

Our Mission

What we aim to achieve



Inspiring the world with entrepreneurship

Our Way

How we will achieve our mission



We use our human resources and unique culture to achieve growth in existing businesses and expand into new industry segments.

Strategies

The Group President and Chief Executive Officer on Strategy

Combining emotion and technology to provide unprecedented value for industry

The Fiscal Year Ended September 2019 Was the Starting Point for Midterm Growth. Moving Forward, We Will Establish a Competitive Advantage through Our Alliance with the Dentsu Group.

Nowadays, more and more of our clients have declared their intention to make digital operations the core of their management. Basing market development strategy and business models on Digital Transformation (DX) is already taken for granted. I feel that top executives at each company are conducting management with a strong commitment to this transformation, which they view as a choice between making the shift or ceasing to grow. The Septeni Group has been quick to take advantage of the move to digital advertising, which is a major market shift, to grow its business.

Looking at our latest business results, consolidated revenue for the fiscal year ended September 2019 increased 10% year on year, and non-GAAP operating profit roughly doubled. In fact, over the past four years, operating profit has actually been undergoing a V-shaped recovery.

In October 2018, at the beginning of the fiscal year under review, we entered into a mutual and comprehensive capital and business alliance with the Dentsu Group. I believe this alliance will generate two benefits. First, having Dentsu Inc. as our largest shareholder strengthens our operations in terms of capital. Second, it enables us to secure a superior position in the field of digital marketing, beyond conventional digital advertising. During the fiscal year ended September 2019, organic growth and the increase in the value we were able to provide to customers due to our alliance with the Dentsu Group contributed to stronger results compared with the previous fiscal year. More importantly, this alliance will be the engine that drives our medium-to-long-term growth strategies and establishes a competitive advantage. Going forward, we will be a key player in the digital marketing field, supporting our clients' evolution and business model innovation, centered on DX. During the fiscal year ended September 2019, we clearly showed stakeholders our determination to take a leading role in empowering such change.



Koki Sato

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

- 1977 Entered SUB & LIMINAL CO., LTD. (which subsequently became SEPTENI HOLDINGS CO., LTD.) after graduating from university
Launched an Internet advertising agency in his third year after joining the Company, developing it as a new business manager into one of Japan's top Internet advertising companies
- 2006 Appointed as President and Representative Director of the operating company SEPTENI CO., LTD. with the transition to a holding company structure
- 2009 Appointed as Representative Director and President of SEPTENI HOLDINGS CO., LTD. (current position)
- 2017 Appointed as Group President and Chief Executive Officer (current position) following the introduction of an entrusted executive officer system
- 2019 Appointed Executive Officer of Dentsu Inc. (currently Dentsu Group Inc.) in conjunction with signing of capital and business alliance with Dentsu Inc.
- 2020 Appointed as Member of Dentsu Japan Network Board (current position)



The Theme of Our New Midterm Business Policies: Domain Expansion

Performance advertising and other businesses that we have been involved in have gradually matured. We forecast that results from stepping up our efforts in this market will be limited, so we are facing the prospect of slowing growth if we do not change. In light of this situation, we have made “domain expansion” the theme of our new Midterm Business Policies for the three-year period from 2020 to 2022. We will broaden the DX market beyond online advertising, starting with the expansion of the Septeni Group’s operations into fields contiguous to our core businesses.

In keeping with these moves, we have changed the names of our business segments to match the Midterm Business Policies. The Internet Marketing Business has been renamed the Digital Marketing Business to reflect our intention to focus on a wider digital domain as a partner that offers clients strong support in promoting DX. The Media Content Business is now in a monetization phase as a result of intensive investment in the manga app GANMA! over the past few years. With the addition of the smooth launches of new businesses created within the Group, we are building a platform that will link multiple media and products, rather than relying on GANMA! alone. In this way, we are delineating our vision for a future in which each business helps the others grow through their comprehensive strengths. This concept has been reflected in the segment’s new name, the Media Platform Business.

Digital Marketing Business Support clients in promoting DX and act as a standard-bearer for promoting DX throughout the industry.

Media Platform Business Use various media as a platform for growth using the comprehensive strength of the Group.

Our Midterm Business Policies are announced based on a rolling plan that is reviewed each year. This is because our uncertain operating environment requires management to respond promptly and decisively to change. Today, it is almost impossible to make accurate predictions of what lies three to five years ahead, unlike in Japan’s postwar period of rapid economic growth. Consequently, we have decided to update our view each year in the form of Midterm Business Policies that are compatible with our unique way of doing business. We also have a view of the near future based on our understanding of the direction of major societal changes. However, since such a view can get out of step with the times over three to five years, we have decided to revise it each year. Of course, these revisions do not result in a completely different view, but rather serve to connect the dots in an ongoing story. Our view is a message that describes the kind of role we want to play as part of our relationship with society in responding to change.

Our current quantitative targets for the fiscal year ending September 2022 are revenue of ¥25 billion and non-GAAP operating profit of ¥3.6 billion. As we expand into new business segments, we aim to increase profit by growing revenue.

Using Human Resources Who Possess a Good Sense of Ownership and a Strong Entrepreneurial Spirit to Drive Group Growth

The Septeni Group distinguishes itself by continuously creating markets that have potential rather than following other companies into existing markets. This is because our corporate culture instills in each employee the entrepreneurship to be the first to focus on the growth fields and social issues of the near future, and to create major trends and work toward solutions. Most likely, the key to creating markets is the ability to sense signs of potential and growth in what seems to be, at present, no more than a chaotic situation. In order to drive the entire Septeni Group, we aim to give free reign to capable, sharp people with the ambition and confidence to think and act on their own, without waiting for instructions from top management or their bosses.

In the three years from 2020 to 2022, we intend to concentrate our management resources in rapidly changing fields that have growth potential – fields we find truly interesting. We will also continue to invest in our business infrastructure, or our “operating system,” with a focus on human resources, as we did in our previous Midterm Business Policies. Over the past few years, we have been stepping up such investment, including the AI-based personnel system centered on machine learning that we developed in-house. This system uses our enormous database to rapidly develop employees into fully contributing members and optimally deploy them. The system has received positive feedback from many external organizations, and its effectiveness in improving business productivity is clearly evident within the Group. For example, tasks formerly requiring human involvement, such as personnel-related meetings and coordination, have been substantially automated. We have achieved a high level of accuracy in predicting outcomes when assigning or transferring human resources, with the ability to forecast exactly how much a specific person will improve his/her performance if assigned to a specific department. In today’s Septeni Group, our accumulated data and technology infrastructure for human resources thus function as an operating system, which we use to create a series of appealing applications (businesses). In addition, viewing social change as an opportunity for new growth, the operating system incorporates our unique corporate culture in which employees create new businesses. These are strengths of the Septeni Group.

Meaningful initiatives such as the business development and investment activities described above have enabled us to provide clearer answers when society questions Septeni’s significance and the value it provides. By combining people’s energy and emotion with our sophisticated technological infrastructure, the Septeni Group will enable people to demonstrate their unique energy to provide unprecedented value to industry. Based on their good sense of ownership and strong entrepreneurial spirit, our human resources will continue to help make the world a better place.

Return of Profits

To return profits to our shareholders and investors, we have set a target payout ratio of 15% of profit for the period attributable to owners of the parent, and have set a lower limit for dividends per share of ¥2.0 in consideration of the need for continuity and stability in dividends. We will continue to allocate profits appropriately, commensurate with growth in our business results.

Our Values

Corporate Philosophy and Code of Conduct

Corporate Philosophy

Mission

Inspiring the world with entrepreneurship

Vision

To create a strong and great company

Creed

ヒネランカイ

Hinerankai

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

Code of Conduct

The Septeni Way

Speed

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

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

Stretch

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

Partnership

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

Fair & Open

Make things simple and easy for anybody to understand.
We ensure fairness and openness in constructing an environment and relations.

Diversity

Using diversity as a competitive edge

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

Passion

Remaining passionate

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

Free & Rule

Freedom within discipline

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

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Editorial Policy

The Septeni Group aims to help realize a sustainable society by working to resolve social issues through its businesses. We publish the Integrated Report to give our stakeholders an overall 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 advertising. 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.

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

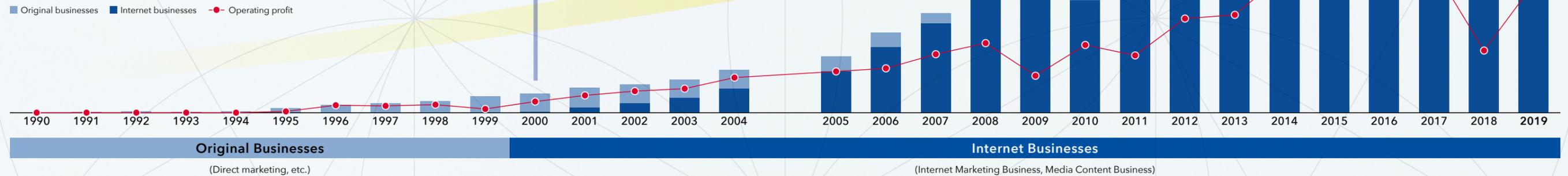
Net sales: approx. **15%** Operating profit: approx. **14%**

Net sales FY ended Sept. 2000: **¥4.9 billion** → **15.6 times** → Net sales FY ended Sept. 2019: **¥76.5 billion**

Operating profit FY ended Sept. 2000: **¥180 million** → **11.7 times** → Operating profit FY ended Sept. 2019: **¥2.1 billion**

Note: Figures presented are based on Japanese GAAP for the fiscal year ended September 2000 and IFRS for the fiscal year ended September 2019.

Net Sales and Operating Profit



History of the Internet and Changes in the Internet Advertising Market

Source: Prepared by SEPTENI HOLDINGS CO., LTD. based on *Information Media White Paper 2016*, Dentsu Institute

1994-1998

Internet usage becomes widespread among the general public

Era of banner ads

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

1999-2003

The Internet becomes available anytime and anywhere

Diversification of advertising methods (affiliate marketing, listings)

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

2004-2007

Dawn of social media

Attempts at cross-advertising with existing media

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

2008-2013

Evolution of ad technology

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

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

2014-

Double-digit growth in Internet advertising expenditures

Mobile advertising drives the Internet advertising market

- 2017 Internet advertising in Japan approaches the level of television advertising in terms of advertising expenditures

Achieving Strong Growth through the Internet Advertising Business

Focusing on Growth Areas for a Further Leap Forward

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

Creed



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

- March 2000 Changed trade name to SEPTENI CO., LTD.
- April 2000 Started the Internet Advertising Business
- August 2001 Listed on JASDAQ
- July 2003 Established Osaka sales office (currently Kansai Branch office of SEPTENI CO., LTD.)

