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4293

Septeni Holdings

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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.

Table of Contents

Executive summary	4
Business overview	4
Business performance	6
Strengths and weaknesses	7
Key financial data	8
Recent updates	10
Trends and outlook	11
Quarterly trends and results	11
1H FY12/26 results	15
Company initiatives	15
Progress rates	16
Summary	17
Results by segment	18
Collaboration with Dentsu Group	19
Shareholder returns	19
Full-year company forecasts	20
Outlook by segment	21
Medium-term earnings outlook	21
VISION 2030	22
Medium-term management plan	23
Business	26
Business description	26
Corporate philosophy	26
Business description	26
Overview by segment	27
Marketing Communication (MC)	28
Direct Business (DB)	31
Data and Solutions (DSOL)	32
Earnings structure	33
Market and value chain	35
Market overview	35
History of the internet advertising market	35
The internet advertising market today	37
The internet advertising market (by ad category)	39
The internet advertising market (by transaction method)	40
The internet advertising market (transaction method × ad category)	41

The internet advertising market (social advertising)	42
Internet advertising pricing structures	43
Competitors	44
CyberAgent, Inc. (TSE Prime: 4751)	48
Dentsu Group Inc. (TSE Prime: 4324)	49
Hakuhodo DY Holdings Inc. (TSE Prime: 2433)	50
Strengths and weaknesses	52
Strengths	52
Weaknesses	53
Historical results and financial statements	55
Historical earnings	55
Q1 FY12/26 results	55
Company initiatives	55
Progress rates	55
Summary	55
Results by segment	56
Collaboration with Dentsu Group	57
Shareholder returns	57
Full-year FY12/25 results	58
Company initiatives	58
Summary	58
Results by segment	59
Income statement	60
Calendar-year income statement (reference)	61
Major equity-method affiliate	61
Balance sheet	62
Cash flow statement	63
Cash flows from operating activities	64
Cash flows from investing activities	64
Cash flows from financing activities	64
Other information	65
History	65
Corporate timeline	66
Corporate governance	67
Top management	67
"Keep Young"	67
Major shareholders (as of end-December 2025)	68
Shareholder returns	68
Employees	68

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 JPY71.1bn (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 forecast for the second time this fiscal year at the time of its 1H FY12/26 results announcement. It now projects 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 JPY6.0bn (+71.9% YoY). Versus the previous forecast, revenue and non-GAAP operating profit were unchanged, while profit attributable to owners of the parent was revised up by JPY750mn. The company recognized deferred tax assets on deductible temporary differences arising from its investment in Septeni Asia Pacific Pte. Ltd.* and booked a corresponding income tax benefit. Reflecting this lighter tax burden, the company now expects profit attributable to owners of the parent to exceed its previous forecast, prompting the upward revision.

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 expects to achieve its FY12/28 target for profit attributable to owners of the parent under the medium-term management plan (FY12/26–FY12/28) ahead of schedule. It is also weighing revisions to the plan's quantitative targets while examining macroeconomic trends and business progress, and says it will disclose any matters requiring disclosure promptly.

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	6,000
YoY	-	-12.2%	-61.7%	-	-	77.8%	120.2%	-	-	-36.8%	71.9%
Net margin	18.2%	15.0%	5.5%	-	8.2%	12.2%	19.9%	12.6%	19.5%	11.5%	18.0%
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	29.2
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											
Turnover	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:

- Figures may differ from company materials due to differences in rounding methods.
- The company adopted IFRS from FY09/16.
- On October 1, 2016, the company conducted a 5-for-1 stock split of its common shares.
- 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.
- Figures for FY09/22 and earlier are before the reclassification of discontinued operations.
- FY12/23 was an irregular 15-month period due to a change in the fiscal year-end.
- 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.

Recent updates

Septeni revises FY12/26 earnings forecast

2026-08-06

Septeni Holdings Co., Ltd. (TSE Standard: 4293) announced a revision to its full-year FY12/26 earnings forecast.

(Click [here](#) for the company's release.)

Revised full-year FY12/26 forecast

- Revenue: JPY33.3bn (unchanged from the previous forecast)
- Non-GAAP operating profit: JPY5.4bn (unchanged)
- Profit attributable to owners of the parent: JPY6.0bn (previous forecast: JPY5.3bn)

Reason for the revision

Septeni revised its full-year forecast for the second time this fiscal year at the time of its 1H FY12/26 results announcement. It now projects 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 JPY6.0bn (+71.9% YoY). Versus the previous forecast, revenue and non-GAAP operating profit were unchanged, while profit attributable to owners of the parent was revised up by JPY750mn. The company recognized deferred tax assets on deductible temporary differences arising from its investment in Septeni Asia Pacific Pte. Ltd.* and booked a corresponding income tax benefit. Reflecting this lighter tax burden, the company now expects profit attributable to owners of the parent to exceed its previous forecast, prompting the upward revision.

*Septeni Asia Pacific Pte. Ltd. is the parent company of LION DIGITAL GLOBAL LIMITED (hereinafter LION), which provides digital marketing support in Southeast Asia. Septeni resolved to transfer its shares in LION in May 2026.

The company expects to achieve its FY12/28 target for profit attributable to owners of the parent under the medium-term management plan (FY12/26–FY12/28) ahead of schedule. It is also weighing revisions to the plan's quantitative targets while examining macroeconomic trends and business progress, and says it will disclose any matters requiring disclosure promptly.

