

Inspiring the world with entrepreneurship

Conviction in "10X"

Conviction

**The achievements of
the alliance with the Dentsu
Group pave the path to "10X"**

Three years have passed since we began our capital and business alliance with the Dentsu Group. Since then we have steadily produced results, from dramatic improvements in earnings and productivity to continuously expanding our share of Japan's digital advertising market and more. Now we stand poised to embark on a new path toward "10X" - our next stage of dramatic growth.

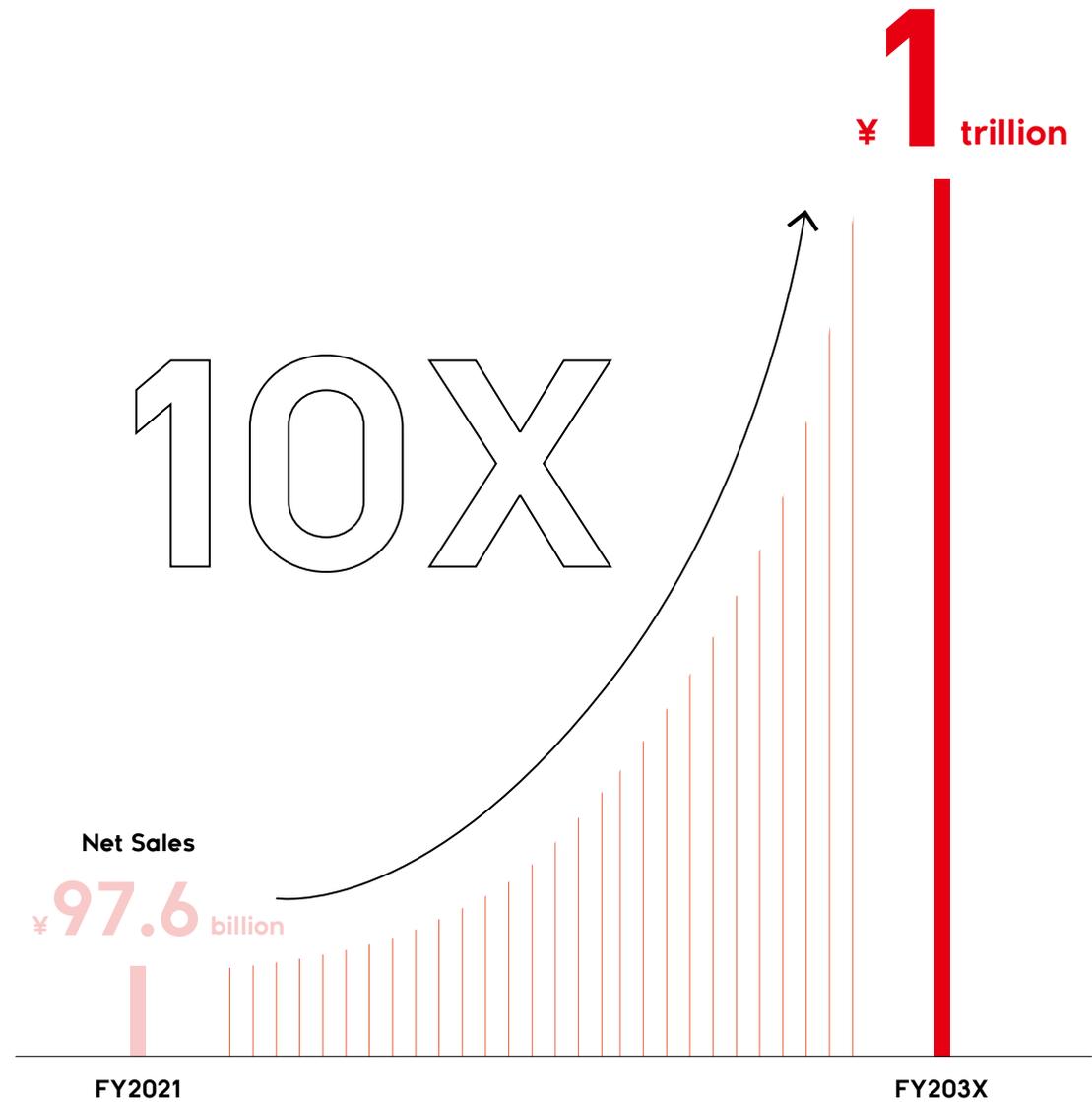
Conviction in "10X"

Achieving "10X" expeditiously, as a group of companies with a startup mentality

From 2000 when we launched our internet advertising business through 2021, our CAGR on net sales in online business has grown at a high rate of 34%.

With digital marketing primed to take on a new level of importance in future society, we are targeting net sales of one trillion yen as our next stage of growth. The keys to achieving that will be to grow the scale of our business and increase the value we can provide. As our talented people brimming with entrepreneurial spirit generate one new business after another through their advance insight on changes in society, the pace of our growth will further accelerate.

▶ See "Message from the President" from page 9 for our ideology behind "10X."



Conviction in "10X"

Innovation

**Providing services with
the most value,
to the most clients**

Through the combined strengths of the Septeni Group and Dentsu Group, our marketing proposals integrate digital (online) and mass (offline) advertising. We aim to be the largest digital marketing partner in Japan, capable of providing services with the most value to the largest number of clients.



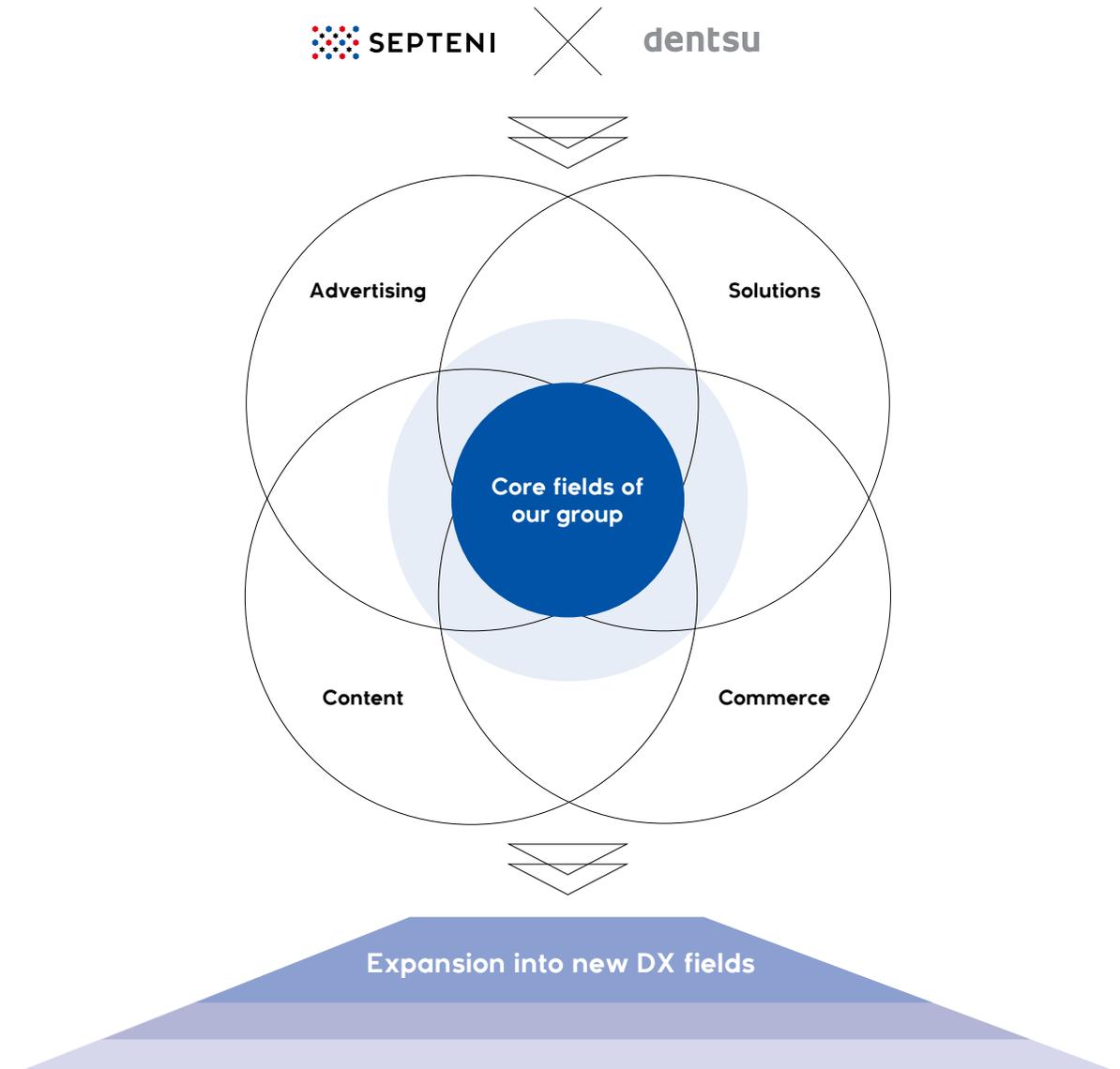
Conviction in "10X"

Expansion into new areas of DX made possible through Japan's best in the business

By maximizing synergies in both size and function by deepening our alliance, our core fields of advertising, content, solutions, and commerce have been evolving.

Based on this evolved business structure, we assist the DX of all types of clients in any industry, business field and community as we support their business growth. We aim to be an indispensable presence in digital society.

▶ See "Strategy and Performance" from page 26 for more about our expansion into new fields of DX.



Conviction in "10X"

Foundation

Our founding spirit, to empower people and industry

We are in constant pursuit of our mission, "Inspiring the world with entrepreneurship." Our primary goal always has been and always will be to seize on the changes in the times and impact society positively through business.



Conviction in "10X"

Our corporate philosophy, a driving force for social innovation

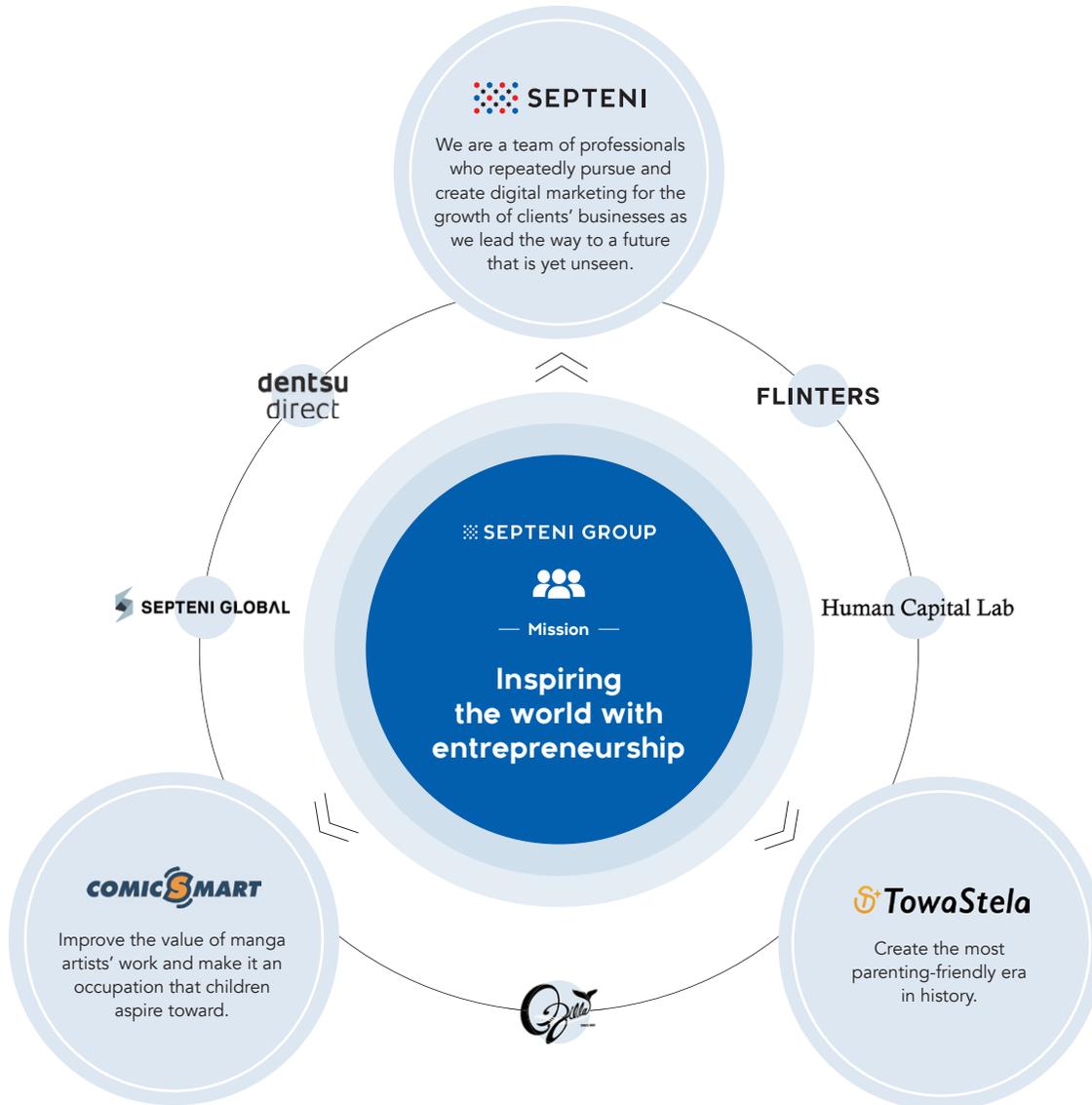
We empower people and industry through business by accepting each other's individuality, harnessing synergistic effects from their everyone's individual character and expertise, and enjoying the process of continuously pursuing even greater opportunities while doing so.

In addition to boosting shareholder value, expanding the size of our business also creates sizable multi-stakeholder value and involves playing a significant role in society. We will transform business and society to be more sustainable. That is our purpose as a company.

▶ See "Sustainability" from page 38 for more about the value we provide to stakeholders.



Septeni Group Mission



Mission

Inspiring the world with entrepreneurship

What do we exist for?

What is our purpose in society?

These are expressed by our mission, to

"Inspiring the world with entrepreneurship."

The Septeni Group empowers people and industry through business by accepting each other's individuality, harnessing synergistic effects from their everyone's individual character and expertise, and enjoying the process of continuously pursuing even greater opportunities while doing so.

This is our distinctive brand of entrepreneurship which becomes transformed into the philosophies of our group companies in their respective businesses, while at the same time developing as the driving force behind the Septeni Group as a whole.

CONTENTS

Conviction in "10X"

Conviction	01
Innovation	03
Foundation	05
Septeni Group Mission	07

Message from the President

Message from the President	09
----------------------------	----

01 Value Creation Process for "10X"

Value Creation Process to Achieve "10X"	16
Inputs	17
- History of Linking Changes in Industry and Society to Growth	
Core Values X Inputs	19
- The Competitive Advantage of the Septeni Group	
Outputs	21
- The Path to Achieving "10X"	
Outputs X Outcomes	23
Three-Person Discussion: Social Value Created by Our Alliance with the Dentsu Group	

02 Strategy & Performance

Medium-term Business Policies	27
- First Steps Toward Swiftly Achieving "10X"	
Digital Marketing Business	28
Media Platform Business	32
Expanding into New Business Segments	36

03 Sustainability

Discussion: Update to "Sustainability"	39
Sustainability Committee Organizational Chart	43
Priority Challenges and Identification Process	44
Priority Challenges in the Septeni Group	45
Priority Challenge 1: Industry Development through Utilization of AI	
Priority Challenge 2: Development of High-Quality Human Resources	46
Priority Challenge 3: Diversity & Inclusion	49
Priority Challenge 4: Support the Sound Development of the Digital Advertising Industry	51
Priority Challenge 5: Support for Culture, Sports and the Entertainment Industry	52
Environment	53
Corporate Governance	54
Messages from Outside Directors	58
Structuring a Management Team Using FFS Theory	59

Company Overview

Consolidated Financial & Non-Financial Highlights (IFRS)	61
Company Overview	63
Stock Status	64

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 sustainability 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 Relation

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

Sustainability Information

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

Storie(s) (Japanese only)

https://note.com/septeni_group

Message from the President

Targeting "10X" Accelerating Our Rise to Japan's Largest Digital Marketing Partner

Koki Sato

Representative Director and President,
Group President and Chief Executive Officer
Septeni Holdings Co., Ltd.



Message from the President

The COVID-19 pandemic has fueled accelerating demand for digital-based marketing

Looking back on these past two years, the COVID-19 pandemic has catalyzed significant changes in people's living environments while accelerating the shift to digital lifestyles, consumer behavior, and work styles. DX has generated large waves in companies as well, as digital-based initiatives in structuring business models are now happening everywhere. In marketing activities there is also an increasing need to transition the customer experience to digital, giving rise to a new type of marketing demand that cannot be captured with conventional business structures.

This change is not temporary. The presence of digital platforms in society will continue to grow, as will the importance of digital marketing that uses them.

Deepening our alliance with the Dentsu Group Offering broader, more in-depth, top-caliber solutions

While COVID-19 has accelerated the pace, at some point these changes in the market still would have occurred. In 2018 we entered into a capital and business alliance with the Dentsu Group. Having begun this alliance, we made management decisions based on our aim to generate our own original value in the field of digital marketing and establish an advantageous position before the market grew and competition intensified.

When the alliance began, we advocated a collaborative philosophy of, "Both groups aim to be the largest digital marketing partner to provide our clients the best solutions in an environment where people with various talents assemble with the joy of working," together with the Dentsu Group. We then bolstered our ability to deliver solutions to the diversifying problems our clients face primarily through online and offline integrated marketing proposals that combine our strength in digital marketing with the strength of the Dentsu Group in mass advertising mediums such as television. Through these efforts, our collaborative client base with the Dentsu Group grew to over 100

companies in the fiscal year ended September 2021. Sales per client in our own digital marketing business had increased to 2.5 times what it was when the alliance began.

We have also been able to achieve steady organic growth over these three years by enhancing our brand power and establishing ourselves as an even more trustworthy, credible presence.

Then in October 2021, we announced an even more in-depth alliance with the Dentsu Group. This would strengthen and expand our highly effective marketing proposals to make the customer experience better on both the horizontal axis of expanding the range of services offered, and the vertical axis of being able to leverage data in even greater depth for analysis and insight. In other words, this meant being able to offer even broader, more in-depth, and optimal solutions.

When making this decision, we discussed corporate governance thoroughly in-house and frequently consulted the Dentsu Group on the topic. We established common ground with them on the perspective of protecting minority shareholders as well as the awareness that the human capital and spirit of entrepreneurship at the core of our business value must not be diminished. As such, we will continue to practice management based on corporate governance with a strong emphasis on

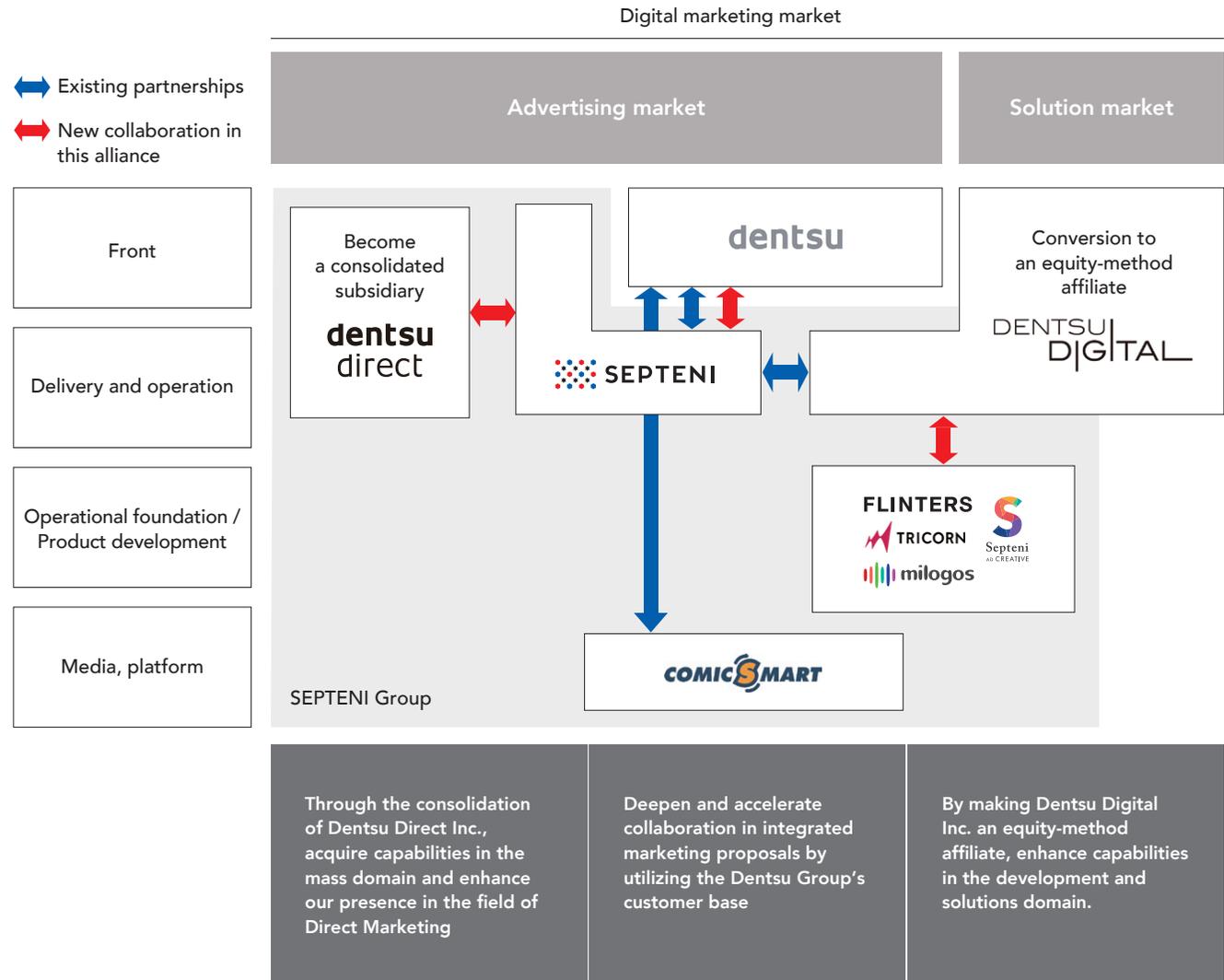
Message from the President

independence and autonomy, including policies for director nomination and composition as well as maintaining our listed status.

