



Corporate Philosophy

Mission

Inspiring the world with entrepreneurship

Vision

To create a strong and great company

Creed

ひねらんかい

Hinerankai

In Kansai dialect, this means "Think outside the box."

Code of Conduct The Septeni Way

Speed

Speed is preferred – even if it comes with a little bit of roughness – over sophisticated but slow.

We place speed first and follow a process of repeated trial and error in an effort to achieve a higher level of completion.

Stretch

Setting challenging targets

We believe it is important to make innovations that meet challenging targets. The steady accumulation of day-to-day changes ultimately leads to remarkable growth.

Partnership

Achieving mutual growth

We all work hard, in competition and in cooperation, from the perspective of the management team to build a better company.

Fair & Open

Make things simple and easy for anybody to understand.

We ensure fairness and openness in constructing an environment and relations.

Diversity

Using diversity as a competitive edge

We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.

Passion

Remaining passionate

We believe that passion will help us increase our capacity and consistently produce positive results. We continue our own personal development to stimulate corporate growth and contribute to society.

Free & Rule

Freedom within discipline

The decisions we make are not dictated by whether something is beneficial, but whether it is right. We comply with the corresponding regulations and ordinance and with the spirit of law, while concentrating on doing our jobs seriously yet happily.

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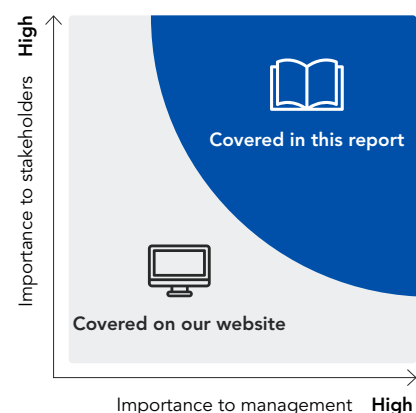
Editorial Policy

The Septeni Group aims to help realize a sustainable society by working to resolve social issues through its businesses. We publish the Integrated Report to give our stakeholders an overall understanding of the Group's progress and value creation through its business activities. This report presents management policies and business strategies from a medium-to-long-term perspective, as well as financial and non-financial information, using as reference the International Integrated Reporting Framework issued by the International Integrated Reporting Council and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation compiled by the Ministry of Economy, Trade and Industry of Japan. For more detailed IR and CSR information, please visit our website.



Forward-Looking Statements

Statements other than historical facts contained in this report are forward-looking statements that have been prepared on the basis of certain assumptions and the judgments of the Company's management derived from currently available information. Therefore, information such as actual business results announced in the future may differ depending on various factors, and the Company is not responsible for any damages resulting from the use of the information in this report.



Septeni Group Website

<https://www.septeni-holdings.co.jp/en>



Investor Relations

<https://www.septeni-holdings.co.jp/en/ir/>

CSR

<https://www.septeni-holdings.co.jp/en/csr/>

Storie(s) (Japanese only)

https://note.com/septeni_group



Tough, gentle and fun. We will leverage these strengths as we look past change to create new value as we lead the way to a new era

Koki Sato

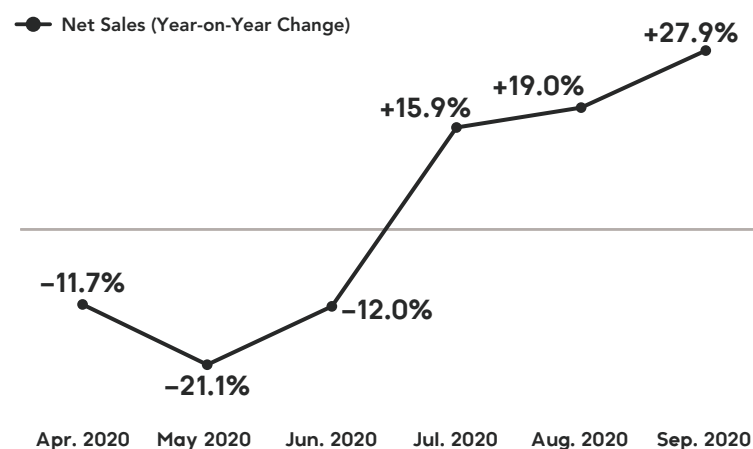
Representative Director and President,
SEPTENI HOLDINGS CO., LTD.
Group President and Chief Executive Officer



Record-High Revenue in the Fiscal Year Ended September 2020 Attests to the Septeni Group's Strengths during the COVID-19 Pandemic

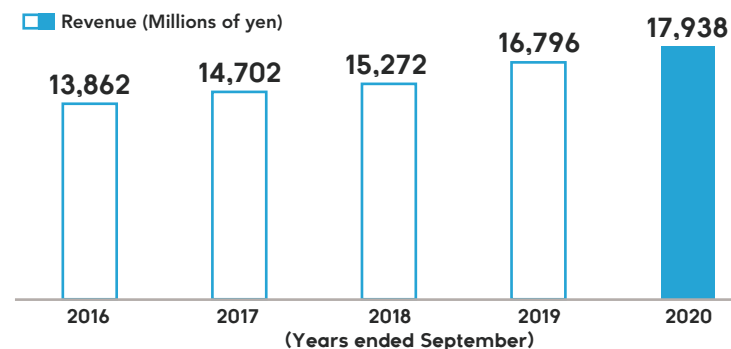
The global COVID-19 pandemic that started in early 2020 has also had an impact on the Septeni Group's management. We experienced a substantial negative impact, including a drop in demand for digital advertising, particularly from March through May. The Group transitioned to remote work as a rule from late February 2020, and our adaptation to this new lifestyle proceeded smoothly as we fine-tuned our measures in each business and shifted personnel to fields where we can expect growth despite the "new

normal" created by COVID-19. Consequently, our business results have been on a clear growth track since bottoming out in May. There has been no apparent downside to remote work, and revenue reached a record high in the fiscal year ended September 2020. This result has reaffirmed for me the resilience of the Septeni Group's businesses. It is evidence that our core value of functioning as an "operating system" has resulted in management that is highly resilient, even to an unprecedented pandemic.



Consolidated Results

| Revenue | Non-GAAP Operating Profit |
|-------------------------------|--------------------------------|
| ¥17,938 million | ¥2,452 million |
| (Up 6.8% year on year) | (Up 18.8% year on year) |



Looking at changes in the market, spurred by the Japanese government's announcement of a state of emergency, growth in stay-at-home demand was pronounced, with greater-than-expected growth of the Septeni Group's online subscription-based content and online sales. However, this change was already emerging in various fields, even before the COVID-19 pandemic. I think that the pandemic accelerated change in the market, which had previously been

restrained by factors such as customs and regulations. By staying just slightly ahead of social change—a feature of the Septeni Group—we will pick up hints from seemingly trivial social indicators, enabling us to create and market new products and services. I trust you can see how this business style has been reflected as an even greater strength in our consolidated financial results for the fiscal year ended September 2020.

Rollout of Our DX Support Business and Other Initiatives to Promote Domain Expansion, the Theme of Our Midterm Business Policies

The Group's Midterm Business Policies for the three-year period from 2020 to 2022 employ a rolling method in which we review the overall business plan every year, backcasting from a long-term strategy after taking into account changes in the social environment. We have updated the Midterm Business Policies for 2021 to map out strategies for mid-to-long-term growth in response to accelerating digital transformation (DX), capitalizing on changes in people's values, consumption and society amid the environmental changes caused by COVID-19 as new growth opportunities.

In the Digital Marketing Business, we aim to expand our market share by increasing transactions in the e-commerce advertising domain and

generating stronger results from our integrated online/offline marketing proposals through our alliance with the Dentsu Group. In addition, the new company we established in January 2021 will develop the data and solutions domain as a growth driver.

In the Media Platform Business, we aim to return to profitability within three years by increasing revenue and reducing operating losses through growth in each business area. We expect a stable increase in revenue by focusing on user charges based on growth in sales to individuals. We will also strengthen business development of the direct-to-consumer (D2C) domain, where we aim to increase revenue by creating new businesses.

We are also looking into rolling out



multiple businesses to support DX in each industry. First, we expect to start new businesses in industries including sports and entertainment. We are steadily conducting domain expansion, which is the theme of our Midterm Business Policies, by considering the

characteristics of each industry to support the evolution of marketing methods and model innovations centered on DX.

| Years ended September | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------|--------|--------|------|------|
| Midterm Business Policies (Year ended September 2019) | | Update | | | |
| Midterm Business Policies (Year ended September 2020) | | Update | | | |
| Midterm Business Policies (Year ending September 2021) | | | Update | | |

Tough, Gentle and Fun: Mapping Out the Future with a Balanced and Agile Sensibility

The concept behind the design of the corporate logo the Septeni Group has been using since 2018 is “tough, gentle and fun.” This concept expresses the way we conduct management and what we want to be.

First, the word “tough” means getting results and continuing to grow by always choosing the more substantial change with an entrepreneurial spirit in various aspects of business. However, simply building up business results

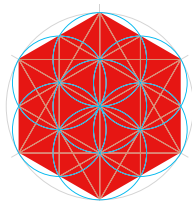
is by no means enough to make employees happy. I think a company should essentially be a mechanism for amplifying happiness. This mechanism should systematically offer experiences of success and growth opportunities, and it must also have the gentleness to accept the diversity of each individual. This is the concept behind the second word, “gentle.” The third word, “fun,” expresses in a straightforward way the idea that when people gather in the

same workplace and work together, it’s a matter of good fortune, so every day should be fun. We build teams where these three elements are balanced just like an equilateral triangle, with no single element standing out, in a blend that is one-third each of toughness, gentleness and fun. This approach permeates the Group as a value we constantly return to, not only when business results are good, but also when facing various organizational issues. With these three strengths as the core values of the Septeni Group, we will continue to generate change for society to fulfill our Mission of “Inspiring the world with entrepreneurship.”

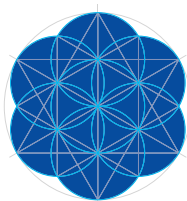
With the COVID-19 pandemic, the pressures of convention that existed throughout society are now weakening. For companies, this also presents an opportunity to create an environment where individuals can more easily demonstrate their potential. For our Mission of “Inspiring the world with entrepreneurship,” I feel that it is becoming more important for individuals

to squarely confront the projects they are working on and the communities they are involved with in order to generate results. For example, if you slightly reword our Mission to read “Inspiring you with my entrepreneurship,” each of us should feel greater engagement. I believe that the positive energy that comes from inspiring those close to us will create new norms for the coming era and ultimately provide value to society.

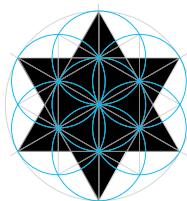
As a manager of a corporate group that creates new industries in tandem with social changes and makes them the norms of the future, I will steadfastly guide a sustainable business. You can continue to expect great things from the Septeni Group.



Tough



Gentle



Fun

Feature

Group Company Leaders Discuss the First Step to a Vibrant Future

What drives the creation of businesses that are first to identify changes in society and industry?

Our Mission is “Inspiring the world with entrepreneurship.” While working to achieve this Mission, how do we help resolve the issues that society and industry are facing today? In this feature, leaders of Septeni Group companies discuss the social issues and trends in industry innovation that drove them to create businesses, and the vision they want to achieve in the near future.

I will leverage the capabilities we have built over 20 years and our client orientation to promote the overall growth of our clients' businesses.

Yusuke Shimizu

President and
Representative Director
SEPTENI CO., LTD. and
Septeni Japan, Inc.



I am committed to the growth of our clients' businesses in a rapidly changing environment. We will achieve this by deepening collaboration with the Dentsu Group.

Yuichi Kono

Representative Director
SEPTENI CO., LTD. and
Septeni Japan, Inc.



I will expand our domain from advertising agencies to data & solutions with an eye on capturing the rapidly growing DX support market.

Masayuki Muto

Representative Director
Septeni Data Solutions, Inc.



Inspiring the world with entrepreneurship

Group Company Leaders Discuss the First Step to a Vibrant Future

What drives the creation of businesses that are first to identify changes in society and industry?

We aim to create original blockbuster intellectual property (IP) in digital media and build a new ecosystem for the manga and anime industries by establishing a subscription model and utilizing data and AI.

Takefumi Okada

Director
COMICSMART, Inc.



I look at social contribution activities as an industry and use our accumulated data to lead to change and growth.

Keisuke Shimogaki

Representative Director
gooddo Inc.



Starting from the childcare domain, I will take a new approach that targets the ¥3.8 trillion "grandchild care" market.

Yosuke Marutani

Representative Director
TowaStela, Inc.



Inspiring the world with entrepreneurship



SEPTENI

**SEPTENI CO., LTD. and
Septeni Japan, Inc.**

▼ For more details, see
<https://www.septeni.co.jp/en/>

**We will continuously explore new possibilities
and create solutions to help grow our clients'
businesses in tandem with the rising importance
and complexity of digital marketing.**

Yusuke Shimizu

President and Representative Director
SEPTENI CO., LTD. and
Septeni Japan, Inc.

Joined SEPTENI CO., LTD. in 2006. Became Group Executive Officer and President and Representative Director of SEPTENI CO., LTD. and Septeni Japan, Inc. (current positions) in 2018.

**Leveraging the digital and data
capabilities that we have built in
digital marketing over 20 years and
our client orientation**

Digital marketing has become even more critical due to rising demand for DX and the impact of the COVID-19 pandemic. At the same time, the increasing complexity of DX has made it difficult for clients to accurately identify the issues they need to resolve and the methods for doing so. We see an increasing need for comprehensive digital marketing beyond advertising that supports business growth by increasing profitability. The key to addressing these changes is to leverage both the digital and data capabilities we have built over 20 years and the human resources in whom we have instilled the value of client orientation.

