

Message from Management

Accelerating “Focus & Synergy” inside and outside the Group to become a business partner that provides comprehensive support for solving clients’ challenges



Yuichi Kouno

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

Aiming to build a business portfolio to solve corporate issues

In April last year, launching our new management system, I set forth the medium-term theme of Focus & Synergy. Focus refers to reorganizing our business around digital marketing, which is our strength, identifying resource focus areas, and defining our portfolios. Synergy means driving business expansion and creation through enhanced teamwork while leveraging our own assets and resources.

The new theme reflects changes in our operating environment. The Japanese internet advertising market was worth ¥3.7 trillion in 2024 and is estimated to be worth approximately ¥5 trillion in 2030*. To continue to grow in this market, it is essential to be a player that continually adapts to the various changes of consumers, the media, and advertisers (clients). In particular, I feel that the importance of capturing changes in client companies is increasing more than ever. In companies where traditionally, departments such as advertising, sales promotion, and sales conducted marketing activities with individual discretion, there is a clear trend towards integrating marketing objectives internally and strategically utilizing user data cross-departmentally. Essentially, the need to resolve a wider range of issues is becoming more apparent, not limited to the partial optimization of advertising and marketing.

The conventional strength of just “being good at digital advertising” is no longer sufficient to come out on top in these circumstances. We need capabilities to comprehensively grasp client issues and provide solutions, while strengthening our overall advertising expertise. For example, a more comprehensive and strategic approach is now required, including proposals that combine consulting or organizational development in the marketing area with advertising operations. Accordingly, we aim to build a business

portfolio capable of providing comprehensive support for complex and advanced client challenges, while also considering collaborations with partners who possess capabilities that our company currently lacks.

*Dentsu Inc., “Japan Advertising Expenditures 2024,” and our company’s estimates.

A certain level of achievements in Focus in the first year of the new structure, and further enhancement of Synergy

In the fiscal year ended December 2024, we made significant progress in the category of focus, aligning the medium-term theme of Focus & Synergy. Within the two reportable segments, the Digital Marketing Business was divided into the three areas of Marketing Communications, Direct Business, and Data & Solutions, and each was reorganized into a format with its own client assets and front functions. In addition, the Media Platform Business was subject to thorough discipline in portfolio management in line with the business continuity criteria implemented in 2024. As a

result, the three operating companies have been excluded from consolidation. I believe we have clarified to a certain extent the areas we will focus our management resources on and grow in the future.

Following the reorganization, the creation of synergies has gradually begun. As a first step, we have been strengthening cross-selling in each area since the second half of the fiscal year ended December 2024. Individual operating companies are beginning to make moves such as introducing/proposing services from other companies in the same business area, in addition to their own, or reinforcing sales coordination. I feel that the way in which synergies are generated and their effects have become apparent, and that a sense of unity as a group is being fostered more than before.

Accelerating the creation of synergies to achieve our mid- to long-term vision

Consolidated results for the fiscal year ended December 2024 fell short of the initial forecast, and revenue increased and profit decreased compared with



the results for the previous fiscal year. Of our two key issues, profitability and productivity, we are steadily improving profitability. On the other hand, as there is still room for improvement in productivity, we will continue to work on these improvements in the fiscal year ending December 2025 and commit to a V-shaped recovery by continuing increases in revenue and a return to operating profit growth.

Previously, we announced a medium-term management policy using a rolling method. Due to the aforementioned changes in the business environment, however, it is becoming increasingly difficult to forecast the future on a three-year basis. For this reason, from the fiscal year ending December 2025, we have discontinued the rolling method, and instead, we set a mid- to long-term vision aiming for becoming a corporate entity that achieves both high growth and high shareholder returns with a target net profit of ¥10 billion by 2030.

We will continue to promote business operations under the theme of Focus & Synergy in order to realize our mid- to long-term vision. First, in January 2025, we changed the three areas that existed within the Digital Marketing Business to reportable segments in order to develop the focus initiatives of the previous fiscal year.

We will further accelerate our synergy initiatives. Building on the success we've seen with cross-selling within each area, we will enhance the creation of synergies between business segments as the second stage. Introducing products and services from other business segments to the client base of each business creates new opportunities and leads to improved business results. This cross-selling between business segments has already begun to show results.

