

ADWAYS

2024

FY2023 - FY2027



MEDIUM-TERM MANAGEMENT PLAN REVISION

Medium-Term Management Plan Revision

01. Post-Revision Objectives

02. Context for Revision

03. Ad Business Strategy

POST-REVISION OBJECTIVES

Post-Revision Objectives

	Post-Revision Objective	Initial Objective (set in 2023)
Period	FY2023 – FY2027	FY2023 – FY2025
KPI	Operating profit of JPY 2 billion	Operating profit of JPY 3 billion

CONTEXT OF REVISION

Context of Revision – Ad Market

In 2023, our agency business and UNICORN fell short of their respective plans due to delays in responding to market changes and inadequacies in ad delivery logic. The advertising market is susceptible to the external environment, so adapting to market trends is critical.

Market Trends Change in Society/Market



- Online advertising market continues to move away from what it should be
- Physical consumption is returning post-pandemic

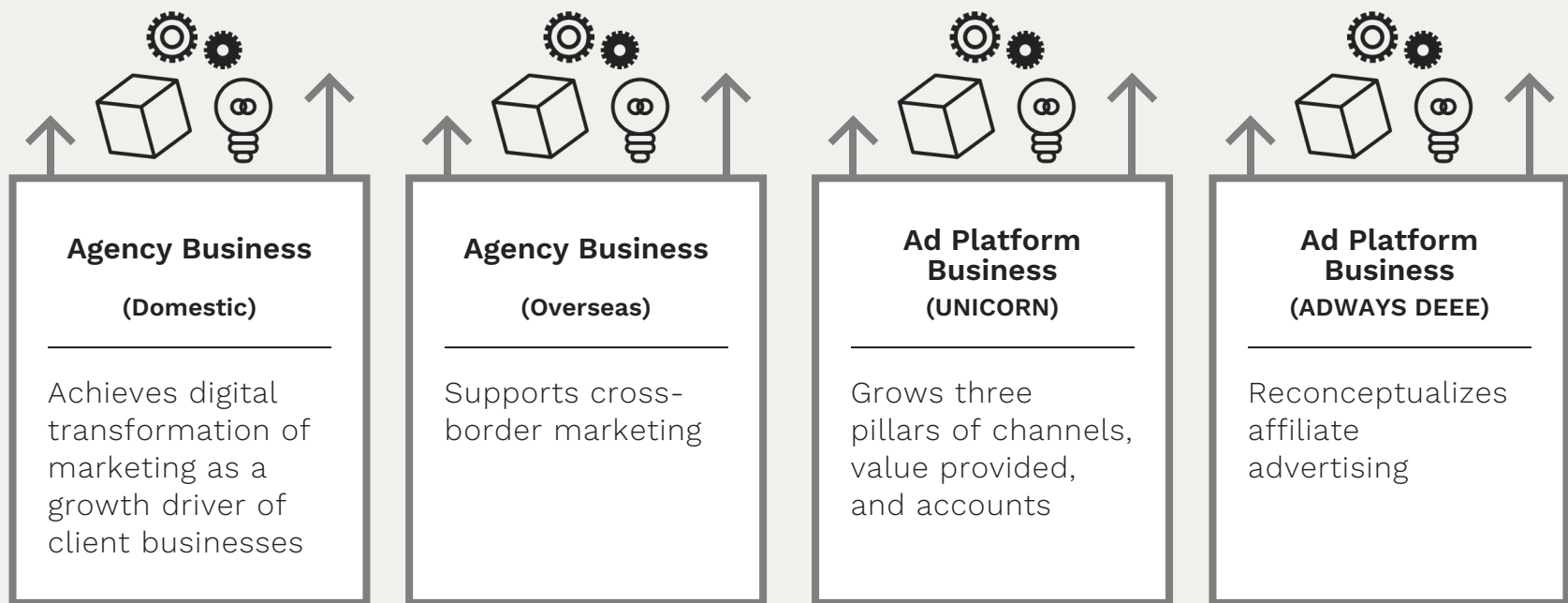
Consumers Change in Needs/Media



- OTT/video ad market is growing rapidly
- E-commerce rate/digital transformation is accelerating
- User consumption behavior is diversifying

