

SEPTENI

FY 12/2024 Q3

Business Results

Nov. 7, 2024

SEPTENI HOLDINGS CO., LTD.

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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.

01

Executive Summary

04 Executive Summary

FY2024 3Q cumulative results

- Cumulative 3Q net sales grew by **8.1%** and revenue grew by **2.7%** YoY.
- Unable to absorb the increase in costs, mainly from personnel expenses, Non-GAAP operating profit decreased by 15.2%.
- **Profit attributable to owners of parent and EPS increased significantly** due to the sale of partial shares of a subsidiary.

Revision of FY2024 earnings estimates

- Although the revenue to net sales ratio is currently recovering, the effects of improvement are taking time to materialize, and revenue is expected to fall short by approximately 9%.
 - Non-GAAP operating profit is also expected to fall short by about 36%, leading to a downward revision of the FY2024 earnings estimates.
- ➔ The Company aims to increase profit in the next fiscal year by currently improving the revenue to net sales ratio, reviewing its business portfolio, and implementing cost controls to improve productivity.

FY2024 year-end dividend forecast

- FY2024 year-end dividend **remains unchanged at ¥31.35** per share, which was decided upon the dividend increase revision at the time of the previous financial results announcement.

05 Revision of Full Year Earnings Estimates for FY12/2024

(Consolidated)



While net sales are expanding, the revenue to net sales ratio and productivity have declined, leading to a widening gap between the initial estimates for revenue and Non-GAAP operating profit. As a result, the earnings estimates have been revised downward.

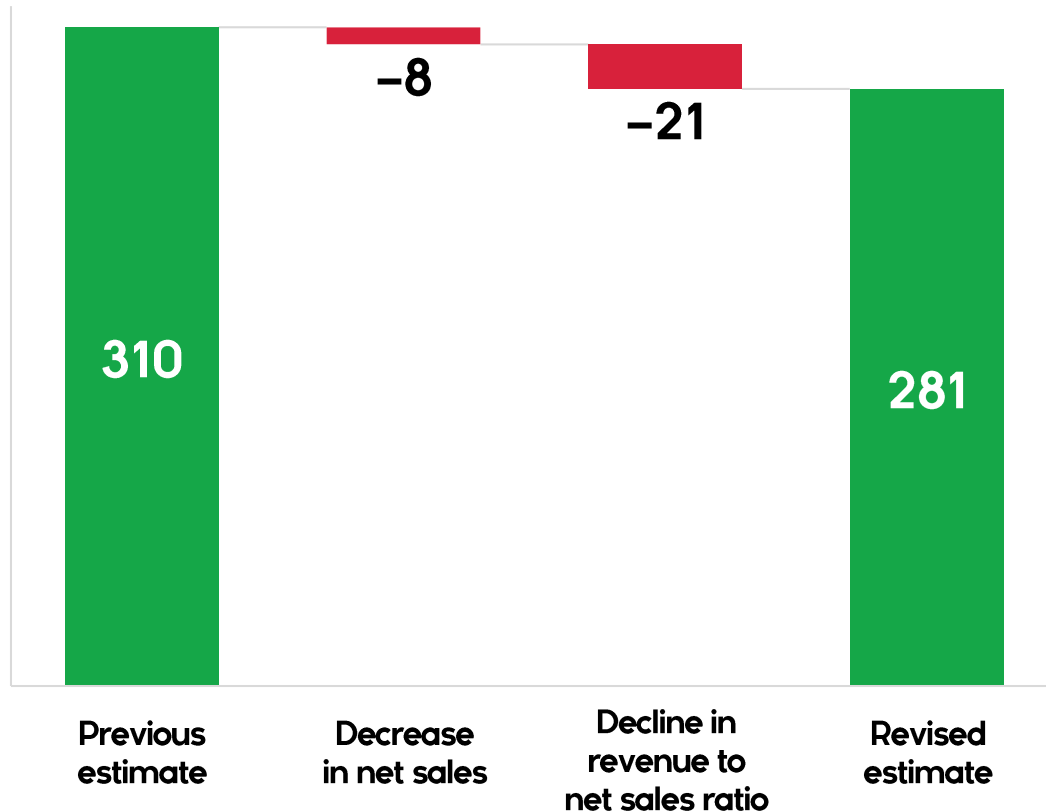
(unit: ¥mn)	Previous estimates (A)	Revised estimates (B)	Change (B-A)	Change (B/A · %)	CY2023 results ^{*1} (C)	YoY (B/C · %)
Revenue	31,000	28,100	-2,900	-9.4%	27,674	+1.5%
Non-GAAP operating profit	4,700	3,000	-1,700	-36.2%	4,016	-25.3%
Profit attributable to owners of parent	6,500	5,150	-1,350	-20.8%	3,736	+37.8%
Earnings per share (¥) (EPS)	31.35	24.84	-6.51	—	17.97 ^{*2}	(+6.87)
[Reference] Net sales	150,000	146,200	-3,800	-2.5%	138,036	+5.9%
Revenue to net sales ratio	20.7%	19.2%	-1.4Pt	—	20.0%	(-0.8Pt)
Dividend per share (¥)	31.35	31.35	—	—	—	—
Dividend payout ratio	100%	126.2%	—	—	—	—

*1 The performance of the IP Platform Business have been reclassified as discontinued operations. *2 Calendar year EPS is for reference only.

06 Revision of Full Year Earnings Estimates for FY12/2024 (Consolidated)

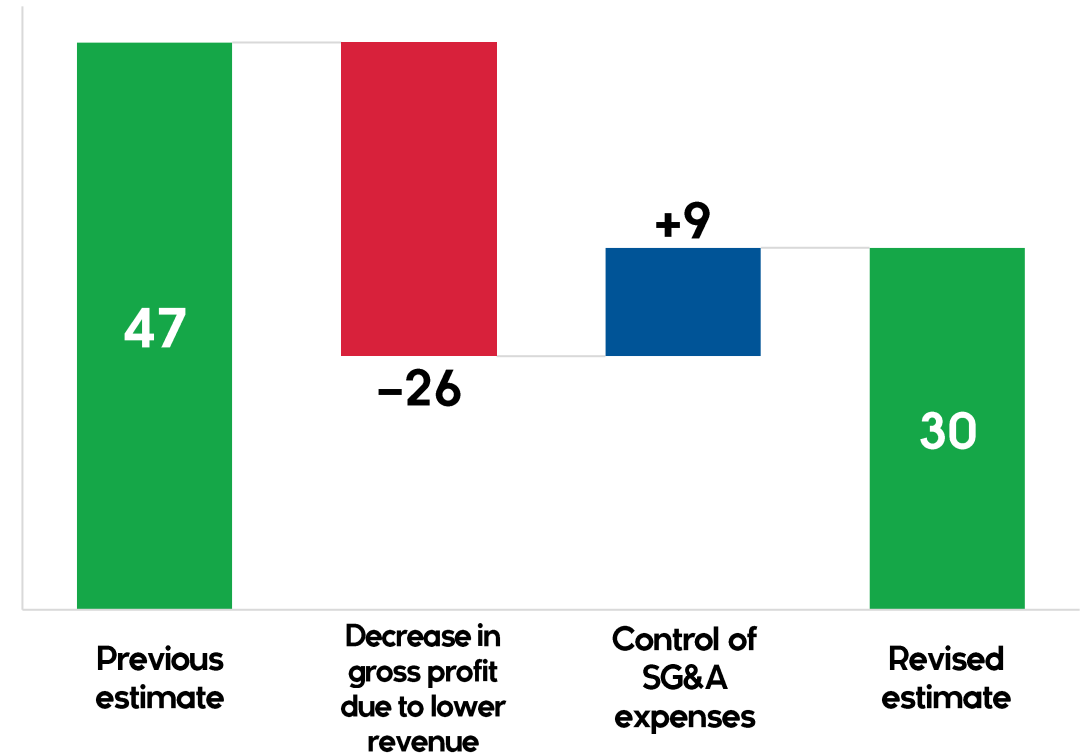
Despite efforts to control SG&A expenses, revenue did not grow as expected, resulting in a shortfall.

Revenue



Non-GAAP Operating Profit

(unit: ¥100mn)



07 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

- Significantly enhancing shareholder returns from FY2025 onwards by increasing the dividend payout ratio from the previous 25% to over 50%
- Consideration and execution of flexible share repurchases while considering the balance with the tradable share ratio

08 FY2024 Year-End Dividend Forecast

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 the sale of subsidiary shares, the Company will distribute the full ¥6.5 billion as dividends as previously announced, in order to promote balance sheet management.

