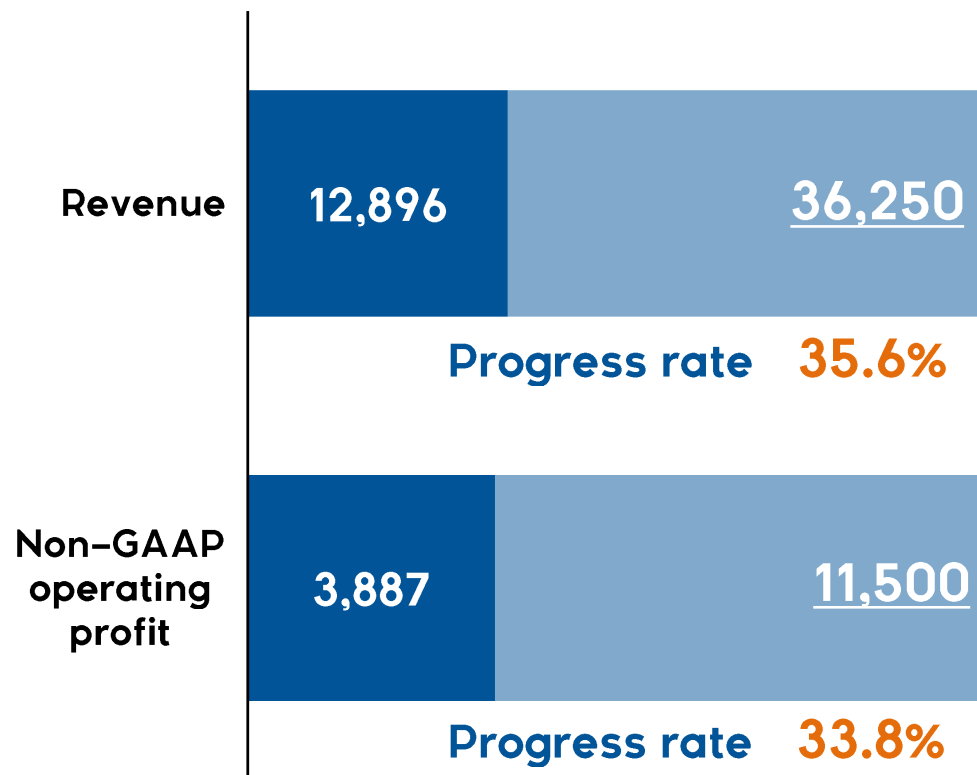


30 Progress toward Earnings Estimates (By Business Segment, 15-month period)



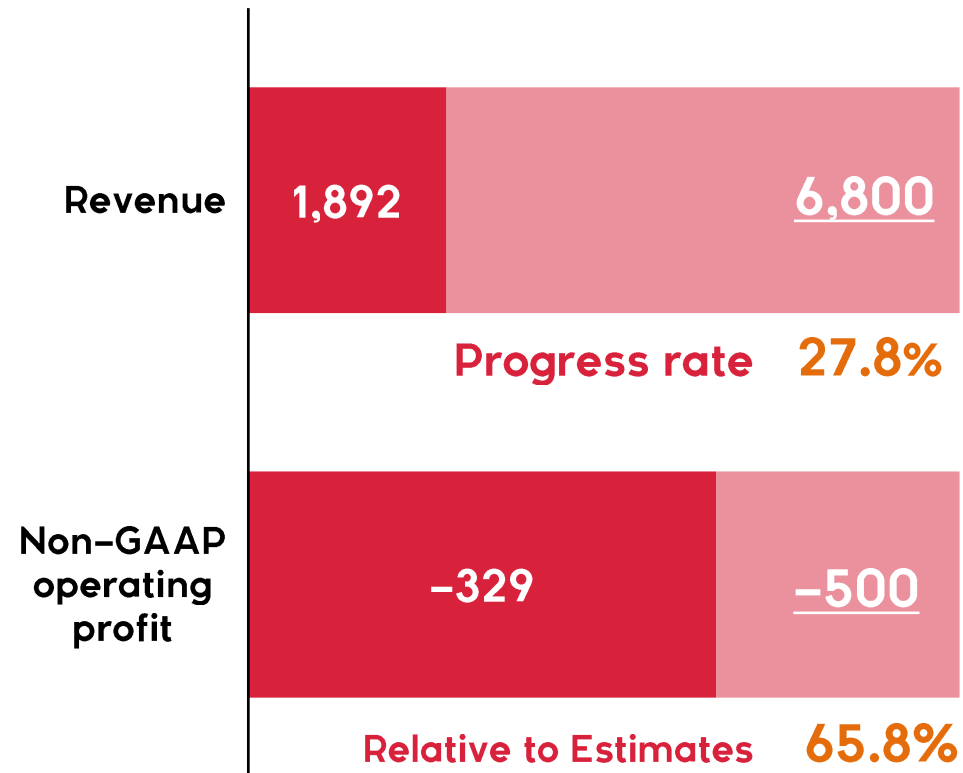
Digital Marketing Business

(unit: ¥mn)



Media Platform Business

(unit: ¥mn)



31 Topic FY2022 Integrated Report



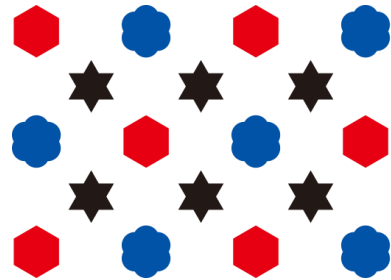
Integrated Report 2022 explains the mechanism for maximizing