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**CONVOCATION NOTICE FOR THE 32ND ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

SEPTENI HOLDINGS CO., LTD.

Top Message

On behalf of SEPTENI HOLDINGS CO., LTD., I would like to express our thanks for your exceptional support. Please find herein the convocation notice for the 32nd Ordinary General Meeting of Shareholders.

The fiscal year ended September 30, 2022 was a year in which we managed to break the record, achieving our best results since the Company's founding for all indicators of our consolidated performance, including revenue, non-GAAP operating profit and profit attributable to owners of parent, due to significant growth of the Digital Marketing Business against the backdrop of organic growth by capturing the increase in demand for corporate digital transformation (DX) and promoting alliance operations and new consolidated results by deepening our capital and business alliance with the Dentsu Group, as well as due to increased revenue and reduced losses in the Media Platform Business.

Based on these results, we increased dividends to ¥4.6 per share.

Under the Group's mission of "To inspire the world with entrepreneurship," we will work to enhance our corporate and shareholder value. Going forward, we would very much appreciate your continuous understanding and support.

November 2022

Koki Sato,

Representative Director

Group President and Chief Executive Officer

December 1, 2022

Dear Shareholder

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

CONVOCATION NOTICE FOR THE 32ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

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- 1. Date and Time:** **Wednesday, December 21, 2022, at 10:00 a.m.**
(Reception will begin at 9:00 a.m.)
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- 2. Place:** **The Company's Conference Room**
Sumitomo Fudosan Shinjuku Grand Tower 27th Floor
17-1 Nishishinjuku 8-chome, Shinjuku-ku, Tokyo, Japan
** Please note that the place of the meeting will be different from that of typical years.*
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3. Meeting Agenda

Matters to be reported:

1. The Business Report and Consolidated Financial Statements for the Company's 32nd term (from October 1, 2021 to September 30, 2022) and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Company Auditors
2. Non-consolidated Financial Statements for the Company's 32nd term (from October 1, 2021 to September 30, 2022)

Matters to be resolved:

- Agenda Item No. 1:** Partial Amendment of the Articles of Incorporation
Agenda Item No. 2: Election of Seven Directors
Agenda Item No. 3: Election of Three Company Auditors
Agenda Item No. 4: Election of Financial Auditor
Agenda Item No. 5: Revision of Details of Stock Compensation Plan for Directors, etc.

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| To Institutional Investors | You may use the Electronic Proxy Voting Platform operated by ICJ Inc., as a method of exercising your voting rights for the General Meetings of Shareholders. |
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- When you attend the meeting, you are kindly requested to submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting.

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

- The documents to be provided with this convocation notice

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

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

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

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

Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Matters

Agenda Item No. 1: Partial Amendment of the Articles of Incorporation

1. Reasons for the proposal

- (1) Following the deepening of the capital and business alliance with Dentsu Group Inc. announced on October 28, 2021, the Company became a consolidated subsidiary of Dentsu Group Inc. on January 4, 2022. The Company's business year commences on October 1 of each year and ends on September 30 of the following year. However, for the purpose of realizing improved transparency of management through timely and appropriate disclosure of management information by unifying our accounting period with the Company's parent company, Dentsu Group Inc., as well as in order to promote the formulation of management plans and performance management, and the streamlining of management and business operations, we propose to make amendments necessary to change the business year to be commencing on January 1 and ending on December 31 of each year (Articles 13, 14, 47 and 49 of the proposed amendments). In addition, necessary supplementary provisions shall be newly established to provide a transitional measure.
- (2) In order to respond to the business diversification, to make additional purposes of business. (Article 2 of the proposed amendments).
- (3) To make necessary amendments (Article 13 of the proposed amendments) in accordance with the enforcement of the "Act for Partially Amending the Act on Strengthening Industrial Competitiveness and Other Related Laws and Regulations (Act No. 70 of 2021)" on June 16, 2021, with the intention to expand choices for the method of holding the shareholders meeting and contributing to the interests of the shareholders by enabling the convening of general meetings of shareholders without a designated location for the shareholders meeting (so-called "virtual-only shareholders meetings"). In addition to the resolution of the shareholders meeting, these amendments to the Articles of Incorporation shall be subject to the condition that the Minister of Economy, Trade and Industry as well as the Minister of Justice provide confirmation that this is something that contributes to strengthening industrial competitiveness, while giving consideration to securing interests of shareholders, pursuant to the Orders of the Ministry of Economy, Trade and Industry as well as the Ministry of Justice, and supplementary provision regarding the effective date shall be established.
- (4) To make necessary amendments to the Articles of Incorporation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format (Article 19 of the proposed amendments), since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) were enforced on September 1, 2022. Based on this decision, since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. will no longer be required, they will be deleted (Article 19 of the current articles of incorporation). Accompanying the aforementioned changes of provisions, supplementary provisions regarding the effect of provisions of the pre-amendment Articles of the Articles of Incorporation, etc. shall be established.

2. Details of the amendments

The details of the amendments are as set forth below. The unchanged Article texts of the current articles of incorporation are omitted.

(Underlined parts denote amendments.)

| Current articles of incorporation | Proposed amendments |
|---|---|
| <p>Article 2 (Purpose) The purpose of the Company shall be to own the shares or equity of a company, etc. or companies, etc. engaged in the following businesses, as well as those of a foreign company, etc. or foreign companies, etc. engaged in equivalent businesses, thereby having control over and managing the business activities of such companies, etc.</p> <p>1. to 12. (Article text omitted)</p> <p>(New article)</p> <p>(New article)</p> <p><u>13. to 15.</u> (Article text omitted)</p> <p>(New article)</p> <p>(New article)</p> <p><u>16. to 18.</u> (Article text omitted)</p> <p>Article 13 (Calling) An annual shareholders meeting shall be called in <u>December</u> each year, and an extraordinary shareholders meeting may be called whenever necessary.</p> <p>(New article)</p> <p>Article 14 (Record Date for the Annual Shareholders Meeting) The record date for the voting rights at the annual shareholders meeting of the Company shall be <u>September 30</u> each year.</p> <p>Article 19 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) <u>When the Company calls a shareholders meeting, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>Article 47 (Business Year) The business year of the Company shall commence on <u>October 1</u> of each year and end on <u>September 30</u> of the following year.</p> <p>Article 49 (Record Date of Dividends from Surplus) 1. The record date of year-end dividends of the Company shall be <u>September 30</u> each year. 2. (Article text omitted)</p> | <p>Article 2 (Purpose) The purpose of the Company shall be to own the shares or equity of a company, etc. or companies, etc. engaged in the following businesses, as well as those of a foreign company, etc. or foreign companies, etc. engaged in equivalent businesses, thereby having control over and managing the business activities of such companies, etc.</p> <p>1. to 12. (Remains the same)</p> <p><u>13. Business related to hiring, employment, human resources and training</u></p> <p><u>14. Business related to assessment of professional aptitudes and competencies, and competency development</u></p> <p><u>15. to 17.</u> (Remains the same)</p> <p><u>18. Services related to crypto-assets and other electromagnetic monetized data</u></p> <p><u>19. Services related to the use of blockchain technologies, etc.</u></p> <p><u>20. to 22.</u> (Remains the same)</p> <p>Article 13 (Calling) 1. An annual shareholders meeting shall be called in <u>March</u> each year, and an extraordinary shareholders meeting may be called whenever necessary. 2. <u>The Company's shareholders meeting may be held as a shareholders meeting without a designated location.</u></p> <p>Article 14 (Record Date for the Annual Shareholders Meeting) The record date for the voting rights at the annual shareholders meeting of the Company shall be <u>December 31</u> each year.</p> <p>Article 19 (Measures, etc. for Providing Information in Electronic Format) 1. <u>When the Company calls a shareholders meeting, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> 2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p>Article 47 (Business Year) The business year of the Company shall commence on <u>January 1</u> and end on <u>December 31</u> of each year.</p> <p>Article 49 (Record Date of Dividends from Surplus) 1. The record date of year-end dividends of the Company shall be <u>December 31</u> each year. 2. (Remains the same)</p> |

| Current articles of incorporation | Proposed amendments |
|-----------------------------------|---|
| (New article) | <u>Supplementary Provisions</u> |
| (New article) | <p data-bbox="810 300 1294 353"><u>[Transitional Measures Regarding the Calling the Shareholders Meeting]</u></p> <p data-bbox="810 362 1406 719"><u>Article 1 The date that the establishment of paragraph (2) of Article 13 (Calling) shall take effect shall be on the date the Minister of Economy, Trade and Industry as well as the Minister of Justice provide confirmation regarding the applicability that the Company’s shareholders meeting held as a shareholders meeting without a designated location are held in a way that satisfies the requirements specified by the Orders of the Ministry of Economy, Trade and Industry as well as the Ministry of Justice. Article 1 of these Supplementary Provisions shall be deleted after the effective date.</u></p> |
| (New article) | <p data-bbox="810 766 1318 819"><u>[Transitional Measures for Measures, etc. Providing Information in Electronic Format]</u></p> <p data-bbox="810 828 1406 1014"><u>Article 2 Article 19 of the pre-amendment articles of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any shareholders meeting held on a date within six months from September 1, 2022.</u></p> |
| (New article) | <p data-bbox="810 1023 1406 1189"><u>Article 3 Article 2 and Article 3 of these Supplementary Provisions shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the shareholders meeting in the preceding Article, whichever is later.</u></p> |
| (New article) | <p data-bbox="810 1236 1219 1263"><u>[Transitional Measures for Business Year]</u></p> <p data-bbox="810 1272 1394 1429"><u>Article 4 Notwithstanding the provisions of Article 47 (Business Year), the 33rd fiscal year of the Company shall be from October 1, 2022 to December 31, 2023. Article 4 of these Supplementary Provisions shall be deleted after the end of December 31, 2023.</u></p> |
| (New article) | <p data-bbox="810 1438 1406 1574"><u>Article 5 Amendments to the provisions of Article 13 (Calling), paragraph (1) shall take effect on April 1, 2023. Article 5 of these Supplementary Provisions shall be deleted after the effective date.</u></p> |
| (New article) | <p data-bbox="810 1583 1406 1776"><u>Article 6 Amendments to the provisions of Article 14 (Record Date for the Annual Shareholders Meeting) and Article 49 (Record Date of Dividends from Surplus), paragraph (1) shall take effect on January 1, 2023. Article 6 of these Supplementary Provisions shall be deleted after the effective date.</u></p> |

| Current articles of incorporation | Proposed amendments |
|-----------------------------------|--|
| (New article) | <p><u>Article 7 Notwithstanding the provisions of Article 24 (Term of Office), the term of office of the Directors elected at the annual shareholders meeting for the 32nd fiscal year shall continue until the conclusion of the annual shareholders meeting for the 33rd fiscal year ending December 31, 2023. Article 7 of these Supplementary Provisions shall be deleted at the conclusion of the annual shareholders meeting for the 33rd fiscal year.</u></p> |
| (New article) | <p><u>Article 8 Notwithstanding the provisions of Article 45 (Term of Office), the term of office of the financial auditor elected at the annual shareholders meeting for the 32nd fiscal year shall continue until the conclusion of the annual shareholders meeting for the 33rd fiscal year ending December 31, 2023. Article 8 of these Supplementary Provisions shall be deleted at the conclusion of the annual shareholders meeting for the 33rd fiscal year.</u></p> |
| (New article) | <p><u>Article 9 The provisions of Article 48 (Organ to Determine Dividends of Surplus, Etc.) shall not be applied from the conclusion of the annual shareholders meeting for the 32nd fiscal year until the conclusion of the annual shareholders meeting for the 33rd fiscal year ending December 31, 2023. Article 9 of these Supplementary Provisions shall be deleted at the conclusion of the annual shareholders meeting for the 33rd fiscal year.</u></p> |

Agenda Item No. 2: Election of Seven Directors

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

In that regard, the Company hereby proposes the election of seven directors, including five outside directors.

