

Hakuhodo DY holdings

Consolidated Financial Highlights FY2021 (April-Mar. 2022)

May 12, 2022

Consolidated Results Highlights of FY 2021

Achieved all-time highs in both billings and income, while continuing the trend of recovery from COVID.

- Billings and income rose sharply on the recovery in advertising demand, with contributions from public-sector related business.
- Gross margin improved as the top line recovered to above FY2019 levels. In addition, gross profit also exceeded FY2019.
- In Japan, internet media continued to grow strongly, and marketing/promotion increased significantly due to BPO 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 was also a boosting factor.
- Billings, excluding investment business, rose sharply by 17.1% YoY. (*)
- Gross profit increased by 23.8% YoY. Gross profit increased 17.0% from FY2019. (*)
- SG&A expenses were controlled below the growth of gross profit, and operating income increased 66.3% YoY. The level of operating income increased by 36.1% from FY2019. (*)
- Operating income before amortization of goodwill also increased by 59.9% YoY. (*)
- Net income attributable to owners of the parent doubled to ¥55.1 billion due in part to extraordinary gains from the sale of shares held.
- All-time highs in billings, revenue, and all income items.

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

FY2021 Income Statement Highlights

Hakuhodo DY holdings

(Millions of JPY)	Actual	YOY		Difference from Forecast *	
Billings	1,518,921	+220,974	+17.0%	-47,078	-3.0%
Revenue	895,080	+180,519	+25.3%	-24,919	-2.7%
Operating Income	71,642	+26,609	+59.1%	+2,642	+3.8%
Ordinary Income	75,740	+26,146	+52.7%	+3,740	+5.2%
Net Income Attributable to Owners of Parent	55,179	+28,699	+108.4%	+1,179	+2.2%

- Billings and income rose sharply, driven by a recovery in market conditions.
- Billings increased by 17.0% YoY, and revenue increased by 25.3% YoY.
- Operating income increased by ¥26.6 billion to ¥71.6 billion, and net income attributable to owners of the parent increased by ¥28.6 billion to ¥55.1 billion.
- All-time highs in billings, revenue, and all income items.

FY2021 Results (Excluding Investment Business)

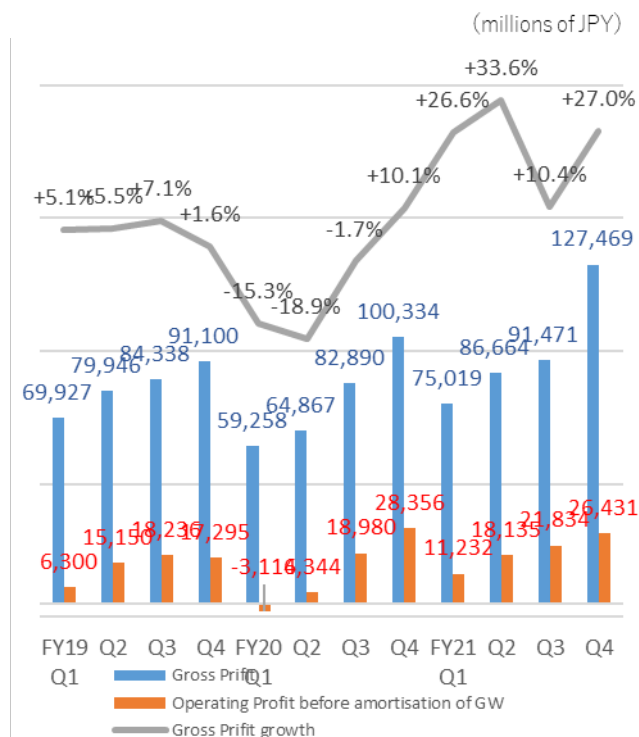
Hakuhodo DY holdings

FY2021

(Millions of JPY)

	Actual	YOY		vs FY2019
Billings	1,512,146	+220,324	+17.1%	+3.7%
Revenue	888,305	+179,870	+25.4%	+11.7%
Gross Profit	380,624	+73,274	+23.8%	+17.0%
Gross Margin	25.2%	+1.4pt		+2.9pt
SGA	315,376	+47,260	+17.6%	+13.7%
Operating Income	65,247	+26,014	+66.3%	+36.1%
Operating Margin	17.1%	+4.4pt		+2.4pt
Amortization of Goodwill*	12,386	+3,054	+32.7%	+37.0%
Operating Income before Amortization of G/W	77,634	+29,068	+59.9%	+36.2%
Operating Margin before Amortization of G/W	20.4%	+4.6pt		+2.9pt

Gross profit & Operating Income before amortization of goodwill by quarter



- Billings increased by 17.1% YoY. (+3.7% compared to FY2019)
- Gross profit increased 23.8% YoY. (+17.0% compared to FY2019)
- SG&A expenses increased by only 17.6% YoY, and operating income increased by ¥26 billion. (+36.1% compared to FY2019)
- Operating income before amortization of goodwill was ¥77.6 billion. Billings, revenue, gross profit, and operating income (both before goodwill amortization) were both at all-time highs.

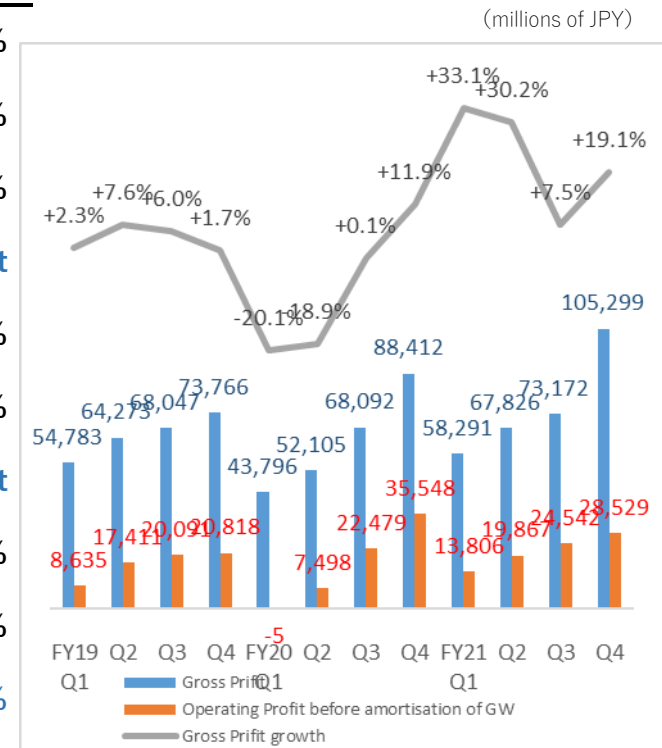
* Amortization of goodwill represents the total of goodwill amortization required under Japanese GAAP and amortization of intangible assets following business combinations.

Results by Region (Japan: Excluding Investment Business) Hakuhodo DY holdings

FY2021

(Millions of JPY)	Actual	YOY		vs FY2019
Billings	1,333,900	+184,671	+16.1%	+2.5%
Revenue	710,059	+144,217	+25.5%	+11.3%
Gross Profit	304,589	+52,182	+20.7%	+16.8%
Gross Margin	22.8%	+0.9pt		+2.8pt
SGA	218,927	+30,946	+16.5%	+11.8%
Operating Income	85,662	+21,236	+33.0%	+31.6%
Operating Margin	28.1%	+2.6pt		+3.2pt
Amortization of Goodwill*	1,083	-11	-1.1%	-41.2%
Operating Income before Amortization of G/W	86,746	+21,224	+32.4%	+29.6%
Operating Margin before Amortization of G/W	28.5%	+2.5pt		+2.8%

Gross profit & Operating Income before amortization of goodwill by quarter



- Billings increased by 16.1% due to a recovery in advertising demand and contributions from Government/Organization sector business.
- Gross profit increased by 20.7% YoY (+16.8% compared to FY2019) and gross margin improved by 0.9pt YoY.
- SG&A expenses increased by 16.5% YoY, and both operating income and operating income before amortization of goodwill increased by ¥21.2 billion.
- Compared to FY2019, operating income increased by 31.6% and operating income before goodwill amortization increased by 29.6%.

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

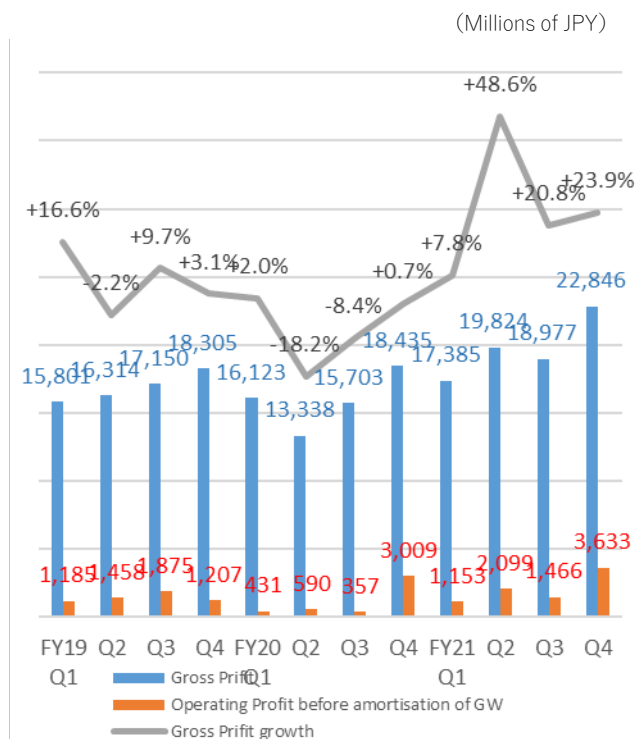
Results by Region (Overseas)

Hakuhodo DY holdings

FY2021

(Millions of JPY)	Actual	YOY		vs FY2019
Billings	184,273	+30,225	+19.6%	+11.5%
Revenue	184,273	+30,225	+19.6%	+11.5%
Gross Profit	79,034	+15,432	+24.3%	+17.0%
Gross Margin	42.9%	+1.6pt		+2.0pt
SGA	81,983	+14,534	+21.5%	+18.7%
Operating Income	-2,949	+898	n/a	n/a
Operating Margin	-3.7%	+2.3pt		-1.6pt
Amortization of Goodwill*	11,302	+3,066	+37.2%	+57.1%
Operating Income before Amortization of G/W	8,353	+3,964	+90.3%	+45.9%
Operating Margin before Amortization of G/W	10.6%	+3.7pt		+2.1pt

Gross profit & Operating Income before amortization of goodwill by quarter



- Gross profit increased by 24.3% YoY. Gross profit increased 24.3% YoY. It accounted for 20.8% of total consolidated gross profit.
- 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 21.5% YoY increase in SG&A expenses, operating income before amortization of goodwill increased by ¥ 3.9billion, exceeding FY2019 level.