human capital, the source of the Group's value creation, through dialogue with diverse stakeholders.



*English version will be available in May 2023.



Thank you for your interest!



SEPTENI

Contact Information

SEPTENI HOLDINGS CO., LTD. Corporate Planning, IR Division

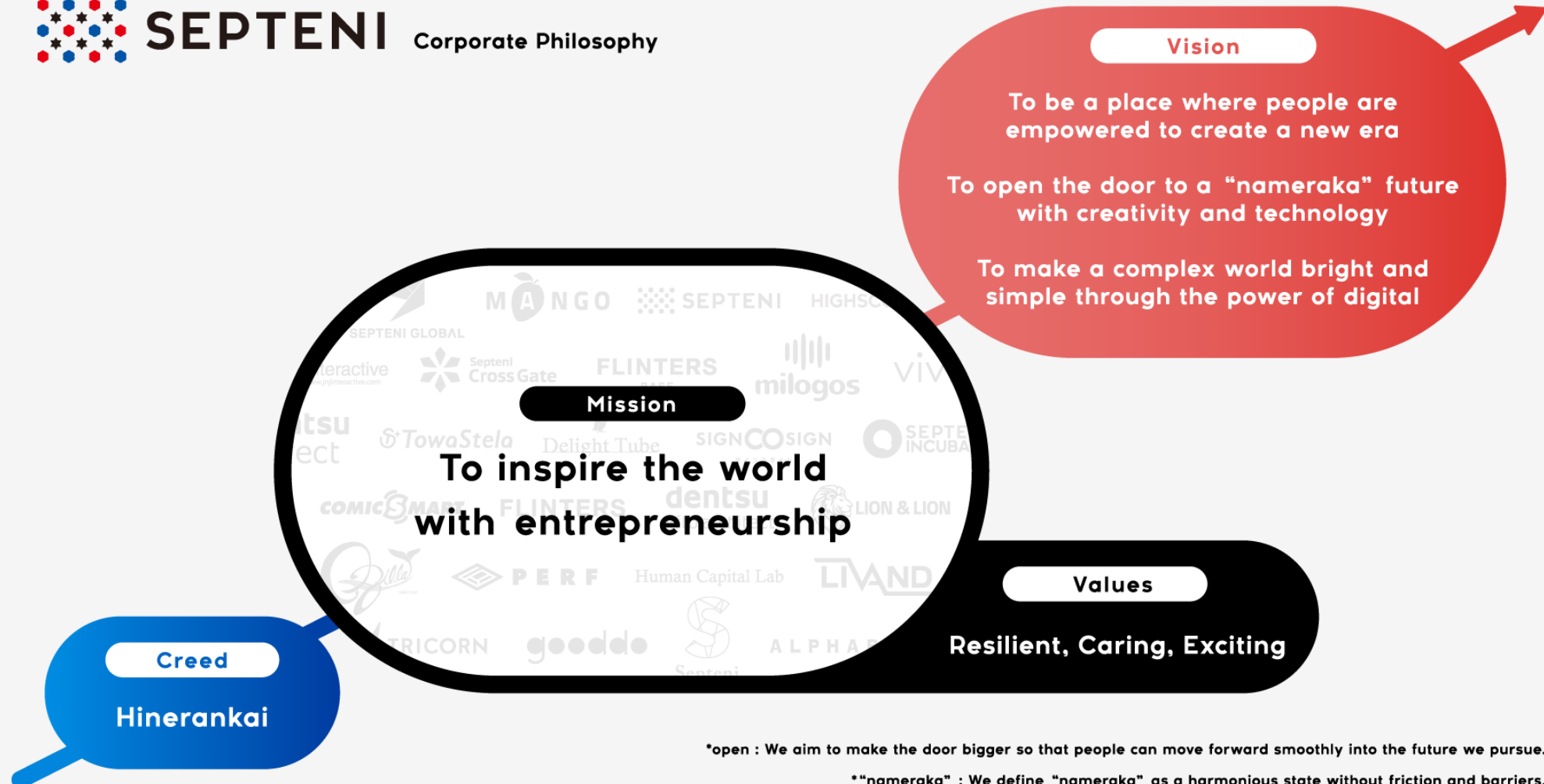
**www.septeni-holdings.co.jp/en/
E-mail: ir@septeni-holdings.co.jp**