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

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

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

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

The candidates are as follows:

| Candidate No. | Name | | Important positions held at other companies | Attendance to the board of directors meetings |
|---------------|---|---|--|---|
| 1 | Koki Sato Representative director Group President and Chief Executive Officer | Reelection | External Director, FOOD & LIFE COMPANIES LTD. | 14/14 |
| 2 | Etsuko Okajima Outside director | Reelection Outside director Independent officer | CEO, ProNova Inc. External Director, MARUI GROUP Co., Ltd. External Director, LANCERS, Inc. Outside Director, Yappli, Inc. External Director, Money Forward, Inc. Director, CHRO, Euglena Co., Ltd. | 14/14 |
| 3 | Yusuke Asakura Outside director | Reelection Outside director Independent officer | Representative Director, Signifiant Inc. | 14/14 |
| 4 | Yoshiki Ishikawa Outside director | Reelection Outside director Independent officer | Director, Cancer Scan Co., Ltd. Director, Campus for H Inc. External Director, Gaiax Co. Ltd. | 14/14 |
| 5 | Akie Iriyama Outside director | Reelection Outside director Independent officer | Professor, Business School, Waseda University External Director, ROHTO Pharmaceutical Co., Ltd. Outside Director, Sanoh Industrial Co., Ltd. | 14/14 |
| 6 | Mio Takaoka Outside director | Reelection Outside director Independent officer | Partner, DNX Ventures Outside Director, HENNGE K.K. Outside Director, Information Services International-Dentsu, Ltd. Outside director (Audit & Supervisory Committee Member), KAYAC Inc. | 14/14 |
| 7 | Shuji Yamaguchi Director | Reelection | Executive Officer, Dentsu Japan Network, Dentsu Group Inc. Executive Officer, Dentsu Inc. | 9/9 |

| | | |
|---|---|-----------------------|
| 1 Koki Sato (Date of birth: March 11, 1975) | Reelection | |
| | Number of years in office | 21 years and 5 months |
| | Attendance to the board of directors meetings | 14/14 |
| | Number of the Company's common shares held | 372,300 |

Profile, position and duties at the Company

- Apr. 1997 Joined the Company
- Jul. 2001 Director and General Manager of Internet Operations
- Oct. 2003 Managing Director and CMO
- Dec. 2004 Senior Managing Director and COO
- Oct. 2007 Senior Managing Director
- Dec. 2009 Representative Director (current position) and President
- Jan. 2017 Group President and Chief Executive Officer (current position)
- Jan. 2019 Executive Officer, Dentsu Inc.
- Dec. 2020 External Director, Sushiro Global Holdings Co., Ltd. (currently FOOD & LIFE COMPANIES LTD.) (current position)

■ Reasons for nomination as candidate for director

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

■ Important positions held at other companies

External Director, FOOD & LIFE COMPANIES LTD.

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

Reelection
Outside director
Independent officer
Number of years in office 7 years
Attendance to the board of directors meetings 14/14
Number of the Company's common shares held –

Profile, position and duties at the Company

Apr. 1989 Joined Mitsubishi Corporation
Jan. 2001 Joined McKinsey & Company
Mar. 2002 Joined Globis Management Bank, Inc.
Jul. 2005 President, Globis Management Bank, Inc.
Jun. 2007 CEO, ProNova Inc. (current position)
Jun. 2014 Outside Director, Astellas Pharma Inc.
Jun. 2014 External Director, MARUI GROUP Co., Ltd. (current position)
Nov. 2015 External Director, LANCERS, Inc. (current position)
Dec. 2015 Outside Director of the Company (current position)
Mar. 2016 Outside Director, Link and Motivation Inc.
Jul. 2018 Outside Director, Yappli, Inc. (current position)
Dec. 2018 Outside Director, Euglena Co., Ltd.
Feb. 2019 External Director, Money Forward, Inc. (current position)
Dec. 2020 Director, CHRO, Euglena Co., Ltd. (current position)

■ Reasons for nomination as candidate for outside director and outline of expected roles

Ms. Etsuko Okajima has an abundance of experience and knowledge, and considerable insight of corporate management, and because she has actively provided useful advice on all aspects of the business administration of the Group from an independent and objective position, she is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

CEO, ProNova Inc.; External Director, MARUI GROUP Co., Ltd.; External Director, LANCERS, Inc.; Outside Director, Yappli, Inc.; External Director, Money Forward, Inc.; Director, CHRO, Euglena Co., Ltd.

| | | | |
|---|---|---|---------|
| 3 | Yusuke Asakura (Date of birth: July 23, 1982) | Reelection | |
| | | Outside director | |
| | | Independent officer | |
| | | Number of years in office | 5 years |
| | | Attendance to the board of directors meetings | 14/14 |
| | | Number of the Company's common shares held | – |

Profile, position and duties at the Company

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

■ Reasons for nomination as candidate for outside director and outline of expected roles

Mr. Yusuke Asakura has professional, extensive experience and results, and considerable insight as an executive at listed internet companies, as a researcher and as an investor, and because he has actively provided useful advice on all aspects of the business administration of the Group, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

Representative Director, Signifiant Inc.

| | | | |
|---|---|---|---------|
| 4 | Yoshiki Ishikawa (Date of birth: February 27, 1981) | Reelection | |
| | | Outside director | |
| | | Independent officer | |
| | | Number of years in office | 3 years |
| | | Attendance to the board of directors meetings | 14/14 |
| | | Number of the Company's common shares held | – |

Profile, position and duties at the Company

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

■ Reasons for nomination as candidate for outside director and outline of expected roles

Mr. Yoshiki Ishikawa has professional, extensive experience and results, and considerable insight as both a preventive medicine researcher and as a founder of a company using methods based on behavioral science, and because he has actively provided useful advice on all aspects of the business administration of the Group, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

Director, Cancer Scan Co., Ltd.; Director, Campus for H Inc.; External Director, Gaiax Co. Ltd.

5 Akie Iriyama
(Date of birth: December 8, 1972)

Reelection
Outside director
Independent officer
Number of years in office 2 years
Attendance to the board of directors meetings 14/14
Number of the Company's common shares held –

Profile, position and duties at the Company

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

■ Reasons for nomination as candidate for outside director and outline of expected roles

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

■ Important positions held at other companies

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

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

Reelection
Outside director
Independent officer
Number of years in office 2 years
Attendance to the board of directors meetings 14/14
Number of the Company's common shares held –

Profile, position and duties at the Company

Jul. 1999 Joined Goldman Sachs Japan Securities
Jun. 2002 Joined Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)
Mar. 2006 Joined Lehman Brothers Japan Securities
Jan. 2009 Joined Monex Group, Inc.
Feb. 2014 Executive, General Manager of new business, Monex Group, Inc.
May 2014 Director, Monex Ventures, Inc.
Sep. 2017 Joined MedicalNote, Inc.
Sep. 2017 Partner, Arbor Ventures
Mar. 2018 Director, MedicalNote, Inc.
Dec. 2020 Outside Director of the Company (current position)
Mar. 2021 Outside director, KAYAC Inc.
Apr. 2021 Partner, DNX Ventures (current position)
Dec. 2021 Outside Director, HENNGE K.K. (current position)
Mar. 2022 Outside Director, Information Services International-Dentsu, Ltd. (current position)
Mar. 2022 Outside director (Audit & Supervisory Committee Member), KAYAC Inc. (current position)

■ Reasons for nomination as candidate for outside director and outline of expected roles

Ms. Mio Takaoka has professional, extensive experience and results, and considerable insight of strategic investment, new business development and finance, and because she has actively provided useful advice on all aspects of the business administration of the Group, she is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has once again been nominated as candidate for outside director.

■ Important positions held at other companies

Partner, DNX Ventures; Outside Director, HENNGE K.K.; Outside Director, Information Services International-Dentsu, Ltd.; Outside director (Audit & Supervisory Committee Member), KAYAC Inc.

| | | | |
|---|--|---|-----------|
| 7 | Shuji Yamaguchi (Date of birth: January 4, 1966) | Reelection | |
| | | Number of years in office | 11 months |
| | | Attendance to the board of directors meetings | 9/9 |
| | | Number of the Company's common shares held | - |

Profile, position and duties at the Company

| | |
|-----------|---|
| Apr. 1989 | Joined Dentsu Inc. (currently Dentsu Group Inc.) |
| Jan. 2017 | Managing Director of Digital Platform Center, Dentsu Inc. |
| Feb. 2017 | Director, D2C Inc. |
| Jan. 2018 | Representative Director and CEO, Dentsu Digital Inc. |
| Dec. 2018 | Director, Dentsu Digital Inc. (current position) |
| Jan. 2019 | Executive Officer and Managing Director of Digital Business Center, Dentsu Inc. (currently Dentsu Group Inc.) |
| Jan. 2020 | Executive Officer (current position) and Managing Director of Digital Business Center, Dentsu Inc. |
| Jan. 2020 | Director, Rakuten Data Marketing, Inc. |
| Mar. 2020 | Director, Information Services International-Dentsu, Ltd. |
| Mar. 2020 | Director, CARTA HOLDINGS, INC. (current position) |
| Jan. 2021 | Executive Officer, Dentsu Japan Network, Dentsu Group Inc. (current position) |
| Jan. 2022 | Director of the Company (current position) |

■ Reasons for nomination as candidate for director

Mr. Shuji Yamaguchi joined Dentsu Inc. in 1989 and has extensive operational experience and management experience, including serving as an Executive Officer in charge of the Digital Business of that company since 2019. Because he is expected to actively provide useful advice on all aspects of the business administration of the Group and contribute to the promotion of alliance operations with the Dentsu Group, he has once again been nominated as candidate for director.

■ Important positions held at other companies

Executive Officer, Dentsu Japan Network, Dentsu Group Inc.;
Executive Officer, Dentsu Inc.

(Notes)

1. The name of Ms. Etsuko Okajima in the family register is Etsuko Mino.
2. Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama and Ms. Mio Takaoka are candidates for outside directors.
3. There are no special relationships between the Company and each of the candidates.
4. The number of the board of directors meetings included in the scope of attendance for Mr. Shuji Yamaguchi is the nine meetings held during the time after he was appointed as director on January 4, 2022.
5. In Mr. Shuji Yamaguchi's "Profile, positions and duties at the Company and Important positions held at other Companies," both his current positions and duties and those over the past ten years when he was an executive at the Company's parent company, Dentsu Group Inc., and its subsidiaries are also listed.
6. The Company has established "Independence Standards for Outside Officers" (<https://www.septeni-holdings.co.jp/ir/pdf/isod.pdf>) (in Japanese only). There is no information showing any violations of these standards for candidates Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama or Ms. Mio Takaoka, and each candidate is deemed independent.
7. The Company has designated Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama and Ms. Mio Takaoka as independent officers in accordance with the rules of Tokyo Stock Exchange, Inc., and has submitted a notice of designation to the Tokyo Stock Exchange. If the proposed reelection of them is approved, the Company will continue to designate them as independent officers.
8. The Company has entered into a liability limitation agreement with each of Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama and Ms. Mio Takaoka. According to the aforementioned liability limitation agreement, their liability for damages under Article 423, paragraph (1) of the Companies Act will not exceed either ¥5 million or the minimum liability amount stipulated in Article 425, paragraph (1) of the same Act, whichever is higher. If the proposed reelection of them is approved, the Company plans to again enter into the aforementioned liability limitation agreement with them.
9. The Company has entered into a directors and officers liability insurance policy (management risk protection insurance policy) as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If each candidate is elected and assumes office as director, he or she will be included as an insured in the policy. This insurance policy covers amounts of indemnification, litigation expenses and other costs that an insured, including the Company's directors, would be liable for due to corporate litigation, a third-party lawsuit, a shareholder derivative lawsuit, etc. However, as a measure to ensure that the proper performance of duties by an insured is not impaired, the insurance policy does not cover any damages, etc. arising from criminal acts, etc. committed by the insured. The full amount of the insurance premiums for the policy is borne by the Company. In addition, when the policy is renewed (July 2023), the Company plans to renew the policy with the same terms.

Agenda Item No. 3: Election of Three Company Auditors

If Agenda Item No. 1 “Partial Amendment of the Articles of Incorporation” is approved and adopted as originally proposed, at the conclusion of this General Meeting of Shareholders, the terms of office of Company Auditors Mr. Mamoru Furushima and Mr. Takeshi Okuyama will expire.