Billings by Service Category

Hakuhodo DY holdings

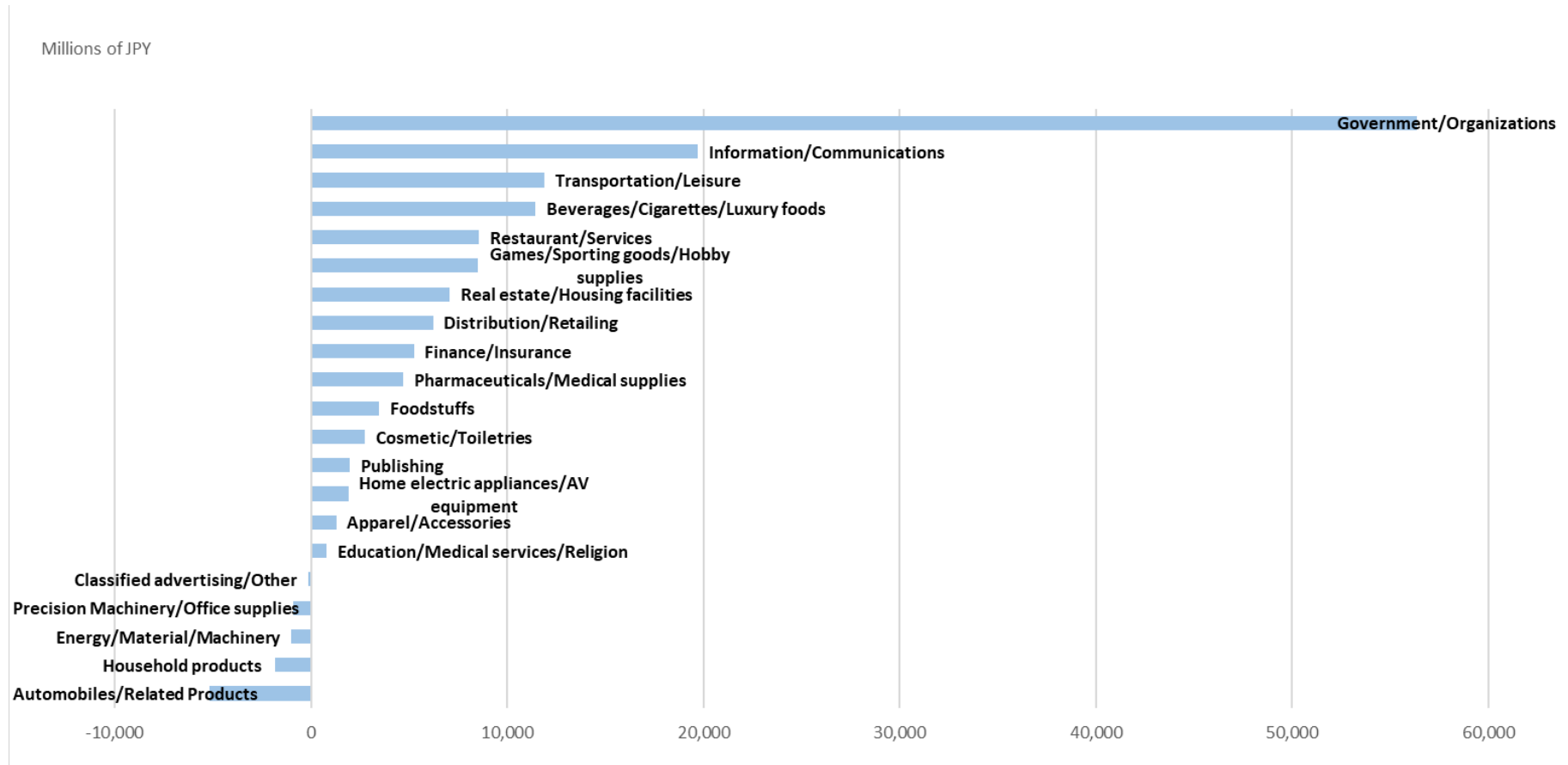
FY2021

(Millions of JPY)	Actual	YOY		Composition Ratio	(ref.) vs FY19	
Newspapers	39,466	+1,843	+4.9%	3.0%	-4,904	-11.1%
Magazines	7,740	-2,524	-24.6%	0.6%	-10,108	-56.6%
Radio	11,821	-161	-1.3%	0.9%	-3,057	-20.5%
Television	393,918	+12,245	+3.2%	29.9%	-33,550	-7.8%
Trad-Media Service Subtotal	452,946	+11,402	+2.6%	34.4%	-51,621	-10.2%
Internet Media	298,359	+51,291	+20.8%	22.6%	+43,793	+17.2%
Outdoor Media	30,449	+2,113	+7.5%	2.3%	-12,300	-28.8%
Media Service Subtotal	781,755	+64,807	+9.0%	59.3%	-20,127	-2.5%
Creative	150,642	+10,636	+7.6%	11.4%	+1,440	+1.0%
Marketing/Promotion	347,878	+113,800	+48.6%	26.4%	+72,618	+26.4%
Others (Contents, etc.)	37,922	+2,499	+7.1%	2.9%	-15,456	-29.0%
Other than Media Service Subtotal	536,442	+126,937	+31.0%	40.7%	+58,601	+12.3%
Total	1,318,198	+191,745	+17.0%	100.0%	+38,474	+3.0%
Investment Business	6,774	+649				
Other than above	15,702					
Domestic Billings	1,340,675	+191,446	+16.7%		+31,653	+2.4%
Internet Advertising Domain Billings	362,512	+57,637	+18.9%	+27.5%	+55,412	+18.0%

- Figures for "Other than above" comprise mainly billings of certain domestic subsidiaries.

FY2021

See p.19-23 for details.



- Main Positive Industries

Government/Organizations	FY2021 Actual	¥99.7bil	YoY +¥56.3bil (+130.0%)
Information/Communications		¥143.2bil	+¥19.6bil (+15.9%)
Transportation/Leisure		¥ 47.2bil	+¥11.8bil (+33.7%)

- Main Negative Industries

Automobiles/Related products	FY2021 Actual	¥ 105.9bil	YoY -¥ 5.1bil (-4.7%)
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Selling, General & Administrative Expenses

Hakuhodo DY holdings

FY2021

(Millions of JPY)

	Actual	YOY	
Personnel	218,788	+35,132	+19.1%
Rent	18,442	+162	+0.9%
Depreciations	6,721	+718	+12.0%
Amortization of Goodwill	12,386	+3,054	+32.7%
Others	59,111	+8,198	+16.1%
Other Expenses	96,661	+12,134	+14.4%
SGA total	315,450	+47,266	+17.6%

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

Q4 FY20 SG&A	268,184
Change in scope of consolidation	+4,171
Amortization of goodwill	+3,054
Personnel (other than above)	+31,823
Other expenses (other than above)	+8,217
Q4 FY21 SG&A	315,450

- SG&A expenses increased by 17.6% YoY.
- Personnel expenses increased by 19.1%, and other expenses increased by 14.4% YoY.
- Excluding the effect of changes in the scope of consolidation and amortization of goodwill, SG&A expenses increased by ¥40 billion YoY. (equivalent to 14.9% YoY)
- The number of employees was 25,522 as of Mar 31, 2022 (increased by 747 from Mar 31, 2021),

Other Income & Extra-ordinary Items

Hakuhodo DY holdings

FY2021

Other Income/Loss	(Millions of JPY)	Actual	YOY
Non-operating Income		7,683	+2,050
Interest Income		480	+179
Dividend Income		1,713	-920
FOREX		551	+551
Investment Partnership Income		386	-131
Equity Method Earnings		2,607	+1,936
Non-operating Expenses		3,585	+2,512
Interest Expenses		665	+181
FV remeasurements on contingent considerations		1,346	+1,346
Fee Expenses		902	+902
Extra-ordinary Items	(Millions of JPY)	Actual	YOY
Extraordinary Income		25,812	+11,154
Gain on sales of investment securities		23,627	
Gain on sales of investments in associates		1,336	
Extraordinary losses		6,844	-3,737
Office relocation expense		437	
Loss from disposal of fixed assets		611	
Retirement payment		4,326	

- 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 FY2022

In spite of uncertainties such as rising resource prices, supply chain slowdowns, and the contagious state of the COVID, we expect the domestic advertising market to continue on a recovery trend. Billings are expected to increase 7.3% YoY to ¥1,630.0 billion, based on plans for growth that outperforms the market and a boost from M&A. The operating income outlook is ¥51.0 billion, assuming an increase in SG&A expenses due to the improvement of the infrastructure based on the medium-term plan and a rebound in activity expenses. Operating income before amortization of goodwill is expected to be around ¥64.0 billion, exceeding the CAGR of 7% (*1) in the medium-term management plan, and is expected to reach the medium-term management plan target of ¥65.0 billion (*2), which is only ¥1.0 billion short of the target. At this point, we have not included any extraordinary items and expect net income attributable to shareholders of the parent company to be ¥26.0 billion.

(*1) CAGR based on the fiscal year ending March 31, 2021.