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 May 11, 2023 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

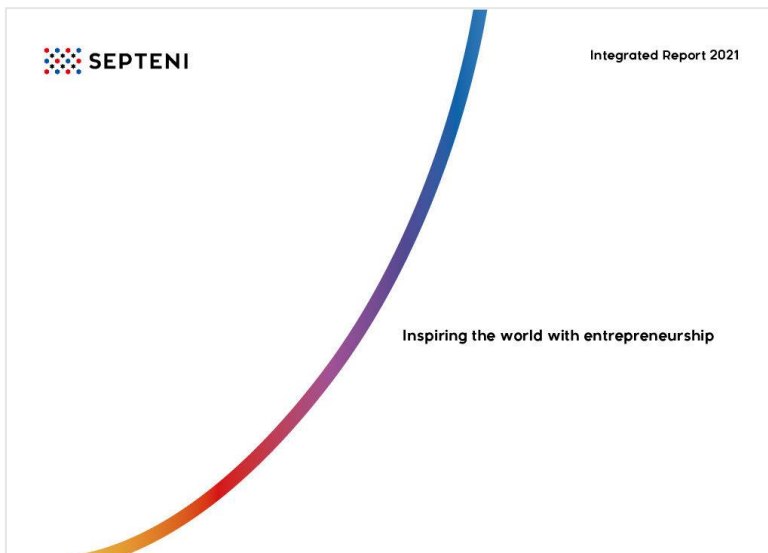
Appendix

34 Group Corporate Philosophy



*open : We aim to make the door bigger so that people can move forward smoothly into the future we pursue.

**“nameraka” : We define “nameraka” as a harmonious state without friction and barriers.



Integrated Report 2021

The Integrated Report 2021 is available on the website, discussing medium-to-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/integratedreport2021_en.pdf)



*2022 English ver. is planned to be released in May 2023.



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)



To realize a sustainable society and the Company's mission, continue activities that contribute to solving social issues through business operations.

