

SEPTENI

FY 12/2024 Q2 Business Results

Aug. 6, 2024

SEPTENI HOLDINGS CO., LTD.

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- 01 Consolidated Cumulative Second Quarter Earnings Overview**
- 02 Quarterly Consolidated Earnings Overview**
- 03 Digital Marketing Business**
- 04 Media Platform Business**
- 05 Shareholder Return Policy Update**
- 06 Progress of Earnings Estimates**
- 07 Appendix**

Download the fact sheet [here](#) (in xlsx format)

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.

03 Executive Summary

FY2024 2Q results

- In H1, both net sales and revenue increased. Non-GAAP operating profit decreased due to the increase in personnel expenses resulting from the base pay increase implemented in the previous fiscal year and new graduate hires.
- In 2Q, revenue and Non-GAAP operating profit **increased YoY**.

Recording of gain on sale of shares

- Profit attributable to owners of parent and **EPS increased significantly** due to a boost from the gain on sale of shares related to the partial share transfer of COMICSMART INC. recorded in 1Q.

Change in shareholder return policy and revision of dividend forecast

- In response to the strengthening of its management structure and financial base, the Company decided to change its shareholder return policy, positioning FY2024 as a preparatory period for strategically investing in growth over the next few years.
- For FY2024, the Company has decided to distribute the entire projected profit attributable to owners of parent of **¥6.5 billion as dividends** and revised the year-end dividend forecast from ¥7.90 to **¥31.35 per share**.
- From FY2025 onward, the Company will increase the dividend payout ratio from the current 25% to **50% or more**.

01

Consolidated Cumulative Second Quarter Earnings Overview

05 FY2024/2Q (Jan–Jun) Highlights

(After reclassification of discontinued operations)

- Cumulative net sales in H1 reached a record high*, driven by the Marketing Communication Area.
- Personnel expenses increased due to the base pay increase implemented in April 2023 and new graduate hires, resulting in a decline in profit as of H1.
- Profit attributable to owners of parent and EPS increased significantly due to a boost from the gain on sale of shares related to the partial share transfer of COMICSMART INC. recorded in 1Q.

| | Value | YoY | Progress against earnings estimates |
|---|-----------|---------|-------------------------------------|
| Revenue | ¥13,989mn | +3.1% | 45.1% |
| Non-GAAP operating profit | ¥1,767mn | -2.8% | 37.6% |
| Profit attributable to owners of parent | ¥4,005mn | +176.5% | 61.6% |
| Earnings per share (EPS) | ¥19.32 | +¥12.38 | — |
| [Reference] Net sales | ¥73,610mn | +10.5% | — |

*Comparison with the aggregated figures for the period of January to June, and those figures prior to FY2023 are before the reclassification of discontinued operations.

06 FY2024/2Q (Jan–Jun) Highlights

(After reclassification of discontinued operations)

Digital Marketing Business

- In the Marketing Communication Area, both revenue and profit increased due to top-line growth.
- Revenue and profit declined in the Direct Business Area due to external factors.
- In the Data & Solutions Area, revenue increased, and profit decreased due to upfront investment centered on recruitment.

| (unit: ¥mn) | Value | YoY | Progress against earnings estimates |
|---------------------------|--------|-------|-------------------------------------|
| Revenue | 13,146 | +3.8% | 45.5% |
| Non-GAAP operating profit | 3,222 | +0.0% | 43.0% |

Media Platform Business

- Currently implementing cost optimization measures.
- Reviewing the business portfolio in H2.

| (unit: ¥mn) | Value | YoY | Progress against earnings estimates |
|---------------------------|-------|-------|-------------------------------------|
| Revenue | 933 | -7.3% | 40.6% |
| Non-GAAP operating profit | -20 | (-20) | (-30) |

07 FY2024/2Q (Jan–Jun) Consolidated Income Statement

(After reclassification of discontinued operations)



Equity in earnings of affiliates increased significantly by **93.4% YoY** due to the strong performance of DENTSU DIGITAL INC. The gain on sale of shares related to the partial share transfer of COMICSMART INC. was recorded in profit from discontinued operations.

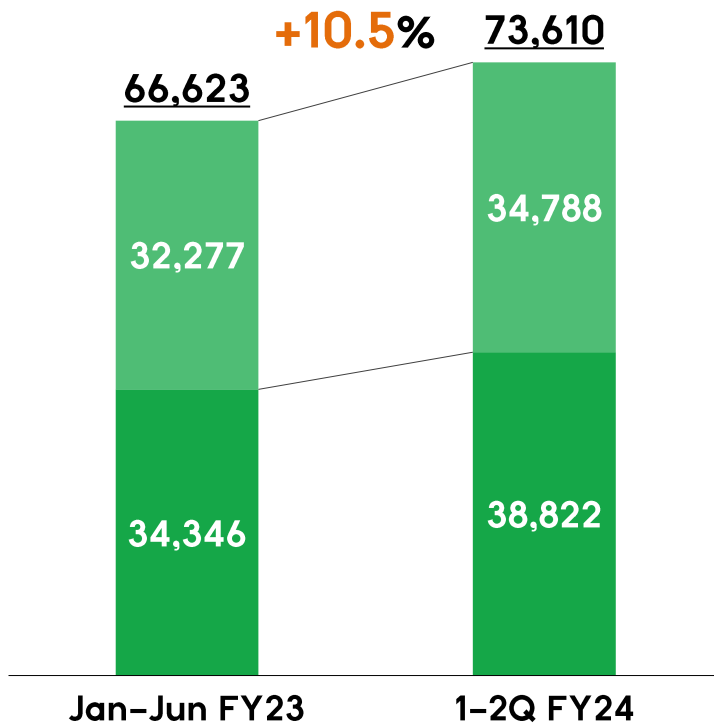
| (unit: ¥mn) | 2Q/FY2024 (Jan–Jun) | | | Jan–Jun 2023 | |
|--|---------------------|--------|---------|--------------|--------|
| | Value | Ratio | YoY | Value | Ratio |
| Revenue | 13,989 | 100.0% | +3.1% | 13,572 | 100.0% |
| Gross Profit | 11,288 | 80.7% | +4.7% | 10,778 | 79.4% |
| SG&A expenses | 9,577 | 68.5% | +6.5% | 8,995 | 66.3% |
| Non–GAAP operating profit | 1,767 | 12.6% | -2.8% | 1,818 | 13.4% |
| Operating profit | 1,742 | 12.5% | +0.3% | 1,737 | 12.8% |
| Equity in earnings of affiliates | 772 | 5.5% | +93.4% | 399 | 2.9% |
| Profit from continuing operations | 1,781 | 12.7% | +3.6% | 1,719 | 12.7% |
| Profit from discontinued operations | 2,210 | 15.8% | — | -294 | — |
| Profit attributable to owners of parent | 4,005 | 28.6% | +176.5% | 1,448 | 10.7% |
| [Reference] Net sales | 73,610 | — | +10.5% | 66,623 | — |

08 FY2024/2Q (Jan–Jun) Consolidated Earnings Trends

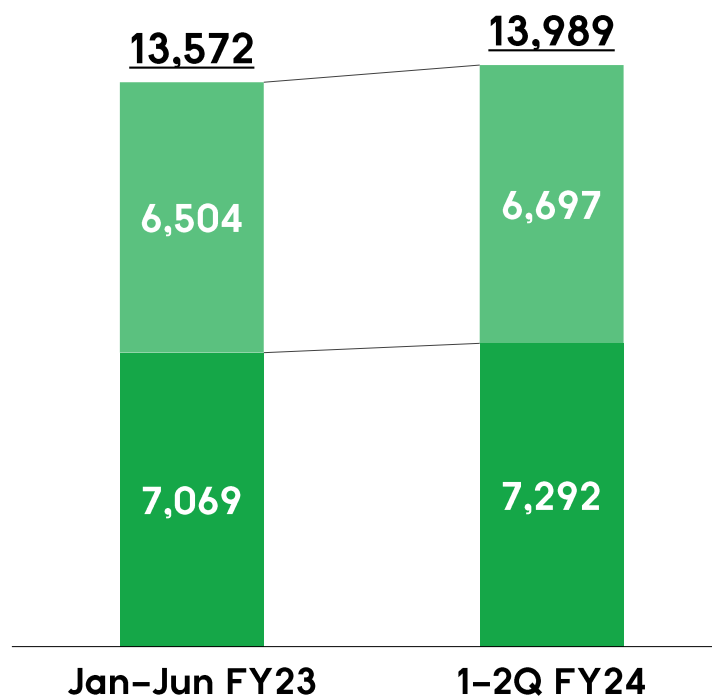
Net sales achieved double-digit growth of **+10.5%** driven by the Marketing Communication Area.

1Q 2Q (unit: ¥mn)

Net Sales

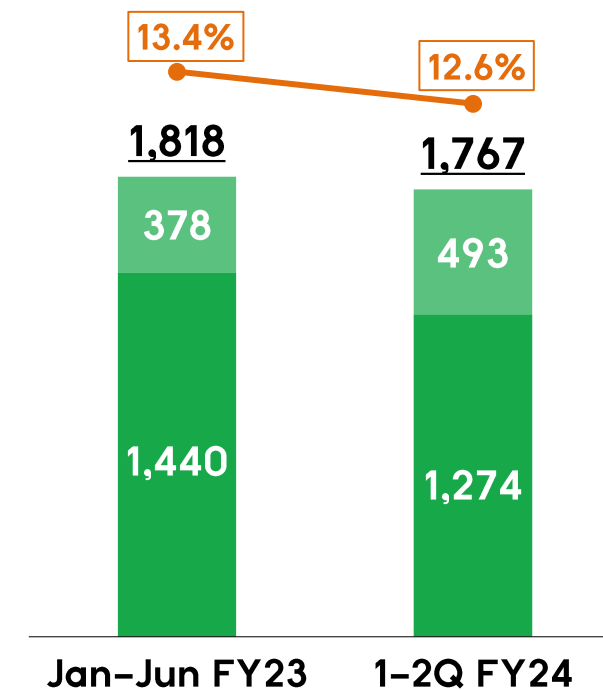


Revenue



Non-GAAP Operating Profit

OP Margin (relative to revenue)



02

Quarterly Consolidated Earnings Overview

10 FY2024/2Q (Apr–Jun) Consolidated Income Statement

(After reclassification of discontinued operations)



