Coverage initiated on: 2026-06-02
Last update: 2026-07-29

4293
Septeni Holdings

Company Name
Septeni Holdings Co., Ltd.

Listed On
Tokyo Stock Exchange, Standard Market

Established
1990-10-29

Head Office
8-17-1 Nishishinjuku Shinjuku-Ku, Tokyo 160-6130

Fiscal Year-End
Dec

Exchange Listing
2001-08-09

Research Policy

Shared Research reports are created and maintained according to the following principles.
Grounded in management interviews: We begin every report with extensive interviews of the company's senior management.
Updated at least 8 times a year: Reflects quarterly interviews, earnings flash updates, and timely disclosures.
Neutral and fact-based: We do not provide buy/sell recommendations or investment opinions. Our reports present only fact-based information.
Common structure across all coverage: All companies we cover follow the same table of contents, enabling consistent and comprehensive analysis.
This report is rewritten every quarter based on direct interviews with the company. The latest version is available on the report page on our website.

Research Coverage Report by Shared Research Inc.

Executive summary

Business overview

Septeni Holdings Co., Ltd. (hereinafter "Septeni"; TSE Standard: 4293) offers services that solve the marketing challenges of corporate clients, primarily through the use of internet ads. The company mainly operates in the area of performance-based advertising as a consolidated subsidiary of Japan's largest ad agency—Dentsu Group Inc. (TSE Prime: 4324; owned 52.48% of Septeni as of end-December 2025). Dentsu Group, Hakuhodo DY Holdings Inc. (TSE Prime: 2433), CyberAgent, Inc. (TSE Prime: 4751), and the company are the top four major players in Japan's internet ad agency industry by market share. Unlike peers that also handle mass media advertising or operate proprietary media, Septeni specializes in internet advertising and derives about 90% of its revenue from this business.

In the mid-2010s, Septeni achieved business growth in the so-called acquisition marketing domain, handling social media ads and performance-based ads that led directly to outcomes (conversions) such as winning prospective customers or generating purchases for client companies. Performance-based advertising is a key transaction method in internet advertising, under which an ad agency—entrusted with a marketing budget from a client company—seeks to maximize cost-effectiveness within that budget. From the late 2010s, however, clients' touchpoints with their end customers broadened into smartphone apps and other channels, and with this trend, client needs shifted toward a more comprehensive marketing support that also covered mass media. To respond to these changing needs, in 2022, Septeni strengthened its corporate framework by becoming a consolidated subsidiary of Dentsu Group while making Dentsu Direct Inc. a wholly owned subsidiary and Dentsu Digital Inc. an equity-method affiliate.

In its Japan business, Dentsu Group had focused on brand marketing (building consumer awareness of client brands and attracting interest), but it too saw the need to address the emerging client demand for comprehensive support that included acquisition marketing. Septeni analyzes that its industry-leading track record in performance-based advertising and acquisition marketing was valued highly by Dentsu Group, as was its corporate culture and organizational structure that came with a sales capability specializing in internet advertising. It says these factors ultimately led to the capital and business alliance between the two parties. Within Dentsu Group, Septeni handles internet advertising operations focusing on the acquisition domain, seamlessly covering the stages from making strategic proposals to handling the day-to-day tasks in ad management.

In FY12/25 (IFRS), Septeni reported revenue of JPY30.3bn (+7.2% YoY), non-GAAP operating profit of JPY4.4bn (+38.1% YoY), and operating profit of JPY4.2bn (+35.5% YoY). Non-GAAP operating profit is operating profit adjusted for one-off factors such as impairment losses. The company divides its operations into three main business segments: Marketing Communication (71.1% of FY12/25 revenue and 74.7% of non-GAAP operating profit before consolidation adjustments), Direct Business (21.2% and 18.7%, respectively), and Data and Solutions (10.1% and 6.7%, respectively).

Looking at the revenue mix by end clients, about 20–30% of Septeni's revenue comes from the top 20 clients (including business via Dentsu Group); by industry, ICT companies (including internet services) and staffing service providers together contribute about 40% of revenue. Septeni says it develops about 80% of the clients on its own, and the remaining 20% are referrals through Dentsu Group.

In the **Marketing Communication segment (hereinafter, the MC business)**, Septeni offers services that solve clients' marketing challenges, such as maximizing conversions and the lifetime value of their end customers. Its main tool for doing so is performance-based advertising on the internet. Performance-based advertising seeks to amplify ad effectiveness by adjusting customer targeting and creative (ad materials) based on real-time analysis of ad delivery data and viewer responses. The company wins marketing budgets from clients by, for instance, presenting simulations developed by working backward from clients' performance goals, such as maximizing member acquisition within a set budget. Most of the company's turnover (gross billings) in the MC business comes from performance-based advertising. Septeni considers itself a partner that generates results for its client companies, rather than a mere reseller of ad space.

By ad category, paid search ads on Google and other media platforms account for a large portion of Septeni's turnover. This is because, for advertisers, paid search ads tend to be highly cost-effective as they reach prospective customers who actively demonstrate readiness to take action. This means that clients prioritize allocating their budgets to these ads when it comes to performance-based advertising. Given its handling volume of internet ads, Septeni is a presence media companies cannot ignore and has indeed earned top-tier sales partner certifications from Google, Meta, and other major media companies. In performance-based advertising, AI adoption is advancing in areas such as media buying. However, humans—such as Septeni's employees—are still the ones who persuade client companies that hold the decision-making power to execute digital marketing strategies. Shared Research understands that Septeni has won recognition within the industry, including from Dentsu Group, for its early lead in performance-based advertising, expertise in the field, and its organizational framework.

In the **Direct Business segment (hereinafter, the DB business)**, Septeni provides services primarily to nationwide mail-order companies and health food makers that target the senior market. This business, mainly handled by the company's wholly owned subsidiary Dentsu Direct Inc., seeks to solve clients' marketing challenges by offering end-to-end support from marketing strategy formulation and promotion to CRM. First, the company wins a budget from the client, then works alongside the client to sell merchandise, produce creative, and manage ad operations. The DB business differs from the MC business centered on internet advertising in that offline media such as television (BS and CS broadcasting) account for about half of the segment turnover (gross billings). The company handles integrated advertising in this business, combining TV shopping (a form of offline marketing) with digital marketing such as paid search advertising.

As a mechanism for maintaining its organizational framework, Septeni utilizes HaKaSe, a proprietary HR matching system for hiring people who fit its corporate culture. The company has won the HR Technology Award (sponsored by the Ministry of Economy, Trade and Industry) nine times for its tech initiatives in the HR field, including the use of HaKaSe. Septeni owns the past 20 years' worth of accumulated personnel and personality data on several thousand employees, including those who have left. The data consists of profiles of individuals who have excelled within the company, tagged according to year of hire and hundreds of other criteria. The company uses these multifaceted tags, which also incorporate an element of time, to predict a candidate's post-hire performance and decide whether to hire. It also applies the data to post-hire talent management, for example, assigning new hires to departments where there is a good possibility for them to thrive. The company maintains its organizational framework thanks to this mechanism for hiring the right people and assigning them to the right roles.

As a reference, Septeni discloses turnover, which represents its gross billings mainly for internet advertising. Turnover totaled JPY148.8bn in FY12/25 (+1.9% YoY), of which the MC business accounted for 84.7% before consolidation adjustments. Shared Research understands that the company's turnover includes media costs (e.g., fees paid to media platforms in paid search advertising) and therefore tracks the trends of internet advertising media expenditures in the market at large. Meanwhile, revenue represents the commissions the company earns on the advertising it handles and is booked on a net basis. The revenue-to-turnover ratio (revenue divided by turnover; also called the take rate) was 20.4% in FY12/25 and trended between 18.9% and 23.5% over the past 10 years.

According to the company, its take rate is affected by a combination of factors, such as the client and product mix of the turnover, various agreements with media companies, and the terms of client contracts. Septeni seeks to maintain/improve its take rate by engaging in sales activities while building and strengthening relationships with clients and media companies.

The cost of revenue in FY12/25 was JPY7.1bn (cost ratio of 23.6%), of which JPY4.2bn was outsourcing expenses (58.3% of the total), such as creative production costs for performance-based advertising. SG&A expenses totaled JPY18.8bn, with personnel expenses—a fixed cost item—reaching JPY12.7bn (excluding employee bonuses; 67.2% of the total). Over the past 10 years, the company's cost ratio trended between 10.0% and 23.6%, its SG&A ratio between 59.2% and 76.6%, and its non-GAAP OPM between 6.6% and 29.9%. Profitability is affected by fluctuations in personnel expenses (i.e., changes in the number of hires and compensation levels), productivity (i.e., gross billings per employee), and the take rate. The company has revised employee compensation once every five years since October 2017, when it raised employee salaries by about 20%.

According to the *Advertising Expenditures in Japan* report published by Dentsu Inc. (hereinafter "Dentsu"; a wholly owned subsidiary of Dentsu Group), total advertising expenditures in Japan were about JPY8.1tn in 2025. Internet advertising expenditures stood at about JPY4.0tn (50.2% of the total), making the internet the largest advertising medium. Internet advertising media expenditures (internet advertising expenditures less ad production costs, etc.) were about JPY3.3tn; by transaction method, performance-based advertising accounted for 88.7% of this total. The internet advertising market has expanded, driven by an uptick in the amount of time consumers spend viewing online media and the transparency of ad cost-effectiveness (e.g., ad delivery based on user behavioral data) compared to ads on traditional media. Over 2019–2025, the period in which Septeni's collaboration with Dentsu Group moved into full swing, Japan's total advertising expenditures grew at a CAGR of about 3%, while internet advertising expenditures and internet advertising media expenditures both grew at CAGRs of about 12%, as did Septeni's turnover (gross billings).

Internet advertising accounted for about 90% of Septeni's turnover (FY12/25), compared with Dentsu's 26% (FY12/25; as a share of total turnover in the domestic business; includes Septeni's results), Hakuhodo DY's 23% (FY03/26), and CyberAgent's 50.2% (FY09/25). In absolute terms, turnover associated with internet advertising stood at roughly

JPY140bn at the company, JPY530bn at Dentsu (including Septeni's results), JPY360bn at Hakuhodo DY (FY03/26), and JPY440bn at CyberAgent (FY09/25). The company recognizes that competition is confined to the top four players because about 50% of the internet advertising media expenditures in Japan are incurred by advertisers with monthly advertising budgets of tens of millions of yen or more. These are companies requiring comprehensive marketing support. While there are numerous small and midsized internet ad agencies, the gap in proposal capabilities separates them from the top four by a large margin, according to the company.

Septeni says that the top four—being major clients to media companies—can readily obtain information on the latest technological developments at such companies. Service providers offering AI and other new IT services also consult the top four when they consider developing new advertising products. The company explains that for client companies, insourcing internet advertising is a challenge, given the need to single-handedly respond to new ad technologies and media. Dentsu and Hakuhodo DY have differentiated themselves by handling traditional mass media while strengthening their internet advertising operations through acquisitions. CyberAgent has developed its business by leveraging user data obtained through B2C services, which include its own media. Meanwhile, Septeni has pursued a strategy that draws on its collaboration with Dentsu while preserving management independence. The company's turnover from collaboration projects with Dentsu grew at a CAGR of 21.2% over FY12/22–FY12/25.

Business performance

In FY12/25, turnover reached JPY148.8bn (+1.9% YoY) and revenue was JPY30.3bn (+7.2% YoY). On the profit front, non-GAAP operating profit was JPY4.4bn (+38.1% YoY), and profit attributable to owners of the parent was JPY3.5bn (-36.8% YoY). Revenue and profit grew YoY in the mainstay MC business—thanks to the expansion of existing projects, new project wins, and successful profitability improvement initiatives—and boosted overall results. By business segment, revenue was JPY21.6bn (+6.3% YoY) in the MC business, with non-GAAP operating profit of JPY5.5bn (+14.1% YoY) and a non-GAAP operating profit margin of 25.5% (+1.7pp YoY). In the DB business, revenue stood at JPY6.4bn (+24.4% YoY) and non-GAAP operating profit came to JPY1.4bn (+30.4% YoY), while in the DSOL business, revenue was JPY3.1bn (-3.9% YoY) and non-GAAP operating profit was JPY492mn (-0.4% YoY).

Septeni revised its full-year FY12/26 earnings forecast when it announced Q1 FY12/26 results. The revised forecast calls for revenue of JPY33.3bn (+9.9% YoY), non-GAAP operating profit of JPY5.4bn (+22.3% YoY), and profit attributable to owners of the parent of JPY5.3bn (+50.4% YoY). Compared with the initial forecast, this represents upward revisions of JPY880mn to revenue, JPY600mn to non-GAAP operating profit, and JPY900mn to profit attributable to owners of the parent. Although some large clients moved advertising operations in-house in FY12/25, revenue exceeded the company's initial expectations, fueled by the expansion of existing projects and new client acquisitions. Further, although the company made growth investments and incurred other expenses in line with its plan, profit at the non-GAAP operating profit level and below also exceeded its initial expectations, thanks to revenue growth and successful profitability initiatives, including productivity gains from the use of AI.

By business segment, Septeni forecasts revenue of JPY24.0bn (+11.4% YoY) and non-GAAP operating profit of JPY7.0bn (+27.3% YoY) in the MC business, revenue of JPY6.8bn (+5.6% YoY) and non-GAAP operating profit of JPY1.4bn (+1.9% YoY) in the DB business, and revenue of JPY3.6bn (+17.3% YoY) and non-GAAP operating profit of JPY640mn (+30.2% YoY) in the DSOL business. The company aims to achieve a non-GAAP operating profit of JPY5.4bn—a quantitative target for FY12/27 under its medium-term management plan—one year ahead of schedule. It also intends to review the plan's overall quantitative targets depending on business progress.

Under VISION 2030, Septeni aims to reach the JPY10.0bn mark in non-GAAP operating profit and bottom-line profit by 2030 and become a corporate group that attains both a high level of growth and robust shareholder returns. As an interim milestone toward VISION 2030, the company formulated a three-year medium-term management plan for the FY12/26–FY12/28 period, setting out four basic policies: strengthening existing businesses, exploring new businesses, strengthening the management foundation, and capital allocation. To deepen existing businesses, the company intends to solve clients' marketing challenges by leveraging its advantages in performance-based advertising, applying AI, and collaborating with external partners in an integrated manner. To explore new businesses, it plans to invest in future earnings pillars, including the HR technology domain. Through the successful implementation of these four basic policies, Septeni seeks to achieve revenue of JPY36.6bn (+20.8% versus FY12/25) and non-GAAP operating profit of JPY6.4bn (+45.0%) in FY12/28.

Strengths and weaknesses

Shared Research believes the company's main strengths are as follows.

- Having a mechanism to maintain its organizational framework allows the company to keep its standing as an internet advertising specialist well-recognized for performance-based ads.
- It can readily adapt to changes in the business environment, being in a position to catch both the latest trends of media companies and the needs of client companies.
- It can draw on the broader resources and capabilities of the Dentsu Group to grow its businesses.

Shared Research believes the company's main weaknesses are as follows.

- Regardless of the oligopolistic nature of the market, the presence of rivals of similar scale and competitiveness puts pressure on the company's commission rates.
- Developing its own B2C media—a potential driver of productivity gains—remains a challenge for the company.
- Heavy reliance on the internet advertising business, combined with the small scale of its gross billings, leaves the company vulnerable to changes in the ad operation policies of certain large clients.

For further details, see the "Strengths and weaknesses" section of this report.

Key financial data

Income statement	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25	FY12/26
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	Company forecast
Revenue	**13,862**	**14,702**	**15,272**	**16,796**	**17,938**	**21,384**	**28,819**	**34,267**	**28,284**	**30,309**	**33,300**
YoY	-	6.1%	3.9%	10.0%	6.8%	19.2%	34.8%	-	-	7.2%	9.9%
Gross profit	**12,478**	**12,989**	**12,674**	**13,963**	**14,596**	**17,285**	**22,720**	**27,467**	**22,203**	**23,164**	**-**
YoY	-	4.1%	-2.4%	10.2%	4.5%	18.4%	31.4%	-	-	4.3%	-
Gross profit margin	90.0%	88.3%	83.0%	83.1%	81.4%	80.8%	78.8%	80.2%	78.5%	76.4%	-
SG&A expenses	**8,350**	**10,652**	**11,693**	**11,924**	**12,156**	**13,745**	**17,058**	**22,500**	**19,096**	**18,833**	**-**
YoY	-	27.6%	9.8%	2.0%	1.9%	13.1%	24.1%	-	-	-1.4%	-
SG&A ratio	60.2%	72.5%	76.6%	71.0%	67.8%	64.3%	59.2%	65.7%	67.5%	62.1%	-
Operating profit	**4,154**	**2,248**	**977**	**183**	**2,274**	**3,650**	**5,440**	**4,949**	**3,129**	**4,239**	**-**
YoY	-	-45.9%	-56.5%	-81.3%	-	60.5%	49.0%	-	-	35.4%	-
Operating profit margin	30.0%	15.3%	6.4%	1.1%	12.7%	17.1%	18.9%	14.4%	11.1%	14.0%	-
Non-GAAP operating profit	**4,147**	**2,325**	**1,011**	**2,065**	**2,452**	**3,796**	**5,855**	**5,091**	**3,197**	**4,414**	**5,400**
YoY	-	-43.9%	-56.5%	104.3%	18.7%	54.8%	54.2%	-	-	38.1%	22.3%
Non-GAAP operating profit margin	29.9%	15.8%	6.6%	12.3%	13.7%	17.8%	20.3%	14.9%	11.3%	14.6%	16.2%
Pre-tax profit	**4,281**	**2,448**	**1,353**	**-81**	**2,325**	**3,911**	**8,241**	**6,652**	**4,867**	**4,718**	**-**
YoY	-	-42.8%	-44.7%	-	-	68.2%	110.7%	-	-	-3.1%	-
Pre-tax profit margin	30.9%	16.7%	8.9%	-	13.0%	18.3%	28.6%	19.4%	17.2%	15.6%	-
Profit attributable to owners of the parent	**2,519**	**2,211**	**847**	**-547**	**1,464**	**2,604**	**5,734**	**4,319**	**5,526**	**3,491**	**5,250**
YoY	-	-12.2%	-61.7%	-	-	77.8%	120.2%	-	-	-36.8%	50.4%
Net margin	18.2%	15.0%	5.5%	-	8.2%	12.2%	19.9%	12.6%	19.5%	11.5%	15.8%
Per-share data (JPY)											
Shares issued as of fiscal year-end (000 shares)	**27,728**	**138,819**	**138,857**	**138,907**	**138,917**	**138,917**	**211,080**	**211,080**	**211,390**	**211,390**	**-**
EPS	**19.4**	**17.4**	**6.7**	**-4.3**	**11.6**	**20.6**	**30.5**	**20.7**	**26.7**	**16.8**	**25.3**
EPS (fully diluted)	**19.3**	**17.3**	**6.7**	**-4.3**	**11.5**	**20.5**	**30.5**	**20.7**	**26.6**	**16.8**	**-**
Dividend per share	**3.2**	**3.2**	**2.0**	**2.0**	**2.0**	**3.4**	**4.6**	**5.2**	**31.4**	**18.0**	**18.0**
Book value per share	**109.1**	**120**	**124**	**117**	**125**	**146**	**300**	**317**	**337**	**321**	**-**
Balance sheet (JPYmn)											
Cash and cash equivalents	**15,481**	**15,519**	**14,922**	**14,488**	**14,081**	**16,900**	**21,340**	**20,873**	**23,730**	**17,945**	
Trade receivables	**9,983**	**9,988**	**10,145**	**10,032**	**12,747**	**16,085**	**18,285**	**19,831**	**20,721**	**23,701**	
Total current assets	**26,268**	**26,272**	**26,223**	**25,133**	**27,373**	**33,452**	**40,585**	**43,683**	**45,978**	**45,547**	
Total non-current assets	**3,712**	**6,656**	**7,148**	**5,280**	**7,052**	**8,560**	**48,146**	**49,923**	**51,660**	**50,798**	
Investments accounted for using equity method	**612**	**1,944**	**1,828**	**888**	**964**	**997**	**33,342**	**34,249**	**36,013**	**35,038**	
Total assets	**29,981**	**32,929**	**33,371**	**30,413**	**34,425**	**42,011**	**88,731**	**93,606**	**97,637**	**96,345**	
Trade payables	**9,653**	**9,349**	**9,113**	**8,799**	**11,053**	**14,044**	**16,891**	**19,031**	**18,870**	**20,736**	
Other financial liabilities	**1,729**	**1,931**	**1,801**	**1,537**	**2,376**	**2,549**	**4,910**	**4,415**	**4,632**	**5,462**	
Total current liabilities	**14,191**	**13,387**	**12,690**	**11,729**	**15,314**	**20,329**	**25,206**	**26,333**	**26,211**	**29,270**	
Total non-current liabilities	**744**	**4,319**	**4,951**	**3,875**	**3,299**	**3,237**	**771**	**1,569**	**1,472**	**491**	
Total liabilities	**14,935**	**17,705**	**17,641**	**15,604**	**18,613**	**23,566**	**25,977**	**27,901**	**27,683**	**29,761**	
Total equity	**15,046**	**15,224**	**15,730**	**14,809**	**15,811**	**18,445**	**62,754**	**65,705**	**69,955**	**66,584**	
Total interest-bearing debt	**1,542**	**5,158**	**5,708**	**4,550**	**4,702**	**4,494**	**3,087**	**4,888**	**4,392**	**4,816**	
Cash flow statement (JPYmn)											
Cash flows from operating activities	**3,209**	**-808**	**-440**	**1,258**	**2,340**	**4,619**	**3,650**	**3,785**	**3,677**	**3,374**	
Cash flows from investing activities	**-109**	**-1,706**	**-310**	**-205**	**-804**	**91**	**-30,553**	**-2,020**	**336**	**-3,099**	
Cash flows from financing activities	**801**	**2,457**	**112**	**-1,411**	**-1,941**	**-1,914**	**31,229**	**-1,835**	**-1,632**	**-6,044**	
Financial ratios											
ROA	**15.4%**	**7.8%**	**4.1%**	**-0.3%**	**7.2%**	**10.2%**	**12.6%**	**7.3%**	**5.1%**	**4.9%**	
ROE	**19.8%**	**15.1%**	**5.5%**	**-3.6%**	**9.6%**	**15.2%**	**14.1%**	**6.7%**	**8.2%**	**5.1%**	
Equity attributable to owners of the parent ratio (%)	**47.2%**	**46.1%**	**47.0%**	**48.7%**	**45.9%**	**43.9%**	**70.7%**	**70.1%**	**71.6%**	**69.1%**	
Key management indicators											
Revenue	**73,203**	**72,375**	**72,443**	**76,501**	**76,489**	**97,606**	**131,434**	**169,719**	**145,996**	**148,783**	**163,000**
YoY	-	-1.1%	0.1%	5.6%	-0.0%	27.6%	34.7%	-	-	1.9%	9.6%
Revenue-to-turnover ratio (take rate)	18.9%	20.3%	21.1%	22.0%	23.5%	21.9%	21.9%	20.2%	19.4%	20.4%	20.4%

Source: Shared Research based on company materials

Notes:

1. Figures may differ from company materials due to differences in rounding methods.
2. The company adopted IFRS from FY09/16.
3. On October 1, 2016, the company conducted a 5-for-1 stock split of its common shares.
4. The number of issued shares as of fiscal year-end increased from FY09/21 to FY09/22, mainly because the company carried out a third-party allotment of new shares (70,119,000 shares) to Dentsu Group Inc. in January 2022.
5. Figures for FY09/22 and earlier are before the reclassification of discontinued operations.
6. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end.
7. The non-GAAP operating profit disclosed by the company is a profit metric that gauges the performance of its ongoing business on a recurring basis, adjusting IFRS-based operating profit for one-off factors such as impairment losses, gains and losses on the sale of non-current assets, and share-based compensation expenses (BIP trust).
8. The company discloses turnover (its gross billings for internet advertising) as a reference.

Business

Business description

Corporate philosophy

Septeni's corporate philosophy has four components: the central mission, vision, creed, and values.

Mission: "To inspire the world with entrepreneurship."

The mission statement expresses Septeni's raison d'être and its mission in society. The company aims for its employees to recognize one another's individuality and to empower people and industries through business, leveraging the combined strength of individuality and expertise in specialized fields. It understands that "entrepreneurship" unique to Septeni serves as the driving force behind the entire group.

Vision

The vision statements represent the company's longer-term aspirations and the contribution it wants to make to society as it pursues the above mission. The following three statements outline the kind of environment Septeni aims to provide to foster talent, the kind of core competencies it intends to use to create value, and the kind of positive impact it seeks to deliver broadly to inspire the world.

1. To be a place where people are empowered to create a new era
2. To open the door to a “nameraka” future (a harmonious state without friction and barriers) with creativity and technology
3. To make a complex world bright and simple through the power of digital

Creed: "Hinerankai (think outside the box)."

Hinerankai, in Kansai dialect, means "use your wits, find a better way." This phrase reflects the company's unchanging DNA since its founding. Septeni explains that *Hinerankai* is not a mere slogan but an embodiment of its flexible strength to continuously think and adapt its form to the circumstances; it is about being not just "fearless in the face of change" but having "the intelligence to enjoy change."

Values: "Resilient, caring, exciting."

These values reflect the company's corporate traits and aspirations. The company has a graphic symbol that represents each value, and a collection of these symbols makes up the corporate logo of the Septeni group.

Business description

Septeni Holdings Co., Ltd. (hereinafter "Septeni"; TSE Standard: 4293) offers services that solve the marketing challenges of corporate clients, primarily through the use of internet ads. The company mainly operates in the area of performance-based advertising as a consolidated subsidiary of Japan's largest ad agency—Dentsu Group Inc. (TSE Prime: 4324; owned 52.48% of Septeni as of end-December 2025). Dentsu Group, Hakuhodo DY Holdings Inc. (TSE Prime: 2433), CyberAgent, Inc. (TSE Prime: 4751), and the company are the top four major players in Japan's internet ad agency industry by market share. Unlike peers that also handle mass media advertising or operate proprietary media, Septeni specializes in internet advertising and derives about 90% of its revenue from this business.

In the mid-2010s, Septeni achieved business growth in the so-called acquisition marketing domain, handling social media ads and performance-based ads that led directly to outcomes (conversions) such as winning prospective customers or generating purchases for client companies. Performance-based advertising is a key transaction method in internet advertising, under which an ad agency—entrusted with a marketing budget from a client company—seeks to maximize cost-effectiveness within that budget. From the late 2010s, however, clients' touchpoints with their end customers broadened into smartphone apps and other channels, and with this trend, client needs shifted toward a more comprehensive marketing support that also covered mass media. To respond to these changing needs, in 2022, Septeni strengthened its corporate framework by becoming a consolidated subsidiary of Dentsu Group while making Dentsu Direct Inc. a wholly owned subsidiary and Dentsu Digital Inc. an equity-method affiliate.

In its Japan business, Dentsu Group had focused on brand marketing (building consumer awareness of client brands and attracting interest), but it too saw the need to address the emerging client demand for comprehensive support that included acquisition marketing. Septeni analyzes that its industry-leading track record in performance-based advertising and acquisition marketing was valued highly by Dentsu Group, as was its corporate culture and organizational structure that came with a sales capability specializing in internet advertising. It says these factors ultimately led to the capital and business alliance between the two parties. Within Dentsu Group, Septeni handles internet advertising operations focusing on the acquisition domain, seamlessly covering the stages from making strategic proposals to handling the day-to-day tasks in ad management.

Overview by segment

Organizationally, Septeni comprises the holding company, 35 consolidated subsidiaries, and six equity-method affiliates; it also has a parent company. It operates in three main business segments: the Marketing Communication segment (71.1% of FY12/25 revenue and 74.7% of non-GAAP operating profit before consolidation adjustments; hereinafter, the MC business), the Direct Business segment (21.2% and 18.7%, respectively; hereinafter, the DB business), and the Data and Solutions segment (10.1% and 6.7%, respectively; hereinafter, the DSOL business). As a reference, Septeni discloses turnover, which represents its gross billings for internet advertising. Turnover reached JPY148.8bn in FY12/25 (+1.9% YoY), of which the MC business accounted for 84.7% and the DB business for 15.0%.

Until FY12/24, Septeni disclosed results under two business segments—the Digital Marketing segment and the Media Platform segment—but switched to the current segment classification in Q1 FY12/25. In FY12/24, when CEO Kouno took office, the company adopted "Focus & Synergy" as its medium-term theme and shifted its management direction toward strengthening internal cohesion. It designated marketing communication (MC), direct business (DB), and data and solutions (DSOL) as its core businesses and introduced business continuation criteria to enforce rigorous portfolio management, reshaping its organizational structure. The company then revised its segment classification to align financial disclosures with the new organizational structure.

Financial results and employee headcount by segment

Business segment (JPYmn)	FY12/24	FY12/25
Turnover*	**145,996**	**148,783**
YoY	-	1.9%
Marketing Communication	**123,241**	**126,008**
YoY	-	2.2%
Direct Business	**20,394**	**22,252**
YoY	-	9.1%
Data and Solutions	**3,195**	**3,069**
YoY	-	-3.9%
Revenue	**28,284**	**30,309**
YoY	-	7.2%
Marketing Communication	**20,271**	**21,550**
YoY	-	6.3%
Revenue-to-turnover ratio	16.4%	17.1%
Direct Business	**5,175**	**6,439**
YoY	-	24.4%
Revenue-to-turnover ratio	25.4%	28.9%
Data and Solutions	**3,195**	**3,070**
YoY	-	-3.9%
Eliminations and corporate (including other businesses)	**-356**	**-750**
Gross profit	**22,204**	**23,165**
YoY	-	4.3%
Gross profit margin	78.5%	76.4%
Marketing Communication	**16,854**	**17,821**
YoY	-	5.7%
Gross profit margin	83.1%	82.7%
Direct Business	**3,378**	**3,732**
YoY	-	10.5%
Gross profit margin	65.3%	58.0%
Data and Solutions	**1,833**	**1,914**
YoY	-	4.4%
Gross profit margin	57.4%	62.3%
SG&A expenses	**19,095**	**18,833**
YoY	-	-1.4%
SG&A ratio	67.5%	62.1%
Marketing Communication	**12,054**	**12,355**
YoY	-	2.5%
SG&A ratio	59.5%	57.3%
Direct Business	**2,369**	**2,406**

YoY	-	1.6%
SG&A ratio	45.8%	37.4%
Data and Solutions	**1,341**	**1,424**
YoY	-	6.2%
SG&A ratio	42.0%	46.4%
Non-GAAP operating profit	**3,196**	**4,415**
YoY	-	38.1%
Non-GAAP operating profit margin	11.3%	14.6%
Marketing Communication	**4,816**	**5,497**
YoY	-	14.1%
Non-GAAP operating profit margin	23.8%	25.5%
Direct Business	**1,053**	**1,374**
YoY	-	30.3%
Non-GAAP operating profit margin	20.3%	21.4%
Data and Solutions	**494**	**492**
YoY	-	-0.4%
Non-GAAP operating profit margin	15.5%	16.0%
Eliminations and corporate (including other businesses)	-3,168	-2,948

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. In the Data and Solutions segment, turnover equals revenue.
3. The company discloses turnover (its gross billings for internet advertising) as a reference.

