

Hakuhodo DY holdings

Consolidated Financial Highlights FY2021 Third Quarter (April-Dec. 2021)

February 9, 2022

Consolidated Results Highlights of Q3 FY 2021

Recovery trend from COVID-19 continues, with significant increases in both billings and profits.

- Significant increase in both billings and profit due to recovery in advertising demand and contribution from Government/Organizations sector business.
- Top line recovered to the level of Q3 FY2019, and gross margin improved. Gross profit exceeded Q3 FY2019.
- Gross profit and operating income, excluding investment business, achieved record highs for the Q3.
- In Japan, Internet media continued to grow strongly, and marketing/promotion increased significantly due to BPO, Business Process Outsourcing, works for Government/Organization- related and Olympics-related business. TV and creative also recovered.
- In overseas, there was a recovery trend in Greater China and North America, and M&A also boosted billings.
- Billings, excluding the investment business, increased by 17.8% YoY.
- Gross profit increased by 22.3% YoY, outperforming the Q3 FY2019 by 7.5%*.
- SG&A expenses were limited to an 9.2% increase, and operating income increased by ¥28.2 billion. Operating income exceeded by 23.4% from Q3 FY2019(*)).

(*) These numbers are calculated based on excluding the investment business.

Q3 FY2021 Income Statement Highlights

Hakuhodo DY holdings

(Millions of JPY)	Actual	YOY	
Billings	1,039,320	+156,281	+17.7%
Revenue	582,602	+110,564	+23.4%
Operating Income	47,559	+28,698	+152.2%
Ordinary Income	50,401	+28,999	+135.5%
Net Income Attributable to Owners of Parent	23,103	+14,012	+154.1%

- Both billings and profit increased significantly following the 1H FY2021, driven by the recovery of market conditions.
- Billings increased by 17.7% YoY, and revenue increased by 23.4% YoY.
- Operating income increased by ¥28.6 billion YoY to ¥47.5 billion and net income attributable to owners of the parent increased by ¥14.0 billion YoY to ¥23.1 billion.
- Top line recovered to the same level of Q3 FY2019, and gross profit achieved a record high.

Q3 FY2021 Results (Excluding Investment Business)

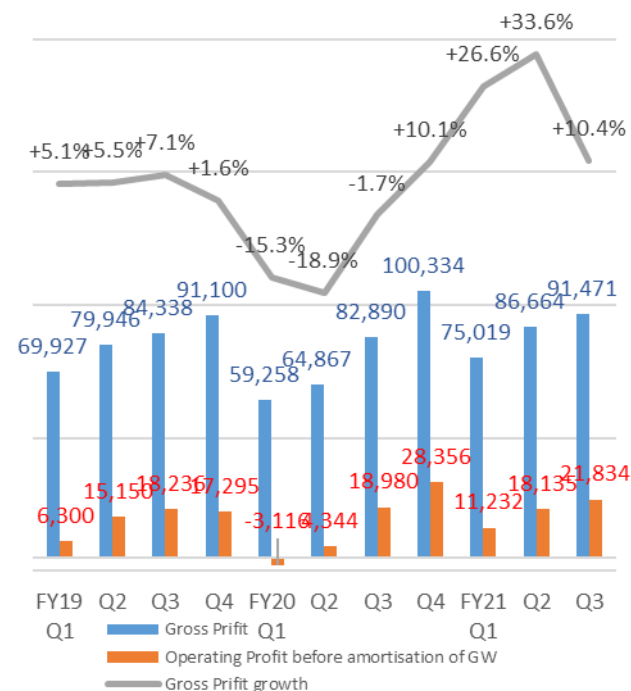
Hakuhodo DY holdings

Q3 (YTD) FY2021

(Millions of JPY)

	Actual	YOY		vs FY2019
Billings	1,032,855	+155,778	+17.8%	-2.9%
Revenue	576,137	+110,061	+23.6%	+0.6%
Gross Profit	253,154	+46,138	+22.3%	+7.5%
Gross Margin	24.5%	+0.9pt		+2.4pt
SGA	211,757	+17,900	+9.2%	+4.9%
Operating Income	41,397	+28,238	+214.6%	+23.4%
Operating Margin	16.4%	+10.0pt		+2.1pt
Amortization of Goodwill*	9,805	+2,754	+39.1%	+33.0%
Operating Income before Amortization of G/W	51,202	+30,993	+153.4%	+25.1%
Operating Margin before Amortization of G/W	20.2%	+10.5pt		+2.8pt

Gross profit & Operating Income before amortization of goodwill by quarter



- Billings increased by 17.8% YoY. (-2.9% compared to Q3 FY2019)
- Gross profit increased 22.3% YoY and +7.5% compared to Q3 FY2019, and a record high for the cumulative of Q3.
- SG&A expenses increased by only 9.2% YoY, and operating income increased by ¥28.2 billion. (+23.4% compared to Q3 FY2019)
- Operating income before amortization of goodwill was ¥51.2 billion, and operating income also reached a record high for cumulative of Q3.

* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

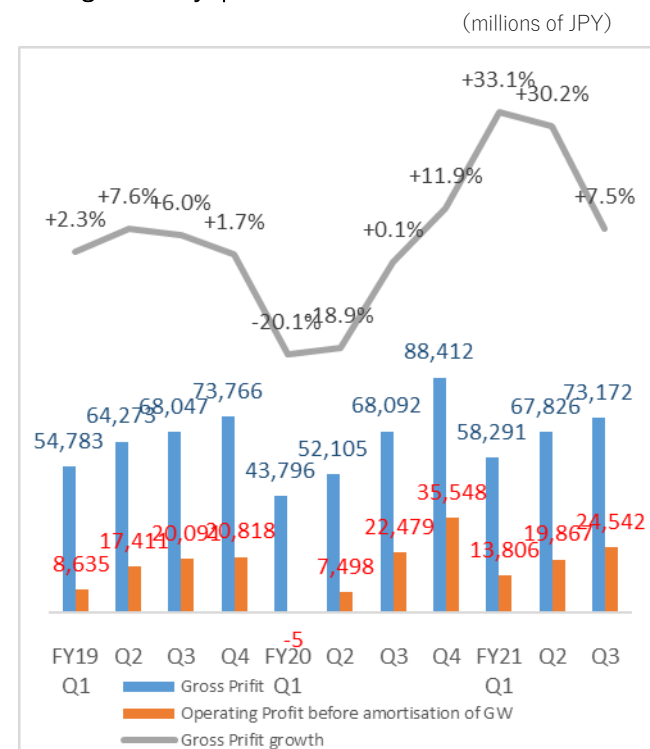
Results by Region (Japan: Excluding Investment Business)

Q3 (YTD) FY2021

(Millions of JPY)

	Actual		YOY	vs FY2019
Billings	911,735	+133,639	+17.2%	-4.3%
Revenue	455,017	+87,922	+24.0%	-1.5%
Gross Profit	199,290	+35,295	+21.5%	+6.5%
Gross Margin	21.9%	+0.8pt		+2.2pt
SGA	141,930	+7,088	+5.3%	-0.4%
Operating Income	57,360	+28,206	+96.8%	+28.7%
Operating Margin	28.8%	+11.0pt		+5.0pt
Amortization of Goodwill*	857	+37	+4.6%	-44.8%
Operating Income before Amortization of G/W	58,217	+28,244	+94.2%	+26.2%
Operating Margin before Amortization of G/W	29.2%	+10.9pt		+4.6%

Gross profit & Operating Income before amortization of goodwill by quarter



- Billings increased by 17.2% due to a recovery in advertising demand and contributions from Government/Organization sector business.
- Gross profit increased by 21.5% YoY (+6.5% compared to Q3 FY2019) and gross margin improved by 2.2pt YoY.
- SG&A expenses increased by only 5.3 YoY, and both operating income and operating income before amortization of goodwill increased by ¥28.2 billion.
- Compared to Q3 FY2019, operating income increased by 28.7% and operating income before goodwill amortization increased by 26.2%.

* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

Results by Region (Overseas)

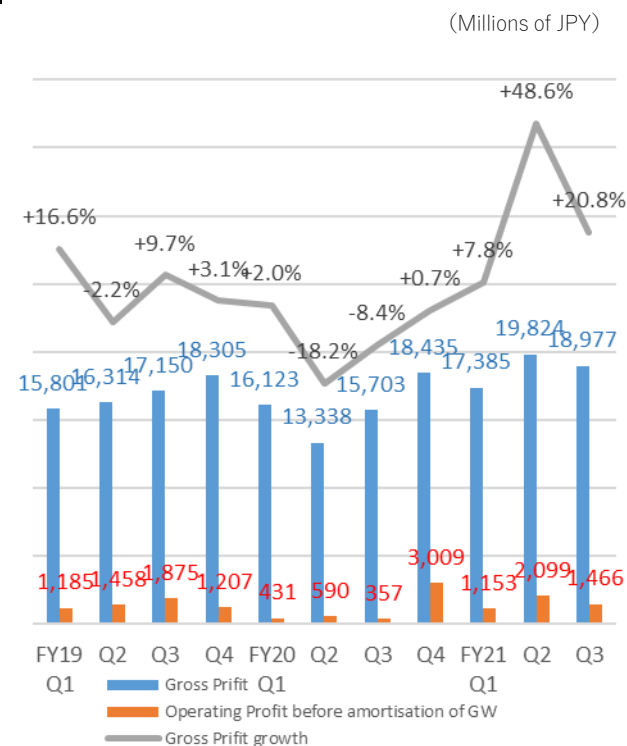
Hakuhodo DY holdings

Q3 (YTD) FY2021

(Millions of JPY)

	Actual	YOY		vs FY2019
Billings	125,734	+22,468	+21.8%	+8.5%
Revenue	125,734	+22,468	+21.8%	+8.5%
Gross Profit	56,187	+11,021	+24.4%	+14.0%
Gross Margin	44.7%	+1.0pt		+2.2pt
SGA	60,416	+10,399	+20.8%	+19.5%
Operating Income	-4,228	+622	n/a	n/a
Operating Margin	-7.5%	+3.2pt		-4.9pt
Amortization of Goodwill*	8,948	+2,717	+43.6%	+53.8%
Operating Income before Amortization of G/W	4,719	+3,340	+242.1%	+4.4%
Operating Margin before Amortization of G/W	8.4%	+5.3pt		-0.8pt

Gross profit & Operating Income before amortization of goodwill by quarter



- Gross profit increased by 24.4% YoY.
- In Europe, the U.S., and Greater China, organic growth associated with the resumption of economic activity, as well as the impact of M&A, led to a significant YoY increase. In addition, organic growth in ASEAN and other Asian countries also turned positive.
- Despite 20.8% YoY increase in SG&A expenses, operating income before amortization of goodwill increased by ¥ 3.3billion, recovering to more than the level of Q3 FY2019.

* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

Billings by Service Category

Hakuhodo DY holdings

Q3 (YTD) FY2021

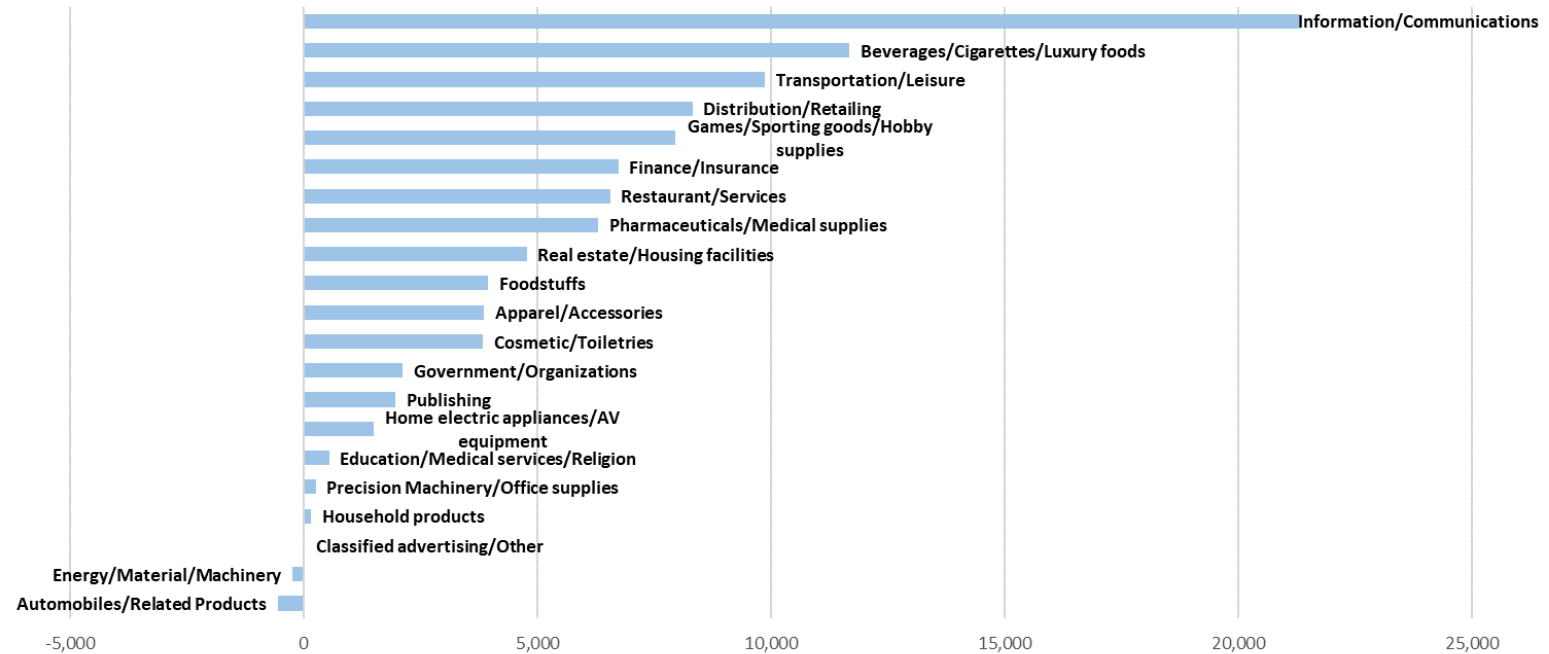
(Millions of JPY)	Actual	YOY		Composition Ratio	(ref.) vs Q3 FY19	
Newspapers	27,944	+1,846	+7.1%	3.1%	-4,336	-13.4%
Magazines	6,687	-1,131	-14.5%	0.7%	-6,788	-50.4%
Radio	8,754	-85	-1.0%	1.0%	-2,439	-21.8%
Television	290,127	+21,568	+8.0%	32.0%	-30,011	-9.4%
Trad-Media Service Subtotal	333,514	+22,198	+7.1%	36.8%	-43,575	-11.6%
Internet Media	216,970	+44,886	+26.1%	23.9%	+32,508	+17.6%
Outdoor Media	21,942	+2,353	+12.0%	2.4%	-9,489	-30.2%
Media Service Subtotal	572,426	+69,438	+13.8%	63.2%	-20,556	-3.5%
Creative	107,006	+15,283	+16.7%	11.8%	+2,875	+2.8%
Marketing/Promotion	201,676	+51,808	+34.6%	22.3%	+35	+0.0%
Others (Contents, etc.)	25,235	+1,673	+7.1%	2.8%	-15,251	-37.7%
Other than Media Service Subtotal	333,918	+68,764	+25.9%	36.8%	-12,340	-3.6%
Total	906,344	+138,203	+18.0%	100.0%	-32,896	-3.5%
Investment Business	6,464	+503				
Other than above	5,390					
Domestic Billings	918,200	+134,142	+17.1%		-40,229	-4.2%
Internet Advertising Domain Billings	262,000	+52,543	+25.1%		+41,031	+18.6%

• Figures for “Other than above” comprise mainly billings of certain domestic subsidiaries.

