

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
SEPTENI HOLDINGS CO., LTD. ("the Company") assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

CONVOCATION NOTICE FOR THE 30TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

SEPTENI HOLDINGS CO., LTD.

Top Message

On behalf of SEPTENI HOLDINGS CO., LTD., I would like to express our thanks for your support. Please find herein the convocation notice for the 30th Ordinary General Meeting of Shareholders.

The 2020 fiscal year was one year filled with such tumultuous change that it required the earnings forecasts to be revised twice due to the significant impact of novel coronavirus disease (hereinafter referred to as “COVID-19”) on society and economy. Even in an environment of stay-at-home orders and other measures, I believe it was a year in which we were able to get back on a track for growth while minimizing the impact of COVID-19 by expanding projects compatible with the online shift in overall consumption, promoting alliance operations with the Dentsu Group, and reforming the way we work through telework and online recruitment. Amid such environmental changes, we have updated our Midterm Business Policies to seize upon the changes that have occurred in people’s values and consumption, and in society as a whole as a new opportunity for growth, and to chart medium- to long-term growth in response to the acceleration of digital transformation (DX).

Under the Group’s mission of “inspiring the world with entrepreneurship,” we will work to further enhance our corporate value. We very much appreciate your continuous understanding and support.

November 2020

Koki Sato,

Representative Director

Group President and Chief Executive Officer

November 27, 2020

Dear Shareholder

Koki Sato,
Representative Director
Group President and Chief Executive Officer
SEPTENI HOLDINGS CO., LTD.
17-1 Nishishinjuku 8-chome, Shinjuku-ku,
Tokyo, Japan

CONVOCAATION NOTICE FOR THE 30TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. Date and Time: Tuesday, December 22, 2020, at 10:00 a.m.
(Reception will begin at 9:00 a.m.)

2. Place: B1 Floor, Crystal Room
Hyatt Regency Tokyo
7-2 Nishishinjuku 2-chome, Shinjuku-ku, Tokyo, Japan

3. Meeting Agenda

Matters to be reported:

1. The Business Report and Consolidated Financial Statements for the Company's 30th term (from October 1, 2019 to September 30, 2020) and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Company Auditors
2. Non-consolidated Financial Statements for the Company's 30th term (from October 1, 2019 to September 30, 2020)

Matters to be resolved:

- Agenda Item No. 1:** Election of Eight Directors
Agenda Item No. 2: Election of One Company Auditor
-

To Institutional Investors	You may use the Electronic Proxy Voting Platform operated by ICJ Inc., as a method of exercising your voting rights for the General Meetings of Shareholders.
----------------------------	---

- When you attend the meeting, you are kindly requested to submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting.

For the purpose of saving resources, please be sure to bring this convocation notice with you.

- The documents to be provided with this convocation notice

- 1) Notes to Consolidated Financial Statements
- 2) Notes to Non-consolidated Financial Statements

Based on relevant laws and regulations and the Article 19 of the Company's Articles of Incorporation, the above items are posted on the Company's website and are therefore not included in the documents accompanying this convocation notice. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Board of Company Auditors and the Financial Auditor include Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements, which are posted on the Company's website.

If any amendment is made to the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders, the amended information will be disclosed on the Company's website.

The Company's website: <https://www.septeni-holdings.co.jp/en>

Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Matters

Agenda Item No. 1: Election of Eight Directors

At the close of this General Meeting of Shareholders, all six directors will retire due to the expiration of their respective terms of office.

In that regard, the Company hereby proposes the election of eight directors, including five outside directors, increasing the number of outside directors by two to further enhance the corporate governance.

To establish a higher level of corporate governance, maintain sustainable growth, and enhance corporate value over the medium to long term, the Company delegates as much of the decision-making and execution relating to business execution as possible to Group Executive Officers, and so the board of directors can perform thorough oversight of the business execution of the Group Executive Officers.

The oversight function of management is continually strengthening under our board of directors whose composition comprises a majority of outside directors.

The Company nominates candidates for director based on a strong sense of ethics and responsibility, and the extensive knowledge and experience, as well as character, required for the Company's management decision-making, or the track record and insight required to enhance the oversight function of management.

In nominating candidates for director, based on the above policy, the Group President and Chief Executive Officer creates a proposed list of candidates, and following deliberation by the Nomination Advisory Committee, composed only of outside directors and the Group President and Chief Executive Officer, the candidates are nominated at a meeting of the board of directors.

The candidates are as follows:

Candidate No.	Name		Important positions held at other companies	Attendance to the board of directors meetings
1	Koki Sato Representative director Group President and Chief Executive Officer	Reelection		13/13
2	Isamu Ueno Representative director Group Senior Executive Officer	Reelection		13/13
3	Tadahiro Matsuda Director Group Senior Executive Officer	Reelection		13/13
4	Etsuko Okajima Outside director	Reelection Outside director Independent officer	CEO, ProNova Inc. External Director, MARUI GROUP Co., Ltd. Outside Director, euglena Co., Ltd. External Director, Money Forward, Inc.	13/13
5	Yusuke Asakura Outside director	Reelection Outside director Independent officer	Representative Director, Signifiant Inc.	13/13
6	Yoshiki Ishikawa Outside director	Reelection Outside director Independent officer	Director, Cancer Scan Co., Ltd. Director, Campus for H Inc. External Director (Audit & Supervisory Committee Member), Sansan, Inc. External Director, Gaiax Co. Ltd.	10/10
7	Akie Iriyama	New candidate Outside director Independent officer	Professor, Business School, Waseda University Outside Director, Rohto Pharmaceutical Co., Ltd. Outside Director, Sanoh Industrial Co., Ltd.	--
8	Mio Takaoka	New candidate Outside director Independent officer	Partner, Arbor Ventures	--

1	Koki Sato (Date of birth: March 11, 1975)	Reelection	
		Number of years in office	19 years and 5 months
		Attendance to the board of directors meetings	13/13
		Number of the Company's common shares held	372,300

Profile and position at the Company

Apr. 1997	Joined the Company
Jul. 2001	Director and General Manager of Internet Operations
Oct. 2003	Managing Director and CMO
Dec. 2004	Senior Managing Director and COO
Oct. 2007	Senior Managing Director
Dec. 2009	Representative Director (current position) and President
Jan. 2017	Group President and Chief Executive Officer (current position)
Jan. 2019	Executive Officer, Dentsu Inc.

■ Reasons for nomination as candidate for director

Since joining the Company, Mr. Koki Sato established a new field which has become a major pillar of the Group business, always leading from the front. Furthermore, he has led the management of the entire Group over the course of many years, steadily addressing a range of management challenges to enhance corporate value, and because he is expected to continue to exercise strong leadership, he has once again been nominated as candidate for director.

■ Important positions held at other companies

None.

2	Isamu Ueno (Date of birth: June 1, 1968)	Reelection	
		Number of years in office	16 years
		Attendance to the board of directors meetings	13/13
		Number of the Company's common shares held	533,999

Profile and position at the Company

Sep. 1998	Joined the Company
Nov. 2003	Officer and Manager of Personnel and Administration
Dec. 2004	Director and Manager of Personnel and Administration
Dec. 2005	Managing Director
Dec. 2009	Senior Managing Director
Jan. 2017	Group Senior Executive Officer (current position)
Dec. 2018	Representative Director (current position)

■ Reasons for nomination as candidate for director

Mr. Isamu Ueno has extensive experience and results, and considerable insight in the field of personnel and administration, and because he is expected to drive the management of the Group and further enhance and drive corporate governance, he has once again been nominated as candidate for director.

■ Important positions held at other companies

None.

3 Tadahihiro Matsuda
(Date of birth: May 7, 1973)

Reelection
Number of years in office 2 years
Attendance to the board of directors meetings 13/13
Number of the Company's common shares held 162,500

Profile and position at the Company

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

■ Reasons for nomination as candidate for director

Mr. Tadahihiro Matsuda has extensive experience and results, and considerable insight in the Group's digital marketing business and new business fields, and because he is expected to further enhance and drive the management of the Group, he has once again been nominated as candidate for director.

■ Important positions held at other companies

None.