(*2) Target figures for the fiscal year ending March 31, 2024

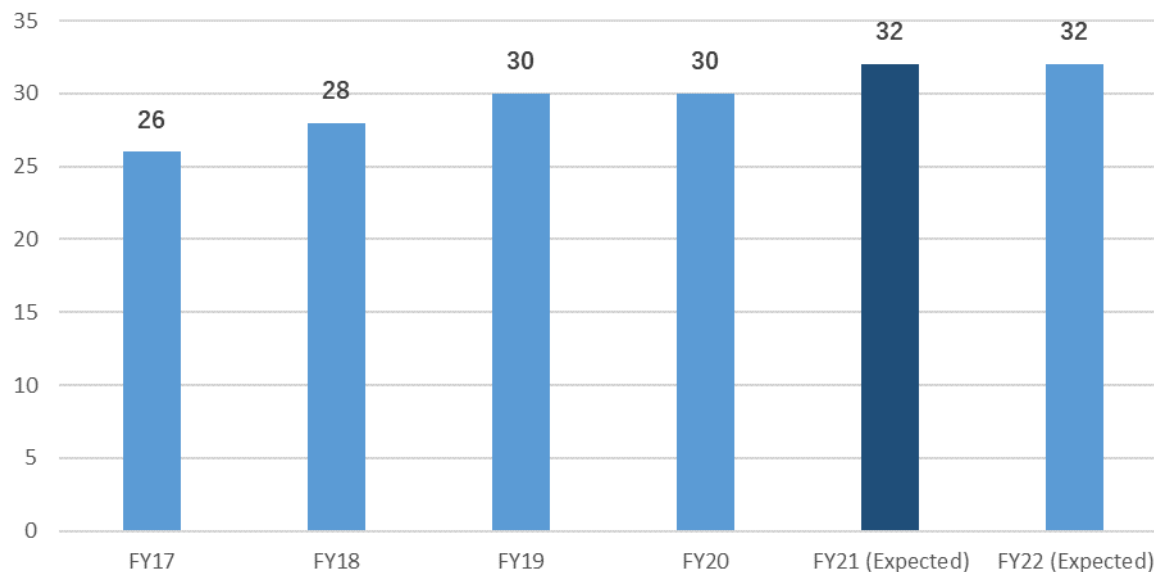
Performance forecast

(Millions of JPY)	Forecast	YOY	
Billings	1,630,000	+111,078	+7.3%
Operating Income	51,000	-20,642	-28.8%
Ordinary Income	53,000	-22,740	-30.0%
Net Income Attributable to Owners of Parent	26,000	-29,179	-52.9%
Operating Income before amortization of Goodwill	64,000		

Our basic policy is to pay stable and continuous dividends. 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.

For the fiscal year ending March 31, 2022, we forecast an increase of ¥2 per share to ¥17 per share, for a total annual dividend of ¥32 per share, including the interim dividend which has already been paid. The dividend forecast for the fiscal year ending March 31, 2011 is ¥32 per share, the same amount as the year-end dividend for the fiscal year ended March 31, 2022, even though income is expected to decline.

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 FY2021

(Millions of JPY)	YTD (12-Month)			by Quarter (3-Month)							
	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,518,921	+220,974	+17.0%	326,964	+25.3%	334,409	+22.5%	377,946	+8.3%	479,601	+15.6%
Revenue	895,080	+180,519	+25.3%	172,378	+22.3%	198,524	+35.2%	211,699	+14.9%	312,477	+28.8%
Gross Profit	387,093	+73,875	+23.6%	78,240	+21.0%	88,389	+35.9%	92,757	+11.6%	127,705	+27.2%
Gross Margin	25.5%	+1.4pt	+0.0%	23.9%	-0.8pt	26.4%	+2.6pt	24.5%	+0.7pt	26.6%	+2.4pt
SG&A	315,450	+47,266	+17.6%	66,152	+3.0%	72,227	+13.5%	73,448	+11.2%	103,622	+39.5%
Operating Income	71,642	+26,609	+59.1%	12,087	+2929.6%	16,161	+1053.1%	19,309	+13.2%	24,083	-8.0%
Operating Margin	18.5%	+4.1pt	+0.0%	15.4%	+14.8pt	18.3%	+16.1pt	20.8%	+0.3pt	18.9%	-7.2pt
Non-operating Income	7,683	+2,050	+36.4%	1,605	+7.3%	750	-28.2%	1,217	+5.6%	4,111	+111.9%
Non-operating Expenses	3,585	+2,512	+234.3%	441	+25.4%	265	-4.0%	22	-95.6%	2,855	n/a
Ordinary Income	75,740	+26,146	+52.7%	13,251	+759.1%	16,646	+667.3%	20,503	+15.9%	25,339	-10.1%
Extraordinary Income	25,812	+11,154	+76.1%	280	+141.0%	87	+159.4%	438	-93.7%	25,006	+230.2%
Extraordinary Loss	6,844	-3,737	-35.3%	108	-45.9%	313	-31.3%	4,758	+62.1%	1,664	-76.2%
Net Income before Taxes	94,708	+41,038	+76.5%	13,423	+820.0%	16,420	+839.8%	16,183	-25.4%	48,681	+69.2%
Income Tax	35,846	+11,297	+46.0%	5,991	+120.7%	7,158	+232.4%	6,863	-21.8%	15,832	+45.2%
Non-controlling Interest	3,683	+1,042	+39.5%	1,193	-34.2%	943	n/a	773	+97.6%	773	+61.3%
Net Income Attributable to Owners of Parent	55,179	+28,699	+108.4%	6,238	n/a	8,318	n/a	8,546	-31.8%	32,075	+84.5%
Amortization of Goodwill	12,386	+3,054	+32.7%	2,328	+28.7%	3,680	+18.0%	3,796	+79.0%	2,581	+13.1%
Operating Income before Amortization of Goodwill	84,029	+29,664	+54.6%	14,416	+553.0%	19,842	+338.8%	23,106	+20.5%	26,664	-6.3%
Operating Margin before Amortization of Goodwill	21.7%	+4.4pt		18.4%	+15.0pt	22.4%	+15.5pt	24.9%	+1.8pt	20.9%	-7.5pt

* 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

Hakuhodo DY holdings

FY2021

	YTD (12-Month)			by Quarter (3-Month)							
Results Excluding Investment Business											
(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,512,146	220,324	+17.1%	323,680	+26.6%	332,528	+21.9%	376,646	+8.0%	479,291	+15.6%
Revenue	888,305	179,870	+25.4%	169,094	+24.8%	196,643	+34.1%	210,399	+14.4%	312,167	+28.8%
Gross Profit	380,624	73,274	+23.8%	75,019	+26.6%	86,664	+33.6%	91,471	+10.4%	127,469	+27.0%
Gross Margin	25.2%	+1.4pt		23.2%	-0.0pt	26.1%	+2.3pt	24.3%	+0.5pt	26.6%	+2.4pt
SG&A	315,376	47,260	+17.6%	66,114	+3.0%	72,209	+13.5%	73,433	+11.2%	103,619	+39.5%
Operating Income	65,247	26,014	+66.3%	8,904	n/a	14,454	+1080.7%	18,038	+7.0%	23,850	-8.5%
Operating Margin	17.1%	+4.4pt		11.9%	+20.2pt	16.7%	+14.8pt	19.7%	-0.6pt	18.7%	-7.3pt
Amortization of Goodwill	12,386	+3,054	+32.7%	2,328	+28.7%	3,680	+18.0%	3,796	+79.0%	2,581	+13.1%
Operating Income before Amortization of Goodwill	77,634	+29,068	+59.9%	11,232	n/a	18,135	+317.4%	21,834	+15.0%	26,431	-6.8%
Operating Margin before Amortization of Goodwill	20.4%	+4.6pt		15.0%	+20.2pt	20.9%	+14.2pt	23.9%	+1.0pt	20.7%	-7.5pt
Impact from Investment Business											
(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	6,774	+649		3,283	-2,166	1,880	+1,625	1,300	+1,043	309	+146
Revenue	6,774	+649		3,283	-2,166	1,880	+1,625	1,300	+1,043	309	+146
Gross Profit	6,468	+601		3,221	-2,170	1,725	+1,548	1,286	+1,085	235	+138
SG&A	74	+5		37	-30	18	+18	14	+14	2	+2
Operating Income	6,394	+595		3,183	-2,140	1,707	+1,529	1,271	+1,070	232	+135

* 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

FY2021

(Millions of JPY)	Actual	YOY	
Japan			
Billings	1,340,675	+191,446	+16.7%
Revenue	716,834	+150,992	+26.7%
Gross Profit	311,058	+58,651	+23.2%
SG&A	219,001	+31,020	+16.5%
Operating Income	92,057	+27,631	+42.9%
Overseas			
Billings	184,273	+30,225	+19.6%
Revenue	184,273	+30,225	+19.6%
Gross Profit	79,034	+15,432	+24.3%
SG&A	81,983	+14,534	+21.5%
Operating Income	-2,949	+898	n/a
Elimination or Corporate			
Billings	-6,027	-697	
Revenue	-6,027	-697	
Gross Profit	-2,999	-208	
SG&A	14,466	+1,711	
Operating Income	-17,465	-1,920	
Consolidated			
Billings	1,518,921	+220,974	+17.0%
Revenue	895,080	+180,519	+25.3%
Gross Profit	387,093	+73,875	+23.6%
SG&A	315,450	+47,266	+17.6%
Operating Income	71,642	+26,609	+59.1%

Results by Region(YTD, by Quarter)

Hakuhodo DY holdings

FY2021

	YTD (12 -Month)			by Quarter (3-Month)							
Japan (Excluding Investment Business)											
(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,333,900	+184,671	+16.1%	284,874	+30.2%	291,169	+19.0%	335,691	+6.7%	422,165	+13.8%
Gross Profit	304,589	+52,182	+20.7%	58,291	+33.1%	67,826	+30.2%	73,172	+7.5%	105,299	+19.1%
Gross Margin	22.8%	+0.9pt		20.5%	+0.4pt	23.3%	+2.0pt	21.8%	+0.2pt	24.9%	+1.1pt
SG&A	218,927	+30,946	+16.5%	44,764	+1.7%	48,250	+7.4%	48,915	+6.6%	76,996	+44.9%
Operating Income	85,662	+21,236	+33.0%	13,527	n/a	19,576	+170.6%	24,256	+9.2%	28,302	-19.8%
Operating Margin	28.1%	+2.6pt		23.2%	+23.9pt	28.9%	+15.0pt	33.1%	+0.5pt	26.9%	-13.0pt
Amortization of Goodwill	1,083	-11	-1.1%	279	-3.6%	291	+10.0%	286	+8.1%	226	-17.8%
Operating Income before Amortization of Goodwill	86,746	+21,224	+32.4%	13,806	n/a	19,867	+165.0%	24,542	+9.2%	28,529	-19.7%
Operating Margin before Amortization of Goodwill	28.5%	+2.5pt		23.7%	+23.7pt	29.3%	+14.9pt	33.5%	+0.5pt	27.1%	-13.1pt
International											
(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	184,273	+30,225	+19.6%	40,301	+5.0%	43,054	+46.4%	42,378	+19.4%	58,538	+15.3%
Gross Profit	79,034	+15,432	+24.3%	17,385	+7.8%	19,824	+48.6%	18,977	+20.8%	22,846	+23.9%
Gross Margin	42.9%	+1.6pt		43.1%	+1.1pt	46.0%	+0.7pt	44.8%	+0.5pt	39.0%	+2.7pt
SG&A	81,983	+14,534	+21.5%	18,280	+6.2%	21,114	+35.3%	21,020	+22.2%	21,567	+23.7%
Operating Income	-2,949	+898	n/a	-895	n/a	-1,289	n/a	-2,043	n/a	1,279	+27.5%
Operating Margin	-3.7%	+2.3pt		-5.1%	+1.6pt	-6.5%	+10.5pt	-10.8%	-1.2pt	5.6%	+0.2pt
Amortization of Goodwill	11,302	+3,066	+37.2%	2,048	+34.9%	3,389	+18.7%	3,510	+89.1%	2,354	+17.4%
Operating Income before Amortization of Goodwill	8,353	+3,964	+90.3%	1,153	+167.2%	2,099	+255.7%	1,466	+310.1%	3,633	+20.8%
Operating Margin before Amortization of Goodwill	10.6%	+3.7pt		6.6%	+4.0pt	10.6%	+6.2pt	7.7%	+5.5pt	15.9%	-0.4pt