Company Auditor Mr. Yoshinobu Ise will leave his office by resignation at the conclusion of this General Meeting of Shareholders.

Therefore, contingent on Agenda Item No. 1, “Partial Amendment of the Articles of Incorporation,” being approved and adopted, the Company hereby proposes the election of three company auditors.

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

The candidates are as follows:

| Candidate No. | Name | | Important positions held at other companies | Attendance to the board of directors meetings | Attendance to the board of company auditors meetings |
|---------------|--|---------------------------------------|---|---|--|
| 1 | Mamoru Furushima Outside company auditor | Reelection Outside company auditor | Senior Partner, Trident Lawyer Corporation Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd. Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited Outside Audit & Supervisory Board Member, SECURE, INC. | 14/14 | 14/14 |
| 2 | Takeshi Okuyama Outside company auditor | Reelection Outside company auditor | Partner, Mori Hamada & Matsumoto | 14/14 | 13/14 |
| 3 | Nobuyuki Urata | New candidate | Assistant to General Manager of Audit Office, DENTSU CORPORATE ONE INC. | -- | -- |

| | | | |
|---|---|--|---------|
| 1 | Mamoru Furushima (Date of birth: February 16, 1970) | Reelection | |
| | | Outside company auditor | |
| | | Number of years in office | 7 years |
| | | Attendance to the board of directors meetings | 14/14 |
| | | Attendance to the board of company auditors meetings | 14/14 |
| | | Number of the Company's common shares held | – |

Profile and position at the Company

| | |
|-----------|--|
| Oct. 1993 | Joined Chuo Audit Corporation |
| Apr. 1997 | Registered as a certified public accountant |
| Aug. 2000 | Joined the Fuji Accounting Office |
| Aug. 2003 | Joined PwC Advisory Co., Ltd. |
| Nov. 2007 | Joined the Legal Training and Research Institute of Japan under the Supreme Court of Japan |
| Dec. 2008 | Registered as a lawyer (Tokyo Bar Association) |
| Jan. 2009 | Joined Okuno & Partners |
| Apr. 2015 | Representative, Furushima Law & Accounting Office |
| Jun. 2015 | Outside Director (audit and supervisory member), Nippon Chemical Industrial Co., Ltd. (current position) |
| Dec. 2015 | Outside Company Auditor (current position) |
| Mar. 2020 | Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited (current position) |
| Mar. 2020 | Outside Audit & Supervisory Board Member, SECURE, INC. (current position) |
| Jan. 2021 | Senior Partner, Trident Lawyer Corporation (current position) |

■ Reasons for nomination as candidate for outside company auditor

Mr. Mamoru Furushima has extensive experience and specialist knowledge as a certified public accountant and a lawyer and in-depth knowledge and experience of auditing, and because he has provided useful advice and conducted auditing from an independent position, he is expected to provide such auditing, and has once again been nominated as candidate for outside company auditor. Although he has never been involved in corporate management other than serving as an outside officer, he is deemed capable of properly carrying out the duties of an outside company auditor of the Company for the reasons mentioned above.

■ Important positions held at other companies

Senior Partner, Trident Lawyer Corporation
 Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd.
 Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited
 Outside Audit & Supervisory Board Member, SECURE, INC.

| | | | |
|---|--|--|---------|
| 2 | Takeshi Okuyama (Date of birth: February 11, 1980) | Reelection | |
| | | Outside company auditor | |
| | | Number of years in office | 3 years |
| | | Attendance to the board of directors meetings | 14/14 |
| | | Attendance to the board of company auditors meetings | 13/14 |
| | | Number of the Company's common shares held | – |

Profile and position at the Company

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

■ Reasons for nomination as candidate for outside company auditor

Mr. Takeshi Okuyama has extensive experience and specialist knowledge as an attorney and in-depth knowledge of corporate governance, corporate legal affairs, and auditing, and because he has provided useful advice and conducted auditing from an independent position, he is expected to provide such auditing, and has once again been nominated as candidate for outside company auditor. Although he has never been involved in corporate management other than serving as an outside officer, he is deemed capable of properly carrying out the duties of an outside company auditor of the Company for the reasons mentioned above.

■ Important positions held at other companies

Partner, Mori Hamada & Matsumoto

| | | | |
|---|---|--|---------|
| 3 | Nobuyuki Urata (Date of birth: February 12, 1973) | New candidate | |
| | | Number of years in office | – years |
| | | Attendance to the board of directors meetings | –/– |
| | | Attendance to the board of company auditors meetings | –/– |
| | | Number of the Company's common shares held | – |

Profile and position at the Company

| | |
|-----------|--|
| Apr. 1996 | Joined The Long-Term Credit Bank of Japan, Limited |
| Oct. 1999 | Joined Asahi & Co. (currently KPMG AZSA LLC) |
| Jul. 2007 | Assigned to KPMG's Atlanta Office |
| Nov. 2009 | Cabinet Office Government Revitalization Unit Secretariat Senior Policy Researcher (seconded from AZSA & Co.). |
| Jun. 2012 | General Manager of Audit & Supervisory Board Member Office, Sumitomo 3M Limited (currently 3M Japan Limited) |
| Mar. 2013 | Full-time Audit & Supervisory Board Member, Sumitomo 3M Limited (currently 3M Japan Limited) |
| Feb. 2021 | Group Manager Supervising Internal Audit, Shiseido Company, Limited |
| Jul. 2021 | Group Manager of Internal Audit Supervision Group, Shiseido Company, Limited |
| Jun. 2022 | Assistant to General Manager of Audit Office, DENTSU CORPORATE ONE INC. (current position) |

■ Reasons for nomination as candidate for company auditor

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

■ Important positions held at other companies

Assistant to General Manager of Audit Office, DENTSU CORPORATE ONE INC.

(Notes)

1. There are no special relationships between the Company and each of the candidates.
2. Mr. Mamoru Furushima and Mr. Takeshi Okuyama are candidates for outside company auditors.
3. The Company has entered into a liability limitation agreement with Mr. Mamoru Furushima and Mr. Takeshi Okuyama. According to the aforementioned liability limitation agreement, their liability for damages under Article 423, paragraph (1) of the Companies Act will not exceed either ¥5 million or the minimum liability amount stipulated in Article 425, paragraph (1) of the same Act, whichever is higher. If the proposed reelection of them is approved, the Company plans to again enter into the aforementioned liability limitation agreement with them.
4. The Company has entered into a directors and officers liability insurance policy (management risk protection insurance policy) as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If each candidate is elected and assumes office as company auditor, he or she will be included as an insured in the policy. This insurance policy covers amounts of indemnification, litigation expenses and other costs that an insured, including the Company's company auditors, would be liable for due to corporate litigation, a third-party lawsuit, a shareholder derivative lawsuit, etc. However, as a measure to ensure that the proper performance of duties by an insured is not impaired, the insurance policy does not cover any damages, etc. arising from criminal acts, etc. committed by the insured. The full amount of the insurance premiums for the policy is borne by the Company. In addition, when the policy is renewed (July 2023), the Company plans to renew the policy with the same terms.
5. If Mr. Nobuyuki Urata is elected and assumes his office as company auditor, he will be serving concurrently as the Assistant to General Manager of Audit Office of DENTSU CORPORATE ONE INC., which is a subsidiary of the Company's parent company Dentsu Group Inc.

Agenda Item No. 4: Election of Financial Auditor

If Agenda Item No. 1 “Partial Amendment of the Articles of Incorporation” is approved and adopted as originally proposed, the Company’s financial auditor KPMG AZSA LLC. will complete its term at the conclusion of this General Meeting of Shareholders, and based on a decision by the board of company auditors, contingent on Agenda Item No. 1 “Partial Amendment of the Articles of Incorporation” being approved and adopted, the Company hereby proposes the election of a financial auditor.

The reason for the board of company auditors’ selection of KPMG AZSA LLC as candidate financial auditor is that the Company, which is a consolidated subsidiary of Dentsu Group Inc., appointing KPMG AZSA LLC, which is financial auditor of Dentsu Group Inc. as its financial auditor, would continue to ensure improvement in the effectiveness, efficiency, etc. of consolidated accounting auditing and governance of the Company Group.

The candidate financial auditor

(As of August 31, 2022)

| | | |
|-----------------------------|--|--|
| Name | KPMG AZSA LLC | |
| Principal office address | 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo | |
| History | July 1969 July 1985 October 1993 January 2004 July 2010 | Audit firm Asahi & Co. established. Audit firm Asahi Shinwa & Co. established through merger with Shinwa Audit Corp. Asahi Audit Corp. established through merger with Inoue Saito Eiwa Audit Corp. Renamed AZSA & Co. due to merger with AZSA & Co. Renamed KPMG AZSA LLC due to transition to a limited liability audit corporation. |
| Number of companies audited | 3,485 companies | |
| Share capital | JPY3,000 million | |
| Number of employees | CPA: Newly certified and junior CPA: Professionals: Administration: Total: | 3,071 (including 30 representative partners and 498 partners) 1,270 1,382 (including 37 specified partners including 2 representing partners) 750 6,473 |

(Note) During the past two years, the candidate financial auditor KPMG AZSA LLC has received from the Company remuneration for financial advice.

Agenda Item No. 5: Revision of Details of Stock Compensation Plan for Directors, etc.

1. Reasons for the proposal and reasons for justifying such revision of details of remuneration system

At its 26th Ordinary General Meeting of Shareholders held on December 20, 2016, the Company received the approval of our shareholders and introduced our performance-linked share-based remuneration plan (hereinafter referred to as the “Plan”) for directors (excluding outside directors and those who are non-residents of Japan) and Executive Officers (excluding those who are non-residents of Japan; hereinafter the directors and Executive Officers collectively referred to as “Directors, etc.”) of the Company.

Under the Plan, officers’ remunerations for the Directors, etc. of the Company and the executive officers (excluding those who are non-residents of Japan; hereinafter the Directors, etc. of the Company and these executive officers are collectively referred to as the “Eligible Directors, etc.”) of its subsidiaries (hereinafter, the “Eligible Subsidiaries,” and the Company and the Eligible Subsidiaries are collectively referred to as the “Eligible Companies”) will be managed in an integrated manner.

The three fiscal years covered by the Plan (from the fiscal year ended September 30, 2020 to the fiscal year ended September 30, 2022) have ended, and the Company plans to extend the trust period that will end on February 28, 2023 to May 31, 2026 and to continue the Plan. If Agenda Item No. 1 “Partial Amendment of the Articles of Incorporation” is approved as originally proposed, with the change of the Company’s fiscal year-end from September to December, to allow the flexible granting of points for the level of achievement of the performance targets in the Medium-Term Business Policies to Eligible Directors, etc., the Company hereby proposes revision to the details of the Plan.

The revision to the Plan accompanying the change in the Company’s fiscal year-end will clarify the link between remuneration for Eligible Directors, etc. and the Group’s medium- to long-term performance and shareholder value, and the Company believe that is valid as it is both necessary and appropriate in light of the goal of having the remuneration in question function as a sound incentive to boost medium- to long-term performance and to expand corporate value.

Furthermore, the number of the Company’s directors covered by the Plan will be one if Agenda Item No. 2 “Election of Seven Directors” is approved as originally proposed, and the number of executive officers at Eligible Companies will be 16.

2. Amount of remuneration and details, etc., under the Plan

(1) Details of the revision to the Plan

As the Plan will continue beyond the fiscal year ending December 31, 2023, the following points in the Plan will be revised.

