

HakuhodoDY holdings

# Integrated Report 2025



## To Our Readers

The Hakuholdo DY Group consists of approximately 450 domestic and international companies, with a workforce of nearly 29,000 employees. More than half of these joined or became involved in the Group after its formation. As the environment in which the Group operates undergoes significant changes, we believe it is important to clearly state the Group's *raison d'être* and what it means to work here (our "why") as the basis for decision-making and motivation—that it is important to share this and cultivate camaraderie among all colleagues. With this in mind, we decided to establish a set of shared values, the Hakuholdo DY Group's Global Purpose. We aim to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives, and all of us who share this vision will continue working to enhance our corporate value.

### Forward-Looking Statements

This integrated report contains forward-looking statements concerning the current business plans, management policies and strategies, goals and projections, and forecasts of future earnings and financial conditions of the Hakuholdo DY Group that are not historical facts but are based on forecasts, expectations, assumptions, plans, and the knowledge and judgment of management based on information available at the time of the report's preparation. Moreover, in order to calculate projections and forecast figures, it is essential to rely to a certain degree on assumptions in addition to confirmed historical facts. Readers should understand that there is no guarantee that such forward-looking statements and assumptions are objectively accurate, and actual results may differ substantially from such forecasts.

Notes: Unless otherwise stated, information as of October 10, 2025 is disclosed.

This integrated report primarily covers the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025). Hakuholdo DY Media Partners, which was integrated with Hakuholdo in April 2025, is presented in this report under its name at the time, in accordance with the reporting scope.

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## The Hakuhodo DY Group's Global Purpose

Aspirations Unleashed  
break down boundaries,  
open new doors  
and usher in new eras  
for every *sei-katsu-sha*, organization and society.


When asked to draw the future on a blank sheet of paper,  
we start by drawing a person in the center.  
What hopes and dreams does this person, this *sei-katsu-sha*, hold dear?  
What moves them? What matters to them? What excites them?

In Japanese we call these deep yearnings of the heart, "*omoi*". Aspirations.  
Our wonderings about what is possible and how we'd like the world to be.  
These aspirations are the seeds the future grows from.

In an increasingly more instant world,  
it's easy for aspirations to get overlooked.  
They can be dismissed as inefficient, imperfect, irrational musings.  
Our work is to listen, nourish and nurture them.  
To give them room to develop, To let their light shine.  
By honoring the human spirit and the wisdom and ambition within, aspirations can come to life.  
New technologies are born. New behaviors introduced. New lifestyles embraced. New cultures emerge.

For with Aspirations Unleashed we break down boundaries,  
open new doors and usher in new eras  
for every *sei-katsu-sha*, organization and society.





# Message from the President

Setting the Business Transformation  
Engine in Motion Toward  
Discontinuous Value Creation

**Yasuo Nishiyama**

Representative Director &  
President

## Message from the President

### Mounting a Full Model Change To Become a Creativity Platform

I am honored to be appointed president of Hakuholdo DY Holdings. Since joining Hakuholdo in 1989, I have built my career both on the front lines of business and the management side—starting in client service, followed by new business creation and corporate strategy. I became a corporate officer of the Company in 2024 having previously served in such role at Hakuholdo and Hakuholdo DY Media Partners, and under president Masayuki Mizushima (now chairman and CEO), I was involved in formulating the current Medium-Term Business Plan as vice chief officer of the Group Strategy Unit. Now, in this time of transformation, I feel the full weight of responsibility in helming the direction of the Group.

The business world is experiencing what can truly be called a once-in-a-century change. The rapid advancement of technology, particularly AI, enables highly automated operations and large-scale delivery of hyper-personalized services. The nature of human work itself will change significantly. Updating business models to adapt is no longer optional for companies—it is a matter of survival, and the advertising business is no exception. Marketing requires increasingly sophisticated expertise, and competition with consulting and digital specialist firms is intensifying.

In this environment, what should our direction be? Our answer is to evolve into a “creativity platform.” Uniting diverse areas of expertise and advanced technologies, we aim to contribute to solving clients’ business

transformation, sustainable growth and other challenges, as well as *sei-katsu-sha* and social challenges, leveraging our distinctive creativity. To achieve this, we must transcend our self-definition as a “group of advertising companies.” We must evolve *sei-katsu-sha* insight-based creativity and the integrated capabilities we have cultivated as a full-service advertising company into a higher-order concept, expanding beyond advertising to deliver true value to *sei-katsu-sha*, organizations and society. It is time to accelerate our transformation into a creativity platform.

The Group encompasses a rich array of business domains and abundant resources, including those of our subsidiaries, and has fostered a culture capable of integrating them. Our greatest competitive advantage is the power of our people—talented individuals with diverse personalities, united by a shared drive for self-initiated reform. By unleashing this strength, we will accelerate our business transformation engine and propel our full model change from a group of advertising companies to a creativity platform.

### Human-Centered Technology and Creativity

Digitalization and the spread of social media have enhanced the comfort and convenience in our lives. Yet these same trends have generated a sense of isolation. Feelings of alienation felt by flesh and blood humans spread across society, inevitably affecting corporate activities. What we need now are narratives and empathy that restore people’s faith in a hopeful future.

**Our greatest competitive  
advantage is the power of our  
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self-initiated reform.**

Details ▶ **P. 12 Creativity Platform**

**Pp. 17–20 People as a Source of  
Value Creation**

## Message from the President

Paradoxically, I believe technology is also the key to creating these narratives.

Technology, in my view, exists to unleash human creativity. From this perspective, the rapid evolution of AI represents not a threat but a once-in-a-lifetime opportunity. By entrusting rote, efficiency-driven optimization tasks to AI, humans can reclaim the mental space to think deeply, engage in meaningful dialogue, and create new value. The worth of tangible, sensory experiences—those that move the five senses—will become even greater. What we aim to create are new industries and cultures built on this kind of human-centered use of technology.

In the consulting domain, Group companies such as ENND Partners and Hakuodo Consulting are actively expanding their business. ENND Partners, launched in 2024, is co-founded by Tim Brown, chair emeritus of IDEO and a global authority on design thinking, and Masanobu Iwabuchi, a seasoned business advisor. Their combined expertise and human-centered philosophy have fostered a deeply meaningful mixed culture. Meanwhile, Hakuodo Consulting, focused on corporate branding—an area where many Japanese companies struggle—is working to enhance corporate value by improving brand value through an approach rooted in *sei-katsu-sha* insight. In both domains, the Group's unique creativity offers a strong competitive advantage over specialized consulting firms.

By refining these advantages, which are grounded in our distinctive culture, we will continue to accompany companies and their management teams in delivering solutions to complex challenges. This, in essence, represents a new evolution of our Commitment to Partnership.

These examples are only a glimpse of value creation efforts underway across the Group. By visualizing the future we aspire to create, bringing together the right partners, and working collaboratively to realize it, we deliver to society narratives of hope.

## Setting the Business Transformation Engine in Motion

Pursuing a new organizational form entails transforming both business processes and organizational culture. We are advancing fundamental reforms by actively utilizing cutting-edge technology—converting individual experience and intuition, or tacit knowledge, into explicit knowledge and building systems that allow anyone to perform sophisticated tasks. In terms of people and culture, I hope to foster an environment where every employee channels their passion into bold action—unafraid of failure and eager to take on challenges. Beyond individual skill development through AI and IT training or professional specialization programs, we will strategically set higher organizational goals that strengthen our foundation as a challenging organization. I am convinced that it is precisely in such an environment that discontinuous growth will emerge.

The 2024 definition of our Global Purpose was a major step forward in sharing knowledge and expertise across organizational boundaries. For a Group comprising nearly 450 companies and around 29,000 employees, aligning our mid- to long-term vision for value provision was no small task. Yet, outcomes have been immensely rewarding, just by



Details ▶ **Pp. 23–48 Strategy**

**WEB** The Hakuodo DY Group's Global Purpose



## Message from the President

observing how effectively mutual understanding and Purpose-driven activity have taken root across the Group.

We aim to be an organization that functions organically and autonomously with a brain that devises strategy, a heart that beats with *sei-katsu-sha* data, and nerves that connect the whole—adapting fluidly to circumstances like an amoeba. Such an organization, acting as our business transformation engine, will energize the Group and enable continuous, proactive problem-solving. This in turn will allow us to achieve discontinuous value creation beyond our previous line of growth.

## Creating New Industries with Global Relevance

In the incubation business, one of our designated growth areas, we are accelerating co-creation with partners in Japan and overseas to develop new businesses and industries that address social challenges.

Through my own experience identifying and supporting startups, I have realized that Japan is home to many companies with outstanding intrinsic value. What they need, in order to achieve dramatic growth, is to make their value visible. In today's globalized world, this visualized value must resonate even on the other side of the planet. Our creativity and extensive networks make us ideally positioned to help achieve this. We can also fully envision supporting overseas companies seeking entry into the Japanese market.

Our co-creation partners are not limited by scale, and they include academia and public institutions. Beyond

communications and branding, we can build frameworks to support product application development and social implementation, including collaboration at the business level between industry, government, and academia. In doing so, we gain the ability to proactively propose themes to society, involving both familiar partners and previously unknown stakeholders.

We aim to help clients reassess their models and organizational structures, and to support transformations that help them create a better society through their businesses.

## Positioning of the Current Medium-Term Business Plan

While past plans have been five-year initiatives, the current Medium-Term Business Plan runs for three years through fiscal 2026, and will create a foundation for the next plan (from fiscal 2027 to fiscal 2031). The purpose is to assess the success and effectiveness of the full model change and the expansion of our business domains. The current plan focuses on building new revenue models across six business domains and establishing systems to support them. Based on this foundation, the next plan will maximize earning power, accelerate growth, and transform the Group's profit structure.

Now in the second year of the current plan (fiscal 2025), we are seeing steady progress in the technology domain, including AI, as well as growth in consulting and content business with increasing synergies emerging across domains. Naturally, transforming our marketing business, which still accounts for the majority of Group

**We aim to help clients reassess their models and organizational structures, and to support transformations that help them create a better society through their businesses.**

Details ▶ **Pp. 24–26** **Becoming the True Partner Outlined in Our Medium-Term Business Plan**

## Message from the President

revenue, remains a key challenge. As an existing domain, intensified competition is inevitable. Moreover, even within this space, the evolution of AI is drastically reshaping the business environment. To achieve our objectives, we are swiftly implementing necessary measures such as strengthening collaboration with our technology business, reassessing competitive advantages, and reinforcing our business structure.

## A Message to Our Stakeholders

The theme of visualization applies equally to our Group's corporate value. Drawing on my own experience supporting startups and their visualization efforts, I intend to ensure that we effectively communicate the diverse realities of value creation taking place within the Group.

Looking back, I joined the Company during the era when the prevailing sentiment was "Japan as Number One"—a time of unprecedented economic prosperity. Even then, the concept of advertising was already evolving and expanding. I vividly remember the energy of teams breaking into new frontiers such as marketing and product development, and I learned the importance of putting one's soul and responsibility into every proposal. To act with soul and responsibility means uncovering the essence of the issues unfolding in reality, clearly envisioning what

should be, and striving to realize that vision by overcoming precedents and organizational barriers, greatly exceeding stakeholder expectations in the process. To merely meet expectations is to remain stagnant; we must aim to surpass them. That conviction has never changed.

Nietzsche said, "The snake that cannot shed its skin perishes." I take this as a personal maxim, a reminder that renewal is essential for survival. Regardless of team, title, or business, I aim to create an environment where every individual can continually shed their skin by pursuing transformation and model change autonomously. We will drive the intrinsic growth of every individual by fostering a culture that provides meaningful stimulation and enables self-realization and self-renewal through one's work—sustainably enhancing corporate value to meet and exceed your expectations.

*Yasuo Nishiyama*

Representative Director & President



Details ▶ **Pp. 17–20 People as a Source of Value Creation**

**Pp. 49–67 Sustainability**

# Value Creation

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## *Sei-katsu-sha* Insight and Commitment to Partnership

Since its founding, the Hakuholdo DY Group has adhered to the twin pillars of *Sei-katsu-sha* Insight and Commitment to Partnership.

### *Sei-katsu-sha* Insight



*Sei-katsu-sha* Insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

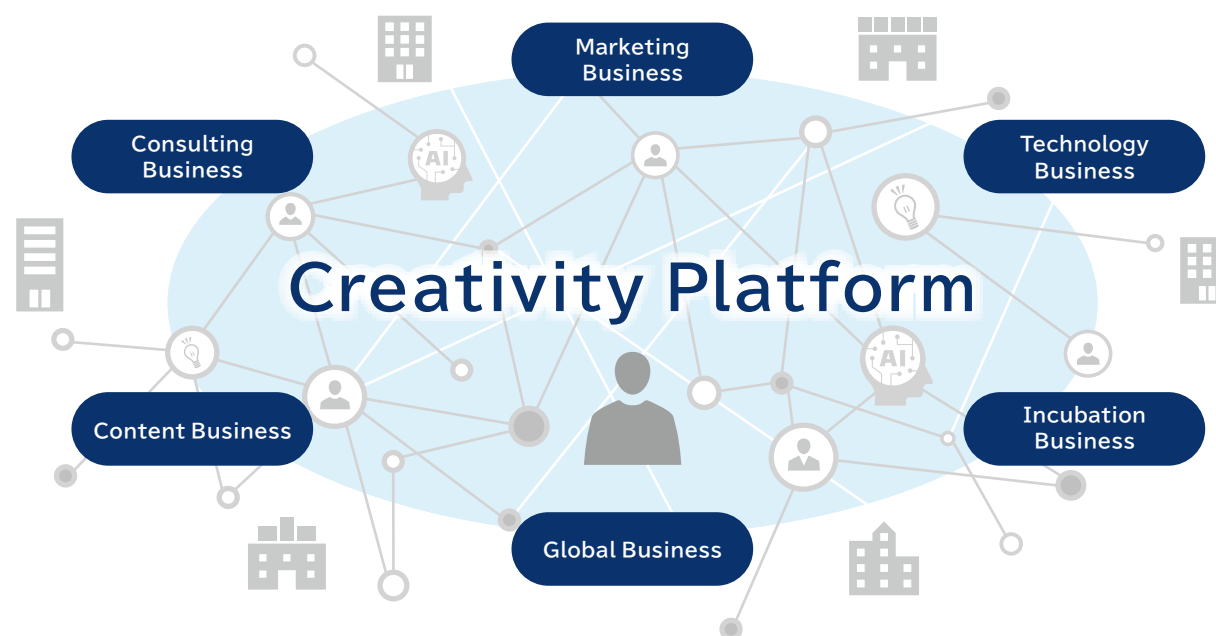
### Commitment to Partnership



Partnership is the way we do business, the starting point for all business activities. From the standpoint of *sei-katsu-sha*, we pay constant, careful attention to the needs of our clients and of media suppliers. We believe that engaging in dialogue and acting together are the best ways to find the solutions to those needs. As our clients' and media suppliers' partner, our aim is to build strong, long-lasting relationships. By working together over the long term, we are better able to provide durable and coherent solutions to our partners.

## Our Ideal Form as a Creativity Platform

In an era where environments surrounding *sei-katsu-sha*, organizations and society are experiencing dramatic change, and the future becomes increasingly difficult to predict, the Hakuodo DY Group must continue to transform. To build an adaptable, resilient business structure, we believe it is necessary to demonstrate how we will evolve and what kind of organization we aspire to become by expanding the scope of our creativity. With this in mind, we have defined our ideal future vision as a “creativity platform.” Through *sei-katsu-sha*-driven creativity, we aim to build new relationships among *sei-katsu-sha*, organizations and society—relationships in which all three co-create and generate new value together, with our Group serving as the platform that enables this co-creation.



Our strengths lie in our diverse talent, our culture that values co-creation and teamwork, and our unique creativity rooted in *sei-katsu-sha* insight. By combining these strengths with our various stakeholder connections, our global network, and technologies such as AI, we are evolving into a Group that generates new relationship value and creates the future through diverse businesses.

Under the current Medium-Term Business Plan, we have identified six business domains as areas where we can generate new relationship value through this creativity platform and achieve both social and economic value.

Each of these domains will pursue growth through distinct business models while also working in close collaboration with one another. In doing so, we will drive transformation of our business structure and further strengthen our overall earning capacity.

Through this dynamic transformation, we aim to achieve significant growth and maximize corporate value, all while realizing our Global Purpose.



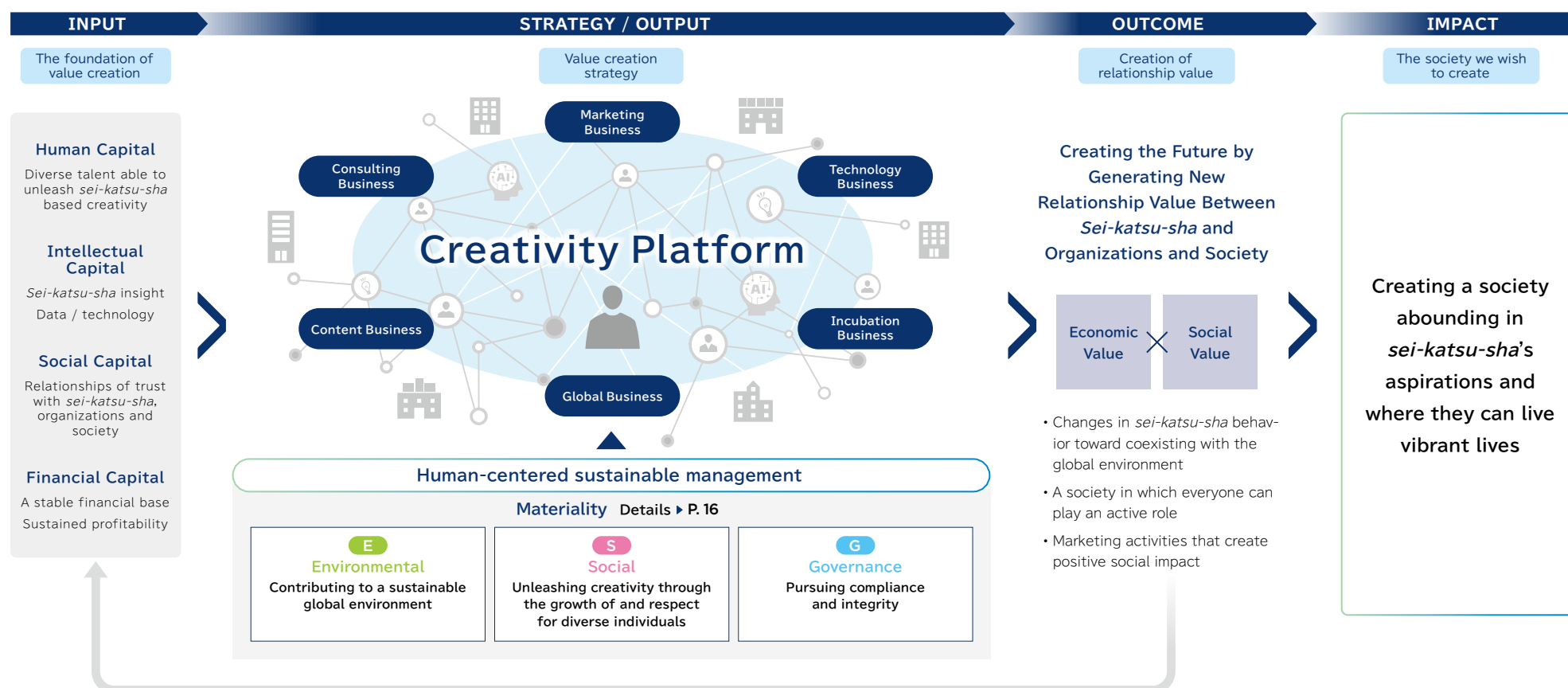
## Value Creation Model

The Hakuholdo DY Group aims to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives. Our Global Purpose is “Aspirations Unleashed break down boundaries, open new doors and usher in new eras for every *sei-katsu-sha*, organization and society.” Maximizing the advanced creativity of our human and intellectual capital as the foundation for value creation, we aim to be a group that shapes the future by generating new relationship value between *sei-katsu-sha* and organizations and society.

### PURPOSE

## Aspirations Unleashed

break down boundaries, open new doors and usher in new eras for every *sei-katsu-sha*, organization and society.



## Value Creation Model

### 1. INPUT

#### The Foundation of Value Creation

The Group's creativity has emerged through diverse talent and the synergies between them. As we transform our business into a creativity platform as part of our Medium-Term Business Plan, we will strengthen our foundations of human, intellectual, social, and financial capital to engage in a broader range of business domains to create value.

In terms of human capital, the participation and development of diverse talent with even greater specialization and innovation will be crucial. For intellectual capital, we will enhance our utilization of *sei-katsu-sha* insight and associated data and technologies, and for social capital, we will advance co-creation with various stakeholders.

### 2. STRATEGY / OUTPUT

#### Value Creation Strategy

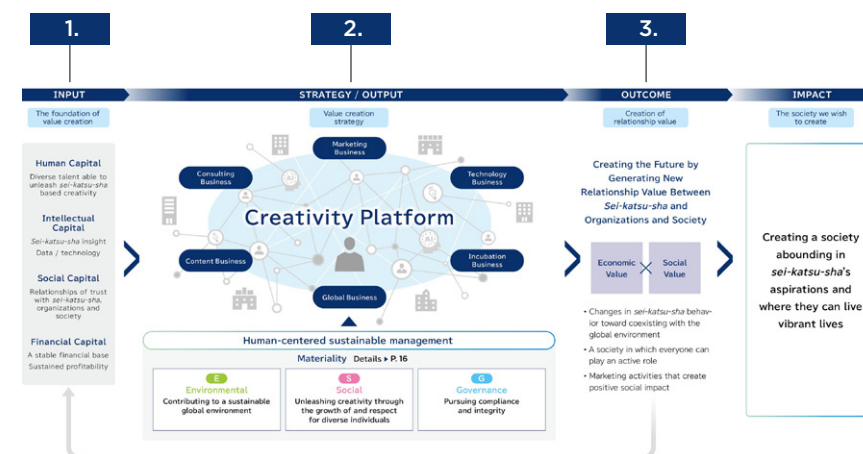
The creativity platform the Group aspires to is a platform that, with *sei-katsu-sha*-centered creativity as its edge, creates the future by connecting *sei-katsu-sha*, organizations and society to generate new relationship value. The Group's diverse talent come together as a team, collaborating with various stakeholders both in and outside the Group to combine ideas, systems, technologies, and more in order to create new relationship value. We aim to evolve beyond the framework of a group of advertising companies into a creativity platform with strengths in six business domains. By dynamically pursuing business structure reform, we strive to achieve significant growth in the medium to long term and enhance corporate value.

### 3. OUTCOME

#### Creation of Relationship Value

Relationship value is about creating new value between *sei-katsu-sha* and organizations and society through the new relationships the Group aims to foster among them as a creativity platform. To date, we have been creating relationship value between *sei-katsu-sha* and companies and products through advertising. We have clearly expressed the significance and role of companies or products and services and helped *sei-katsu-sha* find meaning in choosing to use these products and services, thereby connecting the two through messages and media to generate new value.

Moving forward as a platform that creates the future, we will design new relationships with various stakeholders through diverse business endeavors. By connecting them with ideas, technology, people, systems, and business, we will create new relationship value.



**Material Issues (Materiality)** ▶ See the following pages for details on materiality.

Materiality    Revised in September 2024

We have identified material issues (materiality) as important themes for realizing the sustainable growth of the Hakuholdo DY Group and providing value to stakeholders. In September 2024, we conducted a review of materiality in line with the formulation of our Global Purpose and new Medium-Term Business Plan. By addressing materiality based on human-centered sustainable management, we aim to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives.

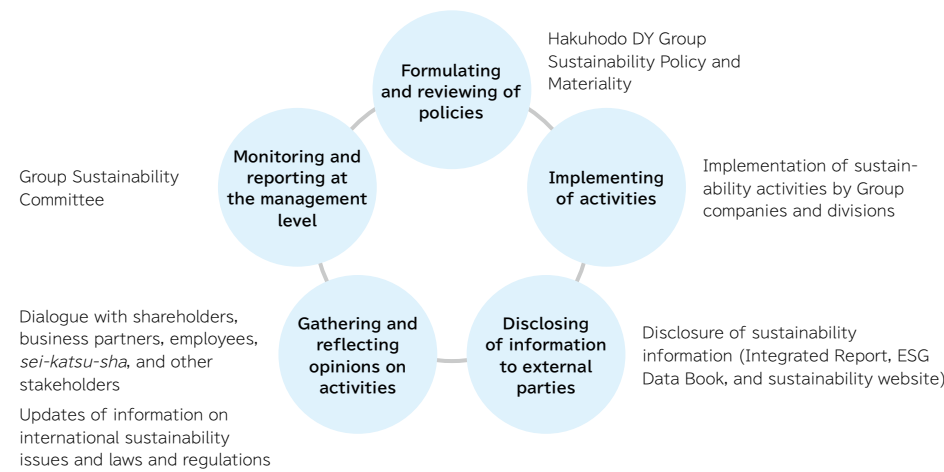
Sustainability Management

Materiality Implementation Structure

Under the supervision of the Board of Directors, the Group Sustainability Committee is responsible for the implementation of tasks such as monitoring and reviewing progress in materiality. The Sustainability Steering Committee, which operates under this committee, implements specific measures with the participation of Group companies.

Materiality Operation Structure

We review our initiatives and manage the progress of KPIs at semi-annual Group Sustainability Committee meetings. We plan to regularly review our initiatives and make adjustments based on the progress of our Medium-Term Business Plan and various initiatives, as well as changes in the business environment.



Background to the Review of Materiality

In September 2024, we conducted a review of our materiality by reassessing changes in the external environment in order to promote sustainability management based on our Global Purpose, and the new Medium-Term Business Plan. We also took into account the Group's strengths and considered stakeholders' expectations and demands.

The Process of Reviewing and Identifying Materiality

The Group identified materiality by recognizing social issues that are important to the Group, analyzing risks and opportunities from both our own and stakeholders' perspectives and evaluating their importance. The identification of materiality was conducted through collaboration between Hakuholdo DY Holdings, the Corporate Sustainability Division, relevant divisions, and various Group companies.

STEP 1: Identify social issues based on business strategy	List social issues related to the Group's business, taking into account international guidelines such as the SDGs, GRI, SASB, ISO, and industry trends
STEP 2: Evaluate importance and prioritize	Evaluate the financial impact on the Group and the impact of the Group on the environment and society for each issue, considering both risks and opportunities, and prioritize the issues accordingly
STEP 3: Assess validity	Engage in discussions with stakeholders (Group companies and external experts) to exchange opinions on validity and refine the content
STEP 4: Determine materiality	After deliberation and approval by the Group Sustainability Committee, identify materiality through deliberation and approval by the Board of Directors

## Materiality

The Group's materiality consists of a total of nine items in three areas: contributing to a sustainable global environment, unleashing creativity through the growth of and respect for diverse individuals, and pursuing compliance and integrity. The common thread among these initiatives is human-centered sustainable management. By harnessing the power of people, which is the Group's greatest strength, we aim to create unique value. We will enhance the effectiveness of each material issue by establishing action policies and KPIs and monitoring indicators for each item, accelerating progress.

Human-centered sustainable management	Material issues (materiality)		Action policies	External commitments	Page
	<b>E</b> <b>Environmental</b> Contributing to a sustainable global environment	<ul style="list-style-type: none"> <li>Climate action</li> </ul>	<ul style="list-style-type: none"> <li>Implement decarbonization initiatives</li> </ul>	Targeted reduction of CO <sub>2</sub> emissions through our commitment to the TCFD recommendations	▶ P. 55
		<ul style="list-style-type: none"> <li>Contribution to sustainable behavioral change</li> </ul>	<ul style="list-style-type: none"> <li>Engage in business and collective impact for the social implementation of sustainability</li> </ul>	—	▶ P. 55
	<b>S</b> <b>Social</b> Unleashing creativity through the growth of and respect for diverse individuals	<ul style="list-style-type: none"> <li>Investment in, and development of, specialized and innovative talent as well as an enabling environment</li> </ul>	<ul style="list-style-type: none"> <li>Foster human resources and organizations that produce results based on <i>sei-katsu-sha</i> insight and co-creation</li> <li>Promote aspiration-driven career ownership</li> <li>Acquire capabilities for executing business strategies</li> </ul>	—	▶ P. 17
		<ul style="list-style-type: none"> <li>Promotion of well-being</li> </ul>	<ul style="list-style-type: none"> <li>Implement sound and healthy workstyles to improve employee happiness</li> </ul>	—	▶ P. 60
		<ul style="list-style-type: none"> <li>Implementing diversity, equity, and inclusion (DE&amp;I)</li> </ul>	<ul style="list-style-type: none"> <li>Transform ourselves into an organization that takes advantage of all types of diversity</li> <li>Realize a society in which everyone can play an active role</li> </ul>	Group target ratio of 30% for women in management positions by fiscal 2030	▶ P. 56
		<ul style="list-style-type: none"> <li>Contribution to the development of human resources for the future and local communities</li> </ul>	<ul style="list-style-type: none"> <li>Exert our influence on society through the development of future human resources and support for regional development</li> </ul>	—	▶ Pp. 65–66
	<b>G</b> <b>Governance</b> Pursuing compliance and integrity	<ul style="list-style-type: none"> <li>Respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>Continuously conduct human rights due diligence and improve issues</li> </ul>	—	▶ P. 61
		<ul style="list-style-type: none"> <li>Maintenance of compliance and high ethical standards</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the permeation of the Hakuodo DY Group Code of Conduct and Matters for Compliance</li> <li>Ensure and practice information security</li> </ul>	—	▶ P. 83
		<ul style="list-style-type: none"> <li>Integrity in marketing activities</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate stereotypes, human rights violations, and misleading expressions in advertising</li> </ul>	—	▶ P. 62

## People as a Source of Value Creation

The greatest asset of the Hakuholdo DY Group—and the source of its competitiveness—is its people, who bring creativity to life. Our human resource development is driven by three perspectives: harnessing the diverse powers of individuals with eclectic talents, bringing out the power of mutually enhancing teams, and generating a high degree of creativity. Specifically, we provide a wide range of learning opportunities that encourage each employee's self-directed growth, foster a culture of co-creation within the organization, and work to enhance creativity grounded in *sei-katsu-sha* insight.

Each Group company builds their own distinctive personnel systems and training programs, tailored to their specific business characteristics, based on these three perspectives. In addition, to generate Group synergies, we implement initiatives such as inter-company personnel exchanges and cross-Group training programs for selected management and young talent.

### Harness the Diverse Powers of Individuals with Eclectic Talents



Draw out each employee's latent abilities and sensitivities and nurture their strengths. Provide a wide range of learning opportunities to allow them to understand their current capabilities and enable them to respond promptly to business changes.

### Bring Out the Power of Mutually Enhancing Teams



Combine the powers of individuals with diverse strengths, maximize their powers in teams, and enrich the foundation for producing results that connect *sei-katsu-sha*, organizations and society, enriching the co-creation culture.

### Generate a High Degree of Creativity



Create opportunities to gain deep insight, ask creative questions, and engage in deeper thinking to address increasingly complex issues. From these experiences emerges the advanced creativity that generates new value.

## People as a Source of Value Creation

## Roundtable with Career-Level New Hires

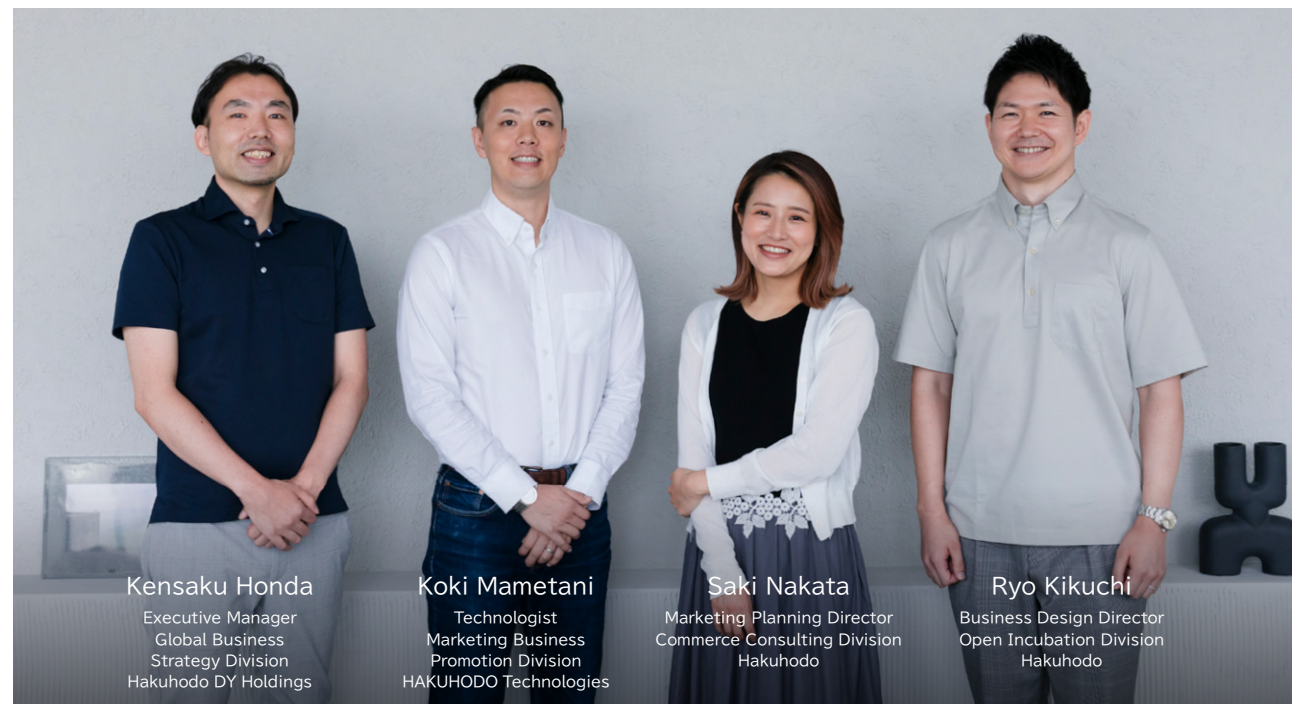
## Diverse Professionals Driving the Future of the Group Share Their Thoughts on Potential and Fulfillment

The Hakuhold DY Group is venturing beyond traditional advertising into diverse fields such as technology, global business, and incubation, boldly creating new value. Four new employees from diverse backgrounds came together to talk about their impressions since joining, the appeal of their work, and their vision for the future.

