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4293
Septeni Holdings

Company Name **Septeni Holdings Co., Ltd.**	Head Office **8-17-1 Nishishinjuku Shinjuku-Ku, Tokyo 160-6130**
Listed On **Tokyo Stock Exchange, Standard Market**	Fiscal Year-End **Dec**
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Research Coverage Report by Shared Research Inc.

Executive summary

Business overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business performance

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

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

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

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

Strengths and weaknesses

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

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

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

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

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

Key financial data

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

Source: Shared Research based on company materials

Notes:

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

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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