Q3 (YTD) FY2021

See p.19-23 for details.

Millions of JPY



- The scope of tabulation has been expanded and some of the methods of tabulation have been changed from the current fiscal year, and the results of the previous year have been retroactively restated.

- Main Positive Industries

Information/Communications	Q3 FY2021 Actual	¥ 103.6bil	YoY +¥21.3bil (+25.9%)
Beverages/Cigarettes/Luxury foods		¥ 91.4bil	+¥11.6bil (+14.6%)
Transportation/Leisure		¥ 35.6bil	+¥ 9.8bil (+38.2%)

- Main Negative Industries

Automobiles/Related products	Q3 FY2021 Actual	¥ 76.5bil	YoY -¥ 0.5bil (-0.7%)
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Selling, General & Administrative Expenses

Hakuhodo DY holdings

Q3 (YTD) FY2021

(Millions of JPY)	Actual	YOY	
Personnel	144,786	+11,784	+8.9%
Rent	13,836	+91	+0.7%
Depreciations	5,072	+523	+11.5%
Amortization of Goodwill	9,805	+2,754	+39.1%
Others	38,327	+2,748	+7.7%
Other Expenses	67,041	+6,118	+10.0%
SGA total	211,828	+17,903	+9.2%

Major Change Factors in SG&A (Millions of JPY)

Q3 FY20 SG&A	193,925
Change in scope of consolidation	+4,461
Amortization of goodwill	+2,754
Personnel (other than above)	+8,246
Other expenses (other than above)	+2,439
Q3 FY21 SG&A	211,828

- Overall SG&A expenses increased by 9.2% YoY.
- Personnel expenses increased by 8.9%, and other expenses increased by 10.0% YoY.
- Excluding the effect of changes in the scope of consolidation and amortization of goodwill, SG&A expenses increased by ¥10.6 billion YoY. (equivalent to 5.5% YoY)
- The number of employees was 25,236 as of Dec 31, 2021 (increased by 461 from Mar 31, 2021),

Other Income & Extra-ordinary Items

Hakuhodo DY holdings

Q3 (YTD) FY2021

Other Income/Loss	(Millions of JPY)	Actual	YOY
Non-operating Income		3,572	-120
Interest Income		223	+18
Dividend Income		1,801	-558
Investment Partnership Income		118	+118
Equity Method Earnings		118	+118
Share of profit of entities accounted		-	-205
Non-operating Expenses		729	-421
Interest Expenses		375	+6
FOREX		-	-361
Share of loss of entities accounted		31	+31
Extra-ordinary Items			
	(Millions of JPY)	Actual	YOY
Extraordinary Income		806	-6,278
Gain on sales of investment securities		663	
Extraordinary losses		5,180	+1,589
Office relocation expense		381	
Loss from disposal of fixed assets		4,231	

- Special retirement benefits include ¥3.9 billion in special lump-sum payments for early retirement programs offered by Hakuhodo, Hakuhodo DY Media Partners, and Yomiuri Advertising.

Guidance/Dividend for FY2021

While there are some uncertain factors such as the spread of infection by the Omicron strain and the international circumstances, we forecast that the current advertising market will continue to be strong.

In top line, we expect a significant increase over the previous year, with contributions from BPO work in the area of marketing execution and Olympic and Paralympic related work, which we have been strengthening our structure for the past, in addition to appropriate efforts to recover advertising demand.

In addition, the growth of SG&A expenses will remain moderate compared to gross profit, and the recently announced sale of investment securities

(*) On January 28, 2022, Recruit Holdings Co., Ltd. announced about "Share repurchase through self tender offer". The Company has applied for it and expects to receive a gain on the sale of investment securities, assuming that all of the Company's planned shares can be sold.

Performance forecast

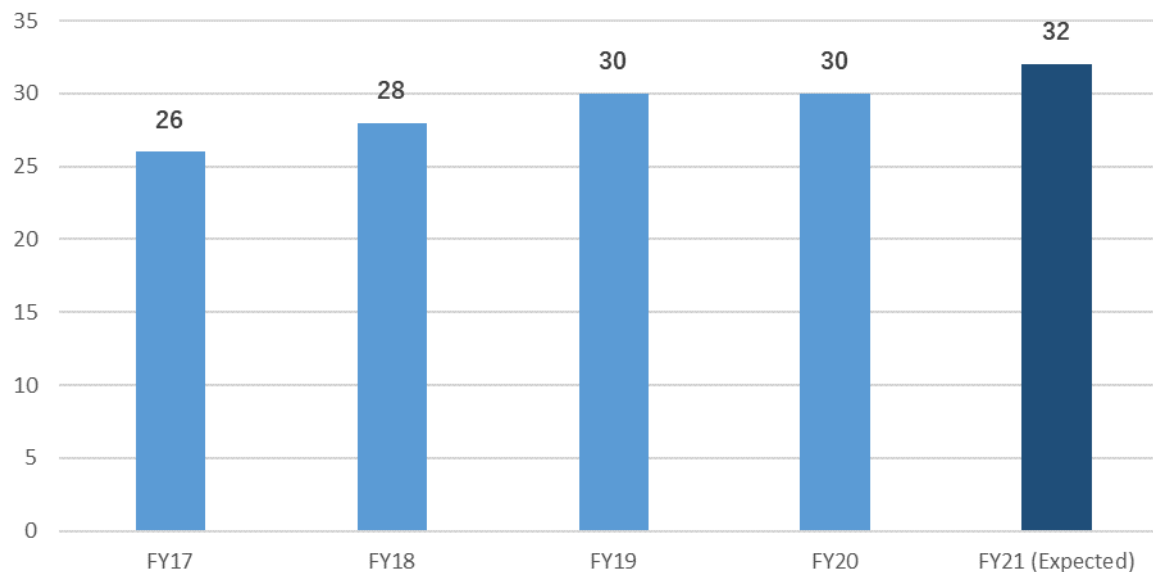
(Millions of JPY)	Forecast	YOY		Difference from Last Forecast
Billings	1,566,000	+268,052	+20.7%	+86,000
Operating Income	69,000	+23,966	+53.2%	+9,000
Ordinary Income	72,000	+22,405	+45.2%	+9,000
Net Income Attributable to Owners of Parent	54,000	+27,520	+103.9%	+19,000

Our basic policy is to pay dividends in a stable and continuous manner. The amount of dividends will be determined after comprehensively taking into consideration the status of demand for financial funds, trends in business performance, and the enhancement of retained earnings.

Under our policy, we have decided to pay an interim dividend of ¥15 per share for the current fiscal year.

The year-end dividend forecast has been increased by ¥2 to ¥17 per share in accordance with the upward revision of the full-year earnings forecast, and together with the interim dividend already paid, the total annual dividend will be ¥32 per share.

Dividend forecast



(Cautionary Statements Concerning Forward-looking Statements)

This presentation includes forward-looking statements concerning forecasts of operating results, business plans and policies, management strategies, goals, plans, numbers involving the future, views and evaluations of facts, and other items associated with Hakuhodo DY Holdings and its group companies. These and other statements that are not historical facts represent forecasts, expectations, assumptions, plans, views, evaluations and other positions of management based on information available when this presentation was prepared.

To prepare figures used for forecasts and predictions, confirmed facts from past activities have been combined with certain assumptions that are essential to formulating forecasts and predictions. Due to the nature of these facts and assumptions, there is no guarantee of their accuracy from an objective viewpoint or any guarantee that future events will occur as presented in these forward-looking statements.

The following is a list of some, but not all, risks and uncertainties that may prevent these facts and assumptions from being accurate from an objective viewpoint or from becoming a reality in the future.

- (1) Risks associated with the advertising industry in general (changes in the advertising industry climate due to fluctuations in the economy, changes in business practices and other events)
- (2) Risks associated with revisions of laws and regulations
- (3) Risks associated with advertisers and media companies (the need to respond accurately to shifts in needs of customers and other entities the company does business with)
- (4) Risks associated with competition (competition with other advertising agencies, companies newly entering the industry and others)
- (5) Risks associated with the expansion of business domains resulting from structural changes in markets
- (6) Risks associated with conducting business on a global scale
- (7) Risks associated with lawsuits and similar actions
- (8) Risks associated with climate, pandemics, and conflicts, etc.

(Change in accounting standards)

Effective from the Q1 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.

(Notes Concerning Audit)

This presentation information was not audited by an independent auditors.

Supplements

Interim Income Statements

Hakuhodo DY holdings

Japanese GAAP-basis Interim Income Statements for Q3 FY2021

(Millions of JPY)	YTD (9-Month)			by Quarter (3-Month)					
	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	1,039,320	+156,281	+17.7%	326,964	+25.3%	334,409	+22.5%	377,946	+8.3%
Revenue	582,602	+110,564	+23.4%	172,378	+22.3%	198,524	+35.2%	211,699	+14.9%
Gross Profit	259,387	+46,601	+21.9%	78,240	+21.0%	88,389	+35.9%	92,757	+11.6%
Gross Margin	25.0%	+0.9pt	+0.0%	23.9%	-0.8pt	26.4%	+2.6pt	24.5%	+0.7pt
SG&A	211,828	+17,903	+9.2%	66,152	+3.0%	72,227	+13.5%	73,448	+11.2%
Operating Income	47,559	+28,698	+152.2%	12,087	+2929.6%	16,161	+1053.1%	19,309	+13.2%
Operating Margin	18.3%	+9.5pt	+0.0%	15.4%	+14.8pt	18.3%	+16.1pt	20.8%	+0.3pt
Non-operating Income	3,572	-120	-3.3%	1,605	+7.3%	750	-28.2%	1,217	+5.6%
Non-operating Expenses	729	-421	-36.6%	441	+25.4%	265	-4.0%	22	-95.6%
Ordinary Income	50,401	+28,999	+135.5%	13,251	+759.1%	16,646	+667.3%	20,503	+15.9%
Extraordinary Income	806	-6,278	-88.6%	280	+141.0%	87	+159.4%	438	-93.7%
Extraordinary Loss	5,180	+1,589	+44.3%	108	-45.9%	313	-31.3%	4,758	+62.1%
Net Income before Taxes	46,027	+21,131	+84.9%	13,423	+820.0%	16,420	+839.8%	16,183	-25.4%
Income Tax	20,013	+6,371	+46.7%	5,991	+120.7%	7,158	+232.4%	6,863	-21.8%
Non-controlling Interest	2,910	+748	+34.6%	1,193	-34.2%	943	n/a	773	+97.6%
Net Income Attributable to Owners of Parent	23,103	+14,012	+154.1%	6,238	n/a	8,318	n/a	8,546	-31.8%
Amortization of Goodwill	9,805	+2,754	+39.1%	2,328	+28.7%	3,680	+18.0%	3,796	+79.0%
Operating Income before Amortization of Goodwill	57,364	+31,453	+121.4%	14,416	+553.0%	19,842	+338.8%	23,106	+20.5%
Operating Margin before Amortization of Goodwill	22.1%	+9.9pt		18.4%	+15.0pt	22.4%	+15.5pt	24.9%	+1.8pt

* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

Results Excluding Investment Business

HakuhodoDY holdings

Q3 FY2021

	YTD (9-Month)			by Quarter (3-Month)					
Results Excluding Investment Business									
(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	1,032,855	155,778	+17.8%	323,680	+26.6%	332,528	+21.9%	376,646	+8.0%
Revenue	576,137	110,061	+23.6%	169,094	+24.8%	196,643	+34.1%	210,399	+14.4%
Gross Profit	253,154	46,138	+22.3%	75,019	+26.6%	86,664	+33.6%	91,471	+10.4%
Gross Margin	24.5%	+0.9pt		23.2%	-0.0pt	26.1%	+2.3pt	24.3%	+0.5pt
SG&A	211,757	17,900	+9.2%	66,114	+3.0%	72,209	+13.5%	73,433	+11.2%
Operating Income	41,397	28,238	+214.6%	8,904	n/a	14,454	+1080.7%	18,038	+7.0%
Operating Margin	16.4%	+10.0pt		11.9%	+20.2pt	16.7%	+14.8pt	19.7%	-0.6pt
Amortization of Goodwill	9,805	+2,754	+39.1%	2,328	+28.7%	3,680	+18.0%	3,796	+79.0%
Operating Income before Amortization of Goodwill	51,202	+30,993	+153.4%	11,232	n/a	18,135	+317.4%	21,834	+15.0%
Operating Margin before Amortization of Goodwill	20.2%	+10.5pt		15.0%	+20.2pt	20.9%	+14.2pt	23.9%	+1.0pt
Impact from Investment Business									
(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	6,464	+503		3,283	-2,166	1,880	+1,625	1,300	+1,043
Revenue	6,464	+503		3,283	-2,166	1,880	+1,625	1,300	+1,043
Gross Profit	6,233	+462		3,221	-2,170	1,725	+1,548	1,286	+1,085
SG&A	71	+3		37	-30	18	+18	14	+14
Operating Income	6,162	+459		3,183	-2,140	1,707	+1,529	1,271	+1,070

* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

Results by Region

Hakuhodo DY holdings

Q3 (YTD) FY2021

(Millions of JPY)	Actual	YOY	
Japan			
Billings	918,200	+134,142	+17.1%
Revenue	461,482	+88,425	+23.7%
Gross Profit	205,523	+35,758	+21.1%
SG&A	142,001	+7,091	+5.3%
Operating Income	63,522	+28,666	+82.2%
Overseas			
Billings	125,734	+22,468	+21.8%
Revenue	125,734	+22,468	+21.8%
Gross Profit	56,187	+11,021	+24.4%
SG&A	60,416	+10,399	+20.8%
Operating Income	-4,228	+622	n/a
Elimination or Corporate			
Billings	-4,614	-329	
Revenue	-4,614	-329	
Gross Profit	-2,323	-178	
SG&A	9,410	+412	
Operating Income	-11,734	-590	
Consolidated			
Billings	1,039,320	+156,281	+17.7%
Revenue	582,602	+110,564	+23.4%
Gross Profit	259,387	+46,601	+21.9%
SG&A	211,828	+17,903	+9.2%
Operating Income	47,559	+28,698	+152.2%

Results by Region(YTD, by Quarter)