Marketing Communication (MC)

The MC business is handled by Septeni Co., Ltd. (hereinafter "Septeni Co.")—the company's main consolidated subsidiary—and 21 other group companies.

Septeni Co., Ltd.: Revenue and recurring profit

(JPYmn)	FY09/22	FY12/23	FY12/24	FY12/25
Revenue	**17,947**	**20,652**	**17,661**	**19,158**
YoY	-	-	-	8.5%
Recurring profit	**5,432**	**3,273**	**2,163**	**2,830**
YoY	-	-	-	30.8%
Recurring profit margin	30.3%	15.8%	12.2%	14.8%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end, so YoY figures are not shown for FY12/23 or FY12/24.

In the MC business, Septeni provides integrated marketing services centered on the sale and management of digital ads with a view to comprehensively supporting clients' digital transformation (DX), all the way through to the alignment of marketing activities with CRM systems. More specifically, based on an order received from a corporate client, the company delivers a two-pronged solution comprising planning and the maximization of advertising effectiveness. With planning, it plans and designs integrated marketing strategies across the online and offline channels and covering the full funnel*. It also plans and designs digital ads and promotions.

***Full funnel**: a marketing approach of dividing a consumer's buying journey—from first learning about a product to purchasing it and becoming a fan—into multiple stages and optimizing communication for each stage. The stages of full-funnel marketing are awareness, consideration, conversion (purchase), and loyalty (retention/fan development).

In parallel with planning, Septeni takes on the actual tasks toward developing a digital ad, tests the effectiveness, and produces the ad creative, all with an intent to maximize advertising effectiveness. It also provides solutions that use data and AI technologies, including generative AI, and offers CRM services. Based on the digital marketing strategy developed in this way, the company purchases ad space from internet media and delivers an ad to the target audience. By supporting client DX via this series of integrated marketing activities, Septeni seeks to solve clients' marketing challenges, such as maximizing customer lifetime value (LTV).

The company positions itself as a partner that delivers results for its client companies. While performance-based advertising accounts for the bulk of Septeni's turnover (gross billings) in the MC business, the company is not a mere reseller of internet ad space. Performance-based advertising seeks to amplify ad effectiveness by adjusting customer targeting and creative (ad materials) based on real-time analysis of ad delivery data and viewer responses. To win marketing budgets, the company presents simulations and plans developed by working backward from clients' performance goals, such as maximizing customer LTV within a set budget. Shared Research understands that ad agency commissions (take rates) are typically set at around 15–20% of a client's expenditure on performance-based advertising, and that the company's take rate is also set at a similar level. The company's revenue equals commissions as a percentage of its turnover (gross billings).

Septeni notes that revenue from its top 20 clients accounted for about 20–30% of the total revenue in FY12/25; by client industry, ICT companies (including internet services) and staffing service operators together comprised about 40% of the total revenue. In the period before collaborations with Dentsu, the company's clients were mostly midsized companies in sectors such as gaming and finance, and their needs were not the same as those of current clients. Now, the company's client base centers on ICT companies (including internet services), HR services-related companies, and businesses in the financial and infrastructure fields, all of which have large marketing budgets and wish to use digital ads as a part of their overall marketing efforts. In recent years, there has been a rise in instances where Septeni's sales representatives meet the clients' chief marketing officers (CMOs) to present marketing strategy proposals in the final stages of their sales activities.

Septeni attributes this change in the client base to shifts in the organizational structure and decision-making methods of client companies, driven by the digital shift of their touchpoints with end customers and the growing need for data utilization. From the mid-2000s through the late 2000s, corporate marketing divisions comprised the advertising department (brand marketing focus) and the sales promotion department (acquisition marketing focus). Brand marketing involves using television and other media to build brand awareness and attract interest among general consumers. Acquisition marketing is directly tied to outcomes (conversions), for instance, acquiring prospective customers and driving purchases using internet ads and other means. In that era, clients allocated most of their budgets to the advertising department, which placed ads mainly on television, leaving little for the sales promotion department, which advertised mainly on digital channels.

However, the spread of smartphones thereafter significantly expanded the digital domain. From the late 2010s, the growth of the video market and similar developments created a need among businesses to address these new areas, prompting companies to integrate their advertising and sales promotion departments. More companies also created positions such as CMO and chief digital officer (CDO) to cross-organizationally control marketing budgets, including budgets for digital ads.

Septeni says it is difficult for corporate clients to undertake digital advertising internally, chiefly from the standpoint of developing specialist talent. For example, most automaker employees join their companies hoping to land a job associated with cars, so their motivations to build expertise in internet ad operations are weak. Septeni also understands that technologies and media in the internet advertising industry change rapidly and that developing ad operations specialists takes considerable effort. Further, since it takes substantial ad volume and spending to obtain information on the latest technological developments at major media companies, it is difficult for a client company to single-handedly conduct internet advertising in-house. In fact, Septeni has been dispatching engineers to support those clients that took the operations in-house. Some clients have also given up insourcing and came back to the company.

By advertising category, paid search advertising (listing advertising; see "Market overview" for details) mainly on the Google platform accounts for a large portion of Septeni's turnover. This is because, for advertisers, paid search advertising tends to be highly cost-effective (in the context of performance-based advertising) as these ads reach high-intent audiences comprising people who are actively searching for "that particular item" at that moment. For this reason, clients prioritize allocating their budgets to these ads. Septeni has earned top-tier partner certifications from Google as well as Meta, X, and other major media. Its certifications include Google Partner (Premier), Meta Business Partner, Meta Certified Company, and Twitter (now X) Ads Certified Partner (Gold).

Septeni notes that the top four ad agencies, given the internet ad volumes they handle, are a presence that media companies cannot ignore. In fact, the top four—as major clients of these media companies—can obtain information on their latest technological developments and learn of changes early, giving them an advantage over small and midsized internet ad agencies. Further, the top four benefit from opportunities to quickly adapt to new media. For example, when major video streaming companies or generative AI service providers want to strengthen their media functions to earn advertising revenue, they would go to the top four agencies for advice. In the past, Septeni has seconded personnel to media companies to help build their ad products.

Use of AI

Septeni views AI as a means of raising its productivity. Accordingly, it plans to expand AI use both in streamlining internal operations and in developing services and solutions for outside parties to provide new value. Internally, sales representatives use AI to prepare proposals. AI also handles some stages of the creative production process, with human work concentrated in the revision stage. Further, the company plans to use AI to assess advertising effectiveness and build an operational framework that runs A/B tests (tests designed to verify ad effectiveness) without the intervention of human judgment. By incorporating AI in advertising management, the company intends to allocate resources to areas where humans should focus, such as building relationships with client company CMOs and other marketing executives.

Shared Research understands that in performance-based advertising, the use of AI is well underway in areas such as media buying, but human involvement remains necessary for control, proposals, and the execution of marketing strategy. Take promotion for a luxury brand as an example. Should AI identify the term "super cheap" as a keyword likely to improve ad efficiency, this could damage the brand's value, so control measures become necessary. As another example, when a client company launches a new product or service, it needs to highlight a new value proposition, but since AI draws on existing data, it has difficulty pitching new value. Hence, proposals must still come from humans. Further, even at the execution stage of a digital marketing plan formulated by AI, the final decision to commit a budget rests with the person in charge at the client company. It is up to a human to persuade and gain trust from that person.

Collaboration with Dentsu

Background to the collaboration with Dentsu

In the mid-2010s, Septeni pioneered performance-based advertising on social media. It earned a reputation as the go-to agency for smartphone and social media advertising, which contributed to its earnings growth in 2015 and 2016. From around 2017, however, the company faced competition from CyberAgent that leveraged economies of scale and its own media, as well as from major ad agencies that entered the digital domain in earnest. As peers narrowed the company's lead in performance-based advertising, differentiation became difficult. As noted above, the needs of corporate clients also shifted toward marketing that integrated online with offline.

Aside from being aware of changes in client needs, Septeni also recognized a growing need to build proposal capabilities in traditional media, including TV advertising. Just as the company was considering these challenges, it was approached by Dentsu Group. In October 2018, the company entered into a capital and business alliance agreement with Dentsu Group, becoming Dentsu's equity-method affiliate.

From January 2019, collaboration between the company and Dentsu moved into full swing, and both companies expanded their businesses, tapping into the brand advertising needs of Septeni's clients and digital advertising needs of Dentsu's clients. Septeni also contributed to broadening the scope of collaboration by seconding its staff with expertise in development, creative production support, sales, and ad management consulting to Dentsu Digital Inc. (75% owned by Dentsu Group and 25% by the company). Dentsu Digital was founded in July 2016 as a Dentsu company specializing in digital marketing.

Unlike the path taken by Opt, the collaboration between Septeni and Dentsu gained traction, and in January 2022, Dentsu Group made the company a consolidated subsidiary (owning 52.01% of voting rights). The two sides explicitly agreed that Septeni would remain listed and maintain an independent management structure, as stated in its corporate governance code. Also in January 2022, Septeni made Dentsu Direct Inc. (a Dentsu Group subsidiary engaged in direct marketing) a wholly owned subsidiary and Dentsu Digital an equity-method affiliate.

Status of the collaboration with Dentsu as of FY12/26

Shared Research understands that Dentsu Group values Septeni's sales force that is well-versed in performance-based advertising as well as its organizational structure that enables the implementation of such advertising. Thanks to years of experience and expertise in this field, Septeni has data on what types of ads can be used to acquire which types of clients and at what cost. It also has an organizational framework for managing ads based on this data. By working together and sharing resources in the stages from strategy formulation to creative production, Septeni and Dentsu have built a system for pitching integrated online-offline marketing proposals to clients.

Of the two, Septeni handles digital planning (including reach supplementation* for TV commercials), the customization of ad creative to align with TV commercials, and digital ad management incorporating data in the mass domain. Meanwhile, Dentsu handles mass-marketing planning based on digital ad verification results and digital data (e.g., search and social media data); it also utilizes its proprietary solutions. Backed by this organizational framework, the two companies present joint proposals to client companies. At the execution stage, they place and manage ads in digital media while also delivering them to mass media. They then measure ad effectiveness using the integrated data on online and offline efforts and feed the results back into the marketing strategies for their clients.

∗**Reach supplementation** refers to combining a main advertising medium (mainly TV commercials) with another medium (typically web advertising) to cover target audiences the main medium alone cannot fully reach, thereby supplementing the reach rate. The mainstream approach combines TV commercials with web ads viewed on smartphones (such as YouTube ads and catch-up streaming on social media). The basic idea of reach supplementation is to enhance marketing effectiveness by fitting the media together like puzzle pieces, leveraging each medium's strengths to cover the others' weaknesses (unreached audiences).

Septeni says that for marketing projects with monthly budgets upward of tens of millions of yen, competition is concentrated among the top four players: Septeni, Dentsu, Hakuhodo DY, and CyberAgent. It adds that the breadth of the proposals separates the top four from midsized internet ad agencies. Septeni and Dentsu also stand out for their ability to offer partnered plans customized to client needs. For instance, Septeni can offer services on its own, or alternatively, Dentsu and Dentsu Digital can work together on a project; a three-way alliance of Dentsu, Dentsu Digital, and Septeni is also a possibility.

That said, the company notes that there is no single decisive factor that ensures consistent wins for a particular player among the top four because wins and losses in competitive pitches hinge on differences in client needs. For example, clients seeking integrated online-offline marketing would likely choose the company or Dentsu, while those that prefer marketing centered on internet advertising would opt for CyberAgent. Some client companies prefer to use two agencies to diversify risk.

With more client companies stepping up their digital marketing efforts, Septeni—one of the top four—has been able to capture new demand. Further, turnover (gross billings) from collaborative projects with Dentsu have been on the rise, with the combination of Dentsu's client base and capabilities in mass media and Septeni's accumulated expertise in performance-based advertising proving successful. According to the company, about one-third of the turnover from collaborative projects with Dentsu comes from clients it won on its own. The company has been expanding its client base by making integrated proposals that draw on Dentsu's capabilities in mass media.

Turnover from collaborative projects with Dentsu grew at a CAGR of 21.2% over FY12/22–FY12/25, reaching JPY44.0bn in FY12/25 (29.1% of total turnover before consolidation adjustments). As noted above, turnover may be recorded via Dentsu even for clients cultivated by Septeni.

Turnover (gross billings) from collaborative projects with Dentsu Group

(JPYmn)	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
Turnover from collaborative projects with Dentsu Group	**2,922**	**6,297**	**18,983**	**24,731**	**31,528**	**32,830**	**44,020**
YoY	-	115.5%	201.5%	30.3%	-	-	34.1%
% of total turnover	3.8%	8.2%	19.4%	18.8%	18.6%	22.5%	29.6%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end, so YoY figures are not shown.

Number of clients jointly served with Dentsu Group

	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
Clients jointly served with Dentsu Group	**33**	**83**	**113**	**147**	**168**	**202**	**237**
Of which: clients with annual transaction value of JPY400mn or more	**0**	**2**	**13**	**16**	**19**	**20**	**31**
Of which: clients with annual transaction value below JPY400mn	**33**	**81**	**100**	**131**	**149**	**182**	**206**

Source: Shared Research based on company materials

Direct Business (DB)

In the DB business, mainly operated by wholly owned subsidiary Dentsu Direct, the company offers services that support client companies' earnings growth in the B2C and B2B domains. Specifically, it works closely with clients to solve their marketing challenges, providing seamless support across the entire process from business strategy formulation to CRM. In business strategy formulation, once it wins a contract from the client, the company proposes communication strategies that integrate online and offline channels. In executing actual promotional activities, it works together with the client to conduct media planning using direct response* methods, produce ad creative tailored to the target product, and manage advertising. In CRM, the company analyzes the client's business using the purchasing, behavioral, and decision-making data on end customers and implements measures to expand repeat business for the client.

∗**Direct response** is an advertising method that elicits concrete, immediate reactions (e.g., replies and other actions) from people who see an ad. A typical example is the "call now" prompt used in TV shopping.

Septeni's main clients in this segment are businesses looking to tap into the senior market, mail-order companies with a national reach, and health food makers. To make proposals and win contracts from companies, Septeni sometimes coordinates its sales activities with Dentsu's business producers. In the DB business, offline media—such as purchased ad slots on TV (BS and CS broadcasting)—account for about half of the company's turnover (gross billings), with paid search advertising and other channels accounting for the remainder. Septeni combines digital advertising with TV shopping and other formats to deliver ads to consumers. At the same time, it uses the information obtained through this effort to support user behavior analysis and D2C∗ sales. Further, it draws on its years of experience supporting client companies—and the resulting knowledge of what kinds of products sell—to provide new solutions that go beyond the existing advertising model, such as product creation or the development of its own OEM products.

In the DB business, Septeni contributes to expanding clients' earnings by offering integrated solutions spanning business strategy formulation, promotion, and CRM; supporting advertising that fuses online with offline media; and supplementing these with assistance through proprietary product development.

∗**D2C** is short for direct to consumer. It refers to a business model in which makers and brands sell products directly to consumers using their own e-commerce sites and other channels, without going through intermediaries such as wholesalers and retailers.

Dentsu Direct: Revenue and recurring profit

(JPYmn)	FY09/22	FY12/23	FY12/24	FY12/25
Revenue	**3,876**	**5,962**	**4,794**	**5,940**
YoY	-	-	-	23.9%
Recurring profit	**764**	**1,340**	**958**	**1,110**
YoY	-	-	-	15.9%
Recurring profit margin	19.7%	22.5%	20.0%	3.7%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end, so YoY figures are not shown for FY12/23 or FY12/24.

Data and Solutions (DSOL)

The core company of the DSOL business is Flinters, Inc., a wholly owned subsidiary of Septeni Data Solutions, Inc., which is itself a wholly owned subsidiary of Septeni Holdings. The DSOL business was originally the company's internal system development division; in January 2014, it was spun off as Septeni Original, Inc. to strengthen sales to external clients while continuing to develop internal systems. Septeni Original was renamed Flinters in January 2021. At end-FY12/25, Flinters had 200–300 engineers, including about 150 at its offshore base in Vietnam. In the DSOL business, the company supports service development in the marketing domain, also dispatching engineers. It is a labor-intensive business and differs from Septeni's other businesses centered around securing budgets from client companies to manage their advertising efforts.

The business model in this segment is similar to system engineering services (SES); the engineers dispatched as development resources are ranked in three tiers based on which the per-person-month rates are set. The company tracks the utilization rates of these engineers as a key performance indicator. According to Septeni, the DSOL business is distinctive in that it goes beyond mere system development to offer specialized development capabilities in the marketing technology domain, leveraging engineers who have expertise in digital marketing. Specific capabilities include developing data and AI-driven solutions and helping enhance clients' data platforms as well as systems for reporting advertising performance. The DSOL business and the company's other businesses complement each other through the provision of solutions and the sharing of marketing data.

Currently, most of the segment's projects are for the Dentsu Group companies and the Septeni group itself. In the DSOL business, the company is working to move beyond a business structure centered on internal demand and strengthen sales to external companies. Its sales strategy is to use generative AI-related training programs and other high-demand offerings as door-openers, since simple engineer-staffing proposals face heavy competition. From there, it plans to help streamline clients' operations and convert these engagements into repeat development projects.

Earnings structure

As a reference, Septeni discloses turnover, which represents its gross billings mainly associated with internet advertising. Turnover totaled JPY148.8bn in FY12/25 (+1.9% YoY). Shared Research understands that the company's turnover includes media costs (e.g., fees paid to media companies for paid search advertising) and therefore tracks the trends of internet advertising media expenditures in the market at large. Revenue represents the commissions the company earns on the advertising it handles and is posted on a net basis. The revenue-to-turnover ratio (revenue divided by turnover; also referred to as the take rate) was 20.4% in FY12/25 (+1.0pp YoY) and trended between 18.9% and 23.5% over the past 10 years.

Septeni says its take rate is affected by a combination of factors, such as the client and product mix of the turnover, various agreements with media companies, and the terms of client contracts. The company seeks to maintain/improve its take rate by engaging in sales activities while building and strengthening relationships with clients and media companies.

Turnover and revenue

	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Turnover	**73,203**	**72,375**	**72,443**	**76,501**	**76,489**	**97,606**	**131,434**	**169,719**	**145,996**	**148,783**
YoY	-	-1.1%	0.1%	5.6%	-0.0%	27.6%	34.7%	-	-	1.9%
Revenue	**13,862**	**14,702**	**15,272**	**16,796**	**17,938**	**21,384**	**28,819**	**34,267**	**28,284**	**30,309**
YoY	-	6.1%	3.9%	10.0%	6.8%	19.2%	34.8%	-	-	7.2%
Revenue-to-turnover ratio (take rate)	18.9%	20.3%	21.1%	22.0%	23.5%	21.9%	21.9%	20.2%	19.4%	20.4%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end, so YoY figures are not shown for FY12/23 or FY12/24.

The company's cost of revenue in FY12/25 was JPY7.1bn (cost ratio of 23.6%), of which JPY4.2bn (58.3% of the total) was outsourcing expenses, such as creative production costs for performance-based advertising. SG&A expenses totaled JPY18.8bn, with personnel expenses of JPY12.7bn accounting for 67.2% of the total. The company explains that its cost structure centers on fixed costs, chiefly personnel expenses. Over the past 10 years, its cost ratio trended between 10.0% and 23.6%, its SG&A ratio between 59.2% and 76.6%, and its non-GAAP OPM between 6.6% and 29.9%. Profitability is affected by fluctuations in personnel expenses (i.e., changes in the number of new hires and compensation levels), productivity (i.e., gross billings per employee), and the take rate. The company has revised employee compensation once every five years since October 2017, when it raised employee salaries by about 20%.

Profitability indicators

Profit margins	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Gross profit	**12,478**	**12,989**	**12,674**	**13,963**	**14,596**	**17,285**	**22,720**	**27,467**	**22,203**	**23,164**
Gross profit margin	90.0%	88.3%	83.0%	83.1%	81.4%	80.8%	78.8%	80.2%	78.5%	76.4%
SG&A expenses	**8,350**	**10,652**	**11,693**	**11,924**	**12,156**	**13,745**	**17,058**	**22,500**	**19,096**	**18,833**
SG&A ratio	60.2%	72.5%	76.6%	71.0%	67.8%	64.3%	59.2%	65.7%	67.5%	62.1%
Non-GAAP operating profit	**4,147**	**2,325**	**1,011**	**2,065**	**2,452**	**3,796**	**5,855**	**5,091**	**3,197**	**4,414**
Non-GAAP operating profit margin	29.9%	15.8%	6.6%	12.3%	13.7%	17.8%	20.3%	14.9%	11.3%	14.6%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. FY12/23 was an irregular 15-month period due to a change in the fiscal year-end, so YoY figures are not shown for FY12/23 or FY12/24.

Breakdown of cost of revenue and SG&A expenses

(JPYmn)	FY12/24	FY12/25
Total cost of revenue	**6,082**	**7,145**
YoY	-	17.5%
Cost ratio	21.5%	23.6%
Personnel expenses	**1,767**	**1,812**
YoY	-	2.5%
% of cost of revenue	29.1%	25.4%
Outsourcing expenses	**3,090**	**4,169**
YoY	-	34.9%
% of cost of revenue	50.8%	58.3%
Other	**1,224**	**1,164**
YoY	-	-4.9%
% of cost of revenue	20.1%	16.3%
SG&A expenses	**19,095**	**18,833**
YoY	-	-1.4%
SG&A ratio	13.1%	12.7%
Personnel expenses	**12,968**	**12,657**
YoY	-	-2.4%
% of SG&A expenses	67.9%	67.2%
Employees' bonuses	**637**	**751**
YoY	-	17.9%
% of SG&A expenses	3.3%	4.0%
Rent and other expenses	**1,070**	**1,118**
YoY	-	4.5%
% of SG&A expenses	5.6%	5.9%
Sales promotion and advertising expenses	**711**	**591**
YoY	-	-16.9%
% of SG&A expenses	3.7%	3.1%
System usage fees	**1,172**	**1,213**
YoY	-	3.5%
% of SG&A expenses	6.1%	6.4%
Taxes and dues	**400**	**359**
YoY	-	-10.3%
% of SG&A expenses	2.1%	1.9%
Other	**2,136**	**2,143**
YoY	-	0.3%
% of SG&A expenses	11.2%	11.4%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Trends and outlook

Quarterly trends and results

Earnings (quarterly)	FY12/24				FY12/25				FY12/26				FY12/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	% of forecast	FY forecast
Turnover	**38,822**	**73,610**	**108,883**	**145,996**	**41,863**	**75,389**	**109,625**	**148,783**	**47,510**				29.1%	163,000
YoY	-	-	-	-	7.8%	2.4%	0.7%	1.9%	13.5%					9.6%
Revenue	**7,292**	**13,989**	**20,887**	**28,284**	**8,206**	**15,207**	**22,289**	**30,309**	**9,155**				27.5%	33,300
YoY	-	-	-	-	12.5%	8.7%	6.7%	7.2%	11.6%					9.9%
Revenue-to-turnover ratio	18.8%	19.0%	19.2%	19.4%	19.6%	20.2%	20.3%	20.4%	19.3%					
Gross profit	**5,982**	**11,288**	**16,519**	**22,204**	**6,364**	**11,550**	**16,971**	**23,165**	**7,184**					
YoY	-	-	-	-	6.4%	2.3%	2.7%	4.3%	12.9%					-
Gross profit margin	82.0%	80.7%	79.1%	78.5%	77.6%	76.0%	76.1%	76.4%	78.5%					
SG&A expenses	**4,725**	**9,576**	**14,335**	**19,095**	**4,810**	**9,522**	**14,161**	**18,833**	**4,824**					
YoY	-	-	-	-	1.8%	-0.6%	-1.2%	-1.4%	0.3%					-
SG&A ratio	64.8%	68.5%	68.6%	67.5%	58.6%	62.6%	63.5%	62.1%	52.7%					
Operating profit	**1,259**	**1,741**	**2,191**	**3,128**	**1,557**	**2,024**	**2,809**	**4,238**	**2,579**					
YoY	-	-	-	-	23.7%	16.3%	28.2%	35.5%	65.6%					-
Operating profit margin	17.3%	12.4%	10.5%	11.1%	19.0%	13.3%	12.6%	14.0%	28.2%					
Non-GAAP operating profit	**1,274**	**1,767**	**2,252**	**3,197**	**1,571**	**2,065**	**2,862**	**4,414**	**2,377**				44.0%	5,400
YoY	-	-	-	-	23.3%	16.9%	27.1%	38.1%	51.3%					22.3%
Non-GAAP operating profit margin	17.5%	12.6%	10.8%	11.3%	19.1%	13.6%	12.8%	14.6%	26.0%					16.2%
Pre-tax profit	**1,736**	**2,483**	**3,018**	**4,867**	**2,067**	**2,486**	**3,361**	**4,718**	**3,628**					
YoY	-	-	-	-	19.1%	0.1%	11.4%	-3.1%	75.5%					-
Pre-tax profit margin	23.8%	17.7%	14.4%	17.2%	25.2%	16.3%	15.1%	15.6%	39.6%					
Profit attributable to owners of the parent	**3,489**	**4,005**	**4,271**	**5,526**	**1,524**	**1,856**	**2,490**	**3,491**	**2,654**				50.6%	5,250
YoY	-	-	-	-	-56.3%	-53.7%	-41.7%	-36.8%	74.1%					50.4%
Net margin	47.8%	28.6%	20.4%	19.5%	18.6%	12.2%	11.2%	11.5%	29.0%					15.8%

Quarterly (three months)	FY12/24				FY12/25				FY12/26			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover	**38,822**	**34,788**	**35,273**	**37,113**	**41,863**	**33,526**	**34,236**	**39,158**	**47,510**			
YoY	-	-	-	-	7.8%	-3.6%	-2.9%	5.5%	13.5%			
Revenue	**7,292**	**6,697**	**6,898**	**7,397**	**8,206**	**7,001**	**7,081**	**8,020**	**9,155**			
YoY	-	-	-	-	12.5%	4.5%	2.7%	8.4%	11.6%			
Revenue-to-turnover ratio	18.8%	19.3%	19.6%	19.9%	19.6%	20.9%	20.7%	20.5%	19.3%			
Gross profit	**5,982**	**5,306**	**5,231**	**5,685**	**6,364**	**5,186**	**5,421**	**6,194**	**7,184**			
YoY	-	-	-	-	6.4%	-2.3%	3.6%	9.0%	12.9%			
Gross profit margin	82.0%	79.2%	75.8%	76.9%	77.6%	74.1%	76.6%	77.2%	78.5%			
SG&A expenses	**4,725**	**4,851**	**4,759**	**4,760**	**4,810**	**4,712**	**4,639**	**4,672**	**4,824**			
YoY	-	-	-	-	1.8%	-2.9%	-2.5%	-1.8%	0.3%			
SG&A ratio	64.8%	72.4%	69.0%	64.4%	58.6%	67.3%	65.5%	58.3%	52.7%			
Operating profit	**1,259**	**482**	**450**	**937**	**1,557**	**467**	**785**	**1,429**	**2,579**			
YoY	-	-	-	-	23.7%	-3.1%	74.4%	52.5%	65.6%			
Operating profit margin	17.3%	7.2%	6.5%	12.7%	19.0%	6.7%	11.1%	17.8%	28.2%			
Non-GAAP operating profit	**1,274**	**493**	**485**	**944**	**1,571**	**494**	**797**	**1,553**	**2,377**			
YoY	-	-	-	-	23.3%	0.2%	64.3%	64.5%	51.3%			
Non-GAAP operating profit margin	17.5%	7.4%	7.0%	12.8%	19.1%	7.1%	11.3%	19.4%	26.0%			
Pre-tax profit	**1,736**	**747**	**535**	**1,849**	**2,067**	**419**	**874**	**1,357**	**3,628**			
YoY	-	-	-	-	19.1%	-43.9%	63.5%	-26.6%	75.5%			
Pre-tax profit margin	23.8%	11.2%	7.8%	25.0%	25.2%	6.0%	12.3%	16.9%	39.6%			
Profit attributable to owners of the parent	**3,489**	**516**	**266**	**1,255**	**1,524**	**332**	**634**	**1,001**	**2,654**			
YoY	-	-	-	-	-56.3%	-35.7%	138.4%	-20.2%	74.1%			
Net margin	47.8%	7.7%	3.9%	17.0%	18.6%	4.7%	9.0%	12.5%	29.0%			

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. The company discloses turnover (its gross billings for internet advertising) as a reference.

