

## Medium-Term Business Plan

# New Medium-Term Business Plan

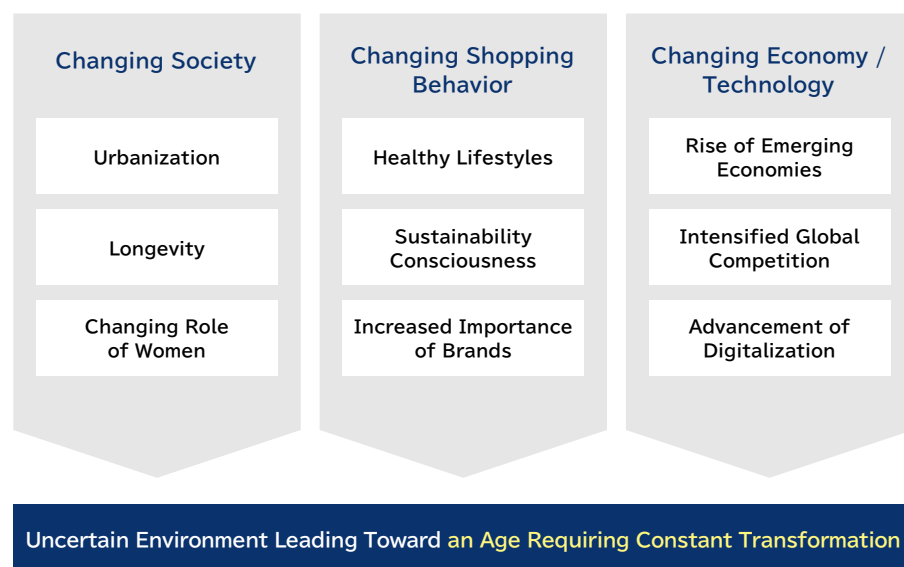
From fiscal 2024 to fiscal 2026

Hakuhodo DY Group made public its Medium-Term Business Plan (MTBP) covering the three-year period to fiscal 2026. An outline of the MTBP follows.

### Business Environment

#### Megatrends

The business environment surrounding our Group is undergoing significant and rapid changes, more so than ever before. A major and abrupt paradigm shift has occurred, making it difficult to predict the future in this uncertain environment. We are entering an era where constant transformation is required.



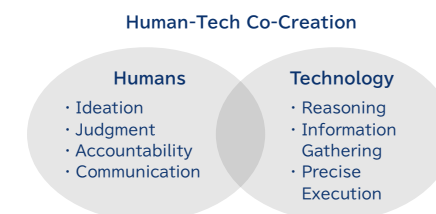
#### Changes in Society “With S”

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.



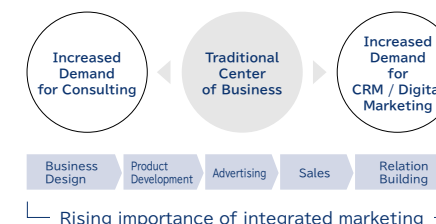
#### Changes in Technology “Beyond Tech”

The rapid advancement of technology is redefining the industrial structure, the business structure, and the role of humans. It will be increasingly important to use technology to extend human capabilities and potential to co-create maximum value.



#### Changes in Business Needs “Beyond Ads”

Amid market maturity and disruptive innovation, companies are increasingly committed to radical business transformation. Corporate needs are expanding beyond advertising to include broader issues, such as “what value to create” and “how to maintain connections with *sei-katsu-sha*.”



## Global Purpose and Ideal Form

### The Hakuholdo 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.

In this era of unceasing transformation, our Group formulated a Global Purpose and Ideal Form to support our efforts with solid values. To express "the Group's *raison d'être* and what it means to work here," the Global Purpose was formulated through a process of reflection that lasted for almost six months, involving Group companies both inside and outside Japan.

### Ideal Form

To achieve this Global Purpose, the Hakuholdo DY Group seeks to evolve beyond the framework of a group of advertising companies into a creativity platform. We aim to produce our own growth, creating new relationship value by connecting everything inside and outside the Group including people, businesses, ideas, and technologies, and scaling up the network thus developed.