Hakuhodo DY holdings

Q3 FY2021

YTD (9 -Month)				by Quarter (3-Month)					
Japan (Excluding Investment Business)									
(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	911,735	+133,639	+17.2%	284,874	+30.2%	291,169	+19.0%	335,691	+6.7%
Gross Profit	199,290	+35,295	+21.5%	58,291	+33.1%	67,826	+30.2%	73,172	+7.5%
Gross Margin	21.9%	+0.8pt		20.5%	+0.4pt	23.3%	+2.0pt	21.8%	+0.2pt
SG&A	141,930	+7,088	+5.3%	44,764	+1.7%	48,250	+7.4%	48,915	+6.6%
Operating Income	57,360	+28,206	+96.8%	13,527	n/a	19,576	+170.6%	24,256	+9.2%
Operating Margin	28.8%	+11.0pt		23.2%	+23.9pt	28.9%	+15.0pt	33.1%	+0.5pt
Amortization of Goodwill	857	+37	+4.6%	279	-3.6%	291	+10.0%	286	+8.1%
Operating Income before Amortization of Goodwill	58,217	+28,244	+94.2%	13,806	n/a	19,867	+165.0%	24,542	+9.2%
Operating Margin before Amortization of Goodwill	29.2%	+10.9pt		23.7%	+23.7pt	29.3%	+14.9pt	33.5%	+0.5pt
International									
(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	125,734	+22,468	+21.8%	40,301	+5.0%	43,054	+46.4%	42,378	+19.4%
Gross Profit	56,187	+11,021	+24.4%	17,385	+7.8%	19,824	+48.6%	18,977	+20.8%
Gross Margin	44.7%	+1.0pt		43.1%	+1.1pt	46.0%	+0.7pt	44.8%	+0.5pt
SG&A	60,416	+10,399	+20.8%	18,280	+6.2%	21,114	+35.3%	21,020	+22.2%
Operating Income	-4,228	+622	n/a	-895	n/a	-1,289	n/a	-2,043	n/a
Operating Margin	-7.5%	+3.2pt		-5.1%	+1.6pt	-6.5%	+10.5pt	-10.8%	-1.2pt
Amortization of Goodwill	8,948	+2,717	+43.6%	2,048	+34.9%	3,389	+18.7%	3,510	+89.1%
Operating Income before Amortization of Goodwill	4,719	+3,340	+242.1%	1,153	+167.2%	2,099	+255.7%	1,466	+310.1%
Operating Margin before Amortization of Goodwill	8.4%	+5.3pt		6.6%	+4.0pt	10.6%	+6.2pt	7.7%	+5.5pt

Billings by Service Category

HakuhodoDY holdings

Q3 FY2021

(Millions of JPY)	YTD (9-Month)			by Quarter (3-Month)					
	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Newspapers	27,944	+1,846	+7.1%	9,201	+44.2%	8,222	-0.1%	10,519	-8.4%
Magazines	6,687	-1,131	-14.5%	1,907	-20.2%	2,126	-4.3%	2,653	-17.2%
Radio	8,754	-85	-1.0%	2,887	+5.9%	2,880	+0.4%	2,986	-8.0%
Television	290,127	+21,568	+8.0%	95,622	+27.0%	87,687	+4.2%	106,817	-2.1%
Mass Media Service Subtotal	333,514	+22,198	+7.1%	109,619	+26.3%	100,917	+3.5%	122,976	-3.2%
Internet Media	216,970	+44,886	+26.1%	75,665	+38.8%	64,420	+27.8%	76,884	+14.4%
Outdoor Media	21,942	+2,353	+12.0%	6,595	+6.5%	6,642	+19.8%	8,704	+10.9%
Media Service Subtotal	572,426	+69,438	+13.8%	191,880	+30.1%	171,980	+12.1%	208,565	+3.2%
Creative	107,006	+15,283	+16.7%	31,719	+41.0%	33,904	+11.3%	41,382	+6.7%
Marketing/Promotion	201,676	+51,808	+34.6%	52,943	+30.5%	75,744	+57.9%	72,988	+19.0%
Others (Contents, etc.)	25,235	+1,673	+7.1%	7,585	+15.4%	7,373	+2.2%	10,276	+5.1%
Other than Media Service Subtotal	333,918	+68,764	+25.9%	92,248	+32.5%	117,022	+36.6%	124,647	+13.4%
Total	906,344	+138,203	+18.0%	284,128	+30.9%	289,003	+20.9%	333,212	+6.8%
Other than above	11,855	+503		4,029		4,046		3,778	
Consolidated Billings	918,200	+134,142	+17.1%	288,158	+28.5%	293,049	+19.7%	336,991	+7.0%
Internet Advertising Domain Billings	262,000	+52,543	+25.1%	87,630	+38.5%	79,294	+27.2%	95,074	+13.4%

Billings by Clients' Industry

Hakuhodo DY holdings

Q3 (YTD) FY2021

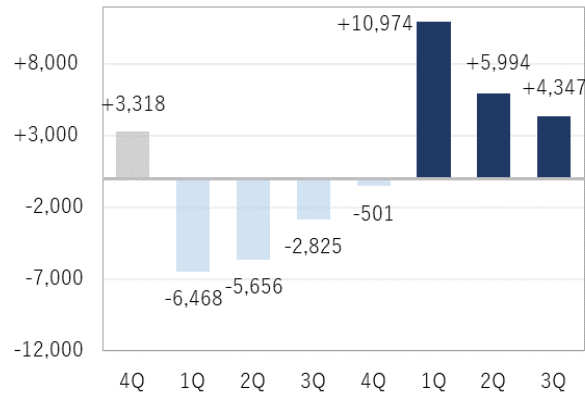
(Millions of JPY)	Actual	YOY		Composition	vs FY2019	
Information/Communications	103,693	+21,317	+25.9%	13.5%	+6,366	+6.5%
Beverages/Cigarettes/Luxury foods	91,462	+11,667	+14.6%	11.9%	+2,309	+2.6%
Automobiles/Related products	76,505	-551	-0.7%	9.9%	-25,242	-24.8%
Foodstuffs	56,763	+3,934	+7.4%	7.4%	-3,577	-5.9%
Cosmetics/Toiletries	55,492	+3,837	+7.4%	7.2%	-7,263	-11.6%
Pharmaceuticals/Medical supplies	46,796	+6,301	+15.6%	6.1%	+3,901	+9.1%
Finance/Insurance	42,733	+6,731	+18.7%	5.6%	-5,534	-11.5%
Restaurant/Services	40,445	+6,566	+19.4%	5.3%	-190	-0.5%
Distribution/Retailing	40,136	+8,317	+26.1%	5.2%	+35	+0.1%
Transportation/Leisure	35,681	+9,862	+38.2%	4.6%	-18,083	-33.6%
Real estate/Housing facilities	31,268	+4,769	+18.0%	4.1%	-1,930	-5.8%
Games/Sporting goods/Hobby supplies	20,705	+7,958	+62.4%	2.7%	+5,392	+35.2%
Government/Organizations	17,954	+2,125	+13.4%	2.3%	+81	+0.5%
Apparel/Accessories	17,480	+3,856	+28.3%	2.3%	-1,710	-8.9%
Household products	15,834	+154	+1.0%	2.1%	-1,497	-8.6%
Home electric appliances/AV equipment	14,023	+1,506	+12.0%	1.8%	-370	-2.6%
Publishing	13,098	+1,953	+17.5%	1.7%	+1,306	+11.1%
Energy/Material/Machinery	12,853	-231	-1.8%	1.7%	-4,297	-25.1%
Education/Medical services/Religion	8,792	+555	+6.7%	1.1%	-901	-9.3%
Precision machinery/Office supplies	5,382	+258	+5.0%	0.7%	-2,469	-31.4%
Classified advertising/Other	22,587	+24	+0.1%	2.9%	-1,978	-8.1%
Total	769,693	+100,916	+15.1%	100.0%	-55,653	-6.7%
Investment Business	6,464	+503			+751	
Other than Above	142,042					
Domestic Billings	918,200	+134,142	+17.1%		-40,229	-4.2%

Billings by Clients' Industry (YoY, by Quarter) 1/4

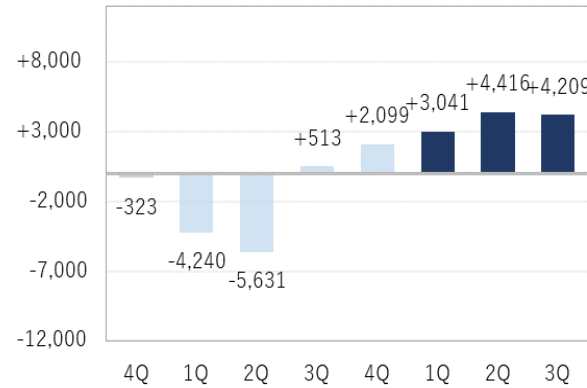
Hakuhodo DY holdings

FY2019 FY2020 FY2021
(Millions of JPY)

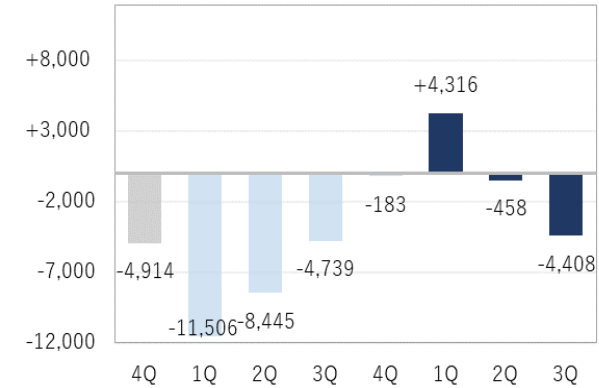
Information/Communications



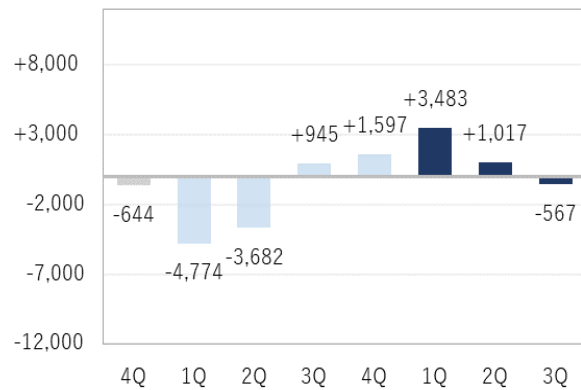
Beverages/Cigarettes/Luxury foods



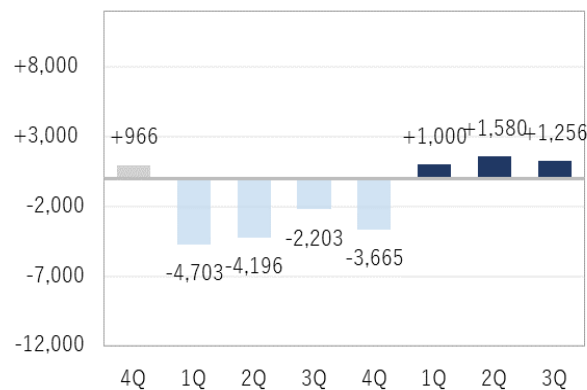
Automobiles/Related products



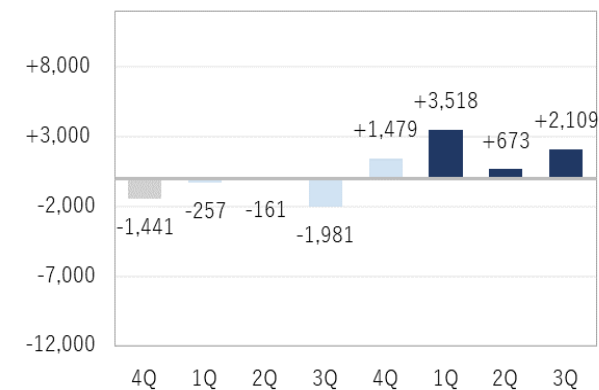
Foodstuffs



Cosmetics/Toiletries



Pharmaceuticals/Medical supplies

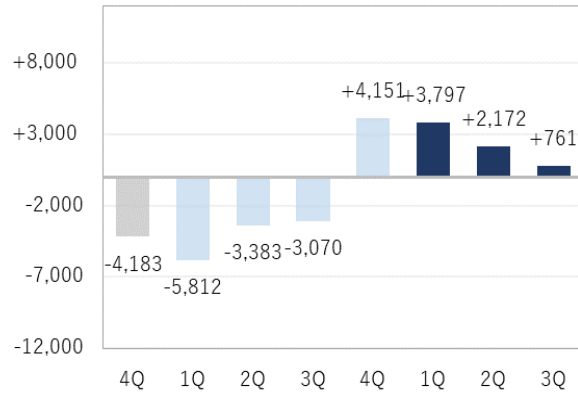


Billings by Clients' Industry (YoY, by Quarter) 2/4

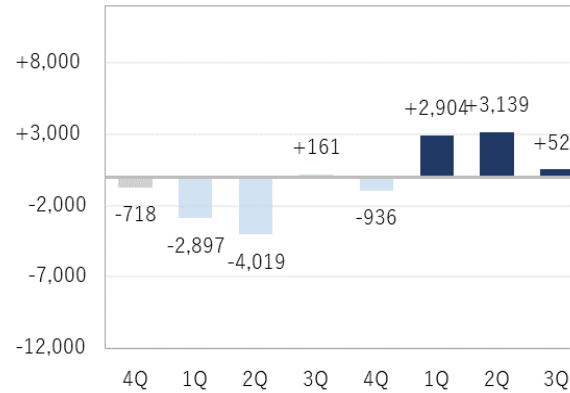
Hakuhodo DY holdings

FY2019 FY2020 FY2021
(Millions of JPY)

