

# Integrated Report 2021



Hakuhodo DY holdings



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### About the Front Cover

The Hakuhood DY Group's greatest asset is its creative human resources. The front cover of this report was designed around photos taken at the UNIVERSITY of CREATIVITY, which was established in fall 2020 as a learning platform for pursuing creativity as a technology to shape the future.

### Editorial Policy

To realize sustainable growth and continuous improvement in corporate value, the Hakuhood DY Group believes that initiatives toward the resolution of social issues through its business, in addition to profitable growth, are extremely important. Previously, our annual reports have focused primarily on our management strategies, business activities, and financial information. However, since fiscal 2017, believing in the importance of introducing in detail our efforts toward society and the environment that help us fulfill our social value as a corporation, we have been creating integrated reports that comprehensively cover the Group's activities related to sustainability and ESG.

### Forward-Looking Statements

This integrated report contains forward-looking statements concerning the current business plans, management policies and strategies, goals and projections, and forecasts of future earnings and financial conditions of the Hakuhood DY Group that are not historical facts but are based on forecasts, expectations, assumptions, plans, and the knowledge and judgment of management based on information available at the time of the report's preparation. Moreover, in order to calculate projections and forecast figures, it is essential to rely to a certain degree on assumptions in addition to confirmed historical facts. Readers should understand that there is no guarantee that such forward-looking statements and assumptions are objectively accurate, and actual results may differ substantially from such forecasts.

## Top Interview

**By leveraging the power of creativity on the front lines of social change, we aim to realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.**

### Anticipating Future Changes Based on *Sei-katsu-sha* Insight

The COVID-19 pandemic has brought about significant changes in the behavior and mindsets of *sei-katsu-sha*. In particular, teleworking, online events, online shopping, and meal delivery services have become commonplace, and as a result, using digital devices to interact with various people and things without going outside is becoming a normal part of life.

The Hakuhold DY Group has pursued a broad range of initiatives to respond to these kinds of dramatic changes in the external environment. As many live events had to be canceled due to the pandemic, we developed non-contact communication methods using digital technologies, including the planning of virtual events and hybrid-style events that combined physical and virtual settings. In this way, we focused our efforts on creating new solutions. Additionally, at Group companies involved in businesses such as call centers and the provision of temporary staffing, we developed new businesses and services, including business process outsourcing (BPO), to respond to changes in the corporate supply chain. These new enterprises and services have started to become a source of growth for the Hakuhold DY Group overall.

Meanwhile, there are aspects of day-to-day communication that cannot be completely compensated for using digital tools, and *sei-katsu-sha* are becoming increasingly dissatisfied and anxious due to the lack of small talk and contact with coworkers, acquaintances, and friends. Accordingly, society as a whole will likely start to explore what aspects of life can be restored to the way they were before the pandemic, as well as the extent to which this restoration can be realized. I expect that such an era will provide the perfect opportunity for us to demonstrate the power of *sei-katsu-sha* insight, allowing us to create new services and solutions that accurately reflect the mindsets of *sei-katsu-sha* and respond to change.

Masayuki Mizushima

Representative Director & President



**We aim to realize value-creating DX that transforms the marketing activities of companies through the combination of data, technology, and creativity.**



## Our Growth Strategy for a Completely Digital Era

In terms of strategic scenarios for the Group, we have made no significant change to the direction we had for our basic vision at the time we formulated the [current Medium-Term Business Plan](#). As the trend toward the completely digitalized era has been accelerating at a much faster rate than anticipated, however, we must respond with greater speed than before. To that end, we are currently taking steps to strengthen the Three Fundamentals for Growth of “Establish a leading position in the broader digital domain,” “Strengthen response capabilities for borderless corporate activities,” and “Accelerate innovation through external collaborations.” By doing so, we will achieve further growth for the Group as a whole.

### ► Establish a Leading Position in the Broader Digital Domain

In April 2021, Hakuhold Inc., Hakuhold DY Media Partners Inc., and D.A.Consortium (DAC) jointly established HAKUHODO DX\_UNITED, a strategic organization that supports the marketing activities of clients in an integrated manner using a full-funnel approach. This organization promotes [two types of digital transformation \(DX\) in unison, marketing DX and media DX](#). Several factors led us to establish HAKUHODO DX\_UNITED. For example, traditional marketing and branding work and work centered on media transactions have started to become interconnected and spread across multiple industries following the digitalization of society. Additionally, the pace of the planning stage in PDCA cycles has been further accelerating due to the increased percentage of programmatic advertising in internet advertising. In light of these factors, we were starting to face difficulties in responding to trends, client needs, and changes in *sei-katsu-sha* under our conventional operating structure.

DX involves utilizing digital technologies to transform businesses. Our aim for DX is not simply to achieve enhancements to business efficiency in terms of costs and operations but rather to realize [value-creating DX](#) that transforms our clients’ marketing activities through the combination of data, technology, and creativity.

Value-creating DX entails transforming a business from the ground up and achieving results and creating value in the process. For example, at Hakuhold, we have launched a new brand to respond to changes in the markets of our clients. We are also involved in the creation of D2C (direct-to-customer) businesses that sell products exclusively via online outlets. New business creation and transformation can only be realized when new technologies are accompanied by new ideas and creativity. Given that the Group boasts various technologies that utilize *sei-katsu-sha* data and a large number of highly creative personnel, I strongly believe that value-creating DX is a domain in which we can play an active role.

Accordingly, we will focus our efforts on value-creating DX going forward, as doing so will allow us to transform our clients’ businesses by combining the Group’s unique creativity with data and technologies, thereby contributing to the growth of our clients and other media companies. At Hakuhold, we are already actively undertaking proposal-making activities and commencing various businesses geared toward the provision of value-creating DX.

### ► Strengthen Response Capabilities for Borderless Corporate Activities

In North America, we have welcomed new companies into the strategic operating unit *kyu*, thereby further enhancing our specialization and innovation. In Greater Asia, we have been taking steps to strengthen uniform management of our domestic and international businesses to respond to the global shift of our clients and are responding to client needs, in particular through *Sei-katsu-sha* Data-Driven Marketing. Furthermore, by pursuing M&A and external collaborations in Taiwan, India, and other regions, even amid the COVID-19 pandemic, we are reinforcing our capabilities in specialized marketing domains. Additionally, as a testament to our efforts to enhance creativity, our subsidiaries in the Philippines and Thailand have won international advertising awards.

### ► Accelerate Innovation through External Collaborations

Starting from fiscal 2021, the *MIRAI* Business Division, a specialized internal unit founded in order to spur innovation, is now being jointly operated by Hakuhold and Hakuhold DY Media partners with the aim of further enhancing and developing the unit.

We also established the UNIVERSITY of CREATIVITY in 2020 to serve as a learning platform that pursues creativity as a technology for shaping the future and that transcends public-private-academic, humanities-science-arts, and internal-external borders. Even during the pandemic, the UNIVERSITY of CREATIVITY has been actively engaging in activities, with a large number of participants from both inside and outside the Group. Moreover, through organizations such as the corporate venture capital HAKUHODO DY FUTURE DESIGN FUND, we are undertaking proactive investment activities with the aim of further strengthening external collaborations.

## Investing in Digital Human Resources

To create solutions for a society that is rapidly becoming completely digitalized and for the expanding *Sei-katsu-sha* Interface Market, it is imperative that we secure not only creators and marketing personnel but also

Details **pages 28-33**  
Medium-Term  
Business Plan

Details **pages 20-23**  
Orchestrating the Group’s  
Growth Strategies with  
Value-Creating DX

Details **pages 24-25**  
The Hakuhold DY Group’s  
Marketing DX  
**pages 26-27**  
The Hakuhold DY Group’s  
Media DX



## Top Interview

human resources that excel in digital ways of thinking, such as technologists and engineers. In addition, we are pressed to create expert teams that can respond to the increase in programmatic advertising and the accelerating pace of the planning stage in PDCA cycles. To that extent, we are currently engaging in proactive investment and recruitment activities aimed at securing digital human resources.

At Hakuholdo, we have set up new career paths geared toward creating solutions for a completely digitalized society. To date, we have had our creative personnel and marketing personnel work primarily in their respective domains with the aim of enhancing their level of expertise in specific specialized fields. However, with the expansion of the *Sei-katsu-sha* Interface Market, we are now taking steps to create environments that give rise to diverse approaches and ideas more than ever before. These include introducing systems for working concurrently in creative and marketing positions as well as systems where creators engage in technical work together with our technicians in an effort to spur creativity from a technological perspective.

## Fostering Eclectic Talents—the Lifeblood of Our Value Creation

As I mentioned previously, creativity is both the strength and the source of value creation for the Hakuholdo DY Group. Creativity is not limited to the narrow sense of producing advertising, but rather refers to the power to generate and act on ideas that give rise to new solutions in various domains of companies' marketing and business activities. At Hakuholdo and Hakuholdo DY Media Partners, we adopt a human resources recruitment and development policy of valuing the eclectic over the generic. Guided by this policy, we have established an environment at these two companies where employees can exhibit their individual personalities, and this environment has produced human resources that can leverage their creativity in a broad range of genres to resolve various issues.

The notion of eclectic talents goes hand in hand with diversity. When a diverse group of people gather together to interact and observe the same object from different angles, this helps spur even better ideas and new realizations. Recently, it is becoming even more important to embrace diversity. I view diversity not only in terms of different genders, nationalities, and races but also in terms of different ways of thinking and preferences. Going forward, we will continue to implement human resource recruitment and development activities that place value on eclectic talents and diversity, thereby further strengthening our Groupwide core competencies.

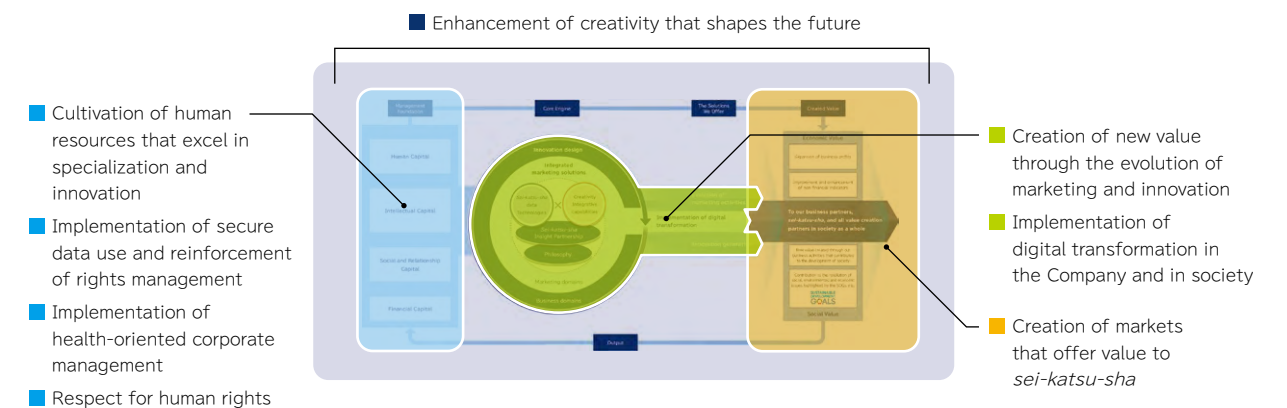
## Reexamining Hakuholdo DY Holdings' Material Issues

With regard to the eight material issues we adopted as Hakuholdo DY Holdings' Materiality in fiscal 2020, which were identified from the perspectives of opportunities and risks, we reexamined these items based on their relationship with the Group's value creation model, and their respective relationships with each other, in light of the changes in the external business environment.

"Enhancement of creativity that shapes the future" is the most important material issue in terms of promoting and activating the cycle of our value creation model. In addition, "Creation of new value through the evolution of marketing and innovation" is a key factor in successfully making the solutions we provide more advanced and profitable, and the necessary method for addressing this material issue is the "Implementation

of digital transformation in the Company and in society." "Creation of markets that offer value to *sei-katsu-sha*" and "Cultivation of human resources that excel in specialization and innovation" represent the outcomes we achieve through our value creation process. Finally, the three risk-related material issues constitute core elements in strengthening our management foundation.

Furthermore, amid the COVID-19 pandemic, we will further raise our awareness of and strengthen "Implementation of Health-Oriented Corporate Management" and "Respect for human rights" to respond to risks in the social environment, including infectious diseases, as a corporate group whose greatest asset is its creative human resources.



## Promoting Business Activities Aimed at Achieving the SDGs

We have implemented a broad range of projects to raise awareness of the Sustainable Development Goals (SDGs) since their adoption, starting with Hakuholdo's role in producing the Japanese copy for the SDG icons in 2016. More recently, we have been engaging in activities aimed at further implementing SDGs-related efforts in society.

One representative example of such activities is helping our clients formulate their corporate vision. In recent years, purpose management has become an important keyword, and we support various companies in formulating their purpose, vision, and brand message based on the perspective of sustainability. We have been working to invigorate proposal-making activities that utilize creativity, such as examining how to incorporate the SDGs into the purpose statements and specific business activities of companies and how to forge connections between our clients and *sei-katsu-sha* through such activities.

As we engage in these proposal-making activities to an even greater degree, I feel that we ourselves have become more aware of how the SDGs serve as the core of our business. Going forward, we will continue efforts to foster widespread understanding of the SDGs in society and advance the implementation of SDGs-related efforts within society. In these ways, we will aim to realize a society in which all *sei-katsu-sha* can flourish and live active lifestyles of their choosing.

Details **pages 46-49**  
Human Resources Capabilities that are a Wellspring of Value Creation

Details **pages 50-69**  
The Hakuholdo DY Group's Eclectic Talents

Details **pages 40-41**  
The Hakuholdo DY Group's Materiality

Details **page 82**  
Sound and Healthy Workstyles

Details **pages 76-81**  
Sustainability Initiatives



## Working to Resolve Social Issues with *Sei-katsu-sha* Insight as Our Starting Point

Based on *sei-katsu-sha* insight, the Hakuholdo DY Group is moving forward with efforts to resolve social issues by transcending the advertising business domain to create new value that can help transform lifestyle, social, and business structures, in collaboration with various partners, both internal and external.

One example of such efforts is [Noccal Asahimachi](#), a project aimed at implementing the concept of *sei-katsu-sha*-oriented MaaS (Mobility as a Service) in Asahi, Toyama Prefecture. Asahi has been facing challenges in maintaining and managing public transportation due to the declining and aging population. This has made it difficult for many local residents to get around on a daily basis. Through the Noccal Asahimachi project, Hakuholdo has been offering a service where people can register their desired travel destination and departure or arrival time via a PC or smartphone and be picked up and dropped off by local residents of Asahi with cars who are going out for the day themselves. In addition to making everyday life more convenient, this project aims to increase opportunities for elderly people to move around, and to invigorate the local community by providing mobility support for shopping and other activities. Started in Asahi, this service has been steadily garnering interest and is now being adopted by other local governments that face similar issues.

Another major example of these efforts is [shibuya good pass](#), a core service developed by Hakuholdo for Shibuya, Tokyo, geared toward realizing *Sei-katsu-sha*-Driven Smart Cities, a creative urban and town development scheme jointly implemented by Hakuholdo and Mitsui & Co., Ltd. in which *sei-katsu-sha* play a leading role. With shibuya good pass, a wide range of urban service providers working to improve cities and lifestyles collaborate on a shared platform to realize urban development through co-creation between *sei-katsu-sha* and companies, allowing providers to take steps to reflect the needs and requests of users in the service. Although shibuya good pass is still in the testing phase, we are gradually moving forward with the construction of networks with mobility service providers and residents in the Shibuya area. In the future, we aim to have energy companies also participate in the service to roll out initiatives to reduce energy use across the entire Shibuya area. In these ways, we aim to tackle a variety of social issues through this service. Furthermore, it is our hope that we can offer similar services to local governments across Japan, thereby making it possible to contribute to the realization of the SDGs at a national level.

While these projects focus heavily on social contribution, we do aim to monetize them in the future. Without a proper framework for steadily generating profit, these services will not be able to operate on their own and would therefore lack sustainability. What is most important in this sense is making sure that the services are something people want to use, even if they have to pay money to do so. I believe that, by providing such services, we will realize the sustainable development of both society and the Group.

## Fostering Connections between Companies and *Sei-katsu-sha* Based on Our Group Policy

The Hakuholdo DY Group adheres to [the seven principles of its corporate philosophy](#) and the two pillars of its [Group policy](#), *Sei-katsu-sha* Insight and Commitment to Partnership. By quickly identifying changing times and social trends, the Group has grown its business as a professional group in the corporate marketing and communication field without being constrained by the conventional framework of the advertising business.



**Drawing on *sei-katsu-sha* insight, we will transcend the advertising industry domain to create new value that can help transform lifestyle, social, and business structures, in collaboration with various partners.**

Looking back on the Group's history, we started our advertising business as an agency that sold ad space for media companies and incorporated creative elements into these advertisements to enhance their added value. As we did so, our position gradually transitioned from simply an agency to becoming a valued partner of our clients—the advertisers. Since then, we have adopted Commitment to Partnership as one of our main policies. Partnership refers to the relationship we maintain with our clients and media companies, but we also aim to become partners to *sei-katsu-sha* as well. For our partnerships with *sei-katsu-sha*, I believe that the various solutions we provide leveraging our *sei-katsu-sha* insight will allow us to realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. Projects such as Noccal Asahimachi and shibuya good pass represent part of our efforts to realize such a society.

Fostering connections between companies and *sei-katsu-sha* is our mission as a corporate group. I feel confident that expanding our business fields beyond the realm of the advertising industry will enable us to contribute to *sei-katsu-sha*, our clients, and ultimately society as a whole.

The completely digitalized era that we envisioned several years ago is arriving much faster than we anticipated. To that end, we will advance our growth scenarios for the Group at a greater speed than ever before. At the same time, we will aim to achieve our sustainability goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing by harnessing the power of creativity that shapes the future.

I would like to ask our stakeholders for their continued support and hope that they look forward with anticipation to the continuous growth and development of the Hakuholdo DY Group.

*Masayuki Migushima*

Representative Director & President

Details

WEB

Noccal  
Asahimachi  
(Japanese only)

Details

WEB

shibuya good pass  
(Japanese only)

Details

page 10  
Philosophy

Details

page 11  
Policy



# Philosophy

The following seven principles are the Hakuholdo DY Group corporate philosophy. We believe that by following these principles in all of our business activities we contribute to growth for our stakeholders and society as a whole.

1. Strive continuously to provide our clients with the services they need to add value to their business.
2. Lead advances in media and be instrumental in building media value.
3. Build a dynamic global network to offer services wherever they are required.
4. Create abundance and further society, now and tomorrow, with our unique insight into *sei-katsu-sha*—people who have lives beyond what they consume.
5. Encourage individual personalities to flourish within a teamwork environment, leading to the creation of new values.
6. Become one of the world's preminent corporate groups, leading advances in marketing and innovation generation by constantly seeking out new challenges in the spirit of independence and solidarity.
7. Work relentlessly to increase corporate value and reward the trust that shareholders place in us.

# Policy

Since our founding, we of the Hakuholdo DY Group have adhered to the twin pillars of *Sei-katsu-sha* Insight and Commitment to Partnership.

## *Sei-katsu-sha* Insight

*Sei-katsu-sha* insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

## Commitment to Partnership

Partnership is the way we do business, the starting point for all business activities. From the standpoint of *sei-katsu-sha*, we pay constant, careful attention to the needs of our clients and of media suppliers. We believe that engaging in dialogue and acting together are the best ways to find the solutions to those needs. As our clients' and media suppliers' partner, our aim is to build strong, long-lasting relationships. By working together over the long term, we are better able to provide durable and coherent solutions to our partners.

We believe that the times ahead will be marked by new innovations in these policies, as we work in partnership with advertisers to create marketing solutions that add value to every business domain in which they are involved. As a partner to media suppliers and content holders, we aim to add value across the whole diverse spectrum that media and content has become. We will continue to offer higher quality services through innovations in our policies of *Sei-katsu-sha* Insight and Commitment to Partnership.





# Who We Are

**page 14** Expanding the Business Scale and Domains of the Hakuholdo DY Group

**page 16** Group Overview



## Expanding the Business Scale and Domains of the Hakuhodo DY Group

After the Meiji Restoration, the role of an advertising company was to act as a media partner by collecting advertisements for newspapers and magazines, which began to be published one after the other. In the 1950s, advertising companies evolved rapidly in response to the growing media platforms that resulted from the advent of television broadcasts, in addition to radio broadcasts. During this time, the Group's core operating company, Hakuhodo, underwent a significant transformation to become a client partner that supports the marketing activities of its clients (advertisers), thereby actively expanding its business domains.

From the 1990s on, the rapid expansion of the internet and other factors ushered in a new era of marketing communication in which *sei-katsu-sha* play the leading role. In 2003, Hakuhodo, Daiko Advertising, and YOMIKO ADVERTISING established Hakuhodo DY Holdings as a joint holding company and integrated their management under the new company. Guided by our Medium-Term Business Plan, which runs through the fiscal year ending March 31, 2024, we aspire to become a value creation partner to our clients by acting as a corporate group that plays a leading role in evolving their marketing activities and generating innovation.

### History

#### 1895

Hironao Seki establishes Hakuhodo as an advertising space broker for educational magazines under the desire to contribute to youth education through print

**1893** Daiko Advertising is established

**1929** YOMIKO ADVERTISING is established

#### 1981

Hakuhodo Institute of Life and Living is established, becoming the first think tank for an advertising company, with the aim of realizing *sei-katsu-sha* insight

**1981** Hakuhodo is reborn as a marketing engineering company

**1991** Hakuhodo announces its Grand Design Partner corporate philosophy

#### 1996

D.A.Consortium (DAC) is established through a joint investment by Hakuhodo, YOMIKO ADVERTISING, and five other companies, with Daiko Advertising joining DAC's network in 1998

**2001** Hakuhodo enters into a business partnership with Daiko Advertising Inc. and YOMIKO ADVERTISING INC.

**2002** Hakuhodo announces its "powerbranding" corporate philosophy

#### 2003

Hakuhodo DY Holdings is established as a joint holding company

**2003** Hakuhodo DY Media Partners is established

**2005** Listed in the First Section of the Tokyo Stock Exchange

**2006** Business and capital alliance formed between Hakuhodo DY Media Partners and IREP

#### 2014

The strategic operating unit *kyu* is established

**2006** TBWA\HAKUHODO is established  
**2009** D.A.Consortium Inc. (DAC) is made into a consolidated subsidiary

**2010** IREP makes DAC a consolidated subsidiary

#### 2018

D.A.Consortium Holdings becomes a wholly owned subsidiary

**2016** D.A.Consortium Holdings is established

**2019** HAKUHODO DY FUTURE DESIGN FUND is established

**2021** Hakuhodo DY Matrix is established

#### High Evaluations of Our Creatives

The ability to develop advertising creatives that gain the attention of a large number of people and leave an impressionable message is essential. Hakuhodo has won the grand prize twice at the Cannes Lions International Festival of Creativity held in Cannes, France, which is the world's largest advertising festival. Hakuhodo has also won numerous prizes at various advertising events held around the world.

#### *Sei-katsu-sha* Insight = Establishment of Hakuhodo Institute of Life and Living

To be acknowledged as a partner to our clients, we have to know *sei-katsu-sha*, who are the target of our clients, better than anyone else. With the aim of gaining even deeper insight on *sei-katsu-sha*, we established Hakuhodo Institute of Life and Living in 1981 and have since expanded the institute on a global scale.

#### Management Integration with the Founding of Hakuhodo DY Holdings

In October 2003, Hakuhodo, the second largest advertising company in Japan; Daiko Advertising, the fifth largest; and YOMIKO ADVERTISING, the sixth largest, integrated their management through the establishment of the joint holding company Hakuhodo DY Holdings. Also, in December of the same year, Hakuhodo DY Media Partners was founded as Japan's first integrated media company.

Under the Medium-Term Business Plan announced in 2009, we began to promote integrated marketing solutions. Meanwhile, under the Medium-Term Business Plan launched in 2019, we are working to further evolve our *Sei-katsu-sha* Data-Driven Marketing, which combines the use of *sei-katsu-sha* data and technology with creativity, as a growth strategy in anticipation of the arrival of a completely digitalized era.

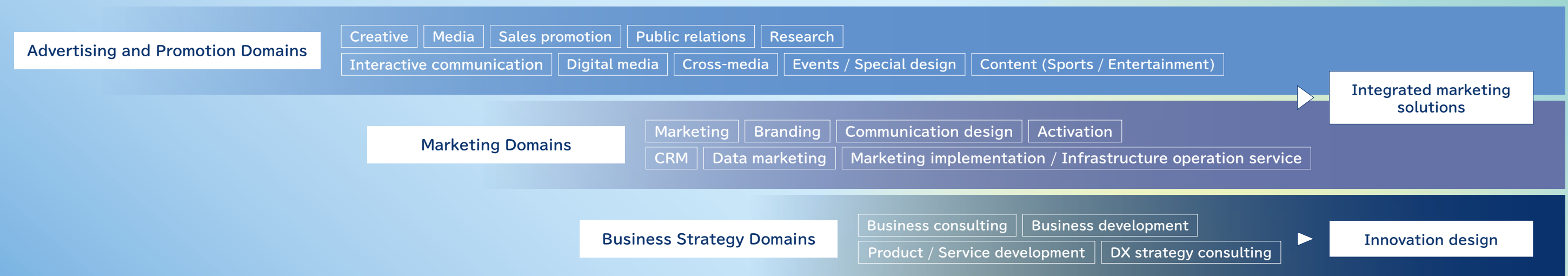
#### Overseas Strategic Business Unit *kyu*

In 2014, we established the strategic business unit *kyu* with the aim of forming a collection of creative companies through the M&A of unique and advanced North American and European companies in their specialized fields. The unit now comprises a collection of distinctive and diverse companies that specialize in such areas as innovation consulting, behavioral economic-oriented consulting, and consulting based on people-centered design.

#### Reinforced Group Digital Strategies

In order to gain the advantage in the digital marketing domain, D.A.Consortium and IREP established D.A.Consortium Holdings as a joint holding company, which became a wholly owned subsidiary in October 2018. In anticipation of an era of extreme innovation through the shift to complete digitalization, we are reinforcing our digital strategies to establish a leading position in the broader digital domain.

## Expanding the Business Domains





## Group Overview

### Hakuhodo DY holdings

#### Pure Holding Company

- Advantages of a holding company structure
- Enhanced Group management fundamentals
- Developing synergies

#### Advertising Companies

Further strengthening frontline functions with a new structure consisting of the Group's three core companies, a next-generation digital agency, and an agency that specializes in the field of wellness

#### Integrated Media Company

Building strong partnerships with media companies and content holders and strengthening structures for cooperation in the digital media domain

#### Strategic Operating Unit

*kyu* is a collective of creative companies that will collaborate to harness creativity to propel the economy and society forward

#### Integrated Advertising Companies

##### •HAKUHODO•

Hakuhodo was founded in 1895. Based on the twin pillars of the Company's unchanging philosophy—*Sei-katsu-sha* Insight and Partnership—Hakuhodo has been constantly evolving. With teams of highly creative professionals, we help clients both in Japan and overseas resolve issues in a wide range of areas besides advertising, from management and business approaches to measures for addressing

social issues.

Going forward, we will continue to leverage the strengths of our creativity to provide new value that contributes to peoples' lifestyles and society at large, as well as to innovations in the structure of our clients' businesses.



We have adopted the philosophy of "respecting companies, customers, and society." Guided by this philosophy, we understand the importance of our customers and place emphasis on the ability to ascertain what constitutes value for our clients' customers. Furthermore, placing the customer first, we are promoting brand activation that works to accumulate customer value and create customer experiences.

Going forward, based on customer value that places the customer first, we will form business partnerships with our clients' customers to assist with the brand support that our clients provide within their entire corporate activities.

##### YOMIKO

YOMIKO ADVERTISING flexibly combines an ability to discover signs and challenges of the future based on insight into cities and *sei-katsu-sha* cultivated over many years, together with creativity that is backed by the latest knowledge and experience of digital and data. Through this, it aims to contribute to the growth of its clients' businesses and to create new

businesses itself. Furthermore, YOMIKO specializes in the entertainment field, including animated TV programs and character business, and business development aimed at creating communities. YOMIKO will take on the challenge of creating change with a sense of speed so as to be a partner to the success of its various clients in this time of change.



There has yet to be an integrated advertising company that specializes in the field of wellness, even as we talk of an age of the 100-year life. Hakuhodo DY Matrix is a company that was created to this need. At Hakuhodo DY Matrix, we have assembled a group of highly trained specialists from inside and outside the Hakuhodo DY Group, including creators, marketing specialists, technologists, CRM specialists, and other

experts, all who have knowledge of healthcare. By drawing on the sophisticated expertise of each individual team member and combining all of our strengths, we will create new solutions for a the age of 100-year life. To that end, we will not only support the marketing support of companies in the healthcare field but also support all kinds of activities that promote people's well-being.

#### Next-Generation Digital Agency



IREP is a digital marketing agency founded in 1997. Since the dawn of programmatic advertising, IREP has supported its clients' business growth, principally with listing advertising methods, which has established the company as a leader in the digital marketing business.

Since entering into a business and capital alliance with Hakuhodo DY Media Partners in 2006, IREP has continued to expand its business as a member of the Hakuhodo DY Group.

Twenty years have passed since the internet became popularized. Over this time, user information behavior has changed dramatically, and digital advertising techniques and methods have diversified and become more sophisticated. As such, we have continuously worked to deliver sophisticated full-funnel solutions built on programmatic advertising and to enhance our presence in the digital advertising market.



Hakuhodo DY Media Partners is an integrated media company established by integrating the media arms of the three advertising companies Hakuhodo, Daiko, and YOMIKO.

Handling the Hakuhodo DY Group's media business and content business, the company leverages its expertise in planning, production, buying, media traffic, and knowledge in these two business areas and, in the digital domain, its strong links with D.A.Consortium. Collaborating with each advertising company, Hakuhodo DY Media Partners provides

optimum marketing solutions for advertisers, media companies, and content holders.

Viewing *sei-katsu-sha* as readers, viewers, and spectators, it creates new media value by turning them into brand customers. In this way, Hakuhodo DY Media Partners considers media in its broadest sense. It is a media content business company that aims to be "The force behind media design."



*kyu*, the strategic operating unit of Hakuhodo DY Holdings, was created in 2014 to ensure the continuous enhancement of specialization and innovation in the Hakuhodo DY Group. *kyu* is a collective—one with a strategically curated and deliberately limited number of partner organizations. Each shares a belief that creative collaboration yields new

solutions to the world's toughest problems. The *kyu* collective comes together to invent, make, prototype, and design. All partner companies harness their creativity as a force for positive impact for the constituents they have always served—and our firms join together on key issues to propel the greater economy and society forward.





# Strategy

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- page **28** Medium-Term Business Plan
- page **34** Investment and Financial Strategies of the Hakuholdo DY Group



## Orchestrating the Group's Growth Strategies with Value-Creating DX



**Hirotake Yajima**  
Executive Vice President  
Chief Officer,  
Digital Business Unit

### Establishing a Leading Position in the Broader Digital Domain on the Strength of Our Two Digital Transformations

The Group's functions can be broadly classified into two types: media agency and marketing agency. The media agency role is to serve as a partner of media companies, working alongside them to enhance the value of the diversifying forms of media. Meanwhile, the role of a marketing agency is to act as a partner that helps enhance the business value of our clients through all aspects of marketing solutions.

With advances in digitalization, the use of data obtained from digital media touchpoints has become an essential source of marketing information while the role of media has expanded beyond communication effects, such as greater brand awareness, to include demonstrating marketing effects, such as product sales and attracting more website visitors. In other words, with marketing agencies also using media data and media agencies also using marketing data, an integrated solution combining both was required to address the challenges faced by companies, which led us to streamline the implementation of marketing DX and media DX.

From a marketing DX point of view, anticipating that the touchpoints between companies and *sei-katsu-sha* will no longer be limited to advertising as our lifestyles become completely digitalized and "direct touchpoints" (including owned media, smartphone apps, and

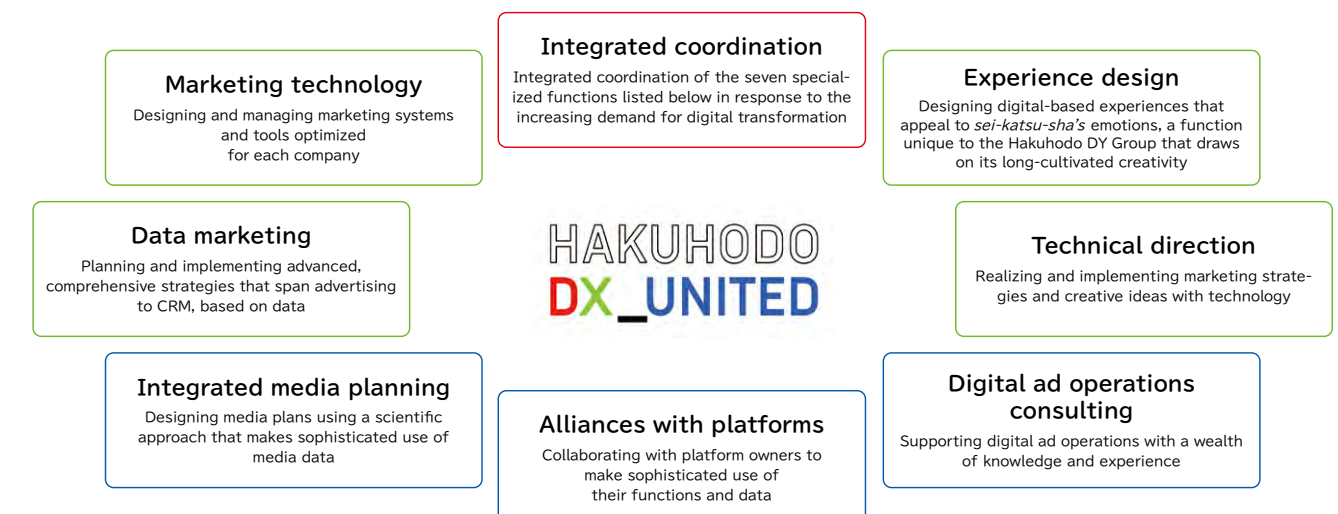
e-commerce) increase rapidly, we have begun to provide integrated services, including CRM (customer relationship management), EC/D2C (e-commerce/direct-to-consumer), owned media, and in-store, based on our full-funnel marketing and communication approach. In terms of media DX, the multilayering of platforms and media has become the most prominent issue for companies as *sei-katsu-sha*'s access to information becomes increasingly diverse and the internet continues to expand rapidly due to advances in the digital environment. As a solution to this issue, we have developed and are actively proposing Advertising as a Service (AaaS), a new service concept designed to operate all forms of advertising media in a cross-sectional and integrated manner.

Our two digital transformations evolved from *Sei-katsu-sha* DATA WORKS, the solution layer of *Sei-katsu-sha* Data-Driven Marketing, which the Group has continued to provide since 2017. *Sei-katsu-sha* DATA WORKS assures results for the creation and acquisition of customers through to customer retention by organically integrating marketing and media strategies. The two digital transformations are tailored to enhance such solutions by visualizing and combining the data of both marketing and media to offer even more effective services to our clients. By providing integrated services in all funnels, we aim to establish a leading position in the broader digital domain, one of our growth strategies in the Medium-Term Business Plan.

## Creating New Value in the Completely Digitalized Era on Our Path to Becoming One of the World's Preeminent Corporate Groups

In order to develop and provide full-funnel solutions through the integration of the Group's frameworks and functions, the HakuHodo DY Group has established HAKUHODO DX\_UNITED, a cross-company strategic organization designed to streamline the implementation of marketing DX and media DX. By combining digital transformation in marketing and media, we will realize value-creating DX, which will play a major role in the creation of new markets and business transformations as well as contribute to the growth of our clients and media companies.

### Eight Specialized Functions for Realizing Value-Creating DX



## Orchestrating the Group's Growth Strategies with Value-Creating DX



Media DX, realized through AaaS,  
will serve as our blueprint for the  
future of advertising.

### Cross-Company Strategic Organization: HAKUHODO DX\_UNITED

In April 2021, the Hakuhold DY Group established a cross-company strategic organization, HAKUHODO DX\_UNITED.

HAKUHODO DX\_UNITED comprises five divisions of Hakuhold Inc. that handle marketing DX, two divisions across Hakuhold DY Media Partners Inc. and Hakuhold that deal with media DX, and one division at D.A.Consortium Inc. (DAC) that handles digital frontline functions. By uniting the approximately 700 specialists across various fields to work together as a united team, we are developing and providing full-funnel solutions through the integration of the frameworks and functions of these three companies. Through the integration of the two digital transformations in our eight specialized functions (see page 21), we will not only enhance operating efficiency but also open up new markets and restructure businesses, facilitating the growth of our clients and media companies through the realization of value-creating DX.

Going forward, in addition to participation from other Group companies, our plan is to recruit roughly 400 specialists, including engineers and data scientists, over a

period of three years. Moreover, we intend on further enhancing the Group's capabilities by securing, developing, and reassigning employees as part of our plan to nurture approximately 1,000 DX personnel who will implement digital transformation from our three core operating companies.

### AaaS, a New Advertising Business Model Built on Our Proprietary Data Infrastructure

Data, technology, creativity, and content will all play an essential role in realizing value-creating DX. In terms of data and technology, the data system and fundamental technologies of the Group's proprietary *Sei-katsu-sha* Data Management Platform (DMP) are of the highest standards in the industry. While in the past *sei-katsu-sha* data mainly came in the form of static data, dynamic data, such as internet access data and log records, is expected to play a prominent role in the completely digitalized era. The use of dynamic data will enable analysis of the interests, preferences, and behavior of *sei-katsu-sha* in a more real-time and timelier manner.

Utilizing such dynamic *sei-katsu-sha* data, we arrived at our AaaS concept, a next-generation model for the advertising media business that combines the power of

technology and creativity. AaaS is designed to advance the conventional framework of advertising from the business of selling advertising space to the business of selling the effects that can contribute to advertisers' business.

