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**CONVOCATION NOTICE FOR THE 33RD ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

SEPTENI HOLDINGS CO., LTD.

Date of sending by postal mail: March 8, 2024

Start date of measures for providing information in electronic format: February 28, 2024

Dear Shareholder

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

CONVOCAATION NOTICE FOR THE 33RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to the 33rd Ordinary General Meeting of Shareholders of the Company, which will be held as described below.

Based on relevant laws and regulations and the Article 13 of the Company's Articles of Incorporation, this General Meeting of Shareholders will be held as a general meeting of shareholders without a designated location for the shareholders meeting (virtual-only shareholders meetings). We therefore request that you attend this General Meeting of Shareholders via the website designated by the Company (<https://web.sharely.app/login/septeni33>) (in Japanese).

When calling this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the following websites. Please access any one of the websites by using the internet address shown below to review the information.

The Company's website:

<https://www.septeni-holdings.co.jp/ir/stock/shareholders/index.html> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/4293/teiji/> (in Japanese)

Tokyo Stock Exchange (TSE) website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter "SEPTENI HOLDINGS" in "Issue name (company name)" or the Company's securities code "4293" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

For details on the environment and procedures required to attend the meeting, please refer to the "Guide to the Virtual-Only Shareholders Meeting" on pages 4 to 7 (in Japanese only).

If you do not attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by postal mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Tuesday, March 26, 2024. When exercising your voting rights via the Internet, etc. or in writing (by postal mail), please refer to the "Guide to the Exercise of Voting Rights" on page 3 (in Japanese only).

1. Date and Time: **Wednesday, March 27, 2024, at 10:00 a.m.**

* **Login will be available at around 9:30 a.m.**

* The reason why the date of this Ordinary General Meeting of Shareholders is significantly different from the date of the previous Ordinary General Meeting of Shareholders is that the Company changed the end of its fiscal year from September 30 to December 31, effective from the 33rd term (current fiscal year).

2. Holding of the meeting **The General Meeting of Shareholders will be held as a general meeting of shareholders without a designated location for the shareholders meeting.**

* There will be no venue as the meeting will be held completely online.

* Please attend through the Company's designated website: <https://web.sharely.app/login/septeni33> (in Japanese).

For details on the URL of the relevant website, the access and login methods, and procedures necessary to attend the meeting, please refer to the information on pages 4 to 7 (in Japanese only).

3. Meeting Agenda

Matters to be reported:

1. The Business Report and Consolidated Financial Statements for the Company's 33rd term (from October 1, 2022 to December 31, 2023) 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 33rd term (from October 1, 2022 to December 31, 2023)

Matters to be resolved:

- | | |
|---------------------------|--|
| Agenda Item No. 1: | Appropriation of Surplus |
| Agenda Item No. 2: | Partial Amendment of the Articles of Incorporation |
| Agenda Item No. 3: | Election of Nine Directors |
| Agenda Item No. 4: | Election of Two Company Auditors |
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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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- If you exercise your voting rights in writing (by postal mail) and do not indicate your approval or disapproval of any of the proposals in the Voting Rights Exercise Form, we will treat it as if you have indicated your approval.
 - The paper-based documents including items for which measures for providing information in electronic format are to be taken will be delivered together with this notice to the shareholders who requested the delivery of paper-based documents. However, in accordance with the provisions of laws and regulations and Article 19 of the Articles of Incorporation of the Company, the following items are excluded in such paper-based documents.
 - 1) Notes to Consolidated Financial Statements
 - 2) Notes to Non-consolidated Financial StatementsAccordingly, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements included in this document are a part of the documents subject to the audit by the financial auditor and company auditors.
 - If any amendment is made to the items for which measures for providing information in electronic format are to be taken, a notice of the amendments and the details of the items before and after the amendments will be posted on the aforementioned websites.

Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Matters

Agenda Item No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

In consideration of our consolidated earnings performance of each fiscal year, the strengthening of our financial position, the Group's business strategy going forward and other factors, the Company endeavors to flexibly provide an appropriate level of profit distribution. In principle, the Company sets a minimum annual dividend per share of ¥3 and determines dividends based on a target dividend payout ratio of around 25% of profit attributable to owners of parent.

Based on the above, the Company proposes to pay year-end dividends for the 33rd term as follows.

The Articles of Incorporation of the Company stipulate that the Company may determine dividends of surplus, etc. by a resolution of the board of directors pursuant to the provisions of Article 459, paragraph (1) of the Companies Act. However, since the fiscal year under review is a 15-month period due to a change in the Company's fiscal year-end, the year-end dividends for the fiscal year under review is determined by the general meeting of shareholders.

Matters related to year-end dividends

(1) Type of dividend property

Cash

(2) Matters concerning allocation of dividend property and the total amount thereof

¥5.20 per common share of the Company

Total amount of dividends: ¥1,086,173,977

(3) Effective date of the dividends of surplus

March 28, 2024

Agenda Item No. 2: Partial Amendment of the Articles of Incorporation

1. Reasons for the proposal

The Company has introduced an executive officer system from the viewpoint of strengthening corporate governance. For the purpose of transitioning to a collective leadership system and further strengthening the management structure by establishing the new position of Group Executive Vice President and Executive Officer, the Company now proposes to add a position of Group Executive Vice President and Executive Officer (Article 27, paragraph (2) of the proposed amendments).

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>(Executive Officers) Article 27 1 (Article text omitted) 2 The board of directors may, by its resolution, appoint one Group President and Chief Executive Officer from among the Executive Officers, and may also appoint a Senior Executive Officer. 3. (Article text omitted)</p>	<p>(Executive Officers) Article 27 1 (Remains the same) 2 The board of directors may, by its resolution, appoint one Group President and Chief Executive Officer from among the Executive Officers, and may also appoint a <u>Group Executive Vice President and Executive Officer</u> and a Senior Executive Officer. 3. (Remains the same)</p>

Agenda Item No. 3: Election of Nine 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 nine directors, including six outside directors, increasing the number of directors by two (including one outside director), to further enhance the corporate governance.

