

Realization of a “Nameraka” Society Through Creativity and Technology

Social
—Business Activities—

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Consolidated Earnings Highlights

■ Revenue

¥**34,267** million

■ Non-GAAP operating profit

¥**5,091** million

■ Profit for the period attributable to owners of parent

¥**4,319** million

■ Basic earnings per share (EPS)

¥**20.74**

■ Year-end dividend per share

¥**5.2**

*15-month period due to irregular accounting.
*Due to partial share transfer of COMICSMART INC., which operates IP Platform Business, revenue and Non-GAAP operating profit are presented excluding discontinued operations.

Share repurchases and update on shareholder return policy

We recognize that returning profits to shareholders is one of the key management issues. In February and March 2023, the Company repurchased 2,200,000 shares of its common shares with the aim of increasing shareholder return through improved capital efficiency and implementing flexible capital policies in response to changes in the business environment.

In November 2023, we changed our Shareholder Return Policy with the aim of further expanding shareholder returns. In our Dividend Policy, we raised the consolidated dividend payout ratio from 15% to

25% and the minimum annual dividend per share from ¥2 to ¥3.

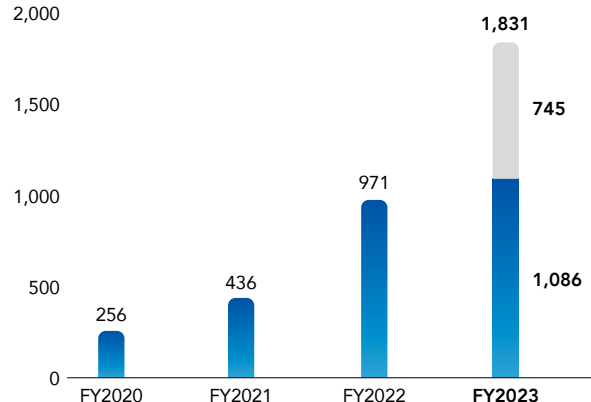
We have also clarified our stance on our Shareholder Return Policy by clarifying our approach to share repurchases. We will continuously consider and flexibly implement share repurchases, comprehensively considering various indicators such as market environment and investment opportunities in business. We will continue to discuss and consider ways to further enhance the return of profits to shareholders.

▶ For our approach to shareholder returns in future capital allocation, please refer to page 35.

Changes in the Total Shareholder Returns

■ Total dividend ■ Total amount of share repurchases

(unit: ¥mn)
2,000



Share transfer of COMICSMART INC.

We transferred a portion of the shares of COMICSMART INC., which operates IP Platform Business, and made it an equity-method affiliate from April 2024. We aim to achieve sustainable and discontinuous growth in the future by reforming its management structure and further enhancing its focus on the core Digital Marketing Business. With regard to the IP Platform Business, fundraising from outside the Group will enable it to invest and operate businesses more boldly and flexibly than ever before, which we believe will lead to the sustained growth and the maximization of corporate value of COMICSMART INC., which in turn will lead to the enhancement of our corporate value.

Update on Medium-term Business Policies



Under the new management structure, the Group set the medium-term theme from the fiscal year ending December 2024 onward as "Focus & Synergy." Based on the human capital management that has been built up to date, we will create synergies among its business segments and within its business areas while evolving its strengths to become a group with multiple strong businesses, aiming for sustainable growth and increased corporate value over the medium to long term.

Medium-term focus point

Under the medium-term theme "Focus & Synergy," we have three focus points. The Digital Marketing Business is divided into three areas: the Marketing Communication Area, the Direct Business Area, and the Data & Solutions Area, and the Group will develop area management while promoting business reorganization and strengthening. In addition, we aim to generate group synergies by utilizing the assets of the Digital Marketing Business and create new businesses from within each area.