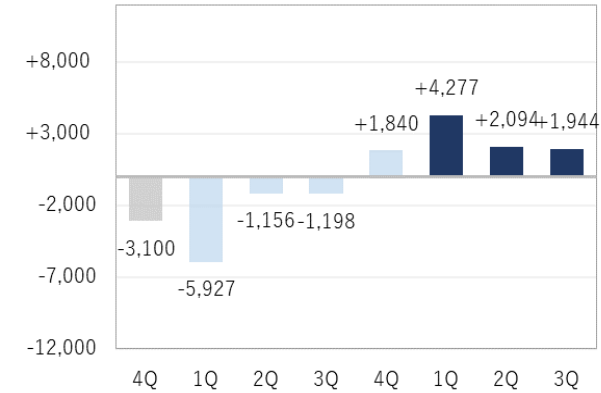
Finance/Insurance



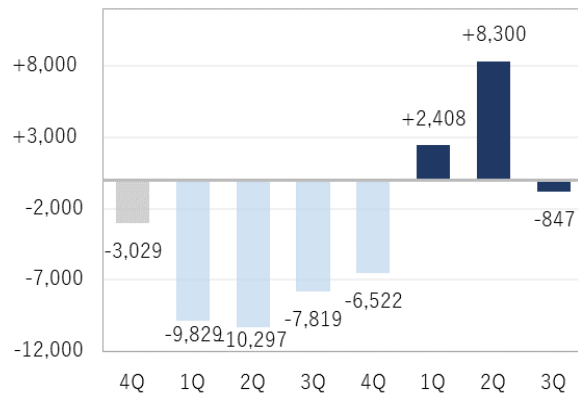
Restaurant/Services



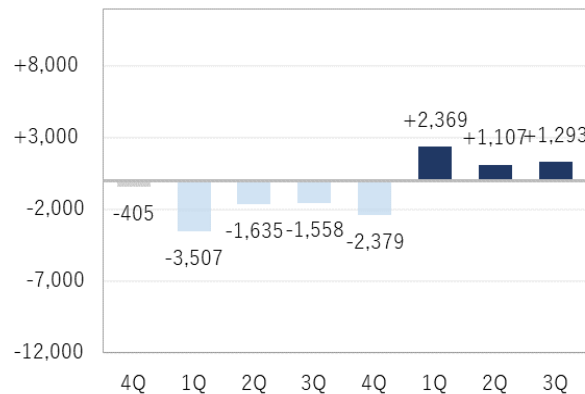
Distribution/Retailing



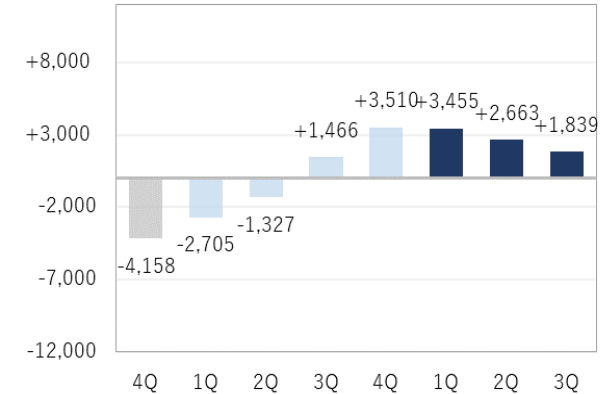
Transportation/Leisure



Real estate/Housing facilities



Games/Sporting goods/Hobby supplies

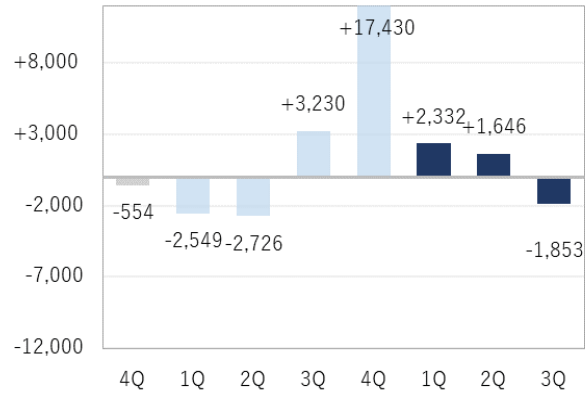


Billings by Clients' Industry (YoY, by Quarter) 3/4

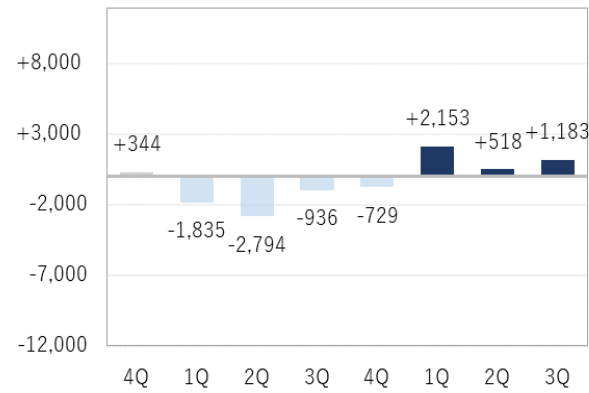
Hakuhodo DY holdings

FY2019 FY2020 FY2021
(Millions of JPY)

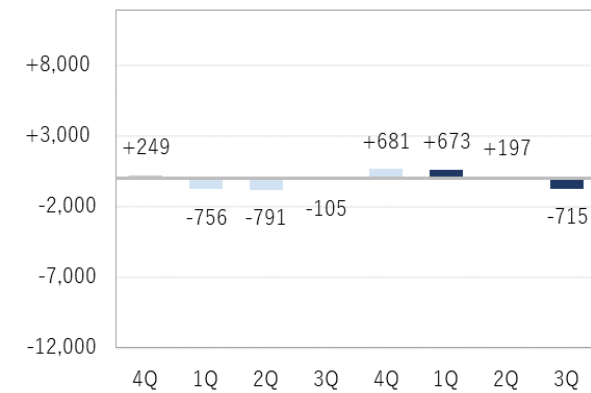
Government/Organizations



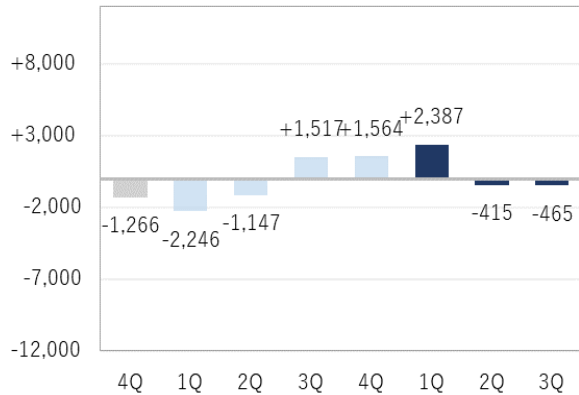
Apparel/Accessories



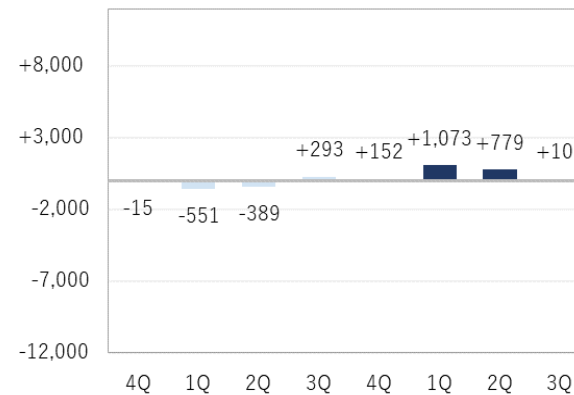
Household products



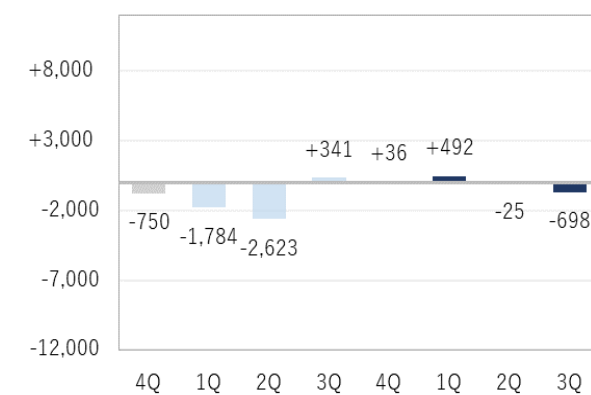
Home electric appliances/AV equipment



Publishing



Energy/Material/Machinery

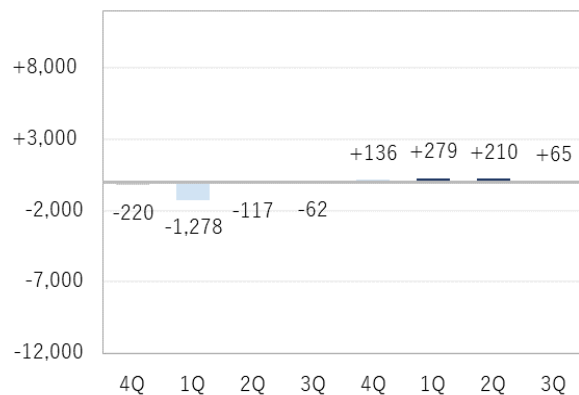


Billings by Clients' Industry (YoY, by Quarter) 4/4

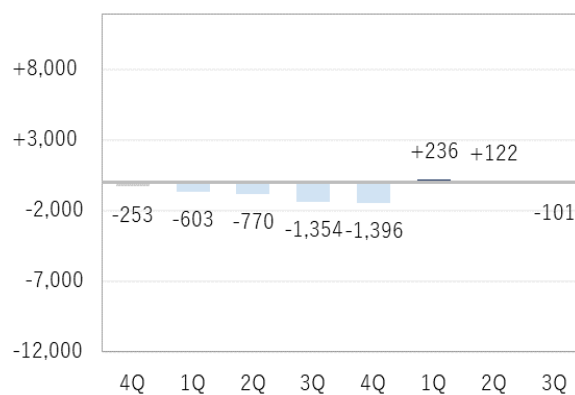
Hakuhodo DY holdings

FY2019 FY2020 FY2021
(Millions of JPY)

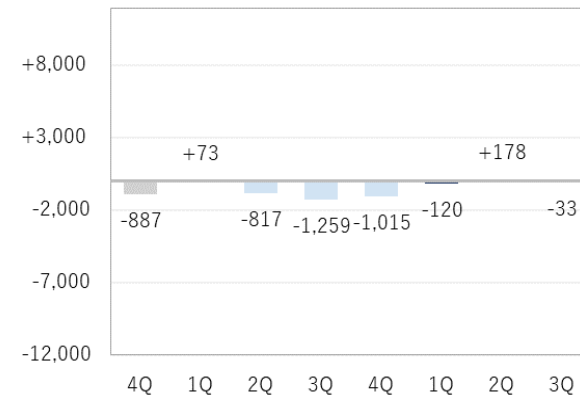
Education/Medical services/Religion



Precision machinery/Office supplies



Classified advertising/Other



(Millions of JPY)	End of June 2021	Change *	Composition
Current Assets	666,218	39,486	66.7%
Cash & Deposits	180,329	1,017	
Accounts Recievable	341,996	-18,727	
Non-current Assets	332,605	18,233	33.3%
Tangible Assets	36,242	1,326	
Intangible Assets	71,400	2,349	
Goodwill	44,580	2,779	
Investments & Other Assets	224,962	14,558	
Investment Securities	185,240	14,046	
Total Assets	998,824	57,720	100.0%
Current Liabilities	434,855	18,516	43.5%
Accounts Payable	264,954	-16,652	
Short-term Borrowings	24,482	20,211	
Non-current Liabilities	175,098	12,472	17.5%
Long-term Borrowings	112,541	2,224	
Total Liabilities	609,953	30,989	61.1%
Shareholders' Equity	287,304	11,107	28.8%
Share Capital	10,790	142	
Capital Surplus	0	-37	
Retained Earnings	287,886	11,002	
Treasury Stock	-11,372	-	
Accumulated Other Comprehensive Incom	69,628	15,399	7.0%
Share Aquisiton Rights	282	35	0.0%
Non-controlling Interests	31,654	188	3.2%
Total Net Assets	388,870	26,730	38.9%

* Change from the balance as of the end of Mar, 2021

Q3 FY2021

(Millions of JPY)	Actual	YOY
Cash Flows from Operating Activities	12,027	+7,510
Cash Flows from Investing Activities	-17,822	-7,504
Purchase of property, plant and equipment	-3,425	-1,184
Purchase of intangible assets	-3,439	+825
Purchase of investment securities	-6,170	-3,660
Proceeds from sales of investment securities	4,010	-4,352
Purchase of shares of subsidiaries	-5,577	+567
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,285	+3,534
Cash Flows from Financing Activities	5,636	+8,267
Net increase (decrease) in short-term borrowings	20,150	+10,644
Net increase (decrease) in Long-term borrowings & Bonds	774	-451
Dividends paid	-10,702	-24
Dividends paid to non-controlling interests	-1,068	-395
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-600	+57
Cash and cash equivalents at beginning of period	176,042	+12,743
Cash and cash equivalents at end of period	177,890	+24,239

Revisions to the Medium-Term Business Plan (MTBP)

Medium-Term Business Plan (FY2019-FY2023: 5-year plan)

- When we released our financial results in November 2020, we announced that, although there were no changes in the Core Medium-Term Strategy, we had withdrawn the numerical targets for the current Medium-Term Business Plan.

Core Medium-Term Strategy	<p>With <i>sei-katsu-sha</i> insight as our cornerstone, the Hakuhodo 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 new value to <i>sei-katsu-sha</i> and society as a whole.</p>
Strengthening Fundamentals for Growth	<ul style="list-style-type: none"> ● Establish a leading position in the broader digital domain ● Strengthen response capabilities for borderless corporate activities ● Accelerate innovation through external collaborations <div data-bbox="1464 634 1808 736"> <p>Aggressive Investment Data, technologies, infrastructure, human resources, M&A, and other areas</p> </div>
Outline of Growth (FY2023)	<p>Since our view of the economy and advertising market, which underpins this plan, has changed greatly, we withdrew the numerical targets of the current Medium-Term Business Plan (MTBP).</p>
Medium-Term Business Plan Targets (FY2023)	

Progress of Core Medium-Term Strategy

- Although a certain level of progress was made with our Core Medium-Term Strategy, some issues have come to light in a rapidly changing environment.

Strengthening Fundamentals for Growth 1

Establish a leading position in the broader digital domain

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

- Made efforts to strengthen data platform together with Data EX Platform Inc. and external organizations
- Faced issues in developing methods to utilize *sei-katsu-sha* data, including our response to cookieless marketing, in a manner that complies with personal information protections

Respond to diversifying digital touchpoints

- Made progress with specific initiatives SP EXPERT'S™, smart cities, etc.
- Faced issues with accelerating various initiatives and further expanding scale

Expand our structure in the rapidly growing domain of internet media

- Maintained a leading market share, centered on the industries in which we excel, despite the significant impact of the COVID-19 pandemic
- Faced issues enhancing structure to respond to the rapid increase in work

Strengthening Fundamentals for Growth 2

Strengthen response capabilities for borderless corporate activities

- Continued to deal with issues related to returning performance to previous levels and enhancing profitability amid the COVID-19 pandemic, although a certain level of progress was made with strengthening structures and functions through M&A
- Pushed forward development of competitive methods for utilizing data in Asia leveraging external collaborations

Strengthening Fundamentals for Growth 3

Accelerate innovation through external collaborations

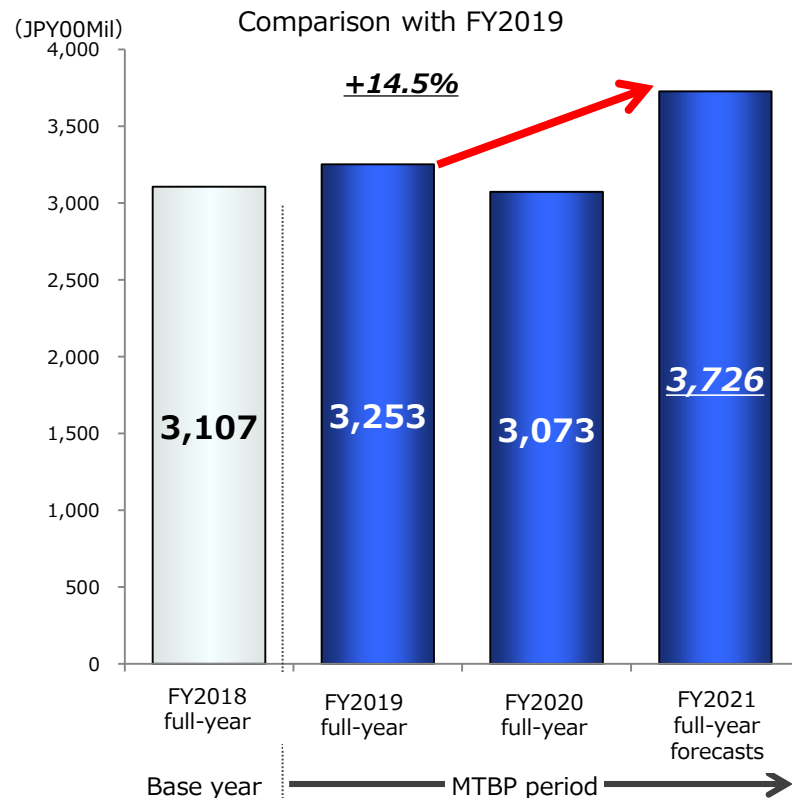
- Strengthened external collaborations through UNIVERSITY of CREATIVITY (UoC) and corporate venture capital fund
- Began efforts toward new business development, through the MIRAI Business Division and other organizations

Profit/Loss Situation for FY2021

- Both gross profit after adjustments and operating income before amortization of goodwill are forecast to recover to levels that they were before the COVID-19 pandemic
- Forecasts include temporary positive factors, such as work related particularly to the COVID-19 pandemic and activity expenses unspent due to the pandemic