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

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

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

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

The candidates are as follows:

Candidate No.	Name		Important positions held at other companies	Attendance to the board of directors meetings
1	Yuichi Kouno Group Senior Executive Officer	New candidate	Representative Director, SEPTENI CO., LTD.	—/—
2	Yusuke Shimizu Group Senior Executive Officer	New candidate	Representative Director and President, SEPTENI CO., LTD.	—/—
3	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. Director, CHRO, Euglena Co., Ltd.	19/19
4	Yusuke Asakura Outside director	Reelection Outside director Independent officer	Representative Director, Signifiant Inc. Founding Partner, Animal Spirits Ltd.	19/19
5	Yoshiki Ishikawa Outside director	Reelection Outside director Independent officer	Representative Director, Well-being for Planet Earth Foundation External Director, Gaiax Co. Ltd.	19/19
6	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. Outside Director (Audit & Supervisory Committee Member), SORACOM, INC.	19/19
7	Mio Takaoka Outside director	Reelection Outside director Independent officer	Partner, DNX Ventures Outside Director, HENNGE K.K. Outside Director, DENTSU SOKEN INC. Outside director (Audit & Supervisory Committee Member), KAYAC Inc.	19/19
8	Makoto Shiono	New candidate Outside director Independent officer	Partner/Managing Director, Industrial Growth Platform Inc. Executive Managing Director, CIO, JBIC IG Partners Director, JB Nordic Ventures Oy Outside Director, beBit, Inc. Outside Director, INCLUSIVE, INC.	—/—
9	Tadashi Kitahara	New candidate	Executive Officer, Dentsu Inc. Director, Dentsu Digital Inc. Director, CARTA HOLDINGS, INC.	—/—

1 Yuichi Kouno (Date of birth: September 22, 1982)	New candidate	
	Number of years in office	– years
	Attendance to the board of directors meetings	–/–
	Number of the Company’s common shares held	91,400

Profile, position and duties at the Company

Apr. 2006 Joined the Company
 Oct. 2014 Officer of Third Account Division, SEPTENI CO., LTD.
 Oct. 2015 Officer of Second Account Division, Septeni Japan, Inc.
 Jan. 2017 Officer and General Manager of Second Account Division, Septeni Japan, Inc.
 Jan. 2018 Group Executive Officer of the Company
 Dec. 2018 Representative Director, SEPTENI CO., LTD. (current position)
 Dec. 2018 Representative Director, Septeni Japan, Inc. (current position)
 Jan. 2022 Group Senior Executive Officer of the Company (current position)
 Nov. 2022 Outside Director, and factory,inc.
 Dec. 2022 Director, Dentsu Digital Inc. (current position) (scheduled to retire on March 25, 2024)

■ Reasons for nomination as candidate for director

Mr. Yuichi Kouno has extensive experience and results, and considerable insight in the Group’s Digital Marketing Business and new businesses, and because he is expected to play appropriate roles and exercise strong leadership on the Company’s further growth, business expansion and all aspects of business administration, he is deemed necessary for enhancing corporate value and has been nominated as candidate for director.

■ Important positions held at other companies

Representative Director, SEPTENI CO., LTD.

2 Yusuke Shimizu (Date of birth: June 19, 1982)	New candidate	
	Number of years in office	– years
	Attendance to the board of directors meetings	–/–
	Number of the Company’s common shares held	52,000 shares

Profile, position and duties at the Company

Apr. 2006 Joined the Company
 Oct. 2014 Officer of Media Solutions Division, SEPTENI CO., LTD.
 Oct. 2015 Officer of Media Growth Division, Septeni Japan, Inc.
 Jan. 2017 Officer and General Manager of Media Division, Septeni Japan, Inc.
 Jan. 2018 Group Executive Officer of the Company
 Dec. 2018 Representative Director and President, SEPTENI CO., LTD. (current position)
 Dec. 2018 Representative Director and President, Septeni Japan, Inc. (current position)
 Jan. 2022 Group Senior Executive Officer of the Company (current position)

■ Reasons for nomination as candidate for director

Mr. Yusuke Shimizu has extensive experience and results, and considerable insight in the Group’s Digital Marketing Business as well as operational experience in the field of corporate planning, and because he is expected to drive the management of the Group and further enhance and drive corporate governance, he is deemed necessary for enhancing corporate value and has been nominated as candidate for director.

■ Important positions held at other companies

Representative Director and President, SEPTENI CO., LTD.

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

Reelection
Outside director
Independent officer

Number of years in office 8 years and 3 months

Attendance to the board of directors meetings 19/19

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.
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.; Director, CHRO, Euglena Co., Ltd.

4	Yusuke Asakura (Date of birth: July 23, 1982)	Reelection	
		Outside director	
		Independent officer	
		Number of years in office	6 years and 3 months
		Attendance to the board of directors meetings	19/19
		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)
Aug. 2022	Founding Partner, Animal Spirits Ltd. (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.; Founding Partner, Animal Spirits Ltd.

5	Yoshiki Ishikawa (Date of birth: February 27, 1981)	Reelection	
		Outside director	
		Independent officer	
		Number of years in office	4 years and 3 months
		Attendance to the board of directors meetings	19/19
		Number of the Company's common shares held	–

Profile, position and duties at the Company

Nov. 2008	Director, Cancer Scan Co., Ltd.
Sep. 2014	Director, Campus for H Inc.
Sep. 2018	Representative Director, Well-being for Planet Earth Foundation (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

Representative Director, Well-being for Planet Earth Foundation; External Director, Gaiax Co. Ltd.

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

Reelection
Outside director
Independent officer

Number of years in office 3 years and 3 months

Attendance to the board of directors meetings 19/19

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)
Jun. 2021 Outside Director (Audit & Supervisory Committee Member), SORACOM, INC. (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.; Outside Director (Audit & Supervisory Committee Member), SORACOM, INC.

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

Reelection
Outside director
Independent officer

Number of years in office 3 years and 3 months

Attendance to the board of directors meetings 19/19

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. (currently DENTSU SOKEN INC.) (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, DENTSU SOKEN INC.; Outside director (Audit & Supervisory Committee Member), KAYAC Inc.

8 **Makoto Shiono**
(Date of birth: November 12, 1975)

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

Profile, position and duties at the Company

Apr. 1998 Joined Citibank, N.A., Tokyo Branch
Oct. 1999 Joined Goldman Sachs Japan Co., Ltd., Tokyo Branch
Aug. 2000 Joined Members Co., Ltd. (seconded to EC-watch.com Co., Ltd. as CFO)
Sep. 2001 Joined Bain & Company Inc.
Apr. 2003 Joined livedoor Co., Ltd
Jul. 2008 Joined Industrial Growth Platform, Inc.
Jan. 2012 Partner/Managing Director, Industrial Growth Platform Inc. (current position)
Jun. 2017 Executive Managing Director, CIO, JBIC IG Partners (current position)
Apr. 2018 External Director, NewsPicks, Inc.
Oct. 2018 Director, JB Nordic Ventures Oy (current position)
Jun. 2020 Outside Director, beBit, Inc. (current position)
Jun. 2022 Outside Director, INCLUSIVE, INC. (current position)

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

Mr. Makoto Shiono has extensive experience and results, and considerable insight in strategic planning and implementation consulting and M&A advisory services for domestic and foreign companies and government agencies, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director, and has been nominated as candidate for outside director.

■ Important positions held at other companies

Partner/Managing Director, Industrial Growth Platform Inc.; Executive Managing Director, CIO, JBIC IG Partners; Director, JB Nordic Ventures Oy; Outside Director, beBit, Inc.; Outside Director, INCLUSIVE, INC.