For instance, advertisers have traditionally purchased television and television program sponsorship spots to market their products; in the case of AaaS, however, it is all about the value that can be gained from the advertising effects or from the process leading up to the advertising effects. We believe there is no other company that can provide such integrated, high-quality media services as AaaS, which clearly distinguishes among the solutions optimized for each type of media. The media DX we will realize as a result of AaaS will serve as a next-generation business model for the continuous growth of the advertising industry.

### The Role of Creativity in Value-Creating DX

Creativity will prove to be critical for realizing value-creating DX through the effective use of data and technology. "Creativity" in this case is used in the broad sense of the term, and varying types of creativity will be necessary from both a marketing DX and media DX point of view.

In the sense that creativity for marketing DX is demonstrated through effective designs and expressions based on the various data acquired through marketing activities and media sources to date, it is an advanced version of the creativity that has remained a strength of the Group over the years.

In terms of creativity for media DX, the shift from direct media buying to programmatic ad buying as well as the acceleration of the PDCA cycle will require increased production of effective and appropriate forms of creativity at the appropriate time. Creative technologies are in the spotlight in that respect. For instance, major platform owners analyze which advertisements will generate the best results using proprietary algorithms. With the programmatic advertising model, the know-how necessary for adapting creativity to the constantly changing operational logic is becoming a major source of differentiation and so we are speeding up the development of AI (artificial intelligence) and other technology.

As the needs for such creativity become increasingly diverse, we will combine the latest technologies and the

Group's long-cultivated creative know-how to realize digital transformation that leads to the creation of highly competitive value.

### Aiming to Become One of the World's Preeminent Corporate Groups in the Completely Digitalized Era

As value-creating DX services continue to take shape in the completely digitalized era, this will naturally lead to a transformation of the Group's business portfolio. While we already engage in a range of fee-based transactions with our clients, in addition to media commissions, we expect our revenue stream to become more diverse and connected through the expansion and enhancement of our service lineup.

Through the seamless integration of our marketing DX and media DX, we aim to connect our revenue streams by establishing a long-term earnings structure that generates revenue from application service provider (ASP) usage fees and license fees through the implementation of data and system infrastructure, in addition to the acquisition of short-term media commission and various consulting fees.

One of the seven principles comprising the Group's corporate philosophy is to "Become one of the world's preeminent corporate groups, leading advances in marketing and innovation generation."

Our goal is to become one of the world's preeminent agencies in the completely digitalized era and a globally leading marketing and business partner for our clients and others. This vision is essentially the reason why we established a cross-company strategic organization and revamped our approach in order to proceed as a united team, providing integrated marketing solutions in all funnels.

Through the combination of technology and creativity, we will continue to offer enticing experiences to *sei-katsu-sha*. And by making even more effective use of the data acquired as a result, while constantly creating value toward the development of long-term relationships with *sei-katsu-sha*, our clients, media companies, platform owners, and content holders, we will continue to grow into one of the world's preeminent corporate groups.



## The Hakuholdo DY Group's Marketing DX



Through the use of technology and creativity, we will provide *sei-katsu-sha* with enticing experiences that extend beyond simply enhancing efficiency through the use of technology and creativity.

**Masato Aoki**

Corporate Officer  
Vice Chief Officer, Technology

### Marketing Transformations Arising from the Shift to Complete Digitalization

The impact of the COVID-19 pandemic has accelerated the shift to complete digitalization. A number of services using digital technology, such as teleworking, online shopping, and web conferencing, are making their way into our daily lives, and marketing activities themselves are about to undergo major changes. The number of touchpoints between companies and *sei-katsu-sha* is expanding widely beyond television, stores, and fliers to a variety of digital formats such as e-commerce, smartphone apps, owned media, and in-store. Demand for marketing tactics using these new touchpoints, or interfaces, that enable interaction with *sei-katsu-sha* is continuing to grow.

### The Growing Need for Demand- and Value-Creating Full-Funnel Marketing

Efforts are already underway to optimize each funnel using a range of behavioral data on *sei-katsu-sha*, including media interaction data, website browsing data, and purchase history, as part of a PDCA cycle.

Meanwhile, a number of concerns have been raised regarding the limitations of digital marketing from the perspective of optimizing and enhancing the efficiency of each funnel. These concerns include the views that digitalization has enhanced efficiency without generating any new sense of credibility or interest on the part of customers; that despite the implementation of CDP tools, companies may end up in a shrinking equilibrium if they have to rely solely on their own data; that there are limitations to function-optimized marketing; and that marketing tactics that bring in new customers and generate demand are needed.

Amid such concerns, we have heard an increasing number of opinions voiced in favor of demand- and value-creating full-funnel marketing, including the desire to engage in marketing that goes beyond functions and efficiencies to fuel the creation of new relationships with customers as well as new markets and value, and marketing that approaches customers with integrated solutions for all stages, from awareness, interest, and consideration through to CRM (customer relationship management).

### The Hakuholdo DY Group's Marketing DX Implementation System

The implementation of value-creating marketing DX will entail the integration of all media and interfaces. Traditional media, digital media, and the various interfaces with *sei-katsu-sha* that are emerging as a result of advances in digitalization will all be integrated to provide enticing experiences to *sei-katsu-sha*. At the same time, the response data from these *sei-katsu-sha* experiences will be integrated with other *sei-katsu-sha* data and stored in our system infrastructure, and then analyzed and assessed to create the next wave of *sei-katsu-sha* experiences. The implementation of this integrated approach is the key to realizing value-creating marketing DX.

Previously, the Hakuholdo DY Group relied on an independently operated system whereby marketing DX was entrusted to Hakuholdo Inc., media DX to Hakuholdo DY Media Partners Inc., and digital frontline functions to D.A.Consortium Inc. We foresaw, however, the need for a system that seamlessly operates across both marketing DX and media DX. In response to this need, we launched a cross-company strategic organization, HAKUHODO DX\_UNITED, in April 2021.

### Eight Specialized Functions Necessary for Implementing Value-Creating Marketing DX

HAKUHODO DX\_UNITED will combine the eight specialized functions below to implement value-creating full-funnel marketing.

**Integrated coordination:** Integrated coordination of the seven specialized functions listed below in response to the increasing demand for digital transformation

**Marketing technology:** Designing and managing marketing systems and tools optimized for each company

**Data marketing:** Planning and implementing advanced, comprehensive strategies that span advertising to CRM, based on data

**Experience design:** Designing digital-based experiences that appeal to *sei-katsu-sha*'s emotions, a function unique to the Hakuholdo DY Group that draws on its long-cultivated creativity

**Technical direction:** Realizing and implementing marketing strategies and creative ideas with technology

**Integrated media planning:** Designing media plans using a scientific approach that makes sophisticated use of media data

**Alliances with platforms:** Collaborating with platform owners to make sophisticated use of their functions and data

**Digital ad operations consulting:** Supporting digital ad operations with a wealth of knowledge and experience

### Proposing the Optimal Marketing DX Solutions for All Industries

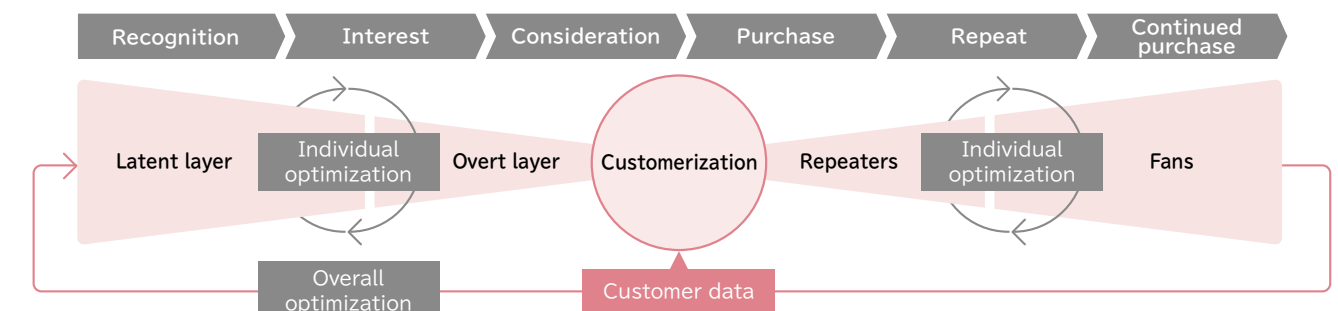
With HAKUHODO DX\_UNITED at the core, the Group will propose optimal marketing DX solutions for each company and industry. With automakers, for instance, the existence

of touchpoints in the form of car dealerships and the likelihood of existing customer data allows for proposals on the development of a CDP or digital solutions for offline touchpoints. In terms of consumer product manufacturers, we will team up with platform operators to create customer data and uncover new demand in the process. With gaming companies, we will offer digital solutions that increase the customer acquisition rate, which represents an integral part of their business.

HAKUHODO DX\_UNITED will compile the marketing-related insights and know-how the Group has accumulated so far, combining and using them effectively to implement marketing DX in all companies and not just in specific industries. For companies seeking to discover the role of their services and wanting to create new demand by combining their data with that of platforms, which we were not able to accommodate with our previous organizational structure, we will address their needs by linking our various specialized functions through HAKUHODO DX\_UNITED.

Our major objective is to spearhead the growth of new marketing in a completely digitalized era and unlock the future of marketing. However, the arrival of next-generation marketing is still a long way off. Even with the integration of advertising and CRM, it is fair to say that only a handful of companies with the finest digital transformation capabilities have developed a CDP for optimizing both advertising and CRM. The Hakuholdo DY Group will provide *sei-katsu-sha* with enticing experiences that extend beyond simply enhancing efficiency through the use of technology and creativity. The data acquired from these experiences will be utilized toward the development of systems and the building of relationships with *sei-katsu-sha* over the medium to long term, in pursuit of an unparalleled marketing DX that knows no limits.

### Full funnel marketing



## The Hakuholdo DY Group's Media DX



We will create and propose new value through Advertising as a Service (AaaS), spurring innovation and helping advertisers succeed and grow their business.

**Motohiro Ando**

Senior Corporate Officer  
Vice Chief Officer, Technology

### The Type of Digital Transformation Being Sought from the Advertising Industry

Diversification of digital devices and advances in communications technology have dramatically enhanced the speed and precision of the recording, processing and integration, and use of information. Consequently, in every industry we are seeing the conventional approach of providing value through products shifting toward providing value through services. Accordingly, many companies are being pressured to transform their existing business models and incorporate digital transformation into their business.

So, is transformation truly taking place in the advertising industry, which plays an integral part in the success of the marketing of companies in various business sectors? Advertising is certainly shifting to digital formats. This alone, however, is not enough to say that a digital transformation is taking place in the industry.

Because the advertising business is essentially part of the service industry, it may seem slightly strange to say that the focus of value is shifting to services. The business, however, has traditionally relied on commission generated from advertising slot transactions. While "slot" itself does not necessarily imply "products," when the business is viewed from the perspective of the buying and selling of advertising slots at predetermined prices, it can be thought of as a transaction of "products."

When the shift to services is seen as the fulfillment of user needs through the provision of constantly connected services, the advertising industry may need to focus on the provision of effects utilizing advertising slots and advertising-related information, and not on the buying and selling of advertising slots, in order to provide value.

What many advertisers seek is to enhance the effects of their advertising, but the appropriate framework for this is not always in place. We often hear such comments as "each media is planned and operated separately so advertising

cannot be uniformly optimized on the whole," "the effects of television and digital ads are measured differently," and, "it is difficult to assess the effects of marketing."

We are seeing a growing need for the visualization of the effects of ads across television and digital, as well as for the optimal allocation of resources, and a number of solutions related to ad ops, marketing, and data collection have emerged in response to this demand. While many of these solutions are optimized for a specific type of media or purpose, diverse sets of tools continue to appear, or in other words, advertisers would be hard-pressed to find the perfect solution amid all the chaos.

What advertisers are truly looking for is an integrated solution for television and digital media and a plan that will help steer the success of all aspects of marketing.

In light of the changes taking place among advertisers, the diverse range of solution tools, advances in media, and integrated marketing needs, we explored the direction advertising media must take and what emerged from our efforts was the Advertising as a Service (AaaS) concept, a digital transformation scheme for the advertising media business.

### AaaS, a Service Concept Built on Our Proprietary Data Infrastructure

Recently, advertisers have been expressing their desire to visualize their advertising return on investment and, for that reason, a variety of indicators and data are being provided on various forms of media. However, due to the mixture of transactions and performance indicators that vary by media, this is simply adding to the confusion. As a result, there are still discrepancies between the marketing strategy targets of advertisers and their indicators and the media transaction system.

This is where AaaS enters the scene as a way to provide services that integrate media operations based on our unique data warehouse (DWH).

Data from television and digital media, survey data for these, and the *sei-katsu-sha* data accumulated by the Hakuholdo DY Group are compiled in the DWH and integrated using our original algorithm which incorporates AI and other technologies. Using this platform, the basic service will consist of provision of an integrated media management dashboard that links our planning, buying, and monitoring activities.

Moreover, through the addition of consulting, AaaS will provide value-added services designed to realize the KPIs (key performance indicators) and KGIs (key goal indicators) of advertisers. With AaaS, the goal is to use technology to eliminate the "waste" generated by advertising media activities as a result of the many elements that are unconnected and difficult to visualize, thereby maximizing media return on investment and helping advertisers grow their business.

While certain aspects of digital media have been realized to date, advertising media as a whole has yet to be digitally connected, operated, and optimized. Although data-driven planning of activities for television and other traditional advertising is feasible, buying activities were on a whole other level. Meanwhile, on the media front, there were specific circumstances surrounding television, such as an inability to respond to the constantly changing environment in a timely manner.

Connecting such an environment and managing it in an integrated manner will enable the use of media that is even more effective and valuable to advertisers. While the cooperation of media companies is imperative to the realization of AaaS, the advancement of such a concept will only increase the media value of these companies even more.

### Our Efforts to Continue to Spur Innovation in the Advertising Industry

The Hakuholdo DY Group has continued to expand its business and lineup of services by pursuing *sei-katsu-sha* insight. We have not, however, been able to directly link these to media transactions and take full advantage of the strategies derived from our *sei-katsu-sha* insight.

An instant solution to this matter is AaaS. As mentioned earlier, the AaaS concept consists of three elements. First is the data infrastructure that has been established ahead of our competitors. Second is the algorithm being developed through the linkage of media data and the data owned by the Hakuholdo DY Group. Third is the operating dash board and the team of expert consultants that are

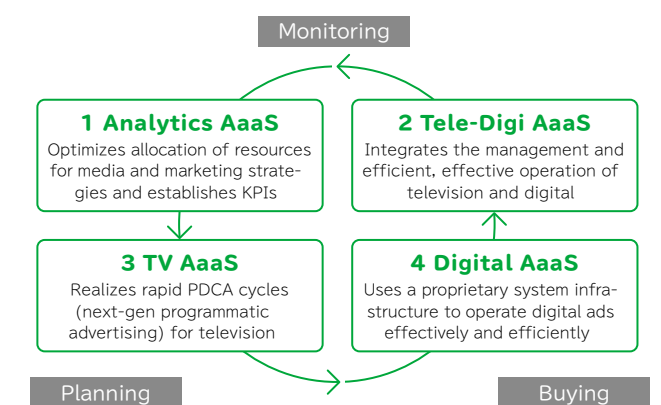
committed to generating results for advertisers.

The services of AaaS, based on the aforementioned three elements, consist of Analytics AaaS, which optimizes the allocation of resources in media and marketing strategies; Tele-Digi AaaS, which integrates the management and operation of television and digital; TV AaaS, which realizes rapid PDCA cycles for television; and Digital AaaS, which uses our proprietary system infrastructure to operate digital ads efficiently and effectively.

In other words, based on our proprietary system infrastructure, AaaS operates media in a truly integrated manner and fulfills advertising purposes through the progression of buying, monitoring, and planning activities on the operating dashboard. By maximizing the media return on investment, AaaS helps advertisers achieve success and grow their business, truly embodying its name, Advertising as a Service.

I believe the AaaS concept is a vision that will unlock the future of not only the Hakuholdo DY Group but also of the advertising industry as a whole, as well as all of its associated industries.

### AaaS: The Four Services



The reason why it has been labeled Advertising as a Service is because we believe the entire advertising industry must transition toward that direction.

Advertising is a means for creating new value through the connection between *sei-katsu-sha* and advertisers. Advertising companies have continued to grow over the years through their genuine commitment and constantly dynamic approach to value creation.

What we must reflect on at the moment is how to create or deliver even more value as digital technology and Society 5.0 continue to move ahead, and AaaS represents one of our solutions to this matter.



## Medium-Term Business Plan \* Announced in May 2019

(Fiscal 2019–Fiscal 2023)

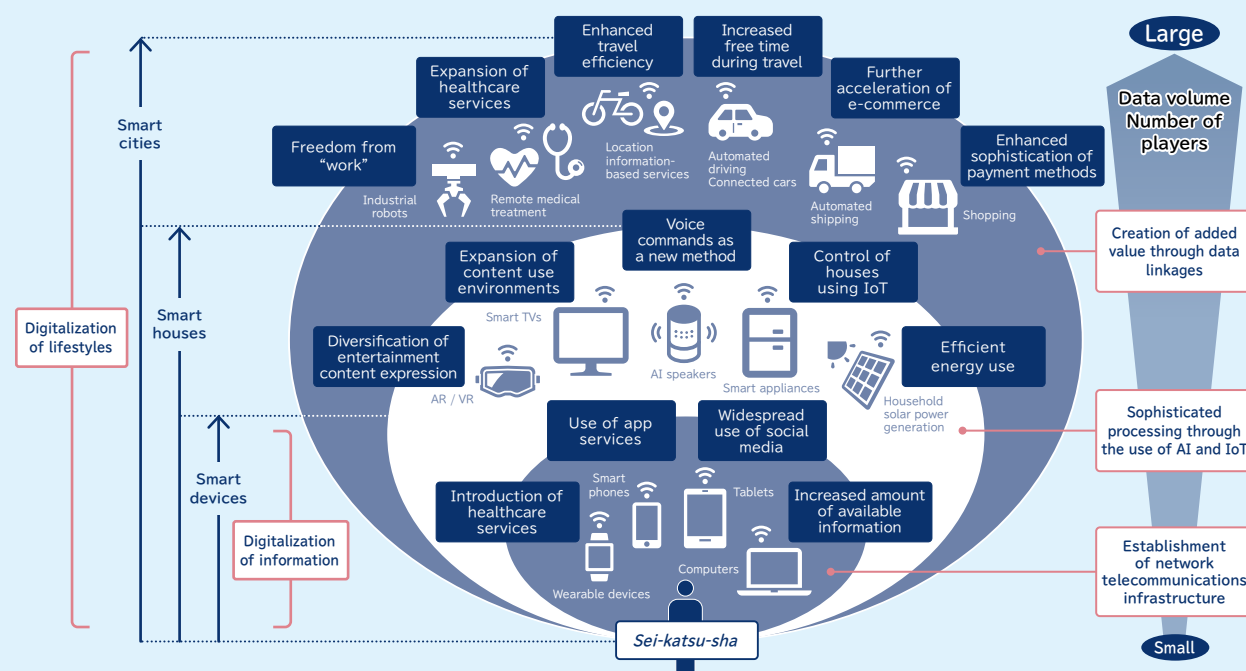
The way *sei-katsu-sha* come into contact with information and related consumption behavior has already changed due to the progression of digital technology and the acceleration of globalization. In the business environment surrounding the Group, we believe we will soon see the arrival of a completely digitalized era, which will change the industrial structure of society itself.

With a focus on these dramatic changes in the business environment, we formulated the new Medium-Term Business Plan, which runs through the year ending March 31, 2024.

In this section, we outline our new plan and growth targets and explain the plan's intended goals.

### Changes in the Business Environment Surrounding the Group

Arrival of an Era of Extreme Innovation through  
the Shift to Complete Digitalization



#### Digitalization of information → Digitalization of entire lifestyles

- Ability to connect with anyone, anywhere, and at any time through diverse digital touchpoints
- Arrival of a *sei-katsu-sha*-oriented society in which *sei-katsu-sha* lead various trends in the world at large

#### Transformation of industrial structure due to technological advances → Advent of an era of innovation

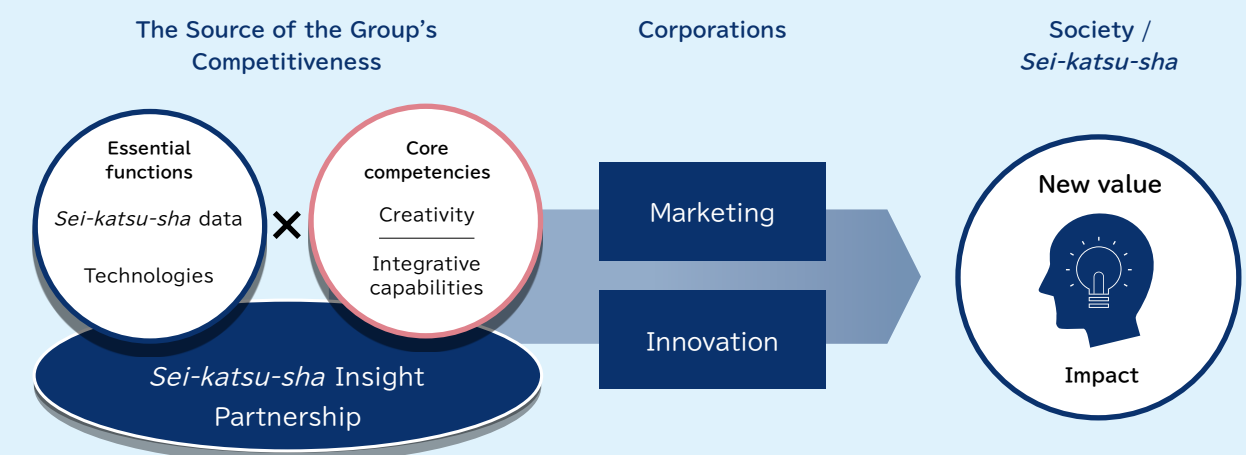
- Blurring of boundaries between markets and transformation of industrial structure due to technological advances
- Advent of an era where dynamic innovation is needed in all industries, nations, and companies

#### Acceleration of borderless corporate activities

- Continuation of the "global shift" in which corporations aim to expand their business overseas
- Acceleration of borderless corporate activities with the further shift toward complete digitalization

### Core Mid-Term Strategy

With *sei-katsu-sha* insight as our cornerstone, the Hakuodo DY Group will combine its creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a completely digitalized era. In this way, we will continue to impact and provide value to *sei-katsu-sha* and society as a whole.



### Strengthening the Three Fundamentals for Growth

By strengthening the Three Fundamentals for Growth listed below and actively carrying out investment, we aim to realize swift and dynamic business growth.

#### Fundamentals for Growth ①

Establish a leading position in the broader digital domain

#### Fundamentals for Growth ②

Strengthen response capabilities for borderless corporate activities

#### Fundamentals for Growth ③

Accelerate innovation through external collaborations

#### Aggressive Investment

Step up investment in data, technologies, infrastructure, human resources, M&A, and a wide range of other areas

## Medium-Term Business Plan

Fundamentals for Growth **1**

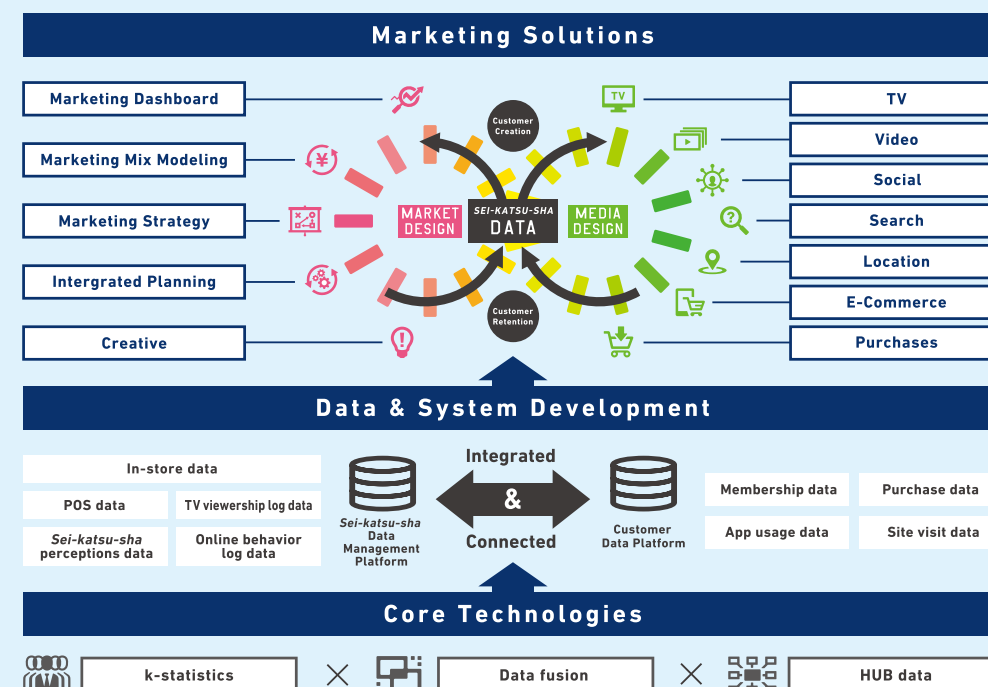
## Establish a leading position in the broader digital domain

Establish a Leading Position in the Broader Digital Domain  
with a View to a Completely Digitalized Era

I. Enhance the sophistication of *Sei-katsu-sha* Data-Driven Marketing

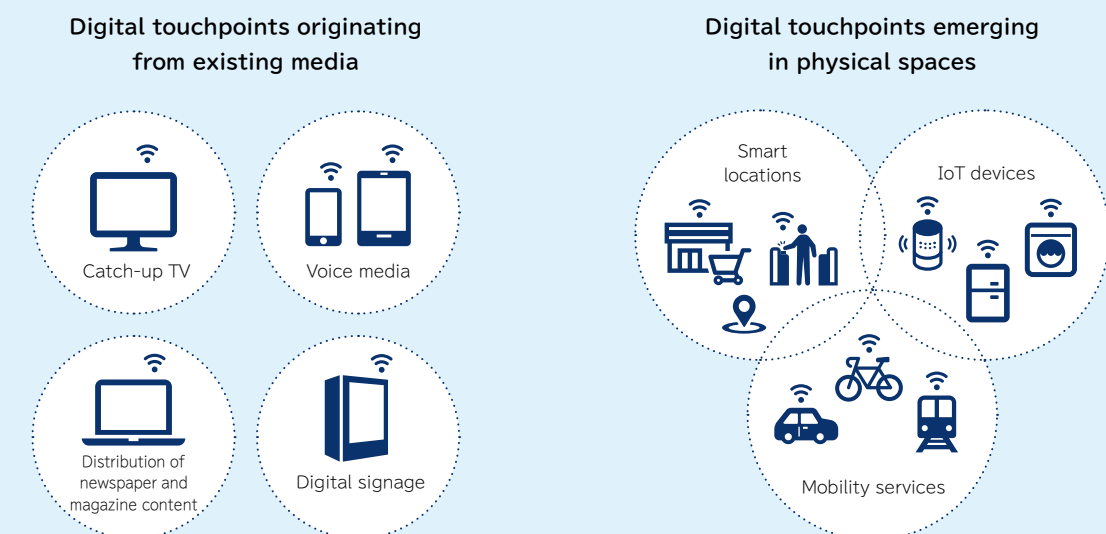
In anticipation of complete digitalization, we will revamp our technologies, data, systems, and solutions and work to enhance our *Sei-katsu-sha* Data-Driven Marketing by crossing these with our creativity.

## SEI-KATSU-SHA DATA DRIVEN MARKETING



## II. Respond to diversifying digital touchpoints

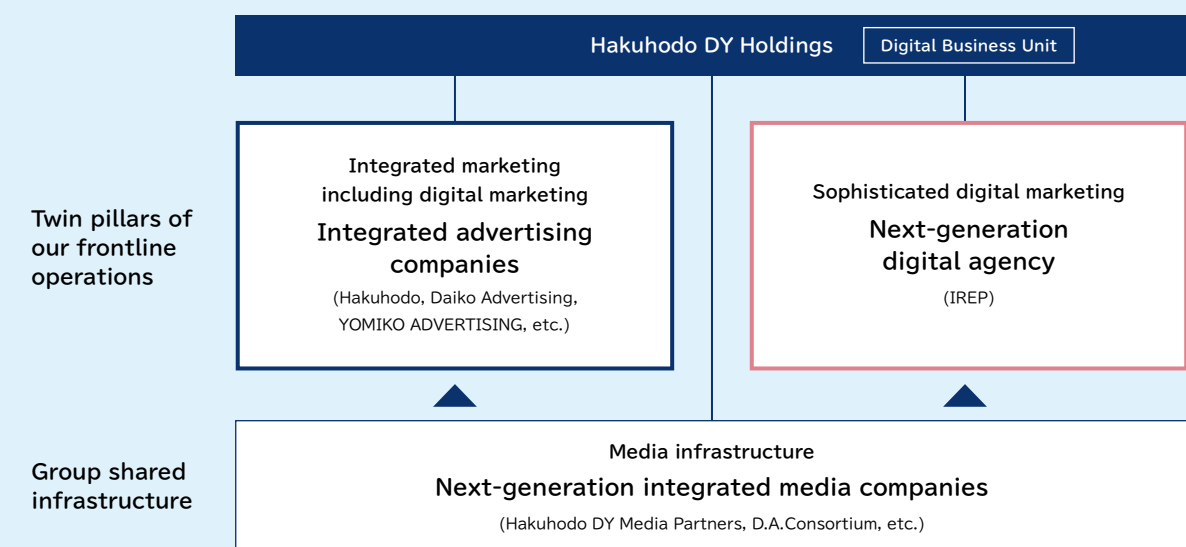
We will widely roll out response structures for digital touchpoints that are becoming more diversified as a result of such factors as the digitalization of existing media and the emergence of digital touchpoints in physical spaces.



## III. Expand our structure in the rapidly growing domain of internet media

To establish structures for providing optimal services that meet diverse client needs, not only will we strengthen the functions of our integrated advertising companies, we will also enhance our next-generation digital agency's functions, focusing on the provision of sophisticated digital solutions.

In addition, we will transition our integrated media companies, which support the twin pillars of our frontline operations, to the next generation to better suit a completely digitalized era.





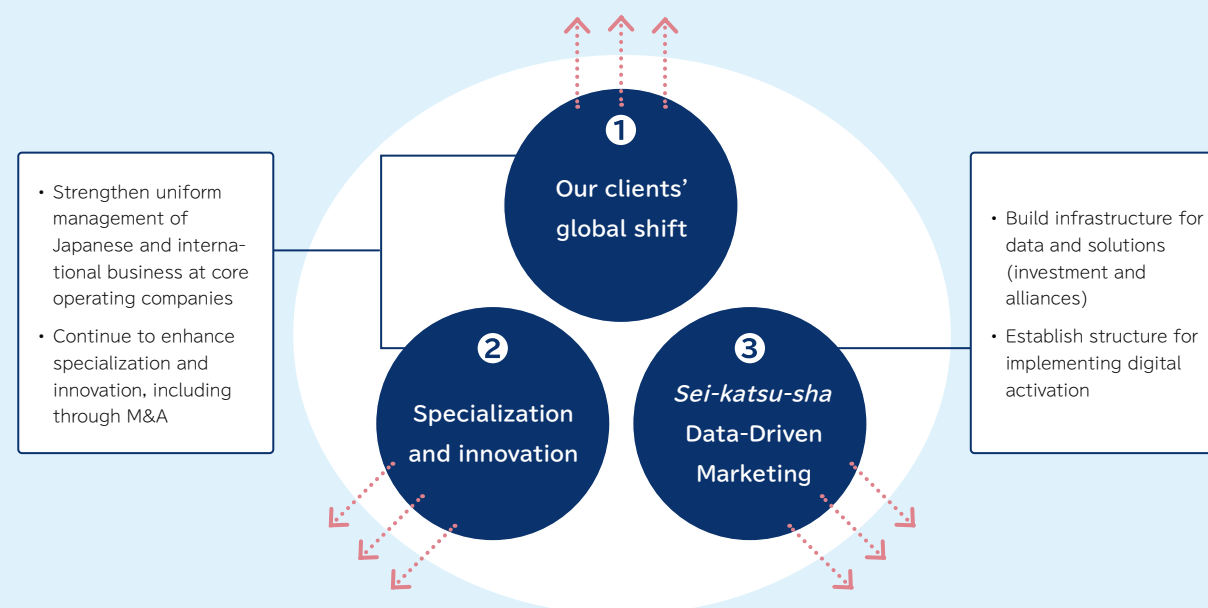
## Medium-Term Business Plan

## Fundamentals for Growth ②

## Strengthen response capabilities for borderless corporate activities

We will bolster our ability to respond to increasingly borderless corporate activities by strengthening our international operations centering on the following three areas.

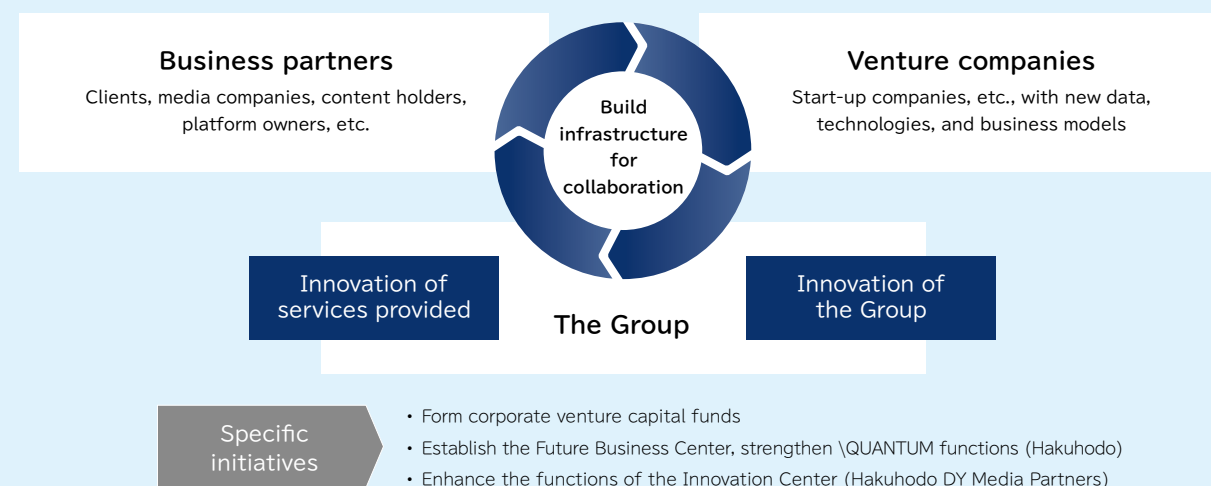
## Strengthen Response Capabilities for Borderless Corporate Activities



## Fundamentals for Growth ③

## Accelerate innovation through external collaborations

We will build a structure for collaboration with not only our business partners, but also external corporations, such as innovative technology companies, so as to accelerate innovation of the services we provide and of our Group.



## Numerical Targets of the Medium-Term Business Plan

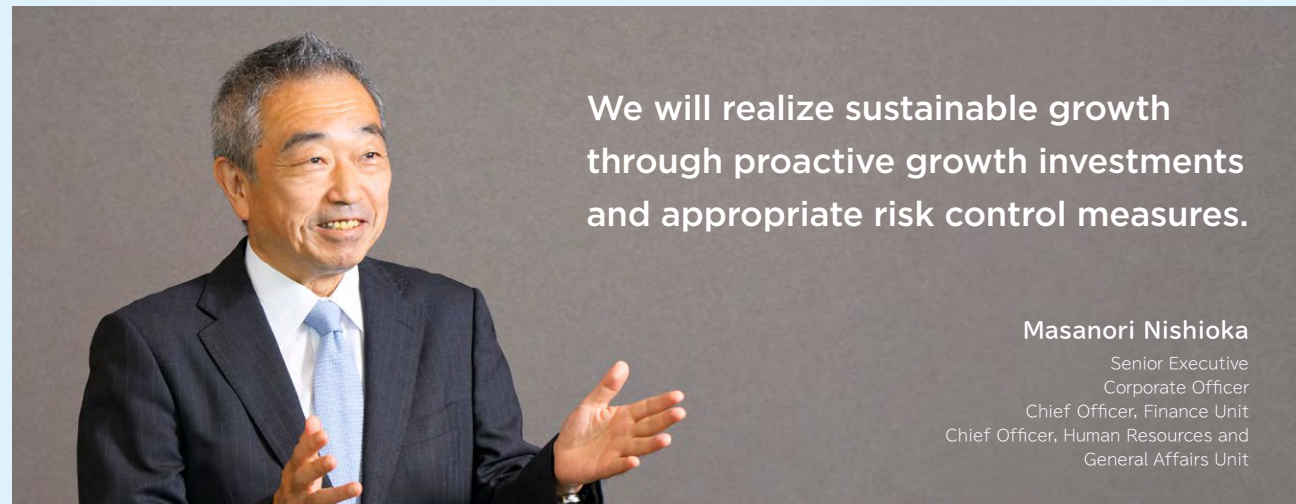
## Awareness of the Business Environment Surrounding the Hakuhodo DY Group

- We are seeing an acceleration in “the shift to complete digitalization,” which is one of our core strategies under the plan. We will therefore remain committed to responding to this shift in a flexible and speedy manner.
- Meanwhile, the COVID-19 pandemic is currently causing tremendous damage to the domestic economy and advertising market, and the path to recovery still remains unclear.

As our current view of the economy and advertising market has greatly changed from the assumptions we based our numerical targets on under the plan, we have decided to withdraw the numerical targets of the current plan.