Quarterly earnings by segment (cumulative)

By segment (cumulative)	FY12/24				FY12/25				FY12/26				FY12/26	
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	% of forecast	FY forecast
Turnover*	**38,822**	**73,610**	**108,883**	**145,996**	**41,863**	**75,389**	**109,625**	**148,783**	**47,510**				29.1%	**163,000**
YoY	-	-	-	-	7.8%	2.4%	0.7%	1.9%	13.5%					9.6%
Marketing Communication	**33,069**	**62,495**	**92,103**	**123,242**	**36,452**	**64,101**	**92,810**	**126,008**	**41,516**					

YoY	-	-	-	-	10.2%	2.6%	0.8%	2.2%	13.9%		-
Direct Business	**5,145**	**9,764**	**14,785**	**20,394**	**5,190**	**10,841**	**16,242**	**22,252**	**6,097**		
YoY	-	-	-	-	0.9%	11.0%	9.9%	9.1%	17.5%		-
Revenue	**7,292**	**13,989**	**20,887**	**28,284**	**8,206**	**15,207**	**22,289**	**30,309**	**9,155**	27.5%	**33,300**
YoY	-	-	-	-	12.5%	8.7%	6.7%	7.2%	11.6%		9.9%
Marketing Communication	**5,426**	**10,156**	**15,000**	**20,271**	**6,107**	**10,903**	**15,819**	**21,550**	**6,945**	28.9%	**24,000**
YoY	-	-	-	-	12.6%	7.4%	5.5%	6.3%	13.7%		11.4%
Revenue-to-turnover ratio	16.4%	16.3%	16.3%	16.4%	16.8%	17.0%	17.0%	17.1%	16.7%		
Direct Business	**1,181**	**2,341**	**3,652**	**5,175**	**1,555**	**3,169**	**4,735**	**6,439**	**1,729**	25.4%	**6,800**
YoY	-	-	-	-	31.7%	35.4%	29.7%	24.4%	11.2%		5.6%
Revenue-to-turnover ratio	23.0%	24.0%	24.7%	25.4%	30.0%	29.2%	29.2%	28.9%	28.4%		
Data and Solutions	**777**	**1,576**	**2,408**	**3,195**	**741**	**1,552**	**2,297**	**3,069**	**770**	21.4%	**3,600**
YoY	-	-	-	-	-4.6%	-1.5%	-4.6%	-3.9%	3.9%		17.3%
Eliminations and corporate (including other businesses)	**-92**	**-83**	**-172**	**-356**	**-198**	**-416**	**-562**	**-750**	**-198**		**-1,100**
Gross profit	**5,982**	**11,288**	**16,519**	**22,204**	**6,364**	**11,550**	**16,971**	**23,165**	**7,184**		
YoY	-	-	-	-	6.4%	2.3%	2.7%	4.3%	12.9%		
Gross profit margin	82.0%	80.7%	79.1%	78.5%	77.6%	76.0%	76.1%	76.4%	78.5%		
Marketing Communication	**4,623**	**8,551**	**12,469**	**16,854**	**5,134**	**8,967**	**13,034**	**17,821**	**5,815**		
YoY	-	-	-	-	11.1%	4.9%	4.5%	5.7%	13.3%		
Gross profit margin	85.2%	84.2%	83.1%	83.1%	84.1%	82.2%	82.4%	82.7%	83.7%		
Direct Business	**863**	**1,689**	**2,493**	**3,378**	**887**	**1,810**	**2,746**	**3,732**	**1,026**		
YoY	-	-	-	-	2.8%	7.2%	10.1%	10.5%	15.7%		
Gross profit margin	73.1%	72.1%	68.3%	65.3%	57.0%	57.1%	58.0%	58.0%	59.3%		
Data and Solutions	**452**	**906**	**1,382**	**1,833**	**449**	**970**	**1,438**	**1,914**	**474**		
YoY	-	-	-	-	-0.7%	7.1%	4.1%	4.4%	5.6%		
Gross profit margin	58.2%	57.5%	57.4%	57.4%	60.6%	62.5%	62.6%	62.4%	61.6%		
SG&A expenses	**4,725**	**9,576**	**14,335**	**19,095**	**4,810**	**9,522**	**14,161**	**18,833**	**4,824**		
YoY	-	-	-	-	1.8%	-0.6%	-1.2%	-1.4%	0.3%		
SG&A ratio	64.8%	68.5%	68.6%	67.5%	58.6%	62.6%	63.5%	62.1%	52.7%		
Marketing Communication	**3,020**	**6,070**	**9,085**	**12,054**	**3,092**	**6,196**	**9,260**	**12,355**	**3,213**		
YoY	-	-	-	-	2.4%	2.1%	1.9%	2.5%	3.9%		-
SG&A ratio	55.7%	59.8%	60.6%	59.5%	50.6%	56.8%	58.5%	57.3%	46.3%		
Direct Business	**589**	**1,174**	**1,760**	**2,369**	**627**	**1,230**	**1,819**	**2,406**	**568**		
YoY	-	-	-	-	6.5%	4.8%	3.4%	1.6%	-9.4%		-
SG&A ratio	49.9%	50.1%	48.2%	45.8%	40.3%	38.8%	38.4%	37.4%	32.9%		
Data and Solutions	**316**	**671**	**1,012**	**1,341**	**362**	**721**	**1,076**	**1,424**	**334**		
YoY	-	-	-	-	14.6%	7.5%	6.3%	6.2%	-7.7%		-
SG&A ratio	40.7%	42.6%	42.0%	42.0%	48.9%	46.5%	46.8%	46.4%	43.4%		
Non-GAAP operating profit	**1,274**	**1,767**	**2,252**	**3,197**	**1,571**	**2,065**	**2,862**	**4,414**	**2,377**	44.0%	**5,400**
YoY	-	-	-	-	23.3%	16.9%	27.1%	38.1%	51.3%		22.3%
Non-GAAP operating profit margin	17.5%	12.6%	10.8%	11.3%	19.1%	13.6%	12.8%	14.6%	26.0%		16.2%
Marketing Communication	**1,607**	**2,490**	**3,394**	**4,817**	**2,044**	**2,779**	**3,786**	**5,497**	**2,603**	37.2%	**7,000**
YoY	-	-	-	-	27.2%	11.6%	11.5%	14.1%	27.3%		27.3%
Non-GAAP operating profit margin	29.6%	24.5%	22.6%	23.8%	33.5%	25.5%	23.9%	25.5%	37.5%		29.2%
Direct Business	**288**	**539**	**767**	**1,054**	**274**	**607**	**965**	**1,374**	**471**	33.6%	**1,400**
YoY	-	-	-	-	-4.9%	12.6%	25.8%	30.4%	71.9%		1.9%
Non-GAAP operating profit margin	24.4%	23.0%	21.0%	20.4%	17.6%	19.2%	20.4%	21.3%	27.2%		20.6%
Data and Solutions	**136**	**235**	**371**	**494**	**87**	**250**	**364**	**492**	**141**	22.0%	**640**
YoY	-	-	-	-	-36.0%	6.4%	-1.9%	-0.4%	62.1%		30.1%
Non-GAAP operating profit margin	17.5%	14.9%	15.4%	15.5%	11.7%	16.1%	15.8%	16.0%	18.3%		17.8%
Eliminations and corporate (including other businesses)	**-757**	**-1,498**	**-2,281**	**-3,168**	**-834**	**-1,570**	**-2,252**	**-2,948**	**-838**		**-3,640**

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. In the Data and Solutions business, turnover equals revenue.
3. The company discloses turnover (its gross billings for internet advertising) as a reference.

Quarterly earnings by segment (three months)

Quarterly (three months)	FY12/24				FY12/25				FY12/26			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover*	**38,822**	**34,788**	**35,273**	**37,113**	**41,863**	**33,526**	**34,236**	**39,158**	**47,510**			
YoY	-	-	-	-	7.8%	-3.6%	-2.9%	5.5%	13.5%			
Marketing Communication	**33,069**	**29,426**	**29,608**	**31,139**	**36,452**	**27,649**	**28,709**	**33,198**	**41,516**			
YoY	-	-	-	-	10.2%	-6.0%	-3.0%	6.6%	13.9%			
Direct Business	**5,145**	**4,619**	**5,021**	**5,609**	**5,190**	**5,651**	**5,401**	**6,010**	**6,097**			
YoY	-	-	-	-	0.9%	22.3%	7.6%	7.1%	17.5%			
Revenue	**7,292**	**6,697**	**6,898**	**7,397**	**8,206**	**7,001**	**7,081**	**8,020**	**9,155**			
YoY	-	-	-	-	12.5%	4.5%	2.7%	8.4%	11.6%			
Revenue-to-turnover ratio	18.8%	19.3%	19.6%	19.9%	19.6%	20.9%	20.7%	20.5%	19.3%			
Marketing Communication	**5,426**	**4,730**	**4,844**	**5,271**	**6,107**	**4,796**	**4,916**	**5,731**	**6,945**			
YoY	-	-	-	-	12.6%	1.4%	1.5%	8.7%	13.7%			
Revenue-to-turnover ratio	16.4%	16.1%	16.4%	16.9%	16.8%	17.3%	17.1%	17.3%	16.7%			
Direct Business	**1,181**	**1,160**	**1,311**	**1,523**	**1,555**	**1,614**	**1,566**	**1,704**	**1,729**			
YoY	-	-	-	-	31.7%	39.1%	19.5%	11.9%	11.2%			
Revenue-to-turnover ratio	16.2%	17.3%	19.0%	20.6%	18.9%	23.1%	22.1%	21.2%	18.9%			
Data and Solutions	**777**	**799**	**832**	**787**	**741**	**811**	**745**	**773**	**770**			

YoY - -	-	-	-4.6%	1.5%	-10.5%	-1.8%	3.9%		
Eliminations and corporate (including other businesses)	**-92**	**9**	**-89**	**-184**	**-198**	**-219**	**-146**	**-188**	**-198**
Gross profit	**5,982**	**5,306**	**5,231**	**5,685**	**6,364**	**5,186**	**5,421**	**6,194**	**7,184**
YoY	-	-	-	-	6.4%	-2.3%	3.6%	9.0%	12.9%
Gross profit margin	82.0%	79.2%	75.8%	76.9%	77.6%	74.1%	76.6%	77.2%	78.5%
Marketing Communication	**4,623**	**3,928**	**3,918**	**4,385**	**5,134**	**3,833**	**4,067**	**4,787**	**5,815**
YoY	-	-	-	-	11.1%	-2.4%	3.8%	9.2%	13.3%
Gross profit margin	85.2%	83.0%	80.9%	83.2%	84.1%	79.9%	82.7%	83.5%	83.7%
Direct Business	**863**	**826**	**804**	**885**	**887**	**923**	**936**	**986**	**1,026**
YoY	-	-	-	-	2.8%	11.7%	16.4%	11.4%	15.7%
Gross profit margin	73.1%	71.2%	61.3%	58.1%	57.0%	57.2%	59.8%	57.9%	59.3%
Data and Solutions	**452**	**454**	**476**	**451**	**449**	**521**	**468**	**476**	**474**
YoY	-	-	-	-	-0.7%	14.8%	-1.7%	5.5%	5.6%
Gross profit margin	58.2%	56.8%	57.2%	57.3%	60.6%	64.2%	62.8%	61.6%	61.6%
SG&A expenses	**4,725**	**4,851**	**4,759**	**4,760**	**4,810**	**4,712**	**4,639**	**4,672**	**4,824**
YoY	-	-	-	-	1.8%	-2.9%	-2.5%	-1.8%	0.3%
SG&A ratio	64.8%	72.4%	69.0%	64.4%	58.6%	67.3%	65.5%	58.3%	52.7%
Marketing Communication	**3,020**	**3,050**	**3,015**	**2,969**	**3,092**	**3,104**	**3,064**	**3,095**	**3,213**
YoY	-	-	-	-	2.4%	1.8%	1.6%	4.2%	3.9%
SG&A ratio	55.7%	64.5%	62.2%	56.3%	50.6%	64.7%	62.3%	54.0%	46.3%
Direct Business	**589**	**585**	**586**	**609**	**627**	**603**	**589**	**587**	**568**
YoY	-	-	-	-	6.5%	3.1%	0.5%	-3.6%	-9.4%
SG&A ratio	49.9%	50.4%	44.7%	40.0%	40.3%	37.4%	37.6%	34.4%	32.9%
Data and Solutions	**316**	**355**	**341**	**329**	**362**	**359**	**355**	**348**	**334**
YoY	-	-	-	-	14.6%	1.1%	4.1%	5.8%	-7.7%
SG&A ratio	40.7%	44.4%	41.0%	41.8%	48.9%	44.3%	47.7%	45.0%	43.4%
Non-GAAP operating profit	**1,274**	**493**	**485**	**944**	**1,571**	**494**	**797**	**1,553**	**2,377**
YoY	-	-	-	-	23.3%	0.2%	64.3%	64.5%	51.3%
Non-GAAP operating profit margin	17.5%	7.4%	7.0%	12.8%	19.1%	7.1%	11.3%	19.4%	26.0%
Marketing Communication	**1,607**	**883**	**904**	**1,422**	**2,044**	**735**	**1,007**	**1,711**	**2,603**
YoY	-	-	-	-	27.2%	-16.8%	11.4%	20.3%	27.3%
Non-GAAP operating profit margin	29.6%	18.7%	18.7%	27.0%	33.5%	15.3%	20.5%	29.9%	37.5%
Direct Business	**288**	**251**	**228**	**286**	**274**	**333**	**358**	**410**	**471**
YoY	-	-	-	-	-4.9%	32.7%	57.0%	43.4%	71.9%
Non-GAAP operating profit margin	24.4%	21.6%	17.4%	18.8%	17.6%	20.6%	22.9%	24.1%	27.2%
Data and Solutions	**136**	**99**	**136**	**123**	**87**	**163**	**114**	**128**	**141**
YoY	-	-	-	-	-36.0%	64.6%	-16.2%	4.1%	62.1%
Non-GAAP operating profit margin	17.5%	12.4%	16.3%	15.6%	11.7%	20.1%	15.3%	16.6%	18.3%
Eliminations and corporate (including other businesses)	**-757**	**-740**	**-783**	**-887**	**-834**	**-737**	**-682**	**-696**	**-838**

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. In the Data and Solutions business, turnover equals revenue.
3. The company discloses turnover (its gross billings for internet advertising) as a reference.

Breakdown of consolidated expenses (cumulative)

(cumulative)	FY12/24				FY12/25				FY12/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Total cost of revenue	**1,310**	**2,702**	**4,370**	**6,082**	**1,842**	**3,658**	**5,319**	**7,145**	**1,971**			
YoY	-	-	-	-	40.6%	35.4%	21.7%	17.5%	7.0%			
Cost ratio	18.0%	19.3%	20.9%	21.5%	22.4%	24.1%	23.9%	23.6%	21.5%			
Personnel expenses	**422**	**865**	**1,295**	**1,767**	**447**	**901**	**1,351**	**1,812**	**460**			
YoY	-	-	-	-	5.9%	4.2%	4.3%	2.5%	2.9%			
% of cost of revenue	32.2%	32.0%	29.6%	29.1%	24.3%	24.6%	25.4%	25.4%	23.3%			
Outsourcing expenses	**592**	**1,198**	**2,130**	**3,090**	**1,115**	**2,160**	**3,119**	**4,169**	**1,212**			
YoY	-	-	-	-	88.3%	80.3%	46.4%	34.9%	8.7%			
% of cost of revenue	45.2%	44.3%	48.7%	50.8%	60.5%	59.0%	58.6%	58.3%	61.5%			
SG&A expenses	**4,725**	**9,576**	**14,335**	**19,095**	**4,810**	**9,522**	**14,161**	**18,833**	**4,824**			
YoY	-	-	-	-	1.8%	-0.6%	-1.2%	-1.4%	0.3%			
SG&A ratio	12.2%	13.0%	13.2%	13.1%	11.5%	12.6%	12.9%	12.7%	10.2%			
Personnel expenses	**3,227**	**6,561**	**9,797**	**12,968**	**3,194**	**6,389**	**9,533**	**12,657**	**3,147**			
YoY	-	-	-	-	-1.0%	-2.6%	-2.7%	-2.4%	-1.5%			
% of SG&A expenses	68.3%	68.5%	68.3%	67.9%	66.4%	67.1%	67.3%	67.2%	65.2%			
Rent and other expenses	**266**	**532**	**799**	**1,070**	**280**	**556**	**837**	**1,118**	**280**			
YoY	-	-	-	-	5.3%	4.5%	4.8%	4.5%	0.0%			
% of SG&A expenses	5.6%	5.6%	5.6%	5.6%	5.8%	5.8%	5.9%	5.9%	5.8%			
System usage fees	**266**	**555**	**851**	**1,172**	**312**	**606**	**899**	**1,213**	**305**			
YoY	-	-	-	-	17.3%	9.2%	5.6%	3.5%	-2.2%			
% of SG&A expenses	5.6%	5.8%	5.9%	6.1%	6.5%	6.4%	6.3%	6.4%	6.3%			
Other	**506**	**1,038**	**1,546**	**2,136**	**607**	**1,140**	**1,633**	**2,143**	**559**			
YoY	-	-	-	-	20.0%	9.8%	5.6%	0.3%	-7.9%			
% of SG&A expenses	10.7%	10.8%	10.8%	11.2%	12.6%	12.0%	11.5%	11.4%	11.6%			

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Breakdown of consolidated expenses (three months)

Quarterly (three months)	FY12/24				FY12/25				FY12/26			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total cost of revenue	**1,310**	**1,392**	**1,668**	**1,712**	**1,842**	**1,816**	**1,661**	**1,826**	**1,971**			
YoY	-	-	-	-	40.6%	30.5%	-0.4%	6.7%	7.0%			
Cost ratio	18.0%	20.8%	24.2%	23.1%	22.4%	25.9%	23.5%	22.8%	21.5%			
Personnel expenses	**422**	**443**	**430**	**472**	**447**	**454**	**450**	**461**	**460**			
YoY	-	-	-	-	5.9%	2.5%	4.7%	-2.3%	2.9%			
% of cost of revenue	32.2%	31.8%	25.8%	27.6%	24.3%	25.0%	27.1%	25.2%	23.3%			
Outsourcing expenses	**592**	**606**	**932**	**960**	**1,115**	**1,045**	**959**	**1,050**	**1,212**			
YoY	-	-	-	-	88.3%	72.4%	2.9%	9.4%	8.7%			
% of cost of revenue	45.2%	43.5%	55.9%	56.1%	60.5%	57.5%	57.7%	57.5%	61.5%			
SG&A expenses	**4,725**	**4,851**	**4,759**	**4,760**	**4,810**	**4,712**	**4,639**	**4,672**	**4,824**			
YoY	-	-	-	-	1.8%	-2.9%	-2.5%	-1.8%	0.3%			
SG&A ratio	64.8%	72.4%	69.0%	64.4%	58.6%	67.3%	65.5%	58.3%	52.7%			
Personnel expenses	**3,227**	**3,334**	**3,236**	**3,171**	**3,194**	**3,195**	**3,144**	**3,124**	**3,147**			
YoY	-	-	-	-	-1.0%	-4.2%	-2.8%	-1.5%	-1.5%			
% of SG&A expenses	68.3%	68.7%	68.0%	66.6%	66.4%	67.8%	67.8%	66.9%	65.2%			
Rent and other expenses	**266**	**266**	**267**	**271**	**280**	**276**	**281**	**281**	**280**			
YoY	-	-	-	-	5.3%	3.8%	5.2%	3.7%	0.0%			
% of SG&A expenses	5.6%	5.5%	5.6%	5.7%	5.8%	5.9%	6.1%	6.0%	5.8%			
System usage fees	**266**	**289**	**296**	**321**	**312**	**294**	**293**	**314**	**305**			
YoY	-	-	-	-	17.3%	1.7%	-1.0%	-2.2%	-2.2%			
% of SG&A expenses	5.6%	6.0%	6.2%	6.7%	6.5%	6.2%	6.3%	6.7%	6.3%			
Other	**506**	**532**	**508**	**590**	**607**	**533**	**493**	**510**	**559**			
YoY	-	-	-	-	20.0%	0.2%	-3.0%	-13.6%	-7.9%			
% of SG&A expenses	10.7%	11.0%	10.7%	12.4%	12.6%	11.3%	10.6%	10.9%	11.6%			

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Number of employees (consolidated)

Quarter-end (three months)	FY12/24				FY12/25				FY12/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Company-wide	**2,012**	**2,127**	**2,097**	**2,049**	**2,032**	**2,065**	**1,994**	**1,941**	**1,900**			
Marketing Communication	**1,337**	**1,429**	**1,395**	**1,387**	**1,389**	**1,435**	**1,381**	**1,353**	**1,323**			
Direct Business	**222**	**221**	**223**	**220**	**216**	**216**	**209**	**196**	**187**			
Data and Solutions	**329**	**343**	**347**	**323**	**312**	**294**	**285**	**270**	**272**			
Other businesses*	**28**	**28**	**29**	**18**	**18**	**19**	**21**	**17**	**17**			
Holding company	**96**	**106**	**103**	**101**	**97**	**101**	**98**	**105**	**101**			

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.
*HR technology, new business development

Q1 FY12/26 results

- Turnover: JPY47.5bn (+13.5% YoY)
- Revenue: JPY9.2bn (+11.6% YoY)
- Operating profit: JPY2.6bn (+65.6% YoY)
- Non-GAAP operating profit: JPY2.4bn (+51.3% YoY)
- Pre-tax profit: JPY3.6bn (+75.5% YoY)
- Profit attributable to owners of the parent: JPY2.7bn (+74.1% YoY)

Company initiatives

Septeni Holdings ("Septeni") understands that its efforts to date to improve profitability and productivity have borne fruit, lifting both revenue and profit YoY. Revenue growth from expanded transactions with existing clients and the acquisition of new clients, along with productivity improvement initiatives centered on AI utilization, progressed faster than it had expected. Septeni reined in hiring activities, and its headcount trended down, falling to 1,900 at end-Q1 FY12/26 (versus 2,032 at end-Q1 FY12/25 and 1,941 at end-FY12/25). With the employee turnover rate running at around 10%, the company is prioritizing productivity improvement and curbing hiring. Septeni explains that the streamlining of work processes via AI and other means has made progress, and the company is paving its way toward a more productive organizational structure. That said, it sees further room for productivity gains and cost reductions.

Progress rates

Cumulative Q1 progress against the company's full-year FY12/26 forecast was 27.5% for revenue (27.1% a year ago versus actual FY12/25 results), 44.0% for non-GAAP operating profit (35.6%), and 50.6% for profit attributable to owners of the parent (43.7%).

Summary

In Q1 FY12/26, turnover was JPY47.5bn (+13.5% YoY) and revenue was JPY9.2bn (+11.6% YoY). The company posted operating profit of JPY2.6bn (+65.6% YoY), non-GAAP operating profit of JPY2.4bn (+51.3% YoY), and profit attributable to owners of the parent of JPY2.7bn (+74.1% YoY).

Certain large clients moved advertising operations in-house in Q2 FY12/25. Septeni had expected the impact of this event to linger in Q1 FY12/26, then taper off from Q2 onward. However, the expansion of transactions with existing clients and the acquisition of new clients outpaced the company's expectations, and Q1 revenue grew YoY. The revenue-to-turnover ratio fell 0.3pp YoY to 19.3%, reflecting the weighting of certain large clients as well as the media mix. That said, Septeni notes that the expanded client base has increasingly enabled it to maintain the revenue-to-turnover ratio at a certain level by offsetting low-margin projects for large clients with other projects. The company plans to enhance advertising effectiveness to improve the revenue-to-turnover ratio and to conduct sales activities based on proposals that ensure an appropriate revenue-to-turnover ratio.

Although Septeni made the growth investments set out in its medium-term management plan, profit still rose YoY, driven by higher revenue and successful productivity initiatives such as the use of AI. The company uses AI across all work processes, including analysis for marketing strategy formulation, preparation of sales materials, creative production, and back-office operations. Contrary to the common perception that generative AI will hurt internet advertising, the company is in fact deploying AI to raise its competitiveness and productivity.

The company's view of the business environment

Internet advertising market

Septeni recognizes that the digital shift is continuing in Japan's advertising market, with the internet advertising market growing 6–10% YoY. It expects this trend to persist through around 2026–2027. The company also sees signs that market growth will accelerate further as the use of TV devices via connected TV expands.

Impact of generative AI

In the internet advertising industry, there are concerns that the spread of generative AI will substantially reduce traffic and, with it, ad impressions. Yet, according to Septeni, no signs of such declines—including in paid search and display advertising—have surfaced in Q1 FY12/26. The decline in ad impressions from generative AI that the industry had feared has not materialized to date. The company expects diverse solutions to continue appearing in the market moving forward. Recently, some platform operators announced plans to deliver advertising on generative AI services, marking the start of new advertising methods.

Septeni prides itself on operating at the leading edge of internet advertising in Japan and intends to stay firmly on top of generative AI and ad delivery algorithms. By understanding and adapting to the latest technology trends, it plans to build a system that can ensure advertising effectiveness for client companies.

Results by segment

MC business

- Revenue: JPY6.9bn (+13.7% YoY)
- Non-GAAP operating profit: JPY2.6bn (+27.3% YoY)

Revenue and profit grew YoY in this segment, as the company expanded transactions with existing clients—mainly large ones—and won new projects, while also improving productivity.

Expanded transactions with existing clients and new project wins both contributed to revenue growth. In terms of the turnover composition, the share of gross billings to clients in the ICT industry, including internet services, was largely unchanged YoY, according to the company. Despite some large clients opting to insource ad operations, the company managed to keep the share broadly steady by winning new clients in games, entertainment, and other domains. The turnover also grew overall in industries such as staffing, finance, retail, and healthcare. Septeni attributes this to its continued efforts to make client proposals focusing on integrated marketing and the maximization of advertising effectiveness.

Establishment of AI Creation Lab

Septeni Co., Ltd. and Dentsu Direct Inc., both consolidated subsidiaries of the company, jointly established AI Creation Lab Inc. (each taking a 50% stake). The move was part of an initiative to gather in one organization those creative directors who have the expertise in traditional creative for brand advertising and the ability to incorporate cutting-edge generative AI. Leveraging this team and proprietary products, the company plans to deliver high-quality ad creative for TV commercials and connected TV—which normally entail substantial costs—faster, in larger volume, and at mid-range prices. Septeni says AI Creation Lab has already received numerous inquiries; it plans to use this entity to improve clients' marketing efficiency while establishing new production standards in the brand marketing domain.

TVer Sales AWARD 2025

In May 2026, TVer Inc.—the operator of TVer*—announced the TVer Sales AWARD 2025, honoring its sales partners for TVer Advertising* in FY2025 (April 2025–March 2026). The award recognized the top three advertising companies by annual TVer ad placements, naming them Diamond Partner, Gold Partner, and Silver Partner. Dentsu and Septeni were named Diamond Partner and Gold Partner, respectively, while Hakuhodo DY was named the Silver Partner.

> ∗TVer is a completely free official video streaming service provided jointly by Japan's commercial TV broadcasters (including Nippon Television Network Corporation [a wholly owned subsidiary of Nippon Television Holdings, Inc. (TSE Prime: 9404)] and Fuji Television Network, Inc. [a wholly owned subsidiary of Fuji Media Holdings, Inc. (TSE Prime: 4676)]).
> ∗TVer Advertising is a performance-based advertising product sold by TVer Inc.

DB business

- Revenue: JPY1.7bn (+11.2% YoY)
- Non-GAAP operating profit: JPY471mn (+72.1% YoY)

Septeni posted higher revenue and profit in this segment, driven mainly by the expansion of existing projects. The company's creatives and advertising performance have been gaining recognition, expanding the transactions with existing clients.

DSOL business

- Revenue: JPY770mn (+4.0% YoY)
- Non-GAAP operating profit: JPY141mn (+61.6% YoY)

Revenue and profit in this segment also rose YoY, driven by the expansion of development and training projects, the rightsizing of overseas headcount (an initiative underway since FY12/25), and improved engineer utilization rates.

Collaboration with Dentsu Group

According to the company, turnover from collaborations with the Dentsu Group reached JPY17.3bn in Q1 FY12/26 (+40.5% YoY), fueled by strong client demand for integrated marketing proposals. Thanks to joint proposals with Septeni, digital ad delivery tied to TV devices, including connected TV, has increased among the clients of Dentsu Group. Septeni says that a system is taking shape for the group companies of Septeni and Dentsu to make integrated proposals. The company's proposals span marketing strategy planning—measuring whether marketing spending contributes to clients' earnings—to promotions across offline and online channels.

Septeni's ability to offer multiple support configurations depending on client needs is a factor that sets it apart from peers. In winning marketing projects, for instance, the company can make proposals alone, have Dentsu make proposals alone, or alternatively make joint pitches with the Dentsu Group companies.

Turnover (gross billings) from collaborative projects with Dentsu Group

(cumulative)	FY12/24				FY12/25				FY12/26			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4
Turnover from collaborative projects with Dentsu Group	8,690	16,163	23,914	32,830	12,292	21,151	30,678	44,020	17,268			
YoY	-	-	-	-	41.4%	30.9%	28.3%	34.1%	40.5%			
% of total	22.4%	22.0%	22.0%	22.5%	29.4%	28.1%	28.0%	29.6%	36.3%			
Quarterly (three months)	**FY12/24**				**FY12/25**				**FY12/26**			
(JPYmn)	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Turnover from collaborative projects with Dentsu Group	8,690	7,473	7,751	8,916	12,292	8,859	9,527	13,268	17,268			
YoY	-	-	-	-	41.4%	18.5%	22.9%	48.8%	40.5%			
% of total	22.4%	21.5%	22.0%	24.0%	29.4%	26.4%	27.8%	33.9%	36.3%			

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Shareholder returns

Septeni previously paid only a year-end dividend, but from FY12/26, it changed its policy to pay dividends twice a year, adding an interim dividend. For FY12/26, the company plans an interim dividend of JPY9.0 per share (JPY0.0 in FY12/25) and a year-end dividend of JPY9.0 per share (JPY18.0), for a total annual dividend of JPY18.0 per share (JPY18.0).