<Revisions in the Plan>

(Underlined parts denote amendments.)

| Items | Before revision | After revision |
|--|--|--|
| Evaluation Fiscal Year | The fiscal year ending <u>September 30</u> of each year | The fiscal year ending <u>December 31</u> of each year |
| Eligible persons who can be granted points | Persons present as Eligible Directors, etc. on <u>September 30</u> of each year during the trust period and on <u>September 30</u> of the final fiscal year of the Applicable Period | Persons present as Eligible Directors, etc. on <u>December 31</u> of each year during the trust period and on <u>December 31</u> of the final fiscal year of the Applicable Period |

| | | |
|---|---|---|
| Points to be granted based on the degree of achievement of performance targets in the Medium-Term Business Policies | After the end of the final fiscal year of the Applicable Period, in addition to Grant Points granted based on the degree of achievement of performance targets for each Evaluation Fiscal Year, a certain number of Grant Points <u>will be</u> granted to Eligible Directors, etc. who are in office on <u>September 30</u> during the final fiscal year for each Eligible Company in accordance with the degree of achievement of performance targets in the Medium-Term Business Policies. | After the end of the final fiscal year of the Applicable Period, in addition to Grant Points granted based on the degree of achievement of performance targets for each Evaluation Fiscal Year, a certain number of Grant Points <u>may be</u> granted to Eligible Directors, etc. who are in office on <u>December 31</u> during the final fiscal year for each Eligible Company in accordance with the degree of achievement of performance targets in the Medium-Term Business Policies. |
|---|---|---|

Excluding the above revisions, the Company will maintain the details of the Plan resolved at the 26th Ordinary General Meeting of Shareholders held on December 20, 2016.

(2) Details of the Plan after revision

The Plan is a share-based remuneration system by which the Company's shares are acquired through a trust using the amount of remuneration for the Eligible Directors, etc. contributed by the Eligible Companies, and by which the Company's shares and an amount of money equivalent to the portion of the Company's shares converted into cash (hereinafter referred to as the "Company's Shares, etc.") are delivered and provided (hereinafter referred to as "Grant, etc.") to the Eligible Directors, etc. through the trust. (Details are as provided for in (3) below and thereafter.)

| | |
|---|--|
| (i) Persons eligible for the Grant, etc. of the Company's Shares, etc. under the Plan | <ul style="list-style-type: none"> • Directors (excluding outside directors and those who are non-residents of Japan) and Executive Officers (excluding those who are non-residents of Japan) of the Company • Executive officers (excluding those who are non-residents of Japan) of the Company's subsidiaries |
|---|--|

| | |
|---|---|
| (ii) Impact of the Company's shares subject to the Plan on the total number of shares issued | |
| Maximum amount of money contributed by each Eligible Company | <ul style="list-style-type: none"> • The maximum amount of money contributed during the three fiscal years, which is Applicable Period, shall be ¥700 million in total |
| Maximum number of the Company's Shares etc. subject to Grant, etc. to the Eligible Directors, etc. from the trust and the method of acquisition of the Company's shares | <ul style="list-style-type: none"> • 2,800,000 points over three years (2,800,000 shares), ratio to total issued shares of approximately 1.3% (as of September 30, 2022, excluding treasury shares). • The Company's shares will be purchased from the stock market or from the Company (disposal of treasury shares) (because the Company's shares will be purchased from the stock market for this continuation, the Plan will not cause the dilution of the Company's shares). |

| | |
|--|---|
| (iii) Calculation method of the Company's Shares, etc., subject to Grant, etc. to the Eligible Directors, etc. | <ul style="list-style-type: none"> • A certain number of points will be granted based on the title and the degree of achievement of the performance targets in each fiscal year during the Applicable Period • A certain number of points will be granted based on the degree of achievement of targets in the Medium-Term Business Policies during the Applicable Period • For performance indicator, the Company uses the indicator listed in the Medium-Term Business Policies (consolidated non-GAAP operating profit, etc.) |
|--|---|

| | |
|--|---|
| (iv) Timing of Grant, etc. of the Company's Shares, etc. to the Eligible Directors, etc. | <ul style="list-style-type: none"> • After conclusion of the Applicable Period, in principle |
|--|---|

(3) Maximum amount of money contributed by each Eligible Company

The Plan will be applicable to three consecutive business years (initially, the three business years from the business year ending December 31, 2023 to the business year ending December 31, 2025, and, in the event of extension of the trust period as provided for below, every three business years thereafter; hereinafter referred to as "Applicable Period"). The Company, along with money contributed by each Eligible Subsidiary as remuneration for executive officers of each Eligible Subsidiary, contributes money as remuneration for Directors, etc. of the Company (the maximum amount of the sum of money contributed by the Company and Eligible Subsidiaries per each Applicable Period shall be ¥700 million), and sets a trust with a trust period of three years and with Eligible Directors, etc. who fulfill the requirements for beneficiaries as beneficiaries of the trust (hereinafter referred to as the "Trust") (the trust period may be extended as follows; the same applies hereinafter). The Trust purchases the shares of the Company on the stock market or from the Company (disposal of treasury shares) using the trusted money in accordance with the instructions of the trust administrator. Each Eligible Company will, during the trust period, grant points (as provided for in (4) below) to the Eligible Directors, etc., and the Grant, etc. of the Company's Shares, etc. will be performed by the Trust.

At the expiry of the Applicable Period of the Trust, the Trust may be continued by performing amendment to the trust contract or placing an additional trust as an alternative to newly setting the Trust. In this event, the trust period of the Trust will be extended for another three years, and the three business years following the extension of the trust period will be the new Applicable Period. For every trust period extended, the Eligible Subsidiaries will provide an additional contribution to the Company as remuneration for executive officers of each Eligible Subsidiary within the limit of amount approved by the resolution of their respective General Meeting of Shareholders, and the Company will provide an additional contribution as remuneration for Directors, etc. of the Company to entrust the money along with the money contributed by each Eligible Subsidiary (the maximum amount of the sum of money additionally contributed by the Company and the Eligible Subsidiaries per each Applicable Period shall be ¥700 million). Each Eligible Subsidiary will continue to grant points to the Eligible Directors, etc. and the Grant, etc. of the Company's Shares, etc. will be continuously performed by the Trust during the trust period extended; provided, however, that, if, in the case of providing the aforementioned additional contribution, there are residual the Company's shares and money (hereinafter, collectively referred to as "Residual Shares, etc.") in the trust assets on the last day of the Applicable Period prior to the extension, the total of the amount of Residual Shares, etc. and the trust money for additional contribution shall not be more than ¥700 million. The trust period may be extended not only once, but again thereafter in the same way.

(4) Calculation method and maximum number of the Company's Shares, etc., subject to Grant, etc. to the Eligible Directors, etc.

On December 31 of every year during the trust period, certain points (hereinafter, "Grant Points") will be granted to each Eligible Company according to such factors as titles and the degree of achievement

of the performance target for the fiscal year ending December 31 of the same year (hereinafter, the "Evaluation Fiscal Year"). Furthermore, after the end of the final fiscal year of the Applicable Period, a fixed number of the Grant Points may be granted to Eligible Directors, etc. serving at the respective Eligible Company as of December 31 of the final fiscal year of the Applicable Period, respectively for each Eligible Company, according to such factors as the level of achievement of the performance targets in the Medium-Term Business Policies, in addition to the Grant Points granted according to such factors as the degree of achievement of the performance target for each Evaluation Fiscal Year. The number of the Company's Shares, etc., to be granted to the Eligible Directors, etc. under the Plan is determined on the basis that one point corresponds to one share of the Company, according to the accumulated value of Grant Points (hereinafter, "Accumulated Points"). If the total number of the shares of the Company increases or decreases as a result of a share split, gratuitous allotment of shares, consolidation of shares, etc., the Company will adjust the number of shares of the Company at which Grant, etc., is made for every one point in accordance with the ratio of increase or decrease.

The total number of the Grant Points subject to Grant, etc. to the Eligible Directors, etc. through the Trust shall be no more than 2,800,000 points per three years (equivalent of 2.8 million shares). This maximum number of Grant Points is set by taking into account the maximum amount that the Eligible Company described in (3) above contributes and by referencing the share price trends.

(5) Timing of Grant, etc. of the Company's Shares, etc. to the Eligible Directors

The Eligible Directors, etc. who fulfill the requirements for beneficiaries will in principle receive Grant, etc. of the Company's Shares, etc. according to Accumulated Points after the end of the Applicable Period. In this case, the Eligible Directors, etc. shall receive grant of shares of the Company corresponding to 50% of the Accumulated Points (shares less than one unit are rounded down). The number of the Company's shares corresponding to the residual number of the points shall be converted into cash within the Trust, and the Eligible Directors, etc. receive provision of money equivalent to the amount of cash converted. In the event that an Eligible Director, etc. who fulfills the requirements for beneficiaries is to retire from office during the trust period (excluding voluntary resignation and dismissal), the Eligible Director, etc. shall receive grant of shares of the Company corresponding to 50% of the Accumulated Points by the time of retirement (shares less than one unit are rounded down) after required procedures without delay. The number of the Company's shares corresponding to the residual number of the points shall be converted into cash within the Trust, and the Eligible Director, etc. receives provision of money equivalent to the amount of cash converted. In the event that an Eligible Director, etc. at office who fulfills the requirements for beneficiaries passes away during the trust period, the heir of the Eligible Director, etc. will receive provision of money from the Trust equivalent to the number of the Company's shares corresponding to the Accumulated Points by the time of death of the Eligible Director, etc., converted into cash. In the event that an Eligible Director, etc. at office who fulfills the requirements for beneficiaries is posted overseas and become non-resident of Japan during the trust period, the Eligible Director, etc. will receive provision of money from the Trust equivalent to the number of the Company's shares corresponding to the Accumulated Points by the time thereof.

(6) Exercise of voting rights concerning the Company's shares in the Trust

In order to ensure neutrality toward management, voting rights of the Company's shares in the Trust shall not be exercised during the trust period.

(7) Handling of dividends from surplus of the Company's shares in the Trust

Dividends from surplus of the Company's shares in the Trust are received by the Trust and appropriated for purposes of trust fees and trust expenses. If, there are residue dividends after paying the trust fees and trust expenses at the termination of the Trust, such dividends shall be distributed to the Eligible Directors, etc.

(8) Other matters of the Plan

Other matters regarding the Plan shall be defined by the board of directors each time the Trust is set, an amendment is performed to the trust contract, and additional contribution is made to the Trust.

(Reference)

For details of the Plan, please refer to the press release “Notice on the Continuation and Partial Revision of the Performance-Linked Stock Compensation Plan for Directors and Officers” dated November 22, 2022.

Business Report (From October 1, 2021 to September 30, 2022)

1. Current status of the SEPTENI Group

(1) Business progress and results

Earnings for the fiscal year under review

Individual smartphone ownership in Japan rose to 74.3% in 2021, as the quantitative expansion continued, with the exceptionally high popularization rate of more than 90% of those in their 20s through 40s now owning a smartphone. At the same time, the individual objectives for smartphone use are also diversifying with the increasing usage rate of SNS (social networking services), meaning we are also seeing a profound qualitative change in use (source: “Communications Usage Trend Survey in 2021,” Ministry of Internal Affairs and Communications). As such, with the smartphone becoming a mainstream device to access the Internet, in the market for various services and applications, expansion into content such as video, music, and e-books is accelerating. Additionally, social media is being used not only for communication, but is also expanding into fields such as payments and purchases. As its influence is growing even stronger, demand for marketing support utilizing the individual characteristics of different media as well as data and AI is also increasing further. Furthermore, internet advertising expenditures in the Japanese advertising market in 2021 reached ¥2,705.2 billion (up 21.4% year on year), exceeding that of the four traditional mass media advertising expenditures for the first time (¥2,453.8 billion, up 8.9% year on year, source: “2021 Advertising Expenditures in Japan” by Dentsu Inc.). As such, the COVID-19 pandemic has also been a catalyst for bringing about a massive wave of digital transformation (DX) across all industries, and even in the advertising industry, we have seen further growth in demand for digital marketing.

Amid this environment, our mainstay Digital Marketing Business enjoyed organic growth by capturing the increase in demand for corporate DX, promoted cooperation by deepening our capital and business alliance with the Dentsu Group, and had new consolidated results, leading to a large increase in revenue and profit. In our Media Platform Business, we were able to shrink the deficit through increased revenue driven by our Manga Content Business, even while continuing investment to expand into new business segments. To expand into new business segments, we made progress in business development in the HR technology domain and sports domain.

As a result, revenue increased to ¥28,819 million (up 34.8% year on year), non-GAAP operating profit increased to ¥5,855 million (up 54.2% year on year), operating profit increased to ¥5,440 million (up 49.0% year on year), and profit attributable to owners of parent increased to ¥5,734 million (up 120.2% year on year).

