

Summary of Consolidated Financial Statement for the Nine Months Ended September 30, 2024 [IFRS]

November 7, 2024
Listed Market: TSE

SEPTENI HOLDINGS CO., LTD.

Stock Code: 4293 URL: <https://www.septeni-holdings.co.jp/en>

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Anticipated Dividend Payment Date: —

Supplemental Earnings Presentation Materials: Available

Earnings Presentation Meeting: Held for institutional investors, analysts, media

(All figures of less than 1 million yen are rounded down to the nearest digit)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

(1) Consolidated Financial Result (Cumulative) (% figures represent year-over-year change)

	Revenue		Operating profit		Non-GAAP operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Nine months ended September 30, 2024	20,887	—	2,192	—	2,253	—	3,018	—	4,261	—	4,271	—
June 30, 2023	20,165	—	2,764	—	2,893	—	3,575	—	1,993	—	2,031	—

(Note) 1. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding 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 payment expenses, impairment loss, and gain or loss on the sales of fixed assets from the IFRS-based operating profit.

2. As the fiscal year ended December 31, 2023 is 15 months due to a change in the fiscal year-end, the nine months ended June 30, 2023 is from October 1, 2022 to June 30, 2023 and the nine months ended September 30, 2024 is from January 1, 2024 to September 30, 2024, and the rate of year-over-year change is not stated.

3. As the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations, revenue, operating profit, Non-GAAP operating profit and profit before tax represent the amount of continuing operations, excluding discontinued operations.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2024	20.60		20.57	
June 30, 2023	9.71		9.69	

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million Yen	Million Yen	Million Yen	%
As of September 30, 2024	94,369	68,776	68,706	72.8
December 31, 2023	93,606	65,705	65,594	70.1

2. Dividends

	Dividends					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Term-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	—	—	—	5.20	5.20
Fiscal year ending December 31, 2024	—	—	—			
Fiscal year ending December 31, 2024 (Estimate)				—	31.35	31.35

(Note) Revision to the most recently announced dividends estimates: None

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

(% figures represent year-over-year change)

	Revenue		Non-GAAP operating profit		Profit for the period attributable to owners of parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full Year	28,100	—	3,000	—	5,150	—	24.84

(Note) 1. Revision to the most recently announced consolidated forecasts: Yes

2. As the fiscal year ended December 31, 2023 is 15 months due to a change in the fiscal year-end, the rate of year-over-year change is not stated.

*Others

(1) Significant changes in the scope of consolidation during the current nine months: Yes

Excluded: 9 companies (COMICSMART INC. and its subsidiaries, etc.)

(2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued and outstanding shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	211,389,654 shares
As of December 31, 2023	211,079,654 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	3,964,545 shares
As of December 31, 2023	3,964,545 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2024	207,322,153 shares
Nine months ended June 30, 2023	209,073,431 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Notes for using forecasted information and others

(1) Consolidated Forecasts

Any description regarding the future in this material, such as financial results forecasts and an outlook, is based on the available information and certain conditions which the Company believes to be reasonable at the moment, and actual financial results may differ from the forecasts due to various factors.

For the conditions which the forecasts are based on, please refer to “1. Qualitative Information on the Financial Results for the Nine Months (3) Explanation of Earnings Forecasts and Other Forward-Looking Information.”

(2) Way of getting supplemental material of annual results

The Company will hold a financial results briefing as below. The briefing materials will be available on the website after the summary of consolidated financial statements is disclosed. The transcript of the briefing will be also available on the website.

November 7, 2024 (Thu.) – FY12/2024 Third Quarter Financial Results Briefing for Institutional Investors, Analysts and the Press

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1. Qualitative Information on the Financial Results for the Nine Months

Due to a change in the fiscal year-end, the previous fiscal year is the 15-month period from October 1, 2022 to December 31, 2023, and the rate of year-over-year change in consolidated results on a financial reporting basis is not stated.

As the results of COMICSMART INC. and its subsidiaries, etc. have been reclassified as discontinued operations, revenue, operating profit, Non-GAAP operating profit represent the amount of continuing operations, excluding discontinued operations.

(1) Explanation of Financial Results

For the nine months ended September 30, 2024 (hereinafter “the current nine months”), in the main Digital Marketing Business, Marketing Communication Area, which sells and operates digital advertising and provides integrated online-offline marketing support, was the driving force of the business. In the Media Platform Business, the Company reviewed its business portfolio and optimized costs.

Also, the Company recorded the gain on the partial transfer of shares of COMICSMART INC. in the first quarterly consolidated accounting period and an impairment loss on investments accounted for using equity method and a gain on change in equity in the current quarterly consolidated accounting period, resulting in a significant increase in profit attributable to owners of parent.

