Septeni Holdings Co., Ltd.

Financial Results Briefing for Q5 and Full FY2023/12

February 8, 2024

Event Summary

[Company Name]	Septeni Holdings Co., Ltd.
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[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for Q5 and Full FY2023/12
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[Venue Size]	
[Participants]	
[Number of Speakers]	4

Koki Sato	Group President and Chief Executive Officer
Yuichi Kouno	Group Senior Executive Officer
Kei Hatano	Group Senior Executive Officer
Tei Go	Group Executive Officer

Presentation

Moderator: It is now time to begin the presentation of the financial results briefing of Septeni Holdings Co., Ltd. for Q5 and Full FY2023/12.

Thank you very much for taking time out of your busy schedule to participate in our financial results briefing.

At today's meeting, Mr. Sato, Group President and Chief Executive Officer, will begin with an overview of the financial results and business topics. Next, Mr. Kouno, Group Senior Executive Officer, who is expected to assume the next Group President and Chief Executive Officer, will explain the medium-term management policies and the outlook for the fiscal year ending December 31, 2024.

First, I would like to introduce our attendees. Mr. Koki Sato, Group President and Chief Executive Officer.

Sato: I am Sato. Thank you in advance for your cooperation.

Moderator: Mr. Yuichi Kouno, Group Senior Executive Officer.

Kouno: I am Kouno. Thank you in advance for your cooperation.

Moderator: Mr. Kei Hatano, Group Senior Executive Officer.

Hatano: I am Hatano. Thank you in advance for your cooperation.

Moderator: Mr. Tei Go, Group Executive Officer.

Go: I am Go. Thank you in advance for your cooperation.

Moderator: Now, Group President and Chief Executive Officer, Mr. Sato, will explain. In addition, from the current fiscal year, a fact sheet is available in the IR Library of the corporate website as a supplemental material to the presentation materials. Please go ahead.

Sato: I am Sato. Thank you very much for taking time to join us today despite your busy schedule. I will proceed with the explanation.

Today, I will be presenting Q5 and full year financial results. As for the overall schedule, I will first explain FY2023 financial results that have been completed in the first half of briefing.

After that, I would now like to continue with an explanation of the changes in the management structure scheduled for resolution at the next general meeting of shareholders, which we have just announced. After that, Mr. Kouno, who is expected to assume the next Group President, will explain of the medium-term management policies and guidance for the present term in the second half of the briefing.

With this schedule, we would like to proceed and ask for your understanding.

04 Figures in This Document

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Disclosure of changes in fiscal year end and reclassification of discontinued operations

<table>
<tr><th rowspan="2"></th><th>2021</th><th colspan="4">2022</th><th colspan="4">2023</th><th colspan="4">2024</th><th rowspan="2">Corresponding documents</th></tr>
<tr><th>10 – 12</th><th>1 – 3</th><th>4 – 6</th><th>7 – 9</th><th>10 – 12</th><th>1 – 3</th><th>4 – 6</th><th>7 – 9</th><th>10 – 12</th><th>1 – 3</th><th>4 – 6</th><th>7 – 9</th><th>10 – 12</th></tr>
<tr><td>15 months, before reclassification of discontinued operations</td><td colspan="4">FY September/2022
(before reclassification of discontinued operations)</td><td colspan="5">FY December/2023
(15 months, before reclassification of discontinued operations)</td><td colspan="4">–</td><td>Financial results briefing material
P4～32</td></tr>
<tr><td>Calendar year basis</td><td></td><td colspan="4">CY2022
(After reclassification of discontinued operations)</td><td colspan="4">CY2023
(12 months, after reclassification of discontinued operations)</td><td colspan="4">CY2024
(After reclassification of discontinued operations)</td><td>Financial results briefing material
P37～50</td></tr>
<tr><td>Financial reporting basis</td><td colspan="4">FY September/2022
(After reclassification of discontinued operations)</td><td colspan="5">FY December/2023
(15 months, after reclassification of discontinued operations)</td><td colspan="4">FY December/2024
(After reclassification of discontinued operations)</td><td>Financial statements</td></tr>
</table>

The Company changed its fiscal year-end, and FY12/23 was an irregular accounting period of 15 months.

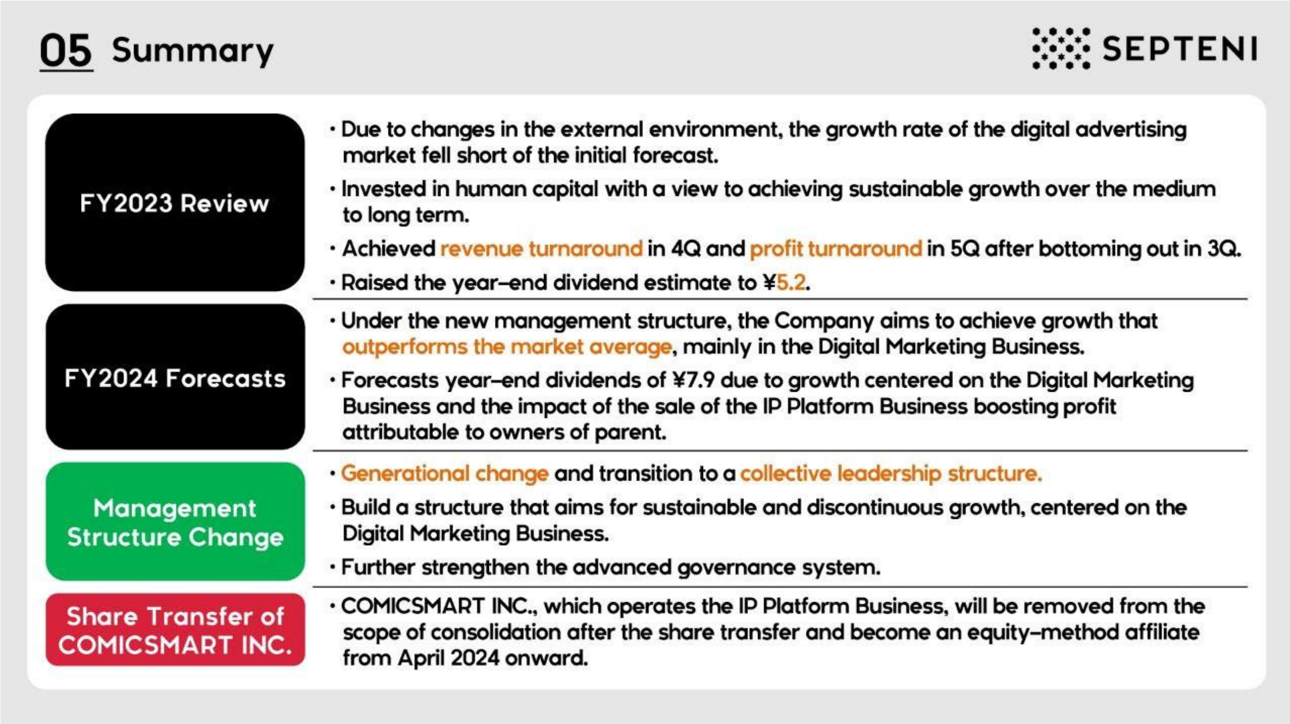
In addition, following the resolution of the share transfer of COMICSMART INC., which operates the IP Platform Business, the Company has classified this business as discontinued operations.

In this material, figures for FY12/23 review are 15 months and before reclassification of the IP Platform Business as discontinued operations, based on the consistency with the previous company policies and business strategies.

Now, I will explain the finished 2023 summary. We describe how we have shown each figure in this document on page four.

In the first half of the document, we explain how the materials are made in relation to the impact of the change in our fiscal year-end and the reclassification of the IP Platform Business as discontinued operations following the decision to transfer shares in this business.

Regarding the first half of the document, to be consistent with previous company policies and business strategies, we have used the previous fiscal year, 15 months of irregular accounting period, and the figures before the reclassification of discontinued operations, which is the stage before the share transfer of COMICSMART Inc., or before the resolution was made for the review for the fiscal year ended December 31, 2023. Please note that.



First, here is the summary of the first half.

It is divided into several parts, but first, for the review of finished FY2023, I will share changes in the external environment. The growth of the digital advertising market, which was initially expected in the previous year, was slightly lower than the planned forecast made at the beginning of the period, indicating that this was a year in which the external environment changed dramatically.

Meanwhile, with a view to our sustainable growth in the medium-to-long term, we have made decisions and implemented major human capital investments, including changes in compensation and base increases, in our core assets, human capital. As for the full-year trend, performance bottomed out in Q3 and tuned around to increase revenue in Q4, and also did to increased profit in Q5, so we made good progress against the revised earnings guidance in line with our forecast.

We have also decided to raise this year-end dividend estimate to JPY5.2, according to our forecast.

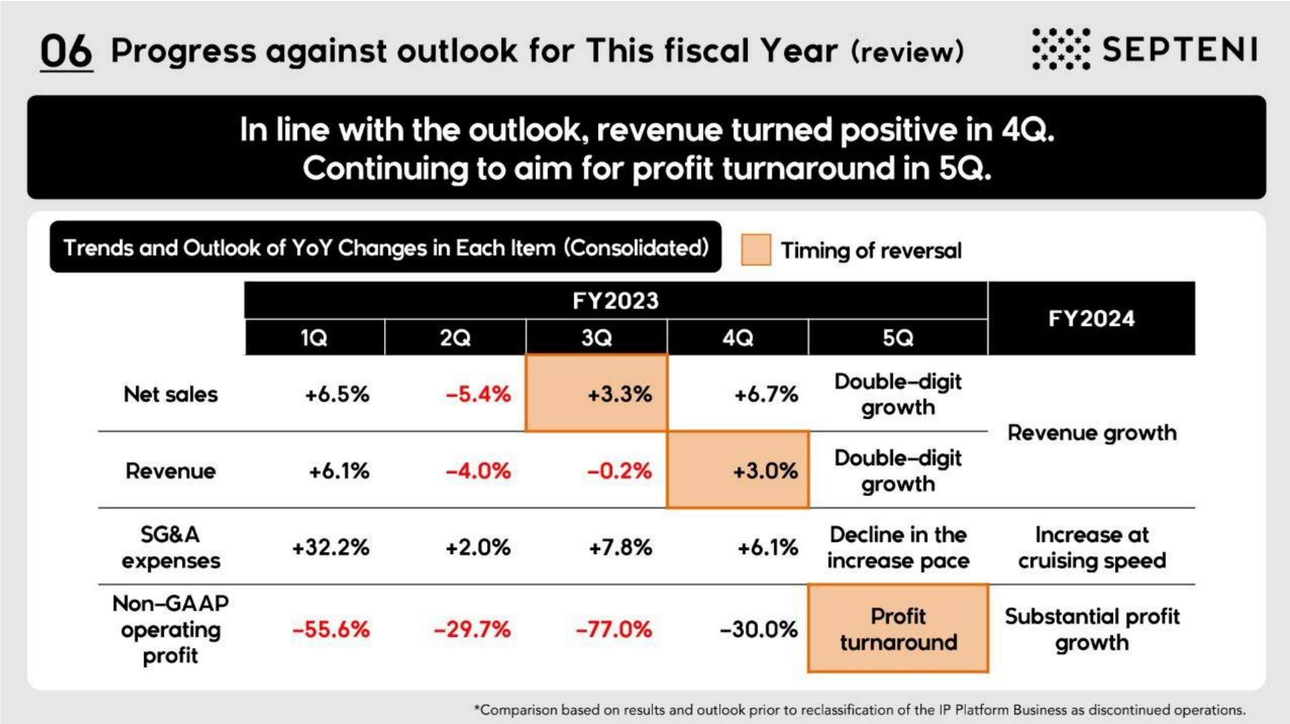
As for the outlook for FY2024, as I explained at the beginning of this briefing, we are moving to a new management structure, announced at the end of last year. Under the new structure, we aim for growth that outperforms the market average, with a focus on the Digital Marketing Business.

In addition, we forecast a year-end dividend of JPY7.9 per share, due to the growth centered on this Digital Marketing Business and the effect of the recently announced sale of the IP Platform Business, boosting profit attributable to owners of parent.

Next, regarding the change in management structure, we have recently decided to pass the baton of management to a new generation on the occasion of a major change in the management structure. We have decided to make a drastic change in the management structure to shift from what I have led the management as CEO for a long time to a more collective leadership structure.

Through this structure, we hope to build a system that aims for sustainable and discontinuous growth, especially in the Digital Marketing Business. At the same time, we intend to enhance our governance structure to be more progressive.

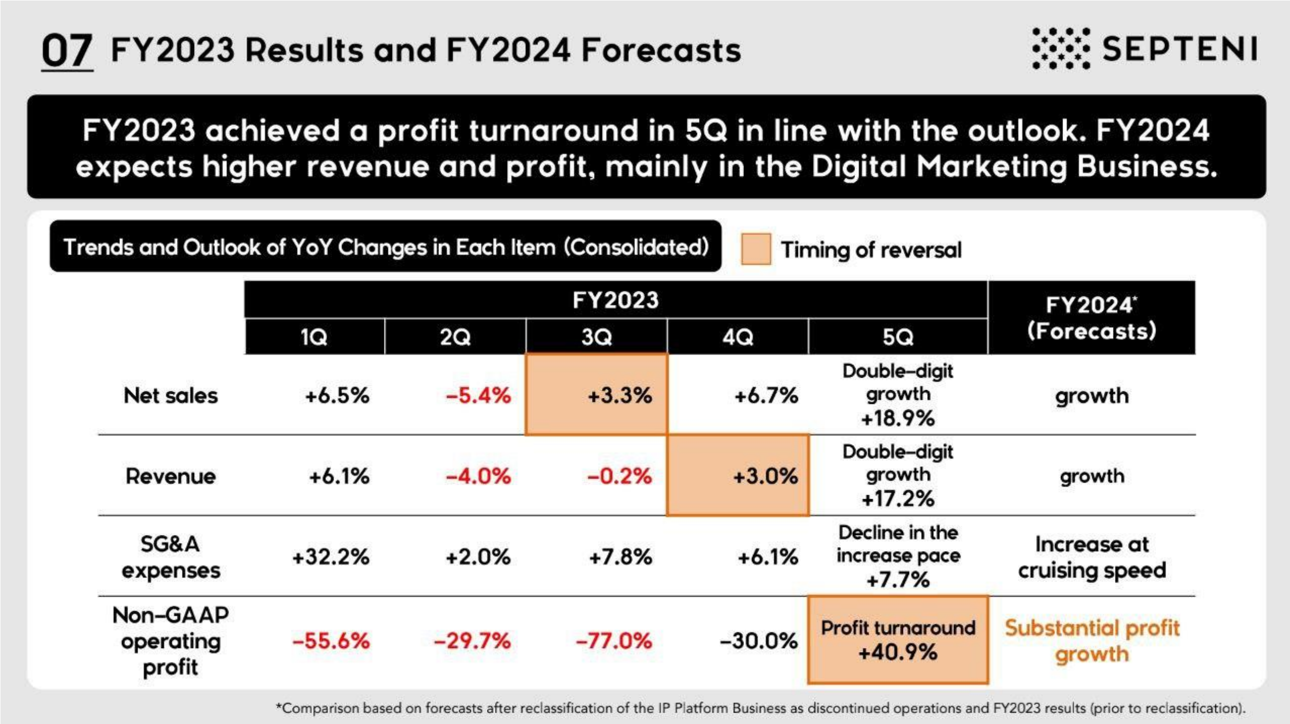
Finally, I will share the share transfer of COMICSMART Inc. COMICSMART Inc., which is engaged in the IP Platform Business, will cease to be a consolidated subsidiary of the Company after the share transfer and will become a non-core business in the form of an equity-method affiliate after April 2024.



