



FY December/2023

Business Results for 4Q

Nov. 9, 2023

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.

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

Outlook for This Fiscal Year

04 Outlook for This Fiscal Year (review)

Net sales turned positive in 3Q. Revenue turnaround in 4Q and Non-GAAP operating profit turnaround in 5Q are also expected.

Trends and Outlook of YoY Changes in Each Item (Consolidated)

 Timing of reversal

	FY2023					FY2024
	1Q	2Q	3Q	4Q	5Q	
Net sales	+6.5%	-5.4%	+3.3%	Increase in sales growth	Double-digit growth	Revenue growth
Revenue	+6.1%	-4.0%	-0.2%	Revenue turnaround	Double-digit growth	
SG&A expenses	+32.2%	+2.0%	+7.8%	Decline in the increase pace	Decline in the increase pace	Increase at cruising speed
Non-GAAP operating profit	-55.6%	-29.7%	-77.0%	Decline in the decrease pace	Profit turnaround	Substantial profit growth

05 Progress against Outlook for This Fiscal Year

**In line with the outlook, revenue turned positive in 4Q.
Continuing to aim for profit turnaround in 5Q.**

Trends and Outlook of YoY Changes in Each Item (Consolidated)

 Timing of reversal

	FY2023					FY2024
	1Q	2Q	3Q	4Q	5Q	
Net sales	+6.5%	-5.4%	+3.3%	Increase in sales growth +6.7%	Double-digit growth	Revenue growth
Revenue	+6.1%	-4.0%	-0.2%	Revenue turnaround +3.0%	Double-digit growth	
SG&A expenses	+32.2%	+2.0%	+7.8%	Decline in the increase pace +6.1%	Decline in the increase pace	Increase at cruising speed
Non-GAAP operating profit	-55.6%	-29.7%	-77.0%	Decline in the decrease pace -30.0%	Profit turnaround	Substantial profit growth

02

Consolidated Cumulative Fourth Quarter Earnings Overview

Revenue increased slightly YoY.
Profit decreased due to an increase in expenses, mainly for
strengthening human capital investment.

Consolidated

Revenue

¥29,108mn (YoY + **1.0%**)

**Non–GAAP
Operating Profit**

¥3,163mn (YoY –46.0%)

EPS

¥13.28 (YoY –¥17.26)

**Digital
Marketing
Business**

**Despite steady progress in acquiring new clients,
revenue and profit declined YoY.**

Revenue **¥25,191mn** (YoY-2.6%) Non-GAAP Operating Profit **¥6,453mn** (YoY-29.9%)

**Media
Platform
Business**

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

Revenue **¥4,437mn** (YoY +**34.6%**) Non-GAAP Operating Profit **-¥544mn** (**Deficit narrowed YoY ¥301mn**)

Including investment in new segments of -¥33mn

EPS decreased due to a reactionary decline in operating profit and financial income.

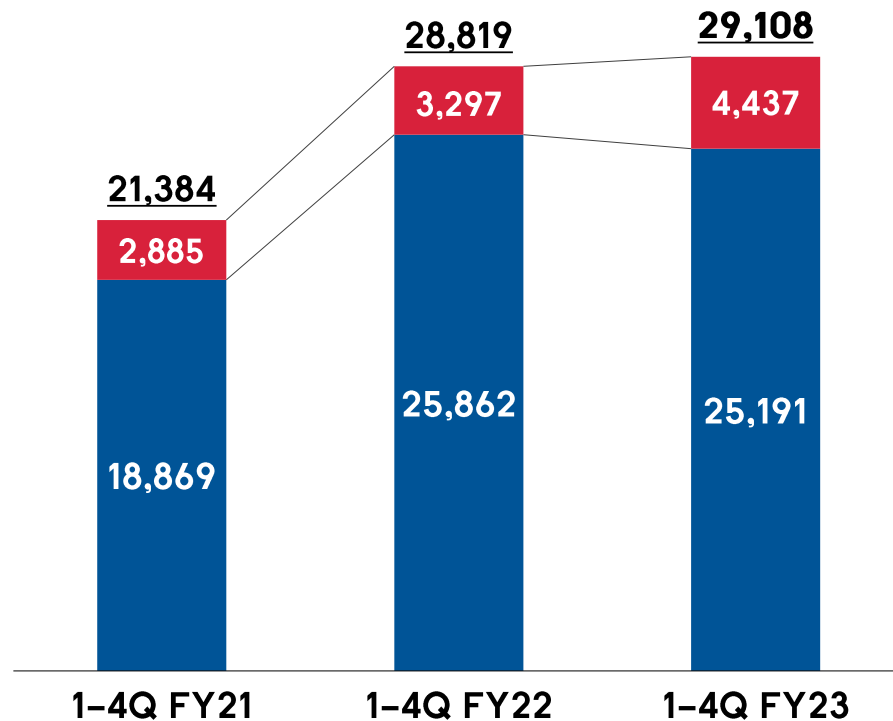
(unit: ¥mn)	1-4Q/FY2023			1-4Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	29,108	100.0%	+1.0%	28,819	100.0%
Gross Profit	21,960	75.4%	-3.3%	22,720	78.8%
SG&A expenses	18,899	64.9%	+10.8%	17,058	59.2%
Non-GAAP operating profit	3,163	10.9%	-46.0%	5,855	20.3%
Operating profit	3,023	10.4%	-44.4%	5,440	18.9%
Financial income	5	0.0%	-99.8%	2,069	7.2%
Financial expenses	209	0.7%	-37.4%	335	1.2%
Equity in earnings of affiliates	1,356	4.7%	+27.2%	1,066	3.7%
Profit for the period attributable to owners of parent	2,769	9.5%	-51.7%	5,734	19.9%
Basic earnings per share (EPS) (¥)	13.28	—	-17.26	30.54	—
[Reference] Net sales	134,605	—	+2.4%	131,434	—

10 Earnings Trend by Business Segment (Oct-Sep)

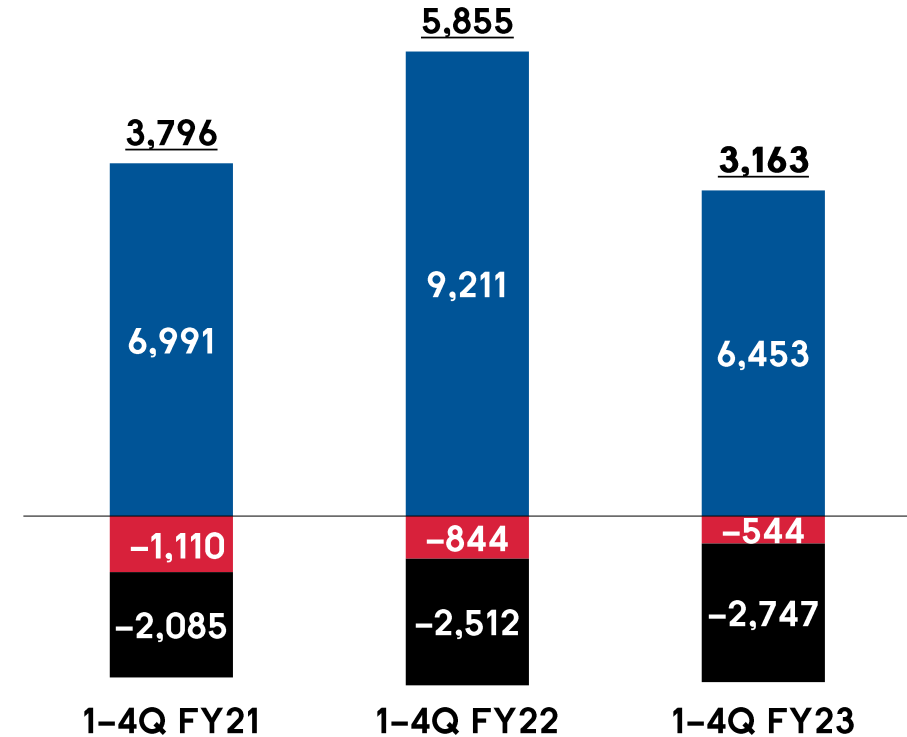
Revenue set a record high in the previous accounting period (Oct-Sep).

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.