Trends and outlook

Quarterly trends and results

Earnings (quarterly)		FY12/25				FY12/26				FY12/26	
(JPYmn)		Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of forecast	FY forecast
Turnover		41,863	75,389	109,625	148,783	47,510	87,873			53.9%	163,000
	YoY	7.8%	2.4%	0.7%	1.9%	13.5%	16.6%				9.6%
Revenue		8,206	15,207	22,289	30,309	9,155	16,652			50.0%	33,300
	YoY	12.5%	8.7%	6.7%	7.2%	11.6%	9.5%				9.9%
	Revenue-to-turnover ratio	19.6%	20.2%	20.3%	20.4%	19.3%	19.0%				
Gross profit		6,364	11,550	16,971	23,165	7,184	12,716				
	YoY	6.4%	2.3%	2.7%	4.3%	12.9%	10.1%				-
	Gross profit margin	77.6%	76.0%	76.1%	76.4%	78.5%	76.4%				
SG&A expenses		4,810	9,522	14,161	18,833	4,824	9,734				
	YoY	1.8%	-0.6%	-1.2%	-1.4%	0.3%	2.2%				-
	SG&A ratio	58.6%	62.6%	63.5%	62.1%	52.7%	58.5%				
Operating profit		1,557	2,024	2,809	4,238	2,579	3,167				
	YoY	23.7%	16.3%	28.2%	35.5%	65.6%	56.5%				-
	Operating profit margin	19.0%	13.3%	12.6%	14.0%	28.2%	19.0%				
Non-GAAP operating profit		1,571	2,065	2,862	4,414	2,377	3,026			56.0%	5,400
	YoY	23.3%	16.9%	27.1%	38.1%	51.3%	46.5%				22.3%
	Non-GAAP operating profit margin	19.1%	13.6%	12.8%	14.6%	26.0%	18.2%				16.2%
Pre-tax profit		2,067	2,486	3,361	4,718	3,628	4,413				
	YoY	19.1%	0.1%	11.4%	-3.1%	75.5%	77.5%				-
	Pre-tax profit margin	25.2%	16.3%	15.1%	15.6%	39.6%	26.5%				
Profit attributable to owners of the parent		1,524	1,856	2,490	3,491	2,654	4,087			68.1%	6,000
	YoY	-56.3%	-53.7%	-41.7%	-36.8%	74.1%	120.2%				71.9%
	Net margin	18.6%	12.2%	11.2%	11.5%	29.0%	24.5%				18.0%
Quarterly (three months)		FY12/25				FY12/26					
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Turnover		41,863	33,526	34,236	39,158	47,510	40,363				
	YoY	7.8%	-3.6%	-2.9%	5.5%	13.5%	20.4%				
Revenue		8,206	7,001	7,081	8,020	9,155	7,497				
	YoY	12.5%	4.5%	2.7%	8.4%	11.6%	7.1%				
	Revenue-to-turnover ratio	19.6%	20.9%	20.7%	20.5%	19.3%	18.6%				
Gross profit		6,364	5,186	5,421	6,194	7,184	5,532				
	YoY	6.4%	-2.3%	3.6%	9.0%	12.9%	6.7%				
	Gross profit margin	77.6%	74.1%	76.6%	77.2%	78.5%	73.8%				
SG&A expenses		4,810	4,712	4,639	4,672	4,824	4,910				
	YoY	1.8%	-2.9%	-2.5%	-1.8%	0.3%	4.2%				
	SG&A ratio	58.6%	67.3%	65.5%	58.3%	52.7%	65.5%				
Operating profit		1,557	467	785	1,429	2,579	588				
	YoY	23.7%	-3.1%	74.4%	52.5%	65.6%	25.9%				
	Operating profit margin	19.0%	6.7%	11.1%	17.8%	28.2%	7.8%				
Non-GAAP operating profit		1,571	494	797	1,553	2,377	649				
	YoY	23.3%	0.2%	64.3%	64.5%	51.3%	31.4%				
	Non-GAAP operating profit margin	19.1%	7.1%	11.3%	19.4%	26.0%	8.7%				
Pre-tax profit		2,067	419	874	1,357	3,628	785				
	YoY	19.1%	-43.9%	63.5%	-26.6%	75.5%	87.2%				
	Pre-tax profit margin	25.2%	6.0%	12.3%	16.9%	39.6%	10.5%				
Profit attributable to owners of the parent		1,524	332	634	1,001	2,654	1,433				
	YoY	-56.3%	-35.7%	138.4%	-20.2%	74.1%	332.3%				
	Net margin	18.6%	4.7%	9.0%	12.5%	29.0%	19.1%				

Source: Shared Research based on company materials

Notes:

- Figures may differ from company materials due to differences in rounding methods.
- The company discloses turnover (its gross billings for internet advertising) as a reference.

Quarterly earnings by segment (cumulative)

By segment (cumulative)		FY12/25				FY12/26				FY12/26	
(JPYmn)		Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of forecast	FY forecast
Turnover*		41,863	75,389	109,625	148,783	47,510	87,873			53.9%	163,000
	YoY	7.8%	2.4%	0.7%	1.9%	13.5%	16.6%				9.6%
Marketing Communication		36,452	64,101	92,810	126,008	41,516	75,992				