4 Etsuko Okajima
(Date of birth: May 16, 1966)

Reelection
Outside director
Independent officer
Number of years in office 5 years
Attendance to the board of directors meetings 13/13
Number of the Company's common shares held –

Profile and position at the Company

Apr. 1989 Joined Mitsubishi Corporation
Jan. 2001 Joined McKinsey & Company
Mar. 2002 Joined Globis Management Bank, Inc.
Jul. 2005 President, Globis Management Bank, Inc.
Jun. 2007 CEO, ProNova Inc. (current position)
Jun. 2014 Outside Director, Astellas Pharma Inc.
Jun. 2014 External Director, MARUI GROUP Co., Ltd. (current position)
Dec. 2015 Outside Director (current position)
Mar. 2016 Outside Director, Link and Motivation Inc.
Dec. 2018 Outside Director, euglena Co., Ltd. (current position)
Feb. 2019 External Director, Money Forward, Inc. (current position)

■ Reasons for nomination as candidate for outside director

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, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

CEO, ProNova Inc.; External Director, MARUI GROUP Co., Ltd.; Outside Director, euglena Co., Ltd.; External Director, Money Forward, Inc.

5 Yusuke Asakura
(Date of birth: July 23, 1982)

Reelection
Outside director
Independent officer
Number of years in office 3 years
Attendance to the board of directors meetings 13/13
Number of the Company's common shares held –

Profile and position at the Company

Apr. 2007 Joined McKinsey & Company
Aug. 2010 Joined Naked Technology Inc.
Oct. 2010 Representative Director, President and CEO, Naked Technology Inc.
Oct. 2011 Joined mixi Inc.
Jun. 2013 Representative Director, President and CEO, mixi Inc.
Nov. 2014 Visiting scholar, Stanford University
May 2015 Outside director, Raksul, Inc.
Mar. 2016 Outside director, Loco Partners
Mar. 2017 Visiting scholar, National Graduate Institute for Policy Studies
Jul. 2017 Representative Director, Signifiant Inc. (current position)
Dec. 2017 Outside Director (current position)

■ Reasons for nomination as candidate for outside director

Mr. Yusuke Asakura has professional, extensive 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, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

Representative Director, Signifiant Inc.

6	Yoshiki Ishikawa (Date of birth: February 27, 1981)	Reelection	
		Outside director	
		Independent officer	
		Number of years in office	1 year
		Attendance to the board of directors meetings	10/10
		Number of the Company's common shares held	–

Profile and position at the Company

Nov. 2008	Director, Cancer Scan Co., Ltd. (current position)
Sep. 2014	Director, Campus for H Inc. (current position)
Feb. 2019	External Director (Audit & Supervisory Committee Member), Sansan, Inc. (current position)
Mar. 2019	External Director, Gaiax Co. Ltd. (current position)
Dec. 2019	Outside Director (current position)

■ Reasons for nomination as candidate for outside director

Mr. Yoshiki Ishikawa has professional, extensive 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 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, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

Director, Cancer Scan Co., Ltd.; Director, Campus for H Inc.; External Director (Audit & Supervisory Committee Member), Sansan, Inc.; External Director, Gaiax Co. Ltd.

7	Akie Iriyama (Date of birth: December 8, 1972)	New candidate	
		Outside director	
		Independent officer	
		Number of years in office	– years
		Attendance to the board of directors meetings	–/–
		Number of the Company's common shares held	–

Profile and position at the Company

Apr. 1998	Joined Mitsubishi Research Institute, Inc.
Sep. 2008	Assistant Professor, University at Buffalo, the State University of New York
Sep. 2013	Associate Professor, Business School, Waseda University
May 2016	Outside Director, Macromill, Inc.
Apr. 2019	Professor, Business School, Waseda University (current position)
Jun. 2019	Outside Director, Rohto Pharmaceutical Co., Ltd. (current position)
Jun. 2020	Outside Director, Sanoh Industrial Co., Ltd. (current position)

■ Reasons for nomination as candidate for outside director

Mr. Akie Iriyama has operational experience as a consultant, along with professional, extensive experience and results and considerable insight as a researcher specialized in the management strategies and the global management fields, and he is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has been nominated as candidate for outside director. Although he has never been involved in corporate management other than serving as an outside officer, he is deemed capable of properly carrying out the duties of an outside director of the Company for the reasons mentioned above.

■ Important positions held at other companies

Professor, Business School, Waseda University; Outside Director, Rohto Pharmaceutical Co., Ltd.; Outside Director, Sanoh Industrial Co., Ltd.

8 Mio Takaoka
(Date of birth: May 3, 1979)

New candidate
Outside director
Independent officer
Number of years in office – years
Attendance to the board of directors meetings –/–
Number of the Company’s common shares held –

Profile and position at the Company

Jul. 1999 Joined Goldman Sachs Japan Securities
Jun. 2002 Joined Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)
Mar. 2006 Joined Lehman Brothers Japan Securities
Jan. 2009 Joined Monex Group, Inc.
Feb. 2014 Executive, General Manager of new business, Monex Group, Inc.
May 2014 Director, Monex Ventures, Inc.
Sep. 2017 Joined MedicalNote, Inc.
Sep. 2017 Partner, Arbor Ventures (current position)
Mar. 2018 Director, MedicalNote, Inc. (current position)

■ Reasons for nomination as candidate for outside director

Ms. Mio Takaoka has professional, extensive experience and results, and considerable insight of strategic investment, new business development and finance, and she is deemed capable of providing oversight and advice on the Company’s business administration as an outside director, and has been nominated as candidate for outside director.

■ Important positions held at other companies

Partner, Arbor Ventures

(Notes)

1. The name of Ms. Etsuko Okajima in the family register is Etsuko Mino.
2. Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama and Ms. Mio Takaoka are candidates for outside directors.
3. Ms. Etsuko Okajima is the CEO of ProNova Inc., which has concluded a service contract agreement with the Company for workshops on themes such as “The Importance of Diversity and Inclusion” and “Career Building for the Advancement of Women.”
4. Apart from what is mentioned in 3. above, there are no other special relationships between the Company and each of the candidates.
5. The number of the board of directors meetings included in the scope of attendance for Mr. Yoshiki Ishikawa is the 10 meetings held during the time after he was appointed as director on December 18, 2019.
6. Ms. Mio Takaoka is scheduled to retire from office as Director of MedicalNote, Inc. on December 25, 2020.
7. The Company has established “Independence Standards for Outside Officers” (<https://www.septeni-holdings.co.jp/ir/pdf/isod.pdf>) (in Japanese only). There is no information showing any violations of these standards for candidates Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama or Ms. Mio Takaoka, and each candidate is deemed independent.
8. The Company has designated Ms. Etsuko Okajima, Mr. Yusuke Asakura and Mr. Yoshiki Ishikawa as independent officers in accordance with the rules of Tokyo Stock Exchange, Inc. and has submitted a notice of designation to the Tokyo Stock Exchange. If the proposed reelection of them is approved, the Company will continue to designate them as independent officers. Furthermore, if the proposed election of Mr. Akie Iriyama and Ms. Mio Takaoka is approved, the Company will designate them as independent officers in accordance with the rules of Tokyo Stock Exchange, Inc., and will submit a notice of designation to the Tokyo Stock Exchange.
9. The Company has entered into a liability limitation agreement with each of Ms. Etsuko Okajima, Mr. Yusuke Asakura and Mr. Yoshiki Ishikawa. According to the aforementioned liability limitation agreement, their liability for damages under Article 423, paragraph 1 of the Companies Act will not exceed either ¥5 million or the minimum liability amount stipulated in Article 425, paragraph 1 of the same Act, whichever is higher. If the proposed reelection of them is approved, the Company plans to again enter into the aforementioned liability limitation agreement with them. In addition, if the proposed election of Mr. Akie Iriyama and Ms. Mio Takaoka is approved, the Company plans to enter into the aforementioned liability limitation agreement with them.

Agenda Item No. 2: Election of One Company Auditor

At the close of this General Meeting of Shareholders, company auditor Mr. Muneyoshi Nomura will retire by resignation. In that regard, the Company hereby proposes the election of one new company auditor.

In addition, the consent of the board of company auditors has been obtained for this proposal.