As a result, revenue was ¥20,887 million, operating profit was ¥2,192 million, Non-GAAP operating profit was ¥2,253 million, and profit attributable to owners of parent was ¥4,271 million.

The Group discloses consolidated financial results in terms of both its internal measures which management relies upon in making decisions (hereinafter the “Non-GAAP financial measures”) and those under IFRS. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gains and losses related to acquisition actions and temporary factors from the IFRS-based operating profit. Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Group and industry peers and year-on-year comparisons by stakeholders and can provide useful information in understanding the underlying financial results and outlook of the Group. Gain and loss related to acquisition actions refer to amortization of acquisition-related intangible assets and M&A expenses, and temporary factors refer to one-off items, such as share-based payment expenses, impairment losses, and gains or losses on sales of fixed assets, which the Group believes shall be excluded for the purposes of preparing an outlook based on certain rules.

Adjustments from operating profit to Non-GAAP operating profit are as follows.

(Million yen)

	The previous nine months (Nine months ended June 30, 2023)	The current nine months (Nine months ended September 30, 2024)	Change of amount	Rate of change
Operating profit	2,764	2,192	-572	—
Adjustment (Amortization of acquisition-related intangible assets)	31	31	—	
Adjustment (Share-based payment expenses)	39	—	-39	
Adjustment (Others)	60	30	-30	
Non-GAAP operating profit	2,893	2,253	-640	—

Operating results by reportable segment are as follows.

(i) Digital Marketing Business

The Digital Marketing Business consists of business segments that provide comprehensive DX support, centered on digital marketing.

In the current nine months, Marketing Communication Area was the driving force of the business.

As a result, revenue was ¥19,666 million, and Non-GAAP operating profit was ¥4,459 million.

(ii) Media Platform Business

The Media Platform Business consists of Employment Platform Business “ViViViT”, Platform Business of Social Contribution “gooddo”, Childcare Platform Business “TowaStela” etc.

In the current nine months, the Company reviewed its business portfolio and optimized costs.

As a result, revenue was ¥1,373 million, and Non-GAAP operating loss was ¥49 million.

(Reference)

The following figures show the status of profit and loss and the rate of year-over-year change on a calendar year basis, assuming that the accounting period of the Group was the 12-month period from January to December for the previous fiscal year.

Revenue was ¥20,887 million (up 2.7% year on year), operating profit was ¥2,192 million (down 14.4% year on year), Non-GAAP operating profit was ¥2,253 million (down 15.2% year on year), and profit attributable to owners of parent was ¥4,271 million (up 95.4% year on year).

(2) Explanation of Financial Positions

As of September 30, 2024, total assets increased by ¥763 million compared to the previous fiscal year and reached ¥94,369 million. This is mainly due to a decrease of ¥1,209 million in other current asset, ¥645 million in assets held for sale, while an increase of ¥1,637 million in cash and cash equivalents and ¥1,074 million in investment accounted for using equity method.

Total liabilities decreased by ¥2,308 million compared to the previous fiscal year and reached ¥25,593 million. This is mainly due to trade payables decreased by ¥1,761 million and other current liabilities decreased by ¥781 million.

Total equity increased by ¥3,071 million compared to the previous fiscal year and reached ¥68,776 million. This is mainly due to a record of profit of ¥4,261 million and dividends paid of ¥1,077 million.

(3) Explanation of Earnings Forecasts and Other Forward-Looking Information

Regarding the consolidated earnings forecasts for the fiscal year ending December 2024, the Company revised its estimates announced on February 8, 2024, in consideration of the quarterly results under review. Please refer to “Notice of Revisions to the Full-Year Consolidated Earnings Estimates for the FY 2024” announced on November 7, 2024.

There are no changes to the dividend forecast in connection with the revision of the earnings forecast.

2. Consolidated Financial Statements for the Nine Months and Key Notes

(1) Consolidated Statement of Financial Position for the Nine Months

(Thousand yen)

	Fiscal year ended December 31, 2023 (As of December 31, 2023)	Nine months ended September 30, 2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	20,873,416	22,510,058
Trade receivables	19,830,799	19,464,415
Inventories	72,849	11,114
Other financial assets	101,550	355,617
Other current assets	1,997,253	787,816
Subtotal	42,875,867	43,129,020
Assets held for sale	807,491	162,246
Total current assets	43,683,358	43,291,267
Non-current assets		
Property, plant, and equipment	257,486	348,158
Right-of-use assets	1,899,500	1,554,868
Goodwill	4,693,055	4,693,055
Intangible assets	432,366	718,678
Investments accounted for using equity method	34,249,351	35,322,954
Other financial assets	7,106,364	7,272,451
Other non-current assets	13,260	23,975
Deferred tax assets	1,271,250	1,143,683
Total non-current assets	49,922,632	51,077,822
Total assets	93,605,990	94,369,088