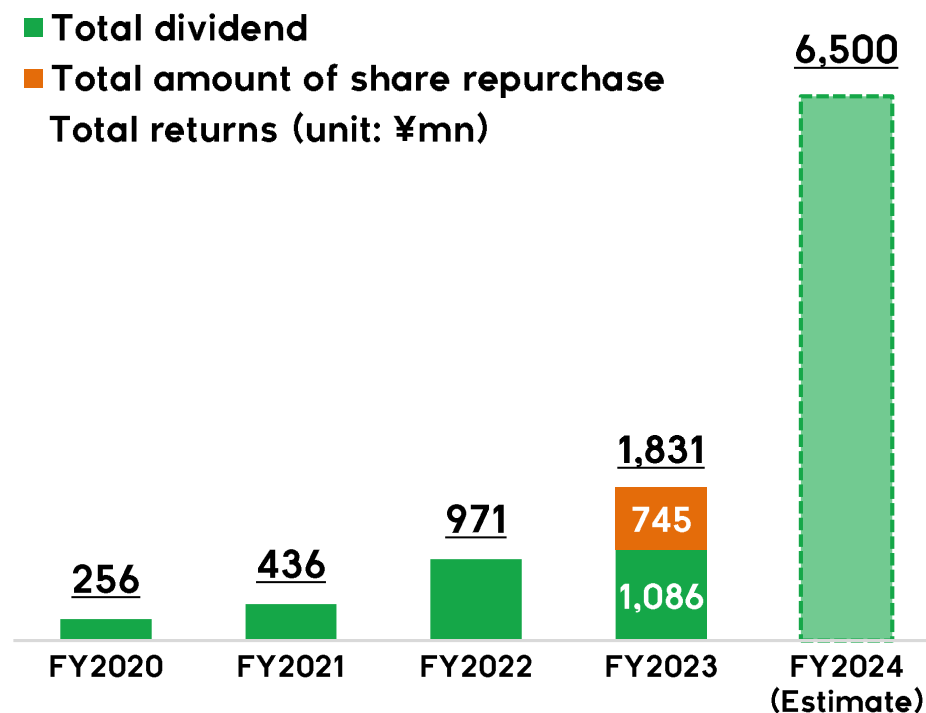
Shareholder Return Policy in FY2024

Total dividend amount of ¥6.5 billion
(dividend payout ratio 126.2%)
(incl. gain on sale of investments in subsidiaries)

FY2024 Year-End Dividend Forecast

	Forecast	Previous year results
Dividend per share	¥31.35	¥5.20

Total Shareholder Returns Trend



02

Consolidated Cumulative Third Quarter Earnings Overview

10 FY2024/3Q (Jan–Sep) Highlights

(After reclassification of discontinued operations)

- Net sales reached a record high,* driven by the Marketing Communication Area.
- Revenue increased YoY, despite a decline in the revenue to net sales ratio.
- Personnel expenses increased due to base pay raises implemented in April 2023 and new graduate hires, resulting in a profit decrease in cumulative 3Q.

	Value	YoY
Revenue	¥20,887mn	+2.7%
Non-GAAP operating profit	¥2,253mn	-15.2%
Profit attributable to owners of parent	¥4,271mn	+95.4%
Earnings per share (EPS)	¥20.60	+¥10.12
[Reference] Net sales	¥108,883mn	+8.1%
Revenue to net sales ratio	19.2%	-1.0Pt

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

11 FY2024/3Q (Jan-Sep) Highlights

(After reclassification of discontinued operations)

Digital Marketing Business

- In the Marketing Communication Area, revenue increased due to growth in both organic and Dentsu alliance.
- Revenue in the Data & Solutions Area also increased due to the expansion of development projects supporting DX.
- Profit decreased because the increase in personnel expenses, including new graduates, could not be absorbed.

(unit: ¥mn)	Value	YoY
Revenue	19,666	+3.6%
Non-GAAP operating profit	4,459	-5.5%
[Reference] Net sales	107,844	+8.2%

Media Platform Business

- Continued to review the business portfolio and excludes two subsidiaries from consolidation in 4Q.

(unit: ¥mn)	Value	YoY
Revenue	1,373	-8.1%
Non-GAAP operating profit	-49	(-18)

12 FY2024/3Q (Jan-Sep) Consolidated Income Statement

(After reclassification of discontinued operations)



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

(unit: ¥mn)	3Q/FY2024 (Jan-Sep)			Jan-Sep 2023	
	Value	Ratio	YoY	Value	Ratio
Revenue	20,887	100.0%	+2.7%	20,334	100.0%
Gross profit	16,518	79.1%	+2.3%	16,141	79.4%
SG&A expenses	14,336	68.6%	+5.8%	13,548	66.6%
Non-GAAP operating profit	2,253	10.8%	-15.2%	2,656	13.1%
Operating profit	2,192	10.5%	-14.4%	2,559	12.6%
Equity in earnings of affiliates	915	4.4%	+28.6%	712	3.5%
Profit from continuing operations	2,051	9.8%	-19.1%	2,536	12.5%
Profit from discontinued operations	2,210	10.6%	—	-380	—
Profit attributable to owners of parent	4,271	20.4%	+95.4%	2,186	10.8%
[Reference] Net sales	108,883	—	+8.1%	100,741	—

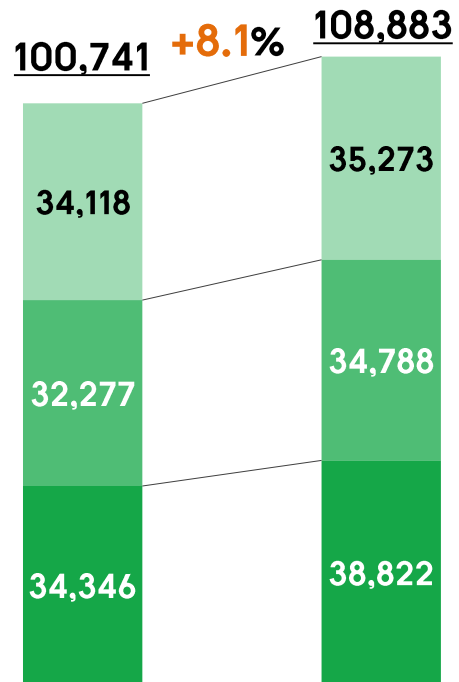
The performance of the IP Platform Business have been reclassified as discontinued operations in January-September 2023 results. From FY2024/2Q onwards, it is recorded in equity in earnings of affiliates based on the Company's equity as of the end of each quarter.

13 FY2024/3Q (Jan-Sep) Consolidated Earnings Trends

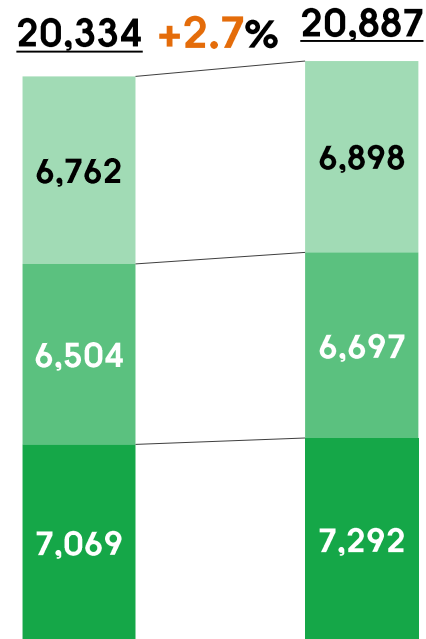
Net sales and revenue increased driven by the Marketing Communication Area, but Non-GAAP operating profit decreased due to the inability to absorb the increase in personnel expenses.

1Q 2Q 3Q (unit: ¥mn)

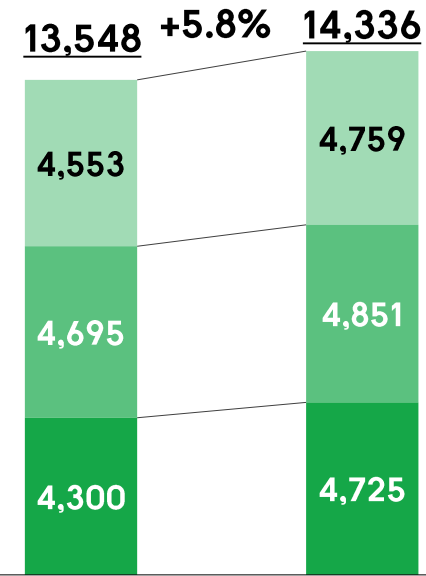
Net Sales



Revenue

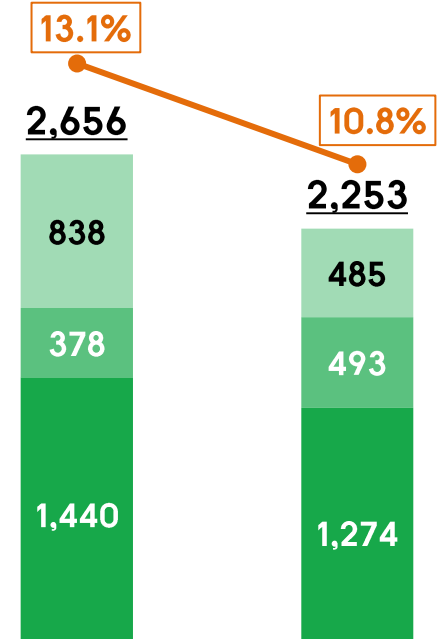


SG&A Expenses



Non-GAAP Operating Profit

OP Margin (relative to revenue)



Jan-Sep FY23

1-3Q FY24

Jan-Sep FY23

1-3Q FY24

Jan-Sep FY23

1-3Q FY24

Jan-Sep FY23

1-3Q FY24

03

Quarterly Consolidated Earnings Overview

15 FY2024/3Q (Jul-Sep) Consolidated Income Statement

(After reclassification of discontinued operations)

