



Message from the President

Setting the Business Transformation
Engine in Motion Toward
Discontinuous Value Creation

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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.

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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



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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

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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.

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