Three Focus Points



New Area Division

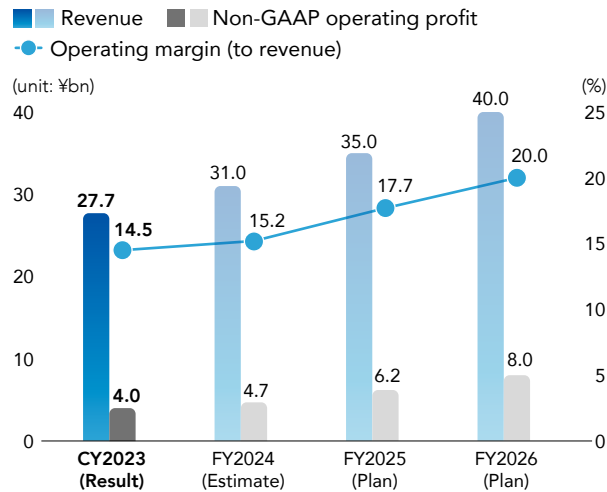


Update on Medium-term Business Policies

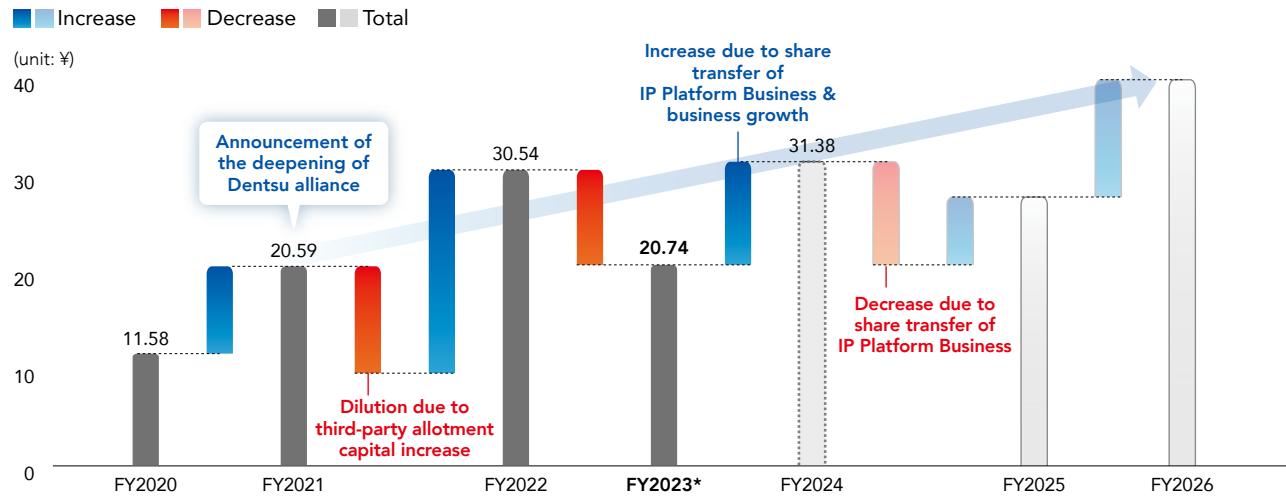
Three-year plan (from FY2024 to FY2026)

Centered on the Digital Marketing Business, we aim to increase revenue and profit and improve operating profit margin over the next three years. In the fiscal year ending December 2024, the transfer of a portion of shares of the IP Platform Business is expected to temporarily boost the profit attributable to owners of parent, resulting in a significant increase in the EPS. Thereafter, we expect a rebound from the positive effects. However, during the term of this medium-term management policy, we aim to double EPS results for FY2021/9 announced at the time of the deepening of the alliance with the Dentsu Group.

Consolidated Three-Year Plan (after reclassification of discontinued operations)



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



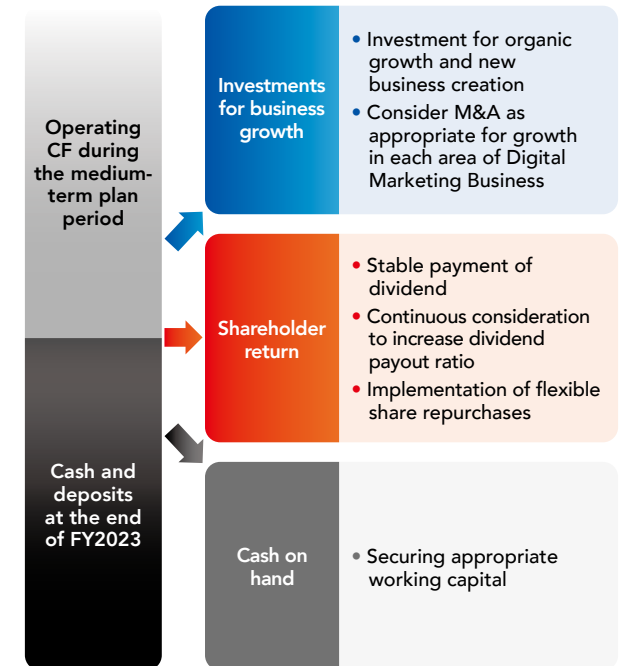
*FY2023 figures are for 15 months.

Capital allocation approach

For growth investments, we will consider investments for organic growth and the creation of new businesses, as well as M&A for growth in each area of the Digital Marketing Business.

We will also continue to discuss on increasing dividend payout ratio and implement share repurchases flexibly while considering the continuity and stability of dividends.

