

August 6, 2021

Company Name: Hakuhodo DY Holdings Inc.
Representative: Masayuki Mizushima, President
(Code number: 2433; TSE First Section)
Inquiries: Atsushi Yoshino
Executive Manager, Investor Relations Division
(Tel: +81-3-6441-9033)

Consolidated Financial Highlights for Q1 FY2021

Hakuhodo DY Holdings Inc. has announced its first-quarter earnings report for fiscal 2021, the year ending March 31, 2022, after approval at the Board of Directors' meeting held today. The main details of this report are as follows.

Effective from the 1Q of FY2021, the company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Year-on-year comparisons are based on figures after retrospective application. "Revenue" in the following is the figure after the application of the revenue recognition standard. In addition, "Billings" is based on the previous accounting standard and is voluntarily disclosed, although it is not in accordance with the ASBJ No.29 standard, since it is useful to users of financial statements.

1. Income Statements (Q1 FY2021: April 1, 2021 to June 30, 2021)

(Millions of JPY)

	FY2020 (3M Result)	FY2021 (3M Result)	YoY Comparison	
			Change	(%)
Billings	261,023	326,964	65,940	25.3%
Revenue	140,978	172,378	31,399	22.3%
Gross profit	64,650	78,240	13,589	21.0%
(Gross margin)	(24.8%)	(23.9%)	(-0.8%)	
SG&A expenses	64,251	66,152	1,900	3.0%
Operating income	398	12,087	11,688	—
(Operating margin)*	(0.6%)	(15.4%)	(+14.8%)	
Non-operating income	1,495	1,605	109	7.3%
Non-operating expenses	351	441	89	25.4%
Ordinary income	1,542	13,251	11,709	759.1%
Extraordinary income	116	280	163	141.0%
Extraordinary loss	199	108	-91	-45.9%
Net income before income taxes and minority interests	1,459	13,423	11,964	820.0%
Net income attributable to owners of parent	-3,070	6,238	9,308	—

* Operating margin = Operating income / Gross profit

During the first quarter of the current fiscal year (April 1, 2021 to June 30, 2021), the Japanese economy continued its recovery trend. This is due to the fact that exports have been strong along with the recovery of overseas economies, and business momentum and capital investment have been picking up, mainly in the manufacturing sector. On the other hand, there were some indications of a lack of strength, as restrictions on activities due to the re-issuance of the emergency declaration weighed on the recovery of consumer

spending. As for the domestic advertising market (Notes 1), it started off with strong double-digit or higher year-on-year growth for two consecutive months in April and May, partly due to a reactionary increase from the previous year when it was greatly affected by COVID-19.

Under such environment, the group has continued to aggressively develop its business and has also taken into consideration the pandemic response. As a result, billings increased significantly year on year to ¥326,964 million (up 25.3% YoY) and revenue to ¥172,378 million (up 22.3% YoY).

In terms of billings by service category, all categories except magazines exceeded the results of the same period last year. In particular, Internet media posted high growth, while TV, marketing/promotion, and creative also showed a marked recovery.

In terms of billings by client industries, increased year-on-year in all industries except "Classified advertising/ Others". In particular, "Information/ Communications", "Automobiles/ Related products", and "Distribution/ Retailing" are significantly increased year-on-year. (Notes 2)

Gross profit increased by ¥13,589 million from the same period last year to ¥78,240 million (up 21.0% YoY). In terms of selling, general and administrative expenses, although there was an increase in expenses due to the investment in strategic expenses for medium-term growth and the expansion of the scope of consolidation, as a result of the commencement of cost structure reforms and cost control measures for expenses. As a result, operating income increased to ¥12,087 million (up 2,929.6% YoY) and ordinary income increased to ¥13,251 million (up 759.1% YoY), both significant increases.

After taking into account extraordinary income of ¥280 million and extraordinary loss of ¥108 million, income before income taxes and minority interests was ¥13,423 million (up 820.0% YoY), and net income attributable to owners of the parent company was ¥6,238 million (net loss of ¥3,070 million in the same period of the previous fiscal year), a significant recovery from the same period of the previous fiscal year.

- Notes 1. According to the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry, Japan).
2. Based on internal management categories and data compiled by the Company.

2. Balance Sheets (June 30, 2021)

(Millions of JPY)

	March 31, 2021		June 30, 2021		Comparison with March 31, 2021	
	Amount	Share	Amount	Share	Change	(%)
Current assets	626,731	66.6%	592,943	65.5%	-33,788	-5.4%
Fixed assets	314,372	33.4%	312,707	34.5%	-1,664	-0.5%
Total assets	941,103	100.0%	905,650	100.0%	-35,452	-3.8%
Current liabilities	416,338	44.2%	364,798	40.3%	-51,540	-12.4%
Non-current liabilities	162,625	17.3%	168,137	18.6%	5,511	3.4%
Total liabilities	578,964	61.5%	532,935	58.8%	-46,029	-8.0%
Total shareholders' equity	276,197	29.3%	276,057	30.5%	-139	-0.1%
Accumulated other comprehensive income	54,228	5.8%	62,929	6.9%	8,700	16.0%
Subscription rights to shares	247	0.0%	258	0.0%	11	4.8%
Noncontrolling interest	31,466	3.3%	33,469	3.7%	2,003	6.4%
Total net assets	362,139	38.5%	372,715	41.2%	10,576	2.9%
Total liabilities and net assets	941,103	100.0%	905,650	100.0%	-35,452	-3.8%

3. Consolidated Forecasts for Fiscal 2021 (April 1, 2021 to March 31, 2022)

At this time, we have not revised our consolidated earnings forecast.

Note. The above forecasts are based on certain conditions that we consider reasonable at the time of preparation.