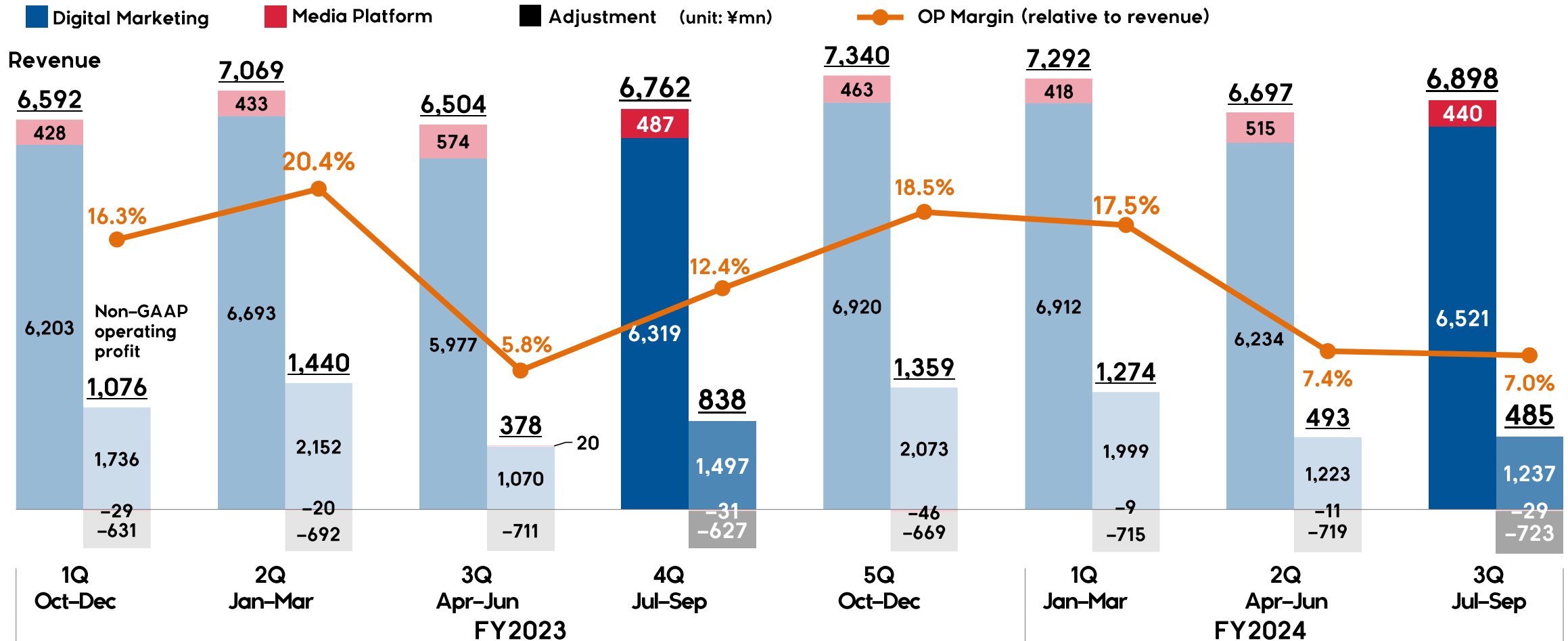


Despite the higher net sales benchmark from the previous year and the slower growth rate due to the reduction in dealings with some major clients, revenue still increased.

(unit: ¥mn)	3Q/FY2024 (Jul-Sep)			4Q/FY2023 (Jul-Sep)	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,898	100.0%	+2.0%	6,762	100.0%
Gross profit	5,231	75.8%	-2.5%	5,363	79.3%
SG&A expenses	4,759	69.0%	+4.5%	4,553	67.3%
Non-GAAP operating profit	485	7.0%	-42.1%	838	12.4%
Operating profit	450	6.5%	-45.2%	822	12.2%
Equity in earnings of affiliates	144	2.1%	-54.1%	313	4.6%
Profit from continuing operations	270	3.9%	-67.0%	817	12.1%
Profit from discontinued operations	—	—	—	-86	—
Profit attributable to owners of parent	266	3.9%	-63.9%	738	10.9%
[Reference] Net sales	35,273	—	+3.4%	34,118	—

(After reclassification of discontinued operations)

Although revenue increased in the Digital Marketing Business, profit and operating profit margin declined.



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

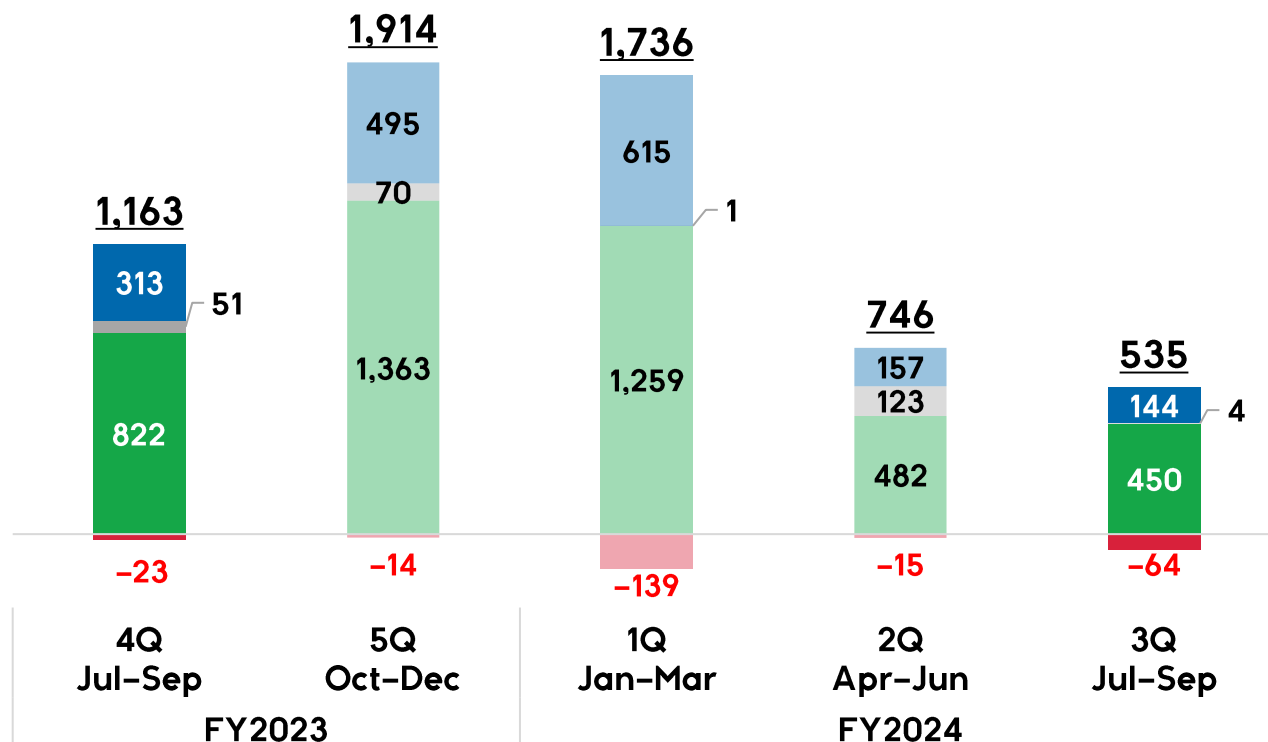
17 Quarterly Trend of Consolidated Profit Before Tax

(After reclassification of discontinued operations)

Equity in earnings of affiliates from DENTSU DIGITAL INC. has been sluggish.

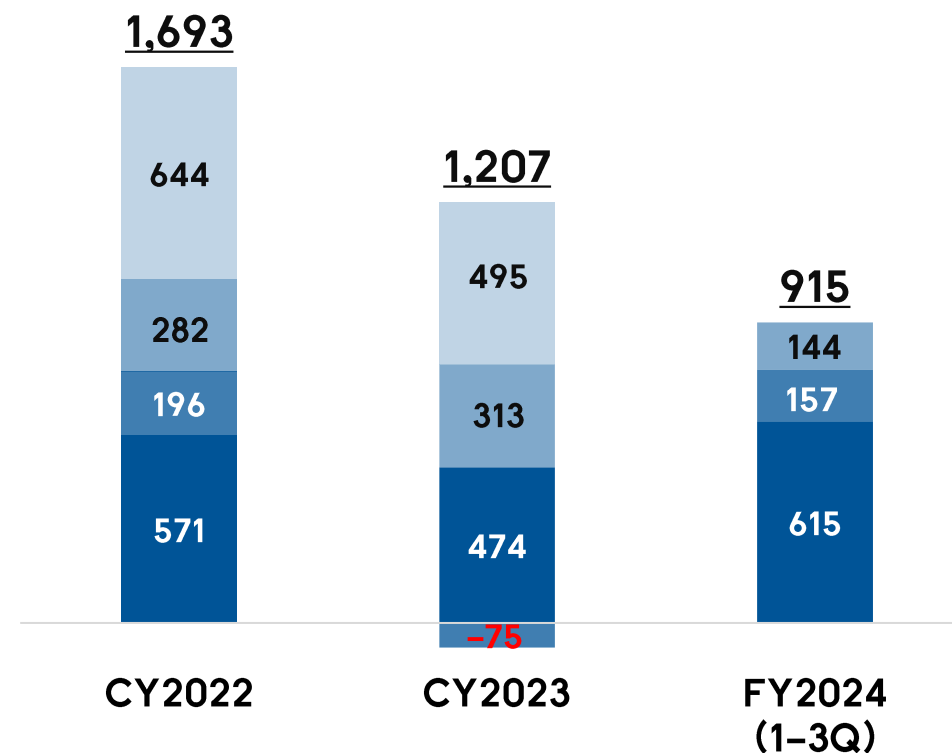
Quarterly Trend

■ 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)



18 Constitution of Consolidated Expenses

(IFRS, After reclassification of discontinued operations)