YoY	10.2%	2.6%	0.8%	2.2%	13.9%	18.6%		-
Direct Business	5,190	10,841	16,242	22,252	6,097	11,890		
YoY	0.9%	11.0%	9.9%	9.1%	17.5%	9.7%		-
Revenue	8,206	15,207	22,289	30,309	9,155	16,652	50.0%	33,300
YoY	12.5%	8.7%	6.7%	7.2%	11.6%	9.5%		9.9%
Marketing Communication	6,107	10,903	15,819	21,550	6,945	12,078	50.3%	24,000
YoY	12.6%	7.4%	5.5%	6.3%	13.7%	10.8%		11.4%
Revenue-to-turnover ratio	16.8%	17.0%	17.0%	17.1%	16.7%	15.9%		
Direct Business	1,555	3,169	4,735	6,439	1,729	3,523	51.8%	6,800
YoY	31.7%	35.4%	29.7%	24.4%	11.2%	11.2%		5.6%
Revenue-to-turnover ratio	30.0%	29.2%	29.2%	28.9%	28.4%	29.6%		
Data and Solutions	741	1,552	2,297	3,069	770	1,659	46.1%	3,600
YoY	-4.6%	-1.5%	-4.6%	-3.9%	3.9%	6.9%		17.3%
Eliminations and corporate (including other businesses)	-198	-416	-562	-750	-198	-607		-1,100
Gross profit	6,364	11,550	16,971	23,165	7,184	12,716		
YoY	6.4%	2.3%	2.7%	4.3%	12.9%	10.1%		
Gross profit margin	77.6%	76.0%	76.1%	76.4%	78.5%	76.4%		
Marketing Communication	5,134	8,967	13,034	17,821	5,815	9,991		
YoY	11.1%	4.9%	4.5%	5.7%	13.3%	11.4%		
Gross profit margin	84.1%	82.2%	82.4%	82.7%	83.7%	82.7%		
Direct Business	887	1,810	2,746	3,732	1,026	1,988		
YoY	2.8%	7.2%	10.1%	10.5%	15.7%	9.8%		
Gross profit margin	57.0%	57.1%	58.0%	58.0%	59.3%	56.4%		
Data and Solutions	449	970	1,438	1,914	474	1,029		
YoY	-0.7%	7.1%	4.1%	4.4%	5.6%	6.1%		
Gross profit margin	60.6%	62.5%	62.6%	62.4%	61.6%	62.0%		
SG&A expenses	4,810	9,522	14,161	18,833	4,824	9,734		
YoY	1.8%	-0.6%	-1.2%	-1.4%	0.3%	2.2%		
SG&A ratio	58.6%	62.6%	63.5%	62.1%	52.7%	58.5%		
Marketing Communication	3,092	6,196	9,260	12,355	3,213	6,341		
YoY	2.4%	2.1%	1.9%	2.5%	3.9%	2.3%		-
SG&A ratio	50.6%	56.8%	58.5%	57.3%	46.3%	52.5%		
Direct Business	627	1,230	1,819	2,406	568	1,178		
YoY	6.5%	4.8%	3.4%	1.6%	-9.4%	-4.2%		-
SG&A ratio	40.3%	38.8%	38.4%	37.4%	32.9%	33.4%		
Data and Solutions	362	721	1,076	1,424	334	732		
YoY	14.6%	7.5%	6.3%	6.2%	-7.7%	1.5%		-
SG&A ratio	48.9%	46.5%	46.8%	46.4%	43.4%	44.1%		
Non-GAAP operating profit	1,571	2,065	2,862	4,414	2,377	3,026	56.0%	5,400
YoY	23.3%	16.9%	27.1%	38.1%	51.3%	46.5%		22.3%
Non-GAAP operating profit margin	19.1%	13.6%	12.8%	14.6%	26.0%	18.2%		16.2%
Marketing Communication	2,044	2,779	3,786	5,497	2,603	3,656	52.2%	7,000
YoY	27.2%	11.6%	11.5%	14.1%	27.3%	31.6%		27.3%
Non-GAAP operating profit margin	33.5%	25.5%	23.9%	25.5%	37.5%	30.3%		29.2%
Direct Business	274	607	965	1,374	471	833	59.5%	1,400
YoY	-4.9%	12.6%	25.8%	30.4%	71.9%	37.2%		1.9%
Non-GAAP operating profit margin	17.6%	19.2%	20.4%	21.3%	27.2%	23.6%		20.6%
Data and Solutions	87	250	364	492	141	298	46.6%	640
YoY	-36.0%	6.4%	-1.9%	-0.4%	62.1%	19.2%		30.1%
Non-GAAP operating profit margin	11.7%	16.1%	15.8%	16.0%	18.3%	18.0%		17.8%
Eliminations and corporate (including other businesses)	-834	-1,570	-2,252	-2,948	-838	-1,761		-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)	FY12/25				FY12/26			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover*	41,863	33,526	34,236	39,158	47,510	40,363		
YoY	7.8%	-3.6%	-2.9%	5.5%	13.5%	20.4%		
Marketing Communication	36,452	27,649	28,709	33,198	41,516	34,476		
YoY	10.2%	-6.0%	-3.0%	6.6%	13.9%	24.7%		
Direct Business	5,190	5,651	5,401	6,010	6,097	5,793		
YoY	0.9%	22.3%	7.6%	7.1%	17.5%	2.5%		
Revenue	8,206	7,001	7,081	8,020	9,155	7,497		
YoY	12.5%	4.5%	2.7%	8.4%	11.6%	7.1%		
Revenue-to-turnover ratio	19.6%	20.9%	20.7%	20.5%	19.3%	18.6%		
Marketing Communication	6,107	4,796	4,916	5,731	6,945	5,133		
YoY	12.6%	1.4%	1.5%	8.7%	13.7%	7.0%		
Revenue-to-turnover ratio	16.8%	17.3%	17.1%	17.3%	16.7%	14.9%		
Direct Business	1,555	1,614	1,566	1,704	1,729	1,794		
YoY	31.7%	39.1%	19.5%	11.9%	11.2%	11.2%		

