

SEPTENI

FY 12/2024 Q1 Business Results

May 9, 2024

SEPTENI HOLDINGS CO., LTD.

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- 01 Management Structure and Policies for FY2024 and Beyond**
- 02 Quarterly Consolidated Earnings Overview**
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From FY2023, IP Platform Business has been reclassified as discontinued operations.

As a result, revenue, operating profit, and Non-GAAP operating profit for continuing operations are presented excluding discontinued operations.

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 share-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

Management Structure and Policies for FY2024 and Beyond

04 New Management Structure

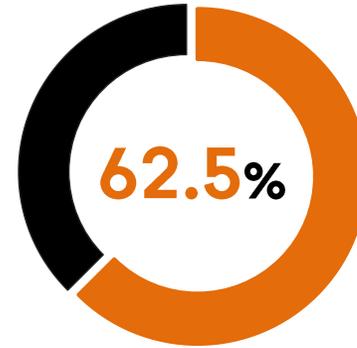


Yuichi Kouno
Representative Director,
Group President and Chief
Executive Officer

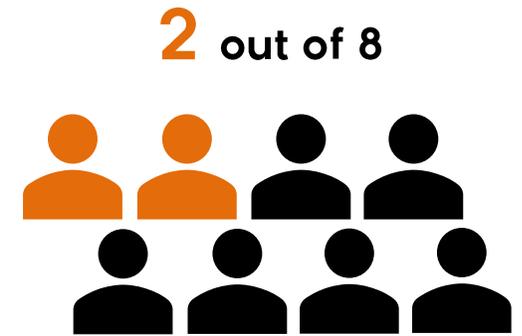


Yusuke Shimizu
Director, Group Executive Vice
President and Executive
Officer

Outside Director Ratio



Female Directors



Etsuko Okajima
Independent
Outside Director



Yoshiki Ishikawa
Independent
Outside Director



Akie Iriyama
Independent
Outside Director



Mio Takaoka
Independent
Outside Director



Makoto Shiono
Independent
Outside Director



Tadashi Kitahara
Director
(part-time)

05 New Management Structure Supervision and Execution: Execution



In addition to establishing and promoting a new collective leadership system, the Company will shift to “area management” that generates synergies within each area and segment.

Group President and Chief Executive Officer



Yuichi Kouno
Group CEO, Internal audit

Group Executive Vice President and Executive Officer



Yusuke Shimizu
Overall Digital Marketing Business



Isamu Ueno
Corporate (excluding CEO office), HR technology area

Group Senior Executive Officer



Kei Hatano
Group finance and accounting, Information system, Internal control



Tei Go
CEO office, Group public relations, Sustainability, Media Platform Business



Kazunari Kondo
Digital Marketing Business (Direct business area, Dentsu alliance)



Daisuke Suefuji
Digital Marketing Business (overseas advertising area), Sports area, Entertainment area



Masayuki Takano
Digital Marketing Business (Data & solutions area, Direct business area)

Group Executive Officer



Teruyuki Noguchi
Group legal affairs, the Board of Directors operation



Shuhei Ezaki
Group human resources



Yoko Miyazaki
Group public relations, Sustainability, Information system



Masayuki Muto
Digital Marketing Business (Data & solutions area)



Yusuke Fukuhara
Digital Marketing Business (Data & solutions area)



Yuta Suzuki
Digital Marketing Business (domestic advertising area)



Takahiro Yamasaki
Digital Marketing Business (domestic advertising area)



Ryo Okubo
Digital Marketing Business (domestic advertising area)

06 Update on Medium-term Business Policies (FY2024 to FY2026, review) SEPTENI

The Company started preparations to evolve into a corporate entity with multiple strong businesses by further strengthening the mainstay Digital Marketing Business.

Medium-term Theme



Medium-term Focus Point

Reorganization and strengthening of the Digital Marketing Business

Group synergies utilizing the Digital Marketing Business assets

Creation of businesses from within each area

To strengthen focus on Digital Marketing Business, the Company implements reorganization across various Areas to foster Group synergy.

Digital Marketing Business

Marketing Communication Area

- Strengthen Dentsu alliance and integrated marketing
- Consolidate functions within the Group and strengthen the combination of human resources × know-how × assets

Direct Business Area

- Further strengthen the strength of digital × offline media
- Develops new business in sales of own products (D2C business) by leveraging the Group's know-how

Data & Solutions Area

- Strengthen customer development support by leveraging the technological capabilities cultivated to date
- Develops into peripheral areas to further strengthen the development organization

Media Platform Business

- Fully utilize existing assets to maintain profitability



Investments for business growth

- Consider M&A as appropriate for business growth in each area

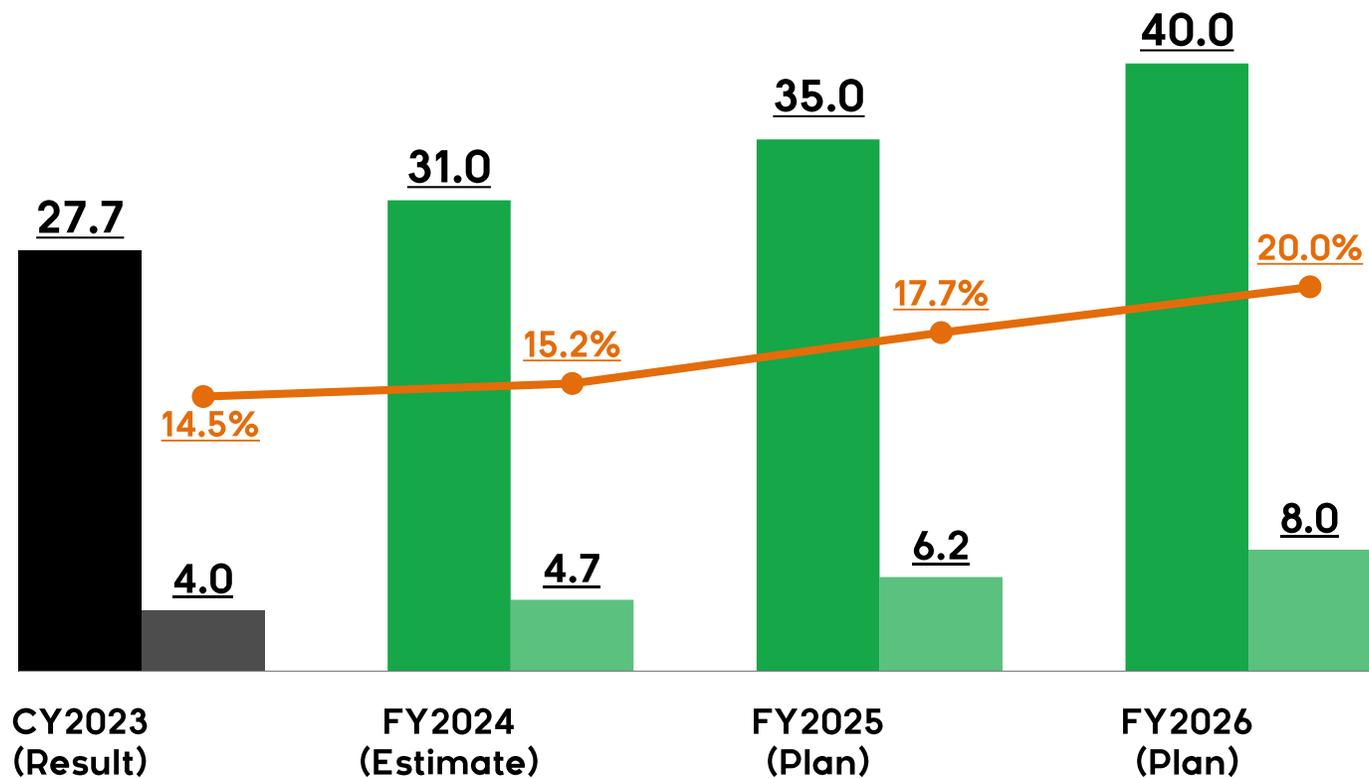
08 Medium-term Business Policies

(After reclassification of discontinued operations, review)

Growth centered on the Digital Marketing Business is expected to lead to increases in revenue and profit and higher operating margins.