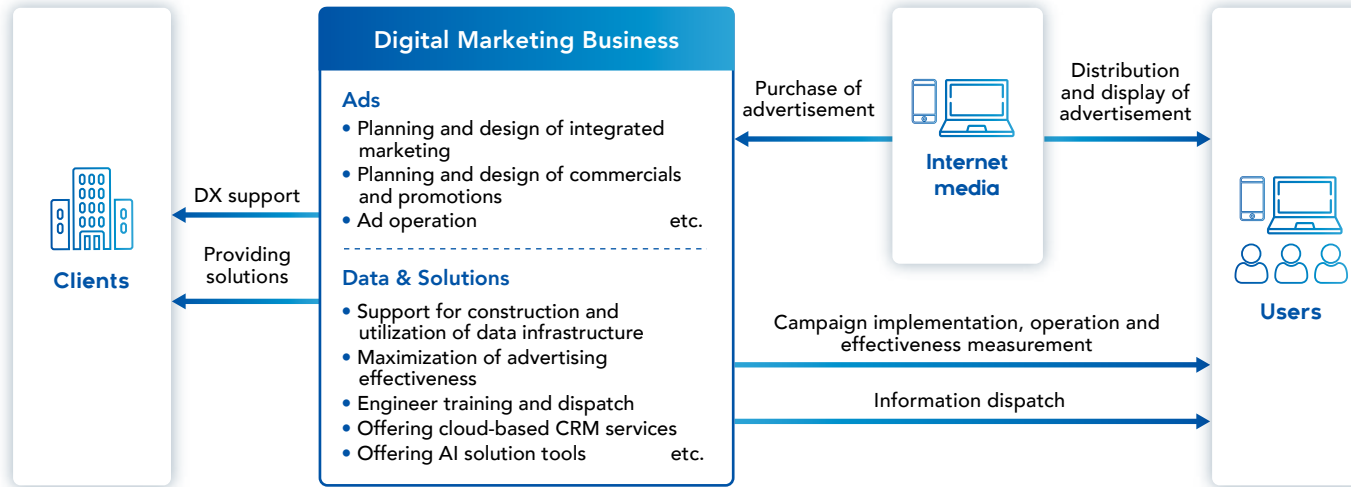
Capital Allocation



Digital Marketing Business

We engage in businesses that provide comprehensive DX (digital transformation) support, mainly in the marketing area, such as marketing support through online-offline integration centered on the sales and operations of digital advertising, and the development and provision of solutions utilizing data and AI.

Business Model

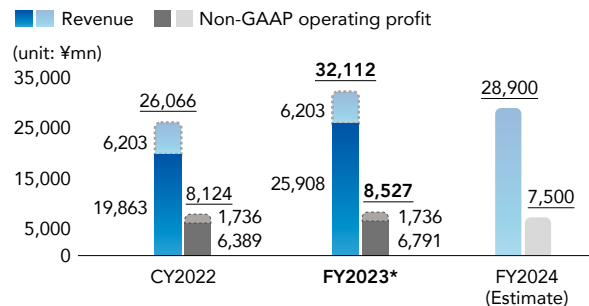


Business overview of FY2023/12

In the fiscal year ended December 2023, despite the economic impact, we acquired new clients and expanded existing businesses. In collaboration with the Dentsu Group, both the number of clients and sales increased steadily.

We also made up-front investments centered on strengthening investment in human capital in April 2023. Through this, we aim to enhance our competitiveness in the recruitment market and maximize the value of our human capital. In this way, we aim to increase our corporate and shareholder value by enhancing the effectiveness of business growth in the medium-to long-term.

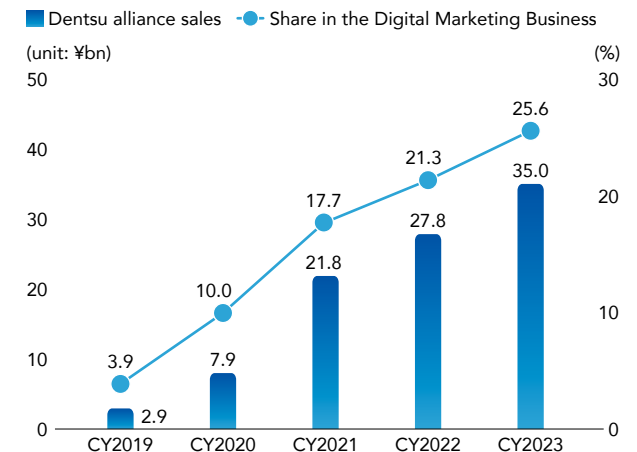
Revenue and Non-GAAP Operating Profit



*15-month period due to irregular accounting.
(Note) The dotted line shows results from October to December 2022.