03

Quarterly Consolidated Earnings Overview

12 Consolidated Income Statement (Jul-Sep)

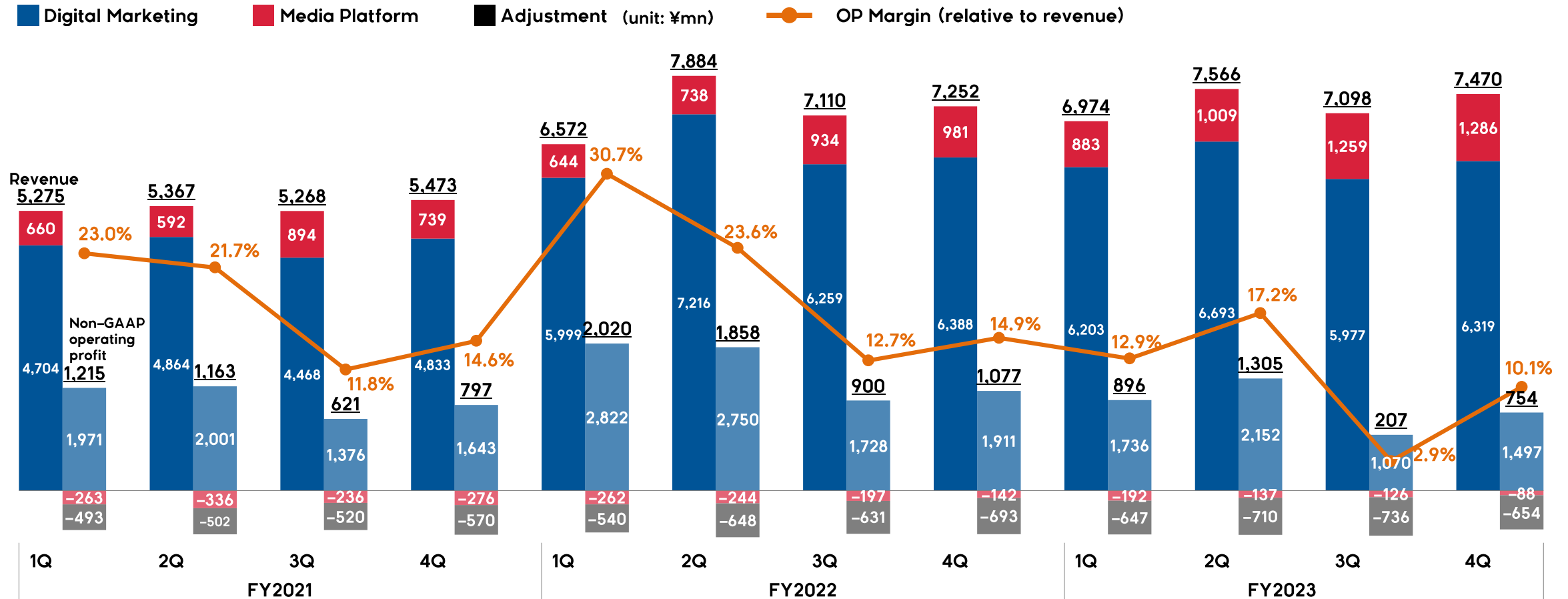


Revenue turned positive YoY, and a profit decline narrowed due to review of costs while strengthening human capital investment.

(unit: ¥mn)	4Q/FY2023			4Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	7,470	100.0%	+3.0%	7,252	100.0%
Gross Profit	5,547	74.3%	-0.2%	5,558	76.6%
SG&A expenses	4,821	64.5%	+6.1%	4,543	62.6%
Non-GAAP operating profit	754	10.1%	-30.0%	1,077	14.9%
Operating profit	738	9.9%	-23.6%	966	13.3%
Financial income	51	0.7%	-93.9%	824	11.4%
Financial expenses	22	0.3%	-78.9%	106	1.5%
Equity in earnings of affiliates	313	4.2%	+11.1%	282	3.9%
Profit for the period attributable to owners of parent	738	9.9%	-54.8%	1,632	22.5%
[Reference] Net sales	34,826	—	+6.7%	32,652	—

13 Quarterly Trend of Earnings by Business Segment

Revenue increased YoY due to growth in the Media Platform Business.
Both business segments saw an increase in revenue QoQ.

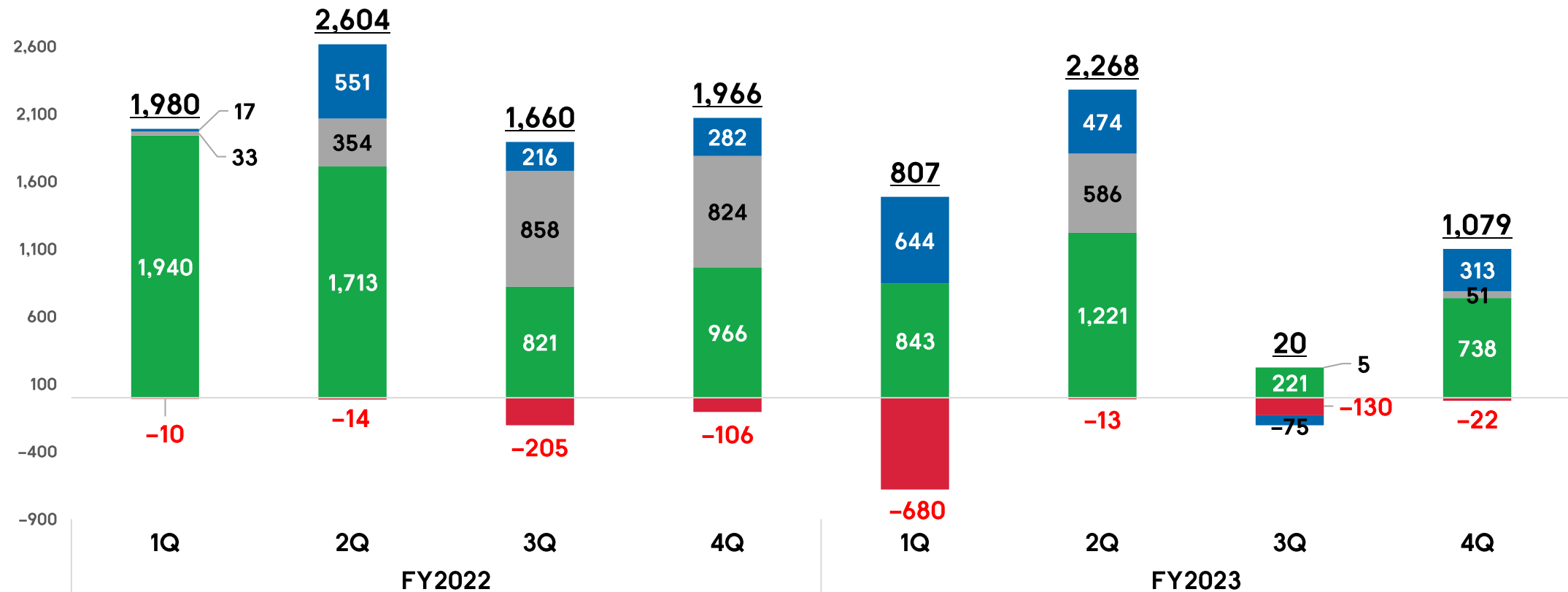


*As the elimination of intersegment revenue is omitted, the total of each business revenue and consolidated revenue (underlined figures) do not coincide.

14 Quarterly Trend of Consolidated Profit Before Tax

Equity in earnings of affiliates increased YoY.

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



**Sales of e-books in the IP Platform Business were strong,
and other costs continued to rise.**

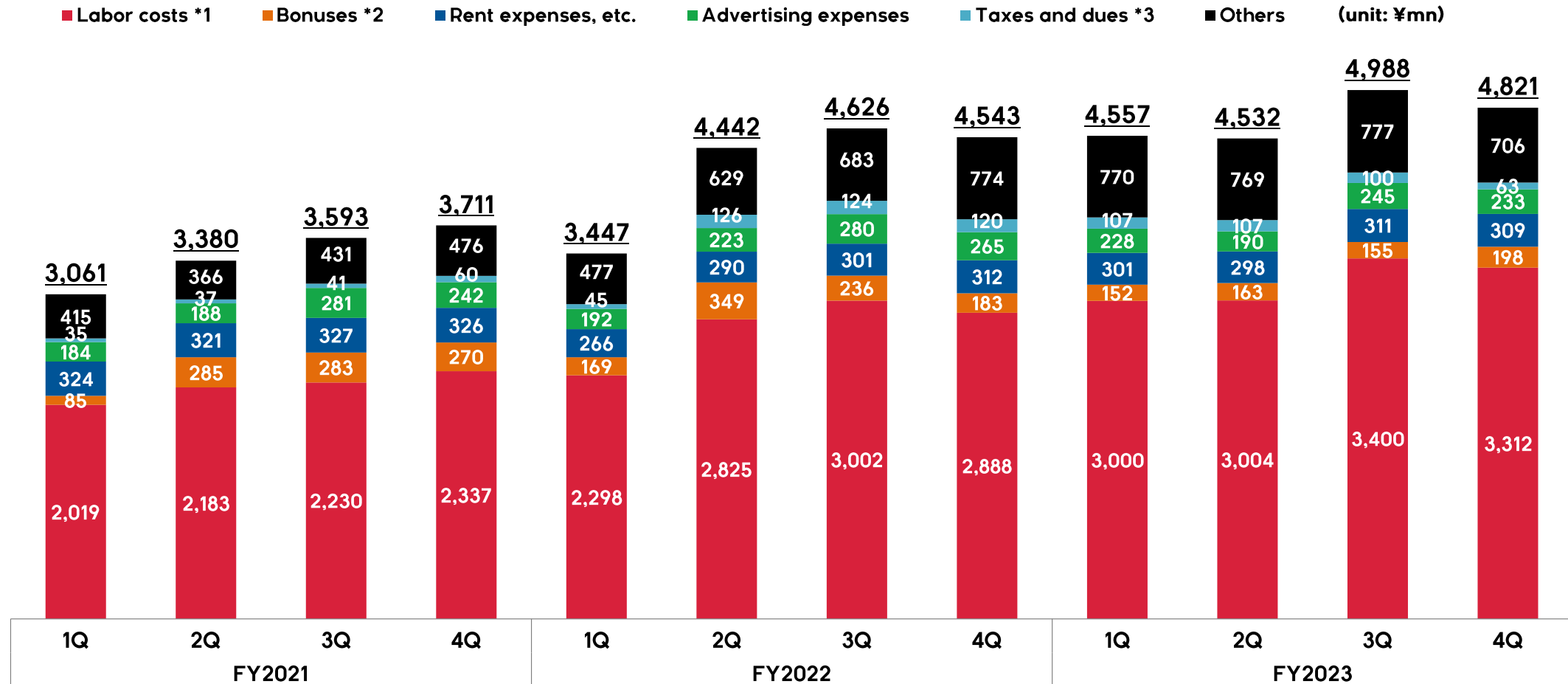
(unit: ¥mn)	FY2021				FY2022				FY2023				QoQ	YoY
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total of cost of sales	1,005	939	1,076	1,079	1,120	1,647	1,637	1,694	1,568	1,762	1,894	1,923	+1.5%	+13.5%
Labor costs	296	321	347	344	364	366	388	379	393	408	453	442	-2.3%	+16.6%
Subcontract costs	240	167	204	244	294	779	632	674	545	659	623	650	-4.4%	-3.7%
Others	468	451	525	491	462	503	617	641	631	695	819	832	+1.6%	+29.8%
Total of SG&A expenses	3,061	3,380	3,593	3,711	3,447	4,442	4,626	4,543	4,557	4,532	4,988	4,821	-3.4%	+6.1%
Labor costs ^{*1}	2,019	2,183	2,230	2,337	2,298	2,825	3,002	2,888	3,000	3,004	3,400	3,312	-2.6%	+14.7%
Employee bonuses ^{*2}	85	285	283	270	169	349	236	183	152	163	155	198	+27.6%	+8.2%
Rent expenses etc.	324	321	327	326	266	290	301	312	301	298	311	309	-0.5%	-1.0%
Advertising expenses	184	188	281	242	192	223	280	265	228	190	245	233	-5.0%	-12.3%
Taxes and dues ^{*3}	35	37	41	60	45	126	124	120	107	107	100	63	-36.6%	-47.6%
Others	415	366	431	476	477	629	683	774	770	769	777	706	-9.2%	-8.8%

