

Summary of Consolidated Financial Statement for the Fiscal Year Ended December 31, 2024 [IFRS]

February 12, 2025
Listed Market: TSE

SEPTENI HOLDINGS CO., LTD.

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

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Anticipated Date of General Shareholder's Meeting: March 26, 2025

Anticipated Dividend Payment Date: March 7, 2025

Anticipated Financial Report Filing Date: March 26, 2025

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 Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

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

Fiscal year ended	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	%
December 31, 2024	28,284	—	3,129	—	3,197	—	4,867	—	5,520	—	5,526	—
December 31, 2023	34,267	—	4,949	—	5,091	—	6,652	—	4,267	—	4,319	—

(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 stock-based compensation 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 rate of year-over-year change is not stated.

3. As the results of COMICSMART INC. (current trade name: COMISMA 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.

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets ratio	Operating profit to revenue ratio
	Yen	Yen	%	%	%
December 31, 2024	26.65	26.61	8.2	5.1	11.1
December 31, 2023	20.74	20.68	6.7	7.3	14.4

(Reference) Share of profit of investments accounted for using equity method

For the fiscal year ended December 31, 2024: ¥1,465 million

For the fiscal year ended December 31, 2023: ¥1,851 million

(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	Equity attributable to owners of parent per share
As of	Million Yen	Million Yen	Million Yen	%	Yen
December 31, 2024	97,637	69,955	69,880	71.6	336.89
December 31, 2023	93,606	65,705	65,594	70.1	316.70

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
December 31, 2024	3,677	336	-1,632	23,730
December 31, 2023	3,785	-2,020	-1,835	20,873

2. Dividends

	Dividends						Total dividend paid	Payout ratio	Ratio of total amount of dividends to equity attributable to owner of parent
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended December 31, 2023	—	—	—	—	5.20	5.20	1,086	25.1	1.7
Fiscal year ending December 31, 2024	—	—	—	—	31.35	31.35	6,558	117.6	9.6
Fiscal year ending December 31, 2025 (Estimate)	—	—	—	—	—	—		—	

(Note) Dividend forecast for the fiscal year ending December 2025 is undetermined. For dividend policies, please refer to “2. Outlook (2) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms”.

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2025 (From January 1, 2025 to December 31, 2025) (% 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	30,300	7.1	4,000	25.1	3,800	-31.2		18.32

*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 December 31, 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 December 31, 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)

Fiscal year ended December 31, 2024	207,348,032 shares
Fiscal year ended December 31, 2023	208,284,960 shares

(Note) The Company implements the stock incentive plan for the Directors and the Group Executive Officers. The number of treasury shares at the end of fiscal year includes 1,764,502 shares held by the BIP Trust, as well as 2,200,043 shares held by the Company. The Company’s shares held by the BIP Trust is also included in the number of treasury shares to calculate the average number of shares outstanding.

(Reference) Non-Consolidated Financial Results Overview

1. Non-Consolidated Operating Results for the Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended December 31, 2024	5,236	—	2,097	—	3,467	—	3,272	—
December 31, 2023	6,854	—	3,361	—	5,123	—	4,827	—

(Note) 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.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2024	15.78	15.76
December 31, 2023	23.17	23.12

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million Yen	Million Yen	%	Yen
December 31, 2024	62,363	59,198	94.9	285.40
December 31, 2023	59,524	57,129	96.0	275.83

(Reference) Equity

As of December 31, 2024: ¥59,198 million
As of December 31, 2023: ¥57,129 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

*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. Overview of Financial Results, etc. (1) Overview of Financial Results” and “2. Outlook (1) Outlook.”

(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.