Liabilities and Equity

Liabilities

Current liabilities

Trade payables	19,031,397	17,270,885
Other financial liabilities	4,414,965	4,817,984
Income taxes payable	421,929	572,014
Other current liabilities	2,227,759	1,446,870
Subtotal	26,096,050	24,107,753
Liabilities directly associated with assets held for sale	236,525	51,047
Total current liabilities	26,332,575	24,158,800

Non-current liabilities

Other financial liabilities	1,369,940	1,024,507
Provisions	152,549	162,667
Deferred tax liabilities	46,137	246,973
Total non-current liabilities	1,568,627	1,434,147
Total liabilities	27,901,201	25,592,947

Equity

Equity attributable to owners of parent

Share capital	18,428,004	18,430,174
Capital surplus	25,426,993	25,424,005
Treasury shares	-1,396,624	-1,396,624
Retained earnings	23,185,222	26,438,993
Other components of equity	-49,731	-190,622
Total equity attributable to owners of parent	65,593,864	68,705,926
Non-controlling interests	110,925	70,215
Total equity	65,704,788	68,776,141
Total liabilities and equity	93,605,990	94,369,088

(2) Consolidated Statement of Profit or Loss for the Nine Months and Consolidated Statement of Comprehensive Income for the Nine Months

(Consolidated Statement of Profit or Loss for the Nine Months)

(Thousand yen)

	Nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)	Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)
Continuing operations		
Revenue	20,164,781	20,887,076
Cost of sales	4,025,701	4,368,610
Gross profit	16,139,081	16,518,466
Selling, general and administrative expenses	13,323,915	14,335,725
Other income	19,628	40,604
Other expenses	71,121	31,474
Operating profit	2,763,671	2,191,871
Finance income	4,828	6,391
Finance costs	236,585	95,977
Share of profit of investments accounted for using equity method	1,042,968	777,935
Gain on change in equity	—	467,042
Impairment loss on investments accounted for using equity method	—	329,735
Profit before tax	3,574,882	3,017,527
Income tax expenses	1,113,041	966,771
Profit from continuing operations	2,461,841	2,050,756
Discontinued operations		
Profit (loss) from discontinued operations	-468,552	2,210,177
Profit	1,993,289	4,260,934
Profit (loss) attributable to:		
Owners of parent	2,031,026	4,271,328
Non-controlling interests	-37,737	-10,394
Total	1,993,289	4,260,934
Earnings per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	11.72	9.88
Discontinued operations	-2.00	10.72
Total	9.71	20.60
Diluted earnings (loss) per share (Yen)		
Continuing operations	11.69	9.86
Discontinued operations	-2.00	10.71
Total	9.69	20.57

(Consolidated Statement of Comprehensive Income for the Nine Months)

(Thousand yen)

	Nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)	Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)
Profit	1,993,289	4,260,934
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes in financial assets measured at fair value through other comprehensive income	462	-118,234
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	32,777	-22,657
Cash flow hedges	2,990	—
Share of other comprehensive income of investments accounted for using equity method	—	59,442
Total other comprehensive income, net of tax	36,229	-81,449
Total comprehensive income	<u>2,029,518</u>	<u>4,179,484</u>
Comprehensive income attributable to:		
Owners of parent	2,067,255	4,189,878
Non-controlling interests	-37,737	-10,394
Comprehensive income	<u>2,029,518</u>	<u>4,179,484</u>

(3) Consolidated Statement of Changes in Equity for the Nine Months

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at October 1, 2022	18,428,004	25,309,728	-575,707	19,671,818	-128,588	62,705,254	48,815	62,754,069
Profit	—	—	—	2,031,026	—	2,031,026	-37,737	1,993,289
Other comprehensive income	—	—	—	—	36,229	36,229	—	36,229
Total comprehensive income	—	—	—	2,031,026	36,229	2,067,255	-37,737	2,029,518
Dividends of surplus	—	—	—	-962,966	—	-962,966	—	-962,966
Purchase of treasury shares	—	-2,506	-1,275,942	—	—	-1,278,448	—	-1,278,448
Disposal of treasury shares	—	-455,025	455,025	—	—	—	—	—
Changes without loss of control of subsidiaries	—	617,902	—	—	—	617,902	39,614	657,516
Other	—	32,629	—	1,351	-1,351	32,629	-1,684	30,945
Total transactions with owners	—	193,001	-820,917	-961,615	-1,351	-1,590,882	37,930	-1,552,953
Balance at June 30, 2023	18,428,004	25,502,729	-1,396,624	20,741,229	-93,710	63,181,627	49,007	63,230,635