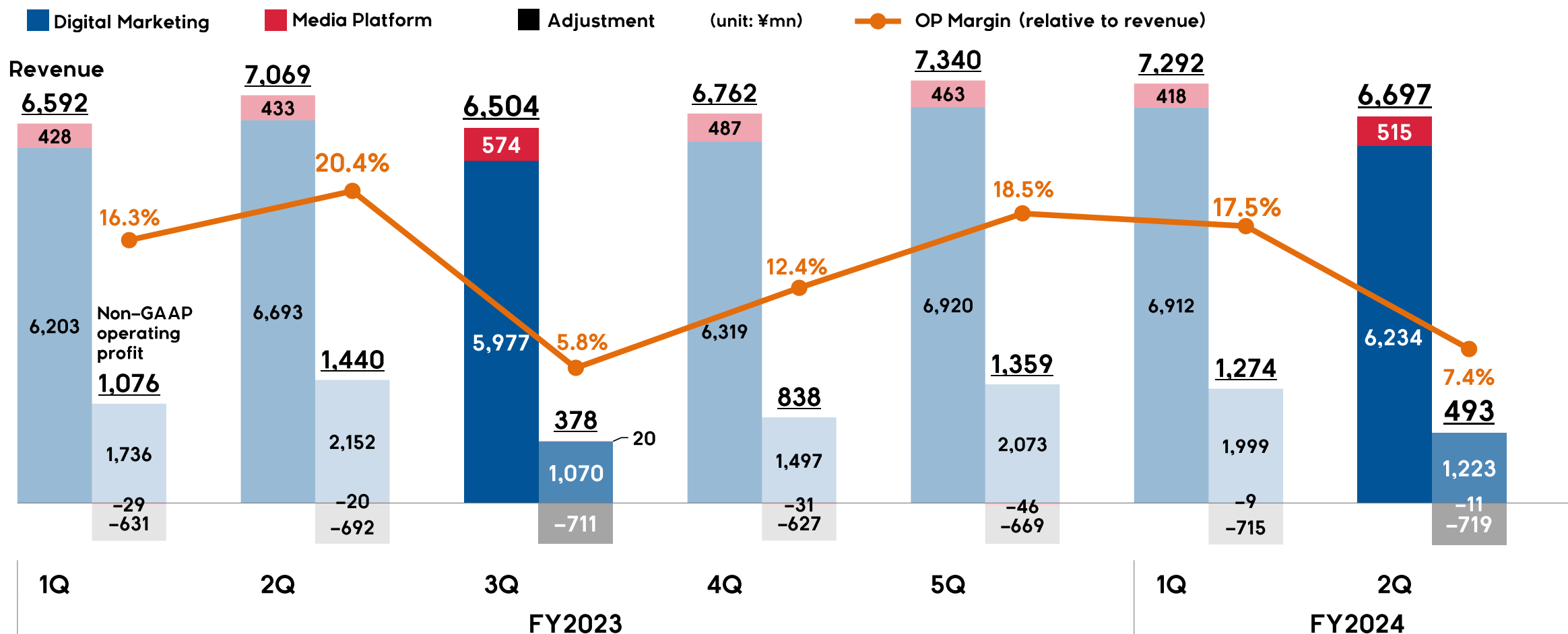
The impact of the base pay increase implemented in the previous fiscal year has subsided, and Non-GAAP operating profit increased YoY, absorbing the increase in expenses, mainly for new graduate hires.

| (unit: ¥mn) | 2Q/FY2024 | | | 3Q/FY2023 | |
|--|-----------|--------|-----------|-----------|--------|
| | Value | Ratio | YoY | Value | Ratio |
| Revenue | 6,697 | 100.0% | +3.0% | 6,504 | 100.0% |
| Gross Profit | 5,306 | 79.2% | +4.4% | 5,080 | 78.1% |
| SG&A expenses | 4,851 | 72.4% | +3.3% | 4,695 | 72.2% |
| Non-GAAP operating profit | 493 | 7.4% | +30.5% | 378 | 5.8% |
| Operating profit | 482 | 7.2% | +23.6% | 390 | 6.0% |
| Equity in earnings of affiliates | 157 | 2.3% | — | -75 | — |
| Profit from continuing operations | 520 | 7.8% | +1,748.4% | 28 | 23.9% |
| Profit from discontinued operations | — | — | — | -169 | — |
| Profit attributable to owners of parent | 516 | 7.7% | — | -125 | — |
| [Reference] Net sales | 34,788 | — | +7.8% | 32,277 | — |

11 Quarterly Trend of Earnings by Business Segment

(After reclassification of discontinued operations)

Both revenue and profit increased, and operating profit margin improved, 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.

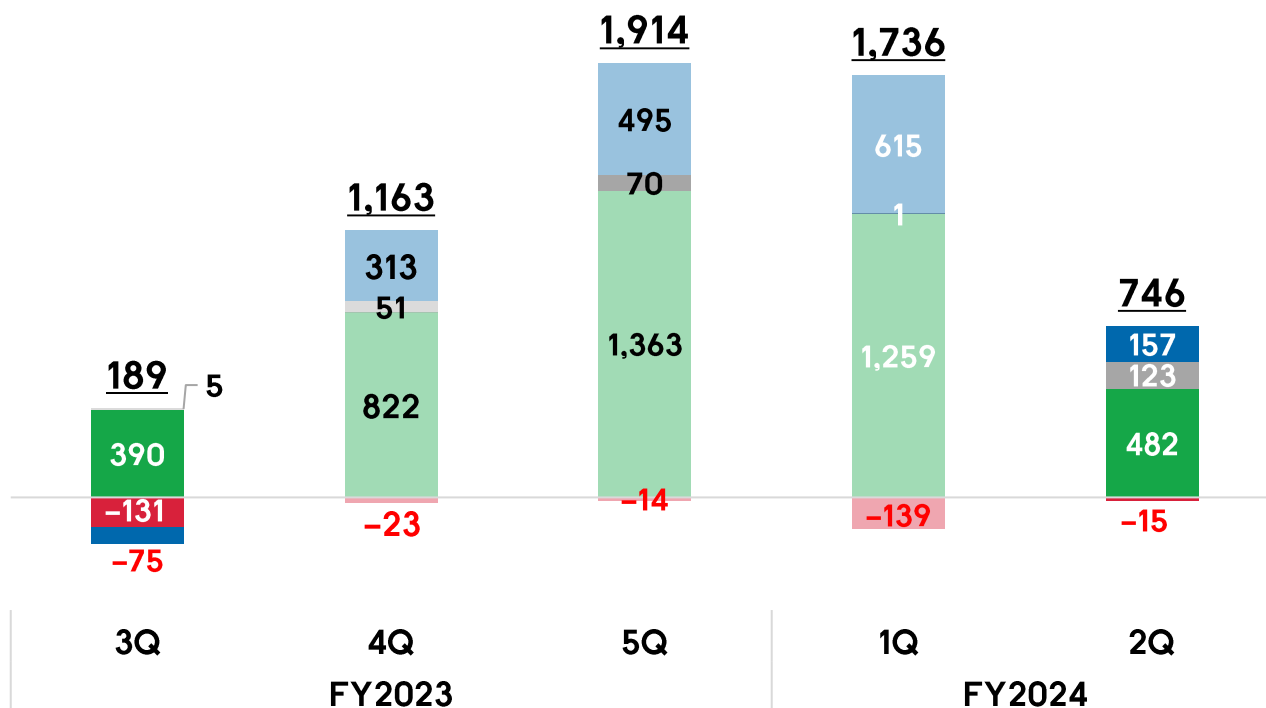
12 Quarterly Trend of Consolidated Profit Before Tax

(After reclassification of discontinued operations)

Equity in earnings of affiliates increased YoY due to the strong performance of DENTSU DIGITAL INC.

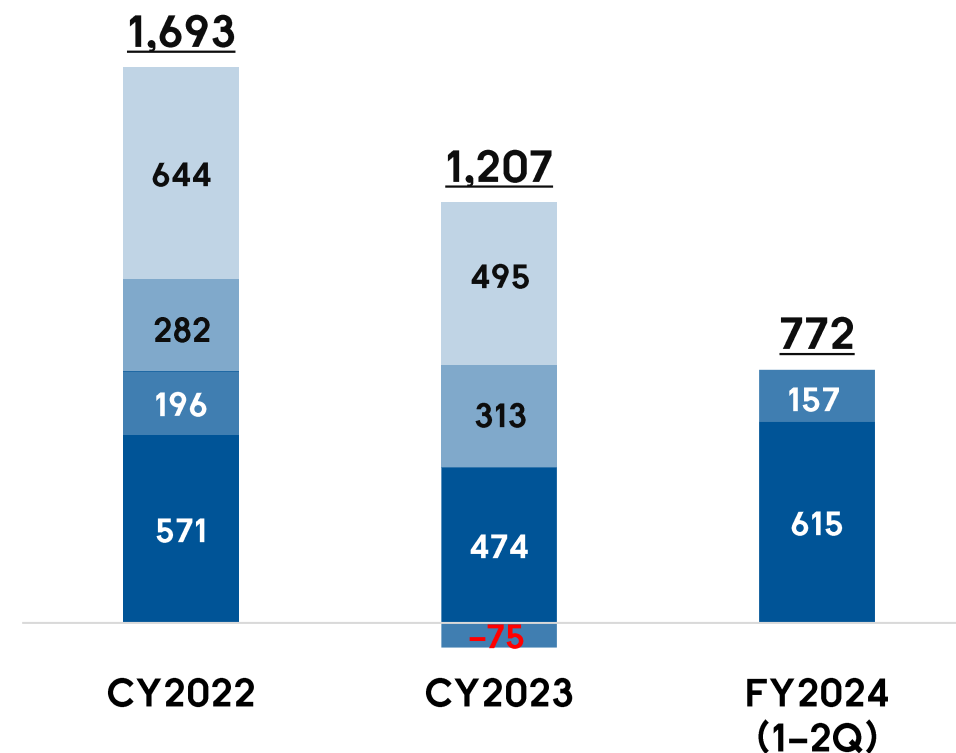
Quarterly Trend

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



Full-year Trend of Equity in Earnings of Affiliates

■ 1Q ■ 2Q ■ 3Q ■ 4Q ■ Total (unit: ¥mn)



*Comparison with the aggregated figures for the period of January to June, and those figures prior to FY2023 are before the reclassification of discontinued operations.

13 Constitution of Consolidated Expenses

(IFRS, After reclassification of discontinued operations)

Other costs related to the Media Platform Business increased QoQ.