**Using Amazon advertising as a DX
approach to achieving overall growth
of our clients' businesses**

The growing demand for DX in marketing is exemplified by advertising that uses the Amazon e-commerce platform, where we provide support for numerous national brand clients. However, focusing on advertising metrics alone is not sufficient for maximizing sales on Amazon. We deploy strategies beyond advertising that leverage our digital and data capabilities and our client orientation to help clients achieve overall growth of their businesses.

**Aiming to be a group of visionary
professionals who use digital advertising
to energize numerous companies**

Opportunities to help clients, in ways such as leveraging Amazon to support DX, are increasing in tandem with the rising importance and complexity of digital marketing. We aim to be a group of visionary professionals who continuously explore new possibilities and create solutions in digital marketing that give our clients a roadmap to the future so they can grow. By using digital marketing, I also want to broaden our influence over a wide array of companies.





SEPTENI

**SEPTENI CO., LTD. and
Septeni Japan, Inc.**

▼ For more details, see
<https://www.septeni.co.jp/en/>

We are collaborating with the Dentsu Group to help clients grow their businesses.

Yuichi Kono

Representative Director
SEPTENI CO., LTD. and
Septeni Japan, Inc.

Joined SEPTENI CO., LTD. in 2006. Appointed Group Executive Office and Representative Director of SEPTENI CO., LTD. and Septeni Japan, Inc. (current positions) in 2018.

Committed to working with the Dentsu Group to create integrated online and offline proposals that will help our clients' businesses grow as DX gains momentum in marketing

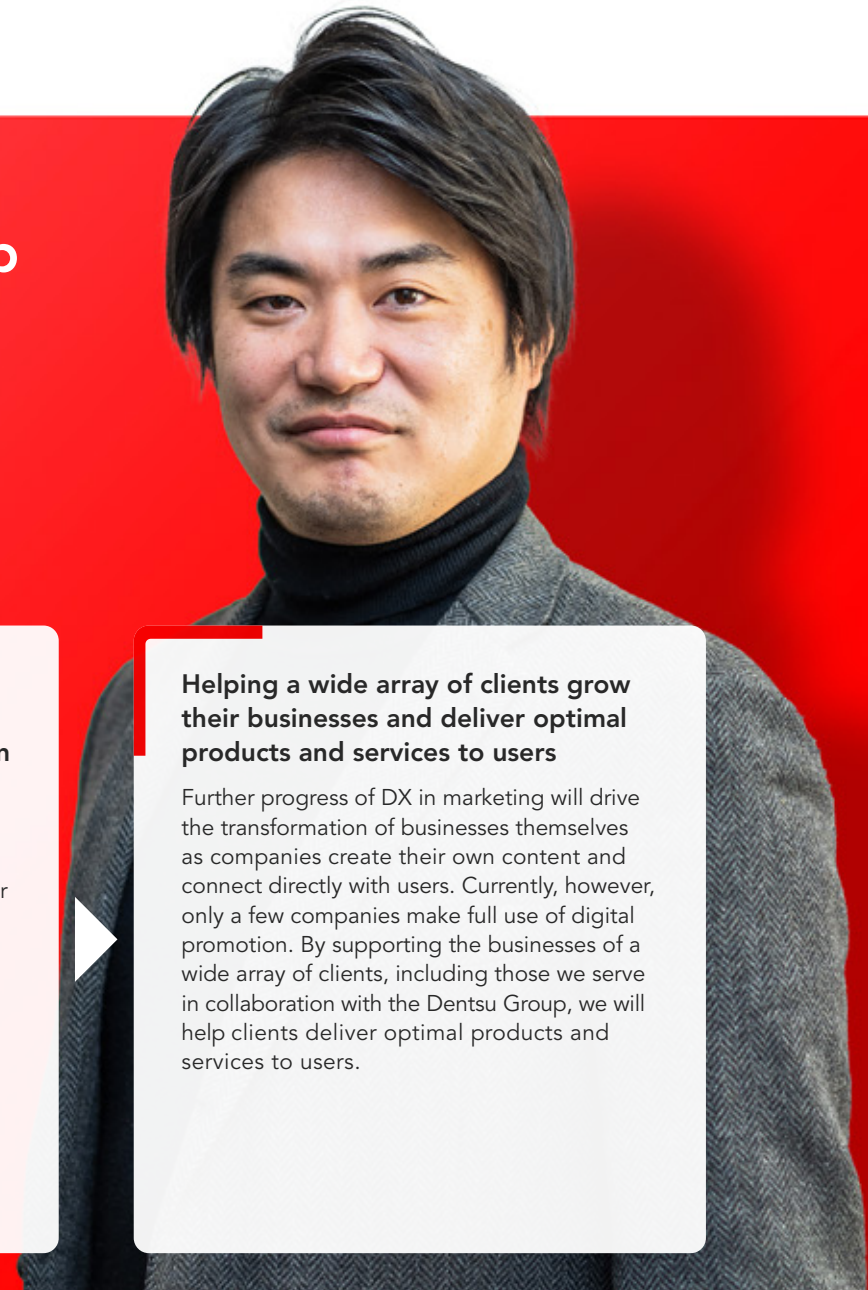
The COVID-19 pandemic appears to have expedited the digital shift in a wide range of industries by five to ten years, and DX in corporate-related marketing is likewise accelerating. Marketing that digitally fuses in-person and online experiences is also emerging, and we expect to see a continuing trend of marketing with no barriers between mass and digital advertising. In tune with these changes, we are committed to the growth of our clients' businesses in a rapidly evolving environment. To achieve this, we are working with the Dentsu Group to create integrated online and offline proposals that combine our respective strengths.

Building on the alliance with the Dentsu Group to evolve marketing methods and strengthen collaboration in all domains

In the two years since we began collaborating with the Dentsu Group, both companies have gained a greater understanding of their respective domains of expertise and our complementary relationship has continued to evolve. Many new marketing methods have emerged through the linkage of mass and digital advertising data. In addition, we have begun collaborating in the expansion of domains such as entertainment. We will also strengthen cooperation in the data & solutions domain to address client issues that advertising cannot.

Helping a wide array of clients grow their businesses and deliver optimal products and services to users

Further progress of DX in marketing will drive the transformation of businesses themselves as companies create their own content and connect directly with users. Currently, however, only a few companies make full use of digital promotion. By supporting the businesses of a wide array of clients, including those we serve in collaboration with the Dentsu Group, we will help clients deliver optimal products and services to users.



SEPTENI

Integrated Report 2020

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OUR MISSION

OUR STRATEGY

OUR WAY

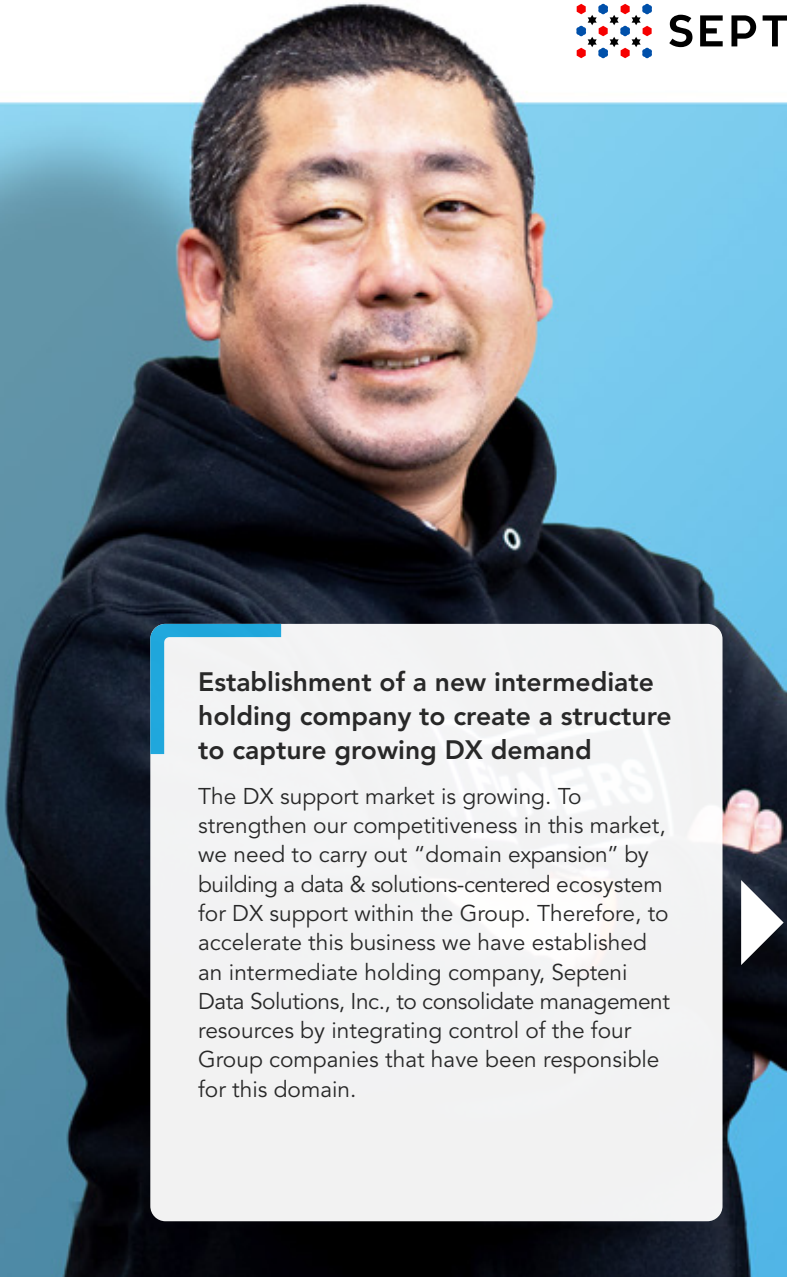
COPORATE DATA

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SEPTENI Septeni Data Solutions, Inc.

▼ For more details (Japanese only), see
<http://www.septeni-ds.co.jp>



Generating innovative, futuristic designs related to solutions and organizations for corporate clients

Masayuki Muto

Representative Director,
Septeni Data Solutions, Inc.

Joined SEPTENI CO., LTD. in 2001. Appointed Group Executive Officer (current position) in 2017. In 2019, appointed Director of Dentsu Digital Inc. (current position). In 2021, appointed Representative Director of Septeni Data Solutions, Inc. (current position).

Establishment of a new intermediate holding company to create a structure to capture growing DX demand

The DX support market is growing. To strengthen our competitiveness in this market, we need to carry out “domain expansion” by building a data & solutions-centered ecosystem for DX support within the Group. Therefore, to accelerate this business we have established an intermediate holding company, Septeni Data Solutions, Inc., to consolidate management resources by integrating control of the four Group companies that have been responsible for this domain.

Supporting the innovation of our corporate clients through conversion into a profit center

Two of these four subsidiaries have been developing services for the Group. We are using this reorganization to convert them into profit centers that assist DX support operations for non-Group companies. We have also started developing products such as software as a service (SaaS) packages to promote DX. We will provide corporate clients with futuristic DX design to support their innovation in addition to our data-driven solutions.

Raising profitability by establishing an ecosystem centered on data, people and education

I want to establish an ecosystem that assists development by hiring and training engineers for continuous DX support. We will better demonstrate our unique strengths by creating a loop among three types of service: the data-centered services we have been cultivating, and services centered on people and education. I hope this initiative will play a part in improving profitability and thus lead to the growth of the Septeni Group.

I want to raise the value of manga artist as a profession and make it an occupation children admire.

Takefumi Okada

Director,
COMICSMART, Inc.

Joined SEPTENI CO., LTD. in 2003 after graduating from university. In 2018, appointed Director of COMICSMART, Inc. (current position). In 2019, appointed Group Executive Officer (current position).

Supporting the development of manga artists and the production and management of their works to help create numerous stars in the digital domain

About 10 years ago, with the spread of e-book platforms and social media, the manga industry began moving into digital media, which increased the ways for manga artists to present their work. In the future, instead of just a few talented manga artists active in major magazines, there will also be numerous manga stars who make their names in the digital domain. However, the industry is still lacking in terms of training of manga artists and the production and management of their works. I saw an opportunity and started this business.