February 12, 2025 (Wed.) – FY12/2024 Financial Results Briefing for Institutional Investors, Analysts and the Press

Index

1. Overview of Financial Results, etc.	2
(1) Overview of Financial Results	2
(2) Overview of Financial Positions	3
(3) Overview of Cash Flows	4
2. Outlook	5
(1) Outlook	5
(2) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms	5
3. Basic Stance on the Choice of Accounting Standards	5
4. Consolidated Financial Statements and Key Notes	6
(1) Consolidated Statement of Financial Position	6
(2) Consolidated Statement of Profit or Loss	8
(3) Consolidated Statement of Comprehensive Income	9
(4) Consolidated Statement of Changes in Equity	10
(5) Consolidated Statement of Cash Flow	11
(6) Notes on Consolidated Financial Statements	13
(i) Notes on Matters Related to Going Concern Assumption	13
(ii) Changes in Accounting Policies	13
(iii) Information on Reportable Segments	13
(iv) Information on Value per Share	15
(v) Subsequent Events.....	15

1. Overview of Financial Results, etc.

(1) Overview of Financial Results

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 a result of COMICSMART INC. (current trade name: COMISMA 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.

(Financial results for the fiscal year under review)

Individual smartphone ownership in Japan rose to 78.9% in 2023, as the quantitative expansion continued, with the exceptionally high popularization rate of more than 90% of those in their 20s through 50s now owning a smartphone. At the same time, the individual objectives for smartphone use are also diversifying with the increasing usage rate of SNS (social networking services), meaning there are also have been a profound qualitative change in use (source: “Communications Usage Trend Survey in 2023,” Ministry of Internal Affairs and Communications). As such, with the smartphone becoming a mainstream device to access the Internet, in the market for various services and applications, the expansion into content such as video, music, and e-books is accelerating. Additionally, the use of social media is not limited to communication, but is also expanding into fields such as payments and purchases, further strengthening its influence. As a result, the demand for marketing support utilizing the unique characteristics of different media as well as data and AI is also increasing significantly. Furthermore, internet advertising expenditures in the Japanese advertising market in 2023 reached ¥3,333.0 billion (up 7.8% year on year), exceeding that of the four traditional mass media advertising expenditures (¥2,316.1 billion, down 3.4% year on year, source: “2023 Advertising Expenditures in Japan” by Dentsu Inc.). As such, the COVID-19 pandemic has also been a catalyst for bringing about a massive wave of digital transformation (DX) across all industries, and even in the advertising industry, there has been further growth in demand for digital marketing.

Under these circumstances, in the main Digital Marketing Business, the Marketing Communication Area, which sells and operates digital advertising and provides integrated online-offline marketing support, led the business growth. In the Media Platform Business, the Company reviewed its business portfolio and optimized costs.

As a result, revenue was ¥28,284 million, operating profit was ¥3,129 million, Non-GAAP operating profit was ¥3,197 million, profit before tax was ¥4,867 million, profit was ¥5,520 million and profit attributable to owners of parent was ¥5,526 million.

For non-consolidated operating results, operating revenue was ¥5,236 million, operating profit was ¥2,097 million, ordinary profit was ¥3,467 million and net income was ¥3,272 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 stock-based compensation 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. 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:

(Million yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)	Change of amount	Rate of change
Operating profit	4,949	3,129	—	—
Adjustment (Amortization of acquisition-related intangible assets)	51	41	—	
Adjustment (Stock-based compensation expenses)	39	—	—	
Adjustment (Others)	52	27	—	
Non-GAAP operating profit	5,091	3,197	—	—

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 fiscal year under review, the Marketing Communication Area led the business growth.

As a result, revenue was ¥26,810 million, and Non-GAAP operating profit was ¥6,357 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 fiscal year under review, the Company reviewed its business portfolio and optimized costs.

As a result, revenue was ¥1,703 million, and Non-GAAP operating loss was ¥93 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. As a result 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.

Revenue was ¥28,284 million (up 2.2% year on year), operating profit was ¥3,129 million (down 20.2% year on year), Non-GAAP operating profit was ¥3,197million (down 20.4% year on year), profit before tax was ¥4,867 million (down 14.0% year on year), profit was ¥5,520 million (up 49.2% year on year), and profit attributable to owners of parent was ¥5,526 million (up 47.9% year on year).

(2) Overview of Financial Positions

Total assets increased by ¥4,031 million compared to the previous fiscal year and reached ¥97,637 million. This is mainly due to increases of ¥2,857 million in cash and cash equivalents, ¥890 million in operating receivables, and ¥1,763 million in investments accounted for using equity method.