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

Next is page six, which is a restatement.

We have revised our earnings forecast from the guidance we had originally projected for this fiscal year. So, the page shows the progress against the reviewed outlook for this fiscal year. We had indicated that we would draw up a reversal scenario, with a turnaround in net sales growth in this Q3, a turnaround in revenue growth in Q4, and a turnaround in operating profit growth in Q5.



	FY2023					FY2024* (Forecasts)
	1Q	2Q	3Q	4Q	5Q	
Net sales	+6.5%	-5.4%	+3.3%	+6.7%	Double-digit growth +18.9%	growth
Revenue	+6.1%	-4.0%	-0.2%	+3.0%	Double-digit growth +17.2%	growth
SG&A expenses	+32.2%	+2.0%	+7.8%	+6.1%	Decline in the increase pace +7.7%	Increase at cruising speed
Non-GAAP operating profit	-55.6%	-29.7%	-77.0%	-30.0%	Profit turnaround +40.9%	Substantial profit growth

*Comparison based on forecasts after reclassification of the IP Platform Business as discontinued operations and FY2023 results (prior to reclassification).

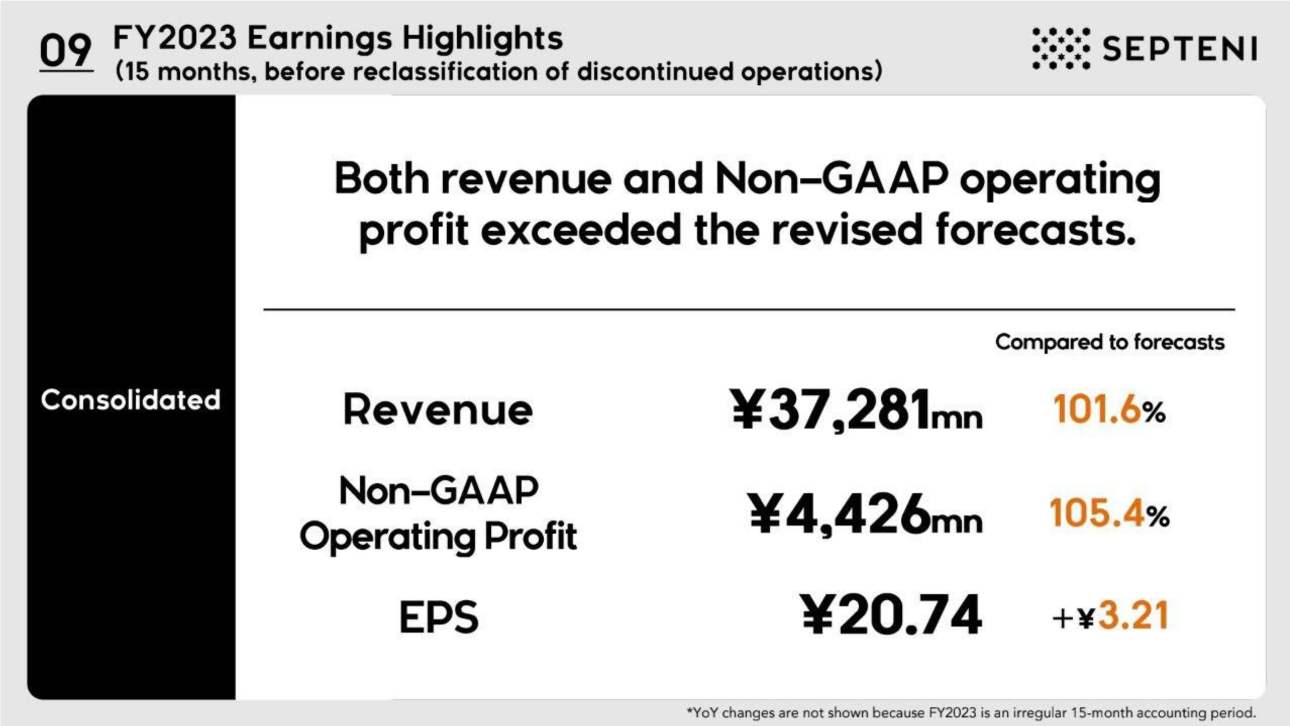
Page seven shows the actual results of the scenario, a verification of what was originally expected and the actual results. For FY2023, we achieved a turnaround in profit growth in Q5 in line with this forecast.

Net sales growth was in the 18% range with double-digit growth. Revenue also showed double-digit growth in the 17% range. We had planned for a turnaround in operating profit as a reversal scenario, and in line with this plan, we achieved a turnaround in profit growth in Q5, increasing profit over 40%.

Moreover, for FY2024, this is the forecast for this progressive period. We project an increase in top-line revenue, as well as the increase in SG&A expenses at a normal rate and a correspondingly large increase in operating profit.

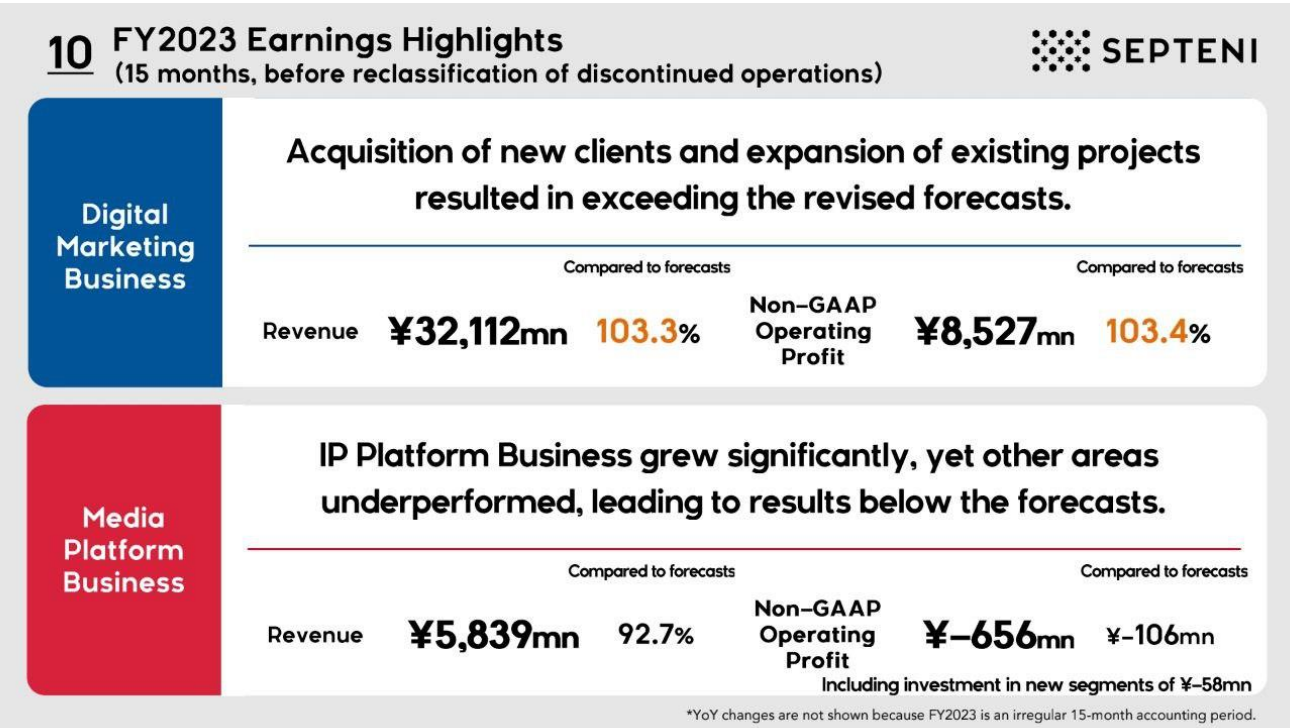
This is a significant increase in profit compared to the forecast after the reclassification of the IP Platform Business and the actual results before the reclassification of the previous year, which is also in line with the original forecast, with no significant gap. We proceed with the guidance for the new period.

The above is a summary of the results for FY2023, as well as a summary of the outlook for FY2024.



We will then move to the review of the financial results. Page nine shows highlights of the full-year results for FY2023, showing figures and details of the 15 months before the reclassification of discontinued operations.

As shown here, both revenue and Non-GAAP operating profit exceeded the revised forecasts. The results exceeded the revised guidance by 1.6% for revenue, 5.4% for operating profit, and plus JPY3.21 for EPS, respectively.



Results by segment are shown on page 10. In the Digital Marketing Business, we exceeded its revised forecast due to the increase of new clients and expansion of existing projects.

As for the Media Platform Business, while the IP Platform Business grew significantly, the other areas of the business were somewhat under-achieved, meaning that the results did not reach the earnings forecast. Each of these figures is as stated as you can see.

11 Consolidated Income Statement
(15 months, before reclassification of discontinued operations)

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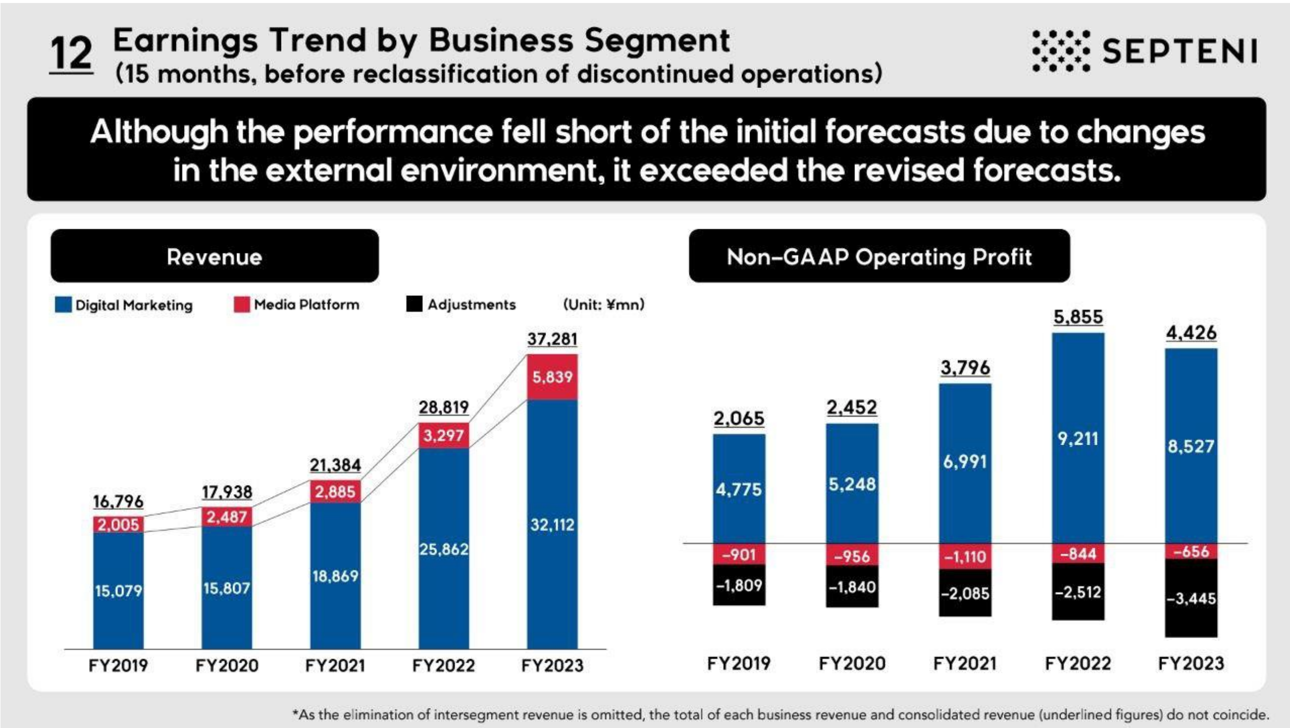
Profitability improved in 5Q due to the top line growth and appropriate control of SG&A expenses.