Consolidated 3-Year Plan (After reclassification of discontinued operations)

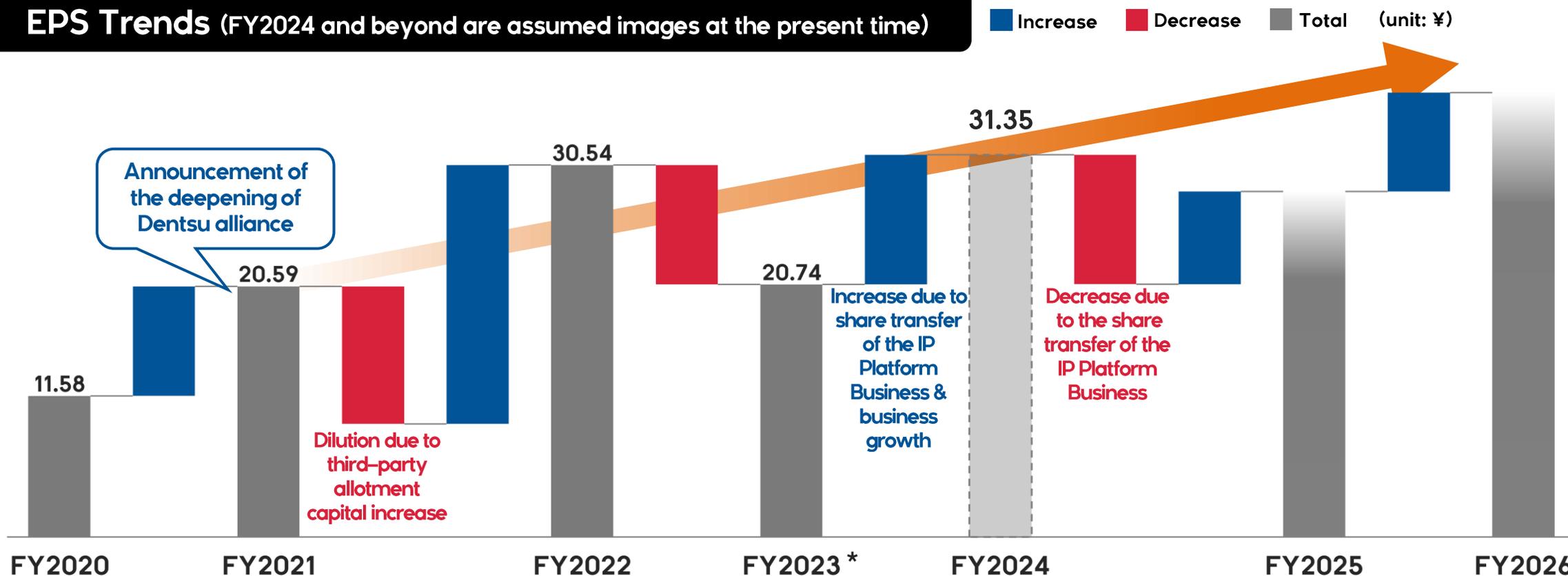
Revenue Non-GAAP operating profit OP margin (relative to revenue) (unit: ¥bn)



09 EPS Trends and Outlook (Review)

During this mid-term management plan period, the Company aims to achieve approximately double the growth in EPS from the level announced at the time of the FY2021 when the Company declared the deepening of Dentsu alliance.

EPS Trends (FY2024 and beyond are assumed images at the present time)

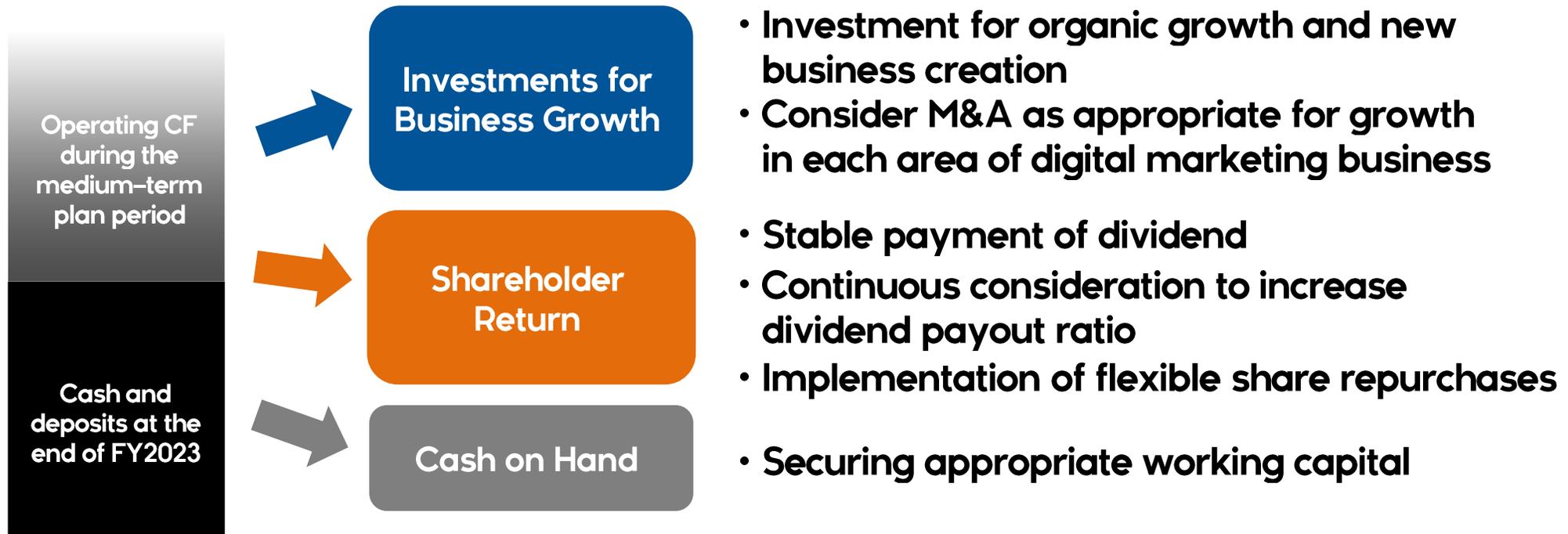


*FY2023 figures are for 15 months and after reclassification of discontinued operations.

10 Capital Allocation Approach (Update)

The Company has been advancing discussions on further enhancing **shareholder returns** while considering investments for business growth in each area.

Future Capital Allocation Approach



02

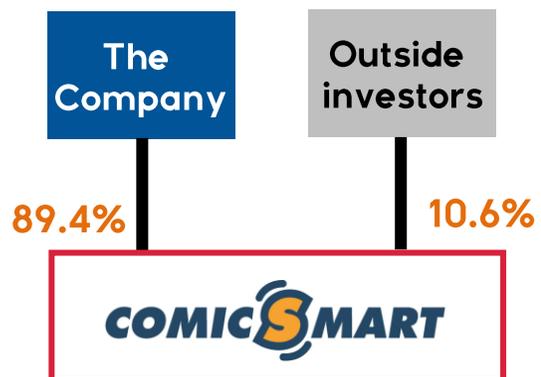
Quarterly Consolidated Earnings Overview

12 Partial Share Transfer of COMICSMART INC.

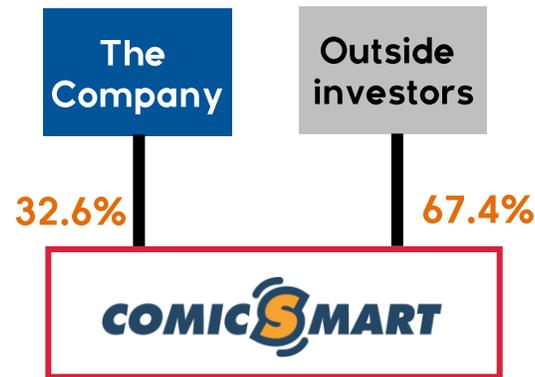
- As of the share transfer date (March 29, 2024) COMICSMART INC. became an equity-method affiliate, and FY2024/1Q recorded a gain of approximately ¥2.33 billion on the sale of shares.
- As the results from FY2023/1Q to FY2024/1Q of COMICSMART INC. have been reclassified as discontinued operations, the figures are recorded in “Profit from discontinued operations” in FY2024/1Q and in “Equity in earnings of affiliates” from FY2024/2Q onward.

Scheme Overview

Before the Share Transfer



After the Share Transfer



Recognition in P/L

Operating profit

Equity in earnings of affiliates

FY2024/2Q~

Profit from continuing operations

Profit from discontinued operations

~FY2024/1Q

Profit attributable to owners of parent

13 Retrospective Adjustment of Consolidated Income Statement (reclassification to discontinued operations)

Profitability improved due to the partial share transfer of COMICSMART INC.

(unit: ¥mn)	Jan to Dec 2023 (Before reclassification of discontinued operations)		Jan to Dec 2023 (After reclassification of discontinued operations)		Earnings estimates for FY12/2024	
	Value	Ratio	Value	Ratio	Value	Ratio
Revenue	30,307	100.0%	27,674	100.0%	31,000	100.0%
Gross Profit	22,709	74.9%	22,106	79.9%	—	—
SG&A expenses	19,249	63.5%	18,171	65.7%	—	—
Non-GAAP operating profit	3,530	11.6%	4,016	14.5%	4,700	15.2%
Operating profit	3,441	11.4%	3,922	14.2%	—	—
Equity in earnings of affiliates	1,207	4.0%	1,207	4.4%	—	—
Profit from continuing operations	—	—	4,182	15.1%	—	—
Profit from discontinued operations	—	—	-483	—	—	—
Profit attributable to owners of parent	3,736	12.3%	3,736	13.5%	6,500	21.0%
[Reference] Net sales	140,670	—	138,036	—	150,000	—

14 FY2024/1Q (Jan–Mar) Highlights

(After reclassification of discontinued operations)

- Revenue increased YoY, mainly in the Marketing Communication Area.
- Strengthened human capital investment implemented in April 2023.
- Quarterly profit attributable to owners of parent and EPS significantly increased due to the recording of gain on sale of shares associated with the partial share transfer of COMICSMART INC.

