



# Message from the President

We are committed to resolving societal issues through our creativity, aiming to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives.

**Masayuki Mizushima**  
Representative Director & President

## Message from the President

### Introduction

Hakuhodo DY Holdings was formed on October 1, 2003, so the Hakuhodo DY Group has been in existence for exactly 20 years. Our Group, formed through the merger of three Japanese advertising companies, has grown to now encompass more than 400 companies, including overseas entities. With a workforce of over 25,000 employees, we continue to expand our business domains beyond the confines of advertising.

We aim to achieve sustainable business growth by leveraging our strength in creativity and becoming a value creation partner in the evolution of companies' marketing. As partners to *sei-katsu-sha*, we also strive to continue creating new value that contributes to social development. As we approach our next milestone, we are collectively challenging ourselves to embark on new endeavors in such value creation.

Meanwhile, we deeply apologize to our shareholders and other stakeholders for the significant inconvenience and concern caused by the indictment of a Group employee on suspicion of violating the Antimonopoly Act in relation to the Tokyo 2020 Olympic and Paralympic Games in February 2023.

We are determined to work to the fullest extent possible to restore trust in our Group by thoroughly enforcing business compliance.

### Looking to Achieve the Targets of the Medium-Term Business Plan

Over the past 20 years, the advancement of digitalization has transformed the advertising industry. The Group has already expanded its business activities into various fields beyond the advertising sector. Also, during the period of the current Medium-Term Business Plan, society and the economy have felt the impact of unexpected events such as the COVID-19 pandemic.

Amid the accelerating shift to digitalization, which is one of the core environmental changes, we have updated our strategies to respond swiftly and flexibly to change. I believe we are making steady progress toward our goals under newly adopted initiatives to transform the services we provide,



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strengthen cross-organizational functions to accelerate transformation, continuously pursue transformation based on existing strategies, and strengthen our foundation for sustainable business management.

**Details** ▶ Pages 30–33 Special feature on progress under the Medium-Term Business Plan

## Transforming the Services We Offer by Expanding Our Business Domains

Although centered on the advertising business, our business has undergone significant changes. Regardless of their industry or sector, our clients' businesses have also been transforming rapidly as a result of digitalization.

In response to this trend, the Hakuholdo DY Group has expanded the scope of its activities to contribute to the evolution of its clients' marketing and business activities through full-funnel *Sei-katsu-sha* Data-Driven Marketing. This covers all aspects of marketing by making full use of our strength in *sei-katsu-sha* data.


The list of business and specialist companies that make up the Group demonstrates that we have evolved into a corporate entity that extends beyond the traditional boundaries of an advertising company to offer a diverse range of functions and services.

**Details** ▶ Pages 11–14 Expansion of Business Domains = Evolution from an Advertising Company  
Pages 38–41 Special feature interview with Akihiko Ebana, senior executive corporate officer

We have been strengthening our data and technology offerings in order to promote digital transformation (DX) of the media business, which has been a fundamental source of revenue to date. In particular, we have developed and deployed a unique Advertising as a Service (AaaS) model. We have seen steady progress and numerous results from our efforts to provide high added value to both media and clients.

Marketing DX efforts mainly target clients. In this area, cross-Group organization HAKUHODO DX UNITED provides various solutions for building marketing infrastructure and data analysis. By crossing our media DX and marketing DX efforts, we are substantially transforming the Group's offerings.

**Details** ▶ Pages 34–37 Special feature interview with Hirotake Yajima, executive vice president



We have become a corporate entity that provides diverse functions and services that extend beyond the framework of a so-called advertising company.

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## Building an Organization That Provides a Shared Foundation to Enhance Group Competitiveness

As it expands beyond the framework of an advertising company, we recognized the need to **reinforce the Group's technological core** to enhance overall competitiveness further. To this end, in April 2022 we established **HAKUHODO Technologies Inc.** This company, which is recruiting talented engineers and other technologists, will consolidate and augment the Group's leading-edge technological expertise. Meanwhile, in April 2023 we formed **Hakuhodo DY Corporate Initiative Inc.** to provide Groupwide oversight and make corporate functions more sophisticated and efficient. As a result, in addition to our existing media function (Hakuhodo DY Media Partners), we have evolved into a Group with three shared foundations.


While having these function as the core of the Hakuhodo DY Group, we aim to **leverage Group synergies** to further improve the value creation capabilities of the Group.

