



Hakuhodo DY Group New Medium-Term Business Plan

Abbreviations

HC: Hakuhodo DY Holdings, H: Hakuhodo, D: Daiko Advertising, Y: YOMIKO ADVERTISING,
MP: Hakuhodo DY Media Partners, DAC: D.A. Consortium, SO: SoldOut

My name is Masayuki Mizushima, and I am the Representative Director & President of Hakuhodo DY Holdings Inc.

I'd like to brief you on Hakuhodo DY Group's new Medium-Term Business Plan, or MTBP.



Review of FY2021–FY2023 Medium-Term Business Plan

Let me start by reviewing the outcome of the previous Medium-Term Business Plan.

Medium-Term Business Plan (Revised: FY2021–FY2023)

Hakuhodo DY holdings

*Initial plan

<p>Core Medium-Term Strategy</p>	<p>With <i>sei-katsu-sha</i> insight as our cornerstone, the Hakuhodo DY Group will combine our creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a digitalized era. In this way, we will continue to impact and provide new value to <i>sei-katsu-sha</i> and society as a whole.</p>
<p>Transformation of Our Services and Business Foundation</p>	<ul style="list-style-type: none"> ● Transform the services we provide: Implementation of full-funnel <i>Sei-katsu-sha</i> Data-Driven Marketing ● Strengthen cross-organizational functions to accelerate transformation ● Continuously pursue transformation based on existing strategies ● Strengthen our foundation for sustainable business management
<p>Target Levels for Core Domains (FY2023)</p>	<ul style="list-style-type: none"> ● Marketing execution domain: Annual gross profit growth rate of at least +10%*1 ● Internet domain: Annual billings growth rate of at least +15% ● Overseas business domain: Annual gross profit growth rate of at least +15%
<p>Medium-Term Business Plan (MTBP) Targets (FY2023)</p>	<p>Operating income before amortization of goodwill: At least ¥65.0 billion (revised downward to ¥50 billion in H1 FY2023)</p> <p>Annual growth rate of gross profit after adjustments*2: At least +7% Annual growth rate of operating income after adjustments and before amortization of goodwill: At least +7%</p> <p>Important indicators</p> <ul style="list-style-type: none"> • Operating margin after adjustments and before amortization of goodwill: Approx. 15% • ROE before amortization of goodwill: At least 10%

We moved forward with a variety of initiatives in accordance with the plan described on this page.

Please note that we revised downward our outlook for operating income before amortization of goodwill to ¥50 billion in November, in view of the latest trends in our business performance.

Review of medium-term business targets

- Although gross profit growth exceeded the target, operating income before amortization of goodwill fell short of the initial target of ¥65 billion.

		Medium-term target	FY2023
Medium-term business targets	Operating income before amortization of goodwill	At least ¥50 billion (as revised in H1 FY2023)	¥50.1 billion
	Growth rate of gross profit after adjustments	At least +7% CAGR	+8.0% CAGR
	Growth rate of operating income after adjustments and before amortization of goodwill	At least +7% CAGR	-3.6% CAGR
Important indicators	Operating margin after adjustments and before amortization of goodwill	Approx. 15%	11.2%
	ROE before amortization of goodwill	At least 10%	11.5%

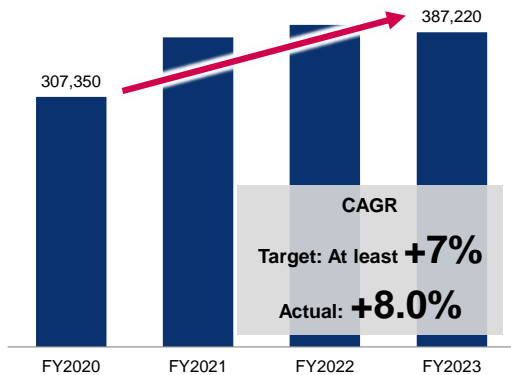
Here are the results for our planned business targets.

In fiscal 2023, operating income before amortization of goodwill reached ¥50.1 billion, thus exceeding the revised target but missing the initial target.

Review of medium-term business targets: Target levels for core domains

- With the increase in gross profit, each of the three core domains recorded a double-digit growth.

Gross profit after adjustments



Core domains

	Target level	Actual level
Marketing execution domain CAGR of gross profit	+10%	+11.9%
Internet domain CAGR of billings	+15%	+11.5%
Overseas business domain CAGR of gross profit	+15%	+19.4%

Nevertheless, CAGR of gross profit after adjustments, a measure of growth potential, reached 8.0%, thus exceeding the initial plan.

As regards the targets set for the priority domains, we managed to realize double-digit growth in each of the three priority domains, although we failed to reach the CAGR target for billings in the Internet domain.



New Medium-Term Business Plan

Now I would like to describe our new Medium-Term Business Plan.

Business environment: Megatrends



Here is our understanding of the present business environment.

The business environment surrounding our Group has been undergoing major, unprecedented changes.

Amid the transformation of society as a whole, characterized by urbanization, longevity and the changing roles of women, shopping behavior is even more oriented toward health and sustainability, thus increasing the importance of brands.

The economic and technological landscape is now characterized by the rise of emerging economies, intensified global competition and accelerated digitalization driven by generative AI, among others.

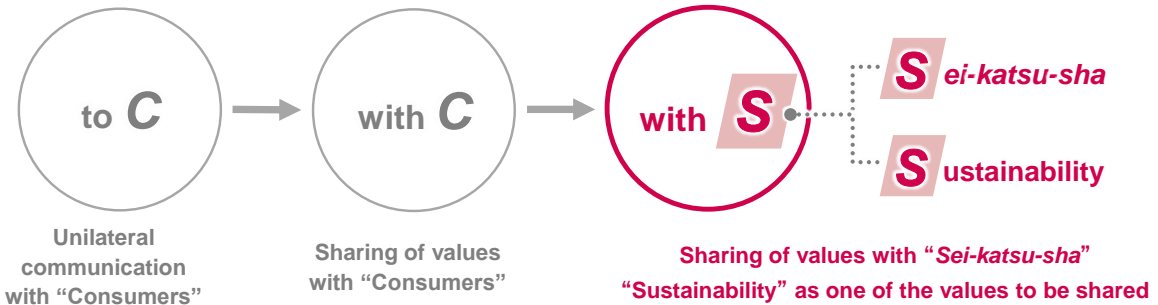
This highly unpredictable and uncertain environment, which is undergoing a paradigm shift, is expected to require constant transformation.

And our Group is no exception.

Situational awareness: Changing society “with S”

- Advent of a full-fledged *sei-katsu-sha*-driven society where *sei-katsu-sha* (S) are at the center of everything we do.
- A generalized consciousness of sustainability (S) will be a defining factor for the activities of *sei-katsu-sha* and businesses.

Approach behind the evolution of the *sei-katsu-sha*-driven society



We believe that “with S” is a keyword to help understand those ongoing changes.