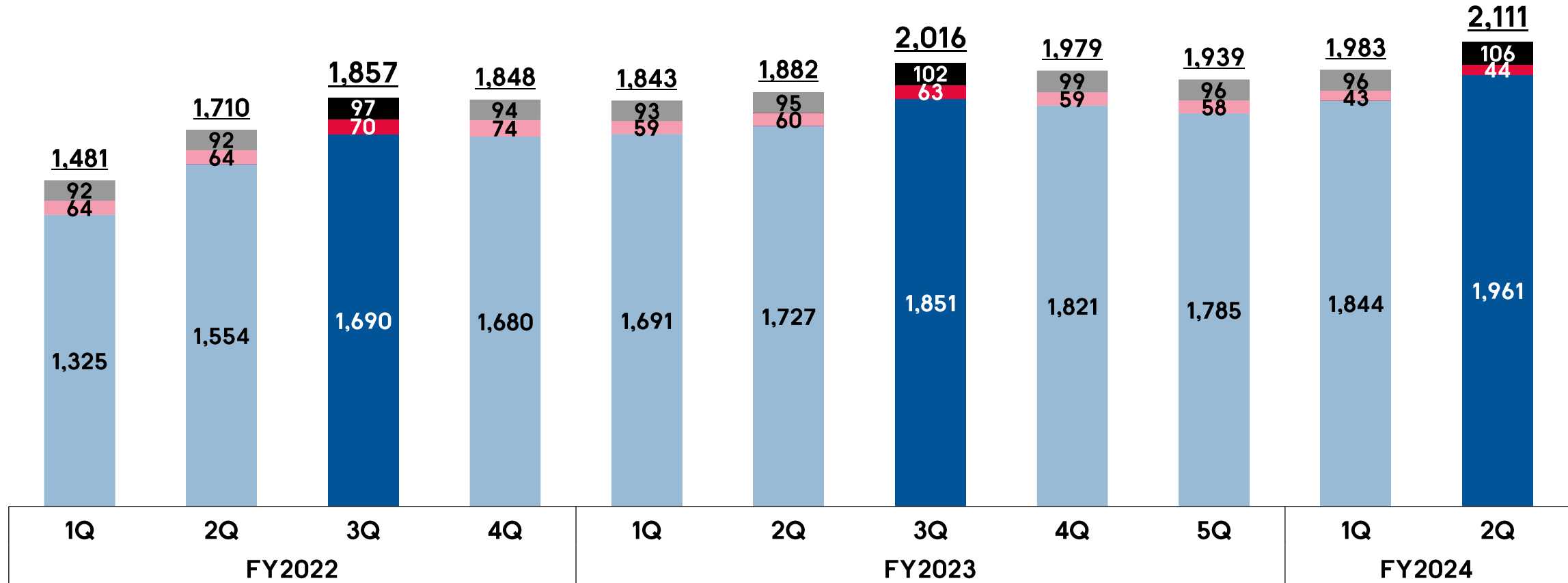
| (unit: ¥mn) | FY2023 | | | | | FY2024 | | QoQ | YoY |
|-----------------------------------|--------|-------|-------|-------|-------|--------|-------|--------|--------|
| | 1 Q | 2 Q | 3 Q | 4 Q | 5 Q | 1 Q | 2 Q | | |
| Total of cost of sales | 1,232 | 1,370 | 1,424 | 1,400 | 1,374 | 1,310 | 1,392 | +6.3% | -2.3% |
| Labor costs | 393 | 408 | 453 | 442 | 439 | 422 | 443 | +5.1% | -2.1% |
| Subcontract costs | 545 | 659 | 623 | 650 | 596 | 592 | 606 | +2.3% | -2.7% |
| Others | 294 | 303 | 349 | 308 | 339 | 296 | 343 | +16.0% | -1.6% |
| Total of SG&A expenses | 4,329 | 4,300 | 4,695 | 4,553 | 4,623 | 4,725 | 4,851 | +2.7% | +3.3% |
| Labor costs *1 | 2,878 | 2,892 | 3,248 | 3,154 | 3,149 | 3,227 | 3,334 | +3.3% | +2.7% |
| Employee bonuses *2 | 147 | 155 | 148 | 195 | 204 | 177 | 130 | -26.2% | -11.8% |
| Rent expenses etc. | 293 | 284 | 297 | 294 | 295 | 266 | 266 | +0.1% | -10.3% |
| Advertising expenses | 160 | 124 | 154 | 164 | 157 | 180 | 198 | +9.8% | +28.2% |
| Taxes and dues | 105 | 105 | 97 | 61 | 97 | 104 | 102 | -2.0% | +5.2% |
| Others | 747 | 740 | 751 | 685 | 721 | 772 | 820 | +6.3% | +9.2% |

*1 Performance-linked share compensation (BIP trust), which is a reconciliation to Non-GAAP operating profit, is recognized as labor costs. *2 Including estimation amount for additional performance-linked bonus.

14 Workforce Size Trend

121 new graduates joined in April. Retention rate improved due to the impact of the base pay increase implemented in FY2023/3Q.

■ Digital Marketing
 ■ Media Platform
 ■ Holdings company



*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.

03

Digital Marketing Business

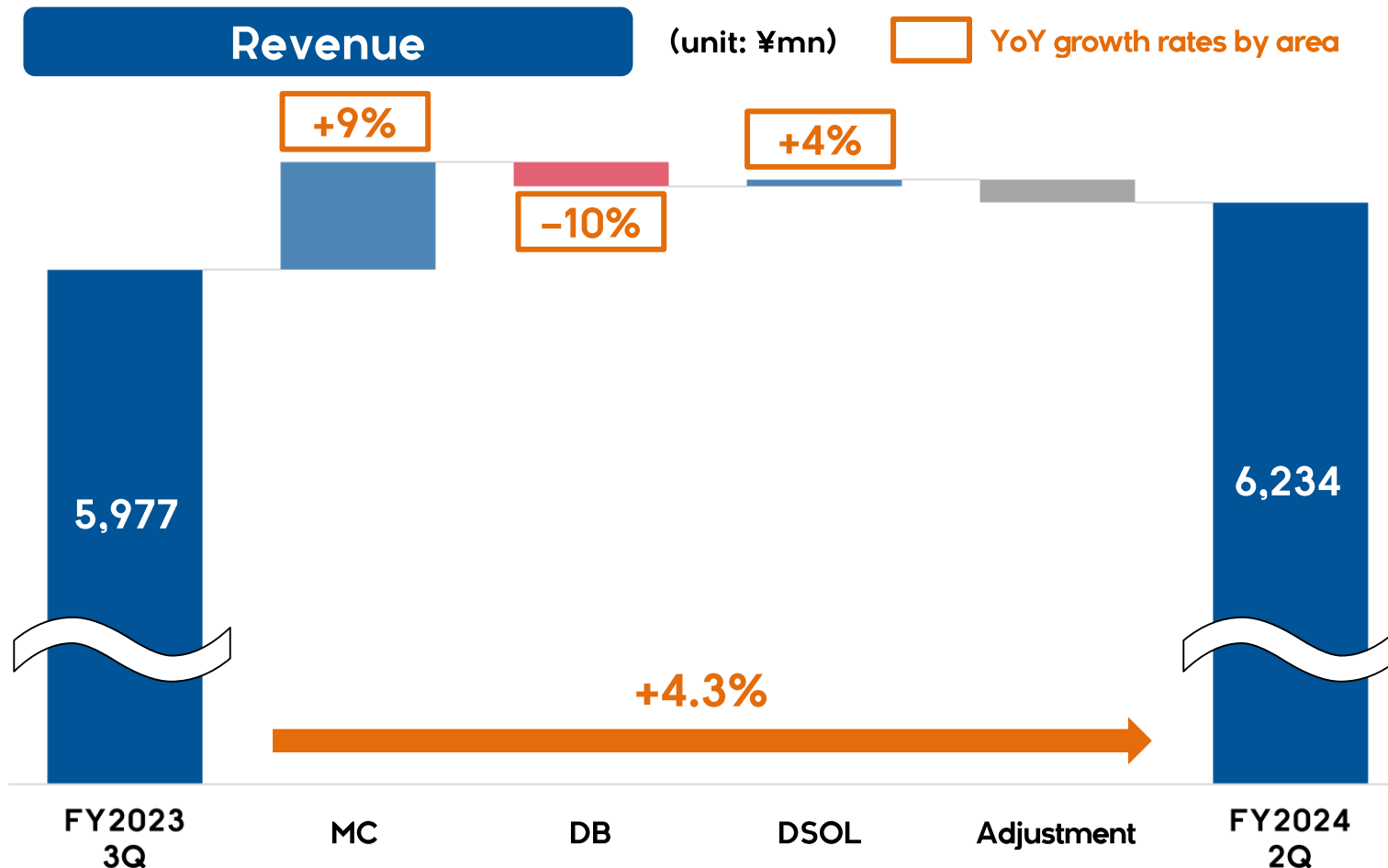
16 Digital Marketing Business Earnings Overview

The increase in SG&A expenses was kept low despite the top-line growth, and the operating profit margin rose YoY.

| (unit: ¥mn) | 2Q/FY2024 | | | 3Q/FY2023 | |
|-----------------------------------|-----------|--------|--------|-----------|--------|
| | Value | Ratio | YoY | Value | Ratio |
| Revenue | 6,234 | 100.0% | +4.3% | 5,977 | 100.0% |
| Gross profit | 4,948 | 79.4% | +5.7% | 4,682 | 78.3% |
| SG&A expenses | 3,740 | 60.0% | +3.3% | 3,622 | 60.6% |
| Non-GAAP operating profit | 1,223 | 19.6% | +14.4% | 1,070 | 17.9% |
| [Reference] Net sales | 34,376 | — | +7.9% | 31,855 | — |
| Take rate | — | 18.1% | -0.6Pt | — | 18.8% |
| OP margin (relative to net sales) | — | 3.6% | +0.2Pt | — | 3.4% |

17 Digital Marketing Business Breakdown of Changes by Segment

The Marketing Communication Area performed well, while the Direct Business Area performed weakly.



Measures taken for H2 FY2024 and beyond

- Focus resources on priority industries
- Strengthen on-off integrated marketing proposals
- Strengthen sales of high-margin products

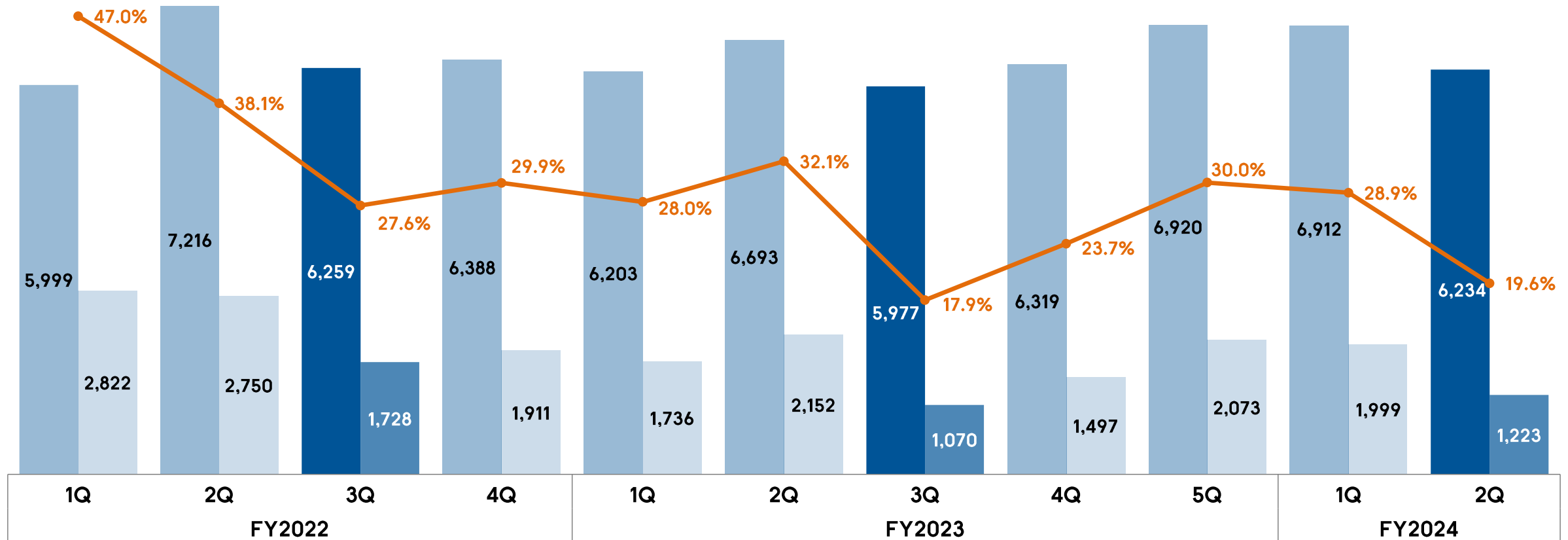
*MC: Marketing Communication Area
DB: Direct Business Area
DSOL: Data & Solutions Area

*The YoY comparison by area is provided as a reference, as it does not fully reflect the adjustment of internal transactions between areas.

