

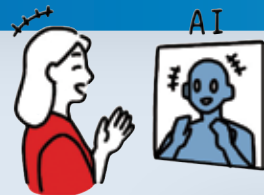
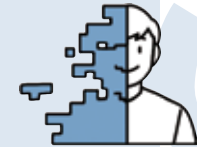
TO INSPIRE THE WORLD WITH ENTREPRENEURSHIP



Septeni Group Mission

To inspire the world with entrepreneurship

We recognize each other's personality, leverage synergies of individuality and expertise, continue enjoying and pursuing greater opportunities, and will empower people and industries through our business.



Septeni Group Vision

To be a place where people are empowered to create a new era

It expresses our desire to position the Group as a place where people with a high sense of ownership and a strong entrepreneurial spirit grow through business and create a new era.

To open the door to a “nameraka” future with creativity and technology

Through creativity and technology, the source of the Group’s business value, we aim to create a better future, broaden the “door to the future,” pass through the door together with stakeholders, and coexist and prosper together.

To make a complex world bright and simple through the power of digital

It represents our stance to take on challenges in response to social issues while valuing the distinctive qualities of “Septeni.”

*“nameraka”

We define “nameraka” as a harmonious state without friction and barriers.

► The illustrations in this publication represent the Septeni Group’s vision. To enhance understanding and foster a sense of familiarity with our vision, we have created these visual representations. Please refer to the following for more details on their creation.
https://note.com/septeni_group/n/nbdbc9d66d76e (Only available in Japanese)

History of the Septeni Group

Key Events

While maintaining the “Hinerankai” (Think outside the box) that has been imbued in us since our founding, we have continued to grow through change.

1990

Foundation

ひねらんかい

Creed
In Kansai dialect, this means
“Think outside the box.”



2000

Launched the Internet
Advertising Business

2001

Listed on JASDAQ



Previous corporate logo

2006

Became a holding company
under the trade name
SEPTENI HOLDINGS CO., LTD.

2018

Entered a capital and business
alliance with Dentsu Inc.
(currently Dentsu Group Inc.)



2024

Change of representative
director and change of
management structure



Group Company

Group Overview

We have changed our reportable segments beginning with the fiscal year ended December 2025.

▶ For details, see [p. 23](#).

Marketing Communication Segment



 SEPTENI  SEPTENI GLOBAL

 Delight Tube  milogos  SEPTENI AD CREATIVE

SEPTENI CORE  LION & LION

   SIGNCOSIGN
サインコサイン

 SEPTENI SPORTS & ENTERTAINMENT

Direct Business Segment



dentsu
direct **dentsu**
elfto architect

Data & Solutions Segment



FLINTERS  TRICORN  SEPTENI Cross Gate

Other Business

vivivit Human Capital Lab  SEPTENI INCUBATE

Equity-Method Associates

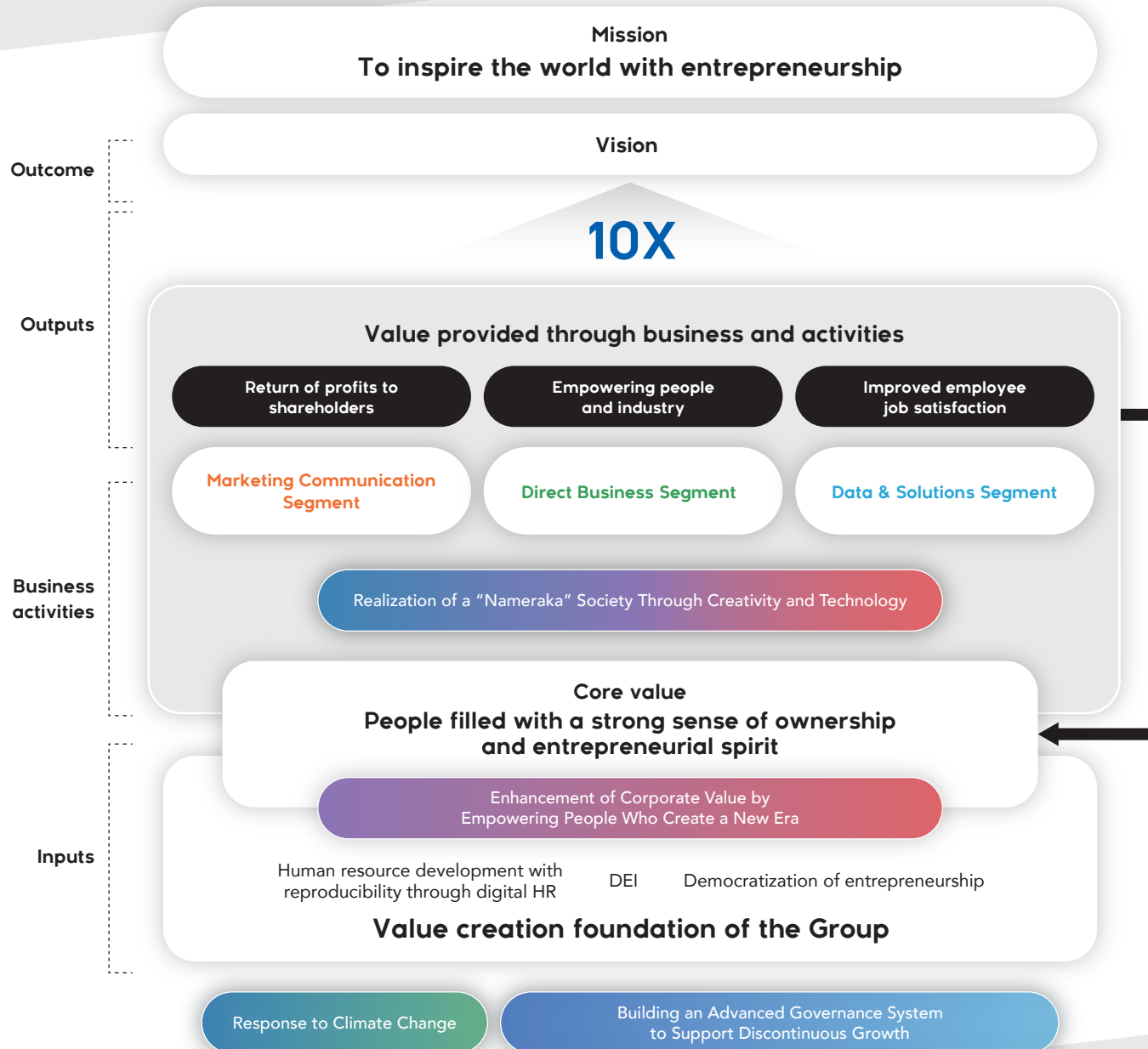
DENTSU DIGITAL PRIMECROSS
& and factory  COMISMA 

Septeni Holdings Co., Ltd. (Holding Company)



Overview

Value Creation Process to Realize Our Mission



Value Creation by the Septeni Group

Our Group's core value is "people filled with a strong sense of ownership and entrepreneurial spirit." Our foundation for value creation enables us to maximize our human capital, and by conducting business activities based on this foundation, we can increase the value we provide to our stakeholders. We are striving to achieve our vision and realize our mission.

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Editorial Policy

The Group aims to help realize a sustainable society by working to resolve social issues through its businesses. We publish an integrated report to give our stakeholders an overall understanding of the Group's progress and value creation through its business activities.

This report presents management policies and business strategies from a medium to long-term perspective, as well as financial and non-financial information, using as reference the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure

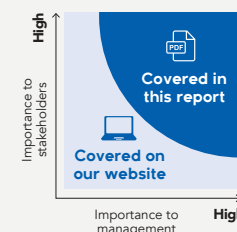


and Company-Investor Dialogue for Collaborative Value Creation compiled by the Ministry of Economy, Trade and Industry of Japan.

Forward-Looking Statements

Statements other than historical facts contained in this report are forward-looking statements that have been prepared on the basis of certain assumptions and the judgments of the Company's management derived from currently available information.

Therefore, information such as actual business results announced in the future may differ depending on various factors, and the Company is not responsible for any damages resulting from the use of the information in this report.



Septeni Group Website

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

Investor Relations

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

Sustainability Information

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

Storie(s) (Japanese only)

https://note.com/septeni_group

Message from Management

07

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.

Introducing the President

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)

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.

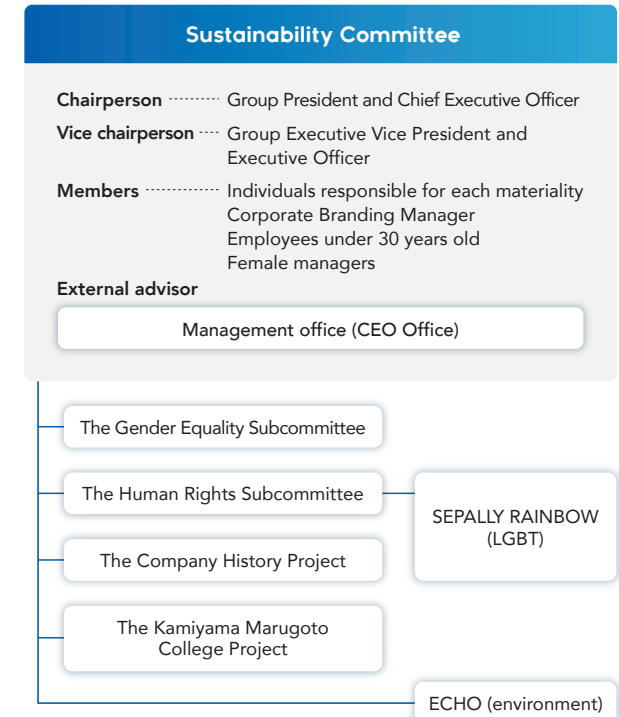
Following the establishment of our Human Rights

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.”

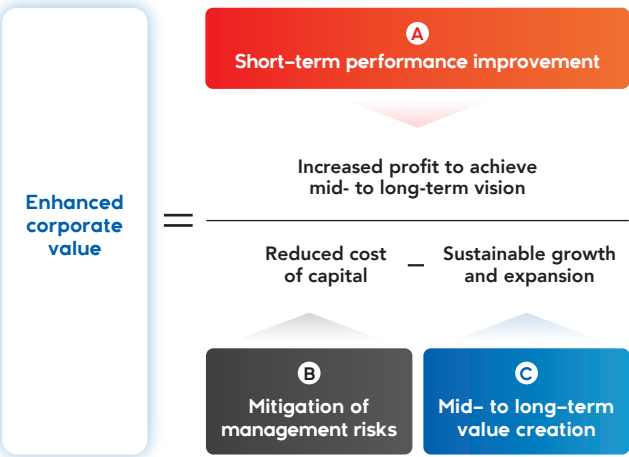
The link between materiality and corporate value

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.

01

Realization of a “Nameraka” Society Through Creativity and Technology

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Consolidated Earnings Highlights

Revenue
¥28,284 million

Non-GAAP operating profit
¥3,197 million

Profit attributable to owners of parent
¥5,526 million

Basic earnings per share (EPS)
¥26.65

Year-end dividend per share
¥31.35

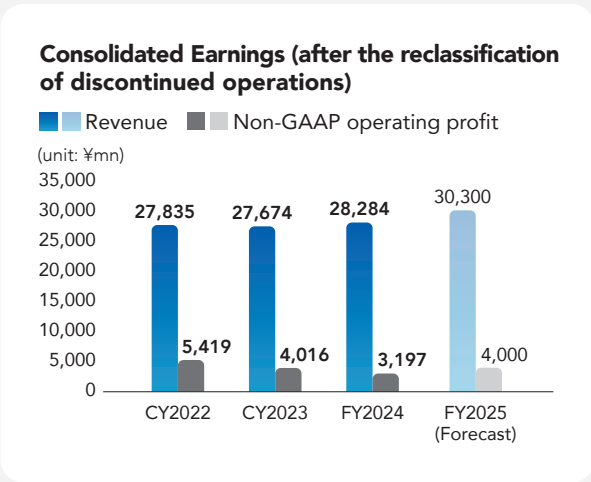
Net sales (reference)
¥145,996 million

Consolidated earnings

Net sales increased by 5.8% year-over-year, and revenue grew by 2.2% year-over-year, both reaching record highs*. Non-GAAP operating profit decreased by 20.4% year-over-year, due to revenue conversion from increased headcount lagging behind plan. Profit attributable to owners of parent increased significantly by 47.9% year-over-year due to factors such as the sale of subsidiary shares, and EPS also expanded.

Meanwhile, recognizing the decline in revenue to net sales ratio and productivity as short-term challenges, we have been working on improvements. The revenue to net sales ratio has been steadily improving each quarter, having bottomed out in the first quarter of the fiscal year ended December 2024. As there is still room for improvement in productivity, we are planning and implementing measures such as utilizing generative AI, adjusting hiring numbers, and internal staff reallocation to convert our increased headcount into revenue growth.

*For comparison, figures 2021 and prior years represent the simple sum of the January–December periods before the discontinued operations reclassification, while figures for 2022–2023 represent the simple sum of the January–December periods after the reclassification.