Indeed, we moved from the “to C” era, meaning unilateral communication from businesses, to the era of “with C.”

And now we are about to embrace the advent of a “society driven by *sei-katsu-sha*,” where *sei-katsu-sha* are at the center of everything we do.

That is our first “S.”

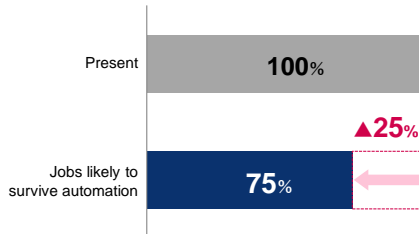
Our second “S” is sustainability, which is fast becoming a defining factor for the activities of *sei-katsu-sha* and businesses.

In short, we have entered a new era, when we must focus on the “two Ss” – *sei-katsu-sha* and sustainability.

Situational awareness: Changing technology “beyond Tech”

- The rapid advancement of technology is effectively redefining the industrial/business structure and the role of humans.
- Human-tech co-creation to augment creativity and shape a new world.

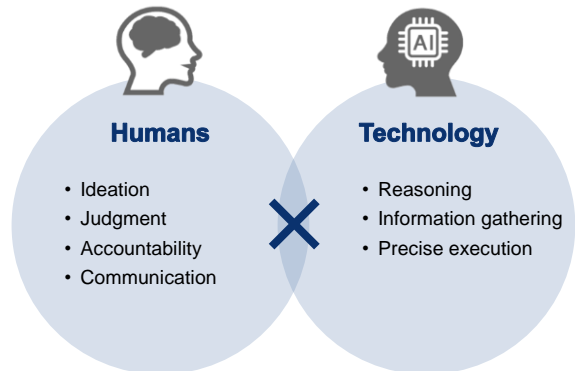
Jobs that can be automated with AI



About 25% of existing jobs might be automated, particularly those based on rules or precedents.

Source: Compiled from Goldman Sachs and BCG data

Human-tech co-creation



The rapid advancement of technology is another major theme.

Following the expansion of digital infrastructure during the Covid-19 pandemic, we have witnessed a rapid evolution of data-leveraging techniques powered by generative AI.

Artificial intelligence will drive job automation, transforming the structures of all industries and businesses along the way.

But this does not mean that AI will replace all jobs.

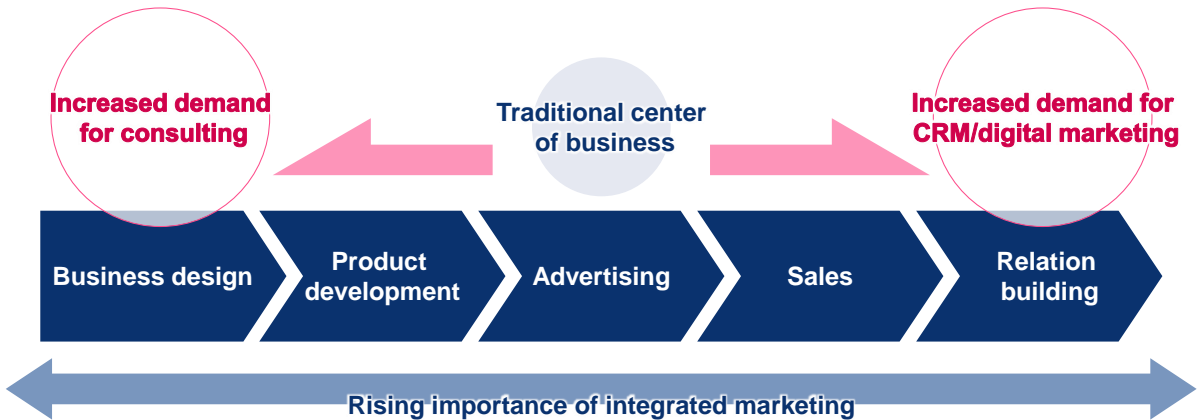
It will be increasingly important to boost creativity and maximize value added through cocreation between humans and technology.

We believe that technology will help expand human capacity and potential.

Our future will be best defined by the words “beyond Tech.”

Situational awareness: Changing business needs “beyond ads”

- Amid market maturity and disruptive innovation, companies are increasingly committed to radical business transformation.
- Attention needs to be focused on questions like “what value to create” and “how to maintain connection with *sei-katsu-sha*.”



This substantial change in the environment is also changing business needs.

Amid market maturity and disruptive innovation, companies are increasingly committed to radical business transformation, which can be characterized as a “second founding period.”

Against this backdrop, advertising cannot simply focus 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 connection with *sei-katsu-sha*,” in order to meet the needs for CRM and digital marketing.

Indeed, business needs are now moving “beyond ads,” in search of solutions to broader issues.

The background of the top section is an abstract, swirling pattern of various shades of blue, ranging from light to dark. The lines are fluid and organic, creating a sense of motion and transformation. A semi-transparent dark blue horizontal band is overlaid across the middle of this pattern, serving as a backdrop for the white text.

Our Global Purpose and Ideal Form

Amid this unceasing transformation, our Group formulated a Global Purpose and Ideal Form to support our effort with solid values.

Formulation/internalization of our Global Purpose

- A purpose formulation/internalization project was implemented with the participation of all Group employees.
- The project served to reflect on the raison-d'être of the Hakuhodo DY Group and the meaning of work, aiming to place the purpose at the center of all business activities.

A questionnaire survey was conducted to elicit the aspirations of Group employees. 4,067 employees responded.



Business activities centered on the Global Purpose

Worldwide livecast of four days of discussion about the purpose focusing on the themes of "Creativity," "U35 with the CEO," "Global" and "Biz & Tech."



Discussion
OPEN BRIEF SESSION

Aggregation
COLLECTION OF QUESTIONS

Announcement
UNVEIL SESSION

Sharing
GLOBAL PURPOSE DIALOG

Resonation
GLOBAL PURPOSE DAY

Implementation
VENTURES OF CREATIVITY

Internal business development program to give shape to the aspirations of individual employees



Four regional sessions were organized: Japan, Greater China, Americas and APAC-EMEA. A total of 1,799 Group employees participated in the discussions across job categories, companies and countries.



Each Group company/unit held conversations about the Global Purpose.

Let me first explain our Global Purpose.

To express “why our Group exists” and “why we work for this Group,” the Global Purpose was formulated through a process of reflection that lasted for almost six months, involving Group companies both inside and outside Japan.

A program is still being carried out to share the Global Purpose among the Group companies and put it into practice.

Our Global Purpose (our raison-d'être)

**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, "*omo!*".
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.