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at January 1, 2024	18,428,004	25,426,993	-1,396,624	23,185,222	-49,731	65,593,864	110,925	65,704,788
Profit	—	—	—	4,271,328	—	4,271,328	-10,394	4,260,934
Other comprehensive income	—	—	—	—	-81,449	-81,449	—	-81,449
Total comprehensive income	—	—	—	4,271,328	-81,449	4,189,878	-10,394	4,179,484
Issuance of new shares	2,170	—	—	—	—	2,170	—	2,170
Dividends of surplus	—	—	—	-1,076,999	—	-1,076,999	—	-1,076,999
Changes without loss of control of subsidiaries	—	-2,988	—	—	—	-2,988	9,730	6,743
Disposal of subsidiaries	—	—	—	—	—	—	-35,620	-35,620
Other	—	—	—	59,442	-59,442	—	-4,426	-4,426
Total transactions with owners	2,170	-2,988	—	-1,017,556	-59,442	-1,077,816	-30,315	-1,108,131
Balance at September 30, 2024	18,430,174	25,424,005	-1,396,624	26,438,993	-190,622	68,705,926	70,215	68,776,141

(4) Consolidated Statement of Cash Flow for the Nine Months

(Thousand yen)

	Nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)	Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before tax from continuing operations	3,574,882	3,017,527
Profit (loss) before tax from discontinued operations	-479,712	3,209,136
Adjustments:		
Depreciation and amortization	576,236	518,710
Interest and dividend income	-2,955	-6,394
Interest expenses	15,897	14,342
Share of loss (profit) of investments accounted for using equity method	-1,042,968	-777,935
Loss (profit) on change in equity	—	-467,042
Impairment loss on investments accounted for using equity method	—	329,735
Loss (profit) on valuation of securities	161,556	34,084
Loss (profit) from loss of control of subsidiaries	—	-3,333,342
Other	47,781	223,764
Changes in working capital		
Decrease (increase) in trade receivables	719,716	417,148
Decrease (increase) in inventories	-944	12,148
Increase (decrease) in trade payables	133,681	-1,747,115
Other	-776,590	-743,548
Subtotal	2,926,581	701,219
Interest received	2,855	4,494
Dividends received	1,855,868	1,213,839
Interest paid	-21,796	-17,552
Income taxes refund	65,264	1,466,241
Income taxes paid	-2,930,727	-1,453,100
Cash flows provided by (used in) operating activities	1,898,044	1,915,141
Cash flows from investing activities		
Purchase of securities	-335,244	-749,564
Purchase of property, plant, and equipment	-146,662	-60,066
Purchase of intangible assets	-10,261	-271,988
Proceeds from sale of shares of subsidiaries with loss of control (net of cash of disposed subsidiaries)	—	1,820,365
Payments for settlement of contingent consideration	-828,080	—
Purchases of investments accounted for using equity method	-932,830	—
Other	560,155	154,768
Cash flows provided by (used in) investing activities	-1,692,922	893,514

	(Thousand yen)	
	Nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)	Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000,000	—
Repayments of long-term borrowings	-2,000,350	—
Repayments of lease liabilities	-453,544	-420,826
Dividends paid	-962,966	-1,076,999
Proceeds from sales of treasury shares	221,993	—
Purchase of treasury shares	-1,278,448	—
Other	-63,181	3,168
Cash flows provided by (used in) financing activities	-1,536,496	-1,494,657
Effect of exchange rate changes on cash and cash equivalents	32,777	-22,657
Net increase (decrease) in cash and cash equivalents	-1,298,597	1,291,342
Net increase (decrease) in cash and cash equivalents from transfer to assets held for sale	—	345,301
Cash and cash equivalents at beginning of period	21,340,076	20,873,416
Cash and cash equivalents at end of period	<u>20,041,478</u>	<u>22,510,058</u>

(5) Notes on Consolidated Financial Statements for the Nine Months

(i) Applicable Financial Reporting Framework

The Group's quarterly consolidated financial statements are prepared in accordance with Article 5-2 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. (however, the omission of the statement stipulated in Article 5-5 of the Standards for Preparation of Quarterly Financial Statements, etc. has been applied). Certain disclosure items and notes required by International Accounting Standards (IAS) 34 "Interim Financial Reporting," have been omitted.

(ii) Notes on Matters Related to Going Concern Assumption

No applicable items.