Digital Marketing Business overview

Starting from the fiscal year ended December 2024, we have categorized the Digital Marketing Business into three areas. This fiscal year, the Marketing Communication Area, which handles digital advertising sales and operations, as well as online and offline integrated marketing support, led the business. Revenue increased by 3.5% year-over-year, while Non-GAAP operating profit decreased by 6.4% year-over-year.

Media Platform Business overview

Beginning in the fiscal year ended December 2024, we enforced stricter discipline in business management based on our newly implemented business continuity criteria. This resulted in the deconsolidation of three companies and the optimization of costs. Having reached a milestone in our business portfolio review, in the fiscal year ending December 2025, we reclassified the business units previously categorized under this segment into Marketing Communication Segment and Other Business.

Significant enhancement of shareholder returns

Driven by organic business growth and the deepening of our collaboration with the Dentsu Group since January 2022, our capital structure has transformed significantly, leading to a strengthened financial foundation. As a result, we have updated our shareholder return policy. To enhance shareholder returns in our capital allocation strategy, we significantly increased our target payout ratio to 100% for the fiscal year ended December 2024. Further contributing to this, gains from the sale of subsidiary shares resulted in the annual dividend per share of ¥31.35.

Mid- to Long-Term Vision

We aim to build a business portfolio that provides comprehensive support centered around digital marketing.

Due to the rapidly changing business environment and high uncertainty in making a medium-term outlook for the digital marketing industry in which we operate, we have decided to discontinue the publication of our rolling medium-term business policies, effective from the fiscal year ending December 2025.

Instead, we have established a new mid- to long-term vision: to generate net profit of ¥10 billion by 2030, creating a company that achieves both high growth and high shareholder returns.

Furthermore, we will focus on acquiring and strengthening capabilities, including those in areas adjacent to digital marketing, and promoting alliances. This will enable us to achieve our long-term vision, to build a business portfolio that provides comprehensive support, from strategy planning to execution, centered around digital marketing to solve client challenges.

Our focus is on maintaining continuity of focus and generating synergies.

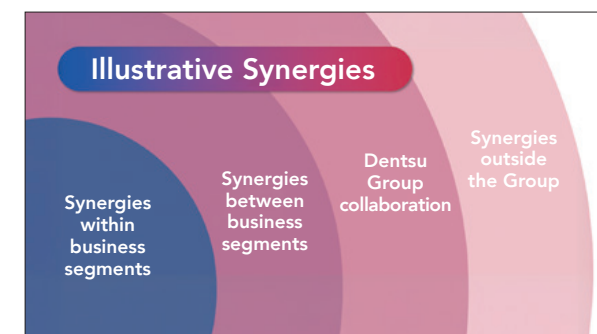
We will continue to pursue our medium-term theme of “Focus & Synergy” established in the fiscal year ended December 2024. This involves refining our existing businesses (=Focus) through organizational restructuring and rigorous portfolio management, while simultaneously working to create synergies.

We will create synergies across four layers: within business segments, between business segments, with the Dentsu Group, and with external partners. This will allow us to enhance the value we provide to clients, while also acquiring broader capabilities centered around digital marketing, thereby advancing our operations toward achieving our medium- and long-term visions.

Mid- to Long-Term Vision and Milestones



Medium-Term Theme



Mid- to Long-Term Vision

We aim to achieve a net profit of ¥10 billion.

By combining the strengthening of each business segment's strengths, growth through synergy creation, and growth investments including alliances with external partners and M&A, we continue aiming to outperform market growth and have set a target of achieving ¥10 billion in operating profit by 2030. Further incorporating equity in earnings of affiliates, we aim to achieve a net profit of ¥10 billion by 2030.

Balancing high growth and high returns

We aim to balance proactive growth investments to achieve high growth with strong shareholder returns. In the fiscal year ended December 2024, we positioned this as a preparatory period for advancing strategic growth investments, optimizing resource allocation toward our growth strategy while maintaining an appropriate cash position.

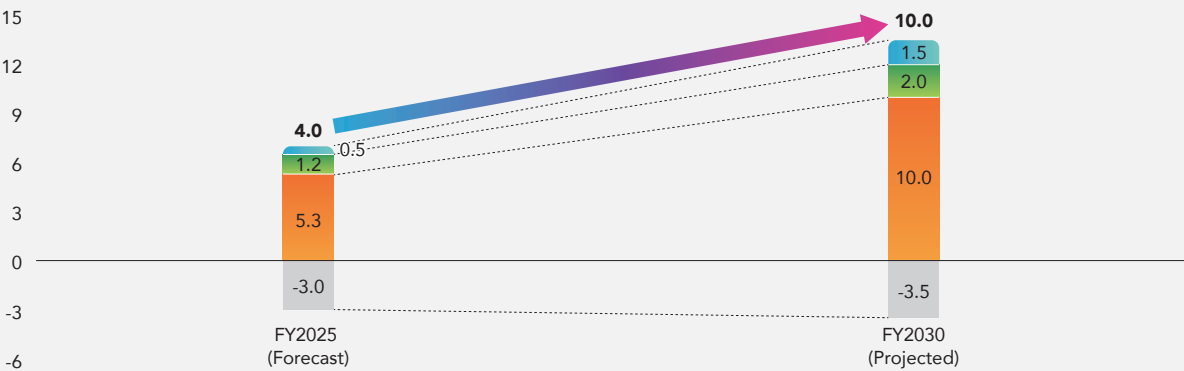
From the fiscal year ending December 2025 onward, we aim to expand our shareholder base and increase shareholder and corporate value while maintaining an appropriate balance between stability in shareholder returns and growth investments. Our dividend policy sets a minimum annual dividend per share of ¥18. If 50% of the profit attributable to owners of parent per share (EPS) exceeds the minimum dividend of ¥18, we will pay a dividend based on 50% of the profit attributable to owners of parent per share. We will also continuously evaluate and flexibly execute share repurchases, taking into comprehensive consideration factors such as the tradable share ratio and market conditions.

In line with our goal of achieving ¥10 billion in net profit by 2030, we will steadily increase EPS and progressively improve ROE.

Segment Profit

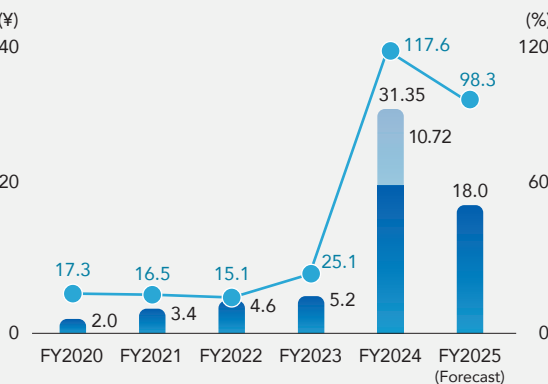
Marketing Communication Segment Direct Business Segment Data & Solutions Segment
Other Business, elimination, corporate

(unit: ¥bn)



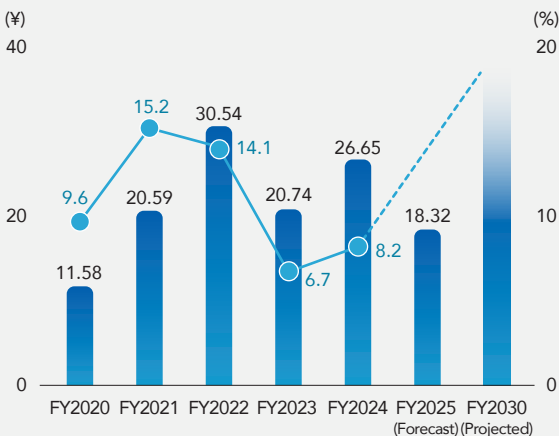
Annual Dividend Per Share

Dividend per share
Gain on sales of shares of subsidiaries
Dividend payout ratio



EPS/ROE

EPS ROE



Mid- to Long-Term Vision

Policy for the fiscal year ending December 2025 based on the mid- to long-term vision

To achieve our mid- to long-term vision, starting in the fiscal year ended December 2025, we changed our reportable segments to match our organizational structure, thus further promoting area management.

To accelerate synergy creation in line with our medium-term theme of "Focus & Synergy," we have established four focus points. While implementing these initiatives, we will strive to improve profitability and productivity, which are short-term challenges. Our goal is to continue revenue growth through the expansion of each business segment and achieve a V-shaped recovery by returning to operating profit growth.

Within our core Marketing Communication Segment, we have identified three areas for strategic reinforcement: Sports & Entertainment Area, Consulting Area, and Content & IP Area. We will strengthen our capabilities in these areas by leveraging existing assets.

Our policy for M&A and alliances is to actively explore and pursue them with a primary focus on strengthening our existing businesses, including segments other than the Marketing Communication Segment. In line with this, we have already begun collaborating with external partners.

▶ Please refer to the following for more details on the reportable segment changes.
https://www.septeni-holdings.co.jp/en/ir/irnews/Sc_241224_en.pdf

New Business Area Topics

Consulting Area

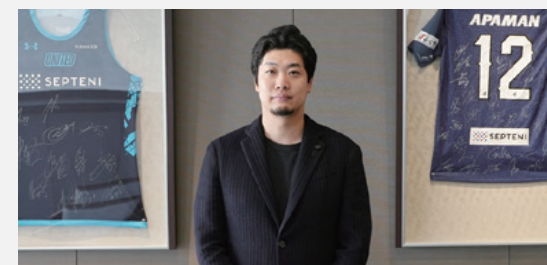
Entered into a capital and business alliance agreement with beBit, Inc.



▶ Please refer to the following for more details on the capital and business alliance.
https://note.com/septeni_group/n/nc6cfccfa312
 (Only available in Japanese)

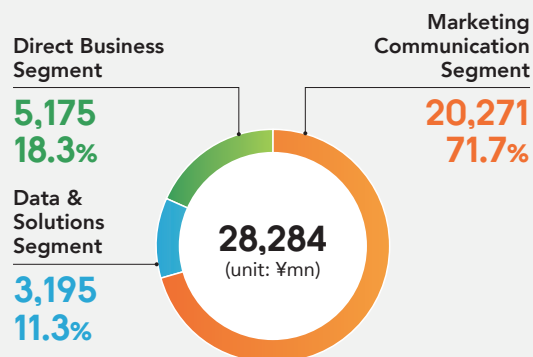
Sports & Entertainment Area

Established SEPTENI SPORTS & ENTERTAINMENT, Inc.



▶ Please refer to the following for more details on its founding.
https://note.com/septeni_group/n/nc68266738015
 (Only available in Japanese)

Consolidated Revenue Composition*



IFRS, fiscal year ended December 2024

*Figures for Other Business and elimination/corporate are not shown.

FY2025 Focus Points

- Strengthening focus through group reorganization and intra-business synergies
- Creating inter-business synergies by strengthening sales functions
- Further development of collaboration with the Dentsu Group
- Preparation and promotion of alliances with external partners



Executive Officer Dialogue (Marketing Communication Segment)

The key to further growth: Delivering integrated marketing that drives the growth of clients' businesses

In today's world, with increasingly diverse client needs and rapid technological advances, there is a pressing need for companies to reinvent their marketing activities. Here, Yusuke Shimizu and Daisuke Suefuji, the executive officers in charge of our Marketing Communication Segment, the Group's core business, talk about the outlook and strategy for enhancing the value we provide to clients, as well as specific initiatives.

Yusuke Shimizu

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



Daisuke Suefuji

Group Senior Executive Officer

Establishing a foundation for growth beyond 2025 through organizational restructuring and operational enhancement

Shimizu: Since 2018, I have served as representative director and president of SEPTENI CO., LTD. and Septeni Japan Inc., a core company of the Septeni Group. Until now, I have been in overall charge of the internet advertising business, but going forward, I will also be responsible for acquiring new capabilities and providing strategic support for business growth more than before.

Suefuji: So far I have been mainly in charge of overseas operations, but in April 2025, I was appointed as

representative director of SEPTENI CO., LTD. and Septeni Japan Inc. I am mainly responsible for front-line areas such as building relationships with clients and understanding their needs, as well as supporting executives in the Marketing Communication Segment. As Mr. Shimizu commits himself to new areas, I will cover existing areas, and together we will contribute to the expansion of the Marketing Communication Segment as a whole.

Shimizu: With the restructuring of the Group's management structure in 2024, young talent has been added to the ranks of the executive officers in charge of the Marketing Communication Area and the executive officers of operating companies. As our internet advertising business is now in its 25th year, the

Group boasts a wealth of human resources with great potential and a wide range of skills. On the other hand, managing an entire organization requires not only specialized knowledge but also varied levels of experience. As we enter the second year of the new management structure and begin to implement the plans we prepared in 2024, I hope to work with Mr. Suefuji to create an environment where every member of the Group can perform to the best of their abilities and where the new management team can grow as leaders for the next generation.

Suefuji: One of our strengths as a Group is a culture that encourages young employees to play an active role, but when dealing with clients and other stakeholders, it is sometimes necessary to have a

multifaceted perspective and management experience. Therefore, I take on the role of connecting the older and younger generations, filling in any shortcomings I see in the team as a whole, collaborating with the next generation of management, and working hard to further energize the organization.