We will also make progress in creating synergies with the Dentsu Group. As a part of the Dentsu Group, we are in a unique position to have a front-end function that enables us to engage with the issues

faced by our clients. At the start of the alliance, we promoted collaboration centered on activities to propose our capabilities to the Dentsu Group's clients. In addition to this, we intend to take on the challenge of further accelerating collaboration by delivering the broad capabilities of the Dentsu Group to our clients.

Beyond that, we believe there are client issues that cannot be solved by the capabilities of our group and the Dentsu Group alone. In response, we will expand various forms of collaboration with external partners, including investment and M&A, to acquire and strengthen capabilities in adjacent areas centered on digital marketing, and establish our position as a business partner that can provide comprehensive support for resolving clients' issues. We will steadily advance our efforts with external partners, which we have been preparing since the fiscal year ended December 2024, and from the fiscal year ending December 2026, we will steadily expand synergies both within and outside the group.



I feel that it is necessary to change the mindset of each employee and improve the environment to achieve our short-term goals of improving profitability and productivity, as well as our mid- to long-term vision. We have promoted remote work since the COVID outbreak five years ago. Amid a dramatic change in the external environment, we were able to

fully demonstrate our ability to adapt to change, which is also our culture, and continue our business operations without any major disruption. On the other hand, it is also true that there has been a negative impact of a decline in the volume of networks between employees, which is a prerequisite for generating synergies. To bridge the gap between our current situation and the direction we aim to pursue with Focus & Synergy, we have revised our system, starting in 2025, to require employees to be in the office at least two days a week. In addition, the office layout and in-house events have been updated to a style that makes it easier for employees to interact with each other. We will continue to promote the revitalization of our internal network as one of our key initiatives to maximize our human capital and improve our business performance.

Until recently, the mindset was strongly focused on achieving results through teamwork within each department and operating company, meaning opportunities for collaboration beyond the boundaries of one's own company were limited. However, as results become more visible over time, we believe that each employee will increasingly develop a mindset geared towards creating synergies on a broader scale. As client challenges become increasingly sophisticated, consolidating individual talents and fostering effective teamwork is crucial. While this is still a work in progress, our aim is to cultivate an even stronger commitment than before to generating synergies through teamwork for greater outcomes. By doing so, we plan to naturally expand "four layers of synergy creation": collaboration within businesses, between business segments, in collaboration with the Dentsu Group, and with external partners, involving investments and M&A. We believe this approach will lead to enhanced value for our clients, as well as the expansion of our business performance and an increase in our corporate value.



Further enhancement of human capital, the source of value creation

As shown in the mission, “To inspire the world with entrepreneurship,” the source of our value creation is “people filled with a strong sense of ownership and entrepreneurial spirit.” We recognize that it is necessary to constantly update the framework and environment for demonstrating entrepreneurship.

In the phase in which the Internet advertising market continued to grow by more than double digits, we recruited new graduates and supported their growth primarily through OJT, which led to self-realization for each employee and business growth. However, as market needs become increasingly complex and sophisticated, these approaches alone will limit our ability to solve problems and demonstrate entrepreneurship. Going forward, we will strive to create an environment that can provide even more careful support for the career development of individual employees, including not only younger employees but also middle- and senior-level employees. We also intend to expand mechanisms that contribute to individual career development, such as accelerating job rotation within the group in line with the promotion of inter-business synergies.

We are also aware of the need to develop human resources who will be responsible for the next generation of management. Personally, I have had experience serving as an executive and president of subsidiaries since my early thirties. However, now that our group has expanded, opportunities for such career paths are fewer than they used to be. Nevertheless, for individuals to lead the group’s management in the next generation, it is essential for them to build internal and external personal networks and gain experience in making crucial decisions from a young age. Therefore, the Board of Directors has begun considering the establishment of a talent pool aimed at providing promising young employees with diverse management experience.

With the market and demand becoming increasingly diverse, the composition of team members and project arrangements should become more diverse in the future. By respecting various ideas and values through promoting diversity within the company and strengthening collaboration, we foster an organizational culture that enables us to advance diverse projects. At the same time, we aim to achieve sustainable growth by supporting each individual’s exercise of entrepreneurship.

