



## **Medium-Term Business Plan Enhancement Measures for Business Structure Reform**

My name is Masayuki Mizushima, and I'm the Representative Director & President of Hakuholdo DY Holdings Inc.

I'd like to brief you on enhancement measures for business structure reform as part of our Medium-Term Business Plan (MTBP), launched in April.

# Medium-Term Business Plan: Business structure reform

- One of the objectives of our Medium-Term Business Plan, announced in June 2024, is “restructuring of marketing business.”

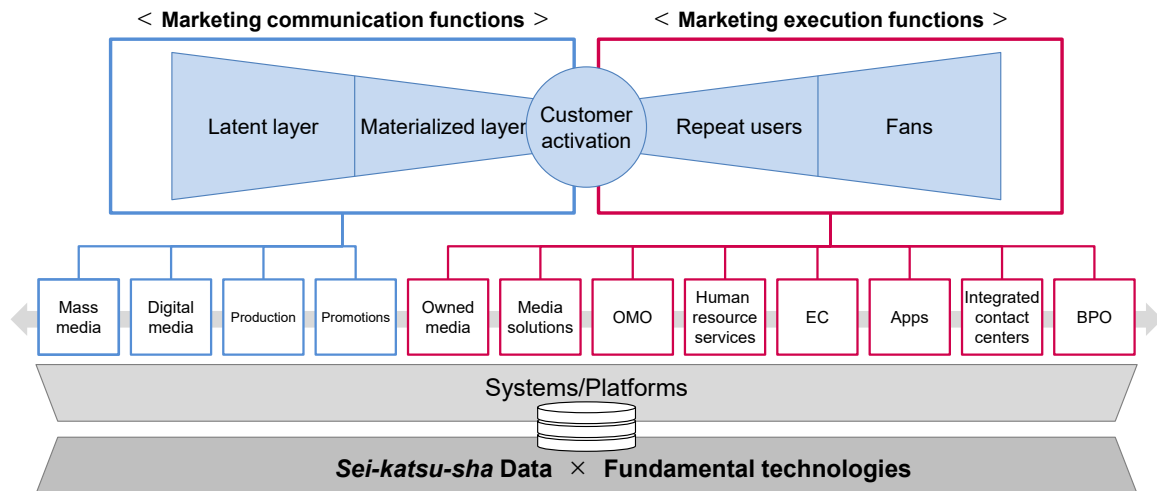


We defined the three years of the Medium-Term Business Plan (FY2024 – 2026) as a period to enhance profitability and create growth options by reforming our business structure with three objectives.

Under the MTBP, we are committed to reforming our business structure in order to restructure our marketing business.

## Changes in marketing business

- A full-funnel solution leveraging data and technology is an essential prerequisite for marketing business
- Full-funnel *Sei-katsu-sha* Data-Driven marketing will become mainstream in the future



A full-funnel solution that leverages data and technology is now becoming an essential prerequisite for restructuring the marketing business.

The mainstream marketing business traditionally makes proposals to clients, and executes integrated communication projects combining TV, Internet and other media communication with promotional activities.

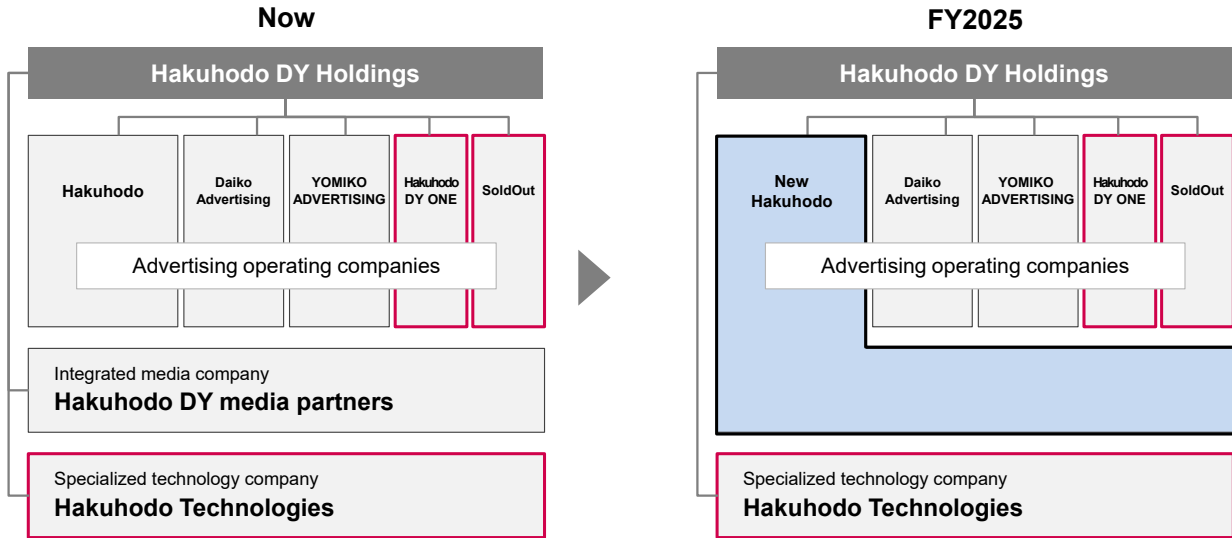
As digitization allows *sei-katsu-sha* to access a wider variety of data, and artificial intelligence (AI) and other emerging technologies make dramatic progress, the marketing needs of companies are shifting toward full-funnel design and execution.