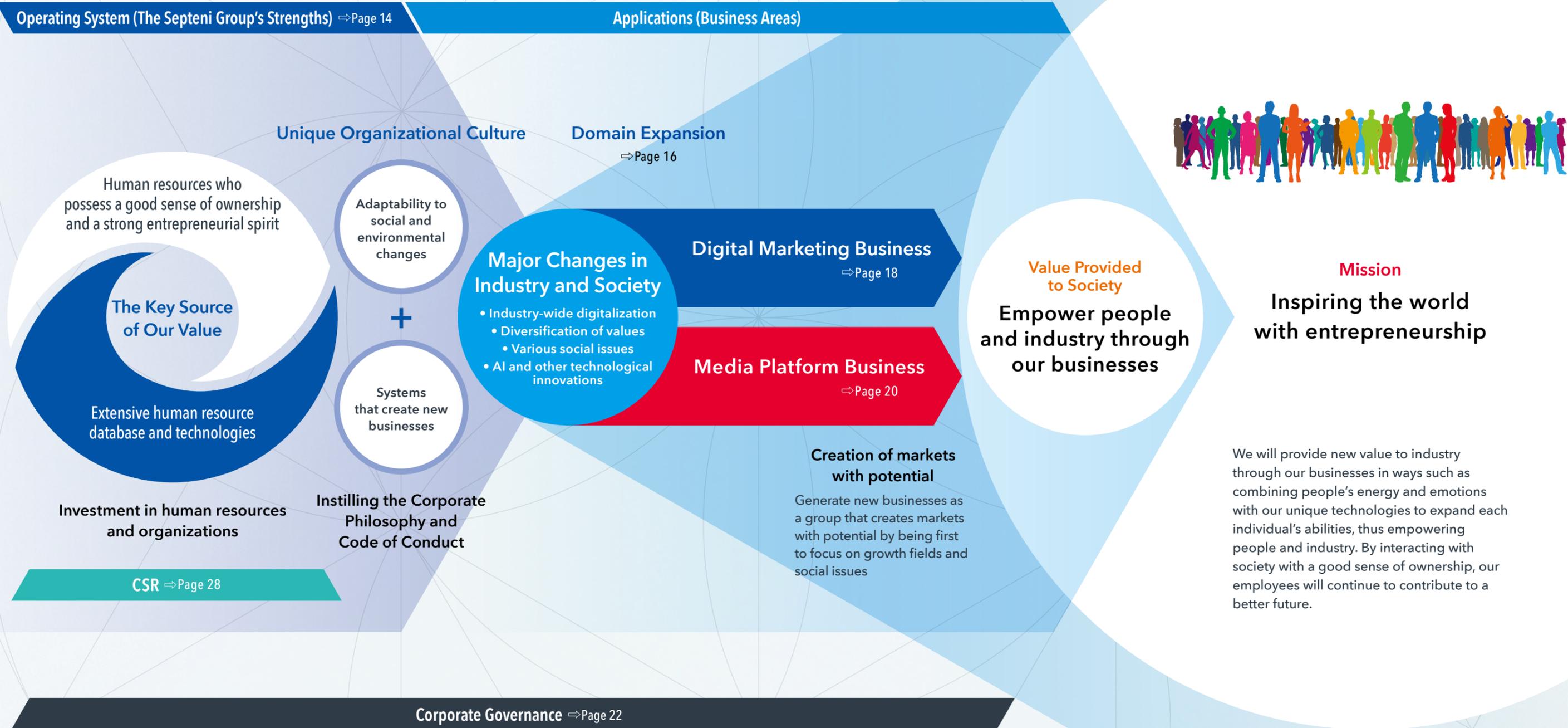
- June 2004 Acquired Tricorn Corporation as a subsidiary
- July 2004 Established Fukuoka sales office (currently Fukuoka Branch office of SEPTENI CO., LTD.)
- January 2005 Established SEPTENI CROSSGATE CO., LTD.
- July 2005 Established Nagoya sales office (currently Nagoya Branch office of SEPTENI CO., 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

- 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.

- October 2014 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.
- January 2018 Established Milogos, 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. (currently Dentsu Group Inc.)

Our Value Creation Model

The Septeni Group creates businesses (applications) using its unique strengths (operating system). This operating system comprises the conditions that give rise to our unique organizational culture, in which employees who possess a good sense of ownership and a strong entrepreneurial spirit take advantage of our extensive human resource database and technologies to more fully demonstrate their abilities. Our operating system allows us to take the lead in identifying major changes in industry and society in order to constantly generate appealing applications (businesses). By empowering people and industry in this way, we aim to fulfill our mission of inspiring the world with entrepreneurship.



Our Strengths

The Septeni Group's most important asset is its human resources: employees who possess a good sense of ownership and a strong entrepreneurial spirit. To enable them to fully demonstrate their potential and play an active role, we have accumulated an enormous amount of data on human resources and over the past few years we have been using an AI-based personnel system that we developed in-house to optimize individual hiring, development and placement.

We have also grown by taking on challenges in new businesses ahead of the changing times. As we grow, we place great value on our unique organizational culture in which adaptability to change and systems conducive to creating new businesses are deeply rooted and underpinned by our corporate philosophy and code of conduct. Because of this, we are able to further expand our operations.

The Key Source of Our Value

1. Human resources who possess a good sense of ownership and a strong entrepreneurial spirit

The Septeni Group's mission, "Inspiring the world with entrepreneurship," expresses our reason for existence and our purpose in society. To us, entrepreneurship means individuals who possess a good sense of ownership and a strong entrepreneurial spirit, and we believe that such individuals are the Group's greatest asset.

2. Enormous human resource database and technologies

In 2009, the Septeni Group began compiling data and researching human resource development to maximize each employee's performance. Since 2014, we have been using the technologies resulting from this research in our recruiting. In addition, in 2016 we established the Human Capital Lab, which specializes in research on human resource data.

Note: For details, see "The Septeni Group's CSR" on page 28 of this report.

To fulfill its mission, the Septeni Group places entrepreneurial individuals who can think and act for themselves at the core of each of its organizations, using its human resources as the basis for businesses development by enabling each employee to demonstrate his/her abilities. We offer opportunities to take on a variety of challenges as well as environments and systems that enable each employee to display entrepreneurship through the creation of new services.

Main Programs

	Program	Overview
Support for employee growth	Self-Development Support System	Introduced to create opportunities for developing capabilities outside the Company, this system provides subsidies covering 70% of the total cost (¥70,000 maximum) of study at external seminars, business schools and elsewhere.
	BLP Management	A development program specializing in management to train future senior management candidates. Applicants who are selected attend an external business school for two years free of charge.
	Side Business System	In 2017, the Company lifted its prohibition on engaging in side businesses, subject to approval. We promote diverse working styles in the belief that individuals who acquire new skills and experiences from their interests outside the Company will be more engaged in their main job. Currently, more than 70 of our employees have side jobs.
Opportunities to take on challenges	gen-ten	An annual in-house contest for new business plans. Applicants whose plans are highly rated and who show strong enthusiasm for developing their proposed businesses are given an opportunity to pursue their commercialization at SEPTENI VENTURES Co., Ltd.
	Essay Contest	Each year, a theme related to the Company's future is chosen, with a call for essays on what entrants can and should do. Awards are given for the best essays.
Opportunities for praise	Various in-house awards	Various semiannual and annual awards have been established within the Group and each company to commend employee achievements and efforts.

3. Investment in human resources and organizations

Unique Organizational Culture

The Septeni Group is prompt in identifying signs of change and growth areas in society, and has grown by flexibly adjusting the allocation of management resources in response. As it has grown, the Group has fostered a culture capable of enjoyably capitalizing on social changes as opportunities for taking on new challenges – a culture in which anyone can take on new businesses, regardless of age. Working to instill our corporate philosophy and code of conduct, which set forth this culture and its values, and sharing them among all employees has led to our sustainable growth as a company.

View social change as an opportunity for new growth

- Display an entrepreneurial spirit in choosing challenges that make bigger differences
- Identify markets that have potential

Have fun creating new business

- Implement in-house new business plan contest and other such programs
- Support self-development and conduct management training programs

About Our Corporate Logo

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

For details, please visit our website by clicking the URL below or by using the QR code at the right.
<https://www.septeni-holdings.co.jp/corporatedesign/> (Japanese only)



Tough, gentle and fun. Inspiring the world with entrepreneurship

The toughness to get results by always choosing the more substantial change with an entrepreneurial spirit.

The gentleness to share successful experiences and growth opportunities with all through systemization while also accepting diversity.

The fun found in accomplishing difficult tasks through our unique methods.

With these three strengths, we take on the challenge of new markets in a new world.

Midterm Business Policies

Formerly, the Septeni Group presented its Midterm Business Policies without subdividing the term by year. However, we have made a major revision in light of changes in our operating environment. Going forward, we will use a rolling method to review our policies each fiscal year, including our plans for revenue and operating profit.

In line with the Midterm Business Policies commencing in the fiscal year ending September 2020, we will work to expand our businesses under the theme of "domain expansion." Together with the adoption of this theme, we have changed our business segment names. We will also consider expansion into new business segments under the Midterm Business Policies.

