

Message from the President

We are fortifying our management base with the aim of enhancing our corporate value over the medium- to long-term.

Koki Sato

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



Message from the President

“ Increasing corporate value by actively investing in human capital ”

Human capital management has been attracting attention in recent years as a way for companies to raise their corporate value by investing in their human resources. The Septeni Group has considered its people (employees) to be its primary capital assets since its founding in 1990, and our aggressive investment in our human resources has led to steady growth for our business. Our updated Medium-term Business Policies call for investing even more in our human capital and places it at the center of strengthening our management base.

Our investment in human capital includes allocating ¥680 million during the fiscal year ending December 2023, which includes raising the fixed base salaries of full-time employees at nine of our group companies beginning in April 2023. This upfront investment will increase our competitiveness in the labor market, enable us to attract talented individuals, and further enhance our reputation as an organization that provides abundant job satisfaction.

In the short term, the salary increases will reduce profit return to shareholders and investors. However, we fully believe that securing a large corps of outstanding human resources that will be active contributors to our operations for a long time will enable us to generate greater value in the medium and long term. The growth in operating profit and cash flow that this will create will ultimately allow us to provide even greater profit return. In addition, a rising share price as our earnings growth should also increase the asset value of shareholdings.

This strategy has been successful in the past. In October

2017, we increased monthly fixed salaries at five group companies by roughly 20%. Profits declined temporarily, but five years later in fiscal year ended September 2022, sales per employee had increased by 37% and operating profit per employee had grown by 480%. We believe taking this long-term approach to investment in human capital will ultimately be beneficial not just for the company but for our shareholders and investors as well.

“ Launching a new business driven by our HR technology ”

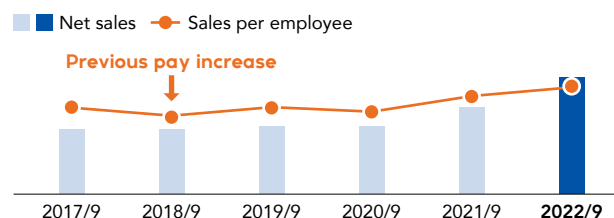
The strength of the Septeni Group's human capital management comes from our being among the first to fully integrate digital technology into our HR systems. Human capital is an intangible asset, and it can be very difficult to accurately assess its true value. We developed an original HR system that provides visualization and quantification of human capital assets. Our system applies a 360-degree peer review evaluation system incorporating independent assessments between employees, which the system uses to produce a quantitative visualization of objective evaluation of each employee. The information



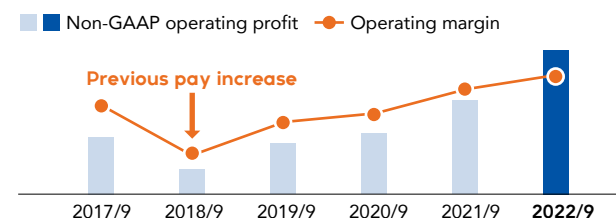
can then be used to verify outcomes, such as if productivity remained high after adopting a work-from-home structure during the pandemic, and to make investment decisions, such as by conducting simulations of the effects of a major investment in human capital by raising base salaries as we plan to do.

This HR technology system has been fundamental to our Company's growth, and in the fiscal year ended September 2021 we brought our technology and expertise together when we launched the HR technology business. In other words, we began marketing our intellectual property outside the Company. The HR

Progress of productivity



Non-GAAP operating profit



Message from the President

technology business is part of the focus theme in the latest update to our Medium-term Business Policies of "Expanding into New Business Segments." We have also stepped up marketing of our onboarding service "HaKaSe Onboard," which utilizes our in-house developed "HaKaSe" AI matching system, and the number of client companies is steadily growing.

Revising the Group corporate philosophy

The steps we took to strengthen our management foundation included revising and announcing our corporate philosophy in October 2022. The revision was prompted by an outside director comment that "the current vision doesn't reflect that the Group is a collection of numerous businesses and doesn't show the direction the Group is going in."