Context of Revision – Business

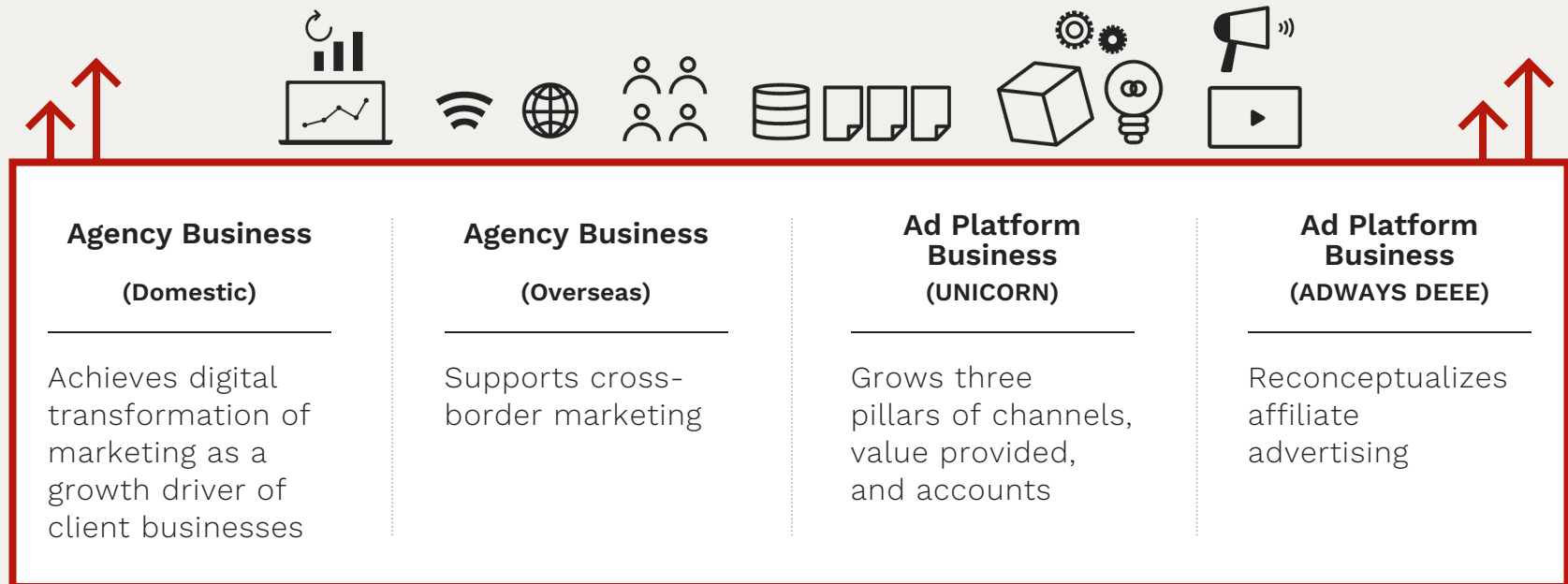
To date, we have prioritized the independence of each of our businesses and promoted market share acquisition and value creation while ensuring operational mobility.



Capital and business alliance with Hakuodo DY Group

Context of Revision – Business

The market, however, is making it difficult for each business to compete on its own, so we will enhance business performance by combining the Adways group's capabilities.