Once we are able to logically forecast the market outlook over the medium term, we will examine new numerical targets and announce them at an appropriate time.

## Investment and Financial Strategies of the Hakuhold DY Group



### Trends in the Group's Performance

Before I start talking about the Group's investment and financial strategies, I would first like to reflect on the Group's performance to date and explain our awareness of issues going forward.

In fiscal 2020, both billings and profits unfortunately declined owing to the impact of the COVID-19 pandemic. Such declines, however, were an unexpected and unavoidable outcome of the pandemic. With that in mind, rather than short-term trends, I would like to look back on the trends in our performance over the medium-term period of the past 10 years.

Even with the impact of the pandemic in fiscal 2020, the Group's billings have increased by approximately 1.4 times over the ten years since fiscal 2010. In addition, operating income and operating income before amortization of goodwill rose roughly 3.2 times and 3.7 times respectively over the same period.

The past decade came after the recovery from the global financial crisis and the Great East Japan Earthquake, and before the start of the COVID-19 pandemic. Throughout this period, the domestic advertising market underwent a shift toward digitalization.

In the past ten years, internet advertising has grown five times in scale, recording double-digit growth on average each year, while traditional media has been shrinking. By fiscal 2019, the scale of internet advertising had surpassed that of television, which had previously been the largest media category.

The Hakuhold DY Group took swift measures to respond to this transition in marketing structure, actively implementing a digital shift within the process of providing integrated marketing solutions. Guided by our *sei-katsu-sha* insight, which can be thought of as the Group's DNA, we conducted ongoing investment in *Sei-katsu-sha* Data-Driven Marketing, which leverages the *sei-katsu-sha* data

that we have been cultivating for nearly 40 years as well as online browsing data and our clients' (advertisers') customer and sales data. In addition, we recently established HAKUHODO\_DX UNITED to support the digital transformation (DX) of marketing and corporate activities, which has been accelerating under the COVID-19 pandemic.

Thanks to the success of such efforts, we have steadily increased our share in the domestic advertising market—our main area of operation—by 5.3 percentage points over the past ten years, from 16.8%\*1 in fiscal 2010 to 22.1%\*1 in fiscal 2020.

In addition, being able to enhance profitability while simultaneously advancing a digital shift is a unique characteristic of the Group. Our revenue to gross billings margin rose from 16.3% in fiscal 2010 to 24.1% in fiscal 2020, an improvement of 7.8 percentage points over the past 10 years. I believe this showcases how the Group has continued to grow not through cost competitiveness but rather through the added value that we offer our clients. Going forward, we anticipate the complete digitalization of all aspects of life, and enhancing our competitiveness will continue to be our most pressing issue.

In terms of operating expenses, we have been implementing an approach that balances investment with growth in our top line, which is needed to realize a robust business structure. Under this approach, we have maintained operating margin before amortization of goodwill, which was 9.8% in fiscal 2010, at around the 20% level since fiscal 2015. In fiscal 2020, this percentage dropped to 15.8%\*2 owing to the COVID-19 pandemic, and I think another issue we must consider moving forward is the level at which operating margin before amortization of goodwill should be maintained as we carry out investments aimed at achieving medium- to long-term growth.

We are also focusing our efforts on expanding globally in order to grow over the medium to long term. In addition to organic growth realized through the uniform management

of our domestic and international businesses, M&A—particularly in specialized and innovative peripheral marketing domains—has provided a major boost to our performance. Our ratio of revenue from overseas businesses to overall revenue, which was under 5% in fiscal 2010, had risen to 20.7% by fiscal 2020. Taking into account global demographics and economic trends, we recognize the need to further increase this ratio over the long term, taking into account global demographics and economic trends.

\*1. According to our statistics (see page 110)

\*2. Percentage excludes the investment business

### The Hakuhold DY Group's Investment and Financial Strategies

In regard to the society of the future, we had originally anticipated that the ongoing digitalization of information would further advance the transition to completely digitalized lifestyles. We recognize now that this transition is accelerating following the changes in *sei-katsu-sha* mindsets and behavior that we have seen as a result of the pandemic.

I believe that the essence of the DX we implement involves growing together with our clients as a partner that supports the digitalization of not only their marketing activities but also their actual businesses.

To that end, it is of the utmost importance that we expand our digital human resources, starting with DX personnel, and reinforce our foundation for DX, digital marketing, and data marketing. We also need to enhance our response capabilities in marketing-peripheral domains and innovative domains.

Accordingly, our main targets for investment are the DX, digital, and innovation fields.

We must adopt a flexible approach to investment in these fields. The balance sheet is the main topic when we discuss investments in general, but for investment in these fields, people are a key topic in the conversation as well. For this reason, recruitment activities represent an important investment, and this investment is carried out through an upfront investment in costs, rather than through the balance sheet. In addition, we have the option of acquiring an entire company, along with its knowledge and personnel, through M&A, as well as entering into capital and business alliances, depending on the field.

Next, we must continue to invest in global domains. While bolstering organic growth is without a doubt important, investments in global domains tend to center on M&A. Moving forward, the specialized and innovative marketing-peripheral domains of strategic operation unit *kyu*, as well as the strengthening of functions for global expansion centered on Asia at integrated marketing companies such as Hakuhold, and DAC, will continue to be core areas of investment.

Investments related to workstyles are also essential. The COVID-19 pandemic has unavoidably given rise to the need

for diverse workstyles, and we will likely retain those workstyles that have led to enhanced efficiency, such as teleworking, even after the pandemic is under control. We are currently holding active discussions on what offices should be like, as well as on our approach to IT, in the new normal era. Based on these discussions, we anticipate that there will be a continued need for investment in workstyles over the next several years.

In addition to the domains mentioned above, we will also focus our attention on the ESG domain as we actively allocate the cash provided by operating activities toward investments in sustainable growth.

I would also like to discuss risk control measures. We continue to determine new investment projects based on a hurdle rate that exceeds capital costs. As volatility has been rising due to the pandemic, it is imperative that we engage in more thorough examinations when determining whether to increase our overall investment amount.

### Approach to Capital Efficiency and Fundraising

At the moment, I believe the Group's balance sheet is in a desirable state given the nature of the business in which we are involved, with a healthy balance between cash and time deposits and interest-bearing debt.

Depending on the investment project, however, there is a possibility that we will execute an investment that exceeds the amount of cash provided by operating activities. For such a project, we recognize that increasing interest-bearing debt is an option that needs to be considered. The Group's fundraising currently comes primarily from bank loans, and we face no issue in terms of our ability to procure funds. We will, nevertheless, continue to examine options for diversifying our fundraising sources in preparation for potential instability in financial markets in the future.

Additionally, we will continue to pursue efforts toward enhancing asset efficiency. To that end, we will periodically review the economic rationale for maintaining assets and sell off assets when necessary in order to enhance capital efficiency.

### Approach to Shareholder Returns

Lastly, I would like to discuss our approach to shareholder returns. We aim to provide stable dividend payments so that our shareholders can enjoy the benefits of investing in the Group over the long term. We will also examine the acquisition of treasury stock depending on the situation. With that said, we are currently in a stage where we intend to execute investments over the next several years, and, as such, our basic stance at the moment is to prioritize investments first.





# Value Creation

- page **38** The Hakuodo DY Group's Value Creation Model
- page **40** The Hakuodo DY Group's Materiality
- page **42** Key Figures
- page **44** The Sources of the Hakuodo DY Group's Competitiveness
- page **46** Human Resources Capabilities that are a Wellspring of Value Creation
- page **50** The Hakuodo DY Group's Eclectic Talents
- page **70** Developing Creative Human Resources

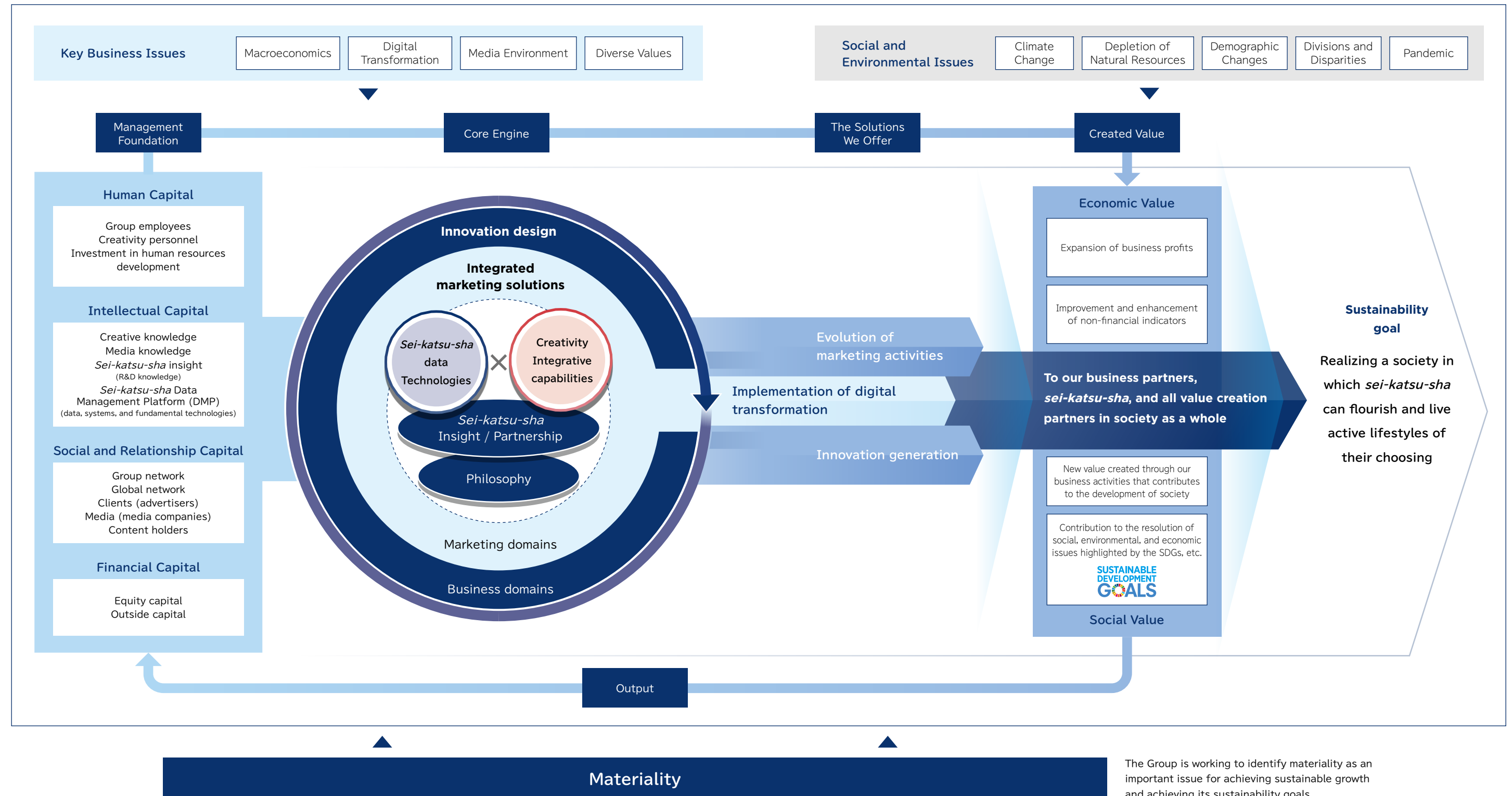
## The Hakuodo DY Group's Value Creation Model

The Hakuodo DY Group adheres to *Sei-katsu-sha* Insight and Commitment to Partnership as its policies and places these two policies at the center of its business development. By promptly assessing the changing times and social trends, the Group has significantly transformed its business without being constrained by the conventional framework of the advertising business, thereby realizing robust growth.

The way *sei-katsu-sha* come into contact with and use information has already undergone significant changes due to advances in digital technology and the acceleration of globalization. Going forward, we will

likely see the arrival of a completely digitalized era which will transform the industrial structure of society even further.

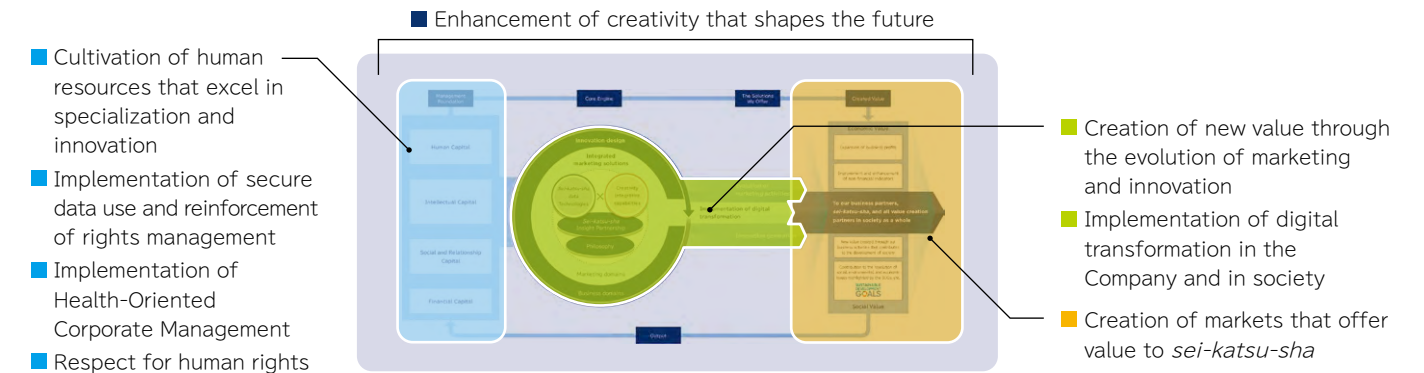
Ascertaining the essence of these precipitous changes, we have formulated a value creation model that is cyclic in nature. This model involves realizing sustainable business growth as a partner that leads dynamic innovation in the marketing activities and businesses of our clients while at the same time continuing to create new value that contributes to the development of society as a partner to *sei-katsu-sha*.





## The Hakuholdo DY Group's Materiality

In fiscal 2020, the Group identified material issues (materiality) that serve as important issues for achieving sustainable growth and achieving its sustainability goals. After conducting a review of the entire Group from management perspectives, we have positioned eight items as eight key material issues based on potential opportunities and risks in light of coming changes in the business environment. In addition, we examined the relationship between these eight key material issues and our value creation model (please see pages 38-39) and reorganized them based on this relationship as well as their respective relationships with each other.



### Eight Key Material Issues

Classification	Materiality	Overview	Main Initiatives		Relationship Between Materiality and Value Creation Model
<b>Opportunity-Related Materiality</b>  Materiality that provides opportunities for sustainable company growth	Enhancement of creativity that shapes the future	We will engage a variety of social themes and take continuous action, while working to refine and enhance our creativity so as to create new value for <i>sei-katsu-sha</i> and society and help shape the future.	<ul style="list-style-type: none"> <li>External evaluations of creativity</li> <li>Results of global award ceremonies in advertising and marketing</li> <li>Expansion of platforms for demonstrating creativity</li> </ul>	<ul style="list-style-type: none"> <li>Number of clients</li> <li>Amount of social investment through social action and external activities</li> <li>Number of think tanks established</li> </ul>	Most important issue for the activity cycle of our value creation model
	Creation of new value through the evolution of marketing and innovation	We will work to become an entity that continuously provides <i>sei-katsu-sha</i> and society with new value and impact by drawing on <i>sei-katsu-sha</i> insight and combining creativity and integration skills with data and technology manipulation capabilities, a strategy that will make us leaders in the evolution of corporate marketing and in creating innovation in a completely digitalized era.	<ul style="list-style-type: none"> <li>Number of <i>Sei-katsu-sha</i> Data-Driven Marketing communications sent out</li> <li>Number of platforms for spurring innovation</li> </ul>	<ul style="list-style-type: none"> <li>Amount of business investment to spur innovation</li> <li>Total number of clients participating in Hakuholdo marketing seminars / Total number of participants</li> <li>Number of seminars held for external organizations</li> </ul>	Core issue for successfully enhancing the services we provide and making them more profitable
	Implementation of digital transformation in the Company and in society	We will work to lead the digital transformation of society, transform the Group's business model, and further increase corporate value.	<ul style="list-style-type: none"> <li>Digital Transformation (DX) initiatives including toward the cultivation of digital human resources</li> </ul>	<ul style="list-style-type: none"> <li>Total number of specialists in various domains participating in HAKUHODO DX_UNITED</li> </ul>	Important issue for realizing the material issue above
	Creation of markets that offer value to <i>sei-katsu-sha</i>	We will work to provide new value that will help revolutionize life, society, and business structures by refining our ability to read signs of change in <i>sei-katsu-sha</i> , suggesting new lifestyles and ways of living, and actualizing them in ways beyond imagination.	<ul style="list-style-type: none"> <li>Number of press releases related to marketing design sent out</li> <li>Press releases pertaining to <i>sei-katsu-sha</i> information from surveys</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives to resolve social issues</li> </ul>	Outcome created and achieved through the process of value creation
	Cultivation of human resources that excel in specialization and innovation	We will work to cultivate human resources that can demonstrate outstanding expertise, innovation, and complex creativity regardless of the business, including idea development to implementation in society, business creation, and media, digital, and global.	<ul style="list-style-type: none"> <li>Amount of investment to acquire and develop human resources</li> <li>Initiatives to enhance creativity</li> <li>Structure for developing and promoting an active role for a diverse group of human resources</li> <li>Enhanced recruitment of highly specialized human resources (fellows, etc.) through M&amp;A and mid-career hires</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees who have completed online skills development programs</li> <li>Expansion of contact points for recruiting diverse human resources</li> </ul>	Various elements related to strengthening our management base
<b>Risk-Related Materiality</b>  Materiality that calls for risk management	Promotion of secure data use and reinforcement of rights management	We will work to promote sound utilization of personal information and other data in the digital advertising market and the Group's business activities, and to strengthen management of various rights.	<ul style="list-style-type: none"> <li>Examples of initiatives to create rules for the use of data across all digital advertisements</li> <li>Initiatives related to private information within marketing</li> </ul>	<ul style="list-style-type: none"> <li>Examples of participation in activities within digital industries</li> </ul>	
	Implementation of Health-Oriented Corporate Management	We will work to comply with laws and regulations related to safety and health, build a response system for disaster prevention and emergencies, and promote creation of an environment where each and every employee is able to display their abilities to the fullest and shine brightly while staying true to themselves.	<ul style="list-style-type: none"> <li>Progress with workstyle reforms (reduction in overtime hours, use of paid leave, introduction of telework, number of health seminars held, etc.)</li> <li>Initiatives focused on occupational safety and health (response during disasters and emergencies)</li> </ul>	<ul style="list-style-type: none"> <li>Number of initiatives related to mental health and sick leave</li> <li>Number of dialogues with labor unions</li> </ul>	
	Respect for human rights	We will work to respect human rights in all business activities in accordance with the Hakuholdo DY Group Code of Conduct, which requires that all Group companies comply with laws and regulations and conduct business in good faith, which includes respect for human rights.	<ul style="list-style-type: none"> <li>Response to human rights-related risks pertaining to the language in advertisements</li> <li>Understanding of human rights-related risks within the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Number of hotline consultations and efforts to make improvements</li> </ul>	

► The Group has identified 20 material issues, including the above eight key issues. Please see page 75 for details on all 20 material issues.

## Key Figures

(Year Ended March 31, 2021)

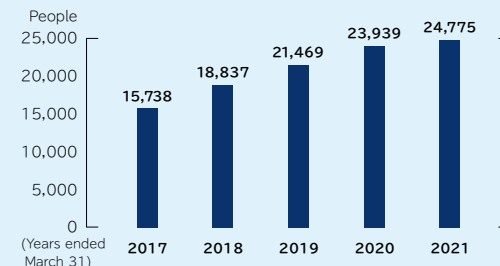
### Human Resources

#### ■ Number of Group Employees

Human resources that can leverage creativity represent the greatest asset of the Hakuholdo DY Group.

Based on our human resources development strategy, which is aligned with the policies in our Medium-Term Business Plan, we have in place human resources programs that work to encourage the independent growth of our employees. Under these systems, we facilitate substantial and constructive dialogue between employees and their supervisors in an effort to help realize their medium- to long-term career plans. Our employees set growth targets at the beginning of the year and engage in a number of dialogues regarding their development and evaluation, among other matters, with their supervisors over the course of the year. These efforts have helped refine the strengths of each employee and build a foundation to cultivate individuals who can overcome this period of drastic change.

Furthermore, acting proactively in response to changes in society and experiencing challenging new domains and businesses gives each employee a sense of growth. Additionally, we are undertaking new workstyles that aim to prioritize the health and safety of employees and maximize creativity and performance.



#### ■ Percentage of Employees Who Feel They Have Grown from the Previous Year

**73.9%** Hakuholdo (up 1.1 pts YoY)

**74.9%** Hakuholdo DY Media Partners (up 1.2 pts YoY)

#### ■ Amount of Investment in Education to Cultivate Human Resources (Amount per employee shown in parentheses)<sup>\*1</sup>

**¥1,680 million** (¥211,000 per employee)

#### ■ Average Annual Hours of Training per Employee<sup>\*2</sup>

**27.5 hours**

#### ■ Total Interview Hours for Managing Employee Targets and Developing Capabilities (Hours per employee shown in parentheses)<sup>\*2</sup>

**15,249 hours** (2.3 hours per employee)

#### ■ Number of Social Action Activities (Number of employees participating in activities shown in parentheses)

**120 (739)**

#### ■ Efforts to Promote Women's Advancement<sup>\*1</sup>

Ratio of Women New Graduate Employees

**49.9%**

Ratio of Women Mid-Career Hires

**51.9%**

Ratio of Female Officers

**10.4%**

Percentage of Women Returning to Work after Maternity Leave

**71.1%**

#### ■ Percentage of Employees with Disabilities<sup>\*3</sup>

**2.48%**

#### ■ Promotion of Health and Productivity Management

Percentage of Employees Receiving Health Examinations<sup>\*1</sup>

**93.0%**

\*1. Applies to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, Hakuholdo DY Media Partners, and D.A.Consortium

\*2. Applies to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, and Hakuholdo DY Media Partners

\*3. As of June 1, 2021

\*4. Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets arising from corporate acquisitions.

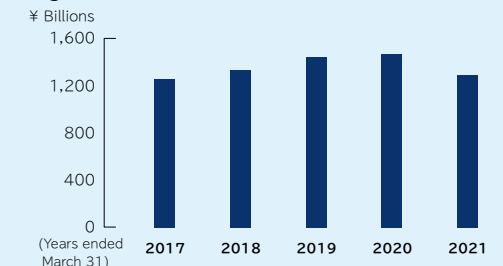
\*5. Operating margin before amortization of goodwill = Operating income before amortization of goodwill ÷ Gross Profit

\*6. ROE before amortization of goodwill = Profit attributable to owners of parent excluding amortization of goodwill (including equity-method affiliates' portion) ÷ Equity capital (average of FY-start and FY-end)

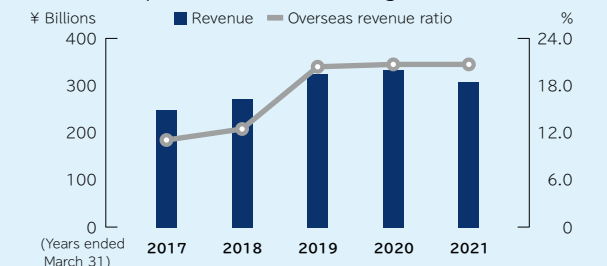
### Financial Indicators

(Excludes the impact from the sale of Mercari, Inc.)

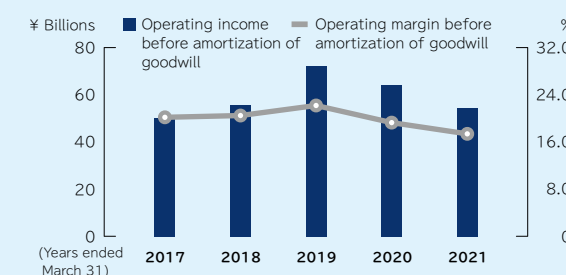
#### ■ Billings



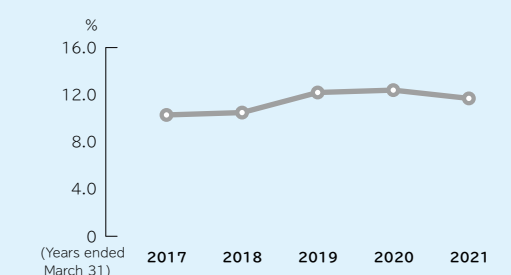
#### ■ Gross Profit/Overseas Gross Margin



#### ■ Operating Income before Amortization of Goodwill<sup>\*4</sup>/ Operating Margin before Amortization of Goodwill<sup>\*5</sup>



#### ■ ROE before Amortization of Goodwill<sup>\*6</sup>



### Group Presence

#### ■ Size of the Group

No. **2** advertising group in Japan and No. **12**<sup>\*7</sup> in the world

#### ■ Area of Operations

Over **21** countries and regions around the world

#### ■ Subsidiaries and Affiliates

2014 **233** 2021 **415**

#### ■ Share in Domestic Advertising Market<sup>\*8</sup>

2014 **18.0%** 2021 **22.1%**

### Creativity

Receiving High Acclaim at Advertising Awards in Japan and Overseas

The 60th ACC Tokyo Creativity Awards <sup>*9</sup>		<b>58</b> awards, including <b>4</b> Grand Prizes
The 67th Cannes Lions International Festival of Creativity, held in 2020/2021 <sup>*10</sup>		<b>2</b> Bronze awards
Spikes Asia 2020 <sup>*11</sup>		<b>15</b> awards, including <b>1</b> Grand Prize
Adfest	2020	Received <b>21</b> prizes including <b>1</b> Lotus Roots award Hakuholdo DY Media Partners named Media Agency of the Year
	2021	Received <b>24</b> prizes including <b>1</b> Grande Hakuholdo Inc. named Network of the Year

\*7. Source: Ad Age, May 2021

\*8. Data for the domestic advertising market is taken from the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry). For certain discontinuities in the numerical results published in the survey arising from changes in the survey pool, adjusted numerical results using growth rate data are used.

\*9. Largest advertising festival in Japan

\*10. World's largest advertising festival in the field of advertising and communication

\*11. Started as a regional Cannes Lions Festival in 2009, Spikes Asia is one of the largest advertising festivals in the Asian region.



## The Sources of the Hakuholdo DY Group's Competitiveness

The sources of the Hakuholdo DY Group's competitiveness are our foundation for leveraging *sei-katsu-sha* data and technologies, our creativity that gives shape to the future, and our integrative capabilities that bring together a diverse range of personalities and functions. Another source is our ability to collaborate with all kinds of stakeholders such as *sei-katsu-sha*, corporations, and media outlets, and work together with these partners as a team. All of these sources also represent strengths that can truly be leveraged in a completely digitalized society.

These strengths are realized through our creative human resources, which represent the Group's most important asset. The growth of our human resources is directly connected to the growth of the Group itself. Our human resources leverage their creativity in a variety of settings, from building marketing strategies to spurring innovation, working to design the future and leave an impact on society. In these ways, our human resources help us contribute to the creation of a *sei-katsu-sha*-oriented society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.

### Further Evolution of *Sei-katsu-sha* Data-Driven Marketing Response Capabilities

Supported by one of the largest volumes of *sei-katsu-sha* data in Japan, we provide high-quality marketing support and resolve the issues facing our clients while taking on the challenge of securing new clients. These efforts center on the integrated marketing solutions package *Sei-katsu-sha* DATA WORKS, which guarantees results through a full-funnel approach, and helps us acquire clients, realized through the organic integration of marketing strategies and media initiatives.



### *Sei-katsu-sha* Insight

The Hakuholdo Institute of Life and Living (HILL) was established in 1981 with the aim of realizing *sei-katsu-sha* insight. HILL is a research institute that studies people in their entirety in order to implement and advance *sei-katsu-sha* insight, which considers future lifestyles. Since then, we have launched numerous think tanks, specialist organizations, and projects within the Group. Through their various R&D activities, we continue to provide deep insight into the ever-diversifying *sei-katsu-sha* by promptly understanding signs of change in them. *Sei-katsu-sha* insight serves as the source of the Group's competitiveness. In the completely digitalized era, *sei-katsu-sha* insight provides us with a foundation for leveraging *sei-katsu-sha* data and technologies, helps us demonstrate creativity that shapes the future, and enables us to bring together a diverse range of personalities and functions. Through *sei-katsu-sha* insight, we believe we can bring together all stakeholders in society, including *sei-katsu-sha*, companies, and media outlets, to collaborate as one team.

HILL carries out a broad-ranging lifestyle survey of Japanese people, the Seikatsu Teiten, which it has been conducting every other year since 1992. Targeting approximately 3,000 men and women between the ages of 20 and 69 each year, the survey asks multifaceted questions that cover nearly 1,400 items in an effort to measure changes in the mindsets and behavior of *sei-katsu-sha*. The data accumulated through 28 years worth of surveys is available to the public for free via the institute's website. This data is being used by many parties, including not only our business partners but also government agencies and university researchers. In addition to Consumption Next Month, its consumption forecasts for the upcoming month, HILL has conducted its monthly Survey of *Sei-katsu-sha* Concerning COVID-19 since April 2020, and releases data from these surveys accordingly.

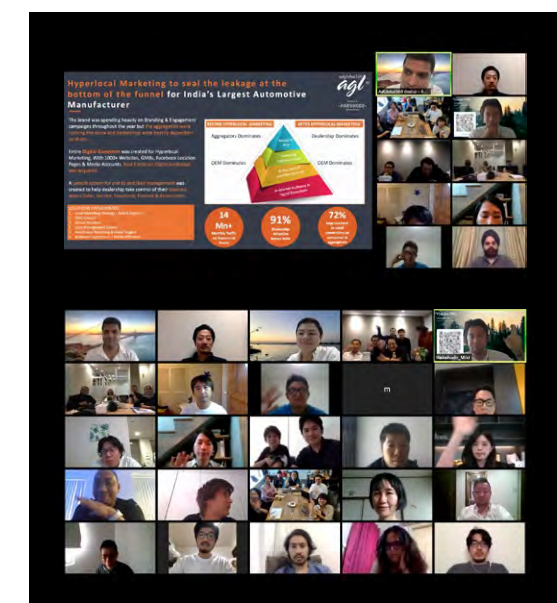
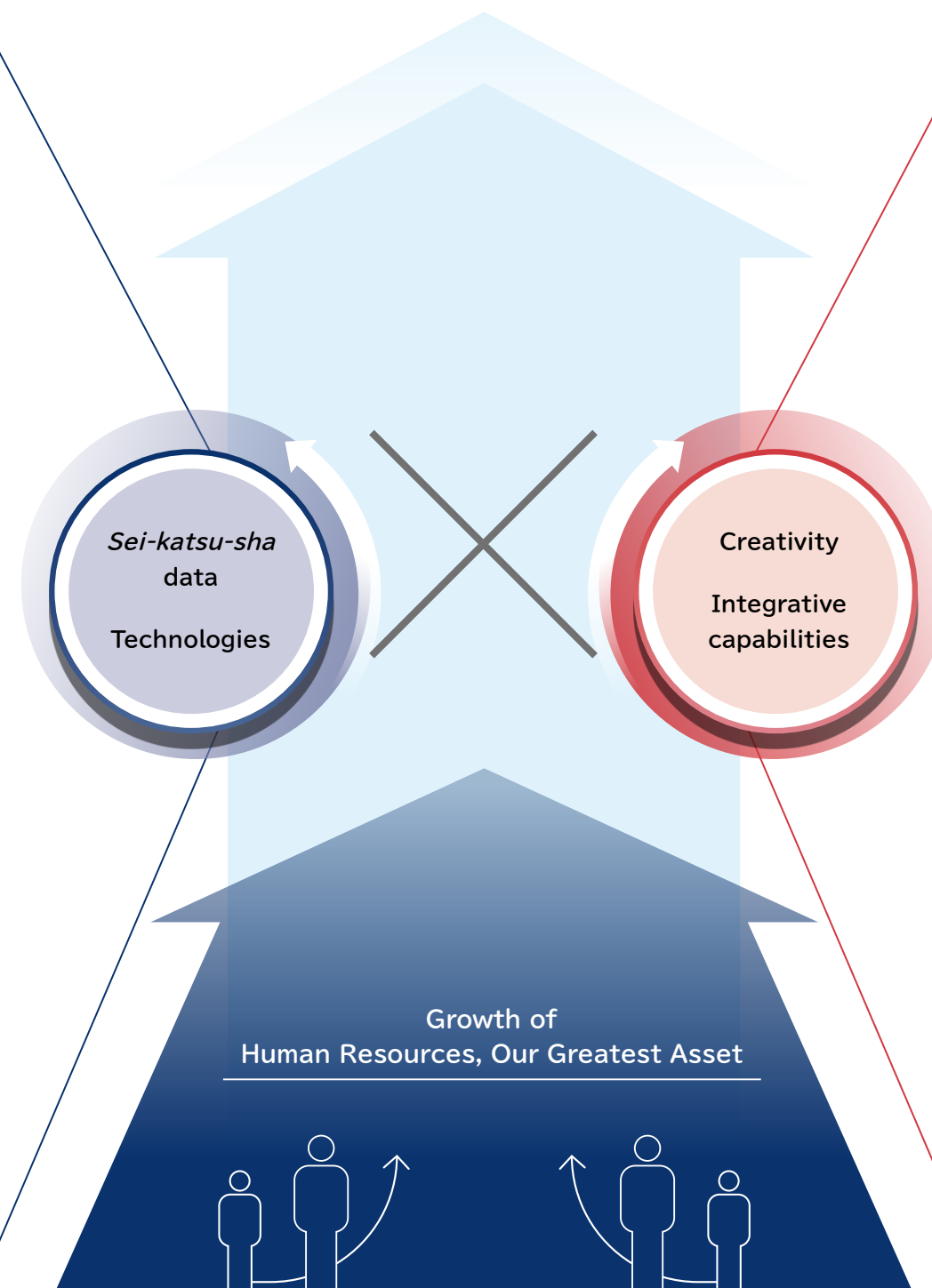
Details **WEB** Special website (Japanese only)

### Creativity That Gives Shape to the Future

Creativity born from thorough *sei-katsu-sha* insight moves the hearts of *sei-katsu-sha*. It also represents the key to sharing value with *sei-katsu-sha* and encouraging their purchasing behavior. We are a corporate group with creativity, and that is precisely why we believe we can create new stories and design innovative businesses in a completely digitalized era. By constantly updating our creativity, and harnessing it as a strength for our team, we inspire and realize new lifestyles and social landscapes.

### Integrative Capabilities That Bring Together and Move Varied Personalities and Functions

Our employees take the initiative to create large teams that comprise members from both inside and outside the Company to promote creative thinking. By doing so, we create and realize new ideas and concepts. To create markets with value that lead to the happiness of *sei-katsu-sha* and society, we leverage creativity to face various social themes, forming connections between a broad range of stakeholders as we work to develop new lifestyles, businesses, and services.





## Human Resources Capabilities that are a Wellspring of Value Creation

## Creativity at the Hakuholdo DY Group



*Akihiko Ebana*

**Akihiko Ebana**

Senior Executive Corporate Officer  
Chief Officer, Group Strategy Unit  
Hakuholdo DY Holdings Inc.

*Farah Ramzan Golant*

**Farah Ramzan Golant**

President  
*kyu*



**Ebana** Congratulations on your appointment as president.

**Golant** Thank you, I greatly look forward to serving in this position. It has been three years since I joined *kyu*. It was also three years ago that I first visited Tokyo. During that visit, Chairman Hirokazu Toda took me to an art museum. That was a particularly memorable part of the trip.

**Ebana** I actually started that gallery. HAKUHODO PRODUCT'S employs around 30 very talented photographers. When thinking of ways in which we could encourage these photographers to stick around, I wanted to do something that could not be done alone: holding an exhibition and creating new works of art with Hakuholdo creators and photographers. We started this undertaking with the ultimate goal of holding an exhibition at the Museum of Modern Art in New York.

**Golant** That was an excellent idea. Fostering a sense of belonging and encouraging teamwork is a sure way to encourage creativity.

**Ebana** The exhibition proved to have incredible meaning for forming connections between people aspiring to perform creative jobs. It increased employee motivation more than we expected, drew participation from other members of Hakuholdo, inspired entertainers to participate free of charge, and resulted in many university students who attended the exhibition applying for work at HAKUHODO PRODUCT'S.



The Hakuholdo DY Group's core competency is the creativity that constitutes the source of its value creation. The following is a discussion between Farah Ramzan Golant, president of *kyu*, and Akihiko Ebana, chief officer of the Group Strategy Unit of Hakuholdo DY Holdings, on the topics of the Group's creativity; the role of human resources; and their vision for the Group's corporate culture.

### Frameworks for Leveraging Human Resources as a Wellspring of Value Creation

**Ebana** There can be no denying the fact that human resources are the wellspring of value creation for the Hakuholdo Group.

If we can motivate employees to act of their own volition, we will no doubt see the birth of better ideas and higher-quality output.

**Golant** You have just touched on an important theme for today's discussion. I have been mindful of the subject of human resources over my 35 years in this industry. In the post-COVID-19 world, maintaining a strong workforce and improving employee retention rates will be directly linked to competitiveness, while the opposite, losing employees, will present an even greater risk. This will be true anywhere in the world. Accordingly, human resource issues are something that Hakuholdo must tend to as a company in Japan and also something that we must tend to as leaders of *kyu*, and our response needs to be preemptive.

**Ebana** Lifelong employment used to be the norm in Japan, but today the relationship between companies and employees is changing. The youth of today are always searching for jobs that they find appealing, meaning that it is imperative for companies to maintain good relationships with each of their individual employees.

**Golant** Talented people are the lifeblood of companies. At the same time, however, we are witnessing an increase in the number of people seeking to work in non-institutional and more decentralized communities. The rise of networked economies and the flow of talent across geographies means that we too have to develop methods of managing human resources with a networked mindset.