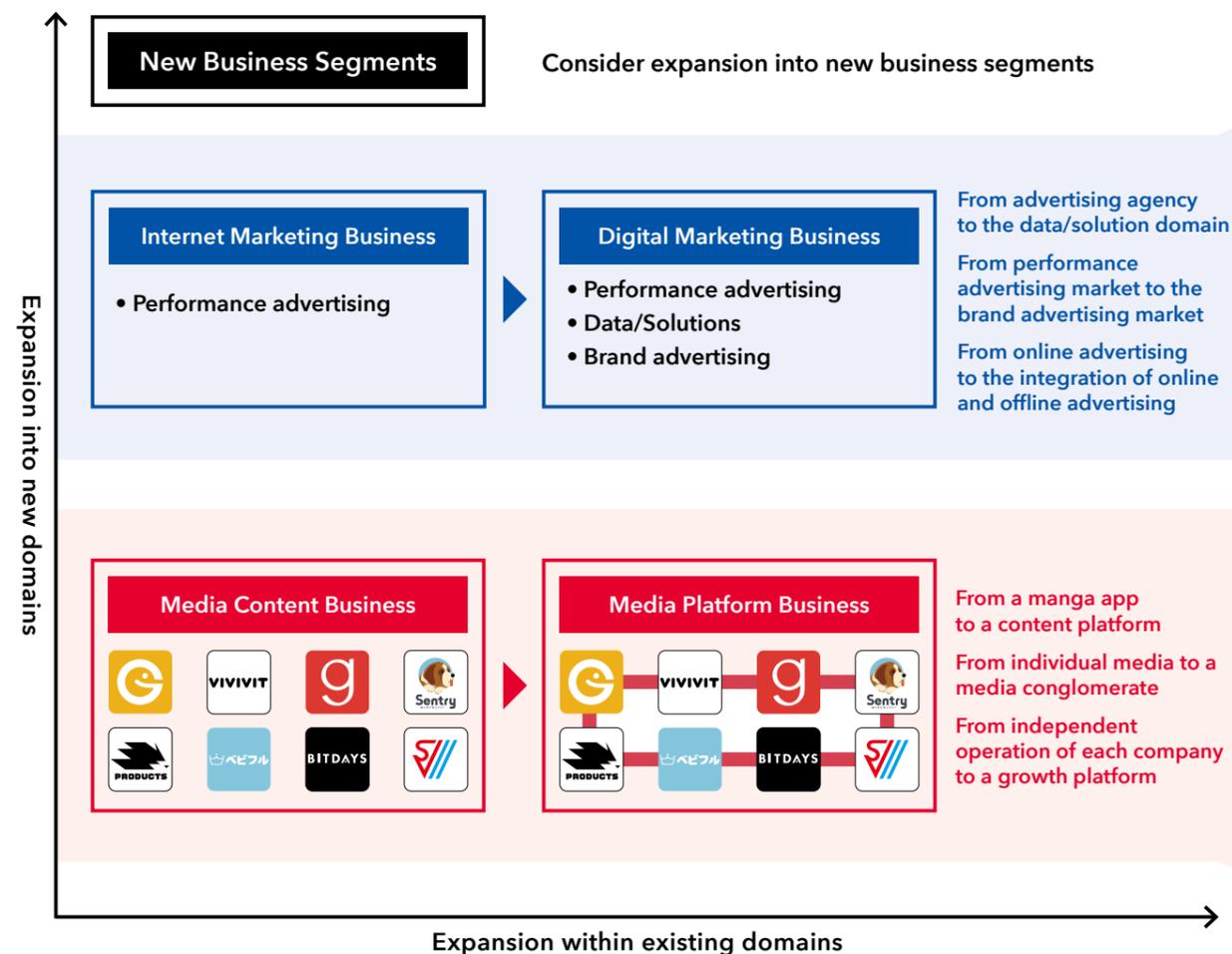
Theme of the Midterm Business Policies



Changes of Segment Names

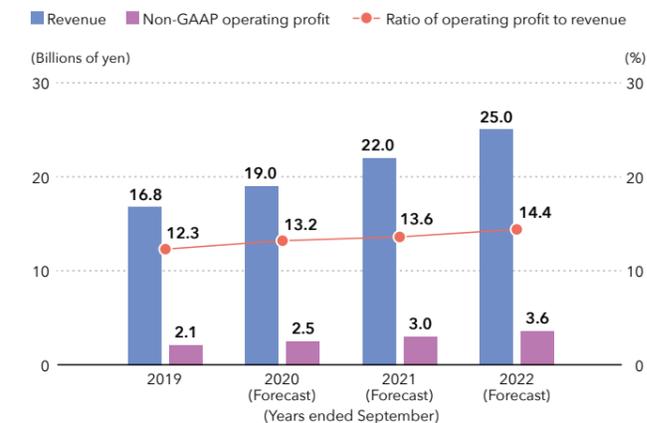
Former Segment Names	New Segment Names
Internet Marketing Business	Digital Marketing Business
Media Content Business	Media Platform Business

Overview of Midterm Business Policies (Domain Expansion)



Three-Year Plan

Aim for growth by increasing profit through higher revenue while expanding into new business segments



Digital Marketing Business

Basic Policy

Aim for organic growth through development of new markets
+
Accelerate cooperation with Dentsu Group companies

Digital transformation through integration of online and offline advertising



Digital advertising operation capabilities

Mass advertising, sales promotion, analytics, and CX, EC and CRM operation

- Use the expertise and strengths of both companies in the digital domain
- Further increase personnel for DX promotion based on the integration of online and offline advertising

Promote digital transformation throughout the industry by accelerating cooperation with Dentsu Group companies

Media Platform Business

Basic Policy

Now that upfront investment in GANMA! has peaked and investment in new businesses is contributing to revenue, individual companies will combine their strengths to enhance their growth potential as a group.

COMIC SMART

Operator of GANMA!, a manga app with over 200 original works in various genres.

Pharmarket

Operator of Sentry, a system that links dispensing pharmacies with individual patients by helping pharmacists provide patients with required information on their prescriptions.

gooddo

Operator of social contribution platform gooddo. Provides public relations support and consulting to NPOs and NGOs.

vivivit

Operator of VIVIVIT, one of Japan's largest matching services for creative workers, through which more than 500,000 of their works have been posted.

TowaStela

Developer and operator of Babyful, an online childcare support platform, and other childcare goods e-commerce websites.

Delight Tube

Operator of BITDAYS, an online lifestyle magazine that presents business trends involving the application of fintech, real estate tech and other digital technologies in an easy to understand fashion.

EDGE FOCUS

Developer of smartphone game apps and ad products.

Septeni Ventures

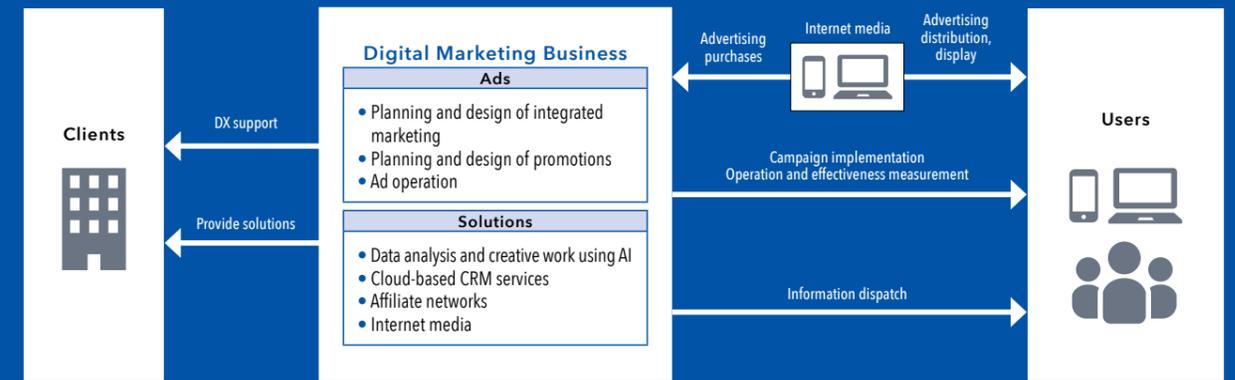
New business development and incubation support.

Strategy by Business: Digital Marketing Business

The Digital Marketing Business harnesses the Internet to provide comprehensive marketing support services to corporations. In addition to selling Internet advertising, this business is also expanding operations in the field of digital solutions, including marketing platforms such as cloud-based customer relation management (CRM) services and affiliate networks.

<p>Opportunities</p> <ul style="list-style-type: none"> Industrywide progress in digital transformation (DX) Establishment of a competitive advantage through collaboration with the Dentsu Group 	<p>Issues</p> <ul style="list-style-type: none"> Increasing sophistication and specialization of marketing methods Securing human resources for integrated online/offline marketing
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Business Model



Overview of Results for the Fiscal Year Ended September 2019

- Main subsidiaries SEPTENI CO., LTD. and Septeni Japan launch a new management structure.
- Cultivation of the brand advertising market progressed in Japan, resulting in a steady increase in clients and advertising for large-scale clients.
- Overseas, results were weak in North America and Asia. As a result, Southeast Asia subsidiary Lion Digital Global LTD booked losses including impairment on goodwill. We will restore the business by changing the management structure and selectively concentrating office locations.
- Efforts including support for ad operation for digital marketing projects handled by the Dentsu Group and provision of knowledge and technologies progressed as planned, contributing to an increase in profits.

Revenue and Non-GAAP Operating Profit



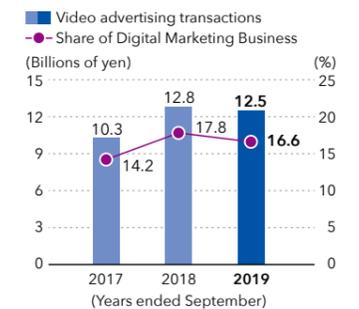
Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses. Unrestated figures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

Future Strategy

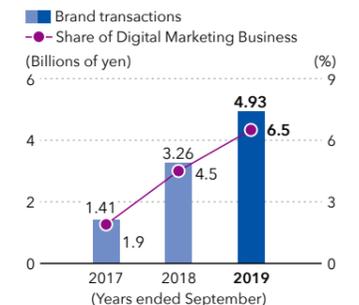
The Internet advertising market, where growth has been backed by a corporate shift to digital operations, has reached a turning point of sorts in recent years due to technological evolution of the Big Four tech companies and other major U.S.-based platforms. A particularly significant change has been the advances in data utilization and automation in the fields of design and operation of advertising to maximize the effects of promotion.

Major digital agencies, including the Septeni Group, will be required to restructure to increase their organizational capabilities. This will include combining internal assets in order to respond with precision to the exacting demands of clients seeking to evolve their digital marketing. In light of these trends, our first step has been to enter into a business alliance with the Dentsu Group to secure a more advantageous position in the industry as we make integrated marketing proposals that combine online and offline advertising. In addition, by accelerating our expansion into the data solutions field, we will establish our presence as a partner that can help clients achieve the digital transformation they require.

Video Advertising Transactions



Domestic Brand Advertising Transactions



Specific Initiatives under the Capital and Business Alliance with the Dentsu Group

Making use of differ in their specialties and strength in both company, added value to provide for clients by creating synergy through short and medium-term initiatives are improved.



Offering knowledge and technology of the Internet Marketing Business	Sales of the Company group's media, mainly GANMA! by Dentsu Group	The Company supports the implementation of advertisements for net marketing projects handled by the Dentsu Group.
Mutual use of data assets held by both companies	Propose integrated marketing of online/offline utilizing the client bases of both companies	

We provide client companies with benefits through data-centric marketing methods.

Yusuke Shimizu

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

2006 Joined SEPTENI CO., LTD. after graduating from university
 2018 Appointed as Group Executive Officer (current position)
 Appointed as President and Representative Director of SEPTENI CO., LTD. and Septeni Japan, Inc. (current positions)

In recent years, many companies have established IT infrastructure to utilize the data they have accumulated. However, few companies deploy this infrastructure in marketing to reliably achieve growth. By focusing on this situation, we plan to use data-centric marketing methods from the fiscal year ending September 2020 onward to provide clear benefits to client companies.



