

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

### Our Aspirations

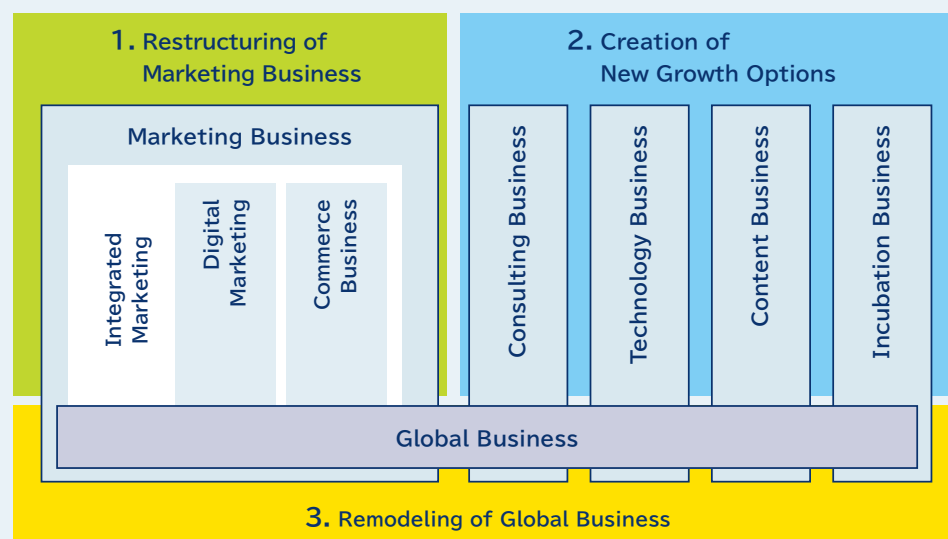
#### Creativity Platform

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, Hakuhodo 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
1. Restructuring of marketing business			
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%
2. Creation of new growth options			
Total for four domestic business domains* <sup>3</sup>	CAGR* <sup>1</sup> of gross profit	At least +10%	+18.4%
3. Remodeling of global business			
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