### Beyond the Image of a Conventional Ad Agency: What Attracted Us to Join

**Kikuchi** To be honest, before joining, my image of the company was that it was a glamorous advertising agency that made TV commercials.

**Honda** I felt exactly the same. Coming from a technical, manufacturing background, I saw Hakuhold DY Group as a traditional ad agency: a creative company in the classic sense. But at my previous job when I became involved in M&A and benchmarked other companies, I discovered that



the Group was transforming its business portfolio through M&A, including in the technology space. I thought this was the perfect arena to leverage my strengths and experience, and it inspired me to take on the challenge.

**Kikuchi** I can relate to that shift in perspective. My view changed completely after talking with the person who is now my supervisor. I was struck by how the Group is seriously embracing the challenge of going beyond advertising with its incubation businesses and building the foundation for future society. For cutting-edge technology to permeate society and become part of culture, deep

expertise in the interface with *sei-katsu-sha* is indispensable. I was impressed that the Group, with its profound understanding of *sei-katsu-sha*, aims to be a driving force in business creation. I also felt a strong sense of social significance in that mission.

**Mametani** My perspective is a little different, but I too was drawn to that spirit of transformation. The job posting included the phrase “social implementation of generative AI,” which fascinated me. This was before ChatGPT launched, so I was amazed and intrigued that the Group, which is not your typical IT company, had already



## People as a Source of Value Creation



recognized the potential of emerging technologies like AI and was preparing for the next generation.

**Nakata** Specific keywords also attracted me. Coming from a manufacturing background, the idea of *sei-katsu-sha* insight resonated strongly. I felt I could propose initiatives that would truly drive purchasing decisions. The opportunity to work across both manufacturers and retailers, and in a broader range of roles than before, was very appealing.

**Mametani** In my previous job, I focused mainly on voice AI, a very specialized field. I was excited by the chance to engage with a wide variety of industries and companies here. The Group has historically influenced Japan and the world through advertising, and I sensed there would be projects on a much larger scale than anything I'd experienced. I wanted to grow and take on those kinds of challenges.

## Group Strengths We Discovered Since Joining

**Honda** After joining, I truly felt the power of people. It's remarkable how much creative value this company has generated through the sheer ability of its people. The successes and failures accumulated over our 130-year-plus history are, I believe, a critical asset for sustaining growth.

**Mametani** That "power of people" connects directly to what I see as our strength: the ability to generate unimagined ways. Before joining, I had a vague notion of the Group as a creative company. But once inside, I found that we're asked, "What do you think is interesting?" and our perspective is respected. That said, ideas don't stop at being interesting; we're expected to back them up, show a clear path forward, rally others, and carry them through to completion.

**Nakata** I agree. That human strength and the ability to generate unimagined ways are why we have so many opportunities to create something from nothing, true zero-to-one work. My previous job was mainly about expanding existing businesses, but here, I often get to experience the process of shaping my own ideas into reality.

**Mametani** Another strength is the Group's extensive network across industries and domains, enabling collaboration with a wide range of business partners. Our reach goes far beyond advertising, opening doors to solving social challenges, which is unique to this Group.

**Kikuchi** Absolutely. Our ability to capture social insights, design future culture, and shape public momentum is a value only the Group can deliver. Supporting this value is a vast network built over many decades, and not just with companies, but also with government agencies, academia, and international organizations. These trusted

relationships are the foundation for mobilizing society as a whole.

**Nakata** That's so true. When working on zero-to-one projects, there's always someone to consult, no matter the challenge. We can complete projects entirely within the Group, and many clients say, "We can just leave it to Hakuhodo. They'll handle it."

## Fulfillment in a Culture That Respects Initiative

**Kikuchi** The greatest source of fulfillment for me is the culture that lets you expand your scope of work as long as you have the will. Each person starts with "What do I want to achieve this year?" and builds their department's annual direction from there. There's no sense of being forced. Because it's self-driven, the ownership to see things through grows naturally.

**Mametani** I feel that too. On top of that, it's deeply rewarding to take on projects so large I could never handle them alone, by joining forces with highly capable colleagues.

**Nakata** When something I've worked on takes shape, reaches *sei-katsu-sha*, and produces results, it's not just about contributing to the client. I feel we've made everyday life a little better.

**Honda** My perspective is slightly different since I work globally, but the essence is the same. I manage relationships with more than 20 overseas Group companies, each with its own culture and growth stage. It's a long road of persistent dialogue to find optimal solutions together, but when we succeed and I hear words of thanks from partners, that's what powers me forward.

## People as a Source of Value Creation

### A Culture Where Eclectic Talents Resonate

**Honda** The Group is truly a treasure trove of eclectic talent that sparkle in different lights. We have an extraordinary diversity of abilities, and what stands out most to me is the sheer number of people who create value not from a single specialty but by multiplying two or more areas of expertise. The capabilities of each individual are what lifts the organization's output, making it faster and of higher quality.

**Nakata** People here come from an astonishing variety of backgrounds. Every time I take on a new project, I meet someone new, and that's exciting. You can feel that Hakuhold genuinely values this eclectic diversity. I notice that many people here are particularly tenacious—the kind of people who polish and refine their work right up until launch. That attitude is always inspiring to me.

**Mametani** I feel the same way. That tenacity seems tied to a mindset of putting your whole self into each decisive moment. I also notice that many employees place great importance on their passions and hobbies, and the things they love become the wellspring of their ideas and work. Those individual traits resonate with one another, and because of that, horizontal connections are strong. It's natural to reach out and say, "You know a lot about this topic—let's work on it together," and that builds a very flat, collaborative culture.

**Kikuchi** Like Mr. Mametani, I feel this is a collective of professionals who each have a clear, personal aesthetic within their own field of expertise. A defining characteristic here is a powerful intellectual curiosity: when something strikes them as interesting, people dive deep,

regardless of their role or formal position, and pursue it as far as it will take them.

### Envisioning the Future of the Group from Our Different Positions

**Mametani** With the arrival of generative AI, I am convinced that technology can influence human creativity more profoundly than ever before. Personally, my greatest joy comes from drawing out people's imaginative power through technology, shaping intriguing ideas into reality, and enriching society. From that perspective, I see both driving the development of CREATIVITY ENGINE BLOOM, our Groupwide initiative to make work more efficient and sophisticated, and using technology to create entirely new business value as equally significant and challenging endeavors.

**Kikuchi** My long-term goal is for the Group to serve as a catalyst for building an open incubation ecosystem that involves industry, government, academia, and even global partners. Through that, I want to help bring to life as many truly valuable technologies as possible, technologies that can transform *sei-katsu-sha* values and reshape the future of society.

**Honda** For me, the priority is to deliver concrete, reliable results in the role I currently hold. My goal is to guide each project to success with care and certainty, acting as a bridge between operations and management. Looking ahead, I want to build on the trust earned through that work to help create new opportunities that drive the growth of the entire Group.

**Nakata** I want to take on work that's even more closely tied to the daily lives of *sei-katsu-sha*. Not just in retail media, but by supporting both manufacturers and retailers to create new kinds of solutions. I'd also like to introduce products and services that I personally love to a wider audience and see them embraced. Going forward, I hope to keep being part of work that, even in small ways, makes people's everyday lives better.





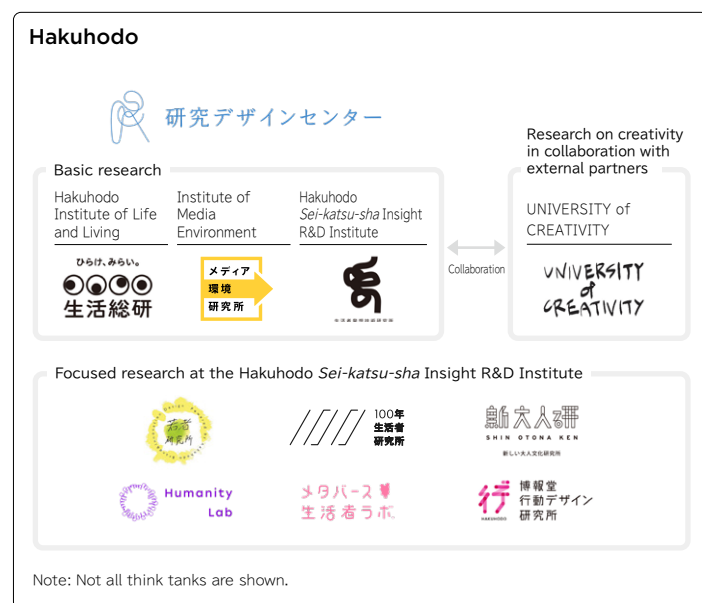
## Sei-katsu-sha Insight as a Source of Value Creation

### Advancing and Deepening Sei-katsu-sha Insight

The foundation of the Hakuholdo DY Group's thinking lies in *sei-katsu-sha* insight. Our research institutes and think tanks not only explore and make proposals in fields related to *sei-katsu-sha*, marketing, and creativity. They also disseminate the findings of their research and experiments to the public. Additionally, we conduct training programs for employees that revisit *sei-katsu-sha* thinking from multiple perspectives to inspire awareness and new ideas. Through these initiatives, we aspire to provide *sei-katsu-sha* with a spark of creativity that can shape the future and lead to the exploration of new markets and the further development of society.

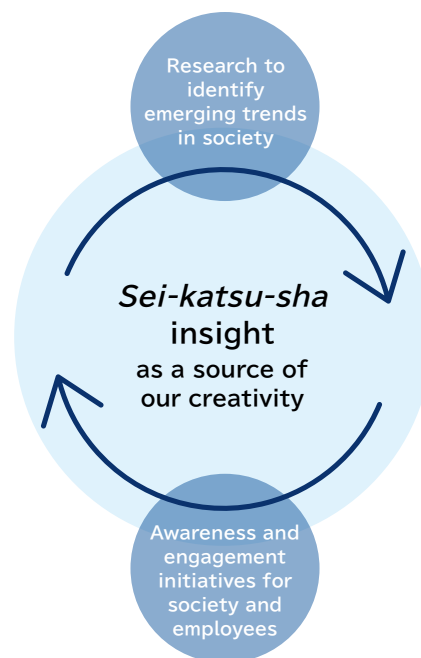
### Hakuholdo DY Group Institutes and Think Tanks

We conduct research, development, communication, and education centered on *sei-katsu-sha* insight.



**Daiko Advertising**  
D'Z lab.: Daiko Institute for Youth Studies

**YOMIKO ADVERTISING**  
Urban Life Research Laboratory



### About Sei-katsu-sha Insight

*Sei-katsu-sha* insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

### Hakuholdo DY Group Employee Training on Sei-katsu-sha Insight

We conduct *sei-katsu-sha* insight training programs from multiple perspectives to encourage employees to recognize and put its principles into practice.

#### The Culture Cultivation Community

This community-based training program, launched in 2022, brings together participants from Group companies to engage with *sei-katsu-sha* insight, take part in dialogue and exchange, and cultivate a corporate culture that generates new value. In its third year, the program has expanded to include more participating organizations and provides hands-on training in problem creation and problem solving. It aims to develop and connect individuals who transcend organizational boundaries to co-create and become a source of a Group's competitiveness.



#### The Culture Cultivation Lab with Kyoto University

This selective training program offers chosen employees the opportunity to deepen their understanding of *sei-katsu-sha* insight from a philosophical perspective under the guidance of Professor Yasuo Deguchi of Kyoto University. Participants travel to Kyoto every month for in-depth discussions, with the goal of developing culture-driven leaders who will proactively lead the formation of the organization's culture.



Sei-katsu-sha Insight as a Source of Value Creation

Research Institutes and Think Tanks (Hakuhodo)

In April 2024, Hakuhodo established the Research Design Headquarters to strengthen research and development functions of *sei-katsu-sha* insight, which serves as a source of the Hakuhodo DY Group's competitive edge. The Headquarters collects cutting-edge information and knowledge on *sei-katsu-sha* through proprietary studies and other means. Leveraging collaborations and research networks with universities, other companies, and research institutions, it also conducts basic and applied research on *sei-katsu-sha* insight, including solution development. In addition to sharing knowledge within the Group and providing value to clients, it actively promotes broader awareness of *sei-katsu-sha* insight through continuous public communication.



Goro Hokari  
Institute Head  
Hakuhodo Institute  
of Life and Living

Hakuhodo Institute of Life and Living  
A Think Tank Researching Sei-katsu-sha for Over 40 Years

Since its founding in 1981 to embody *sei-katsu-sha* insight, the Hakuhodo Institute of Life and Living (HILL) has studied shifts in human values by viewing people not simply as consumers but as individuals who act with autonomy. Its wide-ranging research includes the Chronological Lifestyle Survey, which has tracked changes in *sei-katsu-sha* values since 1992; proprietary studies using big data and chat logs to identify early signs of behavioral change; and ethnographic research involving in-home fieldwork to uncover unspoken feelings and subtle social dynamics that cannot be fully understood through language alone. These multifaceted and distinctive approaches contribute to the Group's unique value creation.

In 2023, using long-term data from the Chronological Lifestyle Survey, HILL demonstrated that differences in attitudes, preferences, and values among generations are shrinking—a phenomenon it described as the emergence of a “de-generationalized society.” This concept highlights how age alone can no longer define people's values or needs. By questioning conventional wisdom and believing in *sei-katsu-sha*, HILL takes a fresh, open-minded approach that prioritizes *sei-katsu-sha*'s values. The early insights it gains into social change are applied by the Group in its proposals to clients.

Overview of the Hakuhodo Institute of Life and Living

Established	1981
Global offices	Hakuhodo Institute of Life and Living Shanghai (China, established 2012) Hakuhodo Institute of Life and Living ASEAN (Bangkok, Thailand, established 2014)
Research focus	Independent research and dissemination of information on new <i>sei-katsu-sha</i> values and social change <ul style="list-style-type: none"><li>Example of long-term tracking studies Chronological Lifestyle Survey: biennial survey tracking 1,400 <i>sei-katsu-sha</i> attitudinal indicators since 1992</li><li>Examples of thematic research De-Generationalizing Society (2023) Japanese Youth: 30 Years of Change (2024) Working Anew (2025)</li></ul>



Kei Takeuchi  
Institute Head  
Hakuhodo  
Sei-katsu-sha Insight  
R&D Institute

Hakuhodo Sei-katsu-sha Insight R&D Institute  
A New Organization Established to Make Sei-katsu-sha Insight Accessible as Practical Technology

Hakuhodo *Sei-katsu-sha* Insight R&D Institute was established in 2024 as a specialized organization dedicated to research and development that advances clients' use of *sei-katsu-sha* insight. The mission of the Institute is to make *sei-katsu-sha* insight more accessible by transforming it into practical technology—knowledge, solutions, tools, and programs that can be applied widely.

In an era defined by volatility, uncertainty, complexity, and ambiguity, companies are required to respond more creatively, unfettered by precedent or conventional thinking. This requires each member of an organization to act not only as an employee bound by convention but as an individual *sei-katsu-sha* with personal will and perspective. Moreover, companies are increasingly expected to realize not only economic value but also social and *sei-katsu-sha* value, as expressed through their purpose. In this context, *sei-katsu-sha* insight is expected to become even more essential across all areas of business.

In a world of rising uncertainty and the breathtaking speed of technological evolution, such as AI, while the importance of people is simultaneously being rediscovered, we are confident that our *Sei-katsu-sha* Insight philosophy is a valuable asset to share with companies and organizations across various sectors.

Overview of the Hakuhodo Sei-katsu-sha Insight R&D Institute

Established	2024
Research focus	Based on the deepening and evolution of insights into <i>sei-katsu-sha</i> and society, the Institute develops and implements <i>sei-katsu-sha</i> insight as practical knowledge, solutions, tools, and programs available for internal and external use.  Main research projects <ul style="list-style-type: none"><li>Focused <i>sei-katsu-sha</i> research and development: Hakuhodo Youth Life Lab, Institute of New Adult Living, Institute of 100-Year <i>Sei-katsu-sha</i> Life, Institute of Activation Design, and others</li><li>New frontiers in <i>sei-katsu-sha</i> research: Metaverse <i>Sei-katsu-sha</i> Lab, Humanity Lab, and others</li><li>Future <i>sei-katsu-sha</i> insight: Future Foresight Project, Art Thinking Program, and others</li><li>Research and development on new marketing trends: community marketing research, advanced <i>sei-katsu-sha</i> tribe research, and others</li></ul>

# Strategy

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## Becoming the True Partner Outlined in Our Medium-Term Business Plan



### Harnessing Specialization Rooted in Creativity to Deliver Integrated Capabilities and Realize a New Commitment to Partnership

**Akihiko Ebana**

Director & Executive Vice President

The Medium-Term Business Plan that began in fiscal 2024 has now entered its second year, and the transformation of the Hakuhold DY Group is progressing steadily. In this section, director and executive vice president Akihiko Ebana shares our thinking on reforming the Group's pillar of profitability, our marketing business, developing new growth options, and the future vision of the Group as a true partner to our clients.

#### **Evolving Technology Reshaping *Sei-katsu-sha* and Clients' Marketing Challenges**

.....

In 2020, the COVID-19 pandemic rapidly accelerated digitalization across society, dramatically changing *sei-katsu-sha* behavior. Soon after, conversational generative AI—tools that even non-specialists can use—emerged and captivated many *sei-katsu-sha* with their convenience. AI continues to evolve at tremendous speed, and many people now use AI-related tools as part of daily life.

Reflecting these changes, digital has grown as a share of the overall media market, altering the nature of marketing communications and the challenges our clients face. For advertising companies, this represents a fundamental shift in the business structure itself. For the Hakuhold DY Group, this is an era where we must strengthen the foundation of our existing marketing business while also

acquiring new capabilities to respond to the increasingly diverse issues our clients face. We need to support their businesses more comprehensively than ever before to secure stable earnings.

#### **An Urgent Need to Transform Our Business Model Toward Becoming a Creativity Platform**

.....

The current three-year Medium-Term Business Plan, launched in fiscal 2024, calls for building a foundation in consulting, technology, and other areas so that we can go beyond the marketing business traditionally handled by advertising companies and respond to a wide range of client challenges. Our vision is to sow seeds in these new growth areas now and harvest the results over the next five years. The plan has reached its midpoint, and while

## Becoming the True Partner Outlined in Our Medium-Term Business Plan

there are areas where we feel confident, the rapid pace of change in the external environment gives us a strong sense that we must accelerate our reform efforts.

The Hakuholdo DY Group aims to move beyond the conventional role of an advertising company and become a creativity platform that brings creativity to every business domain. As digital marketing expands and AI advances, advertising companies are being called on to transform their business model.

To date, our business has focused primarily on how to establish large-scale operations, particularly in the area of media. Going forward, we must not limit ourselves to the scale of the media business alone. We need to create business models in which clients acknowledge the value provided by the Group and pay appropriate compensation in return. For example, these could include fee-based models that reflect the provision of services such as consulting or on-site assignments at client companies; success-based models in which compensation is determined by the degree to which we achieve clients' marketing goals; and revenue-sharing models in which we jointly launch businesses with clients and share in the resulting profits. We must transform our operations into business models that generate revenue through ongoing collaboration, by demonstrating our creativity and providing ideas across various areas of clients' businesses—while also accompanying them through implementation.

### Combining Specializations from Across the Group to Solve Increasingly Diverse Client Challenges

Even as the environment surrounding advertising companies and *sei-katsu-sha* evolves, marketing remains a core and competitive business domain for the Group. For the Group to achieve stable growth, it is not enough for each specialized company to deepen its own expertise in isolation. We must combine and integrate our specialized strengths to deliver the highest level of performance to clients. Now is the time to prove whether we can truly raise the integrated capabilities of the Group's marketing business and compete effectively.

A major initiative to enhance these integrated capabilities was the April 2025 integration of Hakuholdo and Hakuholdo DY Media Partners. Bringing together Hakuholdo's frontline teams with the media teams of Hakuholdo DY Media Partners aims to enhance capabilities in media sales and making proposals to media companies and, above all, to address the rising demand among clients for full-funnel marketing. Placing the new Hakuholdo at the core of our domestic marketing business enables seamless integration of planning and execution. We can now respond comprehensively to clients' full-funnel needs and deliver better services, while also sharing Hakuholdo's capabilities and know-how across the Group to enhance overall competitiveness.

Equally important is expanding capabilities overseas and creating synergy with our domestic marketing business. Our strategic operating unit, kyu, was created in 2014 to integrate the innovation and specialization of North American and European marketing into the Group.

**Our ability to strengthen and fully harness the integrated capabilities of the Group's collective marketing business is now being put to the test.**

Rather than merely expand our overseas presence, our aim was to invest in companies with distinctive services and capabilities that strengthen our ability to make proposals to clients and the overall competitiveness of the Group.

Since the launch of this Medium-Term Business Plan, we have advanced collaborations such as with ENND Partners, which provides professional services for top management challenges, and with IDEO, the U.S.-based design and innovation firm. By restructuring our overseas business and connecting its capabilities with our domestic companies, we can deliver more advanced services and open up new business opportunities.

### Digital Marketing Entering an Era of Creativity Centered on Brands

The rapid growth of digital marketing was originally driven by diverse, visible performance metrics that were valued by clients over those of traditional mass media. As the market expanded, competition intensified and cost performance improved, but the limits of its effects and efficiency have become apparent.



## Becoming the True Partner Outlined in Our Medium-Term Business Plan

The ultimate goal of marketing is to move *sei-katsu-sha*'s hearts. Making digital advertising more efficient is important, but not sufficient; we must combine it with compelling ideas that will move *sei-katsu-sha*. To do this, we must not only take the standpoint of *sei-katsu-sha* and continuously pay careful attention to challenges, engage in dialog, and act and create together with clients, the media, industry, government, academia, and other stakeholders as a responsible partner so as to realize our Commitment to Partnership. We must also strive to deliver solutions powered by creativity. I believe this will be the Group's key strength in a digital marketing landscape that has become dominated by cost and efficiency.

### The Rise of AI as an Opportunity

AI is having an enormous impact on marketing activities. Tasks such as research now take dramatically less time, and many parts of the marketing process are being automated, streamlining work and improving efficiency. Yet as AI becomes more widely used, outputs are likely to become commoditized. Human creativity will remain the true source of added value.

Precisely because we are now in an era dominated by AI, we must focus on using AI as a force multiplier for *sei-katsu-sha* insight—that is, using AI to enhance our creativity, which has long been one of our core strengths. That is why I believe the changes AI is bringing to marketing represent an unparalleled opportunity for us to become a company abounding in creativity; the company clients turn to for bold, imaginative proposals.

Now, in the era of AI,  
our focus must be on combining  
*sei-katsu-sha* insight and AI—  
that is, using AI to elevate  
our creativity.

### Leveraging *Sei-katsu-sha* Insight and Creativity to Cultivate New Growth Options

The creation of new growth options is a key theme of the current Medium-Term Business Plan. In consulting and incubation, we are beginning to identify what makes the Hakuodo DY Group unique. Our direction is sound, and over the five years that follow our current plan we intend to turn it into tangible growth.

Our long-standing practice as an advertising company of thinking about strategy by focusing on understanding how people behave is a major strength in consulting. Building strategies rooted in creativity and *sei-katsu-sha* insight can become a new source of competitiveness for the Group in this domain.



### Realizing Our New Commitment to Partnership

Through these business model transformations, our Commitment to Partnership is also evolving.

Now more than ever we must stand side by side with clients and contribute to solving their diverse challenges. To do so, we are advancing efficiency through AI and the integration of creativity-driven expertise across the Group. By generating new relationship value between companies and *sei-katsu-sha* and increasing the sophistication of our services, we aim to remain the partner clients choose in a rapidly changing business environment. We will continue striving to realize a new Commitment to Partnership to become a true partner capable of supporting not only marketing but also innovation, management, and a wide range of client challenges.

## Progress on the Medium-Term Business Plan (Fiscal 2024-2026)

### Our Aspirations

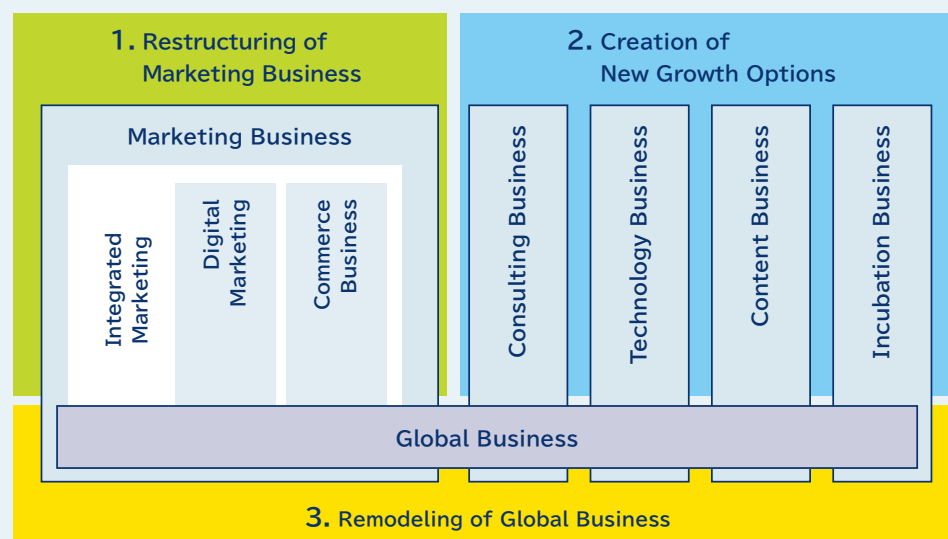
#### Creativity Platform

With *sei-katsu-sha*-centered creativity as our edge, we aim to be a corporate group that creates the future by connecting *sei-katsu-sha*, organizations and society to generate new relationship value.

We aim to evolve beyond the framework of a group of advertising companies and transform into a creativity platform.

#### Six Business Domains Comprising Our Creativity Platform

We have identified the following six business domains in which we can create new relationship value with *sei-katsu-sha*-centered creativity. We will grow in each of the six domains under a distinct business model while transforming the overall business structure into one in which they are mutually connected and integrated.



### Enhancement Measures for Business Structure Reform under the Current Medium-Term Business Plan

As enhancement measures for business structure reform, we have positioned the three years from fiscal 2024 through fiscal 2026 as **a period to enhance profitability and create growth options**. We are pursuing reform from three perspectives.

#### 1. Restructuring of Marketing Business

To respond to growing client needs in integrated marketing, we will enhance our capabilities in digital marketing and commerce business to build a structure for designing and delivering optimal services in this domain. In addition, we will leverage CREATIVITY ENGINE BLOOM, an integrated marketing platform, to raise the sophistication and efficiency of integrated marketing. This system will enable *sei-katsu-sha* data and AI technology to be used in our day-to-day operations.

#### 2. Creation of New Growth Options

We will invest in the consulting, technology, content, and incubation business domains as necessary to build business foundations into future growth pillars of profitability for the whole Group.

#### 3. Remodeling of Global Business

Our strategic operating unit, kyu, has brought in specialized and innovative companies from Europe and North America. Meanwhile, Hakuholdo has provided marketing support for Japanese and local companies in Asia. These two entities will work together, mainly in the digital marketing domain, to meet new corporate needs.

## Progress on the Medium-Term Business Plan

### Medium-Term Business Targets

#### Steady Progress toward Achieving Targets

Operating income after adjustments and before amortization of goodwill, the Group's most important KPI, grew substantially, far exceeding the target. Gross profit after adjustments fell short of the target but nevertheless maintained positive growth. The operating margin after adjustments and before amortization of goodwill has already approached the target level for fiscal 2026 in the initial year of the Medium-Term Business Plan. Going forward, we will work to further enhance profitability on a sustainable basis by implementing efficiency improvements and growth measures. On the other hand, ROE before amortization of goodwill was below target due to temporary expenses associated with restructuring our North American operations. We view this as a one-off factor and remain firmly committed to improving capital efficiency through profit growth, and are steadily working toward achieving the target level.

CAGR\*<sup>1</sup> of operating income after adjustments\*<sup>2</sup> and before amortization of goodwill

**+13.7%**

Medium-term target: At least +10% (fiscal 2026)

CAGR\*<sup>1</sup> of gross profit after adjustments\*<sup>2</sup>

**+2.1%**

Medium-term target: At least +5% (fiscal 2026)

Operating margin after adjustments\*<sup>2</sup> and before amortization of goodwill

**12.6%**

Medium-term target: At least 13% (fiscal 2026)

ROE before amortization of goodwill

**6.9%**

Medium-term target: At least 10% (fiscal 2026)

\*1 Base year: Fiscal 2023

\*2 Excluding gain on disposal of shares in Mercari, Inc.

### Monitoring Indicators

#### Steady Progress, Centered on the Domestic Marketing Business

We have established monitoring indicators for the three strengthening measures. In restructuring the marketing business, the CAGR of gross profit in the domestic marketing business fell short of the target but maintained positive growth. The operating margin before amortization of goodwill exceeded the fiscal 2026 target thanks to improved profitability in the domestic digital marketing domain and other areas. Gross profit in the domestic digital marketing domain grew faster than the market average. In creating new growth options, gross profit across the four domestic business domains increased significantly, supported by more than doubling year-on-year growth in the consulting business. In the global business, gross profit was flat year on year, but profitability steadily improved.

		Monitoring Indicators (Fiscal 2026)	Fiscal 2024 Results
<b>1. Restructuring of marketing business</b>			
Domestic marketing business	CAGR* <sup>1</sup> of gross profit	Approx. +4%	+2.4%
	Operating margin before amortization of goodwill	At least 15%	18.2%
Domestic digital marketing	CAGR* <sup>1</sup> of gross profit	Market growth rate or higher	+6.8%
<b>2. Creation of new growth options</b>			
Total for four domestic business domains* <sup>3</sup>	CAGR* <sup>1</sup> of gross profit	At least +10%	+18.4%
<b>3. Remodeling of global business</b>			
Global business	CAGR* <sup>1</sup> of gross profit	Approx. +5%	-0.1%
	Operating margin before amortization of goodwill	Approx. 10%	2.8%

\*3 Consulting, technology, content, and incubation business



## Restructuring of Marketing Business

As the core operating company leading the Hakuholdo DY Group, the “new Hakuholdo” is strongly driving restructuring of marketing business.

### Kenji Nagura

Representative Director & President  
Hakuholdo



### Launching the New Hakuholdo and My Resolve as President

In 2025, Hakuholdo and Hakuholdo DY Media Partners integrated to form the “new Hakuholdo.” I assumed the role of president at this major turning point, which marks the first such transformation since the establishment of Hakuholdo DY Holdings in 2003, with a strong sense of mission. From the moment I took office, I felt that this integration is deeply meaningful. In recent years, clients’ challenges have grown increasingly complex and multi-layered, making them difficult to solve with conventional advertising and media planning alone. By uniting

Hakuholdo, which has expanded primarily in the marketing and communications field, with Hakuholdo DY Media Partners, which has specialized in the media business, we can now partner with clients across any type of challenge and provide full-funnel marketing services. As the core operating company driving the structural reform of the Hakuholdo DY Group’s marketing business, we will pursue further growth. My personal mission is to lead from the front, to sharpen our competitive edge and uniqueness in an increasingly fierce market, and to fully live up to our role as a partner solving clients’ challenges. At the very top of our priorities are *Sei-katsu-sha* Insight, a Commitment to Partnership, and creativity.

### Effects of Integration in a Changing Environment

Our mission is to accompany clients’ businesses and support their marketing efforts. Today, marketing challenges are highly complex; simply creating a good product no longer guarantees that *sei-katsu-sha* will choose it. Numerous bottlenecks exist, and we must build a stronger capability to walk alongside clients so we can support their marketing effectively. For media and platform operators, too, there is a growing demand to understand customer behavior across the entire journey and develop full-funnel strategies to find the optimal communication touchpoints. We call this the *Sei-katsu-sha* Interface Market, where points of contact with *sei-katsu-sha* are diversifying through IoT and digital transformation (DX). In this market, by integrating the data and media assets of companies, which comprise their marketing strategies, with the *sei-katsu-sha* data we possess, we can better understand *sei-katsu-sha* dynamics and deliver optimal support across the full funnel. Media itself should be reframed as a *sei-katsu-sha* interface—a touchpoint between companies and people—and used in new ways to solve marketing challenges. By redefining media’s role, we can reimagine its value. Our integration, in essence, aims to create entirely new possibilities by dissolving and reimagining the traditional boundaries and concept of media.

## Restructuring of Marketing Business

### Advances in Marketing Hakuholdo Seeks

In line with the Medium-Term Business Plan launched by Hakuholdo DY Holdings in the fiscal year ended March 31, 2025, Hakuholdo has undergone major reorganization. Our primary aims were to strengthen our responsiveness and capabilities in full-funnel marketing and to generate new service domains by enhancing specialization and expanding our business scope. As part of this, we identified consulting and commerce as new strategic domains. The consulting field is highly competitive, and how to create true competitiveness and advantage is a challenging theme. We decided to leverage our long-standing strength in branding as a starting point to help drive clients' business growth. Our strategy combines our extensive foundation of *sei-katsu-sha* data with proposals that emphasize the intangible factors essential to brand growth, enabling us to support clients' business transformation. The commerce domain also has many existing players, including system integrators, but we believe our strongest field is providing full-funnel marketing support and execution powered by data. We are expanding our resources and focusing on proposals that draw on our distinctive creativity.

In April 2025, we launched two new ventures. The first, HAKUHODO ITTENI, a joint venture with NTT DATA Japan Corporation, aims to combine creative ideas with system construction to transform diversified *sei-katsu-sha* touchpoints and communication into arenas for solving marketing challenges. We believe that system integration capabilities will only become more important going

forward. Around the same time, we also established HAKUHODO BRIDGE, which develops and implements digital services focused on apps—a crucial interface in today's smartphone-centric lives. Our goal is to deliver seamless, end-to-end problem-solving capabilities at this essential point of contact.