Concerning year-end dividend for the business year under review, after taking into consideration the above-mentioned business performance and the Company’s basic policy on profit distribution, the Company passed a resolution at the board of directors meeting held on November 22, 2022 to pay a year-end dividend of ¥4.6 per share. Based on this decision, total dividends paid will be ¥971 million.

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

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

In addition, the Group discloses “non-GAAP operating profit,” an indicator that is not defined in IFRS on a voluntary basis. Non-GAAP operating profit (or loss) is a profit indicator of constant business performance determined by excluding gains and losses related to acquisition actions and temporary factors from the IFRS-based operating profit (or loss). Gains and losses related to acquisition actions refer to amortization of acquisition-related intangible assets and M&A expenses, and unusual items refer to one-off items, such as stock-based compensation expenses, impairment loss and gains or losses on sales of non-current assets, that the Group believes shall be excluded for the purposes of preparing a future outlook based on certain rules.

| | |
|---|---|
| Revenue: Up 34.8% ¥28,819 million Previous term: ¥21,384 million | Non-GAAP operating profit: Up 54.2% ¥5,855 million Previous term: ¥3,796 million |
| Profit attributable to owners of parent: Up 120.2% ¥5,734 million Previous term: ¥2,604 million | Dividends per share: ¥4.6 Previous term: ¥3.4 |

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

Digital Marketing Business

■ Major business

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

The Digital Marketing Business enjoyed organic growth by capturing the increase in demand for corporate DX, promoted cooperation by deepening our capital and business alliance with the Dentsu Group, and had new consolidated results, leading to a large increase in revenue and profit.

Revenue: ¥25,862 million
(Up 37.1% year on year)

Non-GAAP operating profit: ¥9,211 million
(Up 31.8% year on year)

Media Platform Business

■ Major business

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

In our Media Platform Business, we were able to shrink the deficit through increased revenue driven by our Manga Content Business, even while continuing investment to expand into new business segments.

Revenue: ¥3,297 million
(Up 14.3% year on year)

Non-GAAP operating loss: ¥844 million
(Operating loss of ¥1,110 million in the previous term)

(2) Trends in financial position and profit and loss

■ IFRS

| Category | 29th term (ended September 30, 2019) | 30th term (ended September 30, 2020) | 31st term (ended September 30, 2021) | 32nd term (ended September 30, 2022) |
|---|---|---|---|---|
| Revenue (Thousand yen) | 16,795,505 | 17,937,745 | 21,383,875 | 28,818,924 |
| Operating profit (Thousand yen) | 183,133 | 2,274,396 | 3,650,046 | 5,439,888 |
| Non-GAAP operating profit (Thousand yen) | 2,064,899 | 2,452,413 | 3,796,011 | 5,855,229 |
| Profit attributable to owners of parent (Thousand yen) | (546,929) | 1,464,342 | 2,604,103 | 5,733,564 |
| Total assets (Thousand yen) | 30,412,576 | 34,424,711 | 42,011,169 | 88,731,112 |
| Basic earnings per share (Yen) | (4.33) | 11.58 | 20.59 | 30.54 |
| Dividends per share (Yen) | 2.00 | 2.00 | 3.40 | 4.60 |
| Return on equity (ROE) (%) | (3.6) | 9.6 | 15.2 | 14.1 |

(Note) Figures in parentheses represent losses.

(3) Issues to be addressed

The Group has made the following updates to its Medium-Term Business Policies announced in October 2020. With “domain expansion” as a continued midterm theme, we consider the creation of a system to reliably capture the increase in demand caused by the acceleration in DX to be an issue to be addressed, and aim to achieve sustainable growth and enhance corporate value over the medium- to long-term.

In the Digital Marketing Business, we will aim to enhance the DX supporting domain, and will enhance the development of AI products and data solution services, while also expanding our on-off integrated services by deepening alliance operations with the Dentsu Group.

In the Media Platform Business, we will aim to further accelerate the growth of the IP Platform Business (formerly Manga Content Business) and work to increase the value of IP owned and enhance the Webtoon production system.

In our expansion into new business segments, we will promote business growth of the HR technology domain and business development of the entertainment and sports domains.

We will also make human resource investments from April 2023, aiming to increase human capital value, which is also the Company’s core value. Specifically, we will increase the salary level, raise the incentive subsidy rate in the Employee Stock Ownership Plan and renovate our office to fit the new work styles. We will thus realize sustainable growth by maximizing the Company’s human capital value and increase the value provided to clients, and aim to increase medium- to long-term corporate value.

(4) Capital investments

Nothing noteworthy to report.

(5) Financing

The Company issued new shares through third-party allotment with Dentsu Group Inc. as the allottee in January 2022 and procured funds of ¥32,605 million.

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

Not applicable.

(7) Business transfers from other companies

Not applicable.

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

Not applicable.

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

The Company carried out a share exchange in January 2022 with Dentsu Direct Inc. (“Dentsu Direct”), a wholly-owned subsidiary of Dentsu Group Inc., through which the Company became the wholly-owning parent company in share exchange and Dentsu Direct became the wholly-owned subsidiary in share exchange. Additionally, the Company acquired from Dentsu Group Inc. a part of the common shares (25.00%) of Dentsu Digital Inc. (“Dentsu Digital”) owned by Dentsu Group Inc.

As a result of the above, Dentsu Direct became a wholly-owned subsidiary of the Company, and Dentsu Digital became an equity-method affiliate of the Company.

(10) Parent and significant subsidiaries

1) Relationship with the parent

| Company name | Capital | Ratio of voting right to the Company | Relationship with the Company |
|-------------------|-----------------|--------------------------------------|-------------------------------|
| Dentsu Group Inc. | ¥74,609 million | 52.01% | Interlocking of officers |

(Note) The Company executed the capital and business alliance agreement with Dentsu Group Inc.

Details of business alliance

- (1) Project collaboration between Dentsu Group Inc. and SEPTENI CO., LTD.
- (2) Partnership between Dentsu Digital Inc. and the Group
- (3) Partnership in the direct marketing domain between Dentsu Direct Inc. and Dentsu Group Inc.
- (4) Additionally, the following partnerships between Dentsu Group Inc. and the Group
 - (a) Integrated internal and external customer marketing and public relations strategy
 - (b) Discussion/study on an integrated operating program for the hiring, education, and retention of digital human resources
 - (c) Deepening alliance operations in integrated online-offline marketing
 - (d) Mutual use of tools

2) Significant subsidiaries

| Company name | Capital or investment in capital (Thousand yen) | Ratio of voting right of the Company | Major business |
|--------------------|---|--------------------------------------|-----------------------------------|
| SEPTENI CO., LTD. | 300,000 | 100.0% | Internet ad agency |
| COMICSMART INC. | 275,000 | 100.0% | Manga Content Business |
| Dentsu Direct Inc. | 301,000 | 100.0% | Direct marketing support business |

(Notes)

1. The Company owns a total of 39 consolidated subsidiaries, including the significant subsidiaries described above.
2. The Company does not own any subsidiaries that are specified wholly-owned subsidiaries as provided in Article 118, item 4 of the Regulation for Enforcement of the Companies Act.

(11) Major offices (as of September 30, 2022)

1) The Company

| Company name | Location |
|--------------|--------------------|
| The Company | Shinjuku-ku, Tokyo |

2) Subsidiaries

| Company name | Location |
|--------------------|--------------------|
| SEPTENI CO., LTD. | Shinjuku-ku, Tokyo |
| COMICSMART INC. | Shinjuku-ku, Tokyo |
| Dentsu Direct Inc. | Minato-ku, Tokyo |

(12) Employees (as of September 30, 2022)

| Business segment | Number of employees | Increase/decrease from the previous term-end |
|----------------------------|---------------------|---|
| Digital Marketing Business | 1,414 | 334 increase |
| Media Platform Business | 108 | 16 increase |
| Corporate (common) | 80 | 1 increase |
| Total | 1,602 | 351 increase |

(Notes)

1. The number of employees indicates the number of working employees.
2. The number of employees under the “Corporate (common)” segment indicates the number of employees who belong to the holding company.
3. The main reason for the 351 increase in the number of employees from the previous term-end is the inclusion of Dentsu Direct Inc. as a consolidated subsidiary.

(13) Major creditors (as of September 30, 2022)

| Creditor | Amount of loans (Million yen) |
|-------------------|----------------------------------|
| Mizuho Bank, Ltd. | 2,000 |

2. Status of the Company

(1) Matters regarding shares (as of September 30, 2022)

- 1) Number of shares authorized 370,080,000 shares
- 2) Number of shares issued 211,079,654 shares (including 43 treasury shares)
- 3) Number of shareholders 8,719 (86 decrease from the previous business year-end)
- 4) Major shareholders (top 10 shareholders)

| Name of shareholder | Number of shares (shares) | Shareholding ratio (%) |
|---|---------------------------|------------------------|
| Dentsu Group Inc. | 109,782,395 | 52.01 |
| Village seven Co., Ltd. | 14,419,000 | 6.83 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 13,962,800 | 6.61 |
| Custody Bank of Japan, Ltd. (Trust Account) | 13,477,600 | 6.39 |
| Mamoru Nanamura | 10,450,500 | 4.95 |
| J.P. MORGAN BANK LUXEMBOURG S. A. 381572 | 3,960,300 | 1.88 |
| Hiroshi Shimizu | 1,930,000 | 0.91 |
| UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT | 1,812,600 | 0.86 |
| The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account 76034) | 1,739,200 | 0.82 |
| BBH FOR MATTHEWS JAPAN FUND | 1,555,600 | 0.74 |

(Notes)

1. The above shareholding ratios exclude treasury shares (43 shares).
2. The treasury shares do not include the Company's shares owned by the officer remuneration BIP (Board Incentive Plan) trust (1,739,200 shares).

- 5) Status of shares delivered to the Company's officers as remuneration for the execution of duties during the business year under review

Not applicable.

- 6) Other important matters regarding shares

The Company carried out a share exchange in January 2022 with Dentsu Direct Inc. ("Dentsu Direct"), a wholly-owned subsidiary of Dentsu Group Inc., through which the Company became the wholly-owning parent company in share exchange and Dentsu Direct became the wholly-owned subsidiary in share exchange. Through this share exchange, 12,768,600 shares of the Company's common stock were allotted and delivered. Of those shares delivered, the Company allocated 10,724,240 shares of its treasury stock and issued 2,044,360 new shares of common stock.

In addition, the Company issued 70,118,794 new shares through a third-party allotment to Dentsu Group Inc. as the allottee.

(2) Matters regarding share options, etc.

