Medium-Term Business Plan Progress

Abbreviations
HC: Hakuhodo DY Holdings, H: Hakuhodo, D: Daiko Advertising, Y: YOMIKO ADVERTISING,
MP: Hakuhodo DY Media Partners, ONE: Hakuhodo DY ONE, HT: HAKUHODO Technologies

My name is Yasuo Nishiyama, and I am the Representative Director & President of Hakuhodo DY Holdings Inc. Thank you for attending our results briefing today. I will be presenting the progress of our Mid-Term Business Plan, which we launched in April 2024.

Medium-Term Business Plan (FY2024–FY2026)

Medium-term strategy	● **Our goal: 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 relationship value. ✓ We seek to evolve beyond the framework of a group of advertising companies into a creativity platform with strengths in six business domains, aiming at substantial growth and improved corporate value in the medium to long term through dynamic reform of the business structure.
Enhancement measures for business structure reform	**Enhance profitability and create growth options** **1. Restructuring of marketing business** Upscaling of the growth domain of digital and commerce, and optimizing costs, including in existing business domains **2. Creation of new growth options** Consulting, technology, content and incubation **3. Remodeling of global business** Ensuring profitability through cost control while aiming for growth

Medium-term Business Plan KPIs (FY2026)	CAGR of operating income after adjustments* and before amortization of goodwill	**At least +10%**
	CAGR of gross profit after adjustments*	**At least +5%**
	Operating margin after adjustments* and before amortization of goodwill	**At least 13%** (To be confirmed at time of full-year financial results presentation)
	ROE before amortization of goodwill	**At least 10%** (To be confirmed at time of full-year financial results presentation)

* Excluding gain on disposal of Mercari shares

Our Group is advancing various initiatives in accordance with the Medium-Term Business Plan shown here, which concludes in the fiscal year ending March 2027.

Medium-Term Business Plan Progress: FY2025 Full-Year

FY2023 FY2026 FY2031

Thus far: Focused on marketing business (advertising in particular)

Medium-Term Business Plan period: 3 years

Enhance profitability and create growth options

Future outlook

	Medium-term targets (for FY2026)	Full-year results for FY2025
CAGR of operating income after adjustments* and before amortization of goodwill	At least +10%	+14.3%
CAGR of gross profit after adjustments*	At least +5%	+2.3%
Operating margin after adjustments* and before amortization of goodwill	At least 13%	14.1%
ROE before amortization of goodwill	At least 10%	7.6%

* Excluding gain on disposal of Mercari shares

First, I will discuss the progress of our numerical targets.

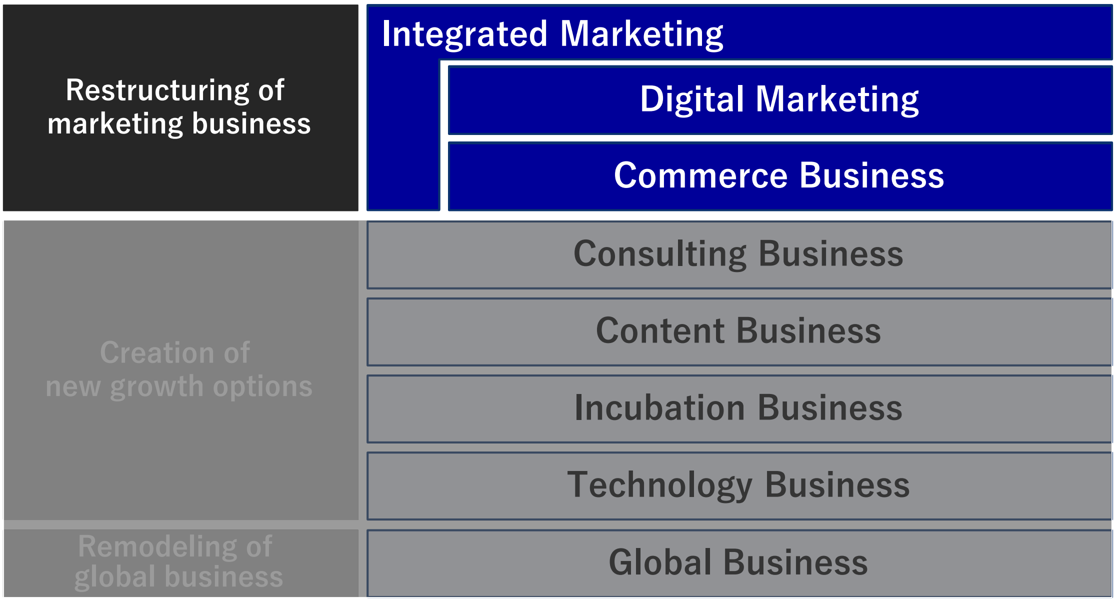
Regarding our most important indicator, operating income after adjustments and before amortization of goodwill, we achieved compound annual growth of 14.3%, which significantly exceeded our target of a 10% average annual increase.