### From a group of advertising companies to a creativity platform

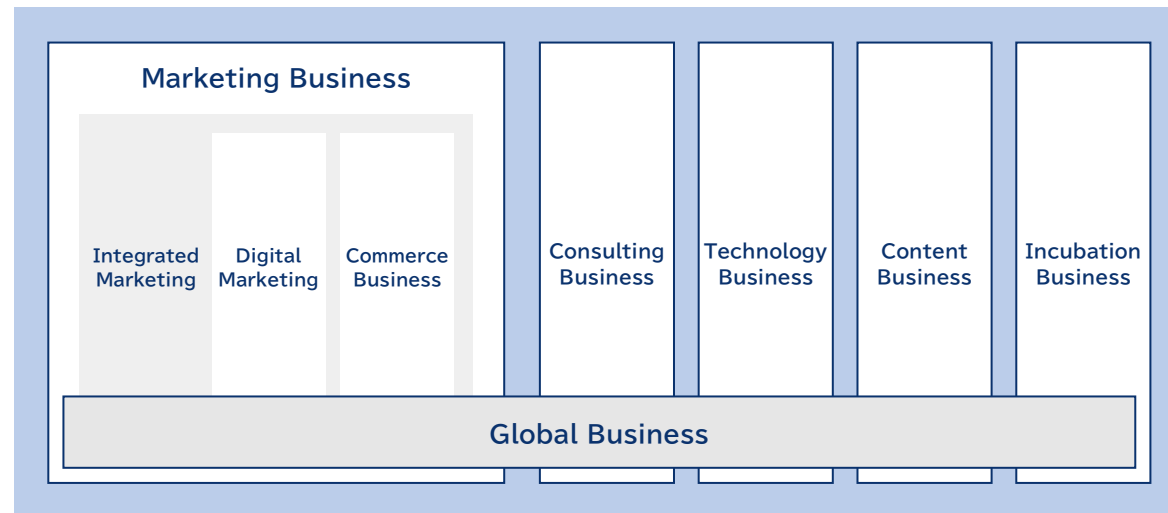


With *sei-katsu-sha*-centered creativity as our edge, the Hakuholdo DY Group aims to be a group that creates the future by connecting *sei-katsu-sha*, organizations and society to generate new relationship value.

## Medium-Term Business Plan

## Six Business Domains Comprising Our Creativity Platform

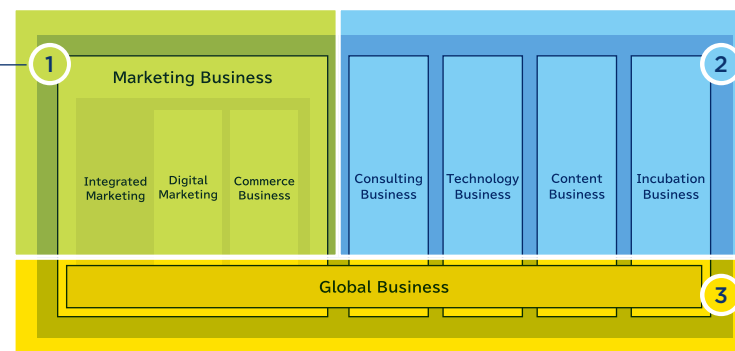
We have identified the following six business domains in which we can create new relationship value with *sei-katsu-sha*-centered creativity.



## Business Structure Reform

We define the three years of the new Medium-Term Business Plan as a period to enhance profitability and create growth options by reforming our business structure with the following three objectives. The six business domains will grow as different business models to drive business restructuring through mutual interaction.