Full-year company forecasts

	FY12/24			FY12/25			FY12/26
(JPYmn)	1H results	2H results	FY results	1H results	2H results	FY results	FY forecast
Turnover	**73,610**	**72,386**	**145,996**	**75,389**	**73,394**	**148,783**	**163,000**
YoY	-	-	-	2.4%	1.4%	1.9%	9.6%
Revenue	**13,989**	**14,295**	**28,284**	**15,207**	**15,101**	**30,308**	**33,300**
YoY	-	-	-	8.7%	5.6%	7.2%	9.9%
Revenue-to-turnover ratio	19.0%	19.7%	19.4%	20.2%	20.6%	20.4%	20.4%
Gross profit	**11,288**	**10,916**	**22,204**	**11,550**	**11,615**	**23,165**	**-**
YoY	-	-	-	2.3%	6.4%	4.3%	-
Gross profit margin	80.7%	76.4%	78.5%	76.0%	76.9%	76.4%	-
SG&A expenses	**9,576**	**9,519**	**19,095**	**9,522**	**9,311**	**18,833**	**-**
YoY	-	-	-	-0.6%	-2.2%	-1.4%	-
SG&A ratio	68.5%	66.6%	67.5%	62.6%	61.7%	62.1%	-
Operating profit	**1,741**	**1,387**	**3,128**	**2,024**	**2,214**	**4,238**	**-**
YoY	-	-	-	16.3%	59.6%	35.5%	-
Operating profit margin	12.4%	9.7%	11.1%	13.3%	14.7%	14.0%	-
Non-GAAP operating profit	**1,767**	**1,429**	**3,196**	**2,065**	**2,350**	**4,415**	**5,400**
YoY	-	-	-	16.9%	64.5%	38.1%	22.3%
Non-GAAP operating profit margin	12.6%	10.0%	11.3%	13.6%	15.6%	14.6%	16.2%
Pre-tax profit	**2,483**	**2,384**	**4,867**	**2,486**	**2,232**	**4,718**	**-**
YoY	-	-	-	0.1%	-6.4%	-3.1%	-
Pre-tax profit margin	17.7%	16.7%	17.2%	16.3%	14.8%	15.6%	-
Profit attributable to owners of the parent	**4,005**	**1,521**	**5,526**	**1,856**	**1,635**	**3,491**	**5,250**
YoY	-	-	-	-53.7%	7.5%	-36.8%	50.4%
Net margin	28.6%	10.6%	19.5%	12.2%	10.8%	11.5%	15.8%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Outlook by segment

(JPYmn)	FY12/24			FY12/25			FY12/26
	1H results	2H results	FY results	1H results	2H results	FY results	FY forecast
Turnover*	**73,610**	**72,386**	**145,996**	**75,389**	**73,394**	**148,783**	**163,000**
YoY	-	-	-	2.4%	1.4%	1.9%	9.6%
Marketing Communication	**62,495**	**60,747**	**123,242**	**64,101**	**61,907**	**126,008**	**-**
YoY	-	-	-	2.6%	1.9%	2.2%	-
Direct Business	**9,764**	**10,630**	**20,394**	**10,841**	**11,411**	**22,252**	**-**
YoY	-	-	-	11.0%	7.3%	9.1%	-
Revenue	**13,989**	**14,295**	**28,284**	**15,207**	**15,101**	**30,308**	**33,300**
YoY	-	-	-	8.7%	5.6%	7.2%	9.9%
Revenue-to-turnover ratio	19.0%	19.7%	19.4%	20.2%	20.6%	20.4%	20.4%
Marketing Communication	**10,156**	**10,115**	**20,271**	**10,903**	**10,647**	**21,550**	**24,000**
YoY	-	-	-	7.4%	5.3%	6.3%	11.4%
Revenue-to-turnover ratio	16.3%	16.7%	16.4%	17.0%	17.2%	17.1%	-
Direct Business	**2,341**	**2,834**	**5,175**	**3,169**	**3,270**	**6,439**	**6,800**
YoY	-	-	-	35.4%	15.4%	24.4%	5.6%
Revenue-to-turnover ratio	24.0%	26.7%	25.4%	29.2%	28.7%	28.9%	-
Data and Solutions	**1,576**	**1,619**	**3,195**	**1,552**	**1,518**	**3,070**	**3,600**
YoY	-	-	-	-1.5%	-6.2%	-3.9%	17.3%
Eliminations and corporate (including other businesses)	-83	**-273**	-356	-416	**-334**	-750	-980
Non-GAAP operating profit	**1,767**	**1,429**	**3,196**	**2,065**	**2,350**	**4,415**	**5,400**
YoY	-	-	-	16.9%	64.5%	38.1%	22.3%
Non-GAAP operating profit margin	12.6%	10.0%	11.3%	13.6%	15.6%	14.6%	16.2%
Marketing Communication	**2,490**	**2,326**	**4,816**	**2,779**	**2,718**	**5,497**	**7,000**
YoY	-	-	-	11.6%	16.9%	14.1%	27.3%
Non-GAAP operating profit margin	24.5%	23.0%	23.8%	25.5%	25.5%	25.5%	29.2%
Direct Business	**539**	**514**	**1,053**	**607**	**767**	**1,374**	**1,400**
YoY	-	-	-	12.6%	49.2%	30.5%	1.9%
Non-GAAP operating profit margin	23.0%	18.1%	20.3%	19.2%	23.5%	21.3%	20.6%
Data and Solutions	**235**	**259**	**494**	**250**	**242**	**492**	**640**
YoY	-	-	-	6.4%	-6.6%	-0.4%	30.2%
Non-GAAP operating profit margin	14.9%	16.0%	15.5%	16.1%	15.9%	16.0%	17.8%
Eliminations and corporate (including other businesses)	**-1,498**	**-1,670**	**-3,168**	**-1,570**	**-1,378**	**-2,948**	**-3,640**

Source: Shared Research based on company materials
Note:
1. Figures may differ from company materials due to differences in rounding methods.
2. In the Data and Solutions business, turnover equals revenue.

The company revised its full-year FY12/26 earnings forecast when it announced its Q1 results. The revised forecast calls for revenue of JPY33.3bn (+9.9% YoY), non-GAAP operating profit of JPY5.4bn (+22.3% YoY), and profit attributable to owners of the parent of JPY5.3bn (+50.4% YoY). These figures represent upward revisions of JPY880mn, JPY600mn, and JPY900mn, respectively, from the initial forecast. Despite the adverse impact of moves among certain large clients that emerged in FY12/25, Q1 revenue exceeded the company's initial expectations, driven by the expansion of existing projects and the acquisition of new clients. Profits at the non-GAAP operating profit level and below also surpassed initial expectations. While growth investments and other expenses tracked the company's plan, these were outweighed by revenue growth and the success of profitability initiatives, including productivity gains from the use of AI.

By segment, the company projects revenue of JPY24.0bn (+11.4% YoY) and non-GAAP operating profit of JPY7.0bn (+27.3% YoY) in the MC business, revenue of JPY6.8bn (+5.6% YoY) and non-GAAP operating profit of JPY1.4bn (+1.9% YoY) in the DB business, and revenue of JPY3.6bn (+17.3% YoY) and non-GAAP operating profit of JPY640mn (+30.2% YoY) in the DSOL business.

Judging from the business conditions in Q1 FY12/26 and the April–June 2026 quarter, the company understands that no specific industries or clients were planning to cut their advertising budgets in response to global conditions, including the situation in the Middle East, as of May 2026. That said, Septeni based its full-year forecast on a conservative outlook for 2H, considering the possibility of an economic slowdown and other factors that could indirectly affect the overall advertising market. The company intends to improve profitability and productivity to achieve the upwardly revised targets. It still sees room for cost reductions as well as productivity gains from using AI in work processes.

Outlook by segment

Marketing Communication (MC business)

- Revenue: JPY24.0bn (+11.4% YoY)
- Non-GAAP operating profit: JPY7.0bn (+27.3% YoY)

Direct Business (DB business)

- Revenue: JPY6.8bn (+5.6% YoY)
- Non-GAAP operating profit: JPY1.4bn (+1.9% YoY)

Data and Solutions (DSOL business)

- Revenue: JPY3.6bn (+17.3% YoY)
- Non-GAAP operating profit: JPY640mn (+30.2% YoY)

Medium-term earnings outlook

Under VISION 2030, Septeni aims to reach the JPY10.0bn mark in non-GAAP operating profit and bottom-line profit by 2030 and become a corporate group that attains both a high level of growth and robust shareholder returns. As an interim milestone toward VISION 2030, the company formulated a three-year medium-term management plan for the FY12/26–FY12/28 period, setting out four basic policies: strengthening existing businesses, exploring new businesses, strengthening the management foundation, and capital allocation. To deepen existing businesses, the company intends to solve clients' marketing challenges by leveraging its advantages in performance-based advertising, applying AI, and collaborating with external partners in an integrated manner. To explore new businesses, it plans to invest in future earnings pillars, including the HR technology domain. Through the successful implementation of these four basic policies, Septeni seeks to achieve revenue of JPY36.6bn (+20.8% versus FY12/25) and non-GAAP operating profit of JPY6.4bn (+45.0%) in FY12/28.

Septeni Holdings revised its full-year FY12/26 earnings forecast upward when it announced Q1 FY12/26 results. The revised forecast calls for revenue of JPY33.3bn (+9.9% YoY) and non-GAAP operating profit of JPY5.4bn (+22.3% YoY); the company aims to achieve the quantitative target of its medium-term management plan—non-GAAP operating profit of JPY5.4bn in FY12/27—one year ahead of schedule. It intends to review the plan's quantitative targets in light of progress.

Medium-term management plan targets

		Medium-term plan (FY12/26 - FY12/28)		
	FY12/25	FY12/26	FY12/27	FY12/28
(JPYmn)	Results	Company forecast	Company forecast	Company forecast
Revenue	**30,309**	**32,420**	**34,220**	**36,610**
YoY	7.2%	7.0%	5.6%	7.0%
Non-GAAP operating profit	**4,414**	**4,800**	**5,400**	**6,400**
YoY	38.1%	8.7%	12.5%	18.5%
Non-GAAP operating profit margin	14.6%	14.8%	15.8%	17.5%
Profit attributable to owners of the parent	**3,491**	**4,350**	**5,000**	**5,800**
YoY	-36.8%	24.6%	14.9%	16.0%
Net margin	11.5%	13.4%	14.6%	15.8%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Medium-term management plan targets by business segment

(JPYmn)	FY12/25 Results	FY12/28 Company forecast
Marketing Communication		
Revenue	**21,550**	**25,301**
Change vs. FY12/25 (%)		17.4%
Change vs. FY12/25		3,751
Non-GAAP operating profit	**5,497**	**7,909**
Change vs. FY12/25 (%)		43.9%
Change vs. FY12/25		2,412
Non-GAAP operating profit margin	25.5%	31.3%
Direct Business		
Revenue	**6,439**	**7,771**
Change vs. FY12/25 (%)		20.7%
Change vs. FY12/25		1,332
Non-GAAP operating profit	**1,374**	**1,886**
Change vs. FY12/25 (%)		37.3%
Change vs. FY12/25		512
Non-GAAP operating profit margin	21.3%	24.3%
Data and Solutions		
Revenue	**3,069**	**4,508**
Change vs. FY12/25 (%)		46.9%
Change vs. FY12/25		1,439
Non-GAAP operating profit	**492**	**986**
Change vs. FY12/25 (%)		100.4%
Change vs. FY12/25		494
Non-GAAP operating profit margin	16.0%	21.9%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

VISION 2030

In February 2025, Septeni announced its commitment to becoming a corporate group that achieves both a high level of growth and robust shareholder returns by reaching the JPY10.0bn mark in non-GAAP operating profit and bottom-line profit by 2030, in line with its group mission and vision. The company aspires to become what it calls a Value Maximizer. By building on the concept of the group vision—"To inspire the world with entrepreneurship"—it intends to maximize clients' corporate value while addressing the changes in society and the times. By doing so, it seeks to become a Value Maximizer that can inspire the world more. Septeni's goal is to be a partner that maximizes clients' corporate value, drawing on its efforts through FY12/25 and its assessment of shifts in client needs and other changes in the business landscape.

In the years through FY12/25, Septeni sought to maximize clients' ROI versus their marketing activities. To this end, the company leveraging its expertise and competitive advantages in each business segment with a view to helping clients resolve their challenges. It also focused on hiring and developing people with a sense of entrepreneurship, and these people have honed their expertise in their respective businesses. To the clients in each business area, the company delivered value in the form of business outcomes, such as maximizing CV* and LTV** and improving operational efficiency. This in turn contributed to the performance of the company's departments serving these clients and drove the continued growth of Septeni as a whole.

***CV** stands for conversion and refers to the final outcome a client company seeks to achieve on a website, such as product purchase or membership registration by a visitor.
****LTV** stands for lifetime value, a metric showing the total profit (or sales) a single customer brings to a company from the start of the relationship to its end.

In FY12/24, Septeni adopted "Focus & Synergy" as its management theme. In its initiatives related to focus, the company designated marketing communication (MC), direct business (DB), and data and solution (DSOL) as its core businesses and shifted its management direction toward strengthening internal cohesion. It also began applying business continuation criteria, based on which it managed the business portfolio rigorously. Initiative related to synergy involved making active use of the management resources of its own group companies and Dentsu. Septeni reorganized its business portfolio, selling or liquidating five group subsidiaries and establishing four new companies, including through integration. As a result, it managed to rein in company-wide costs and improve business efficiency.

Septeni's outlook on the business environment is as follows. Amid the decline in Japan's working population and the evolution of AI and other technologies, consumer behavior will further diversify, making clients' digital marketing needs more sophisticated and complex. The company also expects a continued digital shift in marketing activities as clients seek to achieve business growth and sustainable revenue generation. Based on these assumptions, Septeni intends to grow its existing businesses while strengthening collaboration among the segments and building a framework for maximizing clients' corporate value. At the same time, it plans to develop new businesses that draw on the management resources of its core businesses.

Septeni says that, from FY12/26 onward, it will aim to be a partner that can contribute to the maximization of clients' corporate value, rather than having each business individually deliver value that can be tied back to the performance of the relevant departments. Beyond maximizing marketing ROI for its clients, the company intends to become a corporate group whose business units work as one to deliver comprehensive value, including through cross-selling, to all the client companies they serve. Here, the value being provided to clients will comprise economic value (i.e., improvements in profitability, growth potential, and efficiency) and social value (i.e., strengthening human capital and fostering social capital).

Medium-term management plan

Septeni formulated a three-year medium-term management plan (FY12/26–FY12/28), which outlines the interim goals toward VISION 2030. The plan sets out four basic policies: strengthening existing businesses, exploring new businesses, strengthening the management foundation, and capital allocation. By implementing these policies, the company seeks to achieve revenue of JPY36.6bn (+20.8% versus FY12/25) and non-GAAP operating profit of JPY6.4bn (+45.0%) in FY12/28. These quantitative targets assume organic growth, and the company also aims to achieve double-digit ROE at an early date by layering on inorganic growth (i.e., through M&A). It will continue to consider various measures, including business portfolio reassessment based on an annual performance evaluation of existing businesses, M&A activities aimed at strengthening each business, and the establishment of joint ventures.

Strengthening existing businesses

Under this policy, Septeni plans to strengthen the competitiveness of its three existing core businesses and generate synergies. In the MC business, the company will focus on MXONE, its proprietary integrated marketing concept. MXONE is a concept rather than a specific solution service like AWS; with MXONE, the company aims to maximize clients' CV and LTV and improve their profitability and growth by promoting human-AI co-creation to bridge the disconnects that arise in clients' marketing activities. The company intends to sell solutions developed under the MXONE concept.

In the DB business, Septeni plans to combine its long-cultivated direct marketing expertise with intra-segment synergies. It aims to help clients expand earnings and grow their businesses by building new revenue models in areas such as the direct-to-consumer (D2C) domain and the senior market.

In the DSOL business, the company plans to strengthen coordination among its teams of engineers dispersed across Japan and overseas. It intends to help clients improve productivity and efficiency by developing proprietary digital transformation (DX) solutions that use AI and by pursuing alliances with external partners. The DSOL business was originally the company's internal development division. Since spinning it off as a business, the company has been working to build a framework for external sales and marketing in this segment and plans to reap the rewards of such efforts during the medium-term management plan period.

Exploring new businesses

Beyond the existing internet advertising business, Septeni plans to invest actively in new domains that could become its next earnings pillars. In particular, it will focus on commercializing business in the HR technology domain starting FY12/26. Additionally, it intends to regularly identify and evaluate new fields that offer synergies or collaboration opportunities with its core businesses and thereby contribute to the enhancement of clients' corporate value.

Septeni notes that in today's recruiting market, selecting talent from a large pool of candidates is becoming a less viable strategy due to Japan's shrinking working-age population, generational shifts in values, and an increase in job-change opportunities. The company also recognizes that retaining and developing talent has become harder due to hurdles like early attrition and cultural mismatches, underscoring the need for proactive management of human resources. To solve these challenges, Septeni plans to provide clients with services that combine its strengths in attracting and maximizing the potential of talent. By working together with clients' HR and training departments, it will help clients adopt a new HR model that maximizes the capability of limited resources.

In digital marketing, Septeni has long-accumulated expertise in handling job-listing media such as Indeed (a job search service operated by Indeed, Inc., a wholly owned subsidiary of Recruit Holdings Co., Ltd. [TSE Prime: 6098]). This serves as an asset that underpins the company's strength in attracting talent. In terms of maximizing the potential of talent, Septeni can leverage HaKaSe, an onboarding support tool owned by Human Capital Lab Inc. (a subsidiary of the company). The company has won the HR Technology Award (sponsored by the Ministry of Economy, Trade and Industry) nine times for its tech initiatives in the HR domain, including the use of HaKaSe.

HaKaSe was developed using the company's past 20 years' worth of accumulated personnel and personality data on several thousand employees, including those who have left. The data consists of profiles of individuals who have performed well at the company, tagged according to hundreds of criteria, such as year of hire, experience, performance evaluations, and subsequent paths. Based on this data, Septeni hires people whom it judges likely to perform well after joining, rather than relying on superficial attributes such as educational background. It also uses the data for post-hire talent management, for example assigning new hires to departments and teams where they are likely to thrive.

The company struggled with hiring in the mid-2000s, when the internet advertising market was expanding. It therefore shifted away from talent acquisition methods that compete head-on with other companies. Instead, it turned to a new approach of raising the matching accuracy by accumulating HR data, systematizing it, and using scientific methods to hire people who can perform well at the company. Utilizing HaKaSe, Septeni currently handles about 6,000 new-graduate applicants a year with only a few staff members. The tool has also allowed the company to reduce hiring costs per person, raise retention rates, and improve hiring efficiency. Its overall employee turnover rate of around 10% is equivalent to the turnover rates of employees in their 20s and 30s at CyberAgent, Dentsu, and Hakuhodo DY, says the company.

Strengthening the management foundation

Under this policy, Septeni is building out its structure on three fronts—human capital, governance, and AI strategy—to support sustainable growth. To strengthen human capital, the company will maintain a corporate culture that encourages continuous change under the "Keep Young" philosophy, which has been in place since its founding. It will also create an environment where diverse talent can thrive. Additionally, Septeni plans to launch a new HR Development Committee and establish a systematic framework for identifying the group's next-generation leaders and promoting young talent to key posts.

To strengthen governance, Septeni is working to build a structure that ensures the objectivity and transparency of oversight functions and to enhance governance effectiveness. On the executive side, the company will introduce a number of C-suite positions in April 2026 to clarify the authority and responsibility of group executive officers and build a framework that promotes rapid decision-making and synergy creation across business units and corporate functions. To advance the AI strategy, the company will launch a group-wide AI Promotion Committee, putting in place an AI-related governance framework to control risk while raising AI literacy among all employees and promoting the integration of AI into work processes.

Capital allocation

Septeni has articulated a policy of allocating generated cash to growth investments and shareholder returns in a well-balanced manner. It projects cash inflows of JPY36bn over the medium-term plan period: JPY16bn in cumulative operating cash flows and a combined JPY20bn from cash on hand, asset sales, and other sources. In terms of outflows over the three-year period, the company has earmarked about JPY25bn for growth investments and has set a floor of JPY11.2bn for shareholder returns.

For growth investments, Septeni plans to flexibly allocate funds toward exploring business opportunities in HR technology and other domains, strengthening the competitiveness of existing businesses (including through M&A), and enhancing the AI infrastructure and the internal work environment. For shareholder returns, the company has set a floor of JPY18 per share for annual dividends. If total annual dividends based on this floor fall short of an amount equivalent to 50% of profit attributable to owners of the parent, the company will pay dividends at a payout ratio of at least 50%. On this basis, it expects to pay at least JPY11.2bn in dividends over three years. Additionally, the company will also consider share buybacks flexibly based on market conditions.

Market and value chain

Market overview

History of the internet advertising market

Shared Research understands that several factors have contributed to the evolution of Japan's internet advertising market. These include the changes in advertising media and ad delivery technologies and the resulting shifts in consumer behaviors, client (advertiser) needs, and the roles of ad agencies.

Early days (late 1990s to early 2000s): The era of internet access via desktop PCs and conventional reserved ads

Japan's internet advertising market took off in 1996, when Yahoo! JAPAN (an internet portal site operated by LY Corporation [TSE Prime: 4689]) was launched. Internet access at the time meant desktop PCs and dial-up connections, and the dominant ad formats were banner ads* placed on the top pages of portal sites and text ads*. Client companies (advertisers) back then used internet ads to build broad awareness among unspecified audiences, much like in the way they used conventional TV commercials and newspaper ads. The dominant transaction method was conventional advertising (reserved advertising), where ads were placed in specific slots for set periods.

The role of internet ad agencies and media reps** in this period was limited to slot-selling, which involved bulk purchases of ad inventory from media companies for resale to advertisers. Sales capabilities underpinned by robust sales forces and relationships with the major portal sites were the sources of competitiveness.

***Banner ads** are a type of internet advertising that display images, video, or animation in the ad slots of websites and smartphone apps. The name comes from the eye-catching images resembling flags (banners) used on web pages.
*Text ads are a type of web advertising composed only of text and links, without images or video.

****Media reps** are operators serving as intermediaries between ad agencies and media companies, handling primary sales (wholesale) of media companies' ad spaces. A well-known example is Cyber Communications Inc. (CCI; absorbed into CARTA HOLDINGS, Inc. in 2022). From the dawn of internet advertising through its growth period (late 1990s to early 2010s), media reps were indispensable to the industry. They aggregated media, provided internet advertising expertise to major full-service ad agencies, and standardized ad formats and delivery technologies, for instance, unifying the banner-size rules that had differed from website to website. However, as AI-powered real-time automated trading of ad spaces and the direct delivery of ads through Google and other platforms became mainstream, the concept of wholesaling ad spaces faded.

Development period (mid-2000s to early 2010s): The rise of paid search advertising and the birth of ad management

Paid search ad platforms Google AdWords (now Google Ads) and Overture (now Yahoo! Ads Search Ads) began their services in September and November 2002, respectively. Paid search advertising (listing advertising), which entered the Japanese market in 2002, prompted a shift from push-type advertising, which depended on a medium's reader demographics, to pull-type advertising, which directly addressed users' manifested desires. Paid search advertising displays text ads linked to the keywords (i.e., search intent) users enter into search engines. With this change, advertisers' objectives shifted from expanding awareness to minimizing cost per acquisition (CPA) and visualizing return on investment (ROI).

Internet advertising expenditures surpassed the ad expenditures for radio in 2004, magazines in 2006, and newspapers in 2009. In 2008, Yahoo! launched Interest Match, an interest-linked advertising service that analyzed users' areas of interest based on the cookie data on their browsing and search histories to determine which ads to display. This marked the start of efforts to refine targeting technology. In this period, the role of internet ad agencies changed. The focus shifted from simple slot selling to ad management, which involved selecting tens of thousands of search keywords, adjusting bid prices daily, and running repeated A/B tests* of ad text (creative). Advertising agencies were expected to possess operational capabilities such as advanced data analysis skills.

***A/B testing** of ad text (ad creative) is a method of simultaneously delivering two ad versions (A and B) that differ only in certain elements—such as the headline, description, or images—and comparing which produces better results (click-through rate, conversion rate, and so on). Because A/B testing identifies the more effective creative based on actual user behavior data rather than on the intuition or subjectivity of the person in charge, it is considered an important process for continuously improving ad performance.

Growth period (2010s): The shift to smartphones and the expansion of programmatic trading

In the 2010s, the spread of Apple's iPhone and other smartphones, along with the evolution of communications infrastructure from 3G to 4G (LTE), changed the tool for media consumption from PCs to mobile devices. The transition to video formats also progressed. From around 2013, in-feed ads* that are optimized for small smartphone screens and blend naturally into users' content feeds, such as social media timelines and news app article lists, spread in Japan and became a standard ad format.

Meanwhile, behind the scenes of ad delivery, ad technology itself was changing. Demand-side platforms (DSPs), supply-side platforms (SSPs), and ad exchanges emerged, and programmatic trading via real-time bidding (RTB)**—auctions conducted in the fraction of a second it takes for a user to load a page—became common. Around 2012, the concept of performance-based advertising took hold, and in 2014, its market surpassed JPY1.0tn.

***In-feed ads** appear in the timelines of social media and news sites in the same format as ordinary posts and articles. Because they blend naturally into the surrounding content feeds, they lack the intrusiveness typical of ads and do not disrupt the user's browsing experience. They also come into view naturally as users scroll, offering higher visibility and click-through rates than conventional banner ads.
****Real-time bidding (RTB)** is a mechanism in which an auction is conducted in real time per each ad impression and the ad of the highest-bidding advertiser becomes displayed. Processing takes place in milliseconds, the very instant a user opens a page.

Advertisers began placing strong emphasis on audience targeting, shifting their focus away from "which media to advertise in" and toward "which audience to target." In turn, ad agencies took on the role of data-driven marketing specialists that optimally allocate budgets across multiple demand-side platforms (DSPs) and media and centrally aggregate first-party and third-party data using data management platforms (DMPs). In 2019, internet advertising expenditures surpassed TV advertising expenditures, establishing the internet as the largest advertising medium in Japan.

Automated internet ad trading (programmatic advertising)

Automated internet ad trading (programmatic advertising) is a mechanism that optimizes benefits for both advertisers and media. The typical flow is as follows.

- When a user visits a medium (such as a website), the supply-side platform (SSP) shares the information: "We have a user with these attributes—does anyone want to run an ad?"
- On receiving this information, ad exchanges and demand-side platforms (DSPs) take part in real-time bidding (RTB) based on conditions preset by advertisers.
- Following this process, the ad from the highest-bidding DSP instantly appears on the user's screen via the SSP.

An ad exchange is a marketplace that aggregates ad inventory from multiple media and trades it on a per-impression basis. Rather than buying ad space on a specific site, advertisers can use an ad exchange to deliver ads to an audience that matches specified conditions. In this respect, an ad exchange plays a role akin to a stock exchange but for internet advertising.

A DSP is a platform for maximizing advertising effectiveness on the advertiser side. Once the budget, target audience attributes (age, gender, interests, etc.), and delivery conditions are determined by the advertiser, the DSP participates in RTB through partner ad exchanges and SSPs to automatically buy optimal ad slots.

An SSP is a platform for maximizing ad revenue on the media side (the side providing ad space). When a user visits a site, the SSP initiates an auction (RTB) soliciting participation of multiple DSPs and ad exchanges. The ad of the highest-bidding advertiser automatically gets selected and displayed on the medium.

Among the major global players in programmatic trading are Google, Meta, The Trade Desk, Inc. (NASDAQ: TTD), and Criteo S.A. (NASDAQ: CRTO). Google in particular provides some of the world's largest platforms on both the delivery and media sides, including DV360 (Display & Video 360), which corresponds to a DSP, and Google Ad Manager, an SSP/ad exchange. In Japan, there are companies that possess proprietary data and network with domestic media. These include LY Corporation and FreakOut Holdings, Inc. (TSE Growth: 6094).

Period of maturity and transformation (2020s to present): The spread of video, growing use of generative AI, and evolution into DX support partners

The market from the 2020s to the present (2025–2026) can be characterized by growing consumption of streaming content on TV devices and expanding use of generative AI to automate operations and produce ad creative.

Further, with the spread of digital marketing, the positioning of internet advertising and the transaction formats have diversified to match the size and growth stages of client companies. For large companies and those with advanced digital marketing operations, internet advertising is no longer merely a customer acquisition tool but an investment toward business growth. The scope of work has expanded from simply improving the cost per acquisition (CPA) of internet ads to building customer data platforms, enhancing customer experience (CX) and customer lifetime value (LTV) through CRM, and even driving the digital transformation (DX) of business models themselves. Meanwhile, for SMEs that cannot afford their own data analysis platforms, transactions center on CPA optimization-focused internet ads designed to generate results reliably with limited resources.

Today's major internet ad agencies (Dentsu, Hakuhodo DY, CyberAgent, Septeni, and others) employ data scientists, AI engineers, and UI/UX designers in addition to having ad management divisions. These players pursue growth by supporting large corporations and other digital marketing-minded companies in their efforts to enhance CX.

The internet advertising market today

Japan's advertising market

(JPY100mn)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total advertising expenditures	**62,880**	**63,907**	**65,300**	**69,381**	**61,594**	**67,998**	**71,021**	**73,167**	**76,730**	**80,623**
YoY	1.9%	1.6%	2.2%	6.2%	-11.2%	10.4%	4.4%	3.0%	4.9%	5.1%
Traditional media advertising expenditures	**28,596**	**27,938**	**27,026**	**26,094**	**22,536**	**24,538**	**23,985**	**23,161**	**23,363**	**22,980**
YoY	-0.4%	-2.3%	-3.3%	-3.4%	-13.6%	8.9%	-2.3%	-3.4%	0.9%	-1.6%
% of total	45.5%	43.7%	41.4%	37.6%	36.6%	36.1%	33.8%	31.7%	30.4%	28.5%
Of which: television media	**19,657**	**19,478**	**19,123**	**18,612**	**16,559**	**18,393**	**18,019**	**17,347**	**17,605**	**17,556**
YoY	1.7%	-0.9%	-1.8%	-2.7%	-11.0%	11.1%	-2.0%	-3.7%	1.5%	-0.3%
% of total	31.3%	30.5%	29.3%	26.8%	26.9%	27.0%	25.4%	23.7%	22.9%	21.8%
Internet advertising expenditures	**13,100**	**15,094**	**17,589**	**21,048**	**22,290**	**27,052**	**30,912**	**33,330**	**36,517**	**40,459**
YoY	13.0%	15.2%	16.5%	19.7%	5.9%	21.4%	14.3%	7.8%	9.6%	10.8%
% of total	20.8%	23.6%	26.9%	30.3%	36.2%	39.8%	43.5%	45.6%	47.6%	50.2%
Promotional media advertising expenditures	**21,184**	**20,875**	**20,685**	**22,239**	**16,768**	**16,408**	**16,124**	**16,676**	**16,850**	**17,184**
YoY	-1.1%	-1.5%	-0.9%	7.5%	-24.6%	-2.1%	-1.7%	3.4%	1.0%	2.0%
% of total	33.7%	32.7%	31.7%	32.1%	27.2%	24.1%	22.7%	22.8%	22.0%	21.3%

Source: Shared Research based on *Advertising Expenditures in Japan* published by Dentsu
Note: Figures in the table may differ from the source materials due to rounding.