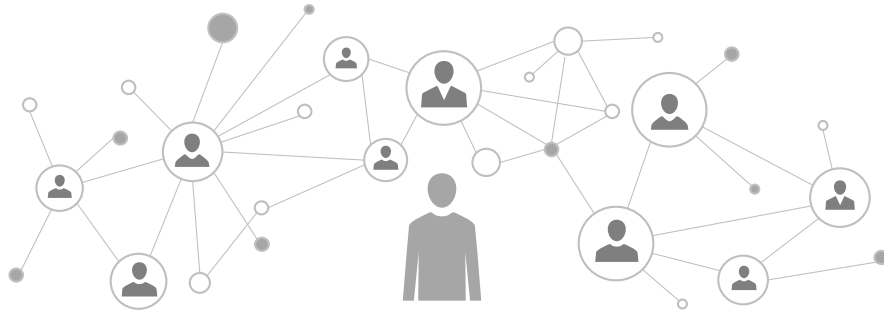
This is the Global Purpose of the Hakuhodo DY Group:

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

Going forward, our business activities will be centered on this purpose.

Ideal Form

From “a group of advertising companies” to “**a creativity platform**”



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

To achieve this Global Purpose, we seek to evolve outside the framework of “a group of advertising companies” into “a creativity platform.”

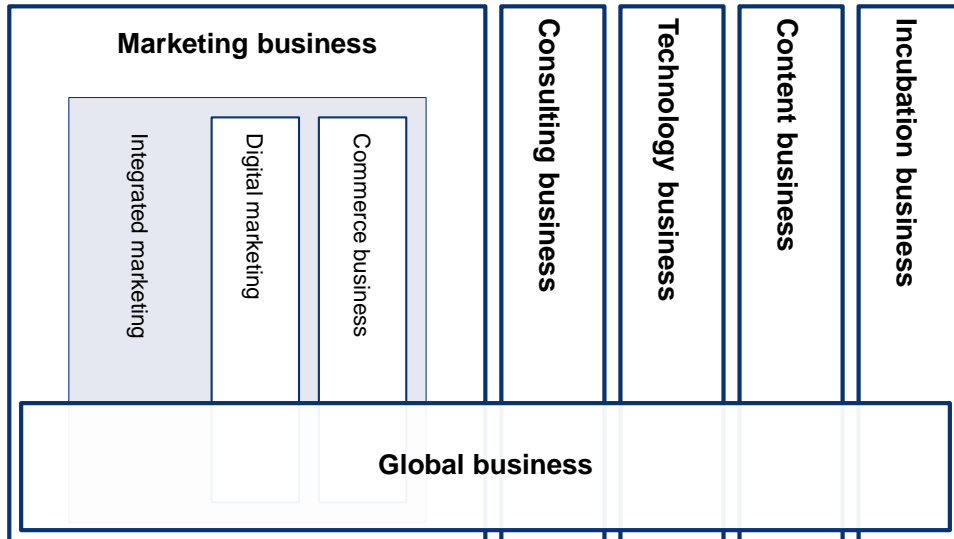
With *sei-katsu-sha*-centered creativity as our edge, we aim to be a group that creates the future by connecting *sei-katsu-sha*, organizations and society to generate new relational value.



Six Business Domains

Now let me turn to the business domains that comprise our “creativity platform.”

Six business domains of our creativity platform



We have identified six business domains in which we can create new relational value with *sei-katsu-sha*-centered creativity:

Marketing business;

Consulting business;

Technology business;

Content business;

Incubation business; and

Global business.

Business structure reform

- The three years of the new Medium-Term Business Plan will serve to restructure existing core business and create new growth options.
- The subsequent five years will be focused on the overhaul of the Group's profit-making structure.



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Thus far, the marketing business, focused on advertising, has been the pillar of profitability for the HDY Group.

Moving forward, we will expand our scope of business outside the traditional advertising and marketing business.

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 three objectives.

The first objective is to restructure our marketing business.

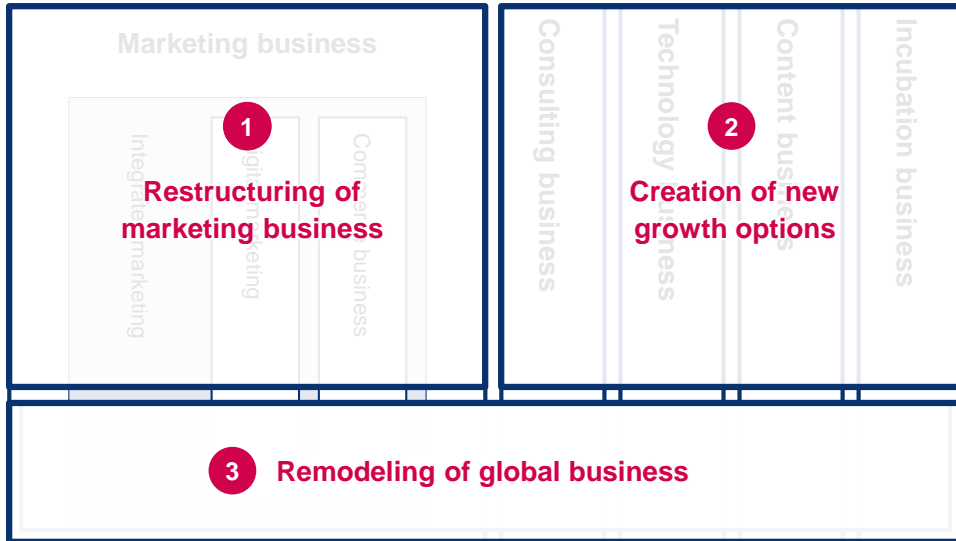
The second objective is to create new growth options.

And the third objective is to remodel our global business.

The six business domains will grow as different business models to drive business restructuring through mutual interaction.

This is our future vision.

3-year reform of business structure to enhance profitability and create growth options

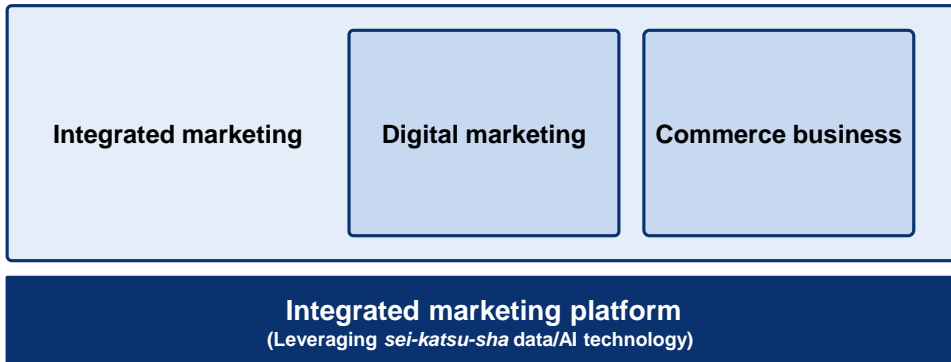


Next, I'll explain our business restructuring in the three-year period to enhance profitability and create growth options under the new Medium-Term Business Plan by looking at each of the three objectives.