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

*2 Including estimation amount for additional performance-linked bonus. *3 Taxes and dues, originally accounted as others, were extracted and calculated.

16 Quarterly Trend of Consolidated SG&A Expenses

Labor costs increased YoY due to the strengthening of human capital investment, and other items decreased due to review of costs.



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

*2 Including estimation amount for additional performance-linked bonus. *3 Taxes and dues, originally accounted as others, were extracted and calculated.

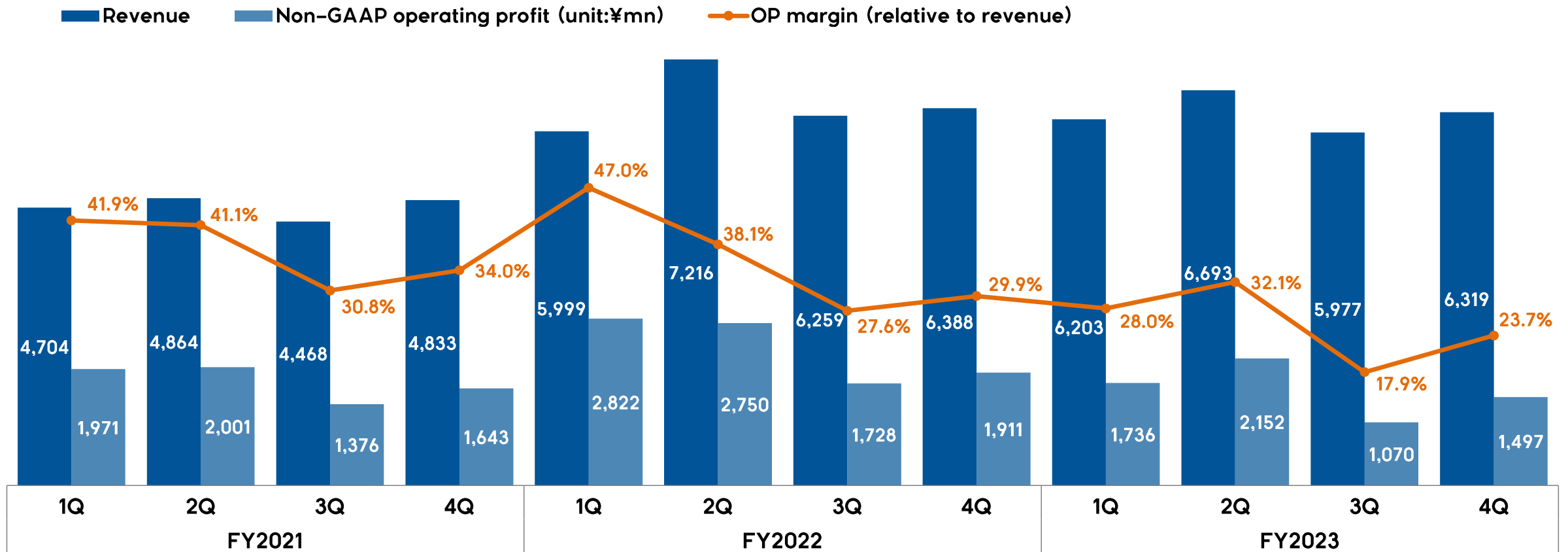
04

Digital Marketing Business

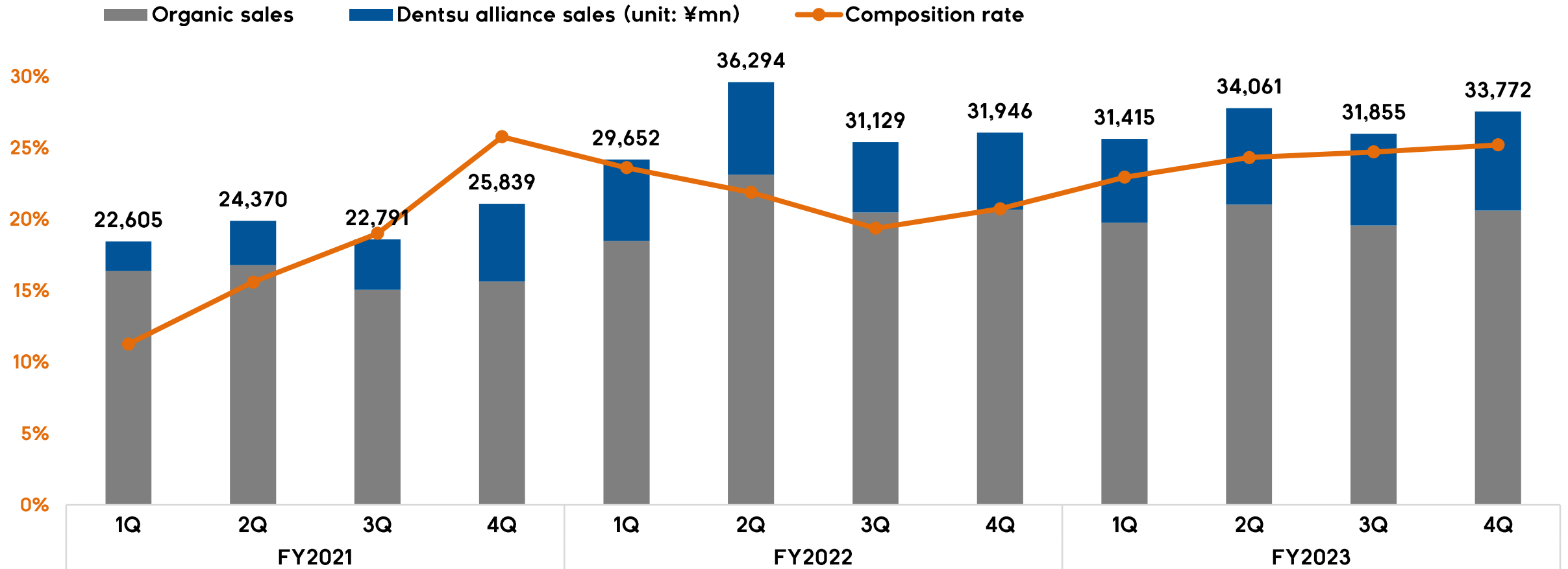
Net sales grew YoY due to the acquisition of new clients, and profit declined mainly due to an increased labor costs to strengthen human capital investment.

(unit: ¥mn)	4Q/FY2023			4Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,319	100.0%	-1.1%	6,388	100.0%
Gross profit	5,012	79.3%	-2.3%	5,129	80.3%
SG&A expenses	3,529	55.8%	+7.8%	3,273	51.2%
Non-GAAP operating profit	1,497	23.7%	-21.7%	1,911	29.9%
【Reference】 Net Sales	33,772	—	+5.7%	31,946	—

Both revenue and operating profit reversed after bottoming out in 3Q as the impact of environmental changes has subsided.