According to the *Advertising Expenditures in Japan* report published by Dentsu, total advertising expenditures in Japan reached about JPY8.1tn in 2025, setting a record high for the fourth consecutive year with internet advertising being the growth driver. Internet advertising expenditures were about JPY4.0tn (50.2% of the total), securing a higher share than television and other media. Internet advertising media expenditures (internet advertising expenditures less ad production costs, etc.) were about JPY3.3tn, as shown in the table below. Over the past 10 years, total advertising expenditures grew at a CAGR of 2.7%, internet advertising expenditures at 13.3%, and internet advertising media expenditures at 13.7%. In 2025, traditional media advertising expenditures were about JPY2.3tn (-19.6% versus 2016), and promotional media advertising expenditures were about JPY1.7tn (-18.9%).

The internet advertising market

(JPY100mn)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Internet advertising expenditures	**13,100**	**15,094**	**17,589**	**21,048**	**22,290**	**27,052**	**30,912**	**33,330**	**36,517**	**40,459**
YoY	13.0%	15.2%	16.5%	19.7%	5.9%	21.4%	14.3%	7.8%	9.6%	10.8%
Internet advertising media expenditures	**10,378**	**12,206**	**14,480**	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	12.9%	17.6%	18.6%	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
% of total	79.2%	80.9%	82.3%	79.0%	78.8%	79.7%	80.2%	80.6%	81.1%	81.8%

Source: Shared Research based on *Detailed Analysis of Expenditures on Internet Advertising Media* published by Dentsu et al
Note: Figures in the table may differ from the source materials due to rounding.

The internet advertising market has continued to expand. This reflects the improving cost-effectiveness of internet advertising, in part due to the spread of smartphones driving up the time consumers spend viewing online media (see table below). Internet usage time was 302.7 minutes for people in their 20s versus 59.7 minutes for those in their 70s, while real-time TV viewing was 41.7 minutes for people in their 20s versus 318.3 minutes for those in their 70s (source: Ministry of Internal Affairs and Communications, Institute for Information and Communications Policy, *FY2024 Survey on Usage Time of Information and Communications Media and Information Behavior*, "Average Usage Time of Major Media on a Holiday in FY2024"). Unlike traditional television advertising, internet advertising offers the convenience of using behavioral data to target ad delivery to an intended audience. It also enables real-time visualization of ad effectiveness, which leads to flexible ad management.

Major media: Doers' ratio* and average time spent by doers** (all ages; 1,800 males and females aged 13–79)

	2020	2021	2022	2023	2024
Weekday					
Doers' ratio (%)					
Television (real-time viewing)	84.0%	77.6%	77.2%	75.1%	72.1%
Internet	81.3%	82.9%	83.9%	85.3%	87.0%
Average time spent by doers (min.)					
Television (real-time viewing)	229.9	221.5	211.6	217.1	214.5
Internet	183.7	188.5	184.3	203.4	209.0
Holiday					
Doers' ratio (%)					
Television (real-time viewing)	82.7%	77.9%	76.2%	73.2%	69.1%
Internet	77.8%	79.3%	81.8%	82.2%	83.7%
Average time spent by doers (min.)					
Television (real-time viewing)	299.3	274.6	271.9	276.1	264.3
Internet	198.1	194.3	201.0	218.5	219.5

Source: Shared Research based on *FY2024 Survey on Usage Time of Information and Communications Media and Information Behavior* by the Institute for Information and Communications Policy, Ministry of Internal Affairs and Communications.
Notes
1. Doers' ratio: the ratio of survey respondents who engaged in a specific information behavior on a survey day. Weekday data represents the average over two survey days; holiday data represents the ratio on the survey day.
2. Average time spent by doers: the total time the survey participants spent on a specific information behavior on a survey day, divided by the number of participants on the same survey day—i.e., the average time limited to those who engaged in a specific information behavior. Weekday data represents the per-day figure across the survey period (two days); holiday data represents the average time spent on the survey day.
3. The survey was previously conducted with 1,500 respondents aged 13 to 69; the FY2024 survey also included people in their 70s.
4.: Figures in the table may differ from the source materials due to rounding.

Across all ages, average internet usage time was longest for "watching video posting/sharing services" at 70.4 minutes, followed by 40.0 minutes for "viewing and posting on social media" and 31.1 minutes for "watching video streaming services" (source: Ministry of Internal Affairs and Communications, Institute for Information and Communications Policy, *FY2024 Survey on Usage Time of Information and Communications Media and Information Behavior*, "Average Internet Usage Time on a Holiday in FY2024, Breakdown by Activities"). According to the same report, the usage rates of major video sharing/streaming services across all ages were 83.3% for YouTube, followed by 39.2% for Amazon Prime Video, 32.2% for TVer, 26.1% for Netflix, and 15.1% for ABEMA*.

***ABEMA** is a Japanese internet TV station jointly operated by CyberAgent and TV Asahi Corporation (a wholly owned subsidiary of TV Asahi Holdings Corporation [TSE Prime: 9409]). It streams specialized channels across diverse genres, including news and original dramas, 24 hours a day, 365 days a year. Real-time viewing is free in principle, while the paid ABEMA Premium subscription enables on-demand viewing of past programs and exclusive content. In recent years, it has won support from a broad audience through offerings such as free live broadcasting of international sporting events (covering all matches) and has established itself as a new type of video streaming platform. According to the usage data for video sharing/streaming services in the same survey report, ABEMA's usage rate was higher among younger people, at 25.0% for teens and 24.3% for people in their 20s.

The internet advertising market (by ad category)

As shown in the table below ("The internet advertising market by ad category"), internet advertising can be classified into several categories by format and delivery method. In 2025, the market size for paid search advertising was valued at about JPY1.3tn (38.7% of total internet advertising media expenditures), video advertising at about JPY1.0tn (31.0%), and display advertising at JPY844.9bn (25.5%). Internet advertising media expenditures grew at a CAGR of 13.3% over 2017–2025, with paid search advertising expanding at a CAGR of 13.0%, video advertising at 31.4%, and display advertising at 6.8%. Video advertising has trended upward because, as noted above, users' online viewing time has continued to increase, and because video ads carry more information and offer greater expressive power than static images, making them highly appealing to viewers.

Video advertising delivers moving images and audio, appealing directly to sight and hearing. It is considered effective for building corporate brand stories and raising awareness of new products because it can convey more information than text or static images. Key media for video advertising include YouTube, the world's largest video-sharing platform; TikTok, a major presence in vertical short-form video; and TVer*, the catch-up streaming service for Japanese TV programs.

Video advertising is broadly divided into outstream ads (48.9% of the total in 2025) and instream ads (51.1%). Instream ads are played before, during, or after the main video content on video platforms such as YouTube. They are effective for raising brand awareness and for complex storytelling because they are premised on a similar level of near-compulsory visibility as a TV commercial. Outstream ads, by contrast, play independently of other video content—within website articles, social media timelines, and ad spaces of apps. They blend naturally into users' web browsing and scrolling and readily prompt taps and clicks, making them well-suited to acquisition-type marketing initiatives.

***TVer** is a completely free, official video streaming service provided jointly by Japan's commercial TV broadcasters (including Nippon Television Network Corporation [a wholly owned subsidiary of Nippon Television Holdings, Inc. (TSE Prime: 9404)] and Fuji Television Network, Inc. [a wholly owned subsidiary of Fuji Media Holdings, Inc. (TSE Prime: 4676)]).

Display advertising shows banner images, text, or short videos in dedicated ad spaces of websites and apps. Its distinguishing feature is the ability to target an audience based on attribute data such as age and gender, past web browsing history, and areas of interest. This makes it effective for reaching latent customers not yet aware of a clear need and for building broad awareness. Major services include the Google Display Network (GDN), which has built a vast network of partner sites, and Yahoo! Ads Display Ads (YDA). Ads are also delivered into the timelines of social media services such as X (formerly Twitter) and LINE*.

***LINE**, operated by LY Corporation, is a messenger app with one of the largest user bases in Japan.

Paid search advertising displays text ads at the top or bottom spaces of search results pages based on the keywords users enter into search engines. Because it can pinpoint users with explicit needs (i.e., people actively searching for information or products), the format readily generates conversions such as purchases and enables highly efficient customer acquisition. Among the major service platforms for paid search advertising are Google Ads, which is backed by Google's commanding share of the search market, as well as Yahoo! Ads Search Ads and Microsoft Advertising, which is based on the Bing search engine.

Affiliate advertising is a format where advertising fees arise only when an ad produces specific results predefined by the advertiser, such as product purchases, brochure requests, or membership registrations. Because no fees are charged unless results materialize, the format assures cost-effectiveness (ROI), allowing client companies to advertise while keeping the investment risk low. Affiliate service providers (ASPs) mainly serve as intermediaries in delivering affiliate ads via numerous partner publisher sites. Among the most-used ASPs in Japan is A8.net, operated by FAN Communications, Inc. (TSE Prime: 2461).

Other internet advertising encompasses a variety of niche media apart from the formats described above. Tie-up ads (native ads) that present information in a format resembling the medium's editorial articles, email ads that deliver information directly to specific reader segments, and digital audio ads on audio streaming media fall under this category. Specific examples include the native ad spaces offered by the news app SmartNews, operated by SmartNews, Inc. (unlisted), and audio ads played on the music streaming service Spotify, operated by Spotify Technology S.A. (NYSE: SPOT).

The internet advertising market by ad category

(JPY100mn)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Internet advertising media expenditures	**12,206**	**14,480**	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	17.6%	18.6%	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
By ad category									
Video advertising	**1,155**	**2,027**	**3,184**	**3,862**	**5,128**	**5,920**	**6,860**	**8,439**	**10,275**
YoY	32.9%	75.5%	57.1%	21.3%	32.8%	15.4%	15.9%	23.0%	21.8%
% of total	9.5%	14.0%	19.1%	22.0%	23.8%	23.9%	25.5%	28.5%	31.0%
Display advertising	**4,988**	**5,638**	**5,544**	**5,733**	**6,856**	**7,372**	**7,701**	**7,650**	**8,449**
YoY	-	13.0%	-1.7%	3.4%	19.6%	7.5%	4.5%	-0.7%	10.4%
% of total	40.9%	38.9%	33.3%	32.6%	31.8%	29.7%	28.7%	25.8%	25.5%
Paid search advertising*	**4,831**	**5,708**	**6,683**	**6,787**	**7,991**	**9,766**	**10,729**	**11,931**	**12,814**
YoY	-	18.2%	17.1%	1.6%	17.7%	22.2%	9.9%	11.2%	7.4%
% of total	39.6%	39.4%	40.2%	38.6%	37.0%	39.4%	39.9%	40.3%	38.7%
Affiliate advertising	**1,049**	**990**	**1,049**	**985**	**940**	**965**	**732**	**727**	**699**
YoY	-	-5.6%	6.0%	-6.1%	-4.6%	2.7%	-24.1%	-0.7%	-3.9%
% of total	8.6%	6.8%	6.3%	5.6%	4.4%	3.9%	2.7%	2.5%	2.1%
Other internet advertising	**183**	**117**	**170**	**200**	**657**	**778**	**847**	**864**	**856**
YoY	-	-36.1%	45.3%	17.6%	228.5%	18.4%	8.9%	2.0%	-0.9%
% of total	1.5%	0.8%	1.0%	1.1%	3.0%	3.1%	3.2%	2.9%	2.6%

Source: Shared Research based on *Detailed Analysis of Expenditures on Internet Advertising Media* published by Dentsu et al
Note: Data for 2017 and earlier are for listing ads; figures in the table may differ from the source materials due to rounding.

The internet advertising market (by transaction method)

Internet advertising transaction methods fall into three broad categories: reserved advertising, performance-based advertising, and affiliate advertising. Each has a distinct mechanism and purpose, and client companies (advertisers) use them selectively in line with their marketing strategies. In 2025, the market for reserved advertising was valued at JPY304.2bn (9.2% of Japan's internet advertising media expenditures), performance-based advertising at about JPY3tn (88.7%), and affiliate advertising at JPY69.9bn (2.1%). Performance-based advertising maximizes an ad's cost-effectiveness relative to the outcomes advertisers seek, such as raising awareness or driving actual purchases. This cost-effectiveness has made it the dominant transaction method in internet advertising. The markets for reserved advertising and performance-based advertising grew at CAGRs of 7.1% and 15.3%, respectively, over 2017–2025.

Reserved advertising is a transaction method in which ad slots are purchased on a specific medium in advance for a set period or number of impressions. Also called conventional advertising, ads are often placed in prominent, high-traffic locations such as the top pages of portal sites. Because placement is guaranteed, they can reliably reach* many users in a short time. They are therefore highly effective for new product launches and campaigns aiming to lift brand awareness quickly. On the flip side, fixed fees accrue according to impressions or placement period, so advertisers incur costs regardless of user response.

***Reach** is a metric indicating the extent of users (or households) exposed to website content or an ad.

Performance-based advertising is a transaction method in which an ad's cost-effectiveness is optimized through the real-time analysis of delivery data and the flexible adjustment of targeting, budget, and creative. Paid search ads (listing ads), social media ads, and display ads delivered through demand-side platforms (DSPs) fall into this category. Because performance-based advertising enables advertisers to launch ad campaigns with small budgets and target an audience based on user attributes and behavioral history, this method has become mainstream in today's internet advertising market. Maximizing advertising effectiveness, however, requires specialized management expertise and frameworks for daily data analysis and continuous improvement.

Affiliate advertising is a transaction method in which advertising fees are incurred only when an ad leads to specific preset results (conversions)—such as product purchases, member registrations, and brochure requests—rather than mere impressions or clicks. Advertisers are charged fees only for clear returns such as sales or customer acquisitions, so they can easily curb wasted spending and achieve high cost-effectiveness (ROI). However, when a target product lacks appeal, securing ad placements can be difficult because no end-user actions mean no revenue for the media.

The internet advertising market by transaction method

(JPY100mn)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Internet advertising media expenditures	**12,206**	**14,480**	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	17.6%	18.6%	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
By transaction method									
Reserved advertising	**1,758**	**1,971**	**2,314**	**2,024**	**2,249**	**2,647**	**2,648**	**2,789**	**3,042**
YoY	14.3%	12.1%	17.4%	-12.5%	11.1%	17.7%	0.0%	5.3%	9.1%
% of total	14.4%	13.6%	13.9%	11.5%	10.4%	10.7%	9.9%	9.4%	9.2%
Performance-based advertising	**9,400**	**11,518**	**13,267**	**14,558**	**18,382**	**21,189**	**23,490**	**26,095**	**29,352**
YoY	27.3%	22.5%	15.2%	9.7%	26.3%	15.3%	10.9%	11.1%	12.5%
% of total	77.0%	79.5%	79.8%	82.9%	85.2%	85.4%	87.4%	88.1%	88.7%
Affiliate advertising	**1,049**	**990**	**1,049**	**985**	**940**	**965**	**732**	**727**	**699**
YoY	-28.0%	-5.6%	6.0%	-6.1%	-4.6%	2.7%	-24.1%	-0.7%	-3.9%
% of total	8.6%	6.8%	6.3%	5.6%	4.4%	3.9%	2.7%	2.5%	2.1%

Source: Shared Research based on *Detailed Analysis of Expenditures on Internet Advertising Media* published by Dentsu et al
Note: Figures in the table may differ from the source materials due to rounding.

The internet advertising market (transaction method × ad category)

Shared Research understands that mapping transaction methods against ad categories clarifies the characteristics of each ad category and its role in marketing. As the table below shows, the market for paid search advertising that applies the performance-based advertising method amounts to about JPY1.3tn, or 38.7% of Japan's internet advertising media expenditures. Shared Research attributes the appeal of this combination to its strength in reaching audiences whose demands are already manifest (i.e., viewers with specific needs and strong purchase intent). Representative services include search campaigns on Google Ads and search ads on Yahoo! Ads, provided by LY Corporation. These services generally operate on a pay-per-click basis, and the prevailing approach today is performance-based trading, in which internet ad agencies or advertisers adjust keyword selection and bid prices in real time, harnessing machine learning to optimize cost-effectiveness.

The market for video advertising that applies the performance-based advertising method totals JPY869.1bn, or 26.3% of Japan's internet advertising media expenditures. Shared Research attributes the popularity of the video format—which approaches sight and hearing simultaneously—to its capacity to convey more information and deliver greater expressive power than static images. Performance-based video ads such as TrueView in-stream ads* are widely used on YouTube, a representative medium for video advertising. TrueView enables targeting by viewer age, gender, interests, and past viewing history. Short-form video ads optimized for vertical smartphone screens—such as TikTok ads and Reels ads on Meta's Instagram—are also gaining ground, mainly in the performance-based trading domain.

*TrueView in-stream ads** are video ads that play before, during, or after videos on YouTube and elsewhere. A distinguishing feature is that viewers can skip the ad five seconds after it starts; if they do, the advertiser pays nothing. Charges apply only when a viewer watches the ad for 30 seconds (or to the end if it is shorter than 30 seconds) or takes an action such as clicking a link. Cost-effectiveness is high because the cost of delivering ads to uninterested viewers can be cut. Further, since the first five seconds always play, conveying the brand name at the start can raise awareness. Detailed targeting is also available, making this format well suited to expanding awareness of companies and products.

The market for display advertising that applies the performance-based advertising method stands at JPY783.0bn, or 23.7% of Japan's internet advertising media expenditures. This combination delivers banner images and text to ad spaces on countless websites and apps, targeting audiences based on viewer attributes and behavioral history. Representative examples include the Google Display Network (GDN) and Yahoo! Ads display ads (performance-based); their extensive networks allow these platforms to support a wide range of client needs, from building awareness among audiences with latent demand to actually acquiring customers.

The internet advertising market: Transaction method × ad category

(JPY100mn)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Internet advertising media expenditures	**12,206**	**14,480**	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	17.6%	18.6%	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
By transaction method × ad category									
Reserved advertising	**1,758**	**1,971**	**2,314**	**2,024**	**2,249**	**2,647**	**2,648**	**2,789**	**3,042**
YoY	14.3%	12.1%	17.4%	-12.5%	11.1%	17.7%	0.0%	5.3%	9.1%
% of total	14.4%	13.6%	13.9%	11.5%	10.4%	10.7%	9.9%	9.4%	9.2%
Of which: video advertising	189	290	664	656	837	982	1,071	1,320	1,584
YoY	-	53.4%	129.0%	-1.2%	27.6%	17.3%	9.1%	23.2%	20.0%
% of total	1.5%	2.0%	4.0%	3.7%	3.9%	4.0%	4.0%	4.5%	4.8%
Of which: display advertising*	1,394	1,589	1,514	1,213	797	920	762	626	619
YoY	-	14.0%	-4.7%	-19.9%	-34.3%	15.4%	-17.2%	-17.8%	-1.1%
% of total	11.4%	11.0%	9.1%	6.9%	3.7%	3.7%	2.8%	2.1%	1.9%
Of which: other internet advertising	174	93	136	156	615	745	815	844	840
YoY	-	-46.6%	46.2%	14.7%	294.2%	21.1%	9.4%	3.6%	-0.5%
% of total	1.4%	0.6%	0.8%	0.9%	2.9%	3.0%	3.0%	2.9%	2.5%
Performance-based advertising	**9,400**	**11,518**	**13,267**	**14,558**	**18,382**	**21,189**	**23,490**	**26,095**	**29,352**
YoY	27.3%	22.5%	15.2%	9.7%	26.3%	15.3%	10.9%	11.1%	12.5%
% of total	14.7%	17.6%	19.1%	23.6%	27.0%	29.8%	32.1%	34.0%	88.7%
Of which: video advertising	966	1,737	2,520	3,206	4,291	4,938	5,789	7,119	8,691
YoY	-	79.8%	45.1%	27.2%	33.8%	15.1%	17.2%	23.0%	22.1%
% of total	7.9%	12.0%	15.2%	18.3%	19.9%	19.9%	21.5%	24.0%	26.3%
Of which: display advertising	3,594	4,049	4,030	4,520	6,059	6,452	6,939	7,024	7,830
YoY	-	12.7%	-0.5%	12.2%	34.0%	6.5%	7.5%	1.2%	11.5%
% of total	29.4%	28.0%	24.2%	25.7%	28.1%	26.0%	25.8%	23.7%	23.7%
Of which: paid search advertising**	4,831	5,708	6,683	6,787	7,991	9,766	10,729	11,931	12,814
YoY	-	18.2%	17.1%	1.6%	17.7%	22.2%	9.9%	11.2%	7.4%
% of total	39.6%	39.4%	40.2%	38.6%	37.0%	39.4%	39.9%	40.3%	38.7%
Of which: other internet advertising	9	24	34	44	42	33	33	21	16
YoY	-	166.7%	41.7%	29.4%	-4.5%	-21.4%	0.0%	-36.4%	-23.8%
% of total	0.1%	0.2%	0.2%	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%
Affiliate advertising	**1,049**	**990**	**1,049**	**985**	**940**	**965**	**732**	**727**	**699**
YoY	-28.0%	-5.6%	6.0%	-6.1%	-4.6%	2.7%	-24.1%	-0.7%	-3.9%
% of total	1.6%	1.5%	1.5%	1.6%	1.4%	1.4%	1.0%	0.9%	2.1%

Source: Shared Research based on *Detailed Analysis of Expenditures on Internet Advertising Media* published by Dentsu et al
Note: Figures in the table may differ from the source materials due to rounding.

The internet advertising market (social advertising)

The internet advertising market is further subdivided into categories such as social advertising deployed on social media platforms. This is because the data quality of these platforms and their patterns of user behavior differ from those of other advertising formats. Whereas conventional display advertising relies on information from the websites being viewed, social advertising conducts targeting by drawing on data tied directly to the individual, such as age, hobby, and preferences. Social advertising also offers high visibility, as the ads are interspersed among the ordinary posts on timelines. It is also equipped with a mechanism where ads are spread spontaneously through "shares" when they resonate with the viewers. As another distinctive factor, major social media platforms have each locked in their users and built proprietary advertising ecosystems that do not depend on external data.

The advertising ecosystem as of 2026 can be described as closed economic spheres in which major social media platforms (Meta's Facebook and Instagram, Google's YouTube, and others) offer data, AI, payment functions, and users' disposable time in a bundle. Through a vertically integrated model that handles everything from ad viewing to payment within the app, these platforms prevent the outflow of data while enabling ad targeting powered by generative AI. This mechanism delivers high cost-effectiveness for advertisers while making measurement metrics increasingly opaque. As a result, major social media platforms that hold first-party data dominate the market and have built closed economic spheres that dictate users' disposable time and purchasing behavior. In exchange for convenience, advertisers and users have little choice but to depend on the proprietary algorithms and rules set by the platforms.

In 2025, the social advertising market was worth about JPY1.3tn (39.5% of Japan's internet advertising media expenditures). By social media category, advertising on social network services accounted for JPY550.8bn (42.2% of social advertising), video sharing services for JPY512.6bn (39.2%), and others for JPY243.4bn (18.6%). Over 2019–2025, Japan's internet advertising media expenditures grew at a CAGR of 12.2% while expenditures on social advertising grew at a CAGR of 17.8%. Of the latter, advertising on social networking services and video sharing services expanded at CAGRs of 15.8% and 28.5%, respectively. As smartphones have spread and social media use has become a daily habit, social media now absorbs much of users' disposable time, and advertising budgets are accordingly shifting from traditional media and portal sites to social advertising. Expenditures on social advertising has therefore exhibited a higher CAGR compared to Japan's broader internet advertising media expenditures.

Advertising on social networking services cover text and image ads placed on social media platforms built around user communities and interests, such as X, Instagram, and Facebook. Its hallmarks are targeting capabilities based on real names and preference data, secondary spread generated when content strikes a chord with users, and the ability to encourage direct responses leading to purchases and other actions. Video sharing services (YouTube, TikTok, and others) are entertainment platforms for watching video content. Beyond conveying brand appeal intuitively through the information density and the immersiveness of sound and motion, these services are distinguished by algorithms that can spread content widely on its own merits, regardless of follower counts.

The internet advertising market: Social advertising

(JPY100mn)	2019	2020	2021	2022	2023	2024	2025
Internet advertising media expenditures	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
Social advertising	**4,899**	**5,687**	**7,640**	**8,595**	**9,735**	**11,008**	**13,067**
YoY	-	16.1%	34.3%	12.5%	13.3%	13.1%	18.7%
% of total	29.5%	32.4%	35.4%	34.7%	36.2%	37.2%	39.5%
Of which: social networking services	2,280	2,488	3,168	3,675	4,070	4,550	5,508
YoY	-	9.1%	27.3%	16.0%	10.7%	11.8%	21.1%
% of social advertising	46.5%	43.7%	41.5%	42.8%	41.8%	41.3%	42.2%
Of which: video sharing services	1,139	1,585	2,610	3,052	3,372	4,054	5,126
YoY	-	39.2%	64.7%	16.9%	10.5%	20.2%	26.4%
% of social advertising	23.2%	27.9%	34.2%	35.5%	34.6%	36.8%	39.2%
Of which: others	1,480	1,615	1,861	1,868	2,294	2,404	2,434
YoY	-	9.1%	15.2%	0.4%	22.8%	4.8%	1.2%
% of social advertising	30.2%	28.4%	24.4%	21.7%	23.6%	21.8%	18.6%
Non-social advertising	**11,731**	**11,880**	**13,931**	**16,206**	**17,135**	**18,603**	**20,026**
YoY	-	1.3%	17.3%	16.3%	5.7%	8.6%	7.6%
% of total	70.5%	67.6%	64.6%	65.3%	63.8%	62.8%	60.5%

Source: Shared Research based on *Detailed Analysis of Expenditures on Internet Advertising Media* published by Dentsu et al
Note: Figures in the table may differ from the source materials due to rounding.

Internet advertising pricing structures

Internet advertising is billed using a variety of metrics depending on purpose and use case. Shared Research understands the main metrics to be as follows.

- **Cost per mille** (CPM; impression-based billing): Under CPM, fees arise for every 1,000 ad impressions, regardless of whether the ad is clicked. Mille means 1,000 in both French and Italian. CPM is used mainly for display (banner) ads, social media ads, and conventional ads. Typical rates run from about JPY100 to JPY1,000, with unit prices tending to rise the more narrowly the target is defined and the more visible the ad space. This billing method is used in the awareness-building phase, where the goal is to broaden exposure for a product or brand.
- **Cost per click** (CPC; click-based billing): Under CPC, fees are charged when an ad is clicked and the viewer is directed to the advertiser's website; no matter how many times the ad is displayed, no fees accrue without clicks. CPC is the dominant billing method in paid search ads (listing advertising), display ads, and social media ads.

Typical rates range widely from JPY10 to over JPY1,000 and can jump to several thousand yen for fiercely contested keywords in B2B, finance, and similar fields. This method is used when the goal is to attract traffic to a website.

- **Cost per action or cost per acquisition** (CPA; also called conversion-based or performance-based billing): Under CPA, fees are paid only when a viewer takes concrete actions such as purchasing a product or signing up for a membership. The term is also used as a metric in performance-based advertising, referring to the cost incurred to win a single acquisition. Billings by affiliates (ASPs) as well as in some performance-based advertising (such as target CPA automated bidding) apply CPA. Typical rates vary widely from several thousand yen to several hundred thousand yen, depending heavily on the target product's profit margin and the conversion hurdle. Advertisers select this method when seeking direct results (direct responses), such as generating sales.
- **Cost per view** (CPV; video view-based billing): CPV is a metric specific to video advertising. In YouTube ads (TrueView), TikTok ads, and video ads on various social media, fees arise when a viewer watches a video for a set number of seconds or clicks on it. Typical rates are about JPY2 to JPY20; the mainstream mechanism involves the skippable ad feature where charges arise only when viewers continue to watch with interest. CPV is used to help viewers understand product appeal and brand stories that are hard to convey through text or static images.
- **Cost per install** (CPI; install-based billing): CPI is a billing method dedicated to smartphone app promotion. Fees are incurred when a viewer moves to the app store, installs the app, and uses it for the first time. The main media include Apple Search Ads, Google App Campaigns, and social media ads. Typical rates are about JPY100 to JPY1,500, and CPI is used in campaigns aimed at acquiring app users.
- **Cost per engagement** (CPE; engagement-based billing): CPE is a billing method unique to social media advertising. Fees arise only when users actively respond to an ad, such as by liking or reposting it. It is used in ads on X (formerly Twitter), Instagram, and similar platforms. Typical rates are about JPY10 to JPY100, but unit prices fluctuate substantially because response rates vary depending on the appeal of the ad material (creative). CPE is used in promotions aimed at fostering dialogue with users, building relationships (developing fans), and encouraging sharing on social media.

Competitors

In the early days from the late 1990s through the 2000s, the central players of Japan's internet advertising market were independent ad agencies (those unaffiliated with major corporations) and media reps specializing in the digital domain. Among the main independent agencies were the company, CyberAgent, IREP Co., Ltd., and Opt, Inc.; the leading media reps were Cyber Communications Inc.* and Digital Advertising Consortium Inc.*. Major full-service ad agencies—Dentsu and Hakuhodo DY—had yet to enter the market in earnest, partly because of the market's small size.

∗Irep Co., Ltd. and ∗Digital Advertising Consortium Inc. now operate as Hakuhodo DY One Inc. (a wholly owned subsidiary of Hakuhodo DY).
∗Opt, Inc. is a wholly owned subsidiary of Digital Holdings, Inc. (now a subsidiary of Hakuhodo DY, which made it a consolidated subsidiary through a tender offer in 2025; Digital Holdings was delisted in 2026).
∗Cyber Communications Inc. was absorbed into Carta Holdings, Inc. (51.61% owned by NTT Docomo, Inc. [a wholly owned subsidiary of NTT, Inc. (TSE Prime: 9432)] and 48.39% by Dentsu Group) in 2022.

Media reps mainly handled conventional ads such as banner ads on Yahoo! and other portal sites. The independent internet ad agencies, including the company, grew by moving early into paid search advertising (listing advertising), which emerged with the spread of search engines, as well as performance-based advertising, which developed alongside social media. They also established their brands as agencies specializing in internet advertising. From the 2010s onward, however, as internet advertising grew in prominence and caught up with ad volumes in the four traditional mass media, the major full-service ad agencies began building their digital capabilities in earnest. On the media side, the rise of global ad platform operators such as Google and Meta (formerly Facebook) drove market oligopoly. In ad delivery technology, the spread of programmatic advertising called into question the purpose of media reps.