Looking ahead, the Hakuholdo DY Group has positioned its future path to evolve into a creativity platform. As the Group's core company, Hakuholdo seeks starting points for solutions that accompany clients' businesses from a brand perspective, solves marketing challenges, and executes creative ideas and initiatives at scale. The foundation of this is *sei-katsu-sha* insight. AI is an extraordinarily powerful tool, but it also tends to produce "optimal" yet homogenized answers regardless of who uses it. That is why we believe that the more AI advances, the more the *sei-katsu-sha* insight and creativity we have cultivated over decades will be needed as new value. Hakuholdo's vision is to be a *Sei-katsu-sha* Value Design Company. Drawing on the creativity and insights into *sei-katsu-sha* we have honed through marketing communications, we aim to go beyond the advertising communications domain, co-create with clients, media, and other stakeholders, and solve both corporate and social challenges in an integrated way. We aspire to be a company whose provided value is deeply felt by all stakeholders and recognized for creating social value.

The more AI advances,  
the more the *sei-katsu-sha*  
insight and creativity we have  
cultivated over decades will be  
needed as new value.

### Eclectic Talents Providing Value to *Sei-katsu-sha*

The Hakuholdo DY Group's Global Purpose begins with the celebration of "Aspirations Unleashed." Rather than generic personnel, we value diverse, eclectic talent, and above all, each employee's aspirations. We believe that when employees, as *sei-katsu-sha* themselves, pursue what they aspire to realize and express, this leads directly to proposals for new value for other *sei-katsu-sha*. Accordingly, we recognize the essential importance of investing in people. We must propose solutions to the diverse challenges of our clients leveraging Hakuholdo's distinctive array of capabilities. In this context, advancing

## Restructuring of Marketing Business

and developing talent is vital. We need to cultivate the ability to identify and frame client issues, design processes to solve them, and conceive and imagine in ways that enable us to accompany business growth. Going forward, we will introduce more innovative HR systems and growth programs than ever before.

### A Message to Our Stakeholders

I have always valued the Japanese word “*isshokenmei*,” which translates to “wholehearted dedication.” As president of Hakuhodo, I face a variety of situations, and in each I must address what is before me with speed, unwavering focus, and a strong sense of mission and responsibility—making the right decisions and resolving issues in the right way. In such moments, I continually ask myself whether I am truly living each instant wholeheartedly. I intend to keep demonstrating leadership that meets the expectations of all our stakeholders, including our employees.

The advertising industry is entering a period of structural reform and realignment. In this complex environment, we must, as one Group, accompany our clients in tackling their business challenges and contribute to the realization of a richer society by delivering value to *sei-katsu-sha*. What we call the new Hakuhodo’s “new standard” requires structural reform of every process. Hakuhodo will

When employees, as *sei-katsu-sha* themselves, pursue what they aspire to realize and express, this leads directly to proposals for new value for other *sei-katsu-sha*.

accelerate its growth atop newly formed relationships with *sei-katsu-sha*, with our clients and media partners, and with our employees, made possible by this integration. The new Hakuhodo is the vanguard that leads the Group forward in providing new value to society and evolving as a whole. To achieve fulfilling and prosperous growth, we will apply ourselves with plainspoken sincerity, building mechanisms that synchronize the growth of our clients, our company, and our employees so that they produce results together. Look forward to all the New Hakuhodo will offer.



## Advances in the Digital Marketing Domain



**Aiming to become the undisputed No. 1 in the digital marketing domain, we are steadily advancing value creation through our integrated marketing support capabilities and ability to drive innovation.**

**Hiroto Kosaka**

Representative Director & President  
Hakuhood DY ONE

### First-Year Achievements and Progress Since the Establishment of Hakuhood DY ONE

Since the April 2024 integration of D.A.Consortium Inc. (DAC) and IREP Co., Ltd. (IREP), we have been working together with the vision of becoming the undisputed No. 1 in digital marketing. By fully combining the strengths of DAC and IREP, we have achieved results that exceed expectations. We enjoyed solid business performance in fiscal 2024. Collaboration within the Hakuhood DY Group drove significant growth in the mass marketing domain, and ongoing projects have advanced steadily. We made strong progress in areas such as planning and creative proposals leveraging generative AI, the development of the new Attention-to-Action\* methodology, and themed marketing business such as the Reiwa Senior Research Institute. Our on-site (resident) support model expanded steadily, while in the global domain we made solid advances in cross-border business and strengthening digital transformation capabilities.

We view these results as proof that our integrated digital marketing support capabilities and ability to drive innovation are being recognized and trusted by clients.

### Hakuhood DY ONE's Competitive Edge in the Digital Marketing Market

Building on the results achieved through our integration, we aim to establish an unshakable advantage in Japan's increasingly competitive digital marketing domain. To that end, we will further refine our problem-solving frontline structure, creative proposals that combine *sei-katsu-sha* insight and AI, and support that goes beyond advertising.

We are also driving four key strategies to further strengthen medium-term competitiveness. First, we are unifying strategy, functions, and talent across Group companies in the digital marketing domain to expand accounts through a dual approach of direct sales and Group-mediated sales. Second, we are rebuilding new models and tools that combine our strengths in advertising

operations and creativity to balance specialization and productivity. As part of this effort, we are actively launching high-demand services such as total support for utilizing TikTok Shop and AI optimization (AIO) support services, enhancing our presence with an integrated production-and-sales structure. Third, we are expanding client support across the entire digital marketing spectrum, from data infrastructure to owned media, e-commerce, and customer relationship marketing (CRM), while pursuing new revenue opportunities. Fourth, we are strengthening Groupwide proposal activities and our on-site support model to contribute more deeply to the business growth of clients.

### Contributing to Advancing the Sophistication and Efficiency of Business Through AI and Technology

As AI technology continues to evolve rapidly, the marketing domain is also being called upon to create new value. At Hakuhood DY ONE, we leverage cutting-edge AI and technology to achieve both business sophistication and efficiency.

Launched in August 2025, ONE-AIGENT represents our vision for the AI era. This solution integrates multiple specialized AI agents that collaborate to comprehensively support the entire marketing process. ONE-AIGENT consists of three services: an AI agent-based programmatic advertising service, an AI-driven advertising creative planning and production service, and an AI agent development support service. These offerings were developed as part of the Hakuhood DY Group's HCAI Initiative. Through its multi-agent system—where multiple AI agents work in concert—ONE-AIGENT accelerates the sophistication and efficiency of marketing activities and supports the business growth of clients.

\* "Attention to Action; Emotional Trigger Creative" is a creative planning method independently developed by Hakuhood DY ONE as a new framework for creative expression in performance advertising. It uses insights and strong attention triggers to inspire consumer action.

## Advances in the Digital Marketing Domain



Within the company, we are also accelerating the use of AI agents. By embedding AI throughout our operations, we have achieved significant improvements in quality, cost, and delivery. As AI takes on routine tasks, employees can focus on higher-value-added work, directly contributing to the sophistication of our business.

Investment in AI and technology is a core source of our competitive advantage and a driving force behind our clients' business growth. We see the evolution of AI as an opportunity for transformation and growth and will

continue to merge the strengths of AI and people to create new value.

## Organizational Restructuring and Creating Group Synergies

We view the establishment of Hakuhood DY ONE as a major turning point for the Hakuhood DY Group. As the core of the Group's digital marketing strategy, we are pushing forward bold reforms in both organizational strategy and structure. Starting in fiscal 2025, we have integrated our business domains and transitioned to a new leadership structure with Chairman Tanaka and I overseeing the company. We reorganized into five domains—business design, advertising services, marketing solutions, global, and innovation—to break down the barriers between the former DAC and IREP organizations, driving greater efficiency and synergy creation.

We are also augmenting collaboration across the Hakuhood DY Group. By combining the Group's brand strength with our expertise in operations and technology, we have introduced integrated support frameworks and centralized account management functions based on shared KPIs, steadily advancing our cooperative structure.

## Talent Strategy and Organizational Culture

Our greatest strength is our people. Talented individuals with diverse backgrounds and values come together as one team, sparking new possibilities. By respecting each other's expertise, exchanging ideas, and co-creating, we shape new standards beyond the traditional boundaries of advertising companies and deliver creative business value. Each employee approaches client challenges with

sincerity, combining a business design mindset with deep expertise and technology.

We are strengthening talent development and utilization to become the undisputed No. 1 in digital marketing. As AI adoption accelerates, we provide practical opportunities to learn cutting-edge technology through the use of leading agentic AI developer Dify and our in-house Data Juku. Through this, we aim to support employee reskilling and skill acquisition. We are also advancing HAKUNEO ONE, our internal generative AI platform, creating an environment where employees can apply what they have learned directly in their work.

## Growth Strategy and Outlook

We will continue to pursue transformation and challenge to achieve a growth rate in Japan's digital marketing domain that outpaces the market. By fully leveraging the collective strengths of the Hakuhood DY Group and integrating technology with creativity, we will propel clients' business growth while generating new value.

Looking ahead, we aim to accelerate the expansion of our business domains by enhancing marketing support driven by AI and data utilization, developing new services grounded in *sei-katsu-sha* perspectives, and actively expanding into global markets. Through these efforts, and by using the power of digital to solve the diverse challenges of our clients, we will also contribute to the realization of a sustainable society.



## The Hakuholdo DY Group's Technology Strategy



### Makoto Nakamura

Representative Director & President  
HAKUHODO Technologies  
Corporate Officer  
Hakuhodo DY Holdings

### Driving the Evolution of *Sei-katsu-sha* Insight Through Technology to Open New Futures

Since its founding, Hakuhodo DY Holdings has placed *Sei-katsu-sha* Insight at the core of its philosophy, contributing to the advancement of advertising and marketing in Japan, while remaining finely attuned to changes in *sei-katsu-sha*'s values and behavior. Today, amid major social and economic transformation, the accelerating power of technology symbolized by AI, and the growing diversity and complexity of *sei-katsu-sha*'s attitudes, we are entering a new phase—one in which technology expands human capabilities and potential, and the greatest value emerges through co-creation between people and technology.

In response to these demands of the times, we have strengthened the Group's technology domain with the goal of further evolving and advancing *sei-katsu-sha* insight. In 2022, we established HAKUHODO Technologies, a technology strategy company, to deliver new value and experiences to society and *sei-katsu-sha* through the combined power of marketing and technology. Since then, we have continued to strengthen the technology infrastructure and resources of the Group.

Leveraging these, we developed CREATIVITY ENGINE BLOOM ("BLOOM"), a next-generation integrated marketing platform that unites previously siloed data and tools from the marketing, creative, and media domains. BLOOM is designed to support everything from integrated marketing strategy planning to business development support initiatives. At its core lies the evolution of *sei-katsu-sha* insight—not merely efficiency gains, but technology-driven, deep human understanding that powers more advanced marketing and the creation of entirely new value.

BLOOM is an engine for new value creation that starts with *sei-katsu-sha*. It connects *sei-katsu-sha*, organizations, and society in powerful new ways, opening the doors to unprecedented growth.

### Deepening and Evolving *Sei-katsu-sha* Insight with BLOOM

#### Marketing Built Around *Sei-katsu-sha*

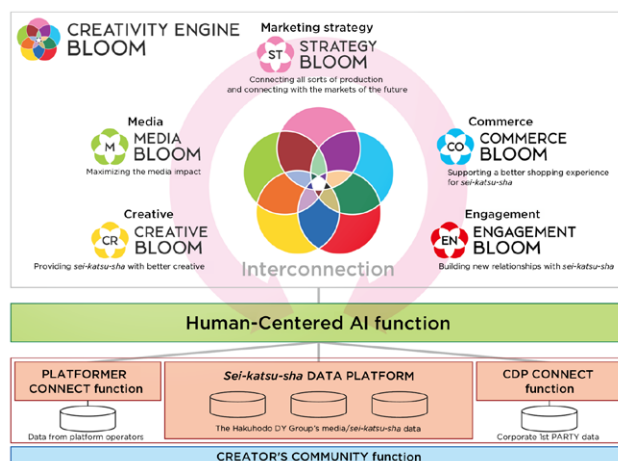
BLOOM's defining characteristic is that every approach begins with *sei-katsu-sha* insight. By harnessing massive volumes of data on *sei-katsu-sha*, the platform comprehensively analyzes how people feel, think, and what they expect next—uncovering fresh perspectives and discoveries that drive strategy and creativity.

Powered by the Hakuhodo DY Group's long-cultivated expertise, including high-resolution research data and extensive actual datasets stored in its *sei-katsu-sha* data platform, and technology, BLOOM helps reveal the deeper mindset and value shifts of *sei-katsu-sha*. It illuminates not only the now, but also the emerging picture of what people will become in the future.

#### Where Data and Creativity Resonate

Another key feature of BLOOM is the fusion of data science and creativity. Numbers alone cannot fully capture the deep psychology or latent needs of *sei-katsu-sha*. By applying the Hakuhodo DY Group's long-nurtured creativity, BLOOM transforms data-science-driven *sei-katsu-sha* analysis into entirely new ideas and expressions.

For example, BLOOM carefully uncovers *sei-katsu-sha*'s interest in social issues and their subtle hopes and anxieties about the future. It then transforms those insights into proposals for new lifestyle concepts, service development, and brand creation that resonate emotionally. By fusing data with creativity, BLOOM



## The Hakuodo DY Group's Technology Strategy

enables companies to deliver true value propositions that move *sei-katsu-sha's* hearts.

### Driving Both Marketing Efficiency and Sophistication

BLOOM aims to both improve the efficiency of marketing operations and enhance their sophistication through advanced technology.

#### Smarter Targeting

With BLOOM, vast *sei-katsu-sha* data sets and AI-driven analysis enable targeting that takes into account consumption behavior, values, and social concerns. This allows companies to seamlessly connect strategic target segments with media targets, unlocking entirely new markets and growth opportunities beyond conventional boundaries.

#### Automated and Optimized Campaign Design

AI learns from past campaign results to automatically recommend the most effective creative and channel mixes tied to KPIs. Real-time dashboards enable instant performance tracking and rapid PDCA cycles, dramatically accelerating decision-making.

#### Building Social Resonance for Brands

BLOOM goes beyond driving recognition and sales; it helps brands earn enduring trust and emotional connection with *sei-katsu-sha* and society. By integrating diverse *sei-katsu-sha* and societal data, the platform supports the building of social trust and long-term equity for brands.

#### Strengthening Companies' Competitiveness and Resilience

In today's fast-changing business environment, marketing that flexibly harnesses data and technology enhances

both competitive advantage and risk resilience. BLOOM empowers companies to make future-oriented management decisions and drive business transformation with confidence.

## Corporate Value BLOOM Delivers and the Future It Aims to Shape

### A Cycle of Co-Growth Between *Sei-katsu-sha*, Organizations, and Society

Through BLOOM, the Hakuodo DY Group is helping clients achieve business growth, enhance brand value, and generate meaningful social impact.

#### Sustained Growth in Corporate Value

BLOOM enables not only short-term revenue expansion but also the building of brand value grounded in *sei-katsu-sha* empathy, leading to market expansion. It aims to be a robust foundation for long-term corporate growth.

#### Positive Ripple Effects Across Society

By enabling corporate activities that bring happiness to *sei-katsu-sha* and help address social issues, BLOOM serves as a new marketing platform supporting the sustainable development of society and helping to create a better future.

#### A Growth Engine for the Hakuodo DY Group

BLOOM also drives the Hakuodo DY Group's own business enhancement, digital transformation, and global expansion, and is accelerating the strengthening of our human and intellectual capital. By updating our heritage of *sei-katsu-sha* insight with cutting-edge technology, we continue to evolve alongside our clients.

## Unlocking Growth That Exceeds Expectations Together

BLOOM aims to become a completely new kind of marketing platform—one that powerfully captures shifts in *sei-katsu-sha* and drives a cycle of shared growth among *sei-katsu-sha*, organizations, and society. Business transformation rooted in *sei-katsu-sha* strengthens our clients' competitiveness and, in turn, fuels the development and sustainability of society. In this era of rapid change, marketing grounded in *sei-katsu-sha* insight will be the driving force that shapes companies' future, with BLOOM positioned to serve as the innovation engine at its core.

Guided by our enduring *Sei-katsu-sha* Insight policy, we focus on technology that amplifies human creativity, including through BLOOM. By combining the thoughtful use of technology with deep *sei-katsu-sha* insight, we connect *sei-katsu-sha*, organizations, and society, delivering value creation that only the Hakuodo DY Group can achieve, and striving to deliver growth and increases in corporate value that exceeds expectations.

## Human-Centered AI



### Masaya Mori

Head of Human-Centered AI Institute  
Corporate Officer & Chief AI Officer (CAIO)  
Hakuhodo DY Holdings

### Advancing Solution Development and AI Talent Development Under the “Human-Centered AI” Vision

Today, with AI technology advancing rapidly, its applications are expanding across every aspect of society and business—and its importance in advertising and marketing continues to grow. Guided by the philosophy of “human-centered AI,” the Hakuhodo DY Group is accelerating AI utilization across the organization.

We are implementing cutting-edge AI in the fields of programmatic advertising and digital marketing. For example, in collaboration with Matsuo Institute, Inc., we are

jointly developing advertising-specific large language models (LLMs) and AI agents. At the same time, Hakuhodo DY ONE has launched ONE-AIGENT, a service that uses AI agents to enhance the entire marketing process, driving greater automation and efficiency.

At the same time, we recognize that AI must go beyond automation and efficiency to become a true source of competitive advantage. It has also become clear that *sei-katsu-sha* are seeking value in AI that goes beyond mere convenience. Insights from the Human-Centered AI Institute’s Future Living with AI Survey 2024 show that *sei-katsu-sha* see AI not merely as a tool but as something that can understand and resonate with human emotions, and they value building a connection with it.

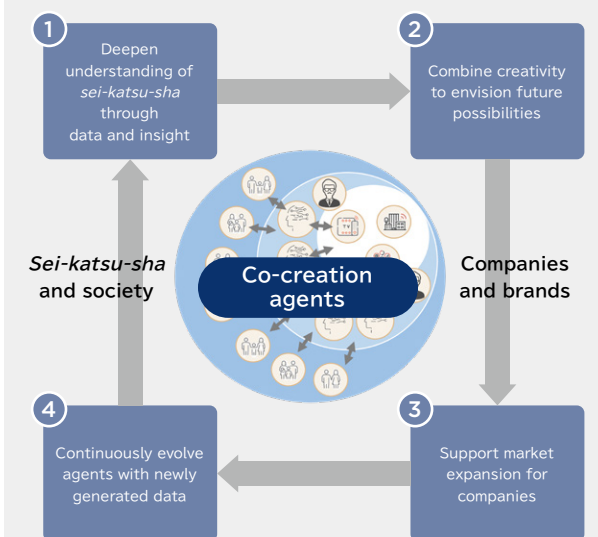
Drawing on these insights, we are developing co-creation agents—AI solutions that deepen mutual understanding between *sei-katsu-sha* and companies and brands. These agents are powered by our extensive *sei-katsu-sha* data and the insights thus obtained are combined with the creativity of our employees to deliver more advanced client support. Examples include the development of Virtual *Sei-katsu-sha*, which provides deeper understanding of *sei-katsu-sha*, and STRATEGY BLOOM CONCEPT, which incorporates the expertise of TBWA\HAKUHODO’s chief creative officer, Takahiro Hosoda. We will continue expanding these solutions to elevate the quality and impact of our client support.

We are also placing strong emphasis on AI talent development. In fiscal 2024, we provided AI professional training to more than 8,500 employees and trained over 450 AI agent developers. In fiscal 2025, we aim to train 20,000 employees in AI proficiency. At the same time, we introduced an AI mentoring program to strengthen AI knowledge and skills among executives,

ensuring that leadership plays a proactive role in driving AI utilization.

The Hakuhodo DY Group supports the expansion of new market opportunities by creating new value through AI while enhancing the expertise of our people and unleashing their creativity. Under the guiding philosophy of “human-centered AI,” we will continue advancing initiatives that contribute to *sei-katsu-sha*, our clients, and society in the AI domain.

### Co-Creation Agents Connecting *Sei-katsu-sha* with Companies and Brands





## Interview with the CFO

**We will pursue an optimal balance between growth investment and shareholder returns, based on financial soundness, to maximize corporate value.**

**Takeshi Tokugawa**

Director & Senior Corporate Officer



**Q You were appointed CFO in April 2025. Could you share your thoughts on your role and aspirations as CFO?**

I intend to devote myself to fulfilling this weighty responsibility in pursuit of sustainable growth and enhancement of corporate value for the Company.

My fundamental role as CFO remains unchanged from that of my predecessor. In essence, the CFO must maintain financial soundness, while optimizing its balance with the key elements of growth investment and shareholder returns—and, through appropriate capital allocation, realize medium- to long-term corporate value enhancement.

This role remains the same under the current Medium-Term Business Plan. We are committed to executing growth investments outlined in the plan and translating them into higher corporate value, as well as appropriately returning the fruits of that value creation to our shareholders. We will continue to pursue optimal balance between the two with financial soundness as our top priority.

**Q**

**In March 2023, the Tokyo Stock Exchange (TSE) asked companies to “take action to implement management that is conscious of the cost of capital and stock price.” Could you outline the key points of your May 2025 disclosure in response to that request?**

We recognized the TSE’s request as a top management priority and held thorough discussions on the matter. In our corporate governance report issued in July 2024, we stated that the issue was “under consideration.” After further deliberation by the Board of Directors and other bodies, we finalized our policy and disclosed it in May 2025. Consequently, in June of the same year, our status on the TSE list was updated to “disclosed.”

There are three main points to this disclosure.

The first point is recognition of our cost of capital. Using multifaceted analyses based on approaches such as the capital asset pricing model (CAPM), we determined that our cost of equity capital is approximately 6% to 8%. At the same time, we recognize that capital costs are trending upward due to factors such as the recent rise in risk-free rates, and therefore we believe it is necessary to continue to closely monitor market developments.

Second is our capital efficiency target. To ensure management is conscious of capital costs, we have explicitly stated our existing medium-term management target, which is ROE before amortization of goodwill of at least 10%, as the key performance indicator (KPI) for capital efficiency during the period of the current Medium-Term Business Plan. This expresses our commitment to consistently achieving a level that exceeds our cost of equity capital (around 6–8%).

## Interview with the CFO

The third point regards our basic policy for improving ROE. One possible approach to improving ROE is to control shareholders' equity, the denominator, through stronger shareholder returns. However, as we are still in the process of expanding our business domains to achieve sustainable growth, our basic policy is to prioritize growth investment and improve ROE by increasing profits—the numerator.



### Could you explain the updated capital allocation disclosed in May 2025, including specific figures?

We have received many requests from shareholders and investors for a clearer picture of our capital allocation. In response, while maintaining our basic thinking, we have updated our disclosure to illustrate the approximate scale for the period of the current three-year Medium-Term Business Plan.

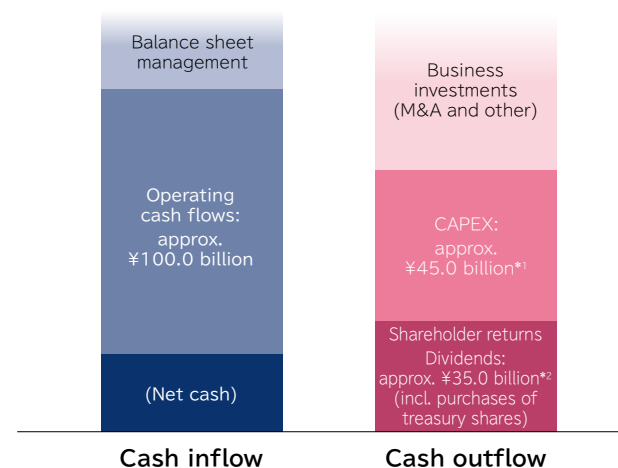
Regarding cash inflows, we expect to generate approximately ¥100.0 billion in operating cash flows over the three years of the plan, which will serve as our primary source of funds. In addition, to ensure that we can capture growth investment opportunities without delay, we plan to accelerate balance sheet management, including the sale of cross-shareholdings, to secure additional funding.

On the outflow side, within the scope of operating cash flows, we plan to steadily carry out capital expenditures of approximately ¥45.0 billion across the three years to strengthen our marketing infrastructure, including AI, and will deliver shareholder returns of approximately ¥35.0 billion across the three years.

Among our funding uses, growth investment, particularly M&A, remains our top priority. The Group is in a

crucial phase of expanding its business from its existing advertising-centered model into new domains. Therefore, we intend to preferentially allocate generated funds to growth investments. Because M&A opportunities can vary in scale, it is possible that some investments may exceed the scope of operating cash flows. In such cases, we will utilize funds generated through balance sheet management to execute investments flexibly.

### Capital Allocation During the Medium-Term Business Plan



\*1 Based on ¥15.0 billion per year

\*2 Based on ¥32 per share



**In the fiscal year ended March 31, 2025, the payout ratio significantly exceeded the 30% benchmark, and the Company announced its first share buyback in three years. Could you elaborate on your policy for shareholder returns going forward?**

Returning value to shareholders is one of our most important management priorities. Our basic policy of maintaining stable dividends remains unchanged. To make our policy clearer to shareholders, we have set a benchmark of approximately 30% payout ratio. However, this figure is not applied mechanically to a single-year profit base.

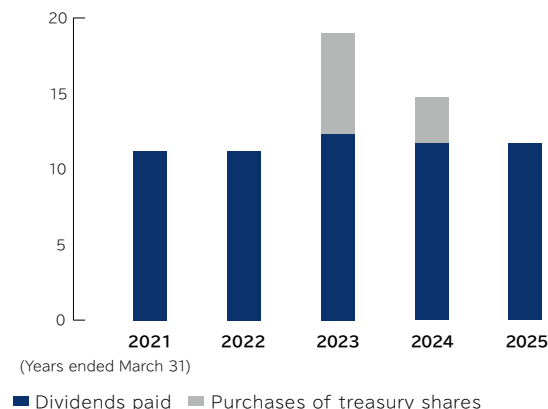
Because the Company actively engages in M&A, goodwill amortization has a significant impact on accounting profit. Therefore, when determining dividend levels, we take a comprehensive view, considering multi-year performance trends and focusing on profit before amortization of goodwill to better reflect our underlying earning capacity. While it is theoretically possible for dividends to be adjusted upward or downward if the payout ratio before amortization of goodwill diverges significantly from 30%, our foremost priority is to continue stable dividends.

As for share buybacks, although our policy of prioritizing growth investment remains unchanged, we recognize buybacks as an effective means of enhancing shareholder value. Our decision to repurchase shares for the first time in three years is based on comprehensive assessment, including our current stock price level, market conditions, and the need to improve capital efficiency, and we determined that a flexible buyback would effectively enhance shareholder value. Going forward, we will continue to assess additional shareholder return measures in a balanced manner with growth investments, implemented flexibly as surplus funds are available.

## Interview with the CFO

### Dividends Paid and Purchases of Treasury Shares

(Billions of yen)



**Q What is your approach to selling cross-shareholdings, which could be an important source of funds for growth investment, during the period of the current plan?**

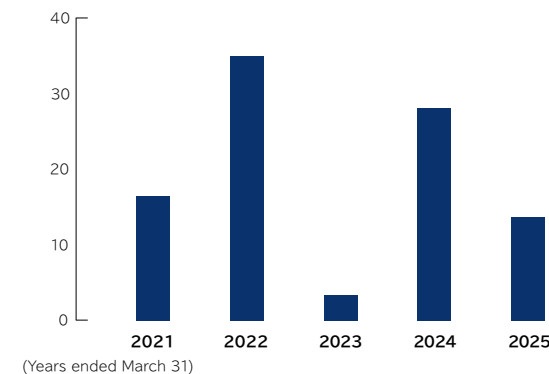
Our policy concerning cross-shareholdings is as previously explained. Specifically, we rigorously monitor the significance of holding each individual stock on an annual basis, and proceed with selling holdings for which continued ownership is no longer deemed reasonable. This policy remains unchanged.

That said, during the period covered by the current Medium-Term Business Plan, we intend to further accelerate these efforts. As I explained earlier regarding capital allocation, this is because we are now more clearly aware of the objective of securing funds for growth investment through the sale of such holdings.

The sale of cross-shareholdings often requires dialogue and coordination with the counterparties concerned;

### Results of Sales of Investment Securities

(Billions of yen)



Note: Income from sales of investment securities on the consolidated statements of cash flows

therefore we believe that it is not appropriate to set a fixed KPI. Nevertheless, as an external benchmark for objectively gauging the progress of our initiatives, we remain constantly mindful of external indicators such as the ratio of cross-shareholdings to net assets presented by proxy advisory firms, and will continue steadily working to reduce these holdings.

**Q Has your thinking on funding changed during the period of the Medium-Term Business Plan?**

There has been no change in our basic approach to raising funds. Regarding the level of interest-bearing debt, our principle is to maintain a net cash position (cash and deposits minus interest-bearing debt) over the medium to long term. This approach enables us to secure a certain borrowing capacity to prepare for unforeseen circumstances, while at the same time avoiding a significant increase in interest-bearing debt from the perspective of financial discipline.

Because the Group's business model does not require large-scale upfront capital expenditures, we do not believe it appropriate to employ excessive leverage, and this view remains unchanged during the period of the current plan.

On the other hand, we recognize that diversifying funding methods is an important issue. Rather than relying solely on bank borrowings, we believe it is essential to build, in ordinary times, an environment that enables diverse funding methods, including the issuance of corporate bonds, to diversify future financing risks. Based on this view, we obtained a credit rating of A+ from R&I in September 2022, and in October 2024 we issued our first corporate bonds of ¥10.0 billion in three-year bonds and ¥20.0 billion in five-year bonds, totaling ¥30.0 billion. We will continue striving to maintain a stable financial base going forward.

**Q As CFO, what closing message would you like to share with shareholders and investors?**

Some of this overlaps with my earlier comments, but I would like to reiterate that the most important management issue for our Company is the sustainable enhancement of corporate value.

To achieve this, it is essential that we steadily reach the targets set forth in the current Medium-Term Business Plan. As CFO, I am fully committed to supporting its faithful execution from the financial side. Specifically, throughout the period of the plan, while maintaining a stable financial foundation as our foremost premise, we are pursuing the optimal balance between growth investment, including investment in AI and technology as part of our business infrastructure, and shareholder returns, working to maximize corporate value.

I would like to encourage all our shareholders and investors to maintain high expectations regarding the growth of our Group and thank them for their continued support as we move forward.

## Value Creation That Accelerates Growth

### STRATEGY BLOOM CONCEPT, a Product That Replicates the Concept Development Process Using AI (Hakuhodo DY Group)



#### Democratizing Creativity Within the Hakuhodo DY Group

The Hakuhodo DY Group has long supported client value creation by combining its distinctive *sei-katsu-sha* insight with cutting-edge technology. CREATIVITY ENGINE BLOOM (BLOOM), the next-generation platform developed and operated by Hakuhodo DY Holdings, serves as a foundation that goes beyond conventional marketing and creative frameworks to comprehensively drive sustainable growth for clients.

A key component of BLOOM is STRATEGY BLOOM CONCEPT, a product that makes the Group's exceptional creativity and strategic thinking, which have been honed over many years, widely accessible through the power of AI and data technology.

STRATEGY BLOOM CONCEPT uses AI to re-create the concept development methodology mastered by Takahiro Hosoda, chief creative officer of TBWA\HAKUHODO and winner of numerous international advertising awards. By conversing with AI, users can generate compelling concepts, from defining the target audience and uncovering insights to differentiating from competitors and shaping a key concept—a planning process that was once the exclusive domain of seasoned specialists.

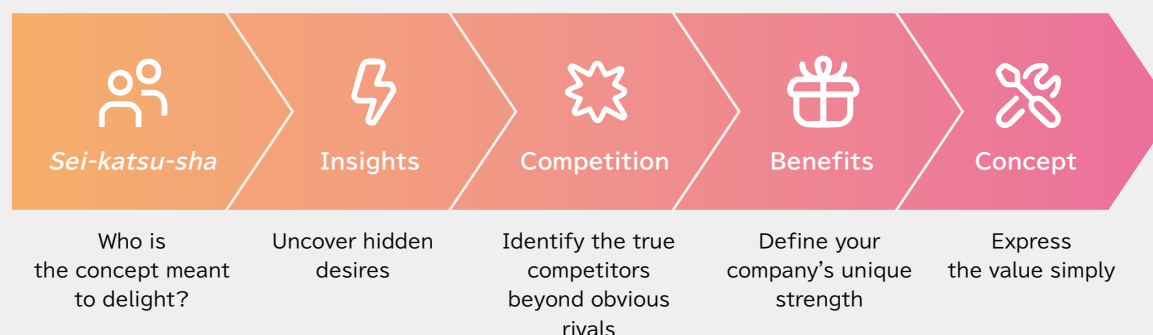
Experiencing advanced concept development with AI support also fosters knowledge transfer within the organization. In the advertising and marketing industry, high-level expertise and unique creativity have traditionally powered client problem-solving and business growth, but such know-how has tended to remain tacit and personal, making it difficult to share or inherit across the organization. STRATEGY BLOOM CONCEPT helps overcome this challenge, enabling teams companywide to achieve a higher level of creativity and strategic planning.

Since its launch, multiple clients have expressed interest in using STRATEGY BLOOM CONCEPT for their own

communication planning and production projects. We have also received inquiries about leveraging the know-how behind its development to codify and systematize the tacit skills of top talent within their organizations, another sign of the strong response it has generated.

Going forward, both BLOOM and STRATEGY BLOOM CONCEPT will continue to evolve alongside advances in AI and data science, expanding access to the Hakuhodo DY Group's world-class creativity and expertise. These platforms will strengthen the Group's collective capabilities and help enhance its corporate value.