Billings by Service Category

Hakuhodo DY holdings

FY2021

(Millions of JPY)	YTD (12-Month)			by Quarter (3-Month)							
	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Newspapers	39,466	+1,843	+4.9%	9,201	+44.2%	8,222	-0.1%	10,519	-8.4%	11,522	-0.0%
Magazines	7,740	-2,524	-24.6%	1,907	-20.2%	2,126	-4.3%	2,653	-17.2%	1,052	-57.0%
Radio	11,821	-161	-1.3%	2,887	+5.9%	2,880	+0.4%	2,986	-8.0%	3,066	-2.4%
Television	393,918	+12,245	+3.2%	95,622	+27.0%	87,687	+4.2%	106,817	-2.1%	103,790	-8.2%
Mass Media Service Subtotal	452,946	+11,402	+2.6%	109,619	+26.3%	100,917	+3.5%	122,976	-3.2%	119,432	-8.3%
Internet Media	298,359	+51,291	+20.8%	75,665	+38.8%	64,420	+27.8%	76,884	+14.4%	81,389	+8.5%
Outdoor Media	30,449	+2,113	+7.5%	6,595	+6.5%	6,642	+19.8%	8,704	+10.9%	8,506	-2.7%
Media Service Subtotal	781,755	+64,807	+9.0%	191,880	+30.1%	171,980	+12.1%	208,565	+3.2%	209,329	-2.2%
Creative	150,642	+10,636	+7.6%	31,719	+41.0%	33,904	+11.3%	41,382	+6.7%	43,636	-9.6%
Marketing/Promotion	347,878	+113,800	+48.6%	52,943	+30.5%	75,744	+57.9%	72,988	+19.0%	146,201	+73.6%
Others (Contents, etc.)	37,922	+2,499	+7.1%	7,585	+15.4%	7,373	+2.2%	10,276	+5.1%	12,686	+7.0%
Other than Media Service Subtotal	536,442	+126,937	+31.0%	92,248	+32.5%	117,022	+36.6%	124,647	+13.4%	202,524	+40.3%
Total	1,318,198	+191,745	+17.0%	284,128	+30.9%	289,003	+20.9%	333,212	+6.8%	411,853	+14.9%
Other than above	22,476	+649		4,029		4,046		3,778		10,621	
Consolidated Billings	1,340,675	+191,446	+16.7%	288,158	+28.5%	293,049	+19.7%	336,991	+7.0%	422,475	+15.7%
Internet Advertising Domain Billings	362,512	+57,637	+18.9%	87,630	+38.5%	79,294	+27.2%	95,074	+13.4%	100,512	+5.3%

Billings by Clients' Industry

Hakuhodo DY holdings

FY2021

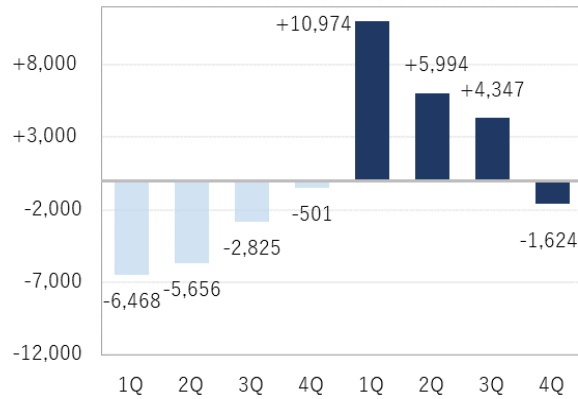
(Millions of JPY)	Actual	YOY		Composition	vs FY2019	
Information/Communications	143,212	+19,693	+15.9%	12.7%	+4,240	+3.1%
Beverages/Cigarettes/Luxury foods	124,422	+11,430	+10.1%	11.0%	+4,172	+3.5%
Automobiles/Related products	105,931	-5,188	-4.7%	9.4%	-30,063	-22.1%
Foodstuffs	76,896	+3,451	+4.7%	6.8%	+71,751	+256.7%
Cosmetics/Toiletries	70,635	+2,741	+4.0%	6.3%	-2,462	-3.1%
Pharmaceuticals/Medical supplies	59,981	+4,712	+8.5%	5.3%	-12,024	-14.5%
Finance/Insurance	63,709	+5,245	+9.0%	5.6%	-2,867	-4.3%
Restaurant/Services	58,051	+8,563	+17.3%	5.1%	+3,791	+6.7%
Distribution/Retailing	53,651	+6,231	+13.1%	4.8%	+871	+1.5%
Transportation/Leisure	47,247	+11,896	+33.7%	4.2%	-209	-0.4%
Real estate/Housing facilities	46,781	+7,086	+17.9%	4.1%	-22,571	-32.3%
Games/Sporting goods/Hobby supplies	28,437	+8,528	+42.8%	2.5%	-1,993	-4.1%
Government/Organizations	99,705	+56,364	#####	8.8%	+9,472	+49.9%
Apparel/Accessories	20,757	+1,295	+6.7%	1.8%	-5,000	-19.4%
Household products	19,703	-1,846	-8.6%	1.7%	+1,592	+8.3%
Home electric appliances/AV equipment	20,723	+1,904	+10.1%	1.8%	-5,011	-19.9%
Publishing	18,041	+1,968	+12.2%	1.6%	-2,817	-12.5%
Energy/Material/Machinery	20,113	-982	-4.7%	1.8%	+1,473	+8.9%
Education/Medical services/Religion	14,142	+811	+6.1%	1.3%	-509	-3.5%
Precision machinery/Office supplies	6,243	-903	-12.6%	0.6%	-5,026	-44.6%
Classified advertising/Other	30,430	-141	-0.5%	2.7%	-3,160	-9.4%
Total	1,128,820	+142,863	+14.5%	100.0%	+3,646	+0.3%
Investment Business	6,774	+649			-856	
Other than Above	205,080					
Domestic Billings	1,340,675	+191,446	+16.7%		+31,653	+2.4%

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

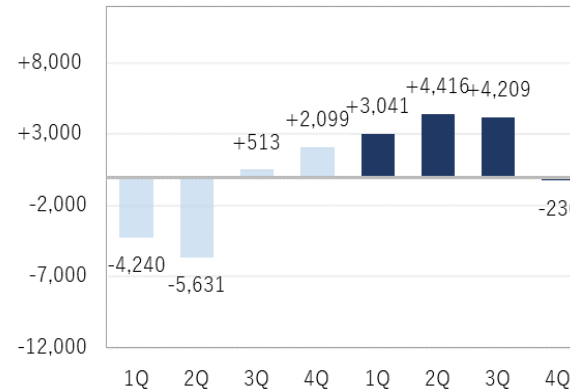
HakuhodoDY holdings

FY2020 FY2021
(Millions of JPY)