When we formulated the previous vision about 20 years ago, we intentionally chose words with a high degree of abstraction because we wanted to explore as broad a range of business domains as possible. Since then, the Group has achieved some form of business in our operating domains, and we thought we needed to revise our philosophy with wording that has more specificity and "texture" so our various stakeholders could better understand our vision.

The new corporate philosophy took about a year to finalize as we searched for words to describe the ideal image and the worldview that we want to embody as a group by asking for opinions and ideas from all layers of our organization from younger employees to business directors, executive officers, and outside directors. The

new vision has three parts, with each one clearly defining our ideal image and the role we want to be playing in society in the medium and long term. From this point, we will need to strongly link the corporate philosophy to the growth strategies for each of the businesses.

Deepening the Dentsu Group alliance to fortify our DX support capabilities

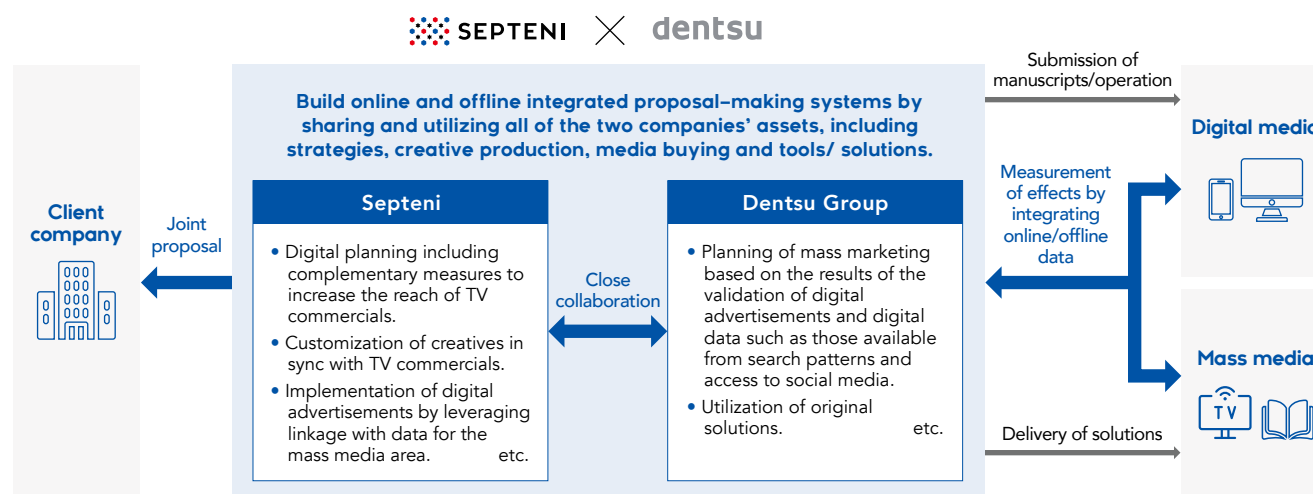
The Group has set "Domain Expansion" as a medium-term theme for sustained growth, and is advancing strategies

on this theme in each business.

The strategic plan in the core Digital Marketing Business is to make our DX support for clients even stronger. One of the keys to this plan will be deepening the alliance with the Dentsu Group that we began four years ago. The alliance has steadily progressed over the three years since the start of the collaboration, and we are now at the stage where we want to raise our business scale expansion to the next level. We plan to do this by integrating our online (digital advertising) and offline (mass advertising) services to provide clients with more comprehensive marketing services.

Another key is to fortify our lineup of products and solutions. We will differentiate our offerings in the industry by applying DX support catered specifically to

Proposal of integrated marketing of online/offline advertising (conceptual image)



Message from the President

the marketing domain, such as by providing AI products to boost advertising effectiveness and engineering services for constructing user data platforms of our client companies.