(1) Restructuring of marketing business

- Enhance growth domains of digital marketing and commerce business.
- Promote marketing sophistication/efficiency based on a proprietary integrated marketing platform.

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



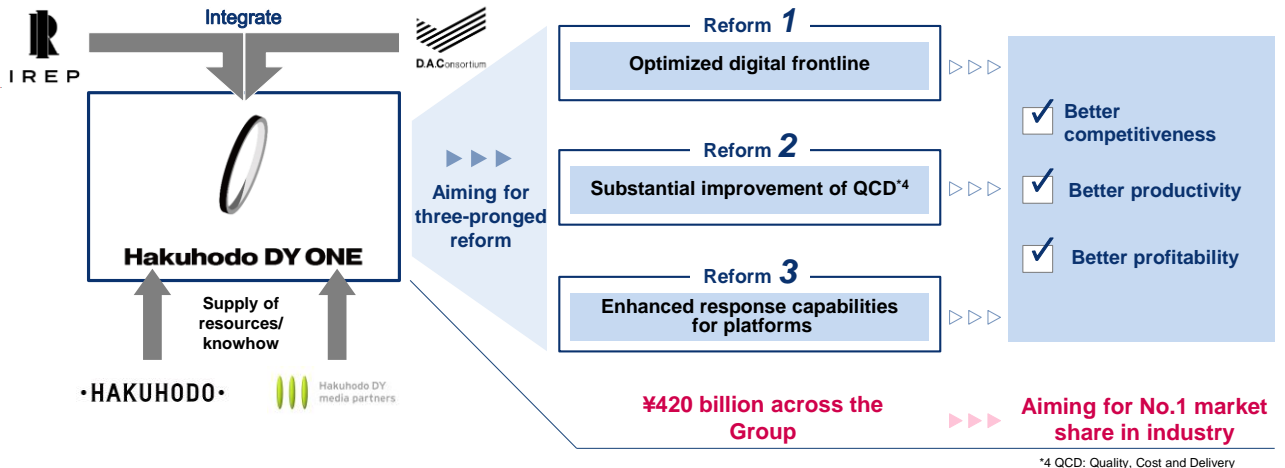
The first objective is the restructuring of our marketing business.

Given that clients mainly need to cope with 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.

We have also developed an “integrated marketing platform” as a system to enable members of Group companies to leverage *sei-katsu-sha* data and AI technology in their daily work.

(1) Restructuring of marketing business: Digital marketing

- Launch of Hakuhodo DY ONE, a new company integrating the best of the Group's resources and knowhow.
- Over 200 employees, including frontline personnel, joined from Hakuhodo and MP, ensuring that the company has the highest degree of expertise and frontline potential.
- Aiming to capture the largest market share in industry and increase profits through integration and automation.



The first component of marketing business restructuring is the enhancement of our digital marketing functions.

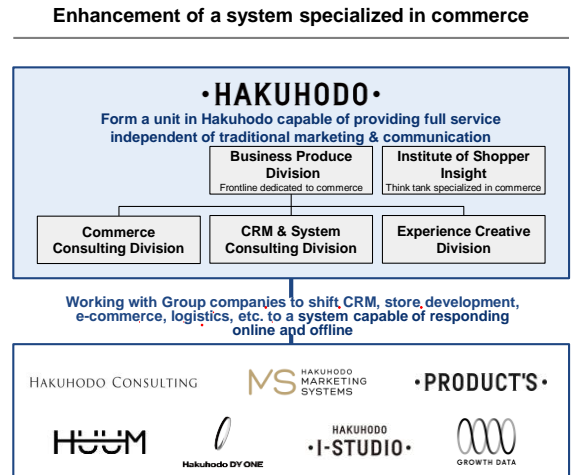
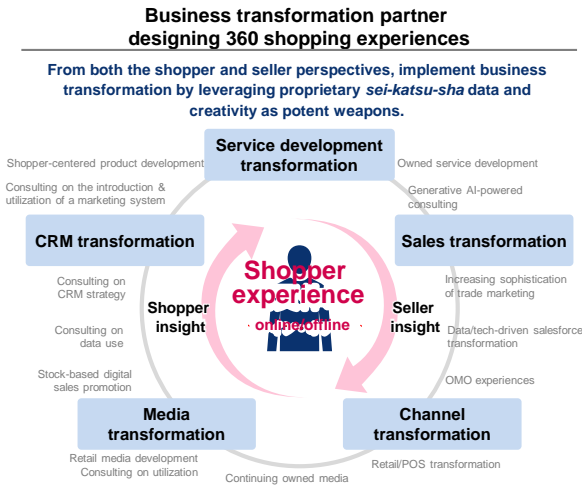
To that end, in April we integrated two of our Group companies, IREP and DAC, into Hakuhodo DY ONE, a new company to pool our digital marketing resources and knowhow.

More than 200 employees joined from Hakuhodo and Hakuhodo DY Media Partners to ensure that the new company has the best expertise and frontline potential.

Through better competitiveness, better productivity and better profitability, the new company aims to capture the No.1 market share in the industry by substantially increasing the current revenue of ¥420 billion in the Internet business across the Group.

(1) Restructuring of marketing business: Commerce business

- Aim to be a shopping experience-centered 360 business transformation partner from both shopper and seller perspectives.
- Form a business unit, including specialized frontline organizations, in Hakuhodo capable of providing full service in commerce business.



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Another important component of our marketing business is the commerce business.

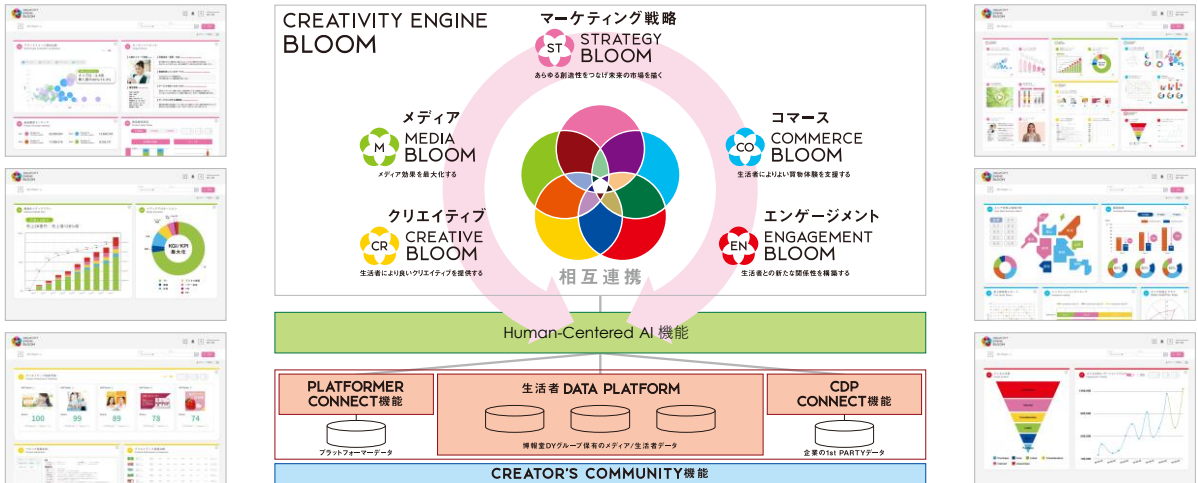
As I explained in the section on environmental changes, clients are asking us to design shopping experiences for *sei-katsu-sha* both online and offline in response to dramatic changes in shopping behavior.