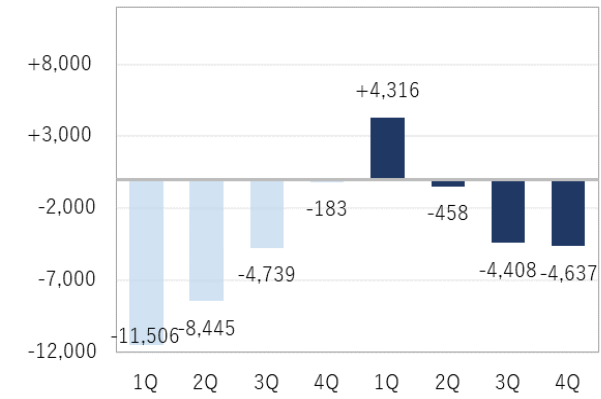
Information/Communications



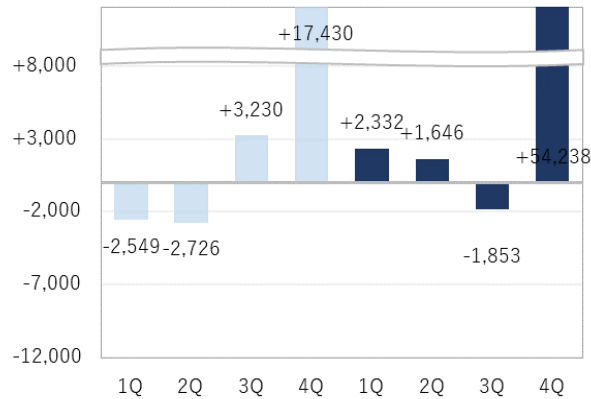
Beverages/Cigarettes/Luxury foods



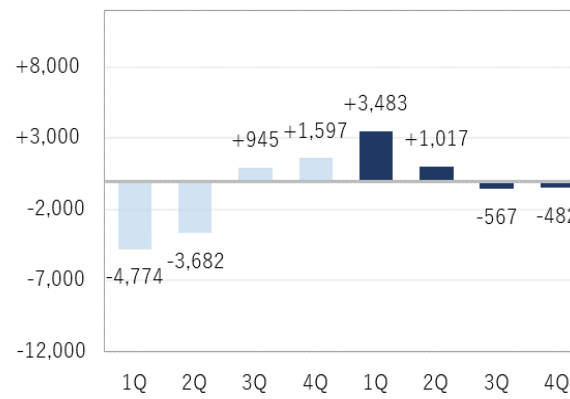
Automobiles/Related products



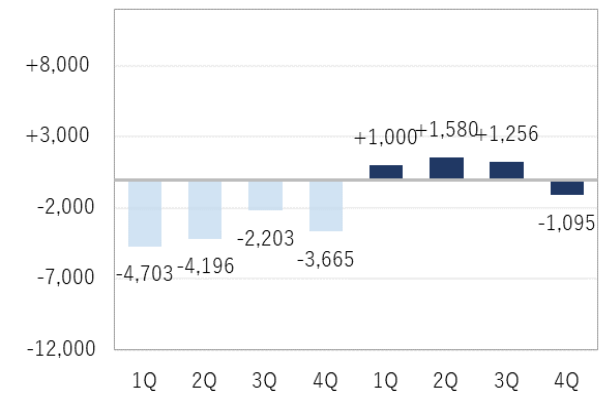
Government/Organizations



Foodstuffs



Cosmetics/Toiletries

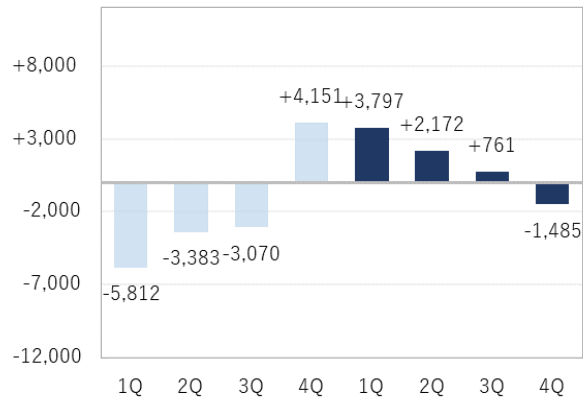


Billings by Clients' Industry (YoY, by Quarter) 2/4

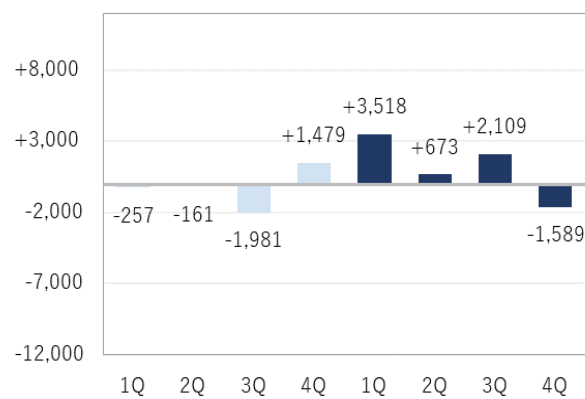
Hakuhodo DY holdings

FY2020 FY2021
(Millions of JPY)

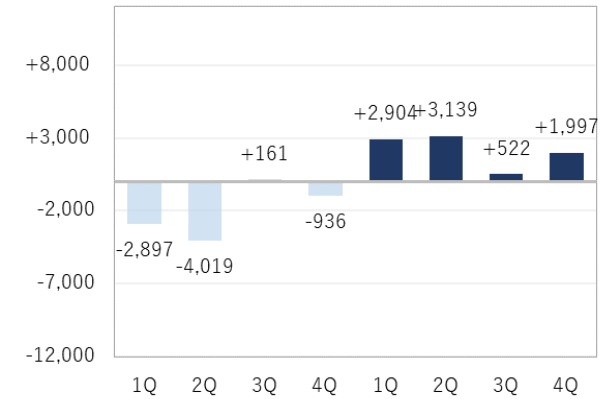
Finance/Insurance



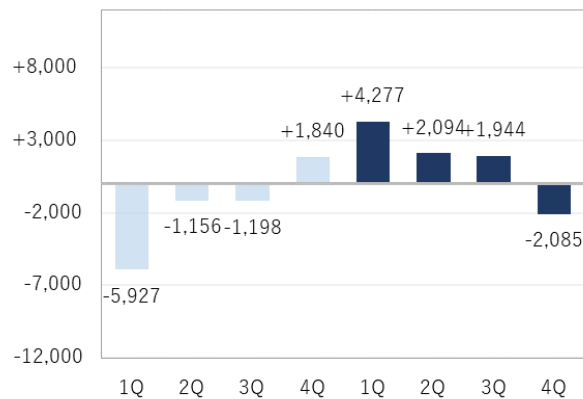
Pharmaceuticals/Medical supplies



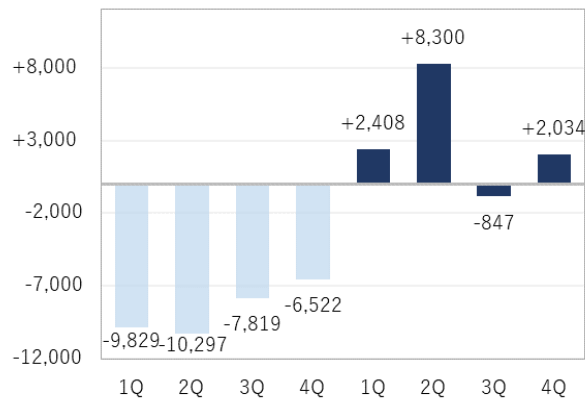
Restaurant/Services



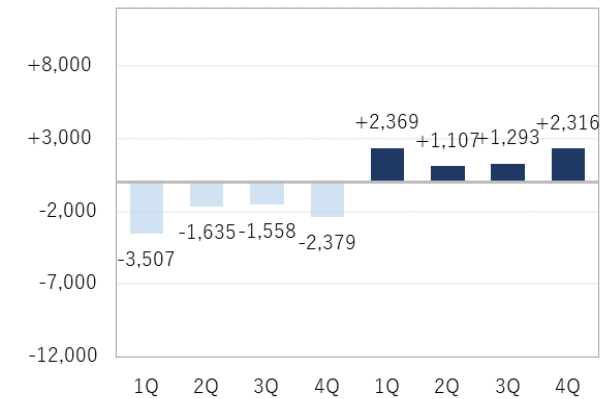
Distribution/Retailing



Transportation/Leisure



Real estate/Housing facilities

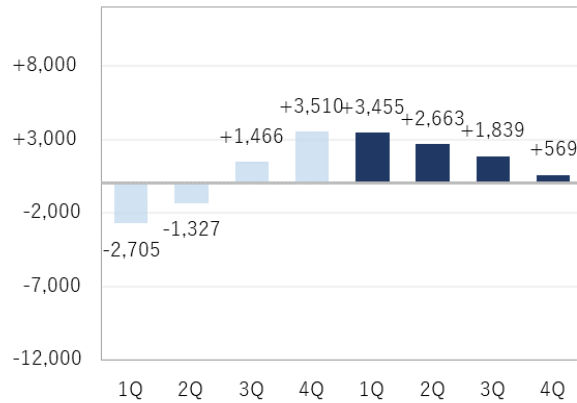


Billings by Clients' Industry (YoY, by Quarter) 3/4

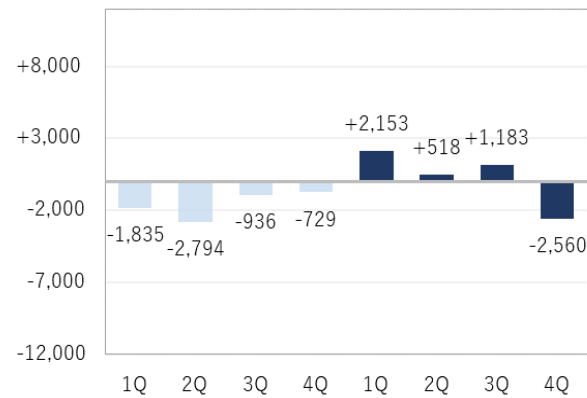
Hakuhodo DY holdings

FY2020 FY2021
(Millions of JPY)