9	Tadashi Kitahara (Date of birth: July 15, 1968)	New candidate	
		Number of years in office	– years
		Attendance to the board of directors meetings	–/–
		Number of the Company’s common shares held	–

Profile, position and duties at the Company

Apr. 1991	Joined Dentsu Inc. (currently Dentsu Group Inc.)
Jan. 2019	Managing Director of the Business Produce Division, Dentsu Inc.
Mar. 2019	Director, NewsPicks Studios Inc.
Jan. 2022	Executive Officer, Dentsu Inc. (current position)
Jan. 2022	Director, Rakuten Data Marketing, Inc. (current position)
Jan. 2022	Representative Director, Dentsu Digital Inc.
Dec. 2022	Director, Dentsu Digital Inc. (current position)
Mar. 2023	Director, CARTA HOLDINGS, INC. (current position)
Jun. 2023	Director, Japan Interactive Advertising Association (current position)

■ Reasons for nomination as candidate for director

Mr. Tadashi Kitahara joined Dentsu Inc. (currently Dentsu Group Inc.) in 1991 and has extensive operational experience and management experience, including serving as an Executive Officer of Dentsu Inc. in charge of the Strategy and Media & Contents of that company since 2022. Therefore, because he is expected to 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 been nominated as candidate for director.

■ Important positions held at other companies

Executive Officer, Dentsu Inc.; Director, Dentsu Digital Inc.; Director, CARTA HOLDINGS, 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, Ms. Mio Takaoka, and Mr. Makoto Shiono are candidates for outside directors.
3. Mr. Yusuke Asakura is a Founding Partner of Animal Spirits Ltd., and the Company has invested in Animal Spirits No. 1 Investment Business Limited Partnership, which is operated by Animal Spirits No. 1 Limited Liability Partnership, of which Animal Spirits Ltd. is a partner, as an unlimited liability partner. The amount of the investment is less than 0.09% of the total assets of the Company as of the end of the fiscal year under review.
4. Apart from what is mentioned in 3. above, there are no other special relationships between the Company and each of the candidates.
5. In Mr. Tadashi Kitahara's "Profile, position 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, Ms. Mio Takaoka, or Mr. Makoto Shiono and each candidate is deemed independent.
7. With regard to the inappropriate use of expenses by the Company's Representative Director (who is scheduled to retire as Representative Director and Director of the Company at the conclusion of this General Meeting of Shareholders) that was discovered during the current fiscal year while Ms. Etsuko Okajima, Mr. Yusuke Asakura, Mr. Yoshiki Ishikawa, Mr. Akie Iriyama, and Ms. Mio Takaoka were serving as outside directors of the Company, the five candidates had always been providing advice and recommendations to ensure the appropriateness of the execution of duties by directors through the board of directors. After the inappropriate use was discovered, the five candidates recommended and confirmed measures to prevent recurrence through an investigation undertaken by the board of company auditors.
8. 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. Furthermore, if the proposed election of Mr. Makoto Shiono is approved, the Company will designate him as an independent officer in accordance with the rules of Tokyo Stock Exchange, Inc., and will submit a notice of designation to the Tokyo Stock Exchange.
9. The Company has entered into a liability limitation agreement with each of Ms. Etsuko Okajima, Mr. Yusuke Asakura, 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. In addition, if the proposed election of Mr. Makoto Shiono is approved, the Company plans to enter into the aforementioned liability limitation agreement with him.
10. 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 2024), the Company plans to renew the policy with the same terms.
11. If Mr. Tadashi Kitahara is elected and assumes his office as director, he will be serving concurrently as Executive Officer of Dentsu Inc., Director of Dentsu Digital Inc., and Director of CARTA HOLDINGS, INC., all of which companies are subsidiaries of the Company's parent company Dentsu Group Inc.
12. Mr. Yuichi Kouno is scheduled to assume the position of Group President and Chief Executive Officer of the Company on April 1, 2024. Mr. Yusuke Shimizu is scheduled to assume the position of Group Executive Vice President and Executive Officer of the Company on April 1, 2024, contingent on the Agenda Item No. 2 being approved and adopted as originally proposed.

Agenda Item No. 4: Election of Two Company Auditors

At the conclusion of this General Meeting of Shareholders, the term of office of Company Auditor Tadahiro Mouri will expire.

In that regard, the Company hereby proposes the election of two company auditors, increasing the number of company auditors by one to strengthen the auditing system.

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	Tadahiro Mouri	Reelection Outside company auditor	19/19	17/17
2	Hideo Hatano	New candidate	—/—	—/—

1	Tadahiro Mouri (Date of birth: August 5, 1957)	Reelection	
		Outside company auditor	
		Number of years in office	3 years and 3 months
		Attendance to the board of directors meetings	19/19
		Attendance to the board of company auditors meetings	17/17
		Number of the Company's common shares held	–

Profile and position at the Company

Apr. 1980	Joined Taiyo Fishery Co., Ltd. (currently Maruha Nichiro Corporation)
Apr. 2012	General Manager of Administration Department, Maruha Nichiro Foods, Inc. (currently Maruha Nichiro Corporation)
Apr. 2014	General Manager of Logistics Department, Maruha Nichiro Corporation
Nov. 2014	General Manager of Risk Management Department, Maruha Nichiro Corporation
Apr. 2018	Advisor, DAITO GYORUI CO., LTD.
Jun. 2018	Director (Full-time Audit & Supervisory Committee Member), DAITO GYORUI CO., LTD.
Dec. 2020	Full-time Company Auditor of the Company (current position)

■ Reasons for nomination as candidate for outside company auditor

Mr. Tadahiro Mouri has considerable insight and extensive operational 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.

■ Important positions held at other companies

None.

2	Hideo Hatano (Date of birth: September 17, 1971)	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. 1994	Joined General Sekiyu K.K.
Nov. 2005	Credit Control Advisor of the Asia-Pacific region, ExxonMobil Yugen Kaisha
Apr. 2015	General Manager of Audit, GYXIS CORPORATION
May 2016	Senior Manager of Integration Promotion and Group Management Preparation Office, TonenGeneral Sekiyu K.K. (currently ENEOS Corporation)
Oct. 2016	Internal Audit Manager, Amazon Japan G.K.
Aug. 2019	Head of Japan Internal Audit Office, Nissan Motor Co., Ltd.
Apr. 2021	Chief Internal Auditor (Supervisor of Global Monozukuri and audit of Japan-ASEAN region), Nissan Motor Co., Ltd.
Aug. 2022	Executive Director of DJN Internal Audit Office, Dentsu Group Inc.
Oct. 2022	Executive Director of Internal Audit Office, Dentsu Group Inc.
Jan. 2023	Executive Officer in charge of internal audit, dentsu Japan, Dentsu Group Inc.
Mar. 2023	Supervisory Board Member, CARTA HOLDINGS, INC. (current position)
Jan. 2024	Group Management and Head of Internal Audit, Dentsu Group Inc. (current position)

■ Reasons for nomination as candidate for company auditor

Mr. Hideo Hatano has considerable insight and extensive operational experience of auditing, and he is deemed capable of properly carrying out the duties of company auditor by leveraging his experience of internal audits in multiple companies and expertise thereof, and has been nominated as candidate for company auditor.