- Restructuring of Marketing Business**
- Upscaling of the growth domains of digital marketing and commerce
  - Optimizing costs, including in existing business domains

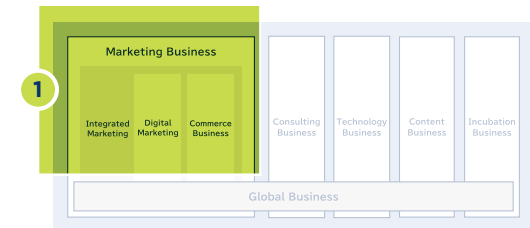


- Creation of New Growth Options**
- Building a business foundation in the four areas of consulting, technology, content, and incubation
- Remodeling of Global Business**
- Ensuring profitability through cost control while aiming for growth

## 1 Restructuring of Marketing Business

To respond to 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 develop 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.



Building a service design / delivery system in response to client needs

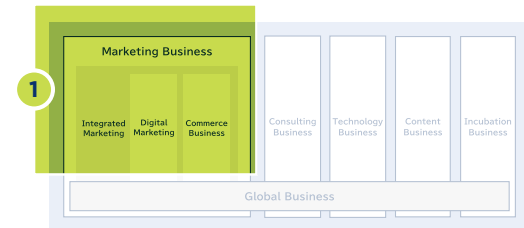
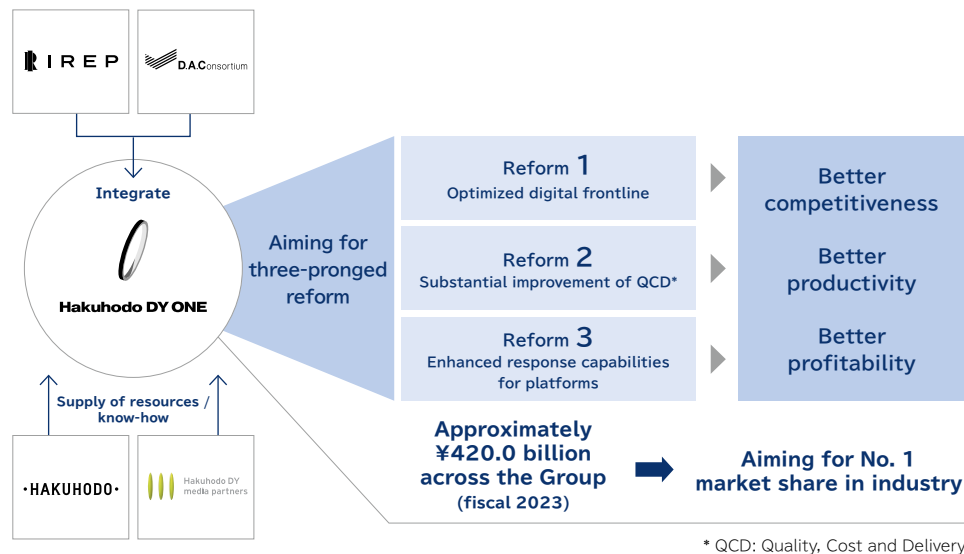


## Medium-Term Business Plan

## 1 Restructuring of Marketing Business

### Digital Marketing

In the digital marketing domain, we aim to capture the No. 1 market share in the industry with Hakuholdo DY ONE as the core company to pool our Groupwide resources and know-how, through better competitiveness, productivity, and profitability.



### Commerce Business

In response to dramatic changes in shopping behavior, we aim to be a business transformation partner in commerce by designing 360-degree shopping experiences from the perspectives of both shoppers and sellers.

Harnessing our own *sei-katsu-sha* data and creativity, we are committed to promoting broad business transformation with shopper experience at the core.

### Business transformation partner designing 360-degree shopping experiences

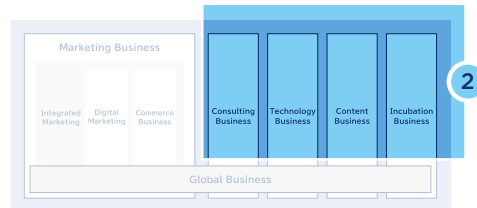
From both shopper and seller perspectives, competitively implement business transformation by leveraging proprietary *sei-katsu-sha* data and creativity



## Medium-Term Business Plan

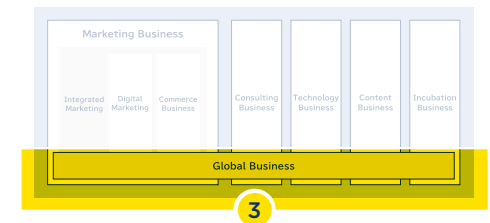
## 2 Creation of New Growth Options

We will invest in the consulting, technology, content, and incubation business domains as necessary to build operating bases for growth into future 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 the United States. 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.