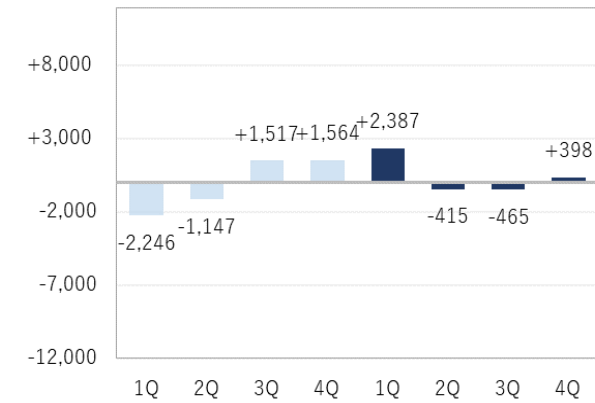
Games/Sporting goods/Hobby supplies



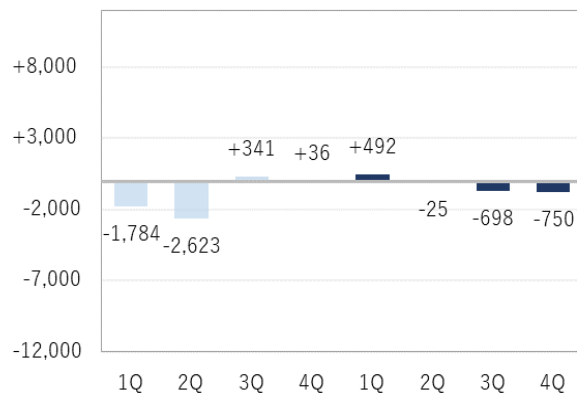
Apparel/Accessories



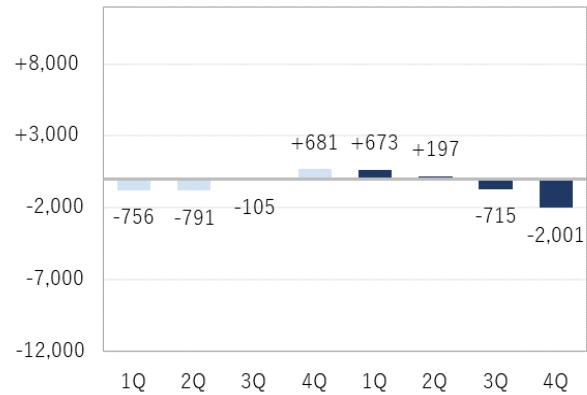
Home electric appliances/AV equipment



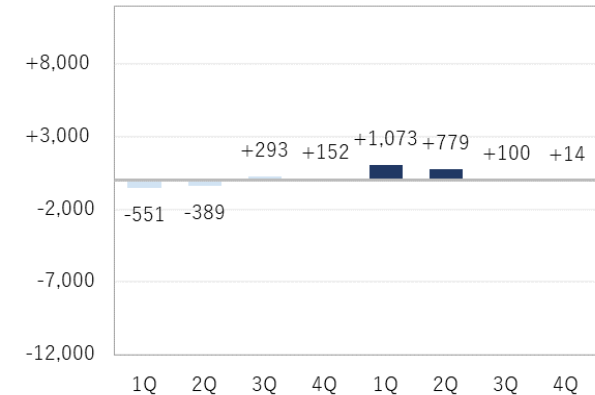
Energy/Material/Machinery



Household products

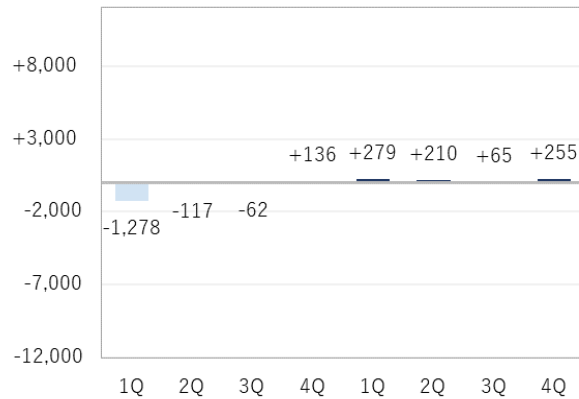


Publishing

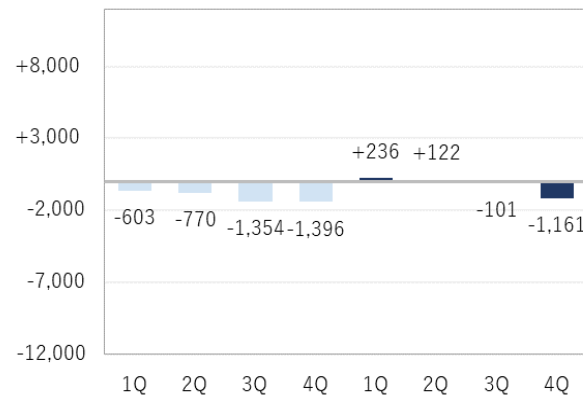


FY2020 FY2021
(Millions of JPY)

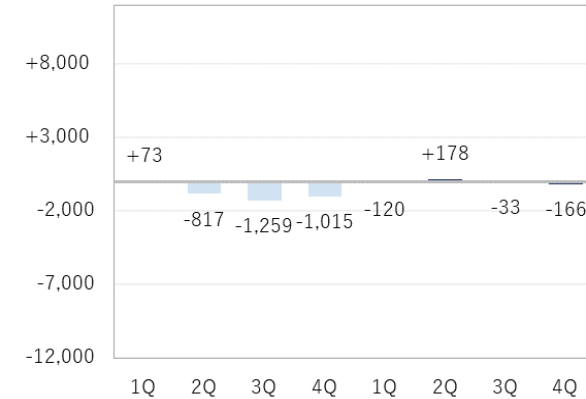
Education/Medical services/Religion



Precision machinery/Office supplies



Classified advertising/Other



(Millions of JPY)	End of June 2021	Change *	Composition
Current Assets	754,854	128,122	71.7%
Cash & Deposits	183,983	4,671	
Accounts Recievable	438,404	77,681	
Non-current Assets	298,162	-16,209	28.3%
Tangible Assets	37,124	2,208	
Intangible Assets	72,317	3,265	
Goodwill	45,097	3,296	
Investments & Other Assets	188,720	-21,683	
Investment Securities	136,696	-34,496	
Total Assets	1,053,016	111,912	100.0%
Current Liabilities	505,640	89,301	48.0%
Accounts Payable	298,670	17,062	
Short-term Borrowings	10,750	6,479	
Non-current Liabilities	159,961	-2,664	15.2%
Long-term Borrowings	113,988	3,671	
Total Liabilities	665,601	86,637	63.2%
Shareholders' Equity	319,176	42,978	30.3%
Share Capital	10,790	142	
Capital Surplus	0	-37	
Retained Earnings	319,758	42,873	
Treasury Stock	-11,372	-	
Accumulated Other Comprehensive Incom	38,678	-15,550	3.7%
Share Aquisiton Rights	225	-21	0.0%
Non-controlling Interests	29,335	-2,131	2.8%
Total Net Assets	387,414	25,275	36.8%

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

FY2021

(Millions of JPY)	Actual	YOY
Cash Flows from Operating Activities	20,852	-15,359
Cash Flows from Investing Activities	-11,292	-1,461
Purchase of property, plant and equipment	-5,037	-272
Purchase of intangible assets	-5,411	+594
Purchase of investment securities	-7,141	-4,243
Proceeds from sales of investment securities	35,047	+18,532
Purchase of shares of subsidiaries	-5,676	+520
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-2,469	+5,474
Cash Flows from Financing Activities	-8,698	+4,068
Net increase (decrease) in short-term borrowings	5,744	+5,792
Net increase (decrease) in Long-term borrowings & Bonds	2,676	+1,197
Dividends paid	-11,204	-12
Dividends paid to non-controlling interests	-1,473	-648
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-697	-38
Cash and cash equivalents at beginning of period	176,042	+12,743
Cash and cash equivalents at end of period	180,697	+4,654

Update on Progress under the Medium-Term Business Plan

Abbreviations within this document

HC: Hakuodo DY Holdings Inc. H: Hakuodo Inc. D: Daiko Advertising Inc. Y: YOMIKO ADVERTISING INC.
MP: Hakuodo DY Media Partners Inc. DAC: D.A.Consortium Inc. IREP: IREP Co., Ltd
HP: HAKUHODO Product's INC.

Medium-Term Business Plan (Revised Period: FY2021–FY2023)

Core Medium-Term Strategy	<p>With <i>sei-katsu-sha</i> insight as our cornerstone, the Hakuhodo DY Group will combine our creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a 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>
Transformation of Our Services and Business Foundation	<ul style="list-style-type: none"> ● Transform the services we provide: Implementation of full-funnel <i>Sei-katsu-sha</i> Data-Driven Marketing ● Strengthen cross-organizational functions to accelerate transformation ● Continuously pursue transformation based on existing strategies ● Strengthen our foundation for sustainable business management
Target Levels for Core Domains (FY2023)	<ul style="list-style-type: none"> ● Marketing execution domain: Annual gross profit growth rate of at least 10%* ● Internet domain: Annual billings growth rate of at least 15% ● Overseas business domain: Annual gross profit growth rate of at least 15%
Medium-Term Business Plan (MTBP) Targets (FY2023)	<p>Operating income before amortization of goodwill: At least ¥65.0 billion Annual growth rate of gross profit after adjustments*2: At least 7% Annual growth rate of operating income after adjustments and before amortization of goodwill: At least 7%</p> <p>Important Indicators</p> <ul style="list-style-type: none"> • Operating margin after adjustments and before amortization of goodwill: around 15% • ROE before amortization of goodwill: At least 10%

*1. Figures compares FY2023 with the base year of FY2020

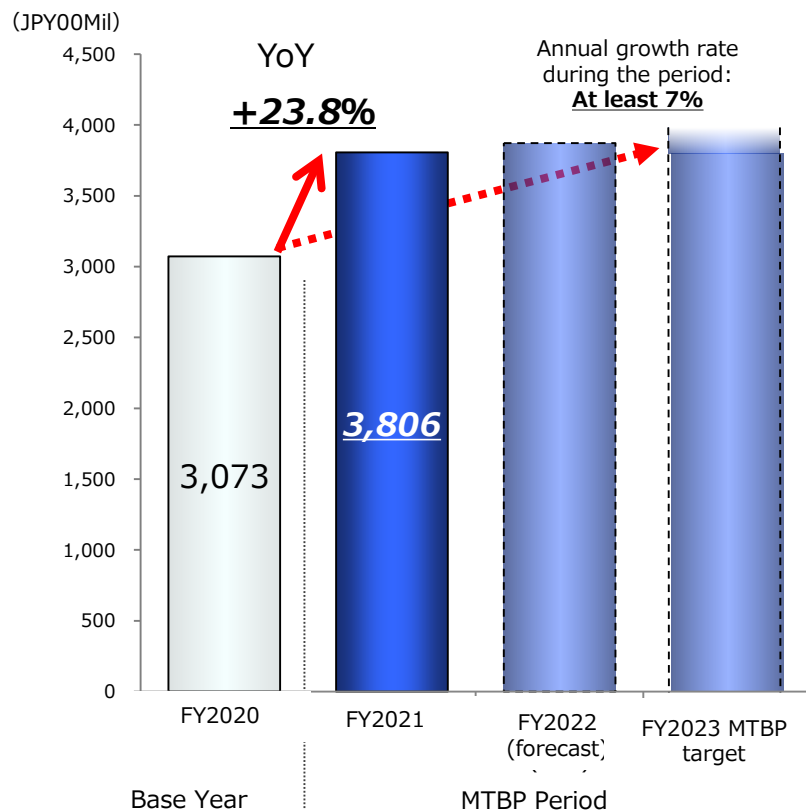
*2. After Adjustments = Excluding investment projects

Overview of Progress in FY2021

■ Both gross profit after adjustments and operating income after adjustments and before amortization of goodwill grew significantly as a result of not only the recovery in advertising demand but also temporary positive factors, such as work related particularly to the COVID-19 pandemic and activity expenses unspent due to the pandemic