Our Efforts

SDGs

Environment

- Reduction of printing paper
- Promotion of green purchasing
- Implementation of resource and energy conservation measures and promotion of recycling



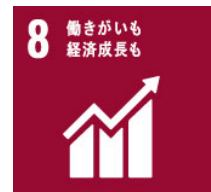
Support for culture/sports/entertainment industries

- Recruitment of top athletes and supporting athlete promotion and athletic competition promotion
- Support of professional soccer team and professional dance team
- Support for the development of manga artists



Diversity & Inclusion

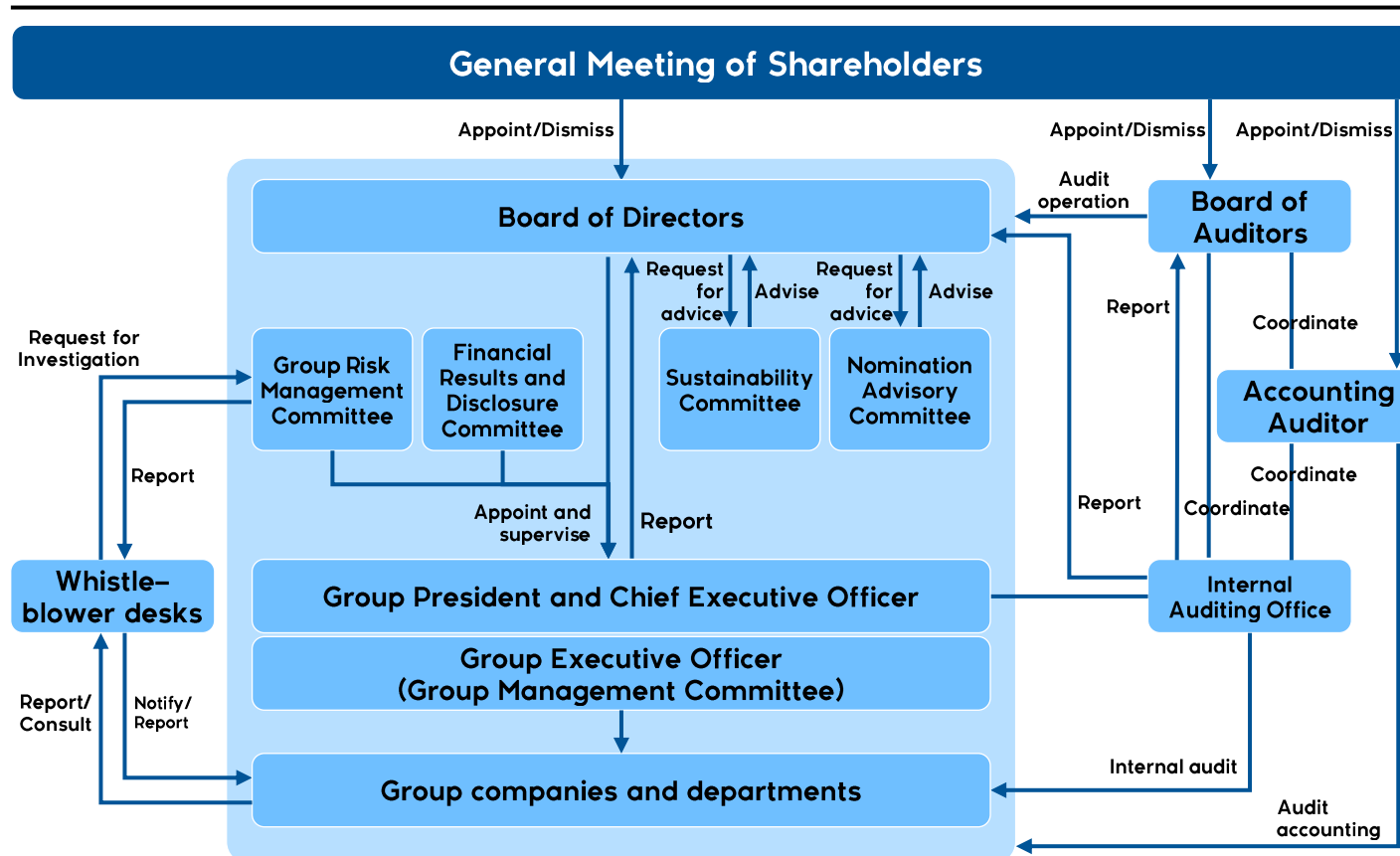
- 28.6% of the Board of Directors is composed of women
- Revised target ratio of female managers: 25% by October 2023 (Previous target: 17% by October 2020)
- Support for employees raising children and introduction of diverse work styles