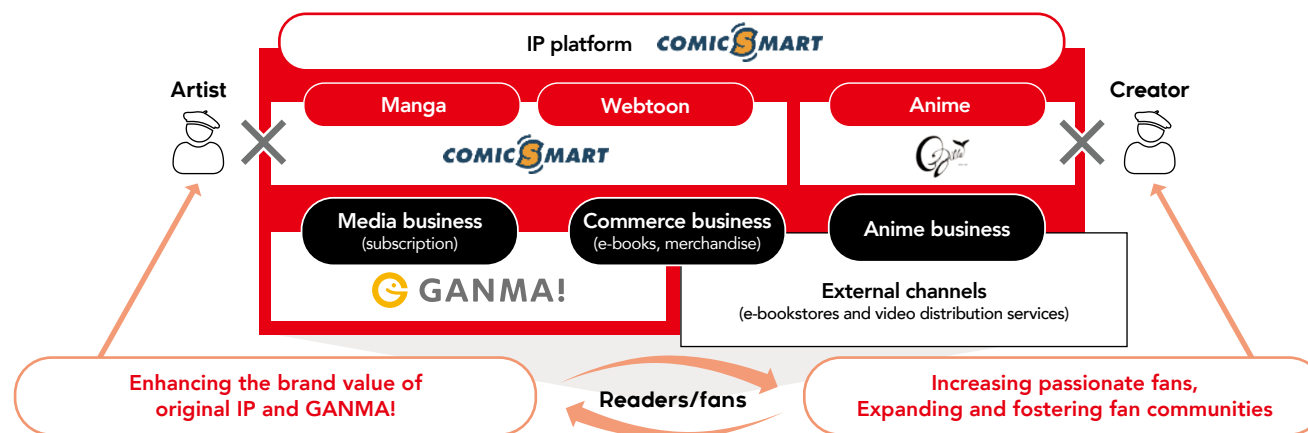
“Leveraging our unique strengths to increase our intellectual property value”

The strategic plan in the Media Platform Business is to accelerate the growth of the IP Platform Business (formerly the Manga Content Business). The key point will be what we can do to increase the value of the Group's intellectual property (IP). Our Group strength is our unique ecosystem built around on a "studio" where artists and creators gather to create content and a vertical integration model that enables us to develop the original IP into a wide variety of proprietary media ranging from digital and printed books to related goods and video distribution sites, including for our own media. We are creating closer and more deeply integrated ties between the studio structure and platformer business so we can maximize the value of our IP assets by creating more contact points with users and enhancing user experience value.

One way we will maximize our IP asset value is to focus on developing content for the Webtoon format, because we believe it will play a major role in our future. Webtoon is a new manga presentation format featuring vertical script and full color graphics that are highly suited for viewing on smart devices. Already valued at roughly ¥500 billion, the global market for

The IP Platform Business Vertical Integration Model

○ Value to be created ● Business development and monetization points



Webtoon and related services is expected to grow 700% over the next seven years. The production process is similar to manga, and we believe we can leverage our strengths and expertise we have accumulated in manga content to increase our presence in this high-growth market.

“Aiming for further heights as a corporate group overflowing with the venture spirit”

The Septeni Group encompasses over 30 companies. Following our Group Mission "To inspire the world with

entrepreneurship," each of our companies strives to maximize the value they offer presenting a distinct identity to each of their customers. I consider this autonomous and decentralized organizational management structure to be one of the Group's major features and strengths.

The revised corporate philosophy will serve as a foundation and overall guide for all Group companies to leverage our organizational structure to move toward the same vision of the future. The Septeni Group is overflowing with the venture spirit, and we look forward to broadening our business domain as we seek to continue offering higher value to clients and enhancing our corporate value.



The Kamiyama Marugoto College of Design, Technology, and Entrepreneurship

Stakeholder Engagement 01

How is funding the Kamiyama Marugoto College's Scholarship Fund an investment to strengthen human capital?

The Septeni Group has contributed ¥1 billion to the scholarship partner program for the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship, which opened in April 2023. We consider this to be a contribution to society as well as an investment that can reap large returns in the future. Septeni Representative Director and President Koki Sato talked with Mr. Chika Terada, Representative Director & CEO of Sansan Inc. and Chairperson of the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship about the new school.



Koki Sato

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

Chika Terada

Chairperson, Kamiyama Marugoto
College of Design, Technology, and
Entrepreneurship
Representative Director & CEO, Sansan, Inc.