The candidate is as follows:

Name	Important positions held at other companies	Attendance to the board of directors meetings	Attendance to the board of company auditors meetings
Tadahiro Mori	New candidate Outside company auditor	-/-	-/-

Tadahiro Mori

(Date of birth: August 5, 1957)

New candidate
Outside company auditor
Number of years in office – years
Attendance to the board of directors meetings -/-
Attendance to the board of company auditors meetings -/-
Number of the Company's common shares held –

Profile and position at the Company

Apr. 1980 Joined Taiyo Fishery Co., Ltd. (currently Maruha Nichiro Corporation)
Apr. 2012 General Manager of Administration Department, Maruha Nichiro Foods, Inc. (currently Maruha Nichiro Corporation)
Apr. 2014 General Manager of Logistics Department, Maruha Nichiro Corporation
Nov. 2014 General Manager of Risk Management Department, Maruha Nichiro Corporation
Apr. 2018 Advisor, DAITO GYORUI CO., LTD.
Jun. 2018 Director (Full-time Audit & Supervisory Committee Member), DAITO GYORUI CO., LTD.

■ Reasons for nomination as candidate for outside company auditor

Mr. Tadahiro Mori has considerable insight and extensive operational experience of auditing, and he is deemed capable of properly carrying out the duties of company auditor, and has been nominated as candidate for outside company auditor.

■ Important positions held at other companies

None.

(Notes)

1. There is no special relationship between the Company and Mr. Tadahiro Mori.
2. Mr. Tadahiro Mori is a candidate for outside company auditor.
3. If the election of Mr. Tadahiro Mori is approved, the Company will enter into a liability limitation agreement with him according to which his liability for damages under Article 423, paragraph 1 of the Companies Act will not exceed either ¥5 million or the minimum liability amount stipulated in Article 425, paragraph 1 of same Act, whichever is higher.
4. If the proposed election of Mr. Tadahiro Mori is approved at this General Meeting of Shareholders, he plans to assume the position of internal company auditor.

Business Report (From October 1, 2019 to September 30, 2020)

1. Current status of the SEPTENI Group

(1) Business progress and results

Earnings for the fiscal year under review

In the business environment in the fiscal year under review, economic activities stagnated due to the global spread of novel coronavirus disease (hereinafter referred to as COVID-19), and we saw a reduction in advertising demand based on stay-at-home orders and restrictions on consumption activities with the state of emergency declaration issued at the start of April. Thereafter, when the state of emergency declaration was lifted in mid-May, economic activities began to gradually reopen, and advertising demand which had continuously declined since late March bottomed out and began to recover in May and continued recovering through September.

Furthermore, individual smartphone ownership in Japan rose to 67.6% in 2019, as the quantitative expansion continued centered on Generation Z and the millennial generation, with the exceptionally high popularization rate of 80-90% of those in their teens through 30s now owning a smartphone. At the same time, the individual objectives for smartphone use are also diversifying with the increasing usage rate of SNS (social networking services), meaning we are also seeing a profound qualitative change in use (source: “Communications Usage Trend Survey in 2019,” Ministry of Internal Affairs and Communications). As such, with the smartphone becoming a mainstream device to access the Internet, in the market for various services and applications, expansion into content such as video, music, and e-books is accelerating. Additionally, social media is being used not only for communication, but is also expanding into fields such as payments and purchases. As its influence is growing even stronger, demand for marketing support utilizing the individual characteristics of different media as well as data and AI is also increasing further.

Amid this business environment, our mainstay Digital Marketing Business enjoyed increased revenue and profit due to increased projects from the online shift in overall consumption caused by COVID-19 and from promoting alliance operations with the Dentsu Group in Japan. The Media Platform Business suffered expanded deficit due to the impact of COVID-19.

Furthermore, to expand into new business segments, we utilized our capital for capital participation in companies in the sports field, sharing asset field, and entertainment field, and launched business alliances.

As a result, revenue increased to ¥17,938 million (up 6.8% year on year), non-GAAP operating profit increased to ¥2,452 million (up 18.8% year on year), operating profit totaled ¥2,274 million (compared to operating profit of ¥183 million in the previous term), profit before tax totaled ¥2,325 million (compared to loss before tax of ¥81 million in the previous term), profit totaled ¥1,471 million (compared to loss of ¥542 million in the previous term), and profit attributable to owners of parent totaled ¥1,464 million (compared to loss attributable to owners of parent of ¥547 million in the previous term).

Concerning year-end dividend for the business year under review, after taking into consideration the above-mentioned business performance and the Company’s basic policy on profit distribution, the Company passed a resolution at the board of directors meeting held on November 24, 2020 to pay a year-end dividend of ¥2.0 per share. Based on this decision, total dividends paid will be ¥256 million.

Adoption of the International Financial Reporting Standards (hereinafter referred to as “IFRS”)

The Group has applied IFRS since the fiscal year ended September 30, 2016 in place of previously used Japanese GAAP, aiming for better convenience for all of the Group’s stakeholders, including shareholders and investors in and outside Japan, while promoting actively its global business development.

In line with the above, while voluntarily providing previously used “net sales” as a reference, the Group discloses “revenue” as an indicator based on IFRS. The recording method of the revenue in the sale by advertising agents, comprising a large part of the Digital Marketing Business, has been changed to record the net amount, indicating only the margin. As a result, the amount of “revenue” has been reduced substantially from the amount of “net sales” previously used when the amounts are compared in the same transaction.

In addition, the Group discloses “non-GAAP operating profit,” an indicator that is not defined in IFRS on a voluntary basis. Non-GAAP operating profit (or loss) is a profit indicator of constant business performance determined by adjusting temporary factors such as impairment losses and gains or losses on the sales of non-current assets from the IFRS-based operating profit (or loss). The management of the Group deems that the information is valuable for users of financial statements.

Revenue: Up 6.8% ¥17,938 million Previous term: ¥16,796 million	Non-GAAP operating profit: Up 18.8% ¥2,452 million Previous term: ¥2,065 million
Profit attributable to owners of parent: ¥1,464 million Previous term: ¥(547) million	Dividends per share: ¥2.0 Previous term: ¥2.0

The overview of operating results by major business segment is as follows.

Digital Marketing Business

■ Major business

The Digital Marketing Business provides comprehensive support for corporate digital transformation (DX) centered on digital marketing that includes the provision of solutions using data and AI starting with the sales and operations of digital advertisements, as well as marketing support integrating online and offline solutions through our business alliance with the Dentsu Group.

Through alliance operations with the Dentsu Group, the medium-term alliance operations have enjoyed a year-on-year increase in the number of customers and the customer unit price, and the alliance has made steady progress. Moreover, contracts are growing as a result of capturing demand created from growing online consumption centered on advertisers of video games, manga, video streaming, EC and others. Brand advertising volume in Japan has been steadily increasing.

Revenue: ¥15,807 million
(Up 4.8% year on year)

Non-GAAP operating profit: ¥5,248 million
(Up 9.9% year on year)

Media Platform Business

■ Major business

The Media Platform Business consists of Manga Content Business, recruitment platform business, social contribution platform business, medical platform business, childcare platform business, and other businesses. The Manga Content Business engages in cultivating and supporting manga artists and operates a manga distribution service through the manga application “GANMA!,” the Company’s own media, for the purpose of planning and developing its own intellectual property (IP).

Advertising revenue of the manga application “GANMA!” decreased due to the significant impact of the spread of COVID-19. On the other hand, cumulative downloads of “GANMA!” were approximately 14.61 million as of September 30, 2020, and subscription fees steadily increased. Furthermore, revenue increased due to growth in businesses other than “GANMA!,” but the deficit expanded due to the impact of COVID-19.

