

Messages from Outside Directors

The Importance of Serving as a Representative of the Capital Market

Based on my experience, I offer advice aimed at enhancing shareholder value and facilitating effective communication with the capital market. As an outside director, I consider myself a representative of the capital market. As such, I anticipate the market's questions and opinions and bring them to the Board of Directors. While all stakeholders are important, I believe that emphasizing shareholder value serves as a measure and delivers the most balanced outcomes for all stakeholders.



Nobumichi Hattori

Outside Director

Governance: Assessment and Issues

When I joined the Board of Directors as an outside director, Board discussions were not exactly spirited. However, as the number of outside directors increased, I have sensed the Board becoming significantly more active. More outside directors has led to more diverse opinions shared from different perspectives, creating a positive sense of tension. I believe the Company's governance is improving steadily.

Responding to a Changing Business Environment

The advertising industry is currently experiencing a once-in-a-century period of transformation as new business models emerge, and the entire Group is being called on to adapt to these changes. In the period covered by the previous medium-term business plan, the Company invested significantly in digitalization and overseas business. Under the current plan, we also plan to invest in new growth areas, such as consulting. In the digital field, it is crucial to identify winning technology platforms, and the Group has actively pursued investments, including M&A, to ensure their effectiveness going forward. In overseas businesses, investment in kyu projects has already achieved a certain level of scale. Now is the time to realize synergies within kyu and across the entire Group, and to contribute visibly to shareholder value. In new growth areas, we will invest as necessary to build business foundations and develop them into future earnings pillars for the Group.

I will continue to provide a variety of support intended to contribute to the growth of the Group and enhance shareholder value by offering advice from an objective perspective and aimed at realizing the new Medium-Term Business Plan.

My Role and Challenges to Achieving the New Medium-Term Business Plan

The diversification of media and the onward march of digitalization, along with the emergence of generative AI, have dramatically transformed the business landscape. As global warming substantially affects our living environment, the changes currently taking place in the business world also represent a substantial structural shift that is not temporary, and that no company can escape.

The new Medium-Term Business Plan, which commenced in fiscal 2024, is essential to helping us ride the waves of change in the global business environment. A significant feature of the plan is expansion into new areas beyond the traditional advertising industry, including diversification and the pursuit of advanced capabilities. Given that the pace of environmental changes is accelerating each year, we must undertake these large-scale structural reforms with a sense of urgency. To do so, we need to actively leverage external knowledge, talent, and expertise to complement any internal resource gaps as we work to realize the new plan. In this sense, outside executives (outside directors and outside Audit & Supervisory Board members), who possess diverse knowledge and experience, will play a more important role than ever.

For my part, I intend to contribute to this change by utilizing the business experience I have gained over many years in the IT field.



Toru Yamashita

Outside Director

Cultivating People Who Cannot Be Replaced with AI

The concept of singularity—where AI capabilities surpass those of humans, is beginning to look more realistic. That said, it is believed that there are aspects where AI will never surpass humans, such as the creative ability to create something from nothing and the ability to make moral judgments.

In the first category, creativity and uniqueness have always been the source of competition in the advertising industry, and their importance will only continue to increase. While maximizing the use of AI, we need to cultivate creative individuals who can generate unique value without relying solely on AI. Our group, with its diverse and eclectic talents, is capable of achieving this.

On the other hand, even if we succeed in nurturing remarkable talent who can create amazing things, this will not be sustainable unless the process of creation is open, fair, ethically sound, and socially acceptable.

We will strive to foster a corporate culture that values ethics, alongside cultivating and securing creative talent.

Messages from Outside Directors

Further Improving Governance

I believe my role as outside director is to represent a “view from society” and to speak freely from this unique position. On the Company’s Board of Directors, there is a sincere and active exchange of opinions among directors and auditors with diverse backgrounds. Additionally, we outside directors have opportunities to exchange information among ourselves, and the Company has enhanced its business-related explanations. I believe governance is functioning effectively at the Company.

It is generally recognized that diversity among members is important both to avoid risks in decision-making and to foster innovation. Additionally, to respond to the rapid changes and uncertainty of the sort we face today, every member needs to become more conversant with social and management issues. Meanwhile, we should cultivate greater diversity across various levels of the Company, including the Board of Directors, and create an environment to fully utilize those strengths.

The Society Our Global Purpose Aims to Create

Since 2023, the process of creating our Global Purpose has involved many employees across the Group, both in Japan and overseas, engaging in open discussions over time. I felt that these activities helped call forth the Group’s value through a process that unleashed and animated each individual’s thoughts and aspirations and brought them to life.

In line with our Global Purpose, the new Medium-Term Business Plan calls for us to “create social value with human-centered sustainable management.” As we respond to rapid social changes and strive to grow as a creativity platform, we must remain aware that the foundations of this platform are *sei-katsu-sha* (people) and sustainability.

Expectations Toward Sustainability Implementation

In fiscal 2023, the Group organized its sustainability implementation structure, and as discussions among the Group companies deepen, we are seeing ongoing improvements. While much remains to be done, I hope these initiatives will permeate the Group and be further advanced, creating a positive social impact.

From my perspective as a “view from society,” I will continue monitoring efforts to realize the goal of “creating a society abounding in *sei-katsu-sha*’s aspirations and where they can live vibrant lives.”



Ikuko Arimatsu

Outside Director

Message from a Newly Appointed Outside Director

My Role in Strengthening Governance

I spent many years endeavoring to rectify social injustice through my work at the Ministry of Justice and the Public Prosecutors Office. I have subsequently served as a university professor, president of a debt collection company, and auditor for a major corporation.

As a newly appointed outside director, I understand that my most important role is to serve as a check on management from an outside perspective, a viewpoint that differs from auditing.

To enhance corporate value and ensure the Group achieves sustainable development, earning a high level of trust from society is more important than anything. For this reason, thorough compliance and stronger governance are fundamental for the Group’s development. By leveraging my knowledge and experience, I intend to place particular emphasis on these areas and work diligently to address them.

Compliance has become increasingly sophisticated and complex as the Group’s business domains have broadened over time. The Group must of course pursue an advanced level of governance, and it is increasingly important for officers and employees of Group companies to be familiar with domestic and international laws and remain abreast of regulatory trends. I will offer my opinions as a legal expert and fulfill my responsibilities as a director by providing appropriate supervision.

Responding to a New Era

Advances in digitalization are profoundly changing the business environment around the advertising industry. The role of the Board of Directors is to decide the direction of the Group within this context. We are committed to actively engaging in discussions to fulfill this responsibility.



Koichi Ueda

Outside Director