Stakeholder Engagement 01 Kamiyama Marugoto College Chairperson Mr. Terada and Septeni Representative Director Mr. Sato

I had an intuitive feeling that interesting things could come out of a school created by an entrepreneur

Terada: You and I have known each other for 15 years, from when I founded Sansan.

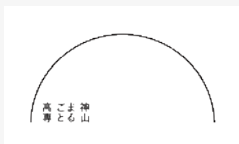
Septeni was a founding partner of the Kamiyama Marugoto College and contributed funds to launch the school. Later, when we decided to create a ¥10 billion scholarship fund that would make student tuition free,

you told me at a meeting that you would consider donating, so I quickly prepared a formal proposal for you. **Sato:** When you raised the idea, my immediate thought was that it could lead to something interesting. You had already made an impact by founding Sansan, and now you are moving to another big challenge of creating a school. You are an active manager who wanted to change the face of education by building a school from zero. The idea of “a school created by an entrepreneur” struck a chord with me. It’s a novel approach, and I believe it can change society.

We want to actively help make the education business a success because it fits right in with our focus on human capital management

Sato: Education is a theme that actually relates closely to our philosophy. We have focused on human capital management since our founding under the belief that the source of corporate value is the value of its people and organization. But, of course, a person cultivates

What is the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship



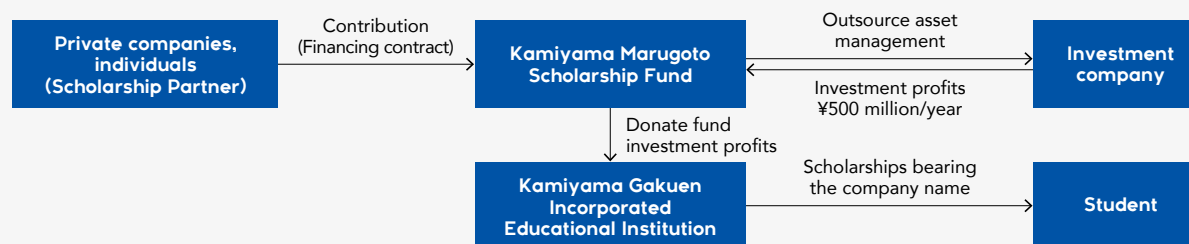
Kamiyama Marugoto College of Design, Technology, and Entrepreneurship is a five-year private technical college in

Kamiyama, Tokushima Prefecture. When it opens in April 2023, it will be the first new technical college to be created in Japan in 20 years. Following its motto of “Technology x Design x Entrepreneurial Spirit,” the school is seeking to cultivate “people who make things happen through the power to make things” for society.

Structure of the Kamiyama Marugoto Scholarship Fund

Companies and individuals, who are recognized as the scholarship partners, contribute funds to the Kamiyama Marugoto Scholarship Fund, which is a completely non-profit entity. An investment company manages the fund, and all profits from the fund are directed to the school and used to cover school tuition fees.

Each scholarship partner company has a team bearing its name of four students from each class year. While at the college and after graduating, students are expected to engage in activities with the partner company, such as by participating in joint research, business development, and sharing ideas for new businesses.



Stakeholder Engagement 01 Kamiyama Marugoto College Chairperson Mr. Terada and Septeni Representative Director Mr. Sato

their value before they come into the workforce. Management resources are also limited, which makes it difficult to be a part of that step. That's why I felt it was important to support someone who was embarking on an education business and actively help make the business a success.

Terada: We approached over 100 companies about donations and becoming scholarship partners, and I realized that there are not many companies that are as serious about human capital as Septeni. I was impressed by the earnest discussion Septeni was having about investing in people for the future of the company not just in the qualitative sense, but investment that would lead to quantitative returns as well.



Sato: We most likely would not have provided this amount of money if being a scholarship partner only meant giving money. We have a responsibility to use the capital shareholders have entrusted in us to increase the value of our company. When we make an investment, we must always have a clear idea of what we will receive in return. When you described your idea for a new structure for financing education, I immediately saw that this investment would not only benefit society, but it would also provide a large return for our company as well.