1) Status of share options, etc. held by officers of the Company (as of September 30, 2022)

| Date of resolution of issue | June 10, 2004 | March 10, 2005 | January 25, 2006 |
|--|--|--|--|
| Category | Director | Director | Director |
| Number of holders | 1 | 1 | 1 |
| Number of share options | 60 | 45 | 100 |
| Number of shares to be issued upon exercise of share options | 120,000 shares | 90,000 shares | 100,000 shares |
| Class of shares to be issued upon exercise of share options | Common shares | Common shares | Common shares |
| Issue price | Without contribution | Without contribution | Without contribution |
| Amount to be paid per share upon exercise of share options | ¥7 | ¥7 | ¥7 |
| Exercise period of share options | From June 29, 2004 to December 18, 2033 | From March 16, 2005 to December 16, 2034 | From February 1, 2006 to December 20, 2035 |
| Remarks | Share options in share-based payment arrangement | Share options in share-based payment arrangement | Share options in share-based payment arrangement |

(Notes)

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

(3) Matters regarding company officers (as of September 30, 2022)

1) Directors and company auditors

| Position and duties | Name | Important positions held at other companies |
|---|------------------|---|
| Representative Director Group President and Chief Executive Officer | Koki Sato | External Director, FOOD & LIFE COMPANIES LTD. |
| Director | Etsuko Okajima | CEO, ProNova Inc. External Director, MARUI GROUP Co., Ltd. External Director, LANCERS, Inc. Outside Director, Yappli, Inc. External Director, Money Forward, Inc. Director, CHRO, Euglena Co., Ltd. |
| Director | Yusuke Asakura | Representative Director, Signifiant Inc. |
| Director | Yoshiki Ishikawa | Director, Cancer Scan Co., Ltd. Director, Campus for H Inc. External Director, Gaiax Co. Ltd. |
| Director | Akie Iriyama | Professor, Business School, Waseda University External Director, ROHTO Pharmaceutical Co., Ltd. Outside Director, Sanoh Industrial Co., Ltd. |
| Director | Mio Takaoka | Partner, DNX Ventures Outside Director, HENNGE K.K. Outside Director, Information Services International-Dentsu, Ltd. Outside director (Audit & Supervisory Committee Member), KAYAC Inc. |
| Director | Shuji Yamaguchi | Executive Officer, Dentsu Japan Network, Dentsu Group Inc. Executive Officer, Dentsu Inc. |
| Full-time Company Auditor | Tadahiro Mouri | |
| Company Auditor | Mamoru Furushima | Senior Partner, Trident Lawyer Corporation Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd. Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited Outside Audit & Supervisory Board Member, SECURE, INC. |
| Company Auditor | Takeshi Okuyama | Partner, Mori Hamada & Matsumoto |
| Company Auditor | Yoshinobu Ise | Executive Director of Group Strategy Unit, Dentsu Group Inc. Executive Director of Dentsu Innovation Initiative, Dentsu Group Inc. |

2) Company auditors who resigned during the business year under review

| Name | Date of retirement | Reason for retirement | Position at the Company and important positions at other companies at the time of retirement |
|--------------|--------------------|-----------------------|--|
| Nobuo Kojima | December 22, 2021 | Resignation | Full-time company auditor |

(Notes)

- Directors Etsuko Okajima, Yusuke Asakura, Yoshiki Ishikawa, Akie Iriyama and Mio Takaoka are outside directors.
- Company auditors Tadahiro Mouri, Mamoru Furushima and Takeshi Okuyama are outside company auditors.
- Company auditor Mamoru Furushima is a certified public accountant and has a respectable degree of knowledge in finance and accounting.
- The Company has designated directors Etsuko Okajima, Yusuke Asakura, Yoshiki Ishikawa, Akie Iriyama and Mio Takaoka as independent officers in accordance with the rules of Tokyo Stock Exchange, Inc. and has submitted a notice of designation to the Tokyo Stock Exchange.
- The Company has entered into agreements with all outside directors and outside company auditors that limit their liability for damages as set forth in Article 423, paragraph (1) of the Companies Act. The limit on liability for damages under said agreement is ¥5 million or the minimum liability amount provided for by Article 425, paragraph (1) of the Companies Act, whichever is higher.
- The Company has entered into a directors and officers liability insurance policy (management risk protection insurance policy) as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of insureds in the insurance policy includes all directors, company auditors, and executive officers at the Company and all of its subsidiaries, and the insureds will not bear the insurance premiums. This insurance policy covers amounts of

indemnification, litigation expenses and other costs that an insured would be liable for due to corporate litigation, a third-party lawsuit, a shareholder derivative lawsuit, etc. However, as a measure to ensure that the proper performance of duties by an insured is not impaired, the insurance policy does not cover any damages, etc. arising from criminal acts, etc. committed by the insured.

3) Remunerations, etc. to directors and company auditors

(a) Policy for determining details of remunerations, etc. for officers

The Company adopted a resolution on the policy for determining details of individual remunerations, etc. for directors, etc. at the board of directors meeting held on November 22, 2016.

Furthermore, regarding remuneration, etc. for individual directors in the business year under review, the board of directors has deemed that the method of determining the details of the remuneration, etc. and the details of the decided remuneration, etc. are consistent with the determination policy. The board of directors has also reported on performance evaluations including the approach to evaluating independent outside directors and their personal evaluation to confirm the validity of remuneration levels, and has confirmed that they were decided while referencing the opinions of independent outside directors and that the evaluations follow the determination policy.

The details of the policy for determining details of individual remunerations, etc. for directors, etc. are as follows.

a. Basic policy

Remuneration for directors (excluding outside directors) is composed of basic remuneration (monthly cash remuneration) and performance-linked remuneration. The amount of basic remuneration paid will be an amount that considers the rate of change in performance of the controlling company in the business year under review on top of the amount of remuneration paid in the previous business year. However, fixed upper and lower limits will be set in the remuneration revisions. Furthermore, the total amount of remuneration paid as cash every month must be within the total remuneration limit for directors decided by the general meeting of shareholders. Performance-linked remuneration will take the form of share-based remuneration using the officers remuneration BIP trust.

Remuneration for outside directors is composed of only monthly basic remuneration (fixed with no changes based on performance).

Remuneration for company auditors is composed of only monthly basic remuneration (fixed with no changes based on performance).

b. Concerning other determination for remunerations, etc.

Following the above basic policy a., basic remuneration for directors (excluding outside directors) will be within the total limit of director remuneration set by a resolution of the general meeting of shareholders (Note 1), and individual and specific allocations will be decided by the Group President and Chief Executive Officer referencing the opinions of outside directors. Regarding performance-linked remuneration, based on the share-based remuneration system using the officers remuneration BIP trust resolved by the general meeting of shareholders, "share delivery rules" will be concluded with the trustee of the trust (Note 2), and according to these rules, the trustee will delivery shares and pay cash.

Following the above basic policy a., remuneration for outside directors will be within the total limit of director remuneration set by a resolution of the general meeting of shareholders (Note 1), and individual and specific allocations will be decided by the Group President and Chief Executive Officer referencing the opinions of outside directors.

Following the above basic policy a., remuneration for company auditors will be within the total limit of company auditor remuneration set by a resolution of the general meeting of shareholders (Note 3), and individual and specific allocations will be decided through discussions with the company auditors.

(Notes)

1. Up to ¥600 million per year for the Company's directors (decided by a resolution at the 23rd Ordinary General Meeting of Shareholders held on December 20, 2013).
2. Trust-related operations will be conducted by Mitsubishi UFJ Trust and Banking Corporation, etc. and share-related operations will be conducted by DSB Co., Ltd.
3. Up to ¥50 million per year for the Company's company auditors (decided by a resolution at the 9th Ordinary General Meeting of Shareholders held on December 14, 1999).

(b) Total amount of remunerations, etc.

| Category | Number of payees | Total amount of officers' remunerations, etc. | Total amount of remunerations, etc. by type | |
|--|------------------|---|---|---------------------------------------|
| | | | Basic remuneration | Performance-linked remuneration, etc. |
| | | | | Non-monetary remuneration, etc. |
| Director (of which Outside Director) | 8 (5) | ¥228,228 thousand (¥69,000 thousand) | ¥196,440 thousand (¥69,000 thousand) | ¥31,788 thousand (¥- thousand) |
| Company Auditor (of which Outside Company Auditor) | 4 (3) | ¥27,000 thousand (¥24,000 thousand) | ¥27,000 thousand (¥24,000 thousand) | ¥- thousand (¥- thousand) |

(Notes)

1. The number of payees includes two directors and one company auditor who retired at the conclusion of the 31st Ordinary General Meeting of Shareholders held on December 22, 2021, and does not include one director and one company auditor who serve without remuneration.
2. The Company is introducing a performance-linked share-based remuneration system using the officers remuneration BIP (Board Incentive Plan) trust scheme for directors of the Company (excluding outside directors and those who are non-residents of Japan). Covenants, etc. at the time of allotments are provided in "(a) Policy for determining details of remunerations, etc. for officers," and the delivery status in the business year under review is provided in "2. (1) 5) Status of shares delivered to the Company's officers as remuneration for the execution of duties during the business year under review."
3. The performance indicator associated with performance-linked remuneration, etc. is consolidated Non-GAAP operating profit, and those results are provided in "1. (1) Business progress and results," and "1. (2) Trends in financial position and profit and loss." As the reason for selecting this indicator, the Company has deemed that this is an appropriate indicator for evaluating the achievement of improvements to the medium- to long-term corporate value. In calculating performance-linked remuneration, basic points are allotted in a set period during each business year according to the role of each director and the level of achievement, etc. of performance targets during the covered trust period of the officers remuneration BIP trust. After the conclusion of the covered period, additional points allotted to persons covered by the system on the last day of the final business year of the covered period are cumulatively added to the cumulative value of basic points ("Cumulative Points").
A number of the Company's shares equal to the number of Cumulative Points is delivered or paid to persons covered by the system as share-based remuneration. Furthermore, 50% of the shares corresponding to the points in question (share of less than one unit rounded down) will be delivered as shares, and from the standpoint of securing funds to pay taxes, the remainder will be converted into cash, and cash corresponding to the amount converted to cash will be paid.
4. At the 23rd Ordinary General Meeting of Shareholders held on December 20, 2013, the amount of cash remuneration for directors was set at up to ¥600 million annually (not including the portion of employee salaries paid to directors concurrently serving as employees). The number of directors as of the conclusion of this ordinary general meeting of shareholders is eight.
Furthermore, in a separate framework from cash remuneration, at the 26th Ordinary General Meeting of Shareholders held on December 20, 2016, the amount of trust funds provided to the trust as funds for the acquisition of the Company's shares associated with the points allotted to directors (excluding outside directors and non-residents of Japan) as performance-linked share-based payments (officers remuneration BIP trust) was set at a maximum of ¥700 million, and the total points at a maximum of 2,800,000 points (corresponding to 2,800,000 shares) for three business years. The number of directors as of the conclusion of this ordinary general meeting of shareholders (excluding outside directors and non-residents of Japan) is six.
5. The amount of cash remuneration for company auditors was set at a maximum of ¥50 million annually at the 9th Ordinary General Meeting of Shareholders held on December 14, 1999. The number of company auditors as of the conclusion of this ordinary general meeting of shareholders is one.
6. The board of directors has delegated the decisions on the amounts of individual director remuneration to Koki Sato, Representative Director, Group President and Chief Executive Officer. The reason for the delegation is that the board of directors deemed that the Representative Director, Group President and Chief Executive Officer is best suited to conduct evaluations of the division for which each director is responsible while considering the Company's overall performance, etc. Furthermore, in deciding the details to be delegated, the board of directors reports on performance evaluations including

the approach to evaluating independent outside directors and their personal evaluation to confirm the validity of remuneration levels, and decides remuneration levels while referencing the opinions of independent outside directors.