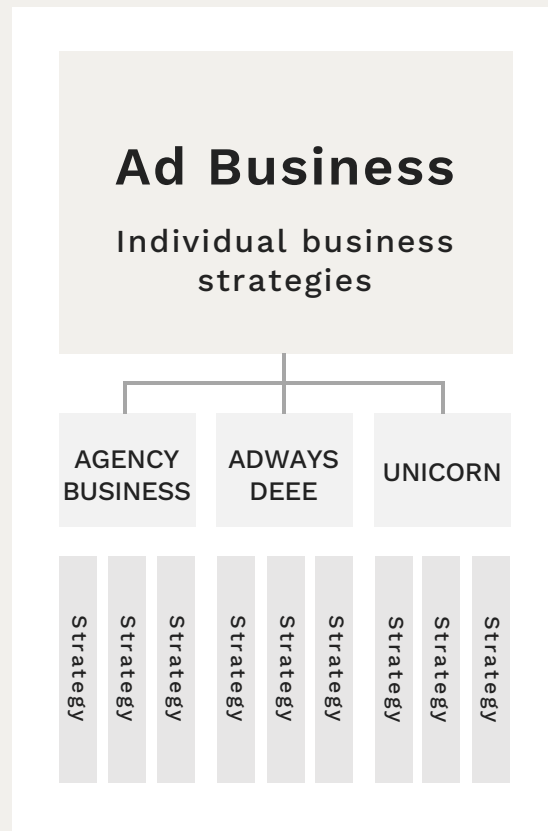


Capital and business alliance with Hakuholdo DY Group

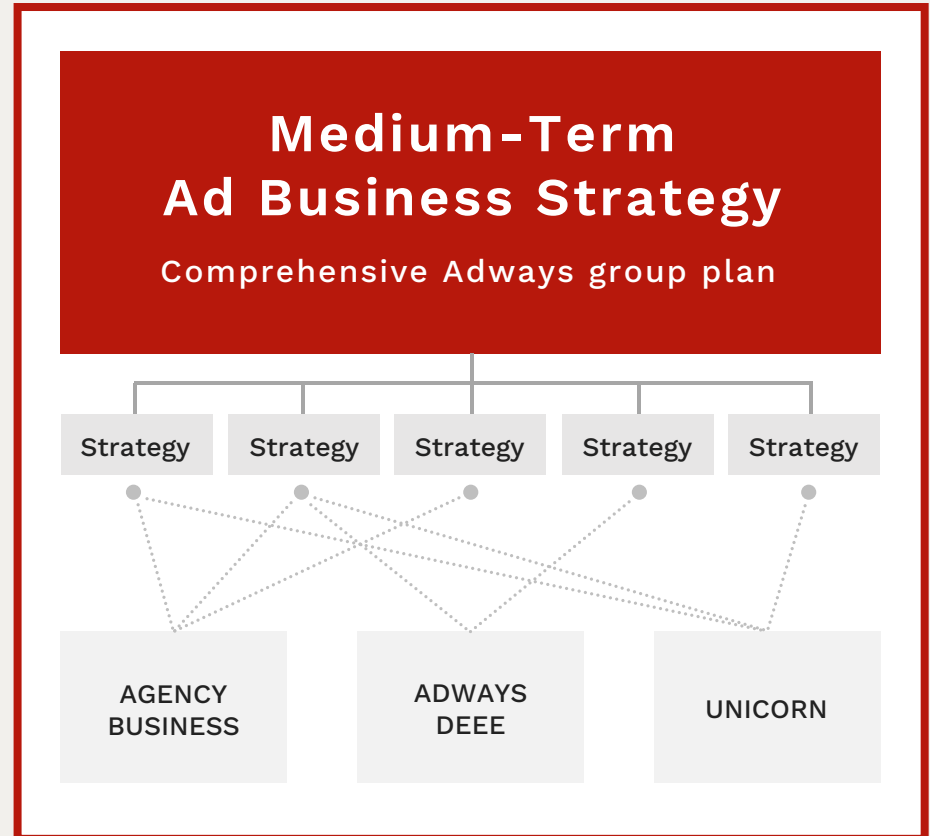
MEDIUM-TERM AD BUSINESS STRATEGY

Medium-Term Ad Business Strategy to Enhance Adways Group Capabilities

Until now



Future



Medium-Term Ad Business Strategy to Enhance Adways Group Capabilities

Core Strategy 01:

**Mobilize entire
ad business**



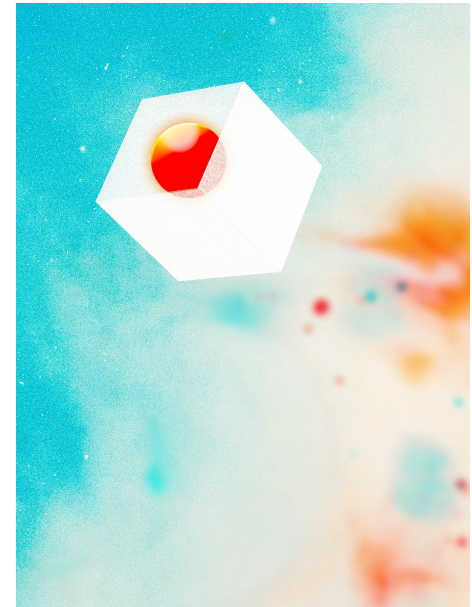
Core Strategy 02:

**Liberate human
potential**



Core Strategy 03:

**Realize ideal
future**

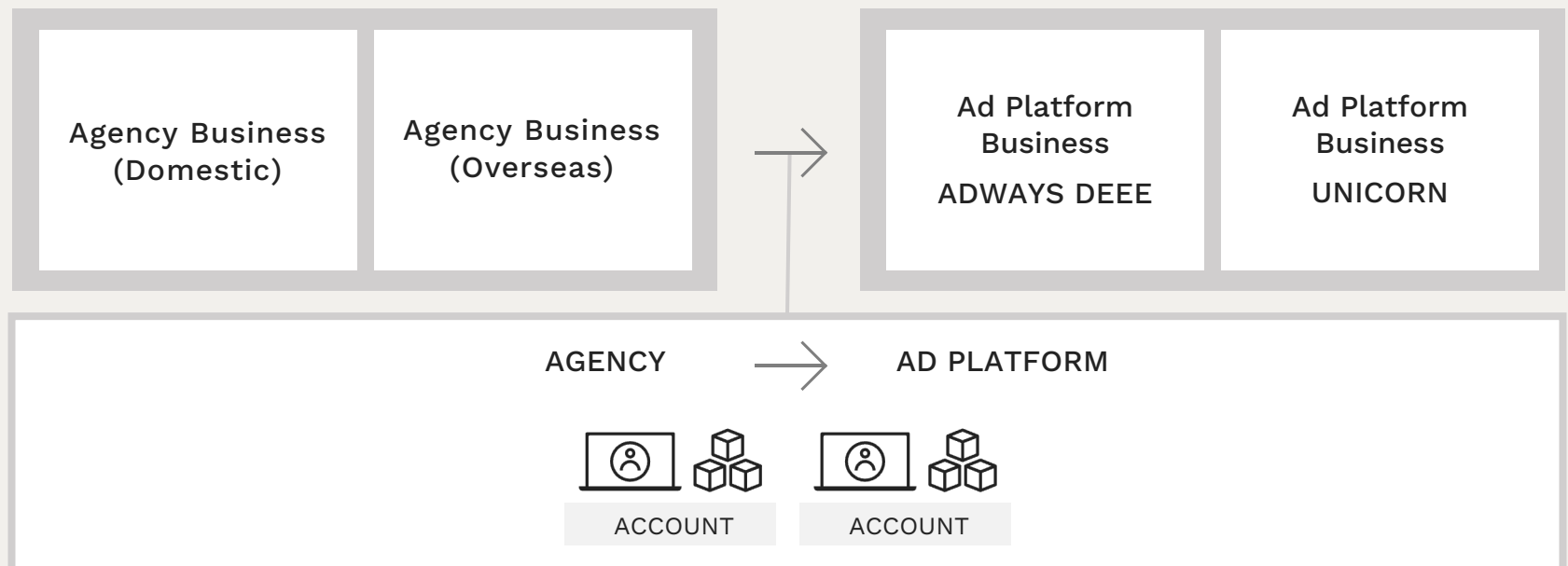


Core Strategy **01:**

MOBILIZE ENTIRE AD BUSINESS

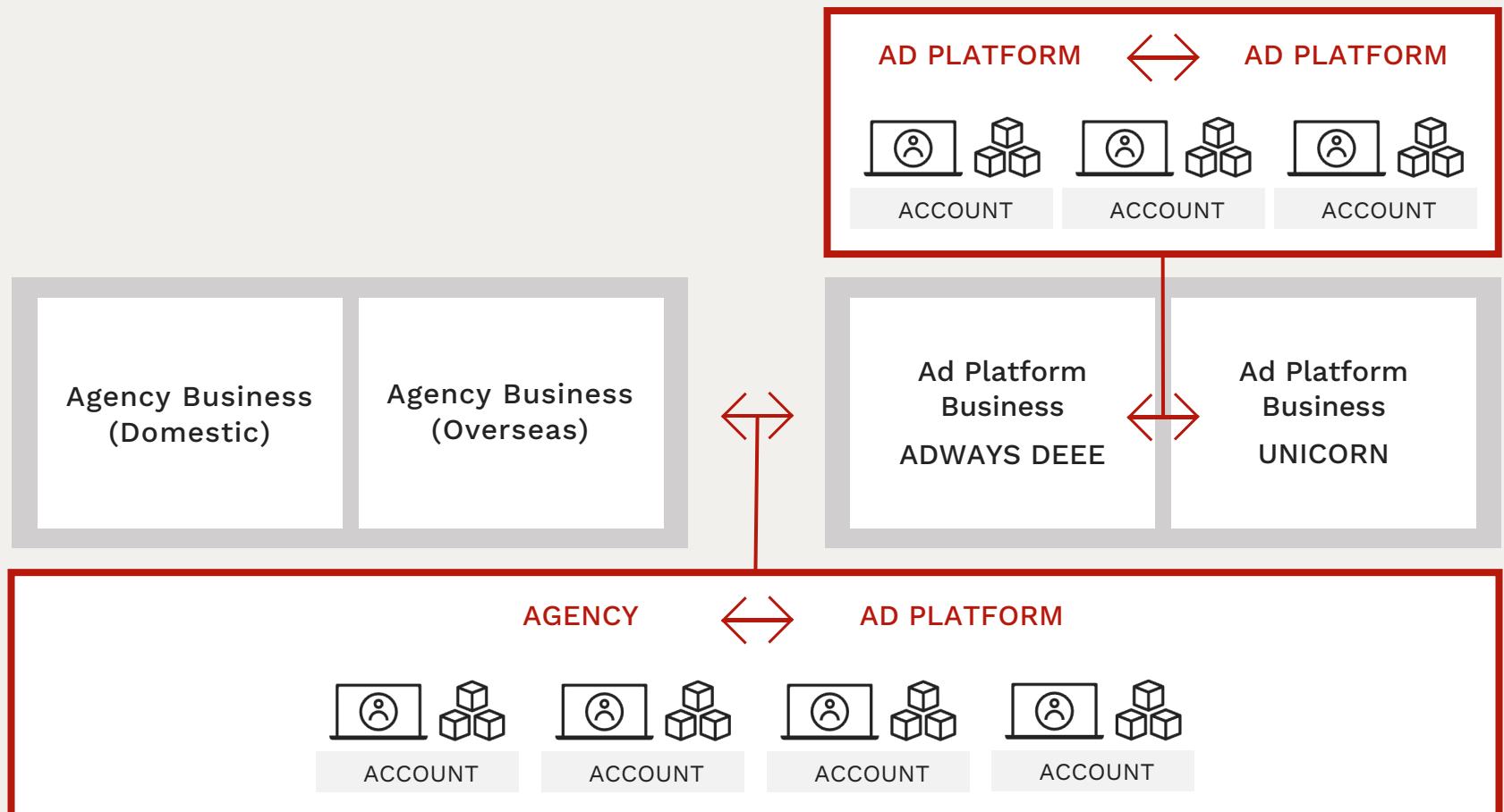
Core Strategy01: Mobilize entire ad business