Shimizu: We proceeded with organizational restructuring in line with changes to our management structure in the fiscal year ended December 2024, which also involved some operating companies shifting from other business areas to the Marketing Communication Area. One of these companies, Delight Tube, Inc., has developed FUKURO AI, which enables the use of generative AI with high levels of security and privacy protection, and this has been rolled out to all of our Group companies in Japan. By incorporating this tool into workflows in this area, we have been able to improve operational efficiency and lay the foundation for increased productivity.

Suefuji: With the use of generative AI in the Internet industry expected to grow significantly, the fact that we were able to introduce the same system throughout the entire company, rather than having each Group company work on it individually, will be a great asset going forward. Such initiatives represent an embodiment of the Group's theme of "Focus & Synergy." By establishing a foundation for 2025 and beyond in terms of both frameworks, in the form of organizational structure, and operations, including the utilization of generative AI, we have put in place the mechanisms to drive profit growth.

Becoming an organization that delivers integrated marketing with a focus on execution

Shimizu: The value we offer our clients is maximization of advertising effectiveness and integrated marketing,

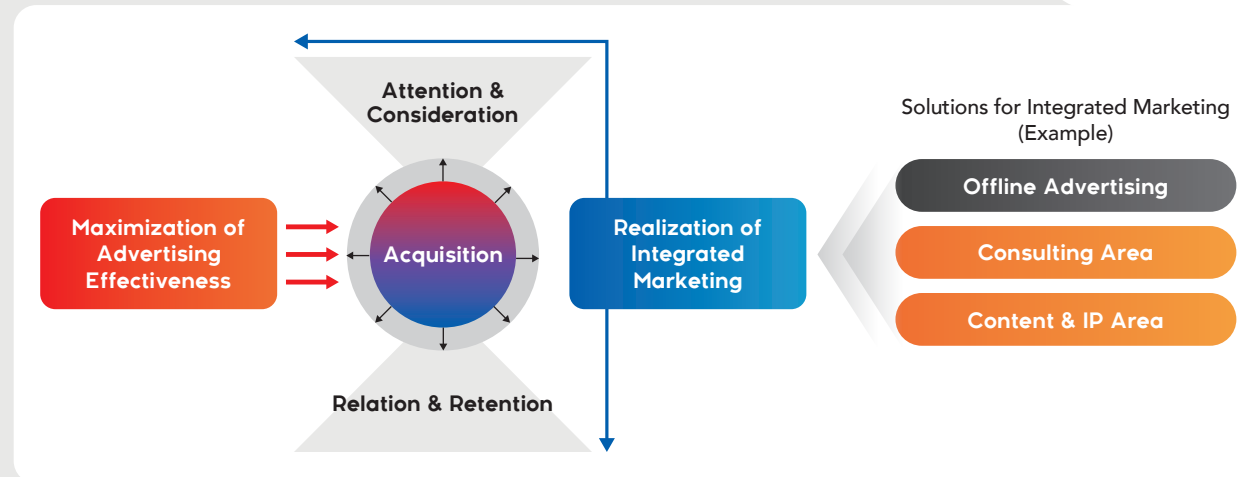
and these two elements form our competitive strategy. Integrated marketing is a marketing approach that, in response to increasingly complex client issues, unifies fragmented parts of organizations and missions using our unique digital-first approach. For example, there are growing needs, both implicit and explicit, for solutions that bridge the gap between acquiring new users and CRM (customer relationship management) by addressing fragmentation of personnel, departments, business processes, and necessary data. The integrated proposals we have been working on in collaboration with Dentsu Group in the context of online and offline media can also be considered an important agenda item within integrated marketing.

Suefuji: Integrated marketing is one of our distinctive strengths, and I believe that how we develop it further to enhance its added value will be a key point going forward. In addition to the knowledge and expertise we have built up over more than 20 years since launching our internet advertising business in 2000,

joining the Dentsu Group has enabled us to incorporate a wider range of capabilities into our proposals to clients. By effectively combining the strengths of Septeni and the Dentsu Group, we have the potential to cover areas that other companies find difficult to tackle. This will enable us to further develop potential clients we have not yet reached.

Shimizu: One of the four layers of synergy creation that our Group has set as a medium-term theme is further advancement of collaboration with the Dentsu Group. This is because we have become capable of pursuing more diverse forms of synergy creation, not limited to integrated online and offline proposals. So, what lies at the heart of our competitive strategy is execution power—or in other words, the maximization of advertising effectiveness. We are also stepping up parallel initiatives in this regard, such as the application of generative AI. I believe that maximizing the effectiveness of digital advertising while achieving integrated marketing is what our clients fundamentally want from us.

Illustration of Integrated Marketing



Suefuji: Synergy creation between business segments can be also expected to make a significant contribution to the maximization of advertising effectiveness. The Direct Business Segment, centered on Dentsu Direct Inc., differs in its capabilities from the Marketing Communication Segment. For example, it handles television and other offline advertising, as well as working in the area of direct sales, delivering products directly to users. In addition, the Data & Solutions Segment, which includes engineering units, has been developing marketing solutions that are sold and utilized by the Marketing Communication Segment. Most recently, collaboration between business segments has begun, with engineers in the Data & Solutions Segment building the infrastructure for utilizing client data for generative AI, and the Marketing Communication Segment providing support and coordination for using that infrastructure to maximize advertising effectiveness.

Linking changes in the external environment to opportunities for our own growth

Shimizu: Changes in client business and the market environment brought about by the rapid evolution of technology create new opportunities for us, but also entail risks. Given these circumstances, we are working



to ensure that we do not lose sight of the basic premise of our business operations. This means aligning our integrity with the client business growth-focused approach we have long emphasized in our internet advertising business. Looking at the potential for future growth, I believe that we can still identify many new opportunities by engaging diligently with our clients and the advertising market. Particularly as business conditions become more complex, the importance of human resources who are not bound by conventional ways of doing things and who can actively facilitate business operations is increasing. For our Group, which attracts a diverse range of human resources under its mission "to inspire the world with entrepreneurship," this represents an advantageous situation. In addition, as we search for new business opportunities, there are more and more chances to capture business in adjacent fields, starting with the Marketing Communication Area. We are in the process of thinking about and implementing ways to combine existing marketing communications with generative AI, consulting, content/IP, and other elements into new initiatives that will be valuable to clients.

Suefuji: In the Sports & Entertainment Area, since 2020 we have been working on sports club management and support for team growth by providing support in the digital domain. To further develop these initiatives, in January 2025 we established a new company, Septeni Sports & Entertainment, Inc. Our activities to date have shown us that Japan has much room for further development in this area compared to other countries. Many sports clubs and other organizations are facing challenges in promoting themselves and attracting audiences. By combining user (fan) information with the power of digital technology, it should be possible to create new value for IP owned by each team as well as for real-world matches and events.



Shimizu: In the Content & IP Area, a new trend has emerged in which vertical, short-form videos are now consumed as content by all age groups. To address this, it is necessary to make use of vertical video, tie in with platforms, and acquire new techniques of expression. First, we will work with our partner companies to acquire production expertise in short dramas, which we will then deliver to users by crossing over into the Marketing Communication Area. Meanwhile, in the Consulting Area, we have also launched a business collaboration with beBit, Inc., a leading UX and data consulting company. Both of these initiatives are in line with our goal of further maximizing the effectiveness of advertising and improving execution. A cross between the Marketing Communication Area and adjacent areas is just what integrated marketing represents, and I want to see us implement this as one of our four layers of synergy, "creating synergy with external partners."

Business Segment Overview Marketing Communication Segment

The Marketing Communication Segment provides comprehensive DX support through integrated marketing services centered on digital advertising sales and operations.

Growth Strategies

Focus

- Enhancing value provided by maximizing advertising performance
- Refining competitiveness through the utilization of specialized personnel and technology to realize integrated marketing

Synergy

- Promoting capability expansion in adjacent areas, both through vertical development within the Group and alliances outside the Group, to establish a position that enables the provision of a wide range of solutions to client challenges

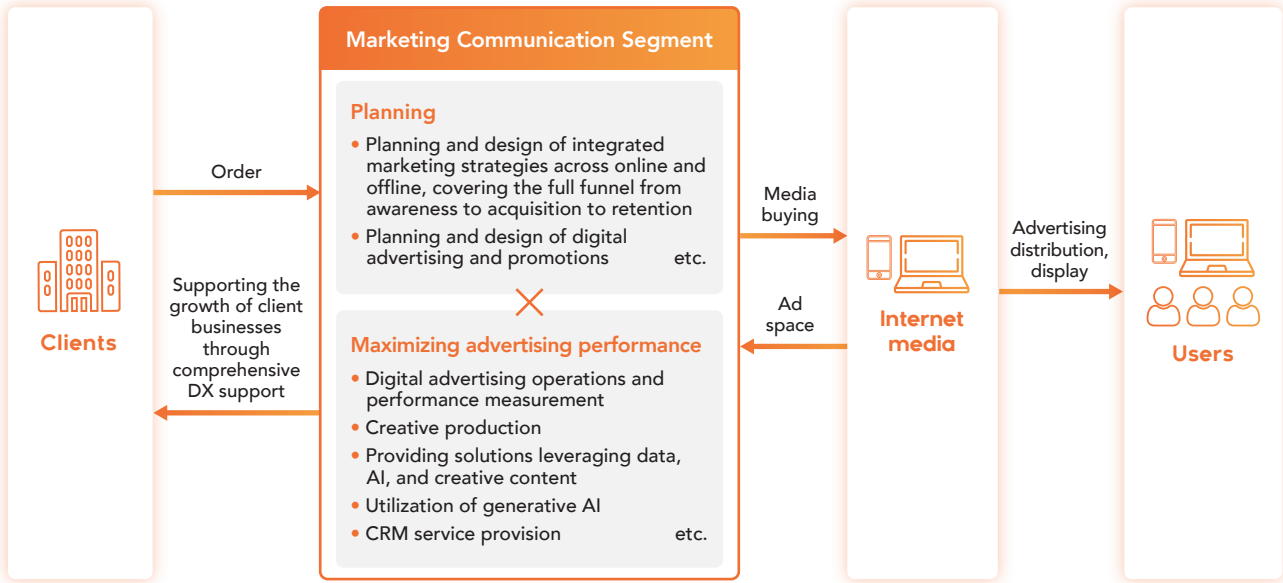
Strengths

- Knowledge and expertise in the digital advertising area
- Support in solving challenges through integrated marketing
- Expansion of capabilities through partnerships with the Dentsu Group

Opportunities

- Advancement of DX across society and industries
- Growing need for a wide range of solutions to address increasingly complex client challenges

Business Model



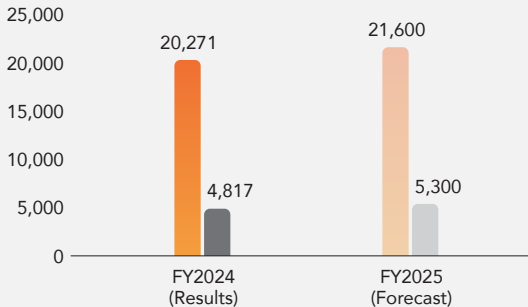
In the fiscal year ended December 2024, synergies among the business companies, which were reorganized into the Marketing Communication Segment, made steady progress. This led to an increase in support for clients in the digital advertising area utilizing generative AI and the provision of CRM services.

In the fiscal year ending December 2025, we will focus on two key areas: enhancing the essential value proposition of digital advertising by maximizing ad performance, and strengthening our competitive advantage by realizing integrated marketing. Furthermore, by expanding our capabilities in adjacent areas, we will contribute to achieving our mid- to long-term vision.

Revenue and Non-GAAP Operating Profit

Revenue Non-GAAP operating profit

(unit: ¥mn)





Generative AI Initiatives

The evolution of AI has the potential to bring about major changes in various areas of business. 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.

The Rapid Spread of Generative AI and Its Use by Japanese Companies

Generative AI has been rapidly spreading around the world since the emergence of ChatGPT in November 2022. However, according to the "2024 White Paper on Information and Communications in Japan" released by the Ministry of Internal Affairs and Communications, the percentage of Japanese companies using generative AI for business purposes is 46.8%, which is lower than the United States (84.7%), China (84.4%), and Germany (72.7%). Factors include a lack of understanding of the technology, implementation costs, resistance to changing business processes, and concerns about the risk of information leaks. On the other hand, there are expectations that harnessing the potential of generative AI will improve operational efficiency and create new business models. With Delight Tube, Inc., a company engaged in AI-driven marketing, taking the lead, the Septeni Group is actively working to provide services that utilize generative AI and improve the efficiency of internal operations.



Nanase Eguchi

Business Production Department
Delight Tube, Inc.

Septeni Group Initiatives

Delight Tube supports business development through content marketing, including the management of owned media, YouTube channels, and social media accounts for companies and brands. In January 2024, it launched FUKURO AI, a generative AI business that works to solve marketing issues faced by companies through support for businesses and brands utilizing AI. Within that team, I am responsible for both client support, from sales to delivery of FUKURO AI, and internal support, such as promoting its use within the Group.

Although many companies are interested in utilizing generative AI, its introduction and utilization faces three major obstacles.

To address these issues, Delight Tube provides comprehensive, hands-on support to each company, including assistance in establishing internal guidelines, streamlining proposals based on consultations about business operations, and training to promote utilization.