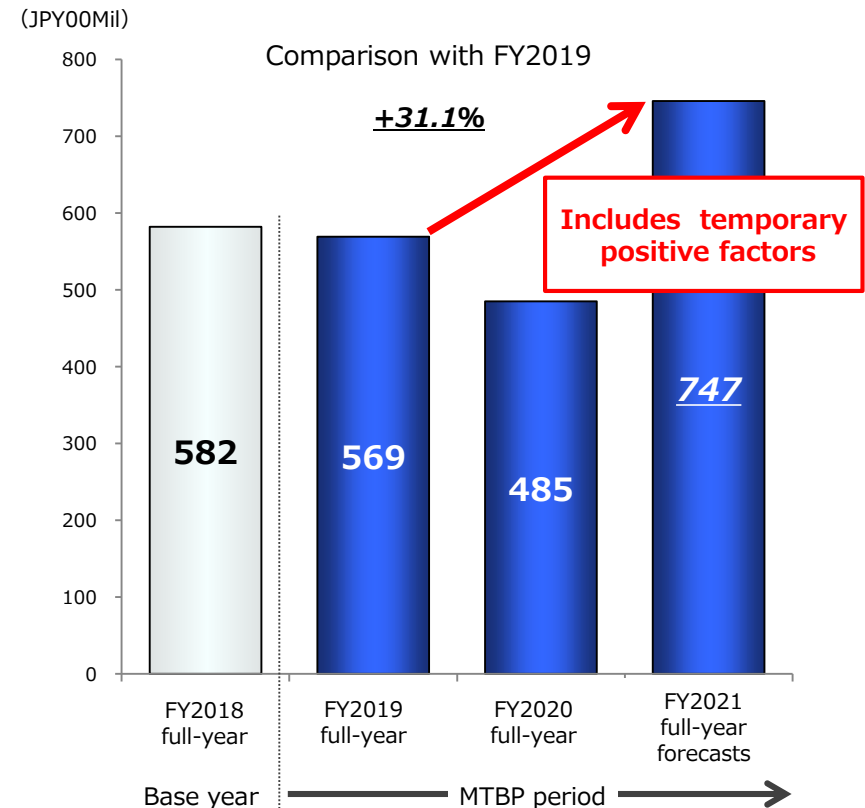
Adjusted* Gross Profit

* Adjusted: Excluding investment projects and after retroactive restatements



Adjusted* Operating Income Before Amortization of Goodwill

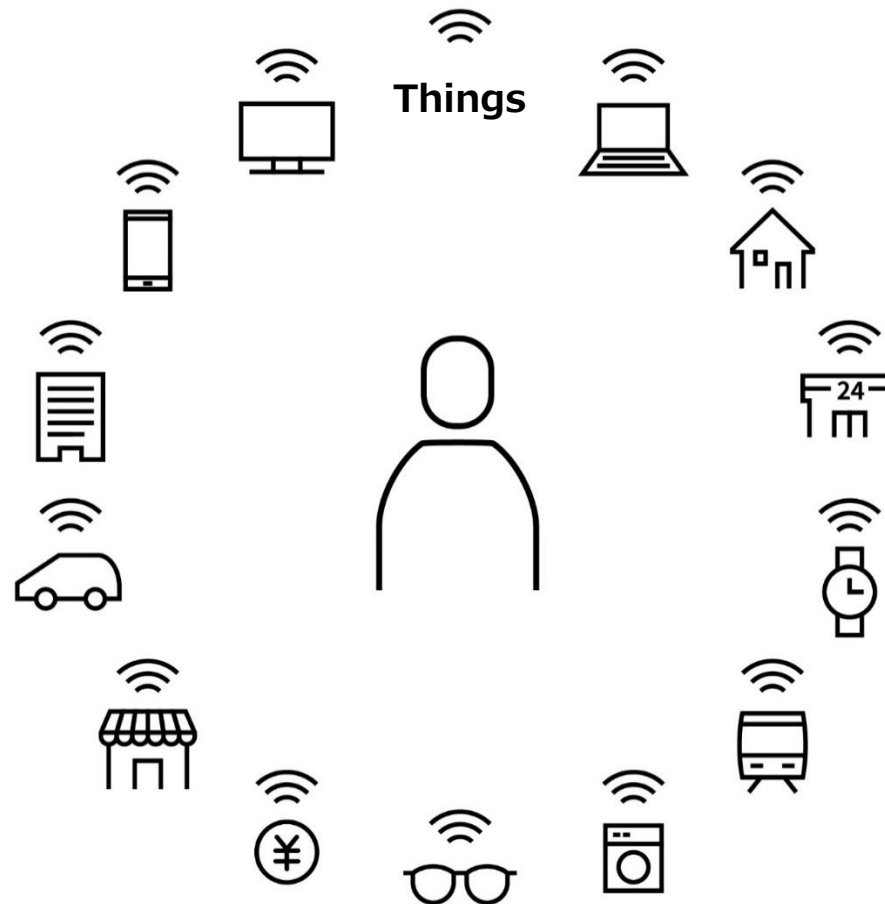
* Adjusted: Excluding investment projects and after retroactive restatements



Understanding of the Business Environment

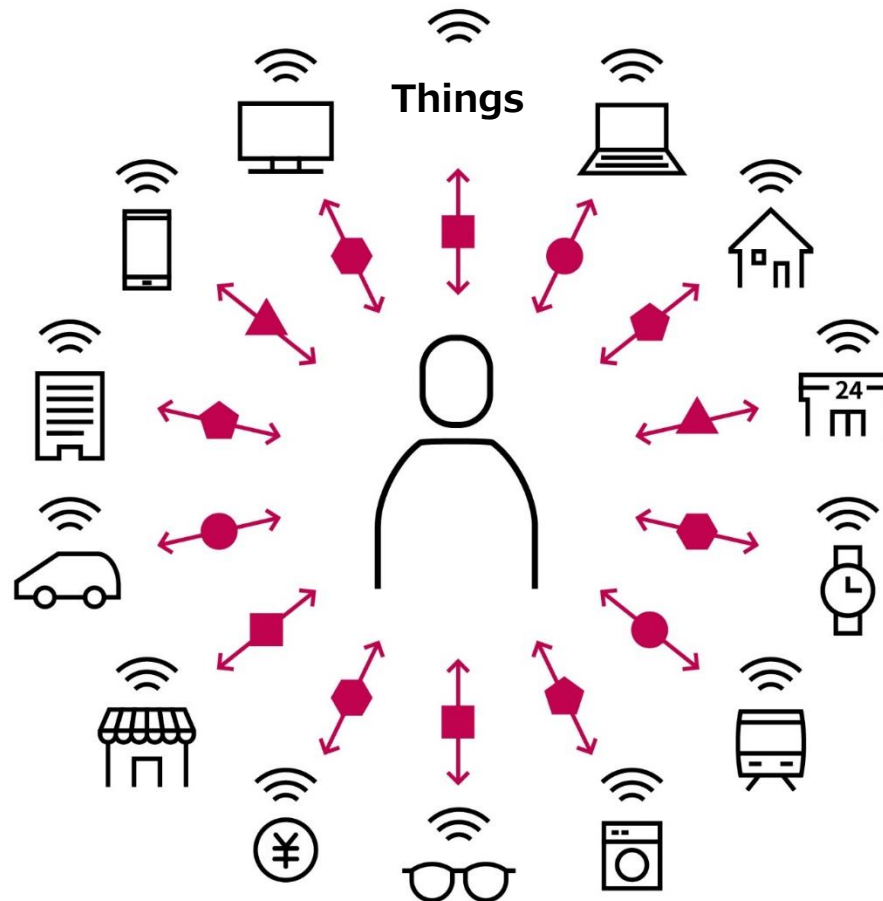
Rapidly Changing External Environment Due to the Shift to Complete Digitalization

- Progressing shift to complete digitalized lifestyles and rapid external environment changes resulting from the pandemic
 - Rapid popularization of online services, leading to a swift transition toward constantly connected lifestyles
 - Sudden emergence of new services and markets that transcend industrial boundaries, thereby gradually redefining the frameworks of industries



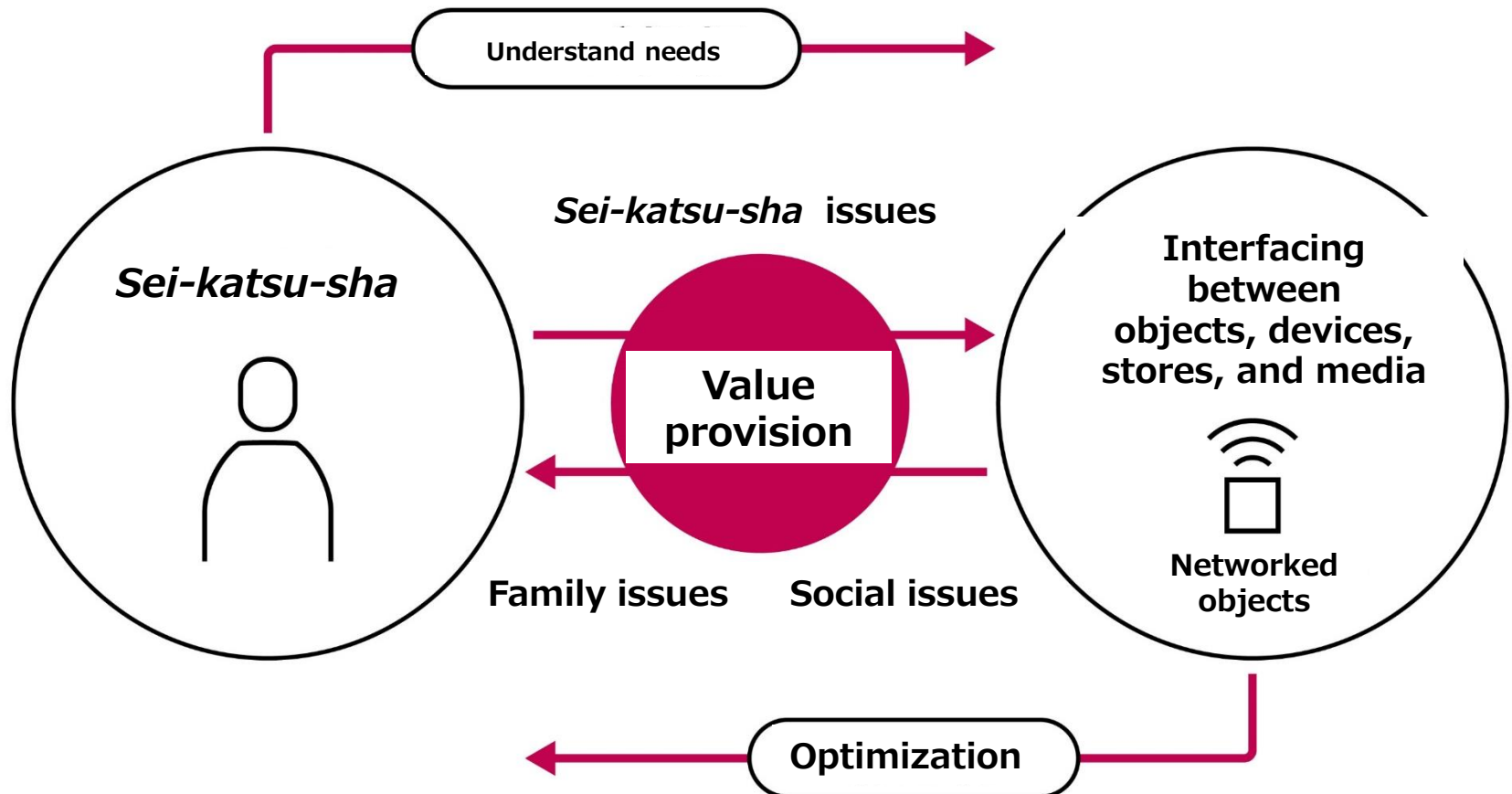
Expansion of the *Sei-katsu-sha* Interface Market

- A world in which various things are connected to the internet has become a reality. As a result, the relationship between things and *sei-katsu-sha* has evolved into an interface for the mutual exchange of information, rather than a simple contact point.



Expansion of the *Sei-katsu-sha* Interface Market

- Objects around *sei-katsu-sha* are now linked with the internet and have become digital touchpoints. Drawing on the data these touchpoints provide, we are now able to provide services that are optimized for each individual *sei-katsu-sha*

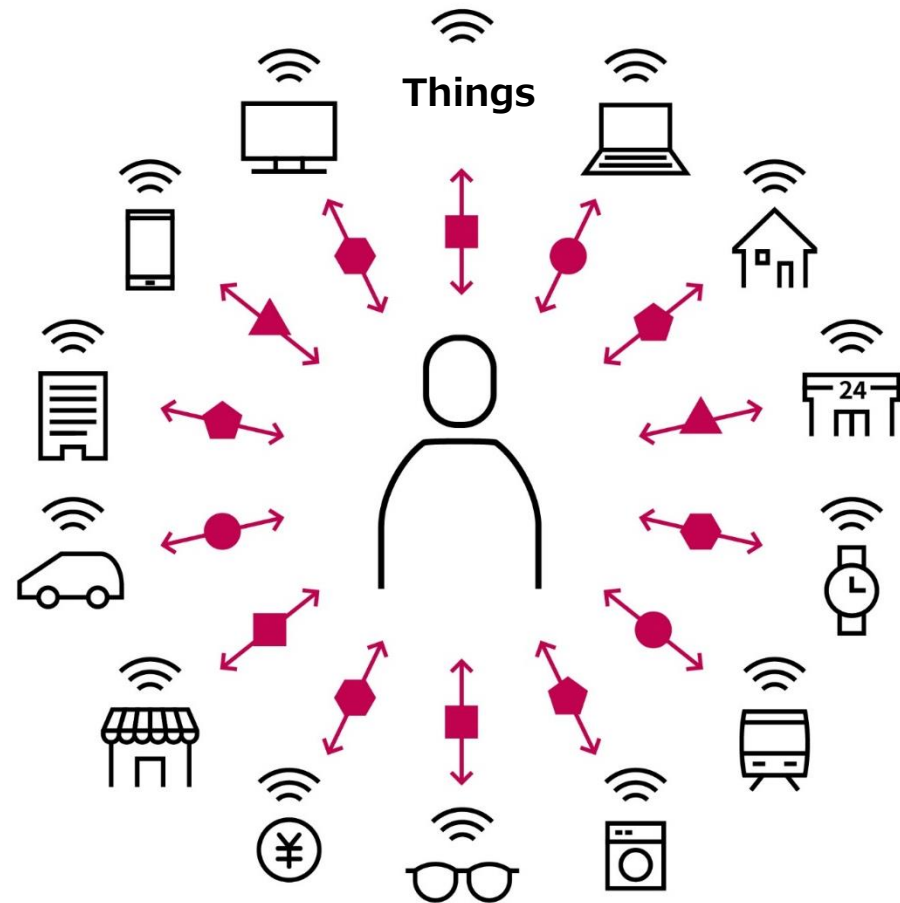


Expansion of the *Sei-katsu-sha* Interface Market

- New lifestyles have emerged at the boundary lines between people and things, turning the world into a place where new markets are created
- The acceleration of digitalization brought about by the COVID-19 pandemic has expanded these new markets at a much faster rate than expected