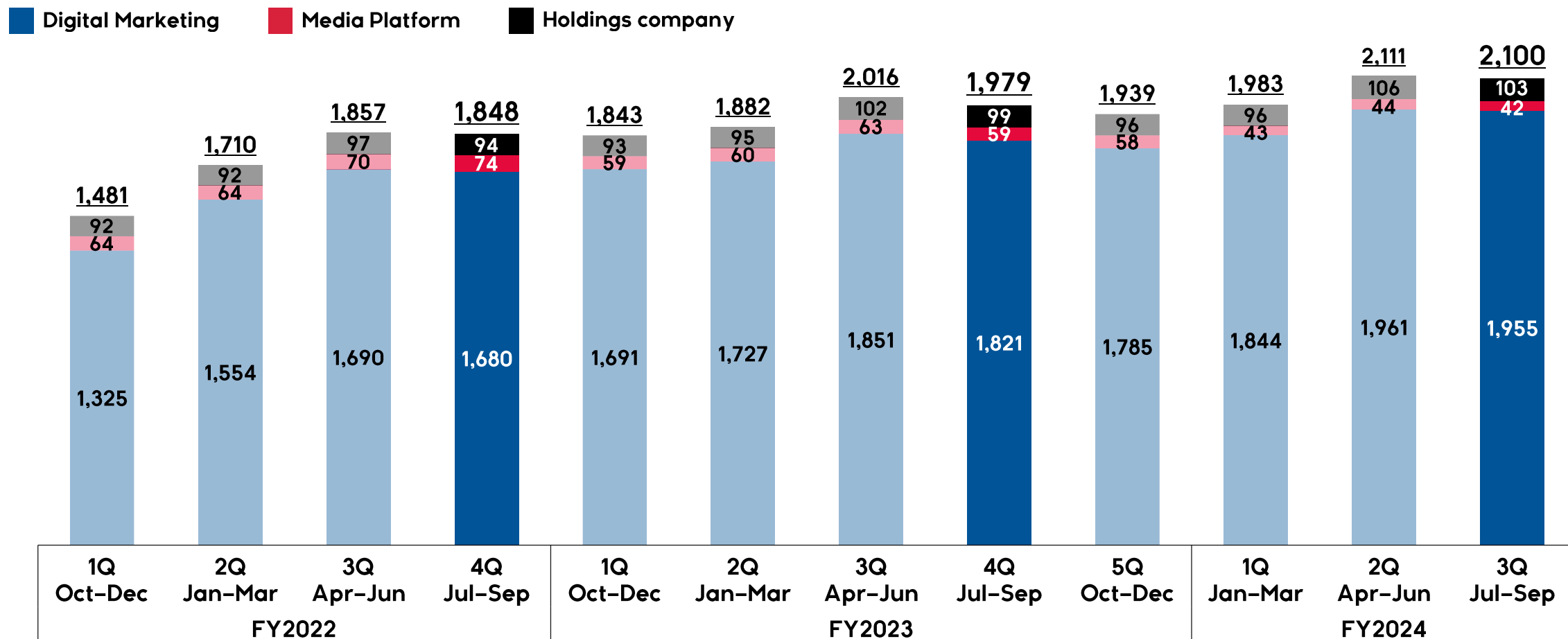
In addition to an increase in subcontract costs for creative production, personnel expenses and other SG&A expenses increased due to an increase in the number of employees.

(unit: ¥mn)	FY2023					FY2024			QonQ	YonY
	1Q Oct-Dec	2Q Jan-Mar	3Q Apr-Jun	4Q Jul-Sep	5Q Oct-Dec	1Q Jan-Mar	2Q Apr-Jun	3Q Jul-Sep		
Total of cost of sales	1,232	1,370	1,424	1,400	1,374	1,310	1,392	1,668	+19.8%	+19.1%
Labor costs	393	408	453	442	439	422	443	430	-2.9%	-2.7%
Subcontract costs	545	659	623	650	596	592	606	932	+53.9%	+43.5%
Others	294	303	349	308	339	296	343	305	-11.1%	-0.9%
Total of SG&A expenses	4,329	4,300	4,695	4,553	4,623	4,725	4,851	4,759	-1.9%	+4.5%
Labor costs ^{*1}	2,878	2,892	3,248	3,154	3,149	3,227	3,334	3,236	-2.9%	+2.6%
Employee bonuses ^{*2}	147	155	148	195	204	177	130	156	+20.1%	-19.7%
Rent expenses etc.	293	284	297	294	295	266	266	267	+0.3%	-9.2%
Advertising expenses	160	124	154	164	157	180	198	193	-2.4%	+17.7%
Taxes and dues	105	105	97	61	97	104	102	102	-0.4%	+67.6%
Others	747	740	751	685	721	772	820	804	-1.9%	+17.5%

*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.

19 Workforce Size Trend

Retention rate remained at a high level due to the impact of base pay increases implemented in FY2023/3Q. In the next fiscal year, the Company will optimize the number of employees by adjusting mid-career hiring.



*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.

04

Digital Marketing Business

21 Digital Marketing Business Earnings Overview

Although the revenue to net sales ratio improved by 0.6 points QoQ, the reduction in dealings with some major clients led to a slowdown in net sales growth and a decrease in profit.

(unit: ¥mn)	3Q/FY2024 (Jul-Sep)			4Q/FY2023 (Jul-Sep)	
	Value	Ratio	YoY	Value	Ratio
Revenue	6,521	100.0%	+3.2%	6,319	100.0%
Gross profit	4,929	75.6%	-1.7%	5,012	79.3%
SG&A expenses	3,703	56.8%	+4.9%	3,529	55.8%
Non-GAAP operating profit	1,237	19.0%	-17.4%	1,497	23.7%
Net sales	34,944	—	+3.5%	33,772	—
[Reference] Revenue to net sales ratio	—	18.7%	± 0.0Pt	—	18.7%
OP margin (relative to net sales)	—	3.5%	-0.9Pt	—	4.4%

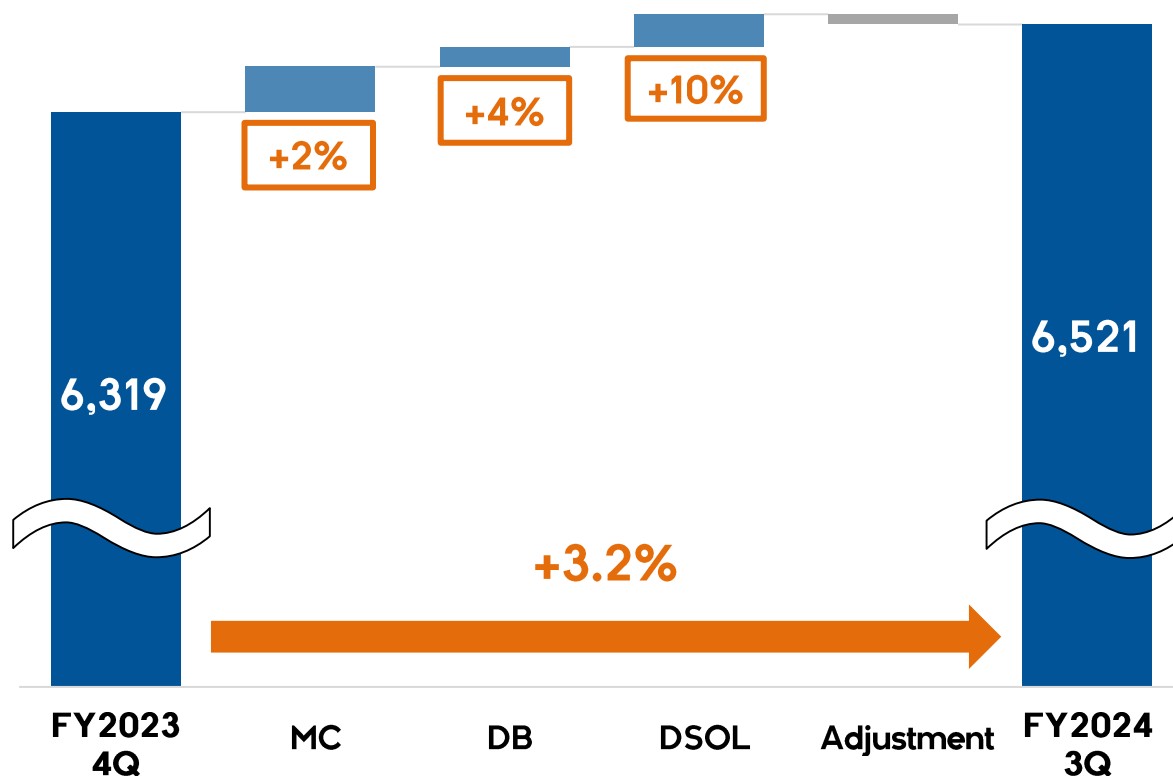
22 Digital Marketing Business Breakdown of Changes by Segment

While the Data & Solutions Area performed well, the Marketing Communication Area and Direct Business Area increased slightly.

Revenue

(unit: ¥mn)

YoY growth rates by area



Progress of measures

- Focus resources on priority industries
→ Successfully acquiring new projects and aiming to increase revenue from existing clients.
- Strengthen on-off integrated marketing proposals
→ The number of new clients through Dentsu alliance has increased.
- Strengthen sales of high-margin products
→ Sales of our own products are growing steadily.