▶ Please refer to the following for details.
<https://www.septeni-holdings.co.jp/en/ir/finance>

Sales from the Collaboration with Dentsu Group



Digital marketing business policies and strategies

As DX in the advertising market progresses, to be able to provide full-funnel services in the marketing area and create new businesses in adjacent area while enhancing our strengths, we divided the Digital Marketing Business into three areas and will proceed with organizational restructuring under a new management structure. In addition, we aim to further strengthen our core Digital Marketing Business through “Focus & Synergy” in each area.

Current Situation

Market

- Progress in the digital conversion of the domestic advertising market
- Increasingly complex and sophisticated marketing issues faced by clients

Strengths

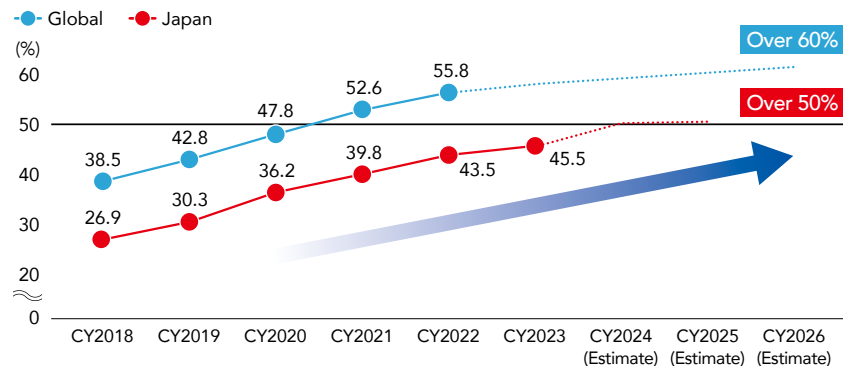
- Online-offline integrated marketing
- Expansion of capabilities through alliance with Dentsu Group

Opportunities

- Provision of full-funnel marketing support, including utilization of data solutions and AI
- Creation of new businesses from within each area



The Digital Share of the Advertising Market



*Source: Dentsu Group (Global Ad Spend Forecast, Advertising Expenditures in Japan)

Marketing Communication Area

Focus

- Promote the alliance with Dentsu Group
- Strengthen integrated marketing

Synergy

- Strengthen development and sales of solutions by consolidating functions within the Group

Direct Business Area

Focus

- Further enhance the strengths of digital×offline media

Synergy

- Develop new business in sales of own products by leveraging the Group's know-how

Data & Solutions Area

Focus

- Strengthen customer development support by leveraging the technological capabilities cultivated to date

Synergy

- Develop into peripheral areas to further strengthen the development organization

Message from the Executive Officer supervising the business

Aiming to create a best practice for integrated marketing starting from digital

Yusuke Shimizu

Director, Group Executive Vice President and Executive Officer
President and Representative Director, SEPTENI CO., LTD.
President and Representative Director, Septeni Japan, Inc.



Against the backdrop of the advancement of digitalization in society, the domestic Internet advertising market in 2023 saw a steady growth of 108% compared to the previous year, expanding its share to 45.5% of Japan's total advertising expenditures of 7.3 trillion yen. This shows that the importance of digital in the advertising market is increasing year by year. With such market changes, in the fiscal year ended December 2023, alongside the expansion of digital marketing aimed at sales promotion, which has been a longstanding strength of the Group, there was an increase in the need for developing integrated online/offline marketing strategies, as well as for providing services across the entire funnel from awareness to acquisition. This led to a further increase in opportunities for offering integrated marketing, which is one of the key strategies for the Group.

Going forward, we estimate that the digital advertising market will continue to grow, but that the growth rate will gradually moderate as the digital ratio in the overall advertising market increases. That is why we believe that, in order to continue to resolve clients' issues and meet the expectations of the Group, it is essential to expand the areas where the Group can provide value, focusing on digital marketing as the main axis while taking a broader and more comprehensive view of overall marketing than ever before.

In the Domestic Marketing Communication Area, which drives the Group's growth, we will promote collaboration with the Dentsu Group at an even faster pace, guided by "Focus & Synergy" set as a theme in our medium-term business policies. By doing so, we will enhance online/offline integrated proposals and create best practices of digital-based integrated marketing with our clients. As a result of exploring how

we can combine our capabilities with the assets held by the Dentsu Group over the past few years, integrated marketing that supports clients by combining digital advertising and digital solutions with mass advertising has been established as a strength. We feel that the relationship of trust created through our collaboration to date has become the foundation, and that we can generate many achievements through the synergy of our client, the Dentsu Group and the Group, and our partner companies.