Strategy by Business: Media Platform Business

The Media Platform Business fosters and supports manga artists and operates the manga app GANMA!, which mainly features original works by exclusively affiliated authors, with the aim of planning and developing the Company's intellectual property (IP). In addition, the Media Platform Business conducts new businesses generated by the in-house startup program, such as the recruitment, social contribution and childcare platform businesses.

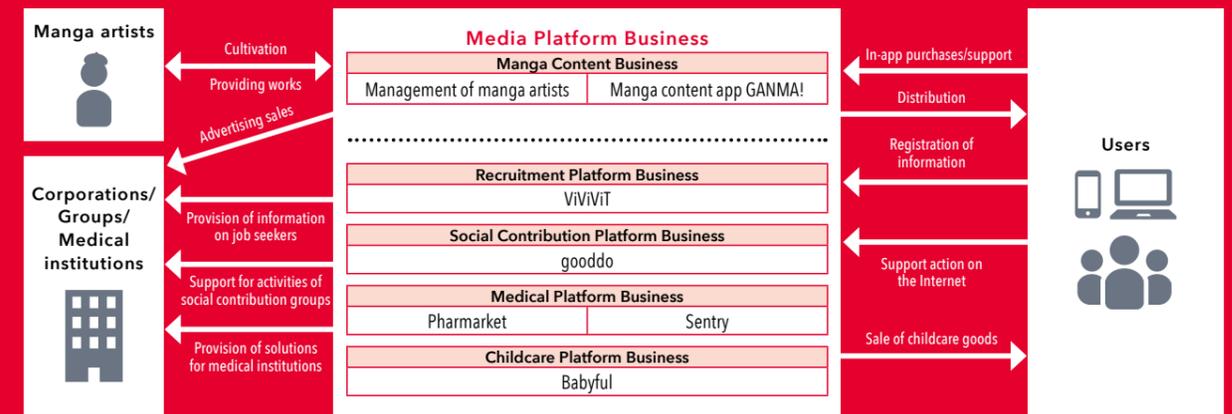
Opportunities

- Expansion of the manga app market
- Growth of new businesses including GANMA!

Issues

- Intensifying competition from new market entrants
- Need for user engagement that is not influenced by the external environment

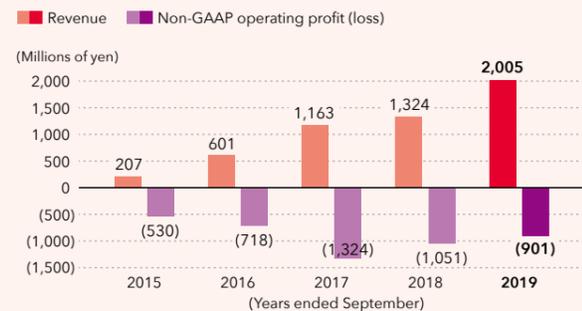
Business Model



Overview of Results for the Fiscal Year Ended September 2019

- The cumulative number of downloads of GANMA! exceeded 13 million as of the end of September 2019, and the number of monthly page views was 2.61 billion.
- Growth in the value of GANMA! as a medium contributed to further cultivation of the brand advertising market.
- In December 2018, apps underwent major updates, and a monthly all-you-can-read subscription service began for completed original works and certain third-party proprietary works.
- Operating loss decreased as revenue grew due to the expansion of brand advertising and in-app subscription sales
- Revenue from new businesses continued to grow.

Revenue and Non-GAAP Operating Profit (Loss)

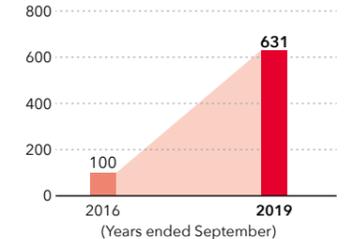


Note: Starting from the fiscal year ended September 2018, Companywide expenses are no longer allocated to each segment. In accordance with this new reporting standard, non-GAAP operating profit for the fiscal year ended September 2017 has been restated excluding Companywide expenses. Unrestated figures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

Future Strategy

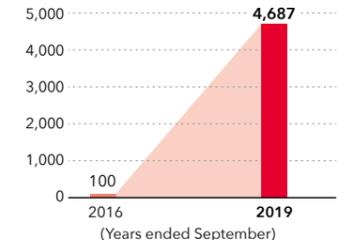
Our operating environment has seen a decrease in advertising due to a downturn in the social game advertising market, and a flood of app businesses. For GANMA!, we launched a subscription model as a second pillar of earnings to follow advertising, to raise the retention rate. This includes making major updates to enhance the user interface (UI) and user experience (UX), and creating products that are easy for first-timers to use. In the fiscal year ending September 2020, we will provide stronger support for our clients' communication strategies by rolling out original IP based on our own app media. In addition to our subscription service, which has been on a growth track since its launch, we will also introduce a function through which readers can donate to the works they want to support. Through further diversification of monetization methods such as these, we aim to expand revenue.

App Revenue



* Revenue in fiscal year ended September 2016 = 100

Subscription Revenue



* Revenue in fiscal year ended September 2016 = 100

About GANMA!

A manga app that lets users enjoy original new manga free of charge, **mainly the works of artists nurtured in-house**



(As of September 30, 2019)

Cumulative number of app downloads: **13.06 million**

Monthly page views: **2.61 billion**

Number of works: **224**

Number of serial works: **113**

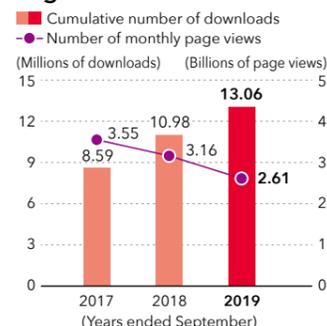
Number of works available by subscription: **111¹**

Main revenue sources are **advertising sales and subscriptions**

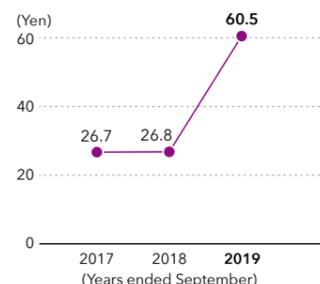
A total of **49 works (89 volumes)** have been published as books

1. About 10% from external sources

Cumulative Number of Downloads and Monthly Page Views



ARPU²



2. ARPU: Revenue of Manga Content Business (ads, in-app sales, IP revenue, etc.) ÷ Monthly active users (MAU)

We intend to empower the industry by creating many excellent works through GANMA!

Takefumi Okada

Director, COMICSMART, Inc.
Group Executive Officer

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

Japan has a solid presence in the world, as shown by the manga industry, but for the manga artists who support the industry, there are few opportunities to widely distribute their works on their own. Moreover, manga artists do not have sufficient income. Since the Company's founding, it has been our mission to make manga artist a desirable profession, and we are confident that the growth of our business will enable us to help address these industry issues.

Through GANMA!, we intend to empower manga artists and the entire manga industry by creating many excellent works using manga IP as a source.



The Septeni Group's Corporate Governance

Basic Approach

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

Outline of Our Corporate Governance Structure

The Group is managed under a holding company structure in which the Company, which is the ultimate parent 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.

As a result of the functioning of both oversight of the execution of duties by outside directors through deliberation of the Board of Directors, as well as auditing by independent company auditors who are not involved in decisions regarding the execution of duties, the Company is utilizing the current corporate governance system as it believes that it will guarantee further enhanced governance functions and will further increase the effectiveness of corporate governance.

Governance Highlights

(Fiscal year ended September 2019)

Number of Directors (Outside Directors Included in Total)	Number of Board of Directors' Meetings Held	Average Attendance Rates at Board of Directors' Meetings
7 (4)	14	Directors 97% Auditors 100%
Number of Auditors (Outside Auditors Included in Total)	Number of Board of Auditors' Meetings Held	Average Auditor Attendance Rate at Board of Auditors' Meetings
4 (2)	14	100%

Note: Above figures include one director who retired during the fiscal year.

Progress of Governance Reforms

	Fiscal Year Ended September 2015	Fiscal Year Ended September 2016	Fiscal Year Ended September 2017	Fiscal Year Ended September 2018	Fiscal Year Ended September 2019
Main Initiatives					Introduction of performance-linked stock compensation system for officers
					Introduction of effectiveness evaluation to enhance the functioning of the Board of Directors
					Establishment of the Financial Results and Disclosures Committee and the CSR Committee
			Abolition of anti-takeover measures		Separation of execution and monitoring through the introduction of an entrustment-type executive officer system
					Establishment of Group Risk Management Committee
Number of Outside Directors	Increased to two (including a female director)		Outside directors become the majority of the Board of Directors		

Corporate Governance System



Board of Directors

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

Group Management Meeting

- In charge of decision-making on execution of business matters throughout the Company and the Group's operating companies, and those that involve multiple operating companies.
- The Board of Directors appoints Group Executive Officers in charge of businesses. The Group President and Chief Executive Officer, who is concurrently a representative director, oversees the business execution of Group Executive Officers.
- The Group Management Meeting supports decision-making by the Group President and Chief Executive Officer and discusses important management matters for the Group.
- In principle, meetings are held twice a month and on extraordinary occasions as required.

Board of Auditors

- Conducts audits of directors' execution of duties based on audit policies, audit plans and other criteria established by the Board of Auditors.

- The Company has adopted a Board of Auditors system consisting of four auditors, two of whom are highly independent outside auditors.

Committees

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

- **Group Risk Management Committee**
Responds promptly and effectively to the increasingly diverse, complex and decentralized risks faced by the Group, and oversees risk management for the entire Group.
- **CSR Committee**
In charge of fulfilling social responsibility through CSR activities.
- **Financial Results and Disclosures Committee**
In charge of reviewing and evaluating financial information and timely disclosure information.
- **Nomination Advisory Committee**
Ensures independence, objectivity and accountability in the deliberation process for matters related to the appointment and dismissal of management team personnel (including Company directors and Group Executive Officers) as a discretionary committee of the Board of Directors.

Executive Sessions

- Attended only by outside directors to ensure an opportunity for exchanging information and sharing understanding based on independent and objective standpoints.
- As other independent external parties, including outside auditors and accounting auditors, may attend the sessions, they also provide an opportunity for cooperation among such parties.
- In principle, meetings are held once every quarter.

Messages from Outside Directors

Evaluation of the Effectiveness of the Board of Directors

With the aim of enhancing the function of the Board of Directors, the Company analyzes and evaluates the effectiveness of the Board of Directors once a year in principle. A survey for all directors and company auditors was implemented based on advice from third party institutions in the fiscal year ended September 2019. Additionally, interviews with some directors were conducted. As a result, it was confirmed that the Board of Directors is managed appropriately, specific initiatives to improve its effectiveness are promoted voluntarily with a clear sense of purpose, and its effectiveness is ensured.