The ability for organizations primarily based on core and fixed communities to appeal to such individuals is tied to their core values. Luckily, the Hakuholdo Group has strong, clearly defined values. Our policies and philosophy based on the concept of *Sei-katsu-sha* Insight are crucial to our appeal to human resources.

The concept of *Sei-katsu-sha* Insight strikes at the core of this trend in human resources as the idea of *sei-katsu-sha* recognizes that people are more multifaceted than they may seem when viewed through the lens of "consumers." Recognizing that the employees of today are also *sei-katsu-sha* will allow us to strengthen our connections with people with various desires through the value we create and the power of our convictions. It will also encourage employees to

feel pride and a sense of belonging toward the organization. This form of affiliation is very powerful.

At *kyu*, we try to be attentive towards the needs of individuals when we look to hire new, talented human resources. In addition to asking them to conform to the company or the organization principles and protocols, we must enable them a certain degree of freedom to perform to their best, finding their voice and agency as people.

Whether we are talking about art directors, writers, strategists or data analysts, we must be careful not to crush the creativity of employees so as to ensure that they have ample room to exercise their talents. If we dictate how we believe the organization should be without taking into account their perspectives and their drivers for growth, we are likely to trample the potential for overall growth.

**Ebana** Hakuholdo has been increasingly recruiting mid-career individuals as of late, giving us a more diverse range of backgrounds in our employee base. We therefore must now consider how best to support the contributions of employees who were raised in corporate cultures that differ from our own.

I believe that the Hakuholdo Group is primed to provide such individuals with a workplace that motivates and unites its employee base by offering an environment characterized by creativity founded on our concept of *Sei-katsu-sha* Insight; the discretion and delegation of authority that allows employees to work as they please; and the recognition of every employee as a professional. Moreover, I believe that *kyu* has the potential to spread these ideals on a global scale while also functioning as a testing ground for fostering the human resources that will shape the future of the Group.

**Golant** At *kyu*, we share the Hakuholdo Group's policy of valuing eclectic talents. Diverse and empowered employees contribute to higher competitiveness. Based on this recognition, we recently developed *kyu* Graphs as a tool for visualizing human resource management. By creating a data visualization of deep human resource data which comes both from the human resources system, as well as from the individuals completing the survey themselves, we have made it easier to track the interests and client experience of our employee base. We have also created online platforms through which all 2,500 *kyu* employees have the potential to gather to share their works and projects and communicate their success stories amid the COVID-19 pandemic. Through these platforms I have seen employees strengthening their bonds through discussion and collaboration as micro-communities. These micro-communities span all industry



## Human Resources Capabilities that are a Wellspring of Value Creation

domains, such as health, sustainable mobility, circular economy, climate, and diversity, equity, and inclusion (DE&I).

Such communities also provide an opportunity for employees to develop a sense of pride in their personal work.

I believe that people are always looking for others who share similar beliefs and principles but have different backgrounds and experiences. The communities I mentioned are important for these people to gather and exchange ideas in this context.

I heard a story that a *kyu* Graph revealed that our employee base included a significant number of artificial intelligence (AI) designers and spatial designers, inspiring one person in our studio in Tokyo to create a Slack channel and helping them recognize that they were not alone. The Graph enables people to mobilize in real time and locate themselves in the whole constellation of stars.

**Ebana** In the past, Hakuhoodo has what it called a HENcyclopedia. This was based on the same idea as the *kyu* Graphs. People would write about their individual experiences and skills, allowing employees to find like-minded individuals and thereby giving rise to a certain kind of synergy.

I am very impressed with the proactive nature of the *kyu* Graphs, which use technology to connect people and surface specialized information and collective intelligence. In due course it can become even more automated using cutting edge, AI technologies.

**Golant** During the initial stages of this tool's development, we formulated a vision for decades into the future from now in which closer, dynamic, and real-time connections were forged between the operating companies, the teams, the communities, and the individuals that make up *kyu*. We wanted to create a living intelligence operating system.

**Ebana** It would be great if we were able to develop a network that blurs the lines between companies and organizations and in which participation helped people pursue self-improvement while also bettering society and contributing to the resolution of social issues through creativity.

The underlying principle of collectivity at *kyu* is also something that is very laudable. This principle and its idea of resolving issues, not as a company, but as a collective, is an excellent example of how the relationship between people and organizations should evolve going forward.

### Corporate Culture Viewing Everyone as Equal When It Comes to Ideas

**Ebana** Hakuhoodo is a company that aspires to produce the best possible ideas for its clients. As a result, our corporate culture has become one in which people capable of creating such ideas are assembled from both inside and outside of the organization to engage in discussion and generate even more fruitful ideas.

When it comes to ideas, everyone is equal, and a good

idea is viewed as such no matter who it comes from.

Brainstorming has previously taken place in physical venues. However, digital technologies have recently highlighted the potential for this brainstorming to take place in digital venues in a similar, or maybe even more inclusive and far-reaching, way. This recognition led us to launch the UNIVERSITY of CREATIVITY (UoC), an organization designed to further evolve our creativity. The UoC is already being used for various initiatives incorporating employees as well as individuals from other companies and students.

The UoC is built on our efforts to create the ideal foundations for producing the best possible ideas for clients. The ability to assemble the perfect members for the job regardless of place, using both physical and digital venues, is a major strength of Hakuhoodo as well as a core element of its corporate culture.

**Golant** The stance that everyone is equal when it comes to the pursuit of the breakthrough idea is magnificent. What is important to think about is how best to foster cooperation and collaboration among talented human resources to achieve that.

**Ebana** Talented human resources also tend to hold themselves in high regard, making it difficult for them to incorporate the opinions of others. However, if we do not encourage these employees to look beyond their own perspective to pursue loftier goals, we cannot expect collaboration among talented human resources or the generation of the best possible ideas. I have a lot of experience as an account executive, and I am therefore constantly mindful of how to go about encouraging our staff to set higher goals. It is often said that "two heads are better than one." This exactly the case as the more people you have, the more likely you are to see an idea that no one would have otherwise thought of.

**Golant** I too am trained as an account executive and have come to appreciate over 35 years that a company's culture is every bit as important as its strategies. Cultures are comprised of many things—principles, rituals, behaviors, and practices. In my experience, particularly from AMV BBDO, I came to understand two very important drivers. The first is respect—respect for ideas, respect for people, and respect for traditions, as well as even respect for one's own work, and respect for clients. The other element is attachment—how much one can feel attached to one's team or to the pursuit of resolving a client's issue. A conducive corporate culture must be founded on a healthy balance of respect and attachment.

**Ebana** Here as well, we see the benefits of eclectic talents, which we prioritize above homogeneity in our workforce. I believe that Hakuhoodo's corporate culture is such that it encourages employees to practice mutual respect for individuals and achieve self-actualization. At the foundation of this culture is the valuing of people, which of course entails respect and attachment, along with the belief that we must constantly produce better ideas for our clients.

**Golant** Today, however, we also face the significantly

increased need to communicate more deeply and more frequently with individuals, almost on a daily basis! If we do not, particularly in an after-Covid-era (ACE), we will not be able to embed the new value of attachment or of respect for others at a time when it is needed most. Human, simple, and authentic communication between leadership and employees is the only viable way for true differentiation between companies that will succeed and those that will not, as the future emerges.

### Creativity that Shapes the Future

**Ebana** Exercising creativity that shapes the future will require the Hakuhoodo Group to remain true to its principle of *Sei-katsu-sha* Insight.

It is important for us to create frameworks for attracting people who truly live in the times, and are thus keenly aware of what is going on and constantly thinking about what can be done or offered to make people's lives better. If we can build such frameworks, we will be able to assemble the best possible team for addressing contemporary trends no matter how the times may change. For this reason, I think we should be steadfast in our adherence to our principle of *Sei-katsu-sha* Insight and to our stance on creativity. At the same time, we should constantly update our frameworks so that we can continue to adhere to these principles while exercising creativity that shapes the future. This approach should allow us to make ongoing contributions to society and, as a result, generate financial returns.

AI technologies can be used to resolve a variety of issues. In the end, however, our principle of *Sei-katsu-sha* Insight calls on us to pursue the limits of human potential—or what only people can do. As such, I am sure that the belief that our people are assets and that our management should be based around people will remain the foundation of the Hakuhoodo Group going forward.

**Golant** The idea of creativity that shapes the future is of incredible importance. It is the defining principle that



**Farah Ramzan Golant**

President  
*kyu*

Farah Ramzan Golant passionately believes in the power of creativity to unlock change and has been active in the global creative and media industries over the years. Her quest at *kyu*, since joining in 2018, has been to enable purpose-led growth of a creative collective committed to driving the economy and society forward. Over the last 22 years, she has served as the CEO for Nike Foundation's Girl Effect, private equity backed ALL3Media, and AMV BBDO. From 2013 to 2015, Ms. Golant was a Business Ambassador for the Creative Industries of Britain. In addition, she was named Business Woman of the Year in the 2010 Asian Women of Achievement Awards and awarded a Commander of the Most Excellent Order of the British Empire in 2011.



**Akihiko Ebana**

Senior Executive Corporate Officer  
Chief Officer, Group Strategy Unit  
Hakuhoodo DY Holdings Inc.

Michael Birkin established when founding *kyu*. This differentiates us in a world where companies have become bound by frameworks of financial accountability alone. However, I believe that it is crucial to place great emphasis on frameworks of creativity and developing new models to shape the future of our industry.

We recognize the importance of creativity that unlocks new possibilities for our clients. Our creativity has the potential to become a global resource for shaping the future and thereby to continue to enrich society by stimulating increased creativity among our clients and partners. If we can act as a medium for this creativity, we can be a positive influence on *sei-katsu-sha*. In other words, we want to become a source of creativity that drives the development of the economy and of society.

I believe that digital transformation is about having a digital mindset, or for people to change how they act based on their interpretation of the digital era. This means that our strength of emphasizing *sei-katsu-sha* can be further honed in the digital era.

**Ebana** The Hakuhoodo Group is founded on the Hakuhoodo vision, which *kyu* is helping to spread on a global scale. When I think about what will become of advertising companies in the future, I think of how we need to further broaden our operations through this approach.

**Golant** What you are speaking of equates to shaping the future of the industry itself, which is a topic where there is enormous work to be done and value to be created. We hope to be able to work together with you in shaping the future going forward.

**Ebana** Capitalizing on the opportunity created by your ascension to president, Ms. Golant, I am excited about the possibility of working together on future forward-looking initiatives. I also hope you will find time for another conversation; I will be sure to think of some concrete topics in advance.

Akihiko Ebana joined Hakuhoodo Inc. in 1983 and was placed in an account service position where he handled clients in the automotive, food, and financial industries. He was seconded to Hakuhoodo Product's Inc. in 2009, going on to become its representative director, president and CEO in 2014. In this position, Ebana promoted coordination among 12 divisions inspired by the idea of co-creation. He also held a photographic exhibition over three years as a way to improve employee motivation. In 2018, Ebana was placed in charge of the Corporate Strategy Headquarters of Hakuhoodo Inc., where he was involved in formulating Hakuhoodo's current Medium-Term Business Plan. He was appointed senior corporate officer of Hakuhoodo DY Holdings Inc. in 2020, and then to the position of senior executive corporate officer in 2021, where he was responsible for implementing and revising the Group's Medium-Term Business Plan as chief officer of the Group Strategy Unit.

# The Hakuhodo DY Group's Eclectic Talents

We at the Hakuhodo DY Group believe that creative human resources are our most important asset and provide the source of our competitiveness.

In this section, we will introduce some of the diverse and exceptionally creative employees of our Group companies who embody our approach that values the eclectic over the generic.



## Hakuhodo Inc.

•HAKUHODO•

### Diverse Forms of Creativity, the Source of Value Creation

We at Hakuhodo draw on our capacity for creativity to provide clients with all kinds of solutions within the domains of market design and business design. We have long supported individuality so that employees with differing personalities and skills can each shine in their own (eclectic) ways, and this is what will enable us to nurture the talent that will design those solutions.

I do not think there is a company anywhere in the world with such diverse forms of creativity. We also have, for many years, valued a team culture that allows our eclectic talents to get the most out of their creativity. We incorporate the opinions of those inside and outside the Company and respect their differing values in order to generate and realize new ideas through mutual stimulation. This type of corporate culture represents a unique strength of the Hakuhodo Group.



Itaru Yoshizawa  
Chairman  
MIRAI Business  
Division

### Designing New Societies and Industries on the Strength of Our Connection with *Sei-katsu-sha* and Partner Companies

I am in charge of the *MIRAI* Business Division, a specialized unit of Hakuhodo Inc. and Hakuhodo DY Media Partners Inc. dedicated to developing new businesses. What type of business pops into your mind when you hear “new Hakuhodo businesses?” Automatically generated ads using AI? Digital signage for VR space? While there are certainly plenty of possibilities for the future of such advertising, what we are trying to achieve is a “de-advertising company.” We will ambitiously tap into entirely new business domains by harnessing the strengths of Hakuhodo’s *sei-katsu-sha* insight and creativity as well as its extensive client and media supplier network. With smart cities for instance, a smartphone app called shibuya good pass, developed with Mitsui & Co., Ltd., was used in Shibuya, Tokyo to conduct trial operations of *Sei-katsu-sha*-Driven Smart Cities, which aims to develop cities that benefit society by taking into account the voices and needs of citizens. Moreover, in an effort to establish new joint ventures with clients, we launched a program dubbed Hakuhodo JV Studio in August 2021. As digitalization sweeps away industry barriers, I envision ourselves designing a new society and industries by leveraging our connections with *sei-katsu-sha* and partner companies.



Setsuko Hara  
Hakuohodo SDGs  
Project member  
Executive Manager  
Hakuohodo Brand &  
Innovation Design

### Developing Beloved Brands Based on Purpose

As generational theories undergo drastic change, I provide Brand Transformation® consulting services that facilitate business transformation based on new brand concepts. Advances in digitalization have radically changed the way brands are created and, in the future, superior brands will not develop out of one-way models of companies but rather through the acceptance and participation of stakeholders. For this reason, we constantly strive to establish purposes that win the hearts of diverse stakeholders, including customers, employees, business partners, and investors, and act as a cohesive force for them, and based on this purpose, design businesses and develop the organization and talent necessary to realize them. In that regard, what would be the ideal way to combine such a multiplicity of elements as economic value and social value, physical spaces and virtual spaces, and products and services? To what extent can ideas be generated from a futuristic standpoint without using standard tactics? What is the level of passion and intent needed to put ideas into practice? This ability to think in an integrated manner, to imagine from a futuristic point of view, and to put ideas into practice are three indispensable elements of creativity. By investing in resources for people, companies, and societies and unlocking their potential, we hope to develop as many beloved brands as possible.



The Hakuholdo DY Group's Eclectic Talents

## Hakuhodo Inc.

•HAKUHODO•



**Yohei Hatakeyama**  
MaaS Project member  
Business Design  
Division

### Realizing Affluent Futures for *Sei-katsu-sha* by Embracing Our Vision for Society

Through our commitment to solving the issues of both *sei-katsu-sha* and our clients, we strive to play an integral role in the creation of new markets. For instance, *sei-katsu-sha* in the rural areas of Japan are facing mobility issues as the availability of public transportation continues to decline and the number of people surrendering their drivers' license increases. We are working alongside Japanese automakers to address such issues by developing new forms of public transportation services and promoting other initiatives with the residents of these local communities.

With the sudden passing of my father three years ago and my mother living on her own in the countryside, it made me start to question what it would be like for me when the time comes for me to surrender my license. Because this issue applies not only to me as a *sei-katsu-sha* but also to society in general, I took it upon myself to take the initiative and address this issue. In order to achieve my goal, I needed to meet, discuss, and turn ambitions into reality with those who are experts in this area, combine it with the issues of our clients and various stakeholders, and develop a framework of initiatives to provide to society in the form of new lifestyle services. I believe this is one measure of creativity that Hakuhodo offers to society as we move forward.

I remain fully committed to helping build a society that provides an affluent future for *sei-katsu-sha* by acting as their representative to find solutions for all of their problems together with our partner companies.

My work was covered in an article for Nikkei Business Publications, Inc.

Details

WEB

Article for Nocco! Asahimachi  
(Japanese only)



**Daiki Nishihama**  
Technical Director  
Marketing System  
Consulting Division

### Creating Warm and Familiar Experiences

Hakuhodo has introduced the new creative role of Technical Director (TD). Possessing both *sei-katsu-sha* and technology perspectives, TDs are tasked with implementing real-world and digital experiences and businesses. As the first-ever TD, I strive each day to contribute to the growth of client companies by embracing this sense of responsibility.

The skills required of Hakuhodo are changing alongside those sought by society. Recent years have seen a growth in demand for solutions that combine system- and business-related needs in addition to the creative and marketing that have been cultivated to date. It is the role of the TD to find answers to such complex issues.

Experience is the key to resolving any issue, no matter how complex it is. When our client companies roll their businesses out online, they must consider a variety of factors in addition to design, including the order in which information is delivered, the factors taken into consideration by *sei-katsu-sha* before they make a purchase, and the kind of messages that encourage customers to return. By neatly designing this flow of experience, an inorganic framework can be made into one that enables warm and familiar experiences, and creativity can be incorporated into businesses and systems.

I will create experiences where technology feels familiar rather than complicated.



**Naho Mabe**  
Creative Director,  
Creative Consulting  
Division  
Global Creative  
Director, Hakuhodo  
International

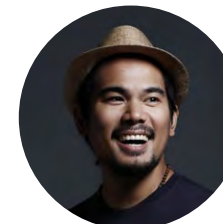
### Incorporating Creativity into Management Sectors and the Global Business Domain

I create advertising, content, and services based on the mindset that creative directors are customizers with the ability to put their ideas into action. I have directed a number of campaigns in the past by incorporating sensibilities that are distinctive to women. Recently however, I have become increasingly involved in projects that connect management strategies with new businesses and Japan with the rest of the world, transcending the boundaries of the marketing communications field in Japan.

From the viewpoint of collaborations with client management, consulting firms, and investment funds, we will organically assess data and numerical figures, convert logic into impactful solutions that fulfill the needs and desires of people, and propose fascinating customizations that extend beyond the objectives of analysis, description, and persuasion.

In the global domain, we are emphasizing the use of multifaceted customizations. On the basis of our planning tailored to the culture and characteristics of the media environment in each region and in an era where the flow of information overcomes the distance between these regions, we must customize our approach to such risk management needs as gender equality and the SDGs.

It has been over 20 years since I joined the Company immediately after graduating from university. I have been able to remain at the forefront of our business through the generous support of both the Company and my fellow team members throughout the years, even as a working mother. I hope to be able to successfully pass the baton to my younger coworkers through my ongoing pursuit of new business domains and workstyles.



**Third Domingo**  
Founder and CEO,  
IdeasXMachina

### Advertising that inspires

By harnessing the power of creativity to exceed the commercial results of advertising, IdeasXMachina exists to raise the targets of advertising to become good consumers, to be better people. That's Creative Engineering that works on *sei-katsu-sha*.

Creativity has never been just about how it applies to aesthetics or the necessity of it in our business and profession as advertising professionals. Creativity is a mindset and a way of life. Being creative should permeate everything that we do and stand for, whether as part of a creative team or a member of an account service team. We constantly challenge ourselves to make our employee benefits innovative and creative. Thus the birth of these out-of-the-box perks: love life benefits, parents allowance, mental strength benefits, tuition fee subsidy, immunity booster kits, overtime pay, and better pensions. We have creative initiatives like the IXM Academy, the SimpleMachines Awards, Hakuhodo Training and the Sikat S'ya Creative Competition to always inspire creativity within the agency.

As the pandemic hit, as challenges not just for the industry but for the entire community became evident, creativity must lead to something more important and essential to everyone, a deeper cause for all of us to rally behind.

Advertising that inspires. We don't want to be known as the agency that does funny videos or big budget high-profile commercials. We do advertising that elevates our target markets. Advertising that motivates, encourages, rouses the people, and inspires the world. We don't ask is this idea funny? Is this idea feasible? Not even is this idea on strategy? We ask, "is this idea inspiring?"

We commit to advertising work that inspires so it transforms into a never-ending cycle of sharing, an outpouring of ideas and action, wealth that grows with time, something that envelops the community with the stimulation to do more, to do better, the spark of inspiration and deep emotion.

The Hakuholdo DY Group's Eclectic Talents

## Daiko Advertising Inc.



### Cultivating Brand Activation Specialists That Can Ascertain Customer Value

At Daiko Advertising, our unique strengths lie in our ability to identify what constitutes value for the customers of our clients.

Our greatest assets are the brand activation specialists. They make our clients' businesses "customer first" and demonstrate their skills by creating the customer value at the center connecting clients, their customers, and society.

In order to fine-tune and draw on our ability to identify customer value, we believe it is important to enhance our awareness as a business partner. And this is precisely the reason why we are developing an array of programs to cultivate formidable brand activation specialists.

While providing the utmost respect to companies, their customers, and society, Daiko will continue to become business co-creation partners with its clients through the ability of its employees to identify and create customer value.



**Munetaka Sakamoto**

Implementation Team  
& Management  
Leader  
DX Division  
Customer Value  
Management Unit  
Daiko Advertising Inc.

### Designing of Differences in a Society Rich in Diversity

I am currently responsible for implementing digital transformation throughout Daiko Advertising based on my experience in integrated communications design and projects.

I believe what is needed in the current age, one that is rich in diversity and expressed through a variety of terms, such as VUCA (volatility, uncertainty, complexity, and ambiguity), ESG, sustainability, and diversity and inclusion, is the designing of "differences."

Whether they be between people, between people and things, between individuals and groups, or between values, differences can be interpreted as physical distance, disagreements, lags in time and space, or even the process of evolving from existing concepts to those that have yet to be found. The ability to richly design the meaning, space, and relationship of differences is the true essence of what it means to be a communications designer. It could also be a company's marketing challenges, our own management-related issues or quite possibly issues concerning the motivation of each individual.

Designing such differences by bridging, connecting, and bringing them closer, or making them leap apart or actually stick together will bring greater enrichment to society.

I myself have constantly focused on designing such differences as we are now in an era where this has become a necessary part of any job.



**Kanae Nakamuta**

Copywriter/Planner  
Osaka Development  
Team  
Osaka Creative  
Division  
DAIKO WEDO creative  
& development inc.

### Creativity That Identifies with Customers

My role is primarily to plan and carry out method-neutral integrated communications to help solve the issues of our clients. Recently, I have been given an increasing number of opportunities to engage from the concept stage of products and services, and have been enjoying every moment of being able to make use of my skills as an advertising creative.

I constantly think about what's best for the customers and offer the kind of creativity that relates to them. That is because such dedication will enable me to generate even better results for customers in all areas of communication.

For instance, let's look at the Daiko Advertising/Daiko WEDO new graduate recruitment project, which involves not only the human resources department but also front-line personnel from various departments. I am in charge of the planning and operation of social media and live streaming on YouTube for this project.

The "customers" in the case of new graduate recruitment are students looking for jobs. We identify and help address their concerns, and think about how the merits of these companies (the customer value of Daiko Advertising/DAIKO WEDO) can be communicated to them. This is another place where I can fully demonstrate my ability to offer creativity that identifies with customers, and it is exciting. I will continue to refine this ability in order to be able to create as many beloved brands as possible.

#### Integrated Advertising Company

### Daiko Advertising Inc.

Founded	1893	President & CEO	Hiroshi Ochiai
Incorporated	February 1944	Employees (consolidated)	1,786 (As of March 31, 2021)
Capital	¥2,800 million	URL	http://www.daiko.co.jp/en

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#### FOCUS

### D2C Business Promotion Division

To further build on the solutions we have developed through brand activation and direct businesses, we established the D2C Business Promotion Division in April 2021 to meet the needs of our D2C (direct to consumer) business. The D2C business, which thrives on its ability to create customers, is an evolving business segment that needs to be the central focus of a company that specializes in direct marketing such as Daiko Advertising.

In addition to the company's reorganization, our execution structure is undergoing reinforcements to speed up the growth of the D2C business. Rather than confining ourselves to collaborations with Group companies dedicated to the D2C business, we have concluded capital and business alliances with two external companies specializing in this field, Brandit Co., Ltd. and alt Inc.

We will put in place an infrastructure that fully supports the D2C value chain, contributing to the business growth of our clients.

**D2C** × 顧客価値

Details WEB D2C × customer value (Japanese only)



The Hakuholdo DY Group's Eclectic Talents

## YOMIKO ADVERTISING INC.

YOMIKO

### Strengthening the Organization While Enhancing Employee Motivation

YOMIKO ADVERTISING flexibly combines its knack for identifying promising opportunities and challenges, which is underpinned by insight into cities and *sei-katsu-sha* honed over many years, with new digital- and data-related insights and the creativity backed by the company's experience to date. In this way, we will look to evolve on a daily basis as a business partner that creates unique value and businesses tailored to the next generation.

Our corporate culture and climate offer mobility as a single team, an open working environment, and a culture of taking on challenges, and these distinctive attributes of the company are contributing to the flexible building of relationships with our clients. Our central focus is on enhancing the motivation of every employee. By fostering the independence of each employee, invigorating communication throughout the company, and setting out to become a strong and competitive organization, we take great care in developing our employees.

Integrated  
Advertising  
Company

#### YOMIKO ADVERTISING INC.

Founded June 1929

Incorporated July 1946

Capital ¥1,458 million

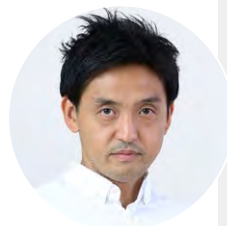
President & CEO Daisuke Fujinuma

Employees (consolidated) 887 (As of March 31, 2021)

URL <https://www.yomiko.co.jp/en/>

Details

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**Takeshi Toyama**  
Creative Director  
Head of BRAND  
DESIGN ROOM  
Creative Division

### Continuing to Explore the Meaning of My Inner Self

As the head of the BRAND DESIGN ROOM, a Creative Division team that specializes in brands, I am responsible for management and business branding activities of a wide range of clients.

In order to capitalize on the drastic changes taking place in cities and *sei-katsu-sha* from a marketing perspective, we established the BRAND DESIGN ROOM to provide comprehensive support, from the drafting of brand strategies through to production, brand management, and brand development, thereby helping to grow our clients' businesses over the medium to long term.

While a variety of tasks are undertaken for a range of product, business, and corporate domains, we must uncover the root of each issue in every task we engage in regardless of the scale or domain. Maintaining this mindset will always lead to the company's brand whether it be the production of web videos or the development of products and services. So what exactly is a brand? My interpretation of a brand is the meaning it conveys. When the brand is accepted as a meaning in the minds of *sei-katsu-sha*, that is when it first becomes a brand. What does it mean to you and how does it improve your life or lifestyle? The fundamental answer to these issues is the fact that brands will be pursued by humanity over everything else, and the ability to reflect on things we cannot see is what I define as creativity.



**Masako Kojima**

Head of *Sei-katsu-sha* Foresight  
Research Room  
Urban Life Research  
Laboratory

### The Ability to Understand *Sei-katsu-sha* is What Creativity Is All About

I am the head of *Sei-katsu-sha* Foresight Research, which interprets the present and future of urban *sei-katsu-sha* by uncovering new possibilities from the minds and tribes of *sei-katsu-sha*.

Through the actions and behavior of people, we meticulously uncover the un verbalized feelings of *sei-katsu-sha* and organize the insights and inherent needs we find in visually recognizable form as new trends and ideas for the future. While *Sei-katsu-sha* Foresight Research may not appear to be associated with creativity, the ability to interpret and be insightful is a necessary element of our business that requires a level of uniqueness that can only be manifested through creativity.

The COVID-19 pandemic has brought about drastic changes in people's lifestyles and mindsets. In addition, the number of *sei-katsu-sha* who are greatly interested in solving social issues have been increasing, particularly among Generation Z, as significant changes take place across the globe. Portents of the future exist within the *sei-katsu-sha* alive today. I will continue to closely monitor the changes in the diverse and intricate minds of *sei-katsu-sha* from a wide range of perspectives and uncover the real issues and images of the future.

Details

**WEB** Urban Life Research Laboratory  
(Japanese only)



**Shinichiro  
Tatsuta**

Digital Strategist  
Manager of Digital  
Strategy Design  
Division  
Marketing Strategy  
Promotion Division

### The Creativity to Inspire Digital Capabilities and Imagine New Markets

Based on the theme of strategic planning + digital strategy, I work together with clients to form a hypothesis and test it in business and digital transformation planning, communication development, and technological implementation.

In a society where digitalization continues, business and the use of digital technology have become inseparable. Against this background, advertising companies must have the creativity to imagine new markets that have yet to emerge out of *sei-katsu-sha* insight, as well as the creativity to advance business reforms through the conversion of these ideas into brand value, implementation the right technology, and putting these ideas into practice throughout the organization. This will entail having not only a thorough knowledge of *sei-katsu-sha* but also a high level of understanding of the value and competitive advantages of digital technology. This is because the ability to make even better use of digital technology enhances the degree of competitiveness. The demonstration of such creativity on our part will enrich the lives of *sei-katsu-sha* and yield new value for society.

The Hakuholdo DY Group’s Eclectic Talents

Hakuhodo DY Matrix Inc.



Creating New Solutions in the Age of the 100-Year Life

In an age where many people are expected to live for 100 years, the lack of an integrated advertising company specializing in health and wellness inspired the establishment of Hakuhodo DY Matrix. A group of highly skilled specialists who are well versed in health and wellness was assembled from both within and outside the Group, including creators, marketing staff, technologists, CRM specialists, and external experts. By enabling each specialist to demonstrate their respective skills at the highest level and converging these strengths, we will create new solutions for this age. To that end, we will not only support marketing activities in the healthcare field but also contribute to efforts that promote well-being.

Integrated Advertising Company		Hakuhodo DY Matrix Inc.	
Incorporated	April 2021	President & CEO	Nobuaki Kondo
Capital	¥100 million	Employees (consolidated)	180 (As of April 1, 2021)
		URL	https://hdy-matrix.co.jp



Taku Tanaka  
Group Manager,  
Marketing Design  
Group  
Innovation Design  
Unit

Building a 100-Year Life Model Where Well-Being Is Not Just About Fulfilling Lives

From GDP-based economic growth to societies devoted to people’s happiness, the pursuit of greater well-being is picking up pace around the world. Established against this backdrop, Hakuhodo DY Matrix is working to discover new solutions as “The Well-being Company.”

The focus right now is on the latter half of the 100-year lifespan. From this point, the healthy life expectancy will extend for another 20 to 30 years. How people will live their lives up to the ages of 65 to 85 is an issue that must be addressed throughout society. Preparing for this stage of life will impact the way people live up to the age of 60, and I believe that the idea that living how we want to live requires thinking about our own well-being over the long term will become the norm.

There are a considerable number of people who are unable to suddenly consider their own well-being in the latter stages of their lives. In the latter 50 years of life, as the number of life experiences increases while the level of physical capabilities decreases, people build models for how they want to enjoy life based on their situations. It is my mission to provide resources and support so that each individual can think about and choose their own personal well-being.



Hiromi Harada  
Creative Director  
Innovation Design  
Unit

The Creativity to Inspire Customers and Businesses

I have been in charge of uncovering insights, acquiring customers, CRM planning, and all aspects of production for the health, beauty, and senior markets, which in particular will play a significant role in the age of the 100-year life. Also, I have built an extensive track record and acquired unique creative know-how in customer value-based direct marketing and D2C communication strategies, the development of expression, and the implementation of PDCA cycles.

I have worked extensively with businesses that do not operate brick-and-mortar stores, and communication is what keeps these companies running. You must know what the customers want, seek insights they have not verbalized, and ensure that the products and services are of the value that they will take pleasure in buying. Focus designs on the drawing of flow lines in the store interior. Create copy that serves customers. Formulate a CRM strategy that will encourage repeat customer visits to increase regular customers. When there are changes in the times or customers, adjust people’s perception of the brand so that it continues to be in demand. As a creative director, this is my role, which resembles that of a store manager. I hope to be a creator that inspires both customers and businesses alike.



Kazuyuki Hachiya  
Group Manager,  
Brand Activation  
Group

Creating a Healthy and Prosperous Future through the Power of Creativity and Data

As a communication designer at the newly established Hakuhodo DY Matrix, I am in charge of planning and directing the production of integrated communication and digital services.

In advertising communication, we are seeing a shift from traditional media advertising to programmatic digital advertising as well as a shift from one-off campaigns to a CRM model that aims to maintain close ties with customers. In light of such circumstances, the kind of insight-based creativity that deeply touches people’s hearts and maintains lasting relationships between products/brands and customers by understanding the inner workings of customers’ minds will become even more important.

The use of technology and data will be imperative to the kind of creativity that maintains lasting relationships with customers. The ability to effectively utilize two conflicting elements, such as data and creativity, arts and science, and the right and left sides of the brain, and create precise customer experiences that draw on deep insight will prove critical to creators in the years ahead.

Through the combination of such creativity and the business resources of our clients, we will generate a series of new businesses and services that enhance the well-being of Japanese people in the age of the 100-year life. I work with passion each day to realize the vision of a healthy and prosperous future someday.



The Hakuholdo DY Group's Eclectic Talents

## Hakuhodo DY Media Partners Inc.



### Expanding Profits for Media Companies and Cultivating Employees Able to Cross Disciplines

We at Hakuhodo DY Media Partners believe that our role going forward is to implement profit design for media that sustainably builds the value of both existing media and telecommunications-based media on an ongoing basis. With that in mind, we are underscoring the areas *Sei-katsu-sha* Data-Driven Marketing, creativity and technology, and content.

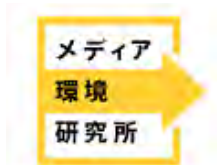
As the development of communications infrastructure widens the definition of media and boosts the role of advertising in marketing, the cultivation of employees able to work in multiple disciplines will become critical.

Hakuhodo DY Media Partners' policy is for each of its employees to connect as professionals of their own disciplines with professionals of other disciplines to generate new business and create new value. Accordingly, we are devoting effort to the cultivation of employees able to cross disciplines.

#### FOCUS

#### Institute of Media Environment

The Institute of Media Environment is an open innovation platform for media. We rely on deep insight to more actively identify dynamic movements in the media environment that defy conventional frameworks and respond by devising appropriate methods. Guided by this mission, we engage in a variety of projects based on our triangular approach that interconnects business, technology, and *sei-katsu-sha*.



Details



**Environmental Planning Laboratory**  
(Japanese only)



**Yoshinobu Fujimoto**

Head of Media  
Business Platform  
Development Division

#### Creativity That Guides the Direction of the Advertising Media Business

I am in charge of developing the data infrastructure and tools for Advertising as a Service (AaaS), a next-generation model introduced in December 2020 to advance digital transformation in the advertising media business.

As digital technology influences the shift to services in every industry, the advertising media business will be no exception, doing so in a continuously connected manner. In contrast to the days when advertising slots were the core value of the advertising media business, AaaS is all about services that provide value through advertising effects. I believe the implementation of AaaS will lead to the innovation of not only the Hakuhodo DY Group but of the advertising industry as a whole. The realization of this value will entail a countless process of trial and error. AaaS must be popularized while sharing details of the various successful outcomes from this process with clients and media companies. During that process, creativity will be a key factor in the number of trials that can be implemented. Depending on how the process is undertaken, the time spent can be reduced tenfold, information uncovered for the first time, or new metrics generated. Each day, I strive to make improvements, examining how to realize digital transformation through a process of trial and error.



**Chisato Takigawa**

Newspaper &  
Magazine Account  
Promotion  
Department  
Media Strategy  
Promotion Center,  
Institute of Media  
Environment

#### Solving Issues through the Creativity of the Editorial Department

I am involved in the development and implementation of Hakuhodo DY Media Partners' MATCH project for turning the creativity of the Newspaper & Magazine Account Promotion Office's editorial department into businesses.

Recently, marketing to *sei-katsu-sha* as one mass group of people has become difficult, as *sei-katsu-sha* are becoming more divided and "tribal," so to speak. Our media editorial department has insights into each "tribe" of *sei-katsu-sha* and maintains networks across various industries. The department also has the editorial capabilities to create not only newspaper articles but also digital content such as online articles and videos. With these features, our editorial department holds a great deal of value that can be leveraged in the current era. MATCH is a project that combines these skills and knowledge with the planning and production capabilities of Hakuhodo DY Media Partners to provide consulting services that help solve the issues of advertisers. Through MATCH, we are currently increasing our number of collaborative partners, including not only magazines but also newspaper and online media companies. Additionally, together with media companies, we are taking on the challenge of transitioning from conventional commission-based media business, which centered on ad space, to fee-based media business that monetizes new media.

Details



**Hakuhodo DY Media Partners' MATCH**  
(Japanese only)



**Madoka Hosoya**

Entertainment  
Business Division

#### Drawing on Creativity in All of My Work

I am responsible for content business within the Hakuhodo DY Media Partners Group's Entertainment Business Division. Content business is essentially intellectual property (IP) business.

Recently, there has been a great deal of talk regarding the importance of IP, but IP is something that is created from talent. I believe that the reality of the situation is that content serves as a so-called "cash-generating device" that provides the means for monetizing an IP.

Now, there are two ways to make content profitable: "to C," which involves getting paid by users; and "to B," which involves getting paid by companies through tie-ups, collaborations, and advertising contracts. To date, advertising companies have mainly been involved in content using the "to B" approach. However, as the times change, there are more instances that require the "to C" approach.

My work ranges from the "to C" approach to the "to B" approach, to differing degrees depending on the situation. Through my work, I collaborate with either the client or the content holder, or both at the same time, to increase profitability for both parties through the medium of content. Creative perspectives are constantly needed throughout this process, as is the ability to respond flexibly to change. In my position, I am aware of how important it is to motivate myself to continue to come up with new, creative ideas.