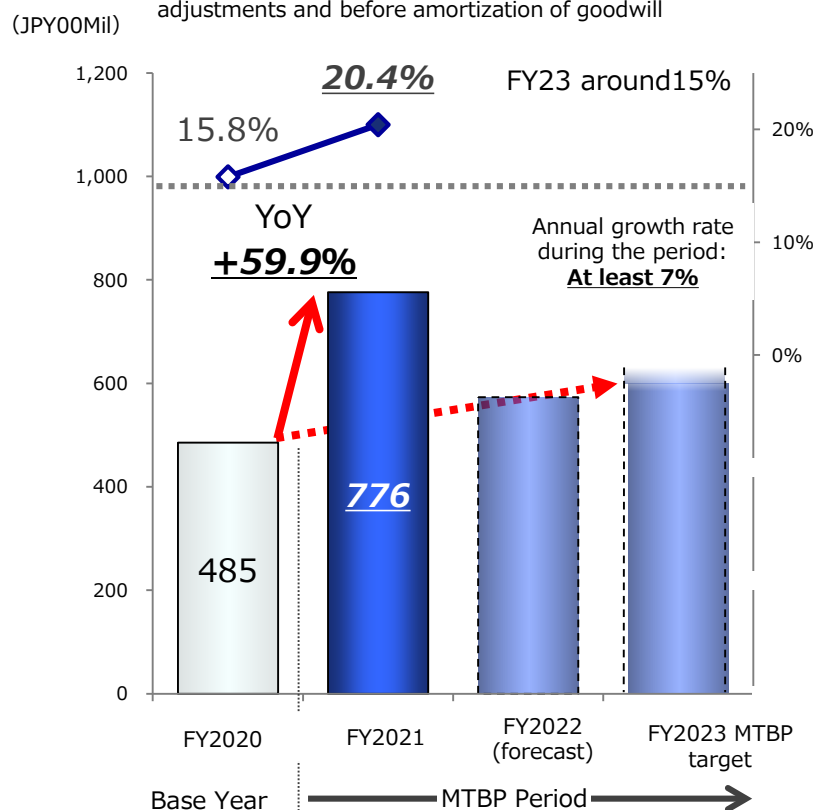
Gross Profit After Adjustments*

* After adjustments: Excluding investment projects



Operating Income / OM After Adjustments and Before Amortization of Goodwill

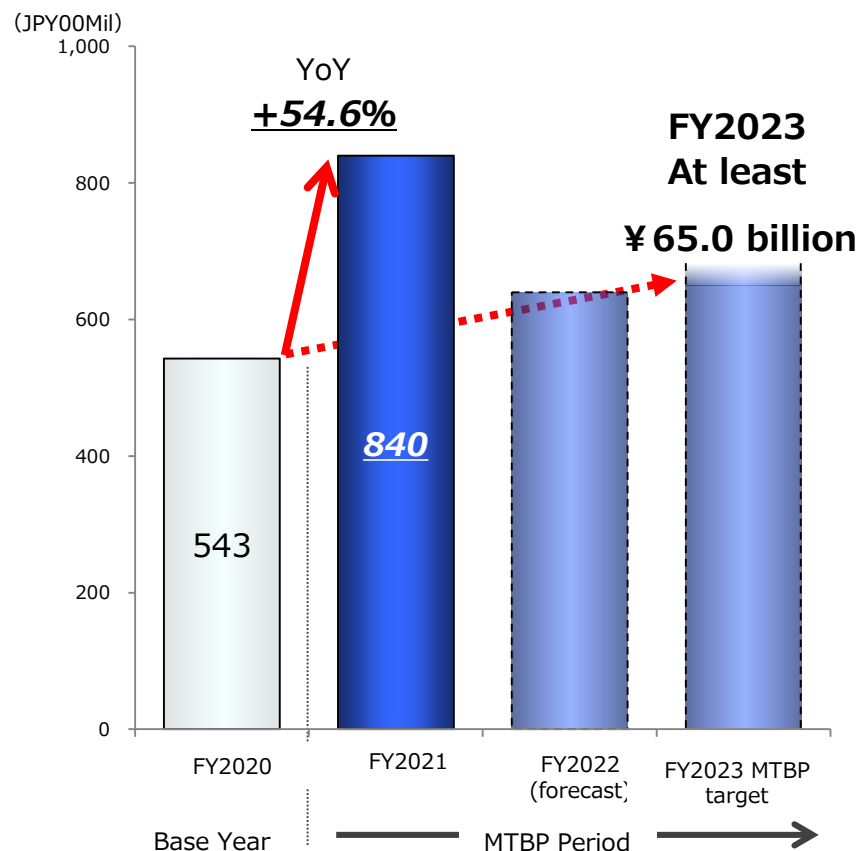
* Bar graph/Left axis: Operating income after adjustments and before amortization of goodwill; Dotted line/Right axis: Operating margin after adjustments and before amortization of goodwill



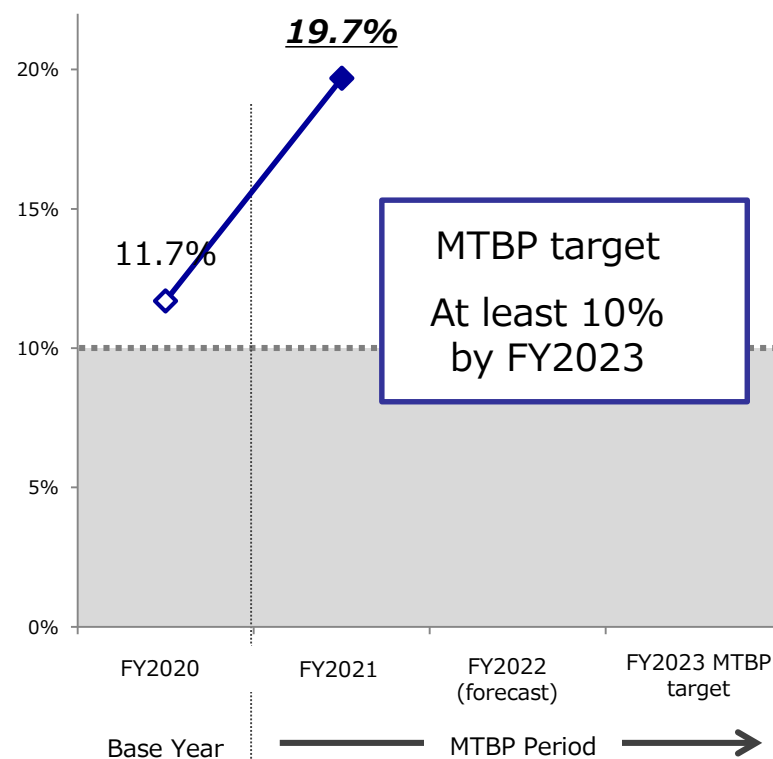
Overview of Progress in FY2021

- Operating income before amortization of goodwill including investment projects is a record high ¥84.0 billion
- ROE before amortization of goodwill is a high 19.7% due in part to temporary

Operating Income Before Amortization of Goodwill



ROE Before Amortization of Goodwill



Initiatives to Transform Our Services and Business Foundation

- We will undertake the following four initiatives adopted under the MTBP to strengthen our structure and response capabilities

1

Transform the services we provide: Implementation of full-funnel *Sei-katsu-sha* Data-Driven Marketing

2

Strengthen cross-organizational functions to accelerate transformation

3

Continuously pursue transformation based on existing strategies

4

Strengthen our foundation for sustainable business management

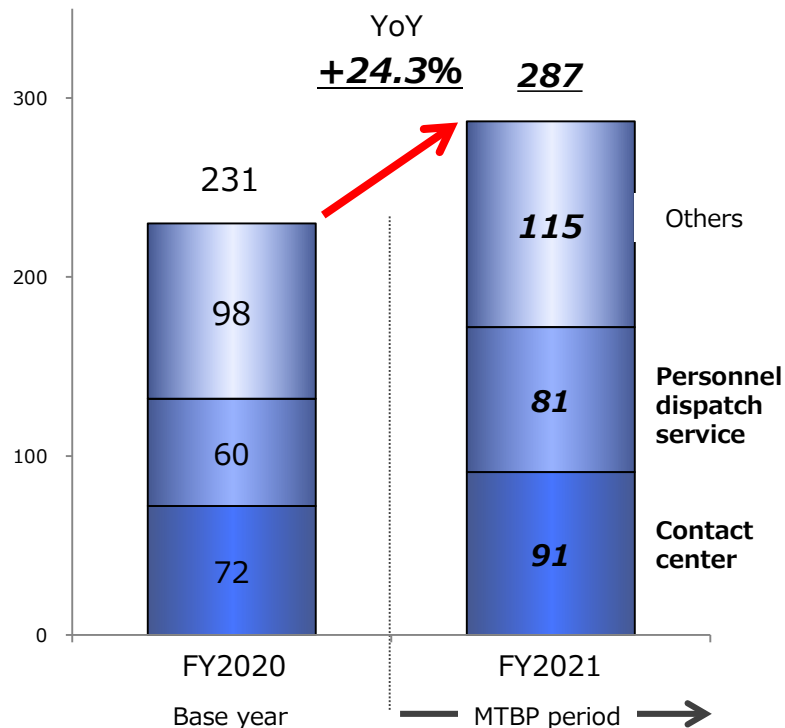
1. Transform the Services We Provide: Expand Marketing Execution Domains

- Gross profit in marketing execution domains excluding COVID-19 pandemic-related business process outsourcing (BPO) increased 24.3% year on year
- Amid dramatic changes to sei-katsu-sha's purchasing behavior and companies' needs due to the pandemic, we accurately identified increased structural sales proxy needs, particularly in the contact center and personnel dispatch domains, and expanded our business scope

Gross Profit in Marketing Execution Domains*

* Covers domestic operations / Excludes pandemic-related BPO business

(JPY00Mil)



Topics

Enhancement of In-Group Provision and e-Commerce Market Response Capabilities (HP)

- Expanded in-house provision of contact center business and fulfillment business at Nihon Total Tele-Marketing Co., Ltd.
- Established Kawagoe Fulfillment Center in April 2022 to enhance our response capabilities for increasing logistics needs due to the expansion of the e-commerce market



Incorporation of Companies' Sales Proxy Needs (H/HP)

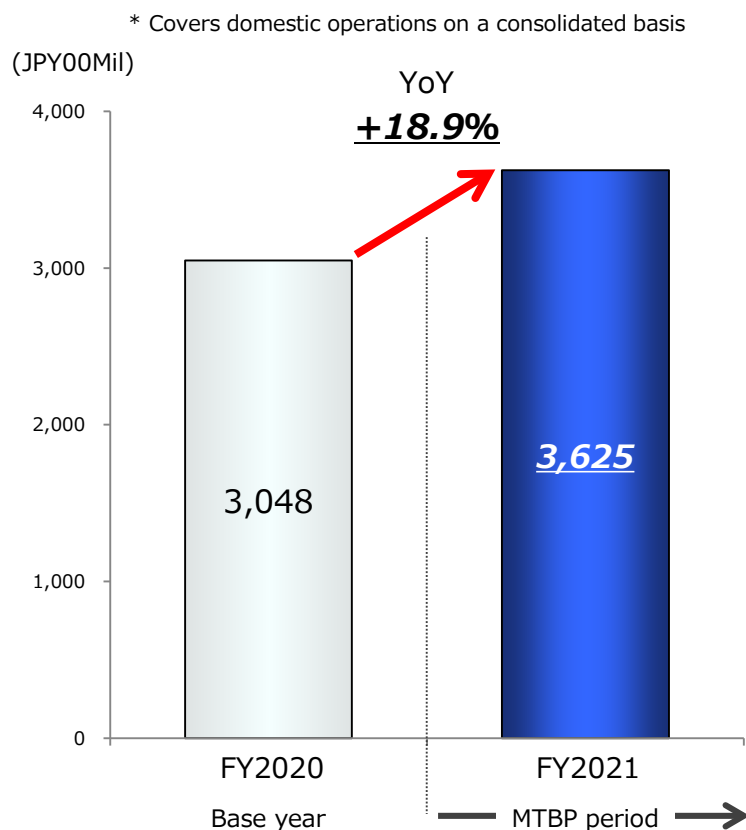
- In personnel dispatch service domains, proxy service business performed strongly due to companies' personnel reductions and need for non-face-to-face sales as a result of the pandemic