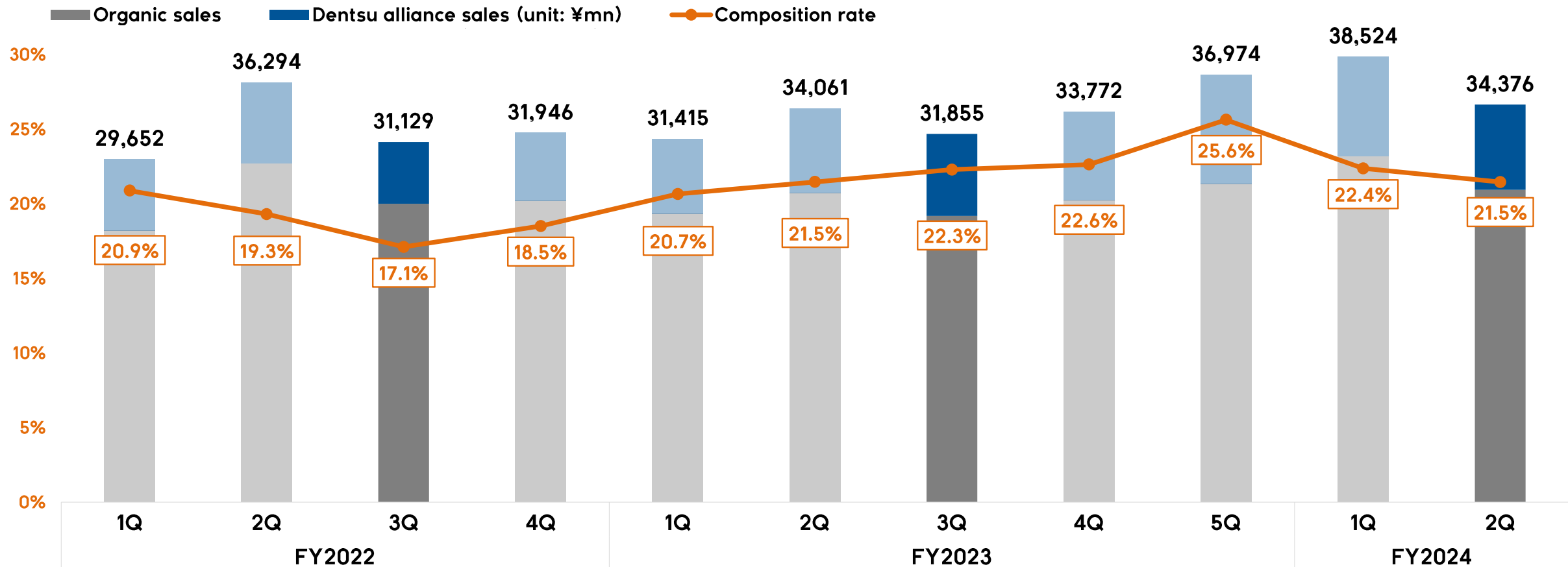
18 Digital Marketing Business Quarterly Earnings Trend

The impact of the base pay increase implemented in FY2023/3Q has subsided, and both revenue and profit increased as the top line grew.

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



**Organic sales grew +9.0% YoY,
while Dentsu alliance sales were slightly sluggish at +3.9%.**



04

Media Platform Business

21 Media Platform Business Earnings Overview

(After reclassification of discontinued operations)



Childcare Platform Business, which is in its peak season, could not grow and revenue decreased. Profit also declined despite efforts to control SG&A expenses.

| (unit:¥mn) | 2Q/FY2024 | | | 3Q/FY2023 | |
|----------------------------------|------------|--------|--------|-----------|--------|
| | Value | Ratio | YoY | Value | Ratio |
| Revenue | 515 | 100.0% | -10.2% | 574 | 100.0% |
| Gross profit | 410 | 79.6% | -7.3% | 443 | 77.1% |
| SG&A expenses | 422 | 81.8% | -0.1% | 422 | 73.6% |
| Non-GAAP operating profit | -11 | — | -31 | 20 | — |

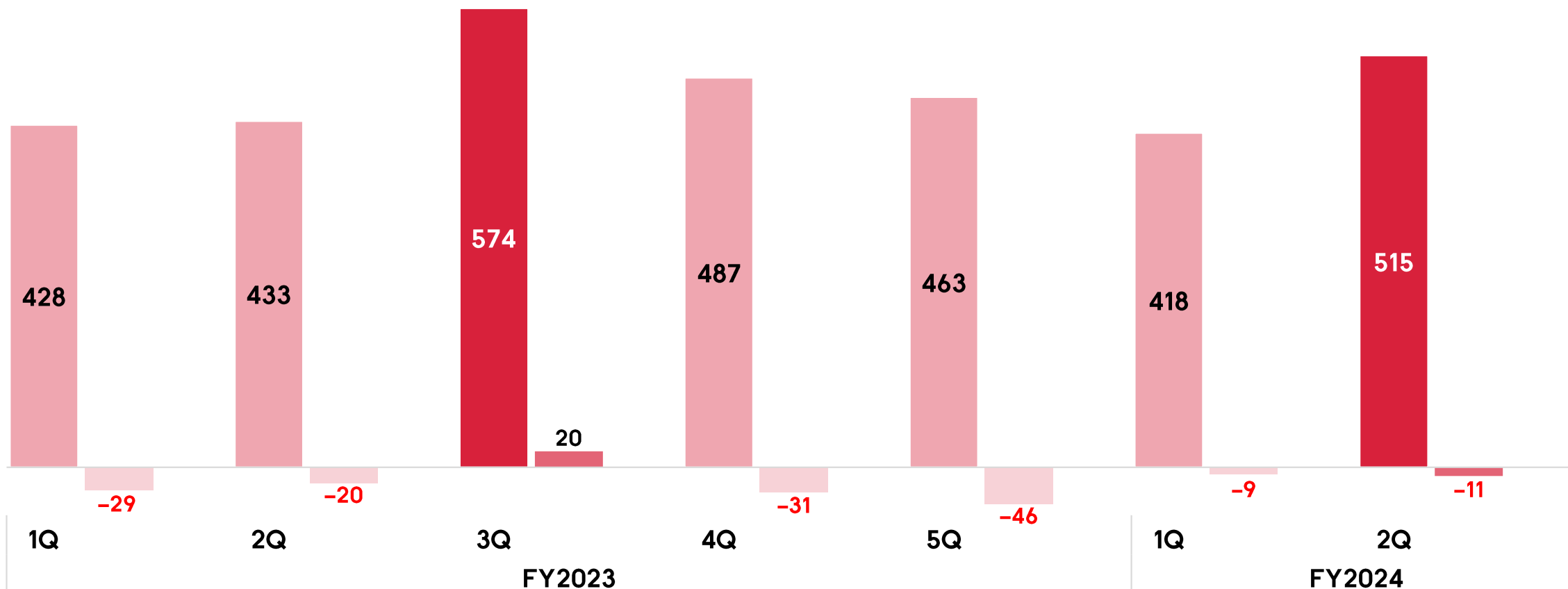
22 Media Platform Business Quarterly Earnings Trend

(After reclassification of discontinued operations)



In H2, the Company will review its portfolio in accordance with business continuity standards while optimizing costs and improving profitability.

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



05

Shareholder Return Policy Update

24 Changes in Organizational Structure over the Past Few Years

Along with changes in the business environment, the capital structure has undergone significant changes, particularly with the further deepening of the Dentsu alliance since January 2022, leading to the strengthening of our financial foundation.

Business aspects

- Especially in the latter half of the 2010s, the market continued to grow by more than 10% YoY, and the Company benefited from the tailwind of high growth.
- **Began Dentsu alliance** in 2019 with the aim of becoming Japan's No.1 digital marketing partner
- **Joined the Dentsu Group** to further deepen the collaboration in January 2022

Internal discussions are underway on medium-to long-term growth strategies and investment policies for the next fiscal year.

~FY2018

FY2019~FY2023

FY2024~

Capital and financial aspects

- Continue payout ratio of 15% by prioritizing growth investments.
- **Strengthening the management structure and financial foundation**
- In response to this change, raised the dividend payout ratio from 15% to 25% in FY2023.
- Acquired treasury share of approximately ¥750 million

Update the capital allocation approach and shareholder return policy.

25 Changes in Organizational Structure over the Past Few Years

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

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

27 Long-term vision

By creating business synergies through the combination of high-growth and high-profit areas, the Company aims to build a business portfolio that provides comprehensive support, from strategic planning to execution, with a focus on digital marketing to address client challenges.

Past Business Structure

Digital Marketing Business

Media Platform Business

→Revision and reclassification of portfolios

Future Vision



28 Changes in Organizational Structure over the Past Few Years

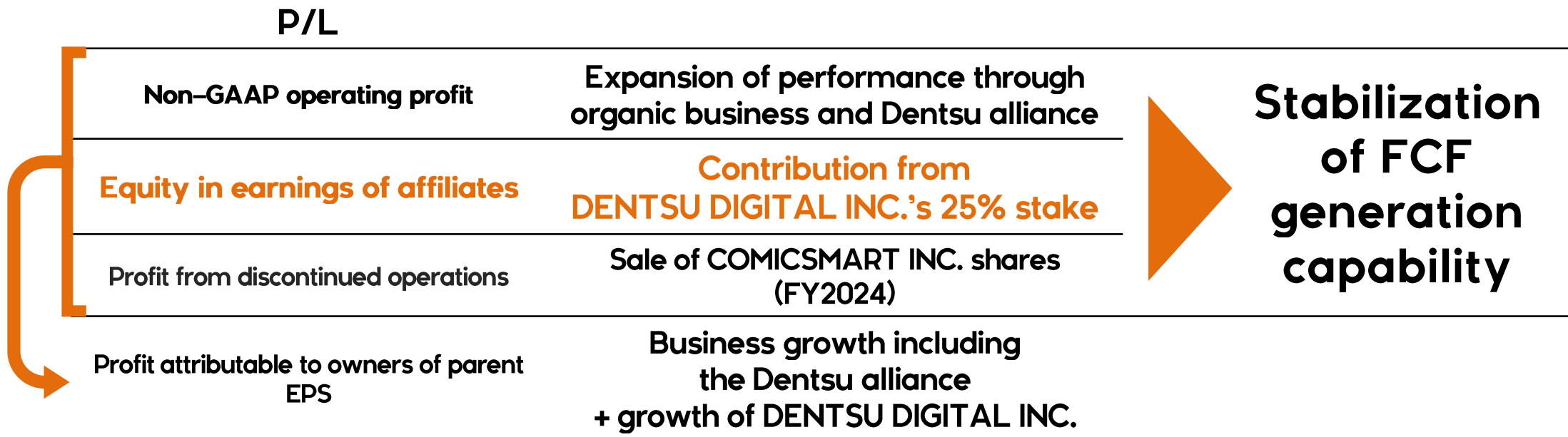
Along with changes in the business environment, the capital structure has undergone significant changes, particularly with the further deepening of the Dentsu alliance since January 2022, leading to the strengthening of our financial foundation.



29 Changes in P/L Associated with Business Structure

"Driven by the organic business growth and the deepening Dentsu alliance, along with the strong performance of invested company, DENTSU DIGITAL INC., the Company is making progress in stabilizing its ability to generate Free Cash Flow."

Linkage between P/L and CF



➔ Enabling high and sustainable shareholder returns

30 Capital Allocation Approach Update

The Company has **decided to update the shareholder return policy**, aiming to achieve both proactive execution of growth investments in each area for realizing high growth and fulfilling shareholder returns.