- 01:** Concerns about security, such as data management and leaks of confidential information
- 02:** Lack of know-how on how to utilize generative AI
- 03:** Generative AI is introduced, but does not catch on (no progress in knowledge sharing, tools are not utilized)

Although some people have unrealistic expectations of generative AI, believing that it can do anything, the system is only capable of performing at most 90% of tasks, so in order to make effective use of generative AI, it is extremely important for humans to perform the remaining 10% appropriately. I believe that, once this point is understood, effectively incorporating generative AI will lead to improved operational efficiency and productivity.

Corporate Use Cases

Below are some examples of projects Delight Tube has been involved in.

We offer solutions tailored to each client, both independently and in collaboration with group companies such as Septeni Japan's Generative AI Division and Dentsu Direct, harnessing the strengths of each company.

Product creative production for the e-commerce site of sportswear manufacturer DESCENTE

Examples of creative work for some clothing items from the DESCENTE and LANVIN SPORT brands, featured on DESCENTE STORE Online, the official online store for sportswear brand DESCENTE Japan.

We created avatars by combining photographs of body models with physiques that matched the brand image and faces generated by AI to match the brand image. This has reduced the costs associated with tasks such as hiring models, replacing images when their contracts expire, as well as ensuring that no update fees are incurred, leading to significant reductions in operating costs.



Generated avatars

AI model creation for branded goods buyback store Nanboya

AI was used to generate average composite faces of men and women based on photographs of several of Nanboya's actual "value designers" (appraisers). This is an example of combining the face images with photos of body models to create the AI models Utaka and Tsunagu.

Utaka and Tsunagu are widely used on Nanboya's service website and official TikTok, enabling the company to reduce model costs.



Utaka and Tsunagu AI models

Production of a TV commercial for Takumihonpo, a specialty store offering selected regional produce

Septeni Japan and Delight Tube collaborated to produce a TV commercial for made-to-order osechi (traditional New Year's food) offered by Takumihonpo, a specialty store offering selected regional produce, operated by Skynet Co., Ltd.

Featuring only AI-generated characters, thereby eliminating the need for casting and filming, this commercial took only about a month and a half from proposal to delivery. In addition, the client appreciated the lower production costs compared to conventional commercials, flexibility in replacing comments, and the lack of restrictions on secondary use.



The TV commercial produced

Promoting Utilization within the Septeni Group

Since the launch of the service, the Group has been using FUKURO AI internally in some departments as a pilot project. With Delight Tube's support in conducting a proof of concept, we have accumulated knowledge on how to utilize the service, which was rolled out to all group companies in Japan in December 2024. Group-wide guidance seminars are held to share examples of how the service is being used by employees. In addition, administrators from each department are interviewed once a month to gather information on specific work tasks, and the functionality of the service is expanded to meet their needs.

Specifically, it is used for information gathering and training young employees, and in front-office departments such as sales, it is used for planning and simulating client proposals. In the middle office, which

handles advertising operations, it is used to perform data analysis and creative production. Then, in back-office departments such as accounting, human resources, business planning, and information systems, it is used for creating and interpreting documents, organizing information, and responding to inquiries.

Currently, the figure for weekly active users (WAUs) of FUKURO AI across the entire group stands around 50%, but in the corporate department, which handles confidential information and therefore cannot easily use external AI tools, the WAU rate is almost 100%. Going forward, we hope to see even greater utilization, with FUKURO acting a reliable business assistant that people turn to as a matter of course when an issue comes up.

Internal Applications of FUKURO AI



Business Segment Overview Direct Business Segment

The Direct Business Segment provides integrated client support by seamlessly executing everything from business strategy planning to direct response promotions and CRM in both B2C and B2B areas, thereby unifying offline media and digital strategies.

Growth Strategies

Focus

- Establishing a foundation for sustainable growth

Synergy

- Refining new revenue models independent of existing advertising models
- Promoting collaboration with external companies

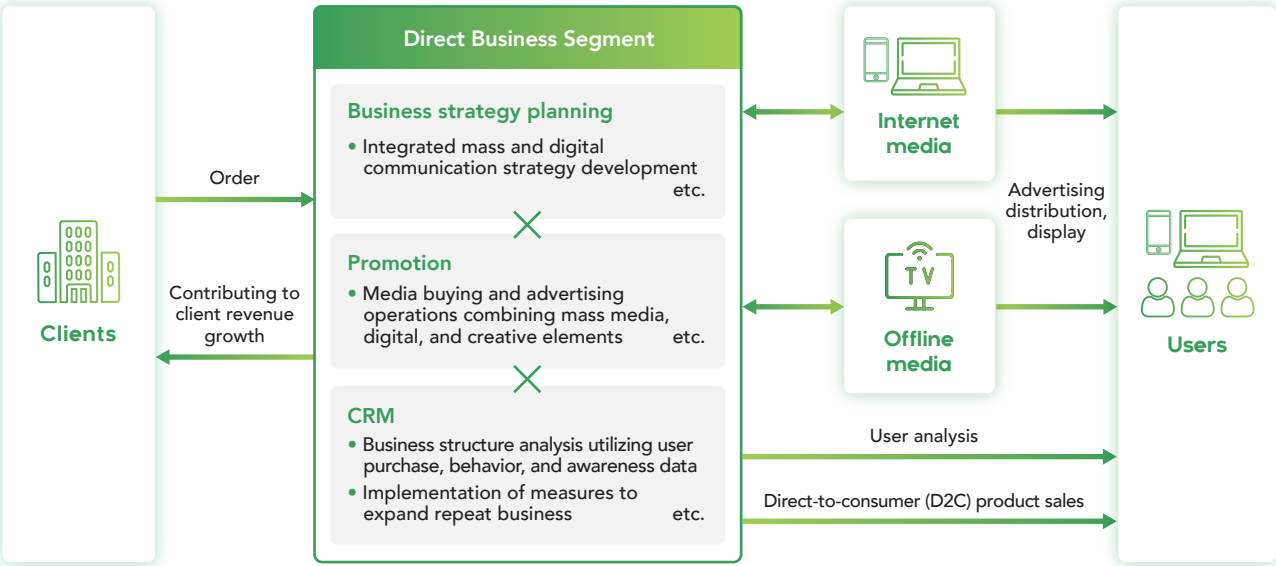
Strengths

- Established position in the TV shopping and e-commerce domain
- Proposal capabilities and expertise integrating mass media and digital

Opportunities

- Increasing need for product development and sales agency services that can leverage direct marketing expertise

Business Model



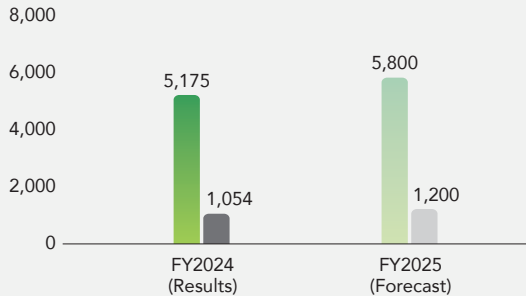
Despite external influences in the fiscal year ended December 2024, progress was made in initiatives for top-line growth, such as expanding business through new proposals to existing clients and synergies with other areas.

In the fiscal year ending December 2025, we will focus on the direct TV shopping and e-commerce market, strengthening promotional support while enhancing product development with clients, sales agency services, and new business development with partners. We have already commenced proof-of-concept (PoC) projects for product development and sales agency services through capital and business alliances with multiple partners during the fiscal year ended December 2024, and will further advance these initiatives.

Revenue and Non-GAAP Operating Profit

■ Revenue ■ Non-GAAP operating profit

(unit: ¥mn)



Business Segment Overview Data & Solutions Segment

The Data & Solutions Segment leverages long-standing expertise in digital marketing to provide data collection, integration, and utilization services, develop and deliver data- and AI-driven solutions, support client development, and dispatch engineering personnel.

Growth Strategies

Focus

- Strengthening external sales by expanding the front team
- Strengthening collaboration within the engineering team

Synergy

- Promoting business development through collaboration with external partners

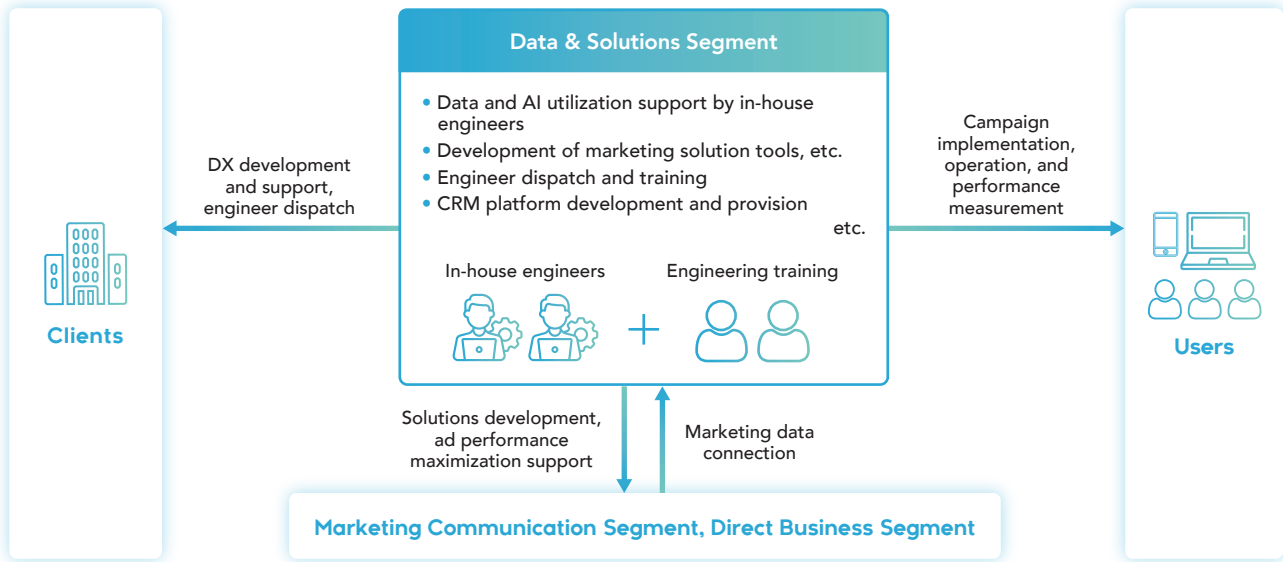
Strengths

- Development expertise in the digital marketing area
- Flexible allocation of engineering resources based on development complexity

Opportunities

- Changes in demand for utilizing user data held by clients

Business Model



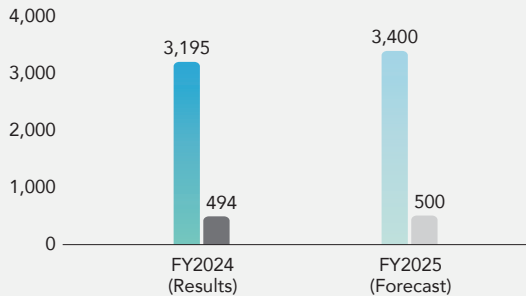
In the fiscal year ended December 2024, we strengthened our external sales structure by increasing the number of front-end (sales) staff through organizational restructuring, and made steady progress in collaborations not only within our group but also with the Dentsu Group.

In the fiscal year ending December 2025, we will further enhance our front-end organizational structure and promote external sales even more aggressively, while also strengthening collaboration within our engineering organization across multiple locations. We also plan to pursue business development, such as launching new services, through collaboration with external partners.