Dentsu alliance sales increased YoY due to expansion of existing clients and acquisition of new clients.



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

05

Media Platform Business

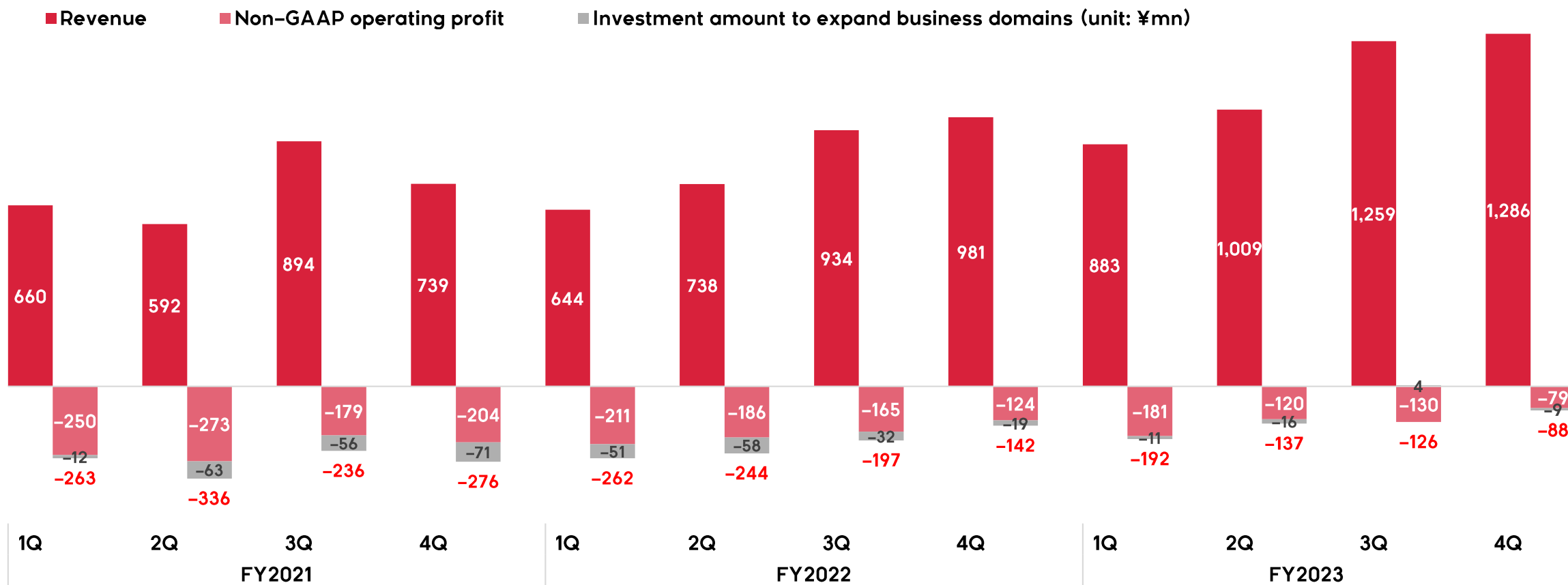
Driven by the IP Platform Business, revenue increased and loss narrowed.

(unit:¥mn)	4Q/FY2023			4Q/FY2022	
	Value	Ratio	YoY	Value	Ratio
Revenue	1,286	100.0%	+31.1%	981	100.0%
Gross profit	668	51.9%	+22.9%	543	55.4%
SG&A expenses	756	58.8%	+7.8%	701	71.4%
Non-GAAP operating profit	-88	—	+53	-142	—
Investment amount to expand business domains*	-9	—	+10	-19	—

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

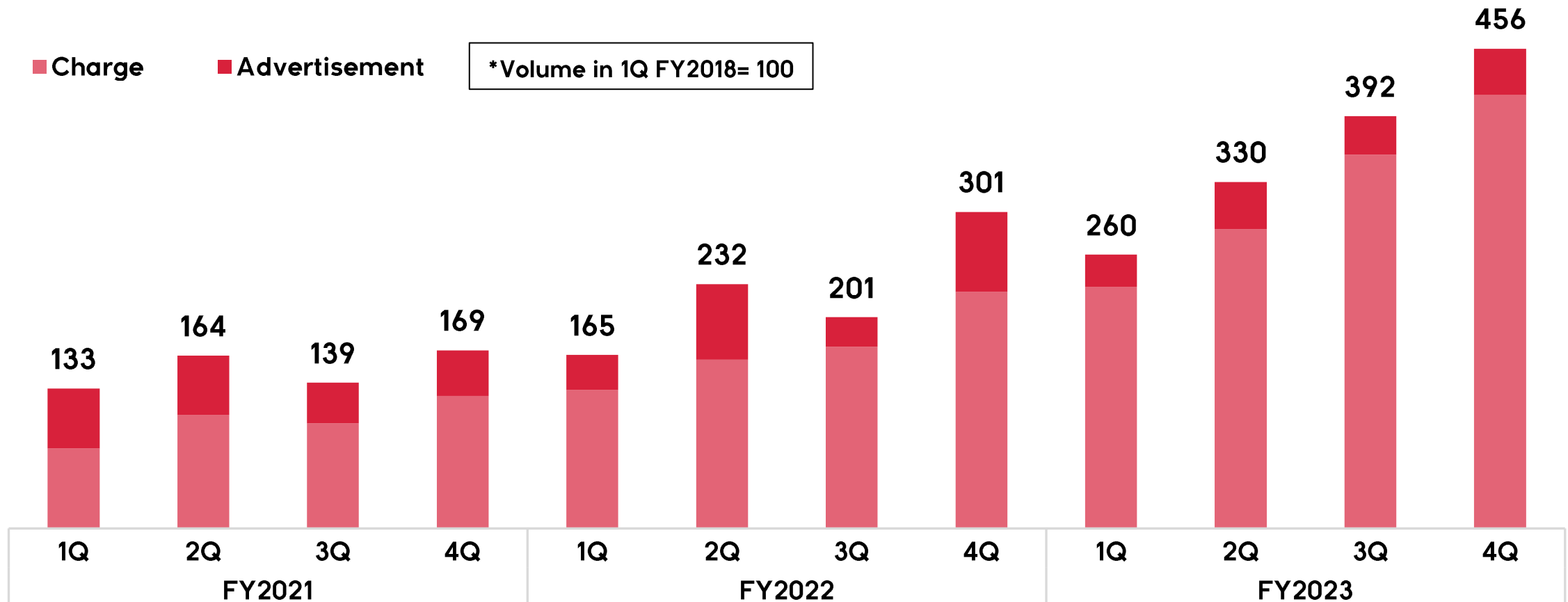
23 Media Platform Business Quarterly Earnings Trend

Revenue reached a record high for two consecutive quarters.



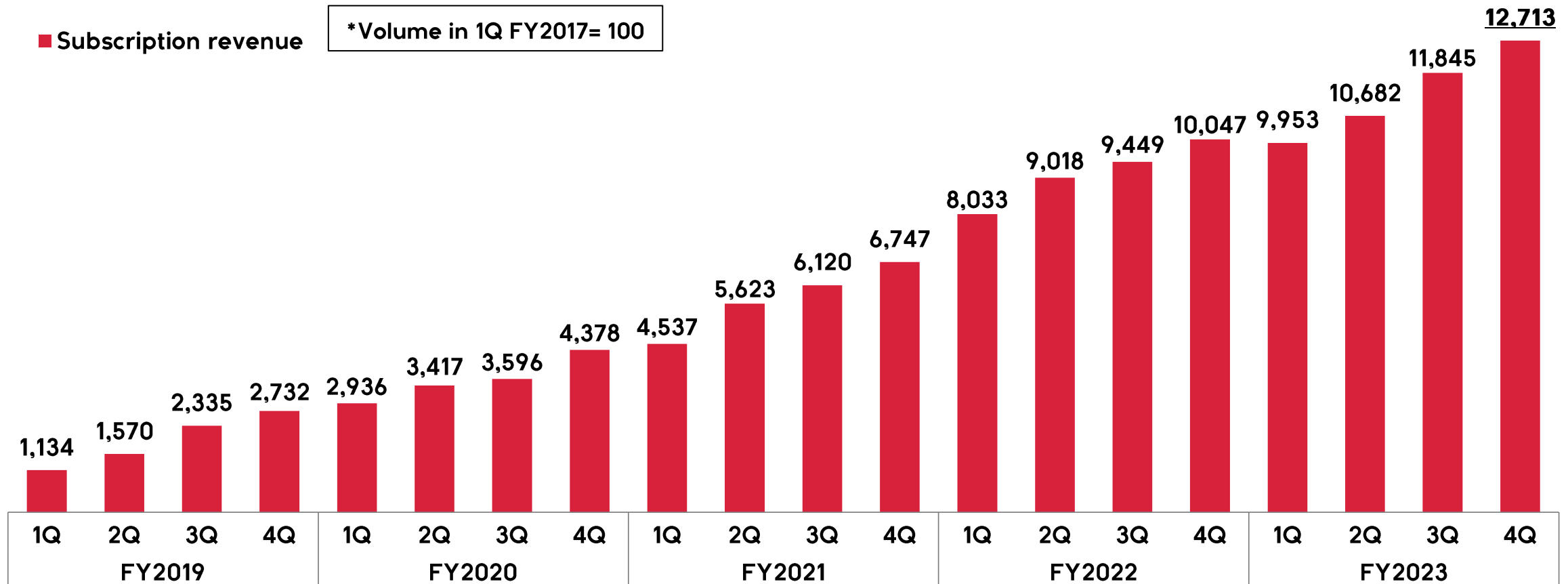
24 IP Platform Business Revenue Trend

Revenue **increased by more than 50% YoY** thanks to the effect of anime broadcast of *“My Love Story with Yamada-kun at Lv999”* and increased sales of e-books.