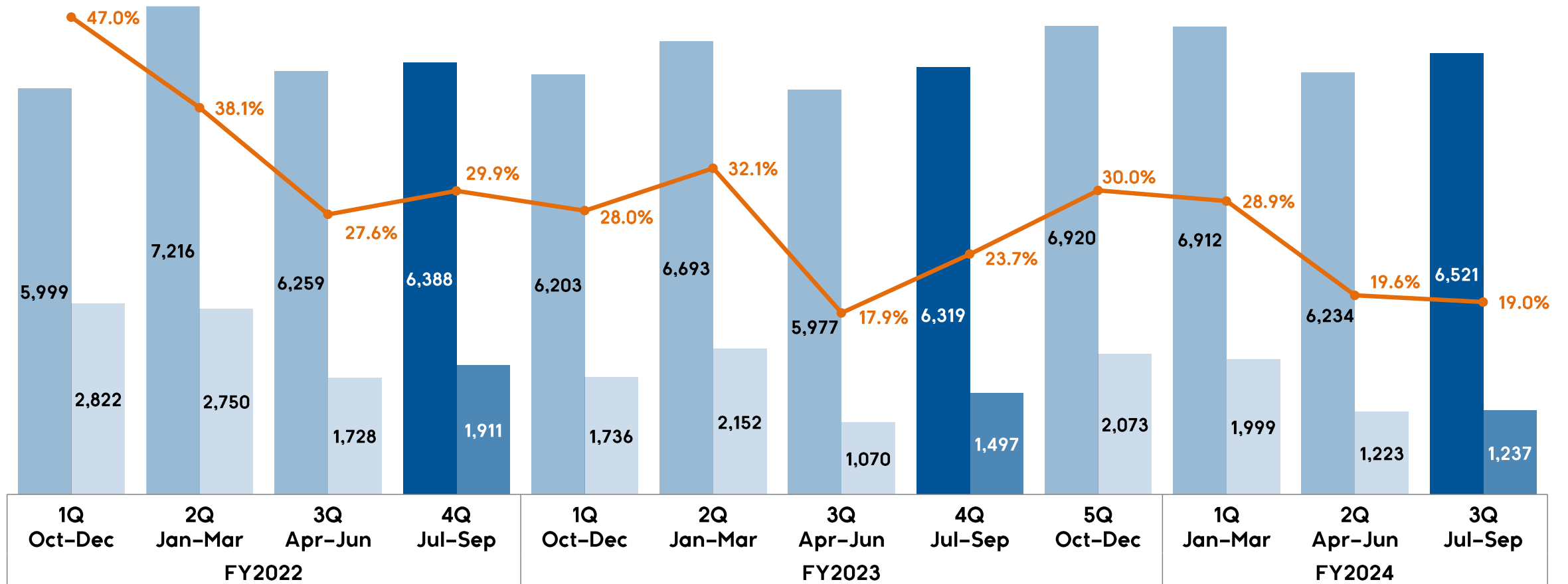
*MC: Marketing Communication Area, DB: Direct Business Area, DSOL: Data & Solutions Area

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

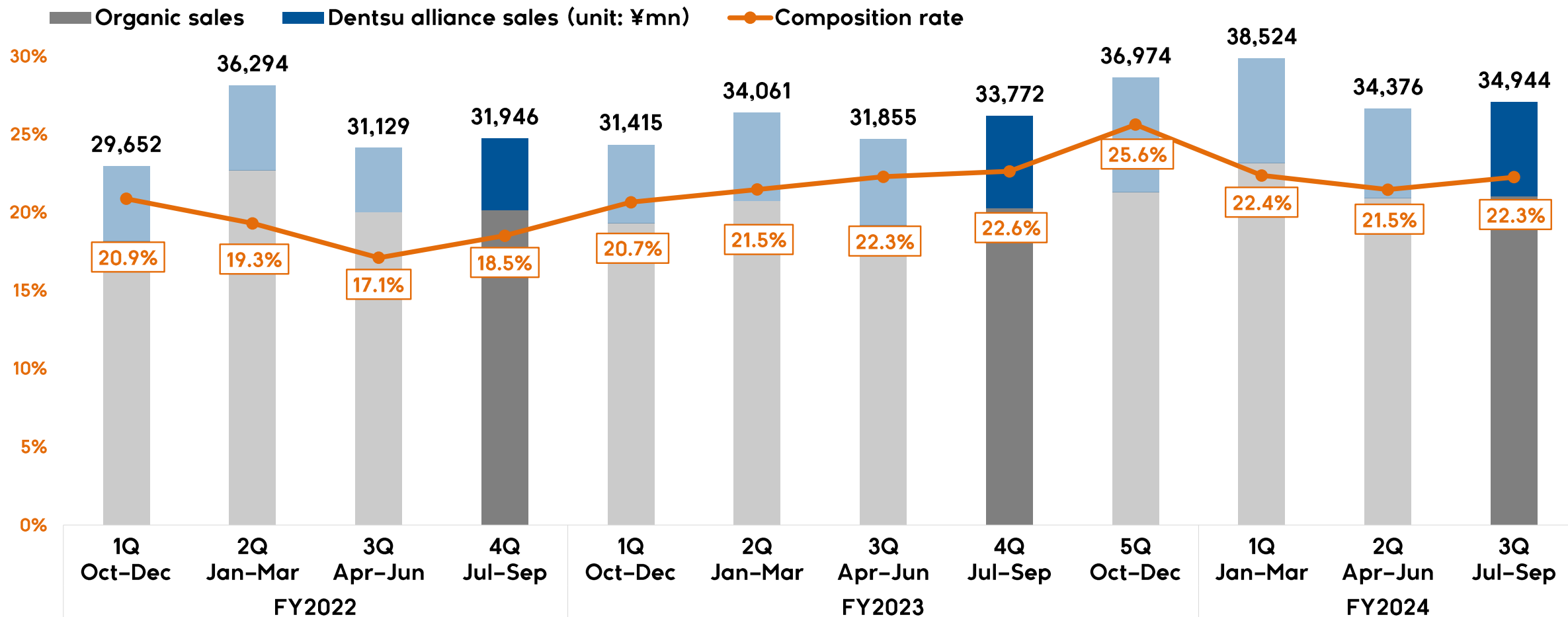
23 Digital Marketing Business Quarterly Earnings Trend

Despite a YoY increase in revenue, the operating profit margin declined.

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



Online and offline integrated proposals steadily expanded. New clients also increased, and both the number of clients and transaction value increased QoQ.



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

05

Media Platform Business

26 Media Platform Business Earnings Overview

(After reclassification of discontinued operations)



Revenue decreased in Childcare Platform Business and Social Contribution Platform Business. Losses steadily narrowed as a result of cost revisions.

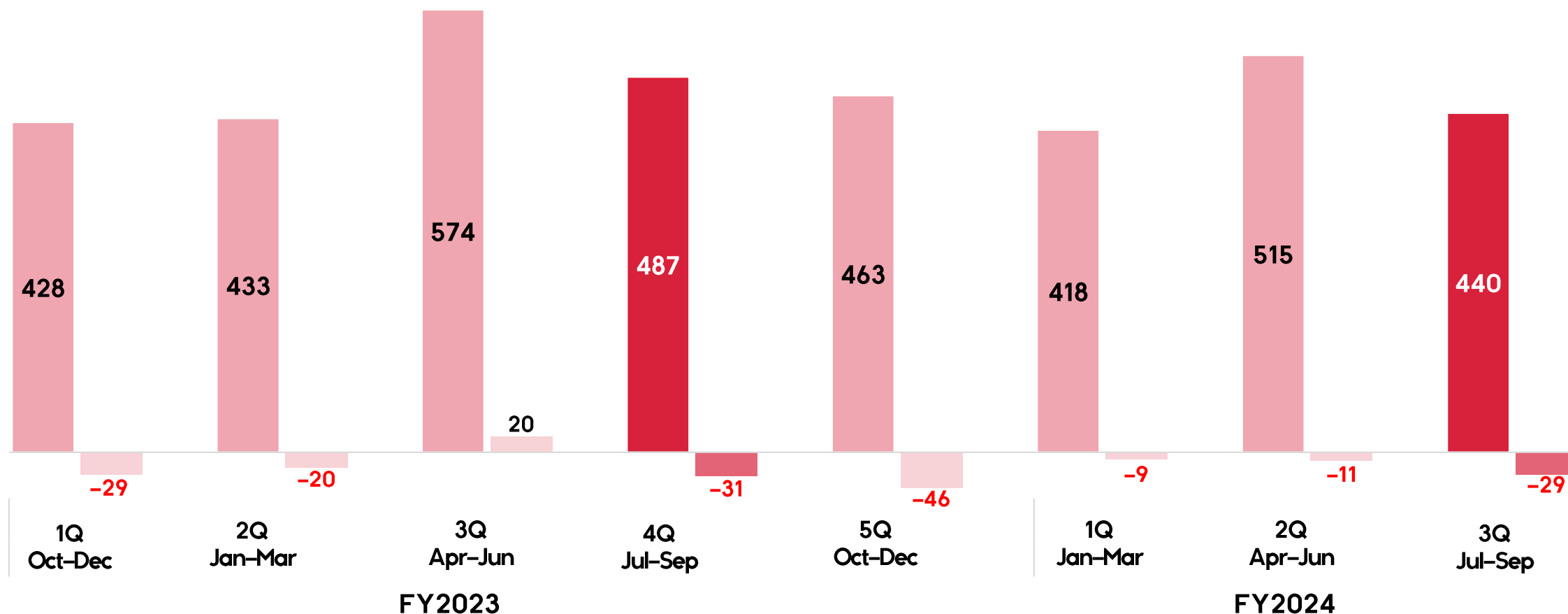
(unit:¥mn)	3Q/FY2024 (Jul-Sep)			4Q/FY2023 (Jul-Sep)	
	Value	Ratio	YoY	Value	Ratio
Revenue	440	100.0%	-9.8%	487	100.0%
Gross profit	359	81.7%	-8.5%	392	80.5%
SG&A expenses	388	88.2%	-8.4%	424	86.9%
Non-GAAP operating profit	-29	—	+2	-31	—

27 Media Platform Business Quarterly Earnings Trend

(After reclassification of discontinued operations)

The Company excludes two companies engaged in the Men's Cosmetics Business and the Childcare Platform Business from consolidation in 4Q, promoting the transformation of its business portfolio.