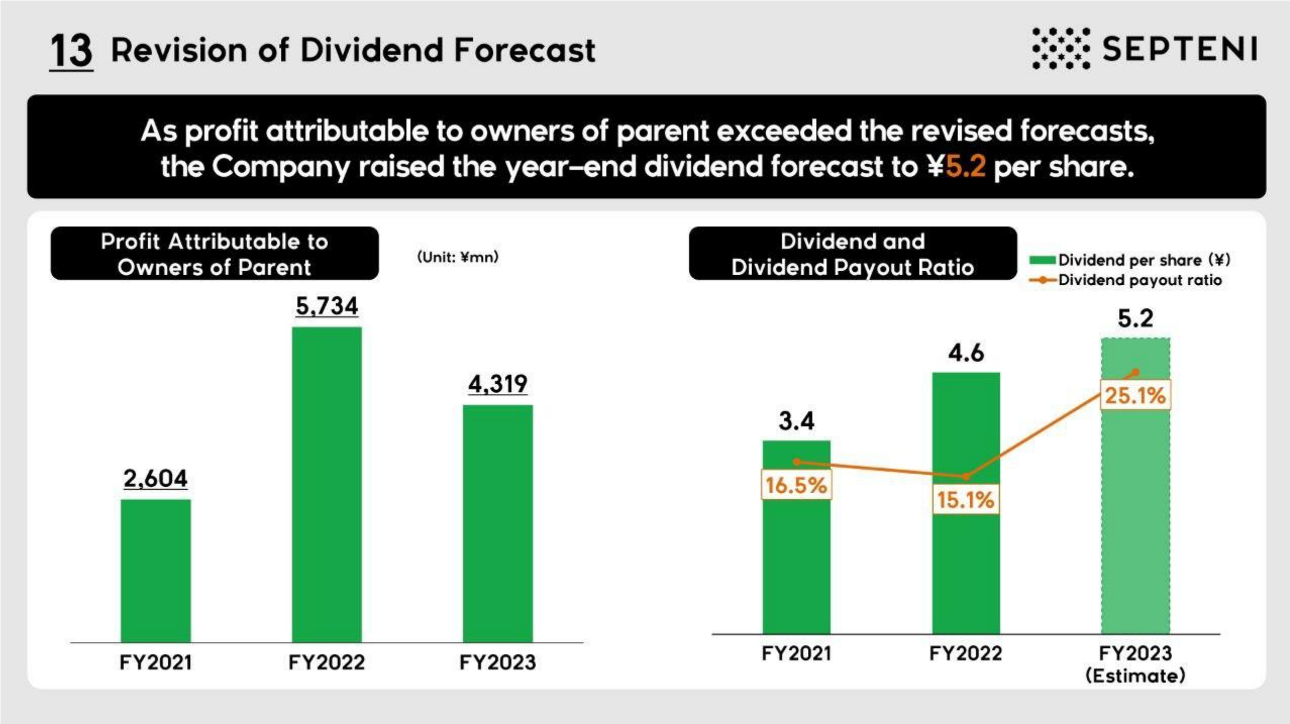
	1-4 Q		5 Q		Full year	
	Value	Ratio	Value	Ratio	Value	Ratio
Revenue	29,108	100.0%	8,173	100.0%	37,281	100.0%
Gross Profit	21,960	75.4%	6,154	75.3%	28,115	75.4%
SG&A expenses	18,899	64.9%	4,907	60.0%	23,806	63.9%
Non-GAAP operating profit	3,163	10.9%	1,264	15.5%	4,426	11.9%
Operating profit	3,023	10.4%	1,261	15.4%	4,284	11.5%
Financial income	5	0.0%	70	0.9%	75	0.2%
Financial expenses	209	0.7%	14	0.2%	224	0.6%
Equity in earnings of affiliates	1,356	4.7%	495	6.1%	1,851	5.0%
Profit for the period attributable to owners of parent	2,769	9.5%	1,550	19.0%	4,319	11.6%
Basic earnings per share (EPS) (¥)	13.28	—	7.48	—	20.74	—
【Reference】 Net sales	134,605	—	38,129	—	172,733	—

*YoY changes are not shown because FY2023 is an irregular 15-month accounting period.

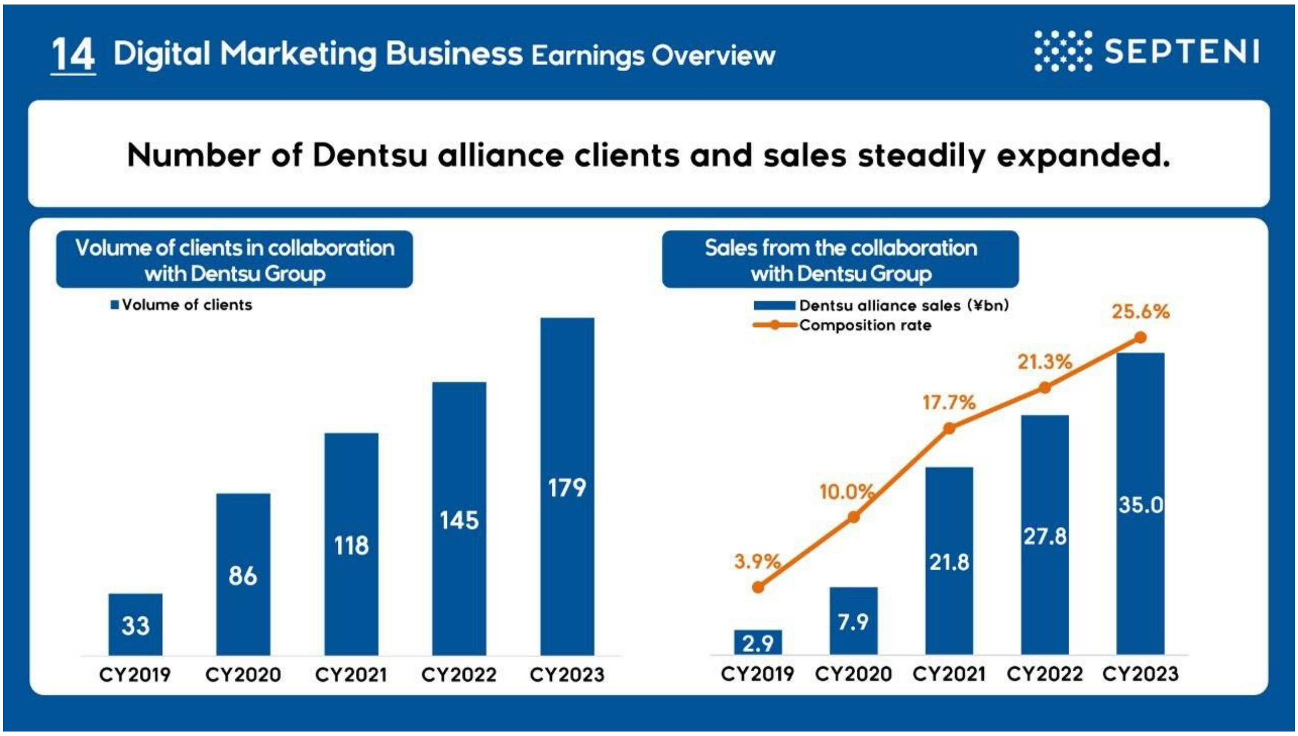
Page 11 outlines consolidated P&L. The top line growth and control of SG&A expenses in Q5 improved profitability compared to those of Q4 cumulative total.



Page 12 is about earnings trend by business segment. As we have explained before, changes in the external environment have caused the forecast itself to revise downward than at the beginning of the period. Meanwhile, the progress was as described, exceeding the revised forecast.

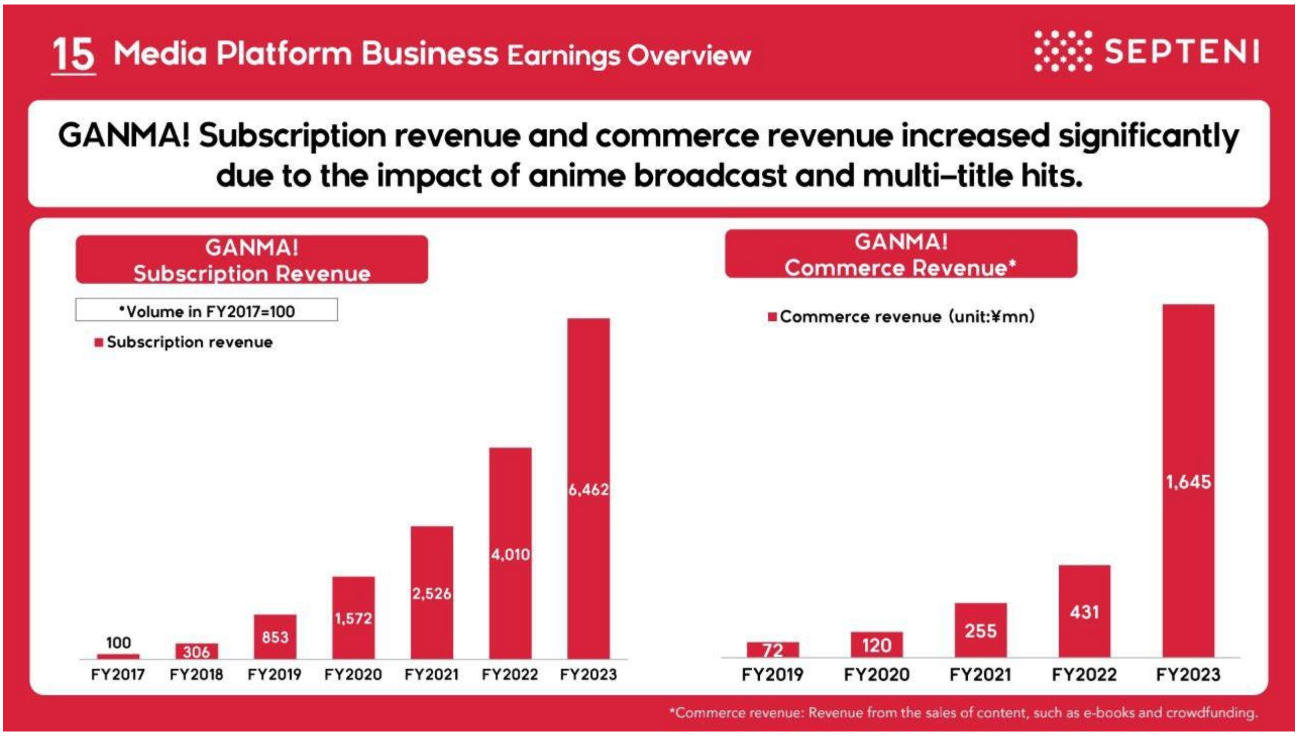


Page 13 is a revision of the dividend forecast, which we have also shown in the summary. Since profit attributable to owners of parent exceeded the revised forecast, we have revised our forecast by raising the year-end dividend forecast to JPY5.2 per share.



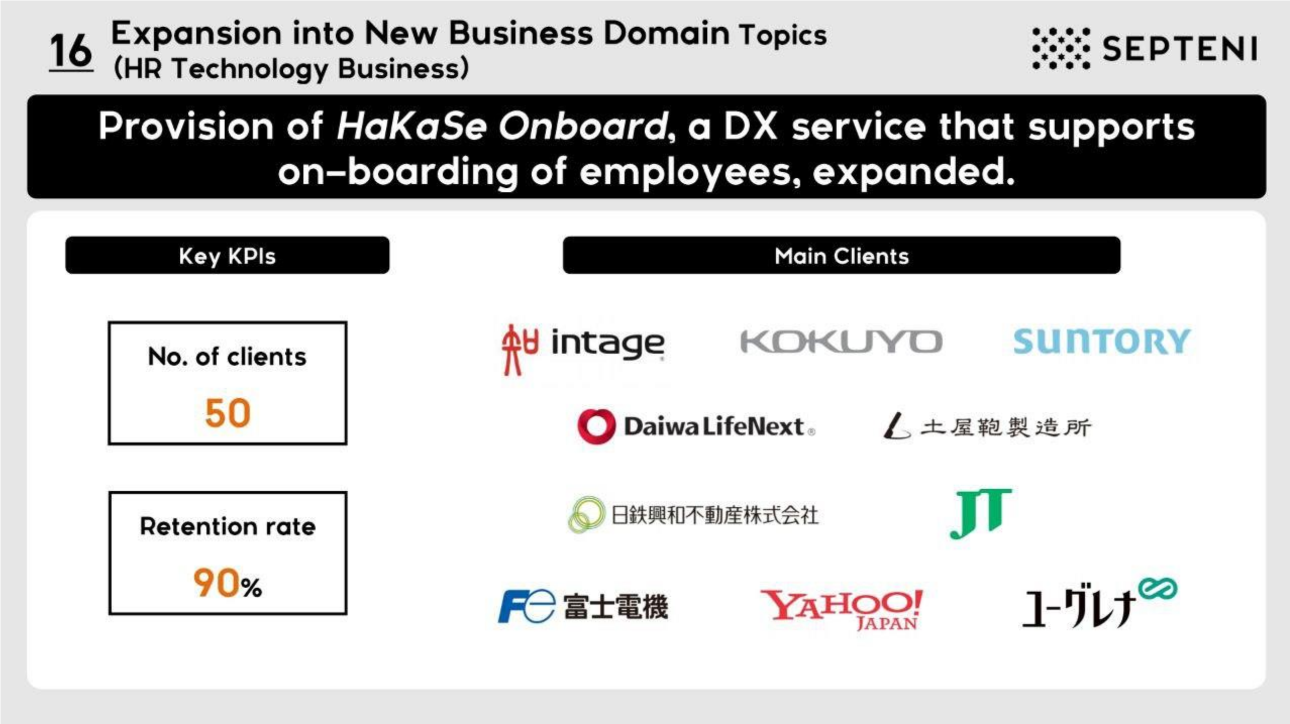
Next, page 14 shows the business earnings of the Digital Marketing Business, focusing on our collaboration with the Dentsu Group.

The volume of clients in collaboration with Dentsu Group and sales from the collaboration with Dentsu Group have been growing steadily in calendar years. Both the volume of clients and sales grew steadily in the ended calendar year 2023.



Page 15 shows the Media Platform Business earnings overview.

This also shows steady growth in subscription revenue and commerce revenue from GANMA! due to the boost from the effects of anime broadcast and the success of several in-house IP titles.



Continuing on page 16, we share an overview of the results of the HR Technology Business as expansion into new business domains.

In this area, we expanded the number of clients for our DX service called *HaKaSe Onboard*, which is designed to support on-boarding, success, and retention of employees.

This is a SaaS-type business, and the number of clients that have adopted this service, mainly large companies, currently exceeds 50, and the retention rate is very high, indicating that the business is off to a good start.