As for the gross profit after adjustments, although we did not reach our target level, we were able to maintain positive growth.

In addition, the operating margin after adjustments and before amortization of goodwill exceeded the target level for the fiscal year ending March 2027 set in our Medium-Term Business Plan, demonstrating that the results of our structural reforms are steadily emerging.

Regarding the ROE before amortization of goodwill, the result fell below our target of 10% due to the impact of temporary expenses associated with structural reforms in Japan and overseas. We consider this to be a transient factor, and we will continue to steadily work toward achieving our target levels by positioning the improvement of capital efficiency through profit growth as our basic policy.

1. Initiatives in the Marketing Business

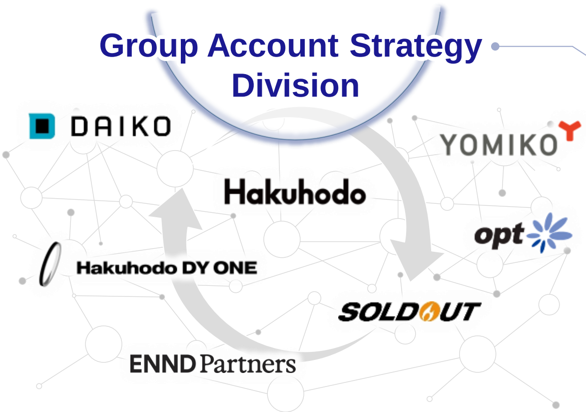


First, I will explain the progress of our core domestic marketing business.

1. Marketing Business: Driving Group Account Strategy (Domestic)

Established Group Account Strategy Division to maximize overall Group competitiveness

Group-wide target: **Gross Profit +5.9% / OM 14%**



- ☑ **Forming Optimal Teams by Leveraging Strengths of Each Group Company**
- ☑ **Building Sector Strategies and Knowledge Assets**
- ☑ **Optimizing allocation of Group resources**