Revenue-to-turnover ratio	18.9%	23.1%	22.1%	21.2%	18.9%	23.9%
Data and Solutions	741	811	745	773	770	889
YoY	-4.6%	1.5%	-10.5%	-1.8%	3.9%	9.6%
Eliminations and corporate (including other businesses)	-198	-219	-146	-188	-198	-410
Gross profit	6,364	5,186	5,421	6,194	7,184	5,532
YoY	6.4%	-2.3%	3.6%	9.0%	12.9%	6.7%
Gross profit margin	77.6%	74.1%	76.6%	77.2%	78.5%	73.8%
Marketing Communication	5,134	3,833	4,067	4,787	5,815	4,176
YoY	11.1%	-2.4%	3.8%	9.2%	13.3%	8.9%
Gross profit margin	84.1%	79.9%	82.7%	83.5%	83.7%	81.4%
Direct Business	887	923	936	986	1,026	962
YoY	2.8%	11.7%	16.4%	11.4%	15.7%	4.2%
Gross profit margin	57.0%	57.2%	59.8%	57.9%	59.3%	53.6%
Data and Solutions	449	521	468	476	474	555
YoY	-0.7%	14.8%	-1.7%	5.5%	5.6%	6.5%
Gross profit margin	60.6%	64.2%	62.8%	61.6%	61.6%	62.4%
SG&A expenses	4,810	4,712	4,639	4,672	4,824	4,910
YoY	1.8%	-2.9%	-2.5%	-1.8%	0.3%	4.2%
SG&A ratio	58.6%	67.3%	65.5%	58.3%	52.7%	65.5%
Marketing Communication	3,092	3,104	3,064	3,095	3,213	3,128
YoY	2.4%	1.8%	1.6%	4.2%	3.9%	0.8%
SG&A ratio	50.6%	64.7%	62.3%	54.0%	46.3%	60.9%
Direct Business	627	603	589	587	568	610
YoY	6.5%	3.1%	0.5%	-3.6%	-9.4%	1.2%
SG&A ratio	40.3%	37.4%	37.6%	34.4%	32.9%	34.0%
Data and Solutions	362	359	355	348	334	398
YoY	14.6%	1.1%	4.1%	5.8%	-7.7%	10.9%
SG&A ratio	48.9%	44.3%	47.7%	45.0%	43.4%	44.8%
Non-GAAP operating profit	1,571	494	797	1,553	2,377	649
YoY	23.3%	0.2%	64.3%	64.5%	51.3%	31.4%
Non-GAAP operating profit margin	19.1%	7.1%	11.3%	19.4%	26.0%	8.7%
Marketing Communication	2,044	735	1,007	1,711	2,603	1,053
YoY	27.2%	-16.8%	11.4%	20.3%	27.3%	43.3%
Non-GAAP operating profit margin	33.5%	15.3%	20.5%	29.9%	37.5%	20.5%
Direct Business	274	333	358	410	471	362
YoY	-4.9%	32.7%	57.0%	43.4%	71.9%	8.7%
Non-GAAP operating profit margin	17.6%	20.6%	22.9%	24.1%	27.2%	20.2%
Data and Solutions	87	163	114	128	141	157
YoY	-36.0%	64.6%	-16.2%	4.1%	62.1%	-3.7%
Non-GAAP operating profit margin	11.7%	20.1%	15.3%	16.6%	18.3%	17.7%
Eliminations and corporate (including other businesses)	-834	-737	-682	-696	-838	-923

Source: Shared Research based on company materials

Notes:

- Figures may differ from company materials due to differences in rounding methods.
- In the Data and Solutions business, turnover equals revenue.
- The company discloses turnover (its gross billings for internet advertising) as a reference.

Turnover (gross billings) from collaborative projects with Dentsu Group

(cumulative) (JPYmn)	FY12/24				FY12/25				FY12/26			
	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	31,118		
YoY	-	-	-	-	41.4%	30.9%	28.3%	34.1%	40.5%	47.1%		
% of total	22.4%	22.0%	22.0%	22.5%	29.4%	28.1%	28.0%	29.6%	36.3%	35.4%		
Quarterly (three months) (JPYmn)	FY12/24				FY12/25				FY12/26			
	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	13,850		
YoY	-	-	-	-	41.4%	18.5%	22.9%	48.8%	40.5%	56.3%		
% of total	22.4%	21.5%	22.0%	24.0%	29.4%	26.4%	27.8%	33.9%	36.3%	34.3%		

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Breakdown of consolidated expenses (cumulative)

(cumulative) (JPYmn)	FY12/25				FY12/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Total cost of revenue	1,842	3,658	5,319	7,145	1,971	3,937		
YoY	40.6%	35.4%	21.7%	17.5%	7.0%	7.6%		
Cost ratio	22.4%	24.1%	23.9%	23.6%	21.5%	23.6%		
Personnel expenses	447	901	1,351	1,812	460	983		
YoY	5.9%	4.2%	4.3%	2.5%	2.9%	9.1%		
% of cost of revenue	24.3%	24.6%	25.4%	25.4%	23.3%	25.0%		
Outsourcing expenses	1,115	2,160	3,119	4,169	1,212	2,381		
YoY	88.3%	80.3%	46.4%	34.9%	8.7%	10.2%		
% of cost of revenue	60.5%	59.0%	58.6%	58.3%	61.5%	60.5%		
SG&A expenses	4,810	9,522	14,161	18,833	4,824	9,734		
YoY	1.8%	-0.6%	-1.2%	-1.4%	0.3%	2.2%		
SG&A ratio	11.5%	12.6%	12.9%	12.7%	10.2%	11.1%		
Personnel expenses	3,194	6,389	9,533	12,657	3,147	6,312		
YoY	-1.0%	-2.6%	-2.7%	-2.4%	-1.5%	-1.2%		
% of SG&A expenses	66.4%	67.1%	67.3%	67.2%	65.2%	64.8%		
Rent and other expenses	280	556	837	1,118	280	562		
YoY	5.3%	4.5%	4.8%	4.5%	0.0%	1.1%		
% of SG&A expenses	5.8%	5.8%	5.9%	5.9%	5.8%	5.8%		
System usage fees	312	606	899	1,213	305	613		
YoY	17.3%	9.2%	5.6%	3.5%	-2.2%	1.2%		
% of SG&A expenses	6.5%	6.4%	6.3%	6.4%	6.3%	6.3%		
Other	607	1,140	1,633	2,143	559	1,178		
YoY	20.0%	9.8%	5.6%	0.3%	-7.9%	3.3%		
% of SG&A expenses	12.6%	12.0%	11.5%	11.4%	11.6%	12.1%		