From a manga artist development support program built from scratch to hit manga app GANMA! with over 14 million downloads

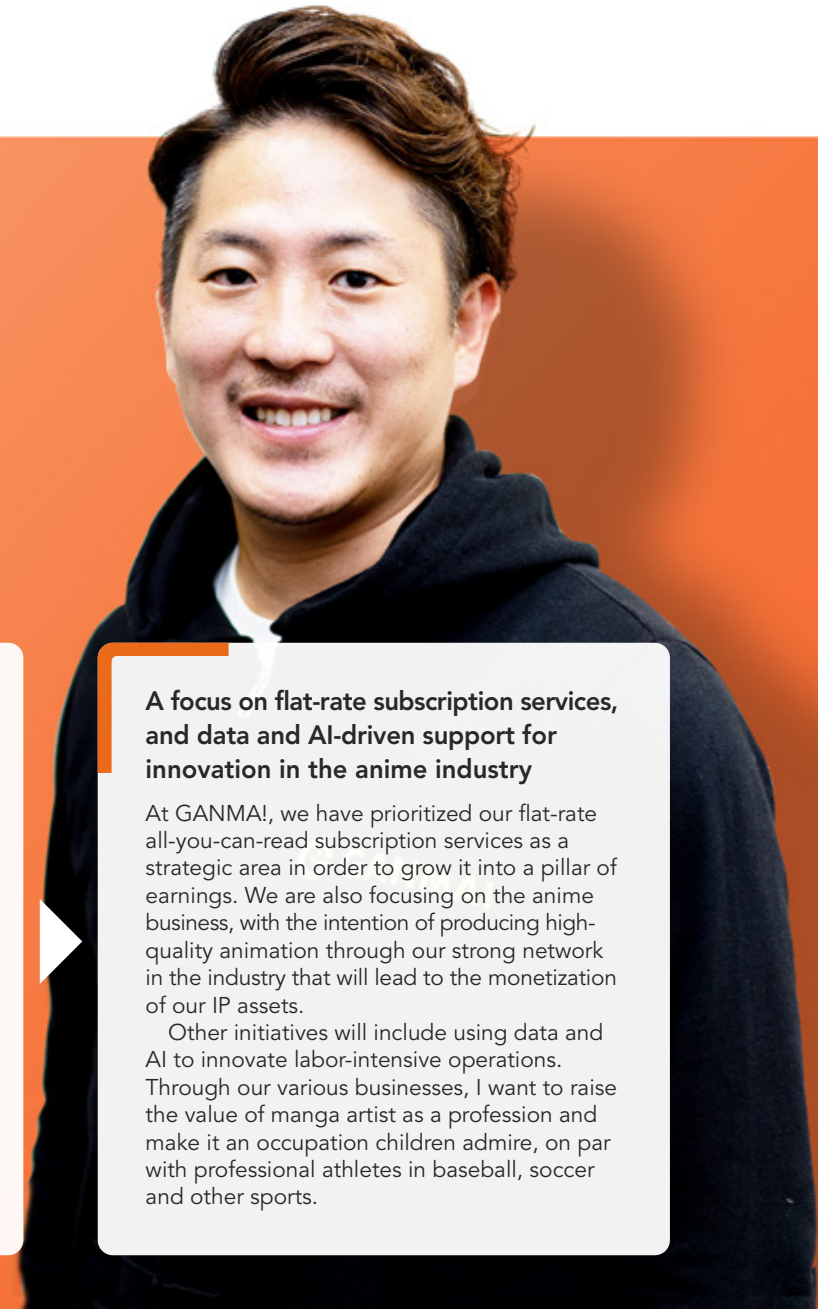
Aiming to create a new ecosystem for the content industry by supporting and cultivating future star manga artists who get their start on the Internet, COMICSMART began by creating a manga artist development support program called RouteM from scratch. In 2013, we launched GANMA! as a venue for presenting their work. It has earned support as a manga app that has published more than 220 original works with more than 14 million downloads.*

* Cumulative number of downloads on Android and iOS as of April 2020

A focus on flat-rate subscription services, and data and AI-driven support for innovation in the anime industry

At GANMA!, we have prioritized our flat-rate all-you-can-read subscription services as a strategic area in order to grow it into a pillar of earnings. We are also focusing on the anime business, with the intention of producing high-quality animation through our strong network in the industry that will lead to the monetization of our IP assets.

Other initiatives will include using data and AI to innovate labor-intensive operations. Through our various businesses, I want to raise the value of manga artist as a profession and make it an occupation children admire, on par with professional athletes in baseball, soccer and other sports.





▼ For more details (Japanese only), see
<https://gooddo.jp>
https://note.com/septeni_group/n/n74cce9df1665

I want to create and popularize ways to make it easier to take part in social contribution activities.

Keisuke Shimogaki

Representative Director,
gooddo Inc.

Joined SEPTENI CO., LTD. in 2006 after graduating from university. After experiences including launching a Facebook advertising team and working in sales, established gooddo Inc. as a new business in 2014. Operates a multifaceted business with the aim of creating a society in which everyone can easily participate in all kinds of social action.

Perception of growing awareness of social good amid a shift from mass culture to the individual leads to decision to start a business

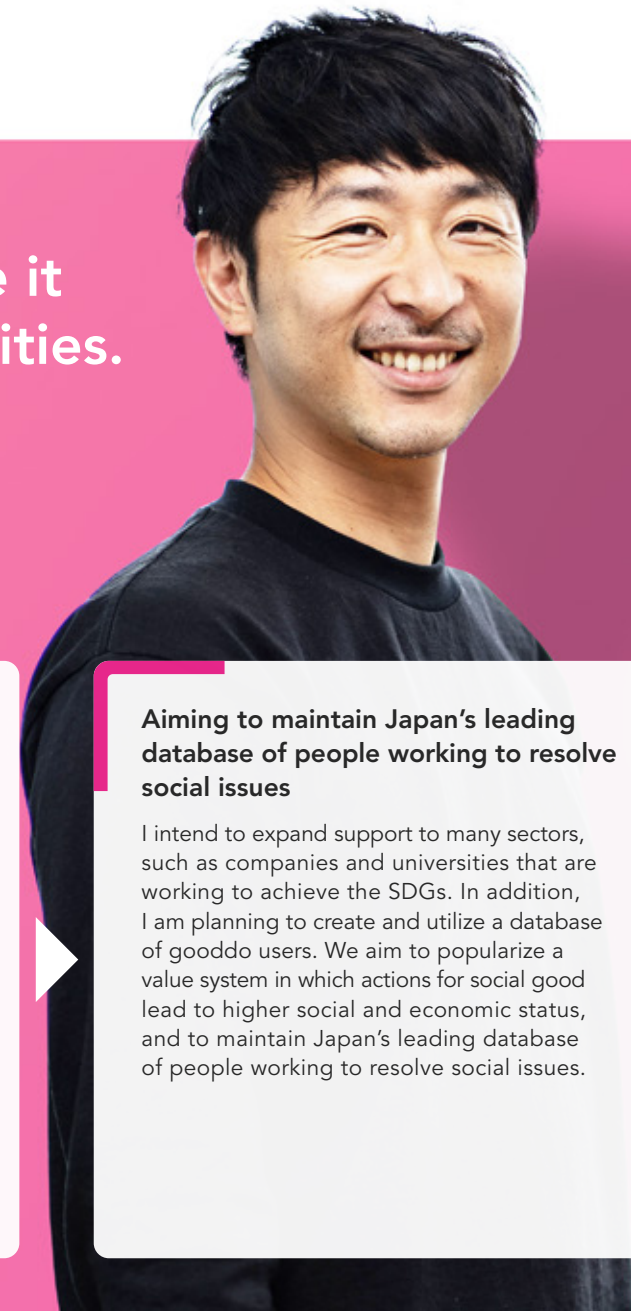
The impetus for starting this business came about 10 years ago when I was involved in a Facebook-related business and sensed a shift in the focus of the time from mass culture to the individual. Around the same time, I foresaw an increase in consumer behavior driven by consideration for society and the environment and growing awareness of social good. I wanted to establish a completely new platform that makes it easy for people to contribute to social good.

Providing an easy way to take action to help resolve social issues

We developed the social contribution platform gooddo to provide people concerned about various social issues with an easy way to take action to help resolve them. So far, about 33 million people have visited our website, which has enabled more than 500,000 users annually to take part in social contribution activities without cost to them, providing more than ¥200 million in support for domestic NPOs. At first, it was difficult to obtain support for the business model, but its track record of results is gradually growing.

Aiming to maintain Japan's leading database of people working to resolve social issues

I intend to expand support to many sectors, such as companies and universities that are working to achieve the SDGs. In addition, I am planning to create and utilize a database of gooddo users. We aim to popularize a value system in which actions for social good lead to higher social and economic status, and to maintain Japan's leading database of people working to resolve social issues.



 **TowaStela** TowaStela, Inc.

▼ For more details (Japanese only), see

<http://www.towastela.co.jp>

https://note.com/septeni_group/n/n714ed89a38cf

Utilizing social media and a database to maximize the joy of raising children

Yosuke Marutani

Representative Director,
TowaStela, Inc.

Joined SEPTENI CO., LTD. in 2011. In 2014, won second place in the Septeni Group's in-house "gen-ten" new business plan contest and transferred to SEPTENI VENTURES Co., Ltd., which develops new businesses. Established TowaStela, Inc. in 2016 and is involved in new businesses in the childcare industry.

Running a business that helps resolve the common worries everyone has about raising children

When I became a father, I experienced firsthand the difficulty of raising a child. That was the impetus for starting this business. Nowadays, the number of nuclear families and double-income households is rising in Japan, making it hard for such families to dedicate time to childcare. Everyone has worries about raising children, such as having no one in their immediate circle they can easily ask for help, so I decided to start a business that helps to resolve those worries. I won second place for this idea at the Septeni Group's in-house contest for new business plans and turned it into an operating company in 2016.

Providing products that help resolve worries, and services that make raising children more enjoyable

At TowaStela, our vision is to help maximize the joy of raising children. To achieve this, we provide products that can help resolve worries about raising children, and services that make raising children more enjoyable for parents. Our official Instagram account posts information to more than 400,000 followers on original products and services handled by our e-commerce business that are useful and fun for moms and dads.

Transforming childcare by approaching the "grandchild care" market, which involves grandparents

Soon we will start a new business focusing on "grandchild care." We have the means and the database to approach the age bracket with grandchildren. We intend to leverage this advantage to further stimulate this market, which is said to be worth ¥3.8 trillion. We are concurrently planning an e-commerce business centered on sustainability. By 2030, we aim to be ranked among the top three brands in the childcare industry.

A 30-Year Track Record of Challenge and Creativity

The Septeni Group celebrated its 30th anniversary in 2020. From day one, we have grown while evolving our core business from recruitment consulting to the Direct Marketing Business to the Internet Advertising Business. The Septeni Group will continue to identify new growth opportunities arising from social change, and will consistently provide services that meet the needs of the times and exceed client expectations. We are committed to becoming a group of companies that society, industry and our stakeholders rely on.

2020
30th
Anniversary

2012 onward

Entered Our Next Growth Phase through a Capital and Business Alliance with the Dentsu Group, in Addition to Organic Growth through a Focus on Growth Areas

While focusing on smartphone advertising and social media-related services such as Facebook, which were high-growth fields at the time, and expanding overseas, mainly in North America and Asia, we were also aggressively developing a new business, the manga content business, to become a second pillar of our operations alongside the advertising business. We launched this business in 2013.

As the digital shift accelerates and the digital advertising market expands, our new priority domains are brand advertising and e-commerce advertising, where needs are increasing, and where we intend to grow our business. We have also been in a business alliance with the Dentsu Group since January 2019, and through this alliance as well as organic business growth we will accelerate the growth of the Group with the aim of taking our business development one step further.

| | |
|-----------|---|
| 2012 Mar. | Began conducting the Internet Advertising Business outside Japan |
| 2013 Feb. | Established COMICSMART, Inc. and started the Manga Content Business |
| Mar. | Established SEPTENI TECHNOLOGY CO., LTD. (currently FLINTERS VIETNAM CO., LTD.) |
| Oct. | Established Vivivit, Inc. |
| 2014 Jan. | Established Septeni Original, Inc. (currently FLINTERS, Inc.) |
| Oct. | Sold all shares of SEPTENI DIRECTMARKETING CO., LTD. |
| | Established gooddo Inc. |
| 2016 Oct. | Established TowaStela, Inc. |
| | Acquired the shares of Lion Digital Global LTD. through Septeni Asia Pacific Pte. Ltd. and made it a subsidiary |
| 2017 Apr. | Established Septeni Ad Creative, Inc. |
| Sep. | Established Delight Tube, Inc. |
| 2018 Jan. | Established Milogos, Inc. |
| Apr. | Established SIGNCOSIGN, INC. |
| Oct. | SEPTENI HOLDINGS CO., LTD. entered a capital and business alliance with Dentsu Inc. (currently Dentsu Group Inc.) |
| 2019 Jan. | Established Septeni Incubate, Inc. |
| 2020 Mar. | Established PERF, Inc. |
| Oct. | Established LIVAND, Inc. |
| Nov. | Established Alphable, Inc. |
| 2021 Jan. | Established Septeni Data Solutions, Inc. |
| | Established Human Capital Lab, Inc. |

2000–2011

Achieved Strong Growth through the Internet Advertising Business

In 2000, current Representative Director Koki Sato started the Internet Advertising Business as a new business. The Septeni Group grew rapidly as it continued to steadily scale up its business operations for a speedy response to the expansion of the Internet advertising market and constantly changing advertising needs. In addition to opening regional bases, we also expanded our business domains through M&A and other methods.

| | |
|-----------|---|
| 2000 Apr. | Started the Internet Advertising Business |
| 2001 Aug. | Listed on JASDAQ |
| 2003 Jul. | Established Osaka sales office (currently Kansai Branch office of SEPTENI CO., LTD.) |
| 2004 Jun. | Acquired Tricorn Corporation as a subsidiary |
| 2005 Jan. | Established SEPTENI CROSSGATE CO., LTD. |
| 2006 Apr. | Established SEPTENI DIRECTMARKETING CO., LTD. |
| Oct. | Became a holding company under the trade name SEPTENI HOLDINGS CO., LTD. |
| | The Internet Advertising Business was taken over by SEPTENI CO., LTD. through an incorporation-type company split, and the Direct Marketing Business was taken over by SEPTENI DIRECTMARKETING CO., LTD. through an absorption-type company split |
| 2009 Oct. | Established MANGO Inc. |
| 2010 Nov. | Established High Score, Inc. |
| 2011 Oct. | Established SEPTENI VENTURES Co., Ltd. |

Founded in 1990

Establishment of SUB & LIMINAL CO., LTD.