Things that continue to change and things that endure

Since my appointment as representative last year, I have also served as chairperson of the Sustainability Committee. Through our sustainability activities, I have come to a renewed and profound realization: we must constantly consider matching the needs of the market with DNA we have inherited. As the demands of society and markets change constantly, companies must update their business and activities based on the philosophy and mission that they have inherited from the past. Our group has a history of growing while changing our core businesses since our founding. We will continue to maintain our stance of continuously checking the alignment between the ever-changing external environment and our mission to inspire the world, leveraging this understanding for our own growth.

Twenty years ago, during my job interview here, our founder and then-president, Mr. Nanamura, shared his vision: “I aim to create a company that is ‘resilient against adversity and adaptable to change.’ Therefore, I want you to tell me about the future, not about the past or the present.”

Within us, this stance and DNA has not changed at all from 20 years ago. To ensure that our mission “to inspire the world with entrepreneurship” continues to be our group’s reason for being in a constantly evolving society, we will keep enhancing our corporate value by addressing the diverse challenges presented by clients and society, and by constantly updating our activities.



After being appointed as representative director, group president and chief executive officer of Septeni Holdings, Kouno is promoting Focus & Synergy to achieve the mid- to long-term vision. We have collected some striking anecdotes that give an insight into his character and explain where his leadership and ambition originate.

From:
His first supervisor

When he was still young, even though he was more active than anyone else at social gatherings with clients, he would always send a thank-you email by the next morning. His speed and volume of communication were outstanding, and I was very impressed by his commitment to it.



Shinya Umezawa
Senior Manager,
Business Production
Headquarters
FLINTERS, Inc.

From:
A former senior colleague

Mr. Kouno is a leader with a clear vision who engages others to deliver results. He places great emphasis on communication, and possesses the ability to think strategically, using sophisticated simulations to identify the options most likely to succeed.



Masayuki Muto
Group Executive Officer
(Data & Solutions
Segment)

From:
A former team member

Mr. Kouno was my line manager when I first joined the company. Even back then, he had a business-minded perspective, and he had the passion to bring others on board and the courage to keep taking on challenges until success was achieved. I still remember the way that, in a project he was leading to plan and develop original advertising products, Mr. Kouno was able to construct strategies that looked at the market as a whole, was skilled at negotiation, and always demonstrated strong leadership in a cheerful and positive way, even when working with many internal and external partners. Now, in the second year of the new management structure, I believe that he will provide even stronger leadership of the Group going forward.



Yohei Taguma
General Manager,
Second Display Area
Septeni Japan, Inc.

From:
A former team member

Back in 2012, Mr. Kouno and I worked together on the launch of media sales in a department that handled social media advertising. I recognized strong leadership in the way he communicated our strengths to platform operators and negotiated with them to create a product that would take advantage of these strengths. Another thing I learned from him was to maintain a mindset of "give and take," always being sure to take good care of our partners.



Manami Tanaka
Expert, Media Strategy
Department, AX &
Media Solutions Area
Septeni Japan, Inc.

From:
**A colleague from
the same starting year**

I have never seen anyone with such a strong sense of involvement as Mr. Kouno. Even when we were both just regular employees, he has held a company-wide mindset and a wide-ranging perspective, and I believe that he is a natural choice to represent the Group. He is someone with great depth of thought, and likes to look toward the future, perhaps not just in terms of the next few years, but also a decade ahead.



Norihisa Ashida
Group Executive Officer
(Marketing
Communication
Segment)

Introducing the President

Here, we hear from five people who have worked with Yuichi Kouno at some point in their careers, including a former supervisor, former subordinates, and a person who joined the company at the same time.

Source of Strength: Entrepreneurship

The term entrepreneurship is generally translated as “entrepreneurial spirit,” but at our company, each individual is encouraged to interpret the term in their own way, in addition to its general meaning. One of the common interpretations within the Company is to “pursue opportunities beyond controllable resources.” It is precisely this kind of resourcefulness and attitude in our people, and the fact that each individual discovers and practices their own form of entrepreneurship daily, that constitutes the source of our Group’s strength.





Providing support as a reliable partner

Whether dealing with people inside or outside the company, I want to act as a reliable partner for everyone I come into contact with in the course of my work. As such, I am always focused not only on leading from the front, but also from the side (or, on occasion, even from behind). In this sense, I would describe my conception of "entrepreneurship" as keeping in close touch with others.

Moyuka Chiba

Sales Department
Milogos, Inc.