1. Transform the Services We Provide: Transform Media Business

- Billings in the internet domain rose by double digits thanks to growth at both our integrated advertising companies and next-generation digital agency
- We focused our efforts on further expanding digital business on a Groupwide basis, including strengthening our response for regional/small- and medium-sized businesses (SMBs) and startups via our investment in SoldOut, Inc. We also pursued efforts in the data utilization domain, including our response to a post-cookie world

Billings in the Internet Domain*



Topics

Expansion of Digital Business Geared toward Regional/SMBs (HC)

- Made SoldOut, which provides digital services to regional/SMBs and startups across Japan, a consolidated subsidiary
- Strengthened functions for responding to regional/SMBs and startups and expanded digital businesses through collaboration within the Group

ともに覚悟する。ともに挑む。

SOLDOUT

Implementation of Post-Cookie Response (H/MP/DAC/irep)

- Brought together four Group companies to form DATA GEAR, a professional team that supports the utilization of first-party data in the post-cookie era
- Fully leveraged solutions offered by Google LLC and other companies to resolve issues spanning not only conventional media but also owned media and customer relationship management (CRM) on a one-stop basis

DATA GEAR

• HAKUHODO • Hakuhodo DY media partners DAC Consortium irep

HAKUHODO DX UNITED

1. Transform the Services We Provide: Implement Sei-katsu-sha Insight-Based Digital Transformation (DX)

- We implemented efforts to incorporate growth markets that leveraged the Group's diverse range of capabilities, including supporting DX in the sales promotion domain and developing new advertising services for virtual spaces

Incorporation of Digital Sales Promotion Domains (MP/HP)

- Established SP EXPERT'S Inc., an operating company that supports the DX of sales promotions for retail and manufacturing companies and provides new shopping experiences to sei-katsu-sha within the overall sales promotion domain, spanning customer attraction to purchase
- Contributed to further business growth and the enhancement of provided value across the entire digital sales promotion industry through extensive collaboration with various companies, including advertising companies, printing companies, and digital agencies



Development of Advertising Services for Virtual Spaces (H/MP)

- Started development of advertising experience design, distribution systems, and effective measurement services in virtual spaces through hakuhodo-XR, a development project for creative and solutions in the XR (extended reality) domain
- As the first round of the hakuhodo-XR project, commenced joint demonstration experiment with Isetan Mitsukoshi Holdings Ltd. for the REV WORLDS smartphone app, which allows access to virtual cities. This experiment will verify brand experience in virtual spaces and methods for measuring effects

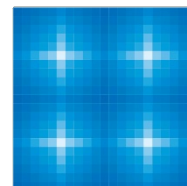


2. Strengthen Cross-Organizational Functions to Accelerate Transformation

■ We established a new company that will serve as the core for the Group's technology and infrastructure development. We also formed an R&D organization that promotes the utilization of AI and other technologies in the creative domain. Through such efforts, we reinforced our structure for transforming the services we provide

Strengthening of Competitiveness from a Technology-Driven Perspective (HC)

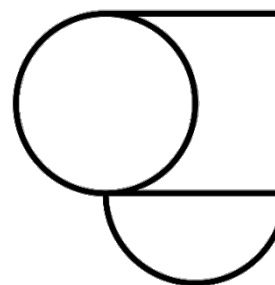
- Established Hakuhodo Technologies Inc. as a core for technology and infrastructure development
- Implemented innovation of marketing business through proactive future investment and the integration of the Group's creativity and technologies



HAKUHODO
Technologies

Implementation of the DX and Automation of Creative-Related Work (HC)

- Launched Creative technology lab beat, a cross-organizational R&D organization that promotes the utilization of AI and other technologies in the creative domain
- Conducted academic research and automatic generation AI tool development through industry-academia collaborations, and research into creative production business workstyles, among other initiatives

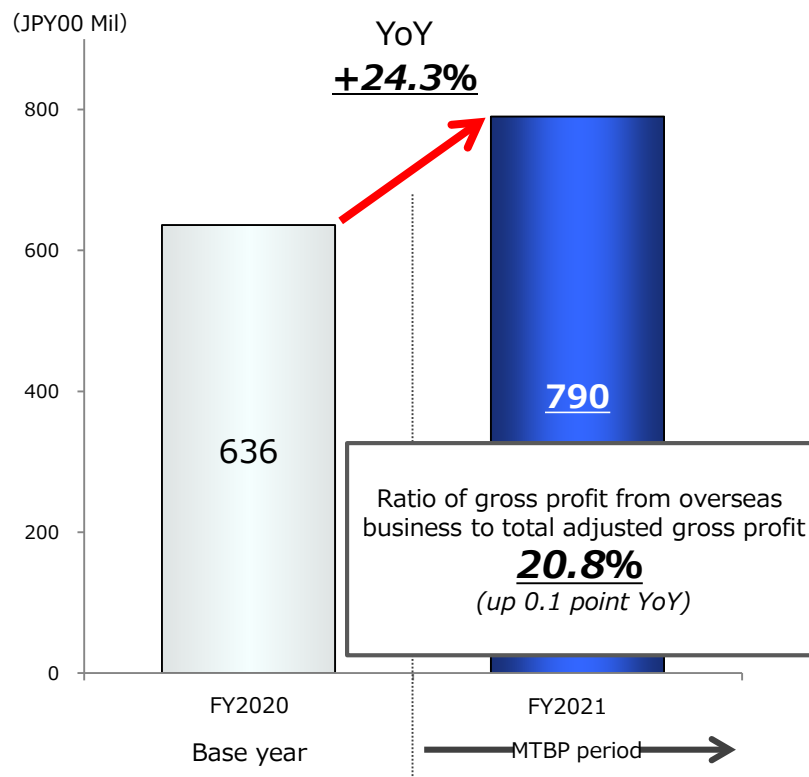


Creative
technology lab
beat

3. Continuously Pursue Transformation Based on Existing Strategies: Strengthen Response Capabilities for Borderless Corporate Activities

- We realized 24.3% year-on-year growth in gross profit from our overseas business, with the ratio of overseas gross profit to total gross profit increasing to 20.8%
- We continued efforts to develop new services through collaboration with platform owners and to acquire specialized and innovative companies. By doing so, we sought to strengthen our overseas business

Gross Profit in Overseas Business Domains



Topics

Development of New Services with Platform Owners (HC)

Concluded a partnership contract with GrabAds, the advertising business unit of the Southeast Asian superapp operator Grab Holdings Limited

Accelerated joint development of innovative solutions and campaigns that are more meaningful to sei-katsu-sha in Southeast Asia



Strengthening of Services through Sustainable Urban Development (kyu)

Welcomed Gehl Architects Holding ApS, a leading company in public space and urban development, as a new member of kyu

Aimed to further enhance our ability to provide value on a Groupwide basis by establishing people-centered urban development as a Group strength



3. Continuously Pursue Transformation Based on Existing Strategies: Accelerate Innovation through External Collaborations

■ We sought to invigorate business co-creation between companies in a manner that transcends industries and countries. For example, we collaborated with startups that are pursuing new social value creation and participated in business co-creation projects with major companies and startups around the world

Achievement of No. 1 Ranking for Annual Number of Investments in the Corporate Venture Capital (CVC) Category (HC)

- Hakuhodo DY Ventures Co., Ltd. received No. 1 ranking for investments in startups through operating companies and CVC in the 2021 STARTUP DB, which is provided by for Startups, Inc.
- Hakuhodo DY Ventures has invested in about 40 companies since its establishment in 2019. Amid various collaborations, Hakuhodo DY Ventures commenced a new program to facilitate the growth of investee companies through the provision of the Group's knowledge and know-how on collaboration and support

**HAKUHODO DY
FUTURE DESIGN FUND**

Cultivation of New Domains through the Realization of Well-Being (H)

- Joined Well-BeingX, a global open innovation program that aims to realize all kinds of well-being personalized to individual needs
- Collaborated with companies and startups across industries and around the world to pursue business co-creation aimed at creating a society in which all people can leverage their diverse capabilities



4. Strengthen Our Foundation for Sustainable Business Management

- With the aim of achieving our sustainability goal, we put in place a structure for implementing concrete actions, such as engaging in dialogue with all of our stakeholders and promoting efforts focused on important management themes, thereby accelerating relevant initiatives on a Groupwide basis

Establishment of the Hakuhodo DY Group Sustainability Committee and Corporate Sustainability Division

Implementation of concrete actions toward realizing our sustainability goal

- ✓ Enact a corporate response to stakeholder dialogue and decarbonization
- ✓ Engage in efforts focused on important management themes such as supply chains, human rights, and diversity

Sustainability Goal

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

<Major Current Initiatives>

【Response to Climate Change】

Established and disclosed targets based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations

(Reference) Working toward the TCFD Recommendations

- The Group has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is disclosing information in accordance with TCFD frameworks

Working toward the TCFD Recommendations Target for Reducing Greenhouse Gas (CO2) Emissions

Step 1

Achieve a **50% reduction** in CO2 emissions in FY2030 (compared with FY2019)

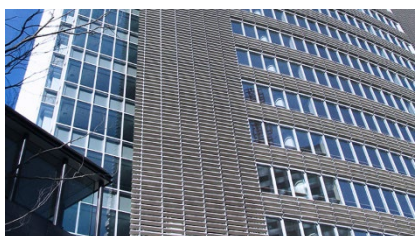


Step 2

Achieve CO2 **neutrality** by FY2050 (compared with FY2019)

※Covers Scope 1 and Scope 2 CO2 emissions
(Scope 3 = 30% reduction)

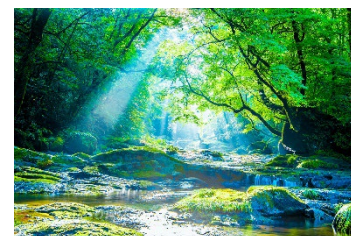
<Environmental Burden Reduction Efforts>



Introduction of renewable energy at our offices



Reduction of CO2 emissions from travel through introduction of teleworking



3Rs activities such as reducing the use of paper and recycling

Hakuhodo DY holdings