Accordingly, Hakuhodo set up a business unit capable of providing full service, aiming to be a business transformation partner in commerce by designing 360 shopping experiences from the perspectives of both shoppers and sellers.

This business unit, mainly composed of a consulting division, a creative division and the Institute of Shopper Insight, a think-tank with a history of over 20 years, is designed to help diversify the Group's profit base, working with Hakuhodo Product's and other Group companies with unique expertise.

(1) Restructuring of marketing business: Integrated marketing platform

- Roll out Creative Engine Bloom in steps to drive the sophistication/efficiency of integrated marketing.
- Aim to provide five modules combining AI technologies to augment creativity.



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Here is an overview of Creativity Engine Bloom, our integrated marketing platform to drive the sophistication and efficiency of integrated marketing.

The platform includes five modules, each connecting our proprietary *sei-katsu-sha* data and the data of platformers and clients, and combining them with AI technology.

Members of our Group will leverage the five modules of marketing strategy, media, creative, commerce and engagement to boost creativity, thereby providing clients with high-quality integrated marketing services at speed.

(2-1) Creation of new growth options: Consulting business

- Establishment of ENND PARTNERS, a new company offering unique human- and creativity-centered professional services.
- Aim to improve Group competitiveness by combining the expertise and innovativeness of kyu and the Hakuhodo Group in particular.



Let me now move on to the “creation of new growth options,” the first of which is the consulting business.

To date, the HDY Group has focused its consulting business on marketing.

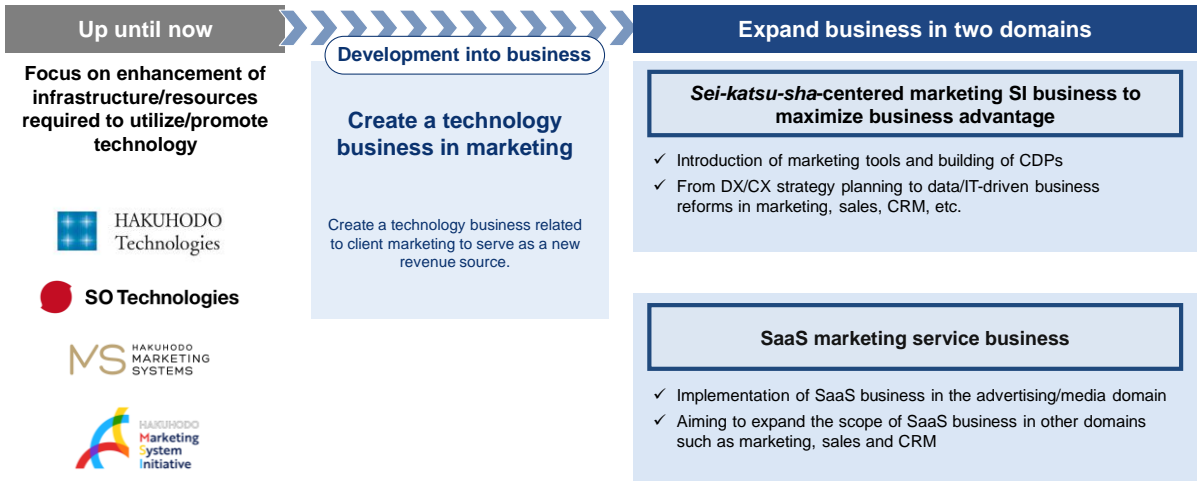
We have decided to expand our scope of business to include a professional service for top executives.

Thus, ENND Partners was launched in April as a new company co-founded by Tim Brown, a leading figure in design management and chairperson emeritus at IDEO, one of our Group companies, and by Masanobu Iwabuchi, an expert in the global consulting business, to offer human-centered consulting services driven by creativity.

We aim to improve the Group’s competitiveness by combining the expertise and innovativeness of the new company with those of kyu and the Hakuhodo Group in particular.

(2-2) Creation of new growth options: Technology business

- Create a technology business related to client marketing leveraging technology infrastructure and resources.
- Build a *sei-katsu-sha*-centered marketing SI/SaaS business to serve as a new revenue source.



Our second growth option is the technology business.

During the period of the previous Medium-Term Business Plan, we focused on enhancing the infrastructure and resources required to utilize and promote technology, including through the development of AaaS as a solution to drive DX in advertising and the incorporation of Hakuhodo Technology to mobilize technology talent across the Group.

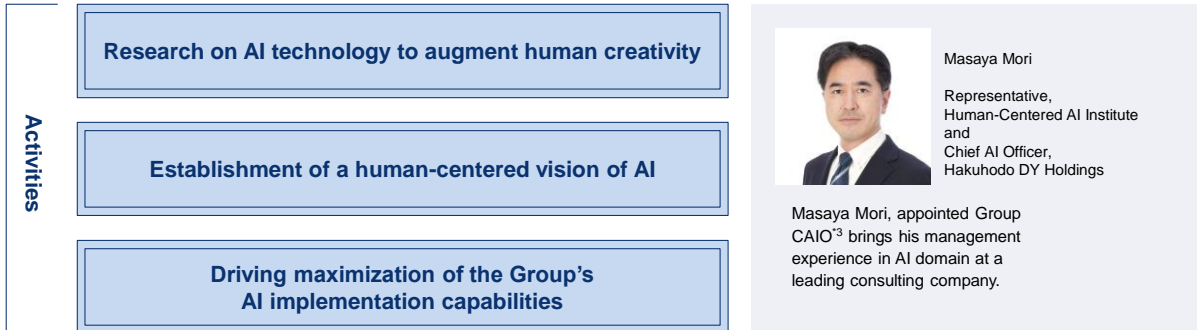
Going forward, we are committed to creating a technology business in marketing by leveraging the infrastructure and resources developed thus far.

Our planned actions include realizing the “marketing SI” and “SaaS marketing service” businesses, both of which are intended to maximize business impact with *sei-katsu-sha* insight.