In the medium to long term, we believe this will help us generate corporate and shareholder value in excess of equity diluted via third party allocations of shares. We anticipate that our EPS will roughly double over the next few years through both organic growth and synergies from our deeper alliance.

Based on the collaborative philosophy at the outset of the alliance in 2018, we have been steadily producing results ever since. This has proven to us that the strategy was a sound one. This deeper alliance that we embark upon now is highly meaningful, as it truly represents an accelerated path toward turning our collaborative philosophy into reality through expanded operations and enhanced business capabilities.

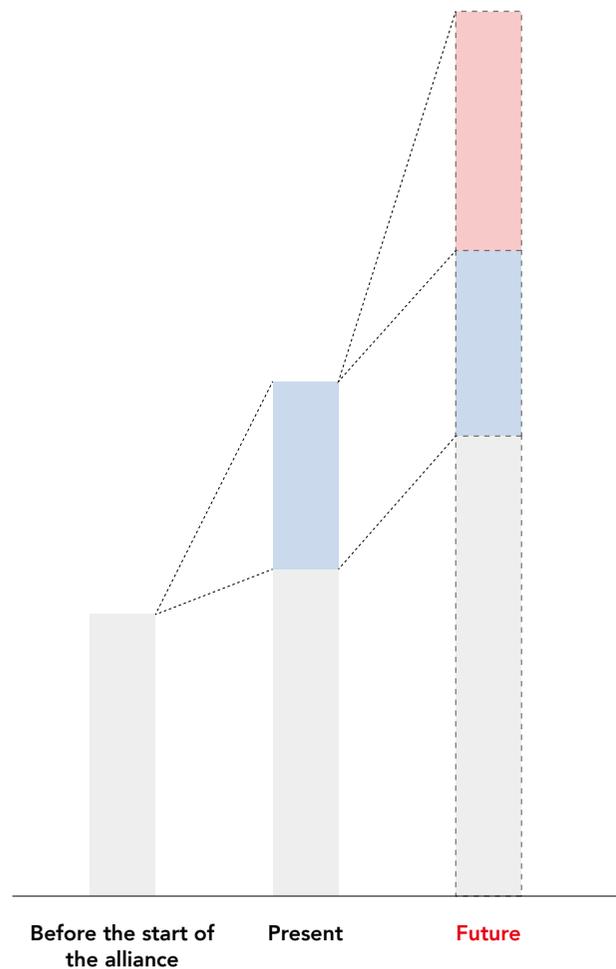
Framework for expanding the scope of the Group's business by deepening alliances



Message from the President

Image of Growth after Deepening the Alliances

Organic Benefits of previous alliances Effects of the alliance



- Acquisition of new collaborations and large-scale clients through expansion of commercial distribution
- Strengthen the direct marketing domain through acquisitions and development and solutions domains through investment.
- Synergies in multiple domains by promoting the integration of business foundations

- Advertising management support for digital marketing projects handled by the Dentsu Group
- Online/offline integrated marketing proposals by leveraging the client bases of both companies' groups, etc.

- Enhancing our presence in growing markets through alliances
- Strengthen organizational foundation through collaboration (human resources and product development)
- Increase in per capita productivity due to increase in unit price per client

Provide greater multi-stakeholder value and be the engine that drives social transformation

In addition to boosting shareholder value, expanding the size of our business also creates sizable multi-stakeholder value and involves playing a significant role in society. That is our purpose as a company.

We provide digital marketing services to large companies in every industry, primarily for the products and services of major platform operators who have large social impact. With the intention of serving an essential role in the advancement of digital society for years and decades to come, we proudly refer to what we do as "Essential Work."

In the Septeni Group, we bring together people with entrepreneurial spirit, based on our mission of "Inspiring the world with entrepreneurship," and our culture is fertile soil for developing digital marketing professionals. To fill our ranks with more of such talent, I want to refer to what we do as "Essential Work" for digital society and increase job satisfaction, while at the same time bringing aboard more and more people who seek interesting work that has a large impact on society. With professional personnel who provide even higher quality services and create new business, we

Message from the President

will advance DX in various industries, business fields, and communities, and create new change.

We will bolster our core value of the human assets and turn them into an engine for societal growth. This is truly the role that the company plays, and we at Septeni have strong determination and conviction to become a major presence with significant social impact.

As indicated by the discontinuous curved growth line, we aim to swiftly achieve the top market share with "10X" the scale

The discontinuous curved growth line is a representation of our envisioned future growth.

Until now, we have had a two-step structure composed of new business added to the growth of our existing business, but the newly deeper alliance has added a third step. The first of these steps represents greater organic competitive strength of our digital marketing business, while the second step is an addition resulting from the newly expanded business alliance. The third step is generating an even broader array of innovations and bolstering the expansion of our media platform business and business in new domains, based on business infrastructure expanded through

steps one and two. Imagine it to be like adding new branches and leaves one after another to an already thick tree trunk and yielding huge volumes of fruit.

We see this point in time as the starting line, from which we cannot at all see what the final form

of our company will be. As a group of companies with a startup mentality, we will go on changing and evolving from here. The keyword is "10X." Rather than stopping with quantitative growth represented by the size of our sales numbers, we will also raise the multi-stakeholder value we



Message from the President

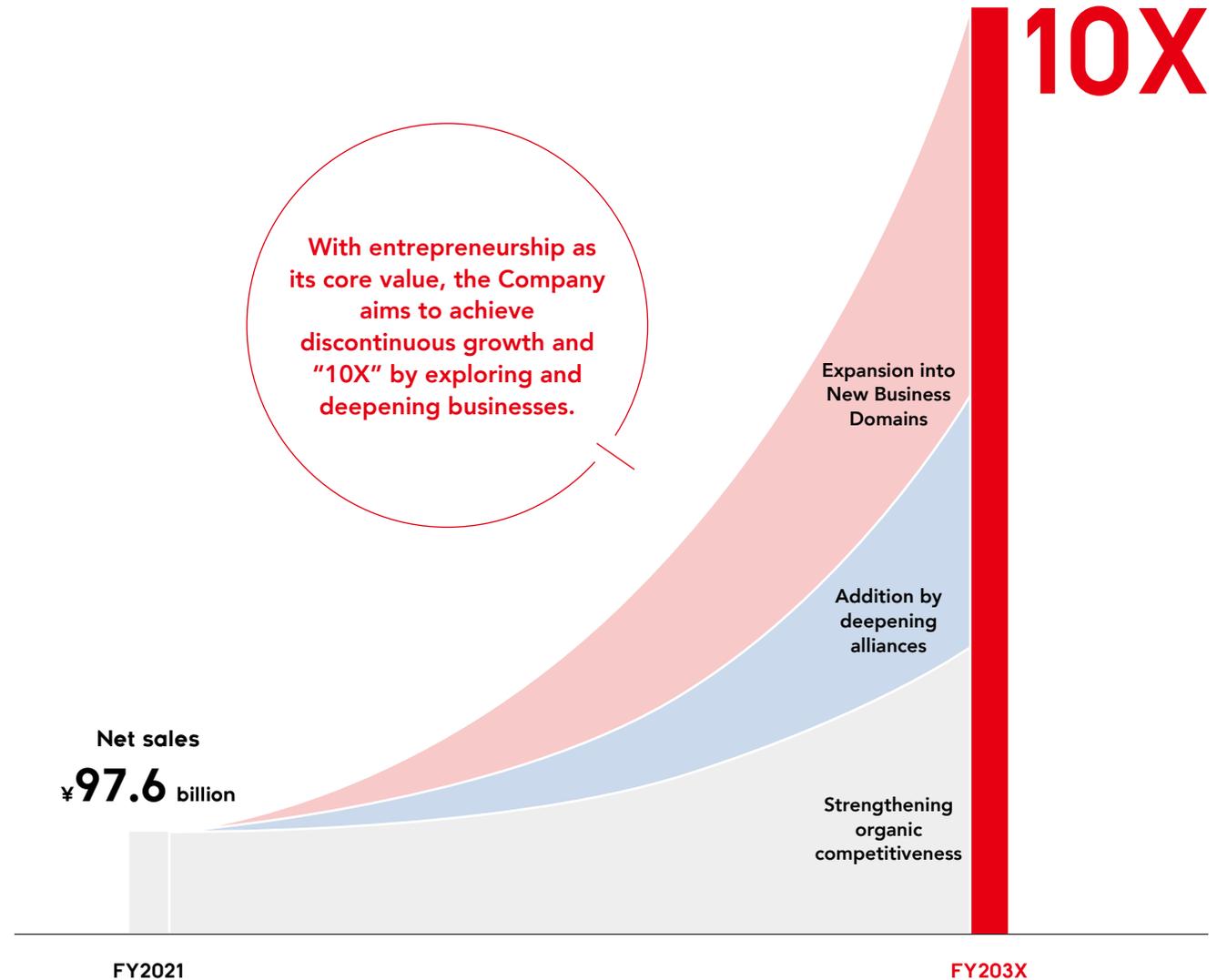
provide such as the quality of services for our client, job satisfaction in our workplaces, and the value of our human capital to ten times current levels. Through this process, we will aim to achieve the top share of Japan's internet advertising market. This is the type of business value that we will strive to swiftly achieve.

The Septeni Group has set off on a new journey, and we hope you share our excitement for the future.

Koki Sato

Representative Director and President,
Septeni Holdings Co., Ltd.
Group President and Chief Executive Officer

Discontinuous curved growth line: The path to 10X





01

Value Creation Process for "10X"

Value Creation Process to Achieve "10X"	P16
Inputs	P17
- History of Linking Changes in Industry and Society to Growth	
Core Values X Inputs	P19
- The Competitive Advantage of the Septeni Group	
Outputs	P21
- The Path to Achieving "10X"	
Outputs X Outcomes	P23
Three-Person Discussion: Social Value Created by Our Alliance with the Dentsu Group	

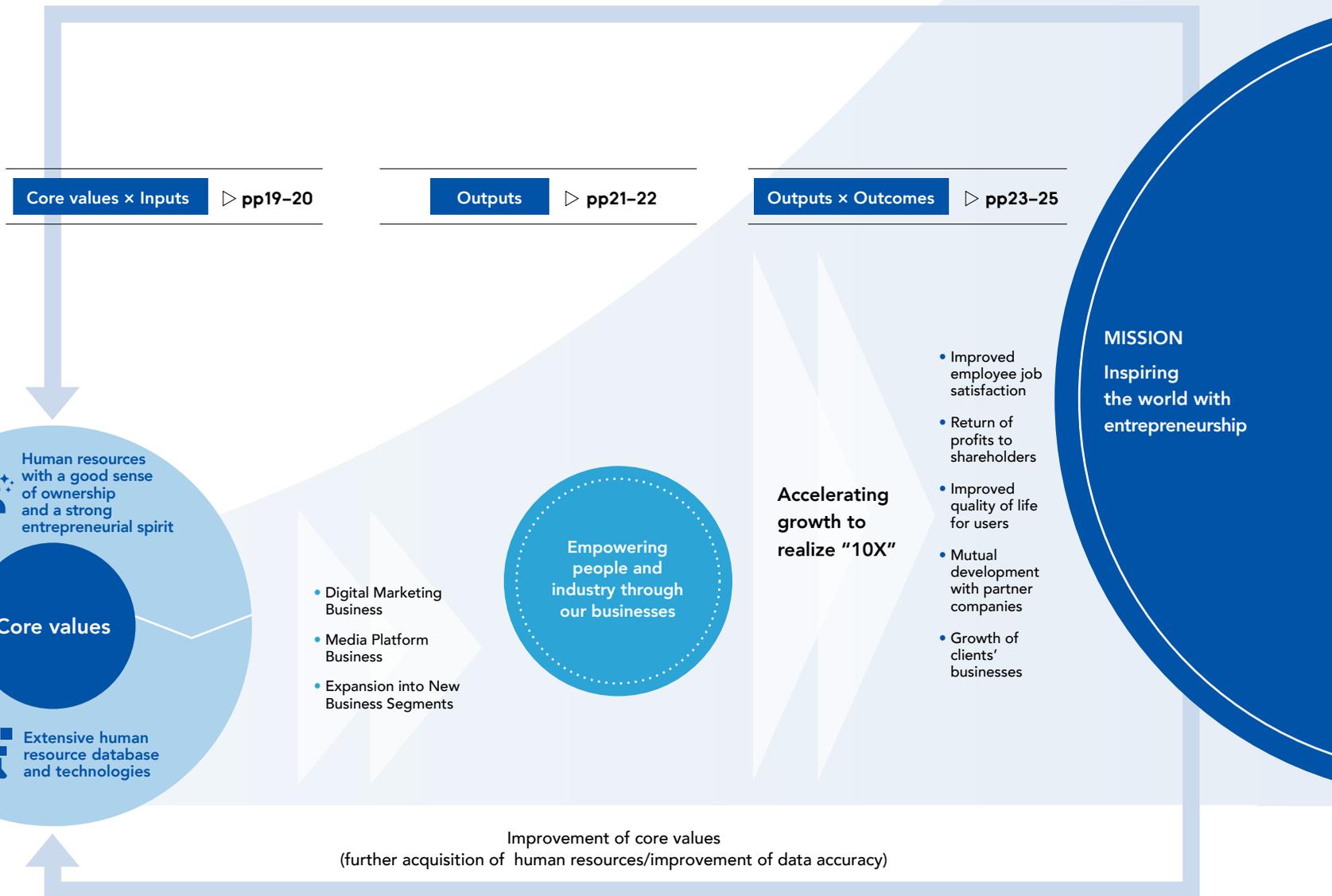
Value Creation Process to Achieve "10X"

The Septeni Group's core values are human resources with a good sense of ownership and a strong entrepreneurial spirit and extensive human resource database and technologies. By maximizing human capital, we will demonstrate high performance and empower stakeholders and industries through business.

We are striving to achieve our mission in anticipation of "10X."

Inputs ▶ pp17-18

Responding to major changes in industry and society
▶ pp17-18



Improvement of core values
(further acquisition of human resources/improvement of data accuracy)

Inputs

History of linking changes in industry and society to growth

Since its establishment, the Septeni Group has continued to grow by transforming its mainstay businesses from the recruitment consulting business to the Direct Marketing Business to the Internet Advertising Business. In 2020, the Group celebrated its 30th anniversary. In 2021, our group made a new start. Aiming to be a company that all stakeholders rely on, we will view social changes as new growth opportunities and provide services that exceed client expectations, looking ahead to the times.

Founded in 1990

Establishment of SUB & LIMINAL CO., LTD.

In 1990, our founder Mamoru Nanamura established SUB & LIMINAL CO., LTD., the 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.

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 constantly bear this inaugural spirit in mind as we continue to grow.



Mamoru Nanamura, Founder of the Company



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

2000–2011

Achieved Strong Growth through the Internet Advertising Business

In 2000, current Representative Director Koki Sato launched the Internet Advertising 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
- 2006 Apr. 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

2012–

Toward Further Growth through Organic Growth and Alliances with the Dentsu Group

We have continued to grow while adapting to changes in industry and society, including focusing on smartphone advertising and social media advertising, and launching our manga content business. In addition, we aim to achieve further growth through the Capital and Business Alliance with the Dentsu Group, Inc. and its deepening. Going forward, we will focus on online-and-offline integrated proposals, for which needs are growing, and strengthening capabilities in the data domain, which will lead to earnings growth.

- 2012 Mar. Began conducting the Internet Advertising Business outside Japan
- 2013 Feb. Established COMICSMART, Inc. and started the Manga Content Business
- 2014 Oct. Sold all shares of SEPTENI DIRECTMARKETING CO., LTD.
- 2018 Oct. SEPTENI HOLDINGS CO., LTD. entered a capital and business alliance with Dentsu Inc. (currently Dentsu Group Inc.)
- 2021 Oct. Announced deepening of Capital and Business Alliance with the Dentsu Group

2022

Inputs

History of linking changes in industry and society to growth

In 2021, digital advertising expenditures amounted to ¥2,705.2 billion, exceeding mass advertising expenditures, including television advertising, for the first time. Digital advertising is establishing its position as the largest advertising media in the Japanese advertising market. Since the launch of the digital advertising business in 2000, our group has achieved sustainable growth and established its current core value by flexibly responding to the shift from mass advertising to digital advertising and to changes in the format and objectives of Internet advertising.

*Reference: Dentsu Inc. Marketing Report: 2021 Advertising Expenditures in Japan, published February 24, 2022

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

Net sales: approx. **15%**
Operating profit: approx. **16%**

*Combined net sales and operating profit of Original Businesses and Internet Businesses.

FY2000 Net sales **¥4.9 billion** → approx. 20 times → FY2021 Net sales **¥97.6 billion**
FY2000 Operating profit **¥0.18 billion** → approx. 22 times → FY2021 Operating profit **¥3.8 billion**

Note: Figures presented are based on J-GAAP for FY2000 and IFRS for FY2021.

Net sales and Operating profit

■ Net sales ● Operating profit



1994–1998

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

1999–2003

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

2004–2007

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

2008–2013

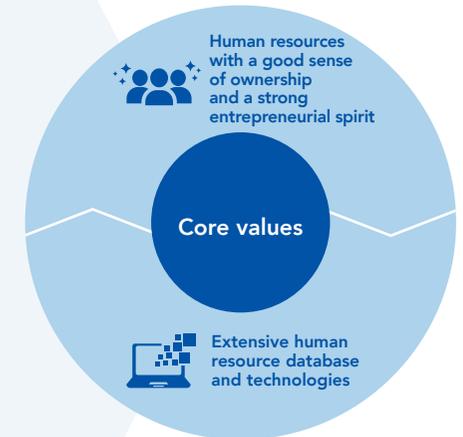
Evolution of ad technology
Conceptual shift from "buying ad space" to "buying a number of people to reach with information"

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

"Core values" cultivated by responding to changes

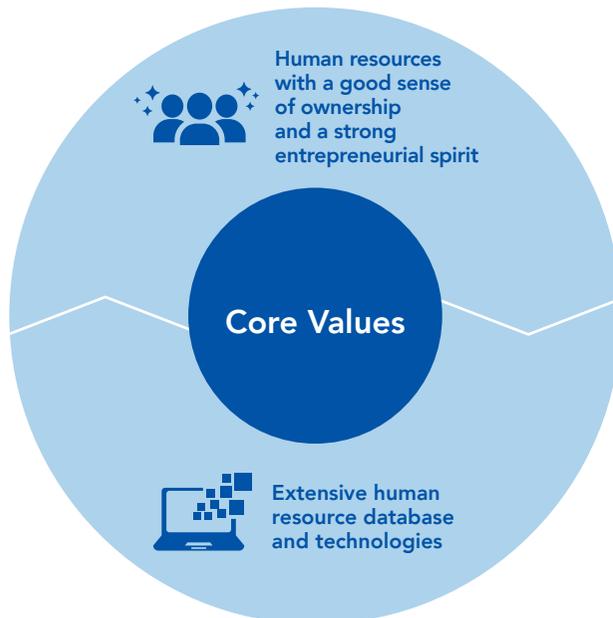
We have created values in response to changes in the market by combining data with human resources with shared values.



Core Values × Inputs

The Competitive Advantage of the Septeni Group

Promptly focusing on the growth markets and social issues of the near future, making big waves and taking it upon ourselves to find solutions - This is driven by our core values, of human resources with a good sense of ownership and a strong entrepreneurial spirit, and our extensive human resource database and technologies.



Instilling our philosophy and utilizing our database to bolster our core values

To create an environment for our human resources with a good sense of ownership and a strong entrepreneurial spirit to leverage their capabilities to the fullest, we actively invest in instilling our philosophy and utilizing our database.

Instilling the philosophy to develop human resources with a good sense of ownership and a strong entrepreneurial spirit

We hire employees according to our own proprietary success prediction model, which predicts how well they will perform after joining the company. We also implement measures to instill our corporate philosophy such as assisting employees in formulating their own personal philosophies. We have a distinctive organizational culture of flexible adaptation to change and mechanisms for generating new business, which our employees acquire through challenging work. Based on this culture, we are building our own original model for human resources who continue to grow as professionals to develop and nurture new business and services, with our corporate philosophy as the foundation.

