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To whom it may concern:

Company name: Hakuhodo DY Holdings Inc.
Representative: Yasuo Nishiyama
Representative Director & President
(Code number: 2433; TSE Prime Market)
Inquiries: Daisuke Hara
Executive Manager, Investor Relations Dept.
(Tel: +81-3-6441-9033)

Announcement Concerning the Commencement of Consideration of the Reorganization of the Group's Domestic Marketing Business

Hakuhodo DY Holdings Inc. (the "Company") hereby announces that, as part of structural reform of its domestic marketing business, it has commenced consideration regarding the formation of a new business entity that will pioneer marketing transformation in the AI era, the establishment of shared Group infrastructure for production functions, and the restructuring of regional operations, as outlined below.

1. Background and Purpose of the Consideration

In June 2024, the Company announced its current Medium-Term Business Plan with the goal to "evolve beyond the framework of a group of advertising companies into a creativity platform." Under this plan, the Company has been driving business structural transformation focused on three key areas: Restructuring of marketing business, Creation of new growth options, and Remodeling of global business.

In the domestic marketing business, the Company has undertaken initiatives to bolster competitiveness, including the establishment of Hakuhodo DY ONE Inc. in 2024 and the integration of Hakuhodo Inc. and Hakuhodo DY Media Partners Inc. in 2025. In response to shifts in the external operating environment, the Company has now resolved to begin considering three reorganizations within its domestic marketing business to implement new structural reforms aimed at strengthening structure for new marketing in the AI era and strengthening regional business.

A. Strengthening Structure for New Marketing in the AI Era

With the rapid adoption of AI among *sei-katsu-sha* (our term for the holistic person) and clients, there is a growing demand for the co-creation of new value by combining human creativity and AI while deeply engaging in clients' businesses. For the Group, whose core philosophies are *Sei-katsu-sha* Centric Mindset and Commitment to Partnership—the foundations of our creativity—the AI era presents an environment where these core strengths can be demonstrated even further. Based on this recognition, the Company will begin considering the following two functional reorganizations:

(1) Formation of a New Business Entity that will Pioneer Marketing Transformation in the AI Era

The Company will consider forming a new business entity centered on three operating companies: Daiko Advertising Inc., YOMIKO ADVERTISING INC., and OPT, Inc. Aiming to form a new pillar of marketing business distinct from our existing business, the new entity will strive to become a marketing transformation company for the AI era—working alongside clients on their marketing activities and business processes while combining practical knowledge with AI to build frameworks that drive sustainable business growth.

(2) Establishment of Shared Infrastructure for Production Functions

To establish a shared Group infrastructure for implementation functions such as creative production and events currently dispersed across the Group, the Company will consider transitioning to an integrated operating structure centered on Hakuhodo Product's Inc. Under this integrated structure, practical knowledge accumulated across Group companies will be consolidated and systematized, alongside a comprehensive redesign of business processes on the premise of AI. By leveraging this structure to seamlessly handle planning, design, implementation, operation, and evaluation, the Company aims to enhance quality and speed, visualize effectiveness, and reinforce the competitiveness of the Group as a whole.

B. Strengthening Regional Business

Amid growing momentum for regional revitalization, regional economies present promising opportunities for further growth. In order to rally the Group's collective capabilities to turn this momentum into substantial growth and contribute to regional economies, the Company aims to consolidate and strengthen each operating company’s regional network, establishing a structure capable of delivering services as a Group.

(3) Restructure Functions across Three Areas

The Company will consider consolidating and reinforcing the regional networks of each Group operating company across three distinct areas: Kansai-Chubu, Kyushu, and Other Regions. By utilizing the specialized expertise consolidated across the areas and the Group’s diverse functional resources (such as digital marketing and marketing solutions), including resources in Tokyo, as shared infrastructure, the Group will transition toward a hub-and-spoke operating model that leverages frontline teams with strong local ties. This will maximize the Group's area capabilities and contribute to the revitalization of local economies.

To achieve both strengthening structure for new marketing in the AI era and strengthening regional business, the Group will consolidate functions and management resources and implement integrated operations through these three reorganizations, continuing its evolution into a corporate Group that continuously creates new value.

(For further details, please refer to the "Consolidated Financial Highlights
First-half FY2026 (April–September, 2026)" available on the IR page of the Hakuhodo DY Holdings website).

2. Future Outlook

The consideration outlined above is being undertaken with the target of launching operations under

the new structure effective April 1, 2027. Further details and specific implementation methods will be disclosed as soon as they are determined. The impact of this matter on the Company's consolidated business performance for the current fiscal year is expected to be negligible.

End