	Value	YoY	Progress against earnings estimates
Revenue	¥7,292mn	+3.2%	23.5%
Non-GAAP operating profit	¥1,274mn	-11.5%	27.1%
Quarterly profit attributable to owners of parent	¥3,489mn	+121.8%	53.7%
Quarterly earnings per share (EPS)	¥16.85	+¥9.35	—

15 FY2024/1Q (Jan–Mar) Highlights

(After reclassification of discontinued operations)

Digital Marketing Business

(unit: ¥mn)

- Revenue increased, mainly due to expansion of existing projects in the Marketing Communication Area.
- Profit decreased due to strengthened human capital investment.

	Value	YonY	Progress against earnings estimates
Revenue	6,912	+3.3%	23.9%
Non-GAAP operating profit	1,999	-7.1%	26.6%

Media Platform Business

(unit: ¥mn)

- Revenue declined due to a decline in spot projects in Web3 area.
- Loss narrowed due to higher profit in the Employment Platform business.

	Value	YonY	Progress against earnings estimates
Revenue	418	-3.5%	18.2%
Non-GAAP operating profit	-9	(+11)	-19

16 FY2024/1Q (Jan–Mar) Consolidated Income Statement

(After reclassification of discontinued operations)



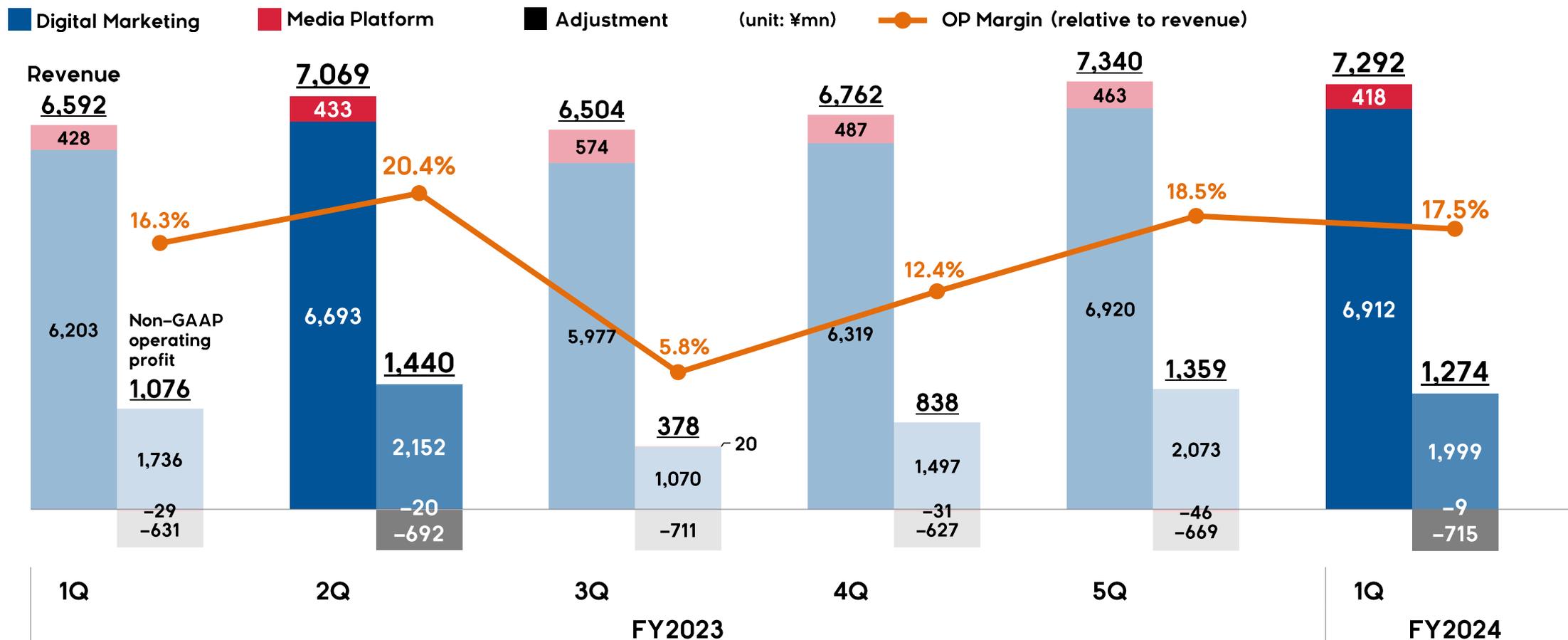
Profit related to the sale of shares of COMICSMART INC., recorded in profit from discontinued operations, resulted in a significant increase in quarterly profit attributable to owners of parent.

(unit: ¥mn)	1Q/FY2024			2Q/FY2023	
	Value	Ratio	YoY	Value	Ratio
Revenue	7,292	100.0%	+3.2%	7,069	100.0%
Gross Profit	5,982	82.0%	+5.0%	5,699	80.6%
SG&A expenses	4,725	64.8%	+9.9%	4,300	60.8%
Non-GAAP operating profit	1,274	17.5%	-11.5%	1,440	20.4%
Operating profit	1,259	17.3%	-6.5%	1,347	19.0%
Equity in earnings of affiliates	615	8.4%	+29.7%	474	6.7%
Profit from continuing operations	1,260	17.3%	-25.5%	1,691	23.9%
Profit from discontinued operations	2,210	30.3%	—	-125	—
Profit attributable to owners of parent	3,489	47.9%	+121.8%	1,573	22.3%
[Reference] Net sales	38,822	—	+13.0%	34,346	—

17 Quarterly Trend of Earnings by Business Segment

(After reclassification of discontinued operations)

Revenue increased driven by the Digital Marketing Business.

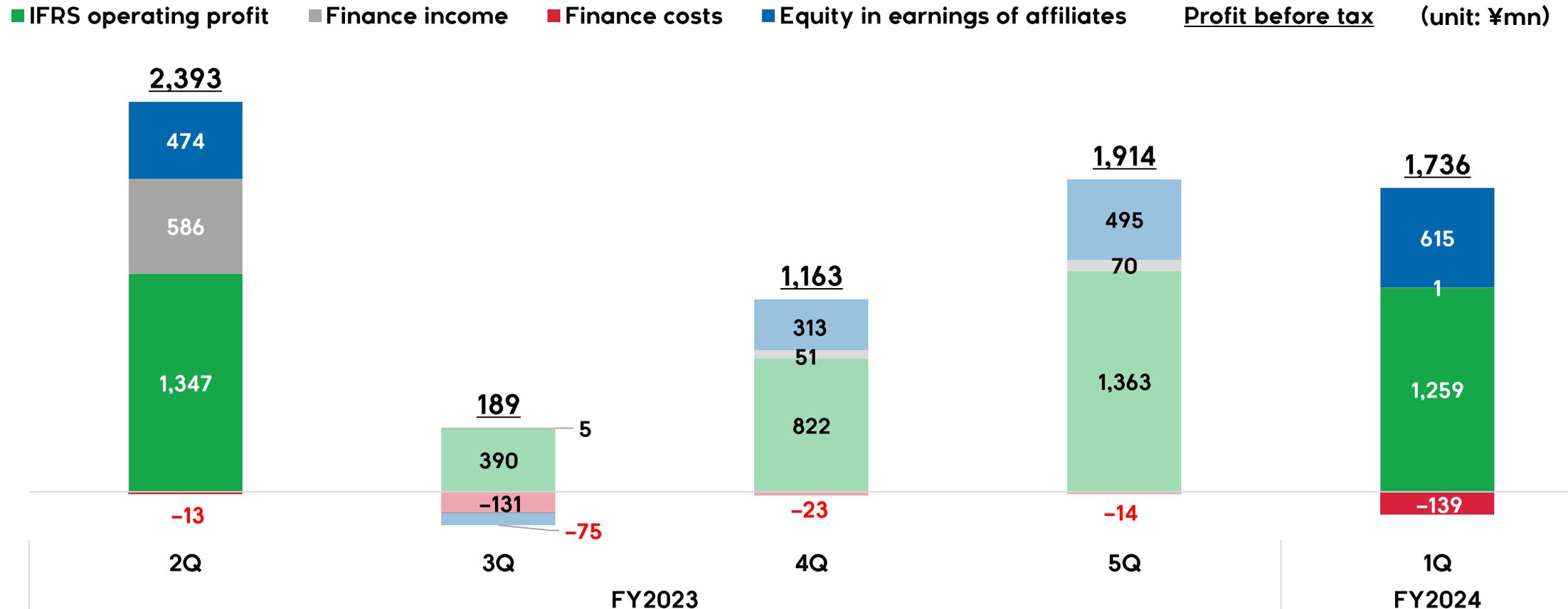


*As the elimination of intersegment revenue is omitted, the total of each business revenue and consolidated revenue (underlined figures) do not coincide.