**A technical college for increasing contacts with hard-to-find colleagues
Immeasurable impact 100 years in the future**

Terada: When I was making presentations to potential scholarship partners, I found that there were two types of responses from the companies.

One was that the company thought of it as contributing company assets for the good of society, and the other was that the company—and this is how Septeni approached it—viewed it as an investment because of management's affinity with the school's objectives. By far, the companies that gave it deeper consideration were the ones that approached it as an investment.

The Scholarship Fund was structured with the aim of generating 5% annual return from the investments. So,



a ¥1 billion contribution from a company would generate ¥50 million, which is enough for four scholarship students. As a business owner, I look ahead and can see that continuing this investment would generate an immeasurable return over 50 or 100 years.

Sato: If four Septeni Scholarship students graduate every year, there would be 40 of them in 10 years, and it would continue growing to over 100 graduates after a few decades. Imagine the impact it could have after 100 years. As we engage with these young men and women in joint research and in creating new businesses, and as they create connections among themselves, they will also be creating more new and interesting networks.

Stakeholder Engagement 01 Kamiyama Marugoto College Chairperson Mr. Terada and Septeni Representative Director Mr. Sato

The Septeni Scholarship Partner Team will naturally have people who will share our philosophy, and being a scholarship partner will broaden our opportunities to spread our philosophy and way of thinking beyond the framework of our company.

In a way, you could say that it vastly expands our contacts with the market for human resources by creating like-minded colleagues, who are often hard to find. I also believe that increasing the number of people who know and support us will ultimately steadily increase the number of our clients and investors.

One talented person can influence and change society

Terada: For many years, Septeni has been building its own HR technology platform with the aim of maximizing human capital. I am hoping that efforts like yours will have a ripple effect on technical colleges.

Sato: We plan to provide business and human resources support in the HR domain to the Kamiyama Marugoto College. We believe that too will bring valuable returns to our company.

We use AI and other technologies with our huge volume of data on human resources to research and implement environments where company employees can thrive. I believe that applying our human resources and HR development systems for younger people at education sites will lead to new discoveries beyond

what we could find in a business setting. What we learn, we will then apply to the college as well as to our own business. In this way, we are working to develop and nurture a partnership that benefits both the college and our company.

We also can have an impact on society, and agree with you when you say "one person with impact can change the world."

Terada: All it takes to change society is for one talented person to influence others and change society. I'm not simply being idealistic or romantic. As a business manager, I see every day how real solutions are what create dramatic change in the world. That is why I want to make this school a place to nurture people like that.

You once told me that "the bigger the risk, the bigger the success. That's why entrepreneurs enter the world of education." I found that to be very encouraging.

Large returns in the long term requires consciously taking risks now

Sato: It's fairly easy to look ahead and see what's going to happen in the near future, so any risks are relatively small. It's much less clear how an investment will turn out in the long term, so the risk is greater. But the bigger the risk, the bigger the return. By that principle, the biggest return will come from long-term investments that are made while consciously and appropriately taking risks.

However, the lack of clarity easily gives rise to doubts and questions about why an investment is being done. Gaining the understanding of a board of directors and implement it as a company requires providing a clear image of the outcome by explaining what will actually happen when making an investment. The clear commitment that you and everyone have to the Kamiyama Marugoto College enabled me to likewise present and verbalize a clear image of my own to our board of directors.

Terada: I saw both directly and indirectly how the decision-making process works at Septeni. I think it's rare for a company to have a board of directors that functions as well as yours does. There is no excessive risk aversion or risk taking, but a good balance of both. I think that's another area that makes Septeni special.

Sato: In a world where most startups cannot survive, it's unusual for a private company to have a concrete image for a century in the future. Kamiyama Marugoto College is thinking about many things on a 100-year timeline. One other thing that I learned from you and that inspired me was the detail in your vision of the future. Your level of detail made me think seriously about how we as a company will grow and change over the next century. Carefully backcasting from that image to where we are now with our business made me think that we can further improve the quality of our management.

I'm excited to continue building on our strong partnership and deepening our collaboration.

Terada: We are, too. Thank you very much.