

August 9, 2022

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Consolidated Financial Highlights for Q1 FY2022

Hakuhold DY Holdings Inc. has announced its first-quarter earnings report for FY2022, the year ending March 31, 2023, after approval at the Board of Directors' meeting held today. The main points are as follows.

1. Income Statements (Q1 FY2022: April 1, 2022 to June 30, 2022)

(Millions of JPY)

	FY2021 (3M Result)	FY2022 (3M Result)	YoY Comparison	
			Change	(%)
Billings	326,964	349,106	22,142	6.8%
Revenue	172,378	195,636	23,258	13.5%
Gross profit	78,240	84,420	6,180	7.9%
(Gross margin)	(23.9%)	(24.2%)	(+0.3%)	
SG&A expenses	66,152	72,961	6,809	10.3%
Operating income	12,087	11,458	(629)	-5.2%
(Operating margin)*	(15.4%)	(13.6%)	(-1.9%)	
Non-operating income	1,605	2,949	1,344	83.7%
Non-operating expenses	441	537	96	21.8%
Ordinary income	13,251	13,870	618	4.7%
Extraordinary income	280	366	86	30.7%
Extraordinary loss	108	661	553	512.2%
Net income before income taxes and minority interests	13,423	13,574	151	1.1%
Net income attributable to owners of parent	6,238	4,582	(1,656)	-26.5%

* Operating margin = Operating income / Gross profit

During the first quarter of the current fiscal year (April 1, 2022 to June 30, 2022, hereafter "Q1 FY2022"), the Japanese economy showed many factors that put downward pressure on the economy, such as stagnant supply chains due to the urban lockdown in China, soaring resource prices, and falling stock prices, however, the overall economy was on a recovery track as restrictions on behavior was lifted and consumer spending picked up. The domestic advertising market (Note 1) also continued its recovery trend from the previous fiscal year, starting with positive YoY growth for two consecutive months in April and May.

Under such environment, Hakuhold DY group has continued to aggressively develop our business in accordance with our Medium-term business plan which ends in the fiscal year ending FY2023. As a result, billings (Note 2) were ¥349,106 million (up 6.8% YoY) and revenues were ¥195,636 million (up 13.5% YoY), both higher than the same period last year.

In terms of billings by service category, the four-mass media (newspapers, magazines, radio, and TV) recorded lower than Q1 FY2021. On the other hand, billings in marketing/promotion were significantly higher than Q1 FY2021 due to contributions from large-scale projects, and billings in Internet media were also higher than in Q1 FY2021.

In terms of billings by client industry, "Government/Organizations," "Beverages/Cigarettes," and "Food Services/Other Services" increased significantly YoY, while "Automobiles/Transportation Equipment/Related Products," which were severely affected by the stagnation of supply chains, decreased YoY. As a result, the total number of industries that recorded YoY increase was 11 out of 21. (Note 3)

Gross profit was ¥84,420 million (up 7.9%), an increase of ¥6,180 million from Q1 FY2021. Gross profit from domestic operations increased by 4.9% to ¥64,518 million, and from overseas operations increased by 22.2% to ¥21,244 million, due to a recovery trend in North America and Greater China, as well as the expansion of the scope of consolidation. Operating income was ¥11,458 million (down 5.2% YoY) as a result of an increase in SG&A expenses due to strategic investments for medium-term growth and the return of activity expenses, and ordinary income was ¥13,870 million (up 4.7% YoY) due to foreign exchange gains of ¥906 million, among other factors.

Income before income taxes and minority interests was ¥13,574 million (up 1.1% YoY), after adding extraordinary income of ¥366 million and extraordinary loss of ¥661 million. Adding the impact of ¥7,656 million in income taxes and ¥1,336 million in net income attributable to non-controlling interests, net income attributable to owners of the parent was ¥4,582 million (down 26.5% YoY).

- Notes
1. According to the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry, Japan).
 2. "Billings" is based on the previous accounting standard and is voluntarily disclosed, although it is not in accordance with the ASBJ No.29, since it is useful to users of financial statements.
 3. Based on internal management categories and data compiled by the Company.

2. Balance Sheets (June 30, 2022)

(Millions of JPY)

	March 31, 2022		June 30, 2022		Comparison with March 31, 2022	
	Amount	Share	Amount	Share	Change	(%)
Current assets	754,854	71.7%	626,085	66.8%	-128,768	-17.1%
Fixed assets	298,162	28.3%	310,467	33.2%	12,305	4.1%
Total assets	1,053,016	100.0%	936,553	100.0%	-116,463	-11.1%
Current liabilities	505,640	48.0%	397,967	42.5%	-107,672	-21.3%
Non-current liabilities	159,961	15.2%	156,321	16.7%	-3,639	-2.3%
Total liabilities	665,601	63.2%	554,289	59.2%	-111,312	-16.7%
Total shareholders' equity	319,176	30.3%	317,281	33.9%	-1,895	-0.6%
Accumulated other comprehensive income	38,678	3.7%	35,914	3.8%	-2,763	-7.1%
Subscription rights to shares	225	0.0%	219	0.0%	-5	-2.5%
Noncontrolling interest	29,335	2.8%	28,848	3.1%	-486	-1.7%
Total net assets	387,414	36.8%	382,263	40.8%	-5,150	-1.3%
Total liabilities and net assets	1,053,016	100.0%	936,553	100.0%	-116,463	-11.1%

3. Consolidated Forecasts for FY 2022 (April 1, 2022 to March 31, 2023)

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

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