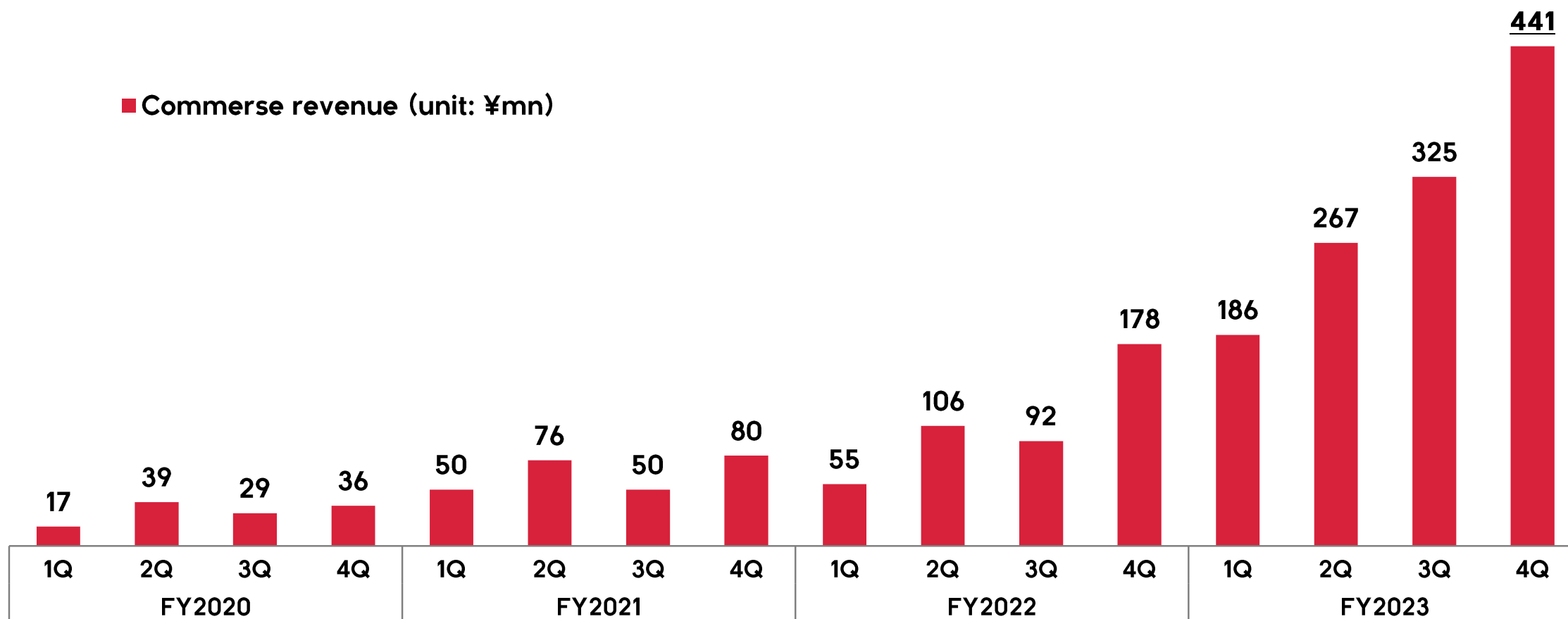


25 IP Platform Business Subscription Revenue Trend

Anime broadcast contributed to the increase in the number of subscribers,
growing by 26.5% YoY.



Sales of e-books continued to expand, and commerce revenue grew by approximately 2.5 times YoY.



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

06

**Revision of Shareholder Return Policy
and Progress of Earnings Estimates**

28 Update on Medium-term Business Policies (review)

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

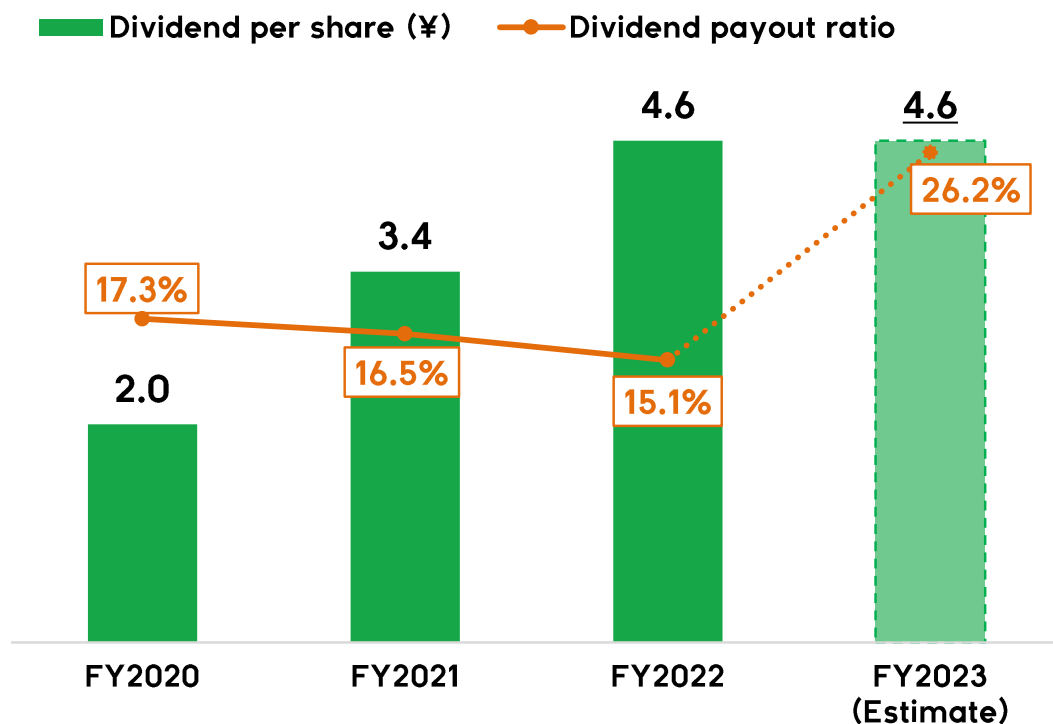
Revision of Corporate Philosophy

Improving human capital value by updating the
human resources systems

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

Increase the dividend payout ratio from 15% to 25% and expect the dividend per share for the current fiscal year to be ¥4.6.

Recent dividend trend



Dividend Policy

- Increase the dividend payout ratio to profit attributable to owners of parent from 15% to **25%**.
- Increase the minimum dividend per share from ¥2 to **¥3** to ensure stable dividends.

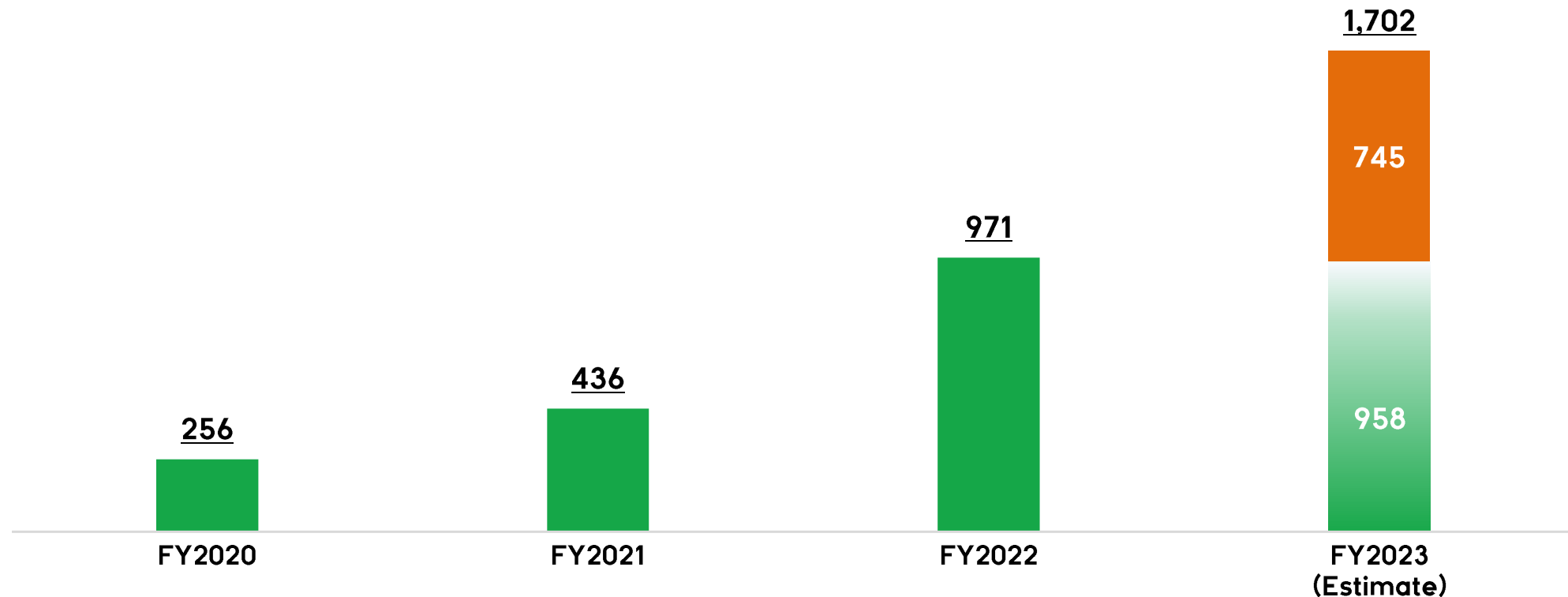
Share Repurchase Policy

- Continuously review and implement share repurchases, considering various indicators such as market environment and investment opportunities in business.