Revenue: ¥2,487 million
(Up 24.0% year on year)

Non-GAAP operating loss: ¥956 million
(Operating loss of ¥901 million
in the previous term)

(2) Trends in financial position and profit and loss

■ IFRS

Category	27th term (ended September 30, 2017)	28th term (ended September 30, 2018)	29th term (ended September 30, 2019)	30th term (ended September 30, 2020)
Revenue (Thousand yen)	14,702,191	15,272,040	16,795,505	17,937,745
Operating profit (Thousand yen)	2,247,808	976,788	183,133	2,274,396
Non-GAAP operating profit (Thousand yen)	2,324,552	1,011,156	2,064,899	2,452,413
Profit attributable to owners of parent (Thousand yen)	2,210,604	847,410	(546,929)	1,464,342
Total assets (Thousand yen)	32,928,735	33,371,240	30,412,576	34,424,711
Basic earnings per share (Yen)	17.38	6.71	(4.33)	11.58
Dividends per share (Yen)	3.20	2.00	2.00	2.00
Return on equity (ROE) (%)	15.1	5.5	(3.6)	9.6

(Note) Figures in parentheses represent losses.

(3) Issues to be addressed

The Group has made the following updates to its Midterm Business Policies formulated in the fiscal year ended September 30, 2020 to respond to changes in the business environment caused by COVID-19. COVID-19 has led to large changes in both individual values and consumption behavior, and we forecast that the online shift in consumption will progress going forward. Based on these changes in the business environment, with “domain expansion” as a continued midterm theme, we aim to capture issues to handle the creation of a system to respond to the acceleration in DX (digital transformation) and to achieve sustainable growth and enhance corporate value over the medium to long term.

■ Performance Target

(Million yen)

	Fiscal year ending September 30, 2021 Plan	Fiscal year ending September 30, 2022 Plan	Fiscal year ending September 30, 2023 Plan
Revenue	20,000	22,000	24,000
Non-GAAP operating profit	2,850	3,600	4,300

* The Group revises the Midterm Business Policies on a rolling basis each fiscal year.

In the Digital Marketing Business, we will strengthen our expansion into the EC advertising field and promote an improved Group system in the data solutions field. Aiming to grow market share through promoting alliance operations with the Dentsu Group, we expect to achieve sustainable growth with increases in both revenue and profit.

In the Media Platform Business, we will concentrate management resources in higher-growth fields, focus on the user billing field, and strengthen business development in the D2C field to increase revenue through growth of each business and to narrow the deficit with the objective of getting back into the black after three years.

In our expansion into new business segments, we will work to capture DX demand through an industry focus.

(4) Capital investments

Nothing noteworthy to report.

(5) Financing

Nothing noteworthy to report.

(6) Business transfers, absorption-type company split or incorporation-type company split

Not applicable.

(7) Business transfers from other companies

Not applicable.

(8) Succession of rights and obligations relating to other entities' business as a result of absorption-type merger or company split

Not applicable.

(9) Acquisition or disposal of shares, other equities or share options of other companies

Nothing noteworthy to report.

(10) Parent and significant subsidiaries

1) Relationship with the parent

Not applicable.

2) Significant subsidiaries

Company name	Capital or investment in capital (Thousand yen)	Ratio of voting right of the Company	Major business
SEPTENI CO., LTD.	300,000	100.0%	Internet ad agency
COMICSMART INC.	250,000	100.0%	Manga Content Business

(Notes)

1. The Company owns a total of 32 consolidated subsidiaries, including the significant subsidiaries described above.
2. The Company does not own any subsidiaries that are specified wholly owned subsidiaries as provided in Article 118, item 4 of the Regulation for Enforcement of the Companies Act.

(11) Major offices (as of September 30, 2020)

Company name	Office name	Location
The Company	Headquarters	Shinjuku-ku, Tokyo
SEPTENI CO., LTD.	Headquarters	Shinjuku-ku, Tokyo
COMICSMART INC.	Headquarters	Shinjuku-ku, Tokyo

(12) Employees (as of September 30, 2020)

Number of employees	Increase/decrease from the previous term-end
1,224	77 increase

(Note) The number of employees indicates the number of working employees.

(13) Major creditors (as of September 30, 2020)

Creditor	Amount of loans (Million yen)
Mizuho Bank, Ltd.	3,200
Sumitomo Mitsui Banking Corporation	500

(14) Other important matters regarding the current status of the Group

Not applicable

2. Status of the Company

(1) Matters regarding shares (as of September 30, 2020)

- 1) Number of shares authorized 370,080,000 shares
- 2) Number of shares issued 138,916,500 shares (including 10,724,240 treasury shares)
- 3) Number of shareholders 9,766 (1,961 increase from the previous business year-end)
- 4) Major shareholders (top 10 shareholders, excluding treasury shares)

Name of shareholder	Number of shares (shares)	Shareholding ratio (%)
Dentsu Group Inc.	26,895,001	20.98
Village seven Co., Ltd.	14,719,000	11.48
Mamoru Nanamura	13,950,500	10.88
Custody Bank of Japan, Ltd. (Trust Account)	6,100,000	4.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,935,000	3.84
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	3,954,400	3.08
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/JANUS HENDERSON HORIZON FUND	3,102,900	2.42
STATE STREET BANK AND TRUST COMPANY 505019	2,719,600	2.12
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	2,236,300	1.74
Hiroshi Shimizu	2,010,000	1.56

(Notes)

1. The above shareholding ratios exclude treasury shares (10,724,240 shares).
2. The treasury shares do not include the Company's shares owned by the officer remuneration BIP (Board Incentive Plan) trust (1,739,200 shares).

5) Other important matters regarding shares

Not applicable.

(2) Matters regarding share options, etc.

1) Status of share options, etc. held by officers of the Company (as of September 30, 2020)

Date of resolution of issue	June 10, 2004	March 10, 2005	January 25, 2006
Category	Director	Director	Director
Number of holders	1	1	2
Number of share options	60	45	120
Number of shares to be issued upon exercise of share options	120,000 shares	90,000 shares	120,000 shares
Class of shares to be issued upon exercise of share options	Common shares	Common shares	Common shares
Issue price	Without contribution	Without contribution	Without contribution
Amount to be paid per share upon exercise of share options	¥7	¥7	¥7
Exercise period of share options	From June 29, 2004 to December 18, 2033	From March 16, 2005 to December 16, 2034	From February 1, 2006 to December 20, 2035
Remarks	Share options in share-based payment arrangement	Share options in share-based payment arrangement	Share options in share-based payment arrangement

(Notes)

1. Share options are not granted to outside directors.
2. As the Company implemented share splits, the number of shares and issue price provided above were adjusted accordingly.
The share splits for which adjustments were made are listed below.
 - (1) Share split at a ratio of two shares per common share on May 20, 2005
 - (2) Share split at a ratio of 200 shares per common share on October 1, 2013
 - (3) Share split at a ratio of five shares per common share on October 1, 2016
- 2) Status of share options, etc. delivered to employees, etc. during the business year under review
Not applicable.
- 3) Other important matters regarding share options, etc.
Not applicable.

(3) Matters regarding company officers (as of September 30, 2020)

1) Directors and company auditors

Position and duties	Name	Important positions held at other companies
Representative Director Group President and Chief Executive Officer	Koki Sato	
Representative Director Group Senior Executive Officer	Isamu Ueno	
Director Group Senior Executive Officer	Tadahiro Matsuda	
Director	Etsuko Okajima	CEO, ProNova Inc. External Director, MARUI GROUP Co., Ltd. Outside Director, euglena Co., Ltd. External Director, Money Forward, Inc.
Director	Yusuke Asakura	Representative Director, Signifiant Inc.
Director	Yoshiki Ishikawa	Director, Cancer Scan Co., Ltd. Director, Campus for H Inc. External Director (Audit & Supervisory Committee Member), Sansan, Inc. External Director, Gaiax Co. Ltd.
Internal Company Auditor	Nobuo Kojima	
Internal Company Auditor	Muneyoshi Nomura	
Company Auditor	Mamoru Furushima	Representative, Furushima Law & Accounting Office Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd. Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited
Company Auditor	Takeshi Okuyama	Partner, Mori Hamada & Matsumoto

2) Directors who resigned during the business year under review

Name	Date of retirement	Reason for retirement	Position and duties at the Company and important positions at other companies at the time of retirement
Tatsuya Kimura	August 31, 2020	Resignation	Outside Director Professor, Waseda University Graduate School of Business and Finance

(Notes)

- Directors Etsuko Okajima, Yusuke Asakura and Yoshiki Ishikawa are outside directors.
- Company auditors Mamoru Furushima and Takeshi Okuyama are outside company auditors.
- Company auditor Mamoru Furushima is a certified public accountant and has a respectable degree of knowledge in finance and accounting.
- The Company has designated directors Etsuko Okajima, Yusuke Asakura and Yoshiki Ishikawa as independent officers in accordance with the rules of Tokyo Stock Exchange, Inc. and has submitted a notice of designation to the Tokyo Stock Exchange.
- The Company has entered into agreements with all outside directors and outside company auditors that limit their liability for damages as set forth in Article 423, paragraph 1 of the Companies Act. The limit on liability for damages under said agreement is ¥5 million or the minimum liability amount provided for by Article 425, paragraph 1 of the Companies Act, whichever is higher. In addition, the Company had entered into the same agreement with Tatsuya Kimura, who retired from his position of outside director on August 31, 2020.