Utilizing our human resources database accumulated over more than twenty years

For our human resources with a good sense of ownership and a strong entrepreneurial spirit to be able to further harness their abilities, the Septeni Group is engaged in research on human resources (HR) development based on the vast amount of our own HR data accumulated over more than 20 years. We seek to build an HR value

chain for designing services that are consistent every step of the way from hiring to onboarding to learning and development.

For the hiring stage, we use AI to calculate candidates' chances of success after joining the company, which we use as reference material for HR evaluations. Through efforts such as providing "career feedback" for hired candidates to envision their own career paths after joining the company, we have also reduced the ratio of candidates who decline our job offers. In onboarding, we are building a system that enables employee retention and helps them quickly become contributors, including optimal personnel placement utilizing compatibility models derived from our own original "HR development equation." For new employees, we also offer "adaptation plans" based on their own strengths and stumbling points and devote significant effort in HR development to helping them quickly become contributors.

Based on these technologies and experiences accumulated in our group over the years, we established digital HR cloud services and consulting company Human Capital Lab, Inc. in 2021. Human Capital Lab ("HCL") helps to solve companies' problems in HR development through its "HaKaSe Onboard" DX service that supports employee onboarding.

▶ For details, see Key Sustainability Topic 1: Industry Development through Utilization of AI/ Key Sustainability Topic 2: Development of High-Quality Human Resources on pages 46-47.

Core Values x Inputs

The Competitive Advantage of the Septeni Group

Number of employees

1,511 
(as of the end of FY2021)

Employees with strong sense of ownership volunteering for cross-departmental committees

138 in total 

Major initiatives

Adapting to Change: Smooth Transition to Remote Work

Since late February 2020, we have been implementing various measures in response to the COVID-19 pandemic such as encouraging all employees to work from home and establishing the corresponding infrastructure. As a result, we were able to keep our physical workplace attendance rate to only 14% on average from March 2020 to April 2021. We will continue building systems that adapt to changes in our environment going forward.

HR Technology Awards recipient

6 consecutive years 

Employee job satisfaction

2022 edition of Best Workplaces in Japan rankings

Large company category:

10th place



Embracing Diverse Work Styles: Side Job System

We have implemented a side job system with the idea that individuals can experience additional success in their main line of work through skills and experience gained away from the job. We will continue promoting diverse work styles in accordance with changes in society and personnel.



The Source of Our Core Values
Company Culture Conducive to Innovation



The Septeni Group has environments and systems conducive to taking on various challenges and creating new services. This includes Business Leadership Program (BLP), a learning and development program specialized in the field of management, Gen-Ten (new business plan contest), and written submission contests for proposals about the future of our company.

Based on a culture of voluntarily stepping forward, a culture that encourages challenge, each and every one of our entrepreneurial personnel enjoy the process of seeking out even greater opportunity as they harness their abilities in our organizations.

New business plan contest Gen-Ten Cumulative entries

227 teams (over 10 years)

Outputs

The Path to Achieving "10X"

The COVID-19 pandemic has triggered a major wave of DX in all industries, further increasing demand for digital marketing in the advertising industry as well. Under these circumstances, the Company Group deepened its Capital and Business Alliance with the Dentsu Group with the aim of becoming No.1 in the domestic digital marketing domain.

Strengthen core domains through a deeper alliance with Dentsu

Barriers between online and offline are gradually being eliminated in the marketing challenges faced by our clients, and marketing companies are being asked to provide solutions that maximize advertising effectiveness with a more integrated and comprehensive approach and utilizing various types of data.

In light of this situation, since the Capital and Business Alliance in 2018, our Group and the Dentsu Group have brought together each other's strengths and resources, enhanced the value of the services both provide, and promoted collaboration.

- Offering knowledge and technology of the digital marketing business from our group to the Dentsu Group
- Advertising management support for digital marketing projects handled by the Dentsu Group
- Development of new collaborative projects through integrated marketing proposals for online and offline advertising utilizing both companies' client bases

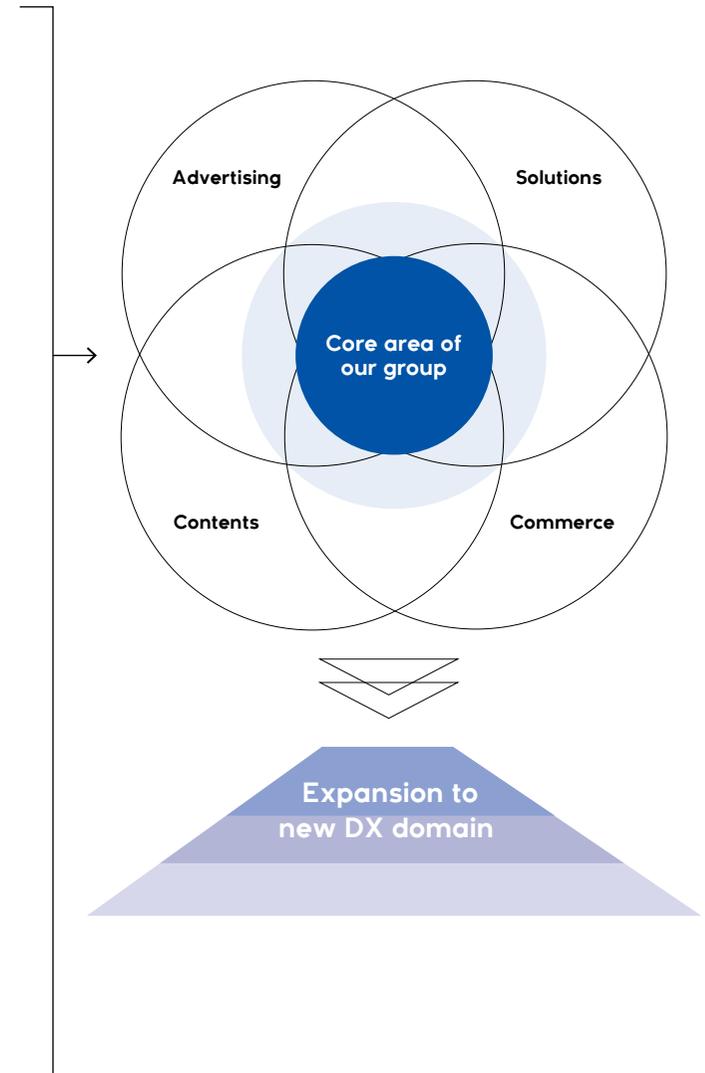
In order to further strengthen and expand such business collaboration, we deepened the alliance with the Dentsu Group in 2021.

Philosophy Targeted in the Capital and Business Alliance

Both groups aim to be the largest digital marketing partner to provide our clients with the best solutions in an environment where people with various talents assemble with the joy of working.



Digital Marketing	Accelerate collaboration on digital marketing projects through expansion of the commercial distribution from the Dentsu Group.
	Strengthen the Direct Marketing domain and joint developing solutions utilizing the strengths of both Dentsu Direct Inc. and our group.
	Expand collaboration with the Dentsu Group in our advertising management and creative areas.
Data Solutions	Strengthen the development structure and promote product development of both groups by accelerating collaboration with Dentsu Digital Inc.
Others	Consideration of integrated programs for recruitment and development of digital human resources, mutual use of tools, etc.



Outputs

The Path to Achieving "10X"

Long-Term Growth Strategy to Achieve "10X"

CAGR on net sales in the 21 years since launching our internet advertising business in the Septeni Group has been 34%*. Going forward, the scale of our business will be important to maintaining CAGR of at least 30%. We will expand our domain by refining our existing businesses, bolstering our competitive capabilities, and generating one new business after another.

Our deeper alliance with the Dentsu Group will further accelerate these efforts. The Septeni Group has client channels, advertising operation capabilities in the digital advertising market, and development capabilities in the field of data solutions. The Dentsu Group has approximately 6,000 client channels in Japan and provides planning and integrated solutions combining mass media with digital media. The synergies generated between these two groups with different characteristics will be leveraged in terms of both business areas and functionality.

*Excluding original businesses

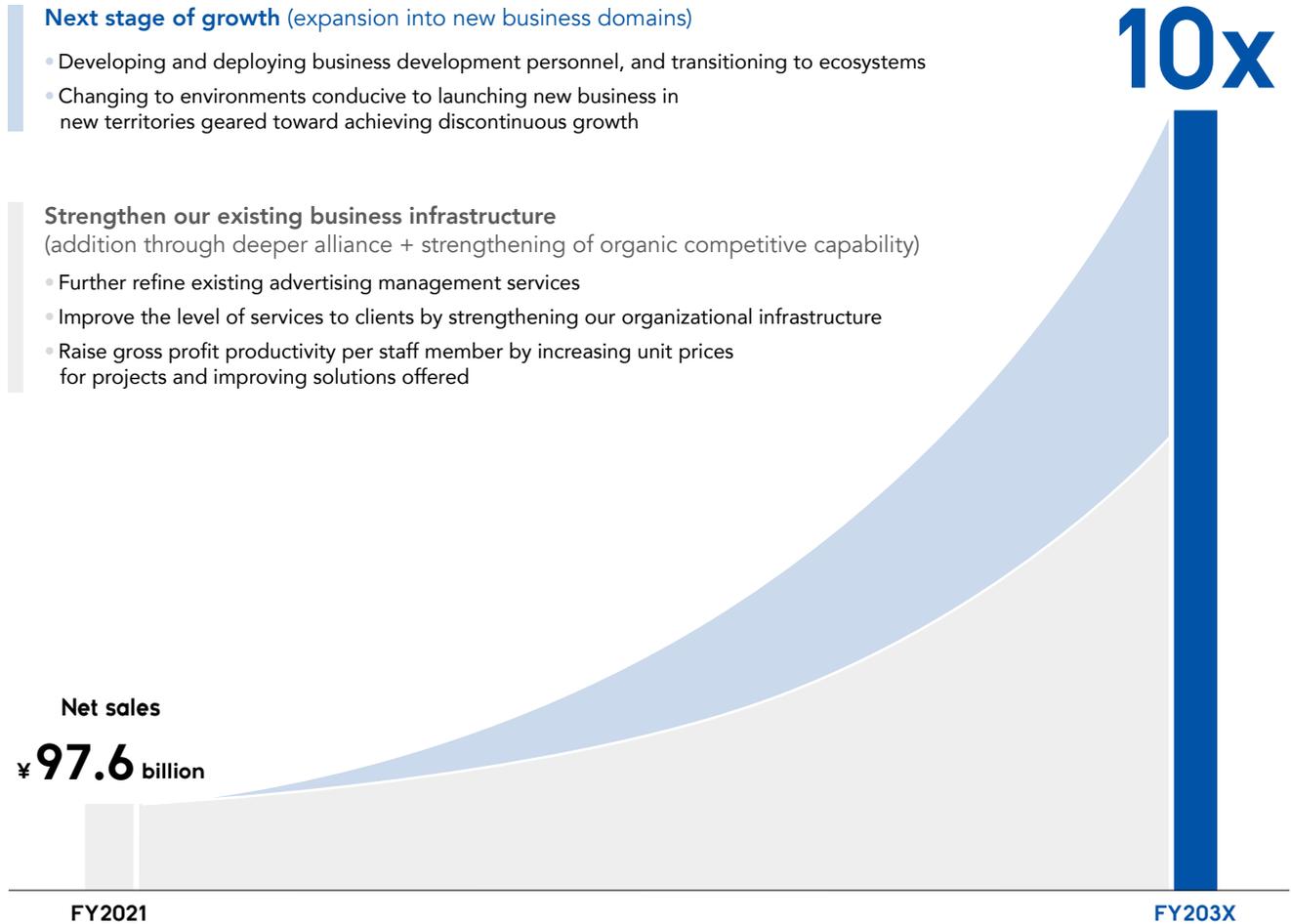
Next stage of growth (expansion into new business domains)

- Developing and deploying business development personnel, and transitioning to ecosystems
- Changing to environments conducive to launching new business in new territories geared toward achieving discontinuous growth

Strengthen our existing business infrastructure

(addition through deeper alliance + strengthening of organic competitive capability)

- Further refine existing advertising management services
- Improve the level of services to clients by strengthening our organizational infrastructure
- Raise gross profit productivity per staff member by increasing unit prices for projects and improving solutions offered



Strengthening organizational infrastructure

- Be more competitive in the human resources market by improving job satisfaction
- Grow the organization through increased hirings and M&A
- Utilize data-driven human resources systems that employ our original HR technology platforms

Outputs × Outcomes

Three-Person Discussion

Social Value Created by Our Alliance with the Dentsu Group

What kind of changes will our deeper capital and business alliance with the Dentsu Group bring about? Norihisa Ashida and Yuko Wakatsuki of Septeni Japan, Inc. and Tetsuji Hirose, Alliance Office and Growth Officer of Dentsu Japan Network discussed the effects of the alliance thus far, efforts to improve value offered, human resources, and the social value brought about by the alliance.



Norihisa Ashida ×
Control Officer, Alliance Office
Septeni Japan, Inc.

Tetsuji Hirose ×
Growth Officer
Dentsu Japan Network

Yuko Wakatsuki
Chief Producer,
Strategy Planning Department
Marketing Strategy Office
Alliance Office, Septeni Japan, Inc.

Three Years of Tangible Effects Onward to the Next Step with the Deeper Alliance

Ashida: Since the capital and business alliance with the Dentsu Group began in 2018, we have achieved a growth trajectory that I had never experienced before. Now, this deeper alliance feels like recognition also from the Dentsu Group for the activities that have taken place over the past three years.

As clients' marketing needs have gotten more sophisticated and diversified, companies need to be able to handle comprehensive marketing that goes beyond the boundaries of mass and digital advertising. Through this deeper alliance, I think we have been able to establish a positioning as an indispensable business partner for our clients.

Wakatsuki: There was some grasping with uncertainty in some areas over these past three years, but I have felt enough effects from it to know that it has undeniably led to greater value provided to our clients. It was excellent timing to take the next step in the evolution by deepening the alliance.

Hirose: In the three years since the alliance began, I have gotten a feel for the knowledge and skills, expertise, and the depth of the digital human resources of the Septeni Group as a digital agency. Client response to our collaborative projects has also been very positive.

Outputs × Outcomes

Three-Person Discussion Social Value Created by Our Alliance with the Dentsu Group



Online-Offline Integrated Marketing Further Enhances Value Provided to Clients

Wakatsuki: Contact time with television and digital have reversed in recent years, and contact time with digital media is increasing among younger people in particular. Communicating with consumers will therefore also require changes in marketing methods on the company side. The issue in the industry is that agencies for digital and mass advertising have existed separately until now and that they are fragmented.

As changes like these take place, maximizing the results for clients requires integrated online-offline marketing that sees marketing as neutral without any segmentation between online and offline. The alliance with the Dentsu Group makes it possible to merge our

highly professional capabilities in order to construct integrated marketing that combines online with offline. That helps to significantly expand the range of planning and increase value provided to clients.

In online-offline integrated marketing cases that we actually proposed, we have been able to build integrated marketing combining digital and mass advertising by teaming up with the diverse personnel of the Dentsu Group. I am really feeling the effects of the alliance.

Hirose: The strengths of the Septeni Group are their planning capability in digital media, operation capability, expertise, and skills, and their diverse roster of human resources in digital.

I think that having this new force in digital added to the Dentsu Group is extremely beneficial for our efforts in integrated marketing.

Wakatsuki: The Dentsu Group does business with companies in a broad variety of industries, which gives



their group a solid client base. I want to leverage our capabilities as a digital agency to expand the domain of online-offline integrated marketing incorporating offline media to these clients.

Leveraging Each Other's Strengths to Harness Synergies With a Common Client-First Attitude

Wakatsuki: To further solidify our alliance with the Dentsu Group, it is important that we maximize our synergies by combining our expert personnel. Our group has large numbers of experts in digital on staff, but I think we may have also been too obsessed with digital as a method. For our efforts in integrated marketing going forward, we need to make digital the

Outputs × Outcomes

Three-Person Discussion Social Value Created by Our Alliance with the Dentsu Group



entry point while bringing aboard more personnel who are capable of coming up with a broad range of solutions and new ideas.

The Dentsu Group has a diverse range of personnel in its ranks with expertise that our group lacks, from mass advertising planning capabilities to production capabilities that can identify clients' needs, strategists who think up business strategies, and powerful creative thinking, all built up through their years of experience. I think that joining project teams with personnel such as these is also playing a part in advancing human resources development at Septeni Group.

Hirose: People in the Septeni Group have practical experience in digital marketing starting early in their careers. They face the clients as the company's front line and take responsibility as they provide a variety of solutions. I think this is an enormous asset for an organization.

We will be able to accomplish many great things if we can share our expertise, skills, and experience with each other while raising each other's level, and get a good understanding of each other's personnel, resources, and client bases.

Ashida: Our personnel always have a client-first mentality. I also feel that both companies share the customer-first approach. Since both companies emphasize this mentality as part of their culture, I think that makes it easier to harness synergies.

Continuing to Be a Good Partner for Clients Leads to Sustainability

Ashida: Our clients' business growth has a ripple effect on society, so I think if we continue being a good partner

to our clients, it will lead to sustainability. The digital industry is continuously churning out new services and solutions. It is volatile and the changes are happening at breakneck speed. To stay ahead of these changes, we will need to increase the value of our Septeni Group personnel even more, while leveraging the expertise of the Dentsu Group to continuously generate synergies with each other.

Hirose: The vision of the Dentsu Group is to be an Integrated Growth Partner (IGP). We aim to be a partner that supports companies' growth by providing integrated services. To be a presence that our clients can call a partner, I think we inevitably need to become No.1 in the digital marketing domain.

Wakatsuki: I agree with Mr. Hirose. Both of our companies can achieve sustainable growth by being a partner that goes beyond the conventional ways of marketing and position as advertising agency standpoint to be a closer presence for our clients and think together with them about their growth.

As expressed by our mission to "Inspiring the world with entrepreneurship," I want us to inspire the world. This starts with each and every one of our employees engaging earnestly with those around them, from the clients in front of them to our colleagues in the Dentsu Group, workplace colleagues, and others, to make our clients' businesses grow.



02

Strategy and Performance

Medium-Term Business Policies	P27
- First Steps Toward Swiftly Achieving "10X"	
Digital Marketing Business	P28
Media Platform Business	P32
Expanding into New Business Segments	P36

Medium-Term Business Policies

- First Steps Toward Swiftly Achieving "10X"

We utilize a rolling method to review our Medium-Term Business Policies every year so that management can adapt quickly to operating environment changes. This update, which was implemented in conjunction with the announcement of financial results in February 2022, includes deeper alliances with the Dentsu Group to our policies to date, and aims towards the growth of CAGR 30% in the Internet Businesses in both revenue and Non-GAAP operating profit over the next three years.

Forecast the impact of deepening the alliance and update the plan

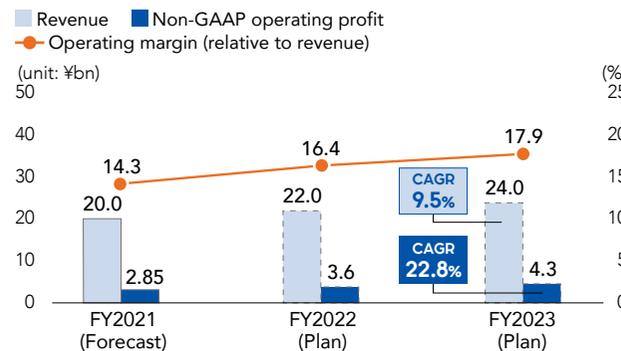
The three-year plan announced this time is calculated with the expectation of synergies and other factors resulting from the deepening of the alliance with the Dentsu Group from January 2022 onward, as well as our organic growth. We have also incorporated aggressive human resource investment into our plans to grow our business and strengthen our organization. In addition, we will consider business investment opportunities while taking into account the business environment. We will also consider updating our dividend policy and flexible shareholder return measures in accordance with the growth phase.

Expand domains in both existing and new directions

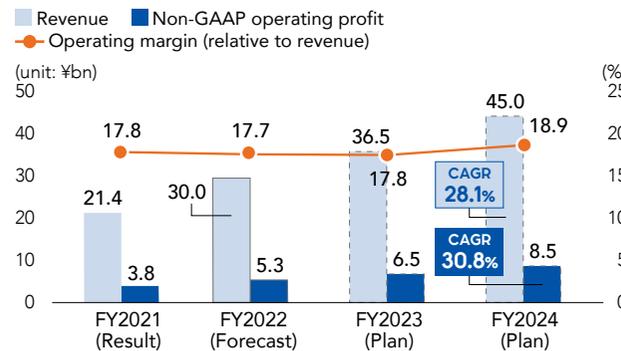
In the Digital Marketing Business, we will place deeper alliances with the Dentsu Group at the core of our growth strategy, and aim to increase market share by acquiring new clients and increasing unit prices while maintaining profitability through growth in solution revenues and other means. In addition, we will pursue organizational growth through aggressive investment in human capital at the same time. In the Media Platform Business, while maintaining appropriate financial discipline, we will strengthen our intellectual property (IP) development capabilities in the Manga Content Business

and enhance the value of our IP, thereby growing earnings and developing it into the next core business.