A spirit of "let's try it and see!" Progress through drive and positivity

I believe that, taking a mindset of "let's try it and see," and always taking on new challenges, I have developed the proactive attitude and relationship-building skills that are vital for a media specialist. This is also because Septeni provides an environment where we can challenge ourselves and support each other without reservation. I intend to keep enjoying these challenges.

Asumi Kushizaki

Media Strategy Department, AX & Media Solutions Area
Septeni Japan, Inc.

Focusing on the now, and giving it everything

I joined the company in April 2018 as an athlete employee (in fencing). When I was a working athlete, I was sometimes too focused on the result to perform at my best. Whenever I felt anxious about the future, I tried to focus on the "now" and think about only what was in front of me. Although I retired as an athlete last year, I want to take on whatever I do in the future with an attitude of giving everything I have to the task at hand and taking on challenges with no regrets.

Shihomi Fukushima

Employee Satisfaction
Promotion Division,
Business Partner
Department, HR Office
SEPTENI HOLDINGS
CO., LTD.



Entrepreneurship for Everyone

Here, we introduce a selection of verbs that represent
the entrepreneurial spirit of our employees and
the reasons for their choices.



Entrepreneurship: a quality to be cultivated

I believe that entrepreneurship is something that you develop naturally by making mistakes and challenging yourself, while also taking to heart lessons from superiors about taking responsibility, being aware of the layer above you, getting out of your comfort zone, not being afraid to step up, and having the courage to say no.

Shimpei Iida

Account Management Division 1
DENTSU DIRECT INC.

The profound insight of "gratitude"

How do you thank the people you work with? I believe that giving thanks is a very important part of work, but that is not possible without an understanding of exactly who has done what. For me, entrepreneurship is about developing a deep understanding of what those around you are doing, and expressing gratitude accordingly.

Kirito Shimura

AI & AP SOL
Department,
Engineering
Headquarters
FLINTERS, Inc.



Entrepreneurship Development Event

“gen-ten”

What is “gen-ten?”

Our Group offers many opportunities for every employee to nurture their entrepreneurial spirit and to put it into practice. One of these is the new business planning contest “gen-ten.” gen-ten is an in-house business planning contest that has been held every year since 2012, and any Group employee can participate as many times as they like, without any restrictions regarding the year they joined the company or the department they belong to. Employees who are full of enthusiasm as business managers and whose business plans are evaluated positively will be supported to realize their business at Septeni Incubate, Inc., a Group company that develops and nurtures new businesses, or at other Group companies that have strong synergy with the business in question.

gen-ten 2024, focused on generative AI

The “gen-ten 2024,” the 14th time this contest has been held, underwent a major update to reflect the renewal of the Group’s management structure and a change in the medium-term theme.

In the past, the themes for the new business plans could be freely chosen, in line with the idea that new businesses are created by sending individuals to outlying areas different from those they were previously involved in, drawing on the energy of “stand-alone x centrifugal force.” However, for this contest, a single theme for business plans was chosen in line with our medium-term theme “Focus & Synergy,” which emphasizes “teamwork x cohesion” to involve many people in one particular field. That theme was generative AI.



Exploring the potential for transformation through generative AI

Since the arrival of ChatGPT in November 2022, generative AI has been rapidly spreading around the world, and its evolution has the potential to bring about significant change in a variety of business domains. The Septeni Group is actively engaged in the use of generative AI, exploring its possibilities while developing services for client companies and improving the efficiency of internal operations (see page 28 for more information on our generative AI initiatives).

With this in mind, we chose generative AI as the theme for the new business plans, hoping that the entire Group would work together on this theme and that each individual would pursue new opportunities. As a result, we received more business plan entries than in previous years. The event confirmed the high level of interest in generative AI within the Group and, through the entrepreneurship shown by each participant, embodied the medium-term theme of "Focus & Synergy."