■ Important positions held at other companies

Group Management and Head of Internal Audit, Dentsu Group Inc.

(Notes)

1. There are no special relationships between the Company and each of the candidates.
2. Mr. Tadahiro Mouri is a candidate for outside company auditor.
3. In Mr. Hideo Hatano's "Profile, position 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.
4. With regard to the inappropriate use of expenses by the Company's Representative Director (who is scheduled to retire as Representative Director and Director of the Company at the conclusion of this General Meeting of Shareholders) that was discovered during the current fiscal year while Mr. Tadahiro Mouri was serving as a full-time company auditor of the Company, the candidate had always been providing advice and recommendations to ensure the appropriateness of the execution of duties by directors through the board of directors and the board of company auditors. After the inappropriate use was discovered, Mr. Mouri recommended and confirmed measures to prevent recurrence through an investigation undertaken by the board of company auditors.
5. The Company has entered into a liability limitation agreement with Mr. Tadahiro Mouri. 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 him is approved, the Company plans to again enter into the aforementioned liability limitation agreement with him.
6. If the proposed reelection of Mr. Tadahiro Mouri is approved at this General Meeting of Shareholders, he plans to assume the position of full-time company auditor.
7. 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 2024), the Company plans to renew the policy with the same terms.
8. If Mr. Hideo Hatano is elected and assumes his office as company auditor, he will be serving concurrently as the Group Management and Head of Internal Audit of Dentsu Group Inc., which is the Company's parent company.

Business Report (From October 1, 2022 to December 31, 2023)

1. Current status of the SEPTENI Group

(1) Business progress and results

(Note) The accounting period for the fiscal year under review is an irregular 15-month period due to a change in the fiscal year-end (changed from September 30 to December 31), and thus year-on-year changes are not shown. In addition, the operating results of COMICSMART INC. and its subsidiaries, etc. are reclassified to discontinued operations. Therefore, revenue, non-GAAP operating profit, operating profit, and profit before tax each indicate the amount of continuing operations, excluding discontinued operations.

Earnings for the fiscal year under review

Individual smartphone ownership in Japan rose to 77.3% in 2022, as the quantitative expansion continued, with the exceptionally high popularization rate of more than 90% of those in their 20s through 50s 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 2022,” 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 2022 reached ¥3,091.2 billion (up 14.3% year on year), exceeding that of the four traditional mass media advertising expenditures (¥2,398.5 billion, down 2.3% year on year, source: “2022 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, despite being affected by the economy, our mainstay Digital Marketing Business acquired new clients, expanded existing businesses, and promoted collaboration with the Dentsu Group. In addition, we have implemented upfront investments centered on strengthening investment in human capital.

As a result, revenue was ¥34,267 million, non-GAAP operating profit was ¥5,091 million, operating profit was ¥4,949 million, profit before tax was ¥6,652 million, profit was ¥4,267 million, and profit attributable to owners of parent was ¥4,319 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, M&A expenses, etc., 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: ¥34,267 million	Non-GAAP operating profit: ¥5,091 million
Profit attributable to owners of parent: ¥4,319 million	Dividends per share: ¥5.2  Previous term: ¥4.6

(Note) The dividends per share is a projected figure based on the assumption that Agenda Item No. 1 of the 33rd Ordinary General Meeting of Shareholders is approved as originally proposed.

The overview of operating results by major business segment is as follows. Revenue and non-GAAP operating loss for the Media Platform Business are shown before the reclassification of the results of COMICSMART INC. and its subsidiaries, etc. to discontinued operations.

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.

During the fiscal year under review, despite being affected by the economy, our mainstay Digital Marketing Business acquired new clients, expanded existing businesses, and promoted collaboration with the Dentsu Group. In addition, we have implemented upfront investments centered on strengthening investment in human capital.

Revenue: ¥32,112 million

Non-GAAP operating profit: ¥8,527 million

Media Platform Business

■ Major business

The Media Platform Business consists of the IP Platform Business, Employment Platform Business, Social Contribution Platform Business, Childcare Platform Business, and other businesses. The IP Platform 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).

During the fiscal year under review, the Media Platform Business grew mainly in the IP Platform Business and reduced losses, but other businesses were sluggish in the post-COVID-19 environment.

Revenue: ¥5,839 million

Non-GAAP operating loss: ¥656 million

(2) Trends in financial position and profit and loss

■ IFRS

Category	30th term (ended September 30, 2020)	31st term (ended September 30, 2021)	32nd term (ended September 30, 2022)	33rd term (ended December 31, 2023)
Revenue (Thousand yen)	17,937,745	21,383,875	27,589,386	34,266,611
Operating profit (Thousand yen)	2,274,396	3,650,046	6,165,779	4,949,134
Non-GAAP operating profit (Thousand yen)	2,452,413	3,796,011	6,565,177	5,091,306
Profit attributable to owners of parent (Thousand yen)	1,464,342	2,604,103	5,733,564	4,318,831
Total assets (Thousand yen)	34,424,711	42,011,169	88,731,112	93,605,990
Basic earnings per share (Yen)	11.58	20.59	30.54	20.74
Dividends per share (Yen)	2.00	3.40	4.60	5.20
Return on equity (ROE) (%)	9.6	15.2	14.1	6.7

(Notes)

1. The accounting period for the 33rd term is a 15-month period from October 1, 2022 to December 31, 2023, due to a change in the fiscal year-end.
2. The operating results of COMICSMART INC. and its subsidiaries, etc. for the 33rd term are reclassified as discontinued operations. As a result, revenue, operating profit, and non-GAAP operating profit for the 32nd term have been retroactively adjusted.
3. The dividends per share for the 33rd term is a projected figure based on the assumption that Agenda Item No. 1 of the 33rd Ordinary General Meeting of Shareholders is approved as originally proposed.

(3) Issues to be addressed

Under the new management structure, the Group's medium-term theme for the fiscal year ending December 31, 2024 and beyond is "Focus & Synergies." Based on the human capital management that has been built up to date, the Group will create synergies among its business segments and within its business domains while evolving its strengths to become a group with multiple strong businesses, aiming to achieve sustainable growth and increase corporate value over the medium to long term.

In the Digital Marketing Business, by dividing the business into three areas: "Marketing Communications Area," "Direct Business Area," and "Data & Solutions Area," we will develop area management while reorganizing and strengthening the business. In addition, we will work to create group synergies by leveraging the assets of the Digital Marketing Business and aim to create new businesses from within each area.