#### Planning Process Recreated by STRATEGY BLOOM CONCEPT



## Value Creation That Accelerates Growth

### Developing Breakthrough AI Solutions at kyu Pulse (kyu)

kyu  
PULSE

#### Kip Drives Significant Improvement to Marketing Campaigns

With Kepler's Kip platform, we already had one of the most effective, AI-enhanced audience insights, media campaign optimization and workflow automation platforms in the industry. And, we knew it could provide the foundation for a cross-Pulse platform to enhance all of our companies' engagement models. In just a few months, a multidisciplinary team drawn from across the network has expanded Kip functionality to provide agentic creative, generative engine optimization, automated and AI-enabled email iteration, product listing optimization to enhance e-commerce results, and more. This means that more and more Pulse clients are seeing sharper audience insights and targeting, faster more holistic campaign optimization, enhanced campaign learnings, and up to 200% improvement to marketing results.

We continue to invest in AI tools and engineering resources. So, we only expect the pace of platform innovation and expansion to accelerate in the coming months.

#### Cross-agency platform "Kip"

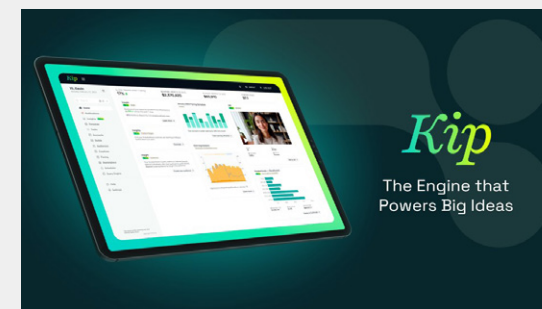
Kip is a proprietary, cross-agency platform that enables more holistic translation of audience and market insights into integrated activation plans and breakthrough campaigns.

With a near-constant stream of new feature releases, it provides an environment where humans and machines are working in concert to drive truly breakthrough innovation and client results.

For example, the platform enables:

- expert strategists to more effectively mine market, client, campaign and consumer data
- creative teams to leverage the latest AI tools to more nimbly craft messages and visual assets that break through in the marketplace
- channel experts to harness automation tools and more impactfully and rapidly build, iterate and optimize tactics across the consumer lifecycle—including media, CRM, commerce storefronts, and more
- data scientists and campaign analysts to leverage automated analytics and uncover more granular and actionable insights

Kip also empowers Pulse teams and clients to use tools like Kip AIR ("AI Recommendation Engine") to push into new frontiers like generative engine optimization as brands increasingly market to both consumers *and* AI agents—an idea that was relegated to science fiction just a few short years ago.





## Value Creation That Accelerates Growth

## Full-Scale Entry into IT Consulting and Implementation: Integrating *Sei-katsu-sha* Insight and Creativity with IT Capabilities

### Strengthening One-Stop Services from Strategy to IT Implementation and Operation

#### Establishment of Joint Ventures with NTT DATA and iRidge

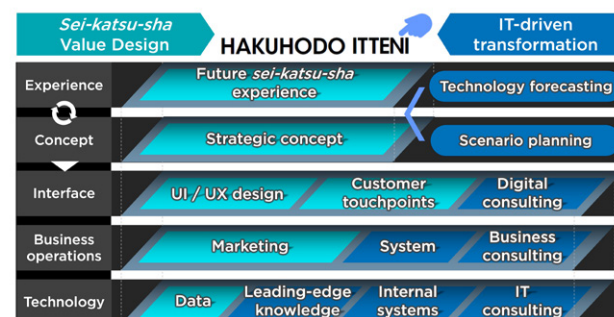
The evolution of technology is fundamentally transforming the nature of business. In response to this sweeping tide of change, Hakuhodo has made a full-scale entry into the IT consulting and implementation domain. By positioning IT not merely as a tool, but as a core driver for designing the future of *sei-katsu-sha* and creating new value for society as a whole, we are paving the way for the future of business.

To bring this strategy to life, in April 2025 we established two joint ventures: HAKUHODO ITTENI with NTT DATA Japan Corporation, and HAKUHODO BRIDGE with iRidge, Inc. By integrating Hakuhodo's *sei-katsu-sha* insight and creativity with the specialized IT expertise of each partner company, we are now able to provide end-to-end support—from business strategy through IT implementation and operation—in one seamless offering. This enables us to strongly drive the business transformation of our clients while simultaneously solidifying a new revenue base for the Hakuhodo DY Group in the IT domain.

#### Initiatives at HAKUHODO ITTENI

Advances in technology are bringing profound opportunities for transformation to companies and to society as a whole, reshaping how people live and act. HAKUHODO ITTENI works in step with these currents of change and this turning point in the era, partnering with clients to create new markets and generate new *sei-katsu-sha* experiences and behaviors. By combining Hakuhodo's strength in *sei-katsu-sha* value design with the IT capabilities of the NTT DATA Group, which has long supported the foundations of industries and society, we provide end-to-end support, from formulating business strategies to designing and implementing systems that influence and encourage *sei-katsu-sha* behavior, with true capacity to make things happen.

Projects are already underway, such as developing AI-powered services with manufacturing companies, proposing transformations toward sustainable public services, and conducting advanced data analysis initiatives. We are committed to driving business design and *sei-katsu-sha* behavioral design that open up the future, creating new experience frameworks, and energizing and transforming Japan.



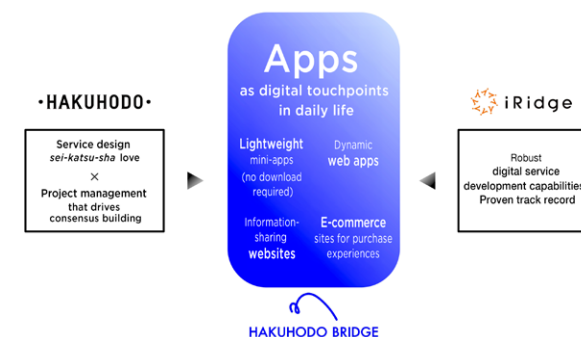
#### Initiatives at HAKUHODO BRIDGE

The role and significance of digital services, especially apps, as engines for generating both business value and brand value are being reexamined and newly appreciated.

HAKUHODO BRIDGE combines service design and project management capabilities with iRidge's robust development expertise to deliver valuable, well-structured concept and development processes.

We are already engaged in projects such as large-scale digital platform updates for infrastructure companies, UI/UX design for apps developed by manufacturers, and seamless, end-to-end support from strategy formulation to requirements definition, design, and both front-end and back-end development.

We continually ask ourselves what *sei-katsu-sha* are seeking from apps and the web; what kinds of value, functionality, and experiences can companies and brands offer at these digital touchpoints; and how that will make the world better. Guided by these questions, HAKUHODO BRIDGE will continue to conceive and create better digital services.





**Value Creation That Accelerates Growth**

## A Management Partner That Realizes Business Growth by Integrating Design Thinking and Strategic Thinking (ENND Partners)

### Supporting Corporate Transformation Through Strategy/Design Consulting and the Group's Creative Talent

Launched in March 2024, ENND Partners is the first collaborative professional services company to closely integrate human-centered design with a logic- and fact-based strategic approach, committed to creating both social and economic value from a long-term perspective. Its mission is to realize social and economic value creation and corporate transformation that put people and management first.

Since its establishment, ENND Partners has rapidly expanded its work with senior executives of major clients—including CEOs, CDOs, CHROs, and heads of new business—and has already led multiple high-impact projects. These include developing and implementing design-driven management strategies for a global manufacturing company, defining future business processes and training next-generation leaders for an energy company using a design thinking approach, and designing services and launching organizations in Asia for a healthcare-related business.

In each project, ENND Partners has successfully delivered services in collaboration with overseas Group companies such as IDEO and SYPartners, as originally envisioned. Its ability to combine deep understanding of clients' industry structures and strategies with design thinking, translating insights into tangible service design and communication measures, has been highly praised. It is also recognized for applying analysis methods from social and organizational psychology and behavioral economics to employee transformation, driving operational reform and innovation with measurable business impact.



ENND Salon, an event for executives and next-generation leaders

In the emerging field of AI and human productivity and creativity, its strategic initiatives in partnership with the Human-Centered AI Institute (HCAI) have become a key differentiator.

A large share of its work focuses on sectors that form the backbone of Japan's gross domestic product, such as business-to-business manufacturing (chemicals and materials), energy infrastructure, healthcare, and IT, positioning ENND Partners at the front lines for refreshing the Group's client portfolio and creating future business opportunities.

Clients especially value and rely on ENND Partners as a partner that executes strategies effectively and at scale. Facilitating execution is the close collaboration with the

Hakuhodo DY Group's network of 450 companies and approximately 29,000 creativity-driven professionals. In every initiative, creative talent is involved from the upstream stages, working together with ENND Partners to design and implement solutions, from product development and communications to system and AI architecture. In an era of AI-driven transformation, conversely, the expectations of creative professionals in corporate change are ever-growing. ENND Partners is helping deliver on those expectations by combining cutting-edge strategy and design consulting with the capabilities of globally active creative talent, contributing to the Group's evolution toward its vision of becoming a creativity platform.

## Value Creation That Accelerates Growth

## Nomatica, a Multi-AI Agent System (HAKUHODO Technologies)

## Intellectual Labor and Competitiveness in the Age of AI

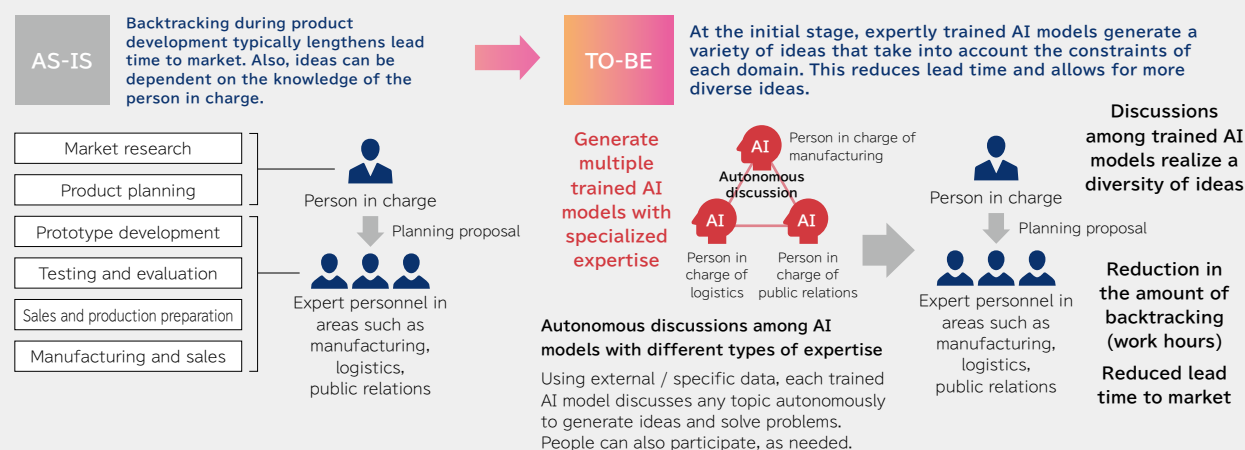
As of 2025, the AI market has shifted from the experimental stage to full-scale deployment in society. In particular, the practical adoption of autonomous AI agents is becoming a decisive factor in corporate competitiveness. At the same time, as *sei-katsu-sha* needs diversify, businesses increasingly require deeper and broader expertise in areas such as product planning and development, content and marketing planning. To keep pace with this change, companies must go beyond relying solely on specialized talent and fundamentally transform the nature of knowledge work itself.

To support the sustainable growth of clients, the Hakuodo DY Group is advancing product development that leverages cutting-edge technology. At the center of these efforts is Nomatica, a multi-AI agent system.

## About Nomatica, the Multi-AI Agent System

Nomatica is a multi-AI agent system in which multiple autonomous AI agents, each with its own specialty and role, work together to deliver multifaceted outputs to complex business challenges. Unlike typical generative AI tools, which respond from a single perspective, Nomatica allows multiple AI agents to collaborate and share opinions based on different points of view and expertise. This results in more practical, multi-angled insights and proposals. In addition, by drawing on the *sei-katsu-sha* insight and know-how that the Group has accumulated over decades, Nomatica provides support that is deeply grounded in real-world business contexts.

## How Multi-Agent Brainstorming AI Might Be Used in Product Development



Nomatica is offered as a software as a service (SaaS)-based solution, enabling clients to always access the latest generative AI. It also includes functionality to build custom AI agents, allowing businesses to tailor the system to their specific operational needs. This flexibility makes it adaptable across a wide range of industries and business types, expanding revenue opportunities.

Nomatica has already been adopted by multiple companies, generating use cases such as product planning and strategy development, with proven effectiveness in real-world operations. These achievements give us strong confidence in its potential as a revenue-generating SaaS business.

## Outlook and Future Potential

By promoting the adoption of Nomatica, the Group has accumulated extensive expertise in AI agent development. Leveraging this expertise to create customized AI agents tailored to each company's unique challenges unlocks new possibilities for co-creation between humans and AI, enabling the creation of entirely new forms of value. Looking ahead, we will continue to drive the evolution of Nomatica in step with rapid technological advances, while actively supporting new business development rooted in *sei-katsu-sha* perspectives. Our goal is for Nomatica to go beyond being a mere business support tool and become a new growth pillar in our SaaS business portfolio.

## Value Creation That Accelerates Growth

Maximizing IP Value and Creating Invaluable Experiences for *Sei-katsu-sha* (Hakuhodo DY Music & Pictures)

## Developing a 360° Business Model in the Expanding Entertainment Market

## Delivering the Entertainment You Love Most in the Best Possible Form

Hakuhodo DY Music & Pictures is an integrated entertainment company whose stated purpose is delivering the entertainment you love most in the best possible form. The company engages in all aspects of the visual entertainment business, with a focus on animation and film. By managing every stage, from content planning and production to business development, it places the maximization of intellectual property (IP) value at the core of its business model.

## The Unique Strength of the 360° Business Model

The company's greatest strength lies in its original 360° business model, which develops IP across a wide range of media and domains. Beginning with the planning and production of visual content, the model encompasses theatrical distribution, Blu-ray/DVD releases, streaming, character merchandising, game adaptations, live events, and even corporate tie-ins.

Whereas typical production studios generate revenue primarily through video production, Hakuhodo DY Music & Pictures builds an integrated business around each IP, securing multiple revenue streams derived from a single property. This approach not only produces hit titles but also ensures long-term enhancement of IP value and the establishment of a stable revenue base.

Many of the titles in which the company has served as a key production committee member have evolved into successful franchises, demonstrating the effectiveness of this business model.

## Expanding the Market with a Global Perspective

In recent years, Japan's animation market has grown rapidly, fueled by the worldwide expansion of streaming services. With global audiences increasingly discovering Japanese content, overseas markets now account for roughly half of total market value.

Recognizing this trend early, the company has focused on overseas sales since its founding. It has built a strong network of distributors and platforms across North America, Europe, and Asia, identifying content with international potential from the earliest stages of planning and production. This allows the company to develop business plans that incorporate global expansion even before a work is completed, turning domestic success into substantial overseas revenue.

## Enriching Society and Everyday Life Through the Power of Content

Beyond expanding IP as a business, Hakuhodo DY Music & Pictures sees its mission as enriching people's hearts through the entertainment they love most. By connecting the emotions and excitement evoked by its works—from the big screen to home viewing, from live events to merchandise that brings excitement and entertainment to daily lives—the company aims to move *sei-katsu-sha* emotionally and energize society as a whole.

In the continuously expanding entertainment market, the company's mission remains to maximize IP value and create invaluable experiences for *sei-katsu-sha*.

## Live Action



*April Come She Will*  
© 2024 "April Come She Will" Film Partners

## Anime



*Mushoku Tensei: Jobless Reincarnation Season 2*  
© Rifujin na Magonote / MF Books / "Mushoku Tensei II" Production Committee



*Goblin Slayer II*  
© Kumo Kagyu, SB Creative / Goblin Slayer 2 Production Committee



*The Vampire Dies in No Time 2*  
© Itaru Bonnoki (Akita Shoten) / The Vampire Dies in No Time 2 Production Committee



*Is It Wrong to Try to Pick Up Girls in a Dungeon? V*  
© Fujino Omori, SB Creative / DanMachi 5 Production Committee



*Is the Order a Rabbit? BLOOM*  
© Koi, Houbunsha / Is the Order a Rabbit? BLOOM Production Committee

## Value Creation That Accelerates Growth

Supporting Startups in the Deep Tech Domain  
(Hakuhodo DY Group)Promoting the Social Implementation of Promising  
Technologies and Contributing to Social Impact

Deep tech fields such as AI, biotechnology, and clean energy have the potential to fundamentally transform society and industry. In recent years, deep tech startups (DTSUs) have attracted growing attention as key players in solving increasingly complex social issues. The Hakuhodo DY Group is accelerating initiatives that support the growth of these startups through collaboration among industry, government, and academia—helping to solve social challenges and create new industries. The Group not only builds ecosystems through initiatives such as WE AT Challenge, a pitch event for entrepreneurs and researchers tackling global issues, and NINEJP, a program connecting nine university-based startup hubs across Japan to showcase promising research to the world, but also brings its unique creativity to make promising technologies visible and promote their social implementation. Recently, the Group has invested in and provided hands-on support to DTSUs such as Fermecutes, Inc., which uses bacterium-derived protein to address food security issues, and TOWING Co., Ltd., which promotes decarbonization in agriculture through biochar—demonstrating its commitment to creating positive social impact.

WESION, a Query-Driven Incubation Program  
(Hakuhodo)Incubating the Businesses of the Future with  
Proof-of-Concept Field Partners

Hakuhodo has launched WESION, an incubation program designed to accelerate new business development in collaboration with operating companies. The program provides a field for proof-of-concept experiments and practical trials, enabling corporate partners to test and realize new ideas in open engagement with *sei-katsu-sha*, establishing a new model of incubation.



The first phase of WESION is being conducted in collaboration with East Japan Railway Company, using TAKANAWA GATEWAY CITY and its business co-creation hub TAKANAWA GATEWAY Link Scholars' Hub as field partners.

This program supports the entire process, from developing business ideas born from creative questions, to field testing, to full social implementation. Led by Hakuhodo's MIRAI Business Division, a unit that develops new businesses, it mobilizes the Group's knowledge and resources while bringing in external partners and specialists with strengths in business development to provide comprehensive support.

By combining incubation with *sei-katsu-sha* value design, the program aims to co-create new businesses with *sei-katsu-sha*, clients, media partners, and stakeholders across industry, government, and academia—transforming people's lives and society for the better.





Value Creation That Accelerates Growth

Shaping the Future of Business with Innovative Solutions Across India (AGL)



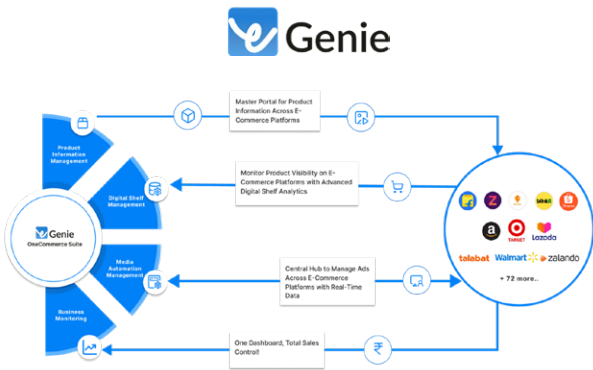
E-Genie: A System that Supports the Advancement and Transformation of E-Commerce

E-Genie OneCommerce Suite is an all-in-one platform built to help brands crack the complexities of e-commerce and quick commerce. It unifies four powerful solutions: Product Information Management, Digital Shelf Management, Media Automation, and Business Monitoring to drive data-driven e-commerce strategies.

With digital shelf management, E-Genie monitors product visibility, enabling brands to optimize discoverability and beat competition. E-Genie’s media automation hub empowers real-time ad management, solving inefficiencies in campaign execution. Business monitoring delivers a single dashboard view of sales, ensuring brands have total control over performance. Finally, product information management is standardized across platforms tackling the common challenge of inconsistent listings.

What makes E-Genie unique is its end-to-end integration, consolidating fragmented tools into one powerhouse

that automates, analyzes, and accelerates growth. For brands, it is not just a tool but a game-changing enabler to win in today’s dynamic digital retail landscape.



Overview of AGL	
Company name	AdGlobal360 India Pvt. Ltd. (AGL)
Head office	Gurugram, India
Coverage	Provides services across 32 cities in India through seven offices
Number of employees	1,100
Founded	2009 (Founders: Mandeep Singh (current chairman) and Rakesh Yadav (current CEO))
Joined the Hakuhood Group	2020
Business overview	AGL provides comprehensive support for clients in rapid and efficient product development and marketing through four key areas—technology, data science solutions, digital marketing, and digital transformation consulting. By designing tailor-made frameworks (software, operating systems, and digital transformation platforms) and fostering collaboration between UX experts and strategic planners, the company delivers agile, data-driven solutions that drive measurable results.
Accolades	Maddies Awards, Martequity Awards, IAMAI Honors*, among others

\* Maddies Awards, Martequity Awards and IAMAI Honors recognize excellence in the use of advanced technology in digital marketing

E-Genie: Powering the Future of Commerce with AI-Driven Growth



**Shweta Sharma**  
Chief Business Officer  
AdGlobal360 India Pvt. Ltd.  
Chief Executive Officer  
Hakuhood Data Labs India

In highly competitive categories such as ready-to-drink beverages and laundry care, our clients faced the dual challenge of zero visibility and low consumer familiarity in crowded markets dominated by established players. Leveraging E-Genie, we shifted from conventional top-funnel strategies to performance-led, outcome-driven approaches.

For beverages, mid and lower funnel targeting, precision in ad formats, and dayparting via E-Genie ensured ads were live during peak buying windows. Combined with auto-rules optimization, this strategy delivered up to three times higher share of voice and 40% stronger ROI versus traditional methods.

In laundry care, the limitation of a single stockkeeping unit was overcome by creating virtual combos, tripling ad slots and boosting visibility by 45%. With E-Genie’s Share of Search tracking and automation, we consistently optimized bids, enhancing impressions and conversions reducing overspending by 35%. These successes demonstrate how E-Genie empowers brands to disrupt cluttered categories, drive visibility, and accelerate conversions with measurable impact.

Looking ahead, E-Genie is positioned to be a growth catalyst for brands navigating the dynamic e-commerce and quick commerce ecosystem. With expanding automation capabilities, predictive analytics, and deeper media integrations, the tool will help brands anticipate market shifts and stay ahead of competition.

The next phase will see Generative AI embedded into workflows, enabling automated content creation for product listings, ad creatives, and campaign optimization, dramatically improving efficiency and reducing turnaround times. E-Genie’s roadmap ensures brands achieve scalable, data-led, and AI-powered performance strategies to remain future-ready.

## Value Creation That Accelerates Growth

## Evolution of kyu Pulse: The More Modern Agency Network

kyu  
PULSE**Rick Greenberg**kyu, President  
kyu Pulse, CEO**The Launch of kyu Pulse**

With the advent of AI, the continued changes to the ways consumers interact with brands, and the unceasing performance pressures that marketers now face, we realized in 2024 that clients needed a new type of partner: one more flexible in its approach than the traditional agency groups, more able to fluidly combine specialist skillsets to meet clients' bespoke needs, and more forward-looking and agile when it comes to innovating around data and technology.

Based on that insight, we launched kyu Pulse in fall 2024 to define a more modern model that stitches nine marketing specialist companies more closely together—and enables them to collaborate in real time based on a shared set of practices, audience and market insights, and an evolving AI-driven platform that makes us faster and smarter. From day one, we focused on building custom teams for each shared client—enabling strategists, creatives, digital specialists and technologists from across Pulse to work together more seamlessly than other networks.

**Pulse Fluidly Unites Creative, Media, Data, AI, CRM and Experience Specialists Across a Global Footprint**

We're now a year into the project and the results have exceeded all expectations.

Our cross-agency teams are innovating at every level—including senior executives collaborating on capabilities expansion and joint client delivery, technologists expanding our platform capabilities, and mid-level teams partnering across companies to upgrade our group across a wide array of issues including program strategy development, client communications, and cross-company teaming practices.

We have found this approach more effectively responds to clients' evolving needs, which often require solutions beyond the reach of any single agency. For example, we have had clients that start with a media brief, then ask for CRM or sports activation, and then live event design and implementation—all with a mandate for a seamless cross-channel consumer experience. Because Pulse mobilizes cross-disciplinary expertise under one accountable lead, the experience is faster, clearer, and more effective.

**From the Beginning, This More Fluid Collaboration Approach Has Delivered Outsized Client Results**

One of our first collaborations under the Pulse umbrella was for an apparel brand that saw strategy, creative and media experts from across the network co-create a brand relaunch which, within just a few months, grew awareness among its target audience from 55% to 71% and consideration from 47% to 60%—no small feat for an already-scaled brand.

Since launch, Pulse has consistently delivered similar levels of innovation and impact across engagement models and client types, including leading global brands in financial services, consumer goods, automotive, retail, luxury goods, telecom, and publishing.

**A Unique Place to Be an Innovator**

Founders like me have chosen to trust kyu with our companies because it works so hard to preserve and enable a sense of facilitated entrepreneurialism—where leaders and teams are empowered to experiment, push boundaries, and invest in new capabilities. That is exactly the philosophy we are applying within Pulse, and it has been a privilege to witness it come to life within all business functions and levels across every one of our companies.

Based on results to date, and the momentum the team has managed to build in so short a time, we remain confident that we are defining the agency model of the future.

Note: kyu Pulse is a network of eight companies, Sid Lee, Kepler, Bimm, Napkyn, Digital Kitchen, Yard, C2 and Haigo.



# Sustainability

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## Sustainability at the Hakuhodo DY Group

The Hakuhodo DY Group has appointed sustainability officers at each Group company to strengthen the effectiveness of its initiatives. This time, the sustainability officers from the Group companies gathered to hold a discussion on sustainability management.

Through human-centered sustainable management, we aim to create a society abounding in *sei-katsu-sha*'s aspirations and where they can live vibrant lives.

**Bruce James**

Corporate Officer



### Creating a Sustainable Future Through the Power of Creativity

The world faces an overwhelming number of serious social challenges—climate change, human rights issues, and more—and traditional approaches are no longer sufficient today to solve these and generate new change in society.

At the same time, as we move into a *sei-katsu-sha*-led society, where *sei-katsu-sha* are at the center of everything, sustainability has become a critical factor in every action taken by people and companies alike. In other words, this is an era in which we must remain conscious of the “two Ss”: *sei-katsu-sha* and sustainability.

Against this backdrop, our Group aspires to be a platform that creates the future—connecting *sei-katsu-sha*, organizations, and society—by using the *sei-katsu-sha*-centered creativity cultivated over many years to generate new relationship value. To evolve into this creativity platform, we recognize that building an environment where diverse talent can thrive and fostering their

development are more important management priorities than ever.

### Sustainability Through Independence, Solidarity, and Co-creation Among Group Companies

In 2024, based on our Global Purpose and Medium-Term Business Plan, we formulated the Group's sustainability policy and identified nine material issues, including climate change, human rights, and diversity, equity, and inclusion (DE&I). Led by the Corporate Sustainability Division of Hakuhodo DY Holdings, we are strengthening the effectiveness of sustainability initiatives by appointing directors responsible for overseeing sustainability at each Group operating company. The fact that each company proactively implements initiatives tailored to its own strengths and characteristics, while collaborating and learning from one another to accelerate progress, underscores the importance of promoting sustainability as a Groupwide effort.

In 2024, we held the cross-Group internal Diversity Day. Employees from different operating companies shared different stories and perspectives, providing an opportunity to reflect on our Group's DE&I. In our business activities as well, initiatives such as the Planetary Platformers Initiative—which connects startups, private companies, and government agencies to solve global and social challenges through public-private co-creation—as well as Earth hacks & Co. and Noccac, have begun to gain momentum.

By harnessing the creativity of each of our diverse employees and combining the autonomy of Group operating companies with co-creation across the Group, through human-centered sustainable management we aim to create a society abounding in *sei-katsu-sha*'s aspirations, and where they can live vibrant lives.

### Hakuhodo's Sustainability Initiatives

Our core operating company, Hakuhodo, positions itself as a *Sei-katsu-sha* Value Design Company, envisioning, implementing, and growing as businesses the kinds of initiatives, products, services, and systems that positively transform people's lives and society. We believe it is vital to integrate a sustainability perspective into these efforts and to apply creativity to holistically solving challenges faced by organizations and society. For example, we recognize that behavioral change among *sei-katsu-sha* is key to achieving a decarbonized society, and we are developing structures to propose new value to *sei-katsu-sha* that can drive such change.

Hakuhodo also embraces the phrase “the eclectic over the generic” to express the value of diversity in talent. We view DE&I as a natural extension of the culture we have cultivated over the years and are pursuing initiatives for the fulfilling and prosperous growth of both individuals and the organization.

## Sustainability at the Hakuholdo DY Group



**Junichiro  
Fukui**

Senior Corporate  
Officer  
Daiko  
Advertising

### Balancing the Two Dimensions of Sustainability: Society and the Company

From the corporate perspective, sustainability means that we business professionals must ensure the continuous, simultaneous development of both society (the world) and our company (our own organization). Our purpose—igniting thoughts and feelings to create a tomorrow that stretches beyond anyone’s imagination—is also predicated on the sustainable growth of both society and the company. Externally, Daiko Advertising builds brands that continue to be loved by both customers and society by centering its unique strength, direct-driven marketing, on the aspirations of its clients. Internally, we are committed to well-being management, creating a workplace where diverse, happy employees can work autonomously and independently, unleashing their strengths. Drawing out the thoughts and feelings of people around us—and our own—and creating tomorrow together is the driving force behind our sustainability efforts.



**Hirotatsu  
Sadaoka**

Member of the  
Board and  
Managing  
Director  
Hakuholdo DY  
ONE

### Realizing Hakuholdo DY ONE’s Growth Strategy for Inventing the Future

At Hakuholdo DY ONE, we position sustainability as more than a social responsibility. We view it as an essential growth strategy for inventing the future. In this post-integration phase, we see the diversity of values within the company as a strength. By focusing on the well-being of each employee, we aim to create an environment where everyone can take center stage. As the leader of the Hakuholdo DY Group’s digital domain, we are committed to deep engagement with the evolution of digital technology—particularly AI—and will leverage its power to differentiate ourselves in an increasingly commoditized market. We believe that the fusion of diverse talent and digital technology is what drives the company’s unique value creation, contributing to sustainable growth for us, our clients, and society.



**Hidemi  
Nagatsu**

Director and  
Executive  
YOMIKO  
ADVERTISING

### Helping to Realize a Sustainable Society as a Game-Changing Partner

We embrace the vision of being a “game-changing partner that takes on change together for the sustainable growth of business and society.” To realize a sustainable society, we are advancing sustainability efforts both within our company and through our business activities to help solve social challenges. Examples of our environmental contribution activities include adopting renewable energy across all domestic offices and obtaining certification under the international environmental standard ISO 14001. We also focus on human capital management, demonstrated by achieving 100% paternity leave uptake for three consecutive years and earning a two-star Eruboshi certification for promoting the advancement of women. In addition, from the CIVIC PRIDE® perspective of fostering pride and affection for local communities, we support product development and urban revitalization initiatives that leverage regional resources—efforts we will accelerate further to solve societal challenges.

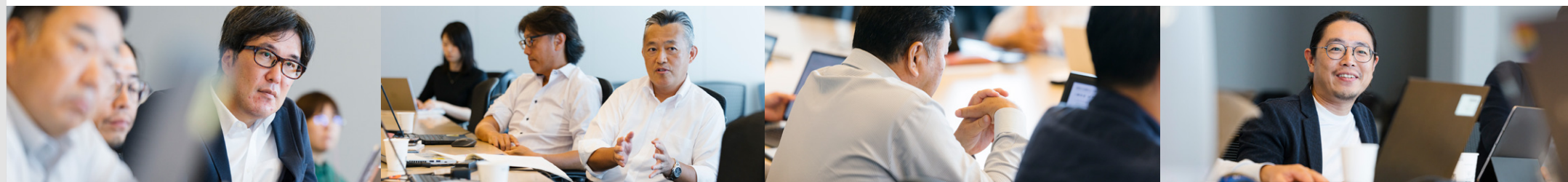


**Nobuyuki  
Miyatake**

Executive  
Officer  
SoldOut

### Achieving Sustainable Communities Through a Local- & AI-First Approach

Since its founding in 2009, the SoldOut Group has supported the growth of dedicated small and medium-sized enterprises (SMEs) across Japan, including in outlying regions. Japan’s declining population, aging society, and labor shortages are exerting serious pressure on the survival and growth of local businesses. In response, under our Medium-Term Business Plan, we are promoting Local & AI First, leveraging generative AI to enhance productivity and support sustainable management for regional companies. Placing employee growth at the center, we are strengthening human capital this fiscal year through companywide AI infrastructure development, training programs, personnel rotations, and talent development initiatives. We will continue to envision the future alongside regional communities, supporting the challenges of SMEs, and contributing to the realization of a sustainable society.



## Sustainability at the Hakuhold DY Group



**Makoto  
Fukuyo**

Executive  
Officer  
HAKUHODO  
Technologies

### Harnessing the Power of Technology to Design the Ideal Future

Established in 2022 as the technology strategy company for the Hakuhold DY Group, HAKUHODO Technologies believes that technology has the power to create an ideal future by leveraging the transformative changes AI and other technologies are bringing to society. DE&I is embedded at the core of our organizational development, ensuring an environment where diverse talent can maximize their abilities. Harnessing the creativity this generates, we vigorously promote proactive technology use to solve social challenges and co-create value with diverse stakeholders. As a world-class marketing and technology company, we are committed to helping design a sustainable future.



**Yutaka  
Inukai**

Senior Corporate  
Officer  
Hakuhold  
Product's

### Staying True to Our Essence Through Honest and Earnest Steady Action

To continuously contribute to society through the expertise and implementation capabilities we have cultivated since our founding, Hakuhold Product's is advancing its initiatives under a cross-functional expert team called Sustainable Engine. Beyond decarbonization and human rights considerations in advertising and promotion production processes, we are implementing ideas that encourage sustainable behavioral change among *sei-katsu-sha*. Our approach is not driven by external pressure or disclosure requirements, but by self-reflection: "Why must we commit seriously to sustainability management now?" and "What must we as people living today, do—even if it causes pain—for the children of the future and the future employees of Hakuhold Product's?" Staying true to our essence, we will continue to take honest and earnest steady action.