The gen-ten 2024 Process

Theme: Generative AI

Entry period

Hold a "gen-ten salon"

A community where members interested in new businesses can engage with each other

Form a cross-Group information sharing community on generative AI and LLMs

- Operate a community for sharing knowledge
- Hold regular lunch meetings to catch up on a set of topics

Preliminary screening

Several teams to participate in the final contest determined

Group management personnel participate as mentors to refine plans

Final contest

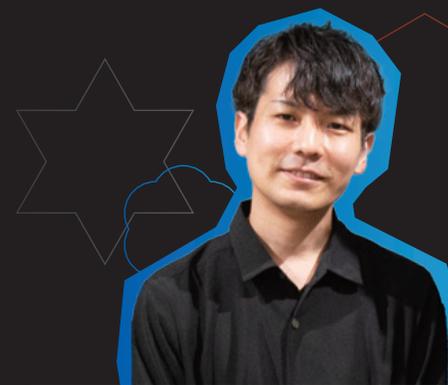
Pitch event held featuring finalists
Review by management personnel from each business areas

Consideration of business feasibility

For those who place highly in the contest, consideration will be given to reassignment, etc. for developing entries into businesses



Comments from the winner of gen-ten 2024



Satoshi Tanaka

Creative Department 1,
Solutions Division 1
DENTSU DIRECT INC.

I interpret entrepreneurship as an attitude of acting proactively and across boundaries to promote the growth and success of the entire organization, and I feel that at its core lies the mindset of "expanding." In gen-ten 2024, I proposed a business plan for creative production utilizing generative AI, which I believe embodies this interpretation of entrepreneurship. Going forward, I intend to continue creating solutions that have a real business impact by combining my position, capabilities, new technologies, and assets both inside and outside the company.

Promotion of Sustainability Management

Sustainability policy

We believe that contributing to the resolution of social issues through our corporate activities is what is required of us by our stakeholders in order to realize our mission “to inspire the world with entrepreneurship” and our Group vision, and we are promoting sustainability activities.

In our sustainability activities, we have set our Group’s mission and vision as our basic policy, and we are actively promoting activities with the aim of achieving sustainable growth of the Group, improving corporate value, and realizing a sustainable society.

Sustainability promotion structure

At the heart of our Group’s sustainability initiatives is the Sustainability Committee, an advisory body to the Board of Directors. The committee includes members such as employees under the age of 30 representing future generations, female managers, individuals responsible for each materiality, and external advisors, all contributing to vigorous discussions from various perspectives. Furthermore, subcommittees have been established under the committee to promote initiatives related to materiality within the Group, working towards solving issues and achieving KPIs.

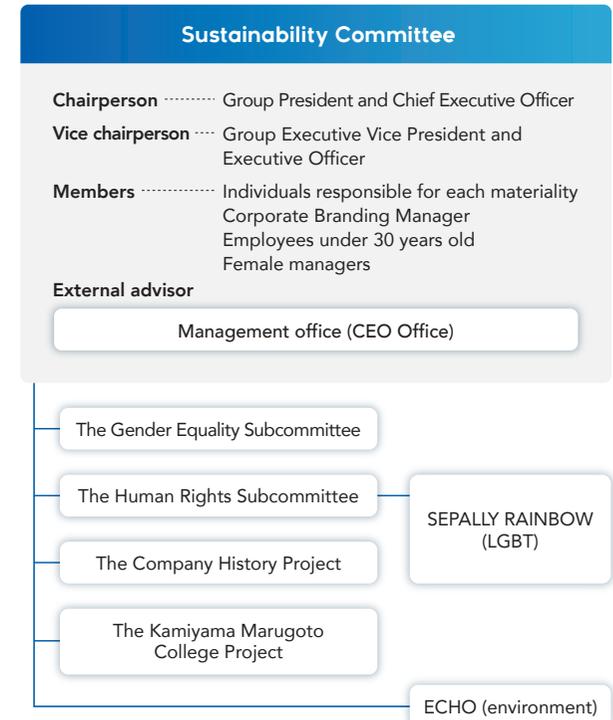
Following the establishment of our Human Rights

Policy in the fiscal year ended December 2024, we upgraded the Subcommittee for Measures against Discrimination and Harassment to the Human Rights Subcommittee to address a broader range of human rights issues. Furthermore, under the committee’s purview, we have placed two projects: the Company History Project, aimed at uncovering our Group’s DNA by examining its 35-year history and connecting it to the future, and the Kamiyama Marugoto College Project, leading our engagement with the college as a scholarship partner. With this strengthened structure, we will further advance sustainability activities both within and outside the Group.

Overview of Sustainability Activities



Sustainability Committee



Materiality of the Septeni Group

Progress on materiality

We have been promoting sustainability activities by regularly reviewing the materiality we identified in 2016. However, in response to the revision of our Group's philosophy in October 2022, we have updated our materiality.