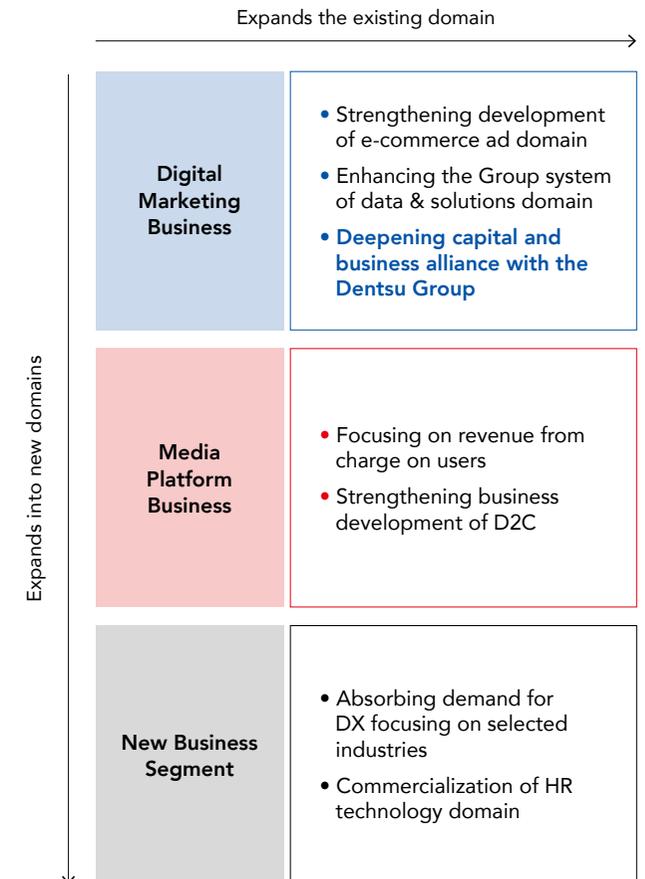
Consolidated (before update)



Consolidated (after update)



Medium-Term Business Policies by Segment



Digital Marketing Business

Business Overview

We engage in the overall support of digital transformation (DX) of companies, focusing on digital marketing such as the sale and operation of digital advertisements, offering solutions through the utilization of data and AI, and supporting marketing activities through the integration of online and offline advertisements in collaboration with the Dentsu Group.

Strengths

- Knowledge and expertise in the digital advertising domain
- Integrated online/offline marketing
- Expanding capabilities through the alliance with the Dentsu Group

Opportunities

- Society-wide and Industry-wide progress in DX
- Growth of the digital advertising market
- Demand expansion in the solutions domain

Issues

- Knowledge and expertise in the solutions domain
- Connectivity between the digital advertising and solutions domains
- Sophistication and complexity of client needs in the solutions business
- Securing digital marketing personnel

Business Model



Digital Marketing Business

Overview of Results for FY2021

In FY2021, the advertising market as a whole was active against the backdrop of the decline in advertising demand in the previous fiscal year. As we responded quickly to changes in the environment caused by the outbreak of COVID-19, we achieved growth that exceeded the market average, and both net sales and revenues reached record highs.

We are also making steady progress in collaboration with the Dentsu Group, centered on online and offline integrated proposals. In this fiscal year, both the number of clients in collaboration and the unit price per client rose, resulting in a significant improvement in

productivity in the Digital Marketing Business as a whole.

In the data & solutions domain, we strengthened our competitiveness based on our medium-term business policy by establishing an intermediate holding company and reorganizing our organization with the aim of expanding our group structure.

Future Strategy

We will place deepening the alliance with the Dentsu Group at the heart of our business growth strategy, and aim to further expand our market share while maintaining high profitability.

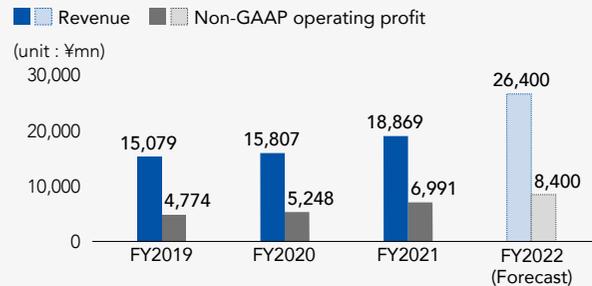
In the digital advertising domain, we will strengthen

collaboration between the Dentsu Group and us and maximize the synergies, thereby increasing the value of services to clients through online and offline integrated proposals and leading to an increase in unit prices. In addition, we will expand our resources and grow our organization through aggressive investment in human capital. Through these multiplications, we will realize earnings growth while maintaining productivity, and accelerate profit expansion as a profit center.

In the data & solutions domain, we will expand target markets by expanding capabilities through deeper collaboration and further expanding our development structure, with the aim of achieving further earnings growth.

At a Glance

Trend of revenue and Non-GAAP operating profit



Revenue

¥ **18,869** million (19.4% increase YoY)

Domestic brand advertising transactions

¥ **9.49** billion (1.5 times increase YoY)

Number of clients in collaboration with Dentsu

108 companies
(1.6 times increase YoY)

Number of employees

1,080

Digital Marketing Business

Message from an Executive Officer

Expanding Our Share of the Digital Marketing Market

Yuichi Kouno

President, SEPTENI CO., LTD.
Group Senior Executive Officer
In charge of Digital Marketing
Business & Dentsu Collaboration



Awareness of the Market Environment and Future Growth Strategy

The size of the advertising market in Japan was ¥6.8 trillion in 2021, an increase of 10% representing a recovery from the market's contraction in 2020. Among those numbers, digital advertising expenditures grew significantly (¥2.7 trillion, 21.4% increase year-on-year) compared to expenditures in the four forms of mass media (¥2.4 trillion, 8.9% increase)*. Going forward, we expect the usage of various types of solutions, including

those related to digital media, to advance at greater speed than ever before.

In these circumstances, we will increase our share of the digital marketing market through organic growth and by creating client value through collaboration with the Dentsu Group as we push forward with initiatives to expand the size of the solutions market. At the same time, we will grow our organization through active investment in the underlying human capital.

*Reference: Dentsu Inc. Marketing Report: 2021 Advertising Expenditures in Japan, published February 24, 2022

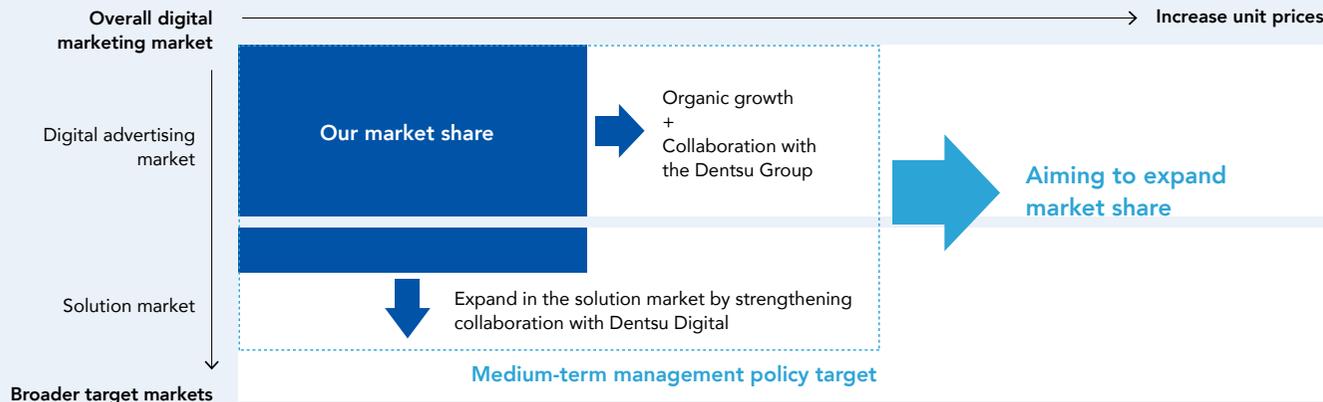
Increasing value provided and sales per client through online-offline integrated marketing proposals

Promotions had previously been handled based on separate planning for digital advertising and mass advertising for each client. Now, an integrated online-offline approach is needed to accommodate diversifying consumer demand.

Based on changes such as these, our group is collaborating with the Dentsu Group and other solutions companies on stronger full-funnel proposals that go beyond online and offline. Additionally, in direct marketing which we have focused on since originally establishing our digital marketing business, we added Dentsu Direct Inc. to the group starting this year in 2022 as we aim to strengthen our all-in-one proposals to our client companies.

There are other companies that handle online-offline integrated promotions, but the decisive difference is that we provide more effective mass media planning linked with digital, as well as creative development, reporting, and more, through our horizontal alliance with companies in the Dentsu Group. We can put together ongoing systems that are a close, familiar presence for our clients.

Illustration of market share growth



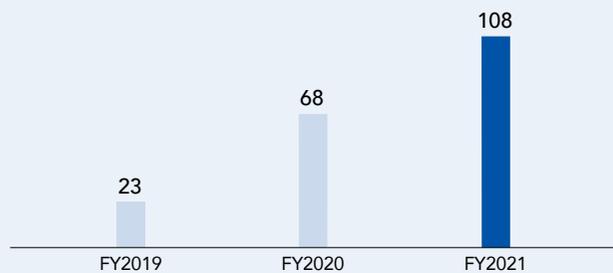
Digital Marketing Business

Message from an Executive Officer

The results are clear in the number of clients and the sales of our collaborative business. Currently, collaborative sales comprise approximately 25% of our total sales, but this proportion will increase significantly over the next several years. We want to provide even higher value through proposals that mutually utilize each other's services, expanding the breadth of areas where we can tackle clients' issues, contribute to clients' business growth, and turn these efforts into higher sales per client.

Trends of collaboration clients by year

■ Number of clients for collaboration with the Dentsu Group



Working in Alliance with Dentsu Digital to Expand the Breadth in the Solutions Market

As more issues can no longer be resolved through advertising alone, the importance of solutions has been increasing. Packages that integrate advertising with solutions are now in demand.

To meet this demand, one example of a solution we offer is "Precog," which links data owned by clients to increase the effectiveness of their advertisements. Also "Odd-AI", a tool that uses AI to predict the creative effects of advertisements before publishing can improve the investment efficiency of advertising. Combining these with solutions from Dentsu Digital which has strength in data for mass advertising, we are striving to provide even greater value to client companies.

Also, Septeni Data Solutions provides solution development and manpower support to clients, in addition to actively working on in-house solution development.



Actively Investing in Human Capital Building Environments Conducive to Growth and Plotting Growth of the Organization

Hiring and development of personnel are essential for our work on these measures. Our hiring has been focused on new graduates, but from the standpoint of handling increasingly diverse solutions, we will be hiring more mid-career professionals going forward.

For human resources development, we have training systems catered to the diversifying market. We are also compiling personnel data to enable each and every employee to harness their skills and experience to the fullest while strengthening our support systems. For initiatives such as promotions skipping multiple ranks in new areas and participation in management for employees who represent our next generation, we are dedicating energy to creating work environments conducive to employee development. In our alliance with the Dentsu Group as well, we are looking to uncover new opportunities that will lead to employee development.

Our employees take the initiative to challenge themselves at providing even better services and new value to our clients. They contribute to the growth of our clients' businesses. By doing so, we ourselves can continue to grow and develop. Through this positive cycle, I hope the Septeni group can achieve even more organizational growth.

▶ See page 46 for more about our human resources development.

Media Platform Business

Business Overview

In the Manga Content Business, efforts are being made to nurture and support manga artists for the purpose of planning and developing the Company's own intellectual property (IP). At the same time, GANMA! manga application, which consists of original products by dedicated artists, is operated as the Company's own media. In addition, the Company develops platform-type businesses related to "recruitment," "social contribution" and "childcare" as new businesses born from intrapreneurship.

Strengths

- Business development capabilities and expansion into other fields
- Knowledge and expertise in developing new IP

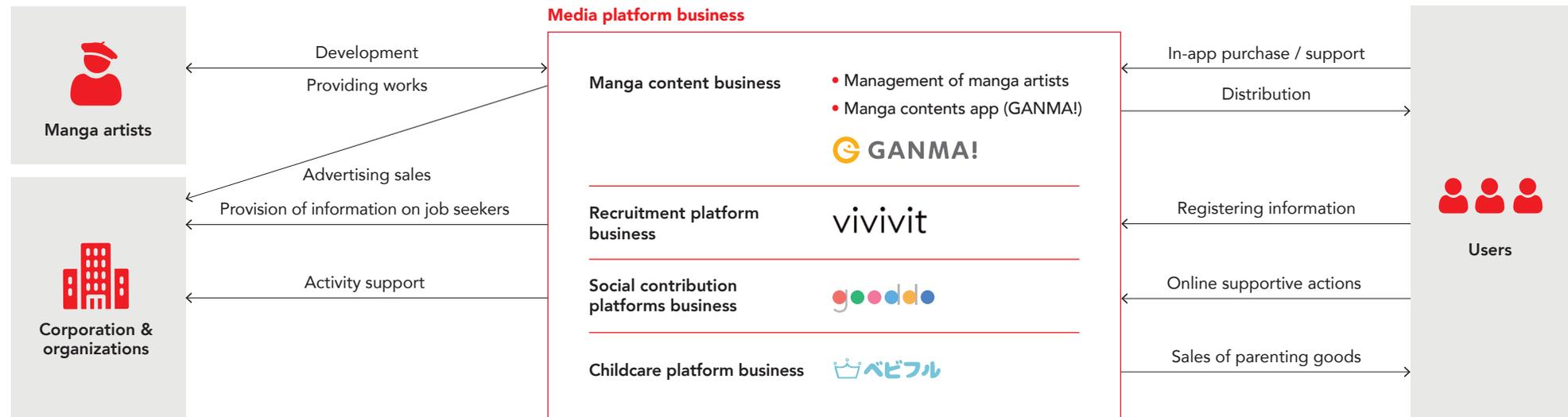
Opportunities

- Domains targeted in each business are growing
- The D2C market is growing

Issues

- The structure of the business is vulnerable to impacts from seasonality and the market environment
- Nurturing in-house IP
- Substantial shifts in the market environment in each business

Business Model



Media Platform Business

Overview of Results for FY2021

In the Manga Content Business, billing revenues increased significantly, driven by strong subscription revenues and e-book sales. In particular, one of GANMAI's popular titles, "My Lv.999 Love for Yamada-kun," has contributed significantly to growth in e-book sales. It was also a year in which the presence of our original works grew, with the YouTube anime of "Ultra-Fem Shishihara-kun" being well-received.

In other businesses, as each of the businesses grew, existing businesses, which exclude investment to expand

new business domains, posted year-on-year increases in revenues and a smaller loss.

Future Strategy

In the Media Platform Business, our medium-term business policy aims to achieve profitability in existing businesses, excluding investment for the expansion of new business domains. To achieve this goal, we are promoting the development of our next core business while maintaining appropriate financial discipline.

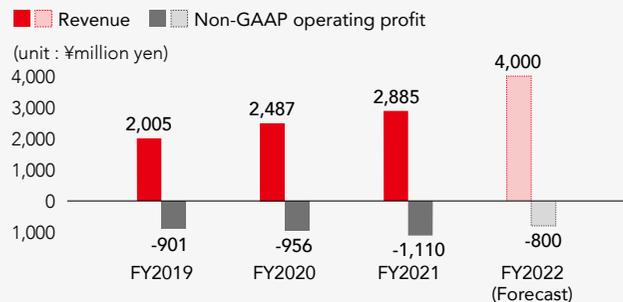
In the Manga Content Business, we will strengthen our

intellectual property (IP) development capabilities in order to generate more hit titles, and also work to further enhance the value of our IP holdings. We will also focus on enhancing our brand as a platform in order to firmly convert the content we create to earnings.

In other businesses, we will aim for further growth in the overall business by further growing each business as a platform.

At a Glance

Revenue and Non-GAAP operating profit



Revenue

¥ **2,885** million (16.0% increase YoY)

Number of employees

92

Subscription revenue

Approx. **60**x (for 5 years)

Accumulated application downloads

Approx. **15** million DL

Media Platform Business

Message from an Executive Officer

Focus on creating hit content and improving media profitability to survive growth markets

Yuki Fukunishi

Executive Officer,
COMICSMART Inc.
Group Executive Officer
In charge of
Manga Content Business



Significant increase in earnings due to the functioning of business steps for fostering content and monetization

Since the start of the Manga Content Business, we have in-house editorial departments and platforms, and we have been developing and verifying our service operations and content. As a result, we have improved our brand and IP development capabilities, which have led to the creation of hit content.

As of the end of 2021, many of the top titles in GANMA!'s total rankings were contents launched in the past 3 years. In addition, most of them are by the manga artists who debuted in GANMA! or who created their second and subsequent titles for GANMA!. The opportunities of encounters with talented creators have increased, and we have improved our IP development



Awarded 4th place in the Web manga category of The NEXT MANGA AWARDS, determined by readers' popularity vote

ability through repeated creation of works. For example, "My Lv.999 Love for Yamada-kun," which started in March 2019, has steadily increased readers and engagement. As a result, it has become a hit content that has been supported by many people inside and outside GANMA!

In terms of platforms, amidst an increasingly competitive promotional environment, we will thoroughly improve acquisition efficiency by making full use of the flexibility and speed of being an in-house IP, as well as a media strategy with the scarcity of age ratings of the "12+" in app stores. On top of this, we have refined "GANMA! Premium," a subscription-based billing model, and worked to improve the billing rate. We are currently in the process of implementing measures and verifying data, but as a result in the most recent year, subscription billing revenue has grown approximately 1.8 times.

Another major achievement is the growth of e-books. In this year, we began dealing with all major domestic e-bookstores. We are doubling revenues by deploying the broad range of contents owned by GANMA! in line with the characteristics and demands of each e-bookstore. The business steps of; (1) creating strong contents, (2) increasing awareness by producing them while making them profitable on our own platforms at an early stage, and (3) turning them into e-books when

content volumes accumulate and making them profitable outside of GANMA!, are functioning.

Full-scale expansion into anime areas and further strengthening content production capabilities

In February 2021, we spun off the anime business and launched "Qzil.la," a digital anime studio, in order to more directly engage in the anime domain to boost the content.

The domestic publishing market is growing centered on e-comics, and there is a major surge in Webtoon contents. There are many content studios as well as media platformers newly launched, and competition will intensify in proportion to the rise of the market. However, we will survive this growing market by combining "partnerships" with leading companies, based on the strengths we have built up in-house, such as "editorial departments," "media," and "anime."

Media Platform Business

Close Up 01 Smash Hit Content on YouTube Anime: "Ultra-Fem Shishihara-kun"

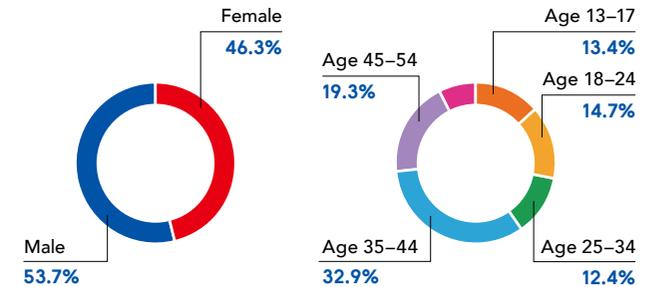
At the end of 2020, we began streaming the YouTube anime based on the manga "Ultra-Fem Shishihara-kun" currently appearing serially in GANMA! The characters are a big strength of this manga, and they have also been a huge hit on YouTube. The response has been overwhelmingly positive since almost immediately after the channel was created. It has now become an iconic title among YouTube anime, totaling over 300 million views with more than half million subscribers to the channel.



Channel subscribers: 550,000
 Average views per video: 2.54 million
 Total views: more than 300 million
 (Note) As of February 2022

Attracting a broad range of fans regardless of age or gender

Channel subscriber demographics



Close Up 02 Established Digital Anime Studio "Qzil.la"

In February 2021, we established digital animation studio "Qzil.la" with the aim of full-scale expansion into the anime domain.

Including producer Shun Fukudome, who started his career with a major anime production company, the studio is loaded with highly experienced creators, from novelists to animators, art directors and more. Qzil.la is building on its library of works primarily in short anime as they establish their brand.

One example is the collaborative anime music video (MV) which combines the song "AntiSystem's" by jon-YAKITORY with manga production Gabuli by the creative team called No.965. The video has more than 1.8 million views on YouTube.



Comments from the Business Director

With our mission of bringing about a monumental revolution in the animation industry through the power of digital and technology, we aim to be number one in the industry by leveraging high production quality with technology. In FY2021, we also focused efforts on music video production. We pour our heart and soul into every production so that people will say, "The quality of that anime studio is the absolute best!" I hope we can keep inspiring even more people with lots of productions.



Shun Fukudome
 Representative
 Director & Producer Qzil.la Inc.

Expanding into New Business Segments

In our Medium-Term Business Policies published in October 2019, we are pushing forward with efforts we refer to as "Expanding into New Business Segments," to grow our business beyond the internet and into new territories for us such as real estate, sports, and entertainment. Leveraging the internet-related business expertise that our Group has built up over the years in industries other than the internet, we will seize the momentum in recent years of the digital shift and DX. Doing so, we will help to create a world where the power of technology makes various industries and whole society flow more seamlessly and smoothly, while at the same time creating the drivers of future growth.

Focus Fields

State of Business in FY2021

Future Strategy

HR Technologies

Utilizing our in-house developed AI matching system "HaKaSe" which optimizes human resources development on a person-by-person basis, we support a full series of companies' HR initiatives from hiring to learning and development.