18 Consolidated Income Statement (Oct–Dec)
(Before reclassification of discontinued operations)

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Revenue and profit increased substantially, mainly due to the turnaround of the Digital Marketing Business.

(unit: ¥mn)	5Q/2023			1Q/FY2023	
	Value	Ratio	YoY	Value	Ratio
Revenue	8,173	100.0%	+17.2%	6,974	100.0%
Gross Profit	6,154	75.3%	+13.9%	5,405	77.5%
SG&A expenses	4,907	60.0%	+7.7%	4,557	65.3%
Non-GAAP operating profit	1,264	15.5%	+40.9%	896	12.9%
Operating profit	1,261	15.4%	+49.6%	843	12.1%
Financial income	70	0.9%	+14,780.8%	0	0.0%
Financial expenses	14	0.2%	-97.9%	680	9.8%
Equity in earnings of affiliates	495	6.1%	-23.2%	644	9.2%
Profit for the period attributable to owners of parent	1,550	19.0%	+166.0%	583	8.4%
【Reference】 Net sales	38,129	—	+18.9%	32,064	—

Continuing on page 18 and thereafter, I will explain financial results in Q5.

The consolidated financial results for ended October-to-December period of FY2023 show higher revenue, mainly attributable to the turnaround of the Digital Marketing Business, as well as significantly higher profit. YoY, revenue and operating profit grew by more than17% and 40%, respectively, leading to significant increases in both revenue and profit.

19 Quarterly Trend of Earnings by Business Segment
(Before reclassification of discontinued operations)

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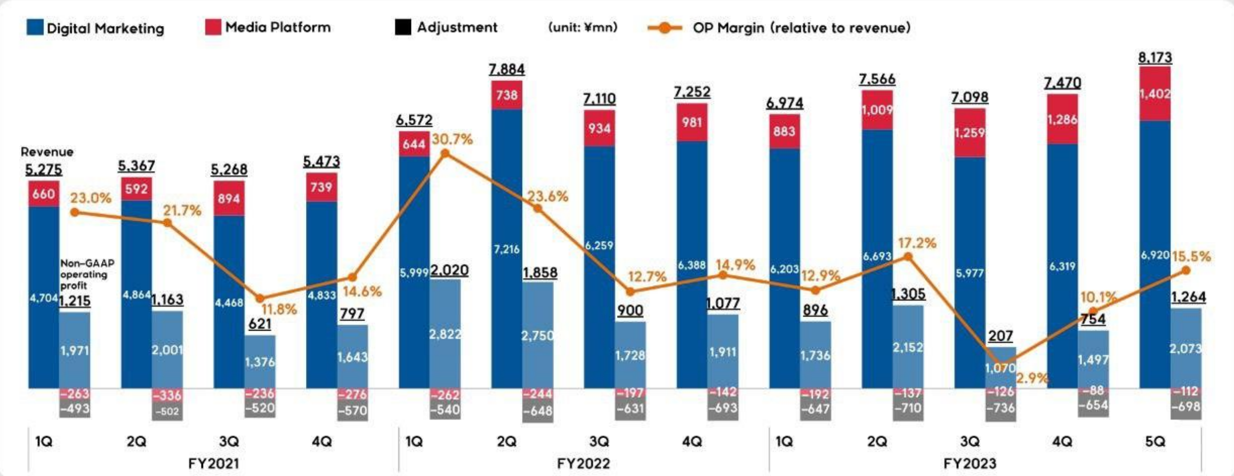
Although personnel expenses increased from 3Q due to the strengthening of human capital investment, the impact was reversed within the period and profit increased.



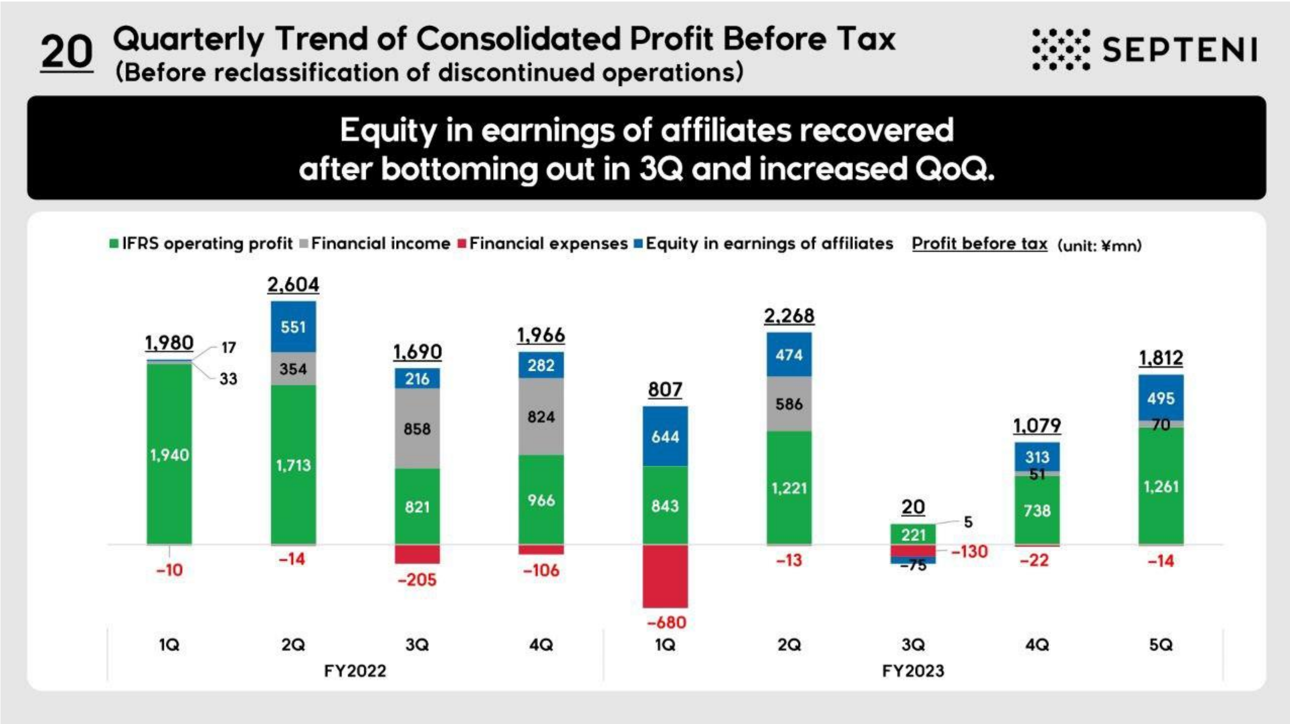
*As the elimination of intersegment revenue is omitted, the total of each business revenue and consolidated revenue (underlined figures) do not coincide.

Page 19 shows the quarterly trend of consolidated earnings.

As I mentioned enhancing human capital investment at the beginning of this presentation, we increased base of personnel expenses in Q3 but were able to turn around and increase profit by offsetting the base increase during that period.

The term that ended was an irregular five-quarter period, and Q1 and Q5 fell in the same October-December period. Q1 results were before the base increase, but in Q5 after the base increase, profit increased by covering personnel increase and the base increase of human capital investment.

Since higher profit were achieved so, I have the impression that we are gradually verifying that the investment in human resources is having a positive impact on the business.



Page 20 shows quarterly trend of consolidated profit before tax.

Equity in earnings of affiliates recovered after bottoming out in Q3 and increased QoQ, showing steady turnaround as well.

21 Quarterly Trend of Consolidated Profit Before Tax
(IFRS, before reclassification of discontinued operations)

SEPTENI

Cost of sales increased YoY due to increased sales of e-books in the IP Platform Business.

(unit: ¥mn)	FY2021				FY2022				FY2023					QonQ	YonY
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5Q		
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	2,019	+5.0%	+28.7%
Labor costs	296	321	347	344	364	366	388	379	393	408	453	442	439	-0.6%	+11.9%
Subcontract costs	240	167	204	244	294	779	632	674	545	659	623	650	596	-8.3%	+9.4%
Others	468	451	525	491	462	503	617	641	631	695	819	832	984	+18.3%	+55.9%
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	4,907	+1.8%	+7.7%
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	3,316	+0.1%	+10.6%
Employee bonuses *2	85	285	283	270	169	349	236	183	152	163	155	198	211	+6.4%	+38.3%
Rent expenses etc.	324	321	327	326	266	290	301	312	301	298	311	309	310	+0.2%	+3.0%
Advertising expenses	184	188	281	242	192	223	280	265	228	190	245	233	223	-4.2%	-2.1%
Taxes and dues *3	35	37	41	60	45	126	124	120	107	107	100	63	105	-66.0%	-2.1%
Others	415	366	431	476	477	629	683	774	770	769	777	706	743	+5.2%	-3.5%

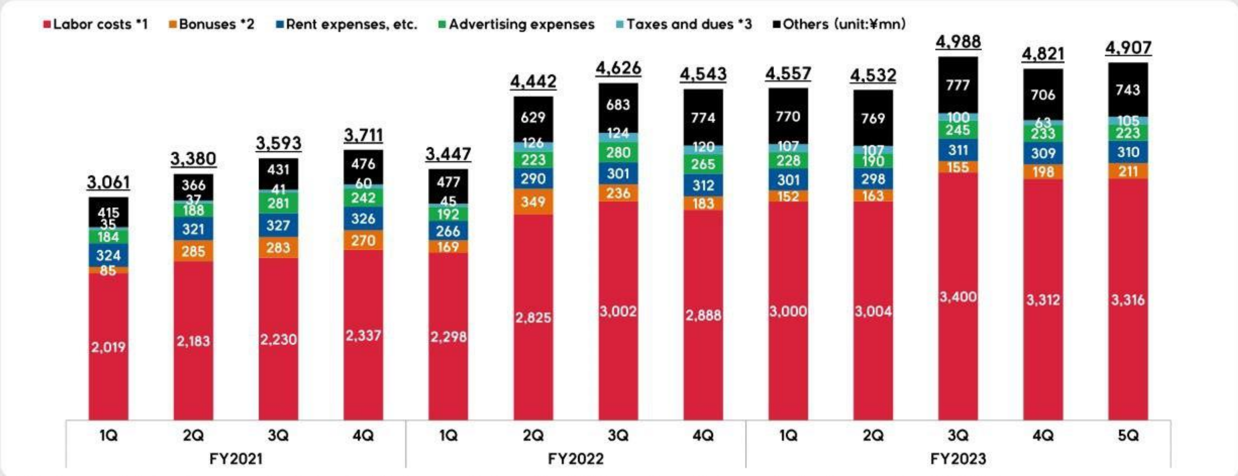
*1 Performance-linked stock compensation (BIP trust), which is a reconciliation to Non-GAAP operating profit, is recognized as labor costs since FY2021/2Q.
*2 Including estimation amount for additional performance-linked bonus. *3 Taxes and dues, originally accounted as others, were extracted and calculated.

As for the cost structure, the growth of the IP Platform Business led to an increase in cost of sales.

22 Quarterly Trend of Consolidated SG&A Expenses
(Before reclassification of discontinued operations)

SEPTENI

Personnel expenses increased YoY due to the strengthening of human capital investment.



*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.

Page 22 shares the quarterly trend of consolidated SG&A expenses. This is also a repeat of the previous explanation on increase in personnel expenses due to the strengthening of human capital investment.

24 Digital Marketing Business Earnings Overview

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Revenue and profit increased YoY, exceeding the revised forecasts.

(unit: ¥mn)	5Q/2023			1Q/2023		FY12/23	Full-year forecasts	Compared to forecasts
	Value	Ratio	YoY	Value	Ratio			
Revenue	6,920	100.0%	+11.6%	6,203	100.0%	32,112	31,100	103.3%
Gross profit	5,662	81.8%	+12.0%	5,054	81.5%	25,810	—	—
SG&A expenses	3,605	52.1%	+8.0%	3,337	53.8%	17,364	—	—
Non-GAAP operating profit	2,073	30.0%	+19.5%	1,736	28.0%	8,527	8,250	103.4%
【Reference】 Net Sales	36,974	—	+17.7%	31,415	—	168,076	—	—

The following is an overview of the business performance by segment.

This is the quarterly results of the Digital Marketing Business, showing YoY increase in revenue and profit. Business earnings grew more than revised forecasts, showing that the top line grew steadily, and the bottom line also did accordingly.

25 Digital Marketing Business Quarterly Earnings Trend

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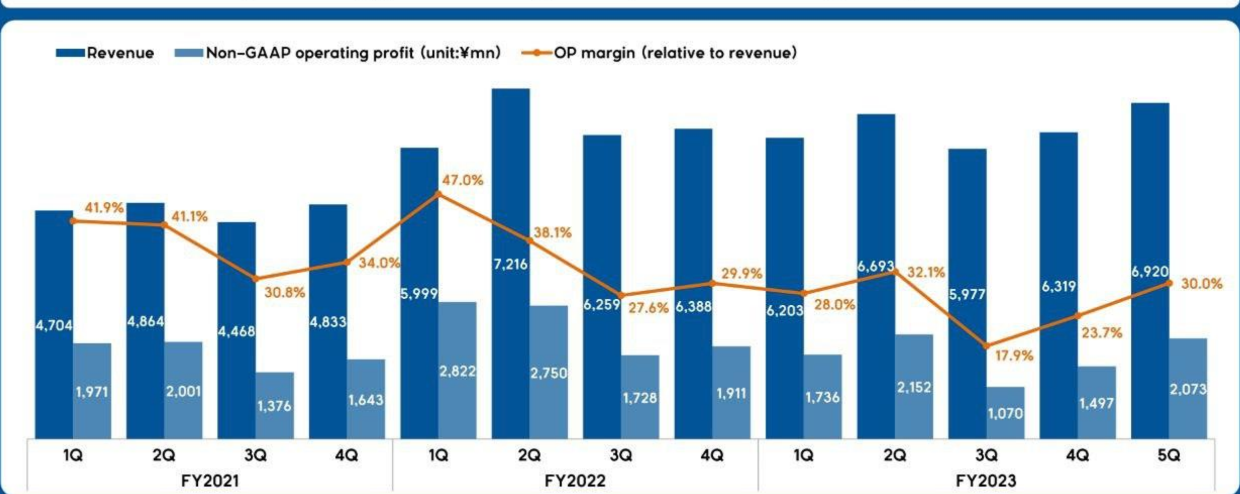
While strengthening investment in human capital, operating profit margin improved during the period.