37 Enhancing Corporate Governance

In addition to conducting business in accordance with our Corporate Philosophy and Code of Conduct and making fair and efficient decisions, the Company focuses on establishing and operating a system to ensure compliance with laws and regulations and appropriate supervision of corporate performance.

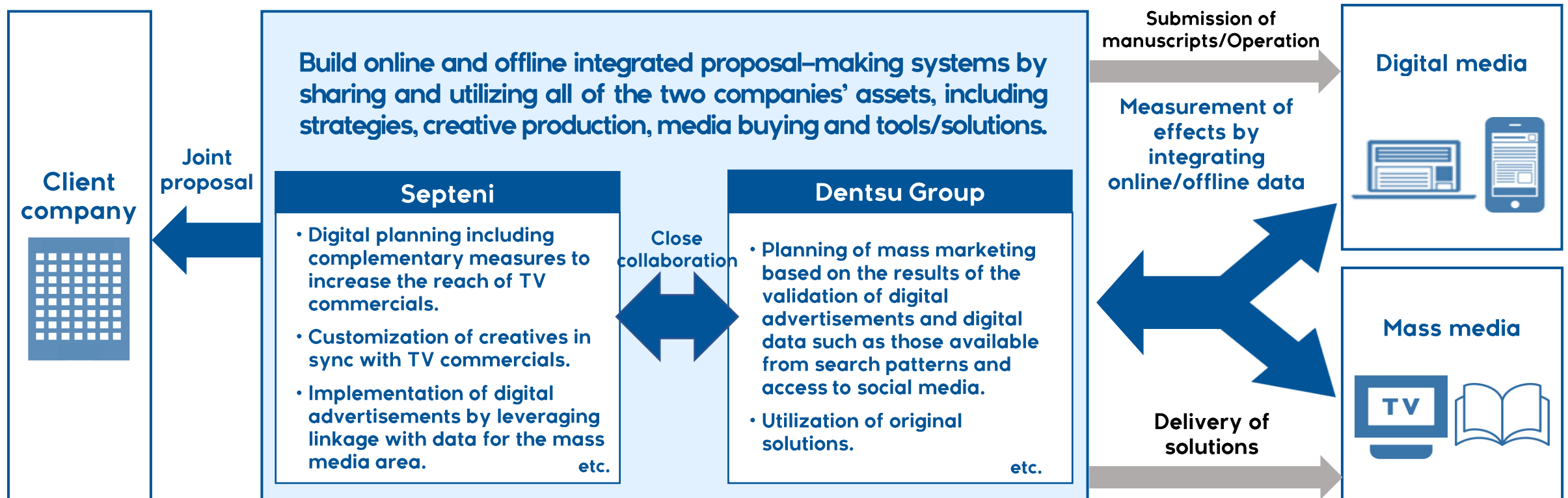
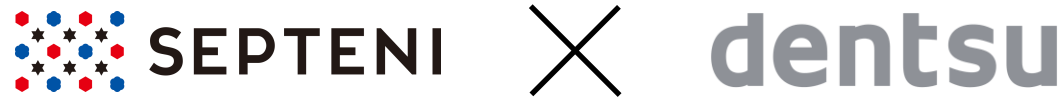
Corporate Management Structure