Meanwhile, we recognized that there is room for improvement in areas such as balanced discussion, decision-making and reporting for further enhancing the quality of discussion in the Board of Directors. The Board of Directors of the Company should advance efforts to further heighten its effectiveness, by implementing measures that lead to resolving these issues.

Officer Compensation Plan

In September 2017, the Group introduced a new compensation plan (a board incentive 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 Recipients	Officer Remuneration	Remarks
Director	7	¥139,008 thousand	3 outside directors included in above ¥26,400 thousand
Auditor	4	¥46,500 thousand	2 outside auditors included in above ¥14,400 thousand

Notes: 1. For directors, a portion of remuneration for serving concurrently as a director of a subsidiary of the Company is borne by the subsidiary as expenses. The total amount of director remuneration, combining the amount borne by the Company above and the amount borne by subsidiaries, was ¥173,976 thousand.

2. The number of recipients includes one director who retired at the close of the 28th Ordinary General Meeting of Shareholders held on December 19, 2018. One outside director who serves without remuneration is not included in the number of recipients.

Reasons for Appointment of Outside Directors

Name	Reason for Appointment	Attendance at Board of Directors' Meetings (Fiscal year ended September 2019)
Tatsuya Kimura	Mr. Tatsuya Kimura is very familiar with the field of corporate management, and because he has actively provided useful advice on all aspects of the business administration of the Group based on his experience at global companies, extensive knowledge and considerable insight, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Etsuko Okajima	Ms. Etsuko Okajima has an abundance of experience and knowledge, and considerable insight of corporate management, and because she has actively provided useful advice on all aspects of the business administration of the Group from an independent and objective position, she is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Yusuke Asakura	Mr. Yusuke Asakura has extensive professional experience and results, and considerable insight as an executive at listed Internet companies, as a researcher and as an investor, and because he has actively provided useful advice on all aspects of the business administration of the Group, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Yoshiki Ishikawa	Mr. Yoshiki Ishikawa has extensive professional experience and results, and considerable insight as both a preventive medicine researcher and as a founder of a company using methods based on behavioral science, and he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	— (Elected at the December 2019 Ordinary General Meeting of Shareholders)

In our rapidly changing market environment, I will leverage my experience with and knowledge of global companies to help improve corporate value.

The Septeni Group has been proactive in setting up a system to establish a higher level of corporate governance in order to improve management effectiveness while ensuring agility and efficiency and maintaining soundness. The Board of Directors has created a system in which the board focuses on monitoring Group Executive Officers, who are responsible for business execution, and decides on matters stipulated by laws and the Articles of Incorporation as well as important corporate affairs in addition to monitoring business execution.

Video, music, e-books and other content are proliferating as smartphones become the main device for accessing the Internet, and social media is being used in a growing range of domains such as payments and purchasing. As an outside director, I intend to leverage my experience with and knowledge of global companies in this rapidly changing market environment to contribute to the sustainable growth of the Septeni Group and the improvement of its corporate value over the medium to long term.



Tatsuya Kimura
Outside Director

I will contribute to strengthening governance through monitoring and advice on execution of duties by the people we appoint and sustainably generating added value.

I believe the strength of the Septeni Group lies in its robust mechanisms for producing entrepreneurs. Under the strong leadership of President Sato, the Group conducts optimal allocation of personnel using its unique human resource development formula and human resource database and employs a system for business incubation at SEPTENI VENTURES Co., Ltd. These mechanisms have led to clear results in rapidly developing fully contributing team members and human resources who can create the Group's next businesses. As a member of the Nomination Advisory Committee, I am concentrating on further strengthening these mechanisms and appointing entrepreneurial talent who will create the future of the Group, with a succession plan in mind. In addition, as an independent officer, I intend to help generate sustainable added value for all stakeholders by strengthening governance through monitoring of and advice on the execution of duties delegated to the people who we have appointed.



Etsuko Okajima
Outside Director

Board of Directors, Auditors and Executive Officers

(As of January 1, 2020)

Directors



Representative Director Koki Sato

1997 Joined the Company
2001 Director and General Manager of Internet Operations
2003 CMO
2004 COO
2007 Senior Managing Director
2009 Representative Director and President (current position)
2017 Group President and Chief Executive Officer (current position)
2019 Executive Officer, Dentsu Inc. (currently Dentsu Group Inc.)
2020 Member of Dentsu Japan Network Board (current position)



Representative Director Isamu Ueno

1998 Joined the Company
2004 Director and Manager of Personnel and Administration
2005 Managing Director
2009 Senior Managing Director
2017 Group Senior Executive Officer (current position)
2018 Representative Director (current position)



Director Tadahiro Matsuda

1998 Joined the Company
2004 Head of Osaka Branch
2005 General Manager of Media Director
2009 Representative Director, SEPTENI CROSSGATE CO., LTD.
2017 Group Executive Officer
2018 Director of the Company (current position)
2019 Group Senior Executive Officer (current position)



Outside Director Yoshiki Ishikawa

2008 Director, Cancer Scan Co., Ltd. (current position)
2014 Director, Campus for H Inc. (current position)
2019 External Director (Audit & Supervisory Committee Member), Sansan, Inc. (current position)
External Director (Audit & Supervisory Committee Member), Gaix Co., Ltd. (current position)
Outside Director of the Company (current position)

Auditors



Internal Auditor Muneyoshi Nomura

1998 Joined the Company
1999 Director and General Manager of Management
2000 Managing Director and General Manager of Management
2002 Senior Managing Director, CFO and General Manager of Management
2004 Representative Director, President and CFO
2009 Vice-chairman of the Board
2015 Internal Auditor (current position)



Internal Auditor Nobuo Kojima

1993 Joined Dentsu Inc. (currently Dentsu Group Inc.)
2013 General Manager of Operations Management Department of TV & Entertainment Division, Dentsu Inc.
2014 General Manager of Network 3 Department of Radio & TV Division, Dentsu Inc.
2017 Deputy Managing Director of Digital Platform Center and General Manager of Operations Promotion Office, Dentsu Inc.
2018 Seconded to Dentsu Digital Inc. Executive Officer and Head of Account Planning Unit, Dentsu Digital Inc. Internal Auditor of the Company (current position)



Outside Director Tatsuya Kimura

1989 Joined British Airways Plc
1992 Joined Philip Morris Limited (currently Philip Morris Japan Limited)
1995 Joined Gillette Japan Incorporated (currently The Procter & Gamble Company of Japan Limited)
2001 Associate Professor, Graduate School of Business, Nihon University
2006 Professor, Graduate School of Asia-Pacific Studies, Waseda University
Outside Auditor of the Company
2007 Professor, Graduate School of Commerce, Waseda University
2008 Visiting scholar, University of Oxford
2012 Visiting fellow, Columbia University
2014 Outside Director of the Company (current position)
2016 Professor, Waseda Business School (Graduate School of Business and Finance), Waseda University (current position)



Outside Director Etsuko Okajima

1989 Joined Mitsubishi Corporation
2001 Joined McKinsey & Company
2002 Joined Globis Management Bank, Inc.
2005 President, Globis Management Bank, Inc.
2007 CEO, ProNova Inc. (current position)
2014 Outside Director, Astellas Pharma Inc. External Director, MARUI GROUP Co., Ltd. (current position)
2015 Outside Director of the Company (current position)
2016 Outside Director, Link and Motivation Inc. (current position)
2018 Outside Director, Euglena Co., Ltd. (current position)
2019 External Director, Money Forward, Inc. (current position)



Outside Director Yusuke Asakura

2007 Joined McKinsey & Company
2010 Joined Naked Technology Inc. Representative Director, President and CEO, Naked Technology Inc.
2011 Joined mixi Inc.
2013 Representative Director, President and CEO, mixi Inc.
2014 Visiting Scholar, Stanford University
2015 Outside Director, Raksul, Inc.
2016 Outside Director, Loco Partners
2017 Visiting Scholar, National Graduate Institute for Policy Studies (current position)
Representative Director, Signifiant Inc. (current position)
Outside Director of the Company (current position)



Outside Auditor Mamoru Furushima

1993 Joined Chuo Audit Corporation
1997 Registered as a certified public accountant
2000 Joined Fuji Accounting Office
2003 Joined PwC Advisory Co., Ltd.
2007 Joined the Legal Training and Research Institute of Japan under the Supreme Court of Japan
2008 Registered as a member of the Tokyo Bar Association
2009 Joined Okuno & Partners
2015 Representative of Furushima Law & Accounting Office (current position)
Outside Director (Audit and Supervisory Committee Member) of Nippon Chemical Industrial Co., Ltd. (current position)
Outside Auditor of the Company (current position)



Outside Auditor Takeshi Okuyama

2002 Joined the Legal Training and Research Institute of Japan under the Supreme Court of Japan
2003 Registered as a lawyer (Daini Tokyo Bar Association)
Joined Mori Hamada & Matsumoto
2011 Partner, Mori Hamada & Matsumoto (current position)
2014 Associate Professor, Waseda Law School
2019 Outside Auditor of the Company (current position)

Group Executive Officers

Group President and Chief Executive Officer
Koki Sato
Group CEO

Group Senior Executive Officers
Isamu Ueno
Group COO, in charge of Group personnel and general affairs

Tadahiro Matsuda
In charge of Group corporate planning, public relations, new business

Group Executive Officers
Teruyuki Noguchi
In charge of Group legal affairs

Kei Hatano
In charge of Group accounting and financial affairs

Kana Setoguchi
In charge of information systems and business promotion

Masayuki Muto
Digital Marketing Business (domestic)

Daisuke Suefuji
Digital Marketing Business (overseas)

Yusuke Shimizu
Digital Marketing Business (domestic)

Yuichi Kono
Digital Marketing Business (domestic)

Masayuki Takano
Digital Marketing Business (domestic)

Yusuke Fukuhara
Digital Marketing Business (domestic)

Takefumi Okada
Media Platform Business

The Septeni Group's CSR

CSR Policy

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

Selection Process for Priority Challenges

From among the many issues facing society, we have established five priority challenges based on a comprehensive determination of what stakeholders expect of the Septeni Group and the importance of the issues to Group businesses. We promote CSR activities in line with these challenges and conduct periodic reviews to update these activities.