Page 25 shows the quarterly earnings trend, which indicates that the operating profit margin improved during the period while the Company strengthened investment in human capital. The profit base also grew steadily in line with the growth of the top line, bottoming out in Q3 and continuing to grow through Q4 and Q5.

26 Digital Marketing Business Progress on Business Alliance with Dentsu Group

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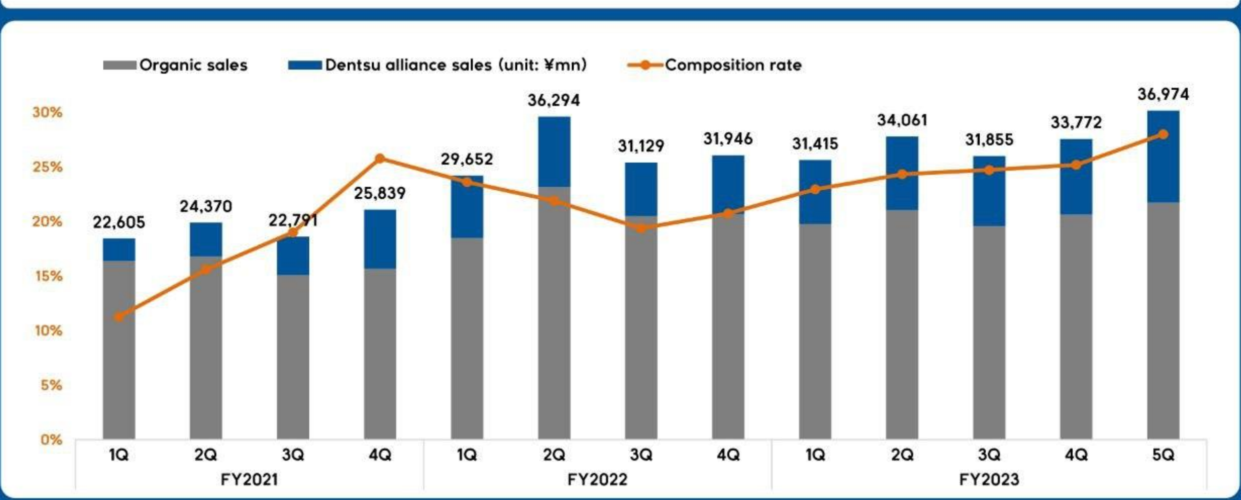
Dentsu alliance sales increased YoY due to the steady progress of the alliance.



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

Page 26 shows the progress on business alliance with the Dentsu Group. Repeating the full-year highlights, Dentsu alliance sales increased YoY due to the steady progress of alliance.

28 Media Platform Business Earnings Overview (Before reclassification of discontinued operations)

SEPTENI

Revenue increased and loss narrowed due to growth in the IP Platform Business.

(unit:¥mn)	5Q/2023			1Q/2023		FY12/23	Full-year forecasts	Compared to forecasts
	Value	Ratio	YoY	Value	Ratio			
Revenue	1,402	100.0%	+58.8%	883	100.0%	5,839	6,300	92.7%
Gross profit	639	45.6%	+37.4%	465	52.7%	2,967	—	—
SG&A expenses	751	53.5%	+13.4%	662	75.0%	3,616	—	—
Non-GAAP operating profit	-112	—	+80	-192	—	-656	-550	-106
Investment amount to expand business domains*	-25	—	-14	-11	—	-58	—	—

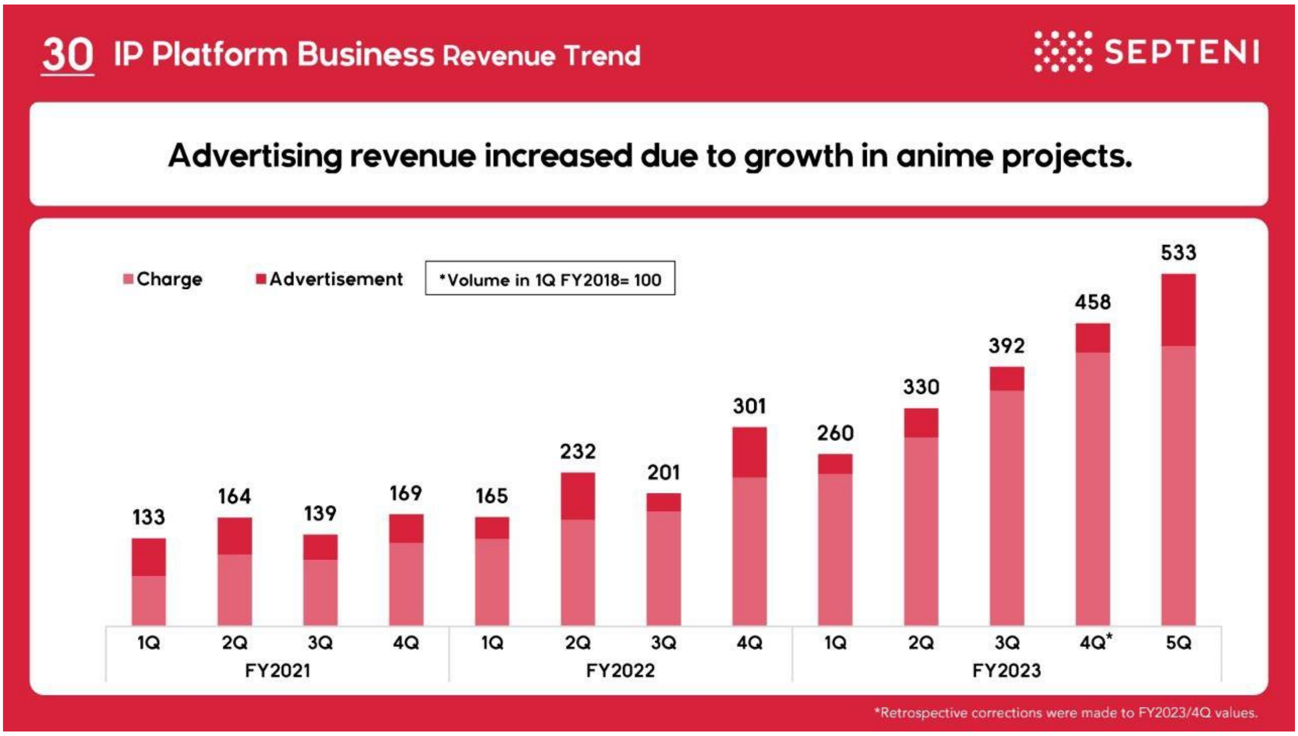
*Total operating profit (loss) from businesses positioned as expansion into new business segments.

Next outlines the quarterly results of the Media Platform Business.

On page 28, the growth of the IP Platform Business resulted in a significant increase in revenue and a narrowing of the deficit, which is slightly short of our guidance. The business itself has been however growing steadily and significantly, growing about 58% in revenue. The bottom line was also improved.

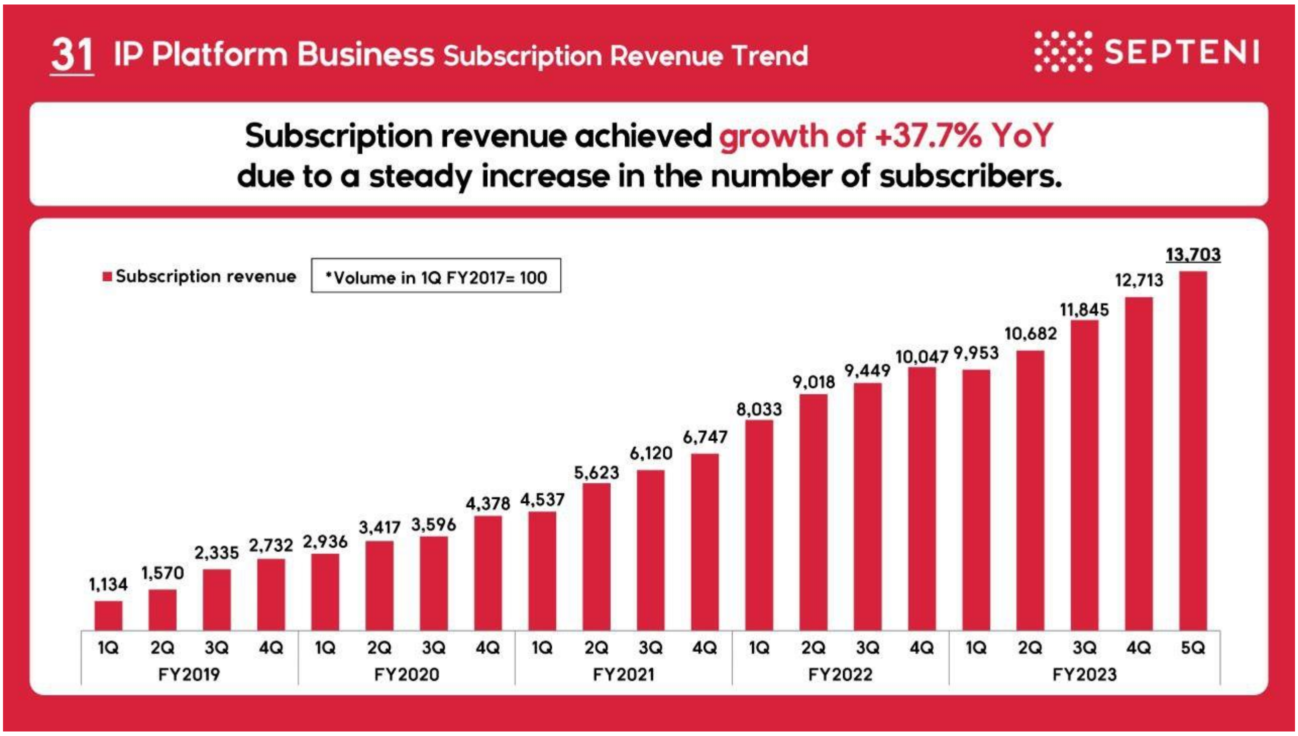
Page 29 shows quarterly earnings trend.

This is also the third consecutive quarter that earnings have reached a record high.



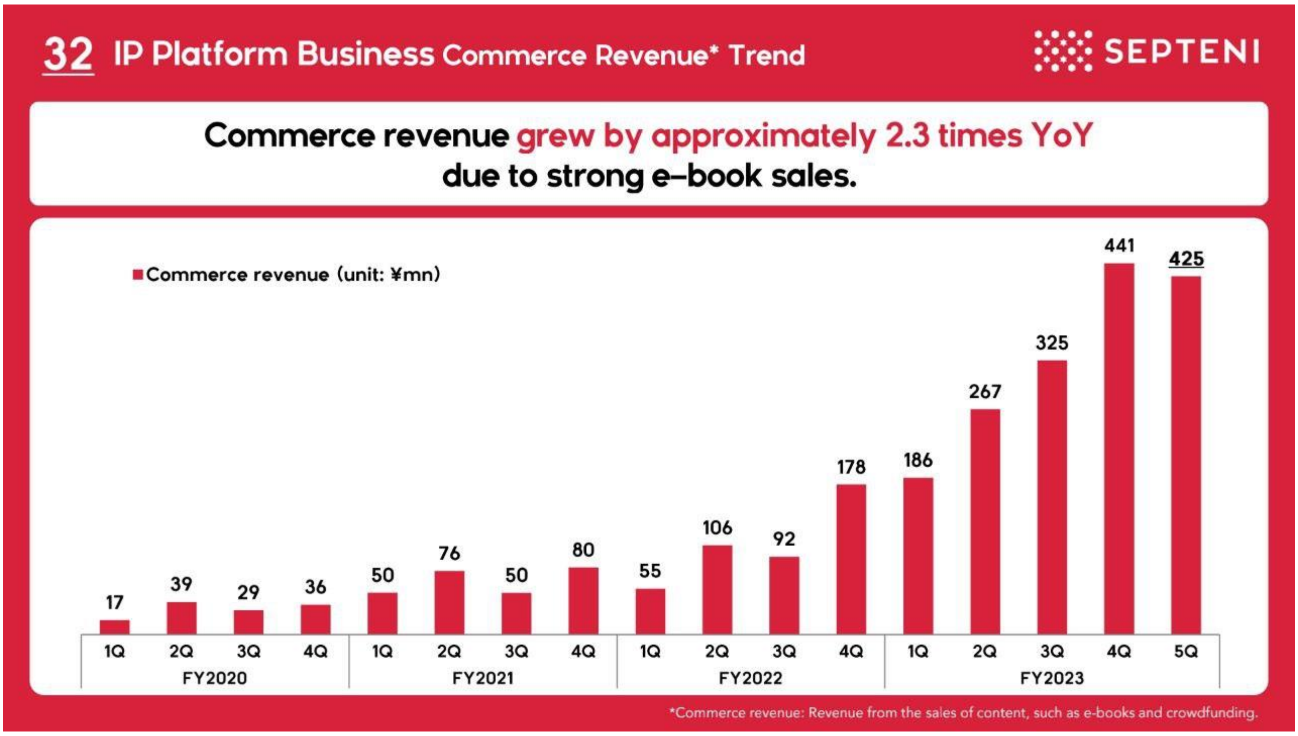
Page 30 shows the IP Platform Business revenue trend.

Both QoQ and YoY, revenue, classified in to charge and advertisement, increased significantly due to an increase in advertising revenue from the growth of anime projects.



Page 31 shows IP Platform Business subscription revenue trend.