## The Hakuholdo DY Group's Eclectic Talents

## D.A.Consortium Inc.



## A Partner That Unlocks and Transforms the Future of Digital Business

Since its establishment in 1996 at the dawn of internet advertising, D.A.Consortium (DAC) has been digitalizing information and lifestyles and expanding its operations, orchestrating the growth of the industry and the creation of new markets in the process.

Today, DAC is expanding its advertising and marketing businesses in both Japan and overseas on the basis of digital technology. The company offers comprehensive support for everything from consulting and planning through to the purchase and sale, management, and analysis of results of advertising slots. It engages in creative production by drawing on the characteristics of media, develops and provides solutions combining the use of its ample data and sophisticated technologies, and assists in global promotions.

In a world where digitalization is changing environments and the way we live, our mission is not only to adapt to these changes but also to create them, and thereby generate new value that has yet to be discovered and contribute to the future of a society that will revolve around digital technologies.

We will continue to grow as a company in order to carry on developing employees who will embrace the future of marketing and spearhead the creation of innovation toward the development of new businesses.

## Digital Media Company

## D.A.Consortium Inc.

Founded	December 1996	Employees (non-consolidated) 1,508 (As of April 2021)
Capital	¥4,031 million	URL <a href="https://www.dac.co.jp/english/">https://www.dac.co.jp/english/</a>
President, CEO & CCO (Chief Compliance Officer)	Masaya Shimada	



**Hirohisa Sase**  
Deputy Head Platform  
Strategy Group

## Creating New Value by Melding the Service Providing Capabilities and Data of Platform Owners with the Hakuholdo DY Group's Unique Technologies and Insight

With the aim of maximizing the effects of advertisements through the use of platforms, our main role in the Platform Strategy Division is to constantly stay up to date with the latest information about advertising functions, marketing functions, and data, which is frequently updated by platform owners companies, and then appropriately reflect such information into advertising management methods and systems. We also work to leverage this information to plan and develop new solutions that make full use of all kinds of functions and data.

In all of the work that we do, we make conscious efforts to enhance functionality and originality by harnessing the power of the Hakuholdo DY Group's technologies and platform-related insights. Furthermore, in addition to maximizing the effects of advertisements, protecting privacy based on recent legal and technological regulations and enhancing operational efficiency through optimization efforts in line with workstyle reforms are two important themes that have emerged. By steadily implementing measures to address these themes, we aim to help the Hakuholdo DY Group maintain solid relationships with *sei-katsu-sha*, advertisers, and platform owners.

To that end, we will continue to work closely with platform owner companies, which are now used by tens of millions of *sei-katsu-sha* and have a major impact on not just the digital marketing domain but also society as a whole. We will also endeavor to offer even more effective advertising management and solutions to advertisers. Through these efforts, we will work as one team to create new value.



**Mina Izumi**  
Senior Manager  
Global Business  
Group

## Paving the Way for Business Success with Our Overseas Partner Companies while Embracing Diversity

Working closely with global platform owners and overseas tech companies, such as Google and Facebook, we facilitate business alliances that contribute both to our domestic and to our overseas operations. For example, in 2021 we announced the establishment of a new company\*<sup>1</sup> with MediaMath, Inc., a global leader in the field of programmatic advertising. We also provided support for the introduction of Firework,\*<sup>2</sup> a web story management platform offered by a prominent startup in the United States, in the Japanese market. Through efforts such as these, we have been holding discussions and negotiations regarding business models and other matters and promoting the launch of businesses together with our overseas partner companies with the aim of creating new value.

The process of bringing together members who speak different languages and come from different cultures to launch a single business can often be turbulent and difficult. However, when we can share in the future realized through a business together with our partners, and when the passion for new value creation resonates between us, I fully believe that a team from different backgrounds can make a business successful while taking full advantage of the diversity among us. This is the belief that motivates me in my work. Creativity is what is truly required to bring about new value that has never existed before, and it is creativity that provides the driving force for successfully realizing new businesses.

\*<sup>1</sup> MediaMath Japan KK (Head Office: Shinagawa, Tokyo; Representative Director & CEO: Naoki Toyofuku; Established: 2021; Business: Programmatic advertising)

\*<sup>2</sup> A SaaS-type product offered by Loop Now Technologies, Inc. (Head Office: Silicon Valley, United States; Established: 2017) that allows users to quickly and easily post vertical short videos on various websites (digital media, e-commerce sites, corporate websites, etc.)

Details

**WEB** MediaMath  
(Japanese only)

Details

**WEB** Firework  
(Japanese only)



**Sho Akita**  
Manager  
Solution Consulting  
Department 2  
Partner Business  
Group

## Transcending Organizational Boundaries to Resolve the Real Issues of Our Clients

I have been working in the solutions field for roughly six years. My mission is to solve our clients' problems by making full use of internal and external solutions such as AudienceOne®,\* one of the largest data management platforms (DMP) in Japan, developed and provided by DAC. Recently, corporations have been examining the introduction of customer data platforms (CDPs), which provide a foundation for leveraging customer data, leading to rising demand for CDPs. To support such companies, we have developed CDP EGG, a service that enables companies to gain hands-on experience with a CDP easily and at low cost before full-scale implementation, which requires a large investment of labor and costs.

Although expert knowledge is required in the solutions field, I believe it is most important to be able to understand the issues of the client. CDP EGG is a service created with thorough consideration of the issues customers may face. While the evolution of technology has made many things possible, it has also made issues more complex, and a shallow understanding of such issues will not lead to their true resolution. When we value curiosity and the ability to absorb new information, when we go beyond the realms of our own work to acquire knowledge in a wide range of areas, and when we work together as a team to transcend organizational and corporate boundaries while leveraging the expertise of each team member, that is when we truly demonstrate our creativity. Going forward, I aim to draw on this creativity to gain an even deeper understanding of our clients.

\* DMP is a platform that centralizes the management of a range of internal and external data. DMP is used for such tasks as optimizing advertisement delivery. AudienceOne®, a DMP offered by DAC, holds a truly massive amount of data on 90 million mobile advertising IDs. Through the analysis of this data, AudienceOne® is able to generate and provide highly accurate third-party data. In this way, AudienceOne® supports the realization of advanced marketing environments that give consideration to the protection of personal information and privacy.



The Hakuholdo DY Group's Eclectic Talents

## IREP Co., Ltd.



### Cultivating Employees Able to Provide Sophisticated Digital Marketing Solutions

Founded in 1997, IREP has continued to support its clients' business growth since the dawn of programmatic advertising. Since becoming a member of the Hakuholdo DY Group in 2006, IREP has constantly expanded its business.

The name "IREP" derives from the combination of the words "I (my)" and "rep (representative)." IREP has built a corporate culture that embraces results for its customers and established diverse frameworks that help sustain this culture. Leveraging such strengths, we strive to maximize the value we provide to customers by promoting the development of our human resources throughout the organization based on our spirit of "working together for the better."

As digital advertising technologies and methods become more advanced and diversified, we aim to cultivate employees who are able to provide sophisticated solutions through a full-funnel approach based on programmatic advertising.

#### Next-Generation Digital Agency

#### IREP Co., Ltd.

Founded November 1997

Capital ¥550 million

President & CEO Hiroto Kosaka

Employees (consolidated) 966 (As of March 31, 2021)

URL <https://www.irep.co.jp/global/>

Details **page 116 Group Companies**



Tomoki Aoyama

Division Manager  
Strategic Planning  
Division  
Planning & Creative  
Unit

### Understanding That Questioning Common Sense Serves as a Source of Creativity

Based on the mission of redefining marketing in the digital age, I engage in comprehensive planning with our clients, covering everything from the formulation of strategies to the tactical design of media and creatives. As part of this work, I recently helped build frameworks and develop logical processes for optimizing advertising budgets across television and YouTube and across marketing funnels.

I firmly believe we should adhere to the notion that, as long as advertisements are advertisements, their impact on businesses must be quantified. There tends to be a belief that digital media, which is IREP's main area of operation, represents a world in which results can be easily visualized, but this is certainly not always the case.

- Does branding *not* have an impact on search advertising, which is said to be the most prominent form of acquisition marketing?
- Conversely, what level of impact does branding have on acquisition?
- How much impact do creatives and media have, respectively?

If we change the way we view things just slightly, we see that the digital world is still full of mystery. For that reason, my stance is to question common sense based on the idea that we can discover new things by carefully studying the past. Using this approach as a source of creativity, IREP will take on the challenge of redefining marketing in the digital age.

#### FOCUS

#### TEAM JAZZ

We have expanded our marketing domain beyond direct marketing, IREP's area of expertise, to include upper- and mid-funnel marketing, and established TEAM JAZZ as a project that proposes digital-based



integrated marketing solutions. TEAM JAZZ (named to symbolize the performance of jazz music together) is orchestrated to create new forms of marketing with collaboration partners, media companies, and clients through the shared use of data between clients and advertising agencies.

Details **WEB TEAM JAZZ (Japanese only)**

#### DIGIFUL

We established the new website DIGIFUL to provide the latest information on marketing in the digital age. Through DIGIFUL, we are working to promote inbound marketing. DIGIFUL delivers the latest case



studies, knowledge, and industry news to marketing professionals who play an active role in companies. By offering support for a wide range of domains including both advertising and marketing DX, DIGIFUL helps meet the various needs of our clients.

Details **WEB DIGIFUL (Japanese only)**



Atsumi Ikemoto

Division Manager  
Product Planning  
Division  
Technology Business  
Unit

### Leveraging Our In-Depth Knowledge of Media and Users to Secure a Competitive Edge and Provide New Value

IREP has received praise for its success in submitting and bidding on hundreds of thousands to millions of search engine keywords with speed and accuracy.

Recently, however, as the protection of personal information has become even more important, the precision of targeted advertising has become somewhat meaningless. Furthermore, with the advancement of artificial intelligence (AI) in media, anyone is now able to achieve decent results with bidding if they leave the process up to media platforms.

Given these circumstances, I believe that an agency that boasts strengths in the digital domain can achieve differentiation through:

1. Hacking of media logic and design implementation that makes optimization more effective
2. Measurement of effects and integrated analysis across multiple forms of media
3. Production of creatives that leverages the unique characteristics of media to inspire users

These three points are extremely important. If we can attain in-depth knowledge on media and users and reflect that knowledge in our products, we will be able to both secure a competitive edge and provide new value to our clients. While leveraging IREP's conventional strengths of ad repeatability and standardization, we will create new value through the incorporation of new technologies. To that end, we are promoting the planning and development of new products while holding ongoing discussions with data scientists and engineers.



A Source of Creativity That Propels the Economy and Society Forward

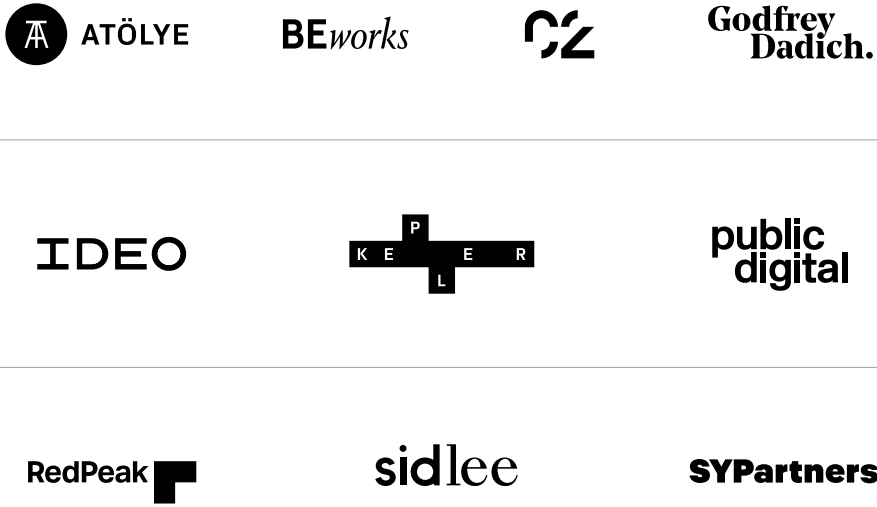
Established as the strategic operating unit of Hakuholdo DY Holdings, *kyu* is a collective—an organization consisting of strategically curated partner companies overseas—that ensures the continuous enhancement of specialization and innovation throughout the Hakuholdo DY Group.

We believe passionately that a creative mindset, when applied intelligently, can solve some of the world's biggest problems. *kyu* defines creativity in its broadest and most far-reaching sense and aims to generate creativity from both an artistic and scientific point of view such as in the design and development of products and services, the transformation of corporate and organizational frameworks, the creation and recreation of brand value, and the enhancement and restructuring of social infrastructure.

As of December 31, 2020, we have over 2,000 people employed at 10 firms around the world.

Strategic Operating Unit	kyu		
	Founded	May 2014	Employees (consolidated) 2,074 (As of December 31, 2020)
	CEO	Michael Birkin	URL <a href="https://kyu.com/">https://kyu.com/</a>
	<div>Details</div> page 117 Group Companies		

Group Companies



SYPartners

A Consulting Firm That Unleashes the Human Creativity and High Performance of Organizations

For more than 25 years, SYPartners has brought purpose to business, and guided the transformation of iconic companies alongside courageous leaders. By clarifying a company's purpose—it's fundamental reason for being—and bringing it into alignment with its vision, strategy and culture, we enable purpose-driven action and growth. At the heart of our work is a belief that teams of people, when galvanized around something they care about, and supported by a clear strategy, smart systems and an inclusive culture, are capable of extraordinary creativity and performance. Our consulting teams can be found partnering with leaders of global companies, cultural institutions, and social impact organizations, and we are often asked to speak publicly about designing companies for high humanity and high performance.

SYPartners has offices in San Francisco and New York, and approximately 160 employees. It joined *kyu* in 2014 as a founding member of the collective, and also helped design and articulate *kyu*'s purpose.



Allison F. Avery  
Senior Vice President,  
Learning &  
Flourishing

Creating Conditions for Flourishing at Work

At SYP, we believe it's worthy work to envision, believe in, and fight for greatness, the outcome of operating at one's best. My work as the SVP of Learning & Flourishing is to identify and design the conditions that enable operating at one's best—essentially for people to flourish at work.

I am in charge of developing and leading SYP's Learning & Flourishing strategy and experience, and championing the systems and climate that support human flourishing and performance—both internally within SYP and externally for our clients. A primary intention for this work is to boost equitable vitality for all. My current focus is on learning, development, and embedding diversity, equity and inclusion (DE&I) into essential people systems that nurture a culture where people can grow and belong. Having worked across industries in the culture, DE&I, and talent development fields, my approach is experimental, contextual and translational, moving between a systems view and programmatic application.

The present landscape of new global challenges, demographic shifts and changed business trends continues to unfold, requiring us to evolve, imagine and design new and adaptive organizational systems that center the employee experience and inextricable linkage between humanity and performance. This work aims to impact our collective understanding on how to thrive in a continuously evolving future.



The Hakuholdo DY Group's Eclectic Talents

*kyu*

kyu

# IDEO

## A Global Design Firm That Shapes the Future through Products, Services, and User Experiences

IDEO LP is a globally recognized consulting firm and a pioneer in design thinking that has received extraordinary honors for its human-centered, design-based approach to innovation.

Through the collaboration of its nine offices located across the globe, IDEO has contributed to the development of creative cultures at various organizations in the fields of medical care, automobility, consumer products, education, government, financial services, and technology, and underpinned the building of processes and structures that allow these organizations to routinely innovate. IDEO has always geared its efforts to build and manage an organization consisting of employees of diverse perspectives and backgrounds, and this has been the driving force behind its innovation.

In recent years, IDEO has designed a comprehensive school system in Peru, through which the middle class can receive quality, affordable education at scale. In Japan, IDEO has carried out such projects as Designing the Future of the Sky as well as a project to comprehensively engage in the creation of chocolate products, from value creation to packaging design.

IDEO has offices in San Francisco, Palo Alto, New York, Chicago, Cambridge, London, Munich, Shanghai, and Tokyo, and currently has approximately 600 employees. It joined *kyu* in 2016.



Lynda Deakin

Partner & Executive  
Director of IDEO's  
Health Domain

### Bringing Equity, Dignity and Joy to the US Healthcare System

As a creative leader with 24 years of experience working at IDEO, I have had the opportunity to bring my passion and skills to multiple chapters and various industries along the way. I currently lead a team focused on building IDEO's portfolio in health, an extremely talented and empathic group of individuals who have chosen to dedicate their career to improving people's overall health and well-being.

Our work in health spans experience design, organizational transformation and systems change. Since joining the health team I have worked with them to develop a purpose that serves as our north star and develop a strategy that pushes and stretches us in new ways.

I enjoy creating structure out of chaos, helping people find their own purpose and pushing them to be their best selves. My relationship with our designers and teams keeps me grounded. I love learning about what inspires them and then finding ways to weave that into our work. Our purpose is to use design to solve some of the most challenging problems in health and well-being in service of bringing equity, dignity and joy to all.

# sidlee

## A Creative Agency Making Its Mark with Adventurous Ideas and Approaches

Sid Lee is a globally recognized creative agency that applies storytelling, design, and technology to build customer experiences that matter. Constantly striving to be the best creative business ally, we work side by side with progressive clients to deploy our creative capabilities in several disciplines, ranging from design to interactive and experiential communication to advertising and architecture. Practicing agile creative and production development, as well as radical collaboration both internally and with our clients, we create work that matters, allowing our clients to outperform their competitors and earn the trust and loyalty of their customers. Our creative community includes best-in-class specialized agencies that further deepen our pool of expertise and services. This Sid Lee creative community includes world-renowned experiential experts Digital Kitchen, architecture firm Sid Lee Architecture, specialized CRM agency BIMM, as well as Haigo that masters design thinking and YARD that taps into youth culture out of Paris, France. Our work spans all industries and markets for clients such as Dos Equis, The North Face, Samsung, Netflix, Toronto Raptors, Nike and Honda. Our multi-disciplinary team of 900 professionals collaborates through offices in Montreal, Toronto, New York, Paris, London, Los Angeles and Seattle. We joined *kyu* in 2015.



Andy Bateman

CEO of Sid Lee USA

### Finding the Edge in Everything We Do

I lead our businesses in the USA and I love the fact that we get to operate here at the intersection of innovation and commercialization in the USA, which remains a powerhouse for it, with global reach and influence. Our work here centers on how we can help clients connect to culture, empower communities to drive growth and bring deeper engagement through creativity. That creativity is about finding an edge—a human edge that people can connect with. Too often I think we're blinded by the role of technology and digital transformation as being something that differentiates our clients' brands and the experiences they can deliver. But most often technology has a commoditizing effect—where everything looks, feels and behaves the same. What clients need, what is at premium right now, is differentiation—finding an edge. Something distinctive that will make a brand or an experience stand out. And the secret ingredient in standing out is creativity.

One of those edges is about creating belonging. More than loyalty, when people feel connected to a community and a brand can participate authentically in that community, we see significant increases in advocacy. We call this The Belong Effect and it's our edge in connecting people with brands. As part of a multi-year study, this year we've unearthed incredible insights into how people are using communities to express themselves and what brands can do to leverage the network effect of communities.

Details

**WEB** The Belong Effect

## Developing Creative Human Resources

### Providing a range of opportunities to each employee, with the goal of realizing the growth of both the Group and its employees

The Group has adopted “Encourage individual personalities to flourish within a team work environment, leading to the creation of new values” as part of its Group philosophy. With the aim of developing the ability to promptly recognize social changes, leverage creativity, and create and spur change independently, each of our employees has taken on challenges in new domains, guided by a strong desire for realizing personal growth.

#### A Variety of Training Programs

All of the Group's training includes elements that hone creativity. Since creativity is something refined through the daily cycle of learning, thinking, and implementation through work, training serves as the launching pad for that cycle. Moreover, a majority of the training is original content in which Group employees serve as instructors, and one of the features of this system is that it allows trainees to come into contact with the various forms of creativity possessed by those employees.

To ensure our growth is sustainable rather than temporary, individual employee growth plans are shared by each of our employees and the Company, and it is crucial that we establish a means for employees to achieve their medium- to long-term career plans. We have also introduced programs that provide employees with various opportunities to maximize their growth and become familiar with the DNA and way of the Group, in addition to improving their skills.

Total number of employees to have served as lecturers:

**1,346**

Applies to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, and Hakuholdo DY Media Partners (Fiscal 2020)

#### Seminars to Help Employees Share Cutting-Edge Technology and Knowledge

The domains in which we make proposals to our business partners are expanding to include business reform and innovation. Viewing this period of change in which technologies are advancing on a daily basis as a business opportunity, we are expanding training programs and seminars for enhancing the creativity that will invent the future and encourage our employees to take on challenges in new domains. In addition, to prevent the spread of COVID-19, we are expanding online seminars that can be attended remotely, and are working to keep employees up to date by providing them with access to the latest knowledge and expertise. In fiscal 2020, the number of participants in these training programs and seminars increased dramatically.

Seminars held for sharing cutting-edge technologies and knowledge:

Held **116** times  
with participants totaling  
**19,822**

Applies to Group employees who attended seminars held by Hakuholdo and Daiko Advertising, YOMIKO ADVERTISING, and Hakuholdo DY Media Partners in fiscal 2020

Training programs

Promoting vertical, horizontal, and diagonal interaction

Sharing of knowledge

Internal awards

Compliance  
page 97

Innovation

Diversity and inclusion  
page 83

Opportunities for growth that transcend daily work

Healthy and sound workstyles  
page 82

Responsible communication development

**Creative human resources**  
Our most important asset and the source of our competitiveness

#### Innovation

We have implemented two Groupwide programs to develop human resources who can generate innovation.

The Emergent Management Program was started in 2007 with the aim of developing the coming generation of management human resources required by times of rapid change. The program will help participants become managers that actively work toward change and bring about innovation in the organization. This particular program focuses on the value profit chain and innovation theory, and consists of a two-year curriculum that includes training camps. It is aimed at executives and division heads of Group companies (or employees in corresponding positions).

The Growth Action Program (GAP) is a form of training for developing human resources who can break through existing conditions with their own skills, that have the ability to bring about innovation, and that can generate change. The program began in May 2020. Through GAP, employees in their late 20s to 30s learn various skills over the program's half-year curriculum.

Participants in the Emergent Management Program

**493** participants  
(Total as of fiscal 2020)

Total number of participants in GAP

**25**  
(Total as of fiscal 2020)

#### Opportunities for Growth That Transcend Daily Work

Employees contribute to addressing the issues and achieving the goals set out in the SDGs through their day-to-day work and through self-initiated social actions as individual *sei-katsu-sha*.

Number of social action activities in fiscal 2020

**120**

Applies to Hakuholdo DY Group

Total number of participants in social action activities

**739**

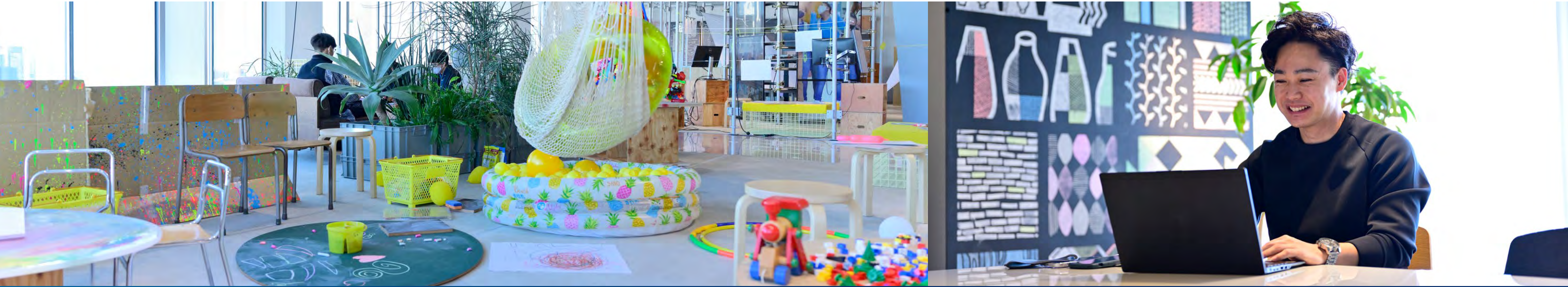
#### Examples of Important Indicators

Item	Indicator
Amount of investment in education to cultivate human resources*1	¥1,680 million
Average annual hours of training per employee*2	27.5 hours
Total interview hours for managing employee targets and developing capabilities*2 (Hours per employee shown in parentheses)	15,249 hours (2.3 hours per employee)
Percentage of employees who felt they have grown from the previous year	Hakuholdo 73.9% Hakuholdo DY Media Partners 74.9%

\*1. Applies to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, Hakuholdo DY Media Partners, and D.A.Consortium (Fiscal 2020)

\*2. Applies to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, and Hakuholdo DY Media Partners (Fiscal 2020)





# ESG

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## Our Sustainability Approach and Materiality

Create and spread new happiness among *sei-katsu-sha* and society by finding solutions to the constantly changing challenges facing *sei-katsu-sha* and society and generating new value—this is the mission underlying the Hakuholdo DY Group’s CSR activities. As the vision that drives our sustainability goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing, meets times of great change, we believe our role as a Group is to answer the strong call of society to show creativity and create a vision for the future.

### Philosophy on Sustainability

Create and spread new happiness among *sei-katsu-sha* and society by finding solutions to the constantly changing challenges facing *sei-katsu-sha* and society and generating new value.

The value creation that the Group envisions involves leveraging its strengths and assets to make contributions through its business activities so that it can help realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. We believe that creative human resources are the source of new value creation for *sei-katsu-sha* and society and are the Group’s most valuable asset. In addition to contributing to solving the various issues highlighted by the Sustainable Development Goals (SDGs)\* and working to achieve the SDGs through our core business, our employees participate voluntarily in social action as *sei-katsu-sha* themselves. The experience and knowledge that employees gain through taking on the challenge of finding solutions to social issues, as well as the networks they establish in doing so, help support their personal growth. This in turn leads to growth for the Company as a whole.

\* The Sustainable Development Goals were adopted by the United Nations in September 2015 as a set of development goals shared by the international community to be achieved by 2030.

### Sustainability Implementation Structure

#### CSR Committee

We have established the Hakuholdo DY Group CSR Committee within Hakuholdo DY Holdings. The committee is made up of Hakuholdo DY Holdings directors and is chaired by the Company’s president. As a Groupwide committee that operates under Hakuholdo DY Holdings, which includes the Hakuholdo Group, Daiko Group, YOMIKO Group, Hakuholdo DY Media Partners Group, and their consolidated subsidiaries and affiliates, the Hakuholdo DY Group CSR Committee studies and sets forth basic policies, themes, and specific measures related to CSR appropriate for the Group.

#### CSR Office

The Corporate Social Responsibility Department of Hakuholdo DY Holdings’ Group PR & IR Division functions as the CSR Office and is responsible for managing CSR themes and draft policies and measuring and overseeing KPIs, in addition to PR and liaison functions connected to these themes and policies.

### Materiality

The Group is working to identify materiality as an important issue for achieving sustainable growth and achieving its sustainability goals. In fiscal 2020, the Group identified Hakuholdo DY Holdings’ Materiality, which takes into account the increasing global importance of sustainability issues, such as environmental, social, and governance (ESG), the SDGs, and the rapidly changing business environment. After conducting a review of the entire Group from management perspectives, we have identified 20 material issues. Following further assessment of these items in terms of the potential opportunities and risks in light of coming changes in the business environment, we have highlighted eight items as key material issues.

We believe that creativity—one of our key competencies and a source of pride—is at the core of each materiality. In that light, “creativity that shapes the future” is one of our most important materialities.

### Hakuholdo DY Holdings’ Materiality

Opportunity-Related Materiality	Materiality that provides opportunities for sustainable company growth
	Enhancement of creativity that shapes the future Cultivation of human resources that excel in specialization and innovation Creation of markets that offer value to <i>sei-katsu-sha</i> Creation of new value through the evolution of marketing and innovation Implementation of digital transformation in the Company and in society
Risk-Related Materiality	Materiality that calls for risk management
	Promotion of secure data use and reinforcement of rights management Implementation of Health-Oriented Corporate Management Respect for human rights

#### Other Materiality

Research into <i>sei-katsu-sha</i> and promoting social capitalization of data Enhancement of integration capabilities that connect and mobilize diverse human resources and functions from inside and outside the Company Enhancement and creation of value for diverse media and <i>sei-katsu-sha</i> touchpoints Demonstration of world-class expertise and innovation Respect for the spirit of independence and cooperation	Fair business practices and responsible execution of duties Enhancement of Group governance Creation of good relationships with stakeholders Maintenance of an appropriate supply chain Responses to climate change and other environmental issues Promotion of diversity and inclusion Contribution to education-related issues in society
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### The Process for Identifying Materiality

Fiscal 2016	Our advertising companies and integrated media company identified materiality from a CSR perspective
Fiscal 2017	At Hakuholdo, responsible personnel in each business domain hosted workshops and board members held discussions. Hakuholdo revised the materiality to also include the perspectives of its management and business activities
Fiscal 2018	At Hakuholdo, in keeping with the content of the new Medium-Term Business Plan and changes in society, the president and responsible personnel in each business domain held discussions and updated the materiality
Fiscal 2020	Identifying materiality at Hakuholdo DY Holdings

### Hakuholdo DY Holdings’ Materiality Identification Process

Step 1	Considering both international frameworks, such as the SDGs, the UN Global Compact, ISO 26000, and GRI standards, and the perspectives of a broad range of stakeholders and the perspective of the issue’s impact on the Company
Step 2	Establishing a working group under the Hakuholdo DY Group CSR Committee in which corporate planning division heads of Group companies discuss and consider key issues and major risks and opportunities
Step 3	Enabling the exchange of opinions with outside directors and external experts
Step 4	Reporting to and discussing with the Hakuholdo DY Group CSR Committee
Step 5	Determining new material issues with approval of the Board of Directors



## Sustainability Initiatives

The Hakuhold DY Group is collaborating with international institutions, academia, corporations, national and municipal government agencies, NPOs, NGOs, and various other stakeholders in its quest to promote understanding and encourage society's swift embrace of the United Nations Sustainable Development Goals (SDGs). Looking to the future beyond 2030, we continue a proactive drive to integrate the SDGs into society to help realize a world in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.



### Initiatives for Integrating the SDGs into Society

#### Hakuhodo SDGs Project (Hakuhodo Inc.)

Hakuhodo provides management consulting, business development support, and marketing support services from an SDGs perspective. These services aim to help clients grow their businesses while creating both economic and social value. We are also advancing wide-ranging co-creation activities with companies and media companies that make use of various SDGs action platforms.



#### Consulting: Innovation Co-Creation

We are advancing management consulting, internal awareness raising, and innovation co-creation activities that incorporate an SDGs perspective into corporate management.



Number of companies using services  
Aggregate total: **120**  
(Fiscal 2020)

#### Business Development: Collaboration with Clients and Media Companies

We are promoting collaborative business development on a variety of themes, including the joint development of products and services aimed at building a sustainable society and resolving diversity and environmental issues.



For examples of initiatives, please see page 77.

#### Example

Hakuhodo

#### ▶ EARTH MALL SDGs Action Platform

EARTH MALL is an SDGs action platform that emerged out of OPEN 2030 PROJECT, a multi-stakeholder project framing the SDGs as a major opportunity for society in the 21st century. Hakuhodo is promoting the implementation of this platform, which is aimed at realizing a sustainable future through an activity familiar to *sei-katsu-sha*—shopping.

EARTH MALL with Rakuten launched on the Rakuten market website in 2018. This online shopping venue allows customers to choose from around 50,000 products from certified brands, based on their needs. SDGs PARK and EARTH MALL events were held in partnership with JCI (Junior Chamber International) Japan in 2019. Another initiative advanced through the EARTH MALL platform is a series of classes on how to change the future through shopping. Aimed at elementary, junior high, and high schools across Japan, these classes teach students about the SDGs through the creation of advertisements for sustainable products. An array of other activities is underway in collaboration with various clients, including projects focused on foods and beauty.



#### ▶ Website Accessibility Improvement Solutions

Together with leading accessibility consulting firm Mirairo Inc., the Hakuhodo DY Group has developed solutions for improving the accessibility of corporate and other websites using universal design principles. Since the launch of these solutions in June 2021, we have proposed them to several of our clients.

Details

WEB

Website accessibility improvement solutions  
(Japanese only)

#### Example

Hakuhodo DY Group

#### ▶ Proposing Carbon-Free Lifestyles for Everyone (Asahi Shimbun)

In November 2021, The Asahi Shimbun Company launched a project to raise awareness among *sei-katsu-sha* of Japan's goal of achieving carbon neutrality by 2050. The first stage of this project is a campaign that proposes carbon-free lifestyles for everyone. This campaign is being promoted alongside the Hakuhodo SDGs Project.



## Sustainability Initiatives

## TOPICS

TBWA\HAKUHODO

## ► Encouraging Virus Countermeasures Among Children

Dreams Inc. launched POCKET SOAP, portable soap tablets designed for 30-second hand washing, in winter 2020. The Hakuhold DY Group has since produced a project that uses this product to encourage hand washing among children by providing them with factual knowledge about viruses.

For this project, we designed six characters based on viruses (COVID-19, influenza, Norovirus, Ebola, SARS, and adenovirus). Giving a visible form and personalities to viruses, which are invisible to the naked eye, we prepared fun songs and cartoons to explain the characteristics and symptoms of these viruses to children and answer their question of exactly why we need to wash our hands. These cartoons were designed to communicate proper hand washing techniques by showing the viruses disappear from hands as they are washed.



Received Bronze Lion award in Health & Wellness  
Lions category of Cannes Lions International Festival  
of Creativity 2020/2021

## ► Sustainability Education Program Planning and Content Production



## ① Sabi-Nuki De

*Sabi-Nuki De* is a television program, planned and produced by the Hakuhold DY Group, that turns on its head the modern idea of solving problems by adding something, showing instead how innovative products, services, and rules can be created by taking something away.

Each episode is based on a social theme and includes experiments in which a key element is removed from something. These experiments aim to find new perspectives and encourage viewers to think about sustainability.

The title *Sabi-Nuki De* plays on the idea of having sushi without wasabi, and the program extends this theme to documenting social experiments based on the sustainability perspective of removing an element from existing items.

## ② Boku wo Tabenai Kimi e—Jinsei no Shokuteki

*Boku wo Tabenai Kimi e—Jinsei no Shokuteki* is a cooking program about eating foods one does not like, even if only in small quantities.

Everyone has at least one food that they dislike, but when people refuse to eat something simply because they do not like it, they could suffer from nutritional deficiencies that lead to health issues, and contribute to food waste. The program takes the format of a conversation between a guest and a food that they do not like and is designed to provide a new form of food education for the sustainability era. The target audiences for this program are the worried parents of picky eaters and adults who avoid foods that they do not like.

## TOPICS

Sid Lee

## ► Fact Avalanche

In the run-up to the 2019 general election in Canada, Sid Lee Inc. launched the Fact Avalanche campaign. This campaign aimed to promote accurate understanding of climate change by providing science-based factual evidence in response to tweets by politicians and lobbyists denying climate change. Sid Lee partnered with the environmental preservation organization Protect Our Winters to provide campaign participants with alerts through text messages, emails, the Slack app, or other media channels whenever a politician or lobbyist sent a tweet containing incorrect information or expressing undue skepticism about climate change. Participants were then asked to respond to these tweets with scientific facts. In their responses, participants were able to reference information from a scientific climate change fact bank compiled by Canadian universities, research institutions, and specialist organizations. Through this approach, we sought to bury misinformation in a veritable avalanche of scientific facts.



Details

WEB Fact Avalanche

## TOPICS

SYPartners

## ► XQ: The Super School Project

This education reform project aims to encourage public high schools in the United States to adopt new approaches toward education. These approaches are shaped by the production and implementation of new ideas about high school education schedules, curriculums, and technologies from students, educators, parents, and community leaders. The project was launched in September 2015 in collaboration with Emerson Collective, an NPO founded by Laurene Powell Jobs. SYPartners LLC has been involved in the planning, engagement strategies, strategic public relations activities, and content production activities of this project. In this manner, SYPartners has lent its support to growing XQ: The Super School Project into a nationwide movement. The project has received innovative proposals of ideas for student-oriented education appropriate for the 21st century from more than 10,000 students, educators, parents, and community leaders. Today, XQ has grown into a community of over 100,000 participants and supporters.



Details

WEB XQ



## Sustainability Initiatives

## TOPICS

IDEO Tokyo

## ► Supporting Healthcare Professionals and Institutions with the Power of Design

## Scalable Design for Ubie AI Diagnosis at Clinics

Hakuhodo DY Group company IDEO Tokyo is a participant in venture capital firm Design for Ventures. This firm is offering support for business scalability to Ubie, Inc., the start-up that developed the Ubie artificial intelligence (AI) diagnosis solution, which uses technology to reduce the workload of healthcare professionals.

We developed a user experience design that enables clinics to introduce Ubie with ease on their own with ease, in order to encourage clinics across Japan to adopt this solution. Specifically, we designed cartoons that explain both the benefits of AI-powered diagnoses using Ubie and how to use it, and crafted three sets of guidelines, for physicians, other healthcare staff, and patients. These guidelines make it easy to understand how to incorporate AI-powered diagnoses using Ubie into existing workflows.

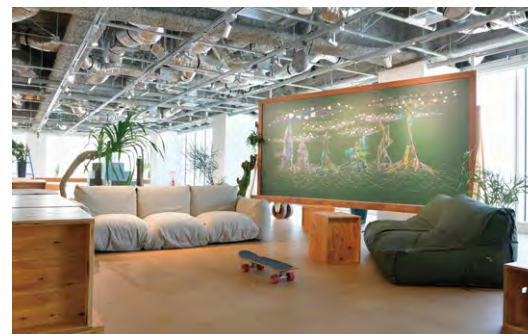


## TOPICS

Hakuhodo

## ► UNIVERSITY of CREATIVITY (UoC)

The UNIVERSITY of CREATIVITY (UoC) is a specialized institution for conducting research and experiments related to creativity. The UoC has redefined creativity as humankind's greatest untapped capital and aims to become a "port of creativity" to map out more empowered futures. This institution is currently advancing projects for researching the creativity that arises from co-creation with AI as well as globally sustainable creativity that incorporates the sensibilities of individuals of differing ages, industries, and specialties. At UoC, we take each research theme and redefine the desires of society in a creative manner, build upon the related research and design plans, develop prototypes for the implementation of this research, and generate a unique cycle for fostering awareness through practice. One of the research themes we are focusing on is decarbonization. Research on this theme is being advanced through collaboration between the industrial, government, academic, and cultural spheres.