Revenue and Non-GAAP Operating Profit

■ Revenue ■ Non-GAAP operating profit

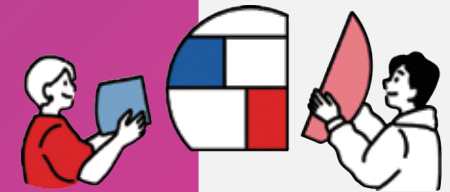
(unit: ¥mn)



02

Enhancement of Corporate Value by Empowering People Who Create a New Era

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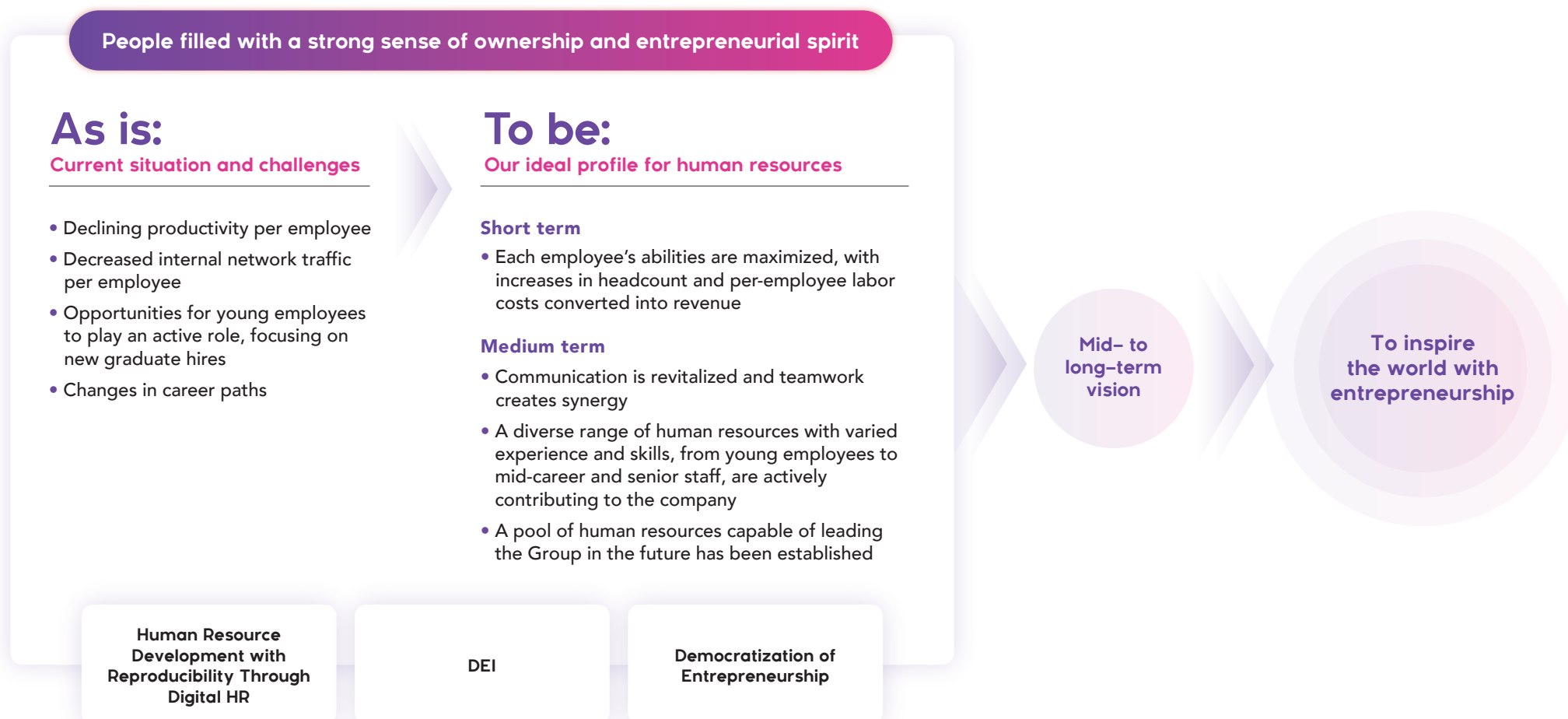


Concept of Human Capital Management

As indicated in the Group's mission, "to inspire the world with entrepreneurship," our most valuable asset is people filled with a strong sense of ownership and entrepreneurial spirit. Since launching our Internet Advertising Business in 2000, we have continued to expand our business in line with market developments. Today, however, our clients face increasingly complex and sophisticated challenges, for which we are called upon to provide comprehensive support. To achieve this, we believe it is necessary to change our systems and environment to enable our employees to

demonstrate their entrepreneurial spirit.

The three items given as subcategories of our materiality, human resource development with reproducibility through digital HR, DEI, and democratization of entrepreneurship, will be the basic initiatives for human capital management. By combining these with measures tailored to changes in the external environment, we will support the Group's human resources in maximizing their value, thereby achieving our mid- to long-term vision.



Human Resource Development with Reproducibility through Digital HR

We cultivate individuals who will create a new era through HR technology, aiming for the sustainable development of both our Company and society.

By combining our HR Development Equation with HR technology, we achieve both personalized and replicable talent development.

Since our founding, we at the Septeni Group regard people as the most valuable asset and focus on their development. Since starting the Internet Advertising Business in 2000, we have continued to expand our business along with the development of the market. However, in growth industries like our business sector, the competition for acquiring skilled talent has been extremely fierce. In this business environment, to secure a stable workforce and achieve sustainable growth, we established a dedicated internal research institute with the goal of studying scientific human resource development models. We have been developing highly reproducible talent development initiatives.

Based on this research, we have conceptualized our approach to talent development as the "HR Development Equation ($G = P \times E$). We define talent not as something to be "developed" but rather as something that "develops through the accumulation of quality workplace experiences." This equation expresses the principle that individuals grow (G) by accumulating quality experiences in the workplace when provided with an appropriate work environment (E) that aligns with their innate personality (P). Based on this concept, we analyze over 20 years of accumulated HR data using AI and other technologies to develop and implement evidence-based talent development initiatives.

We have fostered numerous individuals who, leveraging the skills and experience cultivated at our Company, continue to thrive outside the Group as alumni after leaving. Going forward, we aim to further strengthen our talent development capabilities and

continue to produce successful individuals, thereby realizing our vision "to be a place where people are empowered to create a new era."

Efforts towards the appropriate utilization of human resource data

To ensure that human resource data is used in an appropriate manner, we have published Digital HR Guidelines containing principles for the utilization of human resource data and operate in accordance with the principles of the guidelines when using the data for HR strategies.

HR Development Equation

$$G = P \times E (T + W)$$

Growth Personality Environment Team Work

An idea where the environment (E) in the workplace is defined as the team (T) plus the work (W), and it is believed that the higher the affinity between these two factors and the individual characteristics of the person (P), the higher the likelihood that it will lead to significant growth (G).



▶ Digital HR Guidelines
<https://www.septeni-holdings.co.jp/dhrp/guideline/index.html>
 (Only available in Japanese)

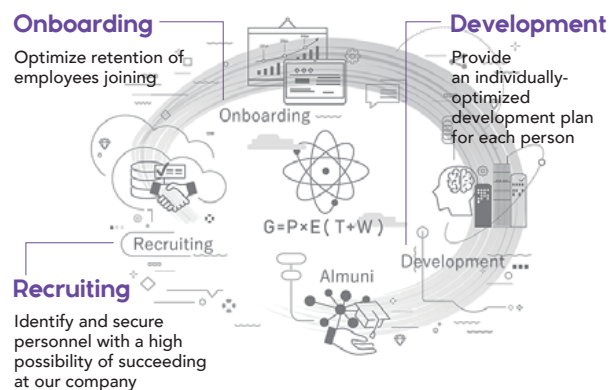
Human Resource Development with Reproducibility through Digital HR

Initiatives leveraging HR technology to maximize the growth of each employee.

■ An HR value chain offering an integrated service from recruitment to development

Leveraging the human resources databases we have accumulated over the years, we are building HR initiatives (an HR value chain) designed as an integrated service from recruitment to onboarding to development. The results of HR initiatives implemented are stored in the same database and apply the PDCA cycle as operations continue. This allows for continuous improvement of initiative accuracy and creates a system that can flexibly adapt to changes in our business environment. By accumulating and utilizing individual talent data through these technologies, and by implementing personalized initiatives, we achieve efficient and reproducible human resource development and are working to maximize human capital.

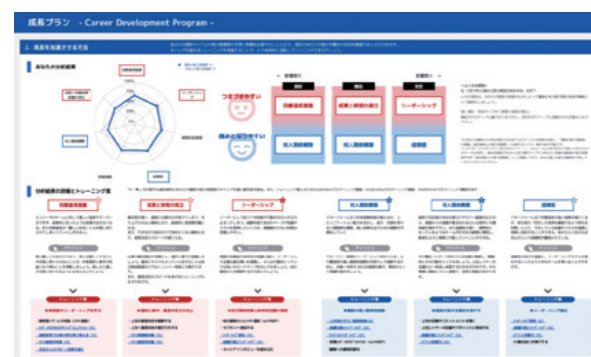
HR Value Chain



■ Offering of development plan based on personality data analysis

In terms of development, we support the individual growth of each employee by providing information based on personality data. Employees receive insights into their strengths and weaknesses, optimal learning styles, and methods of organizational adaptation. Managers receive guidance on optimal communication strategies and development approaches. Specifically, we offer growth plans at critical career transition points, such as promotions, to proactively prevent setbacks during career development. Beyond these key moments, we conduct regular surveys and facilitate meetings with career advisors from our HRBP department to continuously monitor employee well-being and provide ongoing development support.

Career Analysis and Growth Plan Report



■ Optimal team placement based on compatibility analysis

Based on the HR Development Equation concept, we strive to provide a suitable work environment for each individual. To achieve this, we conduct compatibility placement, which quantitatively evaluates the environment that an individual is likely to adapt to easily and perform well based on personality data from team members and supervisors, and use this as reference information for assignments. This approach moves beyond relying solely on the subjective opinions of managers and HR personnel, enabling decisions based on quantifiable data. Consequently, we are able to improve the accuracy of matching employees with organizational environments where they can more effectively realize their potential.

Employee-Organization Compatibility Matrix

社員No	氏名	部署1	部署2	部署3	部署4	部署5	部署6	部署7	部署8	部署9	部署10	部署11	部署12
1	社員1	59	41	63	65	65	35	42	85	40	49	87	64
2	社員2	34	67	52	51	48	66	54	54	67	32	70	62
3	社員3	19	77	54	61	59	31	85	64	35	46	60	59
4	社員4	46	34	30	41	48	75	56	32	34	81	52	48
5	社員5	79	48	32	74	79	76	57	63	35	33	33	77
6	社員6	74	41	78	51	74	53	33	86	63	80	56	52
7	社員7	35	77	19	56	17	67	34	56	33	47	37	76
8	社員8	46	51	38	62	11	75	35	34	79	55	60	34
9	社員9	51	44	38	46	76	38	64	77	55	69	57	73
10	社員10	85	73	100	64	42	47	44	74	77	75	71	36
11	社員11	51	56	83	48	75	53	65	74	47	56	81	70
12	社員12	59	60	70	35	56	49	44	77	63	80	34	86
13	社員13	50	34	32	74	36	81	50	56	74	72	48	52
14	社員14	70	60	77	34	69	81	39	49	36	33	39	65
15	社員15	47	80	42	72	45	63	45	76	87	61	81	32
16	社員16	47	49	70	75	41	30	53	47	86	80	42	43
17	社員17	89	30	18	46	13	80	84	69	56	88	77	46
18	社員18	67	73	28	39	40	57	42	74	53	49	60	88
19	社員19	47	30	35	63	37	63	71	50	38	67	87	57
20	社員20	44	63	55	31	42	66	65	39	37	45	87	35
21	社員21	47	31	34	36	109	43	75	168	60	81	41	87

Diversity, Equity & Inclusion (DEI)

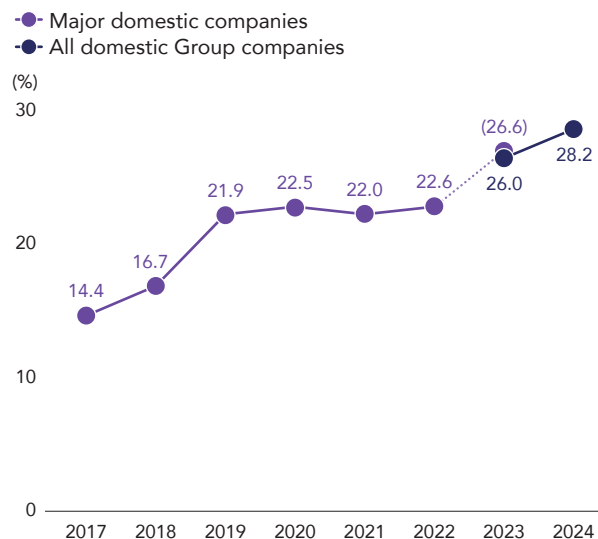
At the Septeni Group, we have adopted a DEI policy under which the Group “respects all human rights, acknowledges diversity, and realizes a way of working where each individual’s strengths are demonstrated.” We promote and support diverse work styles based on the belief that each employee of various backgrounds can contribute to the sustainable development of the Group through autonomous and valuable work.

Initiatives to Achieve Gender Equality

Primarily led by the Gender Equality Subcommittee under the Sustainability Committee, we are promoting initiatives toward gender equality.

In January 2024, we set a target of achieving a 30% female manager ratio by December 2030 (applicable to domestic Group companies). We are working towards this goal through training programs and improvements to the work environment.

Female Manager Ratio

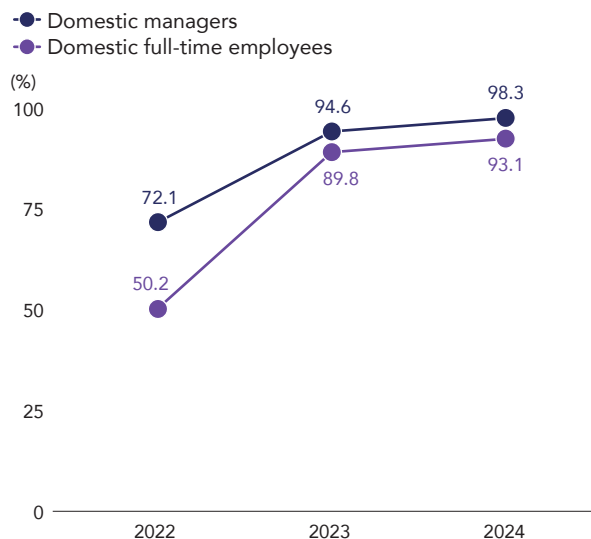


Note: Data compiled as of October 1st for major domestic companies until 2022. From 2023 onward, data compiled as of the end of December for domestic Group companies.