Labor costs increased YoY due to base pay increases to strengthen human capital investment.

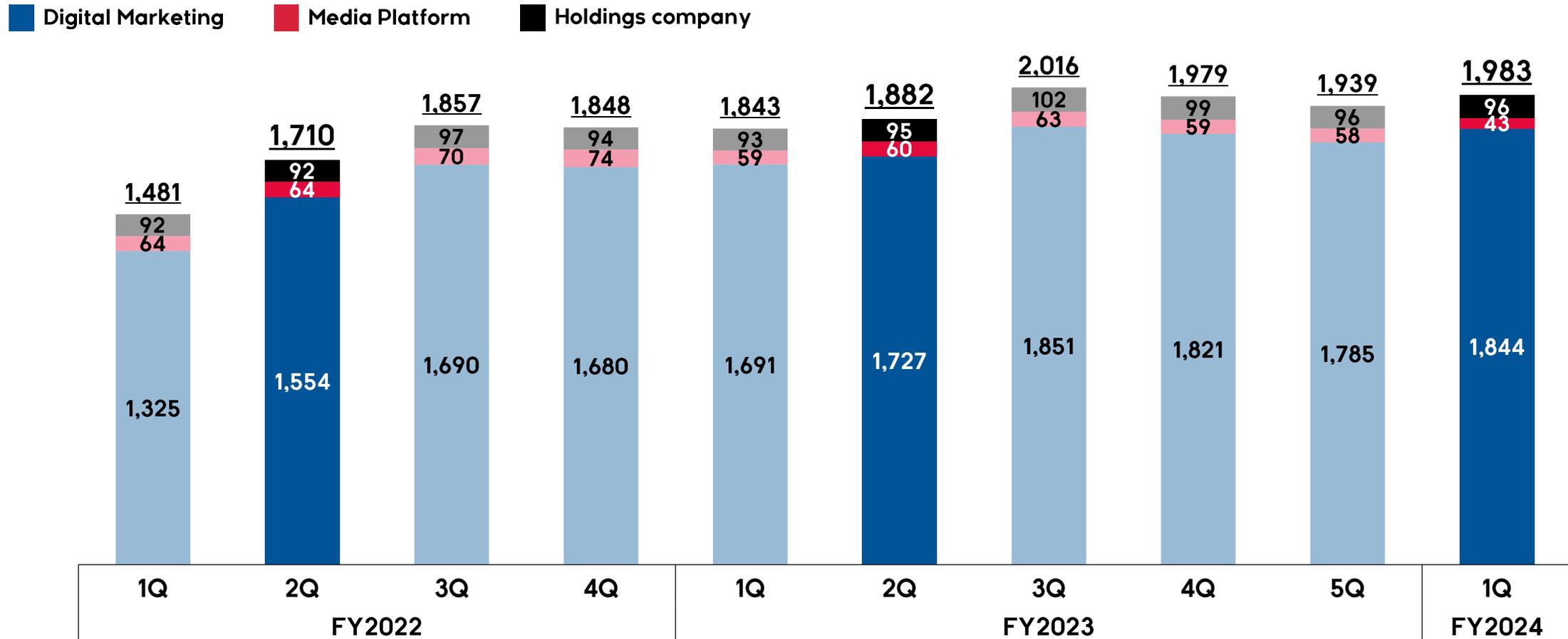
(unit: ¥mn)	FY2023					FY2024	QonQ	YoY
	1 Q	2 Q	3 Q	4 Q	5 Q	1 Q		
Total of cost of sales	1,232	1,370	1,424	1,400	1,374	1,310	-4.7%	-4.4%
Labor costs	393	408	453	442	439	422	-4.0%	+3.4%
Subcontract costs	545	659	623	650	596	592	-0.6%	-10.2%
Others	294	303	349	308	339	296	-12.8%	-2.5%
Total of SG&A expenses	4,329	4,300	4,695	4,553	4,623	4,725	+2.2%	+9.9%
Labor costs ^{*1}	2,878	2,892	3,248	3,154	3,149	3,227	+2.5%	+11.6%
Employee bonuses ^{*2}	147	155	148	195	204	177	-13.3%	+13.6%
Rent expenses etc.	293	284	297	294	295	266	-9.9%	-6.2%
Advertising expenses	160	124	154	164	157	180	+14.3%	+45.1%
Taxes and dues	105	105	97	61	97	104	+8.0%	-0.6%
Others	747	740	751	685	721	772	+7.1%	+4.3%

Equity in earnings of affiliates increased both YoY and QoQ.



20 Workforce Size Trend

The number of employees in the Digital Marketing Business increased due to a change in the form of employment.



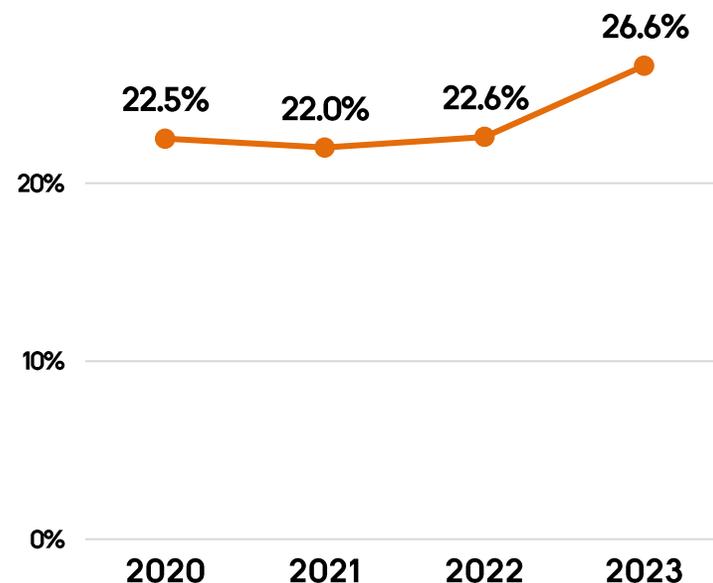
* Employees in the IP Platform business have been excluded from the number of employees on a consolidated basis due to the reclassification of discontinued operations.

21 Initiatives and Progress in Human Capital Management

The Company has set human capital-related KPIs within Social, which is a particularly high-priority materiality, and are promoting various measures.

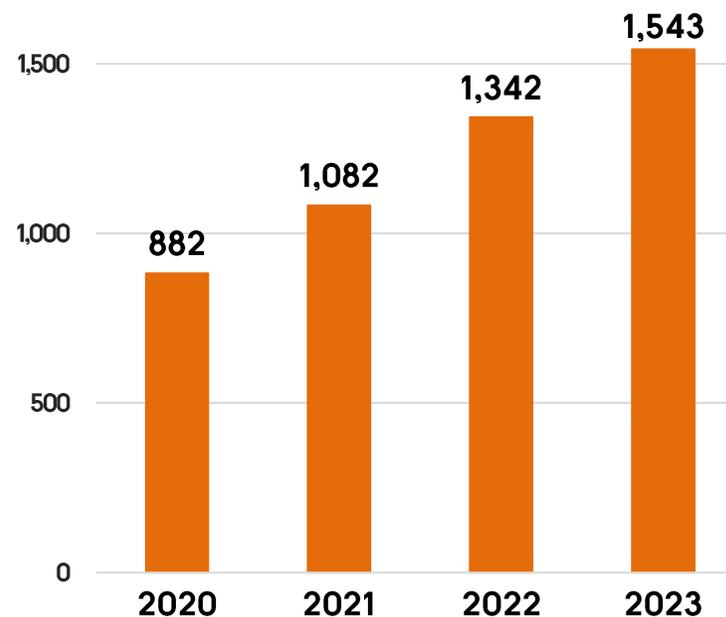
Ratio of female managers*1

Target: 30% by 2030
(domestic subsidiaries)



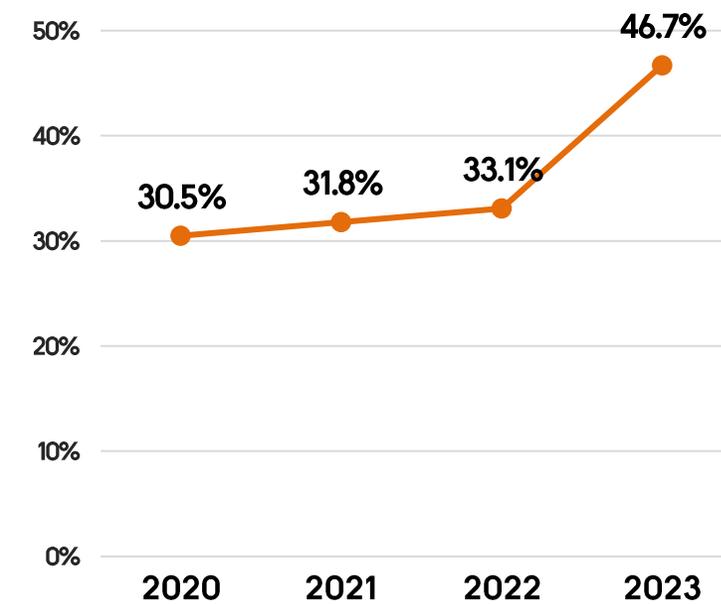
Number of people actively participating in events that nurture entrepreneurship*2