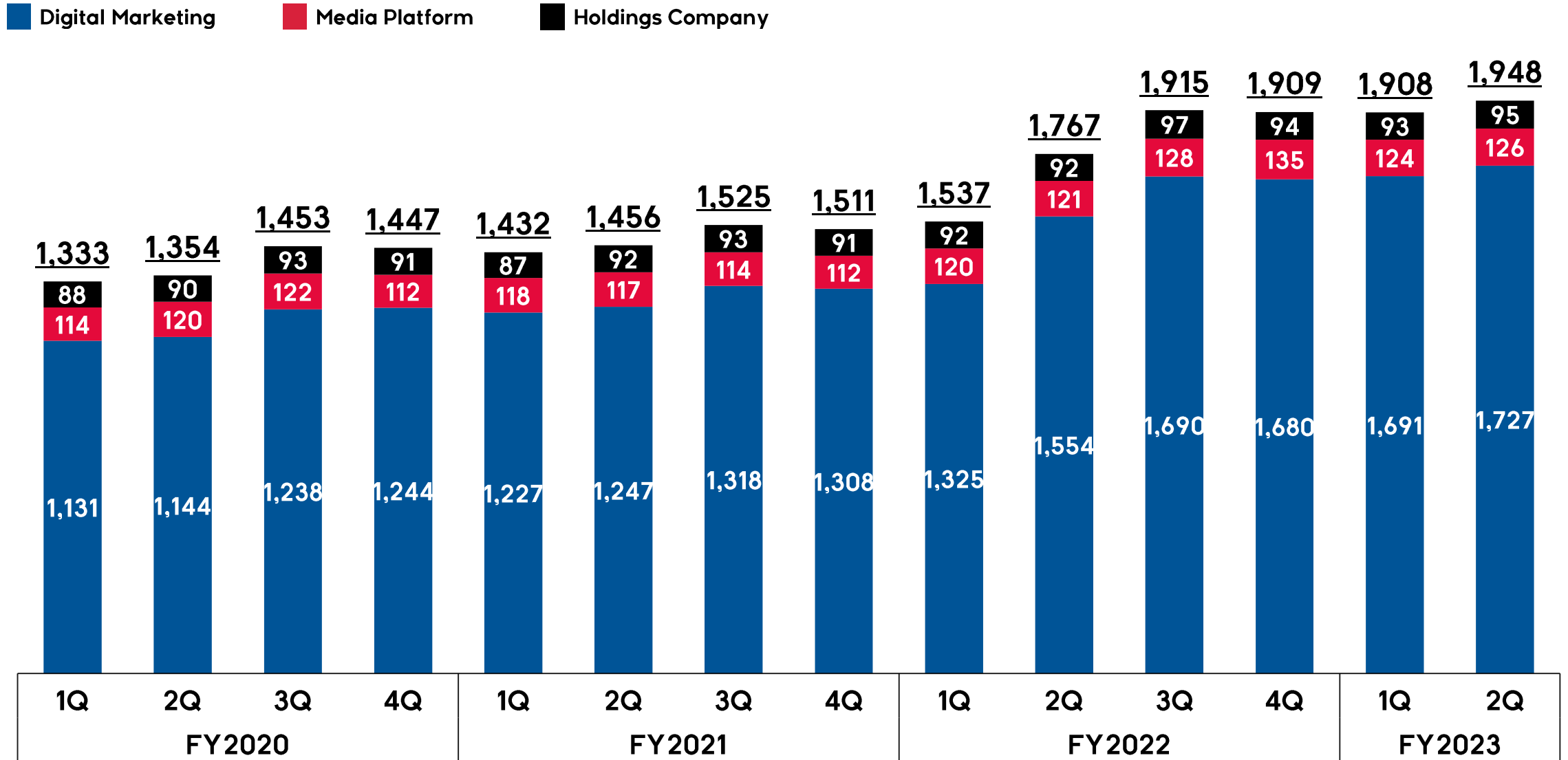
Transition of Governance Reform

- FY2015:
 - Appointed outside directors
- FY2016:
 - Introduced an evaluation of the effectiveness of the Board of Directors
 - Strengthen checking functions by establishing various committees
 - Withdrawal of anti-takeover defense measures
- FY2017:
 - Introduction of a performance-linked stock compensation system for officers
 - Introduction of a delegated executive officer system
 - Separation of executive and supervisory functions
- FY2022:
 - Establishment of the Sustainability Committee and enhancement of awareness of ESG
 - Further Strengthening Representative director Independence and Diversity (Ratio of Outside Directors: 71.4%, Ratio of Female Directors: 28.6%)

Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client bases (conceptual image)



39 Septeni Group Workforce Number Trend



40 Main Group Companies by Business Segment

as of May 11, 2023



Digital Marketing Business

Domestic advertising



Data & solutions

FLINTERS

Oversea advertising



dentsu
direct



Media Platform Business



vivivit



TowaStela



Others

Human Capital Lab

New business development



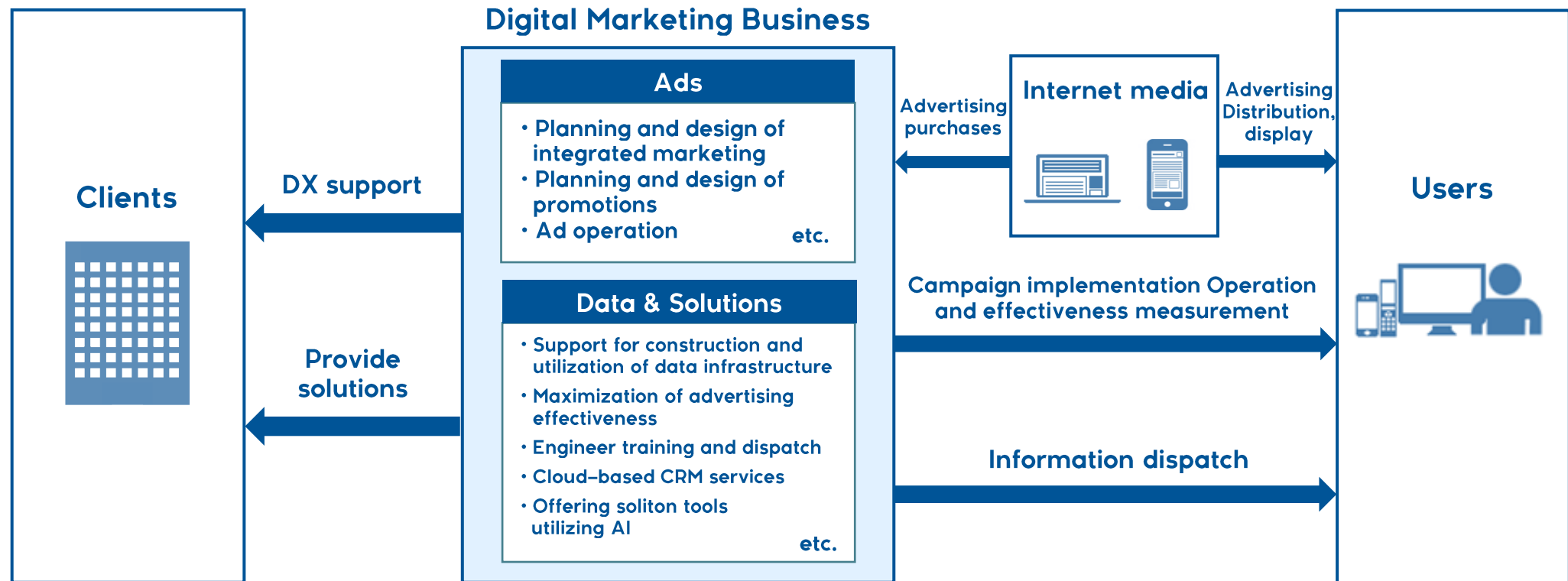
Equity-method affiliates



SEPTENI HOLDINGS CO., LTD. (Holding company)