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



*Men's Cosmetics Business : ALPHABLE, Childcare Platform Business: TowaStela

06

Progress of Earnings Estimates

29 Revision of Full Year Earnings Estimates for FY12/2024

(Consolidated)



While net sales are expanding, the revenue to net sales ratio and productivity have declined, leading to a widening gap between the initial forecasts for revenue and Non-GAAP operating profit. As a result, the earnings forecast has been revised downward.

(unit: ¥mn)	Previous forecast (A)	Revised forecast (B)	Change (B-A)	Change (B/A · %)	CY2023 results* ¹ (C)	YoY (B/C · %)
Revenue	31,000	28,100	-2,900	-9.4%	27,674	+1.5%
Non-GAAP operating profit	4,700	3,000	-1,700	-36.2%	4,016	-25.3%
Profit attributable to owners of parent	6,500	5,150	-1,350	-20.8%	3,736	+37.8%
Earnings per share (¥) (EPS)	31.35	24.84	-6.51	—	17.97* ²	(+6.87)
[Reference] Net sales	150,000	146,200	-3,800	-2.5%	138,036	+5.9%
Revenue to net sales ratio	20.7%	19.2%	-1.4Pt	—	20.0%	(-0.8Pt)
Dividend per share (¥)	31.35	31.35	—	—	—	—
Dividend payout ratio	100%	126.2%	—	—	—	—

*1 The performance of the IP Platform Business have been reclassified as discontinued operations. *2 Calendar year EPS is for reference only.

30 Revision of Full Year Earnings Estimates for FY12/2024

(By business segment)



In the Digital Marketing Business, the improvement in the revenue to net sales ratio is ongoing, but in the current fiscal year the Company has been unable to absorb the increase in expenses, and in the Media Platform Business, due in part to the impact of the review of the business portfolio, both segments were revised downward.

(unit: ¥mn)	Revenue					Non-GAAP operating profit				
	Previous estimates	Revised estimates	Change (%)	CY2023 results*	YoY	Previous estimates	Revised estimates	Change (%)	CY2023 results*	YoY
Digital Marketing	28,900	26,600	-8.0%	25,908	+2.7%	7,500	6,100	-18.7%	6,791	-10.2%
Media Platform	2,300	1,700	-26.1%	1,958	-13.2%	10	-90	(-100)	-77	(-13)
Elimination or corporate	-200	-200	-	-192	-	-2,810	-3,010	-200	-2,698	(+312)
Consolidated	31,000	28,100	-9.4%	27,674	+1.5%	4,700	3,000	-36.2%	4,016	-25.3%

*The performance of the IP Platform Business have been reclassified as discontinued operations.

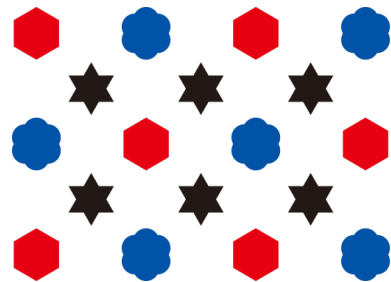
31 Progress toward Earnings Estimates (Consolidated)

Consolidated

(unit: ¥mn)



Thank you for your interest!



SEPTENI

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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 November 7, 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

34 Quarterly Consolidated Income Statement

(Consolidated, after reclassification of discontinued operations)



(unit: ¥mn)	FY2023										FY2024					
	1Q (Oct–Dec)		2Q (Jan–Mar)		3Q (Apr–Jun)		4Q (Jul–Sep)		5Q (Oct–Dec)		1Q (Jan–Mar)		2Q (Apr–Jun)		3Q (Jul–Sep)	
	Value	Ratio	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%	6,898	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%	5,231	75.8%
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%	4,759	69.0%
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%	485	7.0%
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%	450	6.5%
Equity in earnings of affiliates	644	9.8%	474	6.7%	-75	—	313	4.6%	495	6.7%	615	8.4%	157	2.3%	144	2.1%
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%	266	3.9%
[Reference] Net sales	31,683	—	34,346	—	32,277	—	34,118	—	37,295	—	38,822	—	34,788	—	35,273	—

35 Quarterly Consolidated Income Statement

(Media Platform Business, After reclassification of discontinued operations)

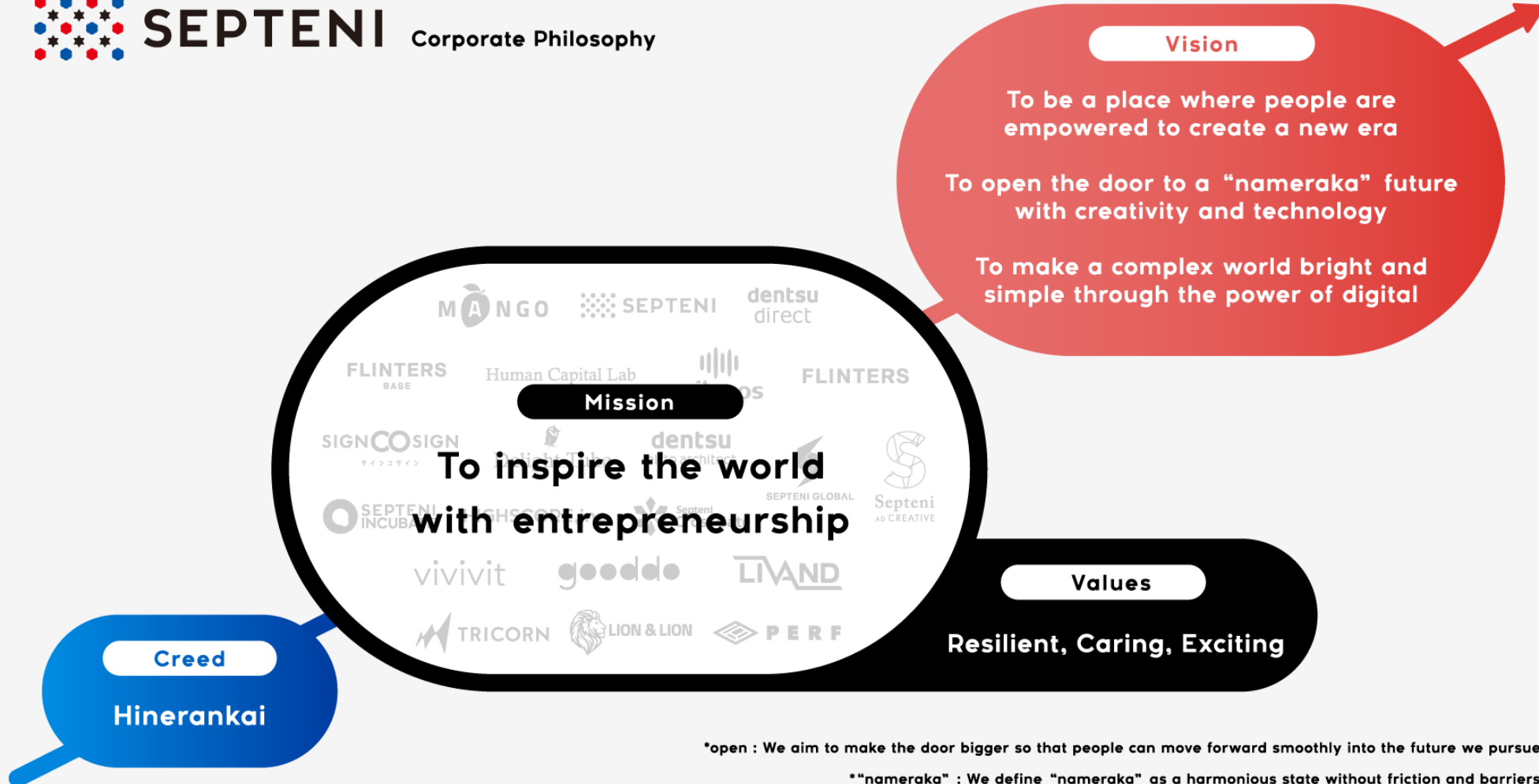


(unit: ¥mn)	FY2023										FY2024					
	1Q (Oct–Dec)		2Q (Jan–Mar)		3Q (Apr–Jun)		4Q (Jul–Sep)		5Q (Oct–Dec)		1Q (Jan–Mar)		2Q (Apr–Jun)		3Q (Jul–Sep)	
	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio
Revenue	428	100.0%	433	100.0%	574	100.0%	487	100.0%	463	100.0%	418	100.0%	515	100.0%	440	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%	359	81.7%
SG&A expenses	377	88.1%	374	86.3%	422	73.6%	424	86.9%	391	84.3%	362	86.5%	422	81.8%	388	88.2%
Non-GAAP operating profit	-29	—	-20	—	20	3.4%	-31	—	-46	—	-9	—	-11	—	-29	—

36 Consolidated Statement of Financial Position



(unit: ¥mn)	End of 3Q/FY2024	End of FY2023	Change
Current Assets	43,291	43,683	-392
Non-Current Assets	51,078	49,923	+1,155
Total Assets	94,369	93,606	+763
Current Liabilities	24,159	26,333	-2,174
Non-Current Liabilities	1,434	1,569	-135
Total Liabilities	25,593	27,901	-2,308
Total Capital	68,776	65,705	+3,071
Total Liabilities and Capital	94,369	93,606	+763



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.