Further, consumers' media touchpoints expanded from the internet to social media and on to owned websites and apps, diversifying along the way. As such, the integrated use of online and offline customer data became a prerequisite in the marketing activities of companies seeking to enhance their customer experience, as well as in the activities of ad agencies that support such corporate efforts. The roles of internet ad agencies accordingly shifted from serving as mere intermediaries that supplied ad space to providing data-driven consulting services in ad management, including ads on mass media. Client companies also began asking these agencies to serve as partners supporting the DX of their marketing activities.

In response to these changing customer needs, in the late 2010s, the independent internet ad agencies chose paths to form alliances with major full-service advertising agencies or become members of their corporate groups. As a result, most of these players consolidated around the two major players: those affiliated with the Dentsu Group, like Septeni, and those affiliated with Hakuhodo DY. CyberAgent, however, succeeded in growing its B2C services—blogs, video streaming, and games—into earnings pillars, establishing a position distinct from the other independents.

Septeni estimates that advertisers with monthly advertising budgets exceeding tens of millions of yen account for about 50% of the roughly JPY3.3tn market for internet advertising media expenditures in Japan. Limiting the market to advertisers with sizable budgets, Shared Research estimates Septeni's market share at just under 10%, versus just over 30% for Dentsu Group (whose turnover includes the company's gross billings) and just under 30% each for Hakuhodo DY and CyberAgent (based on each company's data). Septeni recognizes that only these four companies compete for marketing projects with monthly budgets exceeding tens of millions of yen. While there are numerous small and midsized internet ad agencies, Shared Research understands that the top four hold the advantage in meeting customer needs for integrated marketing solutions and in responding to new media and technologies.

According to Septeni, the top four have access to information on the latest technological developments at major media companies because they are major customers to these companies. Service providers offering AI and other new IT services also consult the top four when considering the development of new advertising products. Septeni also notes that it is difficult for client companies to bring internet ad operations in-house, as doing so requires them to develop specialized talent and respond to new technologies and media internally.

Dentsu Group and Hakuhodo DY have expanded their services through acquisitions of internet ad-related companies while setting themselves apart by simultaneously handling ads on TV and other mass media. CyberAgent draws on its track record in the B2C domain and utilizes user data gathered through the operation of proprietary media, including games and video streaming. Meanwhile, Septeni builds on its collaboration with Dentsu while preserving its management independence. According to the company, its differentiator in winning marketing projects is the ability to offer multiple support configurations to suit customer needs, either making proposals alone, having Dentsu make proposals alone, or working together with the Dentsu Group companies.

Septeni explains that there is a gap in proposal capabilities between the top four and midsized internet ad agencies, but among the top four, the outcomes of competitive pitches hinge on differences in customer needs, and no single factor consistently ensures a win. For example, clients seeking marketing solutions that integrate online and offline channels would likely choose the company or Dentsu, while those focusing on internet advertising would opt for CyberAgent. In oligopolistic markets, sellers generally hold the advantage, but agencies in the internet advertising market compete on commission rates—a reason behind fluctuations in Septeni's revenue-to-turnover ratio.

Over 2019–2025, the period in which Septeni's collaboration with Dentsu moved into full swing, total advertising expenditures in Japan grew at a CAGR of 2.5%, while internet advertising expenditures and internet advertising media expenditures expanded at CAGRs of 11.5% and 12.2%, respectively. Over the same period, turnover grew at a CAGR of 11.8% at the company and 13.8% at Dentsu (turnover in the "internet" business category; includes Septeni's gross billings). Hakuhodo DY's turnover (in the "internet" category) grew at a CAGR of 6.5% over FY03/19–FY03/26. Shared Research understands that differences in growth rates among these companies reflect factors such as turnover declines (e.g., due to some large clients opting to insource advertising operations) and M&A activities, but the turnover at each company has broadly tracked the growth of Japan's internet advertising media expenditures.

Dentsu Group made Carta Holdings, Inc. (currently 51.61% owned by NTT Docomo, Inc. [a wholly owned subsidiary of NTT, Inc. (TSE Prime: 9432)] and 48.39% by Dentsu Group) a consolidated subsidiary effective January 1, 2019, then made it an equity-method affiliate effective January 15, 2026. It made Septeni an equity-method affiliate in December 2018 and a consolidated subsidiary in January 2022.

Hakuhodo DY made D.A. Consortium Holdings Inc. (now Hakuhodo DY One Inc.) a wholly owned subsidiary via tender offer in October 2018. In 2025, it made Digital Holdings, Inc. (whose group companies include Opt; delisted in March 2026) a wholly owned subsidiary through a tender offer. In FY12/25, Digital Holdings reported turnover of JPY61.6bn, revenue of JPY13.1bn, and operating profit of JPY803mn.

The internet advertising market and internet advertising-related turnover (gross billings) of Septeni Holdings, Dentsu, Hakuhodo DY, and CyberAgent

(JPY100mn)	2019	2020	2021	2022	2023	2024	2025
Internet advertising expenditures	**21,048**	**22,290**	**27,052**	**30,912**	**33,330**	**36,517**	**40,459**
YoY	19.7%	5.9%	21.4%	14.3%	7.8%	9.6%	10.8%
Internet advertising media expenditures	**16,630**	**17,567**	**21,571**	**24,801**	**26,870**	**29,611**	**33,093**
YoY	14.8%	5.6%	22.8%	15.0%	8.3%	10.2%	11.8%
Septeni Holdings (turnover)	**763**	**803**	**1,047**	**1,320**	**1,380**	**1,460**	**1,488**
YoY	4.4%	5.2%	30.4%	26.1%	4.5%	5.8%	1.9%
Dentsu**	**2,429**	**2,395**	**3,053**	**4,020**	**4,015**	**4,590**	**5,284**
YoY	26.6%	-1.4%	27.5%	31.7%	-0.1%	14.3%	15.1%
Hakuhodo DY	**2,546**	**2,471**	**2,984**	**3,368**	**3,549**	**3,540**	**3,574**
YoY	10.7%	-2.9%	20.8%	12.9%	5.4%	-0.3%	1.0%
CyberAgent	**2,411**	**2,514**	**3,018**	**3,525**	**3,804**	**4,130**	**4,388**
YoY	5.6%	4.3%	20.0%	16.8%	7.9%	8.6%	6.2%

Source: Shared Research based on materials from each company.
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. Results for the Japan business of Dentsu Group.

Income statements of the company and three peers (most recent two fiscal years)

Company	**Septeni Holdings**		**CyberAgent**		**Dentsu Group**		**Hakuhodo DY**	
TSE code	**TSE Standard: 4293**		**TSE Prime: 4751**		**TSE Prime: 4324**		**TSE Prime: 2433**	
Fiscal year	**FY12/24**	**FY12/25**	**FY09/24**	**FY09/25**	**FY12/24**	**FY12/25**	**FY03/25**	**FY03/26**
(JPYmn)	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Accounting standard	**IFRS**	**IFRS**	**J-GAAP**	**J-GAAP**	**IFRS**	**IFRS**	**J-GAAP**	**J-GAAP**
Year established	**1990**		**1998**		**1901**		**2003***	
Turnover	**145,996**	**148,783**	**801,236**	**874,030**	**6,352,444**	**6,439,513**	**1,613,101**	**1,580,460**
YoY*	-	1.9%	11.4%	9.1%	6.7%	1.4%	2.1%	-2.0%
Revenue	**28,284**	**30,309**	**-**	**-**	**1,410,961**	**1,435,245**	**953,316**	**861,003**
YoY	-	7.2%	-	-	8.2%	1.7%	0.7%	-9.7%
Revenue-to-turnover ratio	19.4%	20.4%	-	-	22.2%	22.3%	59.1%	54.5%
Gross profit	**22,203**	**23,164**	**218,764**	**264,051**	**1,201,647**	**1,197,530**	**399,598**	**406,037**
YoY*	-	4.3%	14.1%	20.7%	5.0%	-0.3%	1.4%	1.6%
Gross profit margin	78.5%	76.4%	27.3%	30.2%	85.2%	83.4%	41.9%	47.2%
SG&A expenses	**19,096**	**18,833**	**178,680**	**192,349**	**1,065,835**	**1,048,986**	**362,017**	**361,361**
YoY*	-	-1.4%	5.5%	7.6%	4.6%	-1.6%	0.6%	-0.2%
SG&A ratio	67.5%	62.1%	22.3%	22.0%	75.5%	73.1%	38.0%	42.0%
Operating profit	**3,129**	**4,239**	**40,083**	**71,702**	**-124,992**	**-289,212**	**37,581**	**44,675**
YoY*	-	35.4%	79.3%	78.9%	-	-	9.6%	18.9%
Operating profit margin	11.1%	14.0%	5.0%	8.2%	-	-	3.9%	5.2%
Non-GAAP operating profit *	**3,197**	**4,414**	**-**	**-**	**176,233**	**172,536**	**53,252**	**57,401**
YoY*	-	38.1%	-	-	7.8%	-2.1%	6.3%	7.8%
Non-GAAP operating profit margin *	11.3%	14.6%	-	-	12.5%	12.0%	5.6%	6.7%
Pre-tax profit*	**4,867**	**4,718**	**39,715**	**71,743**	**-139,759**	**-306,789**	**42,660**	**46,061**
YoY*	-	-3.1%	74.9%	80.6%	-	-	12.8%	8.0%
Pre-tax profit margin	17.2%	15.6%	5.0%	8.2%	-	-	4.5%	5.3%
Profit attributable to owners of the parent*	**5,526**	**3,491**	**15,977**	**31,667**	**-192,172**	**-327,601**	**10,768**	**16,775**
YoY*	-	-36.8%	351.3%	98.2%	-	-	-56.8%	55.8%
Net margin	19.5%	11.5%	2.0%	3.6%	-	-	1.1%	1.9%

Source: Shared Research based on materials from each company.
Notes:
1. Septeni's FY12/23 was a 15-month period due to a change in its fiscal year-end, and YoY figures are therefore not shown.
2. Hakuhodo DY Holdings was established as a joint holding company in October 2003 through the business integration of three companies: Hakuhodo (founded 1895), Daiko Advertising (founded 1944), and Yomiko Advertising (founded 1929).
3. CyberAgent and Hakuhodo DY Holdings report under Japanese GAAP; for these two, pre-tax profit corresponds to recurring profit, the pre-tax profit margin to the recurring profit margin, and profit attributable to owners of the parent to net income attributable to owners of the parent.
4. Non-GAAP operating profit is adjusted operating profit for Dentsu Group and operating profit before goodwill amortization for Hakuhodo DY Holdings; the non-GAAP operating profit margin is the adjusted operating profit margin for Dentsu Group and the operating profit margin before goodwill amortization for Hakuhodo DY Holdings.
5. Figures may differ from company materials due to differences in rounding methods.

Balance sheets of the company and three peers (most recent two fiscal years)

Company	Septeni Holdings		CyberAgent		Dentsu Group		Hakuhodo DY	
TSE code	TSE Standard: 4293		TSE Prime: 4751		TSE Prime: 4324		TSE Prime: 2433	
Fiscal year	FY12/24	FY12/25	FY09/24	FY09/25	FY12/24	FY12/25	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Accounting standard	IFRS	IFRS	J-GAAP	J-GAAP	IFRS	IFRS	J-GAAP	J-GAAP
Cash and cash equivalents*	23,730	17,945	210,041	229,849	371,989	295,183	211,504	238,960
Trade receivables *	20,721	23,701	81,152	88,514	1,678,146	1,818,316	413,350	424,811
Total current assets	**45,978**	**45,547**	**358,632**	**390,215**	**2,177,355**	**2,301,403**	**713,273**	**742,959**
Total non-current assets*	**51,660**	**50,798**	**158,005**	**166,908**	**1,329,904**	**905,383**	**336,918**	**338,172**
Total assets	**97,637**	**96,345**	**516,686**	**557,162**	**3,507,260**	**3,206,787**	**1,050,191**	**1,081,132**
Trade payables *	18,870	20,736	74,235	81,747	1,566,979	1,655,434	260,020	270,819
Other financial liabilities*	4,632	5,462	20,616	600	261,084	193,104	7,467	30,155
Total current liabilities	**26,211**	**26,270**	**168,226**	**177,791**	**11,661**	**11,957**	**469,834**	**535,806**
Long-term debt			86,161	92,771	581,858	545,088	114,091	95,323
Total non-current liabilities*	**1,472**	**491**	**97,955**	**103,689**	**670,828**	**613,590**	**166,675**	**142,808**
Total liabilities	**27,683**	**29,761**	**266,181**	**281,481**	**2,738,224**	**2,758,832**	**636,509**	**678,615**
Equity attributable to owners of parent*	**69,880**	**66,549**	**250,504**	**275,681**	**696,838**	**374,849**	**413,682**	**402,516**
Total interest-bearing debt	**4,392**	**4,816**	**106,777**	**93,371**	**842,942**	**738,192**	**121,558**	**125,478**
Net interest-bearing debt	**-19,338**	**-13,129**	**-103,264**	**-136,478**	**470,953**	**443,009**	**-89,946**	**-113,482**
Total equity	**69,955**	**66,584**	**154,817**	**179,994**	**769,035**	**447,954**	**390,256**	**389,129**
Equity ratio	71.6%	69.1%	30.0%	32.3%	21.9%	14.0%	37.2%	36.0%

Source: Shared Research based on materials from each company.
Notes:
1. CyberAgent and Hakuhodo DY Holdings report under Japanese GAAP; for these two, cash and cash equivalents corresponds to cash and deposits; trade receivables to notes and accounts receivable and the like; total non-current assets to total property, plant and equipment; trade payables to notes and accounts payable and the like; other financial liabilities to short-term borrowings and the like; and equity attributable to owners of the parent to net assets.
2. Figures may differ from company materials due to differences in rounding methods.

Cash flow statements, per-employee indicators, and financial indicators of the company and three peers (most recent two fiscal years), plus three-year averages

Company	Septeni Holdings		CyberAgent		Dentsu Group		Hakuhodo DY	
TSE code	TSE Standard:4293		TSE Prime:4751		TSE Prime:4324		TSE Prime:2433	
Fiscal year	FY12/24	FY12/25	FY09/24	FY09/25	FY12/24	FY12/25	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Accounting standard	IFRS	IFRS	J-GAAP	J-GAAP	IFRS	IFRS	J-GAAP	J-GAAP
Cash flows from operating activities	**3,677**	**3,374**	**53,231**	**79,518**	**59,984**	**117,972**	**82,446**	**68,361**
Cash flows from investing activities	**336**	**-3,099**	**-38,331**	**-30,825**	**-30,908**	**-2,856**	**-13,529**	**-14,086**
Free cash flow	**4,013**	**275**	**14,900**	**48,693**	**29,076**	**115,116**	**68,917**	**54,275**
Cash flows from financing activities	**-1,632**	**-6,044**	**-5,195**	**-33,860**	**-65,714**	**-180,473**	**-45,848**	**-30,662**
Per-employee indicators								
Number of employees	1,800	1,674	7,720	8,150	68,102	67,454	29,386	-
Turnover per employee	81.1	88.9	103.8	107.2	93.3	95.5	54.9	-
Non-GAAP operating profit per employee*	1.7	2.5	5.2	8.8	2.6	2.6	1.8	-
Financial ratios								
ROA*	5.1%	4.9%	8.0%	13.4%	-	-	4.1%	4.3%
ROE*	8.1%	5.1%	10.8%	18.9%	-	-	2.8%	4.3%
Net margin	19.5%	11.5%	2.0%	3.6%	-	-	1.1%	1.9%
Total asset turnover (x)	1.50	1.54	1.55	1.57	1.81	2.01	1.54	1.46
Financial leverage (equity multiplier) (x)	1.41	1.42	3.35	3.21	4.56	5.52	2.69	2.73
Three-year average								
Non-GAAP operating profit margin *		**14.6%**		**5.4%**		**12.3%**		**6.0%**
Non-GAAP operating profit per employee (JPYmn)		**2.4**		**5.7**		**2.5**		**1.8**

Source: Shared Research based on materials from each company.
Notes:
1. Non-GAAP operating profit per employee is operating profit per employee for CyberAgent, pre-adjustment operating profit per employee for Dentsu Group, and operating profit before goodwill amortization per employee for Hakuhodo DY Holdings. The pre-tax return on total assets is the return on equity for CyberAgent and Hakuhodo DY Holdings. The non-GAAP operating profit margin is the operating profit margin for CyberAgent, the adjusted operating profit margin for Dentsu Group, and the operating profit margin before goodwill amortization for Hakuhodo DY Holdings.
2. Figures may differ from company materials due to differences in rounding methods.

Employee headcount at fiscal year-end for each company

Number of employees	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Septeni Holdings	930	1,083	1,189	1,147	1,224	1,251	1,602	1,735	1,800	1,674
CyberAgent	3,858	4,416	4,853	5,139	5,344	5,944	6,337	7,251	7,720	8,150
Dentsu Group	55,843	60,064	62,608	66,400	64,533	64,832	69,066	71,127	67,667	68,136
Hakuhodo DY	15,738	18,837	21,469	23,939	24,775	25,522	27,936	28,894	29,386	-

Source: Shared Research based on materials from each company.
Notes:
Septeni had a September fiscal year-end from 2016 to 2022, and 2023 was a 15-month period. CyberAgent, Dentsu Group, and Hakuhodo DY Holdings have September, December, and March fiscal year-ends, respectively. The 2025 figures are as of end-December 2025 for Septeni and Dentsu Group, and end-September 2025 for CyberAgent. Hakuhodo DY Holdings' 2024 data are as of end-March 2025.

Non-GAAP operating profit, operating profit, adjusted operating profit, and operating profit before goodwill amortization per employee for each company

(JPYmn)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Septeni Holdings (non-GAAP operating profit)	4.5	2.1	0.9	1.8	2.0	3.0	3.7	2.9	1.8	2.6
CyberAgent (operating profit)	9.5	7.0	6.2	6.0	6.3	17.5	10.7	3.1	5.2	8.8
Dentsu Group (adjusted operating profit)	3.0	2.7	2.4	2.1	1.9	2.8	2.9	2.3	2.6	2.5
Hakuhodo DY (operating profit before goodwill amortization)	3.0	2.8	3.0	2.3	1.8	2.8	2.0	1.2	1.7	-

Source: Shared Research based on materials from each company.
Notes:
1. Septeni had a September fiscal year-end from 2016 to 2022, and 2023 was a 15-month period. CyberAgent, Dentsu Group, and Hakuhodo DY Holdings have September, December, and March fiscal year-ends, respectively.
2. Figures may differ from company materials due to differences in rounding methods.

CyberAgent, Inc. (TSE Prime: 4751)

CyberAgent is an all-round internet services company founded in 1998 by its current representative director and chairman, Susumu Fujita. It initially focused on the internet ad agency business but began strengthening its B2C services, including proprietary media, from 2004 onward. It launched the Ameba blog service that same year, entered the games business in 2010, and started AbemaTV (now ABEMA)* in April 2015. Shared Research understands that, under Chairman Fujita's top-down decision-making, CyberAgent invested in proprietary media that was necessary but for which measuring cost-effectiveness was difficult. In fact, the Media & IP business, which includes ABEMA, posted losses from FY09/16 through FY09/24 before finally turning a profit in FY09/25.

In FY09/25, CyberAgent reported revenue of JPY874.0bn (+9.1% YoY) and operating profit of JPY71.7bn (+78.9% YoY). Its operations comprise three main segments: Internet Advertisement (50.2% of FY09/25 revenue and 21.1% of operating profit before consolidation adjustments), Media & IP (24.8% and 8.7%), and Game (24.8% and 72.0%). CyberAgent ranks first among the domestic internet ad agencies that are unaffiliated with any corporate group. Having its own media raises the competitiveness and profitability of CyberAgent's internet ad agency business. Specifically, it eliminates procurement costs for external media and keeps advertising revenue within the group. The vast user data obtained from operating proprietary media can also be applied to optimize ad delivery.

CyberAgent: Earnings

(JPYmn)	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY09/23	FY09/24	FY09/25
Revenue	**310,665**	**371,362**	**419,512**	**453,611**	**478,526**	**666,149**	**709,923**	**719,451**	**801,236**	**874,030**
YoY	22.1%	19.5%	13.0%	8.1%	5.5%	39.2%	6.6%	1.3%	11.4%	9.1%
Gross profit	**112,928**	**122,976**	**130,015**	**133,300**	**140,608**	**231,683**	**218,505**	**191,648**	**218,764**	**264,051**
YoY	22.5%	8.9%	5.7%	2.5%	5.5%	64.8%	-5.7%	-12.3%	14.1%	20.7%
Gross profit margin	36.4%	33.1%	31.0%	29.4%	29.4%	34.8%	30.8%	26.6%	27.3%	30.2%
SG&A expenses	**76,138**	**92,276**	**99,852**	**102,474**	**106,768**	**127,613**	**150,953**	**169,296**	**178,680**	**192,349**
YoY	28.0%	21.2%	8.2%	2.6%	4.2%	19.5%	18.3%	12.2%	5.5%	7.6%
SG&A ratio	24.5%	24.8%	23.8%	22.6%	22.3%	19.2%	21.3%	23.5%	22.3%	22.0%
Operating profit	**36,790**	**30,700**	**30,163**	**30,825**	**33,839**	**104,070**	**67,552**	**22,351**	**40,083**	**71,702**
YoY	12.3%	-16.6%	-1.7%	2.2%	9.8%	207.5%	-35.1%	-66.9%	79.3%	78.9%
Operating profit margin	11.8%	8.3%	7.2%	6.8%	7.1%	15.6%	9.5%	3.1%	5.0%	8.2%
Recurring profit	**35,341**	**28,741**	**28,565**	**30,493**	**33,822**	**104,382**	**67,902**	**22,710**	**39,715**	**71,743**
YoY	9.4%	-18.7%	-0.6%	6.7%	10.9%	208.6%	-34.9%	-66.6%	74.9%	80.6%
Recurring profit margin	11.4%	7.7%	6.8%	6.7%	7.1%	15.7%	9.6%	3.2%	5.0%	8.2%
Net income attributable to owners of the parent	**13,612**	**4,024**	**4,849**	**1,694**	**6,567**	**41,242**	**22,901**	**3,540**	**15,977**	**31,667**
YoY	-8.0%	-70.4%	20.5%	-65.1%	287.7%	528.0%	-44.5%	-84.5%	351.3%	98.2%
Net margin	4.4%	1.1%	1.2%	0.4%	1.4%	6.2%	3.2%	0.5%	2.0%	3.6%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

CyberAgent: Earnings by segment

(JPYmn)	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY09/23	FY09/24	FY09/25
Revenue	**310,665**	**371,362**	**419,512**	**453,611**	**478,526**	**666,149**	**709,923**	**719,451**	**801,236**	**874,030**
YoY	22.1%	19.5%	13.0%	8.1%	5.5%	39.2%	6.6%	1.3%	11.4%	9.1%
Media & IP	**13,332**	**19,057**	**24,728**	**36,971**	**49,625**	**76,128**	**102,643**	**132,484**	**186,223**	**217,164**
YoY	14.1%	42.9%	29.8%	49.5%	34.2%	53.4%	34.8%	29.1%	40.6%	16.6%
Internet Advertisement	**159,771**	**193,565**	**228,442**	**241,137**	**251,405**	**301,771**	**352,457**	**380,351**	**413,022**	**438,811**
YoY	18.6%	21.2%	18.0%	5.6%	4.3%	20.0%	16.8%	7.9%	8.6%	6.2%
Game	**121,740**	**139,775**	**146,154**	**151,806**	**155,517**	**262,365**	**227,987**	**178,618**	**195,648**	**216,391**
YoY	41.7%	14.8%	4.6%	3.9%	2.4%	68.7%	-13.1%	-21.7%	9.5%	10.6%
Investment Development	**1,748**	**6,790**	**4,263**	**6,428**	**4,092**	**6,441**	**4,438**	**3,198**	**6,342**	**1,663**
YoY	-75.8%	288.4%	-37.2%	50.8%	-36.3%	57.4%	-31.1%	-27.9%	98.3%	-73.8%
Other	**14,072**	**12,173**	**15,922**	**17,446**	**17,885**	**19,441**	**22,396**	**24,799**	**-**	**-**
YoY	-5.2%	-13.5%	30.8%	9.6%	2.5%	8.7%	15.2%	10.7%	-	-
Operating profit	**36,790**	**30,700**	**30,163**	**30,825**	**33,839**	**104,070**	**67,552**	**22,351**	**40,083**	**71,702**
YoY	12.3%	-16.6%	-1.7%	2.2%	9.8%	207.5%	-35.1%	-66.9%	79.3%	78.9%
Operating profit margin	11.8%	8.3%	7.2%	6.8%	7.1%	15.6%	9.5%	3.1%	5.0%	8.2%
Media & IP	**-8,301**	**-18,585**	**-17,764**	**-17,838**	**-18,267**	**-15,141**	**-13,218**	**-12,873**	**-1,448**	**7,291**
YoY	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	-	-	-	-	3.4%
Internet Advertisement	**14,528**	**18,718**	**21,340**	**20,609**	**21,030**	**22,258**	**23,701**	**17,461**	**20,457**	**17,602**
YoY	26.1%	28.8%	14.0%	-3.4%	2.0%	5.8%	6.5%	-26.3%	17.2%	-14.0%
Operating profit margin	9.1%	9.7%	9.3%	8.5%	8.4%	7.4%	6.7%	4.6%	5.0%	4.0%
Game	**30,451**	**26,503**	**25,303**	**26,040**	**30,337**	**96,445**	**60,531**	**22,708**	**30,569**	**60,063**
YoY	70.4%	-13.0%	-4.5%	2.9%	16.5%	217.9%	-37.2%	-62.5%	34.6%	96.5%
Operating profit margin	25.0%	19.0%	17.3%	17.2%	19.5%	36.8%	26.6%	12.7%	15.6%	27.8%
Investment Development	**384**	**4,827**	**2,631**	**4,593**	**3,068**	**4,408**	**2,524**	**1,840**	**426**	**-1,515**
YoY	-92.3%	-	-45.5%	74.6%	-33.2%	43.7%	-42.7%	-27.1%	-76.8%	-
Operating profit margin	22.0%	71.1%	61.7%	71.5%	75.0%	68.4%	56.9%	57.5%	6.7%	-
Other	**1,761**	**1,797**	**1,819**	**907**	**1,300**	**479**	**-16**	**358**	**-**	**-**
YoY	552.2%	2.0%	1.2%	-50.1%	43.3%	-63.2%	-	-	-	-
Operating profit margin	12.5%	14.8%	11.4%	5.2%	7.3%	2.5%	-	1.4%	-	-
Company-wide, eliminations	-2034	-2,561	-3,166	-3,486	-3,630	-4,381	-5,970	-7,142	-9,921	-11,740

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Dentsu Group Inc. (TSE Prime: 4324)

Founded in 1901, Dentsu is Japan's largest advertising agency. In FY12/25 (IFRS), Dentsu Group reported turnover (gross billings) of about JPY6.4tn (+1.4% YoY), revenue of JPY1.4tn (+1.7% YoY), an operating loss of JPY289.2bn (versus an operating loss of JPY125.0bn in FY12/24), and adjusted operating profit of JPY172.5bn (-2.1% YoY). Adjusted operating profit is operating profit less acquisition-related gains/losses and one-off factors and reflects the performance of core business operations. Dentsu Group's reportable segments are categorized by region: namely, Japan (52.7% of FY12/25 adjusted operating profit before company-wide eliminations), the Americas (31.4%), EMEA (14.7%), and Asia-Pacific excluding Japan (1.2%). Since the early 2010s, Dentsu Group has been acquiring overseas ad agencies and domestic internet ad agencies.

In Japan, Dentsu Group provides all-round marketing support covering mass media, digital advertising, and promotion, mainly through Dentsu and Dentsu Digital. Outside Japan, it oversees the ad agencies it has acquired and offers CRM and media planning solutions that draw on data and technology. The group secures stable earnings as Japan's largest full-service ad agency but faces the challenge of making its overseas operations contribute to profits. It posted operating losses in FY12/24 and FY12/25, mainly due to expenditures associated with the structural reforms of its overseas operations.