Future Capital Allocation Approach

Investments for Business Growth

- Investment for organic growth and new business creation
- Actively pursuing M&A for growth in each area of Digital Marketing Business
- ➔ FY2024 is positioned as **a preparatory period for strategic growth investments** in the coming years.

Shareholder Return

- Substantial enhancement of returns
- Consideration and execution of flexible share repurchases while considering the balance with the tradable share ratio

31 Change in Shareholder Return Policy and Revision of Year-End Dividend Forecast (Dividend Increase)

In positioning FY2024 as a preparatory period for strategic growth investments in the coming years, and considering the profit-boosting effect from the gain on sale of investments in subsidiaries, the Company will distribute the entire profit attributable to owners of parent of ¥6.5 billion as dividends, in order to promote balance sheet management.

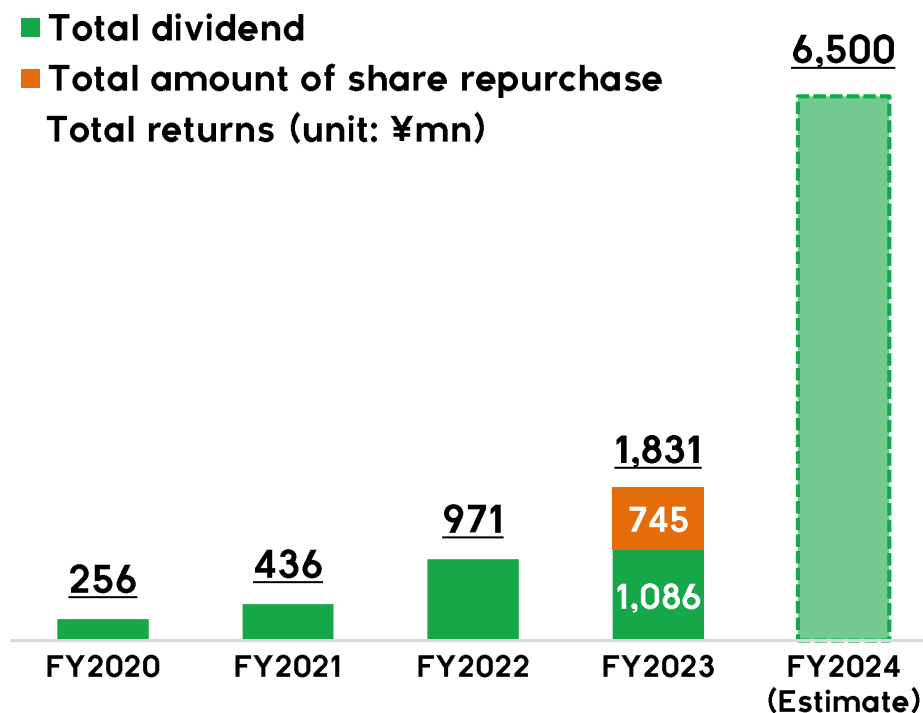
Shareholder Return Policy in FY2024

Total dividend amount of ¥6.5 billion
 (dividend payout ratio 100%)
 (incl. gain on sale of investments in subsidiaries)

Revision of FY2024 Year-End Dividend Forecast (Dividend Increase)

| | Previous forecast | Revised forecast | Previous year results |
|--------------------|-------------------|------------------|-----------------------|
| Dividend per share | ¥7.90 | ¥31.35 | ¥5.20 |

Total Shareholder Returns Trend



32 Change in Shareholder Return Policy

The Company has decided to raise the dividend payout ratio from the current 25% to **50% or more** from FY2025 onward, in order to balance investments for business growth and shareholder returns.

Shareholder Return Policy from FY2025

Dividend Policy

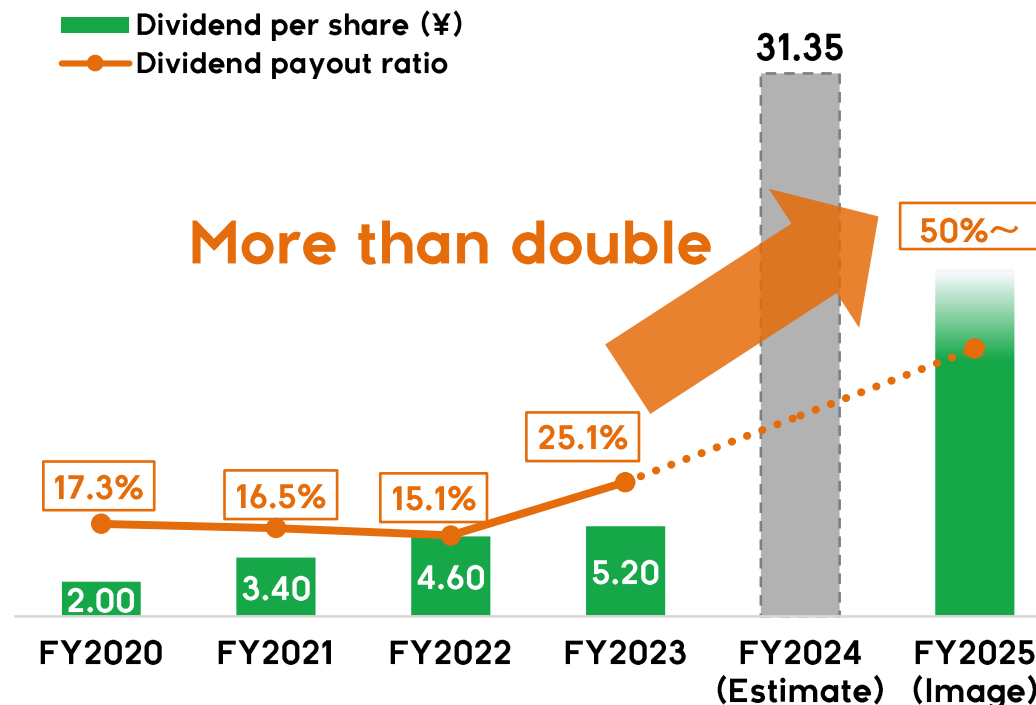
Raise the dividend payout ratio from the current 25% to

50% or more

Share Repurchase Policy

Continuously consider and flexibly implement share repurchases, comprehensively considering market environment, etc.

Dividend Per Share Trend



33 Toward Medium to Long Term Growth and Further Enhancement of Corporate Value

Began preparations to **apply for market segment change to the Tokyo Stock Exchange Prime Market**, aiming to enhance corporate value over the medium to long term by strengthening the corporate governance system and effectiveness.

Initial Listing Criteria on Prime Market

Initial requirements

| | |
|---|----------------------|
| Number of shareholders | 800 or more |
| Number of tradable shares | 20,000 units or more |
| Market Cap of tradable shares | ¥10 billion or more |
| Tradable share ratio | 35% or higher |
| Market capitalization | ¥25 billion or more |
| Amount of net assets | ¥5 billion or more |
| Profit (aggregated profits over the last two years) | ¥2.5 billion or more |

The Company's Status (As of June 2024)

Compliance status

| | |
|-----------------------|---|
| approx. 7,000 | ○ |
| approx. 860,000 units | ○ |
| approx. ¥35.4 billion | ○ |
| approx. 41% | ○ |
| approx. 77.0 billion | ○ |
| approx. 57.1 billion | ○ |
| approx. 15.6billion* | ○ |

At present, the date for the change application has not been determined. The Company will promptly disclose information through timely disclosure and other means when preparations for the market segment change application have progressed and the items to be notified have occurred.

06

Progress of Earnings Estimates

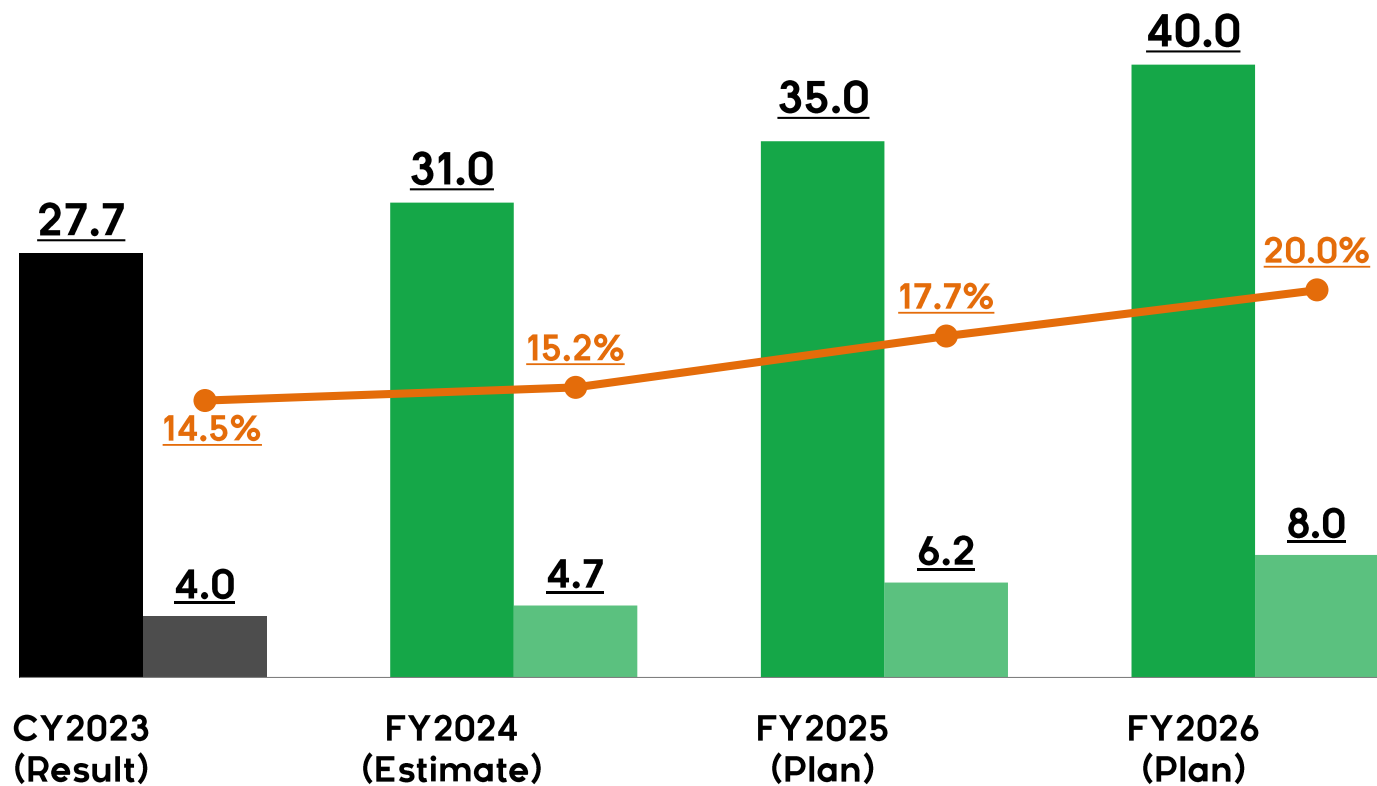
35 Medium-term Business Policies

(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)