Raising awareness of unconscious bias

We conduct mandatory training for executives and managers, as well as e-learning for all employees, on unconscious bias. As a result, the understanding of unconscious bias among domestic managers and regular employees in 2024 improved to over 90%. Going forward, we will continue these awareness-raising activities and consider the next critical issues to address.

Changes in Unconscious Bias Awareness



LGBT initiatives

Our Group has established SEPALLY RAINBOW, an LGBT & Ally network across the Group, and is engaged in various SOGI and LGBT initiatives. As a result, we have received the highest Gold rating for seven consecutive years in the PRIDE Index, an evaluation index for workplace initiatives related to sexual minorities, established by the non-profit organization work with Pride.



Diversity, Equity & Inclusion (DEI)

Implementing measures based on DEI Growth Metrics for gender gap improvement

To address the gender gap, our Human Capital Lab analyzes human resource data to identify DEI Growth Metrics, important indicators for advancing DEI, and these are used as a basis for putting measures into practice. From the DEI Growth Metrics, it was observed that employees, both men and women, who excel early (within four years of joining) tend to be working in higher positions later on, and this also leads to success after promotion or returning from parental leave.

Based on these results, we are conducting training sessions aimed mainly at young female employees to help them develop a deeper understanding of how to balance their careers with life events and expand their range of choices. These sessions highlight the importance of building a “front-loaded career” while taking into account the possibility of childbirth as a life event. In addition, we provide opportunities for young female employees to engage in dialogue with various senior employees, and encourage the formation of patchwork-style role models that combine the best aspects of different individuals.

■ Introduction of W Supporters to expand career options for female employees

We recruited female employees (managers and experts) with a variety of career paths who wanted to support the career development of female employees by sharing their own career experiences. As W Supporters, they share their career paths and strategies for balancing work and personal life on a special Group-internal website.

■ Events to talk directly with W Supporters Septeni Career Visits for W

Septeni Career Visits for W is an event where female employees can interact directly with W Supporters they want to hear from. Participants can interact with a wide range of people regardless of their company or place of residence, and engage in conversations on any topic.

■ Company radio program exploring the careers of W Supporters

We broadcast a radio program that delves into the careers of W Supporters, tracing their journeys over time, exploring the efforts they made to build their current careers and the turning points they encountered along the way.

With these two events, we aimed to address female employees’ concerns about a lack of role models around them, while providing them with opportunities to think about how to pursue careers that suit them.

Trial introduction of an online birth control pill consultation and prescription service as a welfare scheme for employees at three Group companies

According to a survey by the Nikkei BP Intelligence Group’s Medical Health Lab,* 75% of respondents said that menstruation affects their work efficiency, and 64% said that their productivity declines. When symptoms before and during menstruation were combined, the subjects were found to be affected by menstrual symptoms for approximately 60 days a year.

In light of the significant impact that women’s health issues can have on their work, the Group

Comments from a participant in Septeni Career Visits for W



Maika Yasugata

Division 1, Media Planning
Department
Second Display
Advertising Area
Septeni Japan, Inc.

I work as an operations consultant at Septeni Japan, and since last year I have also been involved in human resource development and cross-departmental initiatives. As I began to think about my career path for my late 20s and beyond, I wanted to find a role model and learn how to create a life plan by referring to someone in the same company who I could easily relate to. This prompted me to participate in Septeni Career Visits for W. By listening to several people’s stories, I was able to use their common experiences as a reference for my own career choices. It was a great opportunity to interact with people I don’t normally come into contact with in my daily work!

held a seminar to improve knowledge of the low-dose pill, which can offer relief with respect to menstruation, PMS, and menstrual pain. In addition, an online birth control pill consultation and prescription service has been introduced on a trial basis at some Group companies.

*Nikkei BP Intelligence Group Medical Health Lab
Survey on How Menstrual Problems Affect Work and Life of 1,956
Working Women in their 20s-40s

Democratization of Entrepreneurship

Cultivating an environment where employees can readily demonstrate entrepreneurship

Beyond the general meaning of the term “entrepreneurship,” our Group leaves the interpretation of the word up to each individual. Rather than something that only a limited number of managers and leaders can demonstrate, our ideal is a state in which each employee discovers their own form of entrepreneurship and practices it on a daily basis, while recognizing and accepting each other’s diversity — in other words, the democratization of entrepreneurship.

Until 2024, we had “number of people who actively participated in events that foster entrepreneurship” set as a materiality KPI, but in 2025, we changed this to “cultivating an environment where employees can readily demonstrate entrepreneurship.” Behind this is our desire to democratize entrepreneurship by creating an environment where each and every employee can demonstrate their entrepreneurial spirit and take on challenges of all sizes, rather than simply participating in events and initiatives organized by the Company.

Going forward, we will strive to realize the democratization of entrepreneurship through the achievement of new KPIs, to be a place where people are empowered to create a new era, and inspire the world.

- ▶ See below for more details.
<https://www.septeni-holdings.co.jp/en/csr/activity/new-era/entrepreneurship.html>
- ▶ Our thoughts on entrepreneurship for everyone
Click here for more details.
<https://note.com/hashtag/ColorsofYourEntrepreneurship>
(Only available in Japanese)



Diversity Awards ceremony to recognize DEI efforts



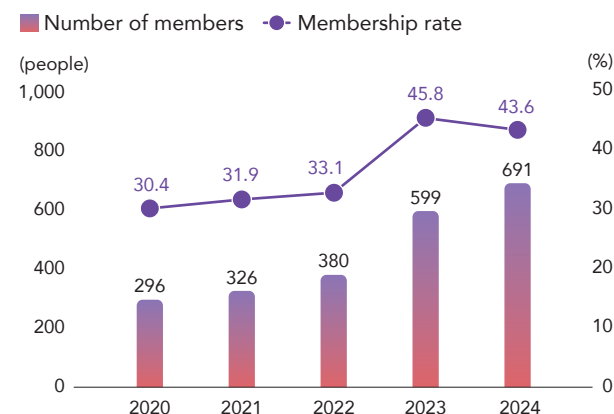
Participation in the Group-wide Kamiyama Marugoto College Project

Fostering a sense of ownership

The Septeni Group is committed to creating an environment in which employees have a sense of ownership and are committed to business activities, with the aim of enhancing corporate value. As one of our initiatives to foster a sense of ownership, we have introduced an employee stock ownership plan (ESOP). The incentive rate is set at 20%, and the membership rate is 43.6%, exceeding the average of 37.8%* for companies listed on the Tokyo Stock Exchange. Going forward, we will continue to promote understanding of the ESOP and the handling of insider information through internal webinars and other means, with the aim of fostering a sense of ownership among each and every employee and enhancing their sense of togetherness in improving corporate value.

*Tokyo Stock Exchange, Inc. “Summary of the FY2023 Employee Stock Ownership Plan Survey Results”

Membership in the Employee Stock Ownership Plan



*Changes in membership at companies covered by ESOP as of December 31, 2024

Transfer of shares from our founder to Group officers and employees

In January 2025, our founder, Mamoru Nanamura, announced that he would transfer 700 shares of the Company’s stock to each officer and employee free of charge. This share transfer was initiated with the intention of supporting asset formation among our officers and employees, and giving promoting a strong boost to the entrepreneurial spirit of every member of the Septeni Group, the source of our strength. Our Group will continue to move forward toward the realization of our mission, guided by the spirit of “Hinerankai,” the company creed espoused by Mr. Nanamura that is also our founding DNA.

- ▶ Please refer to the press release for more details.
<https://www.septeni-holdings.co.jp/en/news/release/2025/01013902.html>

Establishment of a Human Rights Policy

We established and published our Human Rights Policy in December 2024. Our greatest asset is our “people filled with a strong sense of ownership and entrepreneurial spirit.” Under the materiality of “Enhancement of Corporate Value by Empowering People Who Create a New Era,” we have been promoting DEI and creating an environment where everyone can thrive and be themselves.

In recent years, the importance of respecting

human rights in business activities has grown globally, requiring consideration not only within our own company but throughout the entire supply chain. With increasing demands from stakeholders, we have strongly recognized the need to meet international norms and societal expectations. Against this backdrop, the Sustainability Committee decided to strengthen its human rights initiatives, leading to the formulation and publication of the

Human Rights Policy following approval by the Board of Directors.

This policy is a crucial initiative linked to our sustainable growth through mitigating human rights risks. Going forward, we will implement responsible business practices through the steady implementation and continuous improvement of this policy, starting with the identification of human rights risks.

Septeni Group Human Rights Policy

The Septeni Group is working to empower people and industry through its business and activities, with its mission “to inspire the world with entrepreneurship.” In order to realize this mission, we recognize that respect for human rights is an important social responsibility and promote initiatives to respect human rights.

1 Commitment to Respecting Human Rights

The Septeni Group does not tolerate discrimination or harassment based on gender, age, nationality, race, ethnicity, religion, ideology, creed, social status, disability, sexual orientation, gender identity, sexual expression or other factors. Furthermore, in our business activities, we prohibit forced labour and child labour, strive to ensure an appropriate work environment, prioritize the safety and physical and mental health of workers, and work to create a workplace that enhances job satisfaction. We respect the dignity and individuality of all people involved in our business, and respect human rights.

2 Compliance with International Standards and Laws

The Septeni Group complies with the applicable laws and regulations of human rights in each country or region in which it conducts business activities, and supports and respects international standards such as the the UN Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work (*). Where

national or regional laws and regulations conflict with international standards, we commit to respect international standards as much as possible and pursue methods to respect the principles of international human rights.

*The individual fundamental rights at work namely; freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

3 Scope

This policy applies to all executives and employees of the Septeni Group. We also respect the human rights of all people affected by our business activities, and require our suppliers and business partners not to violate human rights in accordance with international standards on human rights.

4 Human Rights Due Diligence

The Septeni Group establishes and continues to implement a human rights due diligence system that is in accordance with the UNGPs. Through human rights due diligence, we identify adverse impacts on human rights and work to prevent and mitigate them.

5 Remedy

The Septeni Group will make efforts to remedy cases where it becomes apparent that its business activities have caused adverse impacts on human rights, or where it is evident or suspected that the Group is involved in such activities, through appropriate procedures based on international standards on human rights, including the UNGPs.

6 Dialogue and Consultation

The Septeni Group engages in dialogue and consultation with rights holders to address potential and actual adverse impacts on human rights.

7 Information Disclosure

The Septeni Group will disclose the progress and results of its efforts to respect human rights based on this policy on its website and through other media.

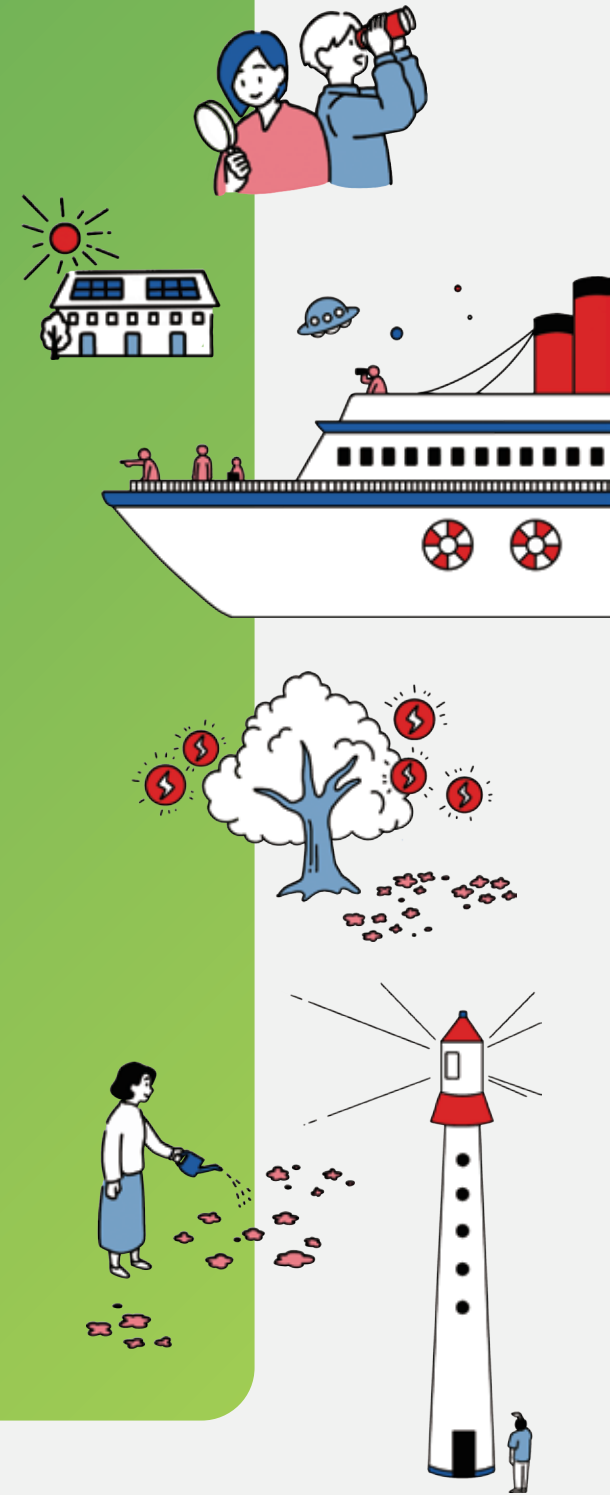
8 Responsible Officer

The Septeni Group appoints the representative director, group president and chief executive officer as the executive officer responsible for the implementation of this policy and oversees its execution.