In 1990, our founder Mamoru Nanamura established SUB & LIMINAL CO., LTD., a forerunner of SEPTENI HOLDINGS CO., LTD., to embark on the recruitment consulting business. In 1993, we launched the Direct Marketing Business (an agency service for sending direct mail). Business grew steadily, laying the foundation of the Septeni Group.



Mamoru Nanamura,
Founder of the Company

Creed
ひねらんかい

The Septeni Group is not affiliated with any conglomerate. We commenced business with hardly any capital, human resources or operations. Our staff's wisdom and ideas alone were our initial assets. We have adopted this phrase as our corporate creed and constantly bear this inaugural spirit in mind as we continue to grow.



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OUR MISSION

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The Power to Grow by Addressing Change

The Septeni Group started its Internet businesses in 2000. Since then, the Internet has made broad and deep inroads into people's lives and brought about changes in all industries, becoming information infrastructure essential to today's society. At the same time, the Internet advertising market has grown rapidly and the Internet is establishing a position as the largest medium in Japan's advertising market. The Group has continued to grow in tandem with changes in society and market expansion.

Average annual growth rates of net sales and operating profit since the fiscal year ended September 2000

Net sales: approx. **15%** Operating profit: approx. **14%**

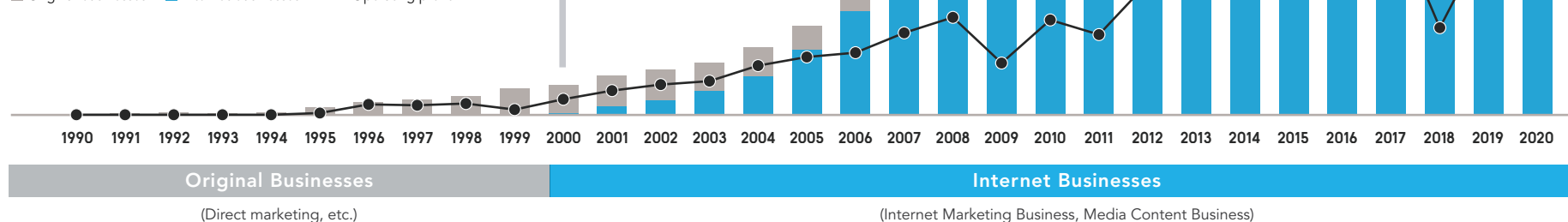
Net sales
FY ended Sept. 2000 **15.6 times**
¥4.9 billion → **¥76.5 billion**

Operating profit
FY ended Sept. 2000 **13.6 times**
¥0.18 billion → **¥2.45 billion**

Note: Figures presented are based on Japanese GAAP for the fiscal year ended September 2000 and IFRS for the fiscal year ended September 2020.

Net Sales and Operating Profit

■ Original businesses ■ Internet businesses ● Operating profit



1994–1998

Internet usage becomes widespread among the general public
Era of banner ads

1994 Dial-up connection through telephone lines begins
1995 Windows 95 is launched

1999–2003

The Internet becomes available anytime and anywhere
Diversification of advertising methods (affiliate marketing, listings)

1999 Advent of i-mode, which enables sending and receiving of email and web browsing using mobile phones
2001 Spread of ADSL increases communication speed and lowers prices for home Internet environments

2004–2007

Dawn of social media
Attempts at cross-advertising with existing media

2004 onward
Successive launches of social media platforms, including Facebook, mixi, YouTube and Twitter

2008–2013

Evolution of ad technology
Conceptual shift from “buying ad space” to “buying a number of people to reach with information”

2008 iPhone 3G is launched
Influx of financial engineering professionals into the Internet market triggered by the global financial crisis
2011 LINE services begin

2014–

Double-digit growth in Internet advertising expenditures continues, with mobile advertising driving market expansion

The COVID-19 pandemic accelerates the digital shift and DX
2017 Internet advertising in Japan approaches the level of television advertising in terms of advertising expenditures
2019 Internet advertising accounts for a greater proportion of Japan's total advertising expenditures than TV media



SEPTENI

Integrated Report 2020

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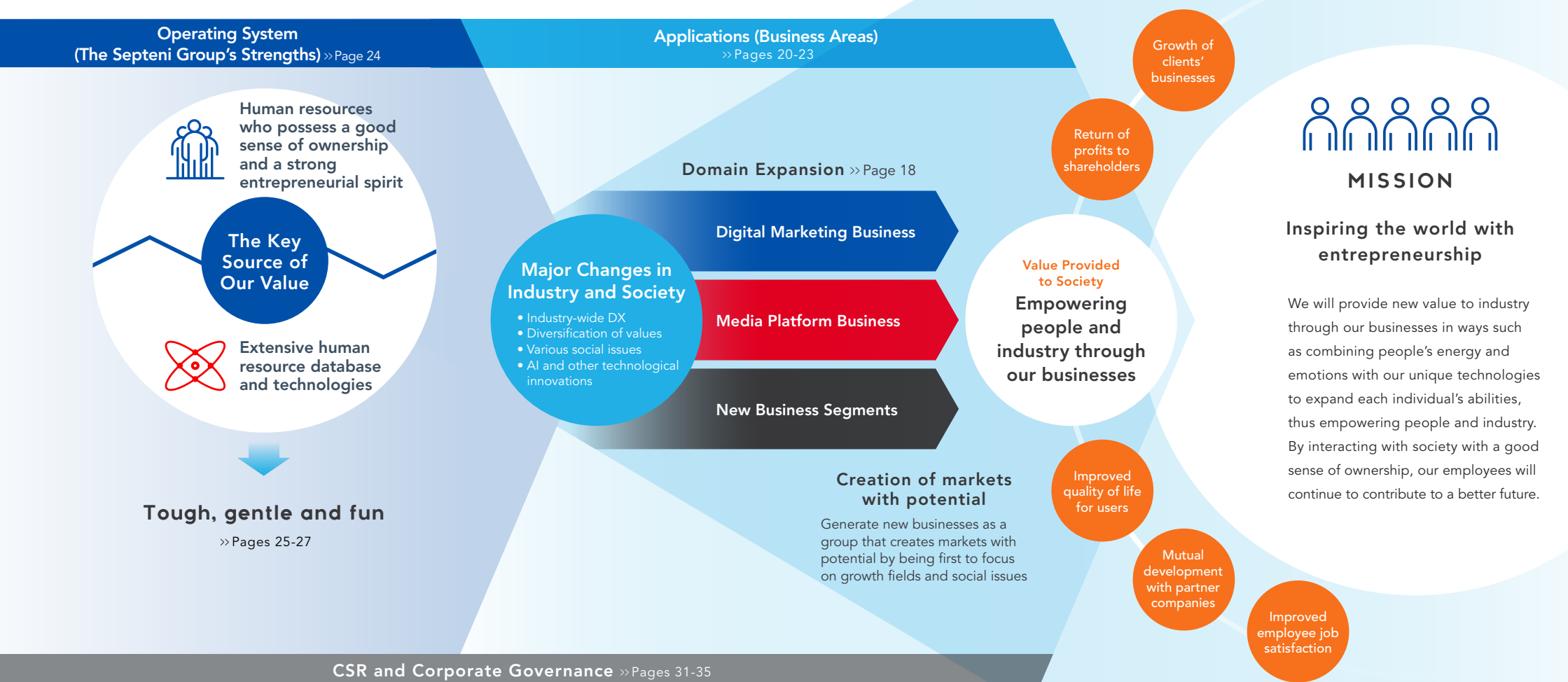
OUR WAY

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Our Value Creation Model

The Septeni Group's most important asset is its human resources. We hire human resources who possess a good sense of ownership and a strong entrepreneurial spirit, then utilize our extensive human resource database and technologies to optimally deploy and train employees so that each of them can demonstrate peak performance naturally. Moreover, through our unique corporate culture of "tough, gentle and fun," we create new businesses (applications) that are just slightly ahead of the times to empower various stakeholders and industries. In doing so, we aim to carry out our Mission of "Inspiring the world with entrepreneurship."



Overview and Progress of Midterm Business Policies

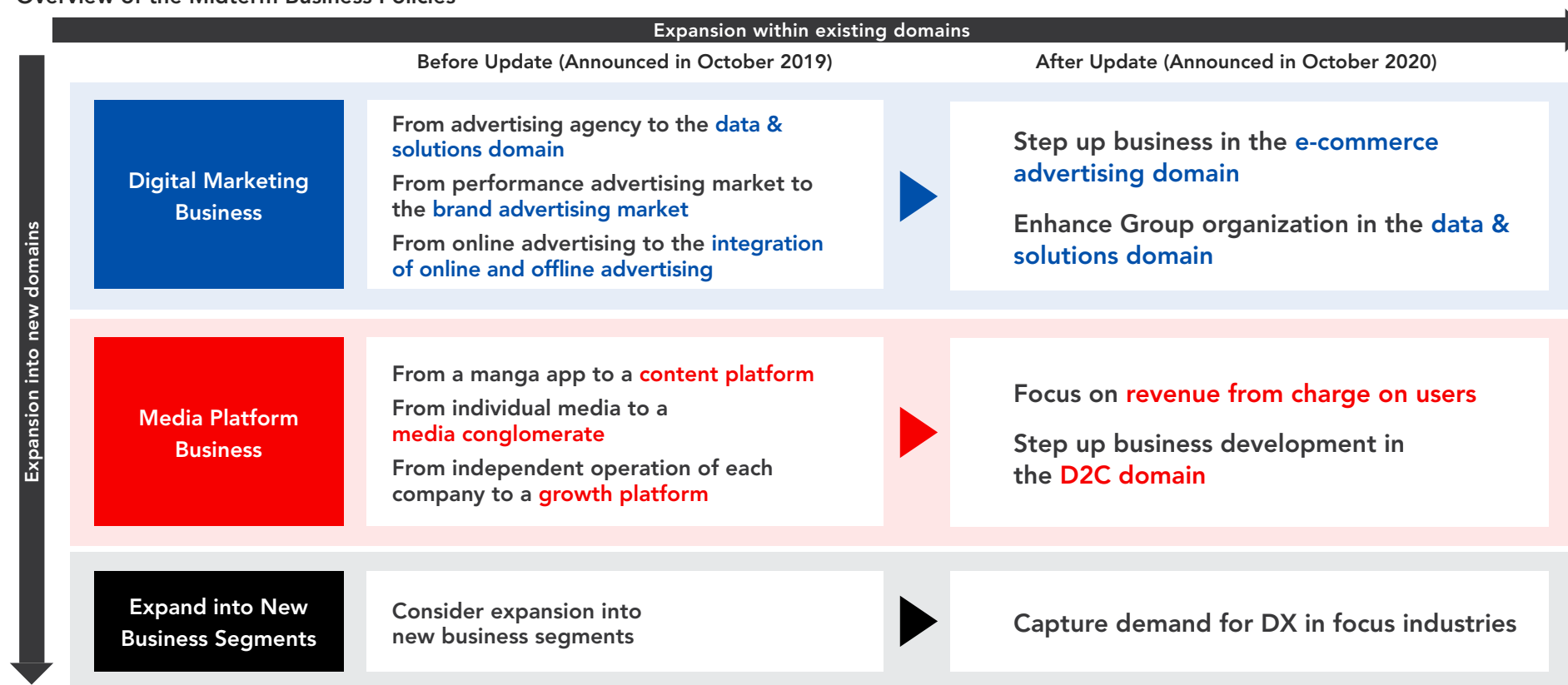
— Theme of the Midterm Business Policies —

Domain Expansion

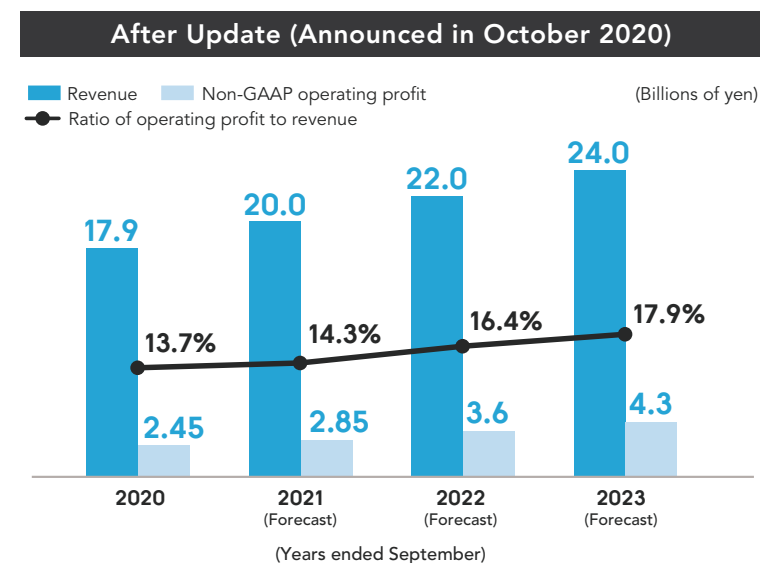
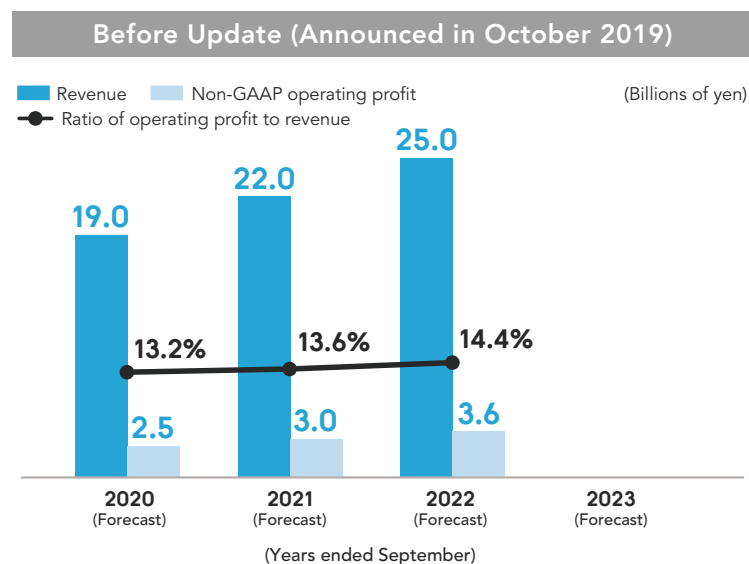
The Septeni Group's operating environment changes quickly and is difficult to predict. Therefore, we utilize a rolling method to review our Midterm Business Policies every year so that management can adapt quickly.