Human Capital Lab

- Providing "HaKaSe Onboard" DX service that supports employee onboarding.
- Received the Encouragement Award for services business operators at the HR Technology Awards 2021

- From providing the cloud services we currently offer for onboarding, we also plan to push forward with expansion into the realm of hiring and build a system of comprehensive DX services from hiring to training.

Sports

Participation in the Dai-Ichi Life D.League, the first ever professional dance league originating in Japan, and team management, learning & development for D.Leaguers



- Participated in the Dai-Ichi Life D.League 2020–2021 season which began in January 2021
- Our team narrowly fell short of advancing to the championship but won the most rounds during the season which tied the league record

- Participated in the Dai-Ichi Life D.League 2021–2022 season which began in November 2021. Currently going all-out in an effort to advance to the championship
- Advancing new business development including partnership sales and casting businesses launched last year, and the league's first club token

Entertainment

We are supporting the digital shift of the entertainment industry, operating in communication design, content management, and business support.



- Launching collaborative products together with major entertainment agency
- Building content production platforms to galvanize fan communities

- Contributing to the further growth of industries by handling operations such as community management, content production, and business development with digital as a starting point amidst growing needs for new business models and shifts to digital

Expanding into New Business Segments

Close Up Commercialization in HR Technology: Employee Adaptation and Development Solutions Using Our Original HR System

The tertiary sector of the economy, the services sector, comprises around 70% of Japan's total GDP^{*1}. In this day and age of rapidly changing business referred to as the VUCA age (Volatility, Uncertainty, Complexity & Ambiguity), it is no exaggeration to say that human resources are the source of economic growth. With Japan's working-age population projected to decrease by 40% over 40 years starting in 2020^{*2}, maximizing human assets is a key topic

in the Septeni Group. We aim to achieve it by leveraging the HR technologies and data we have established through 20 years of research and development.

In January 2021 we launched onboarding service HaKaSe Onboard with the aim of supporting companies in the adaptation and professional development of their employees. We also obtained the relevant patents. Based on AI assessment technology, HaKaSe Onboard

offers highly reproducible employee adaptation and professional development by analyzing employee and workplace data to propose optimized onboarding measures for each individual. User companies of many different sizes in a broad range of industries are already using these services. In response to the extensive feedback received, we are working on improvements to offer even higher value with HaKaSe Onboard services. Going forward, we plan to generate success cases and also devote energy to marketing activities that spread awareness about the advantages of onboarding.

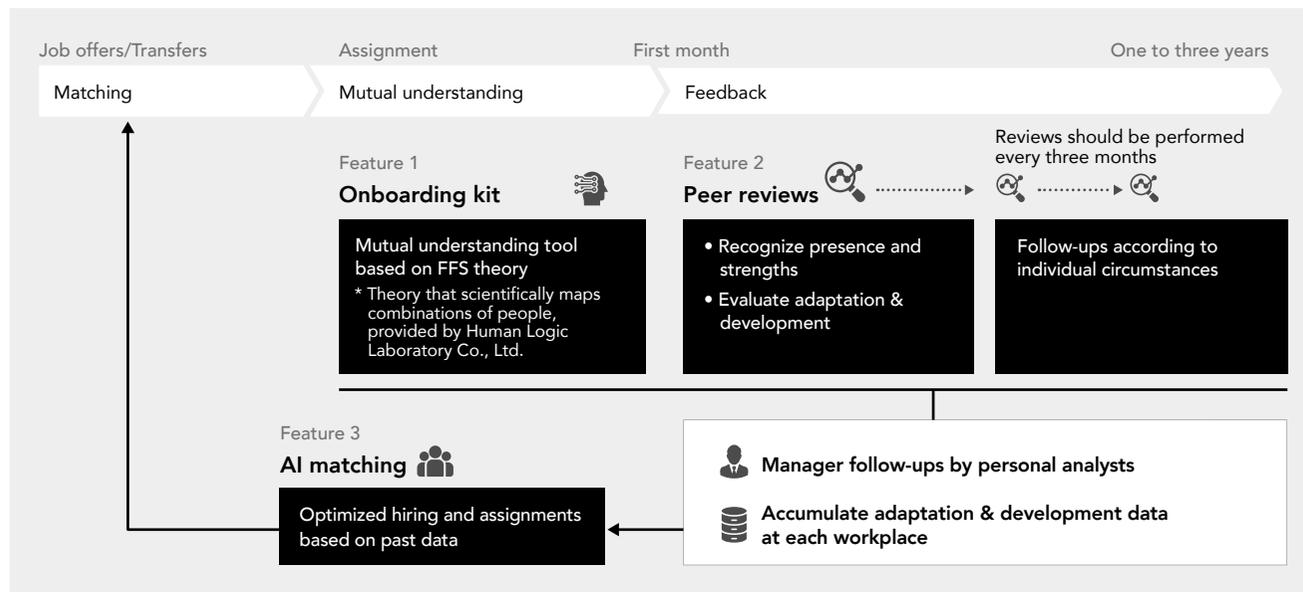
We are also working to leverage the expertise of the Septeni Group to support DX in HR that utilizes data accumulated by each user, with the aim of expanding the value we provide while increasing our profitability.

^{*1} Ministry of Internal Affairs and Communications Japan, Information and Communications in Japan White Paper 2017

^{*2} Cabinet Office, SNA (National Accounts of Japan) Annual Report on National Accounts (GDP by industry, etc.)

▶ See page 46 for more about digital HR and human resources development in the Septeni Group.

Features of HaKaSe Onboard



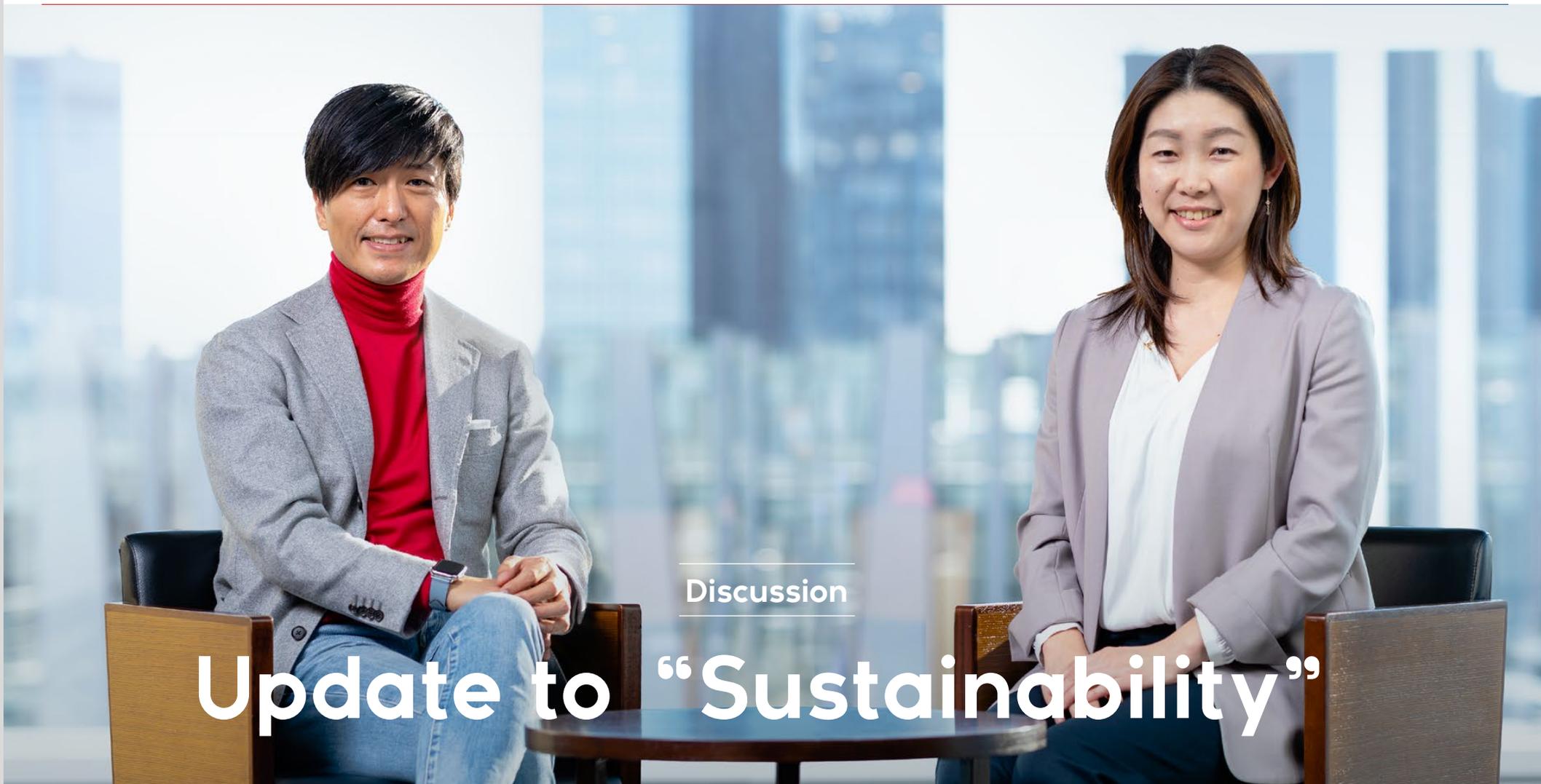
Tatsuya Shindo
Representative Director
Human Capital Lab, Inc.



03

Sustainability

Discussion: Update to "Sustainability"	P39
Priority Challenges and Identification Process	P44
Priority Challenges in the Septeni Group	P45
Priority Challenge 1: Industry Development through Utilization of AI	P46
Priority Challenge 2: Development of High-Quality Human Resources	P46
Priority Challenge 3: Diversity & Inclusion	P49
Priority Challenge 4: Support the Sound Development of the Digital Advertising Industry	P51
Priority Challenge 5: Support for Culture, Sports and the Entertainment Industry	P52
Environment	P53
Corporate Governance	P54
Messages from Outside Directors	P58
Structuring a Management Team Using FFS Theory	P59



Discussion

Update to "Sustainability"

Koki Sato × Yoko Miyazaki

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

General Manager
Public Relations Department

In January 2022, the Septeni Group newly declared its ambitions toward sustainability and established the Sustainability Committee. Representative Director and President Koki Sato and Sustainability Committee member Yoko Miyazaki from the Public Relations Department discussed the background behind this and the structure, as well as the Group's outlook and related initiatives going forward.

Discussion: Update to "Sustainability"

The Sustainability Committee is an implementation team tasked with making business activities themselves sustainable.

Sato: In the past, we had been working on activities to tangibly visualize the positive impacts of the Septeni Group's business on society. We are particularly firm in believing that environments that generate entrepreneurship and investments in human capital will inevitably be reflected in the form of long-term financial



returns. However, we thought more deeply about how to communicate these initiatives to stakeholders in a way they can better understand, which led to us establishing the Sustainability Committee.

First, we needed to bolster and organize systems and teams for communicating with the outside world, so we established the Sustainability Committee as an update of our CSR Committee and gave it a significantly higher position in our hierarchy. The CSR Committee had been under the direct control of the president, but the Sustainability Committee is an advisory body for our Board of Directors. It receives requests from the Board of Directors while engaging in activities that contribute to long-term business growth, then provides feedback on these activities back to the Board of Directors.

As opposed to a general advisory board, the role of the committee is to make our business and corporate activities themselves more sustainable and to become an implementation team for business transformation. For that reason we added Outside Director Yoshiki Ishikawa, who has extensive knowledge in the field of sustainability, as an advisor to the committee. We also structured the personnel of the committee with employees playing the central roles, in a way that enables the generation who represent the Septeni Group's future to actively participate.

Miyazaki: I believe that having engaged in so many CSR activities is precisely what made this update to our operational infrastructure possible. Assigning someone in charge of ESG for each business domain is also a big change from the way our organization worked before. This is likely to become an extremely important infrastructure that will make our business sustainable.



"Serious" team lineup with maximum diversity to generate social impact

Sato: For the personnel makeup of the committee, we emphasized promoting diversity and inclusion, particularly the elimination of gender gaps. There are three female members on the committee. There are also two younger members of the committee representing the future generation, one of whom is in their second year with the company. It is a meeting that is conducive to participation

Discussion: Update to "Sustainability"

and speaking up regardless of position, age range, or gender, and has the most diverse membership of any meeting body in the Septeni Group. That shows just how serious we are about this initiative.

Miyazaki: The Septeni Group has always had a culture of providing all types of opportunities to those who act on their own initiative, regardless of gender, age, or nationality. I still also thought that this diverse lineup of committee members sent a powerful message in the pursuit of diversity and inclusion.

Working on setting KPIs and establishing data infrastructure as top priorities

Sato: There will probably be many projects from a long-term perspective among our sustainability efforts, but I also consider it important to comprehensively explain our short-term initiatives and progress to stakeholders. And as we implement the single fiscal year or medium-term business plans for each individual business activity, we also need KPIs indicative of both short and medium-term effects and long-term effects to show that our sustainability activities actually are making the Septeni Group more sustainable. I think what we need to work on right now is to set these KPIs and establish the data infrastructure for managing them.

For human resources, we have been establishing HR technology platforms over the past 10 years or more. From these, we have obtained our own original algorithms by teaching them to AI, which we are fully utilizing in the form of predictions for organizational operations and business activities. This has enabled us to visualize our human capital. I think that visualized value of human capital through scores for each individual is a unique metric to disclose, which might even be unprecedented in the world.

Miyazaki: I would like to work on establishing data infrastructure that makes it possible to visualize business activities that positively impact society. CSR and business have often been seen as somewhat separate until now, both inside and outside the Septeni Group. Therefore, I also consider it an important role of the Sustainability Committee to visualize how the company and society are connected and to create contact points from a variety of perspectives to make more employees aware of how their work is connected to the advancement of society. Can you offer any advice on visualizing this overlap and instilling it into our employees' minds?

Sato: In my opinion, the difficult thing about instilling this mentality in-house is getting the business departments to understand it. It is probably not very easy to bridge the gap between the perspectives of sustainability activities that look 30 or 50 years into the future, and the business side that is focused on today, and this week. Ultimately, we will need to improve literacy by remaining diligent in our efforts and actions. Continuously engaging in these activities will exponentially increase the number of those who cooperate and understand. That itself is another sustainable activity.

Exploring and engaging in activities that only the Septeni Group can engineer in the social field

Sato: Breaking down ESG into its three components, initiatives in the Septeni Group for governance (G) are making good progress, so our current key topics aim to leverage the strengths of the Group in areas related to social (S).

More specifically, first is to promote diversity & Inclusion. To make the most of our human capital, we are establishing environments where anyone who works in the Septeni Group is able to exercise entrepreneurship and thrive.

Next is to improve transparency and soundness. In the digital marketing industry, there have been increasing calls for transparency and soundness from the perspectives of data management and privacy protection in recent years. We will take leadership in working on initiatives that make the industry more sound as a whole.

Last is leveraging AI. We have a knowledge base gained from leveraging AI in our human resources infrastructure. I want us to give this knowledge from our past initiatives back to society to help make relationships between people and organizations smoother, while at the same time maintaining our connections throughout the world. If we can do that, in addition to growing our own business we will also be helping to make society happier and more prosperous.

Discussion: Update to "Sustainability"

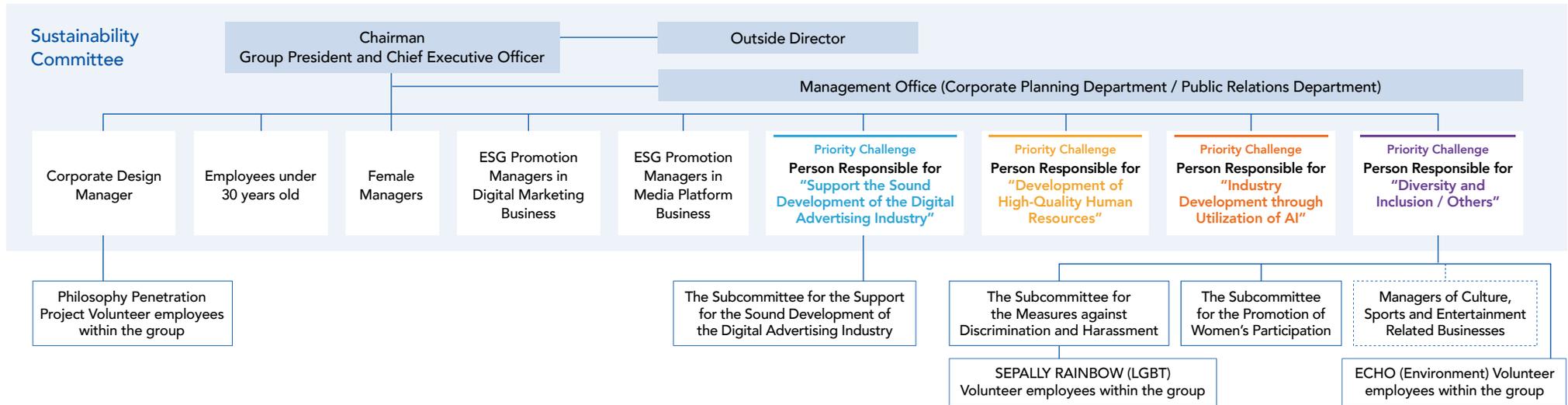
Miyazaki: That is what we have been doing to this point, but I think we should also adjust these priority challenges when our sustainability efforts bring to light any new topics to address.

Sato: Indeed. In addition to that, I also want to develop the Sustainability Committee itself even more going forward. I want to turn it into a unit with a direct multi-stakeholder interface. For example, the committee can interact with all kinds of individuals who are related to the Group, from investors and clients to business partners as well as employees and their families, and get them involved in our activities. That is the final form that I have in mind for the Sustainability Committee.

Miyazaki: It will be quite intriguing if we can accomplish that.



Sustainability Committee Organizational Chart



Messages from Outside Directors

I look forward to seeing the path for non-financial capital to contribute to business value

The Septeni Group has established its new Sustainability Committee as an advisory body for our Board of Directors. Our Group is discussing materiality from long-term (through 2050) and multi-stakeholder perspectives and provides reports and opinions to the Board of Directors, including up-to-the-minute progress, with the aim of continuously increasing our business value.

The committee is scheduled to meet once per quarter in its first fiscal year in FY2022. Diverse committee members have been selected from throughout the Group, and they are engaging in lively discussions. When doing so, rather than general or all-encompassing discussions, they aim to establish strategic metrics for our materiality purely from the perspective

of continuously improving our business value. At the same time, they also plan to coordinate how to deal with changes in the environment (= sustainability policies) surrounding our materiality (risks, opportunities.)

I also participate in this committee as an advisor. I am interested to see how the sustainability activities and non-financial capital that the Group has worked on in the past—particularly the use of AI to make the most of our human assets—will contribute to increased business value, and I am looking forward to seeing it actually happen. I also hope to contribute.

As always, I look forward to the continued support and encouragement of our shareholders.



Yoshiki Ishikawa
Outside Director
SEPTENI HOLDINGS
CO., LTD.

Priority Challenges and Identification Process

The Septeni Group established the Sustainability Committee in January 2022.

By updating our CSR activities that we have been working on since 2016, we are more actively promoting activities in accordance with our priority challenges.

Identification and verification of priority challenges

In 2016, the Septeni Group established the CSR Committee and has been working to help resolve social issues through its businesses. The numerous challenges that have emerged in modern society and their effects cannot be separated from both corporate and business activities. In order to achieve sustainable development together with our stakeholders, we believe it is necessary to proactively address these issues and continue to contribute to solving them. For this reason, we have made it our policy to "contribute to the resolution of social issues through our business" in our existing CSR activities.

In promoting activities, we identified five priority challenges from among a number of social issues, based on a comprehensive assessment of "stakeholders' expectations of the Septeni Group" and "importance to the Septeni Group's business." In the identification process, priority challenges are first discussed mainly by the CSR Committee, and their appropriateness is confirmed by the Board of Directors. In addition, the specified challenges are reviewed on a regular basis, and priority themes may be replaced or redefined in light of the situation of society and the Septeni Group. We also examine risks and opportunities through the above process.

In January 2022, we shifted to a Sustainability Committee structure and once again reviewed our priority challenges. Currently, we are working on five priority challenges: "Industry Development through Utilization of

AI," "Development of High-Quality Human Resources," "Diversity and Inclusion," "Support the Sound and Development of the Digital Advertising Industry," and "Support for Culture, Sports and the Entertainment Industry." We will continue to update the issues to better suit society and the circumstances surrounding the Company, as we aim to conduct sustainability activities to

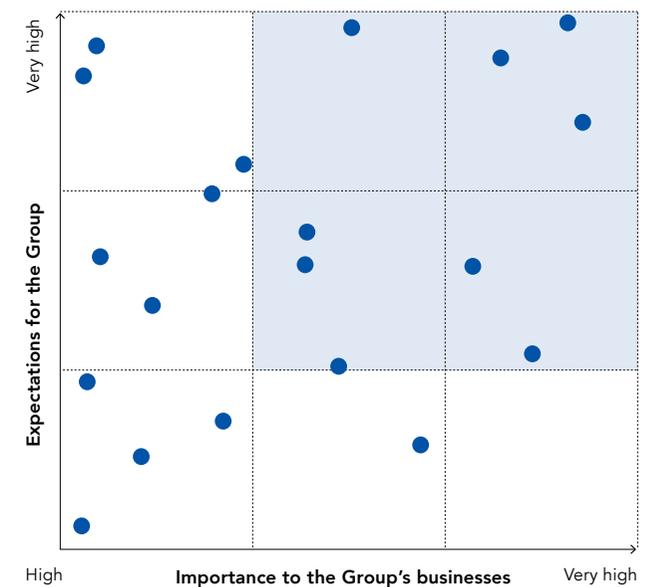
enhance our corporate value.