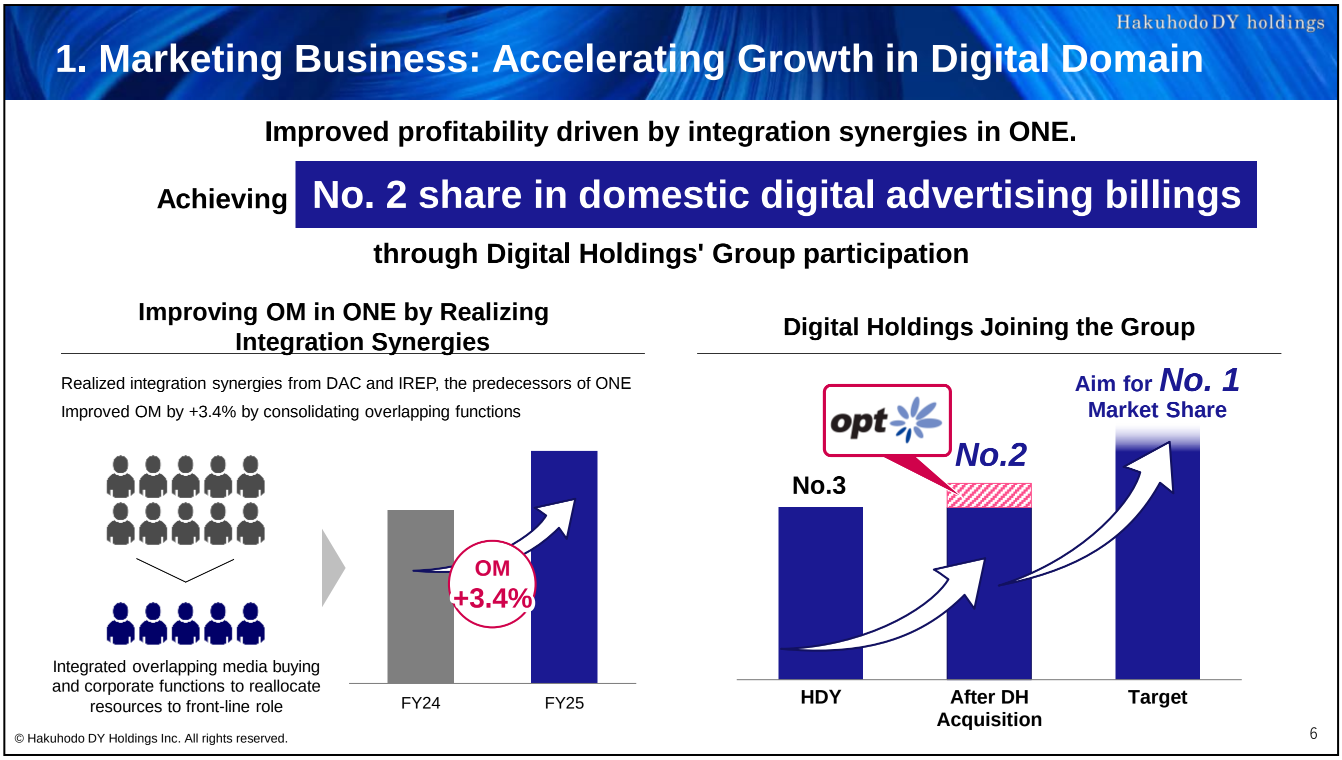
Maximize Value Proposition and Enhance Efficiency

I would like to explain the Group Account Strategy Division, a new implementation structure to accelerate the restructuring of marketing business.

Our Group possesses not only the comprehensive capabilities of Hakuhodo, but also Daiko Advertising's direct marketing, YOMIKO ADVERTISING's marketing in the urban and real estate domains, and various Group companies responsible for digital and consulting domains, each equipped with its own unique specialization.

As client issues have become increasingly sophisticated and complex in recent years, the Group Account Strategy Division, which was launched this fiscal year, will serve as a strategic function to integrate overall account strategies under the leadership of Hakuhodo DY Holdings, consolidating and optimizing these diverse resources.

This organization will combine the advanced knowledge we have accumulated by industry and marketing type with the specializations of each company, and while striving to further accumulate and elevate knowledge through practical application, it will dynamically construct optimal formations for key projects that balance specialization and efficiency at a high level. Through these initiatives, we aim to achieve gross profit growth of 5% or more and a high operating margin.



Next, I will discuss the acceleration of growth in the digital marketing domain.

At Hakuhodo DY ONE, the synergistic effects of the integration of DAC and IREP are steadily materializing into results. Efficiency has advanced through the consolidation of operational structures and other measures, and profitability is improving smoothly, with an operating margin increase of 3.4%.

Furthermore, the addition of Digital Holdings to the Group will discontinuously expand this growth foundation. We will maximize the use of advanced specialized know-how cultivated by Opt, the core of Digital Holdings, such as its LTV marketing strategy that supports long-term client business growth and its track record of providing in-house support to over 100 companies, as a common weapon across the Group.