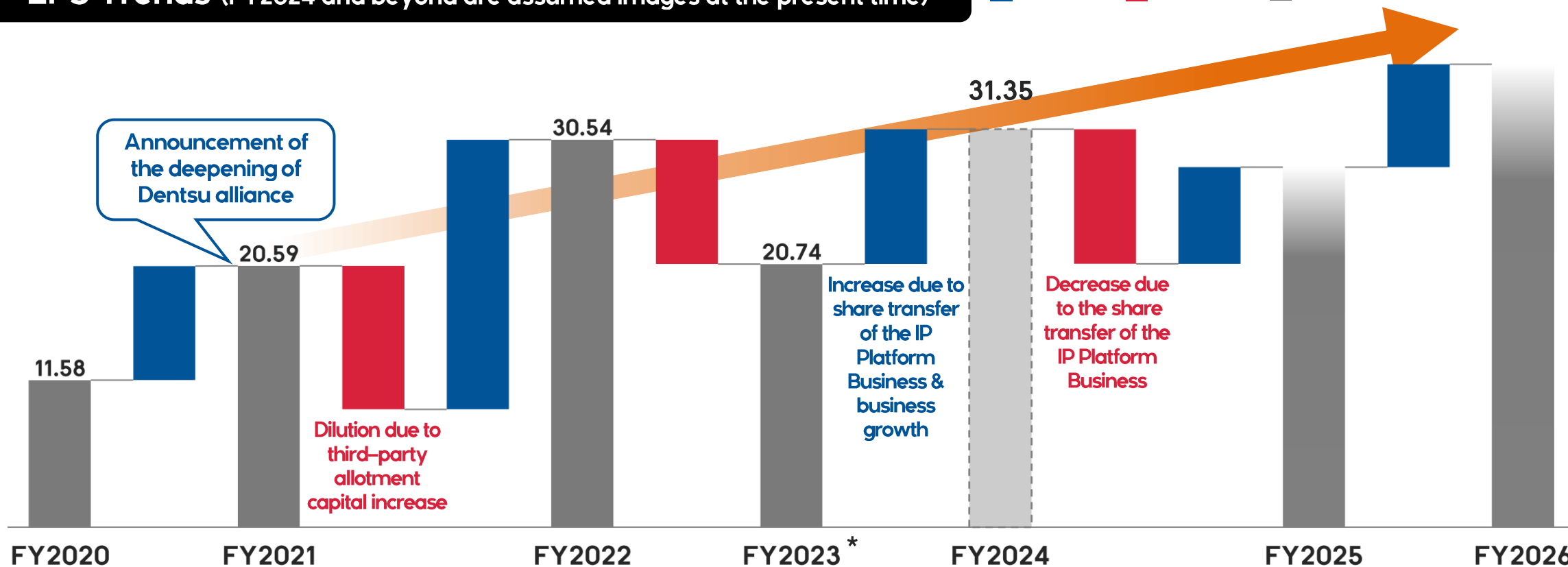


36 EPS Trends and Outlook (Review)

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)

■ Increase ■ Decrease ■ Total (unit: ¥)



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

37 Full Year Consolidated Earnings Estimates for FY12/2024

With the change in the shareholder return policy, the Company has revised its year-end dividend forecast to increase the dividend. The dividend per share is expected to be approximately four times higher compared to the previous forecast.

| (unit: ¥mn) | Jan to Dec 2023 (Calendar year basis) | Earnings estimates for FY12/2024 | Expected growth rate | Previous forecast |
|---|--|-------------------------------------|-------------------------|-------------------|
| 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 (¥) | — | 31.35 | — | 7.90 |
| Dividend payout ratio (%) | — | 100% | — | 25.1% |

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

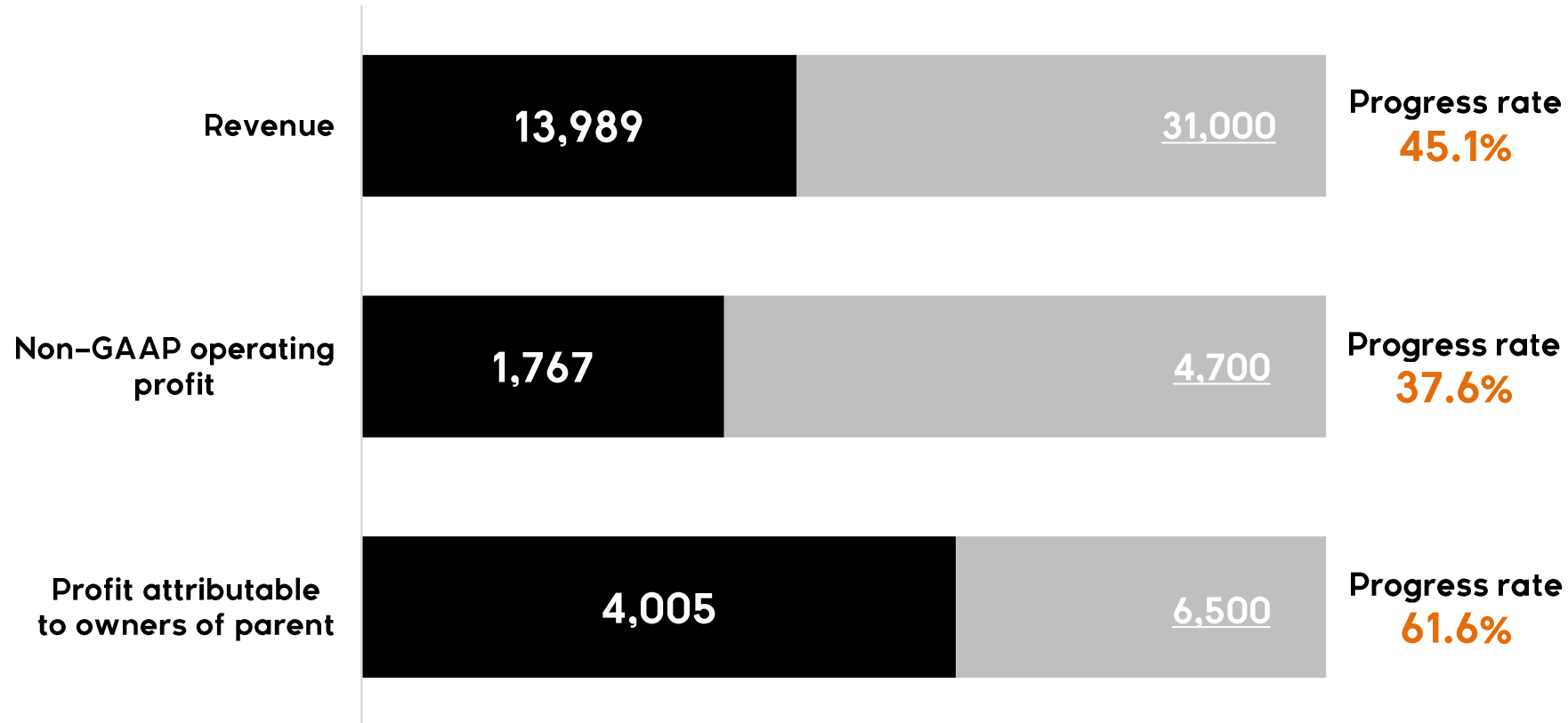
| (unit: ¥mn) | Revenue | | | Non-GAAP operating profit | | |
|--------------------------|---|----------------------------------|----------------------|---|----------------------------------|----------------------|
| | Results in Jan-Dec 2023 (calendar year basis) | Earnings estimates for FY12/2024 | 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% |

39 Progress toward Earnings Estimates (Consolidated)

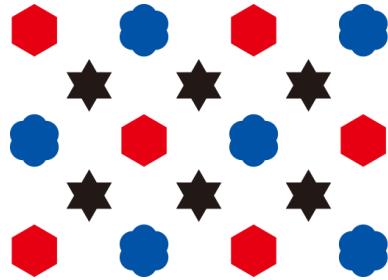
The Company aims to drive top-line growth through resource concentration in priority sectors and strengthen sales and proposals, in order to achieve a turnaround in Non-GAAP operating profit in H2.

Consolidated

(unit: ¥mn)



Thank you for your interest!



SEPTENI

Contact Information

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All estimates, opinions and plans provided in this document are based on the best information available at the time of the creation of this document on August 6, 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.

07

Appendix

42 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 | — |

Quarterly Consolidated Income Statement

(Consolidated, after reclassification of discontinued operations)

| (unit: ¥mn) | FY2023 | | | | | | | | | | FY2024 | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1 Q | | 2 Q | | 3 Q | | 4 Q | | 5 Q | | 1 Q | | 2 Q | |
| | Value | Ratio | Value | Ratio | Value | Ratio | Value | Ratio | Value | Ratio | Value | Ratio | 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% | 6,697 | 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% | 5,306 | 79.2% |
| 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% | 4,851 | 72.4% |
| 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% | 493 | 7.4% |
| Operating profit | 1,027 | 15.6% | 1,347 | 19.0% | 390 | 6.0% | 822 | 12.2% | 1,363 | 18.6% | 1,259 | 17.3% | 482 | 7.2% |
| Equity in earnings of affiliates | 644 | 9.8% | 474 | 6.7% | -75 | — | 313 | 4.6% | 495 | 6.7% | 615 | 8.4% | 157 | 2.3% |
| 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% | 516 | 7.7% |
| [Reference] Net sales | 31,683 | — | 34,346 | — | 32,277 | — | 34,118 | — | 37,295 | — | 38,822 | — | 34,788 | — |

44 Quarterly Consolidated Income Statement

(Media Platform Business, After reclassification of discontinued operations)



| (unit: ¥mn) | FY2023 | | | | | | | | | | FY2024 | | | |
|----------------------------------|--------|--------|-------|--------|-------|--------|-------|--------|-------|--------|--------|--------|-------|--------|
| | 1 Q | | 2 Q | | 3 Q | | 4 Q | | 5 Q | | 1 Q | | 2 Q | |
| | Value | Ratio | 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% | 515 | 100.0% |
| Gross profit | 348 | 81.2% | 353 | 81.5% | 443 | 77.1% | 392 | 80.5% | 345 | 74.6% | 352 | 84.3% | 410 | 79.6% |
| SG&A expenses | 377 | 88.1% | 374 | 86.3% | 422 | 73.6% | 424 | 86.9% | 391 | 84.3% | 362 | 86.5% | 422 | 81.8% |
| Non-GAAP operating profit | -29 | — | -20 | — | 20 | 3.4% | -31 | — | -46 | — | -9 | — | -11 | — |



Integrated Report 2023

Integrated Report 2023 is published and available on our website. The report introduces updates to the Group's value creation process, and management and business policies under the new management structure.

For further details, please check the link or the code.

(https://www.septeni-holdings.co.jp/en/ir/library/integrated-report/integratedreport2023_en.pdf)



セプテーニHD IR Magazine

セプテーニHD・IRマガジン

 Septeni Group 18本

Septeni Group official “note” (Japanese only)

Septeni Group official “note” introduces various initiatives around its people and culture.