Currently, we are discussing the establishment of KPIs and data disclosure for each issue, and are working on quantitative disclosure of our activities so that they can be evaluated by our stakeholders.

Identification Process



Image map of sustainability priority challenges



Priority Challenges in the Septeni Group

Priority Challenge	Value Provided to Society	Initiatives in FY2021
<p>1</p> <p>Industry Development through Utilization of AI</p> 	<p>We aim to generate innovations in various industries through the use of AI. We are also working to help drive labor productivity improvements through the use of AI in HR.</p>	<ul style="list-style-type: none"> • Leveraging AI in HR technology Human Capital Lab, Inc. now offers the "HaKaSe Onboard" DX service that supports employee onboarding. We are actively working to help improve labor productivity through support that enables employees to quickly become contributors. • Leveraging AI in digital marketing We built display advertising creative production method Odd-AI Creation, which utilizes the advertising creative solution tool Odd-AI that predicts advertising effects with AI among other functions. We have now launched it as a service, as we aim to maximize advertising effects through synergies between humans and AI.
<p>2</p> <p>Development of High-Quality Human Resources</p> 	<p>We aim to create open innovation by illuminating the "structure of human resources development" from a scientific perspective and sharing it broadly throughout society.</p>	<p>Within the Group, we are building a comprehensively streamlined data-utilizing HR value chain that spans from hiring and onboarding to learning and development. We provide information that goes beyond the boundaries of the company itself, including our Digital HR Project human resources development research website where we provide the outside world with quantitative verification reports on the changes in HR management under remote work, compiled from our accumulated databases. These activities have also garnered outside recognition, including six consecutive years of receiving HR Technology Awards.</p>
<p>3</p> <p>Diversity & Inclusion</p> 	<p>We aim to create a society where everyone can be themselves and thrive by eliminating gender gaps and establishing work environments where discrimination and harassment do not occur. At the same time, we also aim to help improve labor productivity.</p>	<p>In May 2021 we held our first ever Group-wide Diversity Month. For one month, we organized an intensive series of diversity and inclusion-related events and strived to raise awareness among all members of the Group. In addition to efforts such as promoting women's participation and LGBT-related initiatives, we also spread awareness about diversity of experience by presenting the annual Diversity Awards, which were launched in 2020. We are pushing forward with activities to generate innovation through diversity of experience and perspectives while ensuring the psychological safety for anyone to be able to participate and thrive in the workplace with peace of mind.</p>
<p>4</p> <p>Support the Sound Development of the Digital Advertising Industry</p> 	<p>We are engaged in activities aimed at achieving a safe, secure digital society by helping to develop the digital advertising market to be more sound, robust, and exciting.</p>	<p>We work on brand safety, ad verification, and other initiatives to improve the quality of advertising. These efforts have been recognized with JICDAQ certification as a quality verified business in both the "exclusion of invalid distribution, including ad fraud" and "ensuring brand safety according to the quality of advertising destinations" categories. We are also dedicatedly tackling other issues in the industry, including initiatives related to influencer marketing and cookieless capabilities.</p>
<p>5</p> <p>Support for Culture, Sports and the Entertainment Industry</p> 	<p>We aim to create a world filled with inspiration while contributing to the advancement of industry by supporting athletes along with sports and players in new genres and advancing DX in the realms of manga and anime.</p>	<p>Top foil fencer Toshiya Saito has been hired by the Septeni Group as a new graduate employee. We support the ambitions of our employees who participate in sports. We have also formed the Septeni Raptures professional dance team to participate in the D.League professional dance league originated in Japan. In culture and entertainment, we aim to advance DX utilizing technology in the anime industry. We established the anime studio Qzil.la and are releasing various types of productions.</p>

Priority Challenges **1** Industry Development through Utilization of AI **2** Development of High-Quality Human Resources

Read more about our efforts "Industry Development through Utilization of AI" here.



As our society shifts to digital, the Septeni Group is actively working on many efforts utilizing technology to solve society's problems while adding an extra flourish of prosperity.

Read more about our efforts in "Development of High-Quality Human Resources" here.



Leveraging data in digital marketing

In the Septeni Group, we develop and provide our own original AI data solutions. In 2022 we began working on capabilities for the video format of display advertising creative production method Odd-AI Creation, which utilizes AI. We are pushing forward with activities that aim to provide high-quality digital marketing solutions for the needs of our clients, with a focus on synergies between humans and technologies.

Using data according to digital HR guidelines

Data-using HR initiatives in the Septeni Group (Digital HR) seek to maximize the growth of the individual. With the belief that "increases in corporate value are achieved through the growth of individuals," we thoroughly adhere to the three principles of mutual benefit, building trust, and controlling risk, so that these initiatives can remain beneficial to both individuals and the company. Based on this concept, we work to improve the literacy of Group employees involved with digital HR and promote understanding on the individual level by formulating digital HR guidelines and publishing them internally and externally, as we continue our efforts to produce all-around benefits for individuals, companies, and society.



Addressing Social Issues with AI Human Resources

Human Capital Lab and the HR Development Equation

Human Capital Lab was established within Septeni Holdings in the Septeni Group as an institution dedicated to research on HR data in order to maximize the performance of each individual employee. It is utilized for making business decisions and human resources development.

Research activities at Human Capital Lab are ongoing, analyzing vast amounts of personnel data accumulated over more than 20 years with the aim of illuminating the "structure of human resources development" from a scientific perspective. Human Capital Lab will continue working to create even more innovation through

activities such as externally publishing and communicating case studies and research findings from within the Septeni Group, and joint research with other companies and universities.

In the Septeni Group, we define the concept of human resources development not as "developing" but as "development through accumulation of good experience in the workplace." The idea is that mutual interaction between the individual characteristics people are born with and the environments surrounding them influences their growth. We define the environment (E) in the workplace as the team (T) plus the work (W), and we believe that the higher the affinity between these two factors and the individual characteristics of the person (P), the higher the likelihood that it will lead to significant growth (G).

The HR Development Equation

$$\begin{array}{ccccccccc}
 \text{Growth} & & \text{Personality} & & \text{Environment} & & \text{Team} & & \text{Work} \\
 G & = & P & \times & E & (& T & + & W &)
 \end{array}$$

Priority Challenges **1** Industry Development through Utilization of AI
2 Development of High-Quality Human Resources

Building an HR value chain in the Septeni Group

We leveraged the human resources databases we had accumulated over the years to build an HR value chain that designs comprehensively streamlined services from hiring to onboarding through learning and development. In hiring, AI is used to calculate the likelihood of the hired candidates succeeding after they join the company, and we use it as a reference and as supporting materials when conducting HR evaluations. By providing "career feedback" materials for prospective employees to envision their own career paths after joining the company, we have also eliminated gaps between before and after joining the company which has improved the ratio of candidates who accept our job offers. In onboarding, we utilize compatibility models derived from our own original "HR development equation" for job assignments by compatibility, based on quantitative calculations of work environments that individuals can adapt to more easily. For new employees, we are also actively

deploying initiatives to help them quickly become contributors, such as providing "adaptation plans" based on their own strengths and stumbling points.

Leveraging research to help solve social problems through business

Based on research in addition to technology and experience accumulated in the Septeni Group, we established digital HR cloud services and consulting company Human Capital Lab, Inc. in 2021. Maximizing human assets is a key topic in Japan, where the working-age population is projected to decrease by 40% over 40 years starting in 2020*. Human Capital Lab aims to maximize human assets and develop its business by leveraging the latest technologies to help deliver solutions to HR issues that companies and industries face.

▶ For details, see "Expanding into New Business Segments" on page 37.

* Reference: Cabinet Office, SNA (National Accounts of Japan) Annual Report on National Accounts (GDP by industry, etc.)

VOICE

Shu Murakami

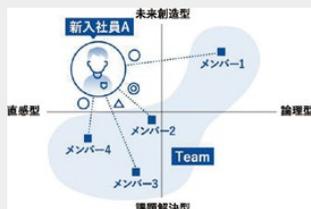
Recruitment Planning Section,
 Recruitment Planning Department
 Septeni Holdings Co., Ltd.



We are also building systems to properly manage the handling of personal information during hiring considerations according to our Digital HR Guidelines. Through individualized feedback, we also want those who are interested in our company to feel reassured and be able to make a career choice they feel confident about.

Quantification technologies and databases

When considering assignments



"Job assignments by compatibility"

Decided by calculating compatibility with staff and job description at the assignment destination

When joining the company



"Adaptation plans"

Explain how to relate to the staff and the job at the assignment destination

Every three months after joining the company



"Adaptation assessments"

Visualize level of adaptation to the assignment destination, promote swift adaptation

Priority Challenges **1** Industry Development through Utilization of AI
2 Development of High-Quality Human Resources

Evaluations from Outside the Company



10th annual Japan HR Challenge Awards 2021 Innovation Award
 Septeni Holdings Co., Ltd.

Our efforts carefully utilizing HR data while learning the health and safety status of employees even in remote work arrangements, and building mechanisms for managing in a way that suits each individual person, were recognized as revolutionary.



Sixth annual HR Technology Awards in 2021 Excellence Award, Recruitment Category
 Septeni Holdings Co., Ltd.

Cogress media services for individualized career support, and Data Feedback Screening which gives students feedback on their hiring results and provides career development opportunities, were recognized as beneficial initiatives for both students and companies.



Sixth annual HR Technology Awards in 2021 Regional Revitalization Award
 Mango, Inc.

Initiatives using digital HR that have achieved results such as increasing the number of entries from students in other prefectures five-fold in three years and sharing this expertise to make Miyazaki Prefecture as a whole more competitive at attracting talent were recognized as contributing to regional revitalization.



Sixth annual HR Technology Awards in 2021 Encouragement Award
 Human Capital Lab, Inc.

DX service HaKaSe Onboard which leads to success in both the onboarding of new employees and in DX was recognized as a service that can contribute to rates of return on investment in human resources by increasing repeatability from hiring through development to the point of swiftly becoming workplace contributors.



2022 Edition of Best Workplaces in Japan rankings
 Large company category:
 10th place

Rankings are determined through two types of surveys, one for employees and the other for companies. The Septeni Group has been selected as a "best company" for 11 consecutive years.

Messages from Outside Directors

Our mechanisms offering individuals opportunities for accelerated growth are an important weapon for investing in human capital

Through discussions in the Nomination Advisory Committee and Board of Directors, we have come to strongly feel that our people are the true source of added value creation. We see human resources development as investing in human capital rather than HR management. The idea is that maximizing the performance of each individual contributes to continuously increasing business value.

Based on the philosophy of human resources development not being "developing" but rather "development through accumulation of good experience in the workplace," we employ our own original "HR development equation" focused on establishing work environments suitable for the growth of each individual.

HR technology has recently been garnering attention, but the Septeni Group has been accumulating vast amounts of HR data

over the course of over 20 years and using it with various technologies including AI to produce major results in HR measures. Since we have quantified work environments and compatibility, we are able to make swift, timely decisions as a mechanism for providing rank-skipping and job assignments to individuals as opportunities for accelerated growth. This is a particularly important weapon for our investments in human capital. As a result, we are able to develop managers and leaders of the highest caliber.

One issue is that although we have accelerated development among employees in their 20s and made them contributors sooner, it feels like the spark of entrepreneurship is taking longer to ignite in our younger employees as our company increases in size. I would like to utilize AI human resources even more to help accelerate the pace

of growth opportunities provided to our young digital natives. We will continue striving to "inspire the world with entrepreneurship."

Etsuko Okajima
 Outside Director
 Septeni Holdings Co., Ltd.



Priority Challenge 3 Diversity & Inclusion

Read more about our efforts in "Diversity & Inclusion" here.



The Septeni Group promotes diversity and inclusion based on the idea that employees of all backgrounds regardless of gender, age, or nationality, achieving maximum performance in their own respective ways, will lead to sustainable growth for the Group.

Promoting Diversity & Inclusion

In the Septeni Group, we respect all types of human rights and accept each other's diversity. We implement work styles that leverage the strengths of each individual as we promote diversity and inclusion with the aim of channeling diversity into competitive strength.

We established our Group-wide Diversity Awards in 2020 to instill awareness internally of the significance and benefits of these activities and signal the Septeni Group's proactive intentions both internally and externally. We accept ideas for "initiatives to create environments where each individual can thrive and generate both innovations and achievements" and award prizes at the Group Kickoff to entries received which are judged to have particularly high value.

Since 2021, we have also been celebrating Diversity Month. For one month, we organize an intensive series of events with the goal of having everyone take ownership of promoting diversity and inclusion.



LGBT-related Initiatives

We have established the Group-wide LGBT and allies network Sepally Rainbow, which is actively engaged in "creating workplaces that increase job satisfaction for all employees regardless of whether they are LGBT through better understanding of LGBTs and having more allies.

Our awareness activities during Diversity Month in 2021 were conducted from many different touchpoints, including an online screening of the Japanese film *Kalanchoe no Hana* on the topic of group paranoia toward LGBTs.

These ongoing initiatives have been recognized for the fourth consecutive year with a Gold ranking in the PRIDE Index, an initiative that supports sexual minorities in the workplace.



Measures Against Discrimination & Harassment

The strengths of each individual can be leveraged by establishing work environments where no one is discriminated against according to their gender, age, nationality, race, ethnicity, religion, principles, beliefs, social status, disabilities, sexual orientation, or gender identity. The Septeni Group is establishing such environments by conducting harassment training sessions for newly appointed managers, as well as initiatives such as e-learning on the topic of "advertising expressions

that are considerate of human rights" to prevent and eliminate harassment.

Promoting Women's Participation

We have been actively promoting women's participation since 2010. Striving to stay ahead of changes in our employees' life stages, expectations of society, and other social changes, we explore and implement measures accordingly to enable employees from various backgrounds to work and thrive with a sense of security.

The ratio of female managers at our major Group companies in Japan was 22% in 2021, representing good progress from the 16.7% ratio in 2018. Going forward, we intend to achieve a 25% female manager ratio in 2023 through in-house awareness-raising activities as well as supporting both male and female employees in smoothly taking childcare leave and other support such as for working parents to balance their work and home lives.

Goal for promoting women's participation: Female manager ratio (major Group companies in Japan)

22.0%
(October 2021)

25.0% (2023)

Priority Challenge **3** Diversity & Inclusion

TOPICS

Diversity Awards

The Diversity Awards 2021 was held in October 2021. At this second annual edition of the event, the grand prize was awarded to "Mentor Talk," which broadens employees' career potential by letting them speak casually with a more senior employee who intrigues them, implemented by Septeni Japan, Inc.

Entries: **32**

Comments from prize winners

Developing diverse careers through Mentor Talk

Since there are few people at our company who we can casually consult about our own careers aside from our direct supervisors, some of us had been lamenting the lack of opportunities to learn about positions and careers outside of the department we belong to. As a solution, we started Mentor Talk as an initiative to connect those who want to consult someone about their careers with those who want to

utilize what they have experienced in their own careers to help others. This award is recognition for utilizing the diversity of experiences and careers within the company, and I am tremendously happy about it. We will continue providing Mentor Talk while making improvements whenever possible so that anyone who needs assistance can casually use it going forward.



Aibi Nishida
Recruitment & Training Department
HR Business Partner Division
Septeni Japan, Inc.



Mami Ishii
Recruitment & Training Department
HR Business Partner Division Expert
Septeni Japan, Inc.

Messages from Outside Directors

Recognizing a company culture where diversity-rich initiatives spontaneously occur

Over a year has passed since I was appointed as an outside director for Septeni Holdings. Among all of the various ESG initiatives here during that time, I have been highly impressed by those aimed at facilitating diverse human resources. It goes without saying that diversity management for accepting diverse human resources, and investing in human resources by giving a broad range of opportunities to a broad range of people and promoting their future growth, are very important in terms of social value which is the 'S' in ESG.

One example is the Diversity Awards system to annually recognize employees who worked on measures that contributed to promoting diversity, for which I am also one of the judges. This

fiscal year there was also the pandemic, and we received various reports about supporting employees who are apt to feel lonely when they do not come to the office. Among those efforts, I gave high marks to painstaking measures to support international employees stationed in Japan who are particularly likely to suffer from loneliness. Needless to say, it is minorities such as internationals in Japan who particularly struggle during crisis situations such as these, and I think the company culture in which such measures spontaneously occur is truly wonderful. I would like our stakeholders to all know about our society-friendly initiatives such as these.



Akie Iriyama
Outside Director
Septeni Holdings Co., Ltd.

Priority Challenge 4 Support the Sound Development of the Digital Advertising Industry

Read more about our efforts to "Support the Sound Development of the Digital Advertising Industry" here.



The Septeni Group implements initiatives with a focus on the Three Promises by the Septeni Group.

Policy for the sound development of the digital advertising industry

Three Promises by the Septeni Group

1. Sincere response

We consider integrity to be the basis of everything we do and we will act with the resolve of right and wrong rather than profit and loss. We will remain conscious about the communication of useful information to society through appropriate means that will lead to continual trust in Digital advertising and will act to make all of the people involved smile with the cooperation from the stakeholders.

2. Improvement of quality

We will observe the relevant laws and regulations and the rules agreed upon with the parties involved and aim to establish internal operations which preemptively avoids accidents or wrongdoings while moving toward the enhancement of quality service through repeated education and improvement.

3. Challenging the possibilities

We will continue the challenge of using new technologies and techniques to enhance the value of Digital advertisements and improve the satisfaction of the stakeholders.

Addressing challenges in the industry

Improve advertising quality initiatives

We provide a variety of solutions and promote ad verification initiatives. We aim to protect advertisers' brands by ensuring that advertisements are not served on inappropriate serving surfaces, and to detect and reduce all types of fraudulent (invalid) traffic, such as impression padding by machines and clicks by bots. In recognition of these activities, JICDAQ certified us as a "Quality Certified Business Operator" for both "exclusion of invalid delivery including ad-fraud" and "assurance of brand safety associated with the quality of ad placements."



Influencer Marketing Initiatives

In order to prevent various problems related to stealth marketing and to allow all influencers to conduct creative activities and disseminate information with peace of mind, the "3-minute manual for preventing stealth marketing supported by WOMJ" supervised by the WOM Marketing Council is now available on GANMA! This manga is supervised by the WOM Marketing Council, an organization specializing in consumer-to-consumer

communication marketing activities, and conforms to the WOM Marketing Guidelines, reflecting the latest findings at this point in time.



Cookie-less Initiatives

Due to the growing importance of data privacy worldwide, platforms such as Apple, Facebook, and Google are increasingly regulating cookies that have been used for digital marketing targeting distribution and effectiveness measurement. In response to this trend, the Septeni Group is providing customized solutions to customers through FLINTERS, a development company with many experienced data engineers, and services utilizing Septeni Japan's proprietary solution "Precog Base." Septeni Japan is also providing services using Septeni Japan's proprietary solution, Precog Base. We are working on educational activities and the development and provision of solutions to realize digital marketing that is more threefold than ever before, with even greater respect for data privacy and appropriate acquisition and management of personal information.

Priority Challenge 5 Support for Culture, Sports and the Entertainment Industry

Read more about our efforts in "Support for Culture, Sports and the Entertainment Industry" here.



Read more about our efforts in "Supporting the Culture, Sports, and Entertainment Industries" here.

We actively support the success of athletes, artists, and others active in a broad range of sports and cultural genres and engage in activities aimed at contributing to the development of industry through the use of technology.

Supporting Sports

Supporting top athletes

We hired two top-level fencers as new graduate employees.



Fencing (Sabre)
Shihomi Fukushima

Major Achievements

- 2015 All Japan Student Fencing Championships Individual: Champion
- 2016 U23 Asian Fencing Championships Team Champion
All Japan Student Fencing Championships Individual Champion
- 2020 All Japan Student Fencing Championships Individual Championship
- 2021 Tokyo 2020 Olympic Games Team 5th Place
- 2022 Fencing World Cup Greece Team 2nd Place



Fencing (Foil)
Toshiya Saito

Major Achievements

- 2015 All Japan Student Fencing Championships 2nd Place
- 2017 World Fencing Championships Individual 2nd Place
All Japan Student Fencing Championships Individual Champion
- 2018 Fencing World Cup Germany Team 3rd Place
- 2019 Asian Fencing Championships Individual 3rd Place
- 2021 Tokyo 2020 Olympic Games Individual 13th Place
Team 4th Place

Professional Dance Team Launched

In August 2020 we formed the Septeni Raptures professional dance team to participate in the D.League professional dance league originated in Japan. With an eclectic group of professional dancers from every genre, the Septeni Raptures create a diverse range of unique vibes at each performance and never fail to captivate audiences with fresh new surprises.



Major Achievements

- Dai-ichi Life D.League 2020-2021 season: Overall 5th Place
- Nomination for most valuable dancer (MiYU)
- Won the most rounds during the season which tied the league record

Supporting Culture

Vivivit, Inc. provides the Vivivit portfolio matching service to connect design and art to work by enabling people to find work through postings of productions. Over 2,700 companies across Japan are using Vivivit, which stands alone as Japan's largest platform with over 1.1 million posted productions by designers throughout the country. This service is creating a broad range of connections between designers and companies by facilitating information exchange in the job-hunting activities of designers and the recruitment activities of companies while also eliminating regional disparities.