Through this, in addition to approaching Digital Holdings’ customer base, we will provide deepened digital marketing to the Group’s existing clients, aiming to maximize revenue through mutual cross-selling.

With this addition to the Group, our Group’s domestic digital advertising share has become the second largest. We will pool the overall strengths of the Group to aim for the number one position in the industry at an early stage, further accelerating growth in the digital domain.

1. Marketing Business: Realizing Effects of Functional Restructuring and Collaboration

Realizing effects of functional restructuring and collaboration among Group companies centered on Hakuhodo

Generating landmark wins in competitive strongholds

Unifying Front-line and Media through Hakuhodo/MP Integration

Generated over ¥30.0 billion in sales from the expanding next-generation video advertising domain

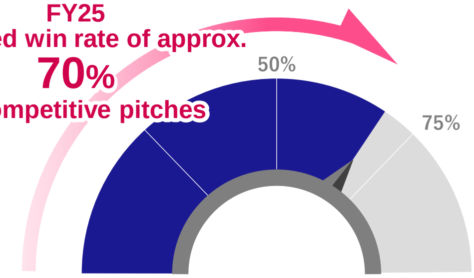
Video Streaming Platforms • Netflix • Amazon PrimeVideo Ads etc.	**Program Streaming Platforms** • TVer etc.
Social Platforms • Meta • Tik Tok etc.	**Programmatic TV Spot Advertising** • Sgree etc.

Sales over ¥300 billion

Implementation of Integrated Capabilities and Digital Marketing through Unified Operations of Hakuhodo and ONE

Achieved high win rate in large-scale digital projects via integrated Hakuhodo/ONE teams

FY25
Recorded win rate of approx. 70% in competitive pitches



7

Next, I will explain the results of the functional restructuring and collaboration centered on Hakuhodo within the restructuring of marketing business.

The first point is the result of the integration of Hakuhodo and Hakuhodo DY Media Partners. By unifying front-line and media—merging front-line strategic capabilities with media agility—we are strongly capturing demand in the rapidly growing next-generation video advertising domain.

Specifically, we comprehensively cover all types of video media, from Netflix, Amazon, and TVer, to Meta and TikTok, and even programmatic TV represented by Nippon TV’s Sugree, winning large-scale projects with proactive proposals ahead of our competitors.

As a result, we generated over 30 billion yen in billings from the first year of integration.

The second point is the result of integrated operations between Hakuhodo and Hakuhodo DY ONE. Through combining the integrative capabilities of the front-line and digital with practical implementation capabilities in the digital domain—our competitive win rate for large-scale digital projects has reached approximately 70%, which is expected to contribute significantly to revenue expansion this fiscal year.

Next, I will explain the use of AI within the Group.