Integrated marketing through collaboration with the Dentsu Group is not just a joint effort to develop simple online and offline advertising. Going forward, we aim to initiate innovative initiatives that transform the creative production process itself, such as combining virtual production with our AI solutions. We will also continue to realize initiatives to respond to client needs more extensively and effectively than ever before by promoting collaboration and cooperation in various fields.

In addition, we will promote the provision of full funnel marketing by strengthening collaboration among group companies with the aim of resolving increasingly complex client issues while focusing on advertising. We will accelerate synergies within the Group while focusing on utilizing the generative AI and developing CX solutions.

As a group with digital-centric capabilities, we aim to expand client-oriented solutions beyond advertising, enhancing the effectiveness and execution of integrated marketing through synergy with the aforementioned Dentsu Group, thereby driving further growth for the Group.

Messages from the Executive Officers in charge of each area

Overseas Marketing Communication Area

Developing comprehensive services tailored to client issues in the three regions of the United States, China, and Southeast Asia



Daisuke Suefuji

Septeni Group Senior Executive Officer
CEO, Septeni Global G.K.

In the Overseas Marketing Communication Area, we are developing global business in three regions: the United States, China, and Southeast Asia. In the U.S. and China, we provide marketing support to world-class app developers, as well as support for both the expansion of overseas companies into the Japanese market (out-in strategy) and the overseas expansion of Japanese companies (in-out strategy).

In Southeast Asia, a multi-lingual, multi-cultural society, we are developing our business with a focus on B2C digital marketing support for multinational corporations. Currently, we are mainly operating in Malaysia, Singapore, and Indonesia, and focusing on strengthening our approach to advertisers throughout the region and in each country.

In all regions, we are promoting business expansion centered on digital marketing support for large-scale clients while promoting on-off integration that leverages the Group's sales resources. We will leverage our intra-group resources, such as engineers and data analytics, to the fullest extent, and develop comprehensive services as partners that address customer issues.

In addition, while emphasizing human capital to support the growth of our overseas business, we will aim to expand our market share and improve customer satisfaction.

Direct Business Area

Aiming to strengthen integrated marketing in direct marketing and creating new revenue opportunities



Kazunari Kondo

Septeni Group Senior Executive Officer
President, Dentsu Direct Inc.

In the Direct Business Area, we aim to support the growth of the Digital Marketing Business and create new revenue opportunities based on online/offline integrated direct marketing.

First, in order to further strengthen integrated marketing in direct marketing, the foundation of this area, we aim to improve our competitiveness by leveraging expertise in the business to strengthen our services and linking digital and offline media more seamlessly, while focusing on our clients' needs. Second, we plan to launch a sales guarantee business, OEM, and D2C business in the fiscal year ending December 2024 to create a revenue model that does not rely on traditional advertising models. By utilizing and strengthening the knowledge of the Group, we believe we can grow into a core business in the future. With these two as the cornerstones of our strategy, we will invest in creating an environment and fostering a culture conducive to nurturing talented and motivated individuals, driving client success, and fostering business growth, and be committed to fulfilling our responsibilities to society while maintaining a strong sense of ethics and sustainability.

We will first aim to become industry leaders and strive to be a unique presence that creates vitality for both our clients and society. By doing so, we will contribute to the overall growth of the Group.

Data & Solutions Area

Developing solutions that support clients' DX by leveraging the technological capabilities and know-how we have cultivated