03

Reinforcing Our Management Foundation

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Response to Climate Change

Disclosure of information in accordance with TCFD recommendations

Given that a sustainable and sound Earth and society are prerequisites for business operations, we recognize the high importance of addressing climate change and have identified it as materiality.

Against this backdrop, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in October 2023 and have implemented information disclosure based on the TCFD framework. We recognize the risks, measures, and opportunities brought about by climate change as follows at the present time.

▶ Click here for more details about the disclosure based on the TCFD recommendations.
<https://www.septeni-holdings.co.jp/en/csr/activity/environment.html>

Metrics and targets

At Septeni Group, we have set a goal to reduce the GHG emissions of Scope 1+2 by 70% by fiscal year 2030 compared to fiscal year 2023. The actual GHG emissions are as follows.

▶ Click here for more details of GHG emissions.
<https://www.septeni-holdings.co.jp/en/csr/data.html>

Other environmental activities

Participation in "One Day for Change"

We participated in the Dentsu Group's global community initiative "One Day for Change" by conducting a cleanup around our office. This activity fosters teamwork and raises awareness of environmental issues within the Group.

▶ Click here for more details of "One Day for Change"
https://note.com/septeni_group/n/n6ce1c7430296
 (Only available in Japanese)



▶ For other environmental initiatives, please refer to the link below.
<https://www.septeni-holdings.co.jp/en/csr/activity/environment.html>

Results of Scenario Analysis

Classification of Risks and Opportunities based on TCFD Recommendations		Assumed Main Risks and Opportunities	Response	Impact Level	Occurrence Time
Transition Risks	Policy/Regulation	Costs arising from carbon taxes, etc.	Transition to renewable energy	Medium	Short to medium term
	Technology	Increased costs due to delays in adapting to low-carbon technologies	Rapid conversion to energy-efficient equipment	Small	Medium to long term
	Market	Increased costs due to rising electricity prices	Promotion of energy conservation through educational activities for employees	Small	Short to long term
	Reputation	Loss of trust from clients, investors, and employees and decrease in corporate value due to delays in climate change measures	Disclosure through TCFD, CDP, etc.	Medium	Medium to long term
Physical Risks	Acute	Operational stoppage of services and impact on internal infrastructure due to intensification of abnormal weather and frequent natural disasters	Maintenance and enhancement of BCP and crisis management systems	Large	Long term
		Self-restraint/reduction in advertising due to disasters	Promotion of proactive initiatives to realize a decarbonized society	Large	Long term
	Chronic	Increased costs for air conditioning, etc. due to changes in weather patterns	Implementation of ongoing energy conservation measures in offices	Small	Medium to long term
Opportunities	Products/Services	Acquisition of new business opportunities due to major changes in industry and society	Acquisition of new clients emerging from the promotion of decarbonization	Small	Medium to long term
	Market	Increase in advertising due to expanding demand for environmentally friendly products/services		Small	Medium to long term
	Resilience	Changes in work styles due to dispersion of residences accompanying changes in weather patterns	Promotion of diverse work styles through remote work	Medium	Short to long term

*Short-term: to 2025, Mid-term: 2025 to 2030, Long-term: 2030 to 2050

Change in GHG Emissions

	FY2023 ³		FY2024	
	Emissions (t-CO ₂)	Ratio (%)	Emissions (t-CO ₂)	Ratio (%)
Scope 1	7.0	0.1	0.0	0.0
Scope 2 ¹	940.6	9.1	513.3	6.4
Scope 3 ²	9,386.9	90.8	7,536.9	93.6
Total	10,334.5		8,050.3	

*1 Scope 2 emissions are calculated using the market-based method.

*2 Category 1 (Purchased goods & services), Category 2 (Capital goods), Category 3 (Fuel & energy-related activities), Category 6 (Business travel), Category 7 (Employee commuting), Category 8 (Leased assets (upstream))

*3 Due to the fiscal-year change, the figures in 2023 show the amount for 15 months.

Corporate Governance

We have identified the efforts in corporate governance as a materiality, recognizing the need for an advanced governance structure to fulfill our obligations as a listed company and to aim for the pursuit of discontinuous growth and the realization of a “nameraka” future.

Basic approach

The corporate governance of the Company is based on the development and operation of a system to ensure that actions are based on the company's corporate philosophy and decisions are made in a transparent, fair, and efficient manner, and compliance with laws and regulations and appropriate supervision (monitoring) of corporate performance are carried out under the mission “to inspire the world with entrepreneurship.”

Progress of governance reforms

Since around 2015, we have been advancing governance reforms, positioning the first three years as a promotion phase, where we implemented various measures to improve governance and introduced new

systems. Since 2018, we have been striving to establish an effective governance structure that goes beyond mere formality and focusing on improving the application and operation of the introduced systems.

▶ Click here for overview of the corporate governance system.
<https://www.septeni-holdings.co.jp/en/company/governance.html>

■ Role of the Board of Directors

The Board of Directors shall consist of a majority, at the minimum, of highly independent outside directors. The board consists of seven directors, four of whom are outside directors, as of March 2025. It determines matters prescribed by laws and regulations and the

Articles of Incorporation and matters concerning the execution of important business and oversees the execution of business. Furthermore, as part of strengthening of its corporate governance system, the Company introduced an executive officer system in January 2017. Under this system, the authority for making decisions and executing business operation is delegated to executive officers to the extent permitted by relevant laws and regulations, in order for the Board of Directors to mainly focus on the oversight (monitoring) of the group executive officers who are responsible for the execution of business (monitoring model-oriented).

Independent outside directors actively participate in discussions and express opinions at meetings of the Board of Directors. In addition, the Board of Directors meeting's secretariat responds appropriately if communication and coordination are required between the independent outside directors and the senior management and company auditors (and the Board of Company Auditors). Moreover, cooperation with company auditors (and the Board of Company Auditors) is responded appropriately through joint training conducted by directors and company auditors, and the participation of outside company auditors in a periodic meeting (Executive Session), whose members are only independent outside directors.

Changes in Composition of Directors & Auditors/Evolution of Governance Enhancement Initiatives

(Note) At the end of the General Meetings of Shareholders in each year. Only years where there were changes in the composition of the Board of Directors are listed.

		12/2013	12/2014	12/2015	12/2017	12/2018	12/2020	12/2021	3/2024	3/2025
Number of directors	Directors	8 (Of which 1 female)	6 (Of which 1 female)	6 (Of which 1 female)	3	3	3	2	3	3
	Outside Directors	0	1	1 (Of which 1 female)	4 (Of which 1 female)	4 (Of which 1 female)	5 (Of which 2 female)	5 (Of which 2 female)	5 (Of which 2 female)	4 (Of which 1 female)
Number of auditors	Directors	0	1	1	1	2	1	1	1	1
	Outside Directors	3	3	3	2	2	3	3	3	3

FY2016

FY2017

FY2022

FY2023

- Introduction of Performance-Linked Share Compensation Plan for Directors and Officers
- Introduction of an entrustment-type executive system
⇒ Separation of executive and supervisory function
- Introduction of effectiveness evaluation to enhance the functioning of the Board of Directors
- Establishment of the Financial Results and Disclosures Committee and the CSR Committee
- Abolition of anti-takeover measures
- Establishment of Nomination and Remuneration Advisory Committee
- Establishment of Sustainability Committee and enhancement of awareness of ESG
- Further strengthening independence and diversity of directors

■ Role of the Board of Company Auditors

The Company has adopted a company auditor system. Under the system, there are currently four company auditors including three highly independent outside auditors. Each company auditor audits the execution of business by the Directors, in accordance with the auditing policy, audit plans and so forth determined by the Board of company auditors.

Committees

The Company has established a Group Risk Management Committee that supervises risk management of the Group, a Sustainability Committee that promotes sustainability activities to enhance the corporate value, and a Financial Results and Disclosures Committee that reviews and evaluates financial results information. In doing so, the Company has put in place a system that clarifies authority and responsibilities and enables prompt and appropriate decision-making. On the other hand, Nomination and Remuneration Advisory Committee, the majority of which consists of outside directors, has been established as an optional committee of the Board of Directors to handle personnel matters regarding the Group's management team (appointment, removal etc. of directors of the Company, group executive officers and others), in order to ensure the independence, objectivity and accountability of the deliberation process.

Composition of Committees (As of the end of March 2025)

● Chairperson ○ Member

	Sustainability Committee	Nomination and Remuneration Advisory Committee	Executive Session
Yuichi Kouno	●	○	
Yusuke Shimizu			
Yoshiki Ishikawa	○	●	○
Akie Iriyama		○	○
Mio Takaoka		○	○
Makoto Shiono		○	○
Tadashi Kitahara			

Major agenda items at the Board of Directors meetings in FY2024/12

(from October 2022 to December 2023)
(excluding regularly scheduled agenda items)

- Revision of officer compensation system
- Partial amendment of the regulations for Group Officers
- Business continuity criteria
- Board camping
- Transfer of shares of TowaStela, Inc.
- Partial amendment of the regulations of the Nomination and Remuneration Advisory Committee
- Establishment of a human rights policy
- Change in reportable segments and business domains
- Business portfolio after FY2025/12

Policy for the appointment of Directors and Executive Officers

The Company's Board of Directors established the "Policy Regarding the Appointment of Senior Management and the Nomination of Candidates for Director" from the viewpoint of guaranteeing transparency and fairness of nomination, appointment and dismissal standards for candidates for director and group executive officer of the Company (hereinafter referred to as "candidates for director, etc."), and the "Procedures Regarding the Appointment and Nomination of Officers of the Group" from the viewpoint of guaranteeing transparency and fairness of the appointment, dismissal and nomination process. Based on these, the candidates for director, etc. are nominated, appointed and dismissed.

Additionally, the Company aims to strengthen independence, objectivity and accountability regarding the appointment, dismissal and nomination of candidates for director, etc., and a Nomination and Remuneration Advisory Committee was established as an optional committee under the Company's Board of Directors with the group president and chief executive

officer and all independent outside directors. The final decision regarding the nomination of candidates for director and the appointment and dismissal of group executive officers will be made by the Board of Directors after review and reporting from the Committee.

In addition, the Nomination and Remuneration Advisory Committee formulates succession plans with a view to the management structure not only for the next generation but also for future generations.

Officer compensation plan

In the fiscal year ended September 2017, the Group introduced a new compensation plan (a board incentive plan (BIP) trust) to more clearly define the relationship between the remuneration of the Company's directors (excluding outside directors and non-residents of Japan) and executive officers (excluding non-residents of Japan; collectively, "Directors, etc.") and the Group's business results in the medium-to-long term as well as the Company's shareholder value, while creating a sound incentive to enhance business results and corporate value in the medium-to-long term. As a result, remuneration for directors of the Company consists of monthly compensation and share compensation, and remuneration for outside directors who are independent from business execution consists of monthly compensation only.

BIP trust is a performance-linked share compensation plan that aims to establish a clearer relationship between remuneration for Directors, etc. and the value of the Group's share. The Company's shares are purchased from the market as officer compensation, kept in a trust account and delivered in accordance with the recipient's position and degree of achievement of the performance targets in the Midterm Business Policies.