3) Amount of remunerations to directors and company auditors

Category	Number of payees	Officers' remunerations	Remarks
Director	7	¥158,966 thousand	Including ¥39,200 thousand for four outside directors
Company Auditor	5	¥43,800 thousand	Including ¥12,600 thousand for three outside company auditors

(Notes)

1. Of all directors, part of remunerations, etc. for serving concurrently as directors of subsidiaries of the Company are borne by the subsidiaries as expenses. Amount of remunerations, etc. to directors, combining the amount borne by the Company above and the amount borne by the subsidiaries, is ¥194,852 thousand.
2. The number of payees includes one outside director who retired on August 31, 2020 and one outside company auditor who retired at the close of the 29th Ordinary General Meeting of Shareholders held on December 18, 2019.
3. In addition to the above amount of remunerations, etc., based on the resolution for discontinuation payments with the elimination of the officer retirement benefit system approved and adopted at the 13th Ordinary General Meeting of Shareholders held on December 18, 2003, we have paid ¥266 thousand in officer retirement benefits to one company auditor who retired at the close of the 29th Ordinary General Meeting of Shareholders held on December 18, 2019.

4) Outside officers

(a) Relationships between the Company and other companies where outside officers hold important positions

Category	Name	Important positions held at other companies	Relationship with the Company
Director	Tatsuya Kimura	Professor, Waseda University Graduate School of Business and Finance	There is no business relationship.
Director	Etsuko Okajima	CEO, ProNova Inc.	There is no important business relationship.
		External Director, MARUI GROUP Co., Ltd.	There is no business relationship.
		Outside Director, euglena Co., Ltd.	There is no business relationship.
		External Director, Money Forward, Inc.	There is no business relationship.
Director	Yusuke Asakura	Representative Director, Signifiant Inc.	There is no business relationship.
Director	Yoshiki Ishikawa	Director, Cancer Scan Co., Ltd.	There is no business relationship.
		Director, Campus for H Inc.	There is no business relationship.
		External Director (Audit & Supervisory Committee Member), Sansan, Inc.	There is no business relationship.
		External Director, Gaiax Co. Ltd.	There is no business relationship.
Company Auditor	Mamoru Furushima	Representative, Furushima Law & Accounting Office	There is no business relationship.
		Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd.	There is no business relationship.
		Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited	There is no business relationship.
Company Auditor	Takeshi Okuyama	Partner, Mori Hamada & Matsumoto	There is no business relationship.

(Note) The relationship with the Company described for Director Tatsuya Kimura describes the status that existed before he retired from his position on August 31, 2020.

(b) Major activities in the business year under review

Category	Name	Major activities
Director	Tatsuya Kimura	During the business year under review, Mr. Kimura attended all 12 board of directors meetings held before he retired from his position on August 31, 2020, where he made comments primarily from his professional viewpoints as an academic. Moreover, he has expressed opinions, etc. appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company.
Director	Etsuko Okajima	Ms. Okajima attended all board of directors meetings held during the business year under review, where she made comments primarily informed by her experience and insight as a corporate manager. Moreover, as the chairperson of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company, she has led deliberations on nomination of directors and compiled proposed recommendations as the committee.

Category	Name	Major activities
Director	Yusuke Asakura	Mr. Asakura attended all board of directors meetings held during the business year under review, where he made comments primarily from his professional viewpoints as a corporate manager, as a researcher and as an investor. Moreover, he has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company.
Director	Yoshiki Ishikawa	During the business year under review, Mr. Ishikawa attended all 10 board of directors meetings held after he assumed his position on December 18, 2019, where he made comments primarily from his professional viewpoints as a preventive medicine researcher and as a founder of a company using methods based on behavioral science. Moreover, he has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company.
Company Auditor	Mamoru Furushima	Mr. Furushima attended all board of directors meetings and all board of company auditors meetings held during the business year under review, where he made comments primarily from his professional viewpoints as a certified public accountant and as a lawyer.
Company Auditor	Takeshi Okuyama	During the business year under review, Mr. Okuyama attended 9 of 10 board of directors meetings and 9 of 10 board of company auditors meetings held after he assumed his position on December 18, 2019, where he made comments primarily from his professional viewpoints as a lawyer.

(4) Financial auditor (as of September 30, 2020)

1) Name

Deloitte Touche Tohmatsu LLC

2) Amount of remuneration, etc.

- (a) Remuneration for audit services set forth in Article 2, paragraph 1 of the Certified Public Accountants Act to be paid by the Company

¥70,773 thousand

- (b) Total amount of cash and other economic benefits to be paid to the financial auditor by the Company and its subsidiaries

¥70,773 thousand

(Notes)

1. The audit contract between the Company and the financial auditor does not distinguish between remuneration paid for the audit conducted in accordance with the Companies Act and remuneration paid for the audit conducted in accordance with the Financial Instruments and Exchange Act. Accordingly, the amount above is the aggregate amount.
2. The board of company auditors, based upon the “Practical Guidelines for Cooperation with Financial Auditors” released by the Japan Audit & Supervisory Board Members Association, conducts confirmation of the auditing plans of the financial auditor, the status of execution of audit, the grounds for calculation of remuneration estimates and other matters, and having investigated these, gives consent to remuneration, etc. for the financial auditor in accordance with Article 399, paragraph 1 of the Companies Act.
3. The amount of remuneration based on audit certification work in the fiscal year under review includes ¥24,020 thousand in remuneration for audit certification work related to corrections of the Company’s financial statements for previous fiscal years based on the Financial Instruments and Exchange Act (of which, ¥9,000 thousand was for the previous financial auditor, Ernst & Young ShinNihon LLC).

3) Details of limited liability agreement

The Company has entered into an agreement with the financial auditor that limits the liability thereof for damages as set forth in Article 423, paragraph 1 of the Companies Act. The limit on liability for damages under said agreement is ¥30 million or the minimum liability amount provided for by Article 425, paragraph 1 of the Companies Act, whichever is higher.

4) Policy for determining of the dismissal or non-reappointment of financial auditor

In the event that there is an obstacle to the execution of duties by the financial auditor, or when otherwise deeming the action necessary, the board of company auditors will determine the content of an agenda to be proposed to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the financial auditor. In addition, when any of the matters prescribed in the items in Article 340, paragraph 1 of the Companies Act are applicable to the financial auditor, the board of company auditors will dismiss the financial auditor with the unanimous consent of the company auditors.

5) Business suspension order to which the financial auditor was subjected during the past two years

Nothing noteworthy to report.

3. Structure and policy of the Company

(1) Policy regarding the determination of dividends of surplus, etc.

With regard to the dividends of surplus, we will consider our consolidated earnings performance for each business year, the need to fortify our financial position, the Group's forward-looking business strategy, and other factors while at the same time endeavoring to maintain a dividend payout ratio of around 15% of profit attributable to owners of parent and provide a return of profit within the limit of the distributable amount of the Company. Furthermore, taking into consideration the importance of continuity and stability of dividend payments, we have established a general principle to provide a minimum annual dividend of ¥2 per share to follow a basic practice of providing an appropriate level of profit distribution in accordance with the business growth. In addition, we will endeavor to utilize our internal reserves for investments in training personnel, optimizing and reinvigorating our existing businesses, and capturing new business areas that have the potential for high growth and profitability.

Furthermore, as for the acquisition of treasury shares, the Company shall implement it appropriately while taking into account the financial status, trend of the share price and other factors, in order to increase shareholder returns through improvement of the capital efficiency as well as to pursue the agile capital policy that responds to changes in the management environment.