4) Outside officers

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

| Category | Name | Important positions held at other companies | Relationship with the Company |
|-----------------|------------------|---|------------------------------------|
| Director | Etsuko Okajima | CEO, ProNova Inc. | There is no business relationship. |
| | | External Director, MARUI GROUP Co., Ltd. | There is no business relationship. |
| | | External Director, LANCERS, Inc. | There is no business relationship. |
| | | Outside Director, Yappli, Inc. | There is no business relationship. |
| | | External Director, Money Forward, Inc. | There is no business relationship. |
| | | Director, CHRO, Euglena Co., Ltd. | There is no business relationship. |
| Director | Yusuke Asakura | Representative Director, Signifiant Inc. | There is no business relationship. |
| Director | Yoshiki Ishikawa | Director, Cancer Scan Co., Ltd. | There is no business relationship. |
| | | Director, Campus for H Inc. | There is no business relationship. |
| | | External Director, Gaiax Co. Ltd. | There is no business relationship. |
| Director | Akie Iriyama | Professor, Business School, Waseda University | There is no business relationship. |
| | | External Director, ROHTO Pharmaceutical Co., Ltd. | There is no business relationship. |
| | | Outside Director, Sanoh Industrial Co., Ltd. | There is no business relationship. |
| Director | Mio Takaoka | Partner, DNX Ventures | There is no business relationship. |
| | | Outside Director, HENNGE K.K. | There is no business relationship. |
| | | Outside Director, Information Services International-Dentsu, Ltd. | There is no business relationship. |
| | | Outside director (Audit & Supervisory Committee Member), KAYAC Inc. | There is no business relationship. |
| Company Auditor | Tadahiro Mouri | None. | There is no business relationship. |
| Company Auditor | Mamoru Furushima | Senior Partner, Trident Lawyer Corporation | There is no business relationship. |
| | | Outside Director (Audit and Supervisory Committee Member), Nippon Chemical Industrial Co., Ltd. | There is no business relationship. |
| | | Outside Director (Audit & Supervisory Committee Member), B-Lot Company Limited | There is no business relationship. |
| | | Outside Audit & Supervisory Board Member, SECURE, INC. | There is no business relationship. |
| Company Auditor | Takeshi Okuyama | Partner, Mori Hamada & Matsumoto | There is no business relationship. |

(b) Outline of major activities and duties carried out in relation to expected roles in the business year under review

| Category | Name | Outline of major activities and duties carried out in relation to expected roles |
|----------|----------------|--|
| Director | Etsuko Okajima | Ms. Okajima attended all board of directors meetings held during the business year under review, where she made comments primarily informed by her experience and insight as a corporate manager. Moreover, she has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company. She has also exchanged information and shared understanding on the Group's management, the board of directors' activities, and the successor development plan for managers, etc. in regular executive sessions composed of independent outside directors held monthly. |

| Category | Name | Outline of major activities and duties carried out in relation to expected roles |
|-----------------|------------------|--|
| Director | Yusuke Asakura | Mr. Asakura attended all board of directors meetings held during the business year under review, where he made comments primarily from his professional viewpoints as a corporate manager, as a researcher and as an investor. Moreover, he has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company. He has also exchanged information and shared understanding on the Group's management, the board of directors' activities, and the successor development plan for managers, etc. in regular executive sessions composed of independent outside directors held monthly. |
| Director | Yoshiki Ishikawa | Mr. Ishikawa attended all board of directors meetings held during the business year under review, where he made comments primarily from his professional viewpoints as a preventive medicine researcher and as a founder of a company using methods based on behavioral science. Moreover, as the chairperson of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company, he has led deliberations on nomination of directors and compiled proposed recommendations as the committee. He has also exchanged information and shared understanding on the Group's management, the board of directors' activities, and the successor development plan for managers, etc. in regular executive sessions composed of independent outside directors held monthly. |
| Director | Akie Iriyama | Mr. Iriyama attended all board of directors meetings held during the business year under review, where he made comments primarily from his operational experience as a consultant, along with professional, extensive experience and results and considerable insight as a researcher specialized in management strategies and the global management field. Moreover, he has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company. He has also exchanged information and shared understanding on the Group's management, the board of directors' activities, and the successor development plan for managers, etc. in regular executive sessions composed of independent outside directors held monthly. |
| Director | Mio Takaoka | Ms. Takaoka attended all board of directors meetings held during the business year under review, where she made comments primarily from her professional, extensive experience and results and considerable insight of strategic investment, new business development and finance. Moreover, she has expressed opinions appropriately as a member of the Nomination Advisory Committee, which is a voluntary advisory organization of the Company. She has also exchanged information and shared understanding on the Group's management, the board of directors' activities, and the successor development plan for managers, etc. in regular executive sessions composed of independent outside directors held monthly. |
| Company Auditor | Tadahiro Mouri | Mr. Mouri attended all board of directors meetings and all board of company auditors meetings held during the business year under review, where he made comments primarily from his considerable insight and extensive operational experience of auditing. He has also collaborated with and exchanged information with outside officers by participating in regular executive sessions composed of independent outside directors. |
| Company Auditor | Mamoru Furushima | Mr. Furushima attended all board of directors meetings and all board of company auditors meetings held during the business year under review, where he made comments primarily from his professional viewpoints as a certified public accountant and as a lawyer. He has also collaborated with and exchanged information with outside officers by participating in regular executive sessions composed of independent outside directors. |
| Company Auditor | Takeshi Okuyama | Mr. Okuyama attended all board of directors meetings and 13 of 14 board of company auditors meeting held in business year under review, where he made comments primarily from his professional viewpoints as a lawyer. He has also collaborated with and exchanged information with outside officers by participating in regular executive sessions composed of independent outside directors. |

(4) Financial auditor (as of September 30, 2022)

1) Name

KPMG AZSA LLC

(Note) The Company's Financial Auditor Deloitte Touche Tohmatsu LLC retired at the conclusion of the 31st Ordinary General Meeting of Shareholders held on December 22, 2021.

2) Amount of remuneration, etc.

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

¥90,240 thousand

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

¥92,560 thousand

(Notes)

1. The audit contract between the Company and the financial auditor does not distinguish between remuneration paid for the audit conducted in accordance with the Companies Act and remuneration paid for the audit conducted in accordance with the Financial Instruments and Exchange Act. Accordingly, the amount above is the aggregate amount.
2. The Company and its subsidiaries entrust the financial auditor with advisory, guidance and other services related to finance, which are non-audit services other than the services set forth in Article 2, paragraph (1) of the Certificated Public Accountants Act, and duly pays consideration for such services.
3. The board of company auditors, based upon the "Practical Guidelines for Cooperation with Financial Auditors" released by the Japan Audit & Supervisory Board Members Association, conducts confirmation of the auditing plans of the financial auditor, the status of execution of audit, the grounds for calculation of remuneration estimates and other matters, and having investigated these, gives consent to remuneration, etc. for the financial auditor in accordance with Article 399, paragraph (1) of the Companies Act.

3) Details of limited liability agreement

Not applicable.

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

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

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

Nothing noteworthy to report.

3. Structure and policy of the Company

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

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

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

Based on these policies, the Company will pay a year-end dividend of ¥4.6 per share for the business year under review.

(2) Systems to ensure the properness of operations

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

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

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

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

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

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

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

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

Consolidated Financial Statements

Consolidated Statement of Financial Position

| | | | (Thousand yen) | | |
|---|---|--|---|---|--|
| Account | 32nd term (At September 30, 2022) | (Reference) 31st term (At September 30, 2021) | Account | 32nd term (At September 30, 2022) | (Reference) 31st term (At September 30, 2021) |
| Assets | | | Liabilities and Equity | | |
| Current assets | | | Liabilities | | |
| Cash and cash equivalents | 21,340,076 | 16,899,990 | Current liabilities | | |
| Trade receivables | 18,285,273 | 16,085,450 | Trade payables | 16,891,357 | 14,043,615 |
| Inventories | 103,154 | 119,530 | Other financial liabilities | 4,910,042 | 2,549,116 |
| Other financial assets | 98,953 | 12,941 | Income taxes payable | 557,879 | 1,024,502 |
| Other current assets | 757,815 | 333,622 | Other current liabilities | 2,847,110 | 2,711,491 |
| Total current assets | 40,585,272 | 33,451,533 | Total current liabilities | 25,206,388 | 20,328,724 |
| Non-current assets | | | Non-current liabilities | | |
| Property, plant and equipment | 235,022 | 310,284 | Other financial liabilities | 531,226 | 3,082,067 |
| Right-of-use assets | 1,090,965 | 1,653,760 | Provisions | 159,063 | 155,090 |
| Goodwill | 4,693,055 | - | Deferred tax liabilities | 80,366 | - |
| Intangible assets | 525,138 | 67,290 | Total non-current liabilities | 770,655 | 3,237,157 |
| Investments accounted for using equity method | 33,342,226 | 997,026 | Total liabilities | 25,977,043 | 23,565,881 |
| Other financial assets | 6,904,527 | 3,929,443 | Equity | | |
| Other non-current assets | 24,244 | 32,646 | Equity attributable to owners of parent | | |
| Deferred tax assets | 1,330,663 | 1,569,185 | Share capital | 18,428,004 | 2,125,384 |
| Total non-current assets | 48,145,841 | 8,559,635 | Capital surplus | 25,309,728 | 3,901,272 |
| | | | Treasury shares | (575,707) | (1,691,842) |
| | | | Retained earnings | 19,671,818 | 14,322,283 |
| | | | Other components of equity | (128,588) | (230,678) |
| | | | Total equity attributable to owners of parent | 62,705,254 | 18,426,419 |
| | | | Non-controlling interests | 48,815 | 18,869 |
| | | | Total equity | 62,754,069 | 18,445,288 |
| Total assets | 88,731,112 | 42,011,169 | Total liabilities and equity | 88,731,112 | 42,011,169 |

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Profit or Loss

| Account | (Thousand yen) | |
|--|---|---|
| | 32nd term (From October 1, 2021 to September 30, 2022) | (Reference) 31st term (From October 1, 2020 to September 30, 2021) |
| Revenue | 28,818,924 | 21,383,875 |
| Cost of sales | 6,098,494 | 4,098,765 |
| Gross profit | 22,720,430 | 17,285,110 |
| Selling, general and administrative expenses | 17,057,829 | 13,744,932 |
| Other income | 23,332 | 395,197 |
| Other expenses | 246,044 | 285,329 |
| Operating profit | 5,439,888 | 3,650,046 |
| Finance income | 2,069,190 | 251,246 |
| Finance costs | 334,594 | 48,331 |
| Share of profit of investments accounted for using equity method | 1,066,228 | 57,756 |
| Profit before tax | 8,240,713 | 3,910,716 |
| Income tax expense | 2,490,040 | 1,303,827 |
| Profit | 5,750,673 | 2,606,889 |
| Profit attributable to: | | |
| Owners of parent | 5,733,564 | 2,604,103 |
| Non-controlling interests | 17,109 | 2,786 |
| Total | 5,750,673 | 2,606,889 |

(Note) Figures are rounded to the nearest unit.

(Reference) Consolidated Statement of Comprehensive Income

| | (Thousand yen) | |
|--|---|--|
| Account | 32nd term (From October 1, 2021 to September 30, 2022) | 31st term (From October 1, 2020 to September 30, 2021) |
| Profit | 5,750,673 | 2,606,889 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Net changes in financial assets measured at fair value through other comprehensive income | 25,055 | 8,301 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 114,591 | 24,210 |
| Cash flow hedges | 8,356 | 12,849 |
| Total other comprehensive income, net of tax | 148,001 | 45,359 |
| Total comprehensive income | 5,898,674 | 2,652,248 |
| Comprehensive income attributable to: | | |
| Owners of parent | 5,881,565 | 2,649,462 |
| Non-controlling interests | 17,109 | 2,786 |
| Comprehensive income | 5,898,674 | 2,652,248 |

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Changes in Equity

32nd term (From October 1, 2021 to September 30, 2022)

(Thousand yen)

| | Equity attributable to owners of parent | | | | | | Non-controlling interests | Total equity |
|--------------------------------------|---|-----------------|-----------------|-------------------|----------------------------|------------|---------------------------|--------------|
| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other components of equity | Total | | |
| Balance at October 1, 2021 | 2,125,384 | 3,901,272 | (1,691,842) | 14,322,283 | (230,678) | 18,426,419 | 18,869 | 18,445,288 |
| Profit | – | – | – | 5,733,564 | – | 5,733,564 | 17,109 | 5,750,673 |
| Other comprehensive income | – | – | – | – | 148,001 | 148,001 | – | 148,001 |
| Total comprehensive income | – | – | – | 5,733,564 | 148,001 | 5,881,565 | 17,109 | 5,898,674 |
| Issuance of new shares | 16,302,620 | 16,161,638 | – | – | – | 32,464,257 | – | 32,464,257 |
| Dividends of surplus | – | – | – | (429,940) | – | (429,940) | – | (429,940) |
| Purchase of treasury shares | – | – | (26) | – | – | (26) | – | (26) |
| Obtaining of control of subsidiaries | – | 5,102,147 | 1,116,161 | – | – | 6,218,308 | 14,902 | 6,233,210 |
| Other | – | 144,671 | – | 45,911 | (45,911) | 144,671 | (2,064) | 142,606 |
| Total transactions with owners | 16,302,620 | 21,408,456 | 1,116,135 | (384,029) | (45,911) | 38,397,270 | 12,838 | 38,410,107 |
| Balance at September 30, 2022 | 18,428,004 | 25,309,728 | (575,707) | 19,671,818 | (128,588) | 62,705,254 | 48,815 | 62,754,069 |

(Note) Figures are rounded to the nearest unit.

