



STANDARD
TOKYO

February 15, 2024

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.
Representative: Representative Director, Group President and Chief Executive Officer
Koki Sato
(TSE Standard Code: 4293)

Notice of Improper Use of Expenses by Representative Director and Measures to Prevent Recurrence

SEPTENI HOLDINGS CO., LTD. (the “Company”) hereby announces that the Company has made efforts to clarify the actual situation and investigate the cause in response to the confirmation of improper use of expenses by Koki Sato, Representative Director of the Company (scheduled to retire as the Representative Director and Director at the conclusion of the 33rd Ordinary General Meeting of Shareholders to be held on March 27, 2024) in September 2023. Based on the results of clarification and investigation, the Company notifies you that it has formulated and implemented measures to prevent recurrence this time.

The expenses related to such inappropriate use have already been returned in full to the Company by the Representative Director. Furthermore, this matter has no relation to the “Notice Concerning Changes of Representative Director and Director and Next-Term Management Structure” disclosed on December 11, 2023.

We sincerely apologize for causing significant inconvenience and concerns to our shareholders, business partners and other stakeholders. We will take thorough measures to prevent recurrence that we have formulated, and the officers and employees will work together and make every effort to restore confidence in the Company.

1. Overview of Improper Use of Expenses

Pointed out by the Company’s director in June 2023 and investigated by its Board of Auditors, it turns out that a part of expenses that the Representative Director claimed (mainly travel and transportation expenses centering on hired cars) is questionable in terms of operational necessity.

Subsequently, based on the investigation report from the Board of Auditors in September 2023, the Board of Directors excluding the Representative Director discussed on disciplinary actions against the Representative Director and advised him to voluntarily return approximately 22 million yen for the cost of such improper use. The Representative Director has already voluntarily returned the entire amount to the Company.

2. Outline of Measures to Prevent Recurrence

The Company has decided to develop and implement the following measures to prevent recurrence based on the cause analysis of improper use of expenses by the Representative Director.

- Implementation of re-education for officers with the aim of ensuring thorough compliance.
- Improving and strengthening the system for checking the appropriateness of expenses claimed by officers.
- Stricter regulations and approval process for expense processing regarding the use of travel and transportation expenses by officers.
- Formulating new regulations for use of hired cars by officers.
- Adding check items regarding expenses in internal audits, and continuing auditing of the appropriateness and operating effectiveness of the regulations regarding expenses used by officers.

In addition, with the advice of an external expert, the Company has considered the content of measures to prevent recurrence, and it began implementing these measures during the fiscal year ended December 2023. After we confirmed that these measures were functioning effectively at the end of the fiscal year ended December 2023, the Company discloses the notice today.

3. Impact on Consolidated Results

The impact of this matter on its consolidated results for the fiscal year ended December 2023 and ending December 2024 is immaterial.

■ Contact Information

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