Furthermore, as growth investments, we will consider investments for organic growth and new business creation, as well as M&A for growth in each area of the Digital Marketing Business.

In addition, the Company discovered inappropriate use of expenses (totaling approximately 22 million yen) by the Representative Director of the Company (who is scheduled to retire as Representative Director and Director of the Company at the conclusion of the 33rd Ordinary General Meeting of Shareholders to be held on March 27, 2024) during the current fiscal year. Based on the results of the investigation by the board of company auditors, the following measures to prevent recurrence have been formulated and implemented after analyzing the causes of the inappropriate use by the Representative Director of the Company. The Company's Representative Director has reimbursed the Company for all expenses incurred for such inappropriate use.

- Implementation of re-education for officers with the aim of ensuring thorough compliance.
- Improving and strengthening the system for checking the appropriateness of expenses claimed by officers.
- Stricter regulations and approval process for expense processing regarding the use of travel and transportation expenses by officers.
- Formulating new regulations for use of hired cars by officers.
- Adding check items regarding expenses in internal audits, and continuing auditing of the appropriateness and operating effectiveness of the regulations regarding expenses used by officers.

The Company will continue to regularly review and strengthen its management systems, including its internal control system, to prevent the recurrence of inappropriate use of expenses.

- (4) Capital investments
Nothing noteworthy to report.
- (5) Financing
Nothing noteworthy to report.
- (6) Business transfers, absorption-type company split or incorporation-type company split
Not applicable.
- (7) Business transfers from other companies
Not applicable.
- (8) Succession of rights and obligations relating to other entities' business as a result of absorption-type merger or company split
Not applicable.
- (9) Acquisition or disposal of shares, other equities or share options of other companies
- On October 25, 2022, the Company concluded a capital and business alliance agreement with and factory,inc. Under the capital and business alliance agreement, the Company acquired new shares issued by and factory,inc. through a third-party allocation and the shares of and factory,inc. held by Mr. Takamasa Ohara, the Chairman of the Board of Directors of and factory,inc., and made the company an equity method affiliate of the Company on November 10, 2022.
 - On November 30, 2023, the Company's subsidiary SEPTENI CO., LTD. transferred all shares of JNJ INTERACTIVE INC. to Vector Com Inc., a subsidiary of VECTOR INC.

(10) Parent and significant subsidiaries

1) Relationship with the parent

Company name	Share capital	Ratio of voting right to the Company	Relationship with the Company
Dentsu Group Inc.	¥74,609 million	52.56%	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.	357,994	89.4%	IP Platform 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 December 31, 2023)

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 December 31, 2023)

Business segment	Number of employees	Increase/decrease from the previous term-end
Digital Marketing Business	1,537	123 increase
Media Platform Business	112	4 increase
Corporate (common)	86	6 increase
Total	1,735	133 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 133 increase in the number of employees from the previous term-end is the hiring of new graduates.

(13) Major creditors (as of December 31, 2023)

Creditor	Amount of loans (Million yen)
Sumitomo Mitsui Banking Corporation	2,000
Mizuho Bank, Ltd.	1,000

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

At the meeting of the Board of Directors held on December 19, 2023, the Company resolved to sell (with a planned transfer date of March 29, 2024) 74,000 shares of the 116,400 shares of COMICSMART INC. it holds in order to help COMICSMART INC. achieve sustainable growth and maximization of its corporate value. On the date on which the aforementioned shares will be transferred, the Company's ratio of voting rights held in COMICSMART INC. and its subsidiaries, etc. will fall from 89.42% to 32.57%, and it will lose control of the aforementioned company. As a result, the Company plans to make the aforementioned company an affiliate accounted for using the equity method.

2. Status of the Company

(1) Matters regarding shares (as of December 31, 2023)

- 1) Number of shares authorized 370,080,000 shares
- 2) Number of shares issued 211,079,654 shares (including 2,200,043 treasury shares)
- 3) Number of shareholders 7,061 (1,658 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	52.56
Village seven Co., Ltd.	12,419,000	5.95
Mamoru Nanamura	10,450,500	5.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,945,400	2.85
GOLDMAN SACHS INTERNATIONAL	5,529,926	2.65
CGML PB CLIENT ACCOUNT/COLLATERAL	5,046,960	2.42
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY	4,893,652	2.34
Custody Bank of Japan, Ltd. (Trust Account)	4,271,900	2.05
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	3,631,616	1.74
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	2,857,100	1.37

(Notes)

1. The above shareholding ratios exclude treasury shares (2,200,043 shares).
2. The treasury shares do not include the Company's shares owned by the directors' remuneration BIP (Board Incentive Plan) trust (1,764,502 shares).

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

Category	Number of shares	Number of eligible persons
Directors (excluding outside directors)	244,779 shares	1

(Note) The delivery to one director was made in relation to the directors' remuneration BIP trust; 122,479 shares out of 244,779 shares were converted into cash in accordance with the share delivery rules, and cash corresponding to the amount converted to cash was paid.

6) Other important matters regarding shares

On February 9, 2023, the Company resolved the acquisition of treasury shares of the Company, in accordance with the provisions of the Articles of Incorporation, pursuant to Article 459, paragraph (1) of the Companies Act, and acquired its treasury shares as follows:

Type of shares acquired	Common shares of the Company
Total number of shares acquired	2,200,000 shares
Acquisition cost	¥744,511,600
Acquisition date	From February 17, 2023 to March 17, 2023
Acquisition method	Open-market purchase on the Tokyo Stock Exchange
Reasons for acquisition	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.

The Company acquired 1,400,000 common shares of the Company (total acquisition cost of shares: 531,430,449 yen) through a BIP trust during the fiscal year under review.

(2) Matters regarding share options, etc.

1) Status of share options, etc. held by officers of the Company (as of December 31, 2023)

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)

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

(3) Matters regarding company officers (as of December 31, 2023)

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. Founding Partner, Animal Spirits Ltd.
Director	Yoshiki Ishikawa	Representative Director, Well-being for Planet Earth Foundation Director, Cancer Scan Co., Ltd. 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. Outside Director (Audit & Supervisory Committee Member), SORACOM, INC.
Director	Mio Takaoka	Partner, DNX Ventures Outside Director, HENNGE K.K. Outside Director, Information Services International-Dentsu, Ltd. (currently DENTSU SOKEN INC.) Outside director (Audit & Supervisory Committee Member), KAYAC Inc.
Director	Shuji Yamaguchi	Executive Officer, dentsu Japan, Dentsu Group Inc. Managing Executive Officer, Dentsu Inc.
Full-time Company Auditor	Tadahiro Mouri	
Company Auditor	Mamoru Furushima	Senior Partner, Trident Lawyer Corporation 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

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
Nobuyuki Urata	July 31, 2023	Resignation	Company Auditor Assistant to General Manager of Audit Office, DENTSU CORPORATE ONE INC.

(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.