In the fiscal year ended December 2024, the Sustainability Committee reviewed the progress of

each KPI set for our four materiality areas and deliberated on corresponding measures. As a result, we decided to revise and update certain KPIs.

Furthermore, in response to the growing global emphasis on respecting human rights in business activities, we decided to strengthen our human rights initiatives and added "Appropriate response to human rights risks" as a new KPI under "Enhancement of Corporate Value by Empowering People Who Create a New Era."

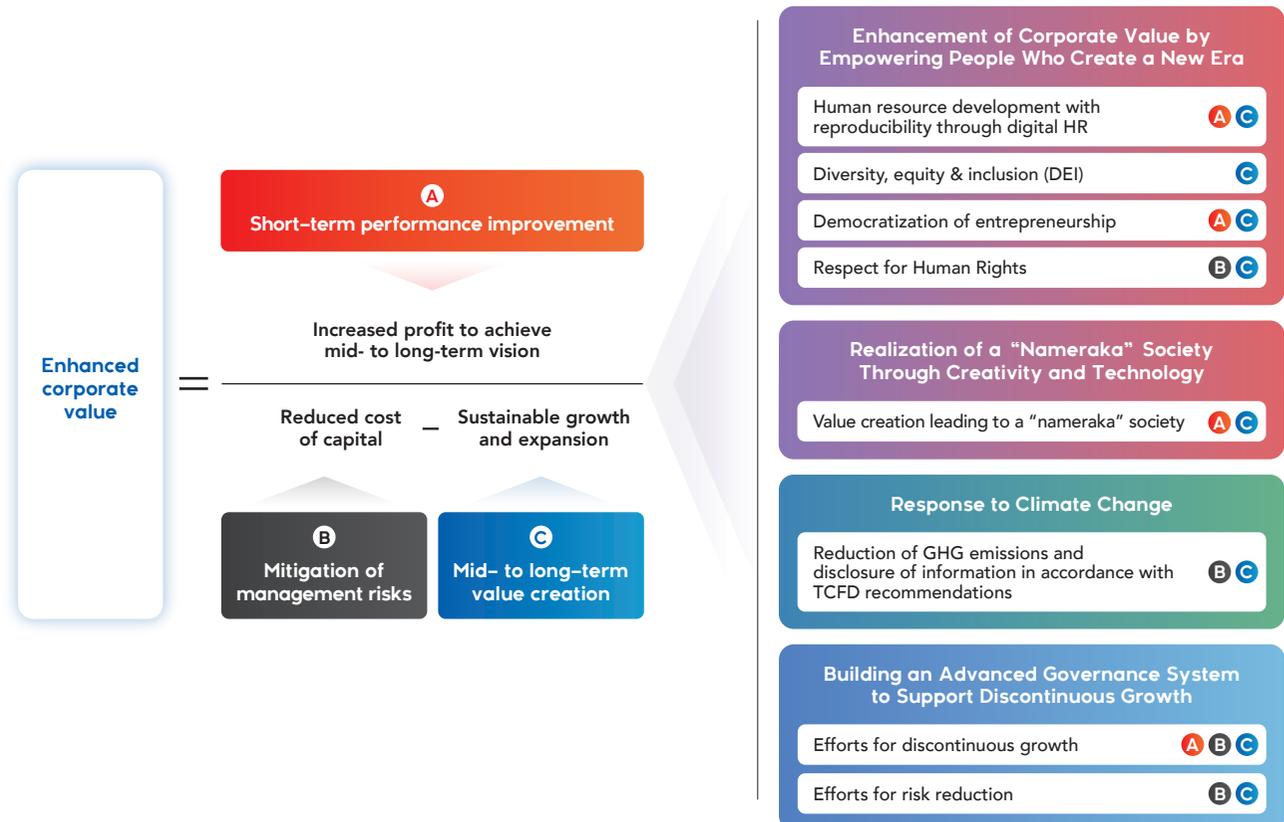
The link between materiality and corporate value

The following diagram illustrates how each materiality and its subcategories relate to our Group's corporate value. By continuing to address these four materialities, we aim to achieve our Group's vision and realize our mission "to inspire the world with entrepreneurship."