## Making Steady Progress on Global and Innovation Initiatives

In terms of expanding our global business, we have achieved steady growth centered on the marketing communications business while effectively pursuing M&A, particularly in Asia. Additionally, through kyu, the strategic operating unit that enhances the Group's specialization and innovation, we continue to pursue strategic M&A deals. Through such acquisitions, we welcome unique and cutting-edge companies into the Group, thereby **expanding our functions, with a focus on advanced consulting services**. As a result, in fiscal 2022 gross profit in the overseas business domain rose to 25.8%\* of consolidated gross profit.

In addition, we are actively engaged in activities to **accelerate innovation through external collaboration**. We have established specialized organizations (such as the MIRAI Business Division) within Hakuhodo and other core operating companies to engage in various joint venture projects and launch new companies. We have also invested in more than 50 startups through the HAKUHODO DY FUTURE DESIGN FUND, our corporate venture capital arm, which is run by Hakuhodo DY Ventures Ltd.

\* This figure indicates the percentage of consolidated gross profit (excluding investment business) accounted for by the overseas business domain in fiscal 2022.



**We are expanding capabilities through strategic M&A that augments the Group's specialization and innovation.**

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## Pursuing Sustainable Business Management through the Important Themes of Human Resource Diversity and Growth

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We are also working to strengthen our foundation for sustainable business management from a medium- to long-term perspective.

In April 2022, we established the Corporate Sustainability Division to serve as the Group's hub for sustainable management. We recognize that **creative human resources** are our most valuable source of value creation. As human capital is our greatest asset, **diversity and growth of human resources** as well as **respect for human rights** are crucial themes. Beginning in fiscal 2022, we are making steady progress in **promoting diversity, equity, and inclusion (DE&I) initiatives** and conducting **human rights due diligence**.

In the ESG domain, our efforts on the environmental (E) front include response to climate change by **disclosing environmental targets in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**. We are also engaging in efforts focused on 2030, the target year for achieving the Sustainable Development Goals (SDGs), and 2050, the year in which companies and governments alike aim to achieve carbon neutrality. In fiscal 2023, we are accelerating the activities of each Group company, not just our core subsidiary Hakuhodo.


[Details](#) ▶ **Pages 46–60 Sustainability**

## Pursuit of Compliance Awareness and Integrity

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To attain our topmost values of *Sei-katsu-sha* Insight and Commitment to Partnership, we must be trusted by *sei-katsu-sha* and society. To achieve this, each of us must be vigilantly aware of compliance and strive for **integrity** in our business practices.

We are committed to **continuously improving and strengthening the governance system of the Group overall** and make concerted efforts to create mechanisms and raise awareness toward addressing such issues as respect for human rights, climate change, and broader social challenges. We need to progress in order to coexist and thrive with our diverse stakeholders, and we aim to always be proactive in these efforts.



**We recognize that human resources are our greatest asset, and are committed to the key themes of diversity, growth, and respect for human rights.**

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We feel keenly responsible for the public outcry over the alleged violation of the Antimonopoly Law in connection with the Tokyo 2020 Olympic and Paralympic Games. We have already taken measures to prevent recurrence, and are committed to deploying these measures as quickly and effectively as possible. We strongly resolve to re-instill strict compliance awareness and the pursuit of integrity in all our employees throughout the Group.

## Looking Toward the Group's Further Growth

As the Group expands in size and business scope, our starting point is always to value the thoughts and feelings of each individual *sei-katsu-sha* and to confront the fundamental question of what is needed to realize the society and lifestyles to which such emotions aspire. We aim to create new ideas to solve the emerging challenges faced by our clients and society in changing times, and to implement those ideas to achieve tangible solutions. In the process, we will continue to demonstrate our unparalleled **creativity that shapes the future** and resolve challenges that others consider highly difficult. As a company with such unique value creation capabilities, we will provide maximum value to all our stakeholders, including clients, business partners, shareholders, and employees.

In 2024 we will announce the next medium-term business plan. As **a corporate entity that has expanded beyond the bounds of an advertising company group** through strategic investments and business expansion to date, our overall direction of moving into new business domains will remain unchanged.

While making full use of digital technologies, we will continue striving to create a wonderful society that fulfills the aspirations of each *sei-katsu-sha*. The Hakuholdo DY Group will continue to grow so as to be a key player in such a society.



Representative Director & President