**Yasutoshi  
Hiratsuka**

Director  
kyu  
Senior Corporate  
Officer  
Hakuhold DY  
Holdings

### Leveraging Advanced Overseas Examples as a Driving Force for the Group

Since its founding in 2014, as a strategic operating unit of Hakuhold DY Holdings, kyu has developed into a group of cutting-edge and unique creative service companies, primarily in North America and Europe, providing clients with advanced capabilities overseas. In recent years, kyu has actively collaborated with a variety of stakeholders on urgent global challenges such as climate change and environmental issues, undertaking initiatives that bring transformation to *sei-katsu-sha*, clients, and society. Collaboration between kyu companies advancing sustainability abroad and Group companies in Japan increases year by year. As a driving force within the Hakuhold DY Group, kyu will continue contributing to the creation of a sustainable society.



**Yoji Sugai**

Director  
Hakuhold DY  
Corporate  
Initiative

### Enhancing Sustainable Market Value Through Groupwide Capabilities

Hakuhold DY Corporate Initiative has set its mission as "contributing to the Group's market value enhancement through corporate capabilities." To achieve this, we promote responses to the material issues (materiality) with a view to 2030 defined in the Group's sustainability policy as a Groupwide corporate function. We also play a key role in strengthening integrity across the Group—the foundation of all corporate activities—and in robustly supporting the creation of sustainable corporate and social value. In a rapidly changing social environment, through these initiatives we will contribute to the Hakuhold DY Group's goal of creating a society abounding in *sei-katsu-sha*'s aspirations and where they can live vibrant lives.





## Sustainability at the Hakuholdo DY Group

To pursue human-centered sustainable management, in 2024 the Hakuholdo DY Group established its sustainability policy and identified material issues (materiality). Based on the principles of independence and solidarity, we will leverage the unique business characteristics and strengths of each Group company to advance sustainability initiatives that are distinctively our own.

## Sustainability Policy

### Aspirations Unleashed

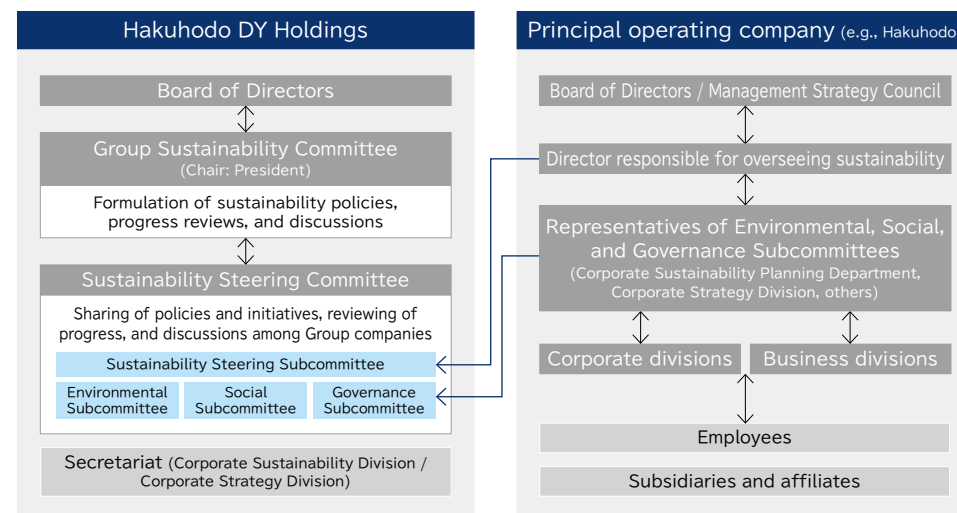
#### PURPOSE

break down boundaries, open new doors and usher in new eras for every *sei-katsu-sha*, organization and society.

Human-centered sustainable management	<b>E</b> <b>Contributing to a sustainable global environment</b>	We will fulfill our corporate commitment to coexist in harmony with the global environment and realize sustainable behavioral change by leveraging <i>sei-katsu-sha</i> insight and our ability to connect <i>sei-katsu-sha</i> , organizations and society.
	<b>S</b> <b>Unleashing creativity through the growth of and respect for diverse individuals</b>	We will address the challenges faced by <i>sei-katsu-sha</i> , organizations and society, leveraging <i>sei-katsu-sha</i> insight and the power of co-creation, which enhance specialization and innovation and unleash the creativity of each employee.
	<b>G</b> <b>Pursuing compliance and integrity</b>	We will create a positive impact on society with each employee fulfilling their responsibility to meet society's expectations and apply their creativity in an appropriate manner.

## Sustainability Implementation Structure

Under the Board of Directors, which serves as the decision-making body, we have established the Group Sustainability Committee to discuss topics related to sustainability. Presidents of Group companies participate in this committee, further strengthening top-level commitment. At Hakuholdo, a dedicated organization has been established, and for key sustainability issues in particular, the company is reinforcing its implementation structure through collaboration with existing committees and divisions, as well as by establishing task forces.



## Fiscal 2024 Agenda Items

First Group Sustainability Committee Meeting	Second Group Sustainability Committee Meeting
<ul style="list-style-type: none"> <li>Group sustainability implementation</li> <li>Update of Group Sustainability Policy</li> <li>Progress report on human rights due diligence initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Progress report on Group social contribution activities</li> <li>Progress report on DE&amp;I implementation</li> <li>Environmental/Governance progress report</li> </ul>



## E S G Contributing to a Sustainable Global Environment

### Actions to Address Climate Change

As environmental initiatives, the Hakuholdo DY Group is advancing efforts across the supply chain to reduce greenhouse gas emissions as part of its response to environmental issues, including climate change.

The Group is actively implementing environmental initiatives to realize a sustainable society. With regard to climate change measures, in 2022 the Group endorsed the TCFD recommendations and began disclosing information in accordance with the recommended disclosures. The Group is also working to increase the proportion of its electricity use that is derived from renewable energy sources to 60% by 2030. To help solve environmental issues through its business, the Group is actively implementing awareness activities to ensure that each employee understands the importance of addressing environmental issues, including climate change, and takes action.

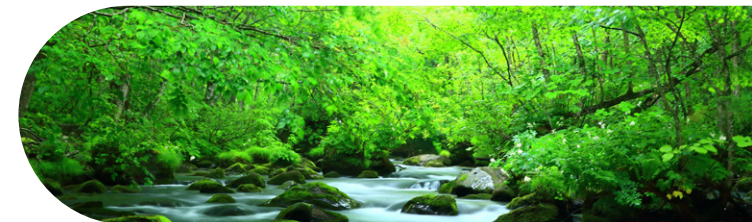
#### Basic Policy

Through its policies of *Sei-Katsu-Sha* Insight and Commitment to Partnership, the Hakuholdo DY Group aims to “create a society abounding in *sei-katsu-sha*’s aspirations and where they can live vibrant lives” by finding solutions to the challenges faced by our business partners and society. With environmental awareness rising by the day, efforts to realize and develop a sustainable society are essential for the well-being of *sei-katsu-sha* and society as a whole. The Hakuholdo DY Group is committed to complying with environmental legislation, regulations, industry standards, and other requirements related to its business activities. We are actively working to reduce environmental impact and are leveraging our employees’ creativity, ability to take action, and capacity to make things happen to support the realization and development of a sustainable society through our work with our business partners and other initiatives.

Details ▶ [WEB](#) Basic Policy

### Implementation Structure

Reporting to the Group Sustainability Committee, we have arranged for the Hakuholdo DY Group Environmental Manager to be the person responsible for environmental activities across the Group. As part of this, we have set up the Environmental Subcommittee as a subordinate organization that conducts quarterly assessments and consolidates measures to address climate-related issues on a regular basis.



The Board of Directors receives reports from the Group Sustainability Committee on the evaluation, status, and goal management of climate-related issues. The Board also engages in comprehensive decision-making regarding the formulation of business strategies, taking climate-related challenges into consideration.

### Endorsing the Recommendations of the Task Force on Climate-related Financial Disclosures

The Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For scenario analysis, we established the Environmental Subcommittee under the Group Sustainability Committee, which is chaired by the representative director and president, and the Environmental Manager. Relevant divisions of the head office and Group companies take part in the subcommittee, which has identified significant risks and opportunities arising from climate change, and evaluated them quantitatively and financially every year since fiscal 2022, to implement disclosure in accordance with the TCFD recommendations across the Group.

Details ▶ [WEB](#) Addressing Climate Change and the TCFD

### Risk Management

In September 2024, we identified and assessed material issues (materiality), which are important issues for achieving sustainable growth. The Group Sustainability Committee will manage progress on and review materiality, including climate-related issues, on a case-by-case basis to establish an appropriate risk management system.

### Strategy: Scenario Analysis

The scope of the scenario analysis covers the entire value chain from research and development (R&D) to procurement, production, and service provision, with a focus on Japan, the Hakuholdo DY Group’s principal area of operation. To consider long-term assumptions for 2030 and beyond, analysis was conducted against two scenarios: a 1.5°C scenario, which assumed an average global temperature at the end of this century of no more than 1.5°C warmer than that prior to the Industrial Revolution (in some instances a 2.0°C scenario was also analyzed), and a 4°C scenario, which assumed a rise in average global temperature of around 4°C.

**E S G Contributing to a Sustainable Global Environment**

## Indicators and Targets

To achieve carbon neutrality by fiscal 2050, the Hakuholdo DY Group has set an interim target of a 50% reduction in Scope 1 and Scope 2 emissions by fiscal 2030 compared with fiscal 2019 and a 30% reduction in Scope 3 emissions.

To achieve this goal, we will not only conduct conventional energy conservation activities but also aim to introduce renewable energy-derived electricity to account for 60% of our total electricity consumption by fiscal 2030 and 100% by fiscal 2050. We will also implement measures in the four main areas of renewable energy introduction, energy conservation (such as installation of LEDs), waste reduction, and recycling.

Item	Target	Base year (fiscal 2019)	Results for fiscal 2024	Progress in fiscal 2024
Total CO <sub>2</sub> emissions	Carbon neutrality by fiscal 2050	41,237 tons	23,789 tons	42.3% reduction
Scope 1 and Scope 2 CO <sub>2</sub> emissions* <sup>1</sup>	Reduction of 50% by fiscal 2030 (compared with fiscal 2019)	11,174 tons	5,884 tons	47.3% reduction
Scope 3 CO <sub>2</sub> emissions* <sup>1</sup>	Reduction of 30% by fiscal 2030 (compared with fiscal 2019)	30,063 tons	17,905 tons	40.4% reduction
Rate of introduction of renewable energy* <sup>1</sup>	60% by fiscal 2030, 100% by fiscal 2050	0.0%	58.8%	58.8%
Energy conservation* <sup>1</sup>	Reduction of 30% (compared with fiscal 2019)	5,372 kl	3,173 kl	40.9% reduction
Waste volume* <sup>2</sup>	Maintain an average reduction of 50% or more (compared with fiscal 2019)	486 tons	215 tons	55.8% reduction
Recycling rate* <sup>2</sup>	85% or more	82.2%	74.7%	74.7%

\*<sup>1</sup> Total values for Hakuholdo (Hakuholdo, Hakuholdo DY Media Partners), Daiko Advertising, YOMIKO ADVERTISING, and Hakuholdo Product's

\*<sup>2</sup> Waste volume and waste reduction targets for Hakuholdo head office (Akasaka Biz Tower)

Details ▶ [WEB](#) Addressing Climate Change and the TCFD

## Third-Party Guarantee

A third-party guarantee has been received from Deloitte Tohmatsu Sustainability Co., Ltd. for the CO<sub>2</sub> emissions report available on the Group's corporate website containing data on Scope 1, 2, and 3 greenhouse gas emissions from fiscal 2023. We are working to obtain a third-party guarantee for our Scope 1, 2, and 3 CO<sub>2</sub> emissions in fiscal 2024.

## Status of Acquisition of ISO 14001

In accordance with the Hakuholdo DY Group Environmental Policy, certain units are implementing environmental management in conformity with the international environmental standard ISO 14001. Currently, ISO 14001 certification has been acquired by Hakuholdo

DY Holdings, Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, Hakuholdo Product's\*, OZMA PR, and HAKUHODO I-STUDIO.

\* Scope of application: Event Space Promotion Division, Incentive Promotion Division, and MD Business Division

Details ▶ [WEB](#) Hakuholdo DY Group Environmental Policy

## Introduction of Renewable Energy

At YOMIKO ADVERTISING, electricity and heat energy usage across its group companies in Japan has been converted to 100% renewable energy\*<sup>1</sup> since fiscal 2022. In addition, at Akasaka Biz Tower, where multiple companies within the Hakuholdo DY Group are located, we are using a green power supply service\*<sup>2</sup> to switch electricity usage to green power.\*<sup>3</sup> This resulted in a transition in fiscal 2023 to 100% of these companies' annual electricity usage being derived from effectively green sources. Other Group companies are also gradually introducing renewable energy sources.

\*<sup>1</sup> Achieved through procurement of FIT non-fossil certificates with tracking attributes and J-credits.

\*<sup>2</sup> Green power supply service: A service developed by Mitsui Fudosan that provides effectively renewable energy for electricity used in office buildings and other facilities through the utilization of non-fossil fuel certificates. This service is designed to flexibly meet tenant needs in achieving the Science Based Targets (SBTs) for the reduction of greenhouse gas emissions, allowing for customizable implementation rates and other specifications.

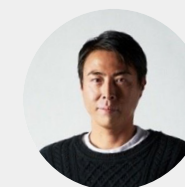
\*<sup>3</sup> Green power: An effectively renewable energy source with environmental value derived from residential solar power generation that has reached the end of its power purchase period under the feed-in tariff (FIT) scheme. Mitsui Fudosan Co., Ltd., and TEPCO Energy Partner, Inc. have concluded a comprehensive agreement related to the greening of power consumption for office buildings to provide a stable supply of electricity to tenant companies.

## Contributing to Sustainable Behavioral Change

### My Aspirations

#### Sustainable Engine Carbon Simulator

This solution is a tool designed to promote decarbonization in the event industry. It organizes the entire event production process from planning to disposal into seven categories, quantifies CO<sub>2</sub> emissions in detail by material and procurement method, and visualizes the results along with recycling rates. Building on this solution, 12 member companies of the Japan Association for the Creative Events (JACE) are collaborating to establish it as an industry standard. Our aim is to move beyond words and formalities about sustainability and to proactively envision a sustainable future. We hope to create diverse approaches for society and the industry.



**Izumi Yokoyama**  
Executive Manager &  
Senior Planner  
Experience Planning  
Department  
Event Space Promotion  
Division  
Hakuholdo Product's

## E S G Unleashing Creativity Through the Growth of and Respect for Diverse Individuals

### Implementing Diversity, Equity and Inclusion

In our Group, senior management provides leadership with their commitment to DE&I. In May 2023, we formulated and announced the Hakuholdo DY Group's Diversity, Equity & Inclusion (DE&I) Policy as part of our Group management policies. As our goal for gender equality, we have declared our aim of achieving a 30% ratio of women in management positions by fiscal 2030.

#### Hakuhodo DY Group's Diversity, Equity & Inclusion (DE&I) Policy

The Hakuhodo DY Group aims to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives. We are an entity in which employees, each *sei-katsu-sha* themselves, connect with other *sei-katsu-sha* and society to take on a broad range of social challenges to invent the future through leveraging their own unique creativity.

DE&I is itself *sei-katsu-sha* insight—the DNA of the Hakuhodo DY Group—and a source of our innovation. We are thus committed to implementing DE&I throughout the Group under our management policies.

Details ▶ [WEB](#) Full text of the DE&I Policy



### DE&I Implementation Structure

The Corporate Sustainability Division works under the guidance of the director responsible for overseeing sustainability and with the Social Subcommittee members selected from each operating company to disseminate policies and implement various initiatives.

### Implementing DE&I by Leveraging Group Synergies

To accelerate understanding and implementation of DE&I across the Group, we regularly hold meetup sessions where people responsible for implementing DE&I at each Group company share case studies and information, and discuss issues common to the Group.

### Making Progress on Gender Equality Targets

To enable all female employees to find and pursue their own career paths, we are identifying issues and implementing specific initiatives at each Group company.



	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of women in management positions*1	11.5%	13.1%	13.8%
Percentage of eligible men who took paternity leave*1	58.7%	74.3%	88.7%
Gender wage gap*2	70.1%	70.0%	72.7%

\*1 Hakuhodo, Daiko Advertising, YOMIKO ADVERTISING, Hakuhodo DY ONE (IREP, D.A.Consortium), Hakuhodo DY Media Partners, SoldOut, HAKUHODO Technologies (fiscal 2024 only)

\*2 Hakuhodo

Group target ratio  
for women in  
management positions  
by fiscal 2030

30 %

E S G Unleashing Creativity Through the Growth of and Respect for Diverse Individuals

## Creating an Amenable Working Environment That Accommodates All

We are developing various systems and support measures that help all employees balance work and family life and develop their careers with peace of mind while unleashing their creativity.

### “huug” Initiatives to Support Work-Life Balance (Hakuhodo)

At Hakuhodo, we are implementing initiatives to support the balance between work and responsibilities such as childcare and nursing care, with the goal of creating a more comfortable work environment. We have expanded a variety of systems that support employees in balancing work with their life events, such as the Kazoku Omoi Kyuka system and CREATIVE KIDS CAMP, a childcare support program during long school holidays. These initiatives are collectively branded as “huug,” and we hold regular internal events to raise awareness and encourage participation.

#### Kazoku Omoi Kyuka



A special leave system that allows employees to take up to five days off to attend children’s events or care for family members in need of nursing or assistance. Commonly known as “Kazoku Leave.”



#### CREATIVE KIDS CAMP

During long school vacations, an in-house event called CREATIVE KIDS CAMP is held to provide childcare for employees’ children while introducing them to the Company and creativity.



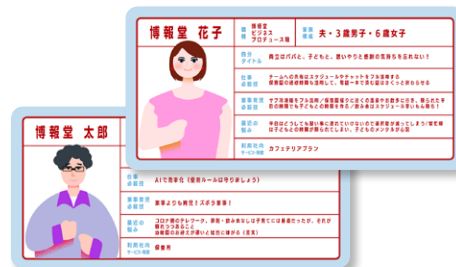
#### Meal Support

A program that helps employees and their families with meal preparation during busy times. Offers discounts and benefits for multiple home meal delivery services.



#### “huug” Mom and Dad Directory

An internal website where employees can search for colleagues who are parents to serve as relatable role models. Roundtable sessions are also held to encourage interaction and exchange.



## Systems and Initiatives Supporting Employees’ Work-Life Balance (Hakuhodo)

Various systems and initiatives are in place to help employees balance their work and life.

	Life Stage		
	Pre-Pregnancy Prenatal	Postpartum Maternity Leave	Returning To Work
Childcare	Specific accumulated leave (pregnancy leave / Kazoku Omoi Kyuka)		
	Commuting relief during pregnancy	Prenatal	
	Work exemption while visiting hospital*1		Prenatal to 1 year after delivery
	Prenatal leave	6 weeks including day of delivery Note: 14 weeks for multiple births	
	Postpartum leave	8 weeks from day after delivery	
	Spousal maternity leave Male employees *2	3 days can be taken 6 weeks before childbirth to 8 weeks after childbirth	
	Paternity leave Male employees *3	Up to 4 weeks and within 8 weeks of birth Note: Can be taken in 2 installments	
	Childcare leave		Up to April following child's second birthday
	Shorter working hours	Less than 1 year old: Maximum 2 hours; Younger than third grade: Maximum 1 hour	
	Babysitter assistance, support for sick children		
	On-site childcare center	From 3 months to 3 years old	
	Child nursing leave*4	10 days per year per eligible child may be taken in one-hour increments	
	Consultation desks	Consultation desks (internal), pregnancy and childcare consultation services, career consultation	
	Full-year support	Cafeteria plan, housework support, Work-Life Balance Handbook	

Vacations and holidays	Caregiving furlough	93 days in total Note: Can be taken in up to 3 installments
	Caregiving leave	Up to 5 days per year per person requiring care (10 days for two or more), available in one-hour increments
Nursing Care	Specific accumulated leave (caregiving / nursing care / Kazoku Omoi Kyuka)	Remaining annual paid leave can be used for caregiving / nursing care purposes
	Workstyle	Shortened working hours
	Seminars and consultation desks	Nursing care seminars and exchange opportunities
		Consultation services for nursing care available both inside and outside the Company
	Full-year support	Cafeteria plan, housework and nursing care support, Work-Life Balance Handbook

\*1 Health checkups required by law or public health guidance based on health checkups

\*2 Not limited to men if same-sex partners

\*3 In the case of adoptions, etc., women are also eligible

\*4 Up to 15 days if two or more people require care

### Workstyle Transformation Committee (Hakuhodo)

Guided by the workstyle vision of creating a better relationship between work and life, we are pursuing workstyle transformation that enables employees to deliver their maximum value. In fiscal 2024, we promoted a clear distinction between “working” and “resting,” establishing Groupwide periods encouraging the use of paid leave and to promote flexible vacation-taking on a team basis. In addition, through AI utilization training and trial implementations, we laid the groundwork for greater efficiency and sophistication in operations.



E S G

**Unleashing Creativity Through the Growth of and Respect for Diverse Individuals****Promoting Work That is Rewarding and Encourages Individual Success**

We aim to create a workplace culture in which every employee can demonstrate their abilities and feel a sense of fulfillment in their work, regardless of individual attributes.

**Unconscious Bias Training**

As the number of employees with diverse working styles and experiences continues to increase, we understand the importance of recognizing diversity and controlling biases in promotion and evaluation processes within our management. Aiming to create an organization where each employee can recognize their own biases, we are continuing to conduct unconscious bias training at each Group company.

**Female Leadership Training (Daiko Advertising)**

At Daiko Advertising, we conduct women's leadership training for mid-career female employees. The purpose of this program is to learn about diverse forms of leadership and to acquire the skills and mindset needed to demonstrate one's own style of leadership. The program comprised 20 participants in fiscal 2024. In addition, we trialed an external mentorship program in which five participants received objective advice from outside role models. The opportunity to consult role models about career development was highly valued by participants, and the program is being expanded and continued. Going forward, Daiko plans to incorporate a variety of initiatives to eliminate the gender gap.

**Women's Career Design Workshop (Hakuhodo)**

At Hakuhodo, we are promoting the creation of an environment and culture where everyone can work with peace of mind and build a long-term career. As one such initiative, in fiscal 2024 we held a workshop for female employees in account service to foster career ownership. Through reflecting on past experiences, discussing current challenges, and sharing what they value going forward, participants were encouraged to think proactively and positively about their own careers.

**HaHaHa Creative™ (Hakuhodo Product's)**

At Hakuhodo Product's, we launched a creative unit composed of thriving professional female designers and copywriters who are also raising children. By bringing together employees of varied ages and family situations and incorporating multifaceted perspectives, the unit aims to generate proposals from two complementary angles: "timeless parenting insights" and "evolving parent-child trends." The unit's members collaborate flexibly in line with individual life plans.

**My Aspirations****Creating a Workplace Where Everyone Can Shine and Embrace Challenges**

At HAKUHODO Technologies, we are working to create an environment where employees can pursue working styles and careers that suit them. In addition to expanding benefits to meet diverse needs, we have introduced the Personalized Learning Program to support individual learning plans. Recognizing the promotion of women's participation in the technology industry as a key issue, we are focusing both on developing and strengthening the recruitment of in-house talent and on broadening the industry's base. Our female managers and other staff actively participate as speakers at conferences that support the careers of women engineers, sharing the appeal of the technology field.

**Ayako Kiuchi**

Executive Manager  
HR Strategy Division  
Integrity Implementation  
Department  
HAKUHODO Technologies



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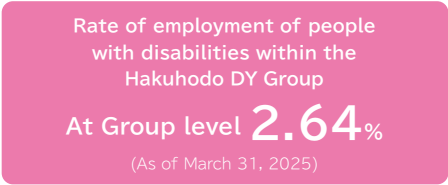
Unleashing Creativity Through the Growth of and Respect for Diverse Individuals

Realizing a Society in Which Everyone Plays an Active Role

The Hakuholdo DY Group aims to create a society where every *sei-katsu-sha* can fully express their individuality and abilities. In addition to internal activities, we actively engage in external communications and business activities to impact society as a whole.

Promoting the Employment of People with Disabilities

Within the Group, we actively promote the placement and employment of individuals with disabilities or unique characteristics in positions suited to their abilities, while developing an environment based on reasonable accommodation and pursuing various related initiatives. Hakuholdo DY I.O Inc., which provides shared services for Group companies, has established an accommodation consultation desk to handle inquiries from across the Group. SUPERYARD, a joint venture launched in 2023 by Hakuholdo and Mitsui Fudosan Co., Ltd. to support the employment and career development of people with mental disabilities, works to ensure that individuals with diverse characteristics can build their careers with confidence and peace of mind.



LGBTQ+-Related Initiatives

We promote LGBTQ+ initiatives to foster an environment in which all employees of every orientation and gender can fulfill their potential.

At the core operating companies, we are improving various human resource systems, including expanding eligibility requirements for spouses, in addition to establishing consultation desks. At Hakuholdo, both in-house and external consultation desks are available, providing a structure that allows for anonymous inquiries.

Details of Initiatives		
• Establishment of consultation desks	• Installation of multi-purpose restrooms	• Implementation of internal awareness-raising events
• Expansion of spousal eligibility requirements	• Establishment of harassment response guidelines	• Distribution of training videos
• Use of preferred names and choice of gender identity	• Provision of option to select genders other than male or female during recruitment application	

Third-Party Evaluation

Hakuholdo and Hakuholdo DY Media Partners received the Gold rating in the “PRIDE Index 2024,” an initiative organized by “work with Pride.”\*

\* work with Pride: A general incorporated association that supports the promotion and establishment of diversity management related to LGBTQ+ and other sexual and gender minorities in companies and other organizations



My Aspirations

Creating a Workplace and Department Where Employees with Disabilities Can Script Their Futures

I am responsible for managing and hiring employees with disabilities. Our department has 45 members in total, 80% of whom are employees with mental or developmental disabilities. In my work, I am mindful not to overlook subtle signs during the three interviews we hold each month. For example, when someone says “I’m fine,” it may in fact be an expression of resignation, thinking “There’s no point in saying anything.” There is no single correct approach, but careful interviews and open exchanges of opinions are essential to moving forward in our work. I believe it is important to create an environment where employees with disabilities can script their own future within our company and this department.



**Kanako Katsuta**  
Business Operation  
Department  
General Affairs Division  
Corporate Management  
Group  
Hakuholdo DY ONE

My Aspirations

Fostering a Culture Where Everyone Can Thrive Through Open Communication

It’s been a year and a half since I began serving as the person in charge of LGBTQ+ awareness initiatives, and I have come to realize once again that there are still many people who feel constrained in their daily lives, due to pressure to present as “ordinary.” Beyond developing systems and structures, I believe that fostering a culture in which all employees respect one another is essential to realizing a workplace where everyone can thrive. Recently, I have been greatly encouraged to see more colleagues voluntarily expressing “I’m an ally.” I believe that continuing to communicate such messages both inside and outside the company will enhance engagement among all employees and help build a vibrant corporate culture with a strong sense of psychological safety.



**Shogo Eguchi**  
Human Resource  
Relations Department  
Human Resource  
Management Division  
Hakuholdo



## Unleashing Creativity Through the Growth of and Respect for Diverse Individuals

### Promotion of Well-Being

#### Health and Productivity Management

The Hakuholdo DY Group strives to create an environment where all of its employees can make full use of their skills and are empowered to express their individuality and contribute in the workplace. Along with DE&I implementation and workstyle transformation, we are strengthening our Groupwide implementation capabilities and undertaking various initiatives to resolve issues related to health and productivity management.

#### Health and Productivity Management Initiatives (Hakuholdo)

##### Health Declaration

Hakuholdo is a company that values people as our assets. (...) As professionals, we always prioritize maintaining our own health and expanding our capabilities, while also considering the health and well-being of our team members. Every person working at Hakuholdo enjoys an environment in which “work enriches life, and life enriches work.” At the foundation of this environment is each individual’s health.

Moving forward, Hakuholdo will continue to advance health and productivity management to support the sustainable growth of its employees and the company, and to provide new value to society.

Kenji Nagura

Representative Director & President

#### Implementation Structure

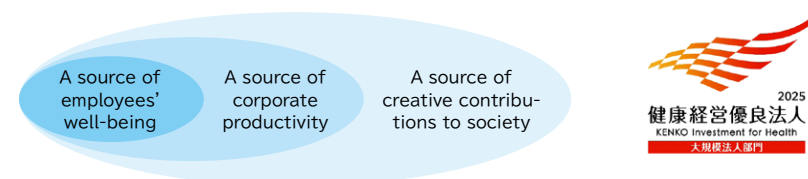
We have appointed a chief health officer (CHO) and, with the Human Resource Management Division’s Health Management Department serving as a hub, promote health and productivity management through the collaboration of many medical professionals. These include occupational physicians at each business site, occupational health staff at the Health Support Center, and medical specialists at in-house clinics at our Head Office and Kansai Office, all leveraging their high levels of expertise. We are also strengthening collaborative health initiatives in partnership with our health insurance association.

#### Health and Productivity Management Approach

With the vision of “looking to a future of well-being inspired by *sei-katsu-sha* insight,” we view employee health as having three essential sources: employee well-being, corporate

productivity, and creative contributions to society. Based on this belief, we have formulated a Health and Productivity Management Strategy Map to ensure that employee health promotion leads to organizational vitality and contributions to society. Through our health creation platform, the *Karada CHANTO!* Project, we have developed an environment that encourages employees to increase their awareness of prevention-oriented activities on their own initiative. This fosters a high level of consciousness toward well-being for every individual. In recognition of these activities, we have earned certification as a KENKO Investment for Health Outstanding Organization (large enterprise category) for three consecutive years since fiscal 2022.

#### Three Layers of Health and Productivity management



#### Health Creation Platform: *Karada CHANTO!* Project

Know, enhance, and spread awareness—face your own body (mind and body) more seriously (“chanto” in Japanese), and support one another through “chanto” activities!

##### Know

Provide necessary information and opportunities for health improvement

- *Karada CHANTO!* News
- Mental health consultations (self-care / line-care)
- Health follow-up interviews

##### Enhance

Strengthen opportunities and mechanisms to experience and sustain health improvement

- *Karada CHANTO!* seminars
- Strengthened follow-up after health checkups
- DREAM (health data dashboard)

##### Spread

Expand health improvement initiatives to the Company and society

- Health white paper
- *Karada CHANTO!* community
- Checkup Championship

Note: In Japanese, “chanto” carries the connotation of “properly” or “earnestly.” Here, it is also a pun on “chant,” the term for cheering songs in soccer and other sports.

Details ▶ [WEB](#) Healthy and Sound Workstyles (Hakuholdo DY Holdings)

Details ▶ [WEB](#) Well-Being (Hakuholdo) (in Japanese)

## E S G Pursuing Compliance and Integrity

### Respect for Human Rights

In 2022, the Hakuholdo DY Group established its Group Human Rights Policy. In 2023, we further identified salient human rights issues within our business activities and formulated Human Rights Due Diligence Guidelines to address them. In line with these guidelines, we are steadily implementing human rights due diligence across the Group.

### Human Rights Initiatives

#### The Hakuholdo DY Group's Human Rights Policy

The Hakuholdo DY Group aims to create a society abounding in *sei-katsu-sha*'s aspirations and where they can live vibrant lives through our creative human resources, who serve as our greatest asset.

Respect for human rights is the foundation upon which the Hakuholdo DY Group is built, and we promote respect for human rights as the root of ethical, sustainable business. In order to fulfill our responsibility to respect human rights more thoroughly, we have formulated a Human Rights Policy for the Group based on the "Protect, Respect, and Remedy" framework outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Details ► [WEB](#) Full text of the Human Rights Policy

### Implementation Structure

Hakuholdo DY Holdings' Board of Directors has a responsibility to implement ongoing monitoring of all activities stipulated by the Policy in regard to respect for human rights. While fulfilling the monitoring function in relation to measures addressing particularly salient human rights issues, the Board also devises appropriate measures to prevent any direct or indirect involvement in human rights infringements. The Corporate Sustainability Division, as the unit responsible for sustainability matters, works under the guidance of the director responsible for overseeing sustainability to spread awareness of the Policy and implement initiatives related to respect for human rights overall.



### Human Rights Due Diligence

#### Salient Human Rights Issues

Human Rights Issues		Rights holders whose human rights could potentially be negatively impacted		
		Employees	Suppliers*	<i>Sei-katsu-sha</i>
Expression and dissemination of information	Restrictions on expression in production processes	Medium	Medium	—
	Discrimination arising from expression or dissemination of information	—	—	High
	Leakage of personal information or invasion of privacy	Low	—	High
Labor	Workplace discrimination or harassment	High	High	—
	Discrimination in hiring	Low	Low	—
	Overwork or long working hours / safety and health	High	High	—
	Forced labor	Low	Medium	—
	Child labor	Low	Medium	—
Religion	Religious freedom	Medium	Medium	—

\* Mainly business partners

### Remedy Mechanism

To ensure that individuals subjected to human rights violations can receive redress, we have established response liaisons within the Group for whistleblowing and consultation from all officers and employees. This contact point monitors reports, considers appropriate measures, and reports to the Group Compliance Committee.

Details ► [WEB](#) Remedy Mechanism (Response Liaisons)

E

S

G

**Pursuing Compliance and Integrity****Human Rights Due Diligence Initiatives**

The Group conducts human rights training for regular and contract employees at eight major domestic companies.\* The purpose of this training is to deepen understanding of human rights and to encourage behavior that respects human rights in everyday life.

In addition, we conduct surveys to measure the permeation of the training and to identify and assess individual issues.

\* HakuHodo, Daiko Advertising, YOMIKO ADVERTISING, HakuHodo DY ONE, SoldOut, HakuHodo DY Media Partners, HAKUHODO Technologies, and HakuHodo Product's

**Fiscal 2024 Results**

Item	Fiscal 2024 Results
Human rights training	Attendance rate: <b>91.2%</b>
Human rights assessment	Response rate: <b>79.4%</b>

Note: HakuHodo, Daiko Advertising, YOMIKO ADVERTISING, HakuHodo DY ONE, HakuHodo DY Media Partners, HAKUHODO Technologies, and HakuHodo Product's are aggregated individually; SoldOut is aggregated on a consolidated basis.