Target: Year-on-year increase



Participation rate of employee stock ownership plan (For regular employees of the target company)

Target: Year-on-year increase



*1 Major domestic companies, As of October each year *2 Total number of people per calendar year

03

Digital Marketing Business

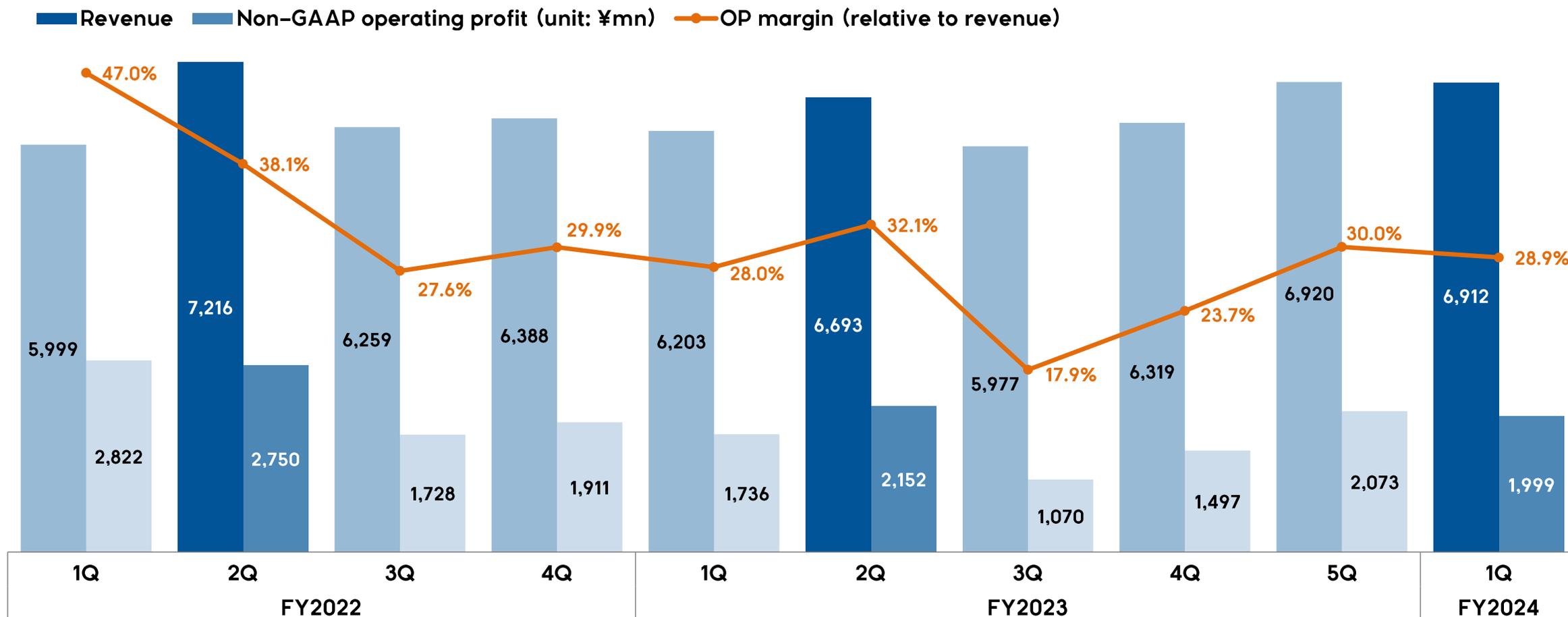
23 Digital Marketing Business Earnings Overview

Net sales achieved double-digit growth due to expansion centered on existing projects in Marketing Communication Area.

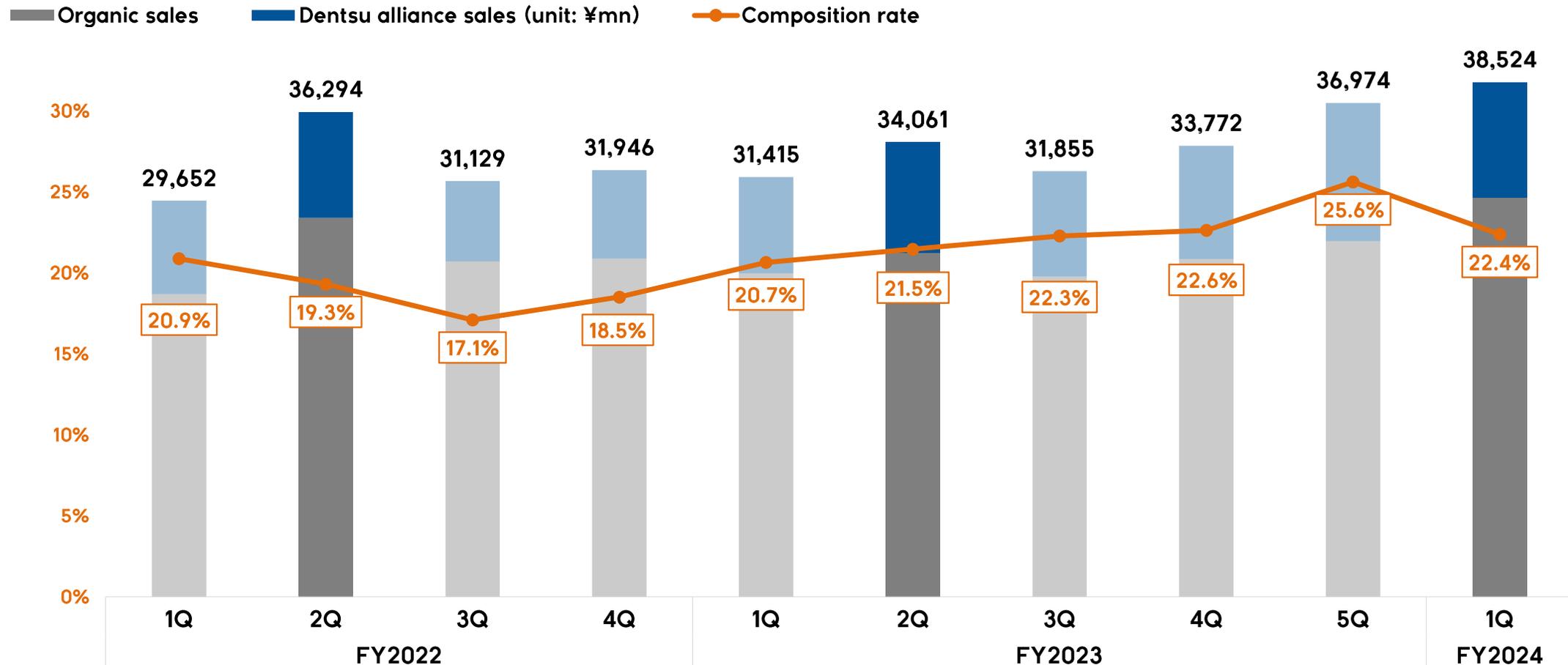
(unit: ¥mn)	1Q/FY2024			2Q/FY2023	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,912	100.0%	+ 3.3%	6,693	100.0%
Gross profit	5,665	82.0%	+ 4.9%	5,400	80.7%
SG&A expenses	3,684	53.3%	+ 12.6%	3,271	48.9%
Non-GAAP operating profit	1,999	28.9%	-7.1%	2,152	32.1%
[Reference] Net sales	38,524	—	+ 13.1%	34,061	—

24 Digital Marketing Business Quarterly Earnings Trend

Revenue increased due to expansion of existing projects, mainly for large-scale clients.



Collaborative sales were ¥8.6 billion (¥7.3 billion in FY12/23 Q2, +17.9% YoY), contributing to overall growth in the Digital Marketing Business.



*Since FY2022/2Q, organic sales include the effects of new consolidation. *Implemented retroactive adjustment to redirect certain projects to organic sales.