### Growth Option 1

#### Consulting Business

Establishment of ENND PARTNERS, a new company offering professional services for top executives.

### Growth Option 2

#### Technology Business

Build a *sei-katsu-sha*-centered marketing SI / SaaS business to serve as a new revenue source.

### Growth Option 3

#### Content Business

Create new profit-making opportunities by building an ecosystem for content business.

### Growth Option 4

#### Incubation Business

Leverage the Group's creativity and networks to develop a core business for our future profitability.

## Formation of a Unique Modern Network

Two groups, growing in Europe / America and Asia, respectively, will enhance their collaboration in the digital marketing domain over the coming three years.



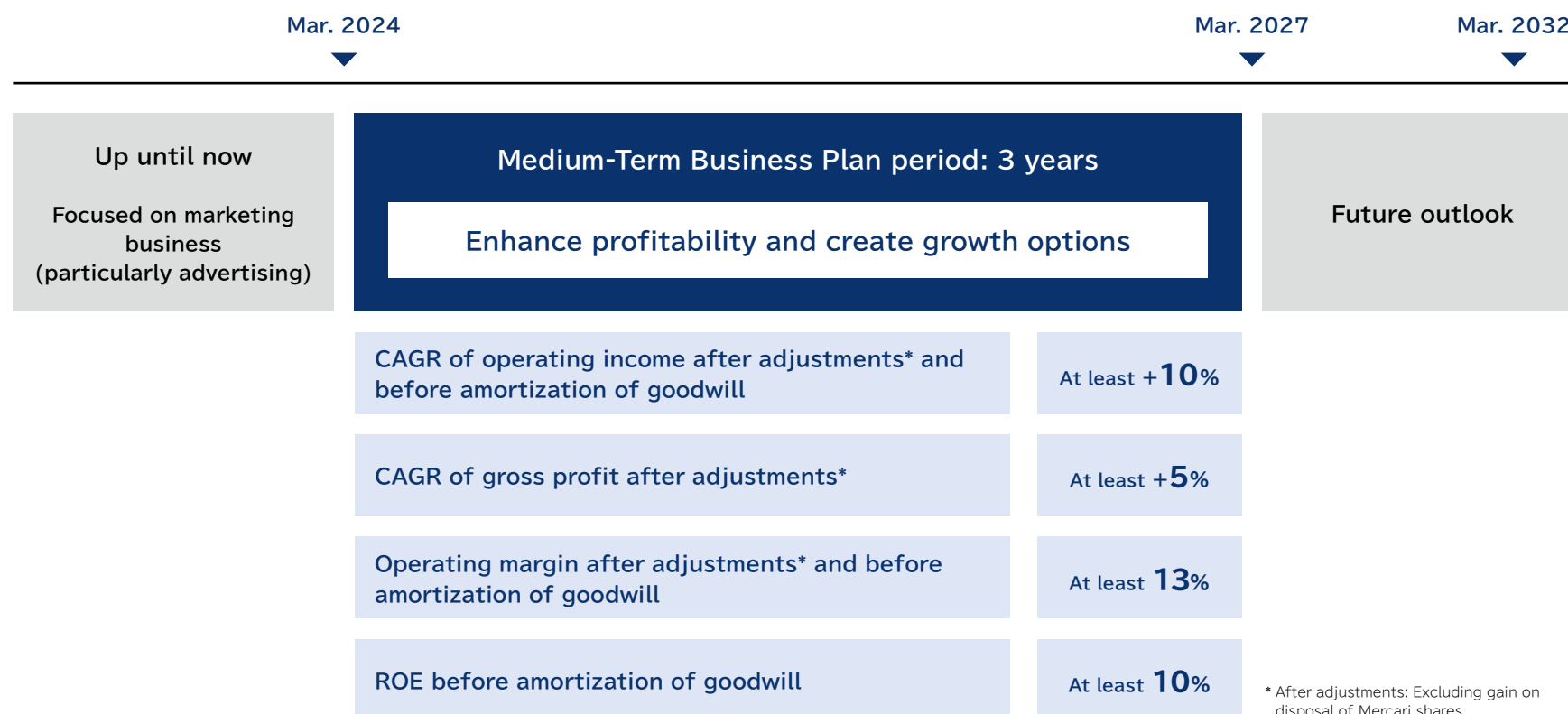
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INTERNATIONAL