**Results of Human Rights Assessment (Questionnaire)**  
**(Fiscal Year Ended March 31, 2025)**

Overall	No urgent, serious human rights risks requiring immediate action were identified.
Basic understanding of human rights	Basic understanding of human rights exceeded 90% at each company.
Human rights response structure	Recognition and understanding of the whistleblowing channels were very high, but we will implement additional awareness initiatives regarding usage procedures and anonymity assurance to ensure even broader understanding and thorough communication.
Potential risks related to salient human rights issues	For “overwork or long working hours / safety and health” and “workplace discrimination or harassment,” steady improvement trends were observed compared with the previous year. We will plan and advance risk prevention measures and recommendations for further improvement.

**Integrity in Marketing Activities****Responsible Communication Development**

As a corporate group engaged in advertising and other forms of expression, we are implementing responsible communication development to earn the trust of all stakeholders. As the foundation of this, we have established a shared compliance knowledge platform across the Group to disseminate essential knowledge for communication development. The platform offers on-demand video content explaining topics such as shared Group rules and expression risks, deepening employees' understanding of potential risks. Additionally, each Group company conducts training focused on risks related to expressions, working to raise awareness among all employees.

## Sustainability Action at the Hakuhodo DY Group

E

Behavioral  
Change

### Planetary Platformers Initiative (Hakuhodo)

#### Establishing a Japan-Based Association to Drive Game-Changing Solutions for a Sustainable Global Environment

As climate change and shifts in the natural environment accelerate worldwide, interest is growing in technologies that can build a sustainable society on a global scale. In Japan, many innovative technologies are in development, with the key challenge now being their practical implementation throughout society.

Hakuhodo's MIRAI Design Unit, long engaged in business initiatives aimed at solving social issues, has partnered with cultural anthropologist Shinichi Takemura, an explorer of Anthropocene civilization theory from the perspectives of anthropology and earth studies, to establish the Planetary Platformers Initiative. This organization takes on the challenge of fostering symbiosis between the Earth and humankind and updating the Earth's "operating system."

By pairing startups with advanced, society-transforming technologies and building networks that connect large corporations, government agencies, investment funds, and academia, the organization develops solutions that create greater impact and drives their social implementation. As part of these co-creation efforts, the organization also plans to establish testing and proof-of-concept fields in Japan and abroad, as well as support the international expansion of startups.



E

Climate  
Change

### Earth Centric Design Lab (TBWA\HAKUHODO)

#### Forming a New Company to Unite Sustainability and Creativity

Earth Centric Design Lab is a creative agency that places sustainability and creativity at the core of its activities. Moving a step beyond human-centered thinking, it embraces perspectives from the environment, other species, and the diversity of life to adopt an "Earth-centric design" mindset—seeing the entire planet as a stakeholder. Founded in October 2024, the lab aims to redesign society and business to help realize a sustainable future. Its work spans a wide range of projects, including corporate branding, corporate identity/user interface/user experience design, film and spatial design, new business development, and regional revitalization.

For the Tokyo Metropolitan Government's decarbonization initiative "HTT" (an initialism based on the Japanese words for reducing power use, generating power, and storing power), along with Hakuhodo the lab devised a communication strategy to convey the initiative's goals clearly and engagingly to *sei-katsu-sha*. For the FUTATABI FUTABA FUKUSHIMA hotel, developed by Daiwa LifeNext Co., Ltd. in the town of Futaba, Fukushima Prefecture, which was affected by the 2011 earthquake, tsunami, and nuclear accident—the lab oversaw concept development, naming, and spatial design to create a place that symbolizes regeneration and hope. The lab also provides services such as Production to Zero and Event to Zero, which reduce CO<sub>2</sub> emissions from shoots and events, and conducts workshops on circular economy and nature-positive themes. By applying the power of creativity, Earth Centric Design Lab seeks to generate new value and systems to address increasingly complex social challenges.



HTT, the Tokyo Metropolitan Government's decarbonization project



Daiwa LifeNext Co., Ltd.  
FUTATABI FUTABA FUKUSHIMA



Services that reduce CO<sub>2</sub> emissions from shoots and events



## Sustainability Action at the Hakuhodo DY Group

## E

Behavioral  
ChangeNurturing Regenerative Tourism in the Village of  
Ikusaka, Nagano Prefecture (Daiko Advertising)Public-Private-Academic Co-Creation of a New Nature-Positive  
Tourism Model

Daiko Advertising's Well-Being Design Center is co-developing and delivering a regenerative tourism program that promotes the conservation and enhancement of biodiversity through tourism. This unique program is designed for people interested in nature-positive activities, allowing participants to learn while enjoying hands-on nature positive activities in the village of Ikusaka in Nagano Prefecture.

In 2024, some 30 participants from across Japan were trained as official Ikusaka Village Nature Research Fellows. The program welcomed Associate Professor Masahiko Kiji of Rikkyo University, a specialist in human-nature coexistence, as a lecturer. Together with residents, participants envisioned a new form of traditional rural landscape beyond nature-positivity, and worked on-site to help create a landscape to which people will want to repeatedly return. This initiative is driven by a consortium comprising the village of Ikusaka and five companies: Daiko Advertising, HiTTiSYO, Matsumoto Yamaga FC, Club Tourism International, and Future Sessions, Inc.—each contributing its own expertise and network to enable truly multifaceted co-creation.

Daiko Advertising also sent 10 employees to join the program as part of its training initiative. These employees learned firsthand about nature-positive practices and regional revitalization, explored issues and created plans to help both residents and visitors nurture mutual well-being. After completing the program, participants began independently planning in-house nature-positive activities within Daiko Advertising.



## Awards and recognition for this project

- Special Award at the 2nd Sustainable Travel Awards
- JATA SDGs Awards—Excellence Award (Environment category) and Special Award (Socioeconomic category)

## E

Climate  
ChangeLiving Landscapes: Parque Tempisque, Rooted  
in Nature & Community (Gehl)Setting a new standard for equitable and sustainable Costa Rican  
developments

In the Guanacaste province of Costa Rica, Gehl leads a 340-hectare development to address the shortage of housing for locals in a market increasingly shaped by expatriates and rising costs. The project provides inclusive solutions while shaping the future of the region. The masterplan follows a core strategy: balancing human-centered principles with respect for the ecosystem. At its heart is a natural corridor linking two rivers, restoring landscapes fragmented by agriculture. Around it, low-density neighborhoods are integrated with architecture and planning shaped by the rhythms of the environment—allowing water flows, vegetation cycles, and wildlife habitats to coexist with new living spaces.

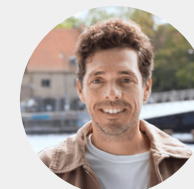
The community disincentivized car use, prioritizing walking and cycling through soft-mobility infrastructure. A network of public spaces supports recreation and movement—not only for residents but also local visitors—creating vibrant and inclusive gathering areas.

Community dialogue has been central. Using a “Public Space–Public Life” approach, we engaged residents and stakeholders to reflect cultural values and daily life. The outcome is a vision rooted in Latin American traditions, with diverse housing typologies welcoming all—from young couples to large families—fostering a resilient, inclusive, and ecological community.

## My Aspirations

Building a Sustainable Community Where  
People and Nature Coexist

The key to this project's success was our strong desire to create a community that does not divide people by income. The entire region has been cooperative, and this project is likely to become a future regulatory model or best practice. It's been an extremely meaningful experience. Construction on the first phase has already begun, and over the coming decades we'll be building a sustainable community where people and nature coexist.

Santiago  
BuendiaSenior Project Manager  
Gehl

## Sustainability Action at the Hakuhodo DY Group

S  
Community

## CIVIC PRIDE® SCHOOL (YOMIKO ADVERTISING)

## Offering Programs to Cultivate Talent with Civic Pride to Build Better Regional Futures

CIVIC PRIDE® SCHOOL is a training program for businesses and educational institutions that leverages the insights gained through the Urban Life Research Laboratory's CIVIC PRIDE® research. Each program is custom-designed to match participants' challenges and goals, with offerings such as innovation learning inspired by the concept of civic pride, career exploration that fosters civic pride, and development of the ability to analyze regional data, envision the future, and design effective initiatives. The first program was launched in Hiroshima Prefecture, with the lively exchange of ideas among dozens of participating high school students on the theme of "actions to shape the future and nurture our home of Hiroshima." As regional issues grow increasingly complex and severe, achieving sustainable community development hinges on cultivating autonomous individuals who can identify challenges and co-create the future. This service partners with local governments, companies, and schools facing regional challenges to nurture talent capable of co-creating better futures for their communities and to support solving local issues.



## My Aspirations

## Providing Experiences That Help People Discover Their Civic Pride

I've always been struck by the deep love people in Hiroshima have for their city—a love that shines all the more brightly to me as someone who grew up in the suburbs of Tokyo. Yet some young people leave Hiroshima for Tokyo without ever realizing that feeling, and some adults hesitate to tackle local challenges such as employment. At CIVIC PRIDE® SCHOOL, we begin by helping participants discover and embrace their own pride and affection for their hometown. Once people become aware of that, they start exploring ways to make their communities better. As that pride grows deeper, individuals determined to shape the future of their hometowns begin to emerge. We want to offer even more young people who care about where they come from rich, hands-on experiences in community building—experiences filled with pride, passion, and a vision for a better future for their hometowns.



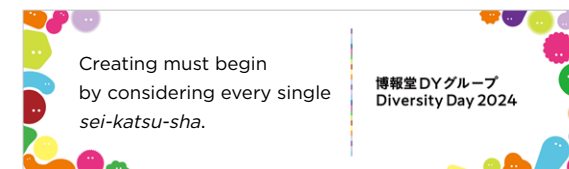
**Yasuo Hiura**  
Senior Planner\*  
Urban Life Research  
Laboratory  
YOMIKO ADVERTISING  
\* As of 2024

S  
DE&I

## Hakuhodo DY Group Diversity Day 2024

## Holding a Groupwide DE&amp;I Event to Spark Individual Action

In 2024, we held Hakuhodo DY Group Diversity Day under the slogan "Creating must begin by considering every single *sei-katsu-sha*." The event featured discussion sessions on three key themes: a diverse society, authentic gender expression, and an inclusive society. External experts joined employees from across the Group to share initiatives that support diverse ways of working and living. This event aimed to accelerate our DE&I efforts by connecting supporters and those with lived experience, fostering dialogue across Group companies, and inspiring individual action. Participants responded positively, saying the event gave them "a clear sense of the Group's direction and many new insights" and "an opportunity to better understand the perspectives of people directly affected."



## Sustainability Action at the Hakuholdo DY Group

S

Community

## Hasso Camp, an Inquiry-Based Learning Program for Middle and High School Students

Providing the Next Generation with Chances to Cultivate the Ability to Think Outside the Box Through Experiences of *Sei-katsu-sha* Insight and Creativity

Since fiscal 2024, the Hakuholdo DY Group has been offering an inquiry-based learning program for middle and high school students to explore and address social issues while fostering the ability to think outside the box. The program consists of two formats: the year-round, school-based Hasso Camp, and Hasso Camp Project Mirai, which individual high school students can join. By experiencing the Group's strengths—*sei-katsu-sha* insight and creativity—students develop skills that help them think outside the box while discovering their own individuality and potential. Program planning, operations, and workshop facilitation are handled by Hakuholdo DY Group employees with expertise in a wide range of specialized fields.

In fiscal 2024, Hasso Camp developed workshop programs on cutting-edge themes facing the next generation, such as the metaverse (with Hakuholdo's *Sei-katsu-sha* Insight R&D Institute) and unconscious bias (with Hakuholdo Career Woman Lab Plus). Hasso Camp Project Mirai was themed "Create a new *ibasho* (place to belong)!" and, in collaboration with an NPO, included fieldwork at children's cafeterias in Tokyo that serve as welcoming community spaces for local children and places to foster new ideas.



## Award and recognition for this project

- Ministry of Economy, Trade and Industry 14th Career Education Award (Large Enterprise Category), Excellence Award

S

Community

## Developing Regionally Rooted Talent Programs (SoldOut)

## Fostering Digital Talent to Lead the Future of Local Communities Through Generative AI and Marketing

Since 2021, SoldOut has partnered with the city of Unnan in Shimane Prefecture under the Local Revitalization Entrepreneur Program and the Corporate Challenge Program to jointly design and develop a training and employment support program that equips participants with both generative AI and digital marketing skills. The initiative aims to create an environment where anyone can acquire cutting-edge digital expertise and pursue employment opportunities. By collaborating with Media Engine Inc., a SoldOut Group company engaged in generative AI and media operations, the program offers a high-quality educational curriculum. Employees active on the front lines serve as instructors, providing hands-on guidance and creating opportunities for participants to gain real-world experience. To enhance the program's sustainability and growth potential, the team also leveraged Japan's government-backed corporate version of the *Furusato Nozei* (hometown tax) donation system and established and implemented a scheme that enables municipalities to secure operating funds from private companies.

In fiscal 2024, the program attracted 28 applicants for 15 available spots, drawing a diverse group of participants, including local youth, parents raising children, and individuals seeking to relocate to the region.



## My Aspirations

## Creating an Environment Where Local People with Potential Can Thrive Through Private-Public Collaboration

The city of Unnan in Shimane Prefecture is my hometown, and I have been involved in local community development since my university days. Wanting to give back to the city I love, I led the initiative to utilize the Local Revitalization Entrepreneur Program for the first time as a member of SoldOut. Together with the city of Unnan, we began by building new business to address a critical local challenge: creating an environment where young people, including those raising children, can work in ways that suit their lives and ambitions.



**Hironori Umezawa**  
Director  
Matsue Sales Office  
SoldOut



## Hakuhodo Foundation

Hakuhodo Foundation was established in 1970 as a public interest incorporated foundation, with the aim of contributing to the sound formation of individuals by subsidizing Japanese language education for children and education for individuals with vision and hearing impairment, as well as conducting research on its activities. The foundation received public certification in 2011 and adopted its current name in 2020. The foundation's core activities include the establishment of the Hakuho Award to honor outstanding educational practices, as well as the provision of grants for research into child education practices and scholarships for teacher training. Under the theme of "Children, Language, and Education," the foundation carries out activities and heads programs on Japanese language exchange, social enlightenment, Japanese language education, survey research, and disaster recovery support.

Details ▶ [WEB Hakuhodo Foundation](#) (in Japanese)

### Hakuho Award

This award was created at the time of the foundation's establishment with the aim of revitalizing and supporting the field of child education. It recognizes grassroots activities and contributions of schools, organizations, and educators in six areas, including Japanese language education, special needs education, and international culture and multicultural education, which have a potential ripple effect in the educational field. The Foundation also supports the sharing of achievements and the continuation and expansion of activities.

### Teacher Development Scholarship

The Foundation offers scholarships to students who aspire to become elementary school teachers, special needs school teachers, and Japanese language teachers at middle and high schools. In fiscal 2024, the foundation had 96 new recruits, with 253 total students currently receiving scholarships. To facilitate ongoing networking among former scholarship recipients, the foundation regularly organizes group training sessions and regional exchange programs.



Group training where scholars from all over the country gather for discussions

### Disaster Recovery Support

In response to the 2024 Noto Peninsula Earthquake, we provided a total of ¥40 million in relief funds to six cities and towns in Ishikawa Prefecture to support the restoration and recovery of educational activities.

### Japanese Language Education Program

The Foundation's overseas activities are focused on providing Japanese language education to children abroad. In Thailand, we have been implementing a Japanese language education program since fiscal 2021 with the cooperation of the Thai Ministry of Education, the Embassy of Japan, and The Japan Foundation. More than 180,000 people in Thailand study Japanese as of now, and the number of Japanese language teachers exceeds 2,000. One of the initiatives we have conducted since the program's launch is the training of local Japanese language teachers. Each April, approximately 30 teachers selected through an open application process participate in a three-week training program in Japan. After returning home, they continue to apply what they learned in Japan in their own schools and enhance their studies in preparation for presentations at a forum held the following February. In fiscal 2023, we began developing teaching materials for Japanese language education. This includes digitizing Japanese textbooks used in Thailand and producing videos on Japanese culture and exemplary teaching practices. These efforts aim to improve the quality of Japanese language education not just for training participants but across Thailand. In February 2025, we held a press conference in Bangkok to showcase this series of activities, further expanding the sphere of Japanese language education.



Presentation of training results



One of the training themes: Disaster preparedness experience

# Governance

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## Message from the Chairman

# Evolving Group Governance to Support Sustainable Value Creation

**Masayuki Mizushima**

Representative Director & Chairman



### A New Management Structure and My Responsibilities

The world we live in today is undergoing what can be described as a once-in-a-century transformation. The dramatic evolution of technologies such as AI, together with the rapid diversification of *sei-katsu-sha* values, is fundamentally reshaping the structure of every industry, and the advertising sector in which the Hakuhold DY Group operates is no exception.

In the face of this sweeping change, we are being called upon to undertake a full model change from our framework as “a group of advertising companies.” Building on our founding value of *sei-katsu-sha* insight, we are

boldly expanding into six business domains, including consulting and technology, as we pursue our evolution into a creativity platform.

To powerfully lead our growing and diversified Group, we have renewed and strengthened both our management strategy and our Group management structure. We have clearly defined the roles of top management by separating the leadership of the holding company (governance) from that of the core operating companies (business execution), positioning Hakuhold DY Holdings, the pure holding company, as the driver of Group governance.

Under this new structure, Yasuo Nishiyama has assumed the position of president of the holding company, while Kenji Nagura has become president of our core operating

company, Hakuhold. As representative director, chairman, and CEO of the holding company, I will provide high-level support for the new management teams of both organizations.

Precisely because we are in an era of dramatic change, I see my most important responsibility as maintaining a broad, mid- to long-term perspective—overseeing the new structure and advancing initiatives that contribute to the sustainable enhancement of corporate value.

## Message from the Chairman

### Roles Under the New Management Structure

#### (1) Separation and Reinforcement of the Governance and Business Execution Functions

The core of our new management structure lies in the separation and strengthening of governance and business execution functions.

As the holding company, Hakuhold DY Holdings will further enhance its activities aimed at value creation across the entire Group, while exercising more advanced supervision over the operations of each operating company. Meanwhile, by integrating the media business company, our core operating company, Hakuhold, has established a framework that enables more sophisticated and agile value proposals. Through this, we will accurately address the increasingly complex business challenges faced by our clients and work to build a stronger competitive position.

I am convinced that enhancing the expertise of the holding company and each domestic and overseas Group company under its umbrella is the surest path to maximizing the Group's overall corporate value.

#### (2) Enhancing the Functions of the Board of Directors to Support Sustainable Growth

To fully realize the objectives of the new management structure, it is essential that the Board of Directors of the holding company, the core of our governance, functions with even greater effectiveness.

The central theme for the Board is how to balance strong governance with swift decision-making amid the Group's growing diversification. We have received

constructive input on this matter from our outside directors and outside Audit & Supervisory Board members, and we are determined to continue advancing Group governance, including by further enhancing the diversity of the Board.

We pledge to make ongoing efforts to improve the Board's functions and effectiveness in response to changes in the external environment and the expectations of society.

#### (3) Remaining a Corporate Group Trusted by All Stakeholders

The Hakuhold DY Group's activities are driven by *sei-katsu-sha* insight. In other words, they are powered by creativity rooted in the perspectives of *sei-katsu-sha*. This creativity serves as the foundation for creating value and contributing to society through our relationships with *sei-katsu-sha*, clients, employees, media, and all other stakeholders.

We are committed to conducting our business with integrity to ensure that we remain a corporate group trusted by all.

Our shareholders and investors are vital stakeholders who support our mid- to long-term growth. As chairman of the holding company, I place great importance on constructive dialogue, communicating clearly to capital markets the Group's growth strategies and the soundness of its governance framework as determined through discussions with management and deliberations of the Board. Through such dialogue, I aim to meet your expectations and remain unwavering in our pursuit of sustainable, mid- to long-term value creation.

#### (4) Our Commitment to Strengthening the Compliance Framework

Compliance is fundamental to our ongoing business and the most critical theme in corporate management. We maintain an unwavering determination never to repeat past misconduct, are rigorously implementing preventive measures and strengthening compliance across the entire Group.

Under the leadership of Hidetaka Tada, our chief compliance officer, we are advancing initiatives across the Hakuhold DY Group to change employees mindsets and instill integrity throughout the organization. To give one example, within Hakuhold we have established the Business Mindset and Behavior Reform Committee, chaired by the Company's representative director and president, to ensure thorough prevention of recurrence and to reinforce the PDCA cycle for compliance implementation. This committee works closely with the Group Compliance Committee, chaired by the representative director and president of Hakuhold DY Holdings and comprising the presidents and CCOs of Group companies, functioning as the core body driving compliance across the entire Group.

The Board of Directors will continue to supervise these initiatives, fostering an open corporate culture and enhancing the effectiveness of our whistleblowing systems.

By fostering a corporate culture grounded in a strong sense of ethics, we will devote ourselves fully to becoming a corporate group that earns the trust of all stakeholders.

Details ▶ Pp. 74–82 Corporate Governance  
P. 84 Message from the CCO

## Dialogue Between Outside Directors



### Enhancing the Hakuhold DY Group's Corporate Value

**Toru Yamashita**  
Outside Director

**Ikuko Arimatsu**  
Outside Director

The Hakuhold DY Group has entered a pivotal year, marking a new start with significant changes to its executive and organizational structures. In this dialogue, independent outside directors Toru Yamashita and Ikuko Arimatsu share their perspectives on the launch of the new management structure, their assessment of the Board of Directors, and their outlook for the Group's future.

### Impressions of the New Management Structure

**Yamashita** The major difference from the previous structure is that the top positions of the holding company and the core operating company, Hakuhold, have been separated. This has clarified the division of roles between the holding company and each operating company. The holding company can now focus more deeply on strengthening governance and creating synergies from a medium- to long-term perspective to drive the Group's sustainable growth. Meanwhile, each operating company—led by the further strengthened “new Hakuhold,” formed through the integration with Hakuhold DY Media Partners—can conduct business operations with greater agility.

As an outside director of the holding company, my role now demands even closer attention to overall Group

strategy, the pursuit of synergies across the organization, and comprehensive oversight and management from a broad, long-range perspective to enhance the Group's corporate value.

**Arimatsu** The Hakuhold DY Group is striving to evolve into a creativity platform. The number of Group companies has grown, and our business scope has expanded accordingly. Under the new structure, four new directors have joined, and a clear framework has been established to differentiate management functions between the holding company and the core operating company while reinforcing supervisory capabilities. I believe this enhancement of functions will be instrumental in helping the Group adapt to a rapidly changing environment and achieve sustainable growth and higher corporate value.

For the holding company's Board of Directors to effectively exercise its oversight role across the Group, the

## Dialogue Between Outside Directors

responsibilities of outside directors have become even more important. Society's expectations regarding Board effectiveness have grown stricter, and for corporate groups to grow and gain acceptance and trust, outside directors must not be mere overseers. We bear a heavy responsibility to jointly uphold corporate social responsibility and sustainable growth. In that context, I believe even greater diversity in expertise and background among Board members will be essential.

### Evolving into a Creativity Platform

**Arimatsu** The Hakuholdo DY Group aims to evolve into a creativity platform built upon six business domains. Throughout that process, what must always remain front of mind is the Group's Global Purpose, which was formulated through cross-organizational discussion. I hope the Group will continue to be an indispensable presence in the world—one that transforms each individual's aspirations into reality through creativity and continuously generates new value.

To achieve that, we must always ask ourselves, "Are our efforts truly for the sake of *sei-katsu-sha*?" and engage with society based on that principle. I intend to continue fulfilling my role as an outside director by maintaining an external perspective.

**Yamashita** To achieve our evolution into a creativity platform, we must connect and layer the creativity of individuals, consolidating, integrating and sharing it so that it can be strategically and organizationally applied. To do this, every employee must act with an awareness of the Group as a whole, transcending vertical segmentation by client division or company. The Group has long valued individual creativity, cherishing the eclectic over the generic. Yet the greatest challenge now is to evolve from an organization

**Every employee must act with an awareness of the Group as a whole, transcending vertical segmentation by client, division, or company.**

that depends on the efforts of individuals to one that competes through collective strength.

In that regard, CREATIVITY ENGINE BLOOM—an integrated marketing platform now under development that harnesses AI—serves as a mechanism to connect people, companies, ideas, and technologies both inside and outside the Group, transcending the boundaries of individuals and the framework of an advertising company to create new value. As an outside director, my role is to provide guidance that helps the Group leverage its inherent strengths and accelerate the spread and entrenchment of business model transformation and organizational culture reform across the entire Group.

### Effectiveness of the Board of Directors

**Arimatsu** Since I joined the Board three years ago, I believe its effectiveness has gradually improved. During Board meetings and prior briefings, directors and Audit & Supervisory Board members regularly make observations



and requests regarding operations, and these have been promptly addressed. It is commendable that even those without management backgrounds can ask candid questions and engage in open discussions.

That said, there is still room for further improvement. Public interest in corporate governance continues to rise, and expectations for Board effectiveness are becoming even higher. We must continue learning from the practices of leading companies and strive for ongoing enhancement. Personally, I make a conscious effort to raise questions or offer comments, even when they might seem unexpected to those deeply familiar with the advertising business, to preserve a culture where anyone feels free to speak openly.

**Yamashita** The Board's composition has improved as the number of female directors and outside members with diverse expertise and experience has increased. Operationally, the provision of materials and information as well as the quality of prior explanations have steadily improved. As a result, the Board is now more effective.



## Dialogue Between Outside Directors

At the same time, the corporate operating environment is entering a new phase of rapid change and growing complexity, and societal expectations for governance standards continue to rise. This calls for more fundamental discussions and concrete measures to further strengthen the governance framework.

Drawing on my experience as an outside director at multiple companies, I have introduced best practices from other firms. I also contribute my own background as a business executive with expertise in IT and digital transformation, focusing on offering diverse perspectives in management strategy discussions.

## Striving for Stronger Corporate Governance

**Yamashita** Under the current Medium-Term Business Plan, the Group is working to reinforce and expand its existing marketing business and to develop new domains such as consulting, technology, and content. As a result, the Group is growing larger and more diverse, making it increasingly important to strengthen the holding company's oversight function.

We need to explore ways to achieve a balance between robust governance and swift decision-making.

**Arimatsu** Across all stakeholder groups, there is now a strong expectation that companies maintain governance at the highest standards. The Board must both ensure effective oversight from a Groupwide perspective and continually update its governance structures, functions, and operating methods to enhance that effectiveness.

The foundation of trust lies in compliance, and the key to compliance is transparency. I believe the most crucial factor in earning and maintaining trust is ongoing exchange in which the Group communicates openly with society about what its aims are and how it operates, while responding sincerely to feedback and observations.

**I believe the most crucial factor in earning and maintaining trust is ongoing exchange in which the Group communicates openly with society about what its aims are and how it operates, while responding sincerely to feedback and observations.**



## Looking Toward the Group's Ongoing Evolution

**Arimatsu** As stated in our sustainability policy, the Hakuodo DY Group aims to create a society abounding in *sei-katsu-sha*'s aspirations and where they can live vibrant lives through human-centered sustainable management.

To truly place people at the center requires creating an environment where every individual, with their unique personality and abilities, is respected and able to thrive. It is vital that we keep in mind whether this is being realized for every person working in the Group, for our partners and affiliates, and for the *sei-katsu-sha* who experience the outcomes of our work.

**Yamashita** The emergence and rapid evolution of generative AI are transforming the ways we work, make decisions, and express creativity. The Hakuodo DY Group views this transformation not as a threat but a new opportunity to face the future.

The Group's collective engagement with generative AI marks a significant step toward deepening *sei-katsu-sha* insight for the next generation. AI should not replace human creativity but rather complement and harmonize with human imagination and emotions. I believe our Group's approach of exploring collaboration among generative AI, creativity, and people embodies both social responsibility and a forward-looking vision.

At the same time, the responsible use of AI requires firm ethics, governance, and transparency. As an outside director, I intend to continue supporting and engaging in dialogue not only for our technological innovation but ensuring its sound implementation and upholding social trust.



## Corporate Governance

### Basic Policy

In order to achieve sustainable growth and the continual increase of its corporate value, the Group strives to contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society as one of the world's preeminent corporate groups that leads advances in marketing and innovation generation through the power of creativity. By doing so, the Group fulfills the trust and expectations of its various stakeholders.

For that purpose, the Company recognizes that one of its key management issues is enhancing the management and administration of the Group as a whole so that it realizes

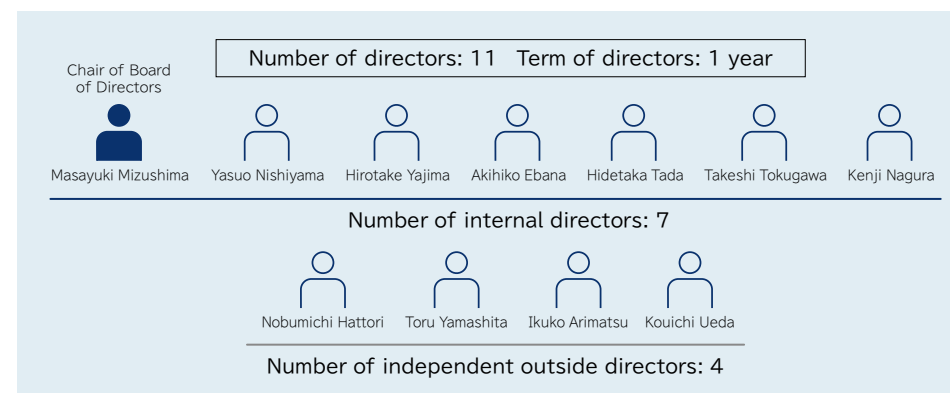
an environment that promotes independence and solidarity among the diverse operating companies under it and the cooperation of each company produces value greater than the sum of its parts. We will therefore endeavor to improve the Group's management and administration and to strengthen and enhance the corporate governance of the Group.

As for the listed companies within the Group, we aim to respect their independence while also promoting solidarity as a Group.

### Evolution of Corporate Governance System

	Fiscal 2003	Fiscal 2004	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Separation of oversight and execution functions and reinforcement of monitoring and oversight functions		<ul style="list-style-type: none"> <li>Began holding liaison meetings for full-time Audit &amp; Supervisory Board members for the Company and those from core operating companies*</li> </ul>			<ul style="list-style-type: none"> <li>Appointed two independent outside directors</li> <li>Began concluding liability limiting agreements with outside directors and outside Audit &amp; Supervisory Board members</li> <li>Established system rules and regulations for reports to Audit &amp; Supervisory Board members</li> <li>Established system rules and regulations to assist Audit &amp; Supervisory Board members</li> </ul>						<ul style="list-style-type: none"> <li>Raised the ratio of independent outside directors on the Board of Directors to one-third</li> </ul>			
				<ul style="list-style-type: none"> <li>Introduced corporate officer system</li> </ul>			<ul style="list-style-type: none"> <li>Started holding meetings of independent outside directors and independent outside Audit &amp; Supervisory Board members</li> </ul>			<ul style="list-style-type: none"> <li>Increased the number of independent outside directors to three</li> <li>Began conducting evaluations of the effectiveness of the Board of Directors</li> </ul>		<ul style="list-style-type: none"> <li>Increased the number of independent outside directors to four, including the appointment of the Company's first female director</li> </ul>		
Nomination and remuneration		<ul style="list-style-type: none"> <li>Established the Compensation and Nomination Council</li> </ul>			<ul style="list-style-type: none"> <li>Abolished retirement benefits for Audit &amp; Supervisory Board members</li> </ul>		<ul style="list-style-type: none"> <li>Established the Remuneration and Nomination Committee (chaired by an independent outside director)</li> </ul>				<ul style="list-style-type: none"> <li>Raised the ratio of independent outside directors on the Nomination Committee and the Remuneration Committee to the majority</li> </ul>			
							<ul style="list-style-type: none"> <li>Revised director and corporate officer compensation systems (increased portion of performance-linked compensation and introduced stock-based compensation)</li> <li>Established officer evaluation and succession plans</li> </ul>							
								<ul style="list-style-type: none"> <li>Reorganized the Remuneration and Nomination Committee to form the Nomination Committee and the Remuneration Committee</li> </ul>						
Reinforcement of compliance		<ul style="list-style-type: none"> <li>Established the Group Compliance Committee</li> </ul>									<ul style="list-style-type: none"> <li>Appointed chief compliance officers</li> </ul>		<ul style="list-style-type: none"> <li>Appointed chief risk officer</li> </ul>	
Other			<ul style="list-style-type: none"> <li>Conducted stock split</li> </ul>			<ul style="list-style-type: none"> <li>Began monitoring cross-shareholdings</li> </ul>		<ul style="list-style-type: none"> <li>Revised Operating Company Management Regulations (standards for raising items to the Board of Directors)</li> </ul>					<ul style="list-style-type: none"> <li>Established Hakuodo DY Corporate Initiative Inc.</li> </ul>	

\* Hakuodo, Daiko Advertising, YOMIKO ADVERTISING, and Hakuodo DY Media Partners (scope later expanded to form the Group Full-Time Audit & Supervisory Board Member Liaison Meeting)



## Corporate Governance

## Director and Audit &amp; Supervisory Board Member Skills Matrix

The backgrounds and areas of expertise of the Company's directors and Audit & Supervisory Board members are indicated by ○ in the following chart.