Supporting the Entertainment Industry

Aiming to advance DX utilizing technology in the anime industry, we established anime studio Qzil.la in 2021 and are releasing various types of productions.

- ▶ For details, see Strategy & Performance > Media Platform Business on page 32.

Environment

The Septeni Group aims to achieve a sustainable society. We strive to reduce our GHG emissions and use resources effectively in order to reduce the environmental impact of our business activities.

Environmental Policy and GHG Emissions

Our Environmental Policy advocates reducing usage of printing paper, actively buying green, and implementing measures to save resources and energy while also recycling. Group-wide volunteer project Echo by Septeni Group was formed under the Sustainability Committee and plays a central role in our environmental initiatives.

The Septeni Group has been making efforts to go paperless with internal documents and invoices while striving for both operational efficiency and lower environmental impact. Our transition to paperless has made great progress since shifting to mostly remote work styles due to the COVID-19 pandemic.

Additionally, since 2019 our business cards have been made with LIMEX, which uses limestone as the primary raw material. Using materials made without water or tree resin reduces our environmental impact.

In this report we are also disclosing our GHG emissions. We are gaining an overall understanding of GHG emissions throughout the Group and also utilizing the information for future environmental initiatives in order to help achieve a decarbonized society. The shift to remote work in 2020 and 2021 has significantly reduced GHG emissions from employee commuting and business travel. The Septeni Group will continue working to balance business activities with lowering our impact on the environment.

GHG Emissions by Year

		FY ended Sep. 2019		FY ended Sep. 2020			FY ended Sep. 2021		
		Emissions t-CO ₂	Ratio	Emissions t-CO ₂	Ratio	Year-on-year change	Emissions t-CO ₂	Ratio	Year-on-year change
Scope1		4.5	0.1%	5.5	0.1%	1.0	6.9	0.1%	1.4
Scope2		866.4	17.4%	768.5	15.9%	-97.9	719.6	14.8%	-49.0
		4,117.6	82.5%	4,071.1	84.0%	-46.5	4,138.1	85.1%	67.0
Scope3	Category 1 Purchased goods & services	2,572.7	62.5%	2,880.1	70.7%	307.4	3,259.1	78.8%	379.0
	Category 2 Capital goods	102.6	2.5%	111.7	2.7%	9.1	196.1	4.7%	84.4
	Category 3 Fuel & energy-related activities	129.0	3.1%	119.1	2.9%	-9.9	107.9	2.6%	-11.2
	Category 6 Business travel	692.7	16.8%	368.6	9.1%	-324.1	106.2	2.6%	-262.4
	Category 7 Employee commuting	166.5	4.0%	181.3	4.5%	14.8	35.2	0.8%	-146.2
	Category 8 Leased assets (upstream)	454.2	11.0%	410.2	10.1%	-44.0	433.6	10.5%	23.4
Total		4,988.5		4,845.1		-143.4	4,864.6		19.5

TOPICS

Environmental Project Echo by Septeni Group

Group-wide volunteer project *Echo* was launched in 2020. Formed under the Sustainability Committee, this project spreads environmental awareness throughout the Group through activities including the in-Group social media event Sep-Eco Challenge and distributing Loss Flower virtual backgrounds for use in online meetings.

In 2021, we also switched from plastic bottles to aluminum can materials for drinking water distributed to visitors. The aim is to help reduce our environmental impact by using aluminum cans which have a high recycling rate and are highly energy efficient when recycled. Echo is finding ways to spread awareness in the Group about environmental issues by making information available to everyone about the background behind this change of materials and also about environmental problems with plastics.



Corporate Governance

Basic Approach to Corporate Governance

The Group considers that its corporate governance is based on the development and operation to ensure that actions are based on the Code of Conduct "Septeni Way" and decisions are made in a transparent, fair and efficient manner, so that compliance with laws and regulations and appropriate supervision (monitoring) of corporate performance are carried out, under the mission of "Inspiring the world with entrepreneurship," which is the Group's corporate philosophy.

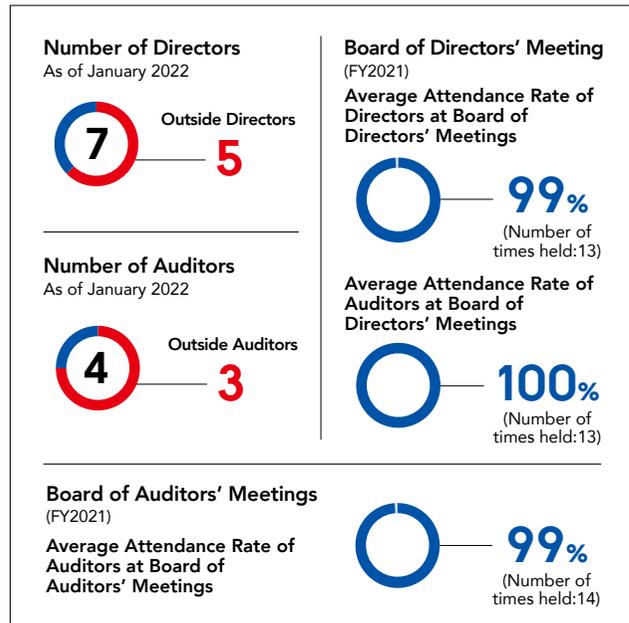
The Outline of Corporate Governance

The Group is managed under a holding company structure in which the Company is a holding company and its group companies are operating companies. By separating the function of administering its overall business from executing its individual businesses, the Group has been working to facilitate the delegation of authority and strengthen the Company's function of monitoring the Group's businesses.

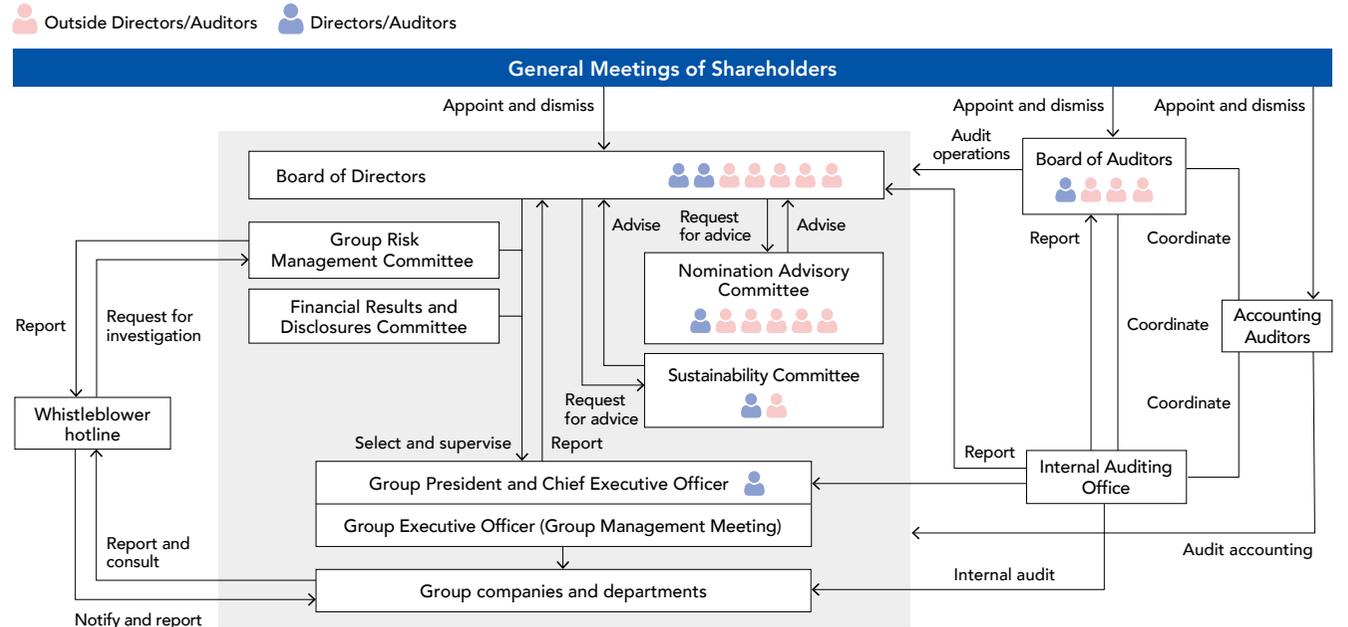
The Board of Directors shall consist of a majority, at the minimum, of highly independent Outside Directors. The Board currently consists of seven Directors, five of whom are Outside Directors. It determines matters prescribed by

laws and regulations and the Articles of Incorporation and matters concerning the execution of important business and oversees the execution of business. Furthermore, as part of strengthening of its corporate governance system, the Company introduced an executive officer system in January 2017. Under this system, the authority for making decisions and executing business operation is delegated to Executive Officers to the extent permitted by relevant laws and regulations, in order for the Board of Directors to mainly focus on the oversight (monitoring) of the Group Executive Officers who are responsible for the execution of business (monitoring model-oriented).

Governance Highlights



Governance Chart on January 4th, 2022



Corporate Governance

■ Board of Directors

The Group Executive Officers are responsible for the execution of business of the Company, that of the business companies in its group or that across several business companies. The Board of Directors appoints Group Executive Officers in charge of respective areas of business operation, and the Group President and Chief Executive Officer who concurrently serves as Representative Director oversees the execution of business operations by the Group Executive Officers.

Moreover, matters to be resolved at the Board of Directors meetings, those regarding which authority is to be delegated to the Group Executive Officers and those to be reported by the Group Executive Officers to the Company's Board of Directors are clearly stipulated in the regulations of the Board of Directors.

■ Group Management Meeting

Group Management Meeting has been established, as a system regarding decision-making on the execution of business, with the functions of supporting decision-making by the Group President and Chief Executive Officer and of considering important managerial matters of the group.

■ Board of Auditors

The Company has adopted a company auditor system. Under the system, there are currently four Company Auditors including three highly independent Outside Auditors. Each Company Auditor audits the execution of business by the Directors, in accordance with the auditing policy, audit plans and so forth determined by the Board of Company Auditors.

■ Various Committees

The Company has established a Group Risk Management Committee that supervises risk management of the group, a Sustainability Committee that promotes sustainability activities to enhance the corporate value and a Financial Results and Disclosures Committee that reviews and

evaluates financial results information, information for timely disclosure, etc. In doing so, the Company has put in place a system that clarifies authority and responsibilities and enables prompt and appropriate decision-making. On the other hand, Nomination Advisory Committee, the majority of which consists of Outside Directors, has been established as an optional committee of the Board of Directors to handle personnel matters regarding the group's management team (appointment, dismissal etc. of Directors of the Company, Group Executive Officers and others), in order to ensure the independence, objectivity and accountability of the deliberation process.

■ Executive Session

Meetings attended only by the Outside Directors (Executive Session) are held once a month in principle, thereby securing a place for information exchange and shared awareness from objective standpoints. Outside Auditors, external accounting auditors and other independent outside people may attend such meetings,

thereby providing a place for promoting cooperation among independent outside persons.

Major Agenda Items at the Board of Directors meetings

Major agenda items discussed by the Board of Directors in FY2021
(from October 2020 to September 2021)
(excluding regularly scheduled agenda items)

Establishment of Intermediate Holding Company

Update about the Medium-Term Management Policy

Revision of Regular Agenda Items and Schedules of the Board of Directors, etc.

Compliance with the Work Style Reform Law

Proposal for Executive Training Camp

Digital Marketing Business Strategy

Overseas Business Strategy

Media Platform Business Strategy

Transfer of Shares of Subsidiaries

Efforts to ESG

Application for Selection in New Market Segments in Accordance with the Restructuring of the Tokyo Stock Exchange

Standards (Term of office) for the Reelection of Outside Directors

Response to Adoption of Revised Corporate Governance Code

Deepening Capital and Business Alliance with the Dentsu Group

Composition of various committees

	Sustainability Committee	Nomination Advisory Committee	Executive Session
Koki Sato	○	○	
Etsuko Okajima		○	○
Yusuke Asakura		○	○
Yoshiki Ishikawa	○	○	○
Akie Iriyama		○	○
Mio Takaoka		○	○
Shuji Yamaguchi			

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

With the aim of enhancing the function of the Board of Directors, the Company conducts analysis, evaluation and follow-up examinations of issues on the effectiveness of the Board of Directors once a year in principle. The Company also conducts large-scale and detailed surveys by external third-party institutions once every three years.

In FY2021, the Company reviewed the agendas and schedules of meetings through the discussion at the meetings and a training camp of the Board of Directors, especially to follow up the survey and hearing previously conducted based on advice from external third-party institutions, regarding the operation status of the Board of Directors.

As a result, the Board of Directors is managed appropriately and the specific initiatives to improve its effectiveness are promoted voluntarily under the clear sense of purpose. In addition, ensuring effectiveness of the Board of Directors was confirmed.

Also, as the Company recognizes that there is each room for improvement on balanced discussion, decision-making and reporting etc. to further enhance the quality of the discussion, the Board of Directors of the Company should advance efforts to heighten its effectiveness even more, by proactively implementing measures that lead to resolve these issues.

Governance since the Capital and Business Alliance with the Dentsu Group

The Company's parent company is Dentsu Group Inc. One of the Company's directors concurrently serves as an executive officer of Dentsu Japan Network of the Dentsu Group Inc. and an executive officer of Dentsu Inc., a subsidiary of Dentsu Group Inc. However, this director is in a position to supervise the execution of business in order to enhance its corporate value as a non-executive director of the Company. In addition, with respect to transactions with the parent company, management guidance fees are determined by agreements between the parties taking into account the content of operations, and interest rates on fund transactions are determined in the same manner as in general transactions with reference to market interest rates. Through these various measures, the Company believes that its business operations are sufficiently independent from the parent company, etc. As a publicly traded company with a parent company, the Company has agreed to maintain its autonomy and independence in the relationship with the parent company under an agreement between the parties. In addition, the majority of the Company's Board of Directors is independent outside directors, and decisions concerning its management are made through discussions based on the viewpoint of protecting minority shareholders. As a result, the Company does not anticipate any harm to the interests of itself or its minority shareholders.

Appointment and composition of directors

- One director and one auditor (part-time auditor) will be appointed by Dentsu Group Inc.
- Even after the capital and business alliance, the majority of our directors will be independent outside directors, and our representative directors will be the directors who are not outside directors and who are not appointed by Dentsu Group Inc.

Cooperation in management autonomy and maintaining listing

- Even after the execution of this alliance, the Dentsu Group respects our autonomy, acts in such a manner as not to conflict with the delisting standards to maintain our listing, and cooperates with us to the reasonable extent.

Handling of Shares

- Dentsu Group Inc. will not acquire any additional shares of our stock without obtaining our prior written approval.

Corporate Governance

Officer Compensation Plan

In FY2017, the Company introduced a new compensation plan (BIP trust) to more clearly define the relationship between the remuneration 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 sound incentive to enhance business results and corporate value in the medium to long term. As a result, remuneration for directors of the Company consists of monthly

compensation and stock compensation, and remuneration for outside directors who are independent from business execution consists of monthly compensation only.

■ BIP Trust

This is a performance-linked stock compensation plan that aims to establish a clearer relationship between remuneration 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.

Director and Auditor Remuneration

Category	Number of payees	Total amount of officers' remunerations, etc.	Total amount of remunerations, etc. by type	
			Basic remuneration	Performance-linked remuneration, etc.
				Non-monetary remuneration, etc.
Directors (of whom Outside Directors)	8 (5)	319,703 thousand yen (54,000 thousand yen)	223,110 thousand yen (54,000 thousand yen)	96,593 thousand yen (-)
Company Auditors (of whom Outside Auditors)	5 (3)	37,500 thousand yen (21,000 thousand yen)	37,500 thousand yen (21,000 thousand yen)	- (-)

(Note) Please refer to the following for supplementary information on remuneration of Directors and Auditors.
<https://www.septeni-holdings.co.jp/en/company/governance.html#directors-compensation>

Risk Management

In order to recognize significant events that may affect the Group's business management, to identify, analyze and assess risks that may harm the growth and development of the business and to make responses to the risks such as aversion, mitigation, transfer and others, the Group shall establish the "Group Risk Management Regulations." In addition, it set up the "Group Risk Management Committee" as a body to oversee and manage such risks in an integrated and effective manner under the common policy as the Group. It constructs the PDCA cycle of risk management operations and promotes risk management in the Group as a whole to achieve sustainable development.

In FY2021, the Company selected priority risks for the Group in view of the effects of COVID-19 infection, and implemented these measures.

Risks in remote work environments

Information leakage risks

Security risks

Risk of insufficient management for employees

Improvement of labor management and work environment

Corporate Governance

Messages from Outside Directors



The Company has an environment where everyone openly expresses opinions to each other

Yusuke Asakura
Outside Director

The deeper capital and business alliance with the Dentsu Group was the biggest discussion point in the Board of Directors over the course of the year. Based on the progress of business since the capital and business alliance began in 2018, we reached a shared understanding that this would be a necessary and effective move for business growth. However, all the way up until just before the deeper alliance was entered into, all of us outside directors debated the points of whether minority shareholders would not lose profits, and whether the intention that this partnership is for further growth would be understood. Based on these discussions we decided to begin making disclosures, also including EPS.

The Nomination Advisory Committee that operates to establish enduring management organizations not dependent on anyone's individual ability can be considered another characteristic of the Septeni Group. I think the formulation of succession plans not just for HR involving directors but with sights set also on the next generation of management teams and even subsequent generations after that could be considered ahead of its time.

Beyond that, I think the biggest characteristic of our Board of Directors is the open, uninhibited discussions we have each month. As the ratio of outside directors has increased, these discussions have gotten more intense each year. Some of these discussions have ended up disorderly and resulted in resolutions being rejected due to opposition by outside directors. However, that can only even happen because we have established an environment where everyone expresses opinions openly to each other. As an outside director, I see that as extremely positive.



We thoroughly deliberated the significance of the deeper alliance from every angle and timeline

Mio Takaoka
Outside Director

For a while, we had been discussing the significance of a deeper alliance with the Dentsu Group as one option for the business strategy of the Septeni Group. Because we had also been able to verify the cultural fit between the companies since the capital and business alliance that started three years ago, it was easier to envision the success of the deeper alliance.

Still, based on the idea that there could be opposition on a practical level even though we had all reached a consensus, we considered every possible angle and timeline and thoroughly deliberated between the executive side and the Board of Directors as well as within the Board of Directors and amongst just the outside directors all the way until just before the resolution. We anticipate being able to provide even higher value services to our clients and become a dependable presence for even more clients through this deeper alliance.

In the Board of Directors we leverage the expertise of each director while exchanging opinions openly and candidly on a broad range of matters, from long-term strategies such as organizational HR strategy, promoting innovation, and ESG, to individual matters such as M&A transactions. Doing so, we make decisions from a broad perspective.

Additionally, starting in 2022 we are holding what we call an Executive Session each month involving only outside directors and auditors, where we reflect and discuss our concerns with each other. With the goal of filling in the knowledge gap for outside directors who are not involved in the day-to-day operations, the outside directors also take the initiative to coordinate and provide feedback to the chair of the session. As a result, I think the executive side, directors, and outside directors are able to communicate very smoothly with each other.

Corporate Governance

Structuring a Management Team Using FFS Theory

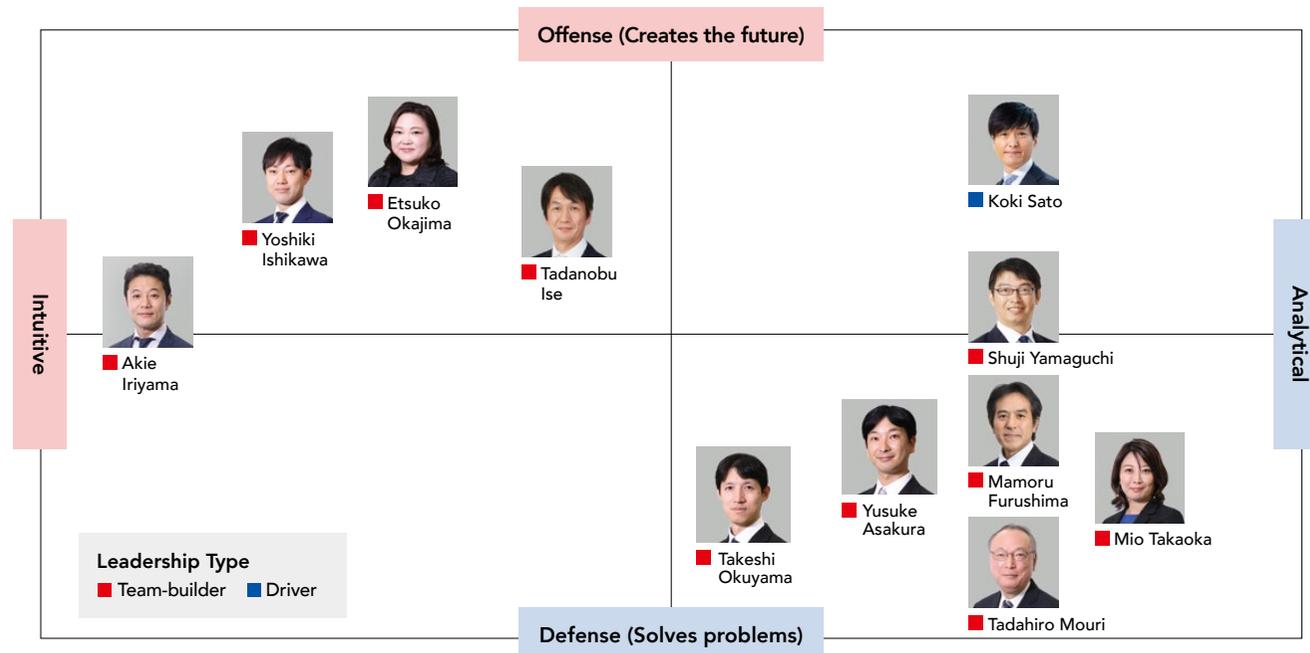
Board of Directors and Audit & Supervisory Board Team

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. In addition, arrangements of offense type and defense type are well balanced, and the team is well-organized for both future creation and risk management.