Total shareholder returns will rise significantly from the previous fiscal year due to the share repurchase during the fiscal year and the raising of the dividend payout ratio.

Changes in the most recent total shareholder returns

■ Total dividend ■ Total amount of share repurchase Total returns (unit: ¥mn)



31 Revised Earnings Forecasts and Dividend Forecast (Consolidated)



(unit: ¥mn)	FY2023		(Reference) FY2022 (Results for the previous fiscal year)
	1-4Q/FY2023	(Current year's forecasts/15 months)	
Revenue	29,108	36,700	28,819
Non-GAAP operating profit	3,163	4,200	5,855
Profit attributable to owners of parent	2,769	3,650	5,734
Basic earnings per share (EPS) (¥)	13.28	17.53	30.54
Dividend per share (¥)	—	4.60	4.60
Dividend payout ratio (%)	—	26.2%	15.1%
Average number of shares outstanding (1,000 shares)	208,580	—	187,767

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



(unit: ¥mn)

Revenue

29,108

36,700

Progress rate
79.3%

Non-GAAP operating
profit

3,163

4,200

Progress rate
75.3%

Profit attributable
to owners of parent

2,769

3,650

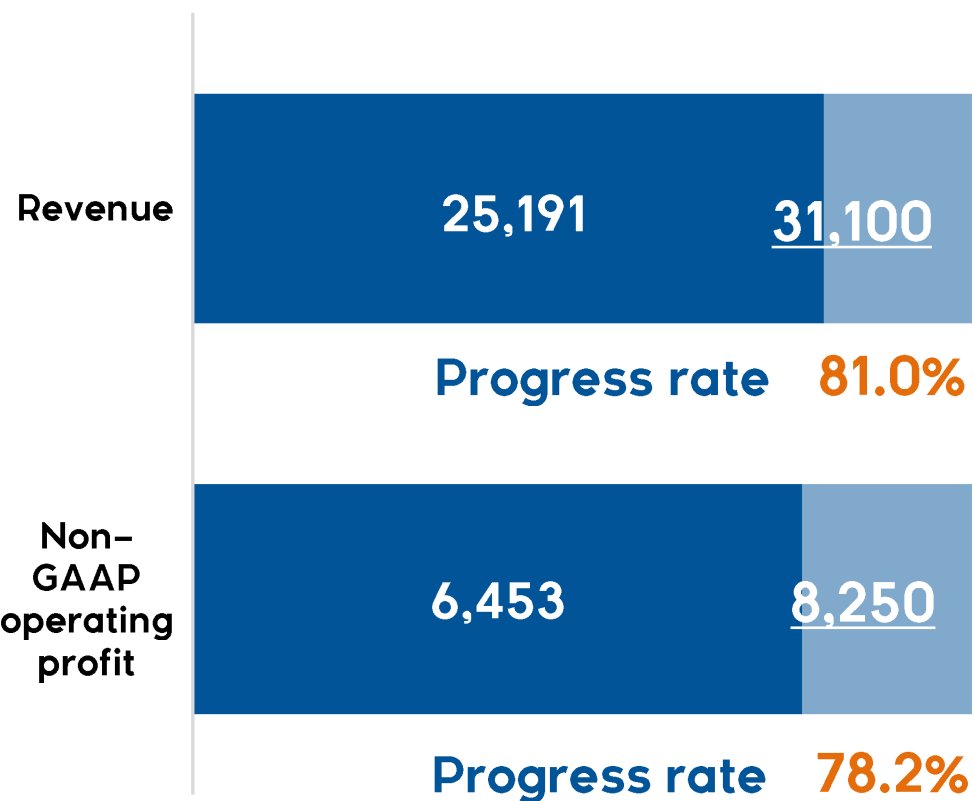
Progress rate
75.9%

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



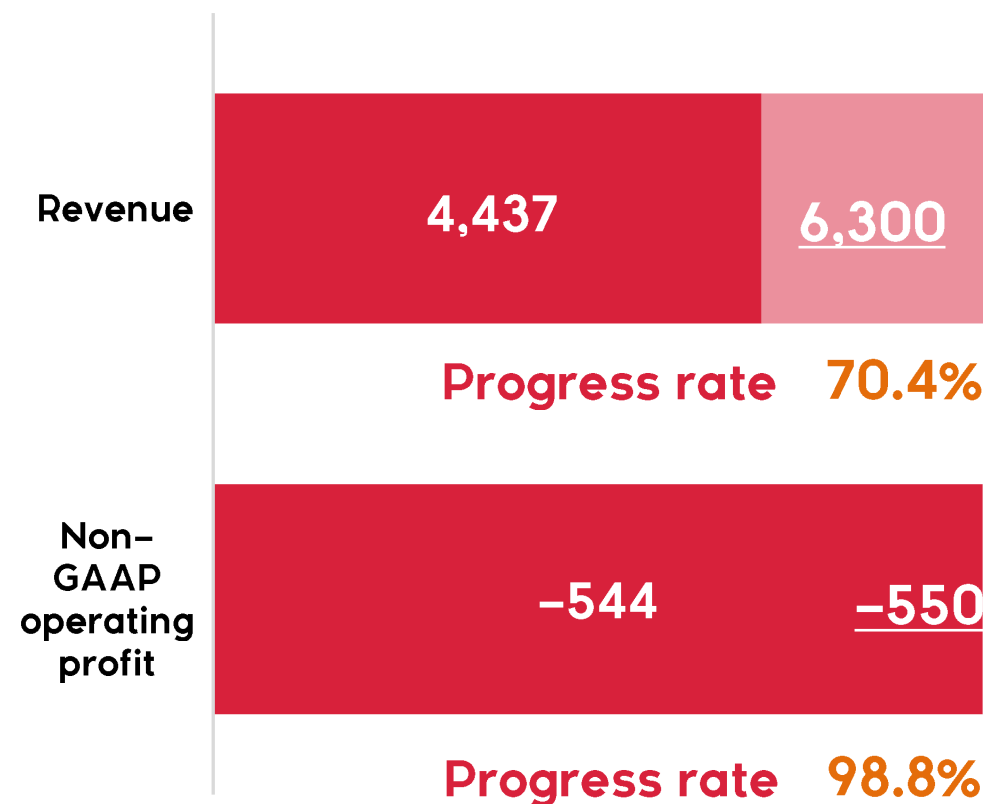
Digital Marketing Business

(unit: ¥mn)

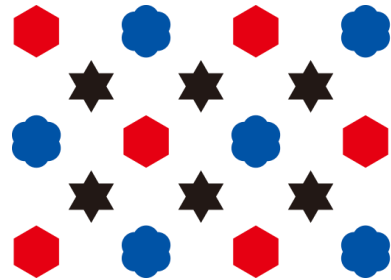


Media Platform Business

(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 Nov 9, 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.