Total liabilities decreased by ¥219 million compared to the previous fiscal year and reached ¥27,683 million. This is mainly due to a 385 million increase in deferred tax liabilities offset by decreases of ¥161 million in trade payables and ¥237 million in liabilities directly associated with assets held for sale.

Total equity increased by ¥4,250 million compared to the previous fiscal year and reached ¥69,955 million. This is mainly due to a record of profit of ¥5,520 million, while a ¥1,077 million decrease in dividends paid.

(3) Overview of Cash Flows

“Cash and cash equivalents” increased by ¥2,857 million and totaled ¥23,730 million. The following are the details and factors of each cash flows in the fiscal year under review.

(i) Cash flows from operating activities

As a result of operating activities in the fiscal year under review, cash inflows totaled ¥3,677 million (cash inflows of ¥3,785 million in the previous fiscal year). This is mainly due to a record of 4,867 million in profit before tax from continuing operations, ¥3,209 million in profit before tax from discontinued operations, ¥1,214 million in dividends received and ¥1,466 million in income tax refund, while a record of ¥1,465 million in equity in earnings of affiliates, ¥3,334 million in profit from loss of control of subsidiaries, ¥813 million in increase in trade receivables and ¥1,484 million in income taxes paid.

(ii) Cash flows from investing activities

As a result of investing activities in the fiscal year under review, cash inflows totaled ¥336 million (cash outflows of ¥2,020 million in the previous fiscal year). This is mainly due to a record of ¥1,175 million in purchase of securities, while a record of ¥1,833 million in proceeds from sale of shares of subsidiaries with loss of control (net of cash of disposed subsidiaries).

(iii) Cash flows from financing activities

As a result of financing activities in the fiscal year under review, cash outflows totaled ¥1,632 million (cash outflows of ¥1,835 million in the previous fiscal year). This is mainly due to dividends paid of ¥1,077 million and repayments of lease liabilities of ¥558 million.

2. Outlook

(1) Outlook

(i) Policies

The Group continues to pursue the medium-term theme “Focus & Synergy” set out in the fiscal year ended December 2024 and will promote reorganization to refine the strengths of each business, while thoroughly disciplining business portfolio management. In addition, as growth investments, the Group will consider investments for organic growth and the creation of new businesses, as well as M&A for growth in each business.

Furthermore, while tackling short-term challenges such as improving profitability and productivity, the Company will continue revenue growth through the growth of each business segment and aim for a V-shaped recovery by returning to operating profit growth.

From the first quarter of fiscal year ending December 2025, three areas that had been classified under the Digital Marketing Business will be the Marketing Communication Segment, the Direct Business Segment, and the Data & Solutions Segment, respectively, and these three will be the new reportable segments. In addition, each of the businesses previously classified in the Media Platform Business will be integrated into the Marketing Communication Segment or classified into the Other Business, taking into account the perspective of generating synergies with existing businesses.

For the details of the change in reportable segments, please refer to “Notice of Changes in Reportable Segments” disclosed on December 24, 2024.

(ii) Financial Results Forecasts

In the fiscal year ending December 2025, the Company expects steady growth with a focus on profitability of each business segment.

Financial results forecasts for the fiscal year ending December 2025 (From January 1, 2025 to December 31, 2025):

Revenue	30,300 million yen
Non-GAAP operating profit	4,000 million yen
Profit attributable to owners of parent	3,800 million yen
Basic earnings per share	18.32 yen

The above forecasts are based on estimates and beliefs in light of the information currently available and are subject to a number of uncertainties. Actual results may differ from the above forecasts due to various factors.

(2) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms

The Company recognizes that returning profits to shareholders is one of the key management issues and will implement flexible and appropriate allocations based on the following policies.

Regarding dividends of surplus, in consideration of its consolidated earnings performance of each fiscal year, the strengthening of its financial position, the Group's business strategy going forward and other factors, the Company endeavors to return profits to shareholders within the range of our distributable amount, with a dividend payout ratio of 100% to profit attributable to owners of parent in the fiscal year ended December 2024 and a minimum dividend payout ratio of 50% from the fiscal year ending December 2025.