Until now, strategic collaboration among the group divisions has been weak, as each business has prioritized independence and mobility.



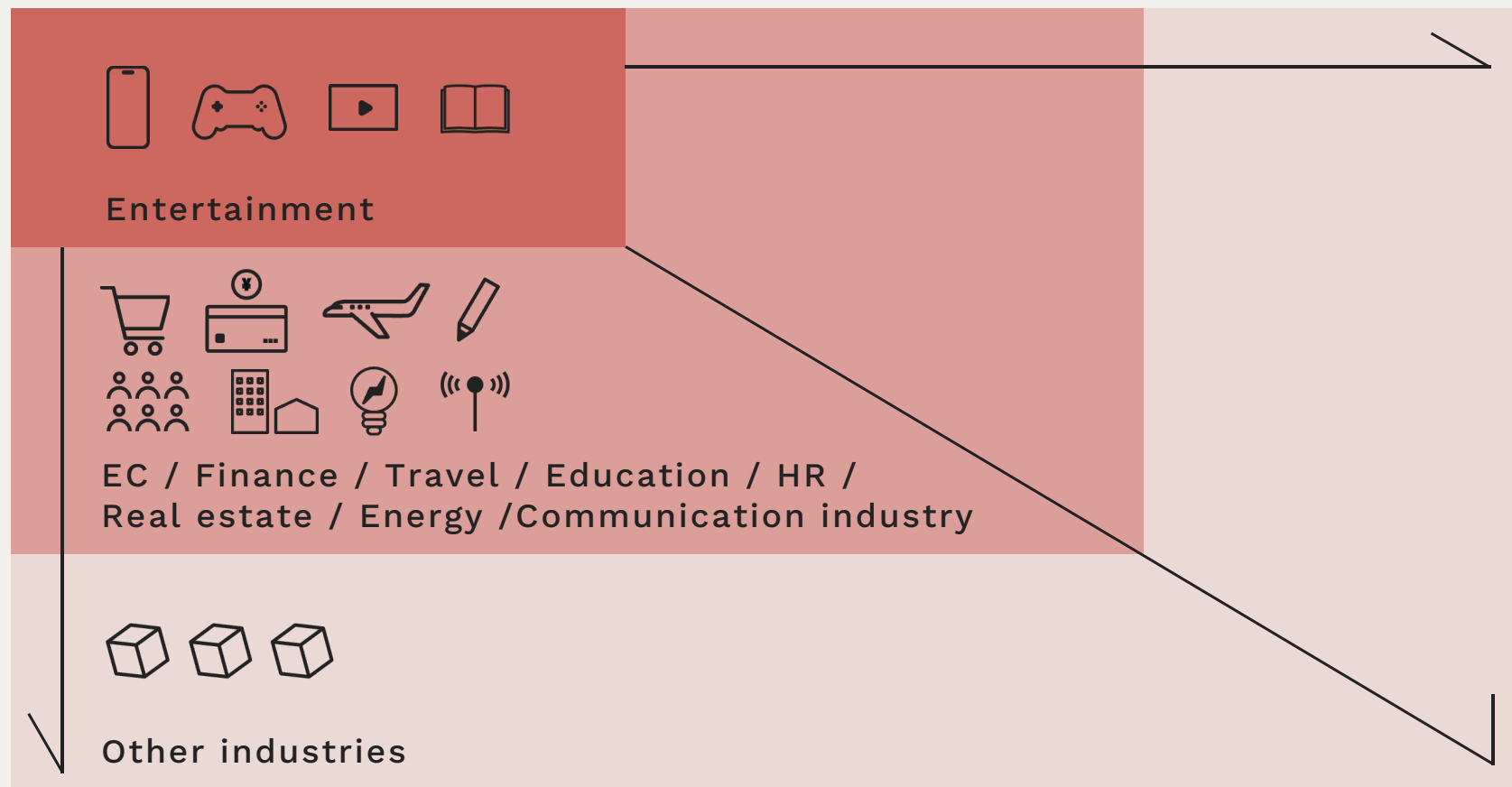
Core Strategy01: Mobilize entire ad business