04

Media Platform Business

27 Media Platform Business Earnings Overview

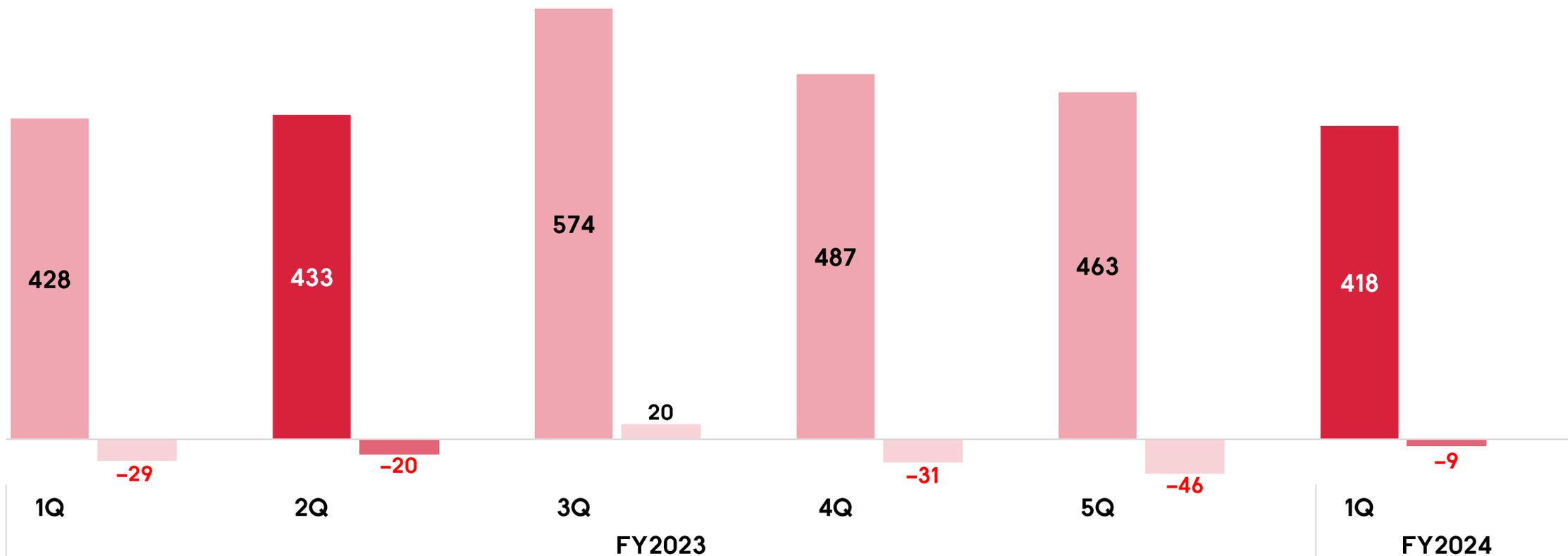
(After reclassification of discontinued operations)

Despite a decline in revenue due to an impact of reduced spot projects in Web3 area, profit increased mainly in the employment platform business, and loss narrowed.

(unit:¥mn)	1Q/FY2024			2Q/FY2023	
	Value	Ratio	YoY	Value	Ratio
Revenue	418	100.0%	-3.5%	433	100.0%
Gross profit	352	84.3%	-0.2%	353	81.5%
SG&A expenses	362	86.5%	-3.3%	374	86.3%
Non-GAAP operating profit	-9	—	+11	-20	—

Loss narrowed while controlling expenses.

■ Revenue ■ Non-GAAP operating profit (unit: ¥mn)



05

Progress of Earnings Estimates

30 Full Year Consolidated Earnings Estimates for FY12/2024



The Company expects EPS to increase significantly due to steady growth centered on the Digital Marketing Business and the impact of boosting profit attributable to owners of parent following the sale of partial shares of COMICSMART INC.

(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*	31.35	+13.38
[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.

31 Full Year Consolidated Earnings Estimates for FY12/2024

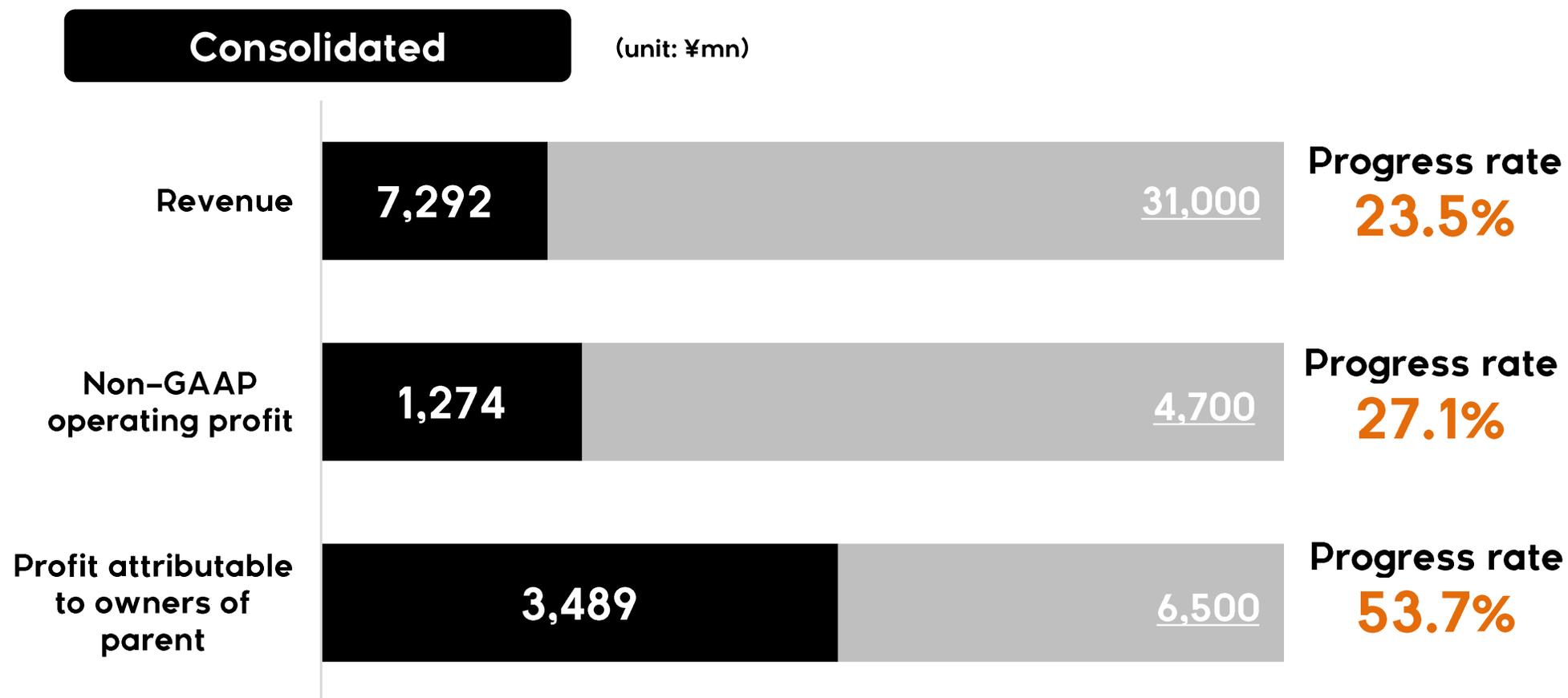
The Company aims for growth above the market growth rate, centered on the Digital Marketing Business.

(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%	-77*	10	(+87)
Elimination or corporate	-192	-200	-	-2,698*	-2,810	-
Consolidated	27,674	31,000	+12.0%	4,016	4,700	+17.0%

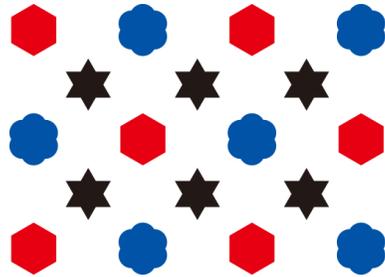
*Revised due to revision of calculation of management guidance fees for reclassification to discontinued operations.

32 Progress toward Earnings Estimates (Consolidated)

Generally in line with the plan, profit attributable to owners of parent progressed substantially due to the recording of profit related to the sale of a portion of shares of COMICSMART INC.



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 May 9, 2024 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

Quarterly Consolidated Income Statement

(Consolidated, After reclassification of discontinued operations)

(unit: ¥mn)	FY2023										FY2024	
	1Q		2Q		3Q		4Q		5Q		1Q	
	Value	Ratio										
Revenue	6,592	100.0%	7,069	100.0%	6,504	100.0%	6,762	100.0%	7,340	100.0%	7,292	100.0%
Gross profit	5,361	81.3%	5,699	80.6%	5,080	78.1%	5,363	79.3%	5,966	81.3%	5,982	82.0%
SG&A expenses	4,329	65.7%	4,300	60.8%	4,695	65.7%	4,553	67.3%	4,623	63.0%	4,725	64.8%
Non-GAAP operating profit	1,076	16.3%	1,440	20.4%	378	5.8%	838	12.4%	1,359	18.5%	1,274	17.5%
Operating profit	1,027*	12.8%	1,347	19.0%	390	6.0%	822	12.2%	1,363	18.6%	1,259	17.3%
Equity in earnings of affiliates	644	9.8%	474	6.7%	-75	—	313	4.6%	495	6.7%	615	8.4%
Profit attributable to owners of parent	583	8.8%	1,573	22.3%	-125	—	738	10.9%	1,550	21.1%	3,489	47.9%
[Reference] Net sales	31,683	—	34,346	—	32,277	—	34,118	—	37,295	—	38,822	—

*Revised the figure due to an error (843→1,027).