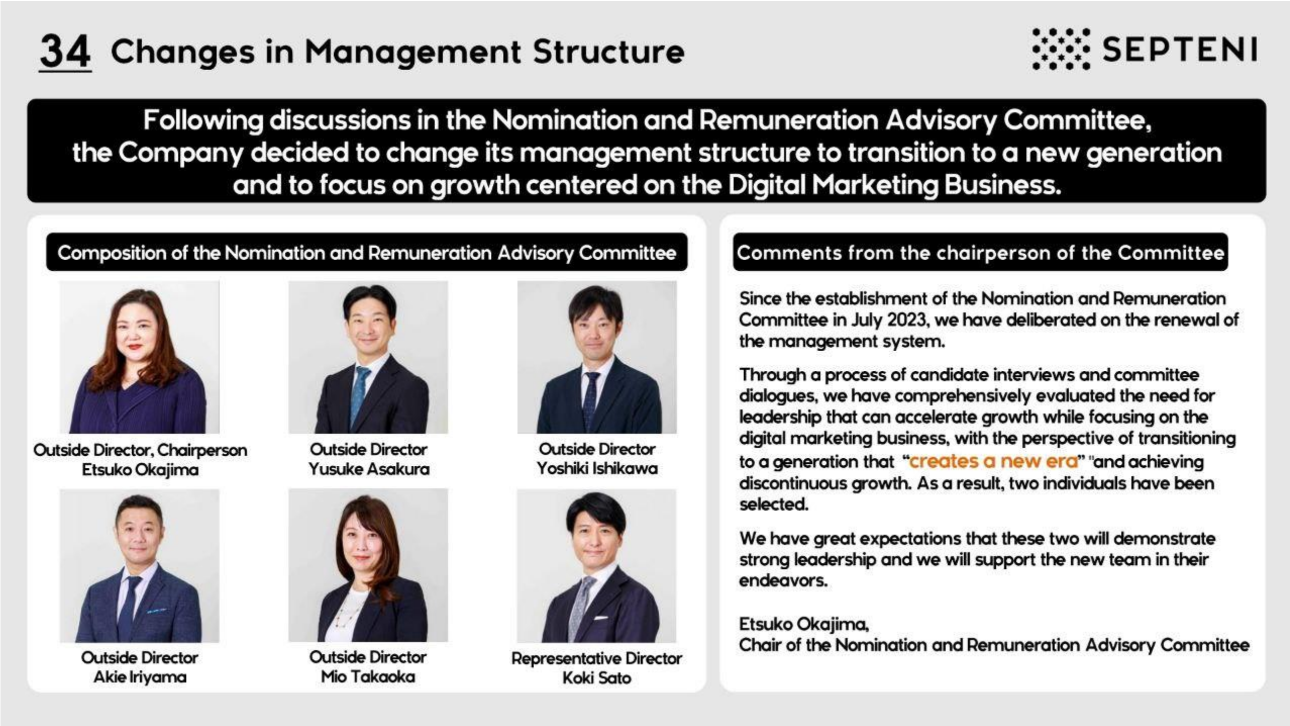
This also shows a steady increase in the number of subscribers, significantly increasing about 37% compared to the previous quarter.



Page 32 shows IP Platform Business commerce revenue trend.

Commerce revenue here also grew significantly, with a 2.3-fold YoY increase thanks to strong e-book sales.

This concludes a summary of the business performance by segment.



This is the last part of my presentation, and I would like to explain the recently announced changes in the management structure.

Page 34 is the background to this change in the management structure. Here, as you can see on the slide, we have a Nomination and Remuneration Advisory Committee. The Board of Directors asks advice to the Nomination and Remuneration Advisory Committee, which consists primarily of independent outside directors.

Following the discussions in this committee, we decided to change the management structure to transition to a new generation at this time. Then, we reviewed our portfolio with a focus on the Digital Marketing Business, which is expected to grow more and more.

To change the management structure, we had quite substantial discussions and concluded a bold decision for this kind of new growth.

Please, look at the comments here from Ms. Okajima, who chaired the committee.

As for the new structure, page 35 describes changes in the management structure and the new structure of the Group Executive Officers.

Going back to what I mentioned at the beginning of this briefing, I have been CEO for a long period of time. But by establishing and promoting a new collective leadership structure, we aim to achieve sustainable and discontinuous growth in the next structure. We will strive to realize our vision as the Septeni Group by doing so.

As new directors, we plan to submit a proposal to the next General Meeting of Shareholders, and we plan to appoint two directors, or a new President and CEO. Mr. Kouno and Mr. Shimizu are scheduled to lead the new management structure.

As regards the Group Executive Officer structure after April 1, 2024, we also plan significant changes and renewal with generational change as a keyword. This concludes my part of the explanation.

For the latter part of the presentation, I would like to switch the speaker to Mr. Kouno, who is scheduled to assume the position of the new president, and we will proceed with our briefing.

Our company got listed on JASDAQ of that time in 2001. Since then, I have engaged in various dialogues with our shareholders for more than 20 years, including financial results briefings at IR events such as this one. I am grateful for all the support and encouragement and appreciate the very valuable dialogue opportunities.

I sincerely appreciate your support and guidance over the years. Mr. Kouno will now proceed with this briefing. Thank you.

Moderator: Thank you.

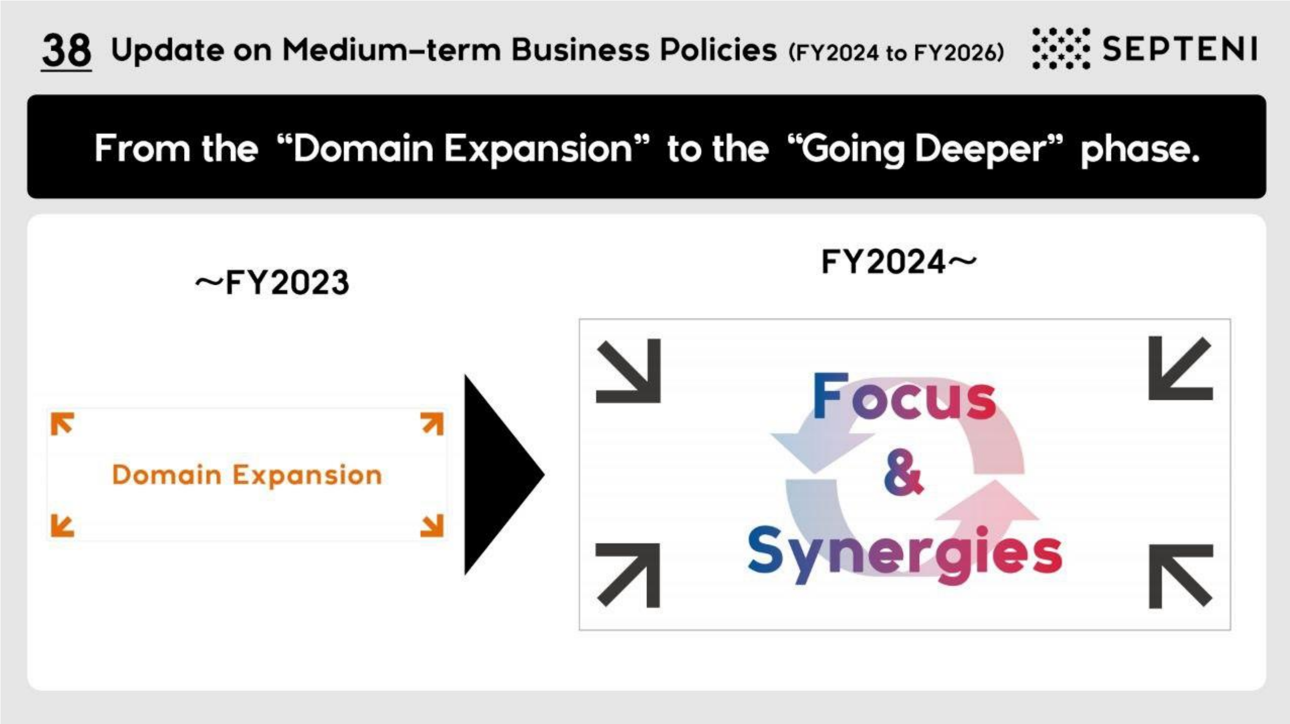
From now on, Mr. Kouno, Group Senior Executive Officer, next CEO, will explain the outlook for the Medium-term Management Policies in FY2024. Please, go ahead.

Kouno: Hello, every shareholder. My name is Kouno again.

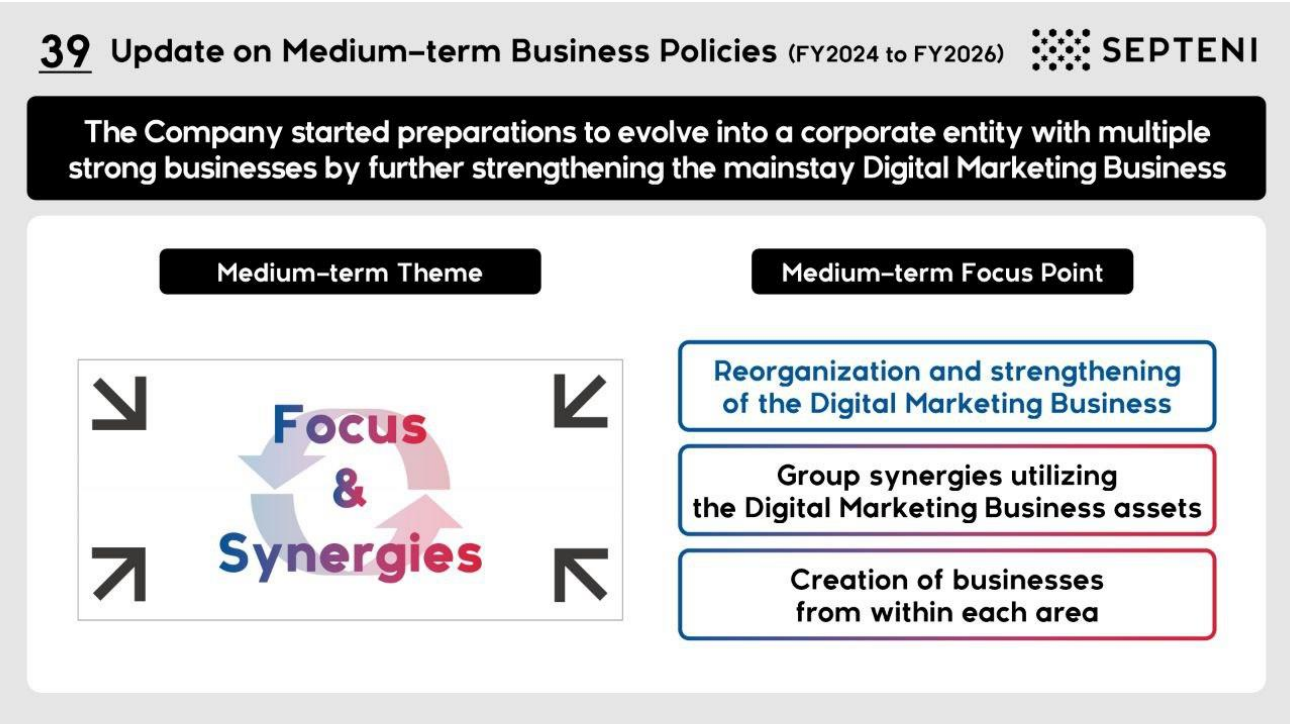
I would like to ask for your continued support in advance.

I would like to talk about our Medium-term Management Policies for the present fiscal year and beyond, as well as our outlook for the fiscal year ending December 31, 2024. Now, turn to page 37.

We have set forth a new theme for our Medium-term Management Policies under new structure this time. Under the theme of "Focus & Synergy," I would like to carry out medium-term management for the next three years.



In our previous Medium-term Management Policies, we have managed by setting FY2023 as the completion year for the expansion of the Septeni Group's business domain. I would like to make a solid effort over the next three years, starting with FY2024, to pursue the expanded businesses more and make them profitable.



Please turn to page 39. Among them, we would like to further strengthen our core Digital Marketing Business especially, and begin preparations for evolving into a corporate entity with multiple businesses in 2024.

In particular, our medium-term focus point is to grow the top line as a more profitable business by reorganizing and strengthening our core Digital Marketing Business within the Group.

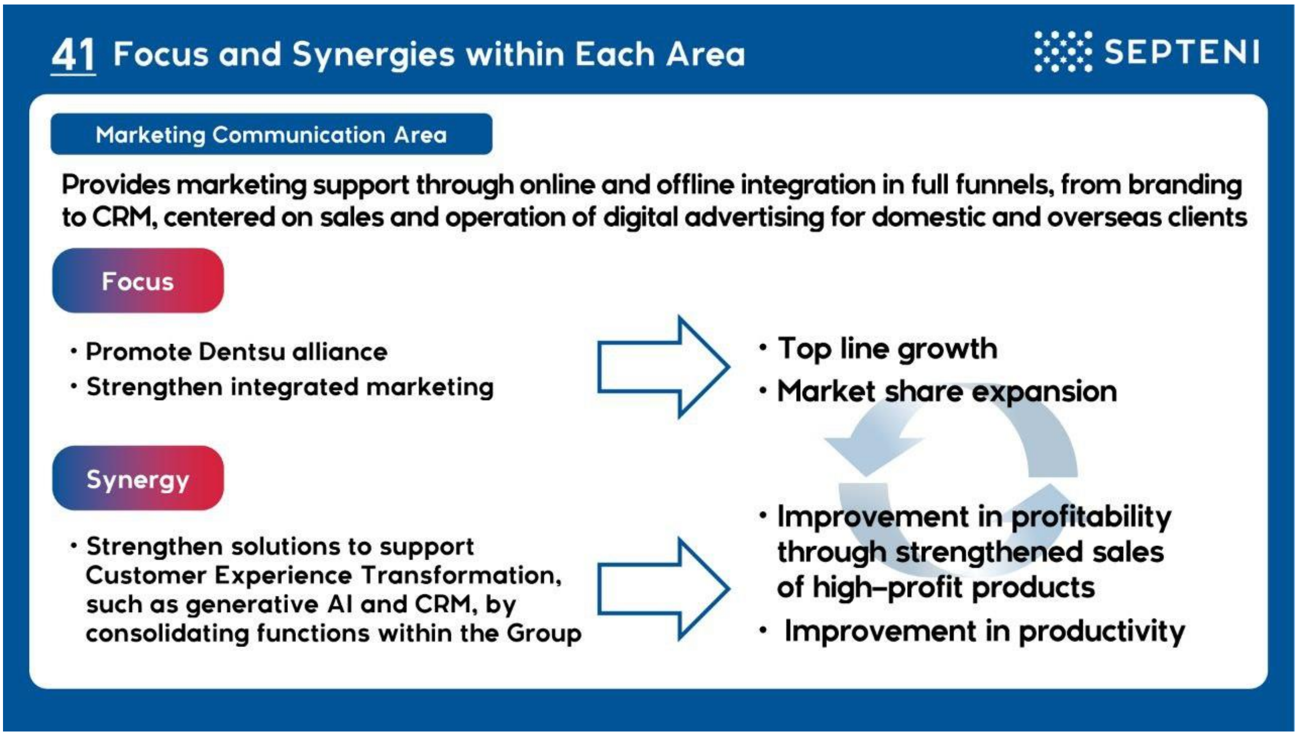
We will also work to create group synergies by leveraging our Digital Marketing Business assets.