The Company also intends to acquire own shares on an ongoing basis by comprehensively taking into account market conditions, opportunities to invest in businesses, capital efficiency, the level of share price, etc. and to implement such share repurchases in a flexible manner.

Retained earnings will be used for investments in high-growth and profitable business domains, as well as for investments to improve the efficiency and vitalization of existing businesses, and for educational investment to develop human resources.

Based on this policy, the Company's year-end dividend forecast for the fiscal year ended December 31, 2024 is ¥31.35 per share.

The year-end dividend for the fiscal year ending December 31, 2025 is yet to be determined. The Company will promptly announce the amount as soon as it is determined.

3. Basic Stance on the Choice of Accounting Standards

The Group has promoted the global operational presence and adopted IFRS since the fiscal year ended September 30, 2016, to improve the quality of business administration through standardized accounting procedures within the Group and to improve convenience for stakeholders, including shareholders and investors in Japan and overseas, by increasing the international comparability of financial information in capital markets.

4. Consolidated Financial Statements and Key Notes

(1) Consolidated Statement of Financial Position

(Thousand yen)

	Fiscal year ended December 31, 2023 (As of December 31, 2023)	Fiscal year ended December 31, 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	20,873,416	23,730,478
Trade receivables	19,830,799	20,721,228
Inventories	72,849	15,818
Other financial assets	101,550	721,696
Other current assets	1,997,253	788,470
Subtotal	42,875,867	45,977,690
Assets held for sale	807,491	—
Total current assets	43,683,358	45,977,690
Non-current assets		
Property, plant, and equipment	257,486	331,425
Right-of-use assets	1,899,500	1,418,157
Goodwill	4,693,055	4,693,055
Intangible assets	432,366	887,843
Investments accounted for using equity method	34,249,351	36,012,726
Other financial assets	7,106,364	7,252,691
Other non-current assets	13,260	10,449
Deferred tax assets	1,271,250	1,053,254
Total non-current assets	49,922,632	51,659,600
Total assets	93,605,990	97,637,290

(Thousand yen)

	Fiscal year ended December 31, 2023 (As of December 31, 2023)	Fiscal year ended December 31, 2024 (As of December 31, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables	19,031,397	18,870,184
Other financial liabilities	4,414,965	4,631,603
Income taxes payable	421,929	806,696
Other current liabilities	2,227,759	1,902,559
Subtotal	26,096,050	26,211,042
Liabilities directly associated with assets held for sale	236,525	—
Total current liabilities	26,332,575	26,211,042
Non-current liabilities		
Other financial liabilities	1,369,940	893,394
Provisions	152,549	163,095
Deferred tax liabilities	46,137	415,069
Total non-current liabilities	1,568,627	1,471,557
Total liabilities	27,901,201	27,682,599
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	27,693,471
Other components of equity	-49,731	-270,747
Total equity attributable to owners of parent	65,593,864	69,880,279
Non-controlling interests	110,925	74,413
Total equity	65,704,788	69,954,691
Total liabilities and equity	93,605,990	97,637,290

(2) Consolidated Statement of Profit or Loss

(Thousand yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Continuing operations		
Revenue	34,266,611	28,284,209
Cost of sales	6,799,214	6,080,764
Gross profit	27,467,397	22,203,445
Selling, general and administrative expenses	22,499,702	19,096,000
Other income	66,173	55,013
Other expenses	84,734	33,198
Operating profit	4,949,134	3,129,260
Finance income	5,760	168,123
Finance costs	153,485	33,060
Share of profit of investments accounted for using equity method	1,850,739	1,465,487
Gain on change in equity	—	467,042
Impairment loss on investments accounted for using equity method	—	329,735
Profit before tax	6,652,148	4,867,117
Income tax expenses	1,727,766	1,557,686
Profit from continuing operations	4,924,381	3,309,431
Discontinued operations		
Profit (loss) from discontinued operations	-657,107	2,210,177
Profit	4,267,275	5,519,608
Profit (loss) attributable to:		
Owners of parent	4,318,831	5,525,805
Non-controlling interests	-51,556	-6,197
Total	4,267,275	5,519,608
Earnings per share		
Basic earnings (loss) per share (Yen)		
Continuing operations	23.56	15.93
Discontinued operations	-2.82	10.72
Total	20.74	26.65
Diluted earnings (loss) per share (Yen)		
Continuing operations	23.50	15.91
Discontinued operations	-2.81	10.71
Total	20.68	26.61