Quarterly Consolidated Income Statement

(Media Platform Business, After reclassification of discontinued operations)

(unit: ¥mn)	FY2023										FY2024	
	1Q		2Q		3Q		4Q		5Q		1Q	
	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio
Revenue	428	100.0%	433	100.0%	574	100.0%	487	100.0%	463	100.0%	418	100.0%
Gross profit	348	81.2%	353	81.5%	443	77.1%	392	80.5%	345	74.6%	352	84.3%
SG&A expenses	377	88.1%	374	86.3%	422	73.6%	424	86.9%	391	84.3%	362	86.5%
Non-GAAP operating profit	-29	—	-20	—	20	3.4%	-31	—	-46	—	-9	—



Integrated Report 2023

Integrated Report 2023 will be published in late May 2024. The report introduces updates to the Group's value creation process and management and business policies under the new management structure.

Please check the Integrated Report 2022 from the link or the code. (https://www.septeni-holdings.co.jp/ir/library/integrated-report/integratedreport2022_ja.pdf)



Septeni Group official “note”

Septeni Group official “note” introduces various initiatives around its people and culture that are not included in integrated reports or disclosure materials.

Please check the details from the link or the code. (https://note.com/septeni_group)



38 Group Corporate Philosophy



The infographic features a central white oval containing the mission statement, surrounded by three colored callouts: a blue one for Creed, a red one for Vision, and a black one for Values. The background is light gray with faint logos of various companies.

SEPTENI Corporate Philosophy

Creed
Hinerankai

Mission
To inspire the world with entrepreneurship

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

Values
Resilient, Caring, Exciting

*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.

39 Sustainability Policy and Materiality

The Company adopted Mission and Vision from the Group Philosophy as Sustainability Policy and reviewed its materiality.

Sustainability Policy

- **To inspire the world with entrepreneurship**
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

Promotion of sustainability activities

E

Response to
Climate Change

S

Enhancement of Corporate
Value by Empowering People
Who Create a New Era

S

Realization of a “Nameraka”
Society Through Creativity and
Technology

G

Building an Advanced
Governance System to
Support Discontinuous Growth

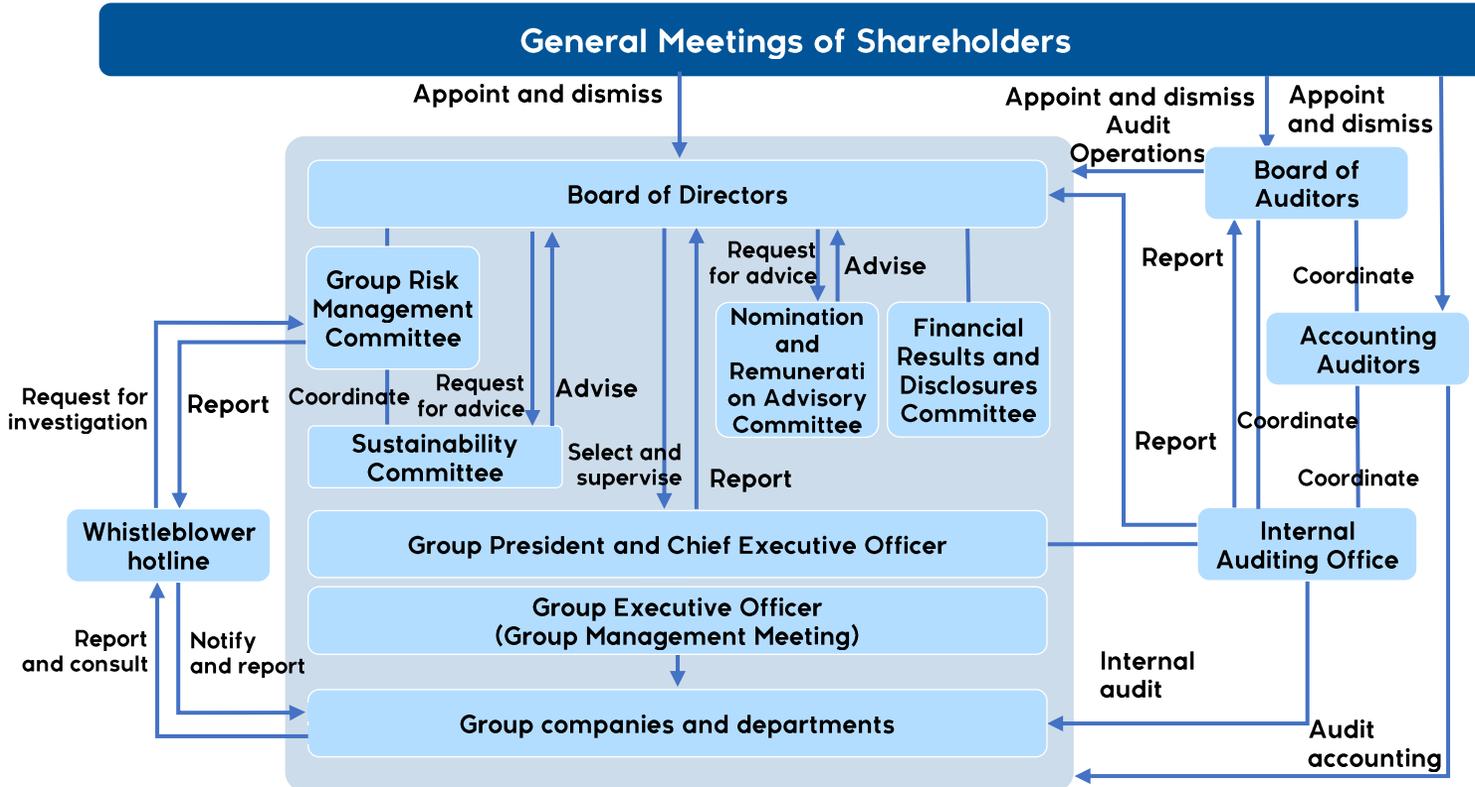
The Company identified four new materialities to realize a sustainable society and the Group’s mission and vision.

	Materiality	Subcategory of Materiality	Key KPIs
E	<ul style="list-style-type: none"> Response to Climate Change 	<ul style="list-style-type: none"> Reduction of GHG emissions and disclosure of information in accordance with TCFD recommendations 	<ul style="list-style-type: none"> 70% Reduction of scope 1 and 2 emissions by 2030
S	<ul style="list-style-type: none"> Enhancement of Corporate Value by Empowering People Who Create a New Era Realization of a “Nameraka” Society Through Creativity and Technology 	<ul style="list-style-type: none"> Human resource development with reproducibility through digital HR DEI (Diversity, Equity & Inclusion) Democratization of entrepreneurship Value creation leading to a “nameraka” society 	<ul style="list-style-type: none"> Increase of the female managers ratio to 30% by 2030 Increase of the membership rate of employee stock ownership plan each year over the previous year
G	<ul style="list-style-type: none"> Building an Advanced Governance System to Support Discontinuous Growth 	<ul style="list-style-type: none"> Efforts for discontinuous growth Efforts for risk reduction 	<ul style="list-style-type: none"> Realization of Innovation Board by 2024 Continuous implementation of executive sessions Continuous implementation of effectiveness evaluations

41 Enhancing Corporate Governance

In addition to conducting business in accordance with the 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.

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 strengthen independence and diversity of representative directors
Outside director ratio: 5 out of 8,
Female directors: 2 out of 8 (as of May 9, 2024) |
| FY2023 | - Establishment of Nomination and Remuneration Advisory Committee |