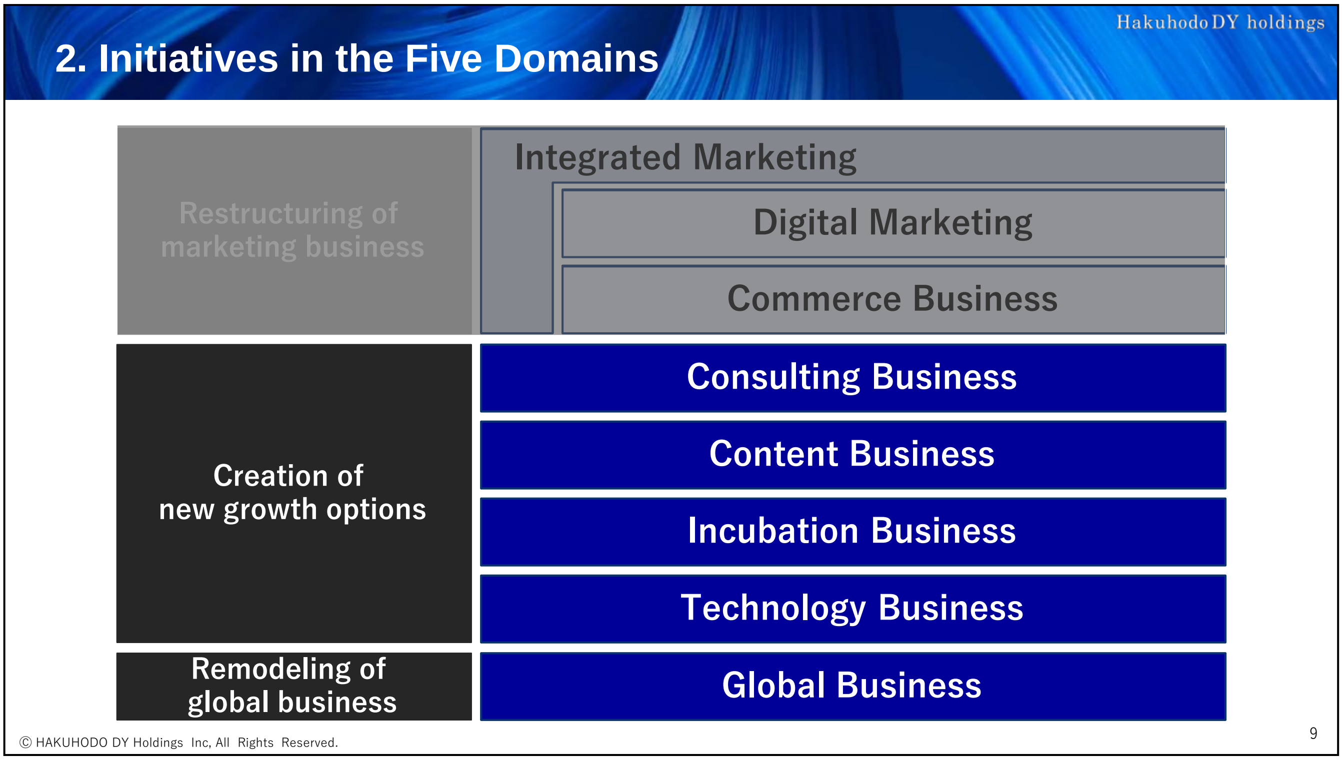
Across the Group, we are strongly advancing AI-ready planning environments and literacy, positioning the sophistication and efficiency of operations through AI as one of our strategic pillars.

Specifically, we are linking our proprietary AI solutions, such as Virtual Sei-katsu-sha and BLOOM, with the Group’s massive data infrastructure to deepen their implementation in practical operations.

The utilization of such technologies has already generated solid results leading to improved proposal capabilities and profitability, including the acquisition of large-scale projects and significant operational efficiencies.

Furthermore, we are raising literacy across the entire organization through initiatives such as updating the AI skills of a total of around 30,000 employees across the Group and implementing strategic reverse mentoring on AI, where younger employees provide lectures to management.

By penetrating AI from multiple angles as an execution foundation for the organization in this way, we will dramatically enhance the speed of analysis and the accuracy of our proposals, balancing specialization and productivity at a high level.