Relating to this, I will talk to you about the details later, but in the Digital Marketing Business, the focus of this medium-term plan is to divide the business that has been operated by individual companies into areas and to launch new businesses from within those areas, starting with existing businesses.

As I have just mentioned, we have divided our core Digital Marketing Business into three areas, and under a new execution structure, we would like to start the management of the business companies not as an individual company, but as an area, from FY2024, the starting year of the present medium-term management plan.

The three areas are the Marketing Communication Area, the second is the Direct Business Area, and the third is the Data & Solutions Area within the Digital Marketing Business. For each of these, I will explain again later.

Furthermore, as mentioned earlier, we will transfer shares of COMICSMART Inc. in the IP Platform Business. I would like to start preparing from FY2024 so that we can continue to firmly establish a profitable Media Platform Business.



I would like to give you a brief explanation of each of these three areas of the Digital Marketing Business on page 41.

First, in Marketing Communication Area, we will continue to provide marketing support through online and offline integration in full funnel from branding to CRM, centered on sales and operation of digital advertising for both domestic and overseas clients.

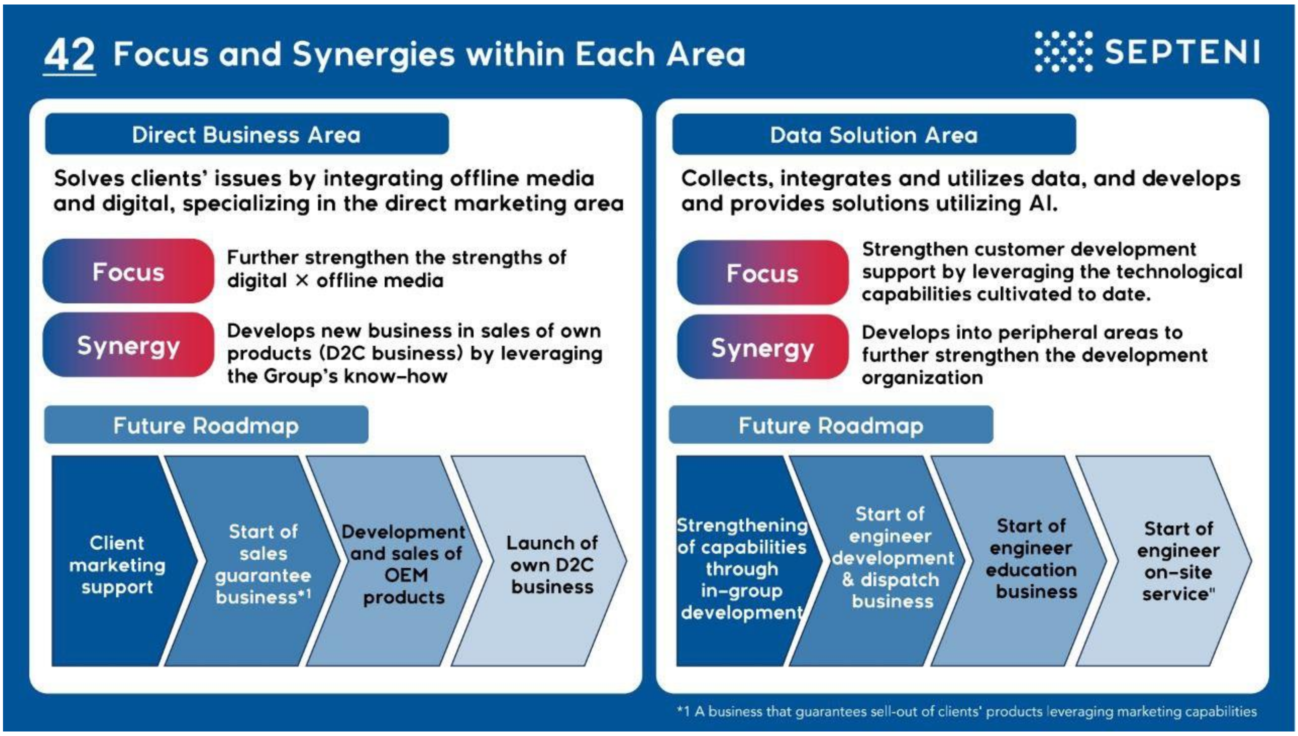
In this sense, we would like to further accelerate the promotion of the Dentsu collaboration, which we have worked with since 2019. We will also do the strengthening of integrated marketing by Dentsu and Septeni.

In addition, we will ensure the top line growth through a mix of organic top line growth and growth through the Dentsu collaboration. We hope to expand our share in the market.

In addition, in the “Focus & Synergy” section, there are all kinds of businesses related to the digital marketing within the Group.

By consolidating these functions of areas, we would like to strengthen solutions that support Customer Experience Transformation, such as Generative AI and CRM, and improve our profitability steadily by linking client assets or linking services and products.

We also would like to improve productivity by seeking integration and collaboration in operations as part of our medium-term management plan.



For the other two areas of the Digital Marketing Business, this will be the first time that we will talk about these Direct Business Area and Data & Solutions Area here. So, I would like to give you a brief explanation.

First is Direct Business Area. We have a business company that specializes in the direct marketing area and is currently engaged in solving client issues by integrating offline media and digital.

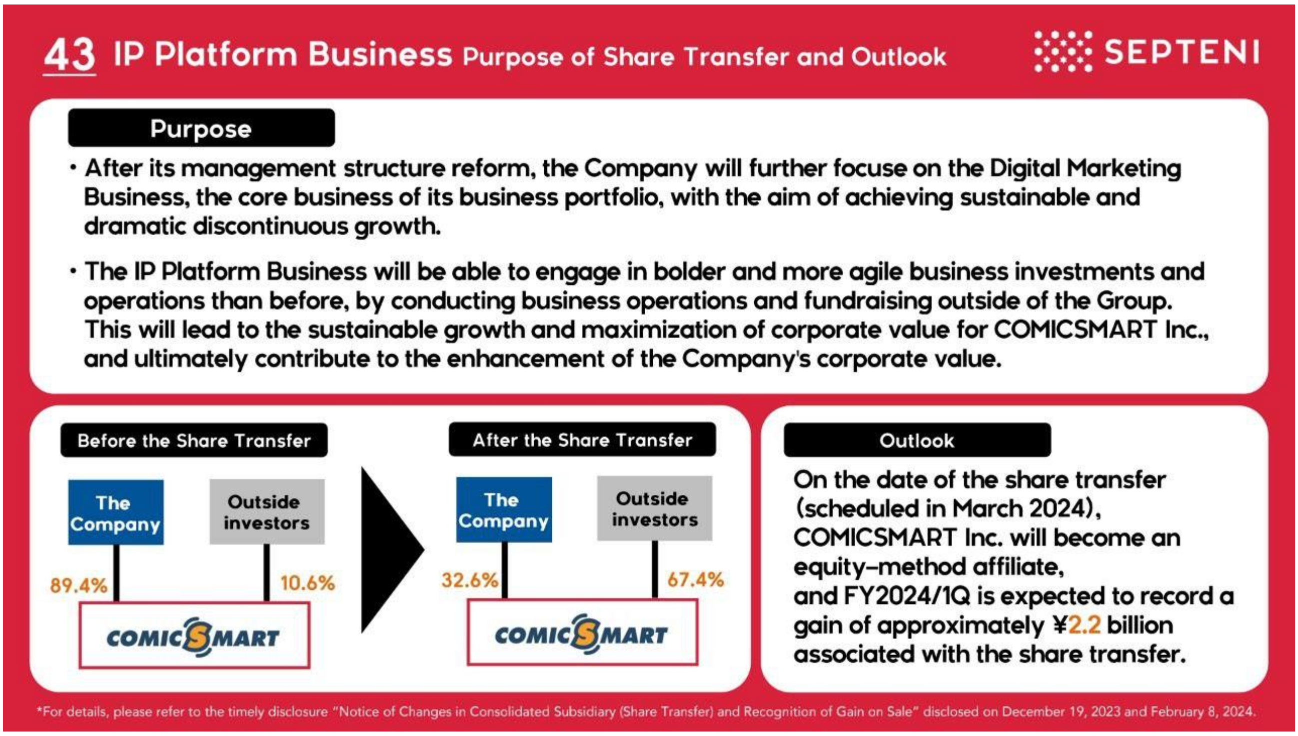
We will not only provide marketing support to our clients, but we will also work with them to start sales guarantee business or to develop and sell OEM products, going forward.

In addition, we would like to use our assets specialized in the direct marketing area to launch our own D2C business at the final stage. We would like to add our business model from this area as well.

Next is Data & Solutions Area. We currently develop and provide solutions for data collection, integration, and utilization and AI-based solutions for the Septeni Group's internal solutions and the Dentsu Group's internal solutions.

As the start of this medium-term plan, we would like to prepare not only for the development of internal solutions, but also for providing our development capabilities to external clients.

In this sense, we have started a business of training and dispatching engineers by 2023. To increase the number and scale of these engineers, we will carefully examine the engineer training business, and then use the human resources we have developed through this business as an engineer on-site service for our clients.

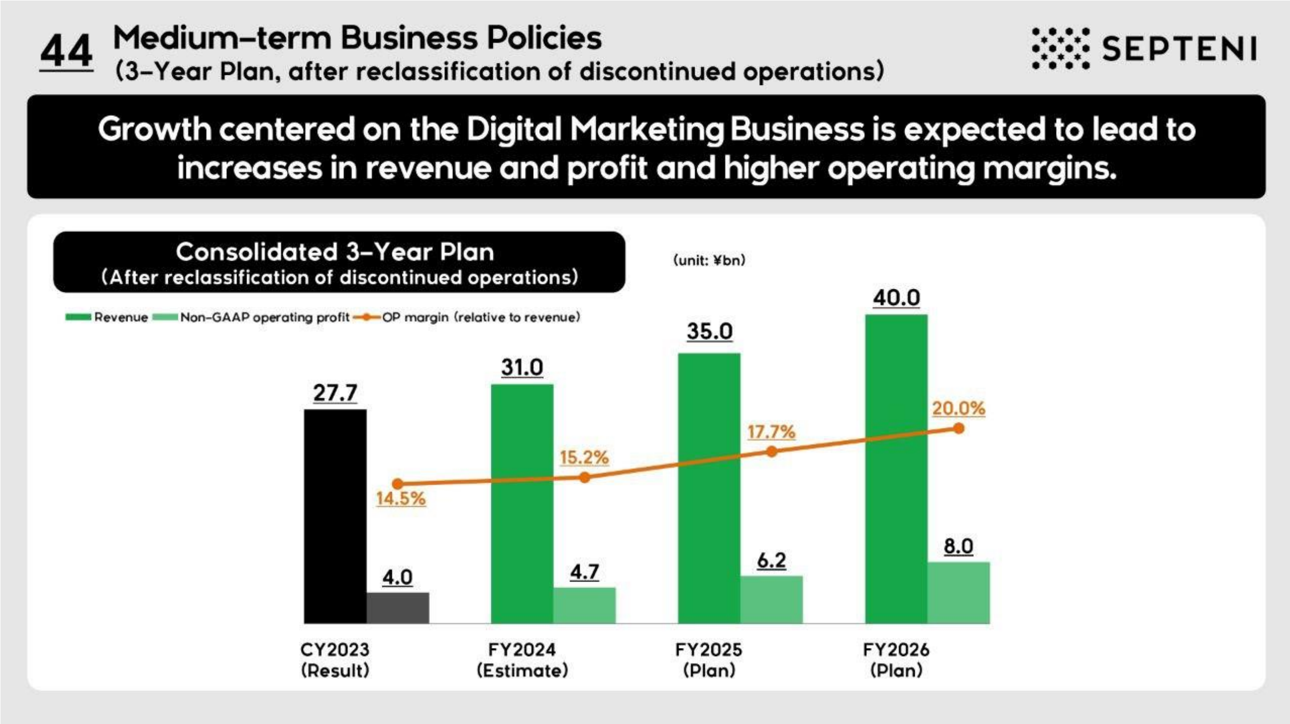


Next, move to page 43. This one, as I mentioned earlier, is about the IP Platform Business and the transfer of COMICSMART Inc. shares.

As we have mentioned many times before, we have decided to transfer the shares to enable COMICSMART Inc. to make even bolder and more flexible business investments and operations by conducting business operations and fundraising outside of the Group.

As the scheme is described on the lower left, we have decided to reduce our current 89.4% stake to 32.6% and make it an equity-method affiliate of the Company by the end of March. Factoring this, we plan to record JPY2.2 billion as our profit in Q1 of FY2024.

We now also develop businesses other than the IP Platform Business in the Media Platform Business. As I mentioned earlier, we are now in a position to make this a profitable business segment, and we would like to start FY2024 with the goal of establishing it as a steady and profitable business.