(iii) Information on Reportable Segments

1. Overview of reportable segments

The Group has a holding company structure where the Company is a holding company, and its subsidiaries (or their groups) are business units. Activities directly related to revenue generation are conducted solely by the business units.

The Group's reportable segments are based on business segments for which separate financial information is available and that the highest decision-maker examines on a regular basis to determine the distribution of management resources and evaluate the results. In consideration of similarities among the economic characteristics of each business segment and their quantitative importance and for the purpose of enabling the users of the financial statements to appropriately evaluate the Group's businesses and the economic circumstances, and their effects on the businesses, the Group discloses information on two reportable segments: the Digital Marketing Business and the Media Platform Business.

i. 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.

ii. Media Platform Business

The Media Platform Business consists of Employment Platform Business "ViViViT," Platform Business of Social Contribution "gooddo," Childcare Platform Business "TowaStela" etc.

This segment includes business units that have commenced operation in recent years and have not made a profit due to prior investment for revenue generation. The highest decision-maker makes decisions on the distribution of management resources to those business units and evaluates their results, assuming risks and economic values that allow the Group to recover the investment costs through future revenue generation.

On March 29, 2024, the Company sold a portion of shares of COMICSMART INC., and as a result, COMICSMART INC. and its subsidiaries, etc. were excluded from its consolidation and became equity-method affiliates. As the results of these operations are presented as discontinued operations for the nine months ended June 30, 2023 and for the period from January 1, 2024 to the date of loss of control, the disclosure requirements of IFRS No. 8, "Business Segments" have not been applied.

2. Measurement of reportable segments' profit and loss

Segment profit uses Non-GAAP operating profit based on IFRS adjusted for gains and losses related to acquisition actions such as amortization of acquisition-related intangible assets and M&A expenses and temporary factors such as share-based payment expenses, impairment losses, and gains and losses on sales of fixed assets. Non-GAAP operating profit is a profit indicator of constant business performance determined by excluding gains and losses related to acquisition actions and temporary factors from the IFRS-based operating profit. Management believes that disclosing Non-GAAP measures facilitates comparison between the Group and industry peers and year-on-year comparisons by stakeholders and can provide useful information in understanding the underlying operating results and outlook of the Group. Gains and losses related to acquisition actions refer to amortization of acquisition-related intangible assets and M&A expenses, and unusual items refer to one-off items, such as share-based payment expenses, impairment losses, and gains and losses on sales of fixed assets, which the Group believes shall be excluded for the purposes of preparing an outlook based on certain rules.

The prices of inter-segment transactions are determined based on the prices of transactions with external customers.

3. Information on reportable segments' profit and loss

Nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)

(Thousand yen)

	Digital Marketing *2	Media Platform	Total	Adjustments *3	Consolidated
Segment revenue	18,872,313	1,435,214	20,307,527	-142,746	20,164,781
Segment profit (loss) *1	4,956,610	-29,791	4,926,819	-2,033,320	2,893,499

(Notes) 1. The segment profit is Non-GAAP operating profit.

2. The segment revenue and segment profit in the Digital Marketing Business include segment revenue and segment loss related to JNJ INTERACTIVE INC., which was transferred on November 30, 2023.

3. Adjustments include expenses related to the operation of the holding company and the elimination of the profit or loss transactions between reportable segments. Expenses related to the operation of the holding company consist of personnel expenses, etc.

Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(Thousand yen)

	Digital Marketing	Media Platform	Total	Adjustments *2	Consolidated
Segment revenue	19,666,374	1,372,691	21,039,065	-151,989	20,887,076
Segment profit (loss) *1	4,458,717	-49,404	4,409,313	-2,156,764	2,252,549

(Notes) 1. The segment profit is Non-GAAP operating profit.

2. Adjustments include expenses related to the operation of the holding company and the elimination of the profit or loss transactions between reportable segments. Expenses related to the operation of the holding company consist of personnel expenses, etc.

Adjustments of segment profit (loss) and profit before tax

(Thousand yen)

	Nine months ended June 30, 2023 (From October 1, 2022 to June 30, 2023)	Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)
Segment profit (Non-GAAP operating profit)	2,893,499	2,252,549
Selling, general and administrative expenses		
Amortization of acquisition-related intangible assets	-30,614	-30,614
Share-based payment expenses	-38,877	—
Other profit (loss) (net)	-60,337	-30,064
Financial profit (loss) (net)	-231,757	-89,585
Share of profit of investments accounted for using equity method	1,042,968	777,935
Gain on change in equity	—	467,042
Impairment loss on investments accounted for using equity method	—	-329,735
Profit before tax	3,574,882	3,017,527