## Social Action and the Hakuhodo DY Group

Each and every employee demonstrates creativity, engages in social actions aimed at helping resolve social issues, and actively utilizes the new ideas, experiences, and skills gained from these actions in their business activities. The themes of these actions expand each year, and as of fiscal 2020, 739 employees had taken part in 120 social actions. The Group's social actions are published in the Social Action Case Studies Book in the Sustainability section of Hakuhodo DY Holdings' corporate website.

## H-CAMP Education Program for Junior High and High School Students / Hakuhodo Future Education Lab Initiatives for Teachers and Parents

H-CAMP was established in 2013 as a dialogue- and experience-based program that allows children and employees to learn together while having fun. Over the eight years since it began, a total of 8,198 students and 270 Hakuhodo DY Group employees have taken part in the program, advancing our work with children who shape the future. The Hakuhodo Future Education Lab provides unique Hakuhodo "Unimagined Ways" for education based on our H-CAMP activities. Through this initiative, we work with teachers and parents to provide children with guidance that will enable them to open up their own futures. In January 2021, we held an online internal seminar about how best to support children when they falter on their paths. This seminar was attended by around 190 employees.



## Using Creativity to Contribute to Educational Institutions (Hakuhodo, Hakuhodo DY Media Partners)

Our employees work as instructors at educational institutions to impart creative skills such as idea generation and communication, and expertise in fields such as advertising and marketing to younger generations. The number of lectures was down year on year in fiscal 2020 as a result of lecture cancellations due to the COVID-19 pandemic, but we used this year to develop frameworks for online lectures at educational institutions.



Participants

Aggregate total of

5,120

Total of **439** lectures held at **97** educational institutions\* by a total of **78** employees (Fiscal 2020)

\* Elementary schools, junior high schools, high schools, junior colleges, universities, and vocational schools

## Employee Engagement for Incorporating the SDGs into Our Business Activities

Seeing the SDGs as a business opportunity, we are making an active effort to instill understanding of these goals in every employee. In fiscal 2020, we held an online SDGs Creativity Seminar about using creativity to resolve social issues, which was attended by around 360 people. We also held four SDGs Awareness Seminars for branches and Group companies, with 800 attendees in total. Going forward, we will seek to help address the social issues described in the SDGs by continuing such activities, making contributions through our business activities, and encouraging in-company action.



Participants

Aggregate total of

1,160

(Fiscal 2020)

For more examples of social actions, please refer to the Sustainability section of Hakuhodo DY Holdings' corporate website.

Details

[WEB Social Action Case Studies Book \(Japanese only\)](#)

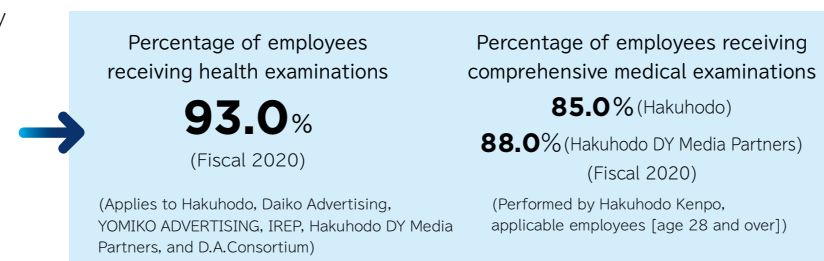
## Sound and Healthy Workstyles

The Hakuholdo DY Group is supported by its efforts to create an environment where all of its employees can make full use of their skills and are empowered to express their individuality and contribute in the workplace. Our employees remain mindful of maintaining their well-being and developing their abilities as professionals, and carry out their work with consideration for the health and lives of their team members. The Group puts the health of employees, their families, and business partners first, and is undertaking various initiatives toward workstyle reform with a view to invigorating the economy and society as a whole.



### Health First: Measures to Protect Employee Health

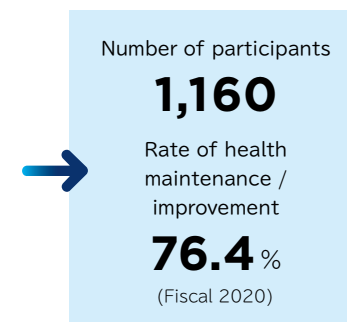
Lively and active employees lead to company growth. We have established a cycle where employee health and company growth lead to greater corporate value.



#### TOPICS

#### ► Transformation of Health into Entertainment: Health Examination Contest Behavior Reform Program (Hakuhodo DY Group)

The Health Examination Contest is a health and productivity support program developed through industry-government-academia collaboration. This program received the Health Service Bureau Director General's Award in the ninth longevity promotion award program organized by the Ministry of Health, Labour and Welfare and the Japan Sports Agency. The contest provides an entertaining way to promote increased health among employees as a whole. Based on the data from employees' annual health examinations, awards are presented to employees who maintained or improved their health compared to the previous year. The Group introduced this initiative as a fun way to motivate employees to improve their health and support them in improving their examination results. Of the 1,160 participants in fiscal 2020, 76.4% either maintained or improved their health.



### COVID-19 Countermeasures

Putting the health and safety of each employee first, we have formulated our Guidelines for Countermeasures Against COVID-19, calling attention to precautions to be taken at work and in daily life. We have also put a variety of tools in place to promote workstyles that can optimize creative output regardless of where and when work is done.

#### TOPICS

#### ► Employee Self-Management Awareness Reforms for Improving Labor Productivity

The Hakuhodo DY Group has introduced TIME-3X, a work attendance management system that is independent of in-house networks, in response to workstyle reforms and the rapid adoption of teleworking infrastructure. This system is being used to enhance internal infrastructure. The TIME-3X system manages work time on a minute-by-minute basis and reflects the time logged onto computers in objective data to facilitate the development of new labor management models and thereby contribute to increased self-management awareness among all employees.

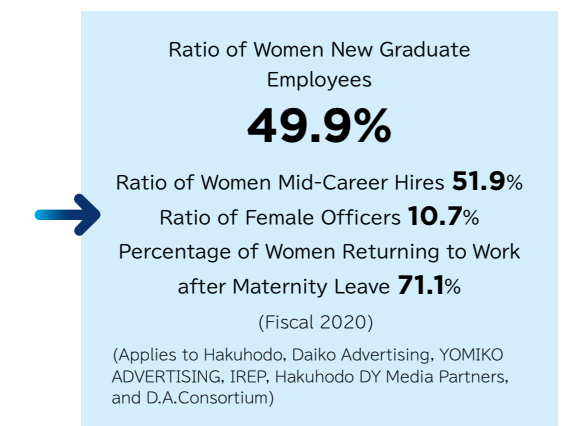
## Diversity and Inclusion

In the era of diversity, there is a need to be able to imagine the lifestyles of people with completely different value systems from your own. For this reason, we believe that in the future there will be greater opportunities for us to make use of our *sei-katsu-sha* insight, which has been built up through our efforts to gain a multifaceted understanding of people. Going forward, the Group will establish working environments in which diverse human resources can play an active role and where each employee can leverage their creativity to the greatest extent possible. We will also continue to respond to a wide range of issues with a view to realizing our sustainability goals.



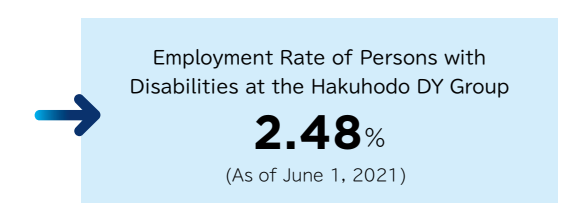
### Efforts to Promote Women's Advancement

In January 2021, Hakuhodo Inc., the core operating company of the Hakuhodo DY Group, launched a new action plan for employers to develop a workplace environment that is even more conducive to the contributions of female employees. Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act to Advance Measures to Support Next-Generation Child-Rearing, this plan covers the five-year period leading up to December 2026. We are dedicated to empowering female employees by offering a workplace environment in which all employees, even those raising small children or providing long-term care to family members, can flourish in the workplace.



### Promotion of Employment of People with Disabilities

Hakuhodo DY I.O Inc. is a special-purpose subsidiary of the Group that was established in December 1989 with 14 employees. As of June 2020, the company had grown into a shared services company for the entire Group with 157 employees (88 with disabilities and 69 without disabilities). The company's main operations include handling data entry, printing, and account book management, and these operations are carried out through collaboration between people with and without disabilities. In December 2017, Hakuhodo DY I.O was recognized as a "company that supports the active role of persons with disabilities" by the Japan Association of Employers of Persons with Severe Disabilities, which is a commissioned project of the Ministry of Health, Labour and Welfare of Japan. Going forward, Hakuhodo DY I.O will continue to provide quality services to the Group by leveraging its team capabilities, which combine the strengths of its diverse group of employees. At the same time, the company will continue to create new value that is unique to Hakuhodo DY I.O.





## Initiatives to Address Climate Change and Other Environmental Issues

In its business activities, the Hakuholdo DY Group will comply with environment-related laws, regulations, and industry standards, and we will voluntarily work to reduce our environmental impacts. In addition, we will leverage each employee's creativity, ability to take action, and capacity to make things happen as we aim to support the realization and development of a sustainable society through our business and other activities with our business partners.



Details

**WEB** Basic Policy

### Hakuholdo DY Group Environmental Policy and Environmental Management System

#### ① Hakuholdo DY Group Environmental Policy

The action guidelines of the Hakuholdo DY Group include not only reducing the environmental burden at the office level but also supporting the implementation of environmental contribution activities that leverage collaborations with stakeholders and the creativity of individual employees. We are advancing environmental initiatives in accordance with our Basic Policy.

#### ② Hakuholdo DY Group Environmental Management System

The Hakuholdo DY Group CSR Committee considers basic policies, themes, and specific measures related to the environment. Under this committee, we have appointed the Hakuholdo DY Group environmental manager, who is responsible for environmental activities on a Groupwide basis. In addition, we have appointed environmental managers and are promoting environmental initiatives at Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, and Hakuholdo DY Media Partners.

#### ③ Status of Acquisition of ISO 14001 Certification (Hakuholdo Group)

In accordance with the Hakuholdo DY Group Environmental Policy, certain units are implementing environmental management systems in conformity with ISO 14001, an international environmental standard. Currently, ISO 14001 certification has been acquired by Hakuholdo and Group companies OZMA and Hakuholdo i-studio.

### Endorsement of TCFD Recommendations

The Hakuholdo DY Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are in the process of examining possible scenario analysis measures and targets as we prepare to begin disclosure based on the TCFD framework.

### Approach to Risks and Opportunities Related to Climate Change

#### Risks

Details of Major Risks	Method for Managing Risk
Frequent occurrence of typhoons, localized heavy rainfall, etc., due to climate change	To respond to the potential damage caused by climate change, including flooding following the frequent occurrence of typhoons and localized heavy rainfall, we have been making preparations such as confirming hazard maps for areas surrounding company buildings and creating simulations for evacuations. In addition, we established a process for verifying the safety of our employees during a disaster via a safety confirmation system. In the event of a disaster, we have in place a structure for taking appropriate actions based on our Disaster Response Regulations, in accordance with disaster response headquarters action flows and headquarters establishment flows.

#### Opportunities

Details of Major Opportunities	Method for Realizing Opportunity
Supporting communication with business partners regarding the SDGs, including goals related to climate change	<p>We anticipate an increase in our clients' communication and consultation needs related to climate change and the SDGs. We have been paying particularly close attention to climate change-related issues, including being commissioned to carry out the civic global warming prevention campaign, Team Minus 6%, in 2005. Since then, we have pursued collaborations with various organizations, thereby accumulating a great deal of insight and experience. To make further contributions to addressing climate change-related issues by leveraging our insight and experience, we are implementing the follow initiatives:</p> <ol style="list-style-type: none"> <li>1. Holding regular in-house seminars on the SDGs to promote a broad understanding of them among employees</li> <li>2. Providing the SDGs Corporate Program (since 2017), which supports companies to implement management and business that take the SDGs into consideration</li> </ol>

### Environmental Management

#### Indicators and Targets

We monitor the indicators listed below. Also, at certain companies, we have established related targets and are undertaking initiatives to reach these targets.

#### Main Indicators

Item	Result	
	Fiscal 2019	Fiscal 2020
Scope 1 CO <sub>2</sub> emissions*1	403 tons	325 tons
Scope 2 CO <sub>2</sub> emissions*1	10,771 tons	9,109 tons
Scope 3 CO <sub>2</sub> emissions*1	25,383 tons	14,046 tons
Energy consumption*1	5,201kl	4,560kl
Waste*2	486 tons	262 tons
Recycling rate*2	82.20%	84.80%

\*1. Total values for Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, Hakuholdo DY Media Partners, and Hakuholdo Product's

\*2. Value for Hakuholdo head office in Tokyo

#### Third-Party Guarantee

A third-party guarantee has been received from Deloitte Tohmatsu Sustainability Co., Ltd., for the CO<sub>2</sub> emissions report containing data on Scope 1 and Scope 2 emissions from fiscal 2019, and is available on the Company's corporate website.

Details

**WEB** CO<sub>2</sub> emissions report  
(including third-party guarantee)  
(Japanese only)

#### Major Targets and Result

Item	Target	Result for fiscal 2020
Energy conservation*1	Reduction of 5% compared with fiscal 2009 and fiscal 2010 averages	<b>21.9% reduction</b>
Waste reduction*2	Reduction of 5% compared with 2010	<b>56% reduction</b>
Recycling rate*3	Recycling rate of 83% or higher	<b>84.80%</b>

\*1. Energy consumption and CO<sub>2</sub> reduction targets for Hakuholdo head office in Tokyo

\*2. Waste and reduction targets for Hakuholdo head office in Tokyo

\*3. Recycling rate at Hakuholdo head office in Tokyo

### External Evaluations

We have been responding to the CDP Climate Change Questionnaire, an environmental survey administered by CDP,\*1 every year since 2017. In fiscal 2020, we received a score of B-.

Furthermore, continuing on from 2019 and 2020, we have been selected as a 2021 component stock in the FTSE4Good Index Series and the FTSE Blossom Japan Index.\*2

Also, moving forward, we will continue to provide appropriate information disclosure, including through our yearly participation in a sustainability survey by EcoVadis.\*3

\*1. CDP: A not-for-profit charity that collaborates with institutional investors to encourage companies to disclose information on their strategies for combating climate change and on their emissions of greenhouse gases

\*2. FTSE4Good Index Series: A series of international ethical investment stock market indices covering ESG performance that were developed by FTSE Russell, a member of the London Stock Exchange Group  
FTSE Blossom Japan Index: One of four indices adopted by Japan's Government Pension Investment Fund (GPIF) that measure the ESG practices of leading Japanese companies

\*3. EcoVadis: A research institute based in France that provides platforms for examining policies, initiatives, and results related to corporate sustainability



## Message from the Chairman

**Corporate governance plays an important role in steadily fulfilling the “chain of promises” between stakeholders, our holding company, and operating companies.**

**Hirokazu Toda**

Representative Director & Chairman



### The Goal of the Hakuholdo DY Group

Value creation is the true essence of a company.

The fundamental functions of a company are said to be marketing and innovation. For the Hakuholdo DY Group, our purpose is to help our clients with their marketing and innovation-related activities. Customer acquisition is the true essence of marketing, and market creation is the true essence of innovation.

Marketing and innovation work together to complement one another. To create markets, you need to first acquire customers. And to acquire customers, you need to first push the limits and create new markets.

The Group has adopted “*sei-katsu-sha* insight” as one of its policies. Under this policy we view customers as *sei-katsu-sha*. There is also the notion of considering customers as consumers, and this way of thinking is likely more common, we at the Hakuholdo DY Group do not view our customers simply as consumers.

Rather than viewing people simply as the targets of consumption, or consumers, we view them as *sei-katsu-sha* who can design their own lifestyles on their own accord. By doing so, we have come to know *sei-katsu-sha* better than anyone else. Using this knowledge, we come up with new ideas and express creativity in the best way possible. We refer to this approach as *sei-katsu-sha* insight, and it is an extremely valuable policy to the Group.

The other policy we value is “commitment to partnership.” This policy allows us to take on the issues of our clients from the standpoint of *sei-katsu-sha* and offer clients comprehensive solutions to these challenges, thereby creating long-term partnerships with them.

Viewing customers as *sei-katsu-sha*, our goal with these policies is to work together with our business partners to bring happiness to *sei-katsu-sha*.

*Sei-katsu-sha* wish for a society with safety and peace of mind. *Sei-katsu-sha* also wish for a society in which they can express themselves. Additionally, *sei-katsu-sha* wish for a sustainable society.

I mentioned previously that value creation is the true essence of a company. In the case of the Group, our value creation lies in our goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. We will realize this goal together with our business partners by drawing on creativity in the best possible way.

Next, let me talk about our stakeholders, who represent our partners in delivering the value we create.

As I stated before, *sei-katsu-sha* (and in a greater sense, society) and our clients are our most important partners in providing value. But these are not our only stakeholders. Business partners such as media companies, content holders, and producers are also important stakeholders.

Furthermore, our employees represent another extremely valuable stakeholder. As such, we adopt the policy of recognizing our people as our assets. We maintain this policy because we work in a service industry that centers on mental work. The minds of our employees are what allows us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

Also, our most important stakeholders are our shareholders and other investors. Leveraging their investments, we aim to consistently enhance corporate value. Going forward, we will continue to make concerted efforts to meet the expectations of our shareholders and other investors.

### The Structure of the Hakuholdo DY Group

The Hakuholdo DY Group adopts a holding company structure.

To put it simply, a holding company is a company that designs (plans) companies, a company that designs a corporate group. I believe this role is extremely important to maximizing our value creation.

Now, let me explain how we work to design the Group.

The first way we accomplish this is by drafting and promoting Group strategies aimed at future growth. To achieve such strategies we must execute investments.

Our operating companies are primarily responsible for formulating strategies that help us win over the competition today. Accordingly, they focus their attention on clients and media companies and promote strategies to enhance competitiveness.

The next role the holding company plays in designing the Group is providing support to the operating companies in order for them to maximize their value creation.

The support entails several aspects. For example, we share business plans with the operating companies and provide them with financial support. We also help them integrate information (systems) and take on a portion of their back-office work.

The third role we play is determining how we will pursue

the above efforts in order to enhance corporate value and then explaining our approach to our shareholders and other stakeholders to receive a high evaluation from them.

As a publicly traded company, Hakuholdo DY Holdings designs the Group’s value creation and works to fulfill its promise to stakeholders, starting with the capital markets, by delivering to them the value that the Group creates.

### The Hakuholdo DY Group’s Corporate Governance

The Hakuholdo DY Group operates based on the management model of “independence and cooperation,” which is one of its philosophies.

“Independence” refers to two ideas, which are that each operating company should (1) realize growth by leveraging its uniqueness as a strength, and (2) fulfill its promise (business plans) to the holding company as a result of doing so. Based on this independence, the holding company makes a promise to the capital markets and other stakeholders that the Group will achieve its ambitions. This promise refers to qualitative aspects, such as achieving our goals, and quantitative aspects, such as accomplishing our business plans (figures). In this way, the Group operates based on a “chain of promises.”

“Cooperation” involves realizing sophisticated collaboration between operating companies by having them combine their respective strengths and, through this collaboration, offer new value to *sei-katsu-sha*, clients, and media companies.

Through this spirit of independence and cooperation, we are able to create a cohesive Groupwide structure that brings together the strengths of each operating company to create even greater value, thereby accelerating growth.

Corporate governance plays an important role in steadily fulfilling this “chain of promises” between stakeholders, our holding company, and operating companies.

The Board of Directors of Hakuholdo DY Holdings serves as the core for the Hakuholdo DY Group’s corporate governance.

The Board of Directors discusses Group growth strategies and creates medium-term business plans. It also deliberates on the budget and formulates plans for each fiscal year. We announce these medium-term business plans and yearly plans as our promise to the capital markets and other stakeholders. The operating companies establish their own medium-term business plans and yearly plans, which serve as their promise to the holding company.

The Board of Directors needs to discuss the feasibility of sustainable growth from a long-term perspective. Meanwhile, the Board must also create short- and



## Message from the Chairman

## The Board of Directors holds open discussions, switching between a broad, overlooking perspective and a one that is focused on specifics.

medium-term business plans. This is because no matter how valuable a long-term goal or target may be, that goal or target cannot be attained if we do not succeed with efforts in the short and medium term.

### Composition of the Board of Directors

The Board of Directors of Hakuhold DY Holdings comprises three different types of members: directors who belong to the holding company, directors who also serve as presidents of the operating companies, and outside directors.

Currently, the Board of Directors of Hakuhold DY Holdings is made up of nine members, three of whom are outside directors.

Comprising one-third of the Board of Directors, the Company's outside directors also serve as directors of the Group's core operating companies. Such a composition allows us to steadily enact the "chain of promises" between the holding company and the operating companies on behalf of our shareholders and other stakeholders. This is because we cannot fulfill our promises to stakeholders if we are unable to execute strategies.

In addition, we place the following expectations on our independent outside directors. The famous Japanese scholar Hokoku Yamada once said, "Those who govern well stay outside of matters and observe their essence instead of succumbing to them." To ensure that the Company is growing in the right fashion, a view of the Company from the outside is crucial. We ask that our outside directors adopt this outside view (meaning the view of the stakeholders) as they monitor the company's business execution in an objective manner. We also ask that the outside directors draw on their expertise, which is usually in areas where our internal expertise is not sufficient, to provide their opinions and advice.

Our three outside directors possess an abundance of experience in the law, corporate management, and investment banking, respectively. With their guidance, I believe the Board of Directors holds open discussions, switching between a broad, overlooking perspective and one that is focused on specifics.

### Director Nomination and Remuneration

Under the Board of Directors, we have established the Nomination Committee and Remuneration Committee as discretionary bodies.

Each committee is composed of two outside directors and two representative directors, and both have an outside director serving as the chair.

The role of the Nomination Committee is to create personnel plans for directors and corporate officers and establish important regulations related to nomination. The proposals of the Nomination Committee are reported to the Board of Directors, where they are subsequently deliberated and decided upon.

The most important nomination is naturally that of the company president, and the Nomination Committee handles the creation of succession plans for the president.

Within these plans, the committee first determines the requirements for leadership. The committee defines leadership as "the ability to maximize organizational capabilities to realize sustainable growth and enhance corporate value." To evaluate this ability, the committee considers a candidate's courage, wisdom, and compassion as well as their level of contribution to the company's corporate culture. Courage means the ability to lead in an effective manner, wisdom involves analytical capabilities, and compassion relates to charismatic behavior.

The level of contribution to corporate culture refers to the ability to further develop the ideas, culture, and actions encapsulated by the policies "Sei-katsu-sha Insight," "Commitment to Partnership," and "our people are our assets" in a positive manner.

Furthermore, for officers who have the potential to be candidates for president, the committee works to change and expand their areas of responsibility so that they can gain experience in a broad range of fields.

Taking the above into account, the current president then selects multiple candidates for president based on the Nomination Committee's requirements for leadership. When selecting these candidates, the president does not rule out the possibility of choosing a candidate from an external organization.

The president then explains the reasons for choosing each individual candidate, including their track record

and evaluation, to the members (outside directors) of the Nomination Committee. The committee members (outside directors) are also given the opportunity to meet individually with each candidate before holding deliberations in an effort to draw on the outside view (view of the stakeholders) of these members. Training seminars and other events are used as the location for holding these meetings.

For the final stage of the nomination process, the president conducts a comprehensive evaluation on the next potential president based on the business environment surrounding the Group and in consideration of the Nomination Committee's requirements for leadership. Through this evaluation, the president narrows down the candidates to one person. The Nomination Committee then holds deliberations on this candidate and makes its final proposal. The president submits this final proposal to the Board of Directors and, after that, the final decision on the Company's next president is made.

The role of the Remuneration Committee is to create plans for director and corporate officer compensation systems and amounts and to establish important regulations related to compensation. The proposals of the Remuneration Committee are reported to the Board of Directors, where they are subsequently decided upon.

Our basic policy for director compensation involves providing directors with a shared sense of value with the shareholders and other stakeholders, thereby incentivizing them to enhance corporate value over the medium to long term. In addition, this policy gives consideration to establishing compensation levels that are appropriate for the roles and responsibilities of the directors and that can secure and maintain superior talent.

Compensation for directors is composed of an annual compensation, annual bonuses (short-term incentive), and stock-based compensation (medium- to long-term incentive). The percentage of the annual bonus and stock-based compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation of each director in the case of standard business performance.

We understand that director compensation plays an extremely pivotal role in ensuring that the Company's directors take the responsibility as leaders to act on the "chain

of promises" between stakeholders, our holding company, and our operating companies.

### Vision for Corporate Governance Going Forward

The impact of the COVID-19 pandemic has brought about significant changes in the external environment. Crisis accelerates the speed of change. As a result, changes that would normally take five to 10 years to occur will likely happen over the period of only a few years. *Sei-katsu-sha* change, companies, and society itself changes.

Under such circumstances, the importance of being able to flexibly respond to change will certainly increase.

To that end, we need to consider our purpose in creating value for stakeholders, what kind of value that is, and how do we best offer it. In the fiscal year ended March 31, 2021, multiple acts of misconduct were identified at Group companies, causing inconvenience to all of our stakeholders. We recognize that compliance and risk management are the most prominent issues facing the Group. To that extent, I believe we must further enhance the function of the Board of Directors, which serves as the core of our corporate governance. This will involve broadening our horizons and understanding the necessary time frames as we work to develop our story for sustainable growth.

In June 2021, we partially revised the composition of the Board of Directors. The Board, which was previously made up of the presidents of all core operating companies, now consists of fewer members. Meanwhile, the Executive Committee was established, serving as a venue for multifaceted discussions on the Group's key issues prior to deliberations at the Board meetings. This move was made based on the belief that, in this era of rapid change, separating the roles of operating companies as executors and of the holding company as supervisor would accelerate the pace of decision-making, and that placing greater emphasis on the "outsider's perspective" and facilitating more objective decisions at the holding company would enable us to fulfill our "chain of promises" and, in the process, enhance our corporate value.

Going forward, we will continue to take the measures necessary for fulfilling our uncompromising commitment to strengthening governance.

**In this era of rapid change, it is important that we balance our ability to enhance corporate value with our ability to protect it.**

## Corporate Governance

### Basic Policy

In order to achieve sustainable growth and the continual increase of its corporate value, the Group strives to contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society as one of the world's preeminent corporate groups that leads advances in marketing and innovation generation through the power of creativity. By doing so, the Group fulfills the trust and expectations of its various stakeholders.

For that purpose, the Company recognizes that one of its key management issues is enhancing the management and administration of the Group as a whole so that an environment that promotes independence and cooperation among the diverse operating companies under it as a holding company is developed and the cooperation of each company produces value greater than the sum of the parts. We will therefore endeavor to improve the Group's management and administration and to strengthen and enhance the corporate governance of the Group.

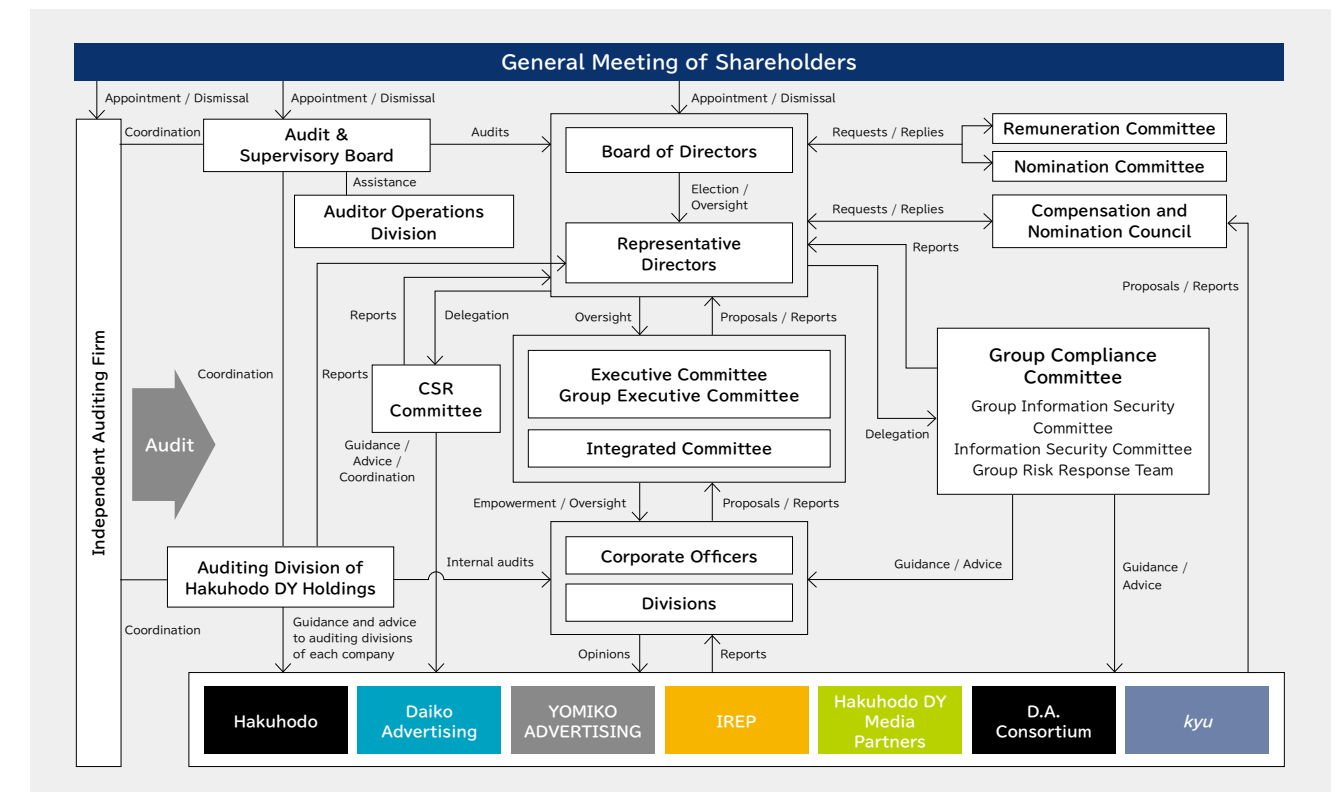
### Evolution of Corporate Governance System

	2004	2005	2014	2015	2016	2017	2018	2019	2020	2021	2022	(Years ended March 31)
Separation of oversight and execution functions and reinforcement of monitoring and oversight functions		• Began holding liaison meetings for standing Audit & Supervisory Board members for the Company and those from core operating companies*			• Appointed two independent outside directors • Began concluding liability limiting agreements with outside directors and outside Audit & Supervisory Board members • Formulated structure and regulations for reports to corporate auditors • Established regulations on systems to assist audit & supervisory board members			• Started holding meetings of independent outside directors and independent outside Audit & Supervisory Board members			• Raised ratio of independent outside directors on the Board of Directors to one-third	
				• Introduced corporate officer system				• Increased the number of independent outside directors to three			• Began conducting evaluations of the effectiveness of the Board of Directors	
Nomination and remuneration		• Established the Compensation and Nomination Council			• Abolished retirement benefits for Audit & Supervisory Board members			• Established the Remuneration and Nomination Committee (chaired by an independent outside director)			• Raised the ratio of independent outside directors on the Nomination Committee and the Remuneration Committee to 60%	
						• Revised director and corporate officer compensation systems (increased portion of performance-linked compensation and introduced stock-type compensation) • Established officer evaluation and succession plans					• Reorganized the Remuneration and Nomination Committee to form the Nomination Committee and the Remuneration Committee	
Reinforcement of compliance			• Established the Group Compliance Committee								• Appointed chief compliance officers	
Other			• Conducted stock split			• Began monitoring cross-shareholdings					• Revised Operating Company Management Regulations (standards for raising items to the Board of Directors)	

\* Hakuhold, Daiko Advertising, YOMIKO ADVERTISING, and Hakuhold DY Media Partners (scope later expanded to form Group Standing Audit & Supervisory Board Member Liaison Meeting)

### Corporate Governance Framework of the Hakuhold DY Group

As of June 29, 2021



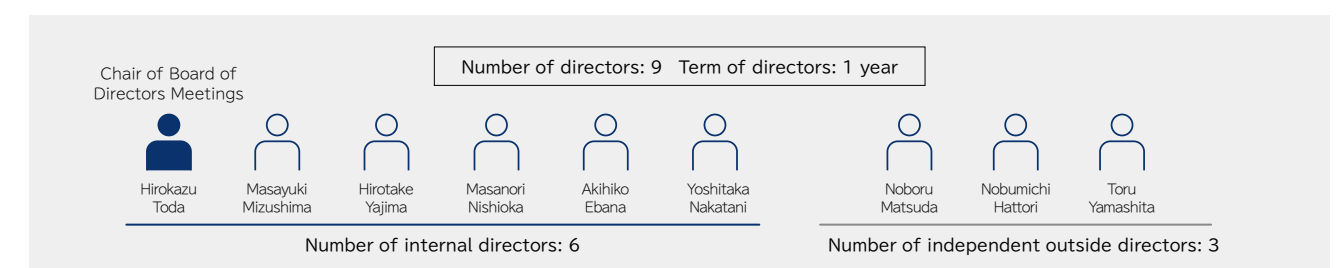
### Board of Directors

The Company's Board of Directors, which consists of nine directors, three of whom are outside directors, meets regularly (once a month, in principle) and whenever necessary. At these meetings, the Board of Directors makes decisions on important management-related matters, receives reports pertaining to the business performance of the Company and core operating companies, and audits the performance of duties of directors and corporate officers.

### Director Nomination Policies

The Company aims to bring about positive change in the world and realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. To accomplish these goals, we create new value for *sei-katsu-sha* by harnessing the creativity of employees and the collective strength of teams in which individuals assert their creativity and respect that of others to further their mutual growth. This emphasis has led the Hakuhold DY Group to become an organization boasting a level of diverse creative minds that is unprecedented on a global scale.

We take a similar approach toward the Board of Directors. With due consideration paid to the overall balance of insight, experience, and skills of directors, we seek to nominate internal directors that are highly knowledgeable about the Group's operations along with multiple outside directors with extensive experience and wide-ranging insight. By assembling a unique and creative team on the Board of Directors, we look to ensure that the Board is effectively able to contribute to higher corporate value for the entire Group.





## Corporate Governance

## Director and Audit &amp; Supervisory Board Member Skills Matrix

The background and areas of expertise of the Company's directors and Audit & Supervisory Board members are indicated by ○ in the following chart.

			Management	Finance	Human Resources	Corporate Governance	CSR	Digital	Global	Creation and Cultivation of Corporate Culture
Name Position			・Management of operating companies	・Finance ・Accounting	・Human resources development ・Diversity and inclusion	・Legal ・Compliance	・Sustainability ・SDGs	・Technology ・Data/ Systems	・International business	・ <i>Sei-katsu-sha</i> Insight* ・ <i>Commitment to Partnership</i> * ・ <i>our people are our assets</i> * <sup>*</sup>
Directors	Hirokazu Toda	Representative Director & Chairman	○			○			○	○
	Masayuki Mizushima	Representative Director & President	○			○	○		○	○
	Hirotake Yajima	Director & Executive Vice President	○			○		○	○	○
	Masanori Nishioka	Director & Senior Executive Corporate Officer		○	○	○	○			○
	Akihiko Ebana	Director & Senior Executive Corporate Officer	○						○	○
	Yoshitaka Nakatani	Director & Senior Corporate Officer						○		○
	Noboru Matsuda	Outside Director				○	○			○
	Nobumichi Hattori	Outside Director		○		○			○	○
	Toru Yamashita	Outside Director	○		○	○		○	○	○
Auditors	Kazunori Kageyama	Full-Time Audit & Supervisory Board Member			○	○				○
	Osamu Nishimura	Full-Time Audit & Supervisory Board Member			○	○	○			○
	Minoru Uchida	Outside Audit & Supervisory Board Member				○				○
	Katsuyuki Yamaguchi	Outside Audit & Supervisory Board Member				○			○	○
	Kazuhiko Tomoda	Outside Audit & Supervisory Board Member		○		○				○

\* A policy in which our employees are regarded as an extremely valuable stakeholder. The minds of our employees are what allows us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

Note: This chart is not intended to reflect all of the skills of the Company's directors and Audit & Supervisory Board members.

## Attendance at Board of Directors Meetings (Fiscal 2020)

Position	Name	Attendance
Representative Director & Chairman	Hirokazu Toda	21/21 (100.0%)
Representative Director & President	Masayuki Mizushima	21/21 (100.0%)
Director & Executive Vice President	Hirotake Yajima	21/21 (100.0%)
Director & Senior Executive Corporate Officer	Masanori Nishioka	21/21 (100.0%)
Director & Senior Executive Corporate Officer	Akihiko Ebana	Appointed in June 2021
Director & Senior Corporate Officer	Yoshitaka Nakatani	21/21 (100.0%)

Position	Name	Attendance
Outside Director	Noboru Matsuda	21/21 (100.0%)
Outside Director	Nobumichi Hattori	20/21 (95.2%)
Outside Director	Toru Yamashita	20/21 (95.2%)

## Evaluation of Effectiveness of Board of Directors

In order to analyze and evaluate the effectiveness of the Board of Directors of the Company in fiscal 2020, questionnaires regarding Board effectiveness were distributed to all directors and Audit & Supervisory Board members in February 2021, the responses to which were compiled by outside consultants from an objective standpoint, and then the Board of Directors conducted an analysis and evaluation based on the results of such compilation and analysis.