Our Midterm Business Policies, which were announced in October 2019, adopt the theme of domain expansion and delineate the direction in which each segment should expand. The year since then has seen major societal change due to the COVID-19 pandemic. Consequently, using our rolling method for the fiscal year ending September 2021, we have updated our policies to reflect the "new normal" while also focusing on the significant changes we are seeing now as opportunities for growth.

Overview of the Midterm Business Policies



Performance Guidance (Consolidated)



Outlook by Business Segment

Digital Marketing Business

Expect to generate sustainable growth by adapting to the operating environment to increase sales and earnings

- Develop the e-commerce advertising and data & solutions domains as growth drivers
- Collaborate with the Dentsu Group to increase market share

Media Platform Business

Aim for profitability in three years by growing revenue in each business and reducing losses

- Expect stable revenue growth by focusing on charges from users
- Step up new business development in the D2C domain to increase earnings

Expand into New Business Segments

To capture DX demand, deploy internal capital with a focus on industries including sports, asset-sharing and entertainment

Strategy by Business: Digital Marketing Business

In providing comprehensive support for corporate DX, we focus on digital marketing, including digital advertising sales and operation, solutions that employ data and AI, and support for integrated online/offline advertising through our alliance with the Dentsu Group.

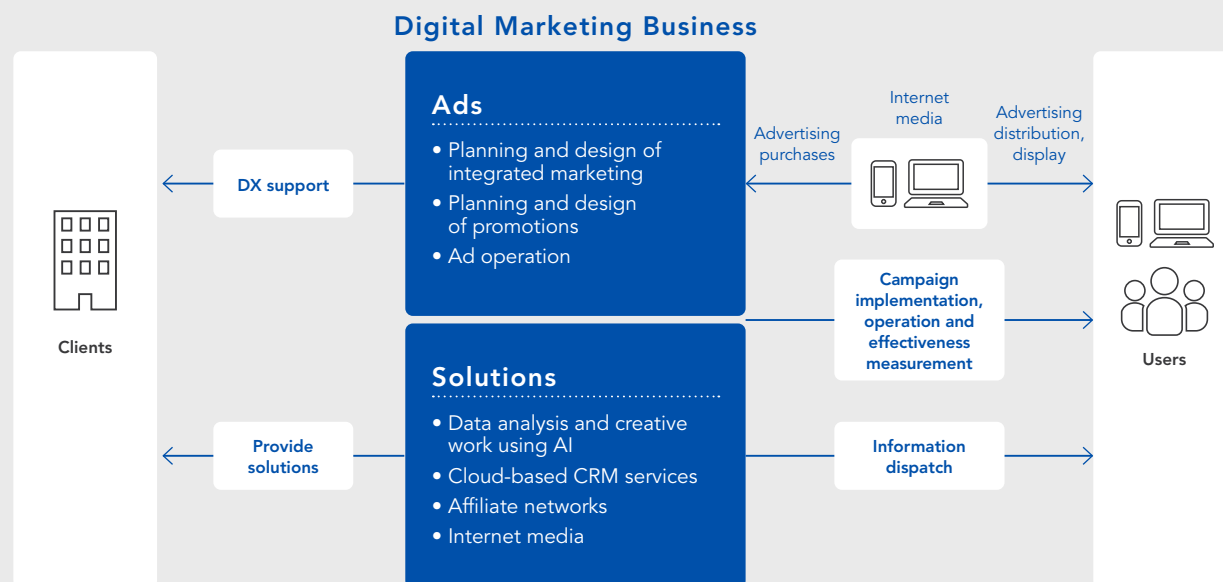
Opportunities

- Industrywide progress in DX
- Market expansion in the e-commerce advertising domain

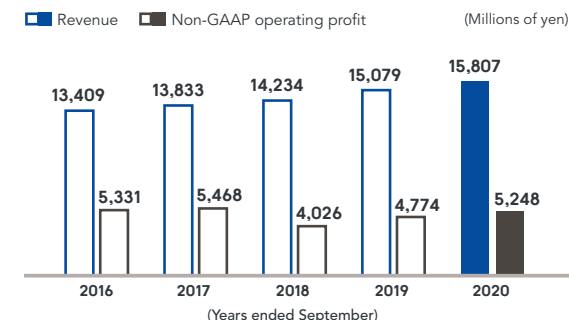
Issues

- Increasing sophistication and specialization of marketing methods
- Finding human resources versed in integrated online/offline marketing

Business Model

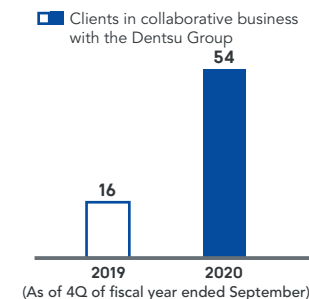


Revenue and Non-GAAP Operating Profit

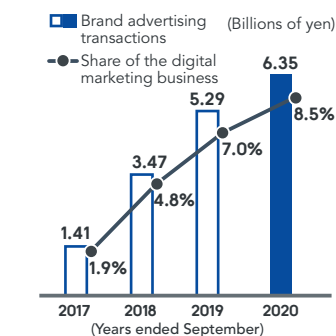


Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses.

Clients in Collaborative Business with the Dentsu Group



Domestic Brand Advertising Transactions



At a Glance

Revenue

¥15,807 million
(4.8% increase YoY)

Number of employees

1,055

Number of clients in collaborative business with the Dentsu Group

16 companies
⇒ **54** companies
(about 3.4 times increase YoY)

Growth in brand advertising

20.1 % increase YoY

Overview of Results for the Fiscal Year Ended September 2020

- Revenue and operating profit increased year on year. We more than compensated for lower demand for advertising that resulted from the COVID-19 pandemic by capturing emerging demand in other areas.
- Our alliance with the Dentsu Group has made progress, with growth in the number of clients and revenue per client over the medium term. The Septeni Group also acquired major clients independent of the alliance.
- In e-commerce, which was already a focus domain, we significantly expanded advertising transactions with Amazon by adapting to market acceleration resulting from the COVID-19 pandemic.

Future Strategy

Our vision for the future regarding changes in lifestyles, work styles and values is becoming a reality much faster than we had predicted because of the COVID-19 pandemic. This is particularly true in the e-commerce domain, where demand has gained momentum due to the growth in online consumption. We see changes in our operating environment as opportunities, and are aiming for sustainable growth by stepping up our business in the e-commerce advertising market.

In addition, we will continue to expand in the data & solutions domain and leverage our alliance with the Dentsu Group to provide finely tuned support to address diverse client needs and the rapidly evolving DX support market. The establishment of a new data & solutions company in January 2021 will enable us to provide sustainable support for client companies by leveraging the data and know-how we had previously developed for in-house use. In our alliance with the Dentsu Group, we will work to further increase market share and establish our competitive advantage in the industry by promoting marketing proposals for integrated online/offline advertising.

Strategy by Business: Media Platform Business

This business provides numerous media products, including the manga app GANMA! that offers mainly original content, and conducts the recruitment, social contribution and childcare platform businesses. Each company in this business aims to achieve its vision and mission in focusing on the next potential growth markets and social issues.

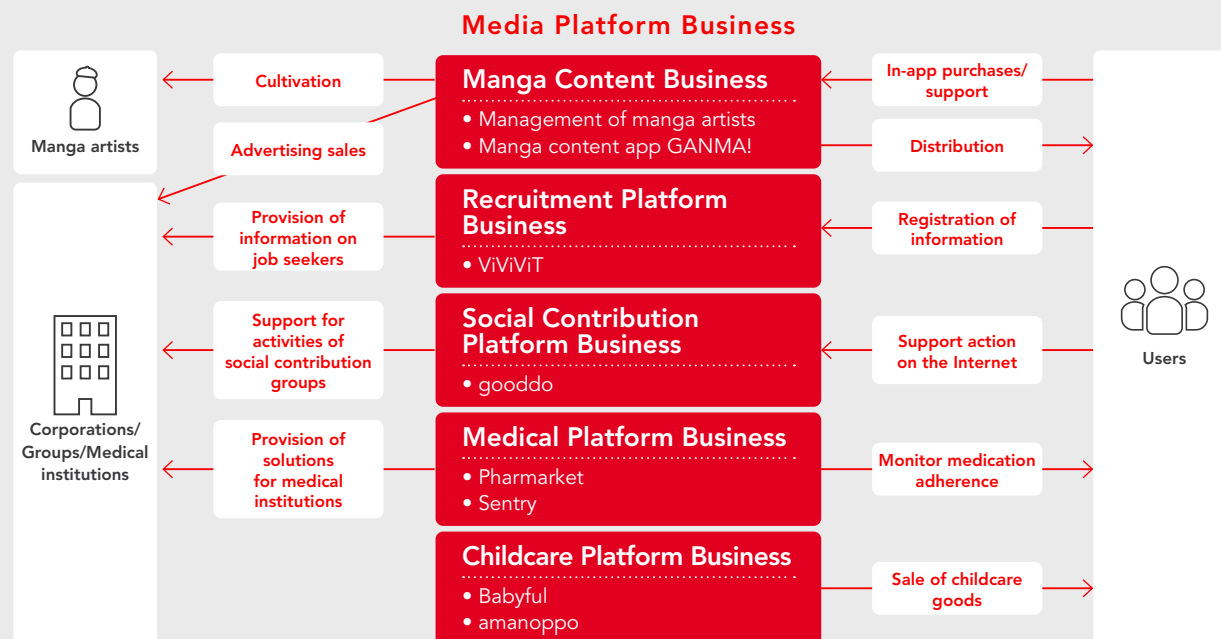
Opportunities

- Growth of each company's target domain
- Growth of the D2C market

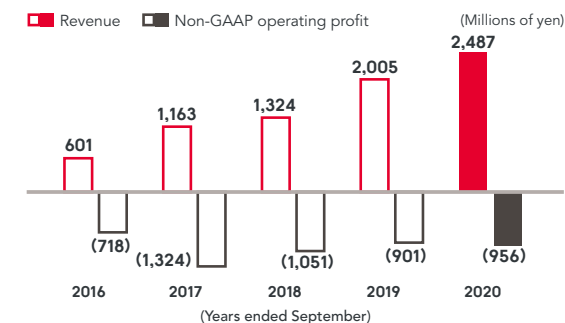
Issues

- Business structure that is easily affected by seasonality and the market environment
- Need for user engagement that is not influenced by the external environment

Business Model



Revenue and Non-GAAP Operating Profit (Loss)

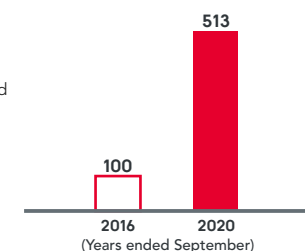


Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses.

GANMA!

App Revenue

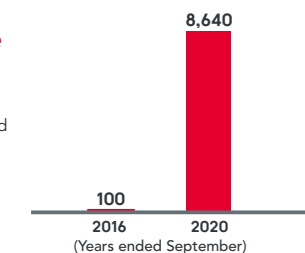
Index: Revenue in fiscal year ended September 2016 = 100



GANMA!

Subscription Revenue

Index: Revenue in fiscal year ended September 2016 = 100



At a Glance

Revenue

24.0% increase

Number of employees

87

Growth in subscription revenue

84.3% increase YoY

Number of GANMA! titles

Over **200**

Overview of Results for the Fiscal Year Ended September 2020

- Advertising revenue decreased due to the impact of the COVID-19 pandemic, but in-app sales revenue increased steadily.
- The cumulative number of GANMA! downloads exceeded 14 million as of the end of September 2020.
- The amount of supports for manga and anime artists provided by crowdfunding and the number of supporters have increased partly due to animation projects of popular works in GANMA!

Future Strategy

We will focus on growth domains to increase revenue and reduce losses in each business, with the target of achieving profitability in three years, as per the Midterm Business Policies. In the Manga Content Business, we are shifting the focus of monetization to in-app sales revenue given the impact of the COVID-19 pandemic. We are also planning to expand revenue in ways such as converting our original IP based on apps into e-books.