Masayuki Takano

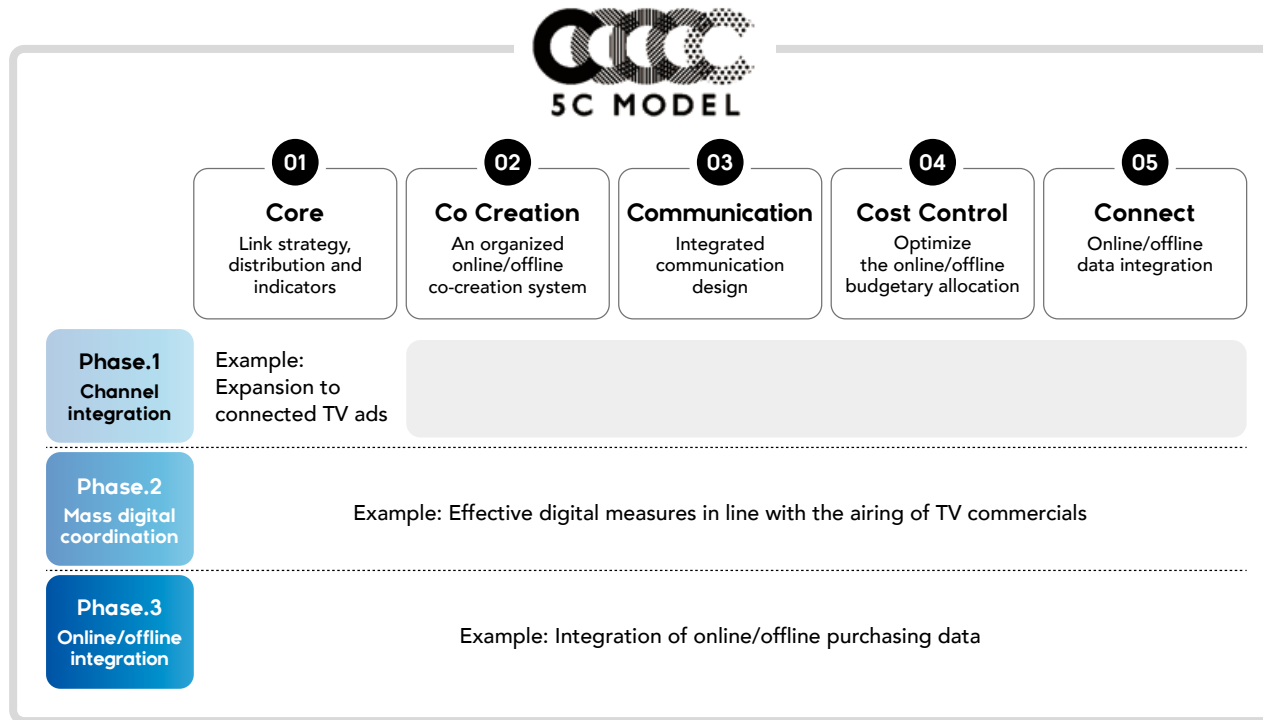
Septeni Group Senior Executive Officer
Representative Director and CEO,
Septeni Data Solutions, Inc.

In the Data & Solutions Area, we aim to use our technological capabilities as a foundation to strongly support the growth of the Digital Marketing Business and create new revenue opportunities. In order to overcome competition in the Marketing Communication Area, we are leveraging the large amount of distribution record data accumulated across various clients and industries and our collaboration with the Dentsu Group to continually develop and provide unique marketing solutions that no other company has.

In addition, we will develop solutions that meet market needs by leveraging the technological capabilities and experiences possessed by our several hundred engineers. In DX market, which is expected to grow further in the future, we will pursue more aggressive business development than ever to create growth opportunities.

Previously, each area and group companies had been aiming for revenue growth respectively while leveraging their centrifugal force. However, the Data & Solutions Area has a wealth of human resources with diverse skills and experiences both domestically and overseas. By bringing together the strengths and experiences of these human resources, we will provide DX solutions that are even more valuable to our clients, which will lead to strong groupwide growth.

The 5C Model of Integrated Online/Offline Marketing



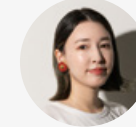
The 5C Model is a framework for realizing online/offline integration in stages. It is made up of three points, namely:

- (1) Break it down into three phases
- (2) Divide the elements that are needed for integration into 5 Cs, and
- (3) Establish the actions necessary for the 5 Cs at each of the phases.

The phrases are divided into three—channel integration, mass digital coordination, and online/offline integration—according to the status of client initiatives. Furthermore, the elements needed for integrated

marketing are categorized into 5 Cs. Since the 5C state to be achieved at each phase differs, we need strategies for the 5 Cs at each of the three phases. Then, to connect the actions needed in each phase, we create a 5C Model Checklist that links the 5Cs to the actions, and endeavor to have the same indicators as our clients based on that checklist.

As demand for integrated online/offline marketing steadily increases, creating a model that is easy for clients to understand will make it possible for the Group to maximize the value it provides through collaboration with the Dentsu Group.

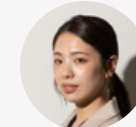


Marin Kamikura

Head of Integrated Communication & Creative Department
Integration Marketing Division
Septeni Japan, Inc.

There are many clients that would like to carry out integrated online/offline marketing as a matter of course, but there are many hurdles when it comes to actually doing it and many processes that are not systemized, so they don't know where to start from, and I've seen a number of cases where a topic that was highly important was treated as if it were low priority.

By using the 5C Model, we are able to make systematic proposals to clients while having a shared awareness within the team of what needs to be done next to achieve online/offline integration. We are also developing and proposing solutions that suit different needs and situations and enhance the creation of case studies that can earn us trust. We are working hard every day to create a situation where Septeni is the first name in everyone's mind when it comes to integrated marketing.



Mizuki Matsuura

Head of Integrated Planning Department
Integration Marketing Division
Septeni Japan, Inc.