			Management	Finance	Human Resources	Corporate Governance	CSR	Digital	Global	Creation and Cultivation of Corporate Culture
			• Management of operating companies	• Finance • Accounting	• Human resources development • Diversity, equity, and inclusion	• Legal • Compliance	• Sustainability • SDGs	• Technology • Data / Systems	• International business	• <i>Sei-katsu-sha</i> Insight* <sup>1</sup> • Commitment to Partnership* <sup>2</sup> • Our people are our assets* <sup>3</sup>
Directors	Masayuki Mizushima	Representative Director & Chairman	○			○			○	○
	Yasuo Nishiyama	Representative Director & President	○				○		○	○
	Hirotake Yajima	Director & Executive Vice President	○			○		○	○	○
	Akihiko Ebana	Director & Executive Vice President	○				○		○	○
	Hidetaka Tada	Director & Senior Executive Corporate Officer		○	○	○	○			○
	Takeshi Tokugawa	Director & Senior Corporate Officer		○	○	○				○
	Kenji Nagura	Director & Corporate Officer	○			○			○	○
	Nobumichi Hattori	Outside Director		○		○			○	○
	Toru Yamashita	Outside Director	○		○	○	○	○	○	○
	Ikuko Arimatsu	Outside Director			○	○	○			○
	Kouichi Ueda	Outside Director				○				○
Auditors	Osamu Nishimura	Full-time Audit & Supervisory Board Member			○	○				○
	Akihiko Hatajiri	Full-time Audit & Supervisory Board Member		○	○	○				○
	Kazuhiko Tomoda	Outside Audit & Supervisory Board Member		○		○				○
	Shin Kikuchi	Outside Audit & Supervisory Board Member				○			○	○
	Kimitoshi Yabuki	Outside Audit & Supervisory Board Member				○	○		○	○

Note: This chart does not reflect all of the skills of the Company's directors and Audit & Supervisory Board members.

\*1 *Sei-katsu-sha* Insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

\*2 Commitment to Partnership is the way we do business, the starting point for all business activities. From the standpoint of *sei-katsu-sha*, we pay constant, careful attention to the needs of our clients and of media suppliers. We believe that engaging in dialogue and acting together are the best ways to find the solutions to those needs. As our clients' and media suppliers' partner, our aim is to build strong, long-lasting relationships. By working together over the long term, we are better able to provide durable and coherent solutions to our partners.

\*3 Under this policy, we regard our employees as extremely valuable stakeholders. The minds of our employees are what allow us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

## Corporate Governance

### Attendance of the Board of Directors (Fiscal 2024)

In principle, the Board of Directors meets at least once a month, and extraordinary meetings are held as necessary. The Board met 21 times during the fiscal year under review. Director attendance is shown below.

Position	Name	Attendance
Director & Chairman	Hirokazu Toda	21/21 (100%)
Representative Director & President	Masayuki Mizushima	21/21 (100%)
Director & Executive Vice President	Hirotake Yajima	20/21 (95%)
Representative Director & Senior Executive Corporate Officer	Masanori Nishioka	21/21 (100%)
Director & Senior Executive Corporate Officer	Akihiko Ebana	19/21 (90%)
Director & Senior Corporate Officer	Motohiro Ando	18/19 (94%)
Outside Director	Nobumichi Hattori	20/21 (95%)
Outside Director	Toru Yamashita	20/21 (95%)
Outside Director	Ikuko Arimatsu	20/21 (95%)
Outside Director	Kouichi Ueda	14/14 (100%)

Note: Motohiro Ando stepped down as a director on February 21, 2025, and his attendance at Board meetings up to the time of his resignation is recorded.

Note: Kouichi Ueda was appointed as a director in June 2024, and his attendance at Board meetings held after his appointment is recorded.

### Specific Agenda Items

Specific Board of Directors' agenda items are described below.

Agenda Items	Key Contents
Items to be resolved	General Meetings of Shareholders, evaluations of the effectiveness of the Board of Directors, director-related personnel matters and compensation, shareholder returns (dividends, buyback of shares), management strategies, quarterly Group budgets and financial results, and important matters such as investments, M&A, the establishment of operating companies, important matters related to sustainability, various other management themes, etc.
Items to be reported	Results of voting rights exercised at the General Meeting of Shareholders, status of shareholder composition, submission of annual securities reports and internal control reports, details of deliberations by the Remuneration Committee and the Nomination Committee, monitoring of cross-shareholdings, status of fund management, evaluation of internal control over financial reporting, audit plan by the Audit & Supervisory Board, audit fees for the independent auditing firm, quarterly Group performance, measures to strengthen the internal control system, and other matters
Items to be discussed	Self-evaluation of the Board of Directors' effectiveness, Group budgeting policy, policy on Group company reorganization, etc.

### Advisory Bodies to the Board of Directors and Meetings to Assist the Board of Directors in Decision-Making

The Company has established the following committees as advisory bodies to the Board of Directors and to assist the Board in its decision-making.

Conference Body	Purpose and Activities	Constituent Members
Remuneration Committee	See page 79	See page 79
Nomination Committee	See page 79	See page 79
Executive Committee	This committee, which was established to assist the Board of Directors in decision-making, mainly deliberates in advance on important management matters such as budgets, medium-term plans, and organizational, investment, and loan matters.	Chair: President Members: Directors and corporate officers of the Company designated by the chair
Group Executive Committee	This committee, which was established to assist the Board of Directors in decision-making, mainly deliberates in advance on important management matters such as budgets, medium-term plans, and organizational, investment, and loan matters that relate to the entire Group.	Chair: President Members: Directors and corporate officers of the Company designated by the chair, representatives of principal operating companies designated by the chair, and other persons designated by the chair
Integrated Committee	This committee was established to regularly monitor and manage the progress of the Group's overall profit plans and management strategies. The committee mainly reports on the consolidated performance of the Group and the performance of each operating company, as well as exchanging opinions on priority strategic areas.	Chair: President Members: Directors and corporate officers of the Company designated by the chair, representatives of principal operating companies designated by the chair, and other persons designated by the chair
Hakuhodo DY Group Sustainability Committee	This committee was established to consider and formulate fundamental policies, themes, and action plans regarding sustainability, such as the environment, human rights, DE&I, and the supply chain, in line with the Group's values. The committee reports to the Board of Directors on the evaluation and status of sustainability-related issues, as well as managing goals. The committee also makes comprehensive decisions on various topics, such as formulating business strategies, taking risks and opportunities into account.	Chair: President Members: Directors of the Company (excluding outside directors), representatives of principal operating companies designated by the chair, and other persons designated by the chair
Hakuhodo DY Group Compliance Committee	This committee was established to direct and oversee the development and implementation of the Group's compliance systems. Its purpose is to confirm the status of internal controls, including whether the Group's compliance system is functioning effectively, and to disseminate and implement and manage Groupwide compliance measures and policies for responding to issues that arise. The committee reports on its activities to the Board of Directors.	Chair: President Members: Presidents of principal operating companies and other officers of the Company designated by the chair

## Corporate Governance

### Evaluations of the Board of Directors' Effectiveness

To further enhance corporate governance by ascertaining the Board of Directors' characteristics, strengths, and challenges, we have conducted an effectiveness evaluation of the Board for fiscal 2024, utilizing an external organization.

#### Specific Process and Evaluation Method

- (1) The Questionnaire on Evaluation of the Board of Directors was distributed to all directors and Audit & Supervisory Board members in February 2025.
- (2) Responses were compiled from an objective standpoint by an external organization. Based on the results of this organization's compilation and analysis, the Board of Directors analyzed and assessed the information in May 2025.

#### Survey Themes

(1) The role and function of the Board of Directors	(5) Provision of opportunities for outside directors
(2) The composition and size of the Board of Directors	(6) Relationship with shareholders and investors
(3) The operation of the Board of Directors	(7) Summary
(4) Liaison with audit functions	

#### Survey Results

The composition, operation, and deliberations of the Board of Directors in fiscal 2024 were determined to be generally appropriate. It was confirmed that the Board's composition, comprising directors with diverse and advanced skills, knowledge, and experience, is a strength, as is the fostering of an atmosphere that encourages members to express their views. However, the evaluation results for fiscal 2024 showed that some items were rated lower than in the previous fiscal year. We recognize the importance of promptly implementing improvement measures in response to the comments and recommendations received.

#### Areas Requiring Improvement Identified in the Fiscal 2024 Survey and Improvement Measures

Based on the results of the fiscal 2024 evaluation survey and analysis, four areas requiring improvement (indicated in the table below) were identified. The Company plans to implement improvement measures in these areas.

Major Areas Requiring Improvement	Major Improvement Measures (Planned)
Further enhancing discussions on medium- to long-term issues at Board of Directors meetings	▶ We will review the frequency and length of Board meetings and consider revising agenda items to ensure sufficient time for discussions of medium- to long-term issues. We will also examine ways to place medium- to long-term themes that should be discussed by the Board onto the agenda.

Major Areas Requiring Improvement	Major Improvement Measures (Planned)
Creating opportunities for outside officers to learn more about the realities of the business	▶ We will consider establishing management interviews between outside directors and corporate officers to provide opportunities for greater understanding of each expanding business domain and its context.
Sharing of discussions from the Nomination and Remuneration committees with the Board	▶ Reports from the Nomination and Remuneration committees to the Board of Directors, which have previously been limited to annual activity reports, will be changed to reporting at each meeting, with detailed accounts of the points of discussion and outcomes.
Enhancement of reporting to the Board on internal control improvements	▶ In addition to the status of internal control system operations, at least twice annually the activities of the Hakuholdo DY Group Compliance Committee will be reported to the Board of Directors.

In addition, the Company recognizes that appropriate sharing of information on succession plans with the Board of Directors, ensuring a more diverse Board of Directors, and further expanding the governance system are issues that must be addressed over the medium term to further enhance the effectiveness of the Board of Directors.

Based on the evaluation results, the Company's Board of Directors will continue its efforts to further improve its effectiveness.

#### (Reference) Areas Requiring Improvement Identified in the Fiscal 2023 Survey and Improvement Measures

Based on the results of the fiscal 2023 evaluation survey and analysis, three areas requiring improvement (indicated in the table below) were identified. Initiatives will be continued to further enhance effectiveness going forward as responses were received citing a need to further improve in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Further enhancing discussions on medium- to long-term issues at Board of Directors meetings	▶ The Board prioritized deliberations on important medium- to long-term themes, including the formulation of an AI policy, sustainability policy and priority initiatives, and strengthening of internal controls including recurrence prevention measures for misconduct.
Creating opportunities for outside officers to learn more about the realities of the business	▶ Outside officers were provided with more opportunities to gain firsthand knowledge of business operations, such as participation in outward-facing seminars conducted by operating companies and ongoing information-sharing initiatives.
Clarifying discussion points and appropriate explanations on resolution items	▶ In addition to clarifying key points for deliberation, enriching reference materials, and adjusting presentation times, efforts were made to provide materials earlier and to refine the content of pre-briefings to enable more effective deliberation.



## Corporate Governance

### Conducting Training for Outside Officers

To promote understanding of the Group's businesses and issues among outside directors and outside Audit & Supervisory Board members, we have implemented various initiatives such as providing themed training videos, offering opportunities to participate in seminars conducted by the Group companies for internal and external stakeholders, and conducting training on the marketing services provided by the Group. Going forward, we will continue to explore and implement measures that enrich discussions of the Board of Directors and enhance its supervisory function.

### Remuneration Committee and Nomination Committee

The Company has established the Remuneration Committee and the Nomination Committee as advisory bodies to the Board of Directors and ensures the transparency and reasonableness of the process for determining the compensation, appointment, and dismissal of the Company's directors and corporate officers through the deliberation and resolution of such matters by the Board of Directors. The status of attendance at meetings of these committees in fiscal 2024 is indicated below.

Role	Name	Position	Attendance	
			Remuneration Committee	Nomination Committee
Chair of the Remuneration Committee	Nobumichi Hattori	Independent outside director	3/3 (100%)	5/6 (83%)
Chair of the Nomination Committee	Toru Yamashita	Independent outside director	3/3 (100%)	6/6 (100%)
Member	Ikuko Arimatsu	Independent outside director	3/3 (100%)	6/6 (100%)
Member	Kouichi Ueda	Independent outside director	1/1 (100%)	6/6 (100%)
Member	Hirokazu Toda	Director	3/3 (100%)	6/6 (100%)
Member	Masayuki Mizushima	Director	3/3 (100%)	6/6 (100%)
Member	Masanori Nishioka	Director	3/3 (100%)	6/6 (100%)

Note: As Kouichi Ueda was appointed to the Remuneration and Nomination committees in June 2024, the record shows his attendance at meetings of these committees held after his appointment.

### Activities of the Remuneration Committee

Activities by the Remuneration Committee as part of the process of deciding director remuneration for fiscal 2024 included the following.

Number of Meetings	3	
Major discussion topics	<ul style="list-style-type: none"> <li>• Verification of the appropriateness of annual and total remuneration levels for the Company's officers</li> <li>• Annual bonus framework (total amount)</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals' annual remuneration amounts, annual bonus amounts, and stock-based compensation</li> <li>• Selection of the committee chair, among other matters</li> </ul>

### Activities of the Nomination Committee

Activities by the Nomination Committee as part of the process of nominating directors in fiscal 2024 included the following.

Number of Meetings	6	
Major discussion topics	<ul style="list-style-type: none"> <li>• Appointment and dismissal of directors and corporate officers and changes in their responsibilities</li> <li>• Formulation of succession plans</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a skills matrix for directors and Audit &amp; Supervisory Board members</li> <li>• Selection of the committee chair, among other matters</li> </ul>

The Board of Directors receives reports from the outside director who chairs the Remuneration Committee and Nomination Committee regarding discussions that took place at meetings of each committee during the respective fiscal year.

### Audit & Supervisory Board

The Audit & Supervisory Board, which consists of five members, three of whom are outside Audit & Supervisory Board members, meets once a month, in principle, and whenever necessary. The Audit & Supervisory Board members audit the performance of director duties from the perspective of the holding company of the Group by attending the Board of Directors' and other important meetings, exchanging opinions with directors and key personnel, and receiving reports on the status of performance of the Group's advertising companies.



Osamu Nishimura



Akihiko Hatajiri



Kazuhiko Tomoda



Shin Kikuchi



Kimitoshi Yabuki

Number of full-time Audit & Supervisory Board members: 2

Number of independent outside Audit & Supervisory Board members: 3

## Corporate Governance

### Activities of the Audit & Supervisory Board (Fiscal 2024)

The Audit & Supervisory Board meets at least once a month, in principle, and additional meetings are arranged as necessary. In fiscal 2024, the Audit & Supervisory Board met 28 times, and the number of items raised with the Board was 88. The attendance of individual Audit & Supervisory Board members at meetings is detailed below.

Position	Name	Attendance	Position	Name	Attendance
Full-time Audit & Supervisory Board member	Tomoyuki Imaizumi	27/28 (96.4%)	Outside Audit & Supervisory Board member	Kazuhiko Tomoda	28/28 (100%)
Full-time Audit & Supervisory Board member	Osamu Nishimura	28/28 (100%)	Outside Audit & Supervisory Board member	Shin Kikuchi	27/28 (96.4%)
			Outside Audit & Supervisory Board member	Kimitoshi Yabuki	25/28 (89.3%)

Note: Tomoyuki Imaizumi stepped down as an Audit & Supervisory Board member on April 8, 2025.

### Specific Agenda Items

Specific Audit & Supervisory Board agenda items are described below.

Items to be resolved	<ul style="list-style-type: none"> <li>• Selection of the Audit &amp; Supervisory Board chairperson</li> <li>• Selection of full-time Audit &amp; Supervisory Board members</li> <li>• Selection of specific Audit &amp; Supervisory Board members</li> <li>• Determination of Audit &amp; Supervisory Board members' remuneration, etc.</li> <li>• Determination of audit plans (audit policy, priority audit items, assignment of duties, etc.)</li> <li>• Consent on proposals for the appointment of Audit &amp; Supervisory Board members</li> <li>• Determination of the content of proposals for the appointment, dismissal, or non-reappointment of accounting auditors</li> <li>• Investigation and confirmation of proposals, etc., at the General Meeting of Shareholders</li> <li>• Consent regarding remuneration, etc., of the accounting auditors</li> <li>• Determination of Audit &amp; Supervisory Board members' remuneration, etc.</li> <li>• Preparation and submission of the audit report, etc.</li> </ul>
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Items to be reported	<ul style="list-style-type: none"> <li>• Report on the performance of duties by full-time Audit &amp; Supervisory Board members</li> <li>• Receipt and summary report of financial statements, supplementary schedules, and consolidated financial statements</li> <li>• Quarterly non-consolidated and consolidated financial statements and summary report on financial results</li> <li>• Opinion report on the selection and dismissal of accounting auditors</li> <li>• Report on the audit plan of accounting auditors and the Auditing Division of Hakuhodo DY Holdings</li> <li>• Interim review by accounting auditors</li> <li>• Report on audit results (independent accounting)</li> <li>• Report on audit results (FIEA compliance)</li> <li>• Report on the status of development and operation of the internal control system for financial reporting and the evaluation report</li> <li>• Report on the activities of the Group Compliance Committee, etc.</li> </ul>
Items to be discussed	<ul style="list-style-type: none"> <li>• Appointment and dismissal of accounting auditors</li> <li>• Deliberations of Audit &amp; Supervisory Board audit reports</li> <li>• Deliberations on interviews with representative directors and directors, etc.</li> </ul>

### Meetings of Outside Officers

Regular meetings of independent outside directors and outside Audit & Supervisory Board members are held to allow these officers to exchange information and build shared understanding based on their independent and objective standpoints. Full-time Audit & Supervisory Board members also attend these meetings as observers. The meeting for fiscal 2024 was held on July 17, 2024.

## Corporate Governance

### Director Compensation

#### Compensation System Basic Policy

- Rooted in the Group corporate philosophy
- Shared sense of value with our shareholders, incentivizing increases in corporate value over the medium to long term
- Compensation levels appropriate for the roles and responsibilities of the directors of the Company and that secure and maintain superior human resources
- Transparency and reasonableness ensured in the compensation decision process

#### ► Compensation Items

Director compensation is composed of three items: annual compensation, annual bonuses, and stock-based compensation. In reflection of their roles and their need to maintain independence, however, compensation for outside directors consists solely of annual compensation.

The percentage of the annual bonus and stock-based compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation for each director in the case of standard business performance.

#### (1) Annual Compensation

Annual compensation is decided based on the expected results, actual results, and other factors for the position and duties of each director.

#### (2) Annual Bonus (Short-Term Incentive)

The annual bonus provides a strong incentive to achieve business results in a given fiscal year and is decided comprehensively in consideration of the Group's profit level in each fiscal year, the achievement of management benchmarks, and the results of the individual directors in the individual year.

#### (3) Stock-Based Compensation (Medium- to Long-Term Incentive)

Stock-based compensation is a form of compensation in which restricted stock is provided each year to directors to incentivize the increase of corporate value over the medium to long term and provide a shared sense of value with shareholders.

#### ► Annual Bonus Calculation Method

Annual bonuses are calculated by multiplying a standard value set for each director (one twelfth of annual compensation) by a bonus coefficient and then adjusting this amount by the performance of a given director in the respective fiscal year.

Consolidated operating income before amortization of goodwill is the primary indicator used for determining annual bonuses. Other indicators considered include ordinary income and income before income taxes as displayed on the consolidated statements of income.

Bonus coefficients are adjusted within the range of 0% to 200%, with 100% representing the accomplishment of targets.

In assessing the performance of individual directors, the degree of accomplishment of individual targets set at the beginning of the fiscal year is evaluated qualitatively.

#### ► Stock-Based Compensation (Restricted Stock) Allocation Method

Directors are allocated monetary remuneration receivables in an amount set on an individual basis and they then conclude restricted stock allocation contracts with the Company. Directors use these receivables to make in-kind contributions to the Company, after which they receive allocations of restricted stock.

The restricted stock allocation contracts impose a 30-year period for transfer restrictions on the allocated shares. These transfer restrictions, however, can be canceled if a director's term expires or they resign from their position for another reason deemed appropriate during the transfer restriction period.

Should a director resign from their position for reasons not deemed appropriate by the Board of Directors during the transfer restriction period, the Company shall claim the allocated shares of restricted stock with no compensation provided.

#### ► Policies for Determining Compensation

The Remuneration Committee has been established as an advisory body to the Board of Directors. The majority of the members of this committee are independent outside directors, and an independent outside director serves as the chairperson.

Levels of annual compensation, annual bonuses, and stock-based compensation paid to directors are decided by the president based on authority delegated by the Board of Directors. Authority for deciding director compensation, etc., has been delegated to the president by the Board of Directors. This authority, however, is conditional upon the Remuneration Committee's review of the president's proposal to ensure transparency and reasonableness.

## Corporate Governance

### Policies for Determining Compensation of Audit & Supervisory Board Members

The compensation of Audit & Supervisory Board members is composed solely of annual compensation pursuant to the Internal Rules on Audit & Supervisory Board Member Compensation and is determined through consultation among the Audit & Supervisory Board members.

### General Meeting of Shareholders' Resolutions Regarding Director Compensation

The following resolutions have been made by the General Meeting of Shareholders regarding the compensation of directors and Audit & Supervisory Board members.

Applicable Officers	Resolution	Resolution Date	Number of Applicable Officers at Resolution Date
Directors	Upper limit of ¥800 million for annual compensation and annual bonuses	June 29, 2017 14th Annual General Meeting of Shareholders	14 (including 2 outside directors)
Directors (excluding outside directors)	Upper limit of ¥200 million for stock-based compensation (monetary remuneration receivables paid in relation to restricted stock compensation)	June 29, 2017 14th Annual General Meeting of Shareholders	12 (excluding outside directors)
Audit & Supervisory Board members	Upper limit of ¥100 million for compensation	June 29, 2022 19th Annual General Meeting of Shareholders	5 (including 3 outside directors)

### Total Amount of Compensation by Class of Directors, Total Amount of Compensation by Type of Compensation, and Number of Directors Receiving Directors Compensation

(Fiscal 2024)

Classification	Total Value of Remuneration (Millions of Yen)	Total Compensation by Type					
		Annual Compensation		Annual Bonuses		Stock-Based Compensation	
		Number (People)	Total (Millions of Yen)	Number (People)	Total (Millions of Yen)	Number (People)	Total (Millions of Yen)
Directors (excluding outside directors)	379	5	233	5	90	5	54
Outside directors	52	5	52	—	—	—	—
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	45	2	45	—	—	—	—
Outside Audit & Supervisory Board members	36	3	36	—	—	—	—
Total	514	15	368	5	90	5	54

Note: For details of "stock-based compensation," restricted stock granted is disclosed in the section "1. Status of Shares, etc." of "IV. Information on the Submitting Company" in the Securities Report. The reported amount represents the cost recorded for the fiscal year as restricted stock compensation granted to five directors (excluding outside directors).

### Corporate Governance Guidelines

These guidelines set out the views of Hakuhold DY Holdings Inc., the holding company of the Hakuhold DY Group, regarding our corporate governance as well as an overview thereof. The contents of these guidelines have been determined by a resolution of the Company's Board of Directors and will be examined and updated by the Board once a year.

Details ► [WEB](#) Corporate Governance Guidelines

## Compliance Initiatives

As a responsible corporate citizen, the Hakuholdo DY Group complies with laws and regulations and also recognizes the importance of earnest compliance with the expectations and demands of society.

### Hakuholdo DY Group Code of Conduct and Matters for Compliance

In accordance with the Hakuholdo DY Group Code of Conduct and Matters for Compliance, which applies to all Hakuholdo DY Group officers and employees, all Group companies and employees must fulfill the basic responsibilities required of them.

Rate of attendance for  
compliance training related  
to the Hakuholdo DY Group  
Code of Conduct and  
Matters for Compliance

100%  
(Fiscal 2024)

### Group Code of Conduct

In order to demonstrate our creativity and remain trusted partners of *sei-katsu-sha*, corporations, and media outlets, each of us working for the Group will conduct ourselves in a fair manner according to the highest ethical standards, strongly committed to compliance and conscious of our clear duty to abide by the following principles:

1. We will provide high-quality services	We will provide integrated marketing solutions of the highest quality while properly managing the confidential information and rights of our business partners.
2. We will constantly seek to maintain trust in us	We will abide by all laws and regulations, and sincerely do our best to live up to society's expectations and requests of us as members of society.
3. We will give full play to our own abilities and respect those of others	Recognizing that people are our greatest asset, we will always be bold in facing new challenges, and never forget our responsibilities and pride.
4. We will be transparent and fair in all we do	We will release all necessary information proactively and in a timely manner, and conduct ourselves in a fair manner, complying with all laws and regulations.

## Compliance Implementation System

### Chief Compliance Officers

Hakuholdo DY Group companies appoint chief compliance officers to serve as the highest-ranking officers responsible for enhancing compliance awareness.

### Group Compliance Committee

The Group Compliance Committee, whose members include the presidents of Hakuholdo DY Group advertising companies, is responsible for Groupwide compliance guidance and awareness. This committee is tasked with fostering a compliance-oriented mindset among Group officers and employees, making policies related to important compliance and corporate ethics matters, and establishing compliance systems. It also manages the progress of compliance activities at Group companies and provides advice, instructions, and guidance.

### Information Security System

The Group Information Security Committee and the Information Security Committee have been established under the Group Compliance Committee to prevent losses of social trust or substantial damage to corporate value due to vulnerabilities in information management. The Information Security Committee implements and pursues improvements with regard to the Company's information management system, which conforms to the requirements of the ISO/IEC 27001:2022 and JIS Q 27001:2023 certification standards.

### Risk Management

The Company established the Crisis Management Regulations to prevent losses of social trust or significant damage to corporate value as a result of inappropriate responses to major risk events. Based on these regulations, we have clarified the risk response system and the risk events it addresses, strengthening our ability to respond quickly and appropriately when risk events occur.

### Appointment of Chief Risk Officer

We have appointed a chief risk officer as the chief executive officer in charge of managing all Group risks in order to strengthen and promote crisis management, thereby implementing risk management across the Group.

### Employee Awareness Raising

In order to prevent misconduct and maintain high moral standards, we constantly communicate the importance of compliance to Group employees, raising awareness and understanding of compliance through online resources and the distribution of guidebooks.

### Corporate Whistleblowing and Consultation Desk

The Hakuholdo DY Group has established the Corporate Whistleblowing and Consultation Desk as a framework for the appropriate processing of reports and consultations from officers and employees regarding potential legal violations by organizations or individuals with the goal of quickly identifying and remedying misconduct.



## Message from the CCO

## Striving to Be a Corporate Group Trusted by All Stakeholders

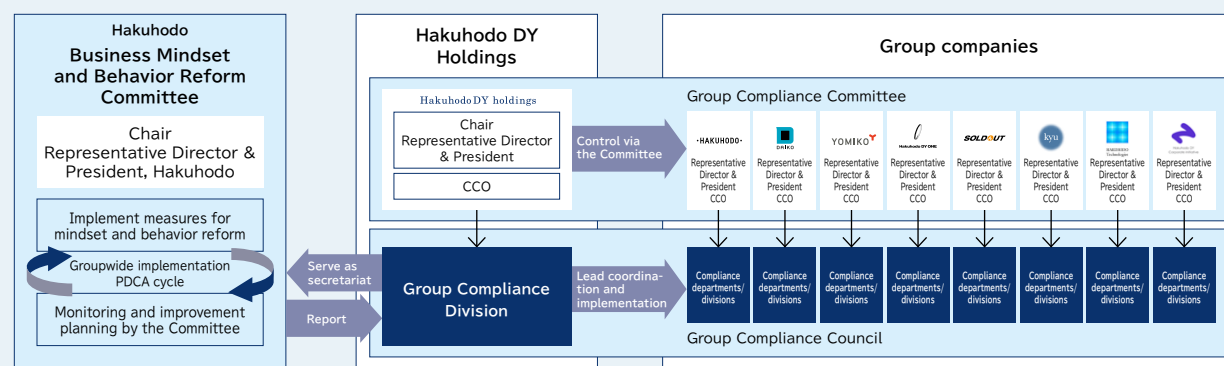


The Hakuhold DY Group is united in its commitment to ensuring thorough compliance with laws and regulations and to conducting corporate activities based on the highest ethical standards, so that we can firmly secure the trust of all our stakeholders and continue to meet their expectations.

### Implementation Structure to Enhance Compliance Throughout the Hakuhold DY Group

At the Hakuhold DY Group, compliance activities are implemented under the Group Compliance Committee, chaired by the representative director and president of

### Groupwide Structure for Compliance Implementation



Hakuhold DY Holdings, with the president and chief compliance officer (CCO) of each Group company serving as members.

The Group Compliance Council, comprising the people responsible for compliance at the principal operating companies, has been established as a sub-body of this committee. Based on the Group's compliance policy, it implements measures to thoroughly prevent recurrence of misconduct, to avert problems before they occur, and to raise compliance standards across the Group as a whole. In addition, to ensure thorough recurrence prevention in response to incidents that occurred within the Hakuhold Group, we have established the Business Mindset and

Behavior Reform Committee, chaired by the representative director and president of Hakuhold Inc. This committee is working to strengthen the compliance implementation PDCA cycle. The initiatives developed are shared Groupwide by the Group Compliance Division, which supports implementation in each company.

By uniting all employees to reinforce strict legal compliance, prevent recurrence, and further raise compliance awareness, we will continue to strengthen the Groupwide compliance systems.

I thank you for your understanding and continued support.

## Message from the CCO

# Initiatives of the Business Mindset and Behavior Reform Committee

In December 2023, Hakuho established the Business Mindset and Behavior Reform Committee. Under this committee, four subcommittees were organized: Rebuilding Ethics and Basic Mindset, Clarifying and Ensuring Adherence to Transaction Rules, Introducing HR and Evaluation Mechanisms to Raise Awareness, and Revising Business Processes and Systems. These subcommittees carry out a variety of initiatives to reform employee mindsets and ensure thorough compliance.

In addition, the committee conducts a compliance awareness survey of all employees each year, using the results to refine and update its measures. At present, it is advancing practical initiatives that operate on two fronts: improving each employee's understanding of compliance and rules, and strengthening integrity.

These initiatives are disseminated to Group companies through the Group Compliance Council, contributing to raising compliance standards across the entire Group.

## (1) Rebuilding Ethics and Basic Mindset

A variety of initiatives are being implemented with the goal of establishing integrity and ensuring that every employee possesses a strong sense of compliance. These include management messaging, formulation and dissemination of slogans, and the development of compliance policies for each organization to drive mindset reform from the top down. In addition, the compliance training framework has been revised to strengthen basic knowledge and rule comprehension. Dialogue-based training for all managers has been newly introduced, using real-life scenarios where misconduct could occur as discussion topics to foster integrity. Efforts have also been made to create an open workplace environment, while reinforcing awareness of the whistleblowing system, to make it easier than ever for employees to seek advice.

## (2) Clarifying and Ensuring Adherence to Transaction Rules

To ensure proper transactions with clients, annual training is conducted for all front-office organizations. In addition, a database has been constructed to formalize and make visible the transaction rules for each client. This allows not only those directly responsible but also the headquarters management sections to confirm the rules at any time, helping prevent misconduct or inappropriate transactions caused by misunderstandings.

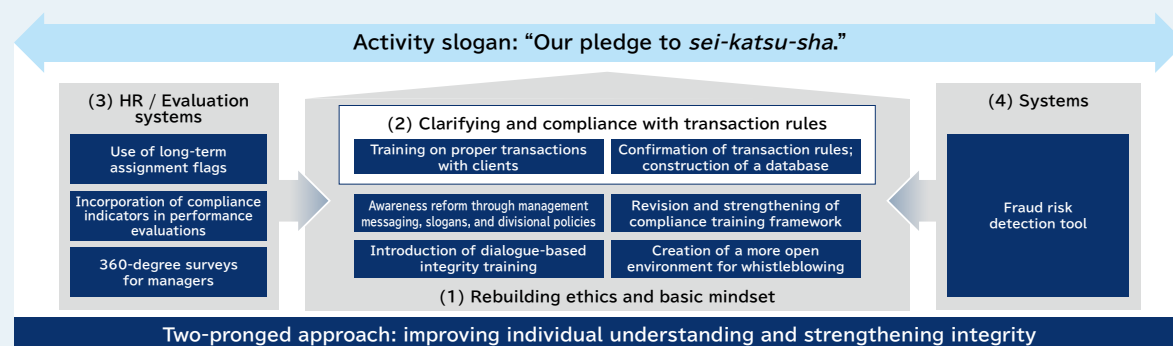
## (3) Introducing HR and Evaluation Mechanisms to Raise Awareness

Mechanisms are being introduced into HR and evaluation systems that incorporate compliance perspectives in various ways. Employees assigned to the same client for extended periods are now identified, enabling systematic reassignment. Compliance indicators have also been strengthened in performance evaluations and hiring assessments. Furthermore, a 360-degree survey has been introduced for managers, with the results used in appointment and dismissal decisions.

## (4) Revising Business Processes and Systems

A fraud risk detection tool has been introduced that enables cross-sectional analysis of various business-related data, creating a framework for mechanically detecting and monitoring irregular transactions. This has enabled a certain level of early detection of abnormal transactions, including those not identified by human oversight.


## Overall Initiatives of the Business Mindset and Behavior Reform Committee (Main Measures)




Management Structure

As of August 31, 2025


Directors




Representative Director & Chairman  
**Masayuki Mizushima**  
Representative Director & Chairman,  
Hakuhodo Inc.




Representative Director & President  
**Yasuo Nishiyama**




Director & Executive Vice President  
**Hirotake Yajima**  
Representative Director & Vice Chairman,  
Hakuhodo Inc.




Director & Executive Vice President  
**Akihiko Ebana**




Director & Senior Executive Corporate Officer  
**Hidetaka Tada**  
Representative Director & President,  
Hakuhodo DY Corporate Initiative Inc.




Director & Senior Corporate Officer  
**Takeshi Tokugawa**




Director & Corporate Officer  
**Kenji Nagura**  
Representative Director & President,  
Hakuhodo Inc.