42 Main Group Companies by Business Segment as of May 9, 2024



Digital Marketing Business

Marketing Communication



Direct Business



Data & Solutions

FLINTERS



Media Platform Business



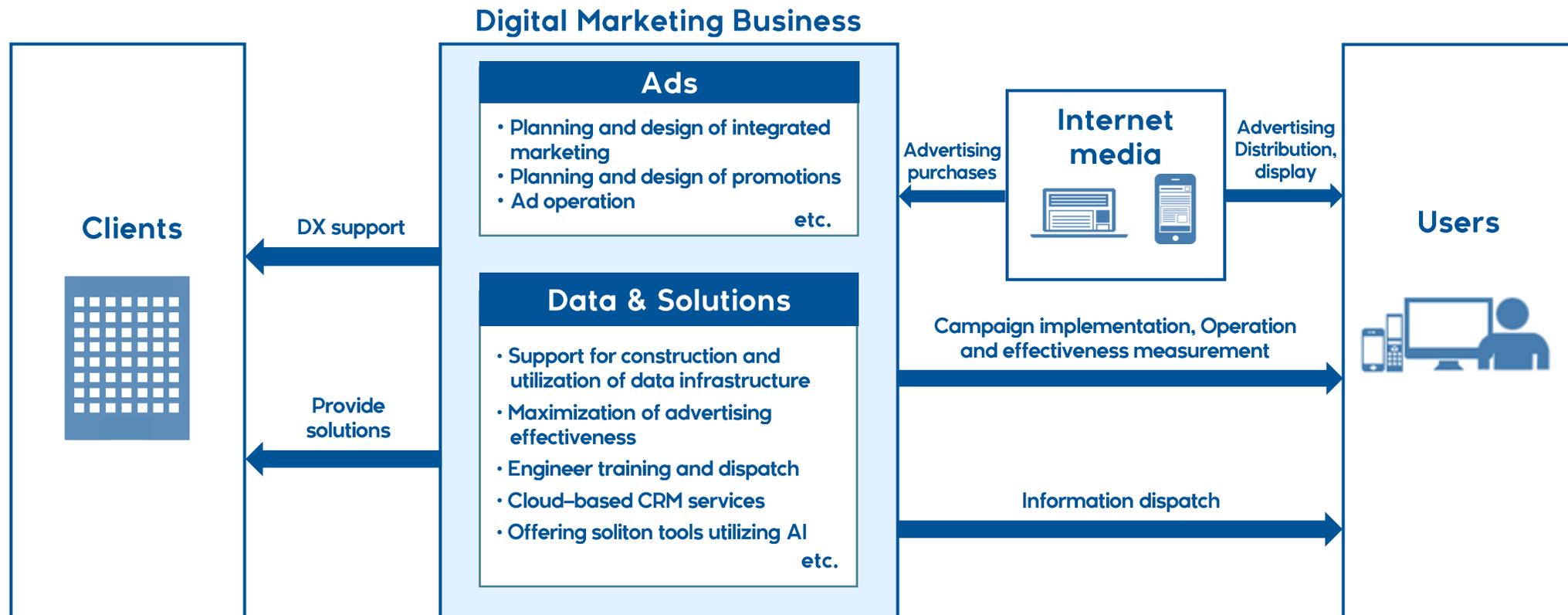
Equity-method affiliates



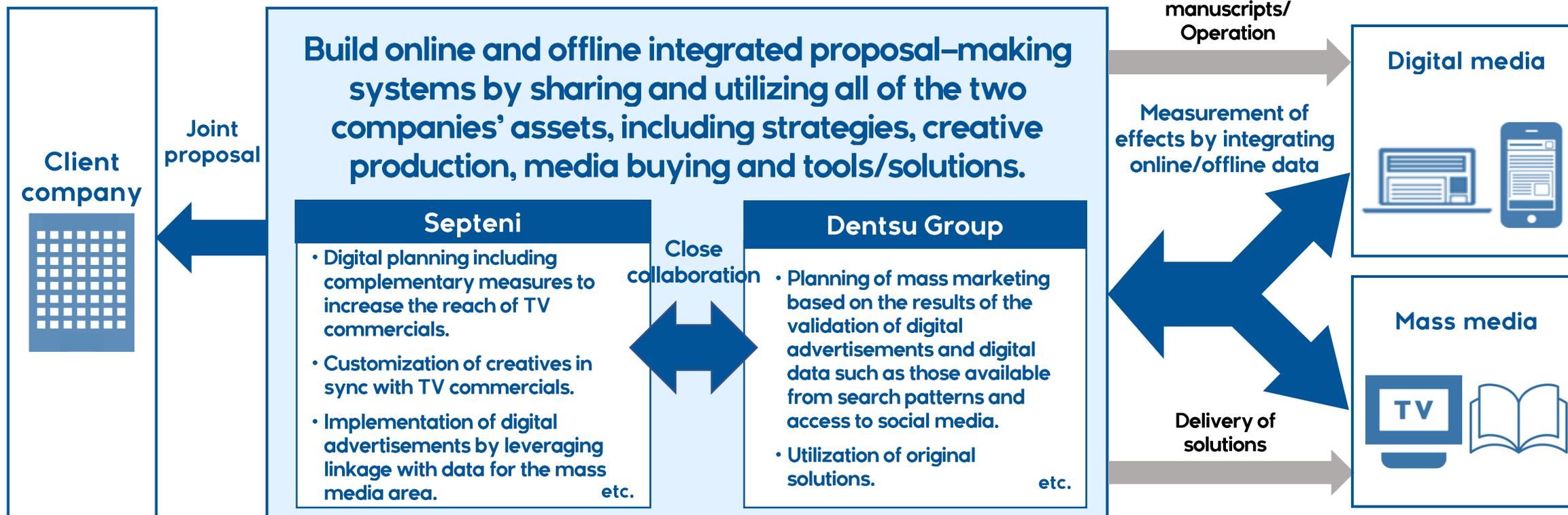
SEPTENI HOLDINGS CO., LTD. (Holding company)

43 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.

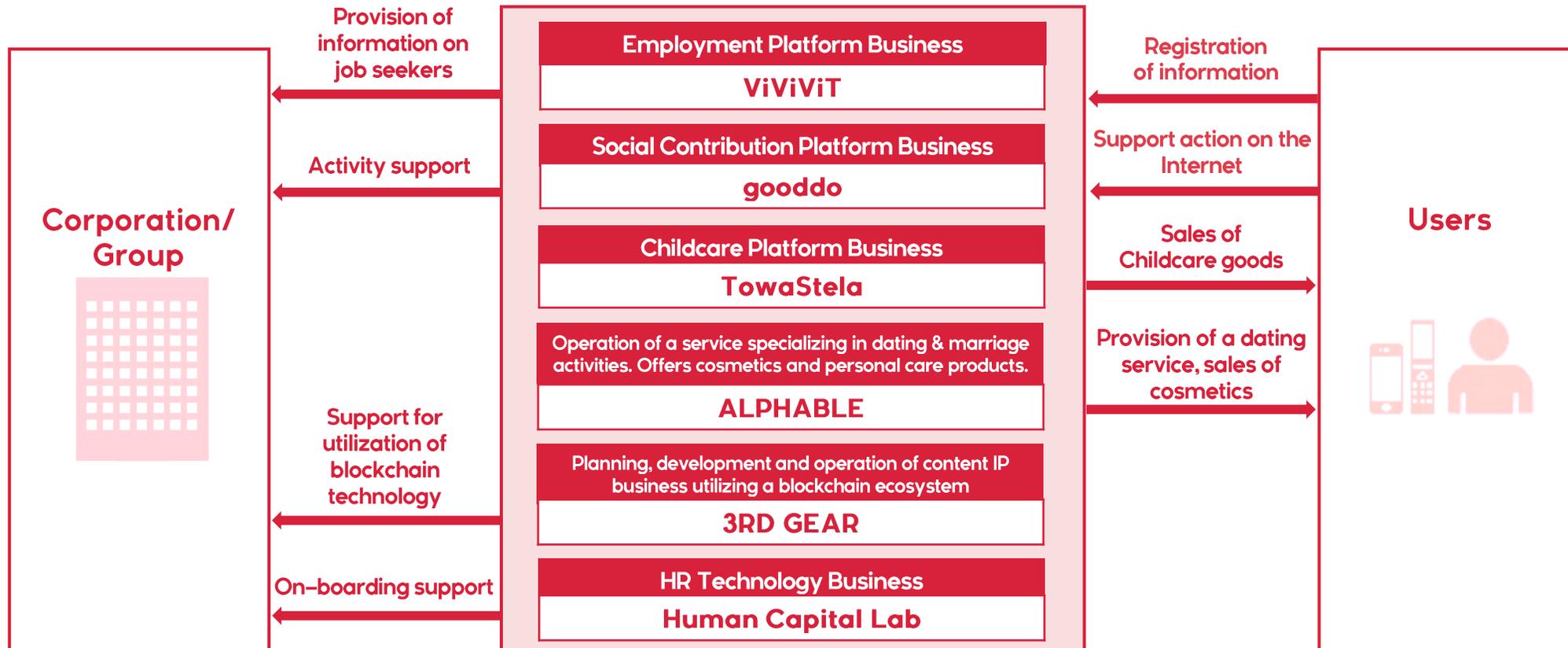


Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client bases (conceptual image)



45 Business Model for the Media Platform Business

The Media Platform Business develops platform-type businesses related to “recruitment,” “social contribution” and “childcare,” and businesses that utilize the Group assets in industries other than the Internet industry, focusing on areas of potential growth in the near future and social issues.



46 Consolidated Statement of Financial Position



(unit: ¥mn)	End of 1Q/FY2024	End of FY2023	Change
Current Assets	48,736	43,683	+5,053
Non-Current Assets	50,441	49,923	+518
Total Assets	99,176	93,606	+5,570
Current Liabilities	29,510	26,333	+3,177
Non-Current Liabilities	1,545	1,569	-23
Total Liabilities	31,055	27,901	+3,154
Total Capital	68,121	65,705	+2,416
Total Liabilities and Capital	99,176	93,606	+5,570