Use of AI

- A laboratory launched in April 2024 for advanced R&D on AI technology with a human-centered approach.
- Results of research on AI that reflects creative knowhow, as well as research that will contribute to augmenting human creativity, to be adopted in tools for the integrated marketing platform

Launch of a new research body: Human-Centered AI Institute



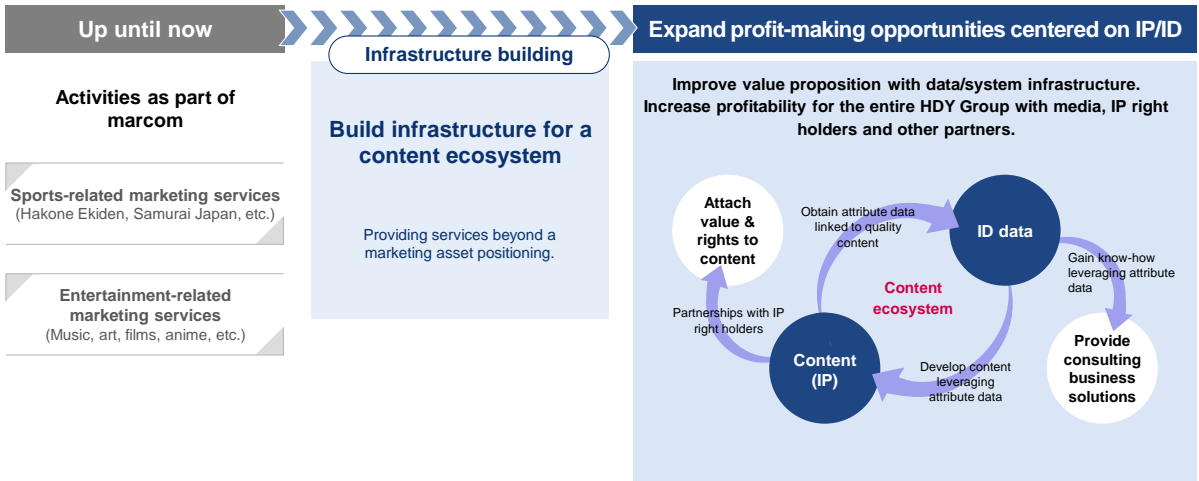
*3 CAIO: Chief AI Officer

With regard to AI-related business, we launched the Human-Centered AI Institute in April 2024 as a laboratory for advanced R&D on AI technology with a human-centered approach.

With experience in the AI business at a leading consultancy, Masaya Mori will head the Institute as Chief AI Officer to conduct research on and implementation of AI technology to augment human creativity.

(2-3) Creation of new growth options: Content business

- Build infrastructure to invest in IP and to acquire ID data, including forming alliance with external players.
- Develop an IP/ID-based content ecosystem to expand profit-making opportunities.



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The third of our new growth options is the content business.

Up until now, we have focused on sponsorship of sporting events including baseball and road relay races, as well as music, arts and other cultural events, as part of clients' marketing activities.

We have also engaged in business leveraging data on sports and NFT.

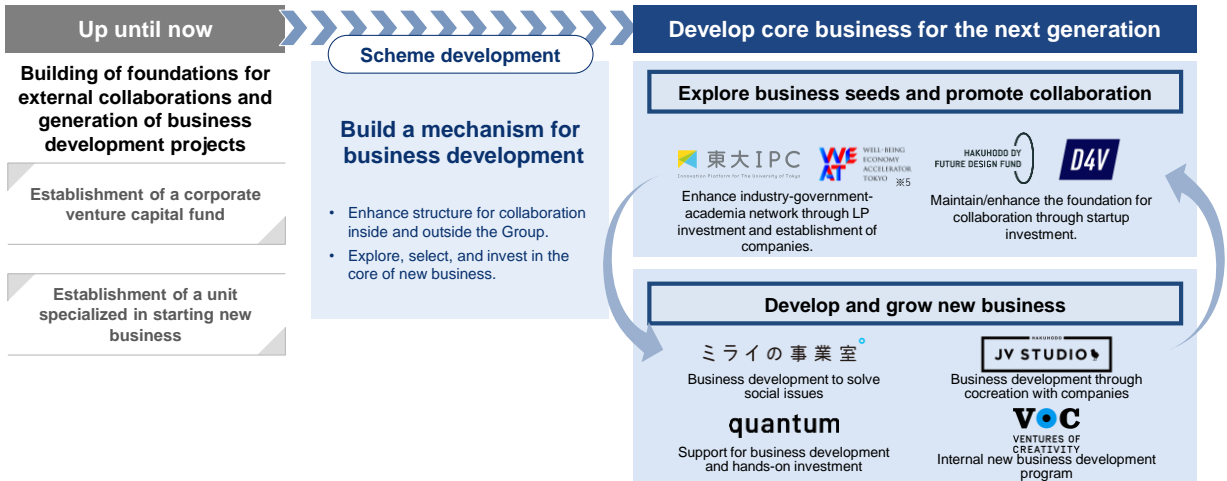
Digitization has led to disruptive innovations in the content business, in terms of production and visualization methods.

It has also facilitated direct contact with fans and various forms of monetization. Going forward, we seek to create new profit-making opportunities at the intersection of IP and ID.

In this connection, we intend to build a content ecosystem by investing in IP and acquiring ID, including through alliances with media and right-holders.

(2-4) Creation of new growth options: Incubation business

- Leverage the Group's creativity and networks to make a new, socially impactful business a pillar for our profitability in the future.



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※5 The logo "WEAT" is applied by University of Tokyo (2023-111782), as the brand logo that embodies the activities of "WEAT" project

Our fourth new growth option is the incubation business.

To date, we have built foundations for external collaboration led by the investment activities of Hakuhodo DY Ventures and generated business development projects through specialized units in Hakuhodo and MP.

Going forward, we will enhance industry-government-academia networks and the foundation for collaboration with startups, while developing a mechanism for collaboration inside and outside the Group.

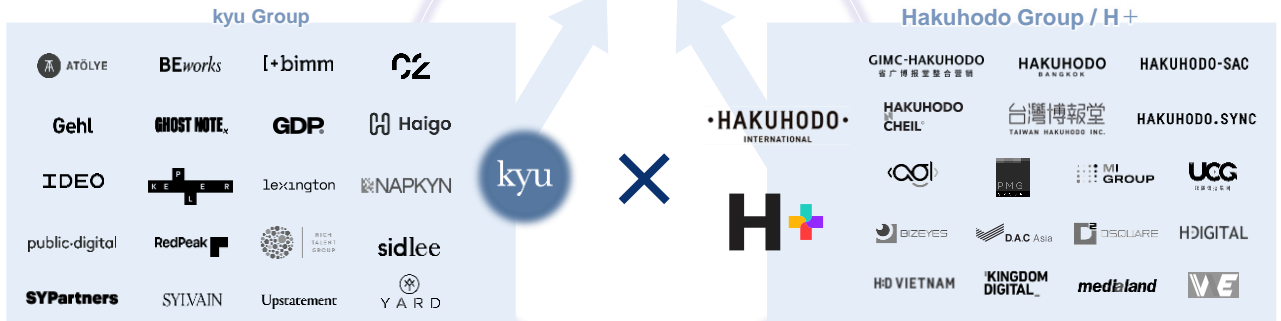
At the same time, we will leverage our unique creativity to develop new, socially impactful business, with the potential to grow into a new pillar of profitability in the future.

