



Top Message

Evolving into a Creativity Platform

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

Masayuki Mizushima

Representative Director & President

Top Message

Three Phrases That Describe the Changes in Our Business Environment

The Hakuholdo DY Group was established in October 2003. The world and society have undergone significant transformations since our inception as a group of advertising companies nearly 20 years ago. We must accurately ascertain these shifts in order to determine the direction of our business going forward. We use three phrases to summarize these changes.

The first phrase is “with S (society),” representing change in society. We believe that we have transitioned from an era of one-way communication from companies “to C (consumers)” to an era of “with C (consumers),” and now we are in a full-fledged “*sei-katsu-sha*-driven society,” where *sei-katsu-sha* are at the center of everything. Additionally, we recognize that sustainability has become an important factor in all actions of *sei-katsu-sha* and companies. The Group therefore also recognizes that we have entered an era where being conscious of sustainability and *sei-katsu-sha*, or the “two Ss,” is crucial.

The second phrase is “beyond tech,” which represents changes in technology. Rapidly advancing technology is another important theme. The proliferation of digital infrastructure during the pandemic was significant, but the emergence of generative artificial intelligence (AI) has rapidly transformed our ability to leverage data. While AI is driving automation of work in various industries and reshaping business structures, it is important to note that not all tasks can be replaced by AI. Rather, the key to this era lies in the collaboration between humans and technology, expanding creativity.

The third phrase is “beyond ads,” representing the changing needs of businesses. Embracing the changes I have described, companies are increasingly committed to radical business transformation, which can be characterized as a “second founding period.” Accordingly, rather than companies’ needs focusing on the traditional question of “what to communicate,” the focus must now be on questions like “what value to create,” reflecting the needs for consulting upstream, as well as “how to maintain connections with *sei-katsu-sha*,” to meet customer relationship management (CRM) and digital marketing needs. The needs of companies have expanded beyond traditional advertising to a wider range of problem-solving, creating opportunities to unleash greater creativity.

Based on these three changes, we need to reflect on and initiate a transformation to redefine the way our Group operates.

**With S, beyond tech,
beyond ads
We will drive transformation
by welcoming these three
changes in our operating
environment.**

Details ▶ page 26–33 Medium-Term Business Plan

Top Message

Formulating Our “Global Purpose”

Growing through the addition of numerous colleagues since our inception, the Hakuhodo DY Group now consists of approximately 440 domestic and international companies, with a workforce of nearly 29,000 individuals. More than half of these joined or became involved in the Group after its formation, and the environment in which the Group operates has undergone significant changes.

In this environment, to drive transformation throughout the entire Group, we believed it was 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. We believe it is important to share this with everyone and become friends. With this in mind, we decided to establish a set of shared values.

Aspirations Unleashed

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

This is the Global Purpose we unveiled in June 2024. Going forward, our business activities will be centered on this Purpose.

We spent approximately six months formulating the Purpose. Personally, I believe that thinking together about significant themes that involve the entire Group is an important aspect of Group management. While the purpose of creating is important, the process of creating is also crucial. We started with these two meanings in mind.

We conducted a survey that aimed to involve as many domestic and international Group employees as possible, asking all Group employees about their thoughts on work, the Company, and society. From this survey, we were able to extract and articulate the Group’s beliefs and the social issues we should address. Our aim is to respect the thoughts and aspirations of organizations, society, and the diverse individuals that make them up, and to bring those aspirations to life to create a creative and positive society. This desire is expressed in our message, is encapsulated in one message, our Purpose.

However, creating the Purpose is not the end of the process. It is crucial for each individual to take action. We believe the Purpose can only become meaningful once it is deeply ingrained in the organization. We hope that every Group employee will start by doing what they can to achieve this in their daily work.

Furthermore, to realize our Global Purpose we have launched the new Medium-Term Business Plan with the goal of evolving beyond the framework of a group of advertising companies into a creativity platform. We believe that driving this new plan will not only contribute to the growth of the Company but also bring us closer to achieving our Purpose.



Evolving from a Group of Advertising Companies to a Creativity Platform

The Group's primary business is in the marketing industry, with a focus on advertising. As time has passed, however, our business domains have expanded, and the concept of an "advertising company" has broadened. Amid these changes, creativity remains our greatest strength. No matter how the environment may evolve, the importance of creativity remains.

The environment in which our clients operate is undergoing substantial changes, as well. Advances in technology and diversification among people and society have rapidly expanded creativity's scope of impact. Our support for the success of our clients' businesses has expanded from marketing communications into a host of new fields. Co-creation with clients goes beyond advertising and extends to business development, product development, CRM, and the entire value chain. Given these factors, our work is about more than following conventional approaches. Rather, we strive to change businesses themselves through the new proposals we make. That is the essence of our creativity.

Based on these circumstances and with a focus on achieving sustainable business growth, the Group has defined its ideal form as a creativity platform.

With *sei-katsu-sha*-centered creativity as our edge, we aim to be a group that creates the future by connecting *sei-katsu-sha*, organizations and society to generate new relationship value. Pursuing our evolution to a creativity platform, the new Medium-Term Business Plan encompasses six business domains: the marketing, consulting, technology, content, incubation, and global businesses.