Based on these policies, the Company will pay a year-end dividend of ¥2.0 per share for the business year under review.

(2) Systems to ensure the properness of operations

1) Systems to ensure the properness of operations of the corporate group comprised of the Company and its subsidiaries

- (a) The corporate group comprised of the Company and its subsidiaries (hereinafter referred to as 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 subsidiaries are operating companies. By separating the managerial function from the function of executing its individual businesses, the Group shall work to facilitate the delegation of authority to its operating subsidiaries and strengthen the Company's function of monitoring the Group's businesses.
- (b) The Company's function of managing the business of its operating subsidiaries shall be implemented effectively and efficiently based on the execution of its direct and indirect shareholders' rights and under the "Basic Agreement on Business Management Services for the Group" entered into with the operating subsidiaries.
- (c) The Company shall establish principles, regulations, guidelines and others common to the Group to ensure efficient and proper execution of duties by the Group's directors, Group Executive Officers and employees (hereinafter referred to as "officers and employees").
- (d) The Company shall clarify a system for reporting any situations concerning execution of duties by the Group's officers and employees such as the state of the business and financial results to the Company's board of directors or the Group Management Meeting. In cases where certain significant decisions are made, prior approval of the Company's board of directors or the Group Management Meeting shall be required.
- (e) The Internal Auditing Office of the Company shall provide assurance operations (auditing and guarantee function) and consulting operations (advisory and guidance function) from an independent and objective position to the Group, and examine and assess the status of ensuring the properness of operations of the entire Group.

2) Systems to ensure compliance with laws and regulations and the Articles of Incorporation by directors and employees when executing their duties

- (a) Officers and employees of the Group shall recognize compliance with laws and regulations and social ethics as being one of basic points for the Group to fulfill its corporate social responsibilities (CSR) and achieve sustainable growth, and practice the compliance through the Group's CSR activities.
- (b) The Group's corporate philosophy and code of conduct shall call for compliance with laws and regulations and social ethics and adopt it as the Group's basic policy for the business operation.

- (c) Directors and Group Executive Officers of the Group shall practice and encourage the compliance with laws and regulations and social ethics proactively.
 - (d) Directors and Group Executive Officers shall assign authorities for execution of duties appropriately and clearly and execute the duties in accordance with regulations including the regulations of the board of directors and the regulations of the Executive Officers.
 - (e) In the event that directors and Group Executive Officers find a violation of laws and regulations or other important facts regarding compliance, they shall report to the Company's board of directors or the Group Management Meeting without delay and take corrective measures.
 - (f) The Company shall conduct regular compliance trainings for the Group's officers and employees continuously and have the Internal Auditing Office, which is directly under Group President and Chief Executive Officer, perform internal audits of the Group.
 - (g) In order to respond appropriately to reporting or consultation from the Group's officers and employees on organizational or individual violations of laws and regulations, detect and amend inappropriate actions and others early, and strengthen the compliance, the Company shall establish a whistleblower hotline with external lawyers being as the person who directly receives a report.
- 3) Systems for the storage and management of information regarding the execution of duties by directors
- (a) With regard to information security of the Group, the Company shall set the "Basic Policy on Information Security," develop internal regulations regarding information security in line with laws and regulations, and establish the "Security Management Office" to oversee and manage information security in an integrated and effective manner under the common policy as the Group.
 - (b) With regard to documents, forms and other records related to duties of the Group's officers and employees (including electromagnetic records), the Company shall develop internal regulations regarding document management in line with laws and regulations, and manage and store such documents in an integrated and effective manner under the common policy as the Group.
 - (c) With regard to personal information management of the Group, the Company shall establish "Privacy Policy," develop internal regulations regarding personal information security in line with laws and regulations, and manage such information in an integrated and effective manner under the common policy as the Group.
 - (d) With regard to documents, forms and other records related to duties of the Group's officers and employees (including electromagnetic records), the Company shall establish a system to ensure that directors and company auditors can have access to these records at any time.
 - (e) With regard to insider information on shares of listed companies, the Company shall establish the "Group Regulations on Prevention of Insider Trading," manage such information in an integrated and effective manner under the common policy as the Group, and communicate it to the division in charge of information disclosure appropriately.
 - (f) When storing and managing information through electromagnetic records, the Company shall strive to gather the up-to-date information on threats for electronic information to build the latest system for storage and management possible.
- 4) Regulations and other systems for managing the risk of loss
- (a) In order to recognize significant events that may affect the business management of the Group, identify, analyze and assess risks that may harm the development and growth of the business, and make responses to the risks such as risk aversion, mitigation, transfer and others, the Company shall establish the "Group Risk Management Regulations" and set up the "Group Risk Management Committee" as a body to oversee and manage such risks in an integrated and effective manner under the common policy as the Group.
 - (b) With regard to usual risk management of the Group, each operating subsidiary or division shall make a risk assessment and response to the risk, and the Group Risk Management Committee shall receive a report from the operating subsidiary or division and oversee the risk management of the Group.
 - (c) In case of an emergency, the "Crisis Management Headquarters" with the Group President and Chief Executive Officer as its head shall oversee the risk management of the Group.

- (d) Risk management policies of the entire Group as well as assessment of and responses to the risks related to strategic decision-making such as management strategy and merger and acquisition shall be treated as the exclusive prerogatives of the Company's board of directors. In making these management decisions, the Company shall assess the risks appropriately.
 - (e) The Company shall establish a reporting system for any event or indication that may affect the Group significantly in cases where risks have become apparent, so that its board of directors can figure out such an event or indication in advance.
- 5) Systems to ensure the efficient execution of duties by directors
- (a) The Company's board of directors shall make decisions on matters stipulated in laws and regulations and the Articles of Incorporation and the execution of important operations, and transfer its authority to Group Executive Officers with regard to the execution of other operations pursuant to the "regulations of the board of directors" and the "Resolution and Entrustment Criteria" to ensure swiftness and efficiency of the execution of duties.
 - (b) Multiple subsidiary groups that are part of the same chain of command in the Group shall be deemed as companies without board of directors in terms of institutional design under the Companies Act in order to promote the swiftness and efficiency of the decision-making process. Their information shall be consolidated by the Company's board of directors or the management meeting of the core subsidiary to uniform the decision-making process.
 - (c) Directors and Group Executive Officers shall execute duties efficiently based on the Midterm Business Policies and goals and annual budget set by the Company's board of directors, as well as report the progress of these policies and goals and budget to the Company's board of directors or the Group Management Meeting and implement necessary improvement measures.
 - (d) In cases where subsidiaries make significant decisions, approval of the Company's board of directors or the Group Management Meeting shall be required, and coordination shall be made for the efficient resource allocation avoiding overlaps of business activities and capital investments between the Company and subsidiaries or between subsidiaries.
- 6) Matters relating to employees that assist the company auditors upon the request of such company auditors, independence of the relevant employees from directors and effectiveness of directions given to such employees of the company auditors to be ensured
- (a) Employees that assist the company auditors shall be assigned at the request of company auditors.
 - (b) Employees that assist the company auditors shall not concurrently serve other duties and posts.
 - (c) Matters related to personnel evaluations, personnel transfers, disciplinary actions, etc. for employees that assist the company auditors shall be conducted separately from the other employees and determined with the consent of the company auditors.
- 7) Systems for enabling directors and employees to make reports to company auditors and systems for ensuring that the persons who made such reports shall not be treated disadvantageously on the grounds that they have submitted the said reports
- (a) Company auditors of the Company may attend the board of directors meetings of the Company, Group Management Meeting and other important meetings, and request explanations from officers and employees as necessary.
 - (b) In cases where company auditors request reports on operations or inspections of documents such as minutes, approval documents and accounting books, officers and employees of the Group shall respond to the request in a prompt and appropriate manner.
 - (c) In the event that officers and employees of the Group detect any facts or situations that may cause significant damage to the companies, such officers and employees shall immediately report the matters to company auditors.
 - (d) The Company shall establish regulations for prohibiting removal from duty, discharge and any other disadvantageous treatment to officers and employees of the Group on the grounds that the officers and employees made a report to company auditors, and make the regulations well known.

