

May 22, 2020

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

Consolidated Financial Highlights for FY2019

1. Income Statements and Dividends (FY2019: April 1, 2019 to March 31, 2020)

(Millions of yen)

	FY2018 (12M Result)	FY2019 (12M Result)	YoY Comparison	
			Change	(%)
Billings	1,444,524	1,466,249	21,724	1.5%
Revenue	324,809	332,499	7,690	2.4%
(Gross margin)	(22.5%)	(22.7%)	(+0.2%)	
SG&A expenses	259,523	277,367	17,843	6.9%
Operating income	65,285	55,131	(10,153)	-15.6%
(Operating margin)*	(20.1%)	(16.6%)	(-3.5%)	
Non-operating items	3,416	2,969	(447)	
Ordinary income	68,702	58,100	(10,601)	-15.4%
Extraordinary items	17,056	16,771	(285)	
Income before income taxes and minority interests	85,758	74,871	(10,886)	-12.7%
Profit attributable to owners of parent	47,235	44,893	(2,342)	-5.0%

* Operating margin = Operating income / Revenue

Dividend per share	¥28.0	¥30.0	¥2.0
--------------------	-------	-------	------

* Including a mid-term dividend of ¥15 per share.
 Based on getting approval at the General Meeting of Shareholders.

During fiscal 2019 (April 1, 2019 to March 31, 2020), the Japanese economy showed signs of strength during the first half due in part to the impact of the changing era in the Japanese calendar and the rush in demand ahead of the consumption tax increase. However, from October on, the economy saw bearish tones following a slump in consumer spending due to the rebound from said rush in demand and a downward trend stemming from the impact of typhoons. Furthermore, with the spread of COVID-19 across the world, the economy entered into a rapid decline toward the fiscal year-end. Meanwhile, the domestic advertising market^{*1} during fiscal 2019 continued to face sluggish conditions since the beginning of the fiscal year. In addition, the market environment has become even more challenging as corporations have abruptly stopped marketing activities due to the trend of staying at home and disruptions to supply chains following the spread of COVID-19.

Amid such an environment, the Hakuhold DY Group continued to pursue proactive business development in accordance with its Medium-Term Business Plan, which runs through the fiscal year ending March 31, 2024. As a result, billings increased 1.5% compared with the previous fiscal year, to ¥1,466,249 million.

By service area, billings were down year on year in the four mass media services. Meanwhile, billings for other than mass media services were up year on year on the back of the strong performance of Internet media and billings growth in Creative and Outdoor media, among other areas.

By client industry, the main industries where billings increased were Government / Organizations, Information / Communications, and Energy / Material / Machinery. On the other hand, the main industries where billings decreased were Beverages / Cigarettes / Luxury foods, Games / Sporting goods / Hobby supplies, and Real estate / Housing facilities.*²

Despite the steady expansion of existing businesses, revenue growth was held to ¥7,690 million, or 2.4%, increasing to ¥332,499 million, due to the impact of the significant decline in the gain on sales of shares in Mercari Inc. by the consolidated subsidiary UNITED Inc. Selling, general and administrative (SG&A) expenses were up 6.9% as a result of active investment centered on personnel costs in accordance with the Medium-Term Business Plan. Accordingly, operating income declined 15.6% year on year, to ¥55,131 million, and ordinary income was down 15.4%, to ¥58,100 million.

Factoring in extraordinary gains of ¥24,696 million and extraordinary losses of ¥7,925 million, income before income taxes and minority interests fell 12.7%, to ¥74,871 million, and profit attributable to owners of parent declined 5.0%, to ¥44,893 million. These decreases were due in part to the absence of both the ¥16,232 million gain on the redemption of retirement benefit trust assets and the ¥3,564 million gain on the abolishment of retirement benefit plans following the change in corporate pension schemes, which were recorded in the same period of the previous fiscal year, offsetting the ¥13,349 million gain on the sale of investment securities, which followed the sale of common stock held in Recruit Holdings Co., Ltd.

Notes 1. According to the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry, Japan).

2. Based on internal management categories and data compiled by the Company.

2. Balance Sheets (March 31, 2020)

	March 31, 2019		March 31, 2020		Comparison with March 31, 2019	
	Amount	Share	Amount	Share	Change	(%)
Current assets	610,251	67.7%	595,080	69.2%	(15,171)	-2.5%
Fixed assets	291,751	32.3%	264,807	30.8%	(26,944)	-9.2%
Total assets	902,002	100.0%	859,887	100.0%	(42,115)	-4.7%
Current liabilities	424,272	47.0%	395,721	46.0%	(28,550)	-6.7%
Non-current liabilities	161,308	17.9%	148,017	17.2%	(13,290)	-8.2%
Total liabilities	585,580	64.9%	543,739	63.2%	(41,841)	-7.1%
Total shareholders' equity	226,596	25.1%	261,142	30.4%	34,545	15.2%
Accumulated other comprehensive income	55,701	6.2%	28,060	3.3%	(27,640)	-49.6%
Subscription rights to shares	180	0.0%	218	0.0%	38	21.2%
Noncontrolling interest	33,943	3.8%	26,726	3.1%	(7,217)	-21.3%
Total net assets	316,421	35.1%	316,147	36.8%	(274)	-0.1%
Total liabilities and net assets	902,002	100.0%	859,887	100.0%	(42,115)	-4.7%

3. Consolidated Forecasts for Fiscal 2020 (April 1, 2020 to March 31, 2021)

In terms of our consolidated performance forecast for fiscal 2020, we believe our performance will be significantly impacted by the spread of COVID-19. As it is difficult to forecast the timing in which the spread of the virus will be contained, we are unable to make accurate and rational estimations on billings and other amounts at this time.

While closely monitoring trends going forward, we intend to promptly release consolidated performance and dividend forecasts for fiscal 2020 as soon as accurate and reasonable estimations are able to be made.