07

Appendix

36 Group Corporate Philosophy



SEPTENI

Corporate Philosophy

Vision

To be a place where people are empowered to create a new era

To open the door to a “nameraka” future with creativity and technology

To make a complex world bright and simple through the power of digital

Mission

To inspire the world
with entrepreneurship

Values

Resilient, Caring, Exciting

Creed

Hinerankai

*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 2022

The Integrated Report 2022 is available on our 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/integratedreport2022_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)



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



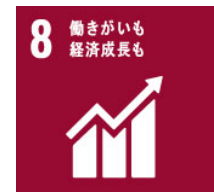
Support for culture/sports/entertainment industries

- 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

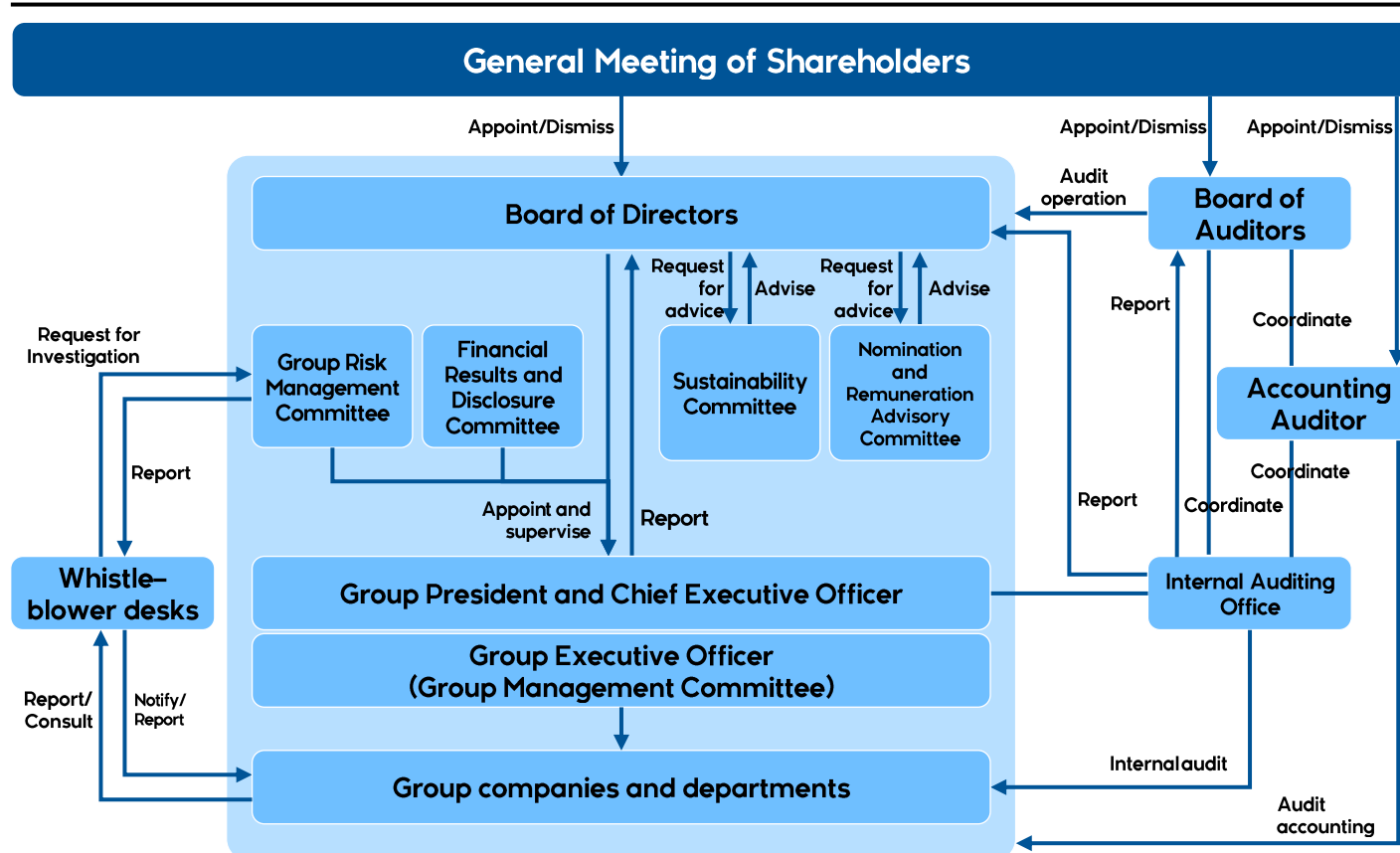
- 28.6% of the Board of Directors is composed of women
- Revised target ratio of female managers: 25% by October 2023
→ **Reached 26.6%** as of October 2023, achieving our target.
- Support for employees raising children and introduction of diverse work styles



39 Enhancing Corporate Governance

In addition to conducting business in accordance with our Corporate Philosophy 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.

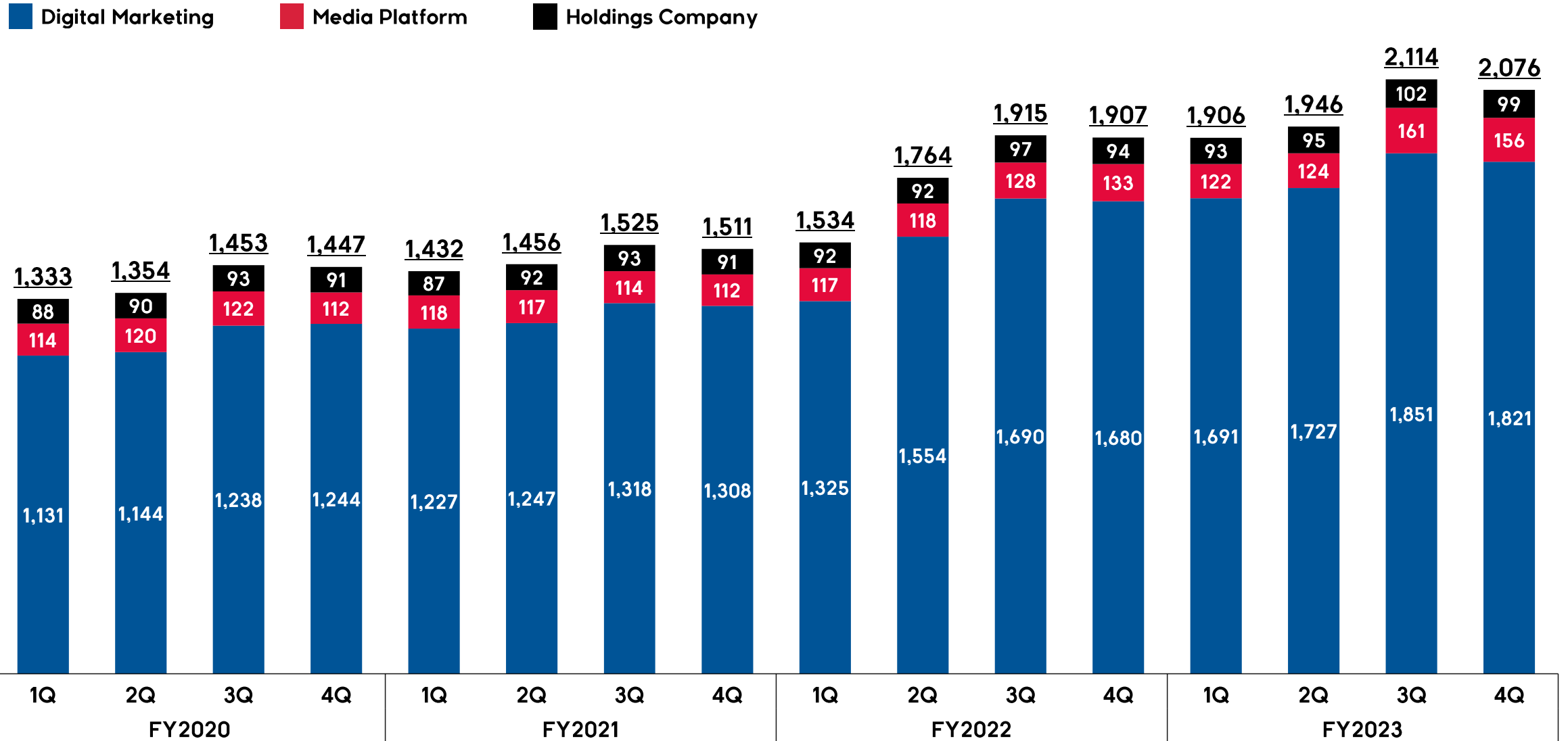
Coporate Management Structure



Transition of Governance Reform

FY2015	- Appointed outside directors
FY2016	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- Introduction of a performance-linked stock compensation system for officers- Introduction of a delegated executive officer system <p>→ Separation of executive and supervisory functions</p>
FY2022	<ul style="list-style-type: none">- Establishment of the Sustainability Committee and enhancement of awareness of ESG- Further strengthen independence and diversity of representative directors (Ratio of Outside Directors: 71.4%, Ratio of female Directors: 28.6%)
FY2023	- Establishment of Nomination and Remuneration Advisory Committee

40 Septeni Group Workforce Number Trend



*Including temporary employees (contract employees, part-time workers, temporary staffing) *A minor retrospective corrections were made to the number of employees.