As users' behavioral patterns and contact points with media become increasingly diverse, there is growing demand for integration between TV commercials and digital advertisements. In such an environment, the fact that we have systemized the 5C Model and can discuss online/offline integration in terms of stages gave some clients the expectation that the Group has the structure to achieve integrated online/offline marketing, and that it could be utilized in their own marketing.

The model is also really useful not only when dealing with clients but also as we work on our collaboration with the Dentsu Group, because we are able to work with a shared acknowledgement of our current position and the next point we should aim for.

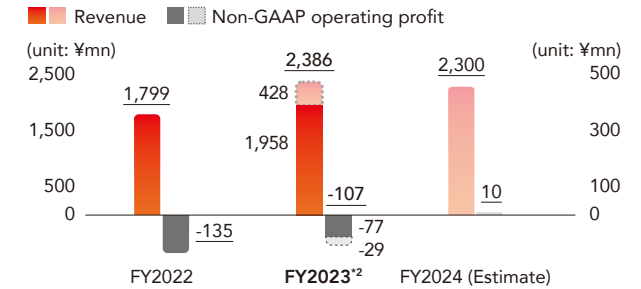
Media Platform Business

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.

Business Model



Revenue and Non-GAAP Operating Profit*1



*1 The amounts for continuing operations, excluding discontinued operations, are shown following the partial transfer of shares in COMICSMART INC., which handles the IP Platform Business.
*2 For 15 months due to irregular accounting period. The dotted line shows results from October to December 2022.

▶ Please refer to the following for details about the results.
<https://www.septeni-holdings.co.jp/en/ir/finance/>

Media Platform Business Topics

The head of business of each Group company will provide an overview of their businesses for the fiscal year ended December 2023, and their future policies.

vivivit

Management of the Employment Platform Business



Daichi Komiya

Steady growth in ViViViT users and clients, and record profits

2023, the 10-year anniversary of ViViViT, which directly connects designers and companies, saw an increase in the number of users and clients, as well as record profits. In addition to the new graduates domain, which has been a target since release, utilization of the platform in the mid-career domain has been increasing, and the offline conference for mid-career designers that we hosted, “Dezanare,” was a great success with over 2,000 reservations. Going forward, we will also work on creating new businesses in the design domain by harnessing the ViViViT database.

g o d o l o

Management of the Social Contribution Platform Business



Keisuke Shimogaki

Strong performance in both existing and new domains, creating many social contribution initiatives

With respect to our main business domain of promoting donations to NPOs, the number of friends of the official LINE account has greatly expanded, surpassing 650,000. We were able to provide information on social contributions to many people via LINE and generate a large number of donations. Meanwhile, the new domain of bequests (the free transfer of part or all of a deceased person’s estate through their will) has been steadily growing, and we will continue working to provide a variety of avenues for social contribution.

TowaStela

Management of the Childcare Platform Business



Yosuke Marutani

“photto,” a product to convey the feelings of senders of baby gifts, developed and put on sale

We have developed “photto,” a product that can be attached to a baby gift to express a message of “no need to pay us back, just take it easy,” along with some rooibos tea, and have begun selling it on amanoppo, an e-commerce site for children’s goods that we operate. “photto gifts” are a new type of gift that allows the recipient of a baby gift to take a break and relax over a cup of tea, and then return the gift with a photo or a message of gratitude once things have calmed down.



Koki Kaku

Co-Creation Support for Corporate Design

Expanding our capabilities as a partner that can support sustainable branding

Having co-created brand identities for more than 100 companies with a focus on helping them formulate their philosophies and purposes, SIGNCOSIGN has deepened its partnerships with outside branding firms, which has led to an increase in projects such as logo design, visuals, and website development. In addition, the "co-creation of personal philosophies," which we have been promoting for several years, has begun to function as a solution to meet the demand for inner branding, and we are steadily growing as a partner that can assist in the entire process to achieve sustainable branding.



Yuki Yanagi

Participation in the Professional Dance League "D.LEAGUE," Team Management and Development

Partnership agreement signed with Kochi Prefecture to contribute to sports promotion, regional revitalization, and the realization of a sustainable, harmonious society through dance

As a result of the positive reception given to the activities of "SEPTENI RAPTURES," which has visited several schools in Kochi Prefecture and conducted workshops, etc. for elementary, junior high and high school students, a partnership agreement was signed to promote street dance in the prefecture. We promote various initiatives to revitalize communities and promote education by performing at events, judging dance contests, holding workshops, and more.