Dentsu Group: Earnings

	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Turnover	**4,924,933**	**5,187,300**	**5,357,278**	**5,146,802**	**4,498,216**	**5,256,492**	**5,819,519**	**5,953,391**	**6,352,444**	**6,439,513**
YoY	-1.3%	5.3%	3.3%	-3.9%	-12.6%	16.9%	10.7%	2.3%	6.7%	1.4%
Revenue	**838,359**	**928,841**	**1,018,512**	**1,047,881**	**939,243**	**1,085,592**	**1,246,401**	**1,304,552**	**1,410,961**	**1,435,245**
YoY	15.1%	10.8%	9.7%	2.9%	-10.4%	15.6%	14.8%	4.7%	8.2%	1.7%
Revenue-to-turnover ratio	17.0%	17.9%	19.0%	20.4%	20.9%	20.7%	21.4%	21.9%	22.2%	22.3%
Gross profit	**789,043**	**877,622**	**932,680**	**939,385**	**835,042**	**976,577**	**1,119,519**	**1,144,819**	**1,201,647**	**1,197,530**
YoY	16.6%	11.2%	6.3%	0.7%	-11.1%	16.9%	14.6%	2.3%	5.0%	-0.3%
Gross profit margin	16.0%	16.9%	17.4%	18.3%	18.6%	18.6%	19.2%	19.2%	18.9%	18.6%
SG&A expenses	**659,885**	**751,957**	**820,058**	**835,195**	**740,383**	**833,914**	**950,768**	**1,018,730**	**1,065,835**	**1,048,986**
YoY	15.3%	14.0%	9.1%	1.8%	-11.4%	12.6%	14.0%	7.1%	4.6%	-1.6%
SG&A ratio	13.4%	14.5%	15.3%	16.2%	16.5%	15.9%	16.3%	17.1%	16.8%	16.3%
Adjusted operating profit	**166,565**	**163,946**	**153,229**	**140,751**	**123,979**	**179,028**	**203,189**	**163,515**	**176,233**	**172,536**
YoY	58.9%	-1.6%	-6.5%	-8.1%	-11.9%	44.4%	13.5%	-19.5%	7.8%	-2.1%
Adjusted operating profit margin	3.4%	3.2%	2.9%	2.7%	2.8%	3.4%	3.5%	2.7%	2.8%	2.7%
Operating profit	**137,681**	**137,392**	**111,638**	**-3,358**	**-140,625**	**241,841**	**117,617**	**45,312**	**-124,992**	**-289,212**
YoY	4.1%	-0.2%	-18.7%	-	-	-	-51.4%	-61.5%	-	-
Operating profit margin	2.8%	2.6%	2.1%	-	-	4.6%	2.0%	0.8%	-	-
Pre-tax profit	**132,918**	**149,662**	**148,751**	**-42,769**	**-141,133**	**208,833**	**100,908**	**33,103**	**-139,759**	**-306,789**
YoY	-1.0%	12.6%	-0.6%	-	-	-	-51.7%	-67.2%	-	-
Recurring profit margin	2.7%	2.9%	2.8%	-	-	4.0%	1.7%	0.6%	-	-
Profit attributable to owners of the parent	**83,501**	**105,478**	**90,316**	**-80,893**	**-159,596**	**108,389**	**59,847**	**-10,714**	**-192,172**	**-327,601**
YoY	4.6%	26.3%	-14.4%	-	-	-	-44.8%	-	-	-
Net margin	1.7%	2.0%	1.7%	-	-	2.1%	1.0%	-	-	-

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Dentsu Group Japan business: Turnover by business category

		FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
(JPYmn)		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Television		**702,961**	**698,487**	**670,874**	**587,293**	**668,126**	**624,522**	**573,157**	**588,888**	**576,732**
	YoY	-	-0.6%	-4.0%	-12.5%	13.8%	-6.5%	-8.2%	2.7%	-2.1%
	% of total	37.7%	37.1%	34.9%	34.0%	35.4%	32.7%	30.6%	30.1%	27.8%
Three major media excluding television		**133,582**	**116,457**	**106,124**	**83,813**	**82,535**	**77,058**	**69,299**	**71,807**	**67,881**
	YoY	-	-12.8%	-8.9%	-21.0%	-1.5%	-6.6%	-10.1%	3.6%	-5.5%
	% of total	7.2%	6.2%	5.5%	4.9%	4.4%	4.0%	3.7%	3.7%	3.3%
Internet		**156,411**	**191,862**	**242,876**	**239,505**	**305,254**	**402,016**	**401,547**	**458,972**	**528,432**
	YoY	-	22.7%	26.6%	-1.4%	27.5%	31.7%	-0.1%	14.3%	15.1%
	% of total	8.4%	10.2%	12.6%	13.9%	16.2%	21.1%	21.4%	23.4%	25.5%
Creative		**212,334**	**209,644**	**202,346**	**172,069**	**188,543**	**185,436**	**178,182**	**195,276**	**215,641**
	YoY	-	-1.3%	-3.5%	-15.0%	9.6%	-1.6%	-3.9%	9.6%	10.4%
	% of total	11.4%	11.1%	10.5%	10.0%	10.0%	9.7%	9.5%	10.0%	10.4%
Marketing/promotion		**280,140**	**259,088**	**286,422**	**301,888**	**259,458**	**268,312**	**275,832**	**246,847**	**270,570**
	YoY	-	-7.5%	10.6%	5.4%	-14.1%	3.4%	2.8%	-10.5%	9.6%
	% of total	15.0%	13.8%	14.9%	17.5%	13.8%	14.1%	14.7%	12.6%	13.1%
Other		**379,689**	**405,230**	**412,667**	**340,710**	**381,781**	**350,130**	**376,521**	**396,579**	**411,906**
	YoY	-	6.7%	1.8%	-17.4%	12.1%	-8.3%	7.5%	5.3%	3.9%
	% of total	20.4%	21.5%	21.5%	19.7%	20.2%	18.4%	20.1%	20.3%	19.9%
Total		**1,865,117**	**1,880,768**	**1,921,309**	**1,725,278**	**1,885,697**	**1,907,474**	**1,874,538**	**1,958,369**	**2,071,162**
	YoY	-	0.8%	2.2%	-10.2%	9.3%	1.2%	-1.7%	4.5%	5.8%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Hakuhodo DY Holdings Inc. (TSE Prime: 2433)

Hakuhodo DY is Japan's second-largest full-service ad agency, formed in 2003 through the business integration of Hakuhodo Inc. (founded in 1895), Daiko Advertising Inc. (founded in 1944), and Yomiko Advertising Inc. (founded in 1929). In FY03/26, it reported turnover of about JPY1.6tn (-2.0% YoY), revenue of JPY861.0bn (-9.7% YoY), operating profit before goodwill amortization of JPY57.4bn (+7.8% YoY), and operating profit of JPY44.7bn (+18.9% YoY). Hakuhodo DY has just one reportable segment: the advertising business. In FY03/26, 74.0% of revenue (before eliminations) came from Japan and 26.0% from overseas; Japan contributed 102.6% of operating profit, while overseas operations posted an operating loss of JPY2.2bn. In its domestic full-service advertising business, Hakuhodo DY supports client companies from the formulation of marketing strategies to the production of creative. It also purchases ad spaces on offline and online media on behalf of clients.

Hakuhodo DY: Earnings

(JPYmn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Turnover	**1,255,474**	**1,334,638**	**1,444,524**	**1,466,249**	**1,297,947**	**1,518,921**	**1,634,340**	**1,579,350**	**1,613,101**	**1,580,460**
YoY	3.3%	6.3%	8.2%	1.5%	-11.5%	17.0%	7.6%	-3.4%	2.1%	-2.0%
Revenue	**1,255,474**	**673,692**	**773,519**	**802,617**	**714,560**	**895,080**	**991,137**	**946,776**	**953,316**	**861,003**
YoY	3.3%	-	14.8%	3.8%	-11.0%	25.3%	10.7%	-4.5%	0.7%	-9.7%
Gross profit	**248,640**	**272,410**	**324,809**	**332,499**	**313,217**	**387,093**	**403,564**	**394,174**	**399,598**	**406,037**
YoY	6.9%	9.6%	19.2%	2.4%	-5.8%	23.6%	4.3%	-2.3%	1.4%	1.6%
Gross profit margin	19.8%	40.4%	42.0%	41.4%	43.8%	43.2%	40.7%	41.6%	41.9%	47.2%
SG&A expenses	**201,379**	**220,147**	**259,523**	**277,367**	**268,184**	**315,450**	**348,154**	**359,886**	**362,017**	**361,361**
YoY	7.4%	9.3%	17.9%	6.9%	-3.3%	17.6%	10.4%	3.4%	0.6%	-0.2%
SG&A ratio	16.0%	32.7%	33.6%	34.6%	37.5%	35.2%	35.1%	38.0%	38.0%	42.0%
Operating profit before goodwill amortization	**50,381**	**55,878**	**72,171**	**64,170**	**54,365**	**84,029**	**71,403**	**50,084**	**53,252**	**57,401**
YoY	6.5%	10.9%	29.2%	-11.1%	-15.3%	54.6%	-15.0%	-29.9%	6.3%	7.8%
Operating profit margin before goodwill amortization	4.0%	8.3%	9.3%	8.0%	7.6%	9.4%	7.2%	5.3%	5.6%	6.7%
Operating profit	**47,261**	**52,263**	**65,285**	**55,131**	**45,033**	**71,642**	**55,409**	**34,288**	**37,581**	**44,675**
YoY	5.0%	10.6%	24.9%	-15.6%	-18.3%	59.1%	-22.7%	-38.1%	9.6%	18.9%
Operating profit margin	3.8%	7.8%	8.4%	6.9%	6.3%	8.0%	5.6%	3.6%	3.9%	5.2%
Recurring profit	**45,491**	**54,439**	**68,702**	**58,100**	**49,594**	**75,740**	**60,378**	**37,815**	**42,660**	**46,061**
YoY	-4.2%	19.7%	26.2%	-15.4%	-14.6%	52.7%	-20.3%	-37.4%	12.8%	8.0%
Recurring profit margin	3.6%	8.1%	8.9%	7.2%	6.9%	8.5%	6.1%	4.0%	4.5%	5.3%
Net income attributable to owners of the parent	**25,880**	**29,861**	**47,235**	**44,893**	**26,479**	**55,179**	**31,010**	**24,923**	**10,768**	**16,775**
YoY	-9.3%	15.4%	58.2%	-5.0%	-41.0%	108.4%	-43.8%	-19.6%	-56.8%	55.8%
Net margin	2.1%	4.4%	6.1%	5.6%	3.7%	6.2%	3.1%	2.6%	1.1%	1.9%

Source: Shared Research based on company materials
Notes:
1. Hakuhodo DY Holdings applied the revenue recognition standard from the beginning of FY03/22 and, at the end of FY03/22, disclosed results retrospectively adjusted back through FY03/18. The YoY change in revenue for FY03/18 is therefore not shown.
2. Figures may differ from company materials due to differences in rounding methods.

Hakuhodo DY: Turnover by category

(JPYmn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Television	**436,864**	**442,514**	**451,525**	**427,468**	**381,672**	**393,918**	**381,783**	**384,946**	**371,520**	**369,389**
YoY	-	1.3%	2.0%	-5.3%	-10.7%	3.2%	-3.1%	0.8%	-3.5%	-0.6%
% of total	39.0%	37.7%	35.4%	33.4%	33.9%	29.9%	27.9%	29.4%	27.9%	27.9%
Three major media excluding television	**93,485**	**89,626**	**84,763**	**77,098**	**59,870**	**59,027**	**53,256**	**49,433**	**42,299**	**37,816**
YoY	-	-4.1%	-5.4%	-9.0%	-22.3%	-1.4%	-9.8%	-7.2%	-14.4%	-10.6%
% of total	8.3%	7.6%	6.7%	6.0%	5.3%	4.5%	3.9%	3.8%	3.2%	2.9%
Internet	**181,777**	**200,842**	**229,881**	**254,565**	**247,068**	**298,359**	**336,811**	**354,900**	**353,984**	**357,412**
YoY	-	10.5%	14.5%	10.7%	-2.9%	20.8%	12.9%	5.4%	-0.3%	1.0%
% of total	16.2%	17.1%	18.0%	19.9%	21.9%	22.6%	24.6%	27.1%	26.6%	27.0%
Creative	**126,564**	**134,888**	**147,202**	**149,202**	**140,005**	**150,642**	**153,626**	**151,879**	**162,846**	**168,534**
YoY		6.6%	9.1%	1.4%	-6.2%	7.6%	2.0%	-1.1%	7.2%	3.5%
% of total	11.3%	11.5%	11.6%	11.7%	12.4%	11.4%	11.2%	11.6%	12.2%	12.7%
Marketing/promotion	**216,016**	**235,460**	**269,731**	**275,259**	**234,077**	**347,878**	**367,017**	**291,613**	**322,941**	**307,215**
YoY		9.0%	14.6%	2.0%	-15.0%	48.6%	5.5%	-20.5%	10.7%	-4.9%
% of total	19.3%	20.1%	21.2%	21.5%	20.8%	26.4%	26.8%	22.3%	24.3%	23.2%
Other	**65,136**	**70,538**	**90,675**	**96,132**	**63,761**	**68,374**	**75,647**	**76,636**	**77,830**	**82,559**
YoY		8.3%	28.5%	6.0%	-33.7%	7.2%	10.6%	1.3%	1.6%	6.1%
% of total	5.8%	6.0%	7.1%	7.5%	5.7%	5.2%	5.5%	5.9%	5.8%	6.2%
Total of major categories	**1,119,842**	**1,173,868**	**1,273,777**	**1,279,724**	**1,126,453**	**1,318,198**	**1,368,140**	**1,309,407**	**1,331,420**	**1,322,925**
YoY	-	4.8%	8.5%	0.5%	-12.0%	17.0%	3.8%	-4.3%	1.7%	-0.6%

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

Strengths and weaknesses

Strengths

Having a mechanism to maintain its organizational framework allows the company to keep its standing as an internet advertising specialist well-recognized for performance-based ads.

Internet advertising accounted for about 90% of Septeni's turnover (gross billings) in FY12/25, compared with Dentsu's 26% (FY12/25; as a share of total gross billings in the domestic business; includes Septeni's results), Hakuhodo DY's 23% (FY03/26), and CyberAgent's 50.2% (FY09/25). Nearly 100% of the company's turnover come from performance-based advertising. Septeni specializes in internet advertising and has earned recognition within the industry, including from Dentsu, for its expertise in performance-based advertising and its organizational structure equipped with sales functions dedicated to internet advertising. In performance-based advertising, maintaining this organizational framework is critical. Because major media companies frequently update their algorithms, an ad agency in this domain needs to be organizationally capable of continuously gathering the latest information and sharing it with the frontline staff.

As a mechanism for maintaining this organizational framework, Septeni has HaKaSe, a proprietary human resources matching system for hiring people who fit its corporate culture. The company has won the HR Technology Award (sponsored by the Ministry of Economy, Trade and Industry) nine times for its tech initiatives in the HR field, including the use of HaKaSe. Septeni owns past 20 years' worth of accumulated personnel and personality data on several thousand employees, including those who have left. The data consists of profiles of individuals who have excelled within the company, tagged according to year of hire and hundreds of other criteria. The company uses these multifaceted tags, which also incorporate a time dimension, to predict a candidate's post-hire performance and decide whether to hire. It also applies the data to post-hire talent management, for example assigning new hires to departments where there is a good possibility for them to thrive. The company maintains its organizational framework thanks to this mechanism for hiring the right people and assigning them to the right roles.

The company can readily adapt to changes in the business environment, being in a position to catch both the latest trends of media companies and the needs of client companies.

The internet ad agency industry has been shaped by supply-side factors such as shifts in media and ad delivery technologies and by demand-side factors, including changes in the needs of client companies. Septeni has maintained its positioning as a major internet ad agency by responding flexibly to changes in the external environment. It is one of the top four companies by share in Japan's internet ad agency market and is a force to be reckoned with by media companies, given the volume of ads it handles. For this reason, it gains access to the latest technological trends at these media companies, ahead of its clients and small/midsized internet ad agencies. Septeni is also well-positioned to learn when new IT services providers are strengthening their media functions to earn advertising revenue.

Additionally, Septeni has long handled performance-based advertising, where its frontline consultants are tasked with working alongside clients and making fine adjustments to maximize ad effectiveness. This has allowed the company to readily notice demand shifts on the part of clients' end customers. For these reasons, Septeni is now well-positioned to detect changes in both the supply and demand fronts, and Shared Research understands that this positioning gives the company the ability to readily respond to changes in the business environment. From 2019—when Septeni's collaboration with Dentsu moved into full swing—through 2025, total advertising expenditures in Japan grew at a CAGR of about 3%, while internet advertising expenditures and internet advertising media expenditures both grew at CAGRs of about 12%, as did the company's gross billings. Excluding the impact of certain large clients opting to insource ad operations in the period leading up to 2025, the company has delivered growth exceeding that of the overall internet advertising media expenditures in Japan.

The company can draw on the broader resources and capabilities of the Dentsu Group to grow its businesses.

Septeni collaborates with Dentsu Inc. and other Dentsu Group companies while preserving its management independence. The company explains that its ability to offer multiple support configurations depending on client needs is a factor that sets it apart from peers in winning marketing projects. For instance, Septeni can make proposals alone, have Dentsu make proposals alone, or alternatively make joint pitches with the Dentsu Group companies. Working as equal partners has enabled two-way cross-selling as well, where—for example—Septeni secures budgets for performance-based advertising from Dentsu's clients in mass media marketing, while Dentsu proposes TV ads to Septeni's clients. For Septeni, this partnership has opened doors to corporate clients with large budgets and has provided opportunities to raise turnover (gross billings) per employee.

Septeni's turnover trended between JPY72.4bn and JPY73.2bn from FY09/16 to FY09/18. However, excluding the COVID-19 period, turnover has tracked an upward trajectory since FY09/19, when the company entered into a capital and business alliance with Dentsu, and reached JPY148.8bn in FY12/25. The company's turnover from collaboration projects with the Dentsu Group grew at a CAGR of 21.2% over FY12/22–FY12/25, reaching JPY44.0bn in FY12/25 (29.1% of turnover before consolidation adjustments). Septeni says there is still substantial room for cross-selling, as Dentsu is Japan's largest ad agency with an extensive client base.

Weaknesses

Regardless of the oligopolistic nature of the market, the presence of rivals of similar scale and competitiveness puts pressure on the company's commission rates.

According to the company, the four major players—Septeni, Dentsu, Hakuhodo DY, and CyberAgent—compete exclusively in the area of large-budget projects (i.e., monthly budgets exceeding tens of millions of yen) that require complex marketing operations aimed at improving CX for clients. When limiting the scope to client companies with sizable budgets, we estimate that the top fours' market shares come to just under 10% for Septeni, just over 30% for Dentsu (including the Septeni's gross billings), and just under 30% each for Hakuhodo DY and CyberAgent (based on data disclosed by each company). In oligopolistic markets, sellers generally hold the advantage, but ad agencies compete on commission rates in the internet advertising market, causing fluctuations in Septeni's revenue-to-turnover ratio.

There is a gap in proposal capabilities between the top four and midsized internet ad agencies. However, Septeni says that among the top four, the outcomes of competitive pitches hinge on differences in client needs, and no single factor consistently ensures a win. For example, clients seeking marketing solutions that integrate online and offline channels would likely choose the company or Dentsu, while those focusing on internet advertising would opt for CyberAgent.

Developing its own B2C media—a potential driver of productivity gains—remains a challenge for the company.

The company's non-GAAP operating profit per employee was JPY2.5mn in FY12/25. At CyberAgent, operating profit per employee in the internet advertising business was JPY4.4mn in FY09/25 when including temporary employees (annual average), and JPY6.7mn when excluding them. Adjusted operating profit per employee at Dentsu (FY12/25) was JPY2.5mn, while operating profit before goodwill amortization per employee at Hakuhodo DY (FY03/25) was JPY1.7mn. CyberAgent can optimize ad delivery, leveraging the vast user data obtained from operating its own B2C media. Having proprietary media also allows it to internalize the media's value-added. In Septeni's view, these factors contribute to CyberAgent's higher productivity compared to peers.

In the past, Septeni had sought to operate its own media as well, launching mobile content in 2001 and a manga distribution service in 2013, but neither service grew into an earnings pillar. According to the company, monetization decisions for B2C services such as media are difficult because these businesses require investments even though cost-effectiveness is hard to measure. For example, Septeni can verify cost-effectiveness in the MC business, which makes it relatively easy to gauge the return on a given amount of investment. With B2C businesses, by contrast, it is hard to judge how much to invest and for how long to ensure recoupment. The company has concluded that monetizing B2C services is difficult under a management policy that emphasizes investment efficiency.

Heavy reliance on the internet advertising business, combined with the small scale of its gross billings, leaves the company vulnerable to changes in the ad operation policies of certain large clients.

About 90% of Septeni's revenue in FY12/25 was from internet advertising, compared to the roughly 23–50% at the three major peers noted above. Meanwhile, the scale of the company's turnover is about JPY140bn, compared to the JPY400bn or more at the three major peers. Shared Research understands that since Septeni's earnings base is not diversified (relying heavily on the internet advertising business) and its turnover is smaller than the three peers, the company is readily affected by changes in the ad operation policies of certain large clients. In fact, while Japan's internet advertising media expenditures grew 11.8% YoY in 2025, Septeni's turnover in the MC business rose only 2.2% YoY in FY12/25. The company explained that certain large clients decided to insource their internet advertising operations to cut agency commissions, and as a result, its turnover growth lagged that of Japan's overall media expenditures.

Although Septeni was affected by clients opting to internalize internet advertising, it says that insourcing of this scale was a first in its 25-year history as an internet ad agency. It added that, in practice, insourcing is difficult for client companies from the standpoint of developing specialized talent and responding to new technologies and media. For example, most employees of automakers join their companies hoping to work in automotive-related roles, so they have little incentive to build expertise in internet advertising. The industry also undergoes frequent technological changes, and developing internet advertising specialists takes considerable effort. Further, it requires a large sum of ad spending to obtain information on the latest technological developments at major media companies. Indeed, Septeni has dispatched engineers to support clients that took operations in-house, and some clients that abandoned insourcing have since returned to the company.

Historical results and financial statements

Historical earnings

Full-year FY12/25 results

- Turnover: JPY148.8bn (+1.9% YoY)
- Revenue: JPY30.3bn (+7.2% YoY)
- Operating profit: JPY4.2bn (+35.4% YoY)
- Non-GAAP operating profit: JPY4.4bn (+38.1% YoY)
- Pre-tax profit: JPY4.7bn (-3.1% YoY)
- Profit attributable to owners of the parent: JPY3.5bn (-36.8% YoY)

Company initiatives

Since FY12/24, when CEO Kouno took office, Septeni Holdings (hereinafter "Septeni") has upheld "Focus & Synergy" as its medium-term theme. As initiatives related to focus, it designated media communication, direct business, and data and solutions as core businesses and aligned its management direction toward strengthening internal cohesion. It also introduced business continuation criteria and enforced rigorous business portfolio management. Initiatives associated with synergy involved measures that drew on the management resources of Dentsu and other group companies.

In line with the medium-term theme, Septeni cut costs by bringing previously outsourced creative production in-house and expanded turnover (gross billings) by meeting client needs through collaboration among group companies. It also reorganized the business portfolio, selling or liquidating five group subsidiaries while establishing four new companies, some through business integration. As a result, it was able to improve business efficiency (including curbing company-wide costs).

In FY12/25, on the focus front, the company made efforts to improve profitability and productivity. As a result, the revenue-to-turnover ratio rose 1.0pp YoY to 20.4%, and operating profit per employee increased JPY0.7mn YoY to about JPY2.2mn. Efforts to enhance advertising effectiveness, among various other measures, came to fruition, improving the revenue-to-turnover ratio. In addition, per-employee productivity also improved on the back of turnover growth from the use of generative AI and other tools, combined with thorough headcount control. Since the company-wide rollout of generative AI tools in 2024, Septeni has worked to incorporate AI in its ad management processes while also using AI to provide new solutions to clients and improve overall operational efficiency.

On the synergy front, the company sought to enhance intra-group synergies. It worked to strengthen the ad operations domain and also established new companies and formed alliances to expand into the fields of sports and entertainment and corporate hometown tax donation program support. Outside the group, it pursued alliances with companies operating in areas that suited Septeni's strengths and expertise and created synergies mainly through joint business development and solution offerings. In each business segment, the company managed to make progress in new domains and trends in the marketing field. Specific areas of progress include TikTok Shop services, vertical video, AI avatars, generative AI, and Dify*.

***Dify** is a platform that uses generative AI models to let users easily build and operate high-performance AI applications and chatbots without code.

Summary

In FY12/25, the company reported revenue of JPY30.3bn (+7.2% YoY), operating profit of JPY4.2bn (+35.4% YoY), and non-GAAP operating profit of JPY4.4bn (+38.1% YoY). Pre-tax profit was JPY4.7bn (-3.1% YoY), profit was JPY3.5bn (-36.8% YoY), and profit attributable to owners of the parent was JPY3.5bn (-36.8% YoY). Although results were affected by certain large clients shifting to insourced ad operations from Q2, revenue still rose YoY as the company acquired new clients, expanded transactions with existing clients, and improved its revenue-to-turnover ratio. In addition, the non-GAAP OPM rose 3.3pp YoY to 14.6% and non-GAAP operating profit also increased YoY, reflecting improved profitability and productivity as well as progress in business portfolio reorganization.

Profit attributable to owners of the parent declined YoY, due in part to impairment losses related to equity-method affiliate Comisma Inc. However, excluding the impact of impairment losses and other items, adjusted profit was JPY4.2bn (+25.5% YoY). By business segment, the mainstay MC business posted higher revenue and profit YoY, thanks to the expansion of existing projects, acquisition of new projects, and efforts to advance collaboration with Dentsu. Additionally, profitability improvement measures allowed revenue growth to absorb the increase in SG&A expenses. Revenue and profit also rose YoY in the DB business, with revenue growth driven mainly by offline advertising projects. Meanwhile, revenue and profit in the DSOL business declined YoY due to the falloff of certain projects delivered in FY12/24.

Collaborations with Dentsu

Turnover from collaborations with Dentsu was up 34.1% YoY to JPY44.0bn. The number of large clients (those with annual transactions of JPY400mn or more), the number of business partners, and turnover all increased YoY. Septeni says the two companies share and use each other's management resources in marketing strategy formulation and proposals, creative production, media buying, and tools/solutions. The company recognizes that a framework is in place for integrated marketing proposals that combine digital with mass media advertising, such as TV commercials.

Results by segment

MC business

- Revenue: JPY21.6bn (+6.3% YoY)
- Non-GAAP operating profit: JPY5.5bn (+14.1% YoY)

Segment performance was affected by certain large clients shifting to insourced ad operations from Q2. Still, the company posted higher revenue and profit YoY in this segment, as it expanded existing projects, won new ones, and advanced its collaboration with Dentsu. Profitability improvement measures yielded results, allowing revenue growth to absorb the increase in SG&A expenses.

DB business

- Revenue: JPY6.4bn (+24.4% YoY)
- Non-GAAP operating profit: JPY1.4bn (+30.4% YoY)

The company reported higher revenue and profit YoY in this segment, with offline advertising projects mainly driving revenue growth.

DSOL business

- Revenue: JPY3.1bn (-3.9% YoY)
- Non-GAAP operating profit: JPY492mn (-0.4% YoY)

Revenue and profit declined YoY in this segment, reflecting the falloff of certain projects delivered in FY12/24.

Income statement

Income statement	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	**13,862**	**14,702**	**15,272**	**16,796**	**17,938**	**21,384**	**28,819**	**34,267**	**28,284**	**30,309**
YoY	-	6.1%	3.9%	10.0%	6.8%	19.2%	34.8%	-	-	7.2%
Cost of revenue	1,384	1,714	2,598	2,833	3,342	4,099	6,098	6,799	6,081	7,145
Gross profit	**12,478**	**12,989**	**12,674**	**13,963**	**14,596**	**17,285**	**22,720**	**27,467**	**22,203**	**23,164**
YoY	-	4.1%	-2.4%	10.2%	4.5%	18.4%	31.4%	-	-	4.3%
Gross profit margin	90.0%	88.3%	83.0%	83.1%	81.4%	80.8%	78.8%	80.2%	78.5%	76.4%
SG&A expenses	**8,350**	**10,652**	**11,693**	**11,924**	**12,156**	**13,745**	**17,058**	**22,500**	**19,096**	**18,833**
YoY	-	27.6%	9.8%	2.0%	1.9%	13.1%	24.1%	-	-	-1.4%
SG&A ratio	60.2%	72.5%	76.6%	71.0%	67.8%	64.3%	59.2%	65.7%	67.5%	62.1%
Operating profit	**4,154**	**2,248**	**977**	**183**	**2,274**	**3,650**	**5,440**	**4,949**	**3,129**	**4,239**
YoY	-	-45.9%	-56.5%	-81.3%	-	60.5%	49.0%	-	-	35.4%
Operating profit margin	30.0%	15.3%	6.4%	1.1%	12.7%	17.1%	18.9%	14.4%	11.1%	14.0%
Non-GAAP operating profit	**4,147**	**2,325**	**1,011**	**2,065**	**2,452**	**3,796**	**5,855**	**5,091**	**3,197**	**4,414**
YoY	-	-43.9%	-56.5%	104.3%	18.7%	54.8%	54.2%	-	-	38.1%
Non-GAAP operating profit margin	29.9%	15.8%	6.6%	12.3%	13.7%	17.8%	20.3%	14.9%	11.3%	14.6%
Equity in earnings of affiliates	110	37	301	-338	113	58	1,066	1,851	1,465	1,599
Pre-tax profit	**4,281**	**2,448**	**1,353**	**-81**	**2,325**	**3,911**	**8,241**	**6,652**	**4,867**	**4,718**
YoY	-	-42.8%	-44.7%	-	-	68.2%	110.7%	-	-	-3.1%
Pre-tax profit margin	30.9%	16.6%	8.9%	-	13.0%	18.3%	28.6%	19.4%	17.2%	15.6%
Profit attributable to owners of the parent	**2,519**	**2,211**	**847**	**-547**	**1,464**	**2,604**	**5,734**	**4,319**	**5,526**	**3,491**
YoY	-	-12.2%	-61.7%	-	-	77.8%	120.2%	-	-	-36.8%
Net margin	18.2%	15.0%	5.5%	-	8.2%	12.2%	19.9%	12.6%	19.5%	11.5%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. The company adopted IFRS from FY09/16. Figures for FY09/22 and earlier are before the reclassification for discontinued operations.
3. FY12/23 was an irregular 15-month period due to the change in fiscal year-end.
4. The company defines its non-GAAP operating profit as an earnings metric that measures underlying business performance, derived by adjusting IFRS-based operating profit for one-off factors such as impairment losses, gains or losses on the sale of non-current assets, and share-based compensation expenses (BIP trust).
5. The company discloses turnover (its gross billings for internet advertising) as a reference.

In FY09/16, Septeni made a foray into social advertising on smartphones, ahead of its peers. Since its top clients were mostly game app companies and Septeni primarily handled social advertising, its GPM that year reached 90.0% and non-GAAP OPM 29.9%, both the highest within the past 10 years.

From FY09/17 through FY09/19, however, Septeni faced competition from CyberAgent that leveraged economies of scale and its own media, as well as from major ad agencies that entered the digital domain in earnest. Differentiation became difficult as peers closed the gap with the company in performance-based advertising. Further, the company's fixed-cost burden increased as it continued hiring while enhancing employee remuneration and benefits to strengthen the organization. As a result, non-GAAP operating profit fell to JPY2.3bn in FY09/17 (-43.9% YoY) and to JPY1.0bn in FY09/18 (-56.5% YoY).

In October 2018, Septeni entered into a capital and business alliance agreement with Dentsu Group. The move reflected client companies' growing emphasis on customer experience (CX) and maximization of end-customer LTV, which in turn prompted demand for integrated marketing solutions that combined online and offline channels. From January 2019, the Septeni's financial results entered a recovery phase that lasted through FY09/22, as collaboration with Dentsu Group companies moved into full swing. Demand such as that for manga apps—fueled by sheltering-in-place rules during the COVID-19 pandemic—also contributed to the company's performance, and non-GAAP operating profit rose from JPY2.1bn in FY09/19 to JPY5.9bn in FY09/22.