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) (JPYmn)	FY12/25				FY12/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total cost of revenue	1,842	1,816	1,661	1,826	1,971	1,966		
YoY	40.6%	30.5%	-0.4%	6.7%	7.0%	8.3%		
Cost ratio	22.4%	25.9%	23.5%	22.8%	21.5%	26.2%		
Personnel expenses	447	454	450	461	460	523		
YoY	5.9%	2.5%	4.7%	-2.3%	2.9%	15.2%		
% of cost of revenue	24.3%	25.0%	27.1%	25.2%	23.3%	26.6%		
Outsourcing expenses	1,115	1,045	959	1,050	1,212	1,169		
YoY	88.3%	72.4%	2.9%	9.4%	8.7%	11.9%		
% of cost of revenue	60.5%	57.5%	57.7%	57.5%	61.5%	59.5%		
SG&A expenses	4,810	4,712	4,639	4,672	4,824	4,910		
YoY	1.8%	-2.9%	-2.5%	-1.8%	0.3%	4.2%		
SG&A ratio	58.6%	67.3%	65.5%	58.3%	52.7%	65.5%		
Personnel expenses	3,194	3,195	3,144	3,124	3,147	3,165		
YoY	-1.0%	-4.2%	-2.8%	-1.5%	-1.5%	-0.9%		
% of SG&A expenses	66.4%	67.8%	67.8%	66.9%	65.2%	64.5%		
Rent and other expenses	280	276	281	281	280	282		
YoY	5.3%	3.8%	5.2%	3.7%	0.0%	2.2%		
% of SG&A expenses	5.8%	5.9%	6.1%	6.0%	5.8%	5.7%		
System usage fees	312	294	293	314	305	308		
YoY	17.3%	1.7%	-1.0%	-2.2%	-2.2%	4.8%		
% of SG&A expenses	6.5%	6.2%	6.3%	6.7%	6.3%	6.3%		
Other	607	533	493	510	559	619		
YoY	20.0%	0.2%	-3.0%	-13.6%	-7.9%	16.1%		
% of SG&A expenses	12.6%	11.3%	10.6%	10.9%	11.6%	12.6%		

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)	FY12/25				FY12/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Company-wide	2,032	2,065	1,994	1,941	1,900	1,878		
Marketing Communication	1,389	1,435	1,381	1,353	1,323	1,295		
Direct Business	216	216	209	196	187	194		
Data and Solutions	312	294	285	270	272	281		
Other businesses*	18	19	21	17	17	6		
Holding company	97	101	98	105	101	102		

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

Non-GAAP operating profit per employee

Quarterly (three months) (JPY'000/person)	FY12/25				FY12/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Non-GAAP operating profit per employee	770	240	400	790	1,240	350		
YoY	20.3%	-27.3%	73.9%	71.7%	61.0%	45.8%		

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

1H FY12/26 results

- Turnover: JPY87.9bn (+16.6% YoY)
- Revenue: JPY16.7bn (+9.5% YoY)
- Operating profit: JPY3.2bn (+56.5% YoY)
- Non-GAAP operating profit: JPY3.0bn (+46.5% YoY)
- Pre-tax profit: JPY4.4bn (+77.5% YoY)
- Profit attributable to owners of the parent: JPY4.1bn (+120.2% YoY)

Company initiatives

Septeni understands that its efforts to date to improve profitability and productivity have borne fruit, lifting both revenue and profit YoY. The company analyzes that 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.

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 FY12/26–FY12/28, setting out four basic policies: strengthening existing businesses, exploring new businesses, strengthening the management foundation, and optimizing capital allocation. Key progress on these basic policies was as follows.

Strengthening existing businesses

Two awards under Indeed's Certified Partner Program

The Indeed* Certified Partner Program is a framework under which Indeed officially certifies and supports agencies with strong track records and expertise in managing Indeed ads*. Under the program, partners are classified into several ranks based on revenue performance and quality of support, with Platinum at the top, followed by Gold, Silver Plus, and Silver. Certified partners receive direct sales support from Indeed, information on the latest features and algorithms, and technical support. For companies using Indeed's services, the program serves as an objective yardstick for selecting a reliable agency. The company holds Platinum certification, the highest rank.

*Indeed is one of the world's largest job search engines, aggregating job postings from across the web for unified search. It was developed and is operated by Indeed, Inc. of the US and is currently provided under Japan's Recruit Holdings Co., Ltd. (TSE Prime: 6098). Its distinguishing features are technology that crawls and comprehensively covers a wide variety of job data on the web, together with a free-to-post, pay-per-click advertising model for employers and AI-based matching with job seekers. It is available in more than 60 countries and used by several hundred million people each month.

*Indeed ads: a web advertising service that gives job postings priority placement on Indeed's search results screen. Unlike free listings, paid "sponsored jobs" raise exposure and improve application conversion rates.

In the Platinum category for 2H FY2025, the company received two awards: the Top Sales Award and the Best Growth Award. The Top Sales Award goes to the partner generating the highest revenue within the category. The Best Growth Award goes to a certified partner that has substantially grown total revenue versus 1H FY2025. According to the company, despite being a late entrant, it took the top position by recording both the largest revenue and the highest growth rate within the category. The company attributes its advantage in job-listing media to its base of large clients that face labor shortages and have substantial advertising budgets.

Business portfolio management

In advancing business portfolio management, the company continued monitoring in line with its business continuation criteria while investing for new growth. In 1H FY12/26, it established AI Creation Lab Inc. (hereinafter AI Creation Lab) and acquired Ishitachi to Tsukuru Inc. Meanwhile, it divested two companies: Vivivit, Inc. and LION DIGITAL GLOBAL LIMITED (hereinafter LION).

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 organize a team of "AI-enabled creative directors" who have the expertise in traditional creative for brand advertising and the ability to implement cutting-edge generative AI.