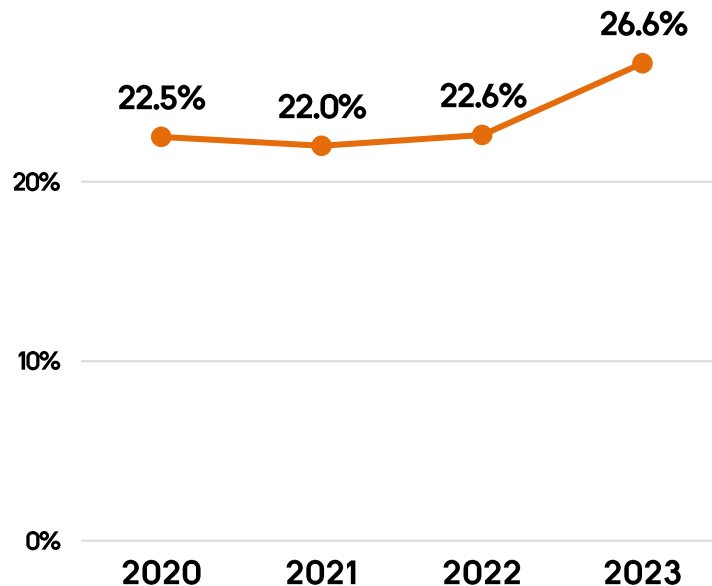
	Materiality	Subcategory of Materiality	Key KPIs
E	<ul style="list-style-type: none"> Response to Climate Change 	<ul style="list-style-type: none"> Reduction of GHG emissions and disclosure of information in accordance with TCFD recommendations 	<ul style="list-style-type: none"> 70% Reduction of scope 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

40 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.

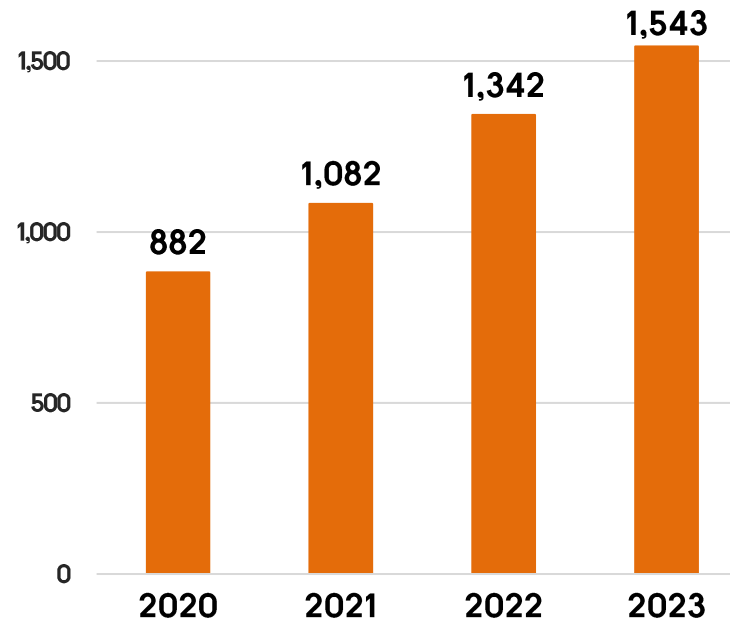
Ratio of female managers*1

Target: 30% by 2030
(domestic subsidiaries)



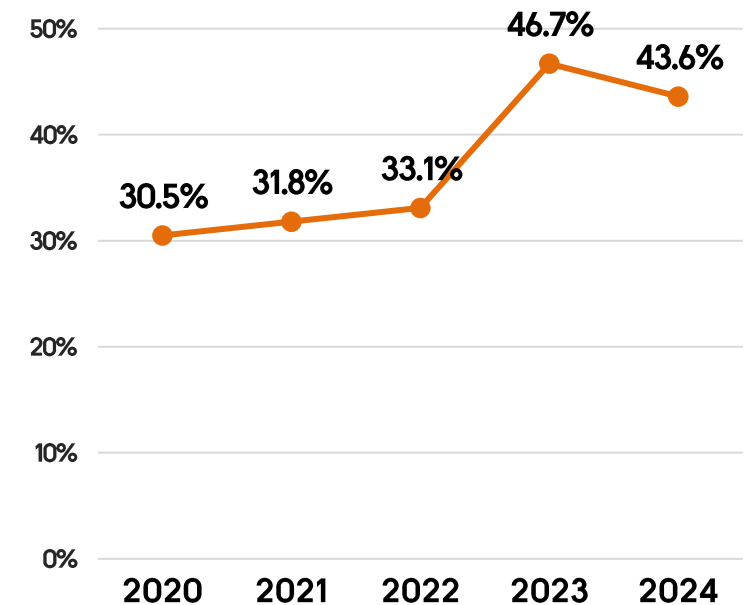
Number of people actively participating in events that nurture entrepreneurship*2

Target: Year-on-year increase



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

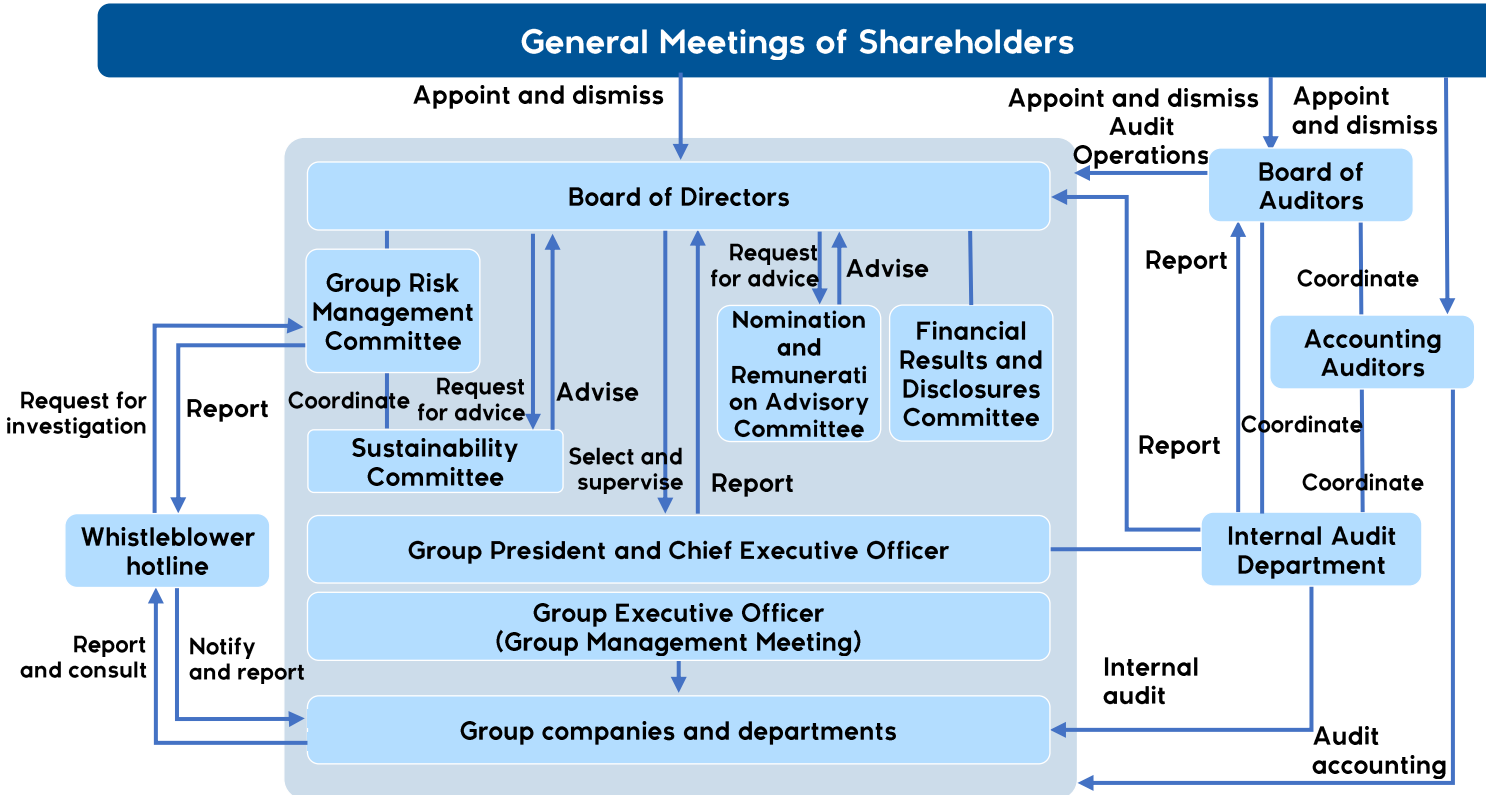
Target: Year-on-year increase



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

- 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

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 November 7, 2024)