We aim to establish unique business models in each of these six business domains. Subsequently, through collaboration among them we will aim to transform our profit structure and achieve overall Group growth.

The Group will continue to actively pursue initiatives that reflect its unique approach. For example, we are utilizing AI with a focus on creativity.

The Group emphasizes AI not just for the efficiency and automation it brings, but also for how it can enable *sei-katsu-sha* to have valuable new experiences. What is crucial is the mindset of continually posing new questions and engaging in trial and error as we work alongside AI. The creativity that emerges from this process must center on *sei-katsu-sha*.

In pursuit of this human-centered approach, in April 2024 we launched a new research body, the Human-Centered AI Institute. We aim to conduct research on AI technology that will contribute to augmenting human creativity, adopting the results of this research into modules of our integrated marketing platform.

**We will evolve beyond
the framework of a group
of advertising companies
into a creativity platform.**

Details ▶ page 23–25 The Value We Aim to Create Under the New Medium-Term Business Plan

Top Message

Co-Creation with Diverse Human Resources as the Source of Value Creation

We have repeatedly emphasized the Group's greatest strength is creativity that draws on *sei-katsu-sha* insight. Alongside this strength, a key source of value creation is our diverse talent. Each employee hones their individuality, grows, and brings their unique creativity to the forefront, generating new wisdom and ideas through teamwork. The process of mutually enhancing through co-creation is crucial. While the number of technology professionals is rising, the number of people is not the point. Our creators within the Group can connect with these professionals, combining their knowledge of technology to unleash completely new abilities. The ability to multiply the connections between individuals is what drives the growth of talent and strengthens our human resources.

We are committed to investing in human resources from three perspectives: bringing out individual capabilities, elevating each other as a team to unleash greater strength, and generating advanced creativity unique to the Company. This investment in human resources includes reskilling all employees, both younger and senior personnel. We believe that by amplifying the value created through the growth of individual abilities and the synergy of combined abilities, we can achieve overall growth as a group.

We will continue to enhance our human resource management to ensure that all talent within the Group can maximize their high-level creativity in various fields.

Details ▶ page 18–19 People as the Source of Value Creation

Human-Centered Sustainable Management

Above all, the Group aims for human-centered sustainable management.

Following our establishment of the cross-Group Group Sustainability Committee and the Corporate Sustainability Division within the Company in fiscal 2022, in fiscal 2023 we created the Sustainability Steering Committee to accelerate the efforts of each company within the Hakuodo DY Group. Within this framework, we have set up individual Environmental (E), Social (S), and Governance (G) subcommittees, with representatives from each Group company participating. The aim of the E subcommittee is to meet environmental challenges including climate change, the objective of the S subcommittee is to respect and nurture diverse individuals, and the G subcommittee will pursue compliance awareness and integrity. Going forward, we also aim to foster talent development that can address social issues through social contribution activities.

Given the growing interest of *sei-katsu-sha* in sustainability, it is essential for us as a corporate group with a deep understanding of *sei-katsu-sha* to prioritize efforts in this area. The diverse individuality of each employee is the source of our corporate value. Through creativity rooted in *sei-katsu-sha* insight and the power to connect *sei-katsu-sha*, organizations and society, we aim to create a society abounding in *sei-katsu-sha*'s aspirations and where they can live vibrant lives.

Details ▶ page 56–73 Sustainability

**We aim to create a society
abounding in *sei-katsu-sha*'s
aspirations and where they
can live vibrant lives.**

Top Message

Thoroughly Enforcing and Strengthening Compliance

We deeply apologize for actions in 2023 that betrayed the trust of society and our clients, causing significant inconvenience and concern to our stakeholders.

With the management team assuming responsibility, we will undertake a unified, Companywide effort to regain lost trust and become a leading-edge corporate group in terms of compliance.

Details ▶ page 91–92 Message from the CCO

The Timelessness and Unchanging Power of Creativity

Generative AI and other technologies are poised to open new vistas. Moreover, social and economic environments will continue to change. My management mission is to overcome these shifts in our operating environment and lead the Group toward sustainable growth.

No matter how the advertising business and the nature of marketing may change, communication will always be central to the human interactions that drive the movement of goods and services. Even as AI advances, there is no change in the fact that *sei-katsu-sha* are the starting point of our thinking.

In that sense, the Group's operations are, in essence, sustainable businesses. The initiatives in the new Medium-Term Business Plan represent steps to achieving even greater growth. By accelerating the transformation toward becoming a creativity platform, we aim to sow the seeds for the next generation and connect the potential of creativity.

The advancement of digital technology has simplified and expedited communication, but at the same time it has fostered a sense of stagnation in today's society. The true power to move and transform society comes from people's inner aspirations. Through our business, we aim to unleash these aspirations, break down boundaries, open new doors, and usher in new eras. With *sei-katsu-sha* as our starting point, we strive to connect people and create a positive impact that will ripple outward into our surroundings. We will continue to change the world through creativity.

We believe in the power of creativity and will continue striving to further enhance corporate value.



Representative Director & President