Leveraging this organizational build-out and proprietary products, the company can deliver high-quality ad creative for TV commercials and branding projects—which normally entail substantial costs—faster, in larger volume, and at mid-range prices. By using AI, it aims to eventually reach a state where a single AI-enabled creative director can handle an advertising project that previously required five to six in-house staff, each covering a separate area of specialization. This eliminates the time and cost of arrangements such as securing studios and shooting locations, and it shortens the production process. Because near-final advertising videos can be presented and explained to client companies as samples during actual sales discussions, lead times can be shortened across the entire process.

Septeni says it has received numerous inquiries; it plans to improve clients' marketing efficiency while establishing new production standards in the awareness domain.

Acquisition of Ishitachi to Tsukuru Inc.

Ishitachi to Tsukuru develops and sells products such as oral care supplements for pets. The company acquired Ishitachi to Tsukuru to strengthen the DB business. In the DB business, it had been considering developing products for segments such as seniors and affluent consumers as areas where it could become a niche leader, but chose to pursue M&A instead of committing funds to product development.

Progress rates

Progress against the company's full-year FY12/26 forecast was 50.0% for revenue (50.2% in 1H FY12/25), 56.0% for non-GAAP operating profit (46.8%), and 68.1% for profit attributable to owners of the parent (53.2%).

Summary

In 1H FY12/26, turnover was JPY87.9bn (+16.6% YoY) and revenue was JPY16.7bn (+9.5% YoY). The company posted operating profit of JPY3.2bn (+56.5% YoY), non-GAAP operating profit of JPY3.0bn (+46.5% YoY), and profit attributable to owners of the parent of JPY4.1bn (+120.2% YoY). Revenue and profit grew YoY in all three business segments. In the MC business, new project wins, the expansion of existing projects, and productivity gains lifted revenue by enough to absorb higher costs. In the DB business, the company expanded existing projects—mainly offline advertising—and curbed SG&A expenses, lifting both revenue and profit. In the DSOL business, higher engineer utilization rates and an expanded service lineup paid off.

The impact of the in-housing of advertising operations by certain large clients, which began in Q2 FY12/25, had been expected to linger through Q1 FY12/26 and 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 turnover was JPY87.9bn (+16.6% YoY). Turnover from clients in industries such as staffing and finance trended steadily, and the company also made progress in developing new clients, including companies operating global brands.

The revenue-to-turnover ratio fell 1.2pp YoY to 19.0%, 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. To improve the revenue-to-turnover ratio, the company plans to use AI to produce and deliver creative and other assets that generate stronger advertising effectiveness. It also intends to focus on expanding sales of multiple solution products and engage in 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.

Trends in the company's productivity

In Q2 FY12/26 (April–June 2026), non-GAAP operating profit per employee was JPY350,000 (+45.8% YoY). The revenue-to-turnover ratio for the same period was 18.6% (-2.3pp YoY), but revenue rose 7.1% YoY, non-GAAP operating profit rose 31.4% YoY, and the non-GAAP OPM rose 1.6pp YoY to 8.7%. Revenue grew with margin improvement on the back of productivity gains.

Septeni reined in hiring activities, and its headcount trended down, falling to 1,878 at end-Q2 FY12/26 (versus 2,065 at end-Q2 FY12/25 and 1,941 at end-FY12/25). Additions from new graduate hiring and reductions from deconsolidation were of similar magnitude, and mid-career hiring was limited, so the decline in headcount mainly reflects departures. With total headcount indexed at 100, front-line departments account for about 30 and back-office departments about 70, and efficiency in back-office departments is improving. According to Septeni, the streamlining of work processes via AI and other means has made progress, and the company is moving toward a more productive organizational structure. It sees further room for productivity gains and cost reductions and is assessing the appropriate headcount.

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 ad impressions. Nevertheless, according to Septeni, no signs of such declines—including in paid search and display advertising—have surfaced in 1H FY12/26. The company sees the impact of AI Overviews* as positive. Conventional search volumes based on single keywords are declining (the volume of queries* in which a keyword is entered into the search box is falling).

With AI Overviews, information and advertisements matching search intent are displayed as AI understands context, even when a specific keyword has not been registered, so queries that previously went uncaptured are now being picked up. Opportunities for ad exposure and customer acquisition from long-form searches expressing specific needs that advertisers could not fully anticipate are expanding.

*AI Overviews are a Google Search feature in which generative AI automatically produces a summary or answer at the top of the search results. They aggregate and integrate related information from multiple websites and instantly present a concise explanation of the user's question along with reference links.

*A query, also called a search query, is the actual "characters, words, or sentences" a user types into a search box such as Google's. An example would be "Tokyo cafe recommended."

Septeni recognizes that because ads are served after specific needs are read from context and other cues, conversion rates and unit prices are favorable. The company sees Google evolving so that it can pick up queries based on an understanding of context, not simple keyword matching alone.

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. The company also plans to expand its handling of generative AI-related advertising media.

Results by segment

MC business

- Revenue: JPY12.1bn (+10.8% YoY)
- Progress against the full-year revenue forecast (JPY24.0bn): 50.3%
- Non-GAAP operating profit: JPY3.7bn (+31.6% YoY)
- Progress against the full-year non-GAAP operating profit forecast (JPY7.0bn): 52.2%

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. Turnover from clients in industries such as staffing and finance trended steadily, and the company also made progress in developing new clients, including companies operating global brands.

DB business

- Revenue: JPY3.5bn (+11.2% YoY)
- Progress against the full-year revenue forecast (JPY6.8bn): 51.8%
- Non-GAAP operating profit: JPY833mn (+37.2% YoY)
- Progress against the full-year non-GAAP operating profit forecast (JPY1.4bn): 59.5%

Revenue and profit rose YoY as the company expanded existing projects, mainly offline advertising, and held down SG&A expenses. Revenue and profit grew on the expansion of existing projects in particular and on unspent costs. The company's creatives and advertising performance have been gaining recognition, increasing the number of brands handled within existing large clients that operate multiple brands.