- (e) All of the internal audit reports conducted by the Internal Auditing Office shall be reported to the board of company auditors.
- 8) Matters relating to policies on procedures for prepayment or reimbursement of expenses arising from the execution of duties by company auditors and processing of other expenses or obligations arising from the execution of duties by company auditors
- Expenses that are considered necessary in the execution of duties of company auditors shall be budgeted in advance. In cases where company auditors request payment for reasonable expenses for the execution of their duties, the Company shall accept the request.
- 9) Systems for ensuring the effective functioning of audits by company auditors
- (a) The Company shall ensure that it provides its company auditors with opportunities to sufficiently exchange opinions with the Group President and Chief Executive Officer, outside directors, financial auditor and internal auditors.
- (b) The Company shall establish a system that allows its company auditors to perform audits equivalent to audits of the Company by the company auditors under individual agreements between the Company and its subsidiaries, in addition to investigations of subsidiaries under laws and regulations, so that the company auditors can audit the entire Group effectively and efficiently as needed.
- (3) Overview of status of management of systems to ensure the properness of operations
- 1) Information on compliance and risk management
- With regard to the status of compliance and risk management among the entire Group, the Company shall regularly hold the meeting of the Group Risk Management Committee and share the information relating to the correspondence status, etc.
- Regular compliance trainings for officers and employees have been provided to raise the employee's awareness on compliance. In addition, the Company established the internal reporting system for the Group and informed all employees about it.
- 2) Information on the execution of duties by directors
- The board of directors comprises of six directors, including three outside directors. In addition, four company auditors including two outside company auditors also attend the meetings of the board of directors. During the business year under review, the board of directors held meetings 13 times to ensure the execution of duties in compliance with laws and regulations and the Articles of Incorporation by means of the managerial decision-making through full and thorough discussions and other measures.
- 3) Information on the execution of duties by company auditors
- The board of company auditors comprises of four company auditors, including two outside company auditors. During the business year under review, the board of company auditors held meetings 14 times to mainly receive reports from internal company auditor on the status of operations of the Company and exchange opinions mutually among company auditors.
- In addition to that, company auditors shall provide supervision of execution of duties by directors by attending the important meetings including the meeting of the board of directors and Group Management Meeting, and regularly exchange information with the Group President and Chief Executive Officer, financial auditor and Internal Auditing Office.

(Note) Figures in this Business Report are rounded to the nearest unit.

Consolidated Financial Statements

Consolidated Statement of Financial Position

			(Thousand yen)		
Account	30th term (At September 30, 2020)	(Reference) 29th term (At September 30, 2019)	Account	30th term (At September 30, 2020)	(Reference) 29th term (At September 30, 2019)
Assets			Liabilities and Equity		
Current assets			Liabilities		
Cash and cash equivalents	14,080,864	14,488,431	Current liabilities		
Trade receivables	12,747,068	10,032,303	Trade payables	11,053,053	8,799,475
Inventories	45,372	19,870	Other financial liabilities	2,375,975	1,536,893
Other financial assets	14,520	102,853	Income taxes payable	477,315	229,836
Other current assets	485,044	489,319	Other current liabilities	1,407,583	1,162,809
Total current assets	27,372,868	25,132,776	Total current liabilities	15,313,926	11,729,013
Non-current assets			Non-current liabilities		
Property, plant and equipment	319,851	382,685	Other financial liabilities	3,121,500	3,765,250
Right-of-use assets	1,007,726	-	Provisions	177,928	109,359
Intangible assets	83,577	112,545	Total non-current liabilities	3,299,428	3,874,609
Investments accounted for using equity method	963,570	887,521	Total liabilities	18,613,354	15,603,622
Other financial assets	3,546,126	2,990,742	Equity		
Other non-current assets	9,528	12,725	Equity attributable to owners of parent		
Deferred tax assets	1,121,465	893,582	Share capital	2,125,384	2,125,314
Total non-current assets	7,051,843	5,279,800	Capital surplus	3,664,788	3,664,788
			Treasury shares	(1,691,842)	(1,691,842)
			Retained earnings	11,971,086	10,750,768
			Other components of equity	(276,037)	(52,914)
			Total equity attributable to owners of parent	15,793,379	14,796,114
			Non-controlling interests	17,978	12,840
			Total equity	15,811,357	14,808,954
Total assets	34,424,711	30,412,576	Total liabilities and equity	34,424,711	30,412,576

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Profit or Loss

Account	(Thousand yen)	
	30th term (From October 1, 2019 to September 30, 2020)	(Reference) 29th term (From October 1, 2018 to September 30, 2019)
Revenue	17,937,745	16,795,505
Cost of sales	3,341,576	2,832,790
Gross profit	14,596,169	13,962,715
Selling, general and administrative expenses	12,155,667	11,923,796
Other income	13,063	41,337
Other expenses	179,169	1,897,123
Operating profit	2,274,396	183,133
Finance income	17,851	154,334
Finance costs	80,385	80,494
Share of profit (loss) of investments accounted for using equity method	113,258	(338,283)
Profit (loss) before tax	2,325,120	(81,310)
Income tax expense	854,462	460,213
Profit (loss)	1,470,658	(541,523)
Profit (loss) attributable to:		
Owners of parent	1,464,342	(546,929)
Non-controlling interests	6,316	5,406
Total	1,470,658	(541,523)

(Note) Figures are rounded to the nearest unit.

(Reference) Consolidated Statement of Comprehensive Income

	(Thousand yen)	
Account	30th term (From October 1, 2019 to September 30, 2020)	29th term (From October 1, 2018 to September 30, 2019)
Profit (loss)	1,470,658	(541,523)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes in financial assets measured at fair value through other comprehensive income	(209,500)	59,516
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,743)	(131,634)
Cash flow hedges	11,016	(2,900)
Share of other comprehensive income of entities accounted for using equity method	-	(1,717)
Total other comprehensive income, net of tax	(201,227)	(76,735)
Total comprehensive income	1,269,431	(618,258)
Comprehensive income attributable to:		
Owners of parent	1,263,115	(623,664)
Non-controlling interests	6,316	5,406
Comprehensive income	1,269,431	(618,258)

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Changes in Equity

30th term (From October 1, 2019 to September 30, 2020)

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at October 1, 2019	2,125,314	3,664,788	(1,691,842)	10,750,768	(52,914)	14,796,114	12,840	14,808,954
Cumulative effect of accounting change	–	–	–	(13,035)	–	(13,035)	–	(13,035)
Restated balance	2,125,314	3,664,788	(1,691,842)	10,737,733	(52,914)	14,783,079	12,840	14,795,919
Profit	–	–	–	1,464,342	–	1,464,342	6,316	1,470,658
Other comprehensive income	–	–	–	–	(201,227)	(201,227)	–	(201,227)
Total comprehensive income	–	–	–	1,464,342	(201,227)	1,263,115	6,316	1,269,431
Issuance of new shares	70	–	–	–	–	70	–	70
Dividends of surplus	–	–	–	(252,886)	–	(252,886)	–	(252,886)
Purchase and disposal of treasury shares	–	–	–	–	–	–	–	–
Changes in ownership interests in subsidiaries that result in loss of control	–	–	–	–	–	–	–	–
Other	–	–	–	21,897	(21,896)	1	(1,178)	(1,177)
Total transactions with owners	70	–	–	(230,989)	(21,896)	(252,815)	(1,178)	(253,993)
Balance at September 30, 2020	2,125,384	3,664,788	(1,691,842)	11,971,086	(276,037)	15,793,379	17,978	15,811,357

(Note) Figures are rounded to the nearest unit.