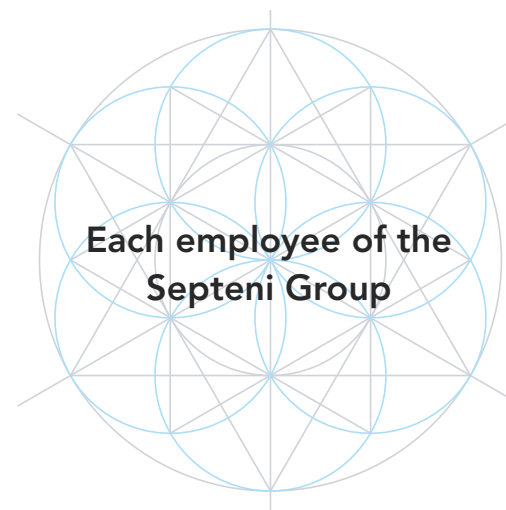
In addition, we will step up business development in the D2C domain by leveraging the networks and communities that each business has built. We will roll out brands that reflect Septeni's unique added value and lifestyle proposals to develop businesses that create activities and spaces for consumption. We expect these diverse business strategies to further increase revenue.

The Septeni Group's Strengths (Operating System) for the Creation and Evolution of Businesses (Applications)

Tough ▶ Page 25

The Septeni Group's greatest asset is its human resources: employees who possess a good sense of ownership and a strong entrepreneurial spirit. To promote their active participation, we use an AI-based personnel system that takes advantage of our extensive human resource database and technologies.

In addition, the Group has fostered a unique corporate culture of being tough, gentle and fun, so our human resources can more fully demonstrate their potential.



Gentle ▶ Page 26

Fun ▶ Page 27

About Our Corporate Logo



SEPTENI

The Septeni Group renewed its corporate logo in October 2018. In creating the new logo, we decided on a concept and design that expresses the Group's strengths. The Septeni Group will take on challenges in new markets and new worlds as it works to fulfill its Mission of "Inspiring the world with entrepreneurship."

For details, please visit our website at <https://www.septeni-holdings.co.jp/corporatedesign/> (Japanese only)

Tough

Getting results by always choosing the more substantial change with an entrepreneurial spirit

New university graduates recruited online:¹

100%

Total number of members of cross-divisional committees:²

107

1. New graduate recruiting for 2020 (graduating in March 2021)

2. Cumulative, fiscal years ended September 2016-2020

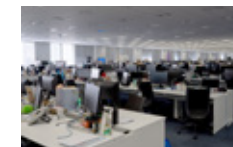
Response to Change

Online Recruiting of New University Graduates

Since our recruitment of 2018 graduates, we have been conducting recruiting in which the entire selection process is completed online for students living in regions outside major urban centers, who would otherwise face substantial burdens in terms of time and costs. In February 2020, in response to the COVID-19 pandemic we decided to leverage this know-how to bring new graduate recruiting online for students living in all regions. We conducted recruiting activities that kept the need to visit the Company to a minimum so that students could take part in the selection process with peace of mind.

Transition to Remote Work

In response to the COVID-19 pandemic, we transitioned to a telecommuting system, in principle, from late February 2020. Regarding impact on employees' duties, which had been a concern, the operational improvements and infrastructure upgrade we had been implementing as part of work style reforms have been successful, with a majority of employees responding to an internal survey that they had no problems.



A Good Sense of Ownership

Essay Contest

Each year, we set a theme related to the Company's future, with a call for essays on how entrants can and should take ownership to address Company issues. Awards are given for the best essays. We receive numerous entries every year from first-year employees to veterans, and we make award-winning essays available for viewing within the Company.



A Culture of Committees

We operate cross-divisional voluntary Group projects including the 7th Code Project to instill our philosophy, the hug-kumi Committee, which aims to support working women and childcare and to improve work-life balance for all employees, the LGBT-related SEPALLY RAINBOW, and the ECHO Project for environmental initiatives. Employees actively take part in these committees with a sense of ownership to create a better environment and improve corporate value.



Gentle

Sharing successful experiences and growth opportunities with all employees through systemization while also accepting diversity

BLP graduates who have become business managers:³

87.5%

Receipt of Gold Award on the PRIDE INDEX:⁴

3rd

consecutive year



3. As of September 30, 2020

4. From 2018 to 2020

Promotion of Diverse Work Styles

Diversity and Inclusion

We believe that the independent and valuable work of employees from various backgrounds contributes to business results, leading in turn to the sustainable growth of the Group. Based on this belief, we promote and support diverse work styles, as stated in “Diversity,” one of the guidelines of our code of conduct, the Septeni Way. In addition to efforts such as promotion of women’s participation and LGBT-related initiatives, we are also actively engaged in activities to spread awareness of the significance of diversity and inclusion through workshops and other methods.

Side Job System

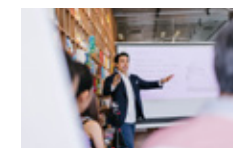
In 2017, the Company lifted its prohibition on employees taking on side jobs, subject to approval. We promote diverse work styles in the belief that individuals who acquire new skills and experiences from their interests outside the Company will be more engaged in their main jobs. Currently, more than 70 of our employees have side jobs.



Systems Supporting Growth

Business Leadership Program (BLP)

A development program specializing in management to train future senior management candidates. Applicants who are selected attend an external business school for two years free of charge.



A Culture of Praise

Both the Group as a whole and individual Group companies hold events for employees to recognize and praise each other’s efforts. These include awards given for individual and team activities, such as the Group Annual MVP, and the Hinerankai Awards, held each year for employees to commend each other and express mutual gratitude.



★ Fun

Finding fun in accomplishing difficult tasks through our unique methods

Total entries in the “gen-ten” new business plan contest:⁵

209 teams
(9 years cumulative)

Receipt of HR Technology Award:⁶

5th consecutive year
(a record high)



5. From 2012 to 2020

6. From 2016 to 2020

gen-ten: A Way of Creating New Businesses

An annual in-house contest for new business plans. Applicants whose plans are highly rated and who show strong enthusiasm for developing their proposed businesses pursue commercialization of their plans at a Group subsidiary specializing in business incubation.



Human Capital Lab

To maximize each employee's performance, we have established the Human Capital Lab, which specializes in human resource data research. There, we compile and analyze the extensive human resource data we have accumulated for use in management decisions and human resource development. In addition to publicly announcing and sharing in-house case studies and research results outside the Group, we are working to generate further innovation through joint research with external parties.



Instilling the Corporate Philosophy and Code of Conduct

Employees can volunteer to work on the 7th Code Project, a cross-divisional Group project for instilling the corporate philosophy and code of conduct, which form the core of the Septeni Group's culture. Chaired by Group representative Koki Sato, the project is conducting various measures to enjoyably increase understanding of and buy-in to the corporate philosophy and code of conduct.



An Outside Director's Perspective on the Septeni Group's Human Resources and Corporate Culture

Isamu Ueno

Group Senior Executive Officer
Representative Director,
SEPTENI HOLDINGS CO., LTD.

Since joining the Company in 1998, Mr. Ueno has mainly been involved in personnel matters. While leading the Group's HR management as Director and Manager of Personnel and Administration, he used a scientific approach to conceiving a framework for human resource development initiatives. Since 2012, he has been promoting awareness-raising activities among relevant departments within the Group for introducing and following up on unique HR recruiting and management technologies. In 2017, he became Group Senior Executive Officer (current position), and in 2018 he was appointed Representative Director of the Company (current position).

Achieving Highly Consistent Human Resource Management with Recruiting and Development Systems That Utilize Human Resource Technologies while Respecting the Company's Origins

Yoshiki Ishikawa

Outside Director,
SEPTENI HOLDINGS CO., LTD.

After graduating from the School of Integrated Health Sciences, Faculty of Medicine, University of Tokyo and completing a master's degree from Harvard University Graduate School of Public Health, Mr. Ishikawa received a doctorate in medicine from Jichi Medical University. His areas of expertise include preventive medicine, behavioral science, computational creativity and conceptual engineering. He is conducting interdisciplinary research with companies and universities on what it means for people to live well. He was appointed Director of Cancer Scan Co., Ltd. (current position) in 2008 and Representative Director of Well-Being for Planet Earth Foundation (current position) in 2018. In 2019, he was appointed External Director (Audit & Supervisory Committee Member) of Sansan, Inc. (current position) and External Director, Gaiax Co. Ltd. (current position). In December 2019, he was appointed Outside Director of the Septeni Group (current position).



What are the characteristics of the human resources that constitute the core value of the Septeni Group? What are the processes for developing and deploying human resources with a strong sense of ownership and entrepreneurial spirit? The following exchange of views between Representative Director Isamu Ueno and Outside Director Yoshiki Ishikawa, who offers an objective perspective, provides some answers.

What do the people who join the Septeni Group have in common?

Ishikawa: I think the uniqueness of Septeni's people can be summed up in the words "entrepreneurship" and "tough, gentle and fun." What they share is the first impression they give—frivolous (laughs). Beneath this air of frivolity, though, is a strong personality. Actually, they are gentle and considerate. In addition, they are constantly thinking about how to find fun in their work. In fact, since I became an Outside Director, I have met one employee after another who incorporates these three seemingly disparate traits. I think the order of these characteristics is also important. First and foremost, Septeni's people must be tough to produce results through independent actions. Next, they must be gentle, enabling them to accept diversity within the organization. Finally, they must be able to find fun in what they do. Through my interactions with Septeni people, I have gained a sense that the origins and values of Septeni are alive and well throughout the organization.

Ueno: Among the characteristics you mentioned, people who excel at entrepreneurship and act independently are a distinctive feature of Septeni.



Ishikawa: I think so, too. However, the word "entrepreneurship" may be misleading. It's not that entrepreneurial personnel are working individually. Rather, employees work as teams, generating innovation through repeated trial and error. That approach leads to the Company's strength.

What led to the decision to use data and AI for recruiting and human resource development?

Ueno: Our business expanded rapidly in the first half of the 2000s. For a time, we had a lot of trouble because the efficiency of our recruiting and human resource development was not improving. At one point, Representative Director Koki Sato advised me that using the same approach and methods as our competitors would not improve the efficiency of our human resource development. He suggested that we consider searching for the "right fit" for Septeni. Since then, our policy has been to start by defining the characteristics of people with the potential to become fully contributing members of our organization and then searching the market for suitable applicants. This policy was the basis for our "Formula of Development" concept, which we established through a process of trial and error.

Formula of
Development

$$\text{Growth} \quad \text{Personality} \quad \text{Environment} \quad \text{Team} \quad \text{Work}$$

$$G = P \times E (T + W)$$



This formula expresses the principle that providing a suitable workplace environment (E) based on an individual's innate personality (P) will lead to that individual's growth (G) by building upon high-quality experiences in the Company. Based on this concept, we use our model for predicting future performance to identify individuals who are compatible with the Company. We prepare an environment and training program tailored to each new employee from a scientific point of view based on our data. Our model is still a work in progress, but our accuracy in hiring and efficiency in human resource development have improved.

Ishikawa: When I heard about this model, I wondered why you decided to take a very different approach and switch to a data and technology-based personnel system instead of hiring people through subjective judgment based on a review of documents and interviews, like most companies do. But from the very beginning the Septeni Group's management has been one half-step ahead of the times. These processes driven by the latest human resource technology are emblematic of that approach, and the result is highly consistent human resource management. I think this is a Septeni Group advantage that other companies do not have.

Ueno: That is an important point. We have continued to search for the "right fit" within our organization, rather than using the kind of personnel system that is common in other Japanese companies. This initiative aims to encourage employee entrepreneurship and maximize individual performance. In addition, for the past few years, we have been focusing on enhancing our human resource development system through the use of AI and other means, enabling us to place employees in teams and jobs that make the most of each individual's way of thinking and behavioral characteristics.

What issues and risks must the Septeni Group face in order to grow going forward?

Ishikawa: Millennials and members of Generation Z will soon make up about half of Japan's working population, and generational change will be sudden. Gen Zers have been called SDG natives with a strong interest in sustainability and well-being. We must be a company that the younger generations find appealing and choose to join.

Ueno: I see. That is why we intend to further improve the accuracy of the Formula of Development and provide a fertile environment for employee growth with opportunities to choose a better career. Using the Formula of Development as the basis to provide an environment where employees can be happy playing an active role and growing in their own way seems to me to be a suitable system for their well-being.

Ishikawa: The Septeni Group is constantly improving its internal processes with an emphasis on its accumulated data and scientific knowledge, while respecting the Company's philosophy and origins. Through these efforts, you are gradually building up highly consistent human resource management methods. The act of building a track record of results may not be very exciting. It seems like something anyone can do, but no one else has been able to do it continuously over such a long period. This is a distinctive feature of the Septeni Group. As it further evolves its current systems, the Group is certain to be able to continue providing an environment where all employees, including Gen Zers, can be tough and gentle and find fun in what they do.

“By accumulating data as the basis for improvements, you have done something that no one else has been able to do continuously over such a long period. This is a distinctive feature of the Septeni Group.”



“We intend to further improve the accuracy of the Formula of Development and provide a fertile environment for employee growth with opportunities to choose a better career.”






Processes That Are the Source of Value Creation

CSR

CSR Policy

We believe that helping to resolve social issues through our businesses is a means of fulfilling our responsibilities to society and stakeholders that best reflects the Septeni Group. Through this approach to CSR, we aim to realize a sustainable society as well as the Septeni Group's Mission of "Inspiring the world with entrepreneurship." We will continue to carry out CSR activities centered on this approach.