► For supplementary information regarding the remuneration of directors and auditors, please see here.
<https://www.septeni-holdings.co.jp/en/company/governance.html>

Efforts for Discontinuous Growth

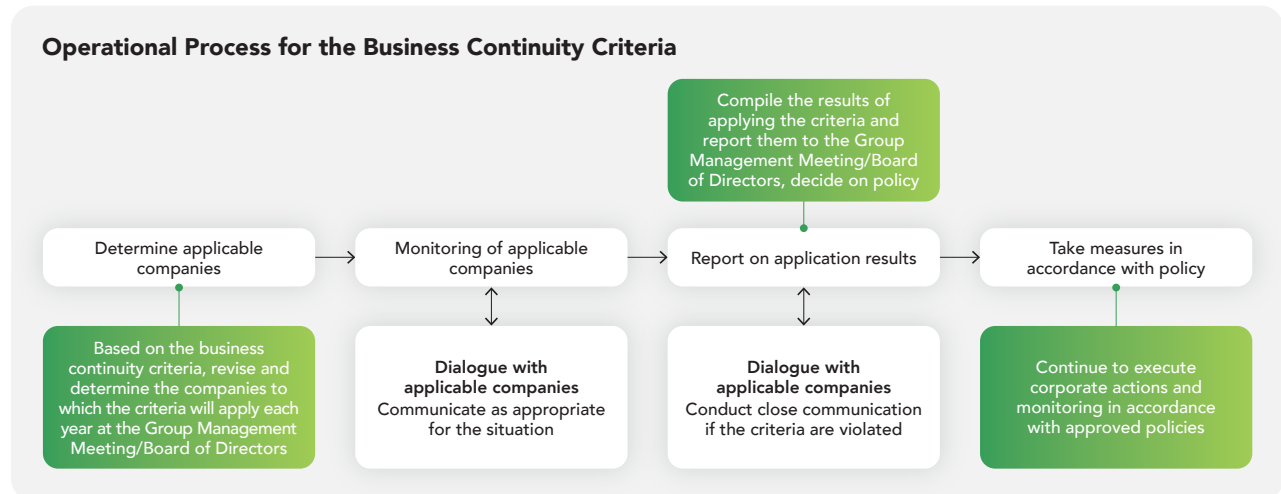
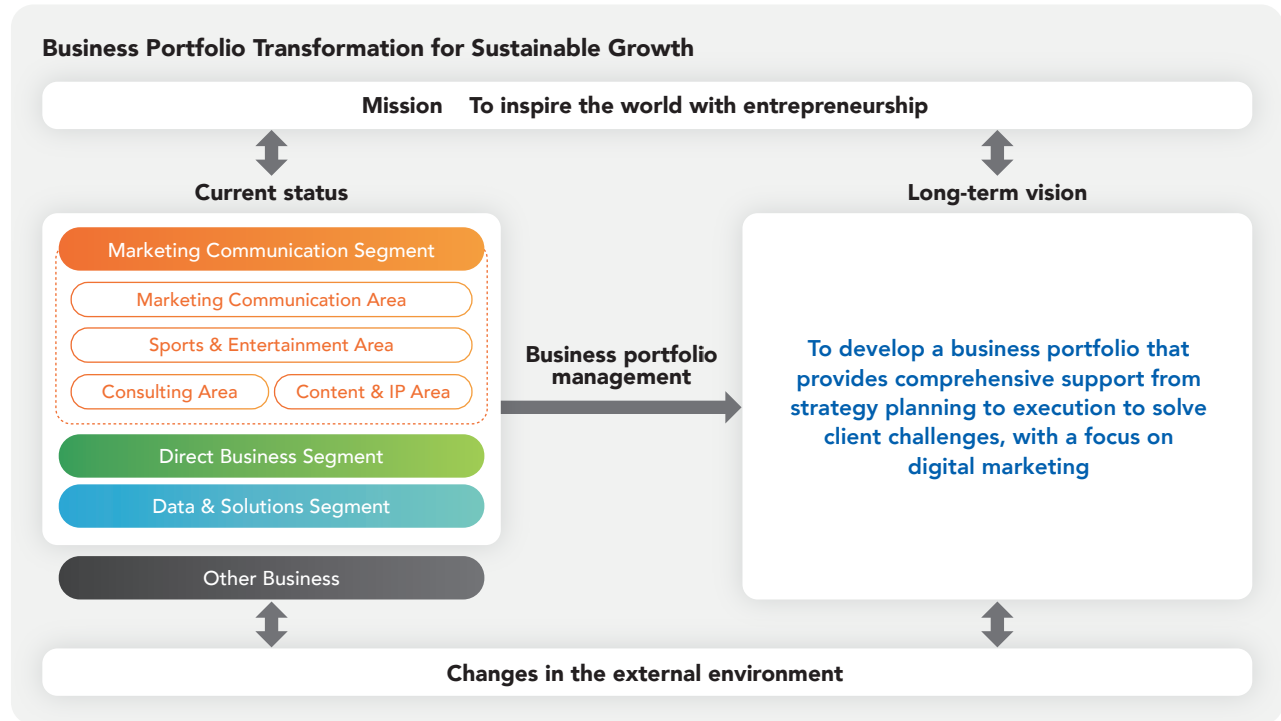
■ Fostering a healthy cycle of business creation and exit through the consistent application of business continuity standards

In order to continue growing while adapting to changes in the external environment, we have determined that it is necessary to transform our business portfolio, and as such, we are continuing operation of the business continuity criteria established in the fiscal year ended December 2024.

This will promote a healthy cycle of business creation, enhance accountability both within and outside the Group, and enable us to flexibly reallocate our business portfolio. In doing so, we aim to improve profits and ROE by allocating business resources to growth areas as appropriate. Ultimately, we will link this to the enhancement of corporate value and the realization of our mission.

■ Operational process for the business continuity criteria

At the beginning of each fiscal year, we select and review the companies to which the criteria apply, and after approval by the Group Management Meeting, we divide them into three phases according to their number of years since establishment and monitor them based on quantitative criteria appropriate to each phase. If the criteria are not met, we will consider measures such as setting conditions for continuation, or alternatively sale, merger, or dissolution, and make a decision at the Group Management Meeting or the Board of Directors.



Efforts for risk reduction

■ Evaluation of the effectiveness of the Board of Directors

With the aim of enhancing the function of the Board of Directors, the Company conducts analysis, evaluation and follow-up examinations of issues on the effectiveness of the Board of Directors once a year in principle. The Company also conducts large-scale and detailed surveys by external third-party institutions once every 3 years.

In the fiscal year ended December 2024, the Company renewed its management structure following a resolution at the March 2024 General Meeting of Shareholders. This followed the recommendations of the Nomination and Remuneration Advisory Committee, which had engaged in extensive discussions on succession planning to achieve sustainable growth, and the resolution of the Board of Directors. Under the new management structure, the Company held discussions at the Board of Directors meetings, executive training camps, and other forums on measures to promote value co-creation between supervision and execution, as well as on the Group's medium- to long-term strategies. Specifically, the Company continued discussions on its business portfolio and business continuity criteria, revised its dividend policy, and established and revised various internal rules and regulations.

The Company's Board of Directors engages in sophisticated and active discussions. Furthermore, on the operational side, the Company have already implemented necessary and sufficient practical measures, including refining the Board's agenda, providing materials in advance, creating opportunities for discussion through camps, and strengthening collaboration among outside directors through executive sessions, thereby ensuring effectiveness. Going forward, the Company will continue to strive to enhance corporate value and further improve the effectiveness of the Board of Directors.

■ Strengthening compliance

In pursuit of further growth and enhanced corporate value, we are aiming to transition from the Tokyo Stock Exchange Standard Market to the Prime Market. Recognizing that establishing a more sophisticated governance system is crucial for achieving this goal, we are actively promoting various initiatives. In particular, strengthening the compliance awareness of our executives is a cornerstone of our reinforced governance structure. To this end, we have implemented measures such as providing re-training of reinforce compliance and enhancing our internal audit system. In fiscal year 2024, we provided compliance training to all group executive officers and officers of Group companies.

■ Promoting integrity

To foster a culture of integrity within the Group, we raise awareness among officers and employees about its concept, importance, and relevant regulations through questions included in our compliance tests.

■ Risk management

In order to recognize significant events that may affect the Group's business management, to identify, analyze and assess risks that may harm the growth and development of the business and to make responses to the risks such as aversion, mitigation, transfer and others, the Group shall establish Group Risk Management Regulations. In addition, it 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. It constructs the PDCA cycle of risk management operations and promotes risk management in the Group as a whole to achieve sustainable development.

In the fiscal year ended December 2024, considering broader societal trends, we identified and addressed the following priority risks from among those common to the entire Group.

Priority risks
Information leakage risk from outsourcing partners (optimization of outsourcing practices)
Risk of natural disasters and other incidents impacting employees and business operations

Group Management and Minority Shareholder Protection Initiatives

Dentsu Group Inc. is the Company's parent company and holds 52.49% of the voting rights. We recognize that ensuring a robust governance system is a top management priority to enhance corporate value and protect minority shareholders. All management decisions are made after careful consideration to avoid any harm to the interests of the Company or its minority shareholders.

■ The Company's position within the parent company's business portfolio strategy

Our parent company, Dentsu Group, defines its domestic business domains across four transformation areas: AX (sophisticated advertising communications), BX (overall business transformation), CX (customer experience transformation), and DX (marketing infrastructure transformation). The Company primarily operates within the AX domain, conducting the Marketing Communication Segment that provides integrated marketing services centered on digital advertising sales and operations; the Direct Business Segment that supports clients by integrating offline media and digital strategies; and the Data & Solutions Segment that develops and provides data and AI-driven solutions and supports client development.

■ Current status and future outlook for the Company's business domain within the parent company's group structure

While other companies within Dentsu Group also offer digital marketing support, the Company does not have a competitive relationship with them due to the differences in our functions and areas of expertise. Instead, we maintain a collaborative relationship that generates group synergies.

■ The nature and extent of the parent company's involvement in decision-making

One of the Company's directors concurrently serves as an executive officer of Dentsu Inc., a subsidiary of Dentsu Group Inc. However, this director serves as a nonexecutive director of the Company, responsible for overseeing business execution to enhance its corporate value. Therefore, the Company believes that sufficient independence from its parent company is ensured in its business operations. Moreover, as a listed company with a parent company, the Company has a contractual agreement with Dentsu Group Inc. to maintain its autonomy and independence. Specifically, while the Company is required to report proposed resolutions for the General Meeting of Shareholders to Dentsu Group in advance, its day-to-day business operations are conducted based on its own independent management decisions.

■ The role of the Nomination Committee in maintaining the independence of outside directors from the parent company

While independent outside directors constitute a majority of the Company's Board of Directors, candidates for director and other positions are determined after review and recommendation by the Nomination and Remuneration Advisory Committee, which comprises the group president and chief executive officer and all independent outside directors.

■ Guidelines for transactions with the parent company

With respect to transactions with the parent company, management support fees are determined by agreements between the parties taking into account the content of operations, and interest rates on fund transactions are determined in the same manner as in general transactions with reference to market interest rates.

■ Cooperation in maintaining the listing

Dentsu Group will act to ensure it does not violate delisting criteria, thereby supporting the Company's continued listing, and will cooperate with the Company to a reasonable extent.

■ Handling of shares

Dentsu Group will not acquire any additional shares of ours without obtaining our prior written approval.

Message from an Outside Director

The majority of our Board of Directors are outside directors, and we are working to strengthen corporate governance through dynamic discussions that draw on their respective areas of expertise. Here, Makoto Shiono, one of our independent outside directors, speaks about the governance and management of the Company in light of the current business environment.

Makoto Shiono
Outside Director



Message

We are currently experiencing a period of major transformation in the fields of digital marketing and corporate DX. In the world of digital technology, generative AI, particularly in the form of large-language models (LLMs), is evolving and spreading rapidly, ushering in social changes similar to those that occurred in the early days of the internet. This AI wave is also set to have a major impact on digital marketing.

Amid this business environment, the Group has been led by representative director, group president and chief executive officer Kouno, alongside director and group vice president Shimizu. Having taken the reins in 2024, they have been working to maximize our corporate value. The Board of Directors continued its efforts to improve its management oversight functions in the fiscal year ended December 2024. To this end, it has engaged outside directors with expertise in various

fields and has held lively and frank discussions at board meetings, striving to make management decisions that create value within a framework of co-creation between oversight and execution. In addition, the Board of Directors strives for continuous improvement by regularly reviewing its effectiveness through evaluations conducted by external organizations.

The fiscal year ended December 2024 served as a preparatory period for 2025 and beyond, and during this time, reorganization of the Group has been ongoing.

Full-year results for the 2024 fiscal year show increases in both net sales and revenue, and I believe that, with respect to the medium-term theme of “Focus & Synergy,” we have achieved certain level of success in our current business areas. Going forward, we need to consider investment in growth areas with an eye toward the future of ad technology and the

creation of new value for clients. Meanwhile, in the medium to long term, I believe that we should improve the revenue generation of our existing businesses while developing and exploring ways to secure a stable revenue base, with the aim of achieving high growth and high returns and generating 10 billion yen in yearly profits by 2030.

The Group is notable for the active participation of young people and women managers, and I believe that this is an organization where the new generation can work to truly deliver both social and business value. With the world and technology undergoing major changes, I believe that, along with the leadership of Mr. Kouno and Mr. Shimizu, the Group’s core value of “people filled with a strong sense of ownership and entrepreneurial spirit” will continue to create value for society.

Company Overview

Please visit the following webpages for information about our businesses and group companies.

- **Company Overview**

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

- **Business Segments & Group Companies**

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

- **Executives**

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

Consolidated Financial & Non-Financial Information

Please visit the following webpages for our financial and performance highlights and ESG data.

- **Securities Reports**

<https://www.septeni-holdings.co.jp/en/ir/library/securities-report/>

- **Consolidated Performance Highlights**

<https://www.septeni-holdings.co.jp/en/ir/finance/highlights.html>

- **Review of Full-Year Financial Results**

<https://www.septeni-holdings.co.jp/en/ir/finance/review.html>

- **Sustainability Information**

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

Corporate Governance

Please visit the following webpage for information on our corporate governance

- **Corporate Governance**

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

Stock Information

Please visit the following webpages for the latest status of our stock, our shareholder return policy, and other information.

- **Stock Price Information**

<https://www.septeni-holdings.co.jp/en/ir/stock/price.html>

- **General Stock Information**

<https://www.septeni-holdings.co.jp/en/ir/stock/information.html>

- **Shareholder Return**

<https://www.septeni-holdings.co.jp/en/ir/stock/dividend.html>

- **General Meetings of Shareholders**

<https://www.septeni-holdings.co.jp/en/ir/stock/shareholders/index.html>

- **Analyst Coverage**

<https://www.septeni-holdings.co.jp/en/ir/stock/analyst.html>



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