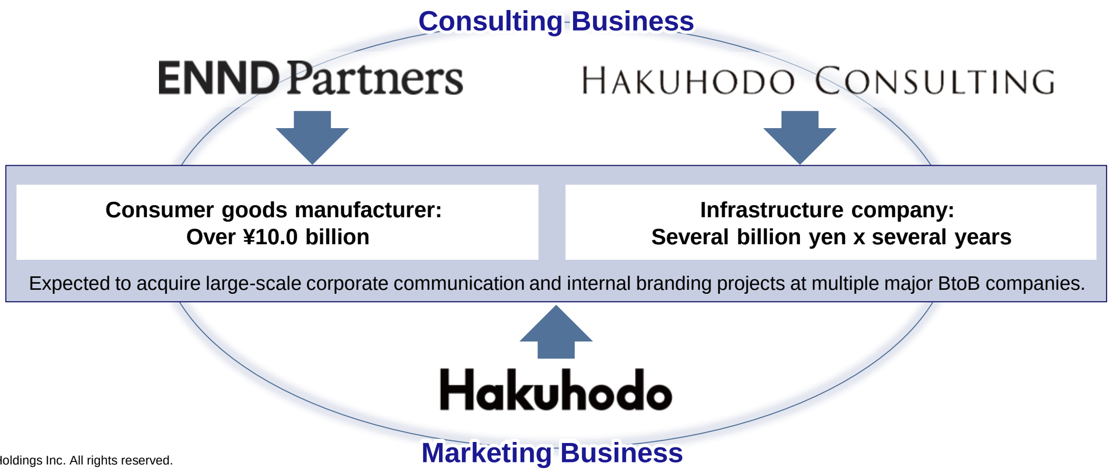


Next, I will explain the main progress regarding our priority domains, which will serve as new pillars of growth set forth in our Medium-Term Business Plan.

2. The Five Domains: Growth of the Consulting Business

Group Collaboration Ecosystem: Consulting Business × Marketing Business

Acquired large accounts/projects exceeding ¥10.0 billion.



First, let me discuss the progress of our consulting business.

In this domain, our revenue expansion ecosystem—which uses strategic consulting as an entry point to connect to the Group's core marketing operations—is steadily beginning to yield results.

ENND Partners, which makes direct proposals to management, and Hakuhodo Consulting, which supports brand-driven management transformation, have acquired numerous top-tier management agendas. As a concrete result, at a major consumer goods manufacturer, building a strong relationship of trust with the CEO through the formulation of business strategy directly led to the acquisition of large-scale marketing operations exceeding 10 billion yen.

Additionally, at a major infrastructure company, we entered through mindset transformation training for management and deepened the project into the subsequent formulation of business strategy. This allowed us to significantly elevate our presence among the management team, greatly contributing to a competitive victory for a large-scale marketing project that will continue to generate billions of yen in billings over several years.

Furthermore, we are now deeply involved from the uppermost upstream phases, such as medium- to long-term business plans and brand strategies, with major B2B companies and trading companies that were previously difficult for advertising agencies to penetrate, steadily building a pipeline for future large-scale projects.

In this way, a growth model in which upstream consulting acts as a trigger to unlock marketing operations worth billions or tens of billions of yen is being solidly constructed. We will further strengthen our collaboration by treating this as our Group's unique path to victory.

2. The Five Domains: Business Expansion in Content and Strategic Rollout of IP Business

Utilizing content to solve corporate issues

B2B business

+

New monetization models including B2C

Ownership of proprietary IP

Music IP

Chapter-I

Established **Chapter-I**, a joint venture with South Korean entertainment giant CJ ENM, which has a wealth of experience in the global entertainment business

Sports IP

Acquired shares in Amuse Sports Holdings, which manages top Japanese and US athletes, and commenced operations as **HAKUHODO Athlete Solution Inc.**

Next is the content business domain.