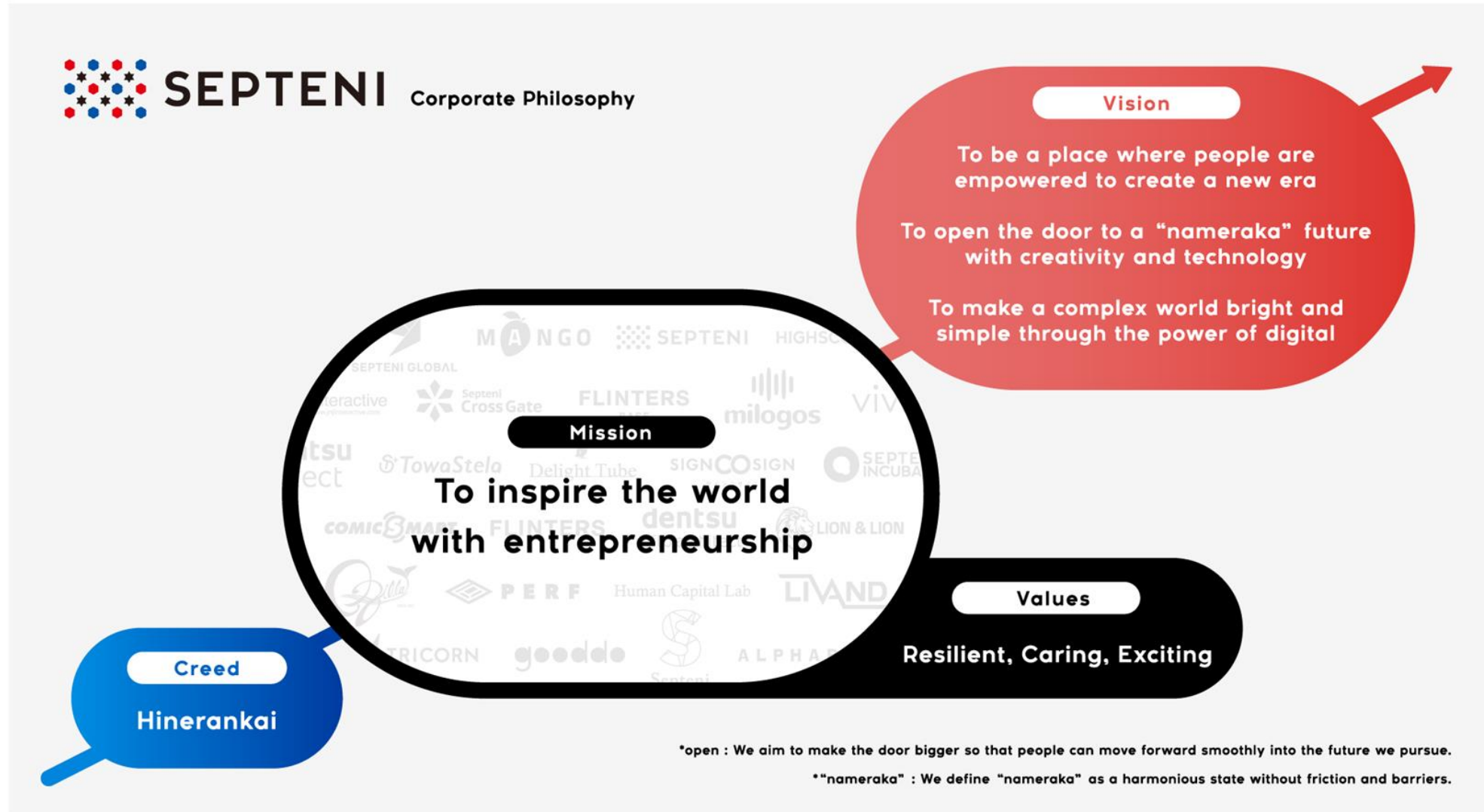
We have established an “IR Magazine” within the official note, through which we deliver information to our shareholders and investors.

For further details, please check the link or the code.

(https://note.com/septeni_group)



46 Group Corporate Philosophy



47 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.

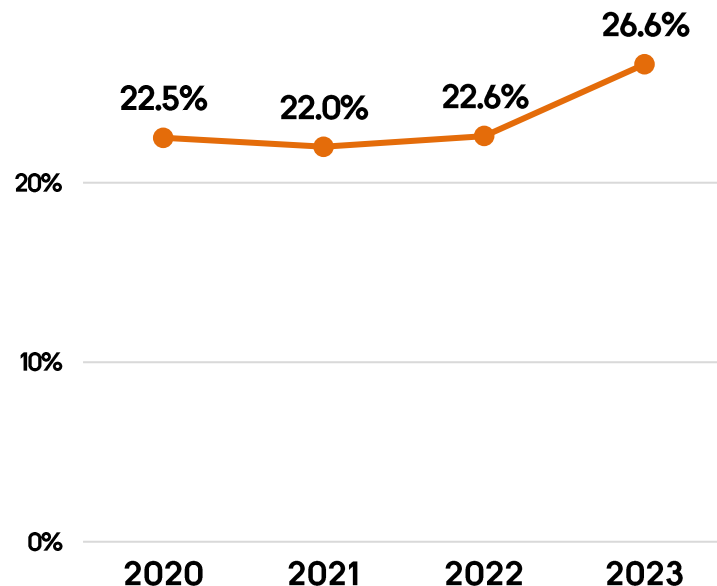
| | Materiality | Subcategory of Materiality | Key KPIs |
|----------|---|--|--|
| E | <ul style="list-style-type: none"> Response to Climate Change | <ul style="list-style-type: none"> Reduction of GHG emissions and disclosure of information in accordance with TCFD recommendations | <ul style="list-style-type: 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 |

49 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.

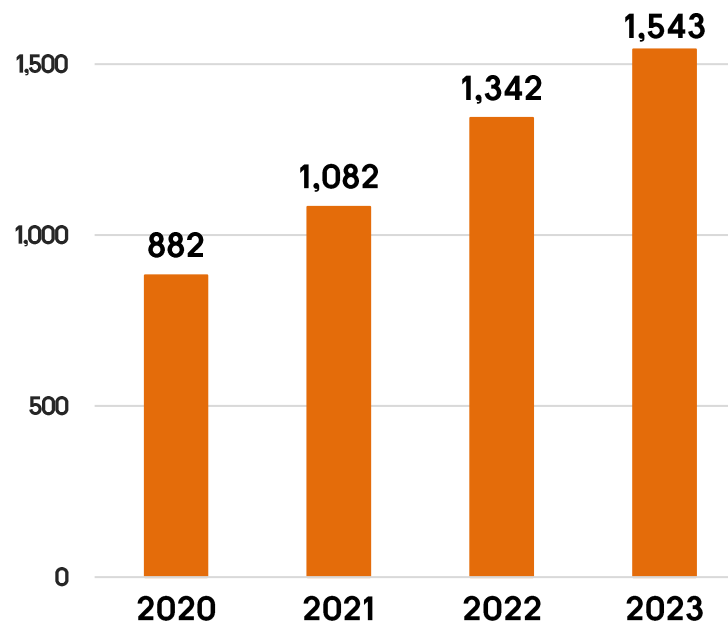
Ratio of female managers*1

Target: 30% by 2030
(domestic subsidiaries)



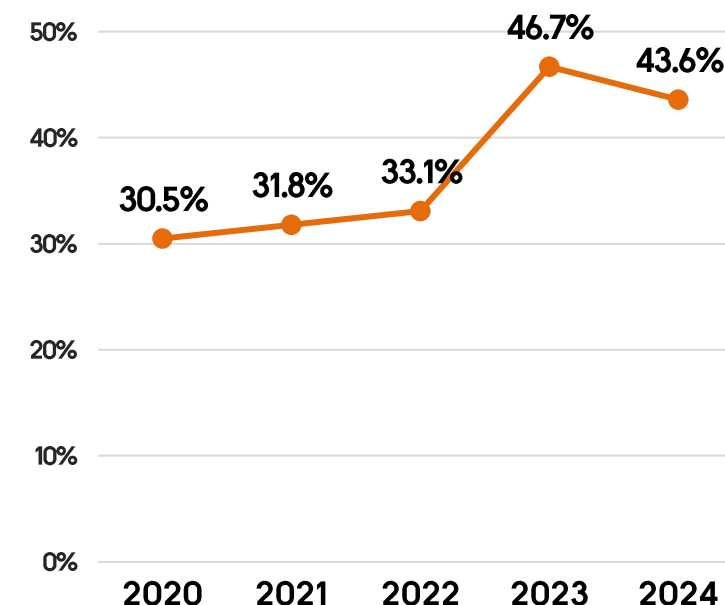
Number of people actively participating in events that nurture entrepreneurship*2

Target: Year-on-year increase



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

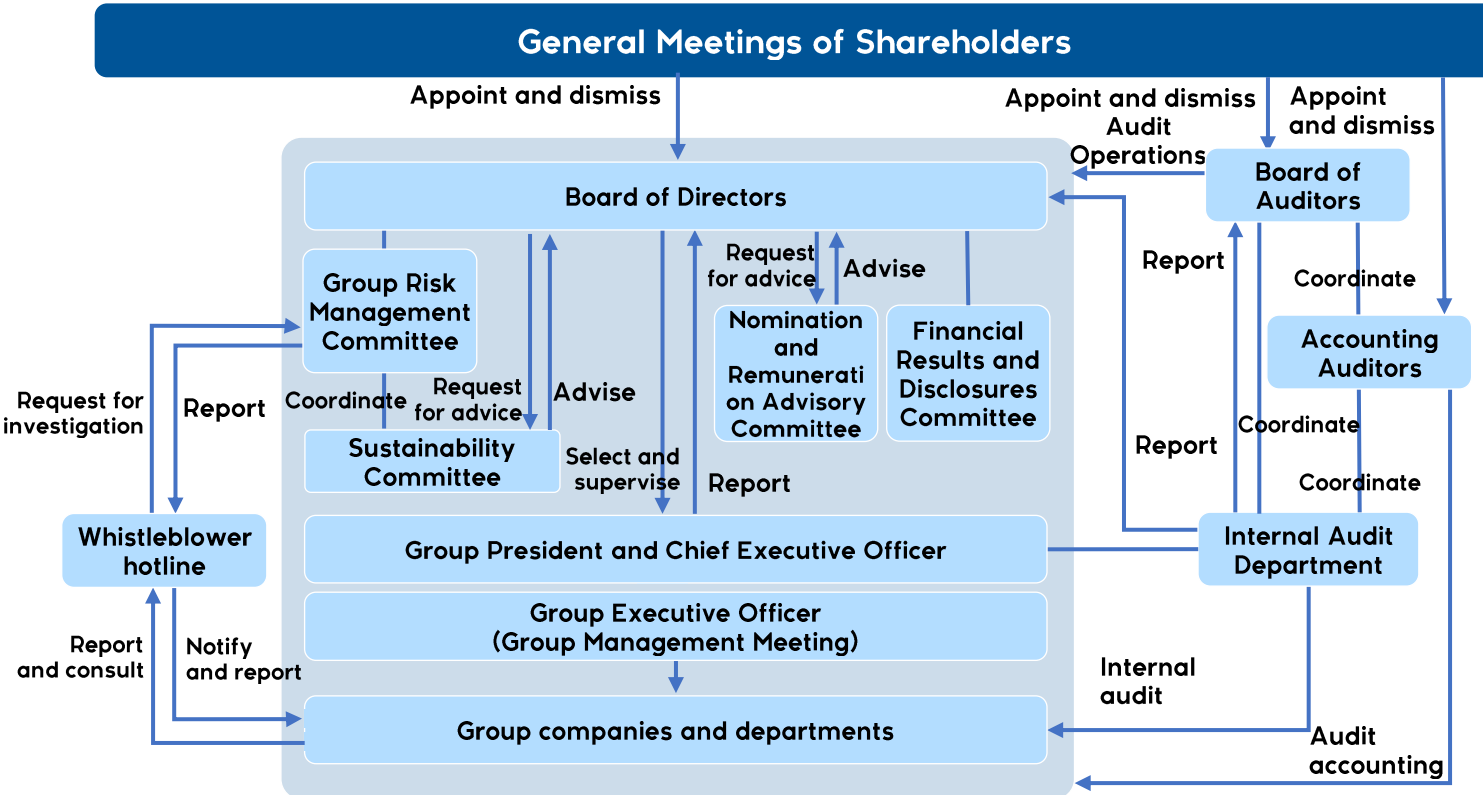
Target: Year-on-year increase



50 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

– Introduced an evaluation of the effectiveness of the Board of Directors

FY2016 – Strengthen checking functions by establishing various committees

– Withdrawal of anti-takeover defense measures

– Introduction of a performance-linked stock compensation system for officers

FY2017 – Introduction of a delegated executive officer system

➔ Separation of executive and supervisory functions

– Establishment of the Sustainability Committee and enhancement of awareness of ESG