Kazuyoshi Maeda

DX Support in the Entertainment Industry

Pre-launch of fan community service, and development and validation of multiple solutions in progress

We have pre-launched a fan community service with our partner companies that authorizes IP use by fans to create "autonomous economic zones.*" We offer solutions that make it easy for fandoms to generate content, including support ads. We are continuing to develop and validate several solutions, including advertising products in the entertainment domain, as well as D2C and event IP.

*Communities where fans develop and manage their own rules and budgets



Jun Kagami

Management of a Specialized Matchmaking Service for Dating and Marriage, and Planning and Sales of Cosmetics

Opened HERO Marriage, a marriage agency for men

Drawing on the expertise we have gained through "Photojoy," our on-site photography service specializing in profile photos for dating and marriage matchmaking, which has now reached a cumulative total of over 30,000 users, we provide total support from meeting to matchmaking, leading to successful marriages. We ensure our customers can use the service with peace of mind by offering photography at no extra charge, a variety of courses, and a system that allows consultations at any time. We have received many applications for membership since launch, resulting in a number of successful marriages.



Tatsuya Shindo

Proposals for Utilizing an AI Matching System and Supporting Design of Recruitment and Training Systems

Expanding the provision of "HaKaSe Onboard," a DX service that supports employee onboarding

HaKaSe Onboard, an onboarding service launched in 2021 that uses scientific data to help optimize the assignment of new employees and promote retention after assignment, performed well, with 50 companies adopting the service and a 90% retention rate (as of December 31, 2023), resulting in increased revenue. Going forward, we will continue working to acquire new clients.



Issei Ukai

Planning, Development and Operation of Content IP Business Utilizing the Blockchain

Established a new company to provide a framework for delivering Japanese IP to the world, focusing on the IP content business domain

The first official NFT project for the anime IP "Ghost in the Shell" was rolled out globally, leveraging the open nature of the blockchain to deliver the IP to 85 countries. We will continue working to create systems to deliver content IP from Japan to the world and take on the challenge of transforming the structure of the industry.

Creating a “Nameraka” Society through Business—PERF, Inc.

By applying the expertise we have cultivated in Internet-related businesses to other industries, the Group is developing businesses that harness the recent waves of the digital shift and DX to realize a smooth society through the power of technology. In this regard, we will introduce the efforts of PERF, Inc. which is engaged in dance in the “Sports and Entertainment” area.



Yuki Yanagi
Representative Director
PERF, Inc.

— Developing the dance industry by involving non-dancers

PERF formed the professional dance team “SEPTENI RAPTURES” with dance, a fusion of “sports,” “culture and art,” and “entertainment” as its business domain. It participates in the D.LEAGUE, a Japanese professional dance league.

It is said that there are over 6 million* people in Japan who participate in street dance, a number that rivals that of major sports such as baseball and soccer. At many of the dance events I attended before PERF was established, the majority of the people present were dancers and other people involved, and I had the strong impression that “people who go to see dancing = people who dance.”

Conversely, with the D.LEAGUE, you will find a certain number of people who go just to watch (and don’t themselves dance). I believe that in developing the dance industry, our mission is to increase the number of “people who dance,” “people who watch,”

“people who talk about dance,” and “people who get involved” in a more intensive manner, and through the D.LEAGUE, I would like to make conscious efforts in domains where our company can contribute.

*Reported by the Street Dance Association

— Dance and regional revitalization

In addition to the D.LEAGUE, we are also actively engaged in activities to popularize dance. As part of these efforts, in February 2023, we concluded a partnership agreement with Kochi Prefecture with the aim of contributing to the development of sports, regional revitalization, the realization of a sustainable, harmonious society, and the promotion of education through dance.

Kochi Prefecture faces various challenges in promoting sports, such as the fact that 93% of the prefecture’s land area is mountainous, with few venues for sports activities close by, and a declining population, which makes it difficult to conduct team sports. In response, street dance has attracted attention as a “life-long sport” because it can be enjoyed regardless of geographical conditions and because people of all ages and genders can participate together. SEPTENI RAPTURES was selected as a partner to promote the initiative, and has visited several schools to hold workshops and events for elementary, junior high, and high school students.

Dance is a sport where all sorts of videos that can be used as teaching materials and a huge amount of music to inspire dancers are available online, and they spend a great deal of time watching these images and studying how their bodies move and how they hear sound. As such, it is perfect for creating sports opportunities in a region like Kochi Prefecture, which faces various challenges in this regard, and I realized that urban sports, including dance, can help solve local issues.

We started out with the mission of “solving issues through digital transformation of the sports area.” However, in addition to this mission, we believe that the Group’s role in the sports business should be to “solve issues in the corporate and public sectors through sports” while pursuing investment returns for sponsoring companies.



A workshop held in Kochi Prefecture