(3) Remodeling of global business

- Enhance collaboration between strategic operating unit kyu and regional teams centered around Hakuhodo to form a unique network.
- Aim for double-digit operating margin before amortization of goodwill in three years by improving 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.



Finally, we are committed to remodeling our global business.

Our strategic business unit, kyu, has successfully expanded our business in US and Europe by adding innovative companies to the Group. Meanwhile, Hakuhodo has led our efforts in Asian markets by providing marketing support for Japanese and local companies and enhancing digital marketing capabilities.

Looking ahead, we seek to achieve growth in Asia by responding to the needs of clients through cross-border regional teams and to expand into new markets in the global south including by scaling up business in India, a major growth market.

Over the coming years, two business units, namely the kyu and Hakuhodo groups, will enhance their responsiveness through collaboration in the digital marketing domain, forming a unique “modern network.” We are also committed to improving the profitability of the whole global business, aiming to achieve a double-digit operating margin before amortization of goodwill in the three-year period of the Medium-Term Business Plan, as part of our effort to establish an environment that helps contribute to profit.



Sustainable Management

In this next section, I will outline our planned actions to achieve sustainable management.

Sustainable management

- The Hakuhodo DY Group aims to create social value with human-centered sustainable management.

Environment

Meet environmental challenges including climate change

- Halve CO₂ emissions by 2030 and achieve zero emissions by 2050.
- Ensure execution of reduction activities including the introduction of renewable energy.

Governance

Pursue compliance awareness and integrity

- Ensure compliance and enhance governance.
- Conduct human rights due diligence.

Social

Respect for, and nurturing of diverse personalities

- Women to account for 30% of the Group's management positions by 2030.
- Develop an environment to ensure respect for, and nurturing of diverse personalities.

Development of human resources to tackle social issues

- Impart knowledge of the environment and society to employees.
- Provide future generations with issue-solving programs based on *sei-katsu-sha* insight.

Human-centered sustainable management

**Creating a society abounding in *sei-katsu-sha*'s aspirations
and where they can live vibrant lives**

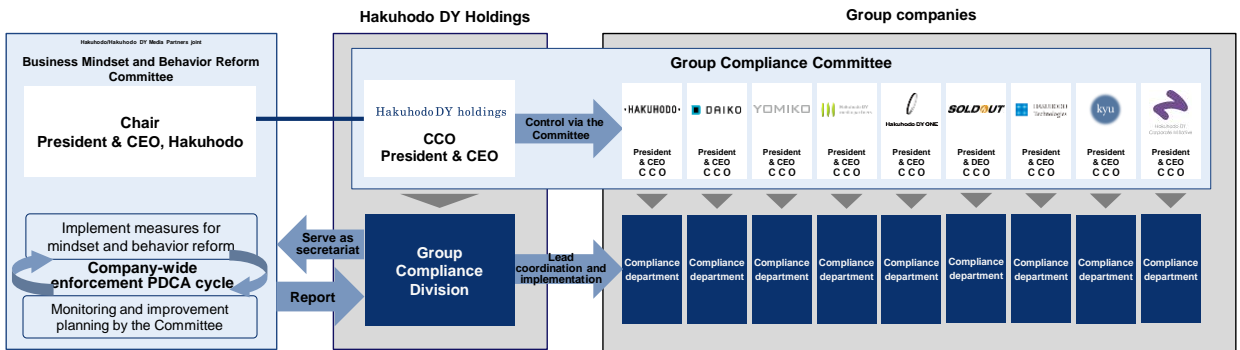
The Hakuhodo DY Group aims to create social value with human-centered sustainable management.

To that end, we are committed to creating a society where *sei-katsu-sha* have many aspirations and can live vibrant lives by promoting the development of human resources who can identify solutions to social issues, in addition to various actions from the ESG perspectives.

Actions to ensure compliance

- Control compliance activities through the Group Compliance Committee, chaired by the President & CEO of Hakuhodo DY Holdings and with membership including the President & CEOs of major Group companies.
- Enforce robust compliance in each Group company, appointing its President & CEO as CCO.
- Establish a Business Awareness/Action Reform Committee, chaired by the President & CEO of Hakuhodo.
- Establish a Group Compliance Division, dedicated to strengthening and enforcing compliance in the Group.

Group-wide structure for compliance implementation



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Here are our actions to ensure compliance.

As you can see, we are taking concrete measures to ensure compliance, and improve and strengthen our governance structure.

As President of the Hakuhodo DY Group, I have also been acting as Chief Compliance Officer (CCO) for the whole Group.

Each Group company has also appointed its President as CCO.

In addition to controlling compliance activities through the Group Compliance Committee, chaired by the Group CCO and with members including the CCOs of Group companies, we are enforcing robust compliance at the level of each Group company.

These efforts culminated in the establishment of a dedicated organization – the Group Compliance Division.

Furthermore, Hakuhodo and Hakuhodo DY Media Partners have established a Business Awareness/Action Reform Committee to promote compliance as a confidence-building measure.

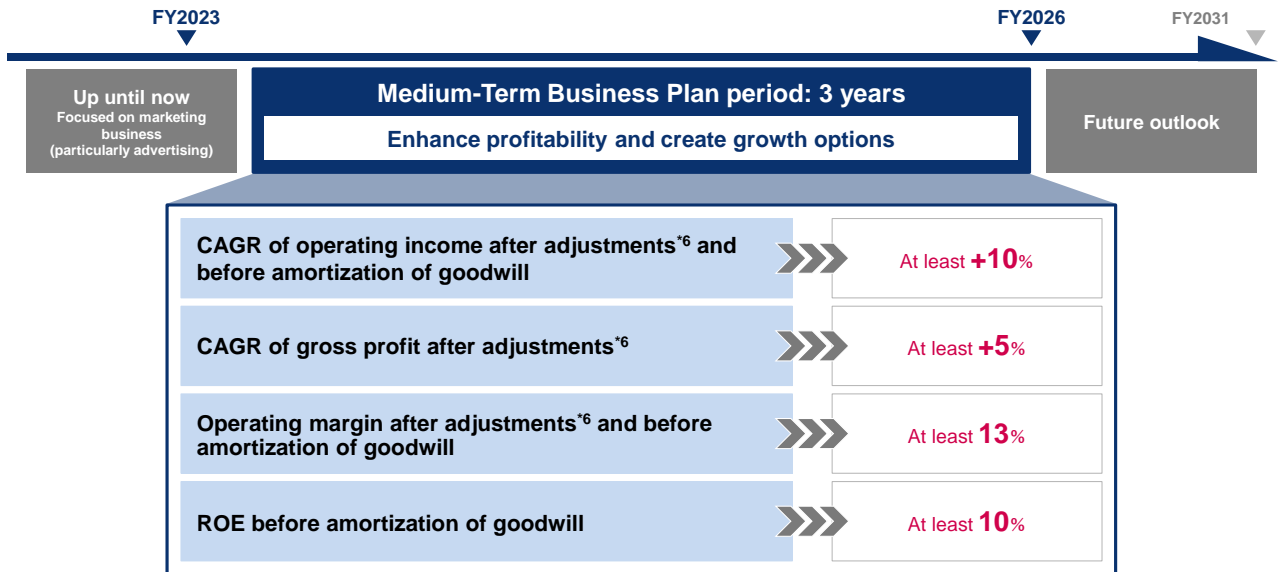
Going forward, we will keep reinforcing compliance measures.