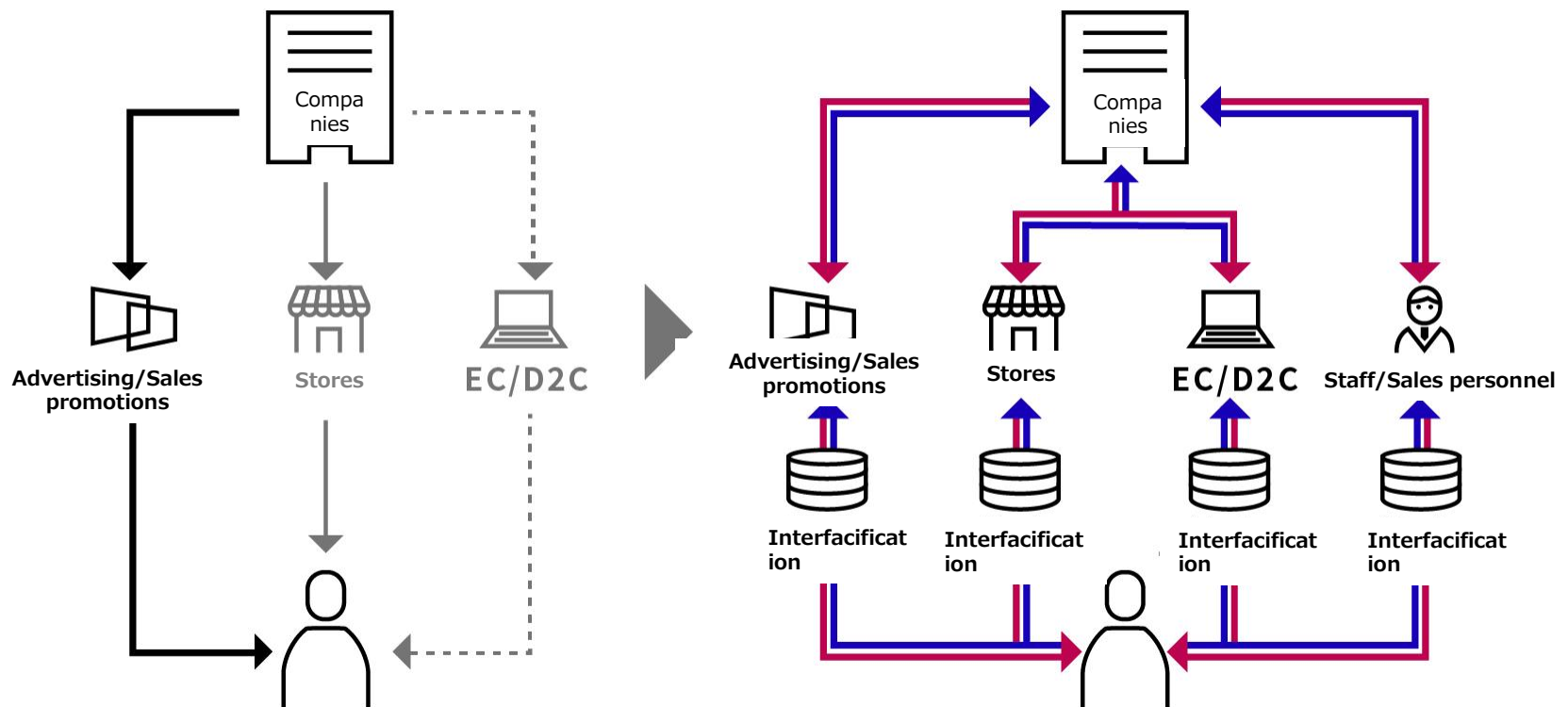
Sei-katsu-sha Interface Market

New lifestyles and new markets
created from the boundary lines
between things and people



Expansion from Indirect Touchpoints to Direct Touchpoints

- As the *Sei-katsu-sha* Interface Market expands, the marketing needs of clients are changing
- The connection between clients and *sei-katsu-sha* has expanded from just indirect touchpoints, such as advertising, to include direct touchpoints, such as stores and e-commerce websites. This has created an environment where overall connection needs to be managed in an integrated manner using data



Direction of the MTBP Revisions

Positioning of the MTBP Revisions

- We have positioned FY2021 to FY2023 as a period in which we accelerate transformation of our services and business foundation to lead with solutions to clients' marketing and innovation-related challenges and realize sustainable growth for our clients and the Group
- While continuing to implement our Core Medium-Term Strategy, we will undertake the following initiatives and update our Group as a whole:

1**Transform the services we provide****2****Strengthen cross-organizational functions
to accelerate transformation****3****Continuously pursue transformation based
on existing strategies****4****Strengthen our foundation for sustainable
business management**

1.Transform the Services We Provide

1. Transform the Services We Provide

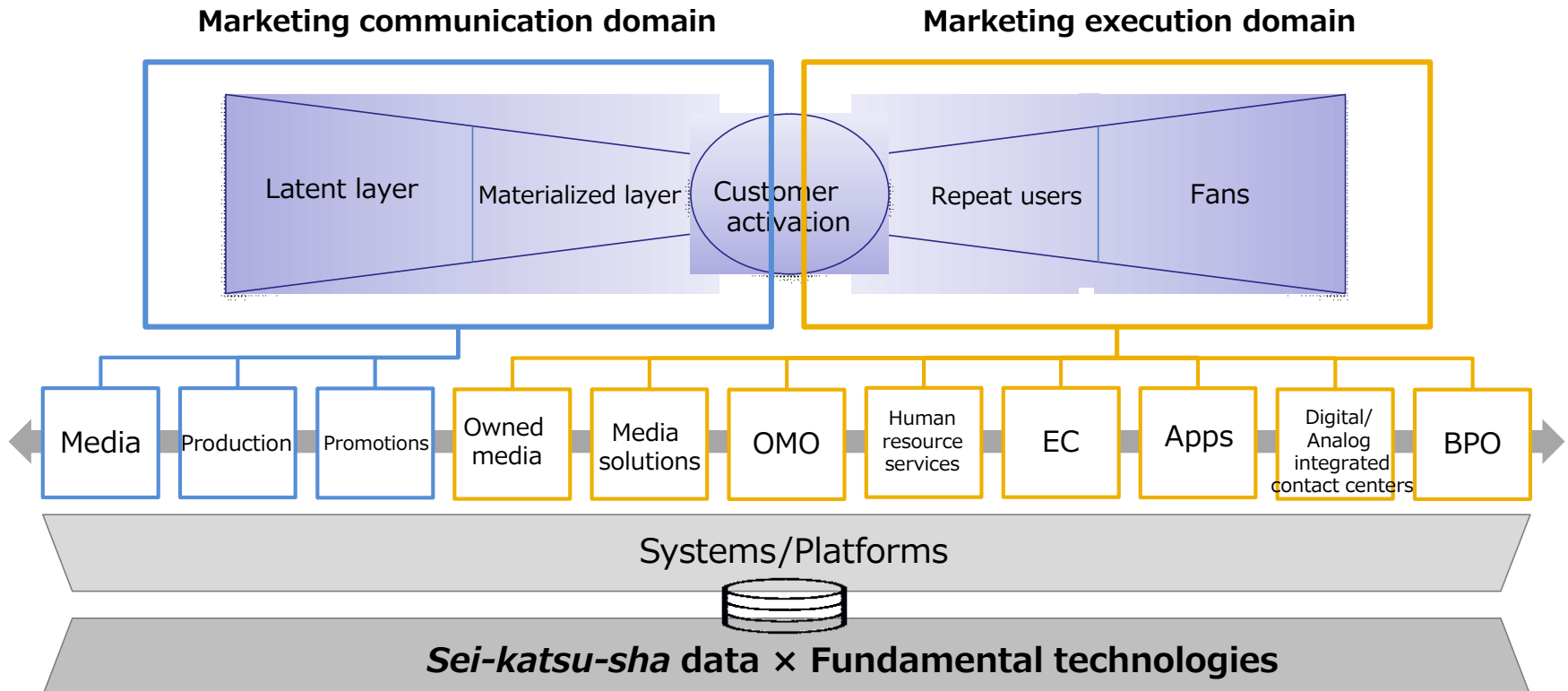
- Evolve *Sei-katsu-sha* Data-Driven Marketing, with which we have led the way, to enable it to be implemented across the full funnel

Implementation of Full-Funnel *Sei-katsu-sha* Data-Driven Marketing

- (1) Expand marketing execution domains
- (2) Transform media business
- (3) Implement *sei-katsu-sha* insight-based digital transformation (DX)

1 - (1) Expand marketing execution domains

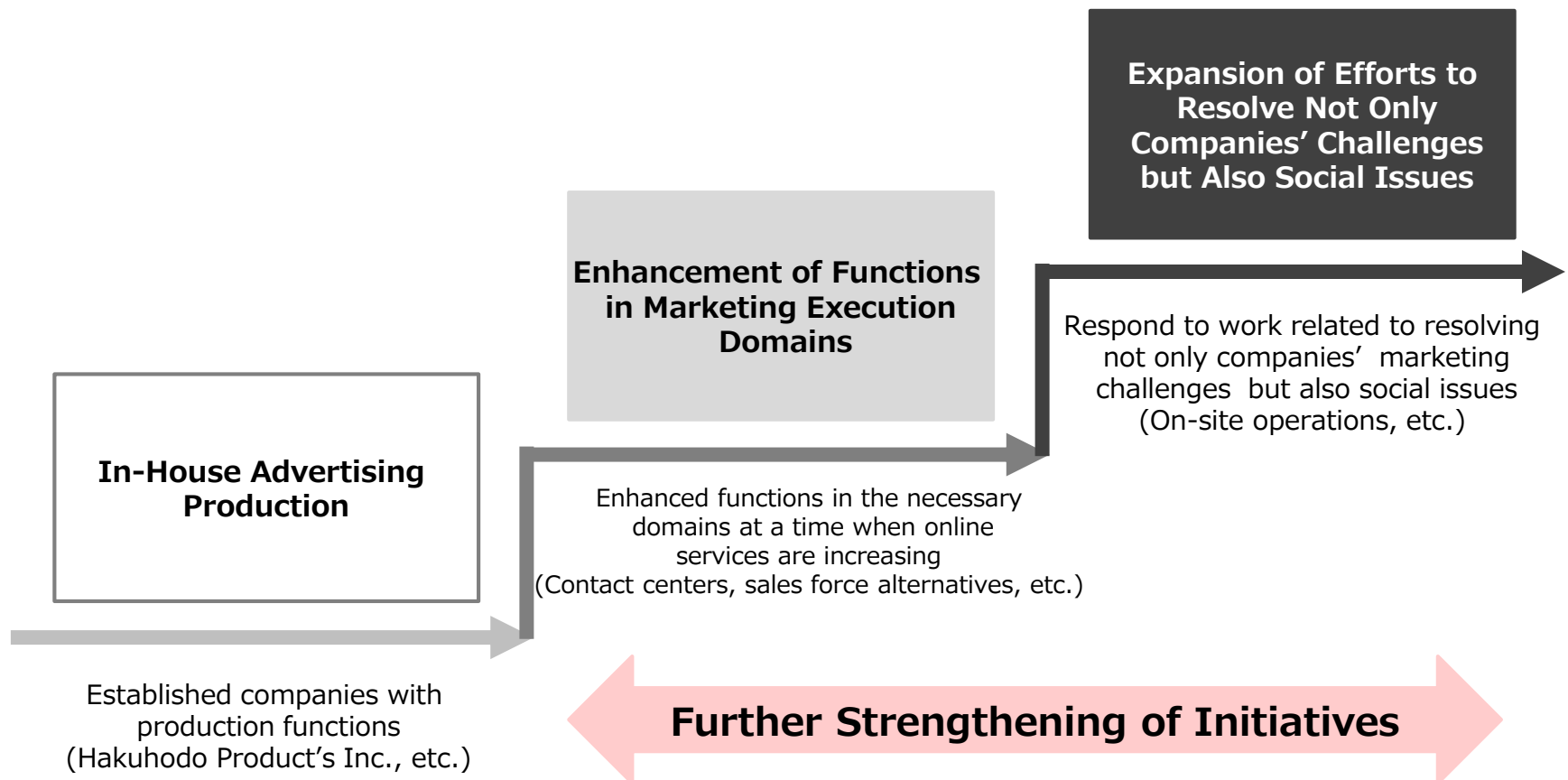
- As the *Sei-katsu-sha* Interface Market expands, it is essential that we expand our functions in marketing execution domains
- We are pressed with the urgent task of strengthening our ability to carry out integrated management in a more neutral and sophisticated manner, based on our *sei-katsu-sha* data and fundamental technologies



Target: Achieve an annual gross profit growth rate of at least 10% in marketing execution domains

1 - (1) Expand marketing execution domains

- Although we have improved profitability by implementing in-house advertising production, beyond the advertising domain, we have enhanced functions that support the implementation of marketing activities in anticipation of changes in companies' marketing needs
- In terms of marketing overall, we are implementing a strategy that ensures the provision of swift, high-quality services and a high level of profitability by maintaining both strategic planning and execution functions within the Group.
- Going beyond solving companies' challenges, we will contribute to solving social issues as well, including responding to the COVID-19 pandemic



1 - (2) Transform media business

- Focusing on transforming our business through Advertising as a Service (AaaS), we will maintain and expand existing business by increasing the added value of media
- Within the Group, we will establish an ecosystem for providing digital services that cater to the growth of clients. We also aim to strengthen business for regional/small- and medium-sized businesses (SMBs) and startups and expand digital business, including the long tail market

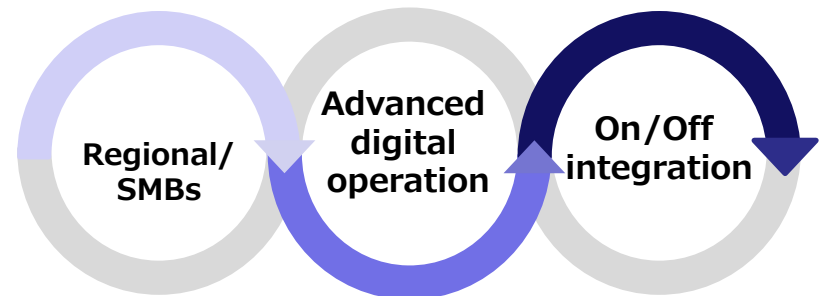
Transition from Providing Ad Space to Providing Ad Effects

- Crossing TV and digital advertising
- Maintain and expand existing business



Expansion of Digital Businesses

- Establish service structure that caters to client growth
- Win regional/SMBs and long tail market business

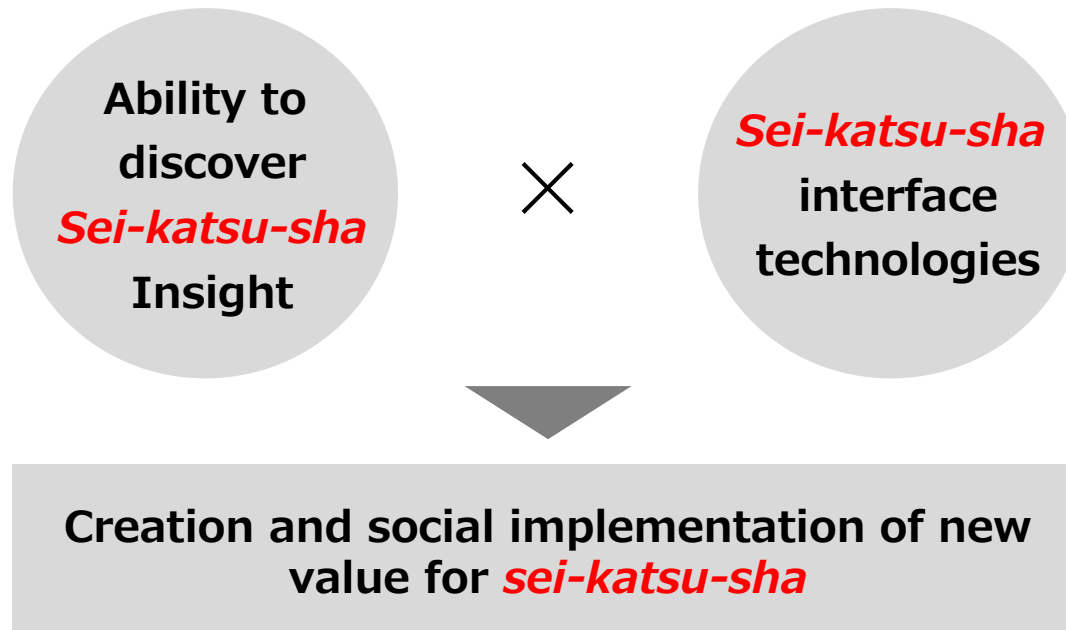


Target: Achieve an annual billings growth rate of at least 15% in the internet domain