By integrating our business formation, we will be able to make essential and optimal proposals to our clients by combining the capabilities of each business.



Core Strategy01: Mobilize entire ad business

Select industries to step up based on market growth rate and scale and strengthen the development of new industries. Provide optimal, industry-specific planning and product solutions through an integrated business formation.



Core Strategy **02:**

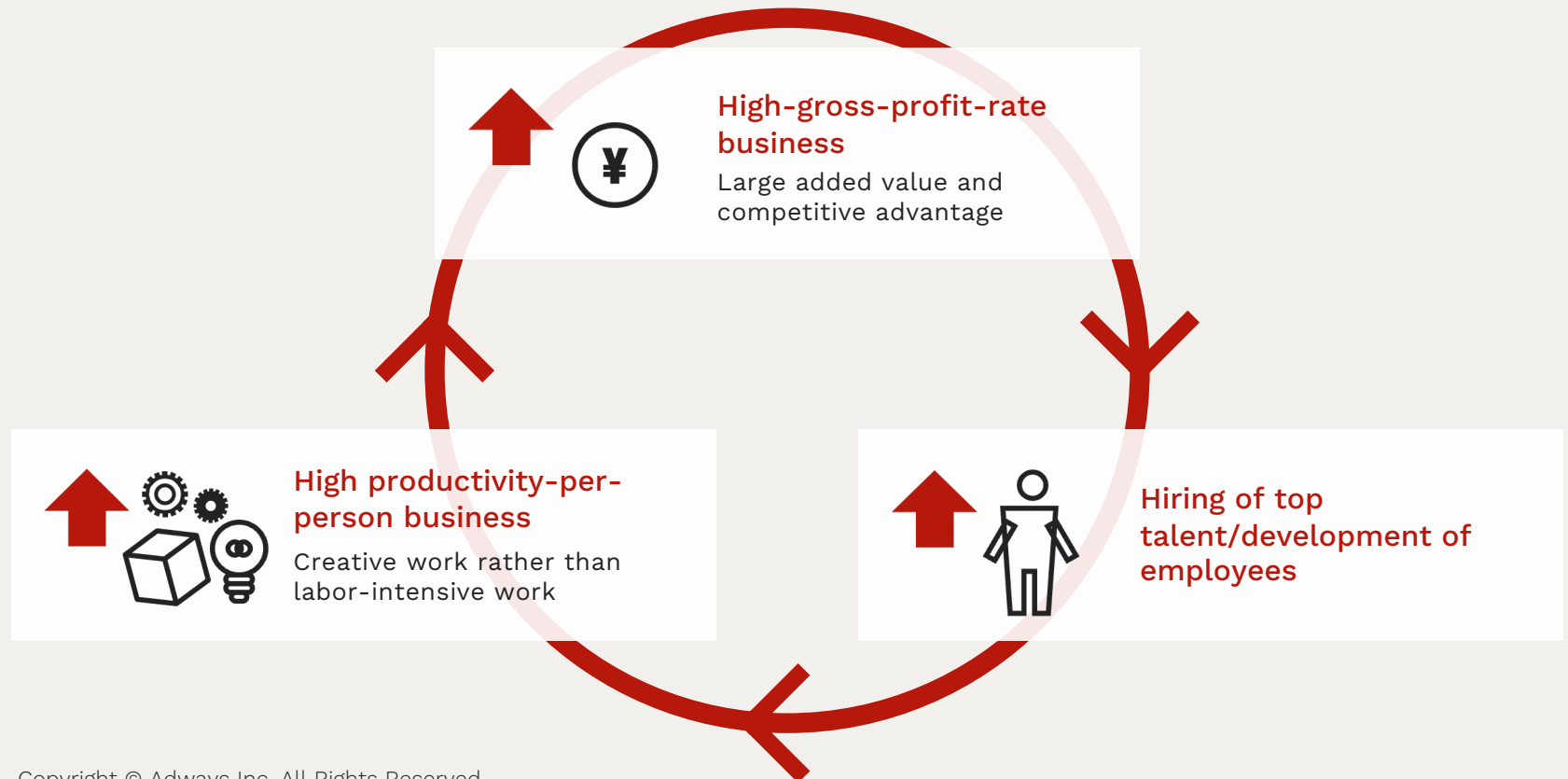
LIBERATE HUMAN POTENTIAL



Core Strategy02: Liberate human potential

Increase productivity per person and reconfigure each business into one that is profitable and has unique value.

Gross profit productivity : Gross profit per employee per year
(Business' gross profit margin x productivity per worker)



Core Strategy02: Liberate human potential

Identify points to improve gross profit productivity and promote initiatives

Increase gross profit rate of each business



Low gross profit rate

= Price war is occurring



High gross profit rate

= Highly unique,
hard-to-replace value

Increase value produced by each person



Divide labor according to
functions necessary for
business



Full use of
systematized/generative AI
for simple required tasks

Core Strategy02: Liberate human potential

- UNICORN Case Study