Outside Director  
**Nobumichi Hattori**



Outside Director  
**Toru Yamashita**



Outside Director  
**Ikuko Arimatsu**



Outside Director  
**Kouichi Ueda**

Audit & Supervisory Board Members

Full-time Audit &  
Supervisory Board Member  
**Osamu Nishimura**

Full-time Audit &  
Supervisory Board Member  
**Akihiko Hatajiri**

Outside Audit &  
Supervisory Board Member  
**Kazuhiko Tomoda**

Outside Audit &  
Supervisory Board Member  
**Shin Kikuchi**

Outside Audit &  
Supervisory Board Member  
**Kimitoshi Yabuki**

Corporate Officers

Chairman  
**Masayuki Mizushima**  
CEO

President  
**Yasuo Nishiyama**  
COO

Executive Vice Presidents  
**Hirotake Yajima**  
Chief Officer,  
Media / Content Domain

**Akihiko Ebana**  
CSO, Chief Officer,  
Group Strategy Unit

Senior Executive  
Corporate Officers  
**Hidetaka Tada**  
CCO, CRO, CHO,  
Chief Officer,  
Management Unit

**Michael Birkin**  
CEO, kyu

Senior Corporate Officers  
**Takeshi Tokugawa**  
CFO

**Yasutoshi Hiratsuka**

Corporate Officers  
**Kenji Nagura**  
**Hideyuki Kikuchi**  
**Yuzo Tanaka**  
**Hiroto Kosaka**  
**Osamu Aranami**  
**Yasuo Izumi**  
**Satoshi Hirata**

**Bruce James**  
**Masanobu Iwabuchi**  
**Ayami Nakao**  
**Masaya Mori**  
**Kazuya Mitsui**  
**Makoto Nakamura**

# Corporate Data

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## 10-Year Summary of Consolidated Financial Statements

Years ended March 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	(Millions of yen) 2025
Billings <sup>1</sup>	¥1,214,996	¥1,254,979	¥1,334,638	¥1,444,524	¥1,466,249	¥1,297,947	¥1,518,921	¥1,634,340	¥1,579,350	¥1,613,101
Revenue <sup>1</sup>	—	—	673,692	773,519	802,617	714,560	895,080	991,137	946,776	953,316
Gross profit	232,398	248,476	272,410	324,809	332,499	313,217	387,093	403,564	394,174	399,598
Selling, general and administrative expenses	187,503	201,379	220,147	259,523	277,367	268,184	315,450	348,154	359,886	362,017
Operating income	44,895	47,097	52,263	65,285	55,131	45,033	71,642	55,409	34,288	37,581
Income before income taxes	46,152	44,795	50,703	85,758	74,871	53,669	94,708	59,210	51,334	31,342
Profit attributable to owners of parent	28,493	25,825	29,861	47,235	44,893	26,479	55,179	31,010	24,923	10,768
Operating income before amortization of goodwill <sup>2</sup>	47,185	50,217	55,878	72,171	64,170	54,365	84,029	71,403	50,084	53,252
Total assets	¥ 677,572	¥ 720,556	¥ 796,216	¥ 902,002	¥ 859,887	¥ 941,103	¥1,053,016	¥1,026,415	¥1,035,014	¥1,050,191
Net assets	293,899	325,569	367,169	316,421	316,147	362,139	387,414	389,814	409,200	413,682
<b>Cash flows</b>										
Net cash provided by (used in) operating activities	¥ 29,698	¥ 16,288	¥ 32,372	¥ 53,522	¥ 27,366	¥ 36,212	¥ 20,852	¥ 38,035	¥ 9,883	¥ 82,446
Net cash provided by (used in) investing activities	(20,686)	(4,280)	(20,499)	(22,815)	3,372	(9,831)	(11,292)	(32,792)	6,329	(13,529)
Net cash used in financing activities	(5,290)	(7,803)	(14,401)	(21,974)	(19,434)	(12,767)	(8,698)	(28,839)	1,097	(45,848)
End-of-term balance of cash and cash equivalents	143,298	146,688	143,850	152,154	163,299	176,042	180,697	159,081	180,067	207,520
<b>Per share data (yen)</b>										
Basic net income	¥ 76.46	¥ 69.30	¥ 80.10	¥ 126.64	¥ 120.30	¥ 70.92	¥ 147.70	¥ 83.16	¥ 67.87	¥ 29.32
Diluted net income	76.33	69.30	79.92	126.39	120.29	70.91	147.68	83.16	67.86	29.31
Cash dividends	18.00	24.00	26.00	28.00	30.00	30.00	32.00	32.00	32.00	32.00
Dividend payout ratio (%)	23.5	34.6	32.5	22.1	24.9	42.3	21.7	38.5	47.1	109.1
Net assets	¥ 732.83	¥ 817.34	¥ 920.01	¥ 756.73	¥ 774.84	¥ 884.69	¥ 957.72	¥ 986.05	¥ 1,048.61	¥ 1,062.25
<b>Ratios (%)</b>										
Revenue to gross billings margin	19.1	19.8	20.4	22.5	22.7	24.1	25.5	24.7	25.0	24.8
Operating margin before amortization of goodwill <sup>3</sup>	20.3	20.2	20.5	22.2	19.3	17.4	21.7	17.7	12.7	13.3
Operating margin <sup>4</sup>	19.3	19.0	19.2	20.1	16.6	14.4	18.5	13.7	8.7	9.4
Return on equity (ROE)	10.6	8.9	9.2	15.1	15.7	8.5	16.0	8.6	6.7	2.8
Shareholders' equity ratio	40.3	42.3	43.1	31.3	33.6	35.1	34.0	35.5	37.2	37.2
<b>Key data excluding investment business/after adjustments<sup>5</sup></b>										
Billings <sup>1</sup>	—	—	—	1,430,154	1,458,618	1,291,822	1,512,146	1,626,148	1,571,546	1,609,835
Revenue <sup>1</sup>	—	—	—	773,519	802,617	714,560	888,305	982,946	938,972	950,049
Gross profit	—	—	—	310,754	325,313	307,350	380,624	396,194	387,220	396,342
Operating income	—	—	—	51,400	47,945	39,233	65,247	48,159	27,700	34,325
Operating income before amortization of goodwill <sup>2</sup>	—	—	—	58,287	56,984	48,565	77,634	64,153	43,496	49,995
Gross margin (%)	—	—	—	21.7	22.3	23.8	25.2	24.4	24.6	24.6
Operating margin before amortization of goodwill (%) <sup>3</sup>	—	—	—	18.8	17.5	15.8	20.4	16.2	11.2	12.6
Operating margin (%) <sup>4</sup>	—	—	—	16.5	14.7	12.8	17.1	12.2	7.2	8.7

1. The Group has adopted the Accounting Standard for Revenue Recognition from the fiscal year ended March 31, 2022. While this change has not been reflected in the billings figures on the consolidated statements of income from the fiscal year ended March 31, 2022, they have been reflected above and in this integrated report as a reference to aid readers' understanding. Moreover, while all revenue figures for the fiscal year ended March 31, 2018 and thereafter have been retroactively adjusted in accordance with the change in accounting standard, those for years prior to the fiscal year ended March 31, 2018 have not been reflected.

2. Amortization of goodwill and other intangible assets refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions. Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets.

3. Operating margin before amortization of goodwill = Operating income before amortization of goodwill ÷ Gross profit

4. Operating margin = Operating income ÷ Gross profit

5. Figures for the fiscal years ended March 31, 2019 to March 31, 2024 exclude investment business, and data after adjustments is disclosed from the fiscal year ended March 31, 2025. As a result, figures for the years prior to and including the fiscal year ended March 31, 2018 have not been disclosed.

Note: "After adjustments" refers to the exclusion of gains on the sale of Mercari, Inc. shares held by UNITED, Inc., an equity-method affiliate.

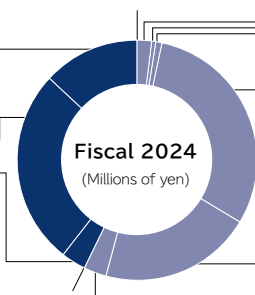


## Billings by Type of Service and by Industry of Clients

### Billings by Type of Service / Composition Ratio

#### Other than Media Service

Creative	158,245	12.9%
Marketing / Promotion	322,941	26.4%
Others (Content, etc.)	41,480	3.4%
Subtotal	522,667	42.7%

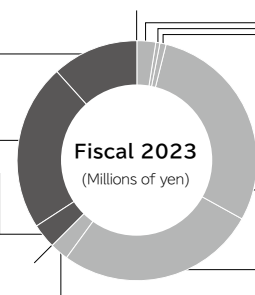


#### Media Service

Newspapers	26,885	2.2%
Magazines	6,600	0.5%
Radio	8,814	0.7%
Television	371,520	30.4%
Internet media	250,651	20.5%
Outdoor media	36,343	3.0%
Subtotal	700,816	57.3%

#### Other than Media Service

Creative	151,879	11.6%
Marketing / Promotion	291,613	22.3%
Others (Content, etc.)	44,467	3.4%
Subtotal	487,959	37.3%

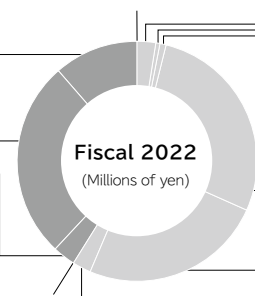


#### Media Service

Newspapers	32,136	2.5%
Magazines	7,392	0.6%
Radio	9,905	0.8%
Television	384,946	29.4%
Internet media	354,900	27.1%
Outdoor media	32,166	2.5%
Subtotal	821,448	62.7%

#### Other than Media Service

Creative	153,626	11.2%
Marketing / Promotion	367,017	26.8%
Others (Content, etc.)	42,614	3.1%
Subtotal	563,258	41.2%

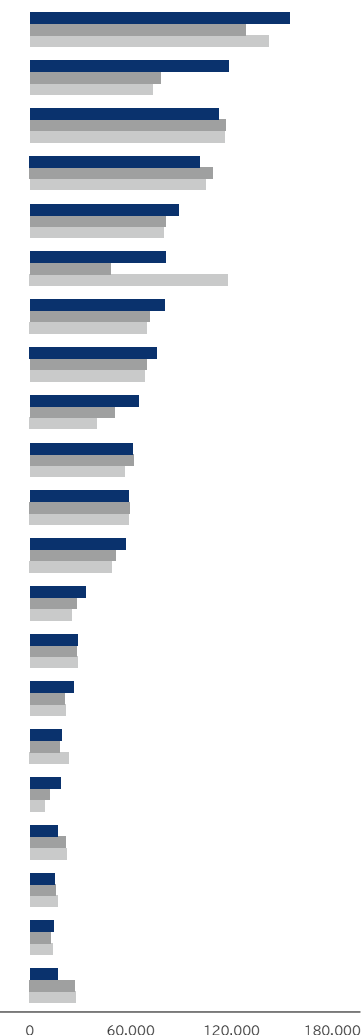


#### Media Service

Newspapers	33,871	2.5%
Magazines	8,014	0.6%
Radio	11,371	0.8%
Television	381,783	27.9%
Internet media	336,811	24.6%
Outdoor media	33,030	2.4%
Subtotal	804,882	58.8%

### Billings by Industry of Clients

Millions of yen	Fiscal 2022	Fiscal 2023	Fiscal 2024
Information / Communications	142,064	128,111	154,207
Restaurants / Services	72,815	77,870	118,266
Beverages / Cigarettes / Luxury foods	116,028	116,176	112,028
Automobiles / Related products	104,389	108,981	101,191
Foodstuffs	79,243	80,461	88,482
Government / Organizations	117,880	47,846	80,881
Finance / Insurance	69,683	71,027	80,302
Cosmetics / Toiletries	68,108	69,342	75,607
Transportation / Leisure	39,939	50,499	64,473
Distribution / Retailing	56,483	61,686	61,151
Pharmaceuticals / Medical supplies	58,934	59,561	58,878
Real estate / Housing facilities	48,837	50,768	56,695
Apparel / Accessories	24,903	27,730	32,858
Games / Sporting goods / Hobby supplies	28,290	27,518	28,386
Energy / Materials / Machinery	21,045	20,712	25,716
Home electric appliances / AV equipment	23,216	17,837	18,913
Precision machinery / Office supplies	8,735	11,410	18,283
Household products	21,532	20,963	16,495
Publishing	16,287	14,997	14,830
Medical services / Education / Religion	13,440	12,370	13,897
Classified advertising / Other	27,374	26,846	16,235



Note: Billings by type of service and by industry of clients both refer to domestic billings.

## Domestic Advertising Market and Hakuholdo DY Group's Domestic Billings

The domestic advertising market suffered a significant impact from the COVID-19 pandemic. However, the market has continued to recover since then and has generally maintained its size over the past decade.

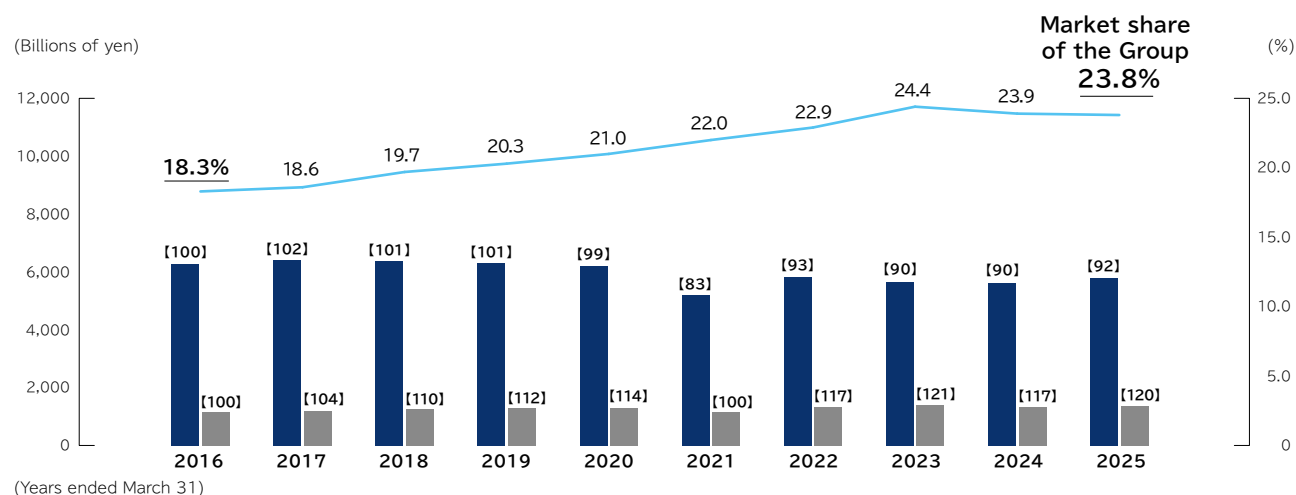
Meanwhile, the market's structure continues to change, with companies' marketing activities shifting to digital methods. Internet advertising remains strong, although its rate of growth has slowed.

In light of this landscape, the Hakuholdo DY Group has been engaging in marketing activities that hinge on the use of *sei-katsu-sha* data and AI and technology ahead of its industry peers.

We have been actively proposing Advertising as a service® (AaaS), a next-generation model for the advertising media business, to enhance the added value of media by leveraging information related to advertising inventory. At the same time, we are advancing the development and implementation of CREATIVITY ENGINE BLOOM, which integrates the Company's proprietary media and *sei-katsu-sha* data and knowledge with external data. Furthermore, we continue to strengthen our full-funnel service delivery framework to support the entirety of companies' marketing activities.

As a result, domestic billings in fiscal 2024 were 1.20 times those of fiscal 2015, and our estimated market share has expanded steadily from 18.3% in fiscal 2015 to 24.4% in fiscal 2022. However, our market share has leveled off recently due to changes in the media structure.

### The Group's Domestic Billings Relative to the Domestic Advertising Market



(Left) ■ Domestic advertising market ■ HDY: Consolidated billings (domestic) (Right) — Market share  
Figures enclosed in brackets were calculated as an index value (of 100) benchmarked to the fiscal year ended March 31, 2016.

Notes: 1. Data for the domestic advertising market is taken from the *Survey of Selected Service Industries\** (Ministry of Economy, Trade and Industry). For certain discontinuities in the numerical results published in the survey arising from changes in the survey pool, adjusted numerical results based on growth rate data are used.  
\* The survey concluded in December 2024, and the data for the domestic advertising market in fiscal 2024 includes some estimates based on the Company's own calculations.  
2. To quantify the annual change in the size of the domestic advertising market and our domestic billings over time, each year's figure was calculated as an index value (of 100) benchmarked to the fiscal year ended March 31, 2016.  
3. The Group's market share has been calculated using the following formula: HDY's billings (domestic) ÷ domestic advertising market. HDY's consolidated (domestic) billings exclude the impact of investment business for the fiscal years ended March 31, 2019 through March 31, 2024, and exclude adjustments for the fiscal year ended March 31, 2025 (gains on the sale of Mercari, Inc. shares held by UNITED, Inc., an equity-method affiliate).

## Policy on Cross-Shareholdings and Our Fundamental Policy with Regard to Returns to Shareholders

### Policy on Cross-Shareholdings

The Hakuhold DY Group holds shares in business partners for the purpose of maintaining and strengthening business relationships.

When acquiring such shares, the Group comprehensively considers such matters as the profits to be gained by the Group through maintaining and strengthening the business relationship and the amount of the investment before judging whether or not to invest. In addition, for each individual issue of business partner shares that we hold, the Group will regularly consider the value of continuing to hold such shares, bearing in mind the cost of capital of the Group; if that value is judged lacking, we will reduce our holdings of those issues of shares, taking into account any matters regarding transactions or business to be considered, the influence of such a sale on the market, and other such factors. If the value is affirmed, however, we will continue holding such shares.

The Company and its advertising and other operating companies will consider the value of retaining the business partner shares that are held and report thereon to the Company's Board of Directors. The advertising and other operating companies make such reports to their boards of directors beforehand. At its meeting in February 2025, the Company's Board of Directors considered the value of retaining the business partner shares held by the Group, and the Group is proceeding with the sale of issues of shares for which the value was judged lacking.

Sufficiently respecting the management policies, strategies, and the like of the corporations in which we have invested, the Company will exercise voting rights accompanying cross-shareholdings after thoroughly considering the details of each proposal and comprehensively judging whether to vote for or against the proposal, based on whether the proposal details coincide with the value and goal of the Company's investment, whether the proposal details would damage corporate value, and other factors.

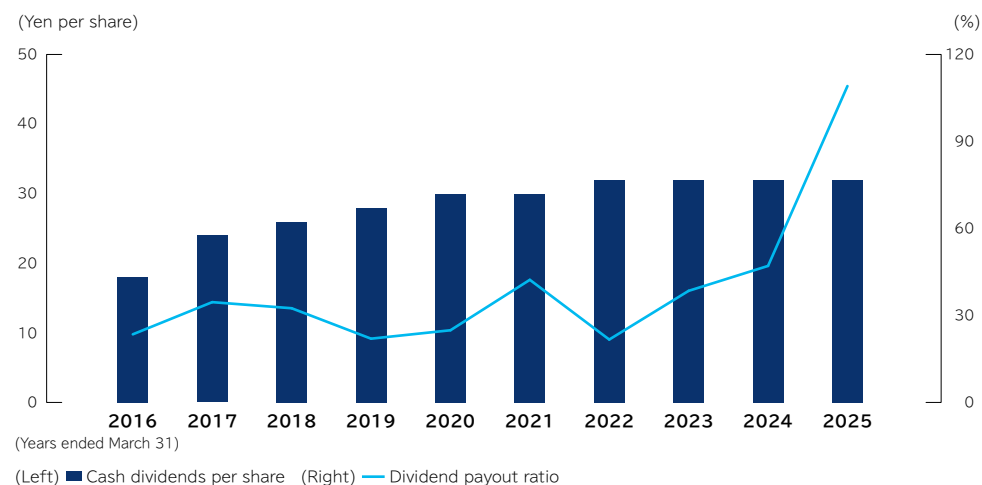
The Company will not engage in any act hindering the sale or the like of the Company's shares by cross-shareholders (i.e., shareholders who hold the Company's shares as cross-shareholdings) or in any transaction with cross-shareholders that may harm the interests of the Company or the common interests of its shareholders.

### Our Fundamental Policy with Regard to Returns to Shareholders

The Company's basic policy is to maintain stable dividends. We determine annual dividend amounts after comprehensively taking into consideration the dividend payout ratio (approximately 30%), the status of capital needs, the expansion of internal reserves, and other factors.

We will consider share repurchases, as appropriate, taking into account our overall financial condition and other factors.

### Cash Dividends per Share and Dividend Payout Ratio



## ESG Data

### Environmental Data

#### ■ Progress on Disclosure According to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Item	Target	Base year (fiscal 2019)	Results for fiscal 2024	Progress in fiscal 2024
<b>Total CO<sub>2</sub> emissions*<sup>1</sup></b>	Carbon neutral by fiscal 2050	41,237 tons	23,789 tons	42.3% reduction
<b>Scope 1 and Scope 2 CO<sub>2</sub> emissions*<sup>1</sup></b>	Reduction of 50% by fiscal 2030 (compared with fiscal 2019)	11,174 tons	5,884 tons	47.3% reduction
<b>Scope 3 CO<sub>2</sub> emissions*<sup>1</sup></b>	Reduction of 30% by fiscal 2030 (compared with fiscal 2019)	30,063 tons	17,905 tons	40.4% reduction
<b>Rate of introduction of renewable energy*<sup>1</sup></b>	60% by fiscal 2030, 100% by fiscal 2050	0%	58.8%	58.8%
<b>Amount of energy conserved*<sup>1</sup></b>	Reduction of 30% (compared with fiscal 2019)	5,372 kl	3,173 kl	40.9% reduction
<b>Amount of waste reduced*<sup>2</sup></b>	Maintain an average reduction of 50% or more (compared with fiscal 2019)	486 tons	215 tons	55.8% reduction
<b>Recycling rate*<sup>2</sup></b>	85% or more	82.2%	74.7%	74.7%

\*1 Total for Hakuholdo (Hakuholdo, Hakuholdo DY Media Partners), Daiko Advertising, YOMIKO ADVERTISING, and Hakuholdo Product's

\*2 Hakuholdo head office (Akasaka Biz Tower)

### Social Data

#### ■ Progress on Social Indicators

Category		Results for fiscal 2022	Results for fiscal 2023	Results for fiscal 2024
<b>Number of Group employees*<sup>1</sup></b>	Full-time employees	27,936	28,894	29,386
	Temporary employees	11,027	11,061	13,007
<b>Status of directors*<sup>2</sup></b>	Number of directors	10	10	9
	Of whom, outside directors	4	4	4
	Of whom, independent outside directors	4	4	4
	Percentage of independent outside directors	40.0%	40.0%	44.4%
	Number of female directors	1	1	1
	Percentage of female directors	10.0%	10.0%	11.1%
<b>Target ratio of women in management positions*<sup>3</sup>: 30% (2030)</b>		11.5%	13.1%	13.8%

\*1 Hakuholdo DY Group

\*2 Hakuholdo DY Holdings

\*3 Hakuholdo (Hakuholdo, Hakuholdo DY Media Partners), Daiko Advertising, YOMIKO ADVERTISING, Hakuholdo DY ONE, SoldOut, HAKUHODO Technologies, SoldOut, HAKUHODO Technologies

Note: For details, please refer to the *ESG Data Book*.

### External Evaluations Related to Sustainability

#### ■ Assessment of and Commitment to Sustainability Through Environmental Surveys

CDP Climate Change Questionnaire\*<sup>1</sup>

Score: B



\*1 CDP: A not-for-profit charity that collaborates with institutional investors to encourage companies to disclose information on their strategies for combating climate change and on their emissions of greenhouse gases

\*2 Sustainalytics ESG Risk Ratings: ESG risk assessments conducted by Sustainalytics, a subsidiary of Morningstar, Inc. in the United States

#### ■ Evaluations of Sustainability

Sustainalytics ESG Risk Ratings\*<sup>2</sup>

Rating: Low Risk

#### ■ Selected as Constituent of the ESG Investment Index

FTSE4Good Index Series\*<sup>3</sup>

FTSE Blossom Japan Index\*<sup>4</sup>

FTSE Blossom Japan Sector Relative Index\*<sup>5</sup>



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

\*3 FTSE4Good Index Series: A series of global environmental, social, and governance (ESG) investment indices developed by FTSE Russell, a subsidiary of London Stock Exchange Group.

\*4 FTSE Blossom Japan Index: An index developed by FTSE Russell to assess Japanese companies that demonstrate outstanding ESG performance. The Index is used by the Japanese Government Pension Investment Fund as an ESG investment benchmark.

\*5 FTSE Blossom Japan Sector Relative Index: An index developed by FTSE Russell to measure the performance of Japanese companies that demonstrate strong ESG practices relative to peers in their respective sector.

### Involvement in Sustainability Initiatives

#### ■ United Nations Global Compact\*<sup>1</sup>

In 2005, Hakuholdo was the first in the advertising industry to join the UN Global Compact, and we joined as Hakuholdo DY Holdings Inc. in 2014.

\*1 The UN Global Compact is a voluntary initiative under which companies and organizations commit themselves to participating in building a global framework for achieving sustainable growth. Participation involves taking action as a good corporate citizen by responsibly exercising creative leadership. The initiative revolves around ten principles in four areas: human rights, labor, the environment, and anti-corruption.



#### ■ Science Based Targets initiative (SBTi)\*<sup>2</sup>

We committed to the initiative in 2023, and are working toward the goal of obtaining SBT validation in fiscal 2026.

\*2 Established in 2015, SBTi is an international collaborative initiative operated by CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). SBTi conducts verification and certification based on scientific evidence to determine whether corporate targets for reducing greenhouse gas emissions align with the goal of limiting the temperature increase to 1.5°C above pre-industrial levels, as outlined in the Paris Agreement.

#### ■ Women's Empowerment Principles (WEPs)\*<sup>3</sup>

Hakuholdo DY Holdings Inc. endorsed and signed the WEPs in 2024.

\*3 The Women's Empowerment Principles (WEPs) are seven principles of action jointly developed by the UN Global Compact Office and UN Women for companies that work voluntarily on the empowerment of women.

## Stock Information

As of March 31, 2025

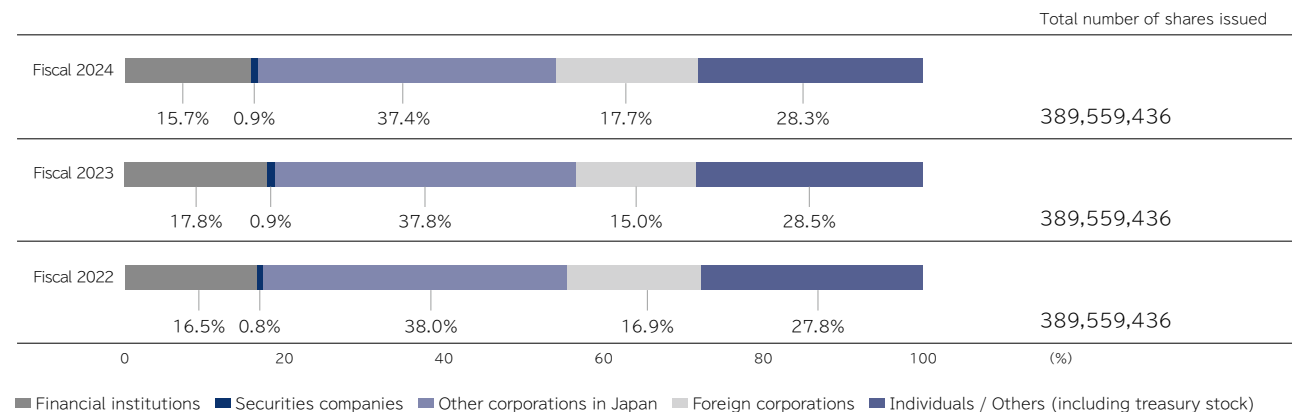
### Major Shareholders

	Number of shares held	Percentage of shares held (%)
1 Hakuhold Foundation	71,005,350	19.32
2 The Master Trust Bank of Japan, Ltd. (Trust Account)	32,553,300	8.86
3 General Incorporated Association Hakusei-kai	18,320,000	4.98
4 State Street Bank and Trust Company	11,984,713	3.26
5 The Asahi Shimbun Company	11,223,490	3.05
6 General Incorporated Association Furatanite	11,000,000	2.99
7 Custody Bank of Japan, Ltd. (Trust Account)	10,360,400	2.82
8 Nippon Television Network Corporation	8,620,000	2.34
9 Hakuhold DY Holdings Employees' Shareholdings Association	8,413,617	2.29
10 The Dai-ichi Life Insurance Company, Limited	6,930,500	1.88

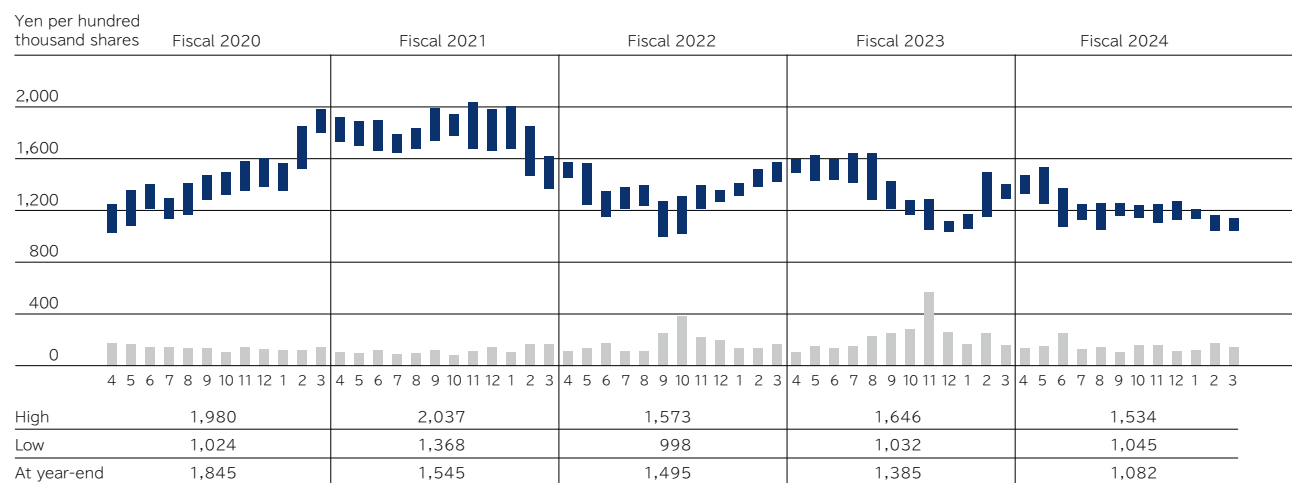
Notes: 1. The list of major shareholders shown above excludes the Company, which holds 22,174,066 shares of treasury stock.  
2. Treasury stock has been excluded from the calculation of the percentage of shares held.

Total number of shares authorized	1,500,000,000
Total number of shares issued	389,559,436
Total number of shareholders	11,768

### Shareholder Distribution



### Share Price and Trading Volume





## Corporate Information

As of March 31, 2025

### Hakuhodo DY Holdings Inc.

Date of Establishment: October 1, 2003  
Capital: ¥10,790 million  
Head Office: 5-3-1 Akasaka, Minato-ku, Tokyo  
107-6320  
URL: <https://www.hakuhodody-holdings.co.jp/english>

#### Contact

Hakuhodo DY Holdings Inc.  
Investor Relations Division  
Phone: +81-(0)3-6441-9033  
Email: [HC.IR@hakuhodody-holdings.co.jp](mailto:HC.IR@hakuhodody-holdings.co.jp)

### Hakuhodo

Company Name	Hakuhodo Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6322
Founded	October 1895
Incorporated	February 1924
President	Kenji Nagura (Appointed April 1, 2025)
Employees (Consolidated)	16,093
URL	<a href="https://www.hakuhodo-global.com">https://www.hakuhodo-global.com</a>

### Daiko Advertising

Company Name	Daiko Advertising Inc.
Tokyo Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-8658
Osaka Head Office	2-2-7 Nakanoshima, Kita-ku, Osaka 530-8263
Founded	1893
Incorporated	February 1944
President	Yasuo Izumi
Employees (Consolidated)	1,534
URL	<a href="https://www.daiko.co.jp">https://www.daiko.co.jp</a> (in Japanese)

### YOMIKO ADVERTISING

Company Name	YOMIKO ADVERTISING INC.
Head Office	5-2-20 Akasaka, Minato-ku, Tokyo 107-6105
Founded	June 1929
Incorporated	July 1946
President	Hideyuki Kikuchi
Employees (Consolidated)	825
URL	<a href="https://www.yomiko.co.jp/en">https://www.yomiko.co.jp/en</a>

### Hakuhodo DY ONE

Company Name	Hakuhodo DY ONE Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6316
Incorporated	April 2024
President	Hiroto Kosaka
Employees (Non-consolidated)	3,172
URL	<a href="https://www.hakuhodody-one.co.jp/en">https://www.hakuhodody-one.co.jp/en</a>

### SoldOut

Company Name	SoldOut, Inc.
Head Office	Koraku Mori Building 19F, 1-4-14 Koraku, Bunkyo-ku, Tokyo 112-0004
Incorporated	December 2009
President	Osamu Aranami
Employees (Consolidated)	472
URL	<a href="https://www.sold-out.co.jp">https://www.sold-out.co.jp</a> (in Japanese)

### kyu

Company Name	kyu
Head Office	395 Hudson Street, 8th Floor New York, NY 10014
Formed	May 2014
CEO	Michael Birkin
Employees (Consolidated)	1,944
URL	<a href="https://kyu.com">https://kyu.com</a>

### ENND Partners

Company Name	ENND PARTNERS Co., Ltd.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6320
Launched	March 2024
CEO	Masanobu Iwabuchi
URL	<a href="https://enndpartners.com/en">https://enndpartners.com/en</a>

### HAKUHODO Technologies

Company Name	HAKUHODO Technologies Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6320
Incorporated	April 2022
President	Makoto Nakamura (Appointed August 1, 2025)
Employees (Non-consolidated)	355
URL	<a href="https://www.hakuhodo-technologies.co.jp">https://www.hakuhodo-technologies.co.jp</a> (in Japanese)

### Hakuhodo DY Corporate Initiative

Company Name	Hakuhodo DY Corporate Initiative Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6320
Incorporated	April 2023
President	Hidetaka Tada (Appointed April 1, 2025)
Employees (Non-consolidated)	382
URL	<a href="https://hakuhodody-initiative.co.jp">https://hakuhodody-initiative.co.jp</a> (in Japanese)

# Hakuhodo DY holdings

## Contact

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Hakuhodo DY Holdings Inc.

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