Following here are a personality matrix of the Company's Board of Directors and the results of an individual member personality analyses.

Board of Directors' Personality Matrix



(Note) Please refer to the website for a brief biography, responsibilities, and status of each officer. <https://www.septeni-holdings.co.jp/company/boardmembers/>

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

Name	Position	Personality Profile
Shuji Yamaguchi	Director	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.
Tadahiho Mouri	Outside Auditor (Full-time)	A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning.
Mamoru Furushima	Outside Auditor	A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning.
Takeshi Okuyama	Outside Auditor	A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning.
Tadanobu Ise	Auditor	A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation.

(Note) We have obtained the consent of each Director and Auditor regarding the publication of personalities of each person.

Corporate Governance

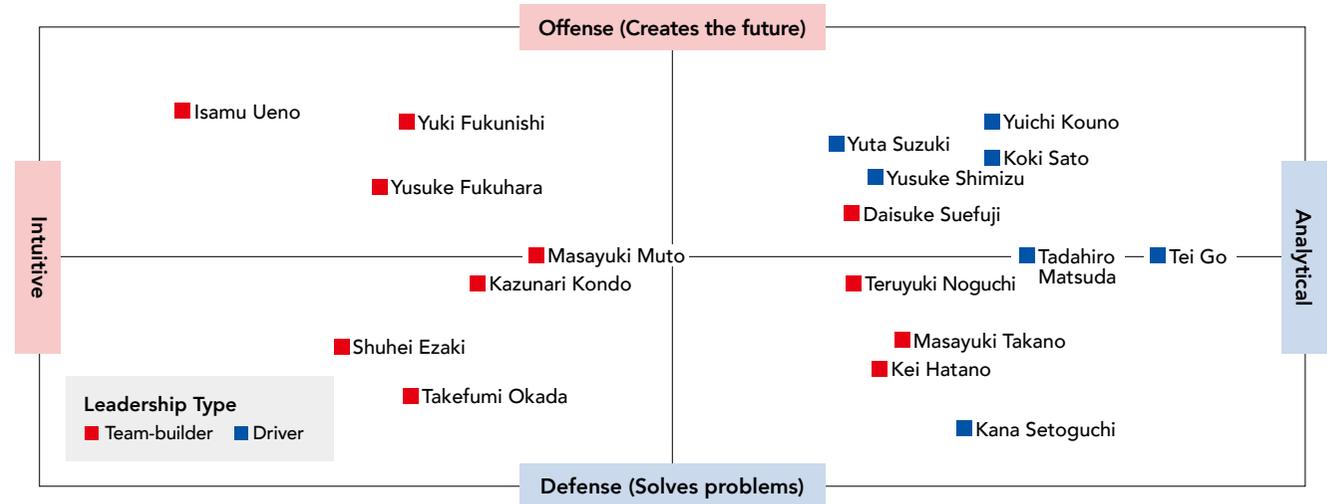
Executive Officer Team

As a result of investigating the characteristics of the Company's Executive Officers based on the FFS theory, a high percentage of members take the offense type or the driver type of leadership and excel at business promotion with a sense of speed.

On the other hand, officers with the defensive type are also allocated in a well-balanced manner, and risk management in business execution can also be easy to function in this individualized arrangement.

Following here are a personality matrix of the Company's Executive Officers and the results of an individual member personality analyses.

Executive Officers' Personality Matrix



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.
Tadahi Matsuda	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.
Yusuke Shimizu	A leader who embraces change. Has excellent judgment and determination. Good at missions that require pushing the boundaries.
Yuichi Kouno	A leader who embraces change. Has excellent judgment and determination. Good at missions that require pushing the boundaries.
Kei Hatano	A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning.
Teruyuki Noguchi	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.
Kana Setoguchi	A rationalist who continues improvement. Good at missions that require risk management.
Masayuki Muto	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.

Name	Personality Profile
Daisuke Suefuji	A rationalist who embraces change. Good at reconnaissance missions for innovation.
Masayuki Takano	A rationalist and team-builder. Persuades others to get on board and cooperate. Good at missions that require planning.
Yusuke Fukuhara	A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation.
Takefumi Okada	A problem solver. Coordinates the interests of others. Good at missions requiring personal relations.
Yuki Fukunishi	A team-builder who embraces change. Persuades others to get on board and cooperate. Good at reconnaissance missions for innovation.
Tei Go	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.
Shuhei Ezaki	A problem solver. Coordinates the interests of others. Good at missions requiring personal relations.
Yuta Suzuki	A leader who embraces change. Has excellent judgment and determination. Good at missions that require pushing the boundaries.
Kazunari Kondo	Multi-skilled with excellent flexibility. Balances offense and defense well. Good at missions that require resourcefulness.

(Note) We have obtained the consent of each Executive Officer regarding the publication of personalities of each person.

Consolidated Financial & Non-Financial Highlights (IFRS)

(Unless stated otherwise, all figures in this document are based on units of million yen.)

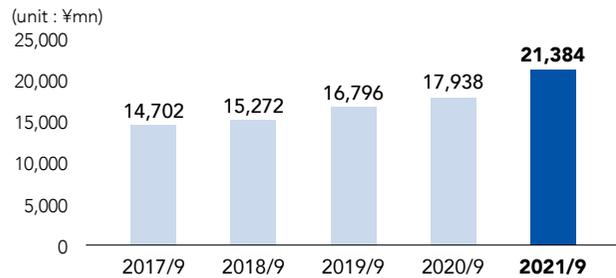
	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	14,702	15,272	16,796	17,938	21,384
Gross profit	12,989	12,674	13,962	14,596	17,285
Ratio to Revenue	88.3%	83.0%	83.1%	81.4%	80.8%
Selling, general and administrative expenses	10,652	11,693	11,924	12,156	13,745
Ratio to Revenue	72.5%	76.6%	71.0%	67.8%	64.3%
Non-GAAP operating profit	2,325	1,011	2,065	2,452	3,796
Ratio to Revenue	15.8%	6.6%	12.3%	13.7%	17.8%
Operating profit	2,248	977	183	2,274	3,650
Ratio to Revenue	15.3%	6.4%	1.1%	12.7%	17.1%
Profit for the period attributable to owners of the parent	2,211	847	(547)	1,464	2,604
Ratio to Revenue	15.0%	5.5%	—	8.2%	12.2%
(Reference) Net sales	72,375	72,443	76,501	76,489	97,606
Total assets	32,929	33,371	30,413	34,425	42,011
Equity attributable to owners of parent	15,172	15,672	14,796	15,793	18,426
Ratio of equity attributable to owners of the parent to total assets	46.1%	47.0%	48.7%	45.9%	43.9%
Cash flows from (used in) operating activities	(808)	(440)	1,258	2,340	4,619
Cash flows from (used in) investing activities	(1,706)	(310)	(205)	(804)	91
Cash flows from (used in) financing activities	2,457	112	(1,411)	(1,941)	(1,914)
Cash and cash equivalents at the end of period	15,519	14,922	14,488	14,081	16,900
Return on equity (ROE)	15.1%	5.5%	(3.6)%	(9.6)%	15.2%
Basic earnings per share (EPS) (yen)	17.38	6.71	(4.33)	11.58	20.59
Equity attributable to owners of parent per share (BPS) (yen)	120.08	124.00	117.02	124.90	145.72
Dividends per share	3.2	2.0	2.0	2.0	3.4

(Notes)

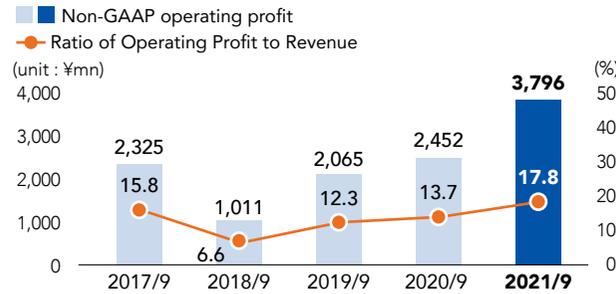
- Conventional "net sales" are voluntarily disclosed as reference information, while "revenue" is disclosed as an indicator based on IFRS. Revenues from advertising agency sales, which account for the majority of the Digital Marketing Business, are recorded on a net basis only for the margin portion.
- "Non-GAAP operating profit" is voluntarily disclosed in order to more appropriately express the actual state of the business and refers to the profit indicator used to assess ordinary business conditions after adjustments are made to IFRS-based operating profit pertaining to temporary factors such as stock-based compensation expenses, the impairment losses, and gains or losses on the sales of fixed assets.
- Figures are rounded to the nearest digit.

Consolidated Financial & Non-Financial Highlights (IFRS)

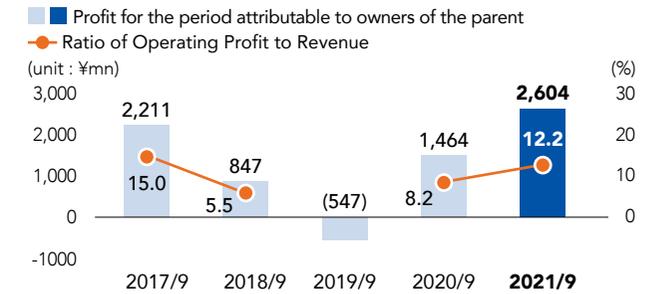
Revenue



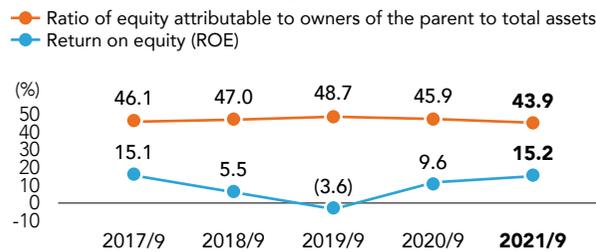
Non-GAAP Operating Profit / Ratio of Operating Profit to Revenue



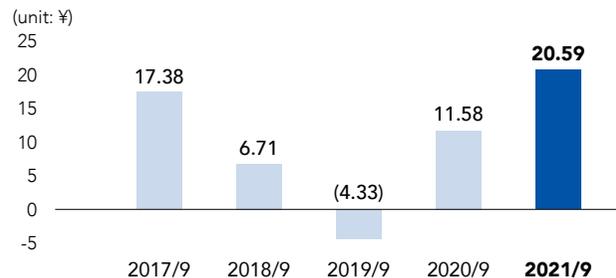
Profit for the Period Attributable to Owners of the Parent / Ratio of Operating Profit to Revenue



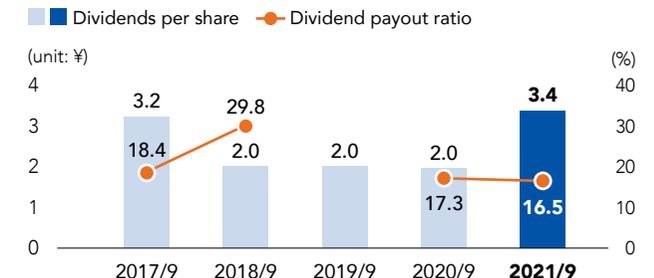
Ratio of Equity Attributable to Owners of the Parent to Total Assets / Return on Equity (ROE)



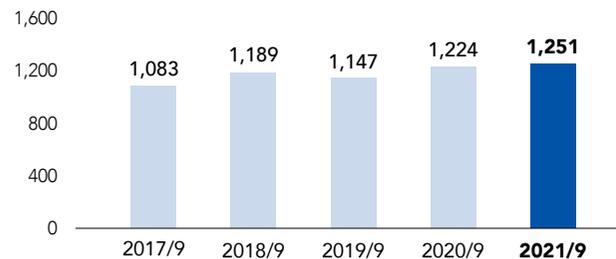
Basic Earnings Per Share (EPS)



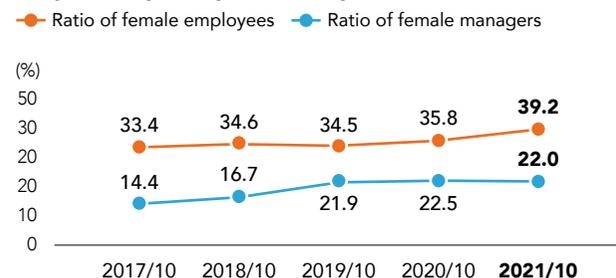
Dividends Per Share / Dividend Payout Ratio



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



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



Ratio of new graduates hired online*

100%

*New graduates in 2021.

Number of employees volunteering for cross-departmental committees*

138 in total

*From 2016 to September 2021.

Company Overview (As of January 1, 2022)

Trade Name SEPTENI HOLDINGS CO., LTD.

Headquarters Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1 Nishishinjuku Shinjuku-ku, Tokyo

Business Overview Corporate management and overall control of group companies through ownership of shares and other forms of equity.

Foundation October 1990

Capital 18,428 million yen

No. of Employees* 1,251 permanent staff/
1,511 employees
* As of September 2021

Group Companies (As of January 1, 2022)

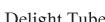
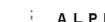
Digital Marketing Business (Domestic)

 SEPTENI CO., LTD. Digital marketing support business	 Septeni Japan, Inc. Digital marketing support business	 MANGO Inc. Digital performance advertising operation business	 HighScore, Inc. Digital marketing support business	 SEPTENI CROSSGATE CO., LTD. Ad network and platform business	 Septeni Ad Creative, Inc. Planning and production of Internet advertisement creatives	 Septeni Data Solutions, Inc. Intermediate holding company of data & solution domain	 FLINTERS, Inc. Planning and development, sales of data & solution domain
 FLINTERS BASE, Inc. Development support and career support for software engineer	 Tricorn Corporation Development of customer relation management (CRM) platform and digital transformation support business	 Milogos, Inc. Digital marketing support business	 DENTSU DIRECT INC. Direct marketing support business	 DENTSU ELFTO ARCHITECT INC. Web marketing support business	 PRIME X Co., Ltd. Internet realty marketing business	 DENTSU DIGITAL INC. Digital marketing support business	

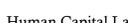
Digital Marketing Business (Overseas)

 Septeni Asia Pacific Pte. Ltd. Digital marketing support business based in Asia Pacific	 Septeni America, Inc. Digital marketing support business based in North America	 Septeni Global G.K. Digital marketing support business based in Japan and Overseas	 Septeni China Limited Digital marketing support business based in China	 JNJ INTERACTIVE INC. Digital marketing support business based in South Korea	 Lion Digital Global LTD. Digital marketing support business based in Southeast Asia	 FLINTERS VIETNAM CO., LTD. Planning, development and other web service business
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Media Platform Business

 COMICSMART, Inc. Manga Content Business	 Qzil, Inc Animation production business	 Vivivit, Inc. Employment platform business	 gooddo, Inc. Platform business of social contribution	 TowaStela, Inc. Childcare platform business	 Delight Tube, Inc. Planning, production and management of Internet media	 ALPHABLE, Inc. Management of service of looking for love, and development and sales of cosmetic products
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Expansion into New Business Segments

 PERF, Inc. Participation in the professional dance league "D.LEAGUE", team operation and development	 Human Capital Lab, Inc. Providing solutions that utilize the AI matching system and supporting construction of systems from recruitment to training
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 LIVAND, Inc. Supporting DX in the entertainment industry

New Business Development

 Septeni Incubate, Inc. New business development and incubation	 SIGNCOSIGN, INC. Support for co-creation of corporate design
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Stock Status (As of September 30, 2021)

Please refer to the following for the latest status of shares.



Number of shares authorized

370,080,000

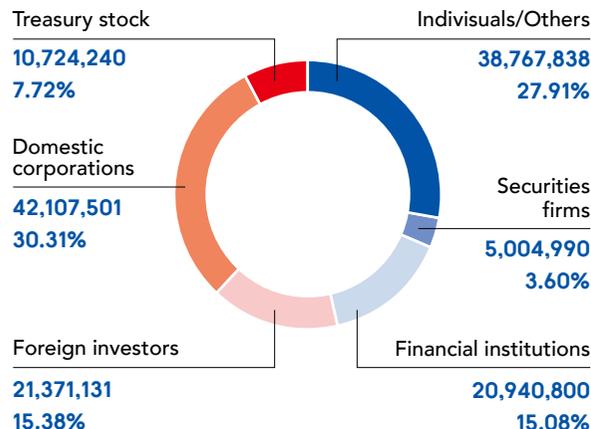
Number of shares issued

138,916,500

Number of shareholders

8,805

Breakdown by the Number of Holdings Shares



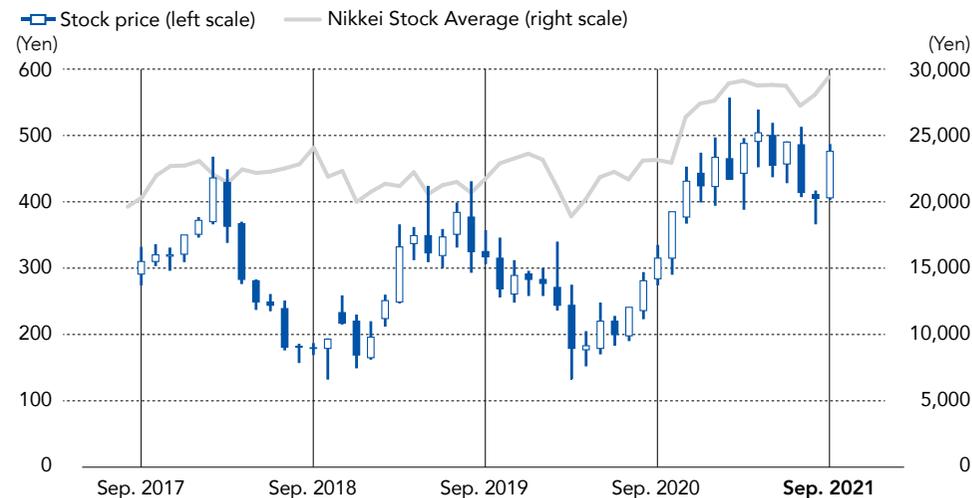
Major Shareholders

Name	Number of shares held	Percentage of total shareholdings (%)
DENTSU GROUP INC.	26,895,001	20.98
Village seven Co., Ltd.	14,419,000	11.24
Mamoru Nanamura	12,450,500	9.71
Custody Bank of Japan, Ltd. (Trust Account)	10,174,800	7.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,939,400	4.63
STATE STREET BANK AND TRUST COMPANY 505001	2,252,200	1.76
Hiroshi Shimizu	2,000,000	1.56
STATE STREET BANK AND TRUST COMPANY 505019	1,961,300	1.53
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	1,771,200	1.38
The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account 76034)	1,739,200	1.36

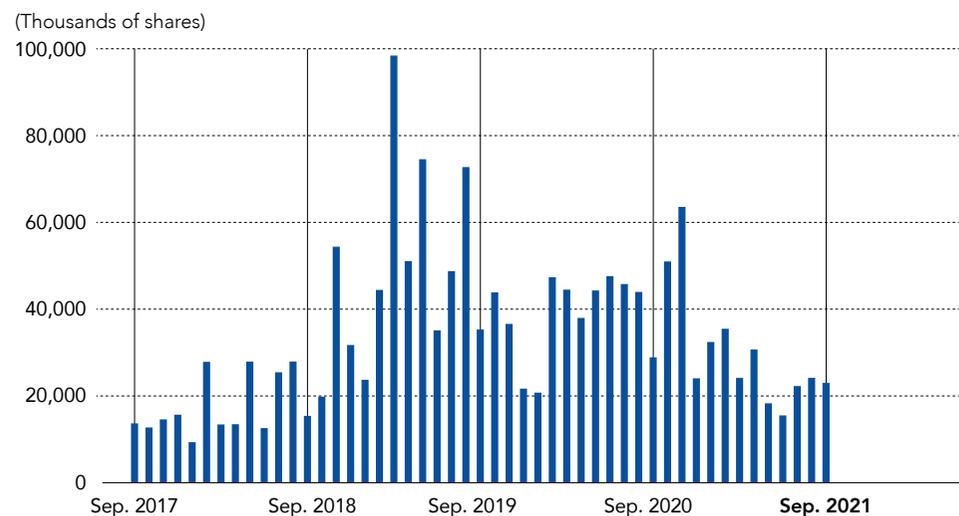
(Note 1) The above shareholding ratio is calculated by excluding treasury stock (10,724,240 shares).

(Note 2) The number of treasury stock does not include the shares (1,739,200 shares) held by the Executive Compensation BIP (Board Incentive Plan) Trust.

Stock Price Range



Trading Volume





SEPTENI HOLDINGS CO., LTD.

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

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