Priority Challenges and Initiatives

Priority Challenge	Main Initiatives in the Fiscal Year Ended September 2019	Initiatives Planned for the Fiscal Year Ending September 2020	Contributions to the SDGs
Diversity and Inclusion	<p>Promotion of women's participation Group-wide support for women's careers</p> <p>LGBT initiatives Awareness-raising activities through LGBT & Allies Network¹</p> <p>Measures against discrimination and harassment Implementation of anti-harassment training for managers</p>	<p>Promotion of women's participation Group-wide support for women's careers</p> <p>LGBT initiatives Awareness-raising activities through LGBT & Allies Network</p> <p>Measures against discrimination and harassment Implementation of anti-harassment training</p>	
Culture and Sports Support	<p>Support for culture Provision of the "RouteM" manga artist development program</p> <p>Support for sport Support for top athletes</p>	<p>Support for culture Provision of the "RouteM" manga artist development program Support for art university students</p> <p>Support for sport Support for top athletes</p>	—
Support the Sound Development of the Internet Advertising Industry	Ad verification initiatives	Response to industry issues	
Industry Development through Utilization of AI	— (Selected as a priority challenge for the fiscal year ending September 2020)	Utilization/application of data in HR technology Utilization/application of data in digital marketing	
Development of High-Quality Human Resources	Movement toward open innovation for the AI-based personnel system Enhancement and increase of research reports	Response to social issues using the AI-based personnel system	

1. LGBT and people with other sexual and gender identifications, as well as people who understand and support them

Diversity and Inclusion

Materiality of Diversity and Inclusion

We promote diversity and inclusion based on the approach that achieving work styles that maximize the abilities of each employee is the source of our competitiveness.

Basic Approach

The Septeni Group provides highly capable and motivated employees with many opportunities to take on challenges, regardless of their sex, age or nationality. We believe that the independent and valuable work of employees from various backgrounds contributes to business results, leading in turn to the sustainable growth of the Group. Based on this belief, we promote and support diverse work styles, as stated in "Diversity," one of the guidelines of our code of conduct, the Septeni Way.

Diversity (From the Septeni Way)
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.

Promotion of Women's Participation (Support for the Participation of Diverse Human Resources)

For women, career development can be interrupted by the gender-specific life event of childbirth. We promote initiatives that minimize factors inhibiting women's career development, to create an environment that allows employees to be fairly evaluated regardless of gender, and to encourage the active participation of female employees in that environment.

Introduction of Babysitter Subsidy System²

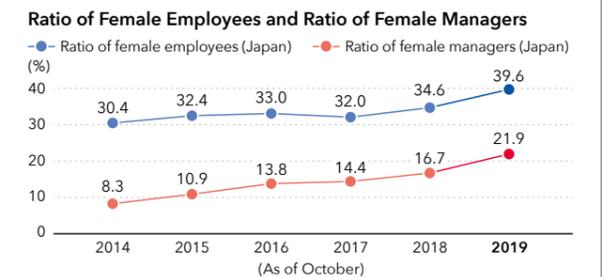
We have introduced a system that helps employees balance work and childcare by subsidizing 70% of babysitting costs for employees who utilize the babysitting service contracted by the Company.

2. Implemented at main Group companies only

Target for the Promotion of Women's Participation

▶ **Ratio of female managers: 17% (Target for 2020³)**

3. Main Group companies in Japan



LGBT Initiatives (Support for the Participation of Diverse Human Resources)

SEPALY RAINBOW is a Group-wide LGBT & Allies Network formed to create workplaces where all employees are motivated to work, regardless of whether or not they are LGBT, by deepening understanding of the LGBT community and increasing the number of allies. The network conducts training and exchange sessions with LGBT employees.

▶ Receipt of Gold Rating on the PRIDE INDEX

For the second consecutive year, the Septeni Group has received the Gold Award, or the highest rating on the PRIDE INDEX, which evaluates corporate LGBT initiatives.



Measures against Discrimination and Harassment

The Septeni Group continuously promotes activities that create an environment that prevents the occurrence of discrimination and harassment based on gender, age, nationality, race, ethnicity, religion, philosophy, beliefs, social status, disability, sexual orientation or gender identity, thus encouraging individuals to fully exercise their strengths.

▶ Anti-Harassment Training for Managers

The Septeni Group invited lecturers from outside the Group to conduct anti-harassment training for full-time officers and managers.



Anti-harassment training for managers

My Story Mai Masuda, MANGO, Inc.



I am in charge of recruiting at MANGO, Inc. Since 2018, I have been involved with SEPALY RAINBOW to increase knowledge of LGBT issues so that all candidates can participate in the selection process with peace of mind. After starting the activities, I experienced first-hand the interest the topic generates in society. I was covered by local media in Miyazaki and received feedback not only from my colleagues, but also from people outside the company who saw the article. We will move forward step by step so that diversity is not seen as unusual, but rather taken for granted.

Development of High-Quality Human Resources

Materiality of Development of High-Quality Human Resources

We are promoting initiatives based on the approach that utilizing AI and other technologies in developing human resources will strengthen our competitiveness. We also broadly disclose information, including the results of these initiatives, to help improve productivity throughout society.

Basic Approach

The Septeni Group was founded in 1990, but it began shifting the focus of its business to the Internet in 2000, when the Internet was still in its infancy. The Group has continued to grow in tandem with the Internet industry, confronting various organizational issues along the way.

At the Human Capital Lab, which was established in 2016, we use AI (i.e. machine learning) and other means to integrate and analyze the extensive volume of human resource data that we have continued to amass in the process of growing the Company. Based on this, we conduct ongoing research to

shed light on the structure of human resource development in growth industries from a scientific perspective and widely share the results.

By taking a scientific perspective and using actual data to communicate the organizational issues that the Company experienced in the process of growing, we hope to provide some clues to other corporations on how to solve their issues, particularly corporations facing issues specific to organizational growth.



Services and Initiatives Based on Research

Online Recruiting

By utilizing predictions of post-employment success, which is one of the outcomes of our research, and our online interview system, we have successfully created a complete Internet-based recruiting system, from job application submission to early informal job offer, for students from regions outside Japan's major urban centers.

By reducing the burden of transportation and accommodation costs, as well as travel time, incurred by such students in their job-hunting activities, this system has enabled us to secure human resources from a larger pool of candidates.

Self-Analysis Tool

Based on technology for quantifying the compatibility between personality and environment, and for optimizing participation in

the workplace, we have gained an objective understanding of personality and aptitude, and created a self-analysis tool that identifies the points of appeal of job seekers. We have made this tool available to all students.

By having students utilize this tool, we hope to provide each of them with the opportunity to choose a more suitable career.

Alumni Network

The Septeni Group Alumni Network has been established to make our AI-based personnel system widely available among Group alumni.

Through this network, we will also build business partnerships by sharing information about the Group and our outsourcing and business alliances, and by providing career development services.

My Story Yuta Okusako, SEPTENI HOLDINGS CO., LTD.



In the three years since we started online recruiting, the results have been substantial. The number of applicants from regional universities has quadrupled, and regional university students account for more than 50% of candidates receiving informal job offers. Some participants seemed uneasy about not being able to meet face to face, but the personalized feedback we gave based on the information they provided in the selection process resolved their anxieties, and they appear to consider their participation in the selection worthwhile.

By being more open in providing information and other measures, we will continue to create recruiting venues that are highly meaningful for both students and companies.

Open Innovation of Our AI-Based Personnel System

To help improve the productivity of society in general, we publicly disclose and widely publicize in-house case studies and research results. We are also working to generate further innovation through joint research with external parties and other methods.

Digital HR Project

We are conducting the Digital HR Project, which analyzes human resources using the power of data and technology, centered on our HaKaSe AI engine that analyzes data using our Formula of Development. To help resolve personnel issues, we have made more than 15 HR solutions and over 30 research reports publicly available. They can all be viewed on the project website and used free of charge by registered members.



▶ The Digital HR Project website presents reports on case studies and research on the application of technologies to HR.

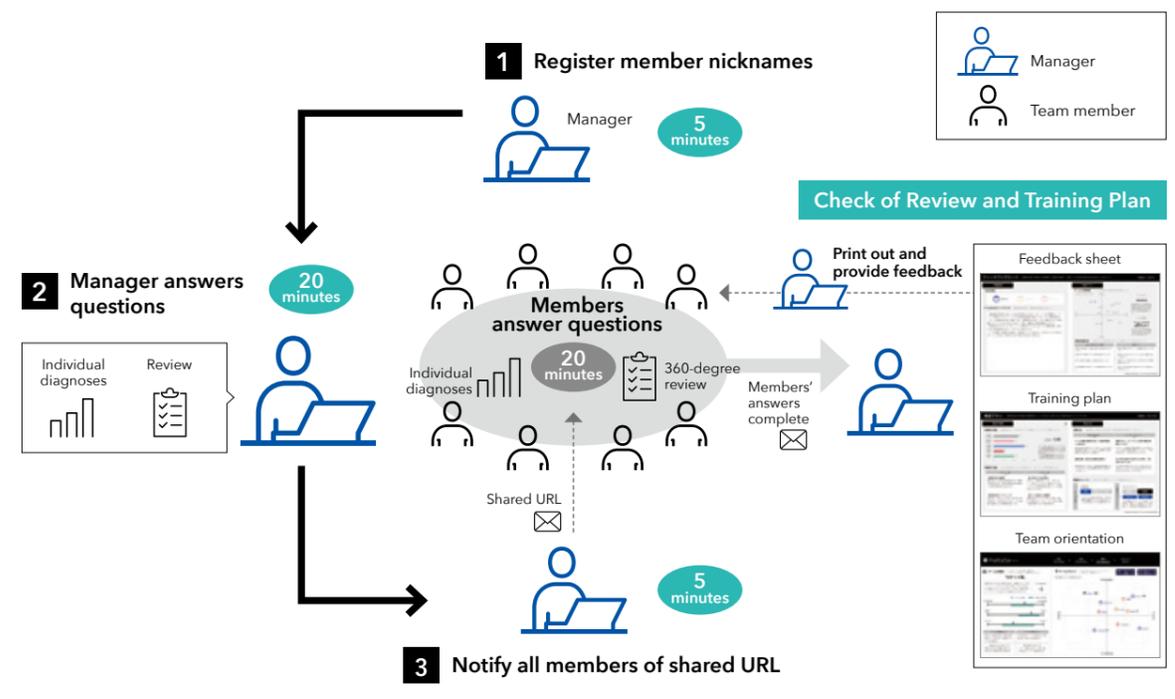
Providing Our Research-Based Tool for a Free Trial

HaKaSe mini

HaKaSe mini, which incorporates some of the functions of HaKaSe, is available to the public through limited-time free trials. It is intended for use by managers as a training tool for their team members. After completion of a member review and training plan in 30 minutes, the tool provides a feedback sheet and a training plan sheet for each member. Many users have tried this Digital HR tool.

Notes: 1. The review uses the 360-degree review used in joint research with Emotion Tech Inc.