Although last in the red ocean market, we created a unique and valuable business by changing the way the market itself is perceived.



Core Strategy02: Liberate human potential

- UNICORN Case Study

Maximize the value of human labor and improve gross profit productivity.

UNICORN



Gross profit productivity
2023

Gross profit rate :

34.0 %

Gross profit :

26.20 mn JPY
(per person)

Ad Business (Including UNICORN)



Gross profit productivity
2023

Gross profit rate :

18.2 %

Gross profit :

13.44 mn JPY
(per person)

Core Strategy **03:**

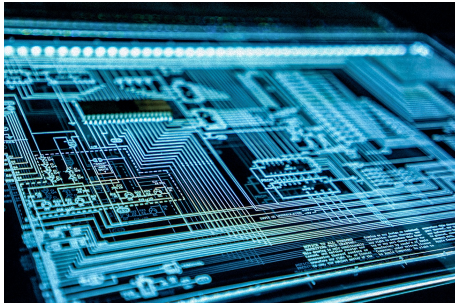
REALIZE IDEAL FUTURE



Core Strategy03: Realize ideal future

The coming future based on current trends.

Tech innovation



- Thin clients
- Battery innovation
- Development and spread of voice recognition
- Blockchain technology
- Spread of Web3 and metaverse

Ad market



- Change in/diversification of search-linked advertising
- Expansion of digital distribution
- Increased transparency
- Changes in targeting, measurement, and evaluation
- Use of AR and MR

Consumer lifestyle

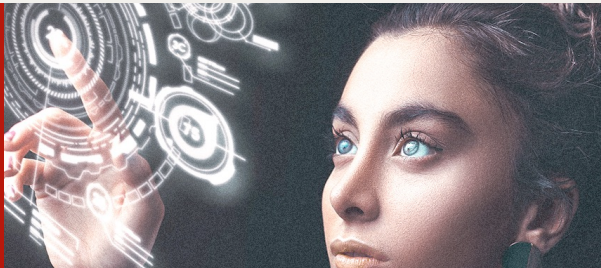


- Increasing e-commerce rate
- Popularization of video viewing
- Expansion of OTT and CTV services
- Increased interactivity in entertainment
- Social implementation of autonomous driving, mobility

Core Strategy03: Realize ideal future

In order to realize an ideal future, we will aggressively invest in the following themes.