Priority Challenges and Initiatives

| Priority Challenge (Related SDGs) | Social Value Provided | Main Initiatives in the Fiscal Year Ended September 2020 |
|---|--|---|
| Diversity and Inclusion  | <ul style="list-style-type: none"> Contribution to creating a society in which everyone can participate Contribution to improving labor productivity | <p>Promotion of women's participation Promotion of Group-wide support for women's careers, including an online seminar on "Building Careers for Women's Participation" given by an external lecturer</p> <p>LGBT initiatives Ongoing awareness-raising activities through LGBT & Allies Network; received the Gold Award (highest rating) on the PRIDE INDEX for the third consecutive year</p> <p>Measures against discrimination and harassment Implementation of anti-harassment training for managers and e-learning for all employees</p> |
| Support for Culture, Sports and the Entertainment Industry  | <ul style="list-style-type: none"> Contribution to creating a fulfilling society Contribution to industrial development through DX | <p>Support for culture Provision of the "RouteM" manga artist development support program, which has more than 100 exclusive participants Hosting of classes at an art university to support creative students</p> <p>Support for sports Provision of support for top sabre fencer Shihomi Fukushima; formation of SEPTENI RAPTURES professional dance team Note: From the fiscal year ending September 2021, we are adding support for the entertainment industry.</p> |
| Support the Sound Development of the Digital Advertising Industry  | <ul style="list-style-type: none"> Contribution to creating a safe and secure digital society | <p>Implementation of in-house educational activities using owned media and e-learning for all employees, and external activities including speaking at seminars</p> |
| Industry Development through Utilization of AI  | <ul style="list-style-type: none"> Generation of innovation Contribution to improving labor productivity | <p>Utilization/application of data in HR technology Formulation and publication of Digital HR Guidelines for safe and secure handling of data</p> <p>Utilization/application of data in digital marketing Provision of original AI and data & solutions such as PRECOG and Odd-AI to corporate advertisers</p> |
| Development of High-Quality Human Resources  | <ul style="list-style-type: none"> Contribution to improving labor productivity Contribution to revitalization of regions outside of major urban centers | <p>Promotion of initiatives based on research at the Human Capital Lab, including expansion of the target area for online recruiting in response to the COVID-19 pandemic, and development and implementation of an original online selection process in collaboration with Group company MANGO, Inc. In recognition of its efforts, Septeni received the Excellence Award for Recruiting at the 5th HR Technology Awards sponsored by the Ministry of Economy, Trade and Industry (fifth consecutive year to receive an HR Technology Award).</p> |



Highlights

Development of High-Quality Human Resources

Research concepts, research themes and initiatives based on research

At the Human Capital Lab, which we established in 2016 as our research and development division, we use AI (i.e., machine learning) and other means to integrate and analyze the extensive volume of human resource data that we have accumulated. Based on this, we conduct ongoing research to shed light on the structure of human resource development in growth industries from a scientific perspective and widely share the results.



Ken Kubo

SEPTENI HOLDINGS CO., LTD.

The Company-wide introduction of telework in response to the COVID-19 pandemic has significantly changed the ways we communicate within the Company. Employees have not all adapted in the same way to this change in working conditions—their behavior tends to differ depending on their personality and individual traits. I thought that conducting an analysis might help us optimize human resource development and management for a telework environment, so I carried out a study of the impact of the telework environment on the adaptation of new employees to their workplace.

When we released my report on the study results, it received a very strong response. We want to continue providing valuable information to both employees and society at large through various kinds of research.

Based on Human Capital Lab research, since recruitment of 2018 graduates, we have been conducting online recruiting for students living in regions outside major urban centers, who would otherwise face substantial burdens in terms of time and costs. In February 2020, in response to the COVID-19 pandemic we decided to leverage this know-how to bring new graduate recruiting online for students living in all regions. We conducted recruiting activities that kept the need to visit the Company to a minimum so that students could take part in the selection process with peace of mind.



Nozomi Hirano

SEPTENI HOLDINGS CO., LTD.

We published more detailed data on recruiting and selection as well as information to help students understand the Company so that they could be confident in their choice of companies to apply to. In terms of individual feedback to new employees, we provided personal career simulations based on the information they gave during the selection process. Many students said that the information we provided was persuasive and reassuring.

I will keep in mind the need to provide information more openly as I continue working to support each employee's growth and participation.

Diversity and Inclusion

Main initiative

We believe that the independent and valuable work of employees from various backgrounds contributes to business results, leading in turn to the sustainable growth of the Group. Based on this belief, we promote and support diverse work styles, as stated in "Diversity," which is part of our code of conduct, the Septeni Way.



Group representative Koki Sato and Outside Director Etsuko Okajima conducted an online diversity workshop, with the aim of instilling understanding of the significance of diversity and inclusion. Approximately 200 employees attended.

Support for Culture and Sports

Main initiative

We support the activities of our human resources in a wide range of endeavors including individual and team sports and the arts. From the fiscal year ending September 2021, we are adding support for the entertainment industry.



Shihomi Fukushima

SEPTENI HOLDINGS CO., LTD.

I won in my category at the All Japan Fencing Championships in September 2020, achieving my second victory there in four years. The tournament was presented online only, but my co-workers at the Septeni Group supported me by watching my matches via streaming from the preliminary round, which was very encouraging. After winning, I received many messages. Some told me how inspired and impressed they were by my swordplay, and I was delighted to know that I could make people feel that way. I will continue doing my best to inspire and thrill more and more people through fencing.

Corporate Governance

Basic Approach

The Company and the company group comprising its subsidiaries (hereinafter called the "Group") consider that their corporate governance is based on improvements and the implementation thereof to ensure that actions are taken pursuant to the Group's corporate philosophy and code of conduct, decisions are made in a transparent, fair and efficient manner, laws and regulations are strictly observed, and corporate performance is monitored appropriately.

Governance Highlights

Number of Directors (Outside Directors Included in Total)
(As of January 2021)

> **8 (5)**

Average Attendance Rates at Board of Directors' Meetings
(Fiscal year ended September 2020)

Directors > **100%** (13 meetings)

Auditors > **98%** (13 meetings)

Number of Auditors (Outside Auditors Included in Total)
(As of January 2021)

> **4 (3)**

Average Auditor Attendance Rate at Board of Auditors' Meetings
(Fiscal year ended September 2020)

> **98%** (14 meetings)

Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors once a year in principle with the goal of enhancing its effectiveness. The evaluation for the fiscal year ended September 2020 was based largely on the results of interviews and surveys regarding the operation of the Board that we conducted in accordance with the advice of third-party institutions as well as discussions by the Board and among corporate officers at training sessions. As a result, it was confirmed that the Board of Directors operates appropriately and that its effectiveness has been ensured through specific, voluntary initiatives for improvement based on clearly defined goals.

Moreover, recognizing that there is room for improvement in balancing discussions, in decision-making and in reporting, among other matters, the Board of Directors is actively working to enhance its effectiveness by implementing initiatives that address outstanding issues.

Officer Compensation Plan

In the fiscal year ended September 2017, the Group introduced a new compensation plan (a board incentive plan (BIP) trust) to more clearly define the relationship between the compensation of the Company's directors (excluding outside directors and non-residents of Japan) and executive officers (excluding non-residents of Japan; collectively, "Directors, etc.") and the Group's business results in the medium-to-long term as well as the Company's shareholder value, while creating a strong incentive to enhance business results and corporate value in the medium-to-long term. As a result, compensation for directors of the Company consists of monthly compensation and stock compensation, and compensation for outside directors who are

independent from business execution consists of monthly compensation only.

Director and Auditor Compensation

(Fiscal Year Ended September 2020)

| Category | Number of Recipients | Officer Compensation | Remarks |
|-----------|----------------------|----------------------|---|
| Directors | 7 | ¥158,966 thousand | 4 outside directors included in left ¥39,200 thousand |
| Auditors | 4 | ¥43,800 thousand | 3 outside auditors included in left ¥12,600 thousand |

Notes:

1. Certain directors of the Company concurrently serve as directors of Group subsidiaries, which pay part of the compensation expense for their service as subsidiary directors. The total of director compensation paid by the Company and by Group subsidiaries was ¥194,852 thousand.
2. The number of recipients includes one outside director who retired on August 31, 2020 and one outside auditor who retired at the close of the 29th Ordinary General Meeting of Shareholders held on December 18, 2019.
3. In addition to the above compensation, the Company is paying a retirement benefit of ¥266 thousand to an outside auditor who retired at the close of the 29th Ordinary General Meeting of Shareholders held on December 18, 2019. This payment is based on the resolution to make termination payments upon the abolition of the retirement allowance system for officers approved at the 13th Ordinary General Meeting of Shareholders held on December 18, 2003.

BIP Trust

This is a performance-linked stock compensation plan that aims to establish a clearer relationship between compensation for Directors, etc. and the value of the Group's stock. The Company's shares are purchased from the market as officer compensation, kept in a trust account, and delivered in accordance with the recipient's position and degree of achievement of the performance targets in the Midterm Business Policies.



Outline of the Group's Corporate Governance Structure

Group management involves a holding company structure in which the Company is a holding company and the ultimate parent company for Group operating companies. This system separates Group-wide management and administration from execution in discrete Group businesses by delegating authority to Group operating companies while enhancing the holding company's ability to supervise and monitor Group businesses.

Outside directors involved in Board deliberation supervise the execution of duties, and independent corporate auditors who are not involved in executive decisions conduct audits. The Company employs this system because both of these functions help ensure more effective corporate governance.

Board of Directors

- Introduced an entrustment-type executive officer system in January 2017 with a monitoring-oriented model that focuses primarily on monitoring Group Executive Officers.
- Presents the overall direction of basic policies and other management matters, creates an environment that supports appropriate risk-taking by the management team, and takes responsibility for monitoring the business execution of the management team.
- Consists of eight directors, a majority of five of whom are independent outside directors.
- In principle, meetings are held once a month and on extraordinary occasions as required.

Group Management Meeting

- In charge of decision-making on execution of business matters throughout the Company and the Group's operating companies, and those that involve multiple operating companies.
- The Board of Directors appoints Group Executive Officers in charge of businesses. The Group President and Chief Executive Officer,

who is concurrently a representative director, oversees the business execution of Group Executive Officers.

- The Group Management Meeting supports decision-making by the Group President and Chief Executive Officer, and discusses important management matters for the Group.
- In principle, meetings are held twice a month and on extraordinary occasions as required.

Board of Auditors

- Conducts audits of directors' execution of duties based on audit policies, audit plans and other criteria established by the Board of Auditors.
- The Company has adopted a Board of Auditors system consisting of four auditors, three of whom are highly independent outside auditors.

Committees

The Company has established various committees to create a system that enables clarification of authority and responsibility, as well as prompt and appropriate decision-making.

Group Risk Management Committee

Responds promptly and effectively to the increasingly diverse, complex and decentralized risks faced by the Group, and oversees risk management for the entire Group.

Financial Results and Disclosures Committee

In charge of reviewing and evaluating financial information and timely disclosure information.

CSR Committee

In charge of fulfilling social responsibility through CSR activities.

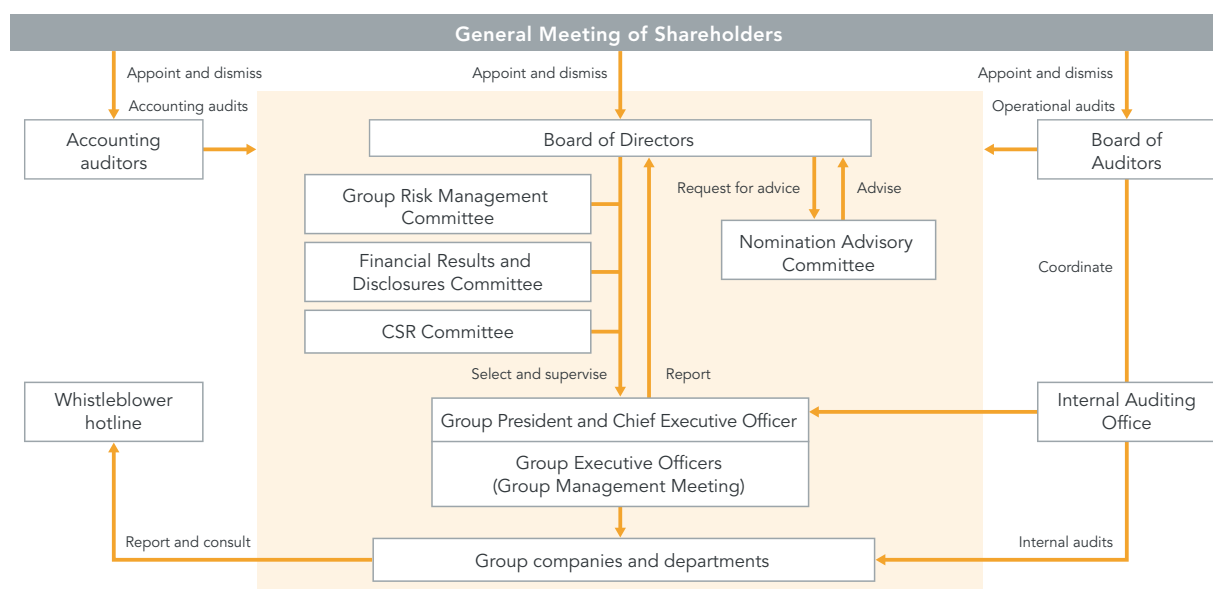
Nomination Advisory Committee

Ensures independence, objectivity and accountability in the deliberation process for matters related to the appointment and dismissal of management team personnel (including Company directors and Group Executive Officers) as a discretionary committee of the Board of Directors.

Executive Sessions

- Attended only by outside directors to ensure an opportunity for exchanging information and sharing understanding based on independent and objective standpoints.
- Other independent external parties, including outside auditors and accounting auditors, may attend the sessions, which also provides increased opportunities for cooperation among participants.
- In principle, meetings are held once every quarter.