Main Discussion Topics of the Sustainability Committee

2022	<ul style="list-style-type: none"> • Overview of the Sustainability Committee • Deliberation on the renewal of the corporate philosophy system • Deliberation on the formulation of the sustainability policy • Review and deliberation on priority themes (current materiality) and KPIs related to the priority themes • Progress report on initiatives related to priority themes (current materiality) and various KPIs
2023	<ul style="list-style-type: none"> • Report on the establishment of the sustainability policy • Review and deliberation on priority themes (current materiality) and KPIs related to the priority themes • Report on ESG evaluation results and deliberation on responses • Report on the expansion of sustainability information disclosure (disclosure of information in accordance with TCFD recommendations and disclosure in the Securities Report) • Report on activities to promote the new corporate philosophy • Progress report on initiatives related to materiality and various KPIs
2024	<ul style="list-style-type: none"> • Report on changes to the committee structure • Report on the revision of KPIs related to materiality • Implementation of human rights training and deliberation on the formulation of the human rights policy • Report on ESG evaluation results and deliberation on responses • Report on activities to promote the corporate philosophy and medium-term theme • Progress report on initiatives related to materiality and various KPIs

The Link Between Materiality and Corporate Value



Materiality of the Septeni Group

Materiality and KPIs

Materiality	Value Provided to Society	Subcategory of Materiality	KPI	Target	Target Achievement Timing
Enhancement of Corporate Value by Empowering People Who Create a New Era	As stated in the first clause of our vision, "To be a place where people are empowered to create a new era," we at the Septeni Group believe that our most valuable asset is our people. In our commitment to nurturing those who will shape the future, we are actively pursuing three themes. The first is enhancing the value of each individual through reproducible talent acquisition, placement, and development using HR technology. The second is creating an environment where each individual can play an active role in their own way by promoting Diversity, Equity, and Inclusion (DEI). The third is democratizing entrepreneurship by nurturing and establishing the entrepreneurship of each individual. Through these efforts, we aim to enhance human capital value, empower people who create a new era, and improve corporate value. In addition, within DEI efforts, we focus on initiatives related to women, who represent a majority among minorities, as we believe that addressing gender equity and inclusion leads to the realization of equity and inclusion for other attributes. Therefore, we aim to close the gender gap and have set the ratio of female managers as a KPI.	Human resource development with reproducibility through digital HR	Operation and accuracy improvement of HR value chain*	Continuous implementation	Annually
		Diversity, equity & inclusion (DEI)	Ratio of female managers	30%	2030
		Democratization of entrepreneurship	Cultivating an environment where employees can readily demonstrate entrepreneurship	Creating opportunities for employees to demonstrate entrepreneurship	2025
			Number of employee stock ownership plan participants	Year-on-year increase	Annually
Respect for Human Rights	Appropriate response to human rights risks	Establishing a human rights due diligence system	2025		
Realization of a "Nameraka" Society Through Creativity and Technology	In the second part of our vision, we express our commitment "To open the door to a "nameraka" future with creativity and technology." Our goal is to realize a "nameraka" future by harnessing each employee's creativity, utilizing technology to create new value in the form of new businesses, services, and IP, and expanding opportunities for both industries and individuals.	Value creation leading to a "nameraka" society	Providing value and opportunities to society through business and services	Increase in recipients of value	2030
Response to Climate Change	Climate change is threatening the future of our planet. Given that a sustainable and sound Earth and society are prerequisites for business operations, addressing climate change is of high importance and is also widely demanded by society and stakeholders. By continuously taking action against climate change, we aim to achieve a decarbonized society.	Reduction of GHG emissions and disclosure of information in accordance with TCFD recommendations	Scope 1 & 2 emissions	70% reduction	2030
Building an Advanced Governance System to Support Discontinuous Growth	By promoting both offensive corporate governance to pursue discontinuous growth and defensive corporate governance to pursue risk reduction, we aim to build advanced corporate governance system to create a new era and become a place to realize a "nameraka" future.	Efforts for discontinuous growth	Fostering a healthy cycle of business creation and exit through the consistent application of business continuity standards	Improving management indicators through business portfolio management	Annually
		Efforts for risk reduction	Implementation of appropriate risk management and thorough compliance	100% training participation rate	Annually
			Ensuring and improving the effectiveness of the board of directors	<ul style="list-style-type: none"> Continuous implementation of executive sessions Continuous implementation of effectiveness evaluations 	Annually
Discussion of succession planning	Continuous implementation	Annually			

*HR strategy designed as a consistent service from recruitment to onboarding to development, based on a talent database accumulated over more than 20 years.