41 Business Model for the 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.

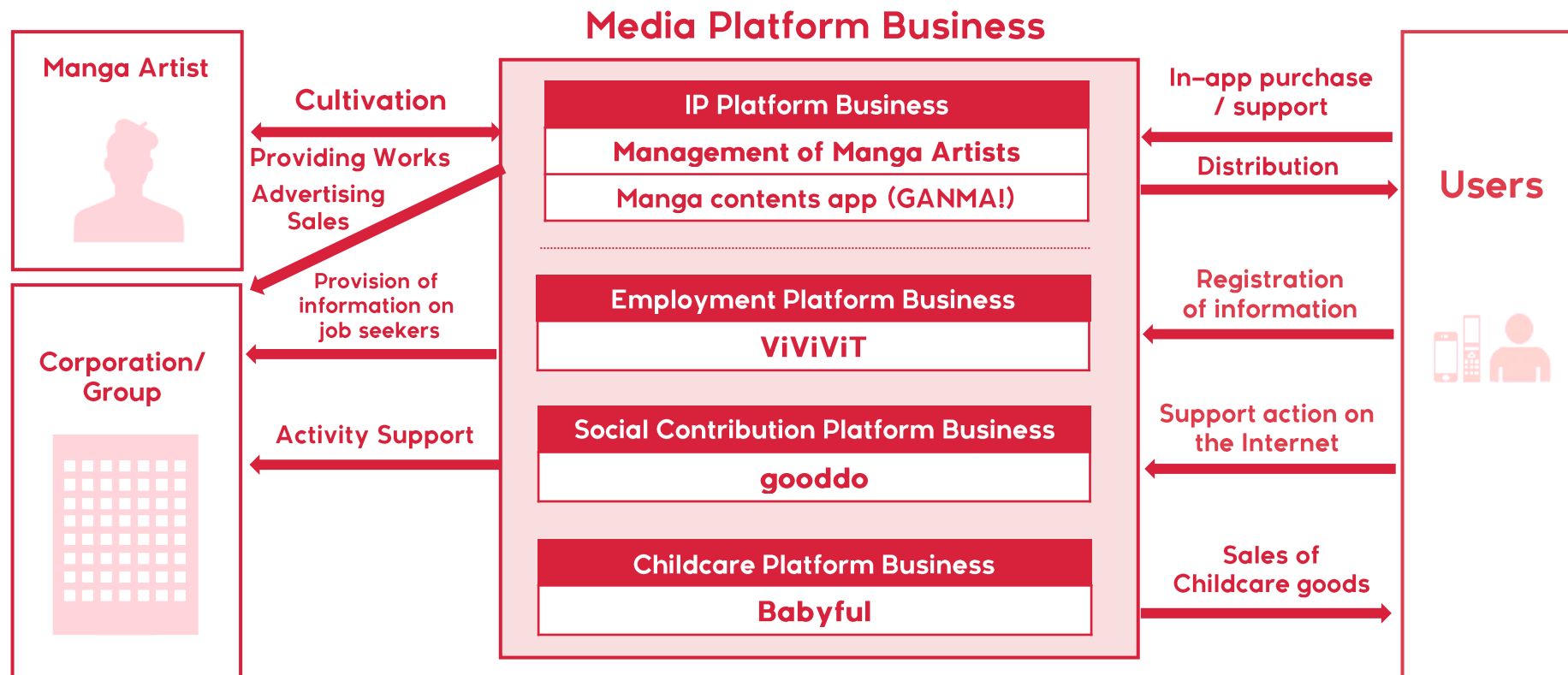


42 Business Model for the Media Platform Business

In the IP Platform Business, the Company nurtures and supports manga artists for the purpose of **planning and developing the Company's own intellectual property (IP)**.

At the same time, manga app called "GANMA!", 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.



43 Consolidated Statement of Financial Position



(unit: ¥mn)	End of 2Q/FY2023	End of FY2022	Change
Current Assets	43,144	40,585	+2,559
Non-Current Assets	48,209	48,146	+63
Total Assets	91,354	88,731	+2,622
Current Liabilities	26,999	25,206	+1,792
Non-Current Liabilities	489	771	-282
Total Liabilities	27,487	25,977	+1,510
Total Capital*	63,866	62,754	+1,112
Total Liabilities and Capital	91,354	88,731	+2,622

*change of - ¥745 million in treasury shares in shareholders' equity due to share repurchase conducted from February 17 to March 17, 2023