Corporate Governance System (As of December 23, 2020)



Structuring a Management Team Using FFS Theory

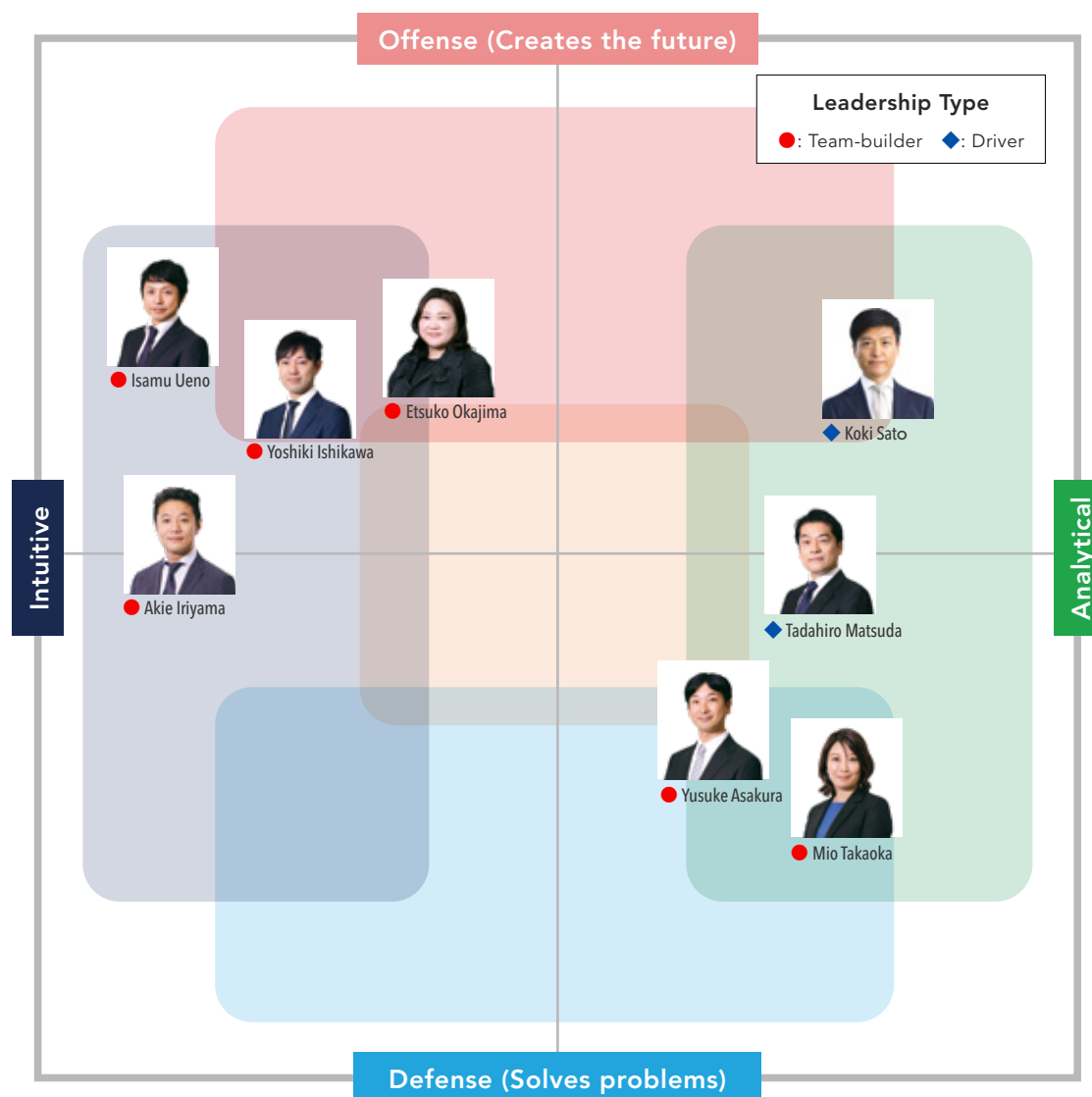
The Company has incorporated the Five Factors & Stress (FFS) theory into its AI-based personnel system and other aspects of human resource management. Developed by Human Logic Laboratory, Inc., this theory can be used to scientifically build teams of people. It quantifies five factors as well as stress levels for individuals to understand their thought processes and behavior.

By examining the characteristics of Board members based on the FFS theory, the Company has structured a Board of Directors with leaders who drive a team that can readily adapt to emerging situations and relationships. This enables operational flexibility in a rapidly changing business environment. Following here are a personality matrix of the Company's Board of Directors and the results of an individual member personality analyses.

| Name | Personality Profile |
|-------------------------|---|
| Koki Sato | A leader who embraces change. Has excellent judgment and determination. Good at missions that require pushing the boundaries. |
| Isamu Ueno | A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation. |
| Tadahiro Matsuda | Multi-skilled with excellent judgement. Balances offense and defense well. Good at missions that require resourcefulness. |
| Etsuko Okajima | A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation. |
| Yusuke Asakura | A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning. |
| Yoshiki Ishikawa | A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation. |
| Akie Iriyama | Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness. |
| Mio Takaoka | A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning. |

Note: Personality profiles provided with the consent of each director.

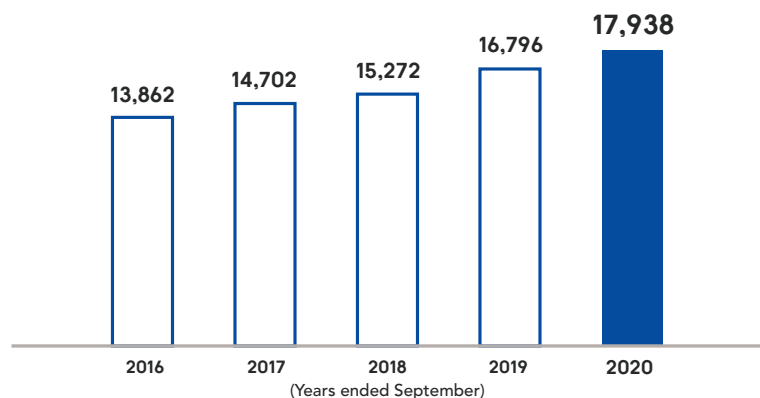
Management Team Personality Matrix



Consolidated Financial and Non-Financial Highlights (IFRS)

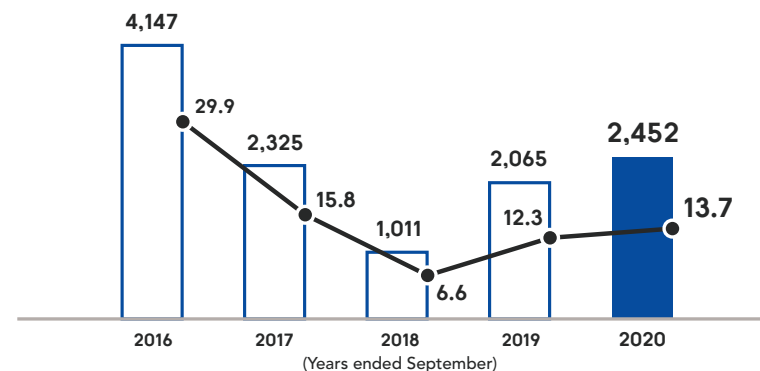
Revenue

(Millions of yen)



Non-GAAP Operating Profit/Ratio of Operating Profit to Revenue

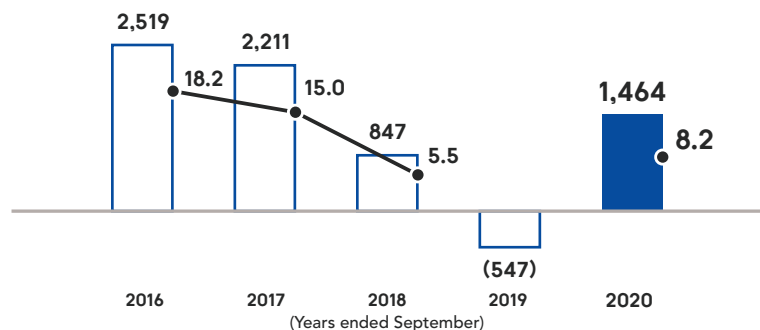
(Millions of yen/%)



■ Non-GAAP operating profit
● Ratio of operating profit to revenue

Profit (Loss) Attributable to Owners of the Parent/ Ratio of Profit Attributable to Owners of the Parent to Revenue

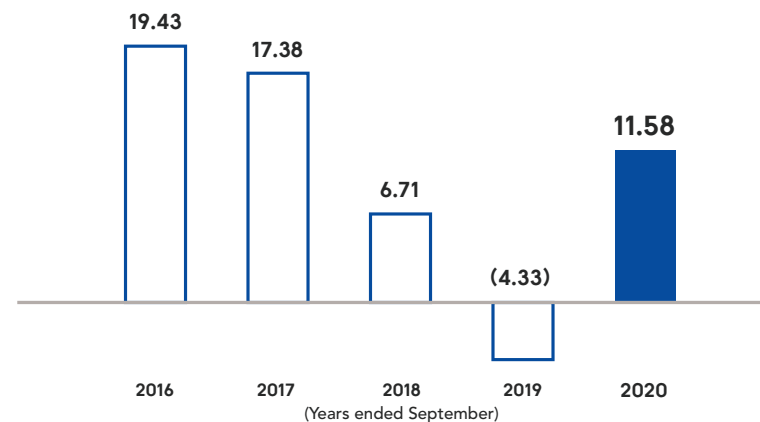
(Millions of yen/%)



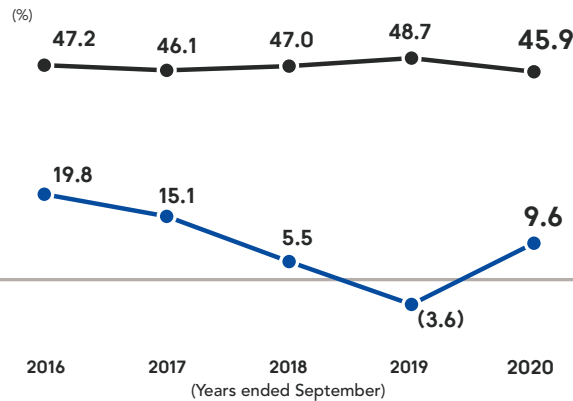
■ Profit (loss) attributable to owners of the parent
● Ratio of profit attributable to owners of the parent to revenue

Basic Earnings per Share (EPS)

(Yen)

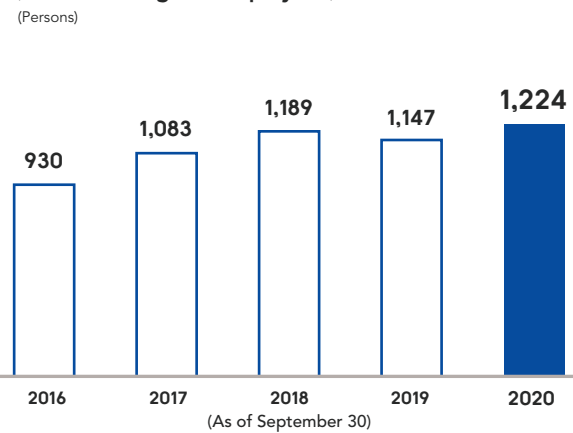


Ratio of Equity Attributable to Owners of the Parent to Total Assets/Ratio of Profit Attributable to Owners of the Parent to Equity Attributable to Owners of the Parent (ROE)



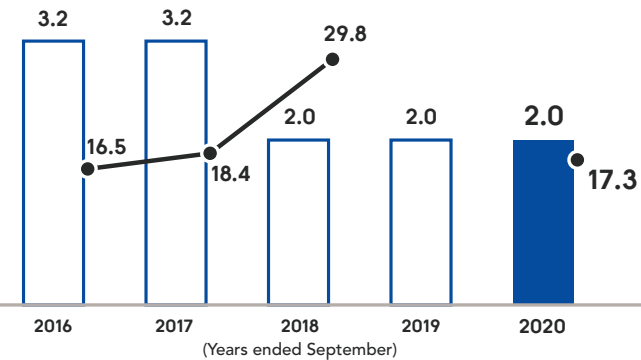
—●— Ratio of equity attributable to owners of the parent to total assets
—●— Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (ROE)

Number of Employees at the End of the Fiscal Year (Full-Time, Regular Employees)



Dividends per Share/Dividend Payout Ratio

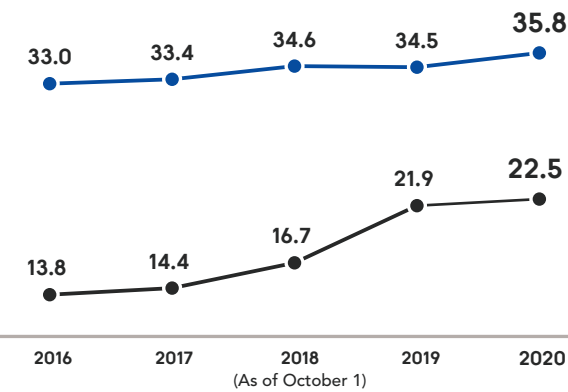
(Yen/%)



■ Dividends per share
—●— Dividend payout ratio

Ratio of Female Managers/Ratio of Female Employees (Major Group Companies in Japan)

(%)



—●— Ratio of female managers
—●— Ratio of female employees



SEPTENI HOLDINGS CO., LTD.

<https://www.septeni-holdings.co.jp/en/>

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