41 Main Group Companies by Business Segment as of November 9, 2023



Digital Marketing Business

Domestic advertising



Data & solutions

FLINTERS

Oversea advertising



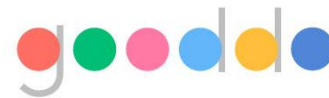
dentsu
direct



Media Platform Business



vivivit



TowaStela



Others

Human Capital Lab

New business development



Equity-method affiliates

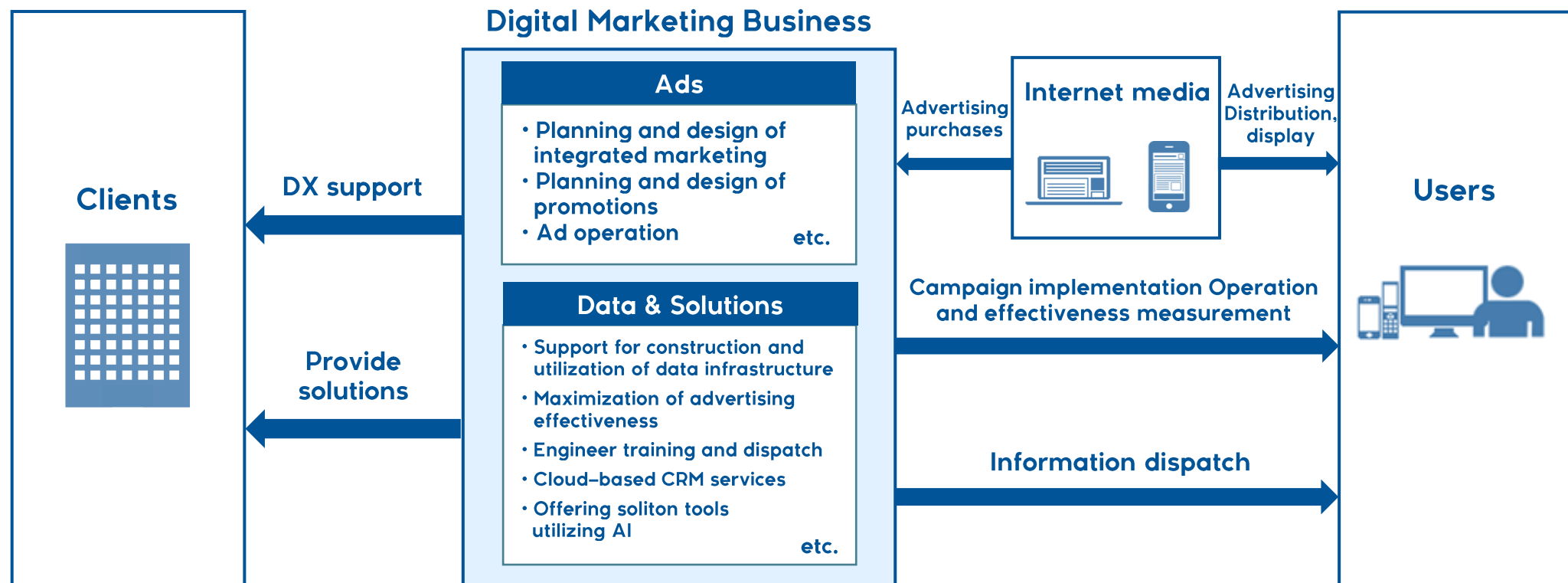
DENTSU
DIGITAL

PRIMECROSS & and factory

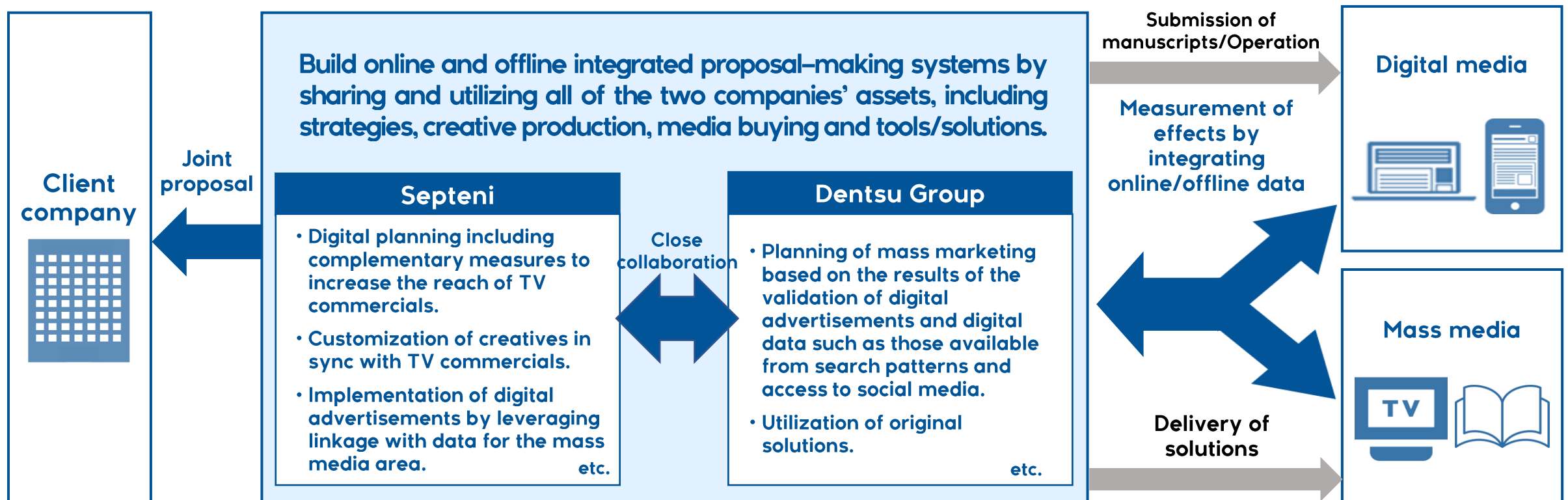
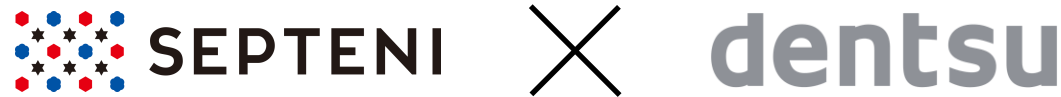
SEPTENI HOLDINGS CO., LTD. (Holding company)

42 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.



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

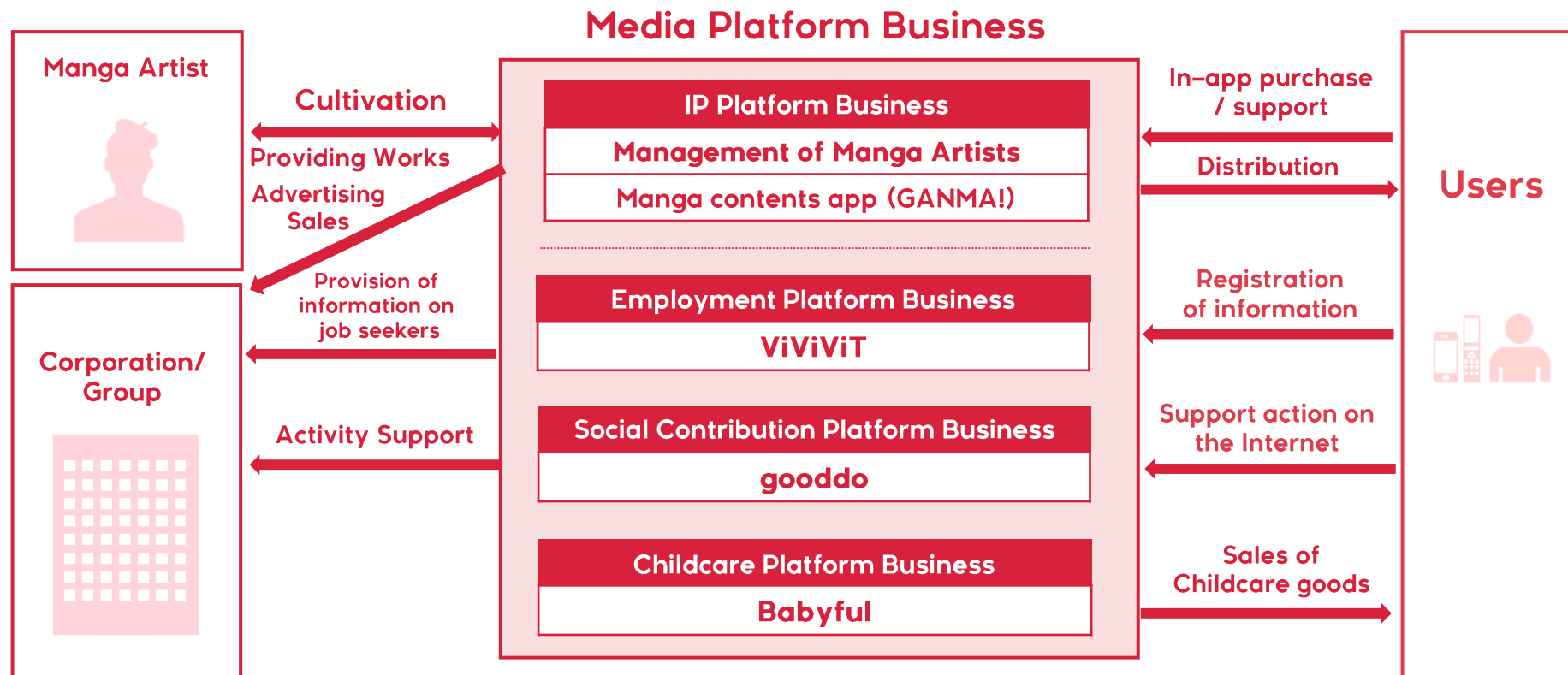


44 Business Model for the Media Platform Business

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.



45 Consolidated Statement of Financial Position

(unit: ¥mn)	End of 4Q/FY2023	End of FY2022	Change
Current Assets	41,159	40,585	+574
Non-Current Assets	49,311	48,146	+1,165
Total Assets	90,470	88,731	+1,739
Current Liabilities	24,739	25,206	-467
Non-Current Liabilities	1,731	771	+960
Total Liabilities	26,471	25,977	+494
Total Capital*	63,999	62,754	+1,245
Total Liabilities and Capital	90,470	88,731	+1,739

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