1 - (3) Promote *Sei-katsu-sha* insight-based digital transformation (DX)

- The Group's DX operations aim to transform companies' marketing activities and their businesses themselves with a focus on *sei-katsu-sha*. In addition, these operations aim to transform society as a whole

Transformation of businesses/society with a focus on *sei-katsu-sha*



Realize transformation in companies' marketing and their businesses themselves, as well as in society

(Reference) Examples of *Sei-katsu-sha* Insight-based DX

- The Group's diverse capabilities have given rise to examples of DX involving the design of interfaces between our clients and *sei-katsu-sha* and the provision of new value to *sei-katsu-sha* and society as a whole

Passenger Car Ride-Share–Based Public Transport Service nokkaru asahimachi

- A mobility service that responds to mobility challenges in regional areas as a result of the rising numbers of people who do not have access to mobility due to drivers aging or returning their licenses, the unprofitability of public transportation, and other reasons, by breathing new life into the age-old idea of giving someone a ride on your way
- Realizing community mobility where citizens care for and help each other using the power of digital technology, the service not only makes getting around convenient, it also moves people to want to go out



3D Avatar Fitting Room Service Jibun Runway

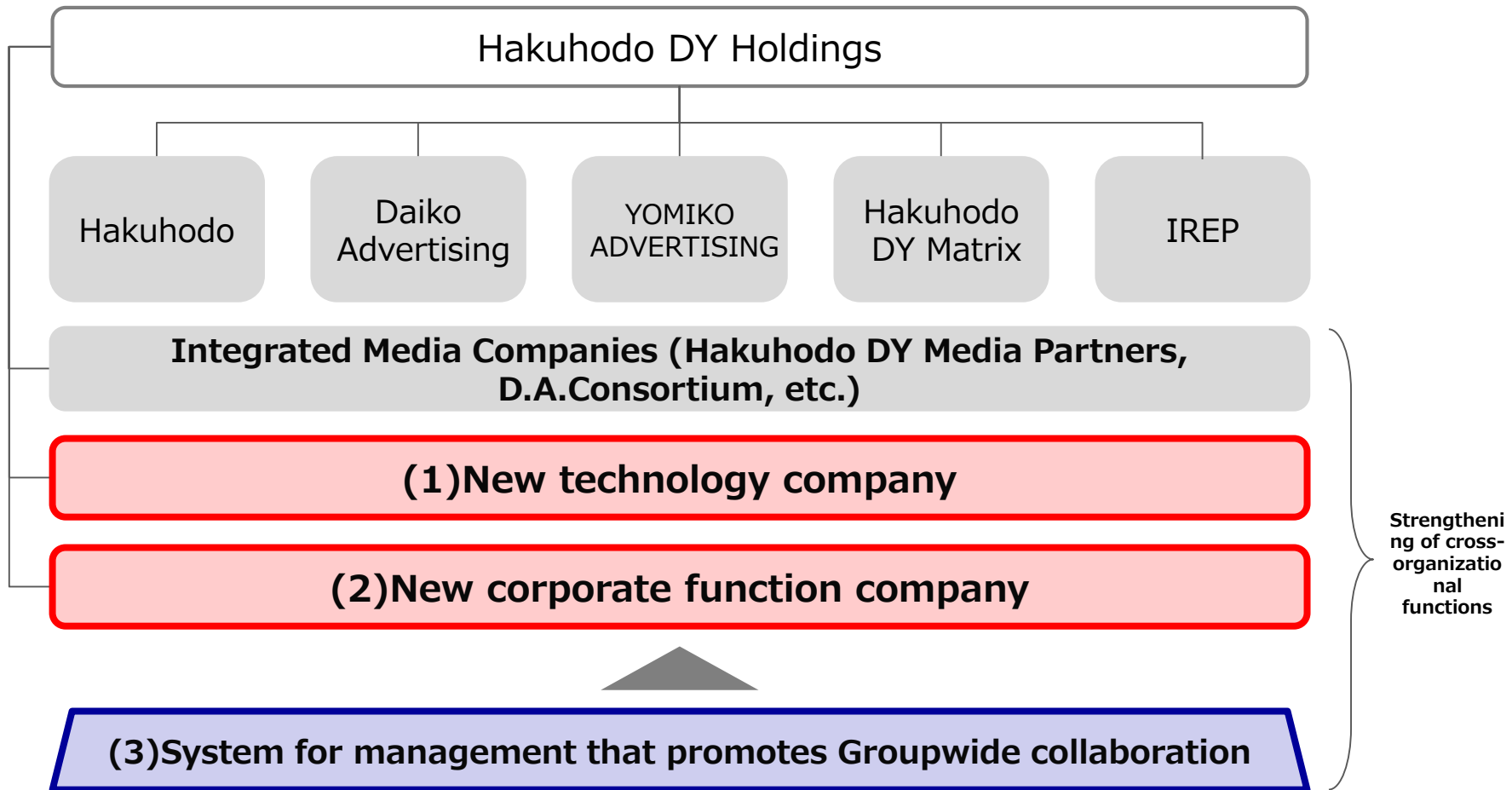
- We developed a prototype digital fitting room service that addresses the need for alternatives to visiting real world stores using the latest 3D avatar technology to make it possible to experience trying on several outfits simultaneously in an instant
- Providing *sei-katsu-sha* not only with convenience, but fun, the traditional value of shopping, the service also contributes to reducing companies' environmental footprint through the control of manufacturing volumes based on actual needs



2 . Strengthen Cross-Organizational Functions to Accelerate Transformation

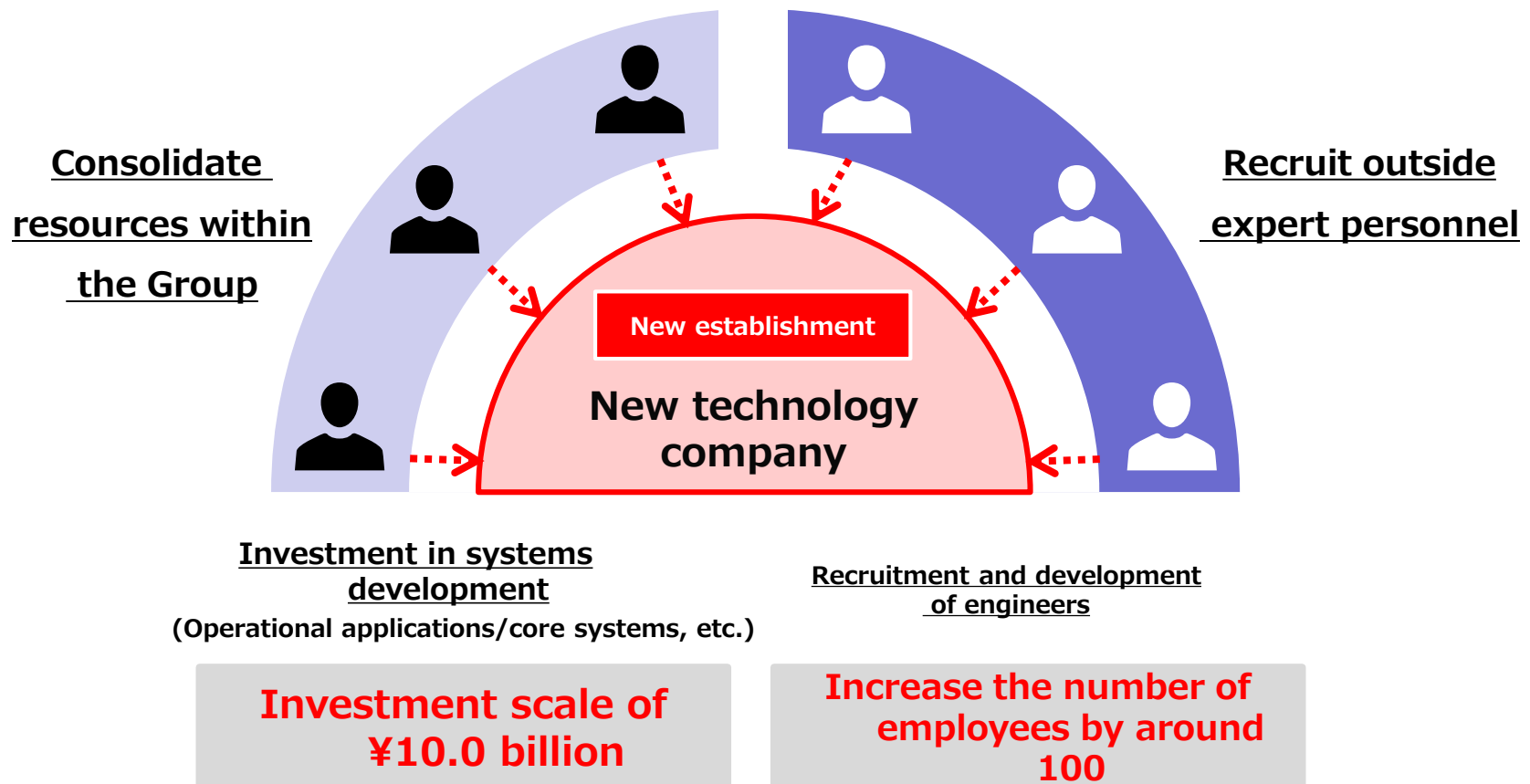
2. Strengthen Our Groupwide Competitiveness

- To accelerate transformation, we are moving forward with efforts to enhance three new cross-organizational functions, as well as our existing media functions. By doing so, we will transition to management that further emphasizes Groupwide optimization
 - We will start our efforts to strengthen cross-organizational functions in Japan, and expect to roll out these efforts overseas in the future



Establishment of New Technology Company

- We will establish a new technology company as a part of our Group shared infrastructure with the aim of evolving ourselves into a more technology-driven corporate group
- In addition to consolidating resources scattered across the Group, this new technology company will serve as a specialized functional company that will ensure a human resource management system that meets the needs of engineers and strengthen the recruitment and development of expert personnel from outside the organization

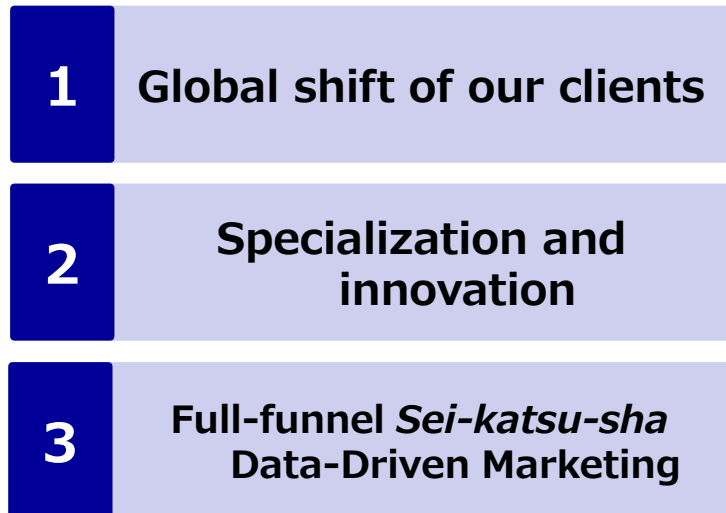


3. Continuously Pursue Transformation based on Existing Strategies

3 - (1) Strengthen Response Capabilities for Borderless Corporate Activities

- We will actively invest overseas, which is a growth market, as we continue to strengthen our overseas business based on three elements (listed below)
- Also, we will reinforce the link between the functions of our international network and the specialization and innovation of kyu, and strengthen Hakuhodo DY Holdings' Group strategic function, which implements overseas business expansion on a Groupwide basis

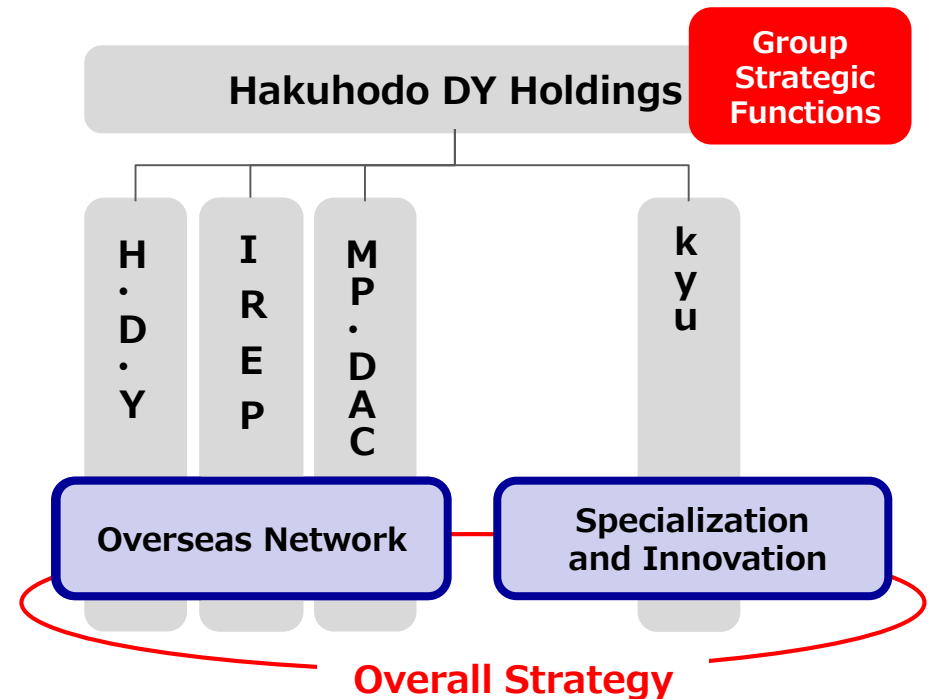
Overseas Business Expansion Based on Three Elements