(3) Consolidated Statement of Comprehensive Income

(Thousand yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Profit	4,267,275	5,519,608
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	201,646	-276,204
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	28,097	48,864
Cash flow hedges	2,990	—
Share of other comprehensive income of investment accounted for using equity method	3,664	65,767
Total other comprehensive income, net of tax	236,397	-161,574
Total comprehensive income	<u>4,503,672</u>	<u>5,358,034</u>
Comprehensive income attributable to:		
Owners of parent	4,555,228	5,364,231
Non-controlling interests	-51,556	-6,197
Comprehensive income	<u>4,503,672</u>	<u>5,358,034</u>

(4) Consolidated Statement of Changes in Equity

(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 (loss)	—	—	—	4,318,831	—	4,318,831	-51,556	4,267,275
Other comprehensive income	—	—	—	—	236,397	236,397	—	236,397
Total comprehensive income	—	—	—	4,318,831	236,397	4,555,228	-51,556	4,503,672
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	—	542,167	—	—	—	542,167	115,350	657,516
Other	—	32,629	—	157,539	-157,539	32,629	-1,684	30,945
Total transactions with owners	—	117,265	-820,917	-805,426	-157,539	-1,666,618	113,665	-1,552,953
Balance at December 31, 2023	18,428,004	25,426,993	-1,396,624	23,185,222	-49,731	65,593,864	110,925	65,704,788

(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	—	—	—	5,525,805	—	5,525,805	-6,197	5,519,608
Other comprehensive income	—	—	—	—	-161,574	-161,574	—	-161,574
Total comprehensive income	—	—	—	5,525,805	-161,574	5,364,231	-6,197	5,358,034
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 December 31, 2024	18,430,174	25,424,005	-1,396,624	27,693,471	-270,747	69,880,279	74,413	69,954,691

(5) Quarterly Consolidated Statement of Cash Flow

(Thousand yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before tax from continuing operations	6,652,148	4,867,117
Loss before tax from discontinued operations	-666,259	3,209,136
Adjustments:		
Depreciation and amortization	967,653	695,071
Interest and dividend income	-4,562	-8,317
Interest expenses	26,229	18,980
Share of loss (profit) of investments accounted for using equity method	-1,850,739	-1,465,487
Loss (profit) on valuation of securities	42,700	-138,975
Impairment loss on investments accounted for using equity method	—	-467,042
Loss (profit) on change in equity	—	329,735
Loss (profit) from loss of control of subsidiaries	—	-3,334,325
Other	70,391	226,013
Changes in working capital		
Decrease (increase) in trade receivables	-1,908,593	-812,707
Decrease (increase) in inventories	27,526	9,376
Increase (decrease) in trade payables	2,271,407	-157,159
Other	-1,431	-477,989
Subtotal	5,626,471	2,493,426
Interest and dividends received	4,462	6,278
Dividends received	1,855,868	1,213,839
Interest paid	-28,144	-19,096
Income taxes refund	66,438	1,466,249
Income taxes paid	-3,739,690	-1,483,561
Cash flows provided by (used in) operating activities	3,785,405	3,677,135
Cash flows from investing activities		
Proceeds from sale of securities	311,068	—
Purchase of securities	-1,109,047	-1,175,466
Purchase of property, plant, and equipment	-168,007	-150,831
Purchase of intangible assets	-12,573	-391,188
Proceeds from sale of shares of subsidiaries with loss of control (net of cash of disposed subsidiaries)	43,065	1,833,045
Payments of contingent considerations	-828,080	—
Purchases of investments accounted for using equity method	-932,830	—
Other	676,358	220,789
Cash flows provided by (used in) investing activities	-2,020,045	336,350