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

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 directors' 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 directors' 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)	6 (5)	¥261,066 thousand (¥90,000 thousand)	¥254,670 thousand (¥90,000 thousand)	¥6,396 thousand (¥- thousand)
Company Auditor (of which Outside Company Auditor)	3 (3)	¥30,000 thousand (¥30,000 thousand)	¥30,000 thousand (¥30,000 thousand)	¥- thousand (¥- thousand)

(Notes)

1. The number of payees does not include one director who serves without remuneration, one company auditor who served without remuneration and retired at the conclusion of the 32nd Ordinary General Meeting of Shareholders held on December 21, 2022, and one company auditor who served without remuneration and resigned on July 31, 2023.
2. The Company is introducing a performance-linked share-based remuneration system using the directors' 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 directors' 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 (directors' 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.
At the 32nd Ordinary General Meeting of Shareholders held on December 21, 2022, resolutions were passed to extend the trust period until May 31, 2026, and in conjunction with the change in the Company's fiscal year-end, to continue with the plan under a new version in which some details were revised. The number of directors as of the conclusion of this ordinary general meeting of shareholders (excluding outside directors and non-residents of Japan) is two.
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. The board of directors has also reported to independent outside directors on performance evaluations including the approach to evaluating 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.
		Founding Partner, Animal Spirits Ltd.	The Company has invested in Animal Spirits No. 1 Investment Business Limited Partnership, which is operated by Animal Spirits No. 1 Limited Liability Partnership, of which Animal Spirits Ltd. is a partner, as an unlimited liability partner. The amount of the investment is less than 0.09% of the total assets of the Company as of the end of the fiscal year under review.
Director	Yoshiki Ishikawa	Representative Director, Well-being for Planet Earth Foundation	There is no business relationship.
		Director, Cancer Scan Co., Ltd.	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.
		Outside Director (Audit & Supervisory Committee Member), SORACOM, INC.	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. (currently DENTSU SOKEN INC.)	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 & 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, as the chairperson of the Nomination and Remuneration Advisory Committee, which is a voluntary advisory organization of the Company, she has led deliberations on nomination of directors, etc. and compiled proposed recommendations as the committee. 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.
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 and Remuneration 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, he has expressed opinions appropriately as a member of the Nomination and Remuneration 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	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 and Remuneration 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 and Remuneration 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 and the Nomination and Remuneration Advisory Committee meetings.

Category	Name	Outline of major activities and duties carried out in relation to expected roles
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 and the Nomination and Remuneration Advisory Committee meetings.
Company Auditor	Takeshi Okuyama	Mr. Okuyama attended 18 of 19 board of directors meetings and 16 of 17 board of company auditors meetings 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 and the Nomination and Remuneration Advisory Committee meetings.

Note As described in “Issues to be addressed” (page 23), the inappropriate use of expenses by the Company’s Representative Director was discovered during the current fiscal year. However, the above eight outside officers have always been providing advice and recommendations to ensure the appropriateness of the execution of duties by directors through the board of directors (and the board of directors and board of company auditors for the outside company auditors). After the aforementioned inappropriate use was discovered, the eight outside officers made recommendations and confirmed measures to prevent recurrence through an investigation undertaken by the board of company auditors.

(4) Financial auditor (as of December 31, 2023)

1) Name

KPMG AZSA LLC

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

¥87,200 thousand

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

¥89,996 thousand

(Notes)

- 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.
- 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.
- 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.

Regarding the dividends of surplus, in consideration of our consolidated earnings performance of each fiscal year, the strengthening of our financial position, the Group's business strategy going forward and other factors, we endeavor to return profits to shareholders within the range of our distributable amount, with a target dividend payout ratio of around 25% to profit attributable to owners of parent.

Furthermore, by setting a minimum annual dividend per share of ¥3 in principle, we will consider the continuity and stability of dividends, while basing on appropriate profit distribution in line with 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.

We intend to acquire own shares on an ongoing basis by comprehensively taking into account market conditions, opportunities to invest in businesses, capital efficiency, the level of share price, etc. and to implement such share repurchases in a flexible manner.

The Articles of Incorporation of the Company stipulate that the Company may determine dividends of surplus, etc. by a resolution of the board of directors pursuant to the provisions Article 459, paragraph (1) of the Companies Act. However, since the business year under review is a 15-month period due to a change in the Company's fiscal year-end, the year-end dividends for the fiscal year under review is determined by the general meeting of shareholders. The Company plans to pay a year-end dividend of ¥5.2 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 seven directors, including five outside directors. In addition, three 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 19 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 three company auditors, including three outside company auditors. During the business year under review, the board of company auditors held meetings 17 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	33rd term (As of December 31, 2023)	(Reference) 32nd term (As of September 30, 2022)	Account	33rd term (As of December 31, 2023)	(Reference) 32nd term (As of September 30, 2022)
Assets			Liabilities and Equity		
Current assets			Liabilities		
Cash and cash equivalents	20,873,416	21,340,076	Current liabilities		
Trade receivables	19,830,799	18,285,273	Trade payables	19,031,397	16,891,357
Inventories	72,849	103,154	Other financial liabilities	4,414,965	4,910,042
Other financial assets	101,550	98,953	Income taxes payable	421,929	557,879
Other current assets	1,997,253	757,815	Other current liabilities	2,227,759	2,847,110
Subtotal	42,875,867	40,585,272	Subtotal	26,096,050	25,206,388
Assets held for sale	807,491	–	Liabilities directly associated with assets held for sale	236,525	–
Total current assets	43,683,358	40,585,272	Total current liabilities	26,332,575	25,206,388
Non-current assets			Non-current liabilities		
Property, plant and equipment	257,486	235,022	Other financial liabilities	1,369,940	531,226
Right-of-use assets	1,899,500	1,090,965	Provisions	152,549	159,063
Goodwill	4,693,055	4,693,055	Deferred tax liabilities	46,137	80,366
Intangible assets	432,366	525,138	Total non-current liabilities	1,568,627	770,655
Investments accounted for using equity method	34,249,351	33,342,226	Total liabilities	27,901,201	25,977,043
Other financial assets	7,106,364	6,904,527	Equity		
Other non-current assets	13,260	24,244	Equity attributable to owners of parent		
Deferred tax assets	1,271,250	1,330,663	Share capital	18,428,004	18,428,004
Total non-current assets	49,922,632	48,145,841	Capital surplus	25,426,993	25,309,728
			Treasury shares	(1,396,624)	(575,707)
			Retained earnings	23,185,222	19,671,818
			Other components of equity	(49,731)	(128,588)
			Total equity attributable to owners of parent	65,593,864	62,705,254
			Non-controlling interests	110,925	48,815
			Total equity	65,704,788	62,754,069
Total assets	93,605,990	88,731,112	Total liabilities and equity	93,605,990	88,731,112