01



Promote digital programmatic media

02



Provide diverse solutions for industries with numerous online products

03



Pursue the ideal way to handle personal data

04



Establish optimal solutions to diversify ad evaluation, measurement, and analysis

MEDIUM-TERM AD BUSINESS STRATEGY

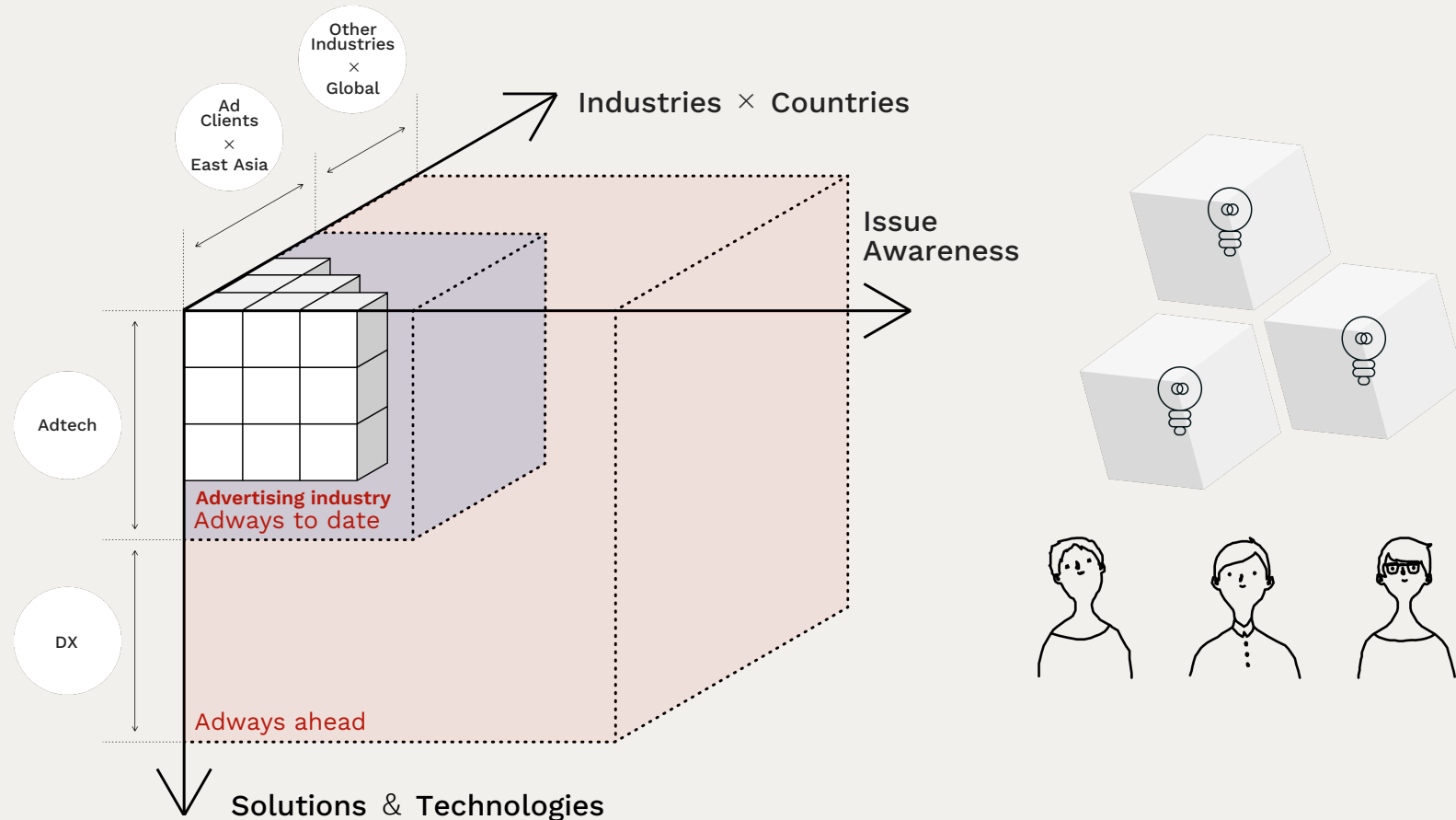
– PROJECT / **SUNRISE** –



Adways' Future

To solve problems around the world with technology and solutions.

Adways is committed to providing essential value to all Adways stakeholders by expanding our efforts to identify and resolve social issues that transcend industry boundaries in order to realize the ideal state of internet advertising.



PURPOSE OF ADWAYS

**Make the world say
“OMG. This is Amazing”
and empower every
person to expand their
potential, the heart of our
“No People, No Gain”
philosophy.**