FY2023 – Establishment of Nomination and Remuneration Advisory Committee

42 Main Group Companies by Business Segment as of November 7, 2024



Digital Marketing Business

Marketing Communication



Direct Business



Data & Solutions

FLINTERS



Media Platform Business



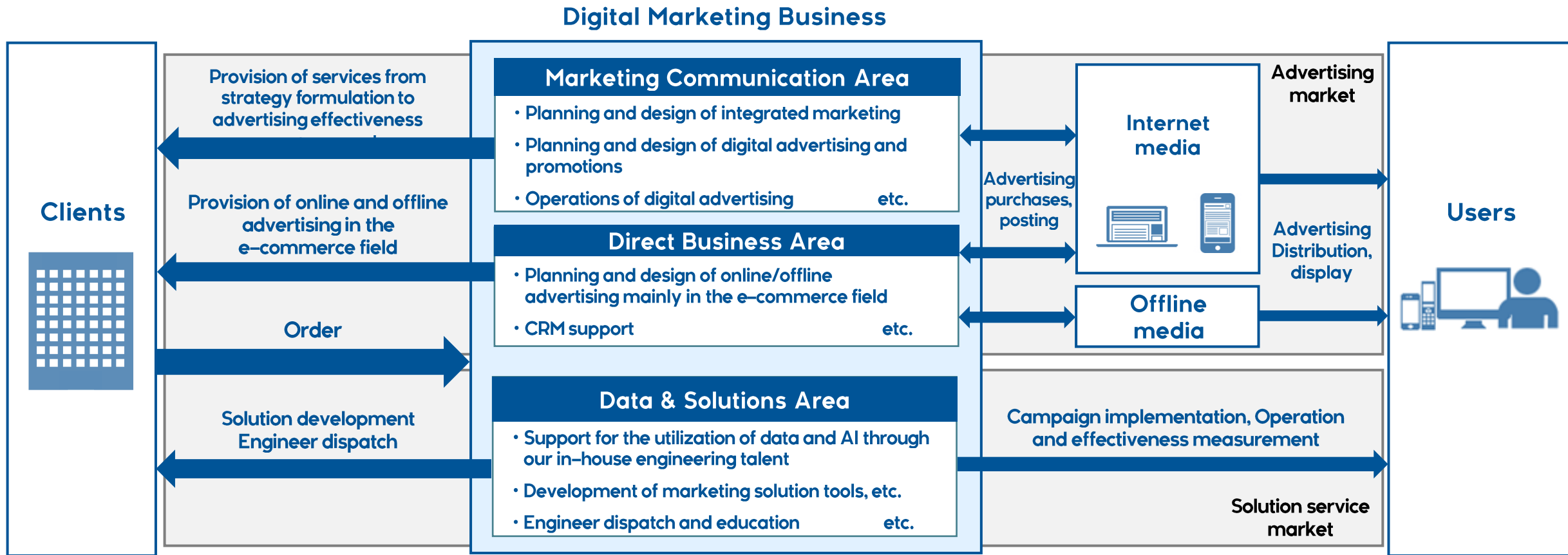
Equity-method affiliates



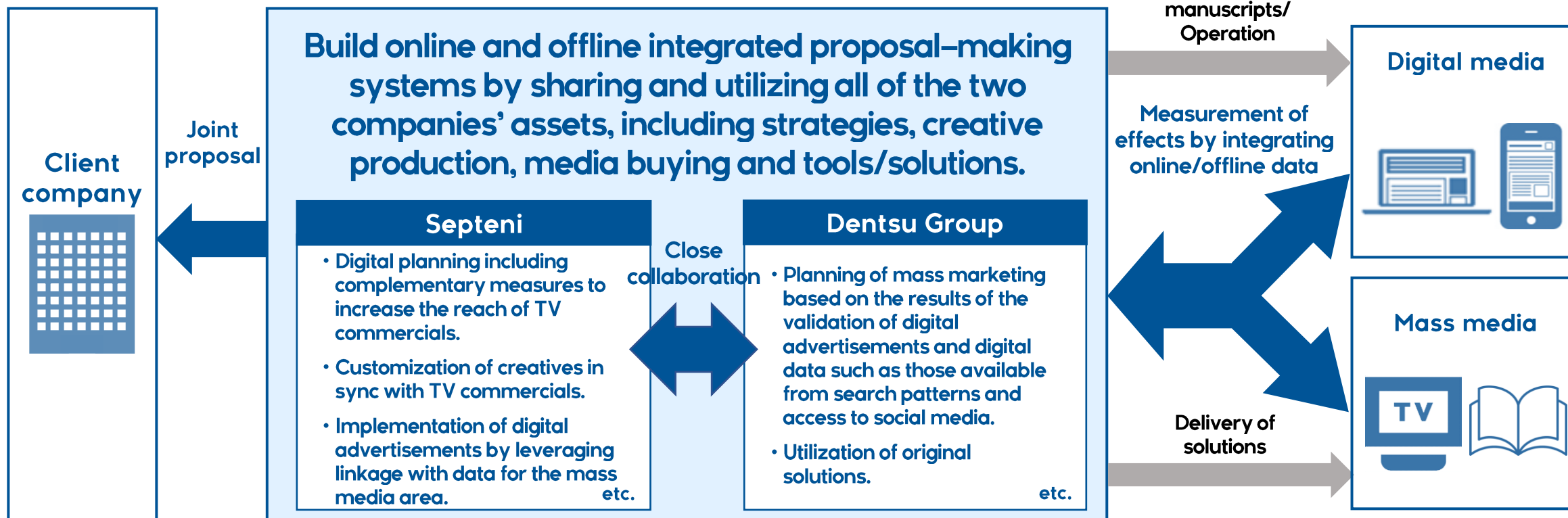
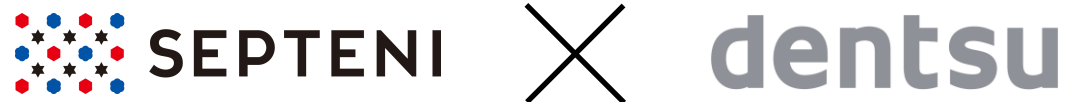
SEPTENI HOLDINGS CO., LTD. (Holding company)

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.

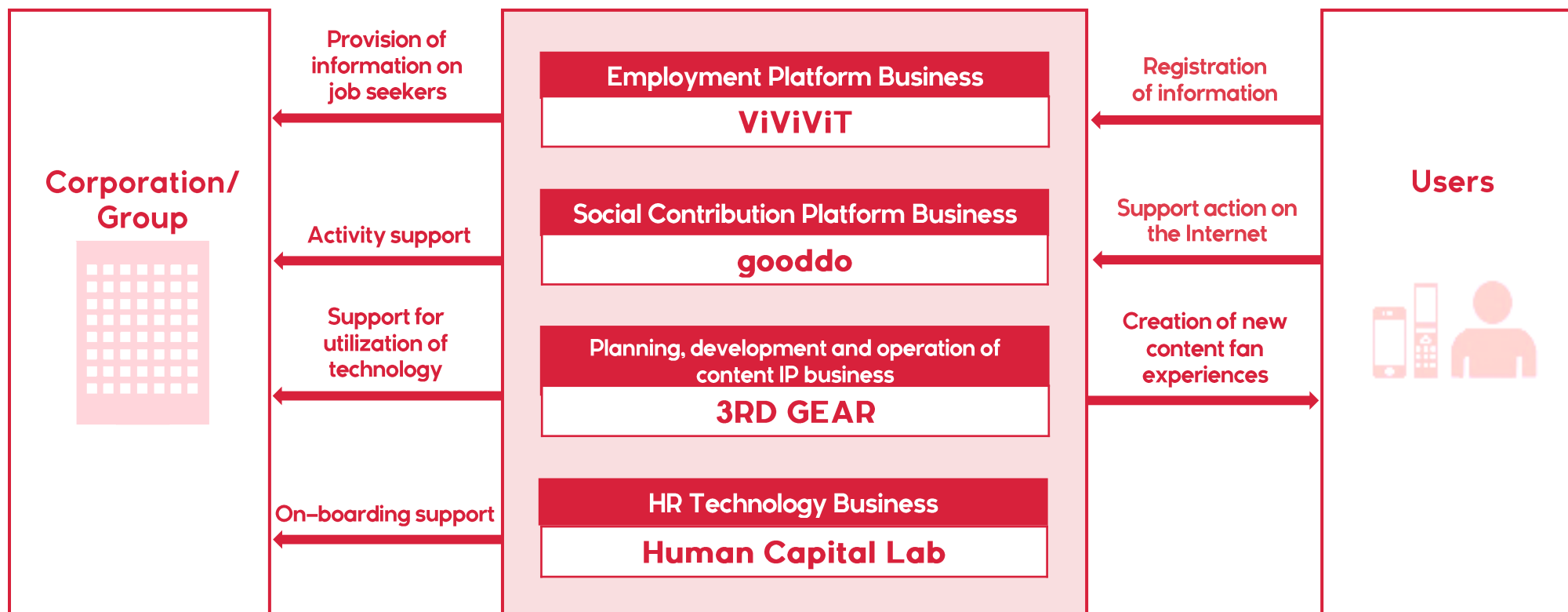


Proposal of Integrated Marketing of online/offline advertising through the utilization of the two companies' client bases (conceptual image)



45 Business Model for the Media Platform Business

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





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

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 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)