2. The training plan employs the FFS (Five Factors & Stress) theory of Human Logic Laboratory, Inc.



Joint Research with Emotion Tech

The Septeni Group and Emotion Tech Inc. are jointly developing a new method for assessing human resource performance that combines Emotion Tech's Net Promoter Score® (NPS)®⁴ emotional data analysis technology and employee engagement quantification expertise with the Septeni Group's expertise in quantifying growth. As part of our research activities,

we released a report on our joint research into quantifying active participation and retention using NPS®.

4. Net Promoter Score® (NPS®): A benchmarking metric for loyalty. Net Promoter Score® and NPS® are registered trademarks of Bain & Company, Inc., Frederick Reichheld and Satmetrix Systems, Inc.

Support for Culture and Sport

Materiality of Support for Culture and Sport

We believe that art, culture and sport, which give people great joy and excitement, are indispensable for a vibrant society. To help realize such a society and create the stars of tomorrow, we utilize the power of the Internet to conduct activities to support the active participation of artists and athletes in their fields of endeavor and the promotion of those fields.

Basic Approach

The Septeni Group supports the active participation of a wide range of people, including artists and athletes.

Measures to Support Culture

COMICSMART, INC. emphasizes “three-way satisfaction” – pleasure for readers, gratification for writers and success for business – and aims to further develop manga culture through its business.

▶ RouteM, a support program aimed at nurturing manga artists

Under RouteM, a support program by subsidiary COMICSMART, INC. aimed at nurturing in-house manga artists, we assist in disseminating their works, as well as providing financial and production support to enable them to focus on their creative activities with peace of mind and demonstrate their talents across a wider range of domains.

● Assistance in Disseminating Works

Works are published in serial form on the manga app GANMA!, which has reached a cumulative total of more than 13 million downloads.

● Financial Support

We provide production support grants ranging from ¥100,000 to ¥500,000 to manga artists according to the respective stage of their careers, so that they can use the time they normally spend on part-time jobs and other work to produce manga instead.

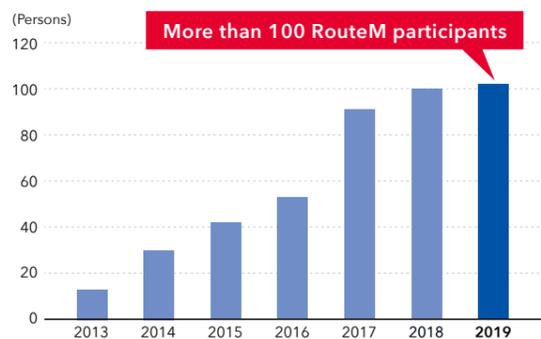
In addition, we are building diverse systems to provide a way for manga artists to be well compensated for their works, including the distribution of advertising revenue generated through GANMA! and content royalties (such as for publication of comic books and film adaptations).

● Production Support

LCD tablet devices are loaned at no charge to manga artists affiliated with the RouteM program. Follow-up is provided on how to use these tablets to support their transition to full digital production.

Through the provision of assistant staff, networking events with other manga artists and other forms of support, the program has created a production environment that helps manga artists to produce works of higher quality.

Number of Artists



My Story Yonemaru, Exclusive RouteM Artist



Yonemaru, creator of the popular GANMA! manga *Taniku Chan* and *Kanata Konata*, which is currently published in serial form, drew manga as a hobby while working at a bookstore after graduating from university and decided to try to become a professional manga artist after receiving a newcomer award. However, two years of rejections of her proposed serials from boys' manga publishers led the concerned Yonemaru to apply to RouteM at the recommendation of a friend.

"I still remember the GANMA! editor at the planning meeting telling me to draw what I really wanted to," says Yonemaru. Having drawn many designs and stories in a trendy style on order up until then, she says it was fulfilling to be able to create freely without restrictions, taking on new genres and drawing what she loved.

About a year after the start of serialization, the decision was made to publish the manga in book format. At that time, Yonemaru says she was filled with a sense of accomplishment that lasted for days. When she visited her parents' home with a copy of the printed book, they congratulated her on her efforts. It turned out that they had already bought dozens of copies!

"My parents had been worried more than anything about me becoming a manga artist. They wanted me to keep working at the bookstore, so I was really relieved when I gained their approval," she recalled with a smile.

External Recognition

▶ Reset Game Special Live-Action Project

Winner of a Bronze award at Spikes Asia 2019, one of the largest advertising awards in the Asia Pacific region.



▶ Cho-Yo Hana-Yo

Ranked third place in the Web Manga category of the Tsuguni Kuru Manga Awards (Next-generation Manga Awards)



Measures to Support Sports

▶ Recruitment of Fencer Shihomi Fukushima

In April 2018, we recruited top sabre fencer Shihomi Fukushima as a new graduate employee and are supporting her activities as an athlete.



● Major Achievements

- 2015 Winner in the women's individual sabre category of the All Japan Intercollegiate Fencing Championships
- 2016 Winner in the sabre team category of the Asian U-23 Fencing Championships
Winner in the women's individual sabre category of the All Japan Fencing Championships
15th in the women's individual category of the Mexican Sabre Grand Prix
- 2017 7th in the women's sabre individual category of the World Fencing Championships
4th in the women's team sabre category of the World Fencing Championships
Champion in the women's team sabre category of the Summer Universiade
- 2018 20th in the FIE World Ranking
3rd in the women's team sabre category in the Asian Games
- 2019 3rd in the women's sabre category and 3rd in the women's team sabre category of the Asian Fencing Championships
5th in the women's individual sabre category of the All Japan Fencing Championships

Support for the Sound Development of the Internet Advertising Industry

Materiality of Support for the Sound Development of the Internet Advertising Industry

We are working to contribute to the greater soundness and further development of the market by resolving various issues in the Internet advertising industry caused by the sharp increase in Internet users and rapid advances in technology.

Basic Approach

The Septeni Group implements initiatives with a focus on the “Three Promises of the Septeni Group,” a policy for the sound development of the Internet advertising industry.

Policy for the sound development of the Internet advertising industry
Three Promises of the Septeni Group

(1) Respond sincerely

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

(2) Improve quality

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

(3) Challenge the possibilities

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

Ad Verification⁵ Initiatives

Septeni engages in ad verification to respond to issues in digital advertising such as advertising fraud due to unauthorized traffic and the display of ads on inappropriate sites.

▶ ACP Partner Certification

We have obtained partner certification under the Agency Certification Program (ACP) operated by Momentum, Inc. as an advertising agency that actively engages in ad verification.



5. Ad verification: A mechanism for preventing inappropriate ad display by measuring damages to advertising value, taking into account ad fraud, brand safety, and viewability.

Consolidated Financial and Non-Financial Highlights (IFRS)

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

Years ended September	2015	2016	2017	2018	2019
Revenue	11,195	13,862	14,702	15,272	16,796
Gross profit	10,277	12,478	12,989	12,674	13,962
To revenue	91.8%	90.0%	88.3%	83.0%	83.1%
SG&A	7,404	8,350	10,652	11,693	11,924
To revenue	66.1%	60.2%	72.5%	76.6%	71.0%
Non-GAAP operating profit	2,901	4,147	2,325	1,011	2,065
To revenue	25.9%	29.9%	15.8%	6.6%	12.3%
Operating profit	2,533	4,154	2,248	977	183
To revenue	22.6%	30.0%	15.3%	6.4%	1.1%
Profit from continuing operations	1,598	2,717	1,338	847	(542)
To revenue	14.3%	19.6%	9.1%	5.5%	-
Profit (loss) attributable to owners of the parent	2,351	2,519	2,211	847	(547)
To revenue	21.0%	18.2%	15.0%	5.5%	(3.6)%
[Reference] Net sales	61,476	73,203	72,375	72,443	76,501
Total assets	25,635	29,981	32,929	33,371	30,413
Equity attributable to owners of the parent	11,307	14,156	15,172	15,672	14,796
Ratio of equity attributable to owners of the parent to total assets	44.1%	47.2%	46.1%	47.0%	48.7%
Cash flows from (used in) operating activities	1,874	3,209	(808)	(440)	1,258
Cash flows from (used in) investing activities	1,258	(109)	(1,706)	(310)	(205)
Cash flows from (used in) financing activities	(124)	801	2,457	112	(1,411)
Cash and cash equivalents at end of period	11,695	15,481	15,519	14,922	14,488
ROE	23.0%	19.8%	15.1%	5.5%	-
EPS (yen)	18.21	19.43	17.38	6.71	(4.33)
BPS (yen)	87.26	109.13	120.08	124.00	117.02
Dividends per share (yen)	2.8	3.2	3.2	2.0	2.0

Notes: 1. The Company has applied IFRS since the fiscal year ended September 2016. Figures for the fiscal year ended September 2015 based on IFRS are provided for reference.

2. Following the sale of shares held by the Company of AXEL MARK INC., on November 10, 2016, this company and its subsidiaries have been excluded from the scope of consolidation. As for the trends in profit and loss for the 25th and 26th terms, the comparative periods, the said business was reclassified as discontinued operations and retrospective adjustments were made.

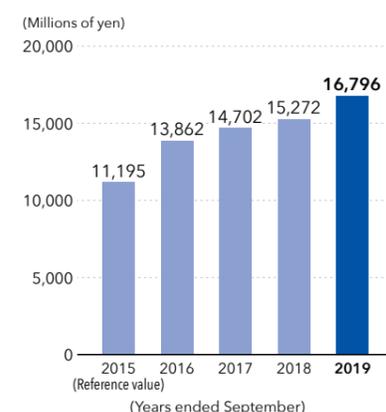
3. Revenue is disclosed here as an IFRS-based indicator instead of traditional net sales, which the Company discloses separately as reference information on a voluntary basis. Only the net margins of advertising agency sales, which account for the majority of the revenue of the Digital Marketing Business, are reflected as revenue from this business.

4. Non-GAAP operating profit is disclosed on a voluntary basis to present actual business conditions more appropriately. Non-GAAP operating profit 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 the amortization of intangible assets, impairment losses, and gains or losses on the sales of fixed assets, which are recognized when acquiring subsidiaries.

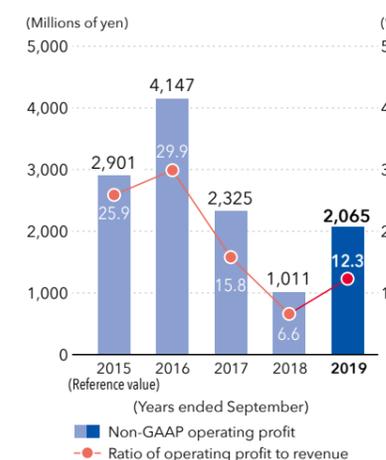
5. Figures are rounded to the nearest unit.