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Profit or Loss

Account	(Thousand yen)	
	33rd term (From October 1, 2022 to December 31, 2023)	(Reference) 32nd term (From October 1, 2021 to September 30, 2022)
Continuing operations		
Revenue	34,266,611	27,589,386
Cost of sales	6,799,214	5,023,904
Gross profit	27,467,397	22,565,482
Selling, general and administrative expenses	22,499,702	16,176,779
Other income	66,173	23,314
Other expenses	84,734	246,238
Operating profit	4,949,134	6,165,779
Finance income	5,760	2,068,952
Finance costs	153,485	334,594
Share of profit of investments accounted for using equity method	1,850,739	1,066,228
Profit before tax	6,652,148	8,966,365
Income tax expense	1,727,766	2,659,861
Profit from continuing operations	4,924,381	6,306,504
Discontinued operations		
Loss from discontinued operations	(657,107)	(555,831)
Profit	4,267,275	5,750,673
Profit attributable to:		
Owners of parent	4,318,831	5,733,564
Non-controlling interests	(51,556)	17,109
Total	4,267,275	5,750,673

(Note) Figures are rounded to the nearest unit.

(Reference) Consolidated Statement of Comprehensive Income

	(Thousand yen)	
Account	33rd term (From October 1, 2022 to December 31, 2023)	32nd term (From October 1, 2021 to September 30, 2022)
Profit	4,267,275	5,750,673
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	201,646	25,055
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	28,097	114,591
Cash flow hedges	2,990	8,356
Share of other comprehensive income of investments accounted for using equity method	3,664	-
Total other comprehensive income, net of tax	236,397	148,001
Total comprehensive income	4,503,672	5,898,674
Comprehensive income attributable to:		
Owners of parent	4,555,228	5,881,565
Non-controlling interests	(51,556)	17,109
Comprehensive income	4,503,672	5,898,674

(Note) Figures are rounded to the nearest unit.

Consolidated Statement of Changes in Equity

33rd term (From October 1, 2022 to December 31, 2023)

	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, 2022	18,428,004	25,309,728	(575,707)	19,671,818	(128,588)	62,705,254	48,815	62,754,069
Profit	–	–	–	4,318,831	–	4,318,831	(51,556)	4,267,275
Other comprehensive income	–	–	–	–	236,397	236,397	–	236,397
Total comprehensive income	–	–	–	4,318,831	236,397	4,555,228	(51,556)	4,503,672
Dividends of surplus	–	–	–	(962,966)	–	(962,966)	–	(962,966)
Purchase of treasury shares	–	(2,506)	(1,275,942)	–	–	(1,278,448)	–	(1,278,448)
Disposal of treasury shares	–	(455,025)	455,025	–	–	–	–	–
Changes without loss of control of subsidiaries	–	542,167	–	–	–	542,167	115,350	657,516
Other	–	32,629	–	157,539	(157,539)	32,629	(1,684)	30,945
Total transactions with owners	–	117,265	(820,917)	(805,426)	(157,539)	(1,666,618)	113,665	(1,552,953)
Balance at December 31, 2023	18,428,004	25,426,993	(1,396,624)	23,185,222	(49,731)	65,593,864	110,925	65,704,788

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

	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.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

		(Thousand yen)	
Account	33rd term (As of December 31, 2023)	Account	33rd term (As of December 31, 2023)
Assets		Liabilities	
Current assets	11,417,405	Current liabilities	2,395,622
Cash and deposits	9,080,380	Short-term borrowings	2,000,000
Accounts receivable - trade	517,254	Accounts payable - other	182,089
Supplies	1,407	Accrued expenses	28,866
Prepaid expenses	288,631	Income taxes payable	85,218
Accounts receivable - other	253,091	Deposits received	17,818
Income taxes receivable	1,069,774	Provision for bonuses	25,970
Short-term loans receivable from subsidiaries and associates	290,000	Other	55,660
Allowance for doubtful accounts	(83,134)	Total liabilities	2,395,622
Non-current assets	48,106,905	Net Assets	
Property, plant and equipment	123,425	Shareholders' equity	56,962,821
Buildings	36,814	Share capital	18,428,003
Tools, furniture and fixtures	83,836	Capital surplus	24,125,671
Other	2,774	Legal capital surplus	18,836,552
Intangible assets	25,412	Other capital surplus	5,289,119
Software	24,784	Retained earnings	15,805,770
Other	627	Legal retained earnings	70,867
Investments and other assets	47,958,067	Other retained earnings	15,734,903
Investment securities	4,838,487	General reserve	400,000
Shares of subsidiaries and associates	41,441,179	Retained earnings brought forward	15,334,903
Long-term loans receivable from subsidiaries and associates	200,000	Treasury shares	(1,396,623)
Leasehold and guarantee deposits	512,822	Valuation and translation adjustments	165,866
Deferred tax assets	44,915	Valuation difference on available-for-sale securities	165,866
Other	1,012,947	Total net assets	57,128,688
Allowance for doubtful accounts	(92,283)	Total liabilities and net assets	59,524,310
Total assets	59,524,310		

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

Non-consolidated Statement of Income

(Thousand yen)

Account	33rd term (From October 1, 2022 to December 31, 2023)
Operating revenue	6,853,704
Operating expenses	3,492,563
Operating profit	3,361,141
Non-operating income	2,618,669
Interest income	3,183
Dividend income	1,855,767
Gain on valuation of investment securities	740,604
Other	19,113
Non-operating expenses	856,611
Interest expenses	13,434
Loss on valuation of investment securities	783,305
Listing expenses	15,561
Commission expenses	43,722
Other	587
Ordinary profit	5,123,199
Extraordinary income	294,291
Gain on sales of investment securities	294,291
Extraordinary losses	426,316
Loss on valuation of shares of subsidiaries and associates	42,457
Loss on valuation of investment securities	267,115
Provision of allowance for doubtful accounts for subsidiaries and associates	116,087
Other	656
Profit before income taxes	4,991,174
Income taxes - current	99,409
Income taxes - deferred	64,772
Profit	4,826,991

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

Non-consolidated Statement of Changes in Equity

33rd term (From October 1, 2022 to December 31, 2023)

(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	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
Changes during period														
Dividends of surplus	-	-	-	-	-	-	(970,966)	(970,966)	-	(970,966)	-	-	-	(970,966)
Profit	-	-	-	-	-	-	4,826,991	4,826,991	-	4,826,991	-	-	-	4,826,991
Purchase of treasury shares	-	-	-	-	-	-	-	-	(1,275,942)	(1,275,942)	-	-	-	(1,275,942)
Disposal of treasury shares	-	-	-	-	-	-	-	-	455,025	455,025	-	-	-	455,025
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	108,151	2,990	111,141	111,141
Total changes during period	-	-	-	-	-	-	3,856,025	3,856,025	(820,917)	3,035,108	108,151	2,990	111,141	3,146,250
Balance at end of period	18,428,003	18,836,552	5,289,119	24,125,671	70,867	400,000	15,334,903	15,805,770	(1,396,623)	56,962,821	165,866	-	165,866	57,128,688

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

Audit Report

With respect to the directors' performance of their duties during the 33rd business year from October 1, 2022 to December 31, 2023, 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) With regard to the execution of duties by directors, as described in “1. (3) Issues to be addressed” in the Business Report, inappropriate use of expenses by the Representative Director of the Company (who is scheduled to retire as Representative Director and Director of the Company at the conclusion of the 33rd Ordinary General Meeting of Shareholders to be held on March 27, 2024) was discovered in the business year under review.