For the DB business, the initial full-year forecast called for lower operating profit, premised on investment in product development. However, because the acquisition of Ishitachi to Tsukuru left the costs earmarked for product development unspent, non-GAAP operating profit grew more than the company had expected.

DSOL business

- Revenue: JPY1.7bn (+6.9% YoY)
- Progress against the full-year revenue forecast (JPY3.6bn): 46.1%
- Non-GAAP operating profit: JPY298mn (+19.2% YoY)
- Progress against the full-year non-GAAP operating profit forecast (JPY640mn): 46.5%

Revenue and profit grew YoY, driven by higher engineer utilization rates on development projects and an expanded service lineup that included training services and solutions. The company launched "Claude Code Corporate Implementation Training," a service that covers all four Claude products* offered by Anthropic and supports clients from implementation and configuration through to embedding the tools in day-to-day operations (this service is provided independently by the company; there is no partnership, official endorsement, promotional cooperation, or any other such relationship with Anthropic).

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

Turnover from collaboration with Dentsu Group came to JPY13.9bn in Q2 FY12/26 (April–June 2026; +56.3% YoY), as the company won global brands in addition to major domestic clients.

The company understands that while the digital share of advertising markets globally has reached 60% or more, in Japan there are client companies where digital accounts for only 30–40% of the marketing budget. Septeni assumes that the digital shift in marketing budgets will continue and expects that many of the client companies it serves directly, including within the collaboration with Dentsu Group, will maintain their skew toward digital advertising.

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.

Q2 FY12/26 (April–June 2026) results

- Turnover: JPY40.4bn (+20.4% YoY)
- Revenue: JPY7.5bn (+7.1% YoY)
- Non-GAAP operating profit: JPY649mn (+31.5% YoY)
- Profit attributable to owners of the parent: JPY1.4bn (+332.3% YoY)

In Q2 FY12/26 (April–June 2026), revenue was JPY7.5bn (+7.1% YoY) and non-GAAP operating profit was JPY649mn (+31.5% YoY). Productivity improvement (see the "Trends in the company's productivity" section above) lifted the non-GAAP operating profit margin 1.6pp YoY to 8.7%. Reflecting the lighter corporate tax burden stemming from the decision to liquidate a subsidiary, profit attributable to owners of the parent was JPY1.4bn (+332.3% YoY).

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

(JPYmn)	FY12/24			FY12/25			FY12/26		
	1H results	2H results	FY results	1H results	2H results	FY results	1H results	2H forecast	FY forecast
Turnover	73,610	72,386	145,996	75,389	73,394	148,783	87,873	75,127	163,000
YoY	-	-	-	2.4%	1.4%	1.9%	16.6%	2.4%	9.6%
Revenue	13,989	14,295	28,284	15,207	15,101	30,308	16,653	16,647	33,300
YoY	-	-	-	8.7%	5.6%	7.2%	9.5%	10.2%	9.9%
Revenue-to-turnover ratio	19.0%	19.7%	19.4%	20.2%	20.6%	20.4%	19.0%	22.2%	20.4%
Gross profit	11,288	10,916	22,204	11,550	11,615	23,165	12,716	-	-
YoY	-	-	-	2.3%	6.4%	4.3%	10.1%	-	-
Gross profit margin	80.7%	76.4%	78.5%	76.0%	76.9%	76.4%	76.4%	-	-
SG&A expenses	9,576	9,519	19,095	9,522	9,311	18,833	9,735	-	-
YoY	-	-	-	-0.6%	-2.2%	-1.4%	2.2%	-	-
SG&A ratio	68.5%	66.6%	67.5%	62.6%	61.7%	62.1%	58.5%	-	-
Operating profit	1,741	1,387	3,128	2,024	2,214	4,238	3,167	-	-
YoY	-	-	-	16.3%	59.6%	35.5%	56.4%	-	-
Operating profit margin	12.4%	9.7%	11.1%	13.3%	14.7%	14.0%	19.0%	-	-
Non-GAAP operating profit	1,767	1,429	3,196	2,065	2,350	4,415	3,026	2,374	5,400
YoY	-	-	-	16.9%	64.5%	38.1%	46.5%	1.0%	22.3%
Non-GAAP operating profit margin	12.6%	10.0%	11.3%	13.6%	15.6%	14.6%	18.2%	14.3%	16.2%
Profit attributable to owners of the parent	4,005	1,521	5,526	1,856	1,635	3,491	4,087	1,913	6,000
YoY	-	-	-	-53.7%	7.5%	-36.8%	120.2%	17.0%	71.9%
Net margin	28.6%	10.6%	19.5%	12.2%	10.8%	11.5%	24.5%	11.5%	18.0%