FY2022 – 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

51 Main Group Companies by Business Segment as of August 6, 2024



Digital Marketing Business

Marketing Communication



Direct Business



Data & Solutions

FLINTERS



Media Platform Business



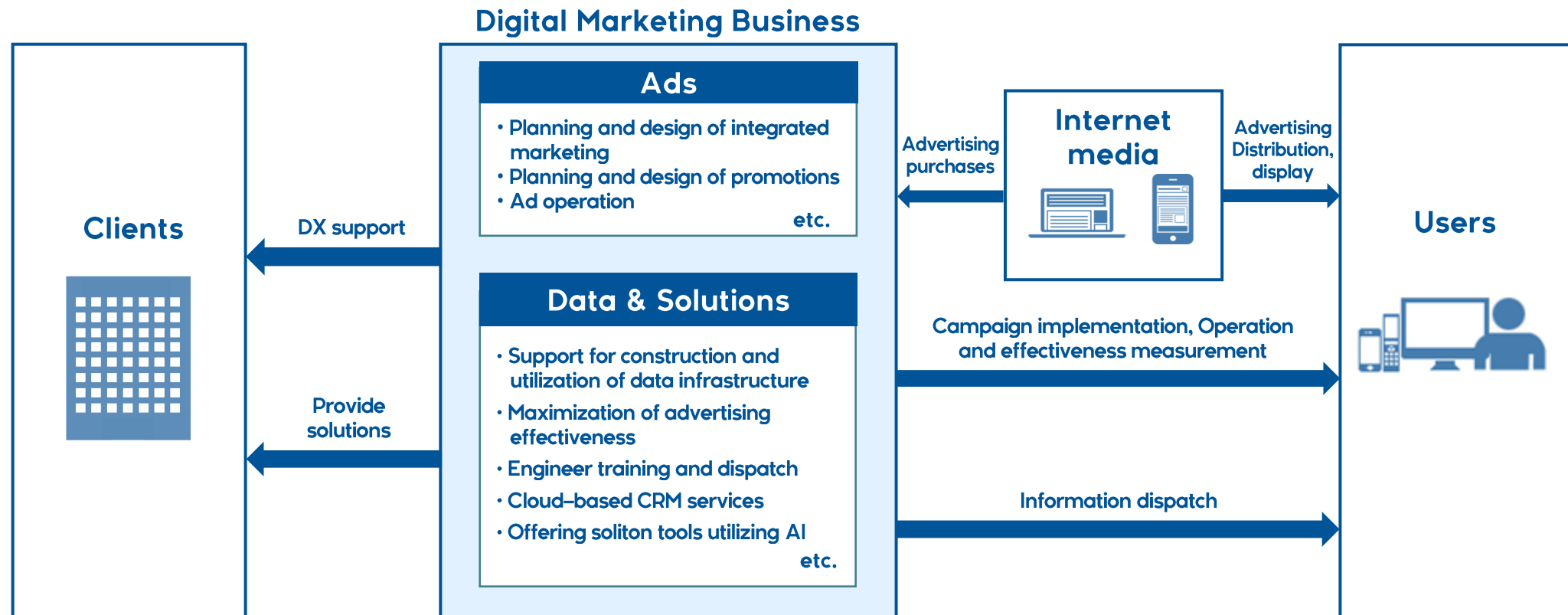
Equity-method affiliates



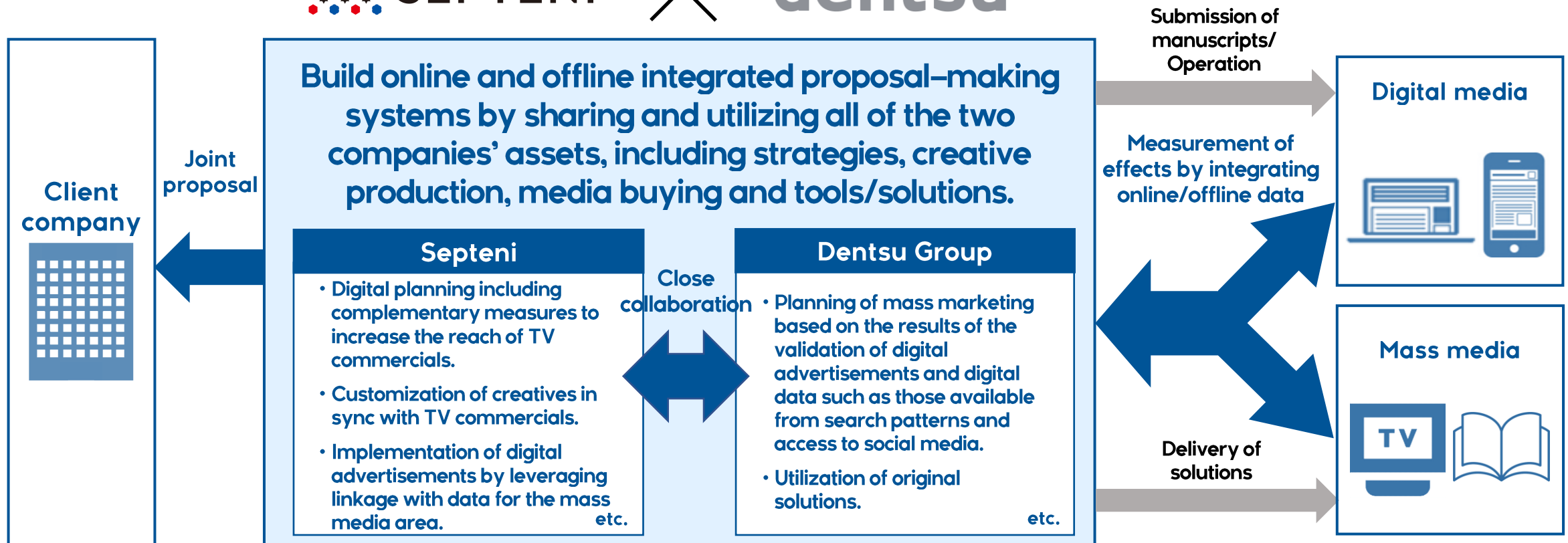
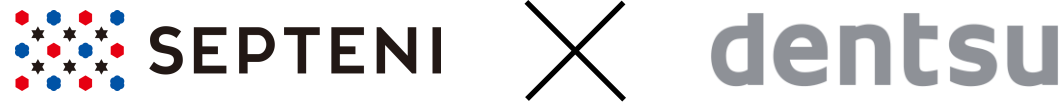
SEPTENI HOLDINGS CO., LTD. (Holding company)

52 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.

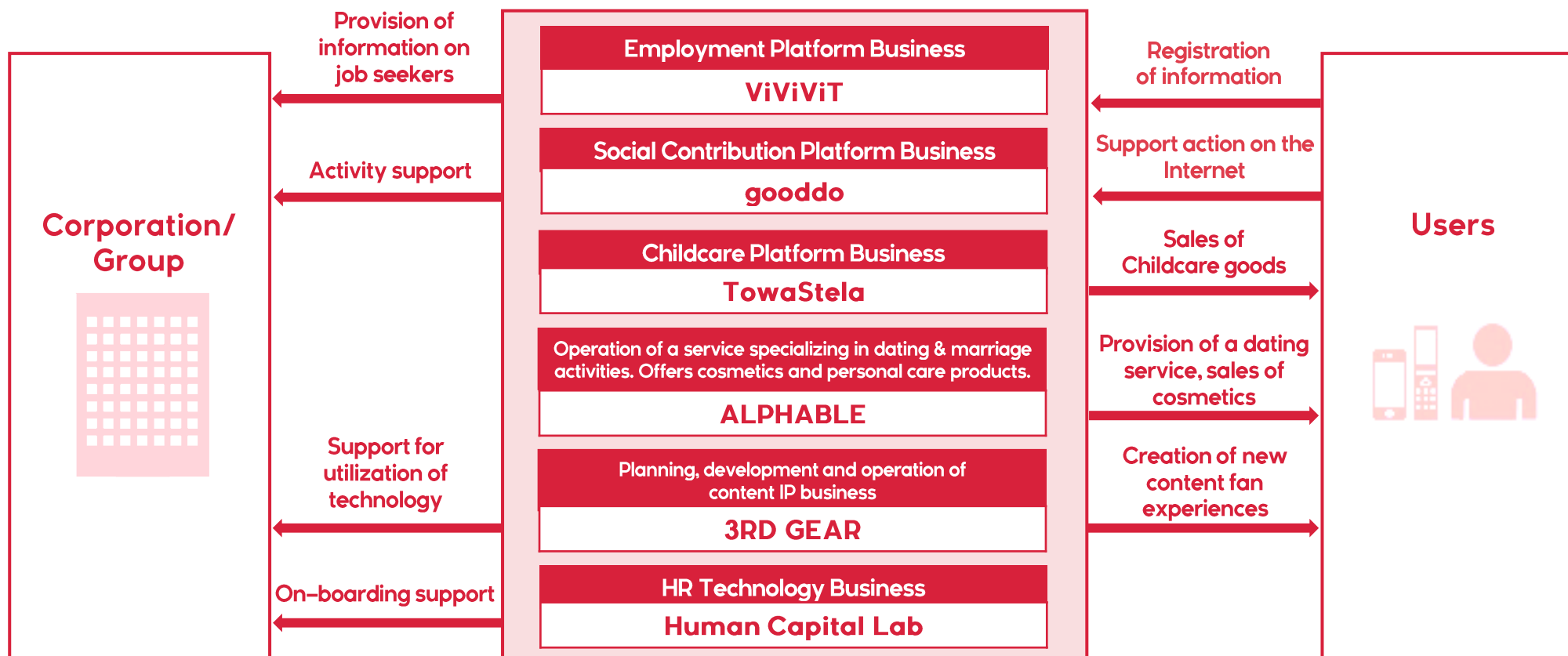


Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client bases (conceptual image)



54 Business Model for the Media Platform Business

The Media Platform Business develops platform-type businesses related to “employment,” “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.



55 Consolidated Statement of Financial Position

| (unit: ¥mn) | End of 2Q/FY2024 | End of FY2023 | Change |
|--------------------------------------|------------------|---------------|---------------|
| Current Assets | 46,064 | 43,683 | +2,380 |
| Non-Current Assets | 50,734 | 49,923 | +812 |
| Total Assets | 96,798 | 93,606 | +3,192 |
| Current Liabilities | 26,709 | 26,333 | +377 |
| Non-Current Liabilities | 1,466 | 1,569 | -103 |
| Total Liabilities | 28,175 | 27,901 | +274 |
| Total Capital | 68,623 | 65,705 | +2,918 |
| Total Liabilities and Capital | 96,798 | 93,606 | +3,192 |