(Reference) 29th term (From October 1, 2018 to September 30, 2019)

(Thousand yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at October 1, 2018	2,120,484	3,663,023	(1,691,819)	11,493,305	87,244	15,672,237	57,797	15,730,034
Profit (loss)	–	–	–	(546,929)	–	(546,929)	5,406	(541,523)
Other comprehensive income	–	–	–	–	(76,735)	(76,735)	–	(76,735)
Total comprehensive income	–	–	–	(546,929)	(76,735)	(623,664)	5,406	(618,258)
Issuance of new shares	4,830	1,765	–	–	(6,245)	350	–	350
Dividends of surplus	–	–	–	(252,786)	–	(252,786)	–	(252,786)
Purchase and disposal of treasury shares	–	–	(23)	–	–	(23)	–	(23)
Changes in ownership interests in subsidiaries that result in loss of control	–	–	–	–	–	–	(50,363)	(50,363)
Other	–	–	–	57,178	(57,178)	–	–	–
Total transactions with owners	4,830	1,765	(23)	(195,608)	(63,423)	(252,459)	(50,363)	(302,822)
Balance at September 30, 2019	2,125,314	3,664,788	(1,691,842)	10,750,768	(52,914)	14,796,114	12,840	14,808,954

(Note) Figures are rounded to the nearest unit.

Non-consolidated Financial Statements
Non-consolidated Balance Sheet

		(Thousand yen)	
Account	30th term (At September 30, 2020)	Account	30th term (At September 30, 2020)
Assets		Liabilities	
Current assets	8,698,720	Current liabilities	1,285,966
Cash and deposits	6,083,848	Current portion of long-term borrowings	600,000
Accounts receivable - trade	347,080	Accounts payable - other	301,643
Supplies	1,503	Accrued expenses	29,171
Prepaid expenses	127,687	Income taxes payable	276,848
Accounts receivable - other	1,628,601	Deposits received	12,961
Short-term loans receivable from subsidiaries and associates	510,000	Provision for bonuses	22,750
Non-current assets	6,297,250	Other	42,590
Property, plant and equipment	140,399	Non-current liabilities	2,641,733
Buildings	59,978	Long-term borrowings	2,600,000
Tools, furniture and fixtures	67,809	Other	41,733
Other	12,611	Total liabilities	3,927,699
Intangible assets	85,345	Net Assets	
Software	80,918	Shareholders' equity	11,093,183
Other	4,427	Share capital	2,125,384
Investments and other assets	6,071,505	Capital surplus	2,720,904
Investment securities	2,268,769	Legal capital surplus	2,533,932
Shares of subsidiaries and associates	1,844,763	Other capital surplus	186,971
Long-term loans receivable from subsidiaries and associates	1,200,000	Retained earnings	7,938,737
Leasehold and guarantee deposits	774,909	Legal retained earnings	70,867
Deferred tax assets	43,232	Other retained earnings	7,867,870
Other	8,400	General reserve	400,000
Allowance for doubtful accounts	(68,570)	Retained earnings brought forward	7,467,870
		Treasury shares	(1,691,841)
		Valuation and translation adjustments	(24,912)
		Valuation difference on available-for-sale securities	(717)
		Deferred gains or losses on hedges	(24,194)
		Total net assets	11,068,271
Total assets	14,995,971	Total liabilities and net assets	14,995,971

(Note) Figures are rounded down to the nearest unit.

Non-consolidated Statement of Income

(Thousand yen)

Account	30th term (From October 1, 2019 to September 30, 2020)
Operating revenue	2,765,909
Operating expenses	1,847,316
Operating profit	918,592
Non-operating income	155,108
Interest income	3,370
Dividend income	37,209
Gain on valuation of investment securities	113,852
Other	676
Non-operating expenses	169,659
Interest expenses	28,027
Loss on valuation of investment securities	104,077
Listing expenses	20,843
Commission expenses	16,491
Other	219
Ordinary profit	904,042
Extraordinary income	31,560
Gain on sales of investment securities	31,560
Extraordinary losses	1,049,616
Loss on valuation of shares of subsidiaries and associates	662,838
Loss on valuation of investment securities	290,677
Other	96,100
Loss before income taxes	114,014
Income taxes - current	(56,922)
Income taxes - deferred	3,111
Loss	60,203

(Note) Figures are rounded down to the nearest unit.

Non-consolidated Statement of Changes in Equity

30th term (From October 1, 2019 to September 30, 2020)

(Thousand yen)

	Shareholders' equity								Valuation and translation adjustments				Total net assets	
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges		Total valuation and translation adjustments
		Legal capital surplus	Other capital surplus	Total capital surpluses		General reserve	Retained earnings brought forward	Total retained earnings						
Balance at beginning of period	2,125,314	2,533,932	186,971	2,720,904	70,867	400,000	7,784,438	8,255,305	(1,691,841)	11,409,681	(83)	(35,210)	(35,293)	11,374,388
Changes during period														
Issuance of new shares	70	-	-	-	-	-	-	-	-	70	-	-	-	70
Dividends of surplus	-	-	-	-	-	-	(256,364)	(256,364)	-	(256,364)	-	-	-	(256,364)
Loss	-	-	-	-	-	-	(60,203)	(60,203)	-	(60,203)	-	-	-	(60,203)
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	(634)	11,015	10,381	10,381
Total changes during period	70	-	-	-	-	-	(316,568)	(316,568)	-	(316,498)	(634)	11,015	10,381	(306,116)
Balance at end of period	2,125,384	2,533,932	186,971	2,720,904	70,867	400,000	7,467,870	7,938,737	(1,691,841)	11,093,183	(717)	(24,194)	(24,912)	11,068,271

(Note) Figures are rounded down to the nearest unit.

Audit Report

With respect to the directors' performance of their duties during the 30th business year from October 1, 2019 to September 30, 2020, the board of company auditors has prepared this audit report after deliberations based on the audit reports prepared by each of the company auditors, and hereby reports as follows:

1. Method and Contents of Audit by the Company Auditors and the Board of Company Auditors

- (1) The board of company auditors has established the audit policies, allocation of duties, etc. and received a report from each of the company auditors regarding the status of implementation of their audits and results thereof. In addition, the board of company auditors has received reports from the directors, etc., and the financial auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the audit regulations for company auditors established by the board of company auditors, and in accordance with the audit policies and allocation of duties, etc., each of the company auditors endeavored to facilitate a mutual understanding with the directors, the Internal Audit Division and other employees, etc., endeavored to collect information, maintain and improve the audit environment, and conducted the audits based on the methods described below.
 - 1) Each of the company auditors has attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the directors and employees, etc., and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets. Also, with respect to the subsidiaries, each of the company auditors endeavored to facilitate a mutual understanding and exchanged information with the directors and company auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - 2) Each of the company auditors monitored and inspected the status of the establishment and operation of the board of directors' resolutions regarding the development and maintenance of the system to ensure that the directors' performance of their duties complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group comprised of a joint stock company and its subsidiaries, and the systems (internal control systems) based on such resolutions. With respect to the internal control related to the financial report, the board of company auditors received reports regarding the assessment and status of their audits from the directors, etc. and Deloitte Touche Tohmatsu LLC, and also requested explanations when necessary.
 - 3) Each of the company auditors monitored and verified whether the financial auditor maintained its independence and properly conducted its audit, received a report from the financial auditor on the status of its performance of duties, and requested explanations as necessary. Each of the company auditors was notified by the financial auditor that it had established a "system to ensure that the duties are performed appropriately" (the matters listed in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each of the company auditors examined the business report and the supplementary schedules, the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements) and the supplementary schedules thereof, as well as the Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements, all prepared by omitting some disclosure items required under IFRS as provided for by Article 120, the latter part of paragraph 1 of the Regulation on Corporate Accounting), for the business year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the supplementary schedules thereof fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the directors' performance of their duties.
- 3) We acknowledge that the board of directors' resolutions with respect to the internal control systems are appropriate. We did not find any material matter to be mentioned with respect to the content of the Business Report or the directors' performance of their duties concerning the internal control systems, including the internal control related to the financial report.

(2) Results of Audit of Non-consolidated Financial Statements and their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the financial auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the financial auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

November 18, 2020

Board of Company Auditors
SEPTENI HOLDINGS CO., LTD.

- Internal Company Auditor Nobuo Kojima (Seal)
- Internal Company Auditor Muneyoshi Nomura (Seal)
- Company Auditor Mamoru Furushima (Seal)
- Company Auditor Takeshi Okuyama (Seal)

(Note)

Company auditor Mamoru Furushima and company auditor Takeshi Okuyama are outside company auditors, as set forth in Article 2, item 16, and Article 335, paragraph 3 of the Companies Act.