## Medium-Term Business Plan

## Medium-Term Business Targets

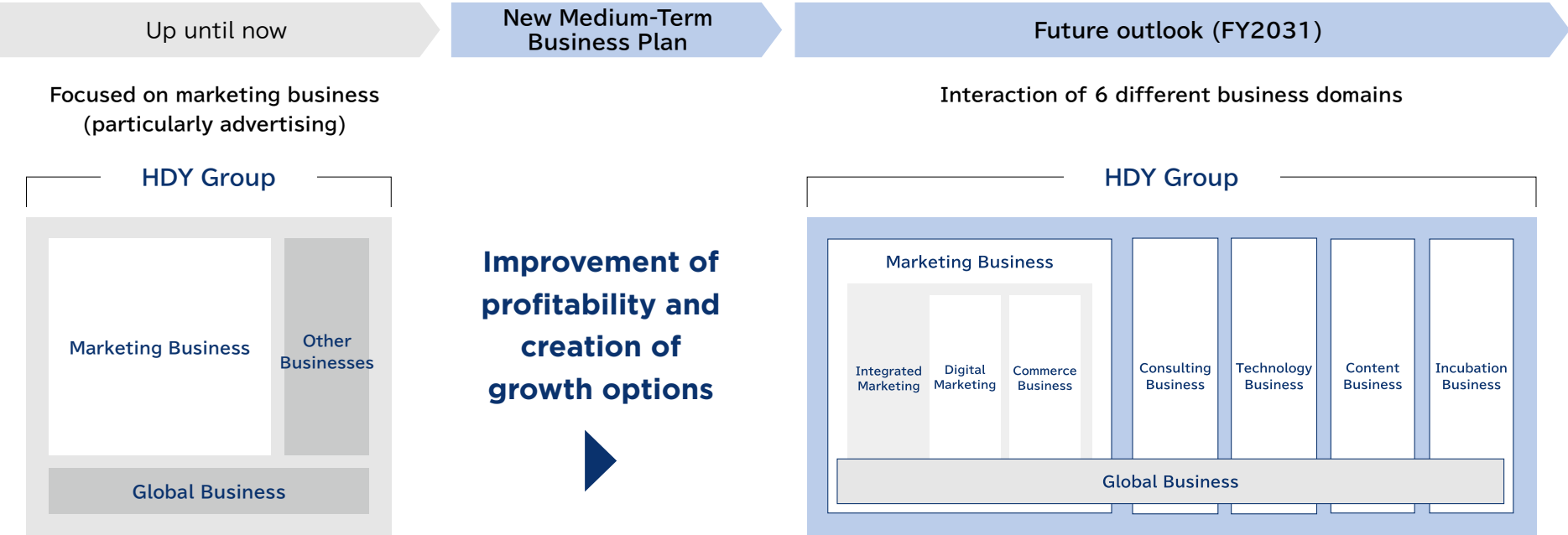
We have set the following indicators to be monitored under the MTBP in attaining the medium-term business targets.



Medium-Term Business Plan

Long-Term Future Outlook

Through ongoing transformation of the business structure under the current MTBP and beyond, we aim to develop a structure where some 50% of the profit in fiscal 2031 will come from growth domains.\*



\* Growth domains: Digital marketing and commerce business components in the marketing business, the new growth options of consulting, technology, content, and incubation, as well as global business, excluding duplicates