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	1H results	2H forecast	FY forecast
Turnover*	73,610	72,386	145,996	75,389	73,394	148,783	87,873	75,127	163,000
YoY	-	-	-	2.4%	1.4%	1.9%	16.6%	2.4%	9.6%
Marketing Communication	62,495	60,747	123,242	64,101	61,907	126,008	75,992	-	-
YoY	-	-	-	2.6%	1.9%	2.2%	18.6%	-	-
Direct Business	9,764	10,630	20,394	10,841	11,411	22,252	11,890	-	-
YoY	-	-	-	11.0%	7.3%	9.1%	9.7%	-	-
Revenue	13,989	14,295	28,284	15,207	15,101	30,308	16,652	16,648	33,300
YoY	-	-	-	8.7%	5.6%	7.2%	9.5%	10.2%	9.9%
Revenue-to-turnover ratio	19.0%	19.7%	19.4%	20.2%	20.6%	20.4%	19.0%	22.2%	20.4%
Marketing Communication	10,156	10,115	20,271	10,903	10,647	21,550	12,078	11,922	24,000
YoY	-	-	-	7.4%	5.3%	6.3%	10.8%	12.0%	11.4%
Revenue-to-turnover ratio	16.3%	16.7%	16.4%	17.0%	17.2%	17.1%	15.9%	-	-
Direct Business	2,341	2,834	5,175	3,169	3,270	6,439	3,523	3,277	6,800
YoY	-	-	-	35.4%	15.4%	24.4%	11.2%	0.2%	5.6%
Revenue-to-turnover ratio	24.0%	26.7%	25.4%	29.2%	28.7%	28.9%	29.6%	-	-
Data and Solutions	1,576	1,619	3,195	1,552	1,518	3,070	1,659	1,941	3,600
YoY	-	-	-	-1.5%	-6.2%	-3.9%	6.9%	27.9%	17.3%
Eliminations and corporate (including other businesses)	-83	-273	-356	-416	-334	-750	-607	-373	-980
Non-GAAP operating profit	1,767	1,429	3,196	2,065	2,350	4,415	3,026	2,374	5,400
YoY	-	-	-	16.9%	64.5%	38.1%	46.5%	1.0%	22.3%
Non-GAAP operating profit margin	12.6%	10.0%	11.3%	13.6%	15.6%	14.6%	18.2%	14.3%	16.2%
Marketing Communication	2,490	2,326	4,816	2,779	2,718	5,497	3,656	3,344	7,000
YoY	-	-	-	11.6%	16.9%	14.1%	31.6%	23.0%	27.3%
Non-GAAP operating profit margin	24.5%	23.0%	23.8%	25.5%	25.5%	25.5%	30.3%	28.0%	29.2%
Direct Business	539	514	1,053	607	767	1,374	833	567	1,400
YoY	-	-	-	12.6%	49.2%	30.5%	37.2%	-26.1%	1.9%
Non-GAAP operating profit margin	23.0%	18.1%	20.3%	19.2%	23.5%	21.3%	23.6%	17.3%	20.6%
Data and Solutions	235	259	494	250	242	492	298	342	640
YoY	-	-	-	6.4%	-6.6%	-0.4%	19.2%	41.3%	30.2%
Non-GAAP operating profit margin	14.9%	16.0%	15.5%	16.1%	15.9%	16.0%	18.0%	17.6%	17.8%
Eliminations and corporate (including other businesses)	-1,498	-1,670	-3,168	-1,570	-1,378	-2,948	-1,761	-1,879	-3,640

Source: Shared Research based on company materials

Note:

- Figures may differ from company materials due to differences in rounding methods.
- In the Data and Solutions business, turnover equals revenue.

Septeni revised its full-year forecast for the second time this fiscal year at the time of its 1H FY12/26 results announcement. It now projects 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 JPY6.0bn (+71.9% YoY). Versus the previous forecast, revenue and non-GAAP operating profit were unchanged, while profit attributable to owners of the parent was revised up by JPY750mn. The company recognized deferred tax assets on deductible temporary differences arising from its investment in Septeni Asia Pacific Pte. Ltd.* and booked a corresponding income tax benefit. Reflecting this lighter tax burden, the company now expects profit attributable to owners of the parent to exceed its previous forecast, prompting the upward revision.

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.

The company expects to achieve its FY12/28 target for profit attributable to owners of the parent under the medium-term management plan (FY12/26–FY12/28) ahead of schedule. It is also weighing revisions to the plan's quantitative targets while examining macroeconomic trends and business progress, and says it will disclose any matters requiring disclosure promptly.

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. The company targets non-GAAP operating profit per employee of JPY3.0mn a year, but it does not regard this as a ceiling and intends to pursue further productivity gains.

For turnover, the company assumes a growth rate exceeding the 8–10% growth it expects for the internet advertising market. Shared Research understands that the company can outgrow the market because it has built good relationships with media companies and has the ability to respond to cutting-edge technologies and media, and because it can gain

market share through integrated marketing proposals, including its collaboration with Dentsu. The company intends to pursue revenue growth accompanied by margin improvement as productivity rises.

Medium-term management plan targets

(JPYmn)		Medium-term plan (FY12/26 - FY12/28)			
		FY12/25	FY12/26	FY12/27	FY12/28
		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	FY12/28
	Results	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.

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:

- Figures may differ from company materials due to differences in rounding methods.
- In the Data and Solutions segment, turnover equals revenue.
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- 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 (JPYmn)	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
	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:

- Figures may differ from company materials due to differences in rounding methods.
- 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.

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 mid-sized 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 mid-sized 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:

- Figures may differ from company materials due to differences in rounding methods.
- 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		J-GAAP		IFRS		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:

- 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.
- 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).
- 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.
- 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.
- 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). Hakuholdo 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, Hakuholdo 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.

Hakuholdo 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. Hakuholdo 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.

Hakuholdo 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

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) (JPYmn)	FY12/24				FY12/25				FY12/26			
	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) (JPYmn)	FY12/24				FY12/25				FY12/26			
	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 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 (JPYmn)	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
	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:

- Figures may differ from company materials due to differences in rounding methods.
- The company adopted IFRS from FY09/16. Figures for FY09/22 and earlier are before the reclassification for discontinued operations.
- FY12/23 was an irregular 15-month period due to the change in fiscal year-end.
- 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).
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- The company adopted IFRS from FY09/16.
- 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:

- Figures may differ from company materials due to differences in rounding methods.
- The company adopted IFRS from FY09/16.
- 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 (JPYmn)	FY09/16	FY09/17	FY09/18	FY09/19	FY09/20	FY09/21	FY09/22	FY12/23	FY12/24	FY12/25
	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:

- Figures may differ from company materials due to differences in rounding methods.
- The company adopted IFRS from FY09/16.
- FY12/23 was an irregular 15-month period due to the change in fiscal year-end.
- 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>.

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