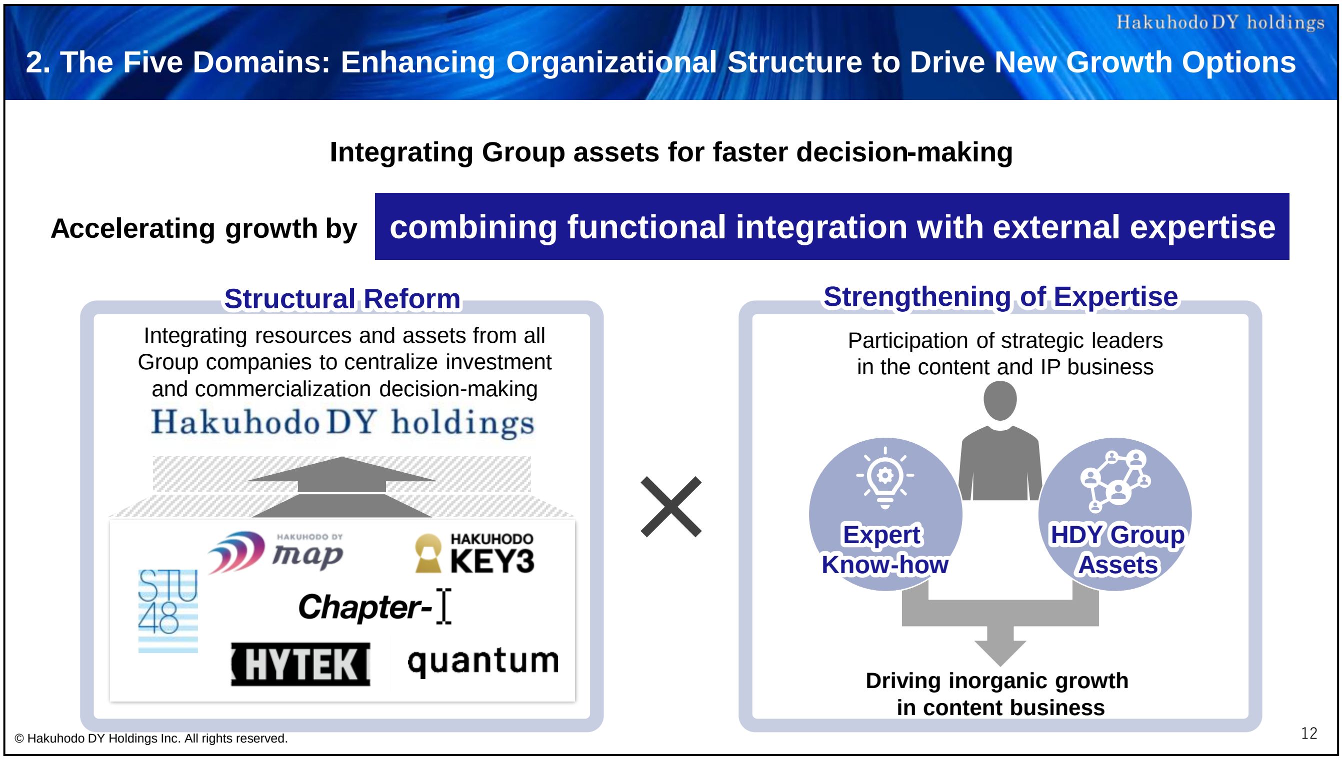
In addition to our traditional strength in B2B business-oriented, problem-solving content utilization, we will accelerate our expansion into new monetization models including B2C—a stock-type model where we own IPs in areas such as music and anime.

Last fiscal year, we established Chapter-I, a joint venture with major South Korean entertainment company CJ ENM. Going forward, we will roll out multi-layered fan businesses, including merchandise and ticket sales.

Moreover, in the sports domain, we acquired shares in Amuse Sports Holdings, led by Don Nomura, which manages approximately 60 top Japanese and American athletes, including MLB players and national team-class athletes, and launched it as HAKUHODO Athlete Solution Inc.

Through this, we will promote a global rights business led by our own company.

The foundation for all of these endeavors is our strength in sei-katsu-sha data and the latest AI technologies. By combining these to build a proprietary IP development ecosystem that scientifically increases the probability of generating hits, we will grow this domain into a new profit pillar for the Group.



Furthermore, starting in FY2026, we have revamped the structure supporting our growth domains.

We have consolidated the functions and subsidiaries related to content and incubation business, which were previously dispersed across operating companies, into the holding company.