(Reference) 31st term (From October 1, 2020 to September 30, 2021)

(Thousand yen)

| | Equity attributable to owners of parent | | | | | | Non-controlling interests | Total equity |
|--------------------------------|---|-----------------|-----------------|-------------------|----------------------------|------------|---------------------------|--------------|
| | Share capital | Capital surplus | Treasury shares | Retained earnings | Other components of equity | Total | | |
| Balance at October 1, 2020 | 2,125,384 | 3,664,788 | (1,691,842) | 11,971,086 | (276,037) | 15,793,379 | 17,978 | 15,811,357 |
| Profit | – | – | – | 2,604,103 | – | 2,604,103 | 2,786 | 2,606,889 |
| Other comprehensive income | – | – | – | – | 45,359 | 45,359 | – | 45,359 |
| Total comprehensive income | – | – | – | 2,604,103 | 45,359 | 2,649,462 | 2,786 | 2,652,248 |
| Dividends of surplus | – | – | – | (252,906) | – | (252,906) | – | (252,906) |
| Other | – | 236,484 | – | – | – | 236,484 | (1,895) | 234,589 |
| Total transactions with owners | – | 236,484 | – | (252,906) | – | (16,422) | (1,895) | (18,317) |
| Balance at September 30, 2021 | 2,125,384 | 3,901,272 | (1,691,842) | 14,322,283 | (230,678) | 18,426,419 | 18,869 | 18,445,288 |

(Note) Figures are rounded to the nearest unit.

Non-consolidated Financial Statements
Non-consolidated Balance Sheet

| | | (Thousand yen) | |
|--|--------------------------------------|---|--------------------------------------|
| Account | 32nd term (At September 30, 2022) | Account | 32nd term (At September 30, 2022) |
| Assets | | Liabilities | |
| Current assets | 10,893,718 | Current liabilities | 3,477,094 |
| Cash and deposits | 8,855,641 | Current portion of long-term borrowings | 2,000,000 |
| Accounts receivable - trade | 430,564 | Accounts payable - other | 477,136 |
| Supplies | 936 | Accrued expenses | 18,136 |
| Prepaid expenses | 224,588 | Income taxes payable | 465,847 |
| Accounts receivable - other | 1,009,782 | Deposits received | 17,447 |
| Short-term loans receivable from subsidiaries and associates | 185,000 | Provision for bonuses | 42,572 |
| Current portion of long-term loans receivable from subsidiaries and associates | 210,000 | Provision for share awards for directors (and other officers) | 444,018 |
| Other | 36,536 | Other | 11,935 |
| Allowance for doubtful accounts | (59,330) | Non-current liabilities | 3,558 |
| Non-current assets | 46,569,371 | Other | 3,558 |
| Property, plant and equipment | 75,613 | Total liabilities | 3,480,652 |
| Buildings | 10,051 | Net Assets | |
| Tools, furniture and fixtures | 59,004 | Shareholders' equity | 53,927,712 |
| Other | 6,557 | Share capital | 18,428,003 |
| Intangible assets | 44,212 | Capital surplus | 24,125,671 |
| Software | 43,585 | Legal capital surplus | 18,836,552 |
| Other | 627 | Other capital surplus | 5,289,119 |
| Investments and other assets | 46,449,544 | Retained earnings | 11,949,744 |
| Investment securities | 4,646,130 | Legal retained earnings | 70,867 |
| Shares of subsidiaries and associates | 40,150,808 | Other retained earnings | 11,878,877 |
| Leasehold and guarantee deposits | 524,246 | General reserve | 400,000 |
| Deferred tax assets | 122,359 | Retained earnings brought forward | 11,478,877 |
| Other | 1,006,000 | Treasury shares | (575,706) |
| | | Valuation and translation adjustments | 54,724 |
| | | Valuation difference on available-for-sale securities | 57,714 |
| | | Deferred gains or losses on hedges | (2,990) |
| | | Total net assets | 53,982,437 |
| Total assets | 57,463,089 | Total liabilities and net assets | 57,463,089 |

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

Non-consolidated Statement of Income

(Thousand yen)

| Account | 32nd term (From October 1, 2021 to September 30, 2022) |
|--|---|
| Operating revenue | 5,494,812 |
| Operating expenses | 2,619,633 |
| Operating profit | 2,875,179 |
| Non-operating income | 2,103,918 |
| Interest income | 8,410 |
| Dividend income | 34,026 |
| Gain on valuation of investment securities | 2,059,661 |
| Other | 1,820 |
| Non-operating expenses | 614,956 |
| Interest expenses | 19,030 |
| Loss on valuation of investment securities | 26,907 |
| Listing expenses | 12,611 |
| Commission expenses | 353,204 |
| Share issuance costs | 203,202 |
| Other | 0 |
| Ordinary profit | 4,364,140 |
| Extraordinary income | 92,554 |
| Reversal of allowance for doubtful accounts for subsidiaries and associates | 92,489 |
| Other | 65 |
| Extraordinary losses | 377,843 |
| Loss on valuation of shares of subsidiaries and associates | 296,597 |
| Loss on valuation of investment securities | 23,809 |
| Provision of allowance for doubtful accounts for subsidiaries and associates | 54,915 |
| Other | 2,521 |
| Profit before income taxes | 4,078,852 |
| Income taxes - current | 453,784 |
| Income taxes - deferred | (48,280) |
| Profit | 3,673,348 |

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

Non-consolidated Statement of Changes in Equity

32nd term (From October 1, 2021 to September 30, 2022)

(Thousand yen)

| | Shareholders' equity | | | | | | | | | Valuation and translation adjustments | | | Total net assets | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------|-----------------------------------|-------------------------|-----------------|---------------------------------------|---|------------------------------------|------------------|---|
| | Share capital | Capital surplus | | | Legal retained earnings | Retained earnings | | | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | | Total valuation and translation adjustments |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | | General reserve | Retained earnings brought forward | Total retained earnings | | | | | | |
| Balance at beginning of period | 2,125,384 | 2,533,932 | 186,971 | 2,720,904 | 70,867 | 400,000 | 8,241,383 | 8,712,250 | (1,691,841) | 11,866,696 | 6,227 | (11,345) | (5,118) | 11,861,578 |
| Changes during period | | | | | | | | | | | | | | |
| Issuance of new shares | 16,302,619 | 16,302,619 | - | 16,302,619 | - | - | - | - | - | 32,605,239 | - | - | - | 32,605,239 |
| Dividends of surplus | - | - | - | - | - | - | (435,853) | (435,853) | - | (435,853) | - | - | - | (435,853) |
| Profit | - | - | - | - | - | - | 3,673,348 | 3,673,348 | - | 3,673,348 | - | - | - | 3,673,348 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | (25) | (25) | - | - | - | (25) |
| Disposal of treasury shares | - | - | 5,102,147 | 5,102,147 | - | - | - | - | 1,116,160 | 6,218,308 | - | - | - | 6,218,308 |
| Net changes in items other than shareholders' equity | - | - | - | - | - | - | - | - | - | - | 51,487 | 8,355 | 59,842 | 59,842 |
| Total changes during period | 16,302,619 | 16,302,619 | 5,102,147 | 21,404,767 | - | - | 3,237,494 | 3,237,494 | 1,116,134 | 42,061,016 | 51,487 | 8,355 | 59,842 | 42,120,859 |
| Balance at end of period | 18,428,003 | 18,836,552 | 5,289,119 | 24,125,671 | 70,867 | 400,000 | 11,478,877 | 11,949,744 | (575,706) | 53,927,712 | 57,714 | (2,990) | 54,724 | 53,982,437 |

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

Audit Report

With respect to the directors' performance of their duties during the 32nd business year from October 1, 2021 to September 30, 2022, the board of company auditors has prepared this audit report after deliberations based on the audit reports prepared by each of the company auditors, and hereby reports as follows:

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

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

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

2. Results of Audit

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

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

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

We acknowledge that the methods and results of audit performed by the financial auditor, KPMG AZSA LLC, are appropriate.

(3) Results of audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the financial auditor, KPMG AZSA LLC, are appropriate.

November 22, 2022

Board of Company Auditors
SEPTENI HOLDINGS CO., LTD.

| | |
|---------------------------|------------------|
| Full-time Company Auditor | Tadahiro Mouri |
| Company Auditor | Mamoru Furushima |
| Company Auditor | Takeshi Okuyama |
| Company Auditor | Yoshinobu Ise |

(Note)

Full-time company auditor Tadahiro Mouri, company auditor Mamoru Furushima and company auditor Takeshi Okuyama are outside company auditors, as set forth in Article 2, item 16, and Article 335, paragraph (3) of the Companies Act.

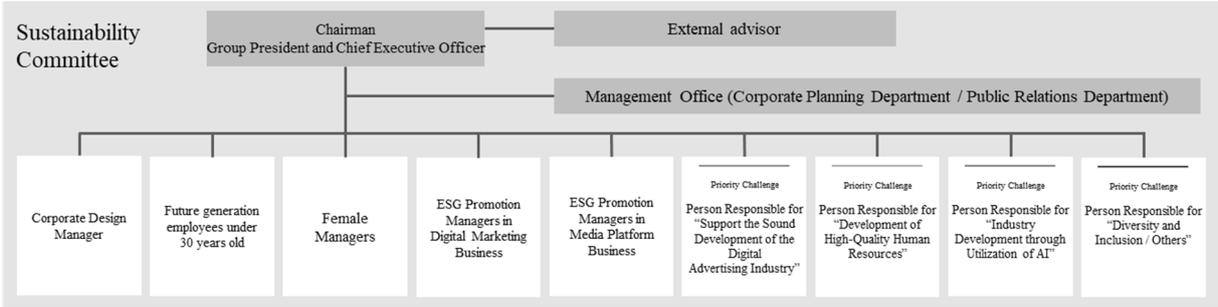
(Reference) Sustainability of the Septeni Group

1. Establishment of the Sustainability Committee

In 2016, the Septeni Group established the CSR Committee and has been working to help resolve social issues through its businesses. On the other hand, addressing sustainability and ESG issues such as the matters related to the revision of the Corporate Governance Code in June 2021, the expansion of ESG investments, and changes in the consciousness of consumers, are becoming increasingly important to the Group’s management and business.

In light of such changes in society, the Septeni Group reorganized its CSR Committee and established the Sustainability Committee as a voluntary advisory body in order to support the decision-making of the board of directors in January 2022. The Committee is actively promoting discussions and deliberations on sustainability activities and on setting KPIs and disclosing data related to sustainability.

The Committee now includes members such as employees of the future generation under 30 years old and female managers. We thus aim to produce innovative results from the Committee’s sustainability activities through discussions that include diverse points of view. Through its activities, the Committee aims for the Group’s sustainable growth and to increase its corporate value, as well as for sustainability for multi-stakeholders.



2. Sustainability Topics

◆Social Channeling diversity into competitive strength

We implement work styles that leverage the strengths of each individual as we promote diversity and inclusion initiatives to channel diversity into competitive strength.

The ratio of female managers at our major Group companies in Japan was 22% in 2021, representing good progress from the 16.7% ratio in 2018. We intend to achieve a 25% female manager ratio in 2023 through in-house awareness-raising activities as well as supporting both male and female employees in smoothly taking childcare leave and other support such as for working parents to balance their work and home lives.



Ongoing LGBT-related initiatives have been recognized for the fourth consecutive year with a “Gold ranking” in the “PRIDE Index,” an initiative that supports sexual minorities in the workplace.

◆Social Support the sound development of the digital advertising industry

We provide a variety of solutions and promote ad verification initiatives. We aim to protect advertisers’ brands by ensuring that advertisements are not served on inappropriate serving surfaces, and to detect and reduce all types of fraudulent (invalid) traffic, such as impression padding by machines. In recognition of these activities, JICDAQ certified us as a “Quality Certified Business Operator” for both “exclusion of invalid delivery including ad-fraud” and “assurance of brand safety associated with the quality of ad placements.”



◆Environment Disclosing GHG emissions

We are gaining an overall understanding of GHG emissions throughout the Group and are disclosing such information in the integrated report and on the corporate website in order to help achieve a decarbonized society. The shift to remote work in 2020 and 2021 has significantly reduced GHG emissions from employee commuting and business travel. We will continue working to balance business activities with lowering our impact on the environment.