(Thousand yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 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	-751,749	-557,893
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	-1,834,702	-1,631,723
Effect of exchange rate changes on cash and cash equivalents	29,118	48,864
Net increase (decrease) in cash and cash equivalents	-40,223	2,430,625
Cash and cash equivalents at beginning of period	21,340,076	20,873,416
Net increase (decrease) in cash and cash equivalents from transfer to assets held for sale	-426,437	426,437
Cash and cash equivalents at end of period	20,873,416	23,730,478

(6) Notes on Quarterly Consolidated Financial Statements

(i) Notes on Matters Related to Going Concern Assumption

No applicable items.

(ii) Changes in Accounting Policies

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 financial 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.

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

Fiscal year ended December 31, 2023 (from October 1, 2022 to December 31, 2023)

(Thousand yen)

	Digital Marketing *2	Media Platform*3	Total	Adjustments *4	Consolidated
Segment revenue	32,111,575	2,385,939	34,497,514	-230,903	34,266,611
Segment profit (loss) *1	8,526,919	-106,683	8,420,236	-3,328,930	5,091,306

(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. The segment revenue and segment loss in the Media Platform Business include segment revenue and segment loss related to ALPHABLE Inc, which was transferred on October 1, 2024, and TowaStela, Inc., which was transferred on November 1, 2024.
4. 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.

Fiscal year ended December 31, 2024 (from October 1, 2022 to December 31, 2023)

(Thousand yen)

	Digital Marketing	Media Platform *2	Total	Adjustments *3	Consolidated
Segment revenue	26,809,736	1,702,896	28,512,633	-228,424	28,284,209
Segment profit (loss) *1	6,356,539	-92,683	6,263,855	-3,066,878	3,196,977

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

2. The segment revenue and segment loss in the Media Platform Business include segment revenue and segment loss related to ALPHABLE Inc, which was transferred on October 1, 2024, and TowaStela, Inc., which was transferred on November 1, 2024.
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.

Adjustments of segment profit (loss) and profit before tax

(Thousand yen)

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Segment profit (non-GAAP operating profit)	5,091,306	3,196,977
Selling, general and administrative expenses		
Amortization of acquisition-related intangible assets	-51,023	-40,818
Stock-based payment expenses	-38,877	—
Other profit (loss) (net)	-52,273	-26,898
Financial profit (loss) (net)	-147,725	135,063
Share of profit of investments accounted for using equity method	1,850,739	1,465,487
Gain on change in equity	—	467,042
Impairment loss on investments accounted for using equity method	—	-329,735
Profit before tax	<u>6,652,148</u>	<u>4,867,117</u>

(iv) Information on Value per Share

The basis of the calculation of earnings per share is shown in the table below.

	Fiscal year ended December 31, 2023 (From October 1, 2022 to December 31, 2023)	Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)
Profit attributable to owners of parent (thousand yen)		
Continuing operations	4,906,493	3,302,518
Discontinued operations	<u>-587,663</u>	<u>2,223,287</u>
Total	<u>4,318,831</u>	<u>5,525,805</u>
Average number of ordinary shares outstanding during the fiscal year (thousand shares)	208,285	207,348
Number of potential shares with dilutive effects		
Number of warrants (thousand shares)	<u>511</u>	<u>283</u>
Average number of shares outstanding in consideration of the number of potential shares with dilutive effects (thousand shares)	208,796	207,631
Basic earnings per share (yen)		
Continuing operations	23.56	15.93
Discontinued operations	<u>-2.82</u>	<u>10.72</u>
Total	<u>20.74</u>	<u>26.65</u>
Diluted earnings per share (yen)		
Continuing operations	23.50	15.91
Discontinued operations	<u>-2.81</u>	<u>10.71</u>
Total	<u>20.68</u>	<u>26.61</u>

(v) Subsequent Events

No applicable items.