Ongoing proactive investment

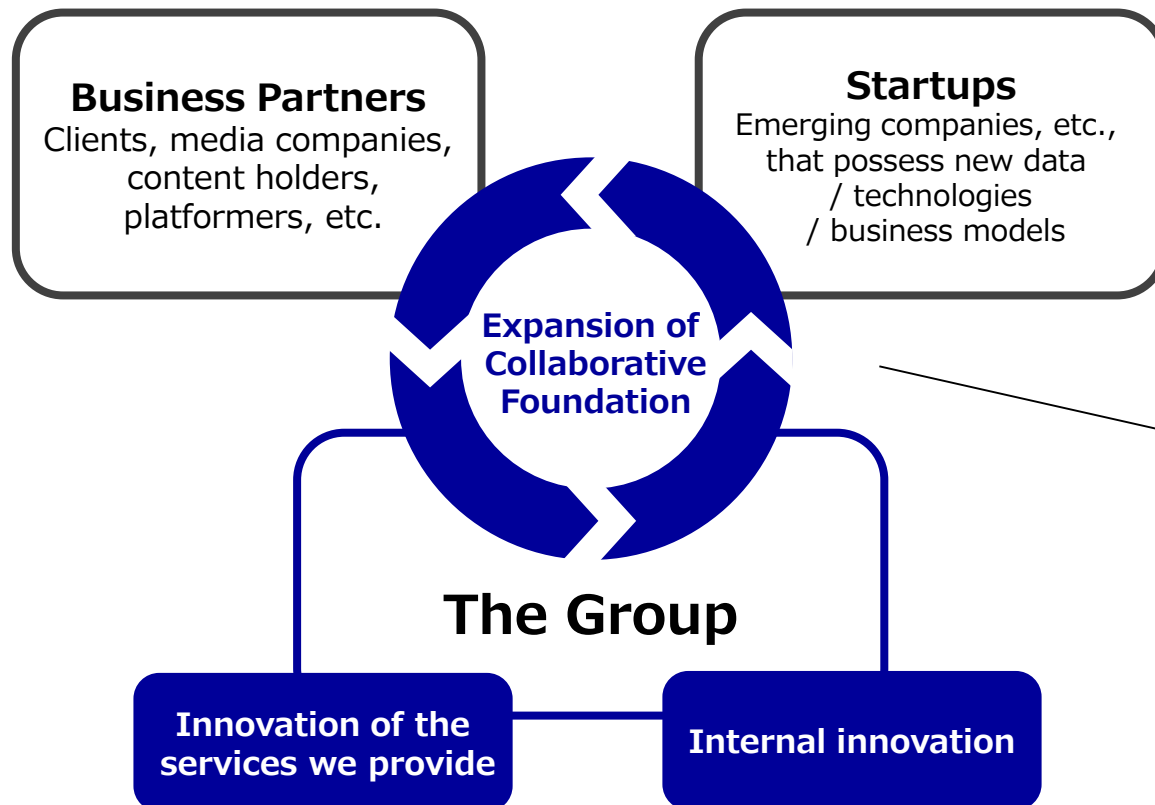
Target: Achieve an annual gross profit growth rate of at least 15% in our overseas operations

Strengthening Group Strategic Function



3 - (2) Accelerate Innovation through External Collaborations

- We will expand our collaborative foundation that links the Group with our business partners and startups, working to create synergies among the strengths all three parties possess. By doing so, we will accelerate innovation of the services we provide and internal innovation
- We will undertake new business development based on the combination of creativity and technology in order to provide new value to *sei-katsu-sha*. These efforts will include the development of new business in the *Sei-katsu-sha* Interface Market and the creation of businesses that benefit society.



Progress Thus Far

- Commenced external collaborations leveraging the UNIVERSITY of CREATIVITY, MIRAI Business Division, and corporate venture capital funds as hubs
- Collaboration with business partners

+

Points of Focus Going Forward

- Development of businesses in the *Sei-katsu-sha* Interface Market
- Creation of businesses that benefit society

(Reference) Examples of Innovation through External Collaboration

- We have seen numerous examples of innovation through external collaboration pursued using the UNIVERSITY of CREATIVITY, MIRAI Business Division, and corporate venture capital fund as hubs

New Business Creation

- Commenced Earth hacks, a co-creation platform aimed at realizing a decarbonized society through the actions of individual *sei-katsu-sha*, in collaboration with Mitsui & Co., Ltd.
- Developed 21 Factors for *Sei-katsu-sha* Well-Being, as indicators for diagnosing well-being
- Commenced FAVOUR MARKET, a community-based e-commerce website that connects producers and *sei-katsu-sha*

Upgrading Our Creativity

- Held CREATIVITY FUTURE FORUM 2021 (December)



MIRAI Business Division



Startup Investments

- Invested in 37 startups since the establishment of our corporate venture capital fund and have been collaborating with these companies



4. Strengthen our Foundation for Sustainable Business Management

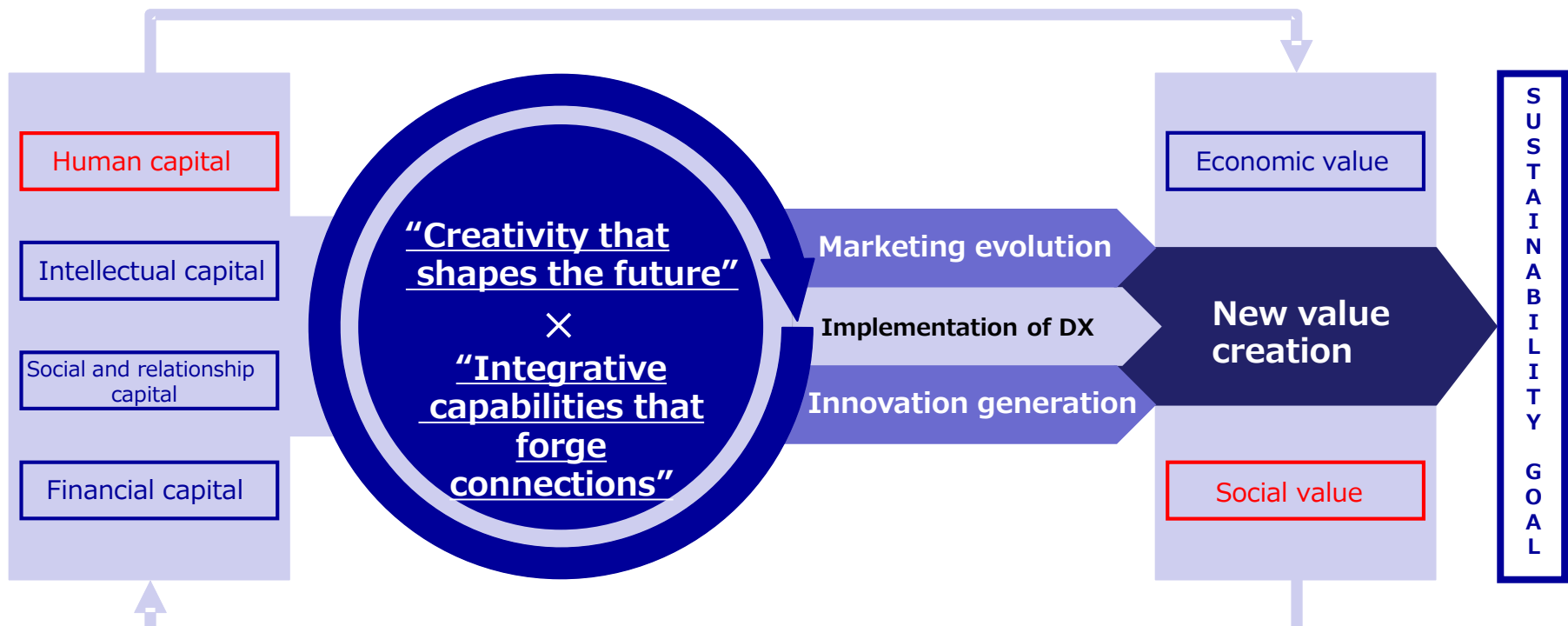
4. Establishment of an Environment for Sustainable Management

- Guided by a circular value creation model, we will aim to realize our sustainability goal
 - We expect to reinforce the function of Hakuhodo DY Holdings with a view to implementing our sustainability efforts

Sustainability Goal

Realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing

Circular Value Creation Model



Active Investment in Human Resources

- Our people represent the most important element underpinning the sustainable growth of the Group. To that end, we will move forward with human resource investments, including initiatives that will incur costs in the near term
- Through these investments, we aim to establish an environment in which each employee can leverage their creativity to the greatest extent possible

Active Investment in Human Resources (Including Upfront Investments) to Achieve Sustainable Growth

Overview of Initiatives

- Promotion of sound and healthy workstyles
- Establishment of systems to enable collaboration even when working from home
- Establishment of workplace environments where employees can feel a sense of growth
- Further promotion of diversity and inclusion, etc.



MTBP Targets

MTBP Targets

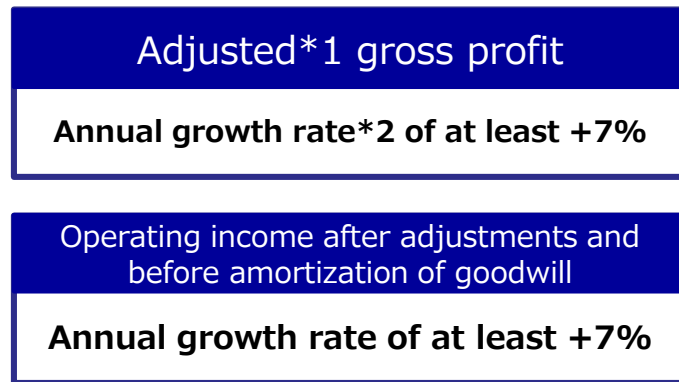
- We will implement strategic investment in structural reforms aimed at maintaining and enhancing our growth potential and realizing continuous growth over the medium to long term.

□ MTBP Targets (FY2023)

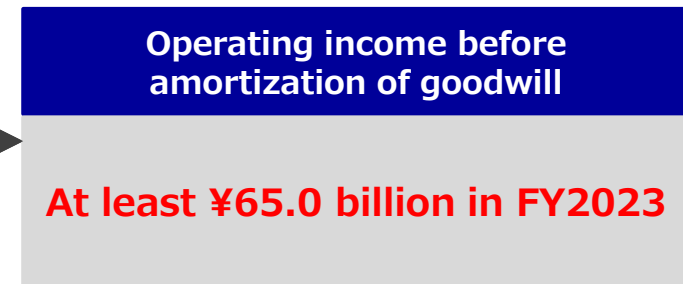
*1 Adjusted = Excluding investment projects

*2 FY2020-FY2023

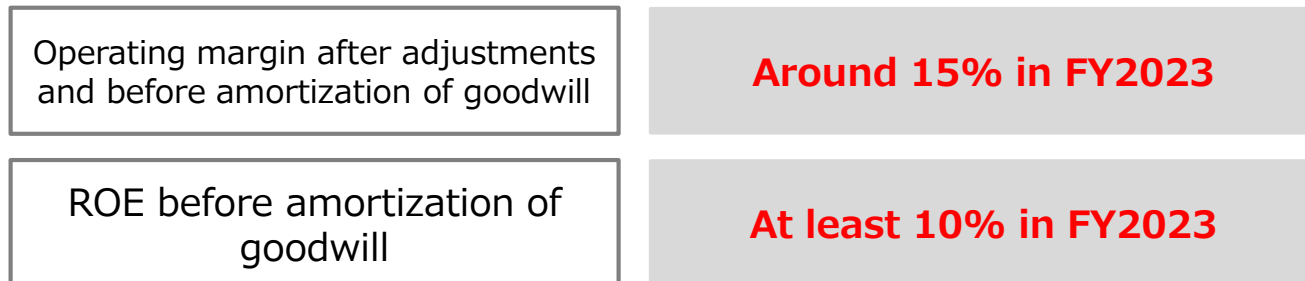
Excluding investment profits/losses



Including investment business profits/losses



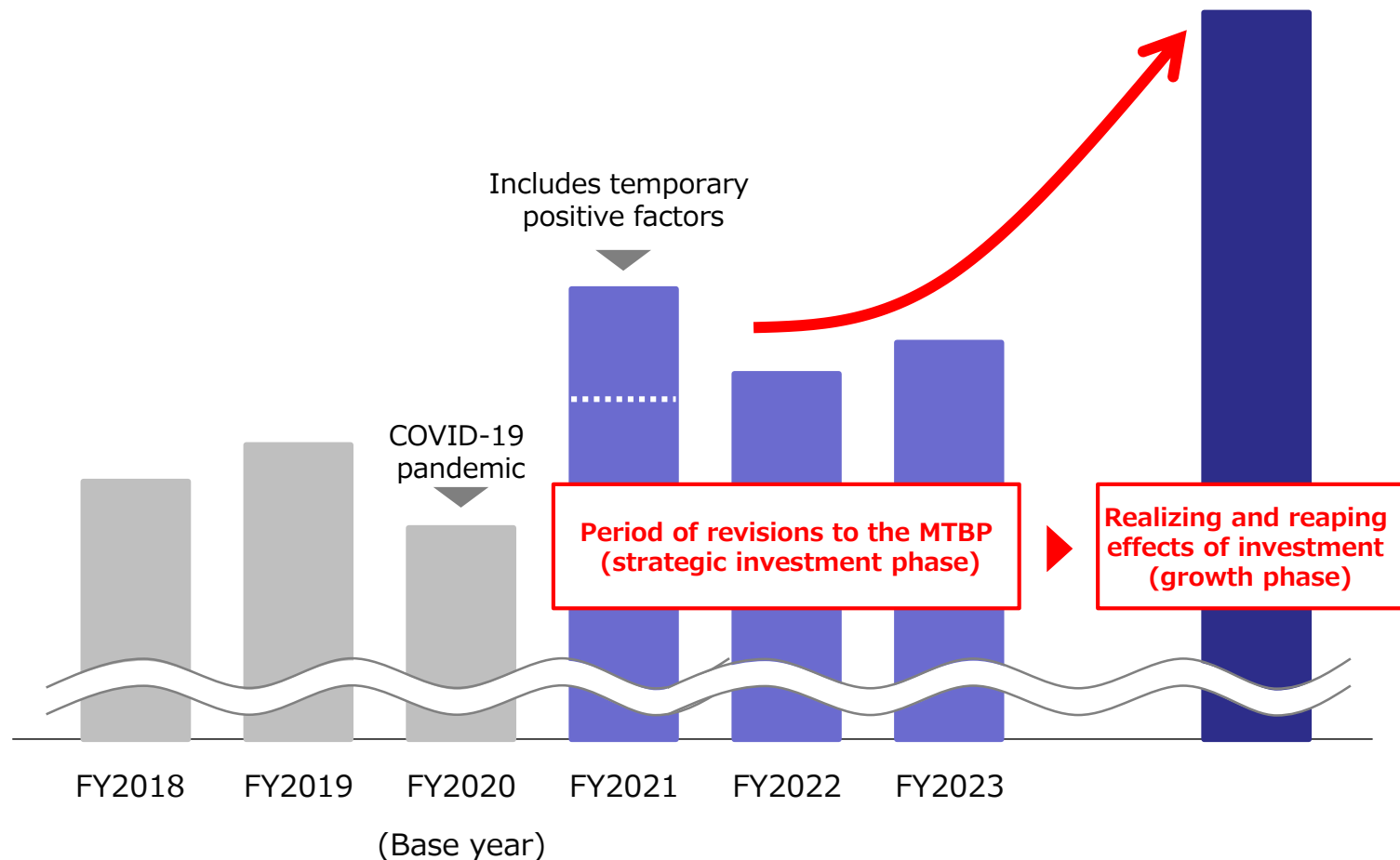
Important indicators



Outline of Medium- to Long-Term Growth

- Rather than pursue short-term profit growth in the three years, a period in which we find ourselves on the verge of significant transformation, we will move forward with structural reforms and aim to establish a firm foundation for significant growth over the medium to long term.

Outline of Growth in Operating Income After Adjustments and Before Amortization of Goodwill



Hakuhodo DY holdings