From FY12/23 through FY12/25, the company changed its fiscal year-end, and its performance was adversely affected by certain large clients opting to insource advertising operations. In FY12/24, when CEO Kouno took office, the company adopted "Focus & Synergy" as its medium-term theme. As initiatives related to focus, it designated media communication, direct business, and data and solutions as core businesses and shifted its management direction toward strengthening internal cohesion. Further, it began applying business continuation criteria and enforced rigorous business portfolio management. Initiatives associated with synergy involved measures that drew on the management resources of group companies, including those of Dentsu Group. In FY12/25, revenue grew 7.2% YoY to JPY30.3bn and non-GAAP operating profit rose 38.1% YoY to JPY4.4bn on the back of improved profitability from thorough portfolio management and the expansion of collaborative projects with Dentsu.

Calendar-year income statement (reference)

The table below shows consolidated income statement figures aggregated on a simple-sum basis to match the January–December calendar year. Septeni had a September fiscal year-end from 2016 through 2022. Hence, the 2016 figures in the table are derived by simply adding the consolidated results for Q2 (January–March 2016) through Q4 (July–September 2016) of FY09/16 and Q1 (October–December 2016) of FY09/17.

Calendar-year income statement

(JPYmn)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	**14,133**	**15,143**	**15,320**	**17,082**	**18,851**	**22,681**	**27,835**	**27,674**	**28,284**	**30,309**
YoY	-	7.1%	1.2%	11.5%	10.4%	20.3%	22.7%	-0.6%	2.2%	7.2%
Gross profit	**12,707**	**13,210**	**12,632**	**14,113**	**15,315**	**18,467**	**22,485**	**22,106**	**22,203**	**23,164**
YoY	-	4.0%	-4.4%	11.7%	8.5%	20.6%	21.8%	-1.7%	0.4%	4.3%
Gross profit margin	89.9%	87.2%	82.5%	82.6%	81.2%	81.4%	80.8%	79.9%	78.5%	76.4%
SG&A expenses	**8,726**	**10,987**	**11,899**	**11,944**	**12,249**	**14,131**	**17,271**	**18,171**	**19,096**	**18,833**
YoY	-	25.9%	8.3%	0.4%	2.6%	15.4%	22.2%	5.2%	5.1%	-1.4%
SG&A ratio	61.7%	72.6%	77.7%	69.9%	65.0%	62.3%	62.0%	65.7%	67.5%	62.1%
Non-GAAP operating profit	**3,989**	**2,212**	**768**	**2,220**	**3,054**	**4,601**	**5,419**	**4,016**	**3,197**	**4,414**
YoY	-	-44.5%	-65.3%	189.1%	37.6%	50.7%	17.8%	-25.9%	-20.4%	38.1%
Non-GAAP operating profit margin	28.2%	14.6%	5.0%	13.0%	16.2%	20.3%	19.5%	14.5%	11.3%	14.6%
Operating profit	**3,961**	**2,171**	**690**	**348**	**2,907**	**4,386**	**5,051**	**3,922**	**3,129**	**4,239**
YoY	-	-45.2%	-68.2%	-49.6%	735.3%	50.9%	15.2%	-22.4%	-20.2%	35.5%
Operating profit margin	28.0%	14.3%	4.5%	2.0%	15.4%	19.3%	18.1%	14.2%	11.1%	14.0%
Profit attributable to owners of the parent	**3,297**	**1,356**	**527**	**-394**	**1,942**	**3,014**	**5,042**	**3,736**	**5,526**	**3,491**
YoY	-	-58.9%	-61.1%	-	-	55.2%	67.3%	-25.9%	47.9%	-36.8%
Net margin	23.3%	9.0%	3.4%	-2.3%	10.3%	13.3%	18.1%	13.5%	19.5%	11.5%
[Reference] Turnover	**74,391**	**72,592**	**73,121**	**76,345**	**80,329**	**104,689**	**132,003**	**138,036**	**145,996**	**148,783**
YoY	-	-2.4%	0.7%	4.4%	5.2%	30.3%	26.1%	4.6%	5.8%	1.9%
Revenue-to-turnover ratio	19.0%	20.9%	21.0%	22.4%	23.5%	21.7%	21.1%	20.0%	19.4%	20.4%

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. The company adopted IFRS from FY09/16.
3. The retrospective adjustment for the reclassification of Comisma as a discontinued operation has been applied only as far back as 2022, so figures for 2021 and earlier include Comisma.

Major equity-method affiliate

Septeni made Dentsu Digital Inc. an equity-method affiliate on January 4, 2022. As of end-December 2025, Dentsu Group owned 75.0% of Dentsu Digital, and the company owned 25.0%, making Dentsu Digital a consolidated subsidiary of Dentsu Group.

Dentsu Digital upholds the mission of being a business growth partner for client companies and provides integrated solutions that combine marketing, technology, and creativity. Beyond helping clients manage ad operations and achieve operational efficiency, Dentsu Digital seeks to offers hands-on support in clients' business transformation, strategy formulation, system development, and pursuit of self-sustainability as an organization. By doing so, it seeks to maximize clients' marketing ROI and create CX, helping clients grow earnings and develop new business value. Dentsu Digital's main clients are companies facing marketing challenges amid shifts in consumer purchasing behaviors and CX trends.

Dentsu Digital's operations divide into specialist domains that include consulting, marketing communications, and experience and technology. At the same time, the organization is structured in such a way that it can seamlessly collaborate across these domains as a one-stop shop to respond to clients' increasingly complex challenges. It also utilizes AI technology and its networks in Japan and overseas. Applying its AI solutions, Dentsu Digital optimizes ad operations and helps improve CX for clients while taking a data analysis-centered approach that draws on partnerships with major digital platform operators. Additionally, it collaborates with Dentsu Group companies in Japan and with offshore AI development bases in Mongolia and elsewhere.

Dentsu Digital: Earnings

(JPYmn)	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Revenue	**29,354**	**33,881**	**47,025**	**54,537**	**55,697**	**62,743**	**63,801**
YoY	-	15.4%	38.8%	16.0%	2.1%	12.7%	1.7%
Gross profit	**17,295**	**18,499**	**25,905**	**29,474**	**29,864**	**32,052**	**35,804**
YoY	-	7.0%	40.0%	13.8%	1.3%	7.3%	11.7%
Gross profit margin	58.9%	54.6%	55.1%	54.0%	53.6%	51.1%	56.1%
SG&A expenses	**13,367**	**12,990**	**17,055**	**20,121**	**22,873**	**22,423**	**25,548**
YoY	-	-2.8%	31.3%	18.0%	13.7%	-2.0%	13.9%
SG&A ratio	45.5%	38.3%	36.3%	36.9%	41.1%	35.7%	40.0%
Operating profit	**3,928**	**5,509**	**8,850**	**9,353**	**6,991**	**9,629**	**10,257**
YoY	-	40.2%	60.6%	5.7%	-25.3%	37.7%	6.5%
Operating profit margin	13.4%	16.3%	18.8%	17.1%	12.6%	15.3%	16.1%
Net income	**2,798**	**3,840**	**6,090**	**7,270**	**4,715**	**6,877**	**7,693**
YoY	-	37.2%	58.6%	19.4%	-35.1%	45.9%	11.9%
Net margin	9.5%	11.3%	13.0%	13.3%	8.5%	11.0%	25.4%

Shared Research based on Dentsu Digital's Integrated Report 2025
Note: Figures may differ from company materials due to differences in rounding methods.

Balance sheet

Balance sheet	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
(JPYmn)	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Assets										
Current assets	**26,268**	**26,272**	**26,223**	**25,133**	**27,373**	**33,452**	**40,585**	**43,683**	**45,978**	**45,547**
Cash and cash equivalents	15,481	15,519	14,922	14,488	14,081	16,900	21,340	20,873	23,730	17,945
Trade receivables	9,983	9,988	10,145	10,032	12,747	16,085	18,285	19,831	20,721	23,701
Non-current assets	**3,712**	**6,656**	**7,148**	**5,280**	**7,052**	**8,560**	**48,146**	**49,923**	**51,660**	**50,798**
Goodwill	147	1,818	1,831	–	–	–	4,693	4,693	4,693	4,693
Intangible assets	232	169	174	113	84	67	525	432	888	840
Investments accounted for using equity method	612	1,944	1,828	888	964	997	33,342	34,249	36,013	35,038
Other financial assets	1,673	1,657	2,141	2,991	3,546	3,929	6,905	7,106	7,253	7,879
Total assets	**29,981**	**32,929**	**33,371**	**30,413**	**34,425**	**42,011**	**88,731**	**93,606**	**97,637**	**96,345**
Liabilities and equity										
Liabilities	**14,935**	**17,705**	**17,641**	**15,604**	**18,613**	**23,566**	**25,977**	**27,901**	**27,683**	**29,761**
Current liabilities	**14,191**	**13,387**	**12,690**	**11,729**	**15,314**	**20,329**	**25,206**	**26,333**	**26,211**	**29,270**
Trade payables	9,653	9,349	9,113	8,799	11,053	14,044	16,891	19,031	18,870	20,736
Other financial liabilities	1,729	1,931	1,801	1,537	2,376	2,549	4,910	4,415	4,632	5,462
Non-current liabilities	**744**	**4,319**	**4,951**	**3,875**	**3,299**	**3,237**	**771**	**1,569**	**1,472**	**491**
Other financial liabilities	655	4,019	4,624	3,765	3,122	3,082	531	1,370	893	337
Equity										
Equity attributable to owners of parent	**14,156**	**15,172**	**15,672**	**14,796**	**15,793**	**18,426**	**62,705**	**65,594**	**69,880**	**66,549**
Total equity	**15,046**	**15,224**	**15,730**	**14,809**	**15,811**	**18,445**	**62,754**	**65,705**	**69,955**	**66,584**
Total liabilities and equity	**29,981**	**32,929**	**33,371**	**30,413**	**34,425**	**42,011**	**88,731**	**93,606**	**97,637**	**96,345**

Source: Shared Research based on company materials
Notes:
1. Figures may differ from company materials due to differences in rounding methods.
2. The company adopted IFRS from FY09/16.
3. FY12/23 was an irregular 15-month period due to the change in fiscal year-end.

The changes in Septeni's balance sheet from FY09/22 onward are attributable to the capital and business alliance with Dentsu. Effective January 4, 2022, the company issued 70.1mn common shares to Dentsu Group through a third-party allotment, raising JPY32.6bn. At the same time, it made Dentsu Digital an equity-method affiliate by acquiring JPY31.3bn worth of Dentsu Digital common shares held by Dentsu Group. It also made Dentsu Direct a wholly owned subsidiary through a share exchange. As a result, total equity stood at JPY62.8bn at end-FY09/22, and investments accounted for using the equity method (a non-current asset item) increased to JPY33.3bn.

Cash flow statement

Cash flow statement	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
(JPYmn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Cash flows from operating activities										
Pre-tax profit from continuing operations	**4,281**	**2,448**	**1,353**	**-81**	**2,325**	**3,911**	**8,241**	**6,652**	**4,867**	**4,718**
Pre-tax profit from discontinued operations	**-434**	**1,260**	**—**	**—**	**—**	**—**	**—**	**-666**	**3,209**	**—**
Adjustments::										
Depreciation and amortization	221	213	258	210	983	1,015	767	968	695	734
Equity in earnings of affiliates	-81	-37	-301	338	-113	-58	-1,066	-1,851	-1,465	-1,599
Gains and losses on changes in equity interests	—	—	—	—	—	—	—	—	-467	—
Impairment loss on investments accounted for using equity method	—	—	—	—	—	—	—	—	330	958
Gains and losses related to loss of control	—	-1,330	—	—	—	—	—	—	-3,334	—
Change in working capital:										
Change in trade receivables	-165	-234	-157	112	-2,715	-3,361	1,243	-1,909	-813	-2,997
Change in trade payables	450	-383	-236	-302	2,254	3,009	-20	2,271	-157	1,874
Subtotal	**4,769**	**1,848**	**222**	**1,722**	**2,991**	**5,842**	**6,120**	**5,626**	**2,493**	**3,476**
Dividends received	—	—	—	—	—	—	34	1,856	1,214	1,759
Income taxes refund	39	—	450	458	117	—	—	66	1,466	51
Income taxes paid	-1,597	-2,682	-1,124	-941	-771	-1,218	-2,481	-3,740	-1,484	-1,907
Cash flows from operating activities	**3,209**	**-808**	**-440**	**1,258**	**2,340**	**4,619**	**3,650**	**3,785**	**3,677**	**3,374**
Cash flows from investing activities										
Proceeds from sale of securities	277	649	66	654	52	—	100	311	—	1,400
Purchase of securities	-197	-246	-497	-730	-962	-329	-1,311	-1,109	-1,175	-3,981
Proceeds from sale of subsidiary shares resulting in loss of control (net of cash of subsidiaries disposed of)	—	-585	—	—	—	280	—	43	1,833	—
Purchase of subsidiary shares resulting in gain of control (net of cash of subsidiaries disposed of)	—	-1,374	—	—	—	—	—	—	—	—
Payments for settlement of contingent consideration	—	—	—	—	—	—	—	-828	—	—
Purchase of investments accounted for using equity method	—	—	—	—	—	—	-31,313	-933	—	-150
Other	226	16	169	-43	180	205	363	676	221	113
Cash flows from investing activities	**-109**	**-1,706**	**-310**	**-205**	**-804**	**91**	**-30,553**	**-2,020**	**336**	**-3,099**
Cash flows from financing activities										
Net change in short-term borrowings	-244	-497	—	-308	—	—	—	3,000	—	1,000
Proceeds from long-term borrowings	700	5,000	—	—	—	—	—	—	—	—
Repayments of long-term borrowings	-186	-208	-2,533	-850	-850	-850	-852	-2,000	—	—
Repayments of lease obligations	—	—	—	—	-837	-810	-606	-752	-558	-527
Dividends paid	-363	-415	-410	-253	-253	-253	-430	-963	-1,077	-6,503
Proceeds from issuance of shares	—	—	—	—	—	—	32,402	—	—	—
Proceeds from sale of treasury shares	—	—	—	—	—	—	—	222	—	—
Acquisition of own stock	—	-1,206	—	—	—	—	-0	-1,278	—	—
Cash flows from financing activities	**801**	**2,457**	**112**	**-1,411**	**-1,941**	**-1,914**	**31,229**	**-1,835**	**-1,632**	**-6,044**
Effect of exchange rate changes on cash and cash equivalents	-114	95	41	-76	-3	24	115	29	49	-16
Change in cash and cash equivalents	**3,786**	**38**	**-597**	**-434**	**-408**	**2,819**	**4,440**	**-40**	**2,431**	**-5,786**
Cash and cash equivalents (year-end)	**15,481**	**15,519**	**14,922**	**14,488**	**14,081**	**16,900**	**21,340**	**20,873**	**23,730**	**17,945**

Source: Shared Research based on company materials

Notes:

1. Figures may differ from company materials due to differences in rounding methods.
2. The company adopted IFRS from FY09/16.
3. FY12/23 was an irregular 15-month period due to the change in fiscal year-end.
4. Includes proceeds from sale of subsidiary shares accompanying the change in scope of consolidation.

Cash flows from operating activities

The main drivers of changes in Septeni's operating cash flows are pre-tax profit, equity (loss) in earnings of affiliates, and trade receivables and payables. In FY12/24, the company sold a part of its shareholdings in Comic Smart Inc. (now Comisma Inc.), a B2C manga content provider, to an outside party and made it an equity-method affiliate, recording JPY3.3bn in gains and losses related to loss of control.

Cash flows from investing activities

The main drivers of changes in Septeni's investing cash flows are purchases and sales of securities. In FY09/22, outlays on the acquisition of investments accounted for using the equity method (pertaining to making Dentsu Digital an equity-method affiliate) totaled JPY31.3bn.

Cash flows from financing activities

The main drivers of changes in Septeni's financing cash flows are changes in borrowings and shareholder returns such as dividend payments. In FY09/22, the company conducted a capital increase via third-party allotment to Dentsu Group; accordingly, proceeds from the issuance of shares totaled JPY32.4bn.

Other information

History

Summary

Since its founding in 1990, Septeni has transformed its business structure in response to changes in the external environment. The company has a track record of adapting flexibly to shifting landscapes in media, ad delivery technologies, the needs of client companies, and the roles of ad agencies within the internet advertising market. It has also repeatedly streamlined its operations, withdrawing from recruitment magazine publication, the direct mail dispatch service, and provision of smartphone games, while converting its manga content business into an equity-method affiliate.

Founding through entry into the internet ad agency business (1990s to early 2000s)

Septeni traces its origins to Sub & Liminal Co., Ltd., a recruitment consulting business established in October 1990 by founder Mamoru Nanamura. Japan was in the midst of the bubble economy of the early 1990s, and with many companies spending heavily on hiring, Sub & Liminal supported corporate recruitment efforts in various ways. It was also publishing *ESOP*, a job information magazine that matched regional SMEs with students. However, with the collapse of the bubble economy, corporate hiring stagnated and sales of *ESOP* languished. The company therefore suspended publication of the magazine in 1993 and entered the direct marketing (DM) business, sending out direct mail for clients.

Sub & Liminal changed its name to Septeni Co., Ltd. in March 2000 and entered the internet advertising business in April 2000. The move was initiated by former CEO, Koki Sato. In 1999, the company set up the Hineranka Department dedicated to new business development, and Sato—then the top salesperson in the DM business—became its first member. The department was established after Sato told founder Nanamura that he wanted to pursue something new; Nanamura himself also felt the need for a new business.

Sato considered more than 100 business ideas, and after conducting feasibility studies, he chose internet advertising. He reasoned that if advertising in traditional media—TV, newspapers, and magazines—were to be replaced by internet advertising, the latter's market potential would grow significantly. He also thought that, as an untapped market, internet advertising would also be a place where young people could thrive. Business expanded, driven mainly by the growth of the internet advertising business, and in August 2001, Septeni listed on the JASDAQ market (now TSE Standard). In September 2001, it made mobile phone content provider Heidi Co., Ltd. (now Axel Mark Inc. [TSE Growth: 3624]) a subsidiary to strengthen its own content business.

Breakthrough in the internet advertising business (mid-2000s to mid-2010s)

Entering the internet advertising field in 2000, Septeni thereafter capitalized on the device shift from PCs to smartphones and the rise of social media such as Facebook and Twitter. It also exploited the opening created as major ad agencies such as Dentsu and Hakuhodo DY focused on TV advertising and lagged entering the digital domain. Septeni explains that, back then, the internet advertising market was still small and took substantial effort relative to the amount of gross billings it could generate compared to TV advertising—a huge market where large agencies could expect substantial billings per project. The company led the field in building frameworks for creative production and other functions in performance-based advertising on social media. It earned a reputation as the go-to agency for smartphone and social advertising, and its earnings expanded over 2015–2016.

As other developments during this period, In October 2006, the company adopted a holding company structure and changed its name to the current Septeni Holdings Co., Ltd. Under this reorganization, the internet advertising business was moved to the newly established Septeni Co., Ltd. and the DM business to Septeni Direct Marketing Co., Ltd. In February 2013, the company established Comic Smart Inc. (now Comisma Inc.) and entered the B2C manga content business. In October 2014, it sold all shares of Septeni Direct Marketing.

Joining the Dentsu Group, strengthening integrated proposals, and advancing business restructuring (2018 to the present [2026])

From around 2017, Septeni faced competition from CyberAgent that had gained momentum by leveraging economies of scale and its own media, as well as from major ad agencies that entered the digital domain in earnest. As peers caught up with the company's advantages in performance-based advertising, differentiation became difficult. In addition, the needs of client companies shifted toward marketing activities that integrated online and offline, with emphasis on customer experience (CX) and maximization of end-customer lifetime value (LTV). In October 2018, Septeni entered into a capital and business alliance with Dentsu Group, as it sought to respond to these changing client needs and to also strengthen its ad proposal capabilities in TV and other traditional media. By combining Dentsu's client base and mass media capabilities with the performance-based advertising expertise it had cultivated, Septeni managed to expand its gross billings.

As the alliance with Dentsu Group progressed, Septeni sought to further strengthen the partnership by conducting a third-party allotment of shares to Dentsu Group in January 2022; as a result, Dentsu Group became its parent company (and the company a consolidated subsidiary of Dentsu Group). At the same time, Septeni made Dentsu Direct Inc. a subsidiary and Dentsu Digital an equity-method affiliate.

Regarding other developments during this period, in April 2019, Septeni removed Axel Mark from the scope of its equity-method affiliates, and in March 2024, it made Comic Smart (now Comisma) an equity-method affiliate.

Corporate timeline

Year	Month	Event
1990	Oct	Established Sub & Liminal Co., Ltd. at 3-31-12 Yoyogi, Shibuya-ku, Tokyo, to provide recruitment consulting services
1992	Jul	Relocated head office to 2-10-4 Yoyogi, Shibuya-ku, Tokyo
1993	Oct	Started the direct marketing (DM) business
1995	Oct	Relocated head office to 2-13-4 Yoyogi, Shibuya-ku, Tokyo
1997	Apr	Relocated head office to 4-2-18 Shinjuku, Shinjuku-ku, Tokyo
1999	Mar	Relocated head office to 2-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
2000	Mar	Changed the company name to Septeni Co., Ltd.
2000	Apr	Started the internet advertising business
2001	Aug	Registered shares on the over-the-counter market (JASDAQ)
2001	Sep	Made Axel Mark Inc. (then named Heidi Co., Ltd.) a subsidiary
2002	Mar	Relocated head office to 1-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
2003	Sep	Relocated head office to 6-8-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
2004	Jun	Made Tricorn Corporation a subsidiary
2006	Apr	Established Septeni Direct Marketing Co., Ltd.
2006	Oct	Shifted to a holding company structure and changed the company name to Septeni Holdings Co., Ltd.; spun off the internet advertising business to the newly established Septeni Co., Ltd. and the DM business to Septeni Direct Marketing Co., Ltd.
2007	Apr	Relocated head office to 24 Daikyocho, Shinjuku-ku, Tokyo
2011	Oct	Axel Mark Inc. and Froute Corporation merged
2011	Dec	Relocated head office to 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
2013	Feb	Established Comic Smart Inc. (now Comisma Inc.) and started the manga contents business
2014	Oct	Sold all shares of Septeni Direct Marketing Co., Ltd.
2016	Oct	Acquired shares of Lion Digital Global Ltd. through Septeni Asia Pacific Pte. Ltd., making it a subsidiary
2016	Nov	Sold part of shareholdings in Axel Mark Inc., making it an equity-method affiliate
2018	Oct	Entered into a capital and business alliance agreement with Dentsu Inc. (now Dentsu Group Inc.)
2019	Apr	Removed Axel Mark Inc. from the scope of equity-method affiliates
2021	Apr	Sold all shares of Pharmarket Co., Ltd.
2021	Oct	Entered into a new capital and business alliance agreement with Dentsu Group Inc.
2022	Jan	Conducted a third-party allotment of new shares to Dentsu Group Inc.; the latter became the company's parent, as a result
2022	Jan	Made Dentsu Direct Inc. a subsidiary through a share exchange
2022	Jan	Acquired part of the shares of Dentsu Digital Inc., making it an equity-method affiliate
2022	Apr	Moved to the TSE Standard market under the Tokyo Stock Exchange's market restructuring
2024	Mar	Sold part of the shareholdings in Comisma Inc., making it an equity-method affiliate

Source: Shared Research based on company materials

Corporate governance

Corporate governance overview (as of March 27, 2026)

Form of organization and capital structure	
Form of organization	Company with Audit & Supervisory Board
Controlling shareholder (excluding parent)	—
Foreign shareholding	10% or more but less than 20%
Parent company	Dentsu Group Inc. (TSE Prime: 4324)
Directors	
Number of directors under Articles of Incorporation	10
Number of directors	7
Directors' term of office under Articles of Incorporation	1 year
Chairperson of the Board of Directors	Representative Director
Number of outside directors	4
Number of independent outside directors	4
Number of Audit & Supervisory Board members under Articles of Incorporation	4
Number of Audit & Supervisory Board members	4
Number of outside Audit & Supervisory Board members	3
Number of outside Audit & Supervisory Board members designated as independent officers	0
Other	
Participation in electronic voting platform	Uses the electronic voting platform operated by ICJ, Inc.
Providing convocation notice (summary) in English	English version of the convocation notice disclosed on the company's and the Tokyo Stock Exchange's websites (same-day disclosure as the Japanese version)
Implementation of measures regarding director incentives	Performance-linked compensation system
Eligible for stock option	-
Disclosure of directors' compensation	Individual compensation not disclosed
Policy to determine amount and calculation method of remuneration	Yes
Corporate takeover defenses	None

Source: Shared Research based on company materials

Top management

Yuichi Kouno, Representative Director (born September 22, 1982)

Yuichi Kouno joined Septeni as a new graduate in April 2006 and became its representative director in March 2024. In FY12/24, the year Kouno took the helm, the company set forth "Focus & Synergy" as its medium-term theme. As initiatives associated with focus, Septeni designated media communication, direct business, and data and solutions as its core businesses and shifted its management direction toward strengthening internal cohesion. It also introduced business continuation criteria and enforced rigorous business portfolio management. Initiatives associated with synergy involved measures that drew on the management resources of Dentsu Group and other group companies.

Year	Month	Career summary
2006	Apr	Joined the company
2014	Oct	Officer of Third Account Division, Septeni Co., Ltd.
2015	Oct	Officer of Second Account Division, Septeni Japan, Inc
2017	Jan	Officer and General Manager of Second Account Division, Septeni Japan, Inc.
2018	Jan	Group Executive Officer of the company
2018	Dec	Representative Director, Septeni Co., Ltd.
2018	Dec	Representative Director, Septeni Japan, Inc.
2022	Jan	Group Senior Executive Officer of the company
2022	Nov	Outside Director, and factory, inc.
2022	Dec	Director, Dentsu Digital Inc.
2024	Mar	Representative Director of the company (current position)
2024	Apr	Group President and Chief Executive Officer (current position)
2025	Mar	Director, Septeni Co., Ltd. (current position)

Source: Shared Research based on company materials

"Keep Young"

"Keep Young" represents Septeni's core philosophy and corporate culture of keeping the organization perpetually young and sustaining corporate growth by encouraging appropriate organizational regeneration. Behind this philosophy is founder Mamoru Nanamura's belief in harnessing young talent to respond flexibly to changes in the external environment. Today, the company is starkly aware that, in an evolving market like internet advertising, having the same people in the same roles for too long diminishes the organization's capacity to respond to changes. It therefore considers it important to continually provide opportunities to younger employees and allow them to exercise their entrepreneurship to the fullest. Thirty-five years after its founding, with the organization now comprising roughly 2,000 people, the company still keeps the average employee age at around 31–32.

Septeni also believes that an employee turnover rate of around 10% is appropriate, based on the view that a certain degree of personnel fluidity is necessary to sustain the evolution and youth of the organization. The Keep Young spirit also applies to the management. Successive presidents have generally handed over the post at around age 50. The company says it is considering the introduction of a rule under which the posts of executive officers at the holding company and the representative directors of group operating companies are handed over to successors by age 55 at the latest. It is also considering a system that encourages senior management to voluntarily take part in generational transition. This system, premised on the use of a share-based executive compensation plan, stands on the idea that entrusting management to capable young successors (rather than clinging to power for too long) would lead to improved company performance and ultimately raise the value of the executives' own shareholdings.

Major shareholders (as of end-December 2025)

	Shares held (000 shares)	Shareholding ratio
Dentsu Group Inc.	109,782	52.48%
Village Seven Co., Ltd.	12,784	6.11%
Mamoru Nanamura	9,489	4.54%
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (Standing proxy The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	4,064	1.94%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing proxy Citibank, N.A., Tokyo Branch)	3,102	1.48%
BNYMSANV RE GCLB REJP RD LMGC (Standing proxy Citibank, N.A., Tokyo Branch)	2,826	1.35%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy MUFG Bank, Ltd.)	2,544	1.22%
Custody Bank of Japan, Ltd. (Trust account)	2,440	1.17%
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing proxy The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	2,100	1.00%
Hiroshi Shimizu	1,900	0.91%
Total	151,031	72.20%

Source: Shared Research based on company materials
Note: Shareholding calculations exclude treasury stock.

Shareholder returns

In February 2026, Septeni announced its shareholder return policy for the medium-term management plan period covering FY12/26–FY12/28. While setting an annual dividend floor of JPY18 per share, the company plans to pay dividends at a minimum payout ratio of 50% in years when total annual dividends based on this floor fall short of an amount equivalent to 50% of profit attributable to owners of the parent. On this basis, it expects to pay total dividends of at least JPY11.2bn over the three-year period. Additionally, it intends to consider share buybacks flexibly depending on market conditions.

	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
Payout ratio	16.5%	18.4%	29.8%	-	17.3%	16.5%	15.1%	25.1%	117.6%	107.0%
Dividend per share (JPY)	3.2	3.2	2.0	2.0	2.0	3.4	4.6	5.2	31.4	18.0
Earnings per share (JPY)	19.4	17.4	6.7	-4.3	11.6	20.6	30.5	20.7	26.7	16.8

Source: Shared Research based on company materials

Employees

Number of employees	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
Number of employees (consolidated)	930	1,083	1,189	1,147	1,224	1,251	1,602	1,735	1,800	1,674
Average number of temporary employees (not included above)								405	272	255
Number of employees (parent)	69	76	78	76	82	79	80	86	91	97
Average age (parent)	30.8	31.1	31.3	31	31.4	31.9	32.2	32.6	32.6	34.9
Average years of service (parent)	4.7	4.7	5.2	5.2	5.5	5.5	5.2	5.8	6.0	7.3
Average annual salary (parent, JPY'000)	5,863	5,669	6,291	6,142	5,974	6,271	5,791	6,326	6,649	6,553

Source: Shared Research based on company materials

About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at https://sharedresearch.jp.

Contact Details

2-6-10 Kanda-Sarugakucho Chiyoda-ku Tokyo, Japan

+81 (0)3 5834-8787

info@sharedresearch.jp

https://sharedresearch.jp

Disclaimer