Medium-Term Business Targets

Finally, I would like to touch upon the targets that we aim to attain under the new Medium-Term Business Plan.

Medium-term business targets



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*⁶ After adjustments: Excluding gain on disposal of Mercari shares

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As I noted at the beginning, we defined the three-year period to fiscal 2026 covered by the new Medium-Term Business Plan as a period to enhance profitability and create growth options.

In order to ensure transparency about our growth potential under the new MTBP, we now present our targets in adjusted terms, i.e. excluding the gain realized on the disposal of Mercari shares, which has had a substantial impact on our P/L over the years.

The top-priority target is set in terms of operating income after adjustments, at +10% CAGR.

Other targets include +5% CAGR for gross profit after adjustments, 13% for operating margin after adjustments, and 10% for ROE before amortization of goodwill.

Indicators to be monitored

- Monitor the restructuring of the existing core business and the creation of new growth options for three years to FY2026.

1 Restructuring of marketing business		2 Creation of new growth options	
CAGR of gross profit in domestic marketing business	Approx. +4%	CAGR of gross profit of the four business domains combined	At least 10%
Operating margin of domestic marketing business before amortization of goodwill	At least 15%	<ul style="list-style-type: none"> · Consulting business · Technology business · Content business · Incubation business 	
CAGR of gross profit in domestic digital marketing	Above market average CAGR		
3 Remodeling of global business			
CAGR of gross profit in global business	Approx. 5%	Operating margin of global business before amortization of goodwill	Approx. 10%

We have three sets of indicators to be monitored over the coming three years to measure success in attaining the medium-term business targets. The first set of indicators concerns the restructuring of the marketing business. Despite the limited growth expected in the Japanese advertising market, we seek to realize profitable growth by increasing the quality and efficiency of integrated marketing while expanding the scope of our digital and commerce businesses.

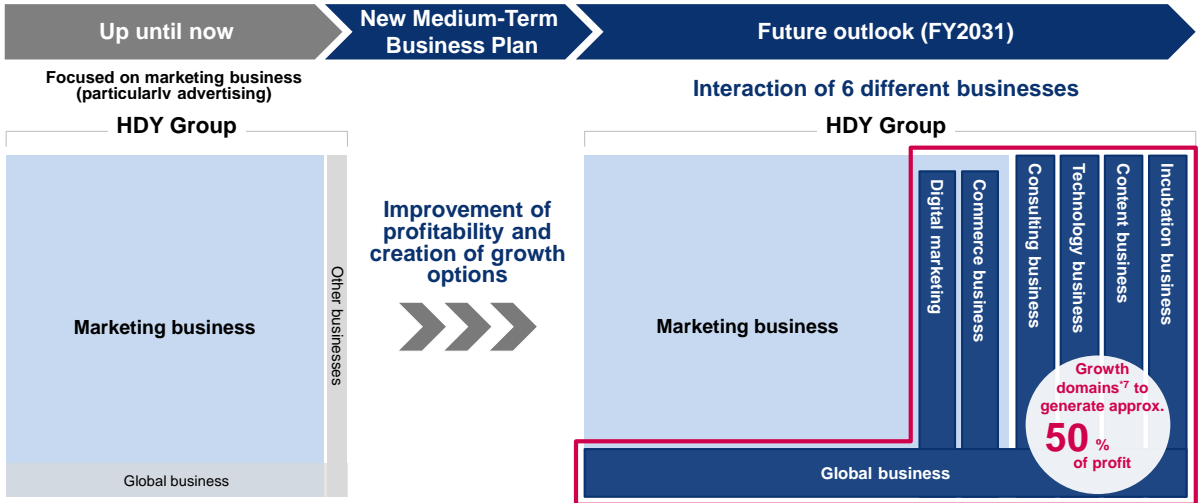
Specific targets include increasing the gross profit by approximately 4% in the domestic marketing business, increasing the operating margin before amortization of goodwill by 15%, and achieving above-market CAGR for gross profit in domestic digital marketing.

Regarding creating new growth options, we aim to establish a business model for the future in each of the four business domains: consulting, technology, content and incubation. The total gross profit target for the four business domains combined is set at 10% CAGR over the three years.

Finally, as part of remodeling our global business, we will ensure transformation into a profitable business structure as well as positive growth of gross profit. Targets include approximately 5% CAGR for gross profit and approximately 10% for operating margin before amortization of goodwill.

Future outlook

- Transform into a business structure in which six different business domains interact to drive new growth and profitability.
- Aim for a structure in which the growth domains*6 generate approximately 50% of the Group's operating income before amortization of goodwill.



*7 Growth domains: Digital marketing + Commerce business + Consulting business + Technology business + Content business + Incubation business + Global business (excluding overlaps)

Finally, here is our long-term future outlook targeting fiscal 2031.

We aim to develop a structure where some 50% of the profit in fiscal 2031 will come from digital marketing and commerce business components in the marketing business, as well as the new growth options of consulting, technology, content and incubation, in addition to the growth domain of global business.

Extension of relationship value created by the Hakuhodo DY Group

- The scope of relationship value created by the Group will expand further through connections to the wider world facilitated by the Creativity Platform.



That concludes my explanations about the new MTBP.

Building on the newly formulated Global Purpose, the HDY Group aims to evolve outside the traditional framework of a “group of advertising companies” and into a “creativity platform” with strengths in six business domains.

Through broader connections among people, businesses, ideas and technologies both inside and outside the Group, we are ready to generate our own growth by creating and scaling new relationship values.

To that end, we seek to increase our business value through sizable growth in the longer term, while carrying out unique and dynamic business restructuring and transformation.

The background of the slide is a dynamic, abstract composition of swirling, brush-stroke-like lines in various shades of blue, ranging from light sky blue to deep navy blue. The lines are fluid and organic, creating a sense of movement and depth. Centered over this background is the text "Hakuhodo DY holdings" in a dark blue, serif font.

Hakuhodo DY holdings

That wraps up my presentation. Thank you for your attention.