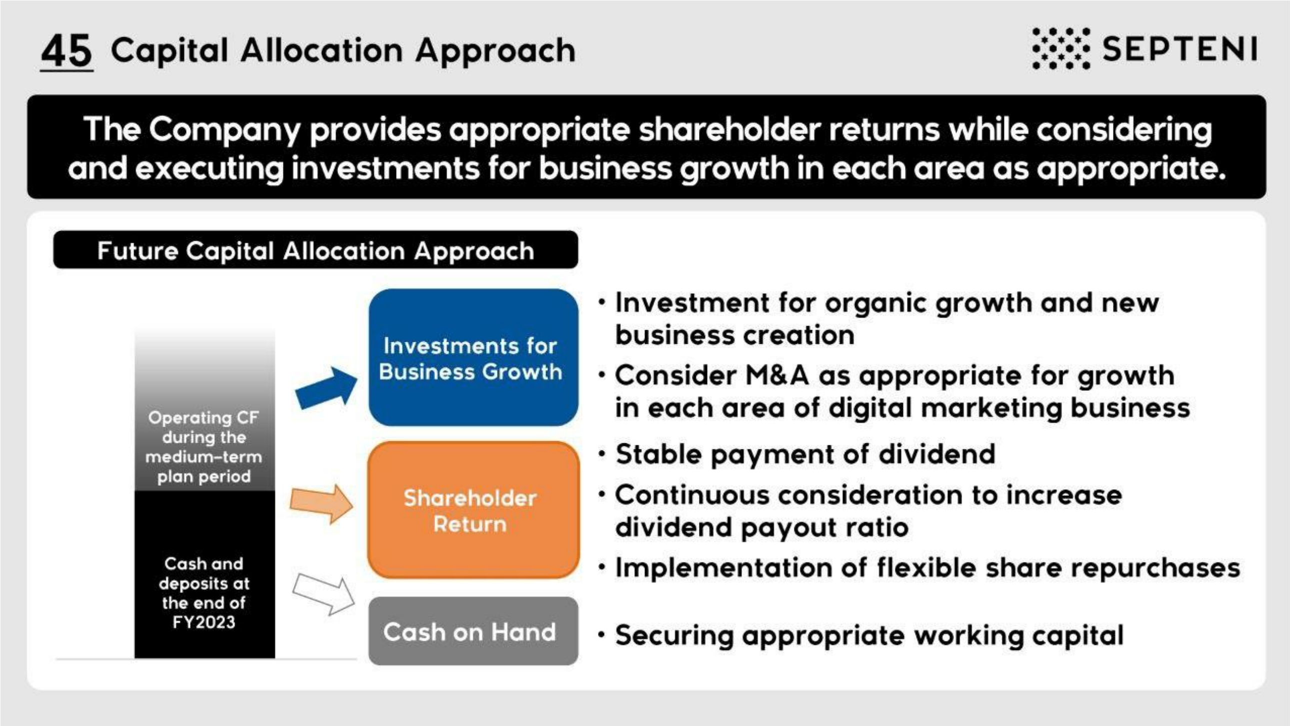


Please turn to page 44. This is the three-year plan of the Medium-term Management Policies.

This is a comparison after reclassification of COMICSMART Inc. as discontinued operations. Also, FY2023 had a 15-month fiscal year; this is from January to December in CY2023. The information presented here is to compare figures for that time period.

In our three-year plan for FY2024, FY2025, and FY2026, our plan is to achieve solid double-digit growth in revenue and Non-GAAP operating profit in each year.

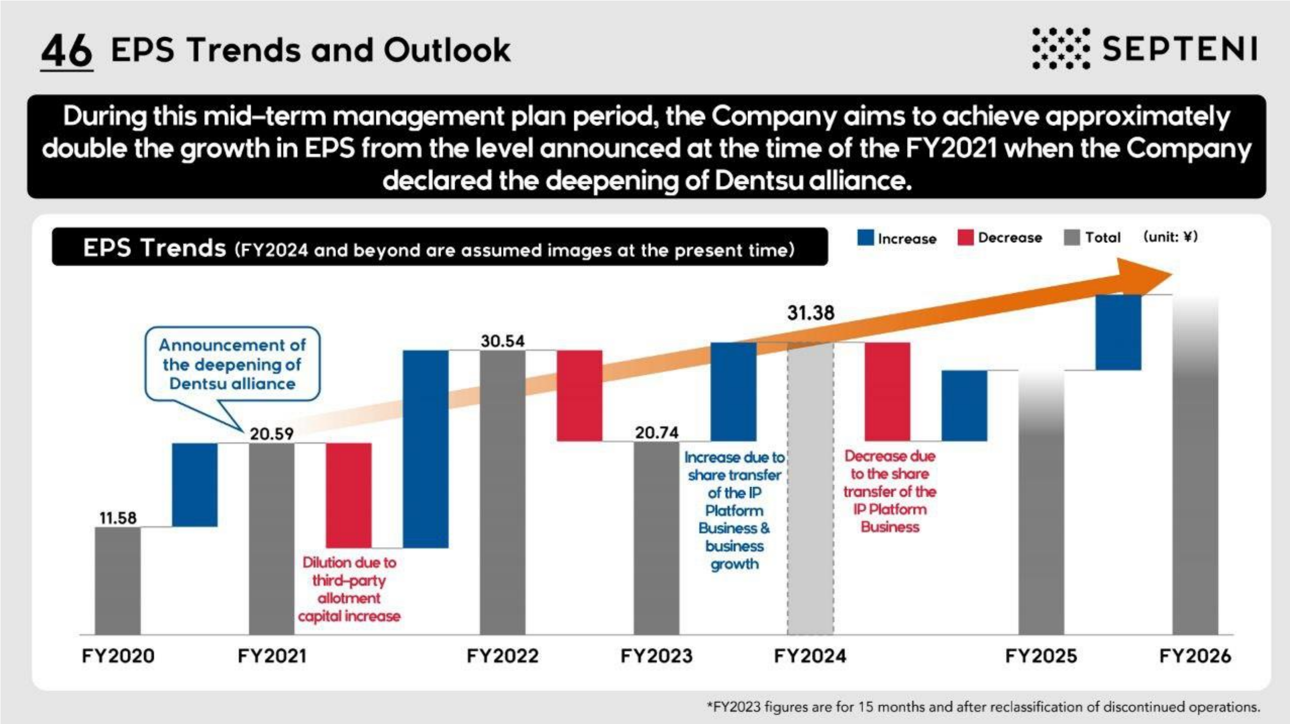
Moreover, we made a large human capital investment in FY2023. We would like to recover the investment and increase our profitability, as well as to achieve sales of highly profitable products through synergies within the Group, and to take on and launch new businesses, mentioned earlier, during these three years. We would like to increase our operating margin as a KPI for these three years.



Page 45 shows the capital allocation approach. In this approach, we also basically intend to implement appropriate shareholder returns while considering and executing investments for business growth in each area as appropriate.

For investment for growth, we will consider investments for organic growth, creation of new businesses, and M&A for growth in each area of our core Digital Marketing Business, as appropriate. At the same time, we will consider stable dividend payments to shareholders and continuous increases in the dividend payout ratio as shareholder returns.

Also, we will continue to consider the execution of flexible share repurchases.



Please turn to page 46. This page show EPS trends and outlook.

When we announced the deepening of alliance with Dentsu Group in 2021, we stated that we aimed to achieve growth of approximately double the EPS results. We would like to aim for approximately double growth over the next three years starting in FY2024, from a base of about JPY20 at the time of announcement of the deepening of alliance in FY2021.

As I mentioned earlier, we will see a temporary increase in EPS in FY2024 due to the increase from the transfer of COMICSMART Inc. shares, which operates the IP Platform Business. We would like to realize our medium-term plan to double EPS from 2021 with organic growth in FY2025 or FY2026.

48 Figures in Earnings Estimates

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Disclosure of changes in fiscal year end and reclassification of discontinued operations

	2021	2022				2023				2024				Corresponding documents
	10 – 12	1 – 3	4 – 6	7 – 9	10 – 12	1 – 3	4 – 6	7 – 9	10 – 12	1 – 3	4 – 6	7 – 9	10 – 12	
15 months, before reclassification of discontinued operations	FY September/2022 (before reclassification of discontinued operations)				FY December/2023 (15 months, before reclassification of discontinued operations)					–				Financial results briefing material P4～32
Calendar year basis		CY2022 (After reclassification of discontinued operations)				CY2023 (12 months, after reclassification of discontinued operations)				CY2024 (After reclassification of discontinued operations)				Financial results briefing material P37～50
Financial reporting basis	FY September/2022 (After reclassification of discontinued operations)				FY December/2023 (15 months, after reclassification of discontinued operations)					FY December/2024 (After reclassification of discontinued operations)				Financial statements

The Company changed its fiscal year-end, and FY12/23 was an irregular accounting period of 15 months.

In addition, following the resolution of the share transfer of COMICSMART INC., which operates the IP Platform Business, the Company has classified this business as discontinued operations.

In earnings estimates, the Company has simply aggregated the consolidated P/L for January to December 2023 for comparison purposes and are presenting figures on a 'calendar year basis,' after reclassifying the IP Platform Business as discontinued operations.

Lastly, we have earnings estimates for FY2024/12. From this time onward, we will explain our forecasts for FY2024, using a period from January to December and figures after reclassifying the IP Platform Business as discontinued operations.

49 Full Year Consolidated Earnings Estimates for FY12/2024

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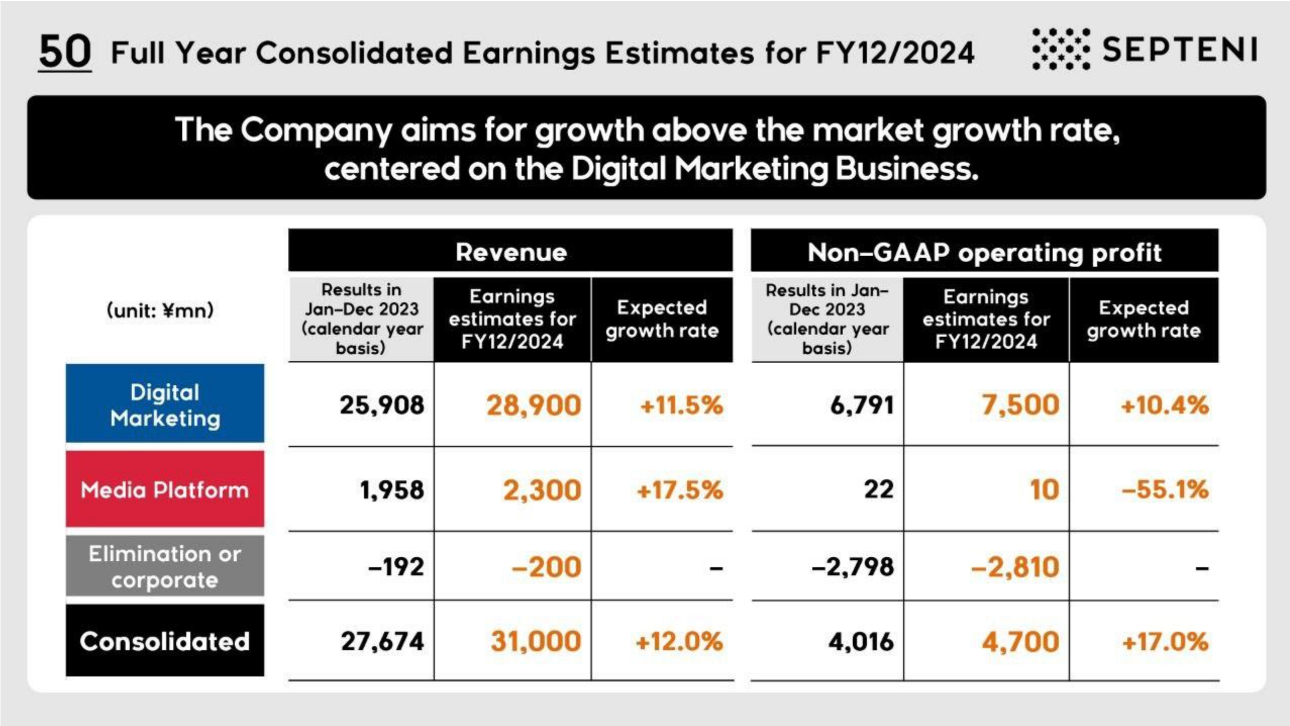
Steady growth centered on the Digital Marketing Business, and a boost to profit attributable to owners of parent due to the sale of the IP Platform Business, and a significant increase in EPS are expected.

(unit: ¥mn)	Jan to Dec 2023 (Calendar year basis)	Earnings estimates for FY12/2024	Expected growth rate
Revenue	27,674	31,000	+12.0%
Non-GAAP operating profit	4,016	4,700	+17.0%
Profit attributable to owners of parent	3,736	6,500	+74.0%
Earnings per share (¥) (EPS)	17.97*	31.38	+13.41
[Reference] Net sales	138,036	150,000	+8.7%
Dividend per share (¥)	–	7.9	–
Dividend payout ratio (%)	–	25.2	–

*Calendar year EPS is for reference only.

Earnings estimates for FY2024/12 is shown on page 49. First, revenue is expected to increase 12% to JPY31 billion YoY. Non-GAAP operating profit is expected to increase 17% YoY to JPY4.7 billion. Factoring this and the transfer of shares in the IP Platform Business, mentioned earlier, profit attributable owners of parent is expected to jump 74% YoY to JPY6.5 billion. EPS is expected to be JPY31.38, up JPY13.41 YoY.

In addition, we plan to pay a dividend in the form of JPY7.9.


50 Full Year Consolidated Earnings Estimates for FY12/2024

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The Company aims for growth above the market growth rate, centered on the Digital Marketing Business.

(unit: ¥mn)	Revenue			Non-GAAP operating profit		
	Results in Jan-Dec 2023 (calendar year basis)	Earnings estimates for FY12/2024	Expected growth rate	Results in Jan-Dec 2023 (calendar year basis)	Earnings estimates for FY12/2024	Expected growth rate
Digital Marketing	25,908	28,900	+11.5%	6,791	7,500	+10.4%
Media Platform	1,958	2,300	+17.5%	22	10	-55.1%
Elimination or corporate	-192	-200	-	-2,798	-2,810	-
Consolidated	27,674	31,000	+12.0%	4,016	4,700	+17.0%

The breakdown of each business is shown here. We are committed to achieving double-digit YoY growth in revenue and operating profit especially in our core Digital Marketing Business.

In addition, the Media Platform Business aims to be profitable since the current fiscal year. We would like to work to firmly establish profitability and further expand the business from FY2024.

This concludes all for the explanation from me. We look forward to your continuing favor.

Thank you very much for today.

[END]

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