

Hakuhodo DY holdings

Consolidated Financial Highlights
Fiscal Year Ending March 31, 2020
(FY 2019)

May 25, 2020

Consolidated Results Highlights of FY 2019

Increase in billings and decrease in profits. Although the spread of COVID-19 had a certain level of impact on our performance, both billings and profits increased in the fourth quarter.

The impact from the sale of Mercari, Inc.'s shares (hereinafter, "impact from Mercari") has been excluded from the figures below.

- **Billings**
 - Billings rose at a rate that surpassed growth in the sluggish domestic advertising market.
 - Although billings declined 5.5% in the four mass media services, billings from Internet media were up 9.7%.
 - Meanwhile, impact from the spread of COVID-19 can be seen in areas such as Marketing/Promotion.
 - Overseas, billings were up 8.5% owing in part to the positive boost from M&A.
- **Revenue**
 - The gross margin increased 0.6 point thanks to improved profitability in Japan.
 - Revenue grew 4.7%.
- **Operating Profit**
 - Although growth in SG&A expenses was higher than revenue growth, excluding the effects of changes in the scope of consolidation, retirement benefit costs due to the change in corporate pension schemes, and a rise in amortization of goodwill, growth in SG&A expenses came to 2.9%.
 - The net increase in SG&A expenses was the result of strategic investments centered on enhancing human resource specializing in digital technologies, reforming our workstyles, and reinforcing our data and technological foundation.
 - Operating income came to ¥48.5 billion, down ¥3.3 billion. Operating income overseas declined due to an increase in amortization of goodwill, while operating income in Japan increased.
 - Operating income before amortization of goodwill was ¥57.5 billion, down ¥1.2 billion.
- Looking at the fourth quarter alone (three-month period from January 1, 2020 to March 31, 2020), both billings and profit increased, although a certain level of impact from the spread of COVID-19 became apparent in March.

► See p..16 for details.

(Millions of JPY)	FY2019 Actual	YOY		Difference from Forecast *	
Billings	1,466,249	+21,724	+1.5%	-38,750	-2.6%
Operating Income	55,131	-10,153	-15.6%	-2,868	-4.9%
Ordinary Income	58,100	-10,601	-15.4%	-2,899	-4.8%
Net Income Attributable to Owners of Parent	44,893	-2,342	-5.0%	+893	+2.0%

:* Difference between FY2019 actual and forecast announced on Feb 10, 2020.

- Billings increased while profits decreased.
- Billings were up ¥21.7 billion, while operating income was down ¥10.1 billion. Net income attributable to owners of parent declined ¥2.3 billion.
- Billings, operating income, and ordinary income were slightly below our forecasts announced on February 10, as we were unable to achieve our expected performance due to a certain level of impact from the spread of COVID-19. Net income attributable to owners of parent finished at a level that exceeded our forecasts

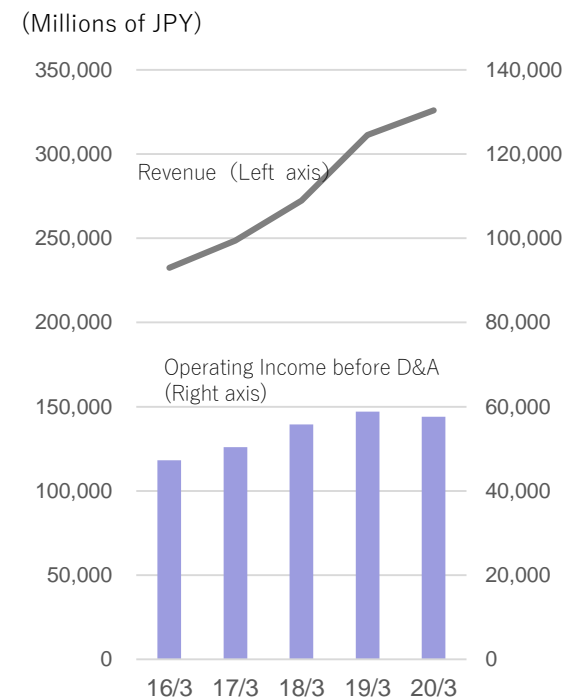
FY2019 Results (Excluding Impact from Mercari)

Hakuhodo DY holdings

► See p.17 for details.

(Millions of JPY)	FY2019 Actual	YOY	
Billings	1,459,539	+28,653	+2.0%
Revenue	325,911	+14,646	+4.7%
Gross Margin	22.3%	+0.6pt	
SGA	277,367	+18,014	+6.9%
Operating Income	48,543	-3,368	-6.5%
Operating Margin	14.9%	-1.8pt	
Amortization of Goodwill*	9,038	+2,152	+31.3%
Operating Income before Amortization of G/W	57,582	-1,215	-2.1%
Operating Margin before Amortization of G/W	17.7%	-1.2pt	

Revenue & Operating Income before D&A



Note: Figures for fiscal 2018 have been retroactively revised to reflect changes in accounting policies related to the recording of billings. Figures for fiscal 2017 and before have not been retroactively revised.

- Billings rose 2.0% year on year.
- Revenue grew at a higher rate than billings due to improvement in the gross margin at domestic operating companies. The gross margin improved 0.6 point.
- SG&A expenses increased 6.9%, exceeding growth in revenue. As a result, operating income declined ¥3.3. billion.
- Operating income before amortization of goodwill was down ¥1.2 billion.