## Questionnaire Themes

① The role and function of the Board of Directors
② The composition and size of the Board of Directors
③ The operation of the Board of Directors

④ Liaison with audit functions
⑤ Provision of opportunities to outside directors
⑥ Relationship with shareholders and investors.

## Evaluation

It was confirmed that the composition, operation, and discussion content of the Board of Directors is mostly appropriate; that the Board of Directors engages in necessary and sufficient discussions, such as by sharing a vision for what the Board of Directors should be as the board of a holding company; that it engages in appropriate monitoring; and that outside directors and outside Audit & Supervisory Board members have a diverse range of skills, expertise, and backgrounds. Based on these factors, it was determined that the frameworks are in place to ensure appropriate decision-making through discussion among the Board of Directors and that these frameworks represent a strength.

## Areas Requiring Improvement Identified in Fiscal 2020 Evaluation and Improvement Measures

Based on the results of the fiscal 2020 evaluation questionnaire and analysis, three areas requiring improvement (indicated in the table below) were identified. The Company plans to implement improvement measures in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Reports to the Board of Directors regarding future compliance provisions in internal control system	▶ Appropriately timed reports to the Board of Directors regarding processes and concrete measures
Ongoing provision of feedback to the Board of Directors regarding discussions by the Nomination Committee and the Remuneration Committee	▶ Continuation of measures for sharing information on committee processes and discussion details from fiscal 2020 and promotion of further understanding
Sharing of information with outside directors and outside Audit & Supervisory Board members	▶ Increased information provision through forums for pre-meeting explanation of proposals and agenda items and through meetings between outside directors and outside Audit & Supervisory Board members

Other areas identified as requiring ongoing improvement to increase the effectiveness of the Board of Directors included the gender and nationality diversity of the Board of Directors, participation of internal directors in discussions, and invigoration of discussion between internal directors and outside directors.

## (Reference) Areas Requiring Improvement Identified in Fiscal 2019 Evaluation and Improvement Measures

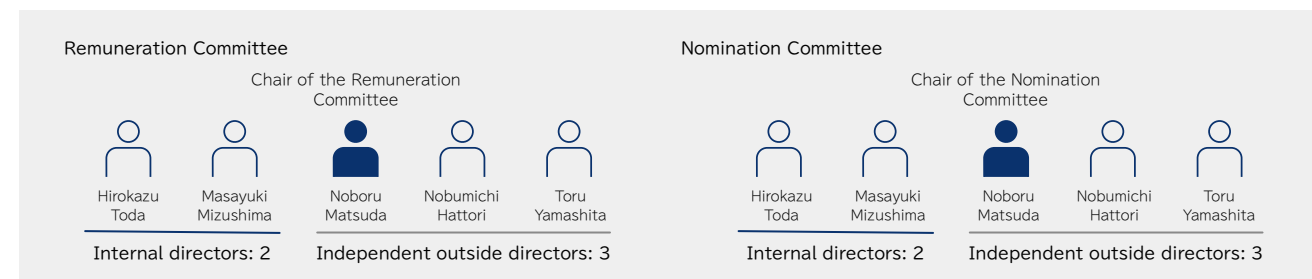
Based on the results of the fiscal 2019 evaluation questionnaire and analysis, three areas requiring improvement (indicated in the table below) were identified. Improvements were achieved in all three areas, as was reflected in higher evaluations in the fiscal 2020 questionnaire. Nevertheless, initiatives to improve these areas will be continued in pursuit of increased effectiveness going forward as responses were received citing a need for further improvement in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Timing of material distribution	▶ Revision of material preparation workflow to distribute materials earlier
Provision of feedback to the Board of Directors regarding discussions by the Nomination Committee and the Remuneration Committee	▶ Reporting to the Board of Directors on annual committee schedules and agenda items
Enhancement of provision of industry trends, management strategy, and other information pertinent for promoting understanding of the Company	▶ Sharing of financial results briefing materials and questions from analysts, and reporting to the Board of Directors regarding medium-term management plan progress and investor engagement activities

The Board of Directors will continue to pursue ongoing improvements to its effectiveness based on the evaluation results.

## Remuneration Committee and Nomination Committee

The Company has established the Remuneration Committee and Nomination Committee as advisory bodies to the Board of Directors, and ensures the transparency and reasonableness of the process for determining the appointment, dismissal, and compensation of the Company's directors and corporate officers through the deliberation and resolution of such matters at the Board of Directors' meetings.



Note: Compositions of the Remuneration Committee and the Nomination Committee are as of November 30, 2021.

## Corporate Governance

## Activities of the Remuneration Committee

Activities by the Remuneration Committee as part of the process of deciding director remuneration for fiscal 2020 included the following.

Number of meetings	5
Major discussion topics	<ul style="list-style-type: none"> <li>• Annual director compensation and total remuneration levels</li> <li>• Annual compensation amounts for individual directors in fiscal 2021</li> <li>• Total annual bonuses for fiscal 2020</li> <li>• Annual bonus amounts for individual directors for fiscal 2020</li> </ul>

## Activities of the Nomination Committee

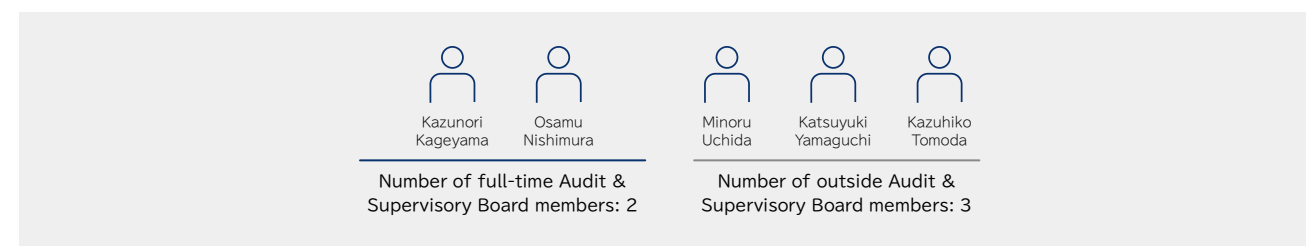
Activities by the Nomination Committee as part of the process of nominating directors in fiscal 2020 included the following.

Number of meetings	1
Major discussion topics	Appointment, dismissal, and areas of responsibility for director and Audit & Supervisory member candidates and corporate officers for fiscal 2021

The Board of Directors receives reports from the outside director who chairs the Remuneration and Nomination committees regarding the discussions that took place at meetings of the Remuneration Committee and the Nomination Committee during the respective fiscal year.

## Audit &amp; Supervisory Board

The Audit & Supervisory Board, which consists of five members, three of whom are outside Audit & Supervisory Board members, meets once a month, in principle, and whenever necessary. The Audit & Supervisory Board members audit the performance of director duties from the perspective of a holding company of the Group by attending the Board of Directors' and other important meetings, exchanging opinions with directors and key personnel, and receiving reports on the status of performance of core operating companies.



## Activities of the Audit &amp; Supervisory Board (Fiscal 2020)

The Audit & Supervisory Board meets once a month, in principle, and additional meetings are arranged as necessary. In fiscal 2020, the Audit & Supervisory Board met 23 times, the average meeting duration was 63 minutes, and the number of items raised with the board was 78. The attendance of individual Audit & Supervisory Board members at meetings is detailed below.

Position	Name	Attendance
Full-time Audit & Supervisory Board member	Kazunori Kageyama	23/23 (100.0%)
Full-time Audit & Supervisory Board member	Osamu Nishimura	23/23 (100.0%)

Position	Name	Attendance
Outside Audit & Supervisory Board member	Minoru Uchida	23/23 (100.0%)
Outside Audit & Supervisory Board member	Katsuyuki Yamaguchi	23/23 (100.0%)
Outside Audit & Supervisory Board member	Kenji Ota	6/6 (100.0%)
Outside Audit & Supervisory Board member	Kazuhiko Tomoda	17/17 (100.0%)

## Meetings of Outside Directors and Outside Audit &amp; Supervisory Board Members

Regular meetings of independent outside directors and outside Audit & Supervisory Board members are held to allow these officers to exchange information and build shared understanding based on their independent and objective standpoints. Standing Audit & Supervisory Board members also attend these meetings as observers. The most recent meeting was held on June 10, 2021.

## Executive Compensation

## Compensation System Basic Policy

- Rooted in the Group corporate philosophy
- Shared sense of value with our shareholders, incentivizing increases in corporate value over the medium to long term
- Compensation levels appropriate for the roles and responsibilities of the directors of the Company, and that secure and maintain superior human resources
- Transparency and reasonableness ensured in the compensation decision process

## ■ Compensation Items

Director compensation is composed of three items: annual compensation, annual bonuses, and stock-type compensation. In reflection of their roles and their need to maintain independence, however, compensation for outside directors consists solely of annual compensation.

The percentage of the annual bonus and stock-type compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation for each director in the case of standard business performance.

## ① Annual Compensation

Annual compensation is decided based on the expected results, actual results, and other factors for the position and duties of each director.

## ② Annual Bonus (Short-Term Incentive)

The annual bonus provides a strong incentive to achieve business results in the given fiscal year and is decided comprehensively in consideration of the Group's profit level in each fiscal year, the achievement of management benchmarks, and the results of the individual directors in the individual year.

## ③ Stock-Type Compensation (Medium- to -Long-Term Incentive)

Stock-type compensation is a form of compensation in which restricted stock is provided each year to directors in order to incentivize the increase of corporate value over the medium to long term and to provide a shared sense of value with shareholders.

## ■ Annual Bonus Calculation Method

Annual bonuses are calculated by multiplying a standard value set for each director (one-twelfth of annual compensation) by a bonus coefficient and then adjusting this amount by the performance of the given director in the respective fiscal year.

Consolidated pre-depreciation and amortization operating income is the primary indicator used for determining annual bonuses. Other indicators considered include ordinary income and income before income taxes as displayed on the consolidated statements of income

Bonuses coefficients are adjusted within the range of 0% to 200%, with 100% representing the accomplishment of targets.

In assessing the performance of individual directors, the degree of accomplishment of individual targets set at the beginning of the fiscal year is evaluated qualitatively.

## ■ Stock-Type Compensation (Restricted Stock) Allocation Method

Directors are allocated monetary remuneration receivables in an amount set on an individual basis and they then conclude restricted stock allocation contracts with the Company. Directors use these receivables to make in-kind contributions to the Company, after which they receive allocations of restricted stock.

The restricted stock allocation contracts impose a 30-year period for transfer restrictions on the allocated shares. These transfer restrictions, however, can be canceled if a director's term expires or they resign from their position for another reason deemed appropriate during the transfer restriction period.

Should a director resign from their position for reasons not deemed appropriate by the Board of Directors during the transfer restriction period, the Company shall claim the allocated shares of restricted stock with no compensation provided.



Corporate Governance

■ **Policies for Determining Compensation**

The Compensation Committee has been established as an advisory body to the Board of Directors. The majority of the members of this committee are independent outside directors, and an independent outside director serves as the chairperson.

Levels of annual compensation, annual bonuses, and stock-type compensation paid to directors are decided by the president based on authority delegated by the Board of Directors. Authority for deciding director compensation amounts has been delegated to the president by the Board of Directors to ensure the transparency and rationality of compensation. This authority, however, is conditional upon the Compensation Committee’s review of the president’s compensation proposal.

**Policies for Determining Compensation of Audit & Supervisory Board Members**

The compensation of Audit & Supervisory Board members is composed solely of annual compensation pursuant to the Internal Rules on Audit & Supervisory Board Member Compensation and is determined through consultation among the Audit & Supervisory Board members.

**General Meeting of Shareholders’ Resolutions Regarding Officer Compensation**  
(Fiscal 2020)

The following resolutions have been made by the General Meeting of Shareholders regarding the compensation of directors and Audit & Supervisory Board members.

Applicable officers	Resolution	Resolution date	Number of applicable officers at resolution date
Directors	Upper limit of ¥800 million for annual compensation and annual bonuses	June 29, 2017	14 (including two outside directors)
Directors (excluding outside directors)	Upper limit of ¥200 million for stock-type compensation (monetary remuneration receivables paid in relation to restricted stock compensation)	June 29, 2017	12 (excluding outside directors)
Audit & Supervisory Board members	Upper limit of ¥80 million for compensation	June 27, 2008	5 (including three outside directors)

**Total Amount of Compensation by Class of Executives, Total Amount of Compensation by Type of Compensation, and Number of Executives Receiving Executive Compensation**

Classification	Total value of remuneration (¥ Millions)	Total compensation by type					
		Annual compensation		Annual bonuses		Stock-type compensation	
		Number (People)	Total (¥ Millions)	Number (People)	Total (¥ Millions)	Number (People)	Total (¥ Millions)
Directors (excluding outside directors)	369	6	247	6	59	6	62
Outside directors	39	3	39	—	—	—	—
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	45	2	45	—	—	—	—
Outside Audit & Supervisory Board members	32	4	32	—	—	—	—
Total	487	15	364	6	59	6	62

Corporate Governance Guidelines

These guidelines set out the views of Hakuholdo DY Holdings Inc., the holding company of the Hakuholdo DY Group, regarding our corporate governance as well as an overview thereof. The contents of these guidelines have been determined by a resolution of the Company’s Board of Directors and will be examined and updated by the Board once a year.

Details

WEB

Corporate Governance Guidelines

Compliance Initiatives

As a responsible corporate citizen, the Hakuholdo DY Group practices compliance with laws and regulations and also recognizes the importance of earnest compliance with the expectations and demands of society.

**Hakuholdo DY Group Code of Conduct and Matters for Compliance**

In accordance with the Hakuholdo DY Group Code of Conduct and Matters for Compliance, which applies to all Hakuholdo DY Group officers and employees, all Group companies and employees must fulfill the basic responsibilities required of them.

Rate of attendance for compliance training related to the Hakuholdo DY Group Code of Conduct and Matters for Compliance

100%

**Group Code of Conduct**

In order for us to exert our creativity and remain trusted as partners of *sei-katsu-sha*, companies, and the media, we who work for the Hakuholdo DY Group (hereinafter referred to as the “Group”) will conduct ourselves in a fair manner according to the highest ethical standards, strongly committed to compliance and conscious of our clear duty to abide by the following principles:

- 1. We will provide high-quality services**

We will provide integrated marketing solutions of the highest quality while properly managing the confidential information and rights of our business partners.
- 2. We will constantly seek to maintain trust in us**

We will abide by all laws and regulations, and sincerely do our best to live up to society’s expectations and requests toward us as members of society.
- 3. We will give full play to our own abilities and respect those of others**

Recognizing that people are our greatest asset, we will always be bold in facing new challenges, and never forget our responsibilities and pride.
- 4. We will be transparent and fair in all we do**

We will release all necessary information proactively and in a timely manner, and conduct ourselves in a fair manner, complying with all laws and regulations.

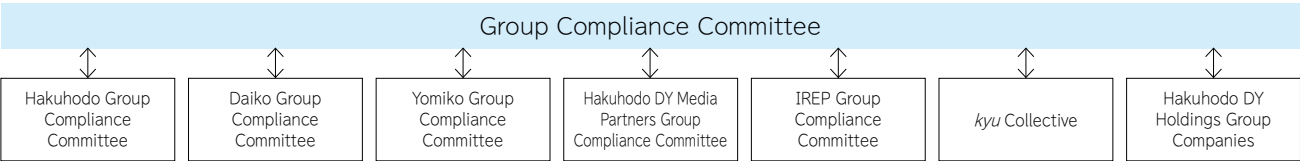
Compliance Promotion System

**Chief Compliance Officers**

Hakuholdo DY Group companies appoint chief compliance officers to serve as the highest-ranking officers responsible for enhancing compliance awareness.

**Compliance Committees**

The Group Compliance Committee, whose members include the presidents of Hakuholdo DY Group advertising and integrated media companies, is responsible for Groupwide compliance guidance and awareness. This committee is tasked with fostering a compliance-oriented mindset among Group officers and employees, making policies related to important compliance and corporate ethics matters, and establishing compliance systems. It also manages the progress of compliance activities at Group companies and provides advice, instructions, and guidance.



**Information Security System**

The Group Information Security Committee and the Information Security Committee have been established under the Group Compliance Committee to prevent losses of social trust or substantial damage to corporate value due to failures of information management. The Information Security Committee implements and pursues improvements with regard to the Company’s information management system, which conforms to the requirements of the ISO/IEC 27001:2013 and JIS Q 27001:2014 certification standards.

**Risk Management**

The Company established the Crisis Management Regulations to prevent losses of social trust or significant damage to corporate value as a result of inappropriate responses to major risk events. Based on these regulations, we have clarified the risk response system and the risk events it addresses, strengthening our ability to respond quickly and appropriately when risk events occur.

**Employee Awareness Raising**

In order to prevent misconduct and maintain high moral standards, we constantly communicate the importance of compliance to Group employees, raising awareness and understanding of compliance through online resources and the distribution of guidebooks.

**Whistleblowing and Consultation Points of Contact**

The Hakuholdo DY Group has established the Whistleblowing and Consultation Points of Contact as a framework for the appropriate processing of reports and consultations from officers and employees regarding potential legal violations by organizations or individuals with the goal of quickly identifying and remedying misconduct.

Messages from Outside Directors

Independent outside directors at the Hakuhodo DY Group are appointed on the basis of their wealth of experience, insight, and expertise in corporate management, legal affairs, accounting, politics, consulting, education, and other fields, as well as their ability to provide valuable advice and monitor the activities of management to enhance the Group’s corporate value.

Noboru Matsuda

Career Summary				Reasons for nominating as candidate and outline of expected roles
April 1963	Prosecutor, Tokyo District Public Prosecutors Office	June 2004	Advisor, Deposit Insurance Corporation of Japan	Mr. Noboru Matsuda has in-depth legal knowledge and abundant experience acquired as a public prosecutor and a lawyer as well as experience as an outside director of other private companies. The Company expects that he will provide advice on the Group’s management strategies and supervise its management based on such expertise. In fact, he provides accurate advice at the Company’s Board of Directors meetings from an independent and neutral perspective, mainly concerning corporate governance and compliance, and the Company judges that he is an appropriate person to supervise the Company’s Group management and strive for sustainable increase in corporate value. The Company has therefore continued to nominate him as a candidate for outside director. For this reason, the Company judges that he will appropriately perform his duties as an outside director.
January 1981	Director, Youth Division, Criminal Affairs Bureau, Ministry of Justice	September 2004	Certified as an attorney	
August 1985	Director-General, Special Trial, Tokyo High Public Prosecutors Office	January 2005	Outside Audit & Supervisory Board Member, Hakuhodo Inc.	
August 1987	Director-General, Special Investigation, Tokyo District Public Prosecutors Office	June 2006	Outside Director, Japan Radio Co., Ltd.	
September 1989	Prosecutor, Supreme Public Prosecutors Office	April 2007	Outside Director, Mitsubishi UFJ NICOS Co., Ltd. (to present)	
December 1991	Chief Prosecutor, Mito District Public Prosecutors Office	June 2007	Outside Audit & Supervisory Board Member, The Yomiuri Shimbun, Osaka	
July 1993	Director-General, Correction Bureau, Ministry of Justice	June 2012	Outside Director, Nisshinbo Holdings Inc.	
July 1995	Director-General, Criminal Affairs Department, Supreme Public Prosecutors Office	June 2015	Outside Director, Hakuhodo DY Holdings Inc. (to present)	
June 1996	Governor, Deposit Insurance Corporation of Japan	March 2016	Outside Director, Yomiuri Giants Co., Ltd. (to present)	

Nobumichi Hattori

Career Summary				Reasons for nominating as candidate and outline of expected roles
April 1981	Joined Nissan Motor Co., Ltd.	October 2006	Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Mr. Nobumichi Hattori currently teaches international corporate strategy at graduate schools following experience in a US major investment bank. He also has experience as an outside director of other private companies. The Company expects that he will provide advice on the Group’s management strategies and supervise its management based on such expertise. In fact, he provides accurate advice at the Company’s Board of Directors meetings from an independent and neutral perspective, mainly concerning corporate strategy and M&As, and the Company judges that he is an appropriate person to supervise the Company’s Group management and strive for sustainable increase in corporate value. The Company has therefore continued to nominate him as a candidate for outside director. For this reason, the Company judges that he will appropriately perform his duties as an outside director.
June 1989	Joined Goldman Sachs and Company (Headquarters in New York)	April 2009	Visiting Professor, Graduate School of Finance, Accounting and Law (currently Business and Finance), Waseda University (to present)	
September 1990	Goldman Sachs Japan Co., Ltd., Tokyo Branch			
June 1993	Vice President, Goldman Sachs Japan Co., Ltd.	March 2015	Outside Audit & Supervisory Board Member, Frontier Management Inc. (to present)	
November 1998	Managing Director, Goldman Sachs Japan Co., Ltd.	June 2015	Outside Director, Hakuhodo DY Holdings Inc. (to present)	
October 2003	Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	July 2016	Distinguished Guest Professor, Graduate School of Business Administration, Keio University	
June 2005	Outside Director, Miraca Holdings Inc.	April 2017	Visiting Professor, Graduate School of Business Administration, Keio University (to present)	
July 2005	Advisor, Hakuhodo DY Holdings Inc. (to June 2015)			
November 2005	Outside Director, FAST RETAILING CO., LTD. (to present)			

Toru Yamashita

Career Summary				Reasons for nominating as candidate and outline of expected roles
April 1971	Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION	July 2015	Outside Director, SUMITOMO LIFE INSURANCE COMPANY (to present)	Mr. Toru Yamashita has experience of serving as an outside director at other listed companies, in addition to a wealth of knowledge, experience and insight in the area of managing a business-to-business (B2B) enterprise he acquired serving as president and CEO of NTT DATA Corporation, which provides IT services around the world. The Company expects that he will provide advice for the Group’s management strategies and supervise its management based on such expertise. In fact, he provides accurate advice at the Company’s Board of Directors meetings from an independent and neutral perspective mainly concerning management and business strategy, and the Company judges that he is an appropriate person to supervise the Company’s Group management and strive for sustainable increase in corporate value. The Company has therefore continued to nominate him as a candidate for outside director. For this reason, the Company judges that he will appropriately perform his duties as an outside director.
June 1999	Director, NTT DATA Corporation	June 2018	Senior Advisor, NTT DATA Corporation	
June 2003	Director and Executive Vice President, NTT DATA Corporation		Outside Director, Hakuhodo DY Holdings Inc. (to present)	
June 2005	Representative Director and Senior Executive Vice President, NTT DATA Corporation	April 2019	Chief Director, Denenchofufutaba Gakuen (to present)	
June 2007	President and Chief Executive Officer, NTT DATA Corporation	July 2019	ICT Strategy Advisor, Mitsui Fudosan Co., Ltd. (to present)	
June 2012	Director and Chief Corporate Advisor, NTT DATA Corporation			
April 2013	Chairperson of Public Interest Corporation Commission (PICC), Cabinet Office			
June 2013	Outside Director, Mitsui Fudosan Co., Ltd.			
June 2014	Chief Corporate Advisor, NTT DATA Corporation			
	Outside Director, Eisai Co., Ltd.			

I will strive to strengthen governance and enhance corporate value by responding swiftly to the ongoing changes in society.



Noboru Matsuda  
Outside Director

The Role I Expect to Fulfill as Outside Director

My background is in law. After work on-site and in legal affairs as a public prosecutor and at the Deposit Insurance Corporation of Japan, I currently work as an attorney and serve as an outside director at the Hakuhodo DY Group and other companies. I will continue to provide advice to management and monitor their business activities from an impartial position, drawing on my wealth of experience accumulated over the years while bearing in mind the importance of maintaining the right balance between “offensive” and “defensive” governance.

In fiscal 2021 a special committee was established to prevent the recurrence of inappropriate conduct at consolidated Group companies as well as to strengthen Group governance. Upon my appointment as chair of this committee, I proposed measures to prevent the recurrence of misconduct that centered on identifying its causes and improving compliance. I am currently monitoring the activities of management.

Evaluation of the Effectiveness of the Board of Directors and Issues to Address Going Forward

I was appointed outside director of the Company in 2015. Since then, I believe the Board of Directors has made steady strides toward strengthening governance, for example, through the increased membership of outside directors, the establishment of the Nomination Committee and the Compensation Committee, and reviews of board composition. I will continue to closely monitor the Company’s business activities to ensure that it responds appropriately to matters such as partial amendments to the Corporate Governance Code and Guidelines for Investor and Company Engagement and the restructuring of the Tokyo Stock Exchange.

Meanwhile, the challenge for further enhancing the effectiveness of the Board of Directors is pushing forward diversification. The Company’s current group of outside directors is able to bring up valuable points and offer accurate advice by leveraging their high level of expertise in their respective fields and wealth of experience. The composition of the group is also well balanced. When viewed in

terms of addressing the changes in its business and social environment, however, the Company needs people with expertise and experience that are suited to these changes and emerging issues. In other words, the Company will be expected to enhance its task-oriented diversity.

Companies are public entities of society. We are seeing a shift from the primacy of shareholders to the primacy of stakeholders. While the focus on realizing profits remains unchanged, fulfilling its responsibility to society and earning society’s acknowledgement as a sincere company is essential for a company’s continuous growth. The significance of bringing onto the Board of Directors personnel (people suited to the role of Director) with the expertise and experience to play a role in addressing a range of issues, including the pandemic; the environment, including climate change; human rights; population; gender equality; digital transformation; data security; and other matters is, I believe, great.

Meanwhile, emphasis must also be placed on ensuring diversity in terms of gender and nationality. The addition of outside directors who fulfill both types of diversity criteria is highly desirable.

Expectations for the Company Moving Forward

The Company has continued to expand over the years by overcoming a number of obstacles on the back of highly innovative solutions. It faces an unprecedented situation this time, however, in terms of sheer magnitude, uncertainty, and obscurity. While I have the utmost confidence in the Company’s efforts going forward, I hope it takes every possible means to not fall behind the competition by

- seeing this time of major transformations as a source of opportunities;
- securing, developing, and investing resources in the talent necessary to capitalize on such opportunities;
- strengthening Group governance; and
- instilling awareness among employees that compliance is about protecting ourselves (our families) and the workplace.



## Messages from Outside Directors

**By providing valuable advice and monitoring the activities of management, I will help steer the growth of the Group as a representative of capital markets.**

**Nobumichi Hattori**  
Outside Director



### Underscoring My Role as a Representative of Capital Markets

As an expert in finance, I rely on my many years of experience working at investment banks and other institutions in the U.S. to offer advice on business expansion and growth through investments and M&A. Viewing my role as an outside director also through the eyes of a representative of capital markets, I constantly take into account how the Company's decisions will be perceived by the capital markets based on my experience to date, and raise any potential concerns or views at the Board of Directors' meetings.

This is not to say that shareholders should take precedence over other stakeholders. All stakeholders, including employees, clients, and customers, are equally important. Designating shareholder value as the foundation of value for all stakeholders, however, has proven to generate the most well-balanced results and therefore is emphasized for the role it plays in providing equal and optimal value to all stakeholders.

### Assessment of and Issues Concerning the Group's Governance

In contrast to 2015, when I was appointed outside director of the Company, the discussions at the Board of Directors' meetings today are very lively with directors and Audit & Supervisory Board members sharing plenty of questions and opinions.

To be honest, when I attended the Board meetings back then, the discussions lacked energy and were quite different from what they are today. I recall the meetings becoming livelier in the latter half of my first year as outside director and by my third year, they were just like they are now with a rapid exchange of questions and opinions. Director Noboru Matsuda and I were appointed the Company's first outside directors, prior to which the Board

of Directors consisted solely of internal directors who were serving as corporate officers at the same time. The Board of Directors may have existed simply as a formality, with plenty of discussions held by the Executive Committee instead. In that sense, the addition of outside directors and their differing views appears to have instilled a positive sense of urgency among Board members.

The greatest challenge the Board must overcome going forward is pushing forward diversity. This is an issue that is recognized by all members of the Board of Directors, including the executive side, and is currently being looked into. In addition to gender and nationality diversity, the Company must consider employees who are immersed in technology and data science if it is to continue to reinforce its digital strategies.

As a member of the Nomination Committee, I have come to realize that the issues concerning the nomination process apply not only to the Company but also to all companies in Japan. Through training sessions and other opportunities, we have been able to regularly engage with individuals who may represent the future of the Group's management team, helping us gain valuable information. This alone, however, is not enough to make adequate judgments. A decision-making process is needed in order to ensure highly effective judgments.

### Responding to a Constantly Changing Business Environment

The emergence of new platforms and media is driving the transformation of business models in the advertising industry. As the business landscape continues to change and new players come to the forefront, it is imperative that the Group comes together as one to adapt to such changes.

I will continue to offer objective advice and to provide my extended support toward the continuous growth of the Group and the enhancement of its corporate value.

**I will draw on the experience, expertise, and know-how accumulated through my past and present roles to contribute to the Group's sustainable growth.**

**Toru Yamashita**  
Outside Director



### My Three Roles as Outside Director

I believe I have three roles to fulfill as an outside director of the Company.

The first is to draw on my nearly 50 years of experience in IT to offer valuable opinions and advice that will help steer the growth of the Group. With digital transformation (DX) coming under the spotlight in recent years, my most important role is contributing to the growth of the digital and IT fields using the expertise and know-how I have accumulated over the years.

The second is to offer sound advice based on my background in management. Regardless of industry or business category, the management-related issues companies face, such as Group management, globalization, and human resource strategies, overlap to some extent, enabling us to capitalize on our past experiences.

The third is to offer practical advice based on my current role as an outside director and advisor of other companies. I hope I can continue to help strengthen the Group's governance and enhance its corporate value using the examples of best practice and knowledge I have gained through my involvement with other companies.

### Separation of Management Oversight and Executive Functions

At the General Meeting of Shareholders held in June 2021, it was resolved that the Company's Board of Directors would change to a structure consisting of six internal directors and three outside directors. This has reduced the number of directors concurrently serving as corporate officers while increasing the ratio of outside directors to one-third, thereby further separating the Company's oversight and executive functions. While this holds true for most companies in Japan, when directors concurrently serve as corporate officers, they tend to comment only on

the divisions or areas of management of which they are in charge and avoid getting involved in any other matters. Directors must essentially consider matters from a Companywide standpoint and not from the perspective of specific divisions. In that sense, I believe this recent restructuring has enabled the Board of Directors to move closer to its ideal form.

One of the things that has impressed me at the Board of Directors' meetings is the fact that the views of divisions, such as the finance division and corporate planning division in the case of investment projects, are submitted in the form of reference materials. The outside directors do not have nearly the same level of knowledge or information as the Company's internal directors. Verifying the content of discussions and opinions within each division that were reported to the Board of Directors is an incredibly useful and highly valuable decision-making tool.

### Ensuring Competitiveness on the Strengths of Imagination and Creativity

The Group is moving forward with digital strategies under its current medium-term business plan and its commitment to DX, including the shift to the use of AI and digital technology and the use of big data, certainly makes sense. Digitalization, however, is simply a way of streamlining things and the development of infrastructure and therefore it alone is not enough to differentiate itself from the competition.

That said, imagination and creativity will ultimately become the source of competitiveness. These are two areas in which the Group excels. I am convinced that the securing and development of personnel brimming with imagination and creativity, and our unwavering commitment to solidifying the Group's competitiveness will translate into even further growth for the Group going forward.

# Management Structure

(As of June 30, 2021)

## Directors



## Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Member

**Kazunori Kageyama**

Full-Time Audit & Supervisory Board Member

**Osamu Nishimura**

Outside Audit & Supervisory Board Member

**Minoru Uchida**

Outside Audit & Supervisory Board Member

**Katsuyuki Yamaguchi**

Outside Audit & Supervisory Board Member

**Kazuhiko Tomoda**

## Corporate Officers

Chairman

**Hirokazu Toda**

President

**Masayuki Mizushima**

Executive Vice President

**Hirotake Yajima**

Chief Officer, Digital Business Unit

Senior Executive Corporate Officers

**Masanori Nishioka**

Chief Officer, Finance Unit  
Chief Officer, Human Resources and General Affairs Unit

**Akihiko Ebana**

Chief Officer, Group Strategy Unit

**Michael Birkin**

CEO, *kyu*

**Nobuaki Kondo**

Senior Corporate Officers

**Yoshitaka Nakatani**

Chief Officer, Technology Unit

**Naoto Akagi**

Vice Chief Officer, Group Strategy Unit (Business Innovation Division and *kyu* Division)

**Motohiro Ando**

Vice Chief Officer, Technology

Corporate Officers

**Hidetaka Tada**

Vice Chief Officer, Human Resources and General Affairs Unit (Group General Affairs Division, Group Legal Division and Group PR & IR Division [PR])

**Akihiko Tokuhisa**

Vice Chief Officer, Technology Unit and Vice Chief Officer, Group Strategy Unit (Strategic Investment Division)

**Takeshi Tokugawa**

Vice Chief Officer, Human Resources and General Affairs Unit (Group PR & IR Division [IR]) and Vice Chief Officer, Finance Unit (Group Accounting & Finance Division and Group Management Service Division)

General Manager, Group Management Service Division

**Tatsuya Daito**

Vice Chief Officer, Digital Business Unit

**Masato Aoki**

Vice Chief Officer, Technology





# Financial Information

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- page **108** Billings by Industry of Clients and by Type of Service
- page **112** Stock Information
- page **113** Corporate Information
- page **114** Group Companies

## 10-Year Summary of Consolidated Financial Statements

	¥ Millions									
Years ended March 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Billings	¥ 978,321	¥1,045,431	¥1,095,909	¥1,131,064	¥1,214,996	¥1,254,979	¥1,334,638	¥1,444,524	¥1,466,249	¥1,297,947
Revenue <sup>1</sup>	—	—	—	—	—	—	673,692	773,519	802,617	714,560
Gross profit	160,756	175,964	190,150	205,867	232,398	248,476	272,410	324,809	332,499	313,217
Selling, general and administrative expenses	140,940	149,645	156,233	169,045	187,503	201,379	220,147	259,523	277,367	268,184
Operating income	19,816	26,319	33,916	36,821	44,895	47,097	52,263	65,285	55,131	45,033
Income before income taxes	20,355	24,948	37,039	38,924	46,152	44,795	50,703	85,758	74,871	53,669
Profit attributable to owners of parent	8,604	12,894	18,721	19,879	28,493	25,825	29,861	47,235	44,893	26,479
Operating income before amortization of goodwill <sup>2</sup>	20,343	27,078	34,900	38,494	47,185	50,217	55,878	72,171	64,170	54,365
Total assets	¥ 518,805	¥ 528,535	¥ 583,970	¥ 633,904	¥ 677,572	¥ 720,556	¥ 796,216	¥ 902,002	¥ 859,887	¥ 941,103
Net assets	219,280	234,352	254,510	282,729	293,899	325,569	367,169	316,421	316,147	362,139
<b>Cash flows</b>										
Net cash provided by (used in) operating activities	¥ 20,047	¥ 17,763	¥ 31,846	¥ 33,314	¥ 29,698	¥ 16,288	¥ 32,372	¥ 53,522	¥ 27,366	¥ 36,212
Net cash provided by (used in) investing activities	(5,444)	(5,642)	(7,605)	(7,563)	(20,686)	(4,280)	(20,499)	(22,815)	3,372	(9,831)
Net cash used in financing activities	(5,017)	(3,617)	(1,362)	(12,484)	(5,290)	(7,803)	(14,401)	(21,974)	(19,434)	(12,767)
End-of-term balance of cash and cash equivalents	92,193	101,546	125,875	140,133	143,298	146,688	143,850	152,154	163,299	176,042
<b>Per share data (yen)<sup>3</sup></b>										
Basic net income	¥ 22.66	¥ 33.96	¥ 49.31	¥ 53.22	¥ 76.46	¥ 69.30	¥ 80.10	¥ 126.64	¥ 120.30	¥ 70.92
Diluted net income	22.64	33.95	49.27	53.16	76.33	69.30	79.92	126.39	120.29	70.91
Cash dividends	7.00	8.00	12.00	15.00	18.00	24.00	26.00	28.00	30.00	30.00
Dividend payout ratio (%)	30.9	23.6	24.3	28.1	23.5	34.6	32.5	22.1	24.9	42.3
Net assets	¥ 542.89	¥ 583.73	¥ 629.66	¥ 707.30	¥ 732.83	¥ 817.34	¥ 920.01	¥ 756.73	¥ 774.84	¥ 884.69
<b>Ratios (%)</b>										
Revenue to gross billings margin	16.4	16.8	17.4	18.2	19.1	19.8	20.4	22.5	22.7	24.1
Operating margin before amortization of goodwill <sup>4</sup>	12.7	15.4	18.4	18.7	20.3	20.2	20.5	22.2	19.3	17.4
Operating margin <sup>5</sup>	12.3	15.0	17.8	17.9	19.3	19.0	19.2	20.1	16.6	14.4
Return on equity (ROE)	4.3	6.0	8.1	7.9	10.6	8.9	9.2	15.1	15.7	8.5
Shareholders' equity ratio	39.7	41.9	40.9	41.6	40.3	42.3	43.1	31.3	33.6	35.1
<b>Key data excluding investment<sup>6</sup></b>										
Billings	—	—	—	—	—	—	—	1,430,154	1,458,618	1,291,822
Revenue	—	—	—	—	—	—	—	—	802,617	714,560
Gross profit	—	—	—	—	—	—	—	310,754	325,313	307,350
Operating income	—	—	—	—	—	—	—	51,400	47,945	39,233
Operating income before amortization of goodwill <sup>2</sup>	—	—	—	—	—	—	—	58,287	56,984	48,565
Gross margin	—	—	—	—	—	—	—	21.7	22.3	23.8
Operating margin before amortization of goodwill <sup>4</sup>	—	—	—	—	—	—	—	18.8	17.5	15.8
Operating margin <sup>5</sup>	—	—	—	—	—	—	—	16.5	14.7	12.8

1. The Group has adopted Accounting Standard for Revenue Recognition from the fiscal year ending March 31, 2022. All revenue figures for the fiscal year ended March 31, 2018 and thereafter shown above have been retroactively adjusted in accordance with this change. However, figures for the years prior to the fiscal year ended March 31, 2018 have not been disclosed.