6. The Company implemented a 5-for-1 stock split of its common stock on October 1, 2016. EPS, BPS and dividends per share in the above table are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended September 2015.

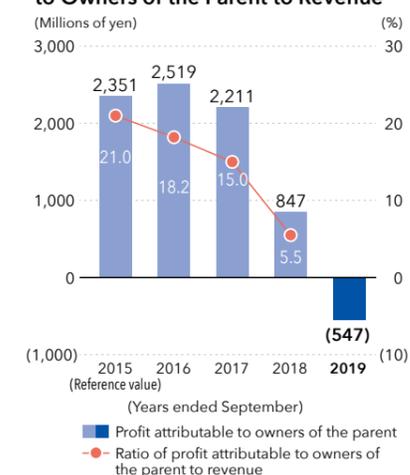
Revenue



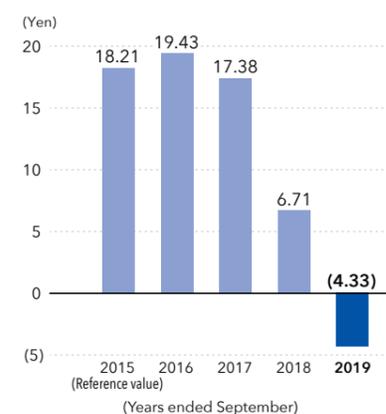
Non-GAAP Operating Profit/Ratio of Operating Profit to Revenue



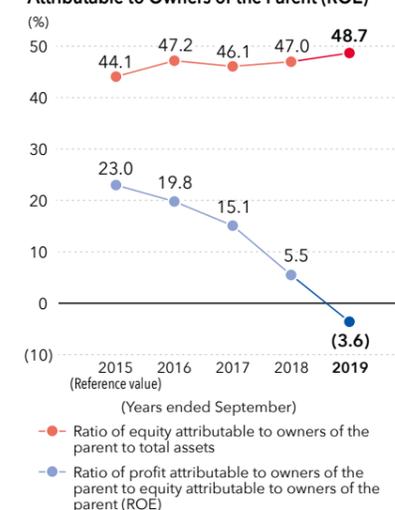
Profit (Loss) Attributable to Owners of the Parent/Ratio of Profit Attributable to Owners of the Parent to Revenue



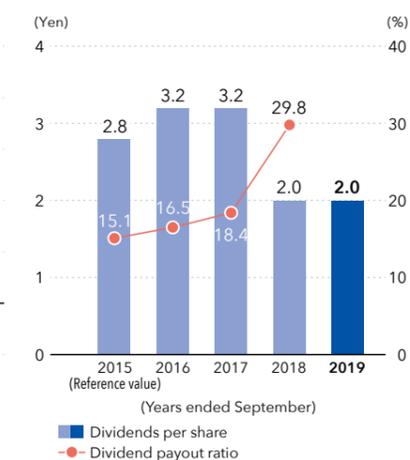
Basic Earnings per Share (EPS)



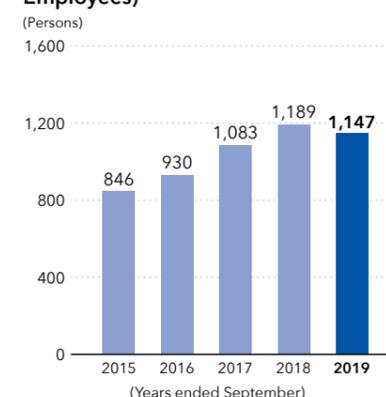
Ratio of Equity Attributable to Owners of the Parent to Total Assets/Ratio of Profit Attributable to Owners of the Parent to Equity Attributable to Owners of the Parent (ROE)



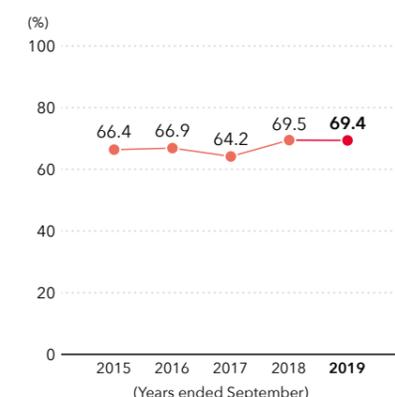
Dividends per Share/Dividend Payout Ratio



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

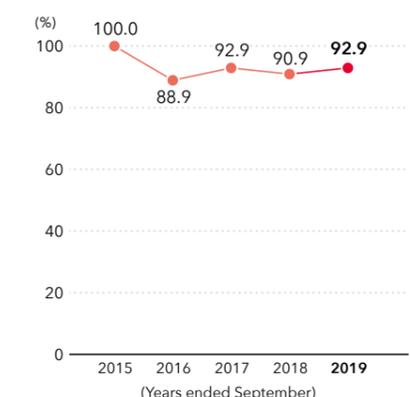


Percentage of Paid Leave Taken by Employees*



* Main Group companies in Japan

Percentage of Employees Returning to Work after Childcare Leave*



* Main Group companies in Japan

Corporate Profile

(As of October 1, 2019)

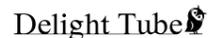
Trade Name	SEPTENI HOLDINGS CO., LTD.	Foundation	October 1990
Headquarters	Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo	Capital	2,125 million yen
Business Overview	Corporate management and overall control of Group companies through ownership of shares and other forms of equity	Number of Employees (Consolidated)	Full-time, regular employees: 1,147 Total employees: 1,373

List of Group Companies

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 	Septeni Asia Pacific Pte. Ltd. Digital marketing support business based in Asia Pacific 	Septeni America, Inc. Digital marketing support business based in North America 
High Score, Inc. Digital marketing support business 	Septeni Original, Inc. Planning and development of web services 	Septeni Ad Creative, Inc. Planning and production of Internet advertisement creatives 	Septeni China Limited Digital marketing support business based in China 	SEPTENI TECHNOLOGY CO., LTD. Planning, development and other web service business 
SEPTENI CROSSGATE CO., LTD. Advertising network and platform business 	Tricorn Corporation Customer relation management (CRM) service business 	Milogos, Inc. Digital marketing support business 	JNJ INTERACTIVE INC. Digital marketing support business based in South Korea 	Lion Digital Global LTD Digital marketing support business based in Southeast Asia 

Media Platform Business

COMICSMART, Inc. Manga content business 	Vivivit, Inc. Recruitment platform business 	gooddo Inc. Social contribution platform business 	Pharmarket Co., Ltd. Medical platform business 	TowaStela, Inc. Childcare platform business 
Delight Tube, Inc. Planning, production and management of Internet media 	HEDGEHOG PRODUCTS, Inc. App and advertising development business 			

New Business Development

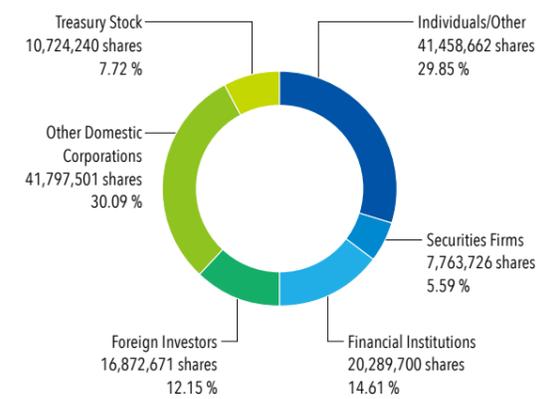
SEPTENI VENTURES Co., Ltd. New business development/ Incubation support 	SIGNCOSIGN, INC. Co-creation of new business and corporate design 
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Stock Information

(As of September 30, 2019)

Number of Shares Authorized	370,080,000
Number of Shares Issued	138,906,500
Number of Shareholders	7,805

Breakdown of Shareholders and Shares Held

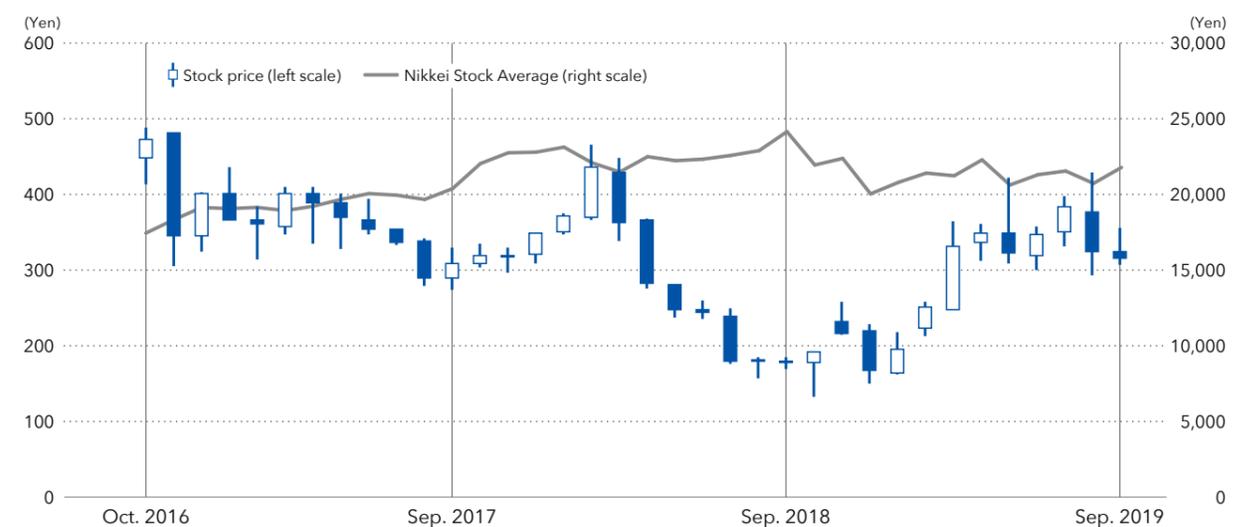


Major Shareholders

Name	Number of shares held	Percentage of total shareholdings (%)
DENTSU INC.	26,895,001	20.98
Village Seven Co., Ltd.	14,719,000	11.48
Mamoru Nanamura	13,950,500	10.88
Japan Trustee Services Bank, Ltd. (Trust Account)	9,428,200	7.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,964,900	4.65
GOLDMAN SACHS INTERNATIONAL	3,367,850	2.63
STATE STREET BANK AND TRUST COMPANY 505019	2,133,300	1.66
Hiroshi Shimizu	2,010,000	1.57
The Master Trust Bank of Japan, Ltd. Officer remuneration BIP trust account 76034	1,739,200	1.36
JP Morgan Securities Japan Co., Ltd.	1,667,751	1.30

Note: In addition to shares held by the above major shareholders, the Company holds 10,724,160 shares of treasury stock. The above percentages are calculated excluding treasury stock.

Stock Price Range



Trading Volume