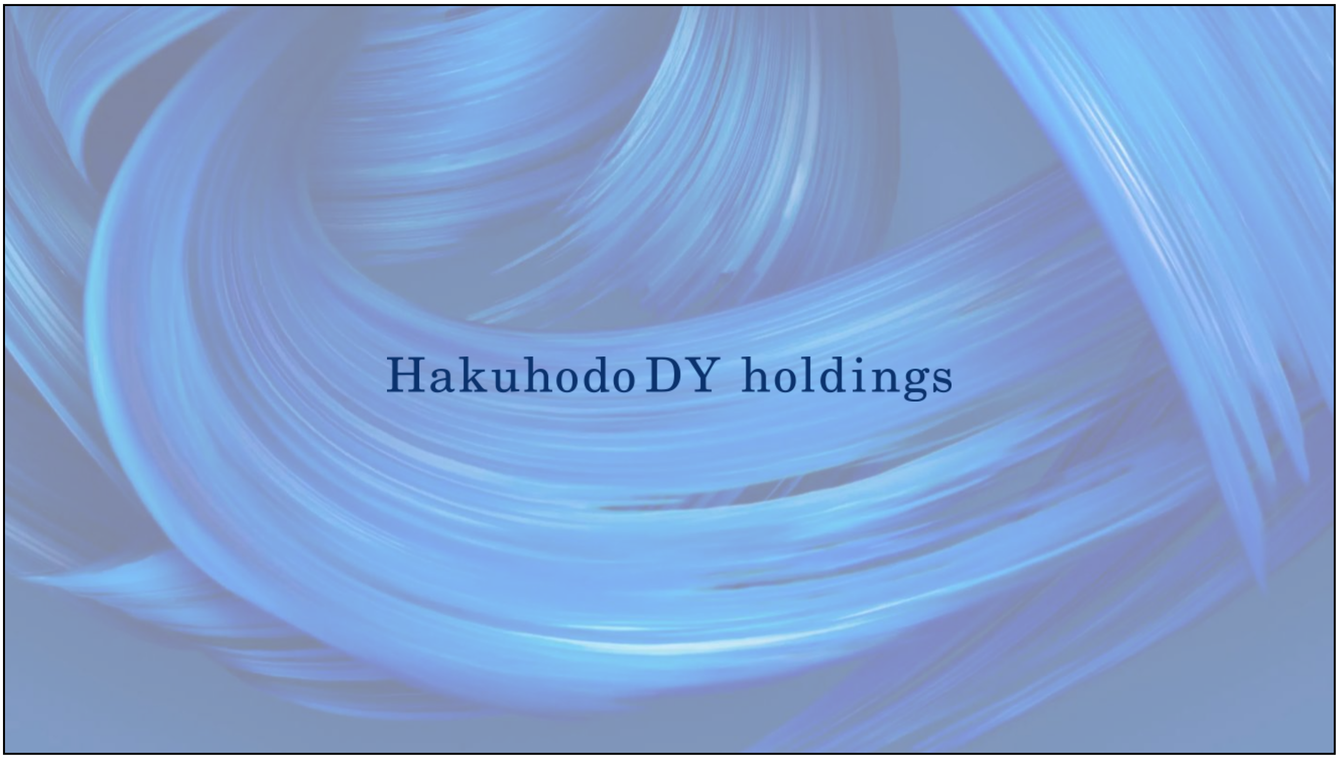
The aim is to increase the speed of business by integrating assets across the entire Group and centralizing investment decisions.

Additionally, we are combining this structural revamp with powerful external knowledge.

For example, in the content domain, we have newly recruited a top specialist who spearheaded the data-driven evolution of IP business at a major character enterprise. By fusing IP brand management know-how utilizing data science with our strengths in sei-katsu-sha data and creativity, we will strongly drive the expansion of our business.

Similarly, in the incubation business domain, we are actively incorporating external expert perspectives to construct a framework aimed at the early monetization of new businesses.

The multiplication of holding company-led company-wide optimization and the expertise of specialists. With these two wheels, we will further accelerate the social implementation of new growth options.



Finally, this fiscal year is the final year of our current Medium-Term Business Plan.

Based on the lean corporate structure we have built through our structural reforms to date, we will steadily advance initiatives aimed at further top-line growth.

We kindly ask for your continued support. Thank you very much for your time today.