



SEPTENI

SEPTENI HOLDINGS CO., LTD.

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

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SEPTENI

Integrated Report 2018



Septeni's Standards

Corporate Philosophy and Code of Conduct

Corporate Philosophy

Mission

Inspiring the world with entrepreneurship

Vision

To create a strong and great company

Creed

ひねらんかい

"Hinerankai"

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

Code of Conduct

The Septeni Way

Speed

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

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

Stretch

Setting challenging targets

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

Partnership

Achieving mutual growth

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

Fair & Open

Make things simple and easy for anybody to understand.

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

Diversity

Using diversity as a competitive edge

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

Passion

Remaining passionate

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

Free & Rule

Freedom within discipline

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

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Editorial Policy

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

For more detailed IR and CSR information, please visit our website.
<https://www.septeni-holdings.co.jp/en/>

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.

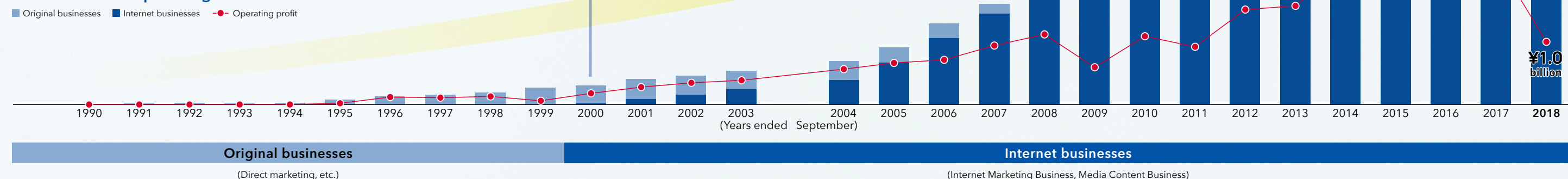


Steady Achievement

Growth Potential of the Septeni Group

The Septeni Group started its Internet businesses in 2000. Since then, the Internet has made broad and deep inroads into people's lives and brought about changes in all industries, becoming information infrastructure essential to today's society. At the same time, the Internet advertising market has grown rapidly, establishing a position as an advertising medium on a par with television. The Group regards changes in society as new growth opportunities and will continue to provide services that exceed client expectations and remain in tune with the times.

Net Sales and Operating Profit



History of the Internet and Changes in the Internet Advertising Market

Source: Based on *Information Media White Paper 2016*, Dentsu Innovation Institute, with revisions

1994-1998	1999-2003	2004-2007	2008-2013	2014-present
The Internet becomes widespread among the general public Era of banner ads 1994 Dial-up connection through telephone lines begins 1995 Windows 95 is launched	The Internet becomes available anytime and anywhere Diversification of advertising methods (affiliate marketing, reward ads, burst campaigns, listings) 1999 Advent of i-mode, which enables sending and receiving of email and web browsing using mobile phones 2001 Spread of ADSL increases communication speed and lowers prices for home Internet environments	Dawn of social media Attempts at cross-advertising with existing media 2004 onward Successive launches of social media platforms, including Facebook, mixi, YouTube and Twitter	Evolution of ad technology Conceptual shift from "buying ad space" to "buying a number of people to reach with information" 2008 iPhone 3G is launched Influx of financial engineering professionals into the Internet market triggered by the global financial crisis 2011 LINE services begin	Double-digit growth in Internet advertising expenditures Mobile advertising drives the Internet advertising market 2017 Internet advertising in Japan approaches the level of television advertising in terms of advertising expenditures

History of the Septeni Group

In 1990, Mamoru Nanamura, currently the honorary chairman, established SUB & LIMINAL CO., LTD., a forerunner of SEPTENI HOLDINGS CO., LTD., to embark on the recruitment consulting business. In 1993, we launched the Direct Marketing Business (an agency service for sending direct mail). Business grew steadily, laying the foundation of the Septeni Group. Later, Koki Sato, the current Representative Director and President, launched the Internet Advertising Business, which is the main business of the Septeni Group today.



Mamoru Nanamura,
founder of the Company



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

Achieving Strong Growth through the Internet Advertising Business

March 2000
Changed trade name to SEPTENI CO., LTD.

April 2000
Started the Internet Advertising Business

August 2001
Listed on JASDAQ

September 2001
Acquired Hi-z Inc. as a subsidiary (Changed trade name to AXEL MARK INC. in November 2005)

July 2003
Established Osaka sales office (currently Kansai Branch office of SEPTENI CO., LTD.)

June 2004
Acquired Tricorn Corporation as a subsidiary

July 2004
Established Fukuoka sales office (currently Fukuoka Branch office of SEPTENI CO., LTD.)

January 2005
Established SEPTENI CROSSGATE CO., LTD.

July 2005
Established Nagoya sales office (currently Nagoya Branch office of SEPTENI CO., LTD.)

April 2006
Established SEPTENI DIRECTMARKETING CO., LTD.

October 2006
Converted into 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

Focusing on Growth Areas for a Further Leap Forward

October 2009
Established MANGO Inc.

November 2010
Established High Score, Inc.

October 2011
Established SEPTENI VENTURES Co., Ltd.

March 2012
Began conducting the Internet Advertising Business outside Japan

February 2013
Established COMICSMART, Inc. and started the Manga Content Business

March 2013
Established SEPTENI TECHNOLOGY CO., LTD.

October 2013
Established Vivivit, Inc.

January 2014
Established Septeni Original, Inc.

October 2014
Sold all shares of SEPTENI DIRECTMARKETING CO., LTD.
Established gooddo Inc.

October 2016
Established TowaStela, Inc.
Acquired the shares of Lion Digital Global LTD through Septeni Asia Pacific Pte. Ltd. and made it a subsidiary

April 2017
Established Septeni Ad Creative, Inc.

September 2017
Established Delight Tube, Inc.

April 2018
Established SIGNCOSIGN, INC.

October 2018
Established HEDGEHOG PRODUCTS, Inc.
SEPTENI HOLDINGS CO., LTD. entered a capital and business alliance with Dentsu Inc.