Except for the above, 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.
As the above-mentioned inappropriate use of expenses by the Company’s Representative Director was discovered, we acknowledge that there are points in the said internal control systems that need to be improved in its operation. With regard to this incident, the board of company auditors has confirmed that the Representative Director of the Company has returned the full amount of the expenses that were inappropriately used, and that measures to prevent recurrence have been formulated through a strengthening of the management system, including the internal control systems after taking into account the analysis of the cause of the inappropriate usage, and that such measures have been implemented. Going forward, we will continuously monitor the implementation status of those preventive measures.

(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.

February 27, 2024

Board of Company Auditors
SEPTENI HOLDINGS CO., LTD.

Full-time Company Auditor	Tadahiro Mouri
Company Auditor	Mamoru Furushima
Company Auditor	Takeshi Okuyama

(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. Revision of Corporate Philosophy

In October 2022, the SEPTENI Group revised its Group Philosophy in response to significant changes in the environment surrounding society and business, as well as in the Group’s business structure and scale.

While the mission and creed have been left unchanged as the Group’s significance, mission in society, and spirit that has been passed down since the foundation, we have formulated a new vision to realize our mission, outlining what we aim to become and the contribution to society that we want to achieve in the medium to long term.

In addition, as we strive to realize our mission and vision, we have defined a new set of values, “Resilient, Caring, Exciting” that are important to the Group as a whole.



2. Formulation of Sustainability Policy and Materiality Update

Following the revision of the corporate philosophy, we have established the Group's mission and vision as our Sustainability Policy.

In addition, we have been regularly inspecting the materiality identified in 2016 and promoting sustainability activities, and have reviewed the materiality in order to achieve our vision. After gathering the opinions of the Sustainability Committee, the Group Management Meeting, and the board of directors multiple times, we identified new materialities upon confirming the appropriateness at the board of directors. Effective January 2024, the Group has set forth four materialities that have been matched to our ESG framework, as well as KPI linked to each materiality, and we will continue to promote these activities.

We will continue to actively promote activities to achieve sustainable growth of the Group, increase corporate value, and realize a sustainable society.

Materiality	Desired State	Subcategory of Materiality	KPI	Target	Target Achievement Timing	
E	Response to Climate Change	Climate change is threatening the future of our planet. Given that a sustainable and sound Earth and society are prerequisites for business operations, addressing climate change is of high importance and is also widely demanded by society and stakeholders. By continuously taking action against climate change, we aim to achieve a decarbonized society.	Reduction of GHG emissions and disclosure of information in accordance with TCFD recommendations	Scope 1 & 2 emissions	70% reduction	2030
S	Enhancement of Corporate Value by Empowering People Who Create a New Era	As stated in the first clause of our vision, "To be a place where people are empowered to create a new era," we at the Sepleni Group believe that our most valuable asset is our people. In our commitment to nurturing those who will shape the future, we are actively pursuing three themes. The first is enhancing the value of each individual through reproducible talent acquisition, placement, and development using HR technology. The second is creating an environment where each individual can play an active role in their own way by promoting Diversity, Equity, and Inclusion (DEI). The third is democratizing entrepreneurship by nurturing and establishing the entrepreneurship of each individual. Through these efforts, we aim to enhance human capital value, empower people who create a new era, and improve corporate value. In addition, within DEI efforts, we focus on initiatives related to women, who represent a majority among minorities, as we believe that addressing gender equity and inclusion leads to the realization of equity and inclusion for other attributes. Therefore, we aim to close the gender gap and have set the ratio of female managers as a KPI.	Human resource development with reproducibility through digital HR	Operation and accuracy improvement of HR value chain*1	Continuous implementation	Annually
		DEI (Diversity, Equity & Inclusion)	Ratio of female managers	30%	2030	
		Democratization of entrepreneurship	Understanding of unconscious bias	100%	2030	
			Number of people actively participating in events that nurture entrepreneurship*2	Year-on-year increase	Annually	
G	Building an Advanced Governance System to Support Discontinuous Growth	By promoting both offensive corporate governance to pursue discontinuous growth and defensive corporate governance to pursue risk reduction, we aim to build advanced corporate governance system to create a new era and become a place to realize a "nameraka" future.	Value creation leading to a "nameraka" society	Providing value and opportunities to society through business and services	Increase in recipients of value	2030
			Efforts for discontinuous growth	Co-creation of supervision and execution	Realization of innovation board*3	2024
G	Building an Advanced Governance System to Support Discontinuous Growth	By promoting both offensive corporate governance to pursue discontinuous growth and defensive corporate governance to pursue risk reduction, we aim to build advanced corporate governance system to create a new era and become a place to realize a "nameraka" future.	Efforts for risk reduction	Ensuring and improving the effectiveness of the board of directors	Continuous implementation of executive sessions	Annually
				Continuous implementation of effectiveness evaluations		
				Discussion of succession planning	Continuous implementation	Annually

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

*2 gen-ten, slogan contests, group sharing meetings, prize essays, Hinerankai Awards, Diversity Month, Diversity Awards, philosophy-related events, cross-functional committees, etc.

*3 Board of Directors in which the supervising directors utilize their individual expertise to co-create value with the executive side in order to achieve discontinuous growth.

■Notice regarding the Company's website

- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and the items after the revisions will be posted on each website that the relevant documents are listed.
- If there are any significant changes to the operation method of this General Meeting of Shareholders, we will provide new instructions on the Company's website.
- The results of resolutions of this General Meeting of Shareholders will be posted on the Company's website.
The Company's website: <https://www.septeni-holdings.co.jp/ir/stock/shareholders/index.html> (in Japanese)

■Notice regarding electronic provision of informational materials for the general meeting of shareholders

Pursuant to the revision of the Companies Act, a system for the electronic provision of informational materials for general meetings of shareholders has commenced. Please note that the Company sends general shareholder meeting materials by mail to only those who had requested to receive paper-based documents as of December 31, 2023. For those who wish to receive materials for a general meeting of shareholders by mail for the next or future ordinary general meetings of shareholders, please request that to the securities company that acts as your broker or Mitsubishi UFJ Trust and Banking Corporation. As it can take as long as three weeks or longer to fully process such requests, please allow suitable time for processing when making such requests.