2. Amortization of goodwill and other intangible assets refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions. Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets.

3. On October 1, 2013, the Company's common stock was split 10-for-1. To enable evaluation of past trends and comparisons, figures in this integrated report, including results in periods prior to the stock split, are based on the number of shares of common stock after the stock split. As a result, corresponding revisions have been made to dividends per share for the first half of fiscal 2013, and earlier periods, and to all other per share data for fiscal 2012, and earlier periods.

4. Operating margin before amortization of goodwill = Operating income before amortization of goodwill ÷ Gross Profit

5. Operating margin = Operating income ÷ Gross Profit

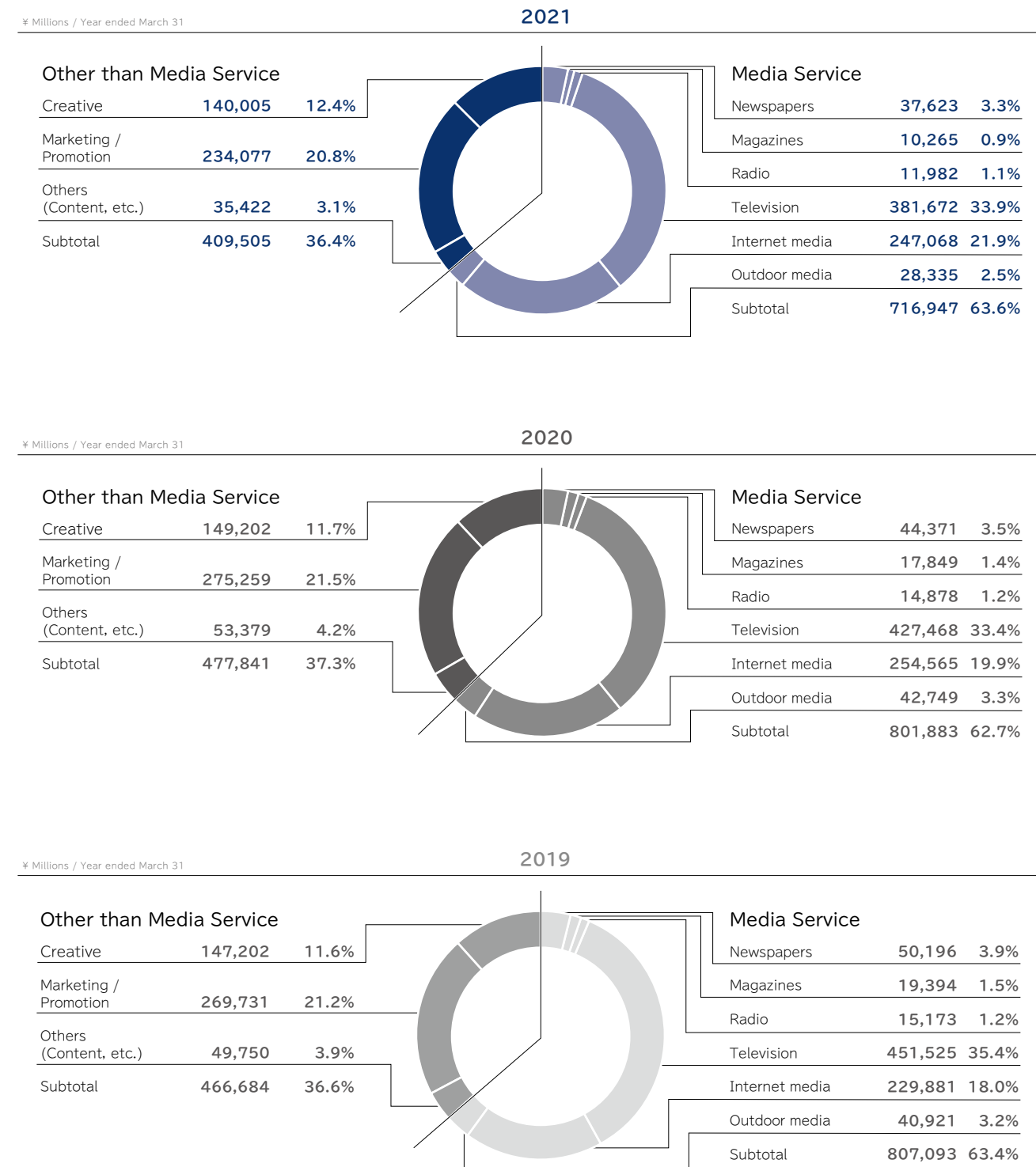
6. Figures for the fiscal year ended March 31, 2019 and thereafter exclude those for investment projects and, as a result, figures for the years prior to and including the fiscal year ended March 31, 2018 have not been disclosed.

Note: Figures from fiscal 2015 to fiscal 2018 have been retroactively adjusted to reflect the change in accounting method pertaining to Accounting Standard for Revenue Recognition implemented at certain subsidiaries during fiscal 2019. However, figures as of and for fiscal 2014 and earlier remain unchanged.



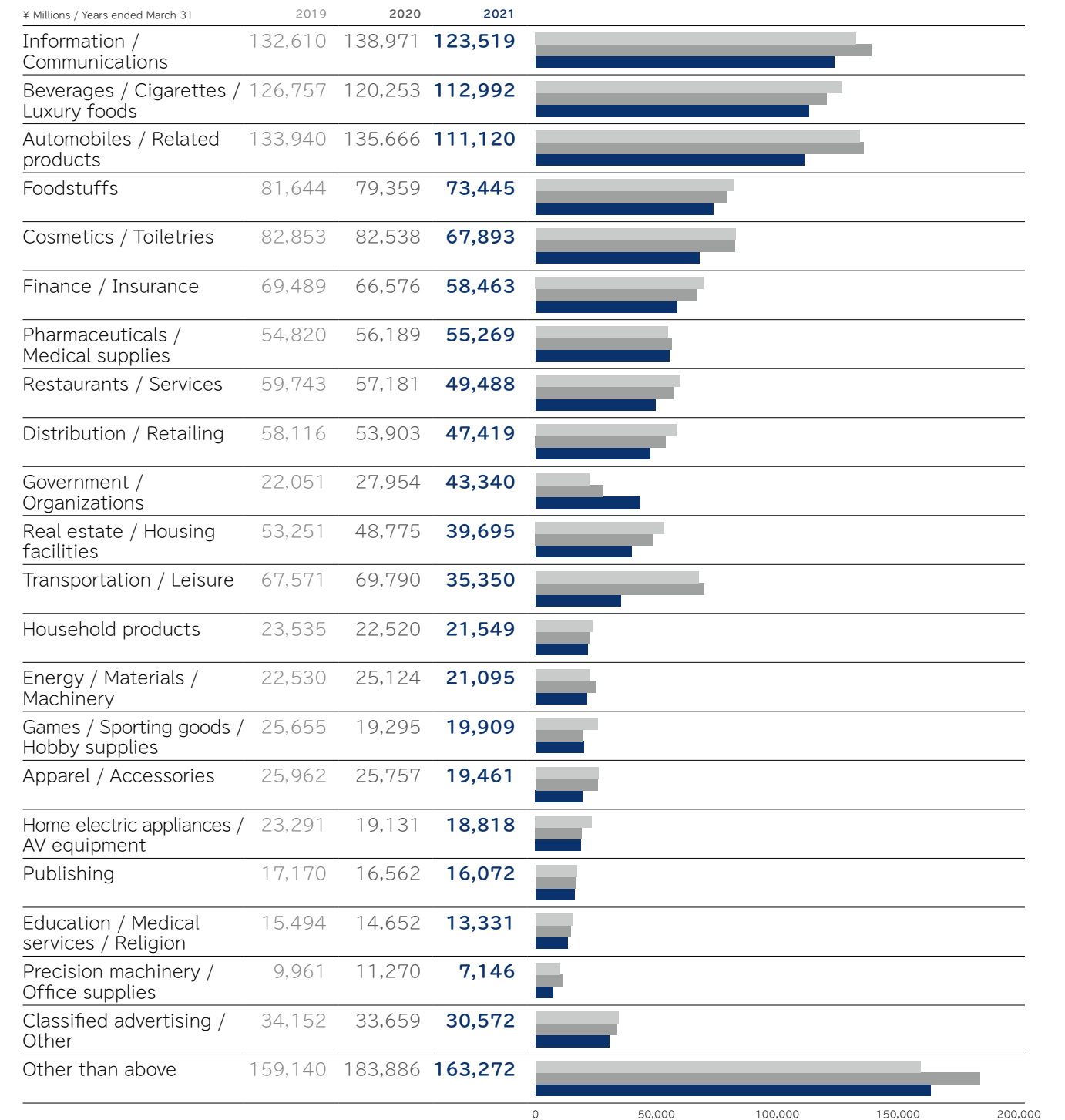
## Billings by Industry of Clients and by Type of Service

### Billings by Type of Service / Composition Ratio



Note: Figures shown above were aggregated for internal management purposes and therefore have not been audited by an external third party.

### Billings by Industry of Clients



Notes: 1. Billings by industry of clients are shown in descending order based on the results of fiscal 2020.

2. In the calculation for billings by industry of clients for fiscal 2018 and thereafter, we have changed the industry category of certain clients in order to better reflect the nature of their business.

## Billings by Industry of Clients and by Type of Service

### Domestic Advertising Market and Hakuodo DY Group's Domestic Billings

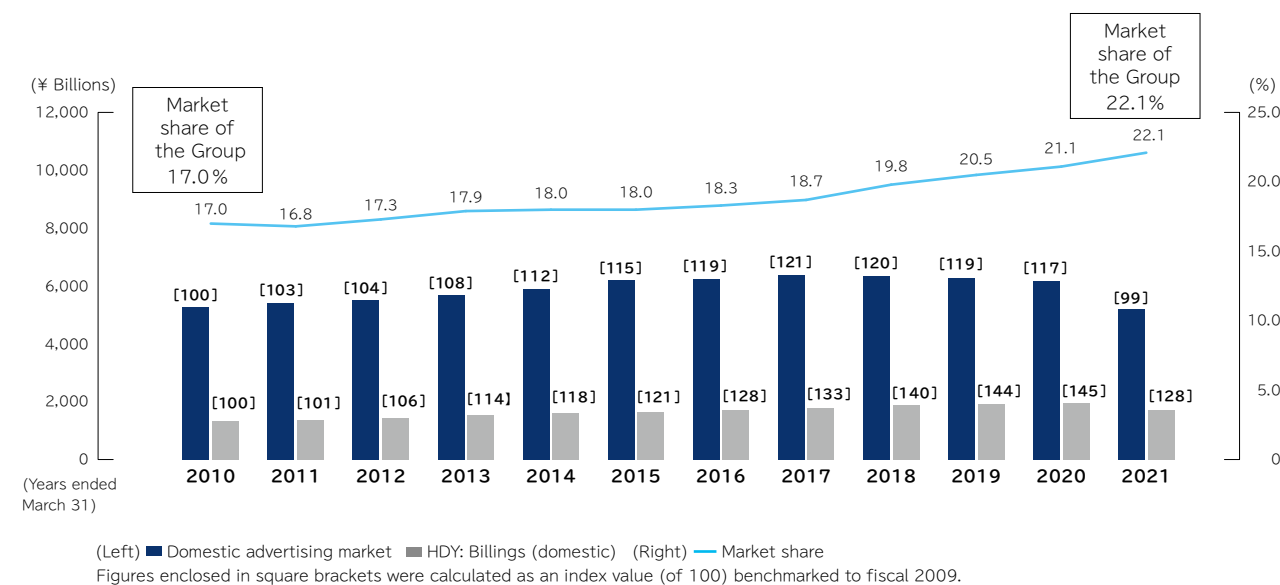
In the domestic advertising market, we have made solid progress over the past decade with structural shifts, such as the digitalization of our marketing activities, as internet advertising has steadily expanded while traditional media advertising has continued to shrink.

In response to this market trend, the Group has remained a step ahead of its peers in data-based marketing by continuing to evolve its services in line with the growing demand for digital transformation (DX) and to enhance its ability to integrate television and digital technologies.

The domestic advertising market has been gradually recovering since bottoming out in fiscal 2009 due to the effects of the 2008 global financial crisis. In fiscal 2020, however, we suffered our largest annual decline on record due to the difficult business environment resulting from the effects of the COVID-19 pandemic.

Despite such challenging circumstances, our domestic billings in fiscal 2020 were 1.28 times those of fiscal 2009, and our estimated market share expanded steadily from 17.0% in fiscal 2009 to 22.1% in fiscal 2020.

### The Group's Domestic Billings Relative to the Domestic Advertising Market



Notes: 1. Data for the domestic advertising market is taken from the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry). For certain discontinuities in the numerical results published in the survey arising from changes in the survey pool, adjusted numerical results based on growth rate data are used.  
2. To quantify the annual change in the size of the domestic advertising market and our domestic billings over time, each year's figure was calculated as an index value (of 100) benchmarked to fiscal 2009.  
3. The Group's market share has been calculated using the following formula: HDY's billings (domestic) ÷ domestic advertising market. HDY's billings for the fiscal year ended March 31, 2019 and thereafter exclude the impact of investment projects.

### Policy on Cross-Shareholdings

The Group holds shares in business partners for the purpose of maintaining and strengthening business relationships.

When acquiring such shares, the Group comprehensively considers such matters as the profits to be gained by the Group through maintaining and strengthening the business relationship and the amount of the investment before judging whether or not to invest. In addition, for each individual issue of business partner shares that we hold, the Group will regularly consider the value of continuing to hold such shares, bearing in mind the cost of capital of the Group; if that value is judged lacking, we will reduce our holdings of those issues of shares, taking into account any matters regarding transactions or business to be considered, the influence of such a sale on the market, and other such factors. If the value is affirmed, however, we will continue holding such shares.

The Company and the core operating companies will consider the value of holding the business partner shares that are held and report thereon to the Company's Board of Directors. The core operating companies make such reports to their boards of directors beforehand. At its meeting in February 2021, the Company's Board of Directors considered the value of holding the business partner shares held by the Group, and the Group is proceeding with the sale of issues of shares for which the value was judged lacking.

Sufficiently respecting the management policies, strategies, and the like of the corporations in which we have invested, the Company will exercise voting rights accompanying cross-shareholdings after thoroughly considering the details of each proposal and comprehensively judging whether to vote for or against the proposal, based on whether the proposal details coincide with the value and goal of the Company's investment, whether the proposal details would damage corporate value, and other such factors.

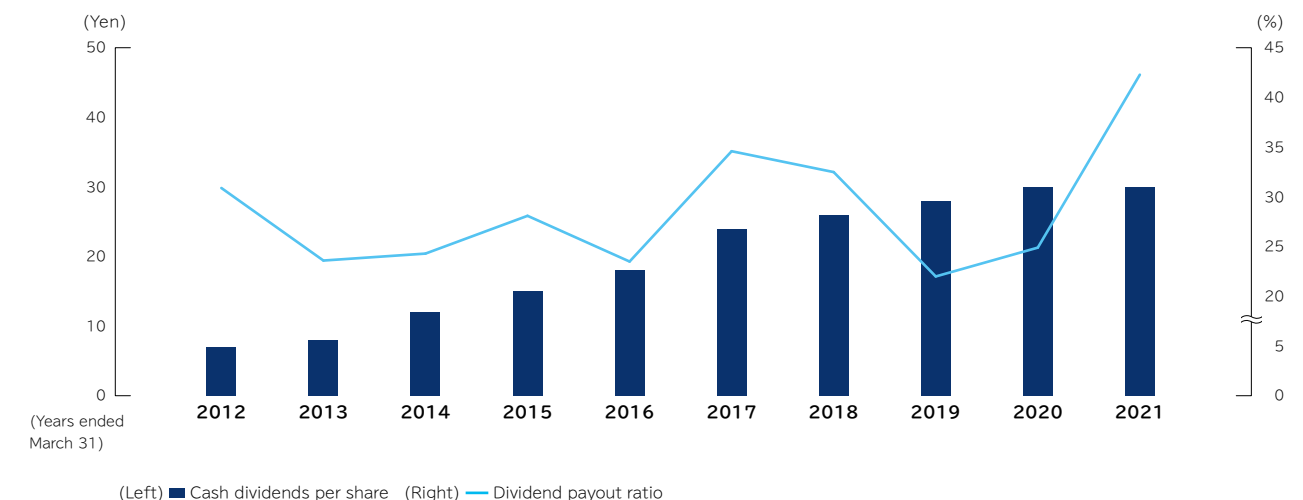
The Company will not engage in any act hindering the sale or the like of the Company's shares by cross-shareholders (i.e., shareholders who hold the Company's shares as cross-shareholdings) or in any transaction with cross-shareholders that may harm the interests of the Company or the common interests of its shareholders.

### Our Fundamental Policy with Regard to Returns to Shareholders

Our fundamental policy is to consistently pay a stable dividend. In determining the dividend amount, we comprehensively take into account capital supply and demand, earnings from business operations, and the maintenance of sufficient internal reserves to strengthen our competitiveness as a company. Barring unforeseen circumstances in our business performance, our policy is to pay a minimum dividend of ¥5.0 per share.

Our policy with regard to stock repurchases is to consider repurchasing stock when appropriate, and to repurchase stock as necessary, as a means of providing returns to shareholders and increasing capital efficiency, and as a way of flexibly implementing capital policy in response to changes in the operating environment.

### Cash Dividends per Share





## Stock Information

As of March 31, 2021

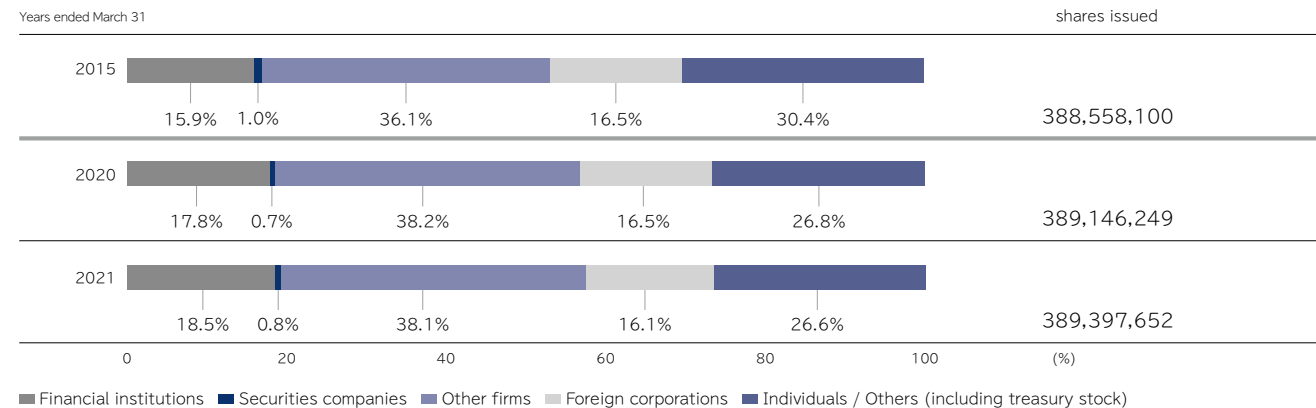
### Major Shareholders

	Number of shares held	Percentage of shares held (%)
1 The Hakuhold Foundation	70,605,350	18.90
2 The Master Trust Bank of Japan, Ltd. (Trust Account)	20,344,200	5.44
3 General Incorporated Association Hakusei-kai	18,619,700	4.98
4 The Asahi Shimbun Company	11,223,490	3.00
5 General Incorporated Association Furatanite	11,000,000	2.94
6 Custody Bank of Japan, Ltd. (Trust Account)	10,650,000	2.85
7 Nippon Television Network Corporation	8,620,000	2.30
8 Hakuhold DY Holdings Employees' Shareholdings Association	8,276,317	2.21
9 The Dai-ichi Life Insurance Company, Limited	6,930,500	1.85
10 The Yomiuri Shimbun Tokyo Headquarters	6,872,400	1.84

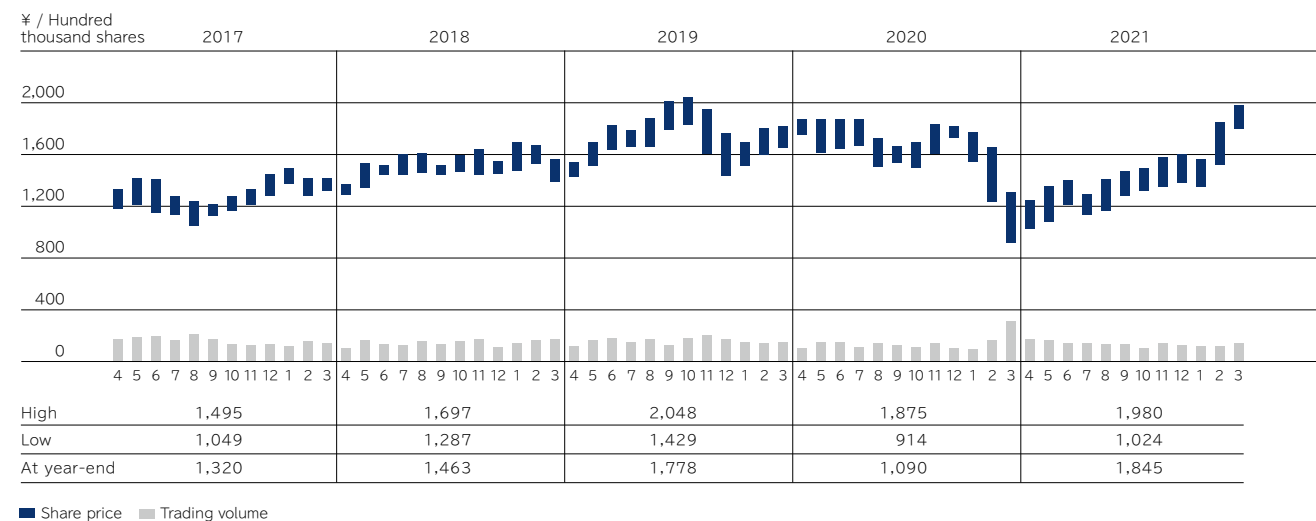
Notes: 1. The list of major shareholders shown above excludes 15,905,295 shares of treasury stock held by the Company.  
2. Treasury stock has been excluded from the calculation of the percentage of shares held.

Total number of shares authorized	1,500,000,000
Total number of shares issued	389,397,652
Total number of shareholders	6,119

### Shareholder Distribution



### Share Price and Trading Volume



## Corporate Information

As of September 30, 2021

### Hakuhold DY Holdings Inc.

Date of Establishment: October 1, 2003

Capital: ¥10,790 million

Head Office: 5-3-1 Akasaka, Minato-ku,  
Tokyo 107-6320URL: <https://www.hakuhold-dy-holdings.co.jp/english>

### Hakuhold Group

Company Name	Hakuhold Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6322
Founded	October 1895
Incorporated	February 1924
President & CEO	Masayuki Mizushima
Employees (Consolidated)	14,222
URL	<a href="https://www.hakuhold-global.com/">https://www.hakuhold-global.com/</a>

### Daiko Group

Company Name	Daiko Advertising Inc.
Tokyo Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-8658
Osaka Head Office	2-2-7 Nakanoshima, Kita-ku, Osaka 530-8263
Founded	1893
Incorporated	February 1944
President & CEO	Hiroshi Ochiai
Employees (Consolidated)	1,486
URL	<a href="https://www.daiko.co.jp/en">https://www.daiko.co.jp/en</a>

### YOMIKO Group

Company Name	YOMIKO ADVERTISING INC.
Head Office	5-2-20 Akasaka, Minato-ku, Tokyo 107-6105
Founded	June 1929
Incorporated	July 1946
President & CEO	Daisuke Fujinuma
Employees (Consolidated)	870
URL	<a href="https://www.yomiko.co.jp/en/">https://www.yomiko.co.jp/en/</a>

### Hakuhold DY Matrix

Company Name	Hakuhold DY Matrix Inc.
Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-8658
Incorporated	April 2021
President & CEO	Nobuaki Kondo
Employees	172
URL	<a href="https://hdy-matrix.co.jp">https://hdy-matrix.co.jp</a>

### Contact

Hakuhold DY Holdings Inc.

Investor Relations Division

Phone: +81-(0)3-6441-9033

Fax: +81-(0)3-6441-9065

E-mail: [HC.IR@hakuhold-dy-holdings.co.jp](mailto:HC.IR@hakuhold-dy-holdings.co.jp)

### Hakuhold DY Media Partners Group

Company Name	Hakuhold DY Media Partners Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6321
Incorporated	December 2003
President & CEO	Hirotake Yajima
Employees (Consolidated)	5,706
URL	<a href="https://www.hakuhold-dy-media.co.jp/english">https://www.hakuhold-dy-media.co.jp/english</a>

### D.A.Consortium

Company Name	D.A.Consortium Inc.
Head Office	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6033
Founded	December 1996
President, CEO & COO (Chief Compliance Officer)	Masaya Shimada
Employees (Non-consolidated)	1,486
URL	<a href="https://www.dac-holdings.co.jp/english/">https://www.dac-holdings.co.jp/english/</a>

### IREP Group

Company Name	IREP Co., Ltd.
Head Office	Yebisu Garden Place Tower 21F, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6021
Founded	November 1997
President	Hiroto Kosaka
Employees (Consolidated)	927
URL	<a href="https://www.irep.co.jp/global/">https://www.irep.co.jp/global/</a>

### kyu

Company Name	<i>kyu</i>
Head Office	395 Hudson Street, 8th Floor, New York, NY 10014
Founded	May 2014
CEO	Michael Birkin
Employees (Consolidated)	2,187
URL	<a href="https://kyu.com/">https://kyu.com/</a>

Group Companies

As of March 31, 2021

Hakuhodo Group			
Company name	Location	Company name	Location
Consolidated subsidiaries (domestic)			
Hakuhodo Inc.	Tokyo, Japan	Edge International, Inc.	Tokyo, Japan
TBWA\HAKUHODO Inc.	Tokyo, Japan	D & I Partners Co., Ltd.	Tokyo, Japan
QUANTUM Inc.	Tokyo, Japan	Hakuhodo Marketing Systems Inc.	Tokyo, Japan
Hokkaido Hakuhodo Inc.	Sapporo, Japan	Consolidated subsidiaries (overseas)	
Tohoku Hakuhodo Inc.	Sendai, Japan	Hakuhodo Deutschland GmbH	Frankfurt, Germany
Niigata Hakuhodo Inc.	Niigata, Japan	Southpaw Communications Ltd.	Tunbridge Wells, U.K.
Hokuriku Hakuhodo Inc.	Kanazawa, Japan	HAKUHODO USA Inc.	Chicago, U.S.A.
Shizuoka Hakuhodo Inc.	Shizuoka, Japan	Hakuhodo Hong Kong Ltd.	Hong Kong, China
ChugokuShikoku Hakuhodo Inc.	Hiroshima, Japan	Shanghai Hakuhodo Advertising Co., Ltd.	Shanghai, China
wondertrunk & co. inc.	Tokyo, Japan	Hakuhodo Intelligent Partners Advertising (Shanghai) Co.,Ltd.	Shanghai, China
Kyushu Hakuhodo Inc.	Fukuoka, Japan	GIMC-Berners-Hakuhodo Advertising Co., Ltd.	Guangzhou, China
chuo-ad shinsha, Inc.	Tokyo, Japan	GIMC-HAKUHODO CO., LTD.	Guangzhou, China
HAKUHODO PRODUCT’S INC.	Tokyo, Japan	Hakuhodo Institute of Life and Living Shanghai Co., Ltd.	Shanghai, China
Hakuhodo Creative Vox, Inc.	Tokyo, Japan	GHC Asia	Hong Kong, China
Hakuhodo Consulting Inc.	Tokyo, Japan	Hakuhodo Cheil Inc.	Seoul, South Korea
HAKUHODO DESIGN Inc.	Tokyo, Japan	HAKUHODO ACTIVE Inc.	Taipei, Taiwan
HAKUHODO Kettle Inc.	Tokyo, Japan	HAKUHODO SEESAW Inc.	Taipei, Taiwan
Hakuhodo Casting & Entertainment Inc.	Tokyo, Japan	TAIWAN HAKUHODO Inc.	Taipei, Taiwan
HAKUHODO magnet Inc.	Tokyo, Japan	Growwww Media Co., Ltd.	Taipei, Taiwan
spicebox, inc.	Tokyo, Japan	Hakuhodo Zeta Inc.	Taipei, Taiwan
HAPPY HOURS HAKUHODO INC.	Tokyo, Japan	Hakuhodo Rus LLC	Moscow, Russia
HAKUHODO PLANNING HOUSE Inc.	Tokyo, Japan	Hakuhodo Malaysia Sdn. Bhd.	Shah Alam, Malaysia
D. BRAIN Co., Ltd.	Tokyo, Japan	Hakuhodo Investment Singapore Pte. Ltd.	Singapore
CRAFTAR INC.	Tokyo, Japan	Hakuhodo Integrated Communication Group	Singapore
Ozma Inc.	Tokyo, Japan	Hakuhodo (Singapore) Pte. Ltd.	Singapore
HAKUHODO MEDICAL Inc.	Tokyo, Japan	Hakuhodo & Saigon Advertising Co., Ltd.	Ho Chi Minh City, Vietnam
Backs Group Inc.	Tokyo, Japan	Square Communications Joint Stock Company	Ho Chi Minh City, Vietnam
SIX INC.	Tokyo, Japan	Hakuhodo Digital Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam
Spontena LLC	Tokyo, Japan	Hakuhodo.Sync Private Limited	New Delhi, India
Cosmo Communications Inc.	Tokyo, Japan	Hakuhodo.Lync Private Limited	New Delhi, India

Hakuhodo Group			
Company name	Location	Company name	Location
Consolidated subsidiaries (overseas)		Equity-method affiliates (domestic)	
Hakuhodo Wyng Private Limited	New Delhi, India	ADSTAFF-HAKUHODO, INC.	Okinawa, Japan
AdGlobal 360 India Pvt. Ltd.	New Delhi, India	iichi K.K.	Tokyo, Japan
Ashton Consulting Ltd.	Surrey, U.K.	H.M. Marketing Research, Inc.	Tokyo, Japan
Media Intelligence Co., Ltd.	Bangkok, Thailand	INCUDATA Corp.	Tokyo, Japan
HILL ASIA Co., Ltd	Bangkok, Thailand	Equity-method affiliates (overseas)	
Future Marketing Communication Group Co., Ltd.	Bangkok, Thailand	TBWA\G1 S.A.S	Paris, France
Spa-Hakuhodo Advertising Co.,Ltd.	Bangkok, Thailand	People’n Rich-H Sdn. Bhd.	Kuala Lumpur, Malaysia
Spicy Hakuhodo Co., Ltd.	Bangkok, Thailand	Beijing Delphys Hakuhodo Advertising Co., Ltd.	Beijing, China
Delphys Hakuhodo (Thailand) Co., Ltd.	Bangkok, Thailand	Guangdong GIMC Delphys Hakuhodo Advertising Co., Ltd.	Guangzhou, China
Hakuhodo O2 Co., Ltd.	Bangkok, Thailand	Ailove Digital LLC	Moscow, Russia
Winter Egency Co., Ltd.	Bangkok, Thailand		
Hakuhodo International Thailand Co., Ltd.	Bangkok, Thailand		

Daiko Group			
Company name	Location	Company name	Location
Consolidated subsidiaries (domestic)			
Daiko Advertising Inc.	Osaka, Japan	The Chosen One.inc	Tokyo, Japan
DAIKO WEDO creative & development inc.	Osaka, Japan	Daiko Mediax Inc.	Osaka, Japan
Daiko Kyushu Advertising Inc.	Fukuoka, Japan	Consolidated subsidiaries (overseas)	
Ad Daiko Nagoya Inc.	Nagoya, Japan	Daiko (China) Advertising Co., Ltd.	Shanghai, China
Daiko Hokuriku Advertising Inc.	Toyama, Japan	Caravana Inc.	Shanghai, China
Daiko West Inc.	Hiroshima, Japan	DAIKO COMMUNICATIONS TAIWAN CO., LTD.	Taipei, Taiwan
D-Create Inc.	Tokyo, Japan	Daiko Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam
IBSystem Co., Ltd.	Nagano, Japan	DAIKO MEKONG COMMUNICATIONS CO., LTD.	Ho Chi Minh City, Vietnam
Kokyaku Jikan INC.	Osaka, Japan	DAIKO FROM HERE ON COMMUNICATIONS PVT. LTD.	New Delhi, India
Sawada Design Office Inc.	Osaka, Japan	AD PLANET DAIKO PTE. LTD.	Singapore
Engaging Firm INC.	Tokyo, Japan	PT.AD PLANET DAIKO INDONESIA	Jakarta, Indonesia
The Japan LGBT Research Institute, Inc.	Tokyo, Japan		



Group Companies

YOMIKO Group	
Company name	Location
Consolidated subsidiaries (domestic)	
YOMIKO ADVERTISING INC.	Tokyo, Japan
YOMIKO CROSS COM INC.	Tokyo, Japan
SHOPPER INSIGHT INC.	Tokyo, Japan
YOMIKO CASTING & ENTERTAINMENT INC.	Tokyo, Japan
Environmental Planning Laboratory Inc.	Tokyo, Japan
Business Design Node Inc.	Tokyo, Japan
YOMIKO Digital Shift Co., Ltd.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
YOMIKO (Shanghai) Advertising Co., Ltd.	Shanghai, China
TAIWAN YOMIKO INC.	Taipei, Taiwan
FLP YOMIKO Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia
Equity-method affiliate (domestic)	
SANNOWA Co., Ltd.	Aomori, Japan
Equity-method affiliate (overseas)	
FLP YOMIKO Singapore Pte. Ltd.	Singapore
IREP Group	
Company name	Location
Consolidated subsidiaries (domestic)	
IREP Co., Ltd.	Tokyo, Japan
Localio Co., Ltd	Tokyo, Japan
SYNX Inc.	Tokyo, Japan
NEWSY Co., Ltd.	Tokyo, Japan
CARRAC Co., Ltd.	Tokyo, Japan
Turbine Interactive Co., Ltd.	Tokyo, Japan
sharecoto co., ltd.	Tokyo, Japan
negocia Co., Ltd.	Tokyo, Japan

IREP Group	
Company name	Location
Consolidated subsidiaries (overseas)	
PT. DIGITAL MARKETING INDONESIA	Jakarta, Indonesia
DIGITAL MARKETING VIET NAM CORPORATION	Ho Chi Minh City, Vietnam
IREP BEIJING Co., Ltd.	Beijing, China
Irep Inc.	California, U.S.A.
Hakuhodo DY Media Partners Group	
Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo DY Media Partners Inc.	Tokyo, Japan
HAKUHODO DY Sports Marketing Inc.	Tokyo, Japan
Hakuhodo DY music & pictures Inc.	Tokyo, Japan
Hakuhodo DY Outdoor Inc.	Tokyo, Japan
ONESTORY Inc.	Tokyo, Japan
Data Stadium Inc.	Tokyo, Japan
STORIES LLC	Tokyo, Japan
ALL BLUE, Inc.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
STORIES INTERNATIONAL, INC.	California, U.S.A.
Equity-method affiliates (domestic)	
SUPER NETWORK, INC.	Tokyo, Japan
Advertisement EDI Center, Inc.	Tokyo, Japan
Asahi Advertising Inc.	Tokyo, Japan
Stepdays Co., Ltd.	Tokyo, Japan
mediba Inc.	Tokyo, Japan

D.A.Consortium Inc. Group	
Company name	Location
Consolidated subsidiaries (domestic)	
D.A.Consortium Inc.	Tokyo, Japan
UNITED, Inc.	Tokyo, Japan
HAKUHODO I-STUDIO Inc.	Tokyo, Japan
Platform One Inc.	Tokyo, Japan
ADPRO inc.	Tokyo, Japan
Torchlight Inc.	Tokyo, Japan
D.Table Inc.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
D.A.Consortium Beijing Co., Ltd.	Beijing, China
D.A.CONSORTIUM TAIWAN INC.	Taipei, Taiwan
DAC ASIA PTE. LTD.	Singapore
DAC Tech Vietnam JOINT STOCK COMPANY	Danang, Vietnam
DAC DATA SCIENCE VIETNAM COMPANY LIMITED	Danang, Hanoi
eMFORCE Inc.	Seoul, South Korea
Equity-method affiliate (overseas)	
Innity Corporation Berhad	Malaysia, Singapore, Thailand, etc.
kyu	
Company name	Location
Consolidated subsidiaries (overseas)	
kyu Investment Inc.	New York, U.S.A
ATÖLYE	Istanbul, Turkey
BEworks Inc.	Ontario, Canada
Godfrey Dadich Partners LLC	San Francisco, U.S.A
IDEO LP	Delaware, U.S.A.
Kepler Group LLC	Delaware, U.S.A.
Red Peak Group LLC	Taipei, Taiwan
Sid Lee Inc.	Quebec, Canada
SYPartners LLC	California, U.S.A.

kyu	
Company name	Location
Equity-method affiliates (overseas)	
C2 International Inc.	Quebec, Canada
Public Digital Ltd.	London, U.K.
Hakuhodo DY Matrix	
Company name	Location
Consolidated subsidiary (domestic)	
Hakuhodo DY Matrix Inc.	Tokyo, Japan
Others	
Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo DY total support Inc.	Tokyo, Japan
Hakuhodo DY Capco Inc.	Tokyo, Japan
Hakuhodo DY I.O Inc.	Tokyo, Japan
AD plus VENTURE Co., Ltd.	Tokyo, Japan
Data EX Platform Co., Ltd.	Tokyo, Japan
STARIDER Ltd.	Tokyo, Japan
Equity-method affiliates (domestic)	
M-CUBE, INC.	Tokyo, Japan
Switch Media Lab, Inc.	Tokyo, Japan