Data and technology are also driving sophisticated media buying, as programmatic advertising makes headway in traditional media, thus following the path of digital media.

In short, full-funnel *sei-katsu-sha* data-driven marketing will become the norm, covering a full range of marketing functions from hybrid traditional/digital media marketing communication to marketing execution including commerce and CRM.

# Establishing a seamless full-funnel marketing infrastructure

- Integrating Hakuhodo and Hakuhodo DY Media Partners to consolidate and enhance the core functions of full-funnel planning within Hakuhodo, with a targeted implementation by April 2025
- Along with a seamless response to the full-funnel marketing needs of client companies, we will enhance capabilities of media sales and solution



In response to this changing marketing environment, we decided to integrate Hakuhodo DY Media Partners, an integrated media company, into Hakuhodo, an advertising operating company, in the next business year to consolidate and enhance the marketing functions developed by the two companies over the years.

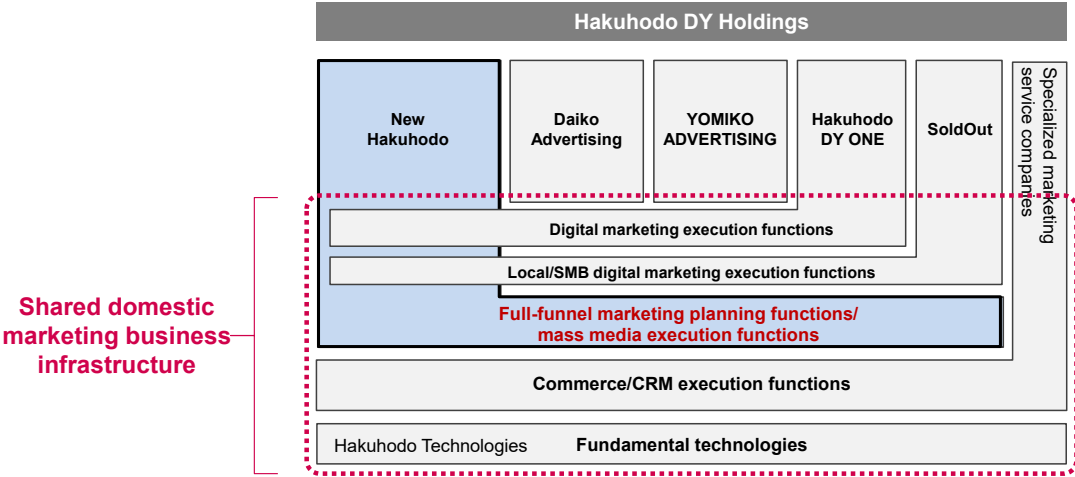
This will enable us to meet the full-funnel marketing needs of our clients even more seamlessly than before.

Moreover, the collaboration between frontline personnel of Hakuhodo and the media team of Hakuhodo DY Media Partners will reinforce our media sales capabilities for clients, as well as our value proposition capabilities for media companies.

These efforts will lead to the same outcome: higher profits for our Group.

# Future vision

- New Hakuhodo aims to be a shared full-funnel marketing infrastructure for group companies
- To strengthen competitiveness and improve efficiency, we will also consider the reorganization of production domain and specialized marketing service companies
- Group companies will leverage the full-funnel marketing functions to gradually evolve into a domestic marketing group that can provide optimal services



Thus far, the Hakuhodo DY Group has steadily made structural enhancements in response to changing client needs and market environment.

Our competitiveness in digital marketing has significantly improved as SoldOut joined our Group to provide managerial support to small ventures, and DAC and IREP merged into Hakuhodo DY ONE, effectively building common digital marketing functions for the Group to facilitate collaboration with advertising operating companies.

We have also sought to equip ourselves with cutting-edge technologies including through the incorporation of Hakuhodo Technologies, the establishment of Human-Centered AI Institute, and the development and deployment of Creativity Engine Bloom, our integrated marketing platform.

And the new Hakuhodo, integrating the old Hakuhodo and Hakuhodo DY Media Partners to upgrade our full-funnel marketing functions, will provide shared full-funnel marketing business infrastructure for the HDY Group.

We will also consider integrating and restructuring production units and specialized marketing service companies within the Group to further improve competitiveness and efficiency.

Making the best of their brand and expertise, and leveraging this shared infrastructure, the operating companies of the HDY Group are about to evolve into a new Group architecture offering optimal services to clients and media companies.

That concludes my explanation of our policy for marketing business restructuring and enhancement measures for business structure reform.

Thank you for your attention.