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

Results by region (Japan: Excluding Mercari Impact)

Hakuhodo DY holdings

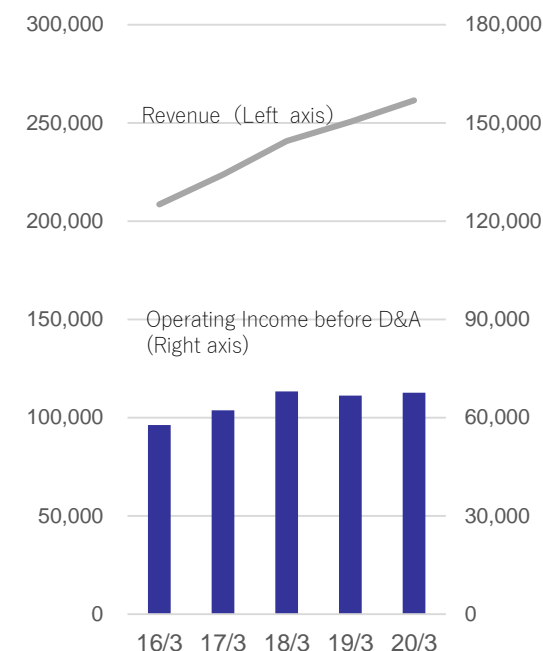
Results in Japan (Excluding impact of sale of Mercari stock)

► See p.18-19 for details.

(Millions of JPY)	FY2019 Actual	YOY	
Billings	1,302,312	+16,205	+1.3%
Revenue	261,469	+10,907	+4.4%
Gross Margin	20.1%	+0.6pt	
SGA	195,758	+10,418	+5.6%
Operating Income	65,711	+489	+0.8%
Operating Margin	25.1%	-0.9pt	
Amortization of Goodwill*	1,844	+356	+23.9%
Operating Income before Amortization of G/W	67,555	+845	+1.3%
Operating Margin before Amortization of G/W	25.8%	-0.8pt	

Revenue & Operating Income before D&A

(Millions of JPY)



Note: Figures for fiscal 2018 have been retroactively revised to reflect changes in accounting policies related to the recording of billings. Figures for fiscal 2017 and before have not been retroactively revised.

- Billings increased 1.3% year on year, exceeding growth in the advertising market.
- Gross margin increased 0.6 point owing to the improved profitability of our production companies and a rise in the gross margin at our main operating companies.
- Although the 5.6% growth in SG&A expenses was higher than revenue growth, operating income was up ¥0.4 billion.
- Operating income before amortization of goodwill increased ¥0.8 billion.

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

Results by Region (Overseas)

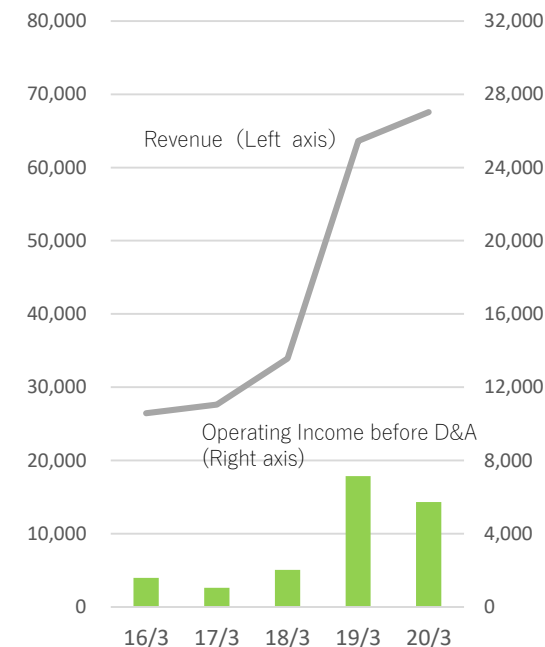
Hakuhodo DY holdings

► See p.18-19 for details.

(Millions of JPY)	FY2019 Actual	YOY	
Billings	165,261	+12,916	+8.5%
Revenue	67,572	+3,949	+6.2%
Gross Margin	40.9%	-0.9pt	
SGA	69,039	+7,169	+11.6%
Operating Income	-1,467	-3,220	-183.7%
Operating Margin	-2.2%	-4.9pt	
Amortization of Goodwill*	7,194	+1,796	+33.3%
Operating Income before Amortization of G/W	5,727	-1,424	-19.9%
Operating Margin before Amortization of G/W	8.5%	-2.8pt	

Revenue & Operating Income before D&A

(Millions of JPY)



- Revenue rose 6.2% thanks to the positive boost provided by M&A.
- Revenue growth in the Greater China Region was on a par with the previous fiscal year, while growth in other regions of Asia,* primarily ASEAN countries, and North America exceeded that of the previous fiscal year.
- SG&A expenses were up 11.6% over the previous fiscal year due mainly to the impact of the change in the scope of consolidation following M&A, etc., as well as amortization of goodwill.
- Operating income declined ¥3.2 billion, and operating income before amortization of goodwill was down ¥1.4 billion

*Excluding Japan and the Greater China Region

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

Billings by Service Category

Hakuhodo DY holdings

► See p.20 for details.

(Millions of JPY)	FY2019 Actual	YOY		Composition Ratio
Newspapers	43,210	-4,811	-10.0%	3.6%
Magazines	16,845	-1,138	-6.3%	1.4%
Radio	13,675	-14	-0.1%	1.1%
Television	416,331	-22,704	-5.2%	34.7%
Mass Media Service Subtotal	490,062	-28,669	-5.5%	40.9%
Internet Media	254,978	+22,498	+9.7%	21.3%
Outdoor Media	39,663	+1,390	+3.6%	3.3%
Creative	143,149	+1,937	+1.4%	11.9%
Marketing/Promotion	240,115	-3,109	-1.3%	20.0%
Others (Contents, etc.)	30,754	+3,400	+12.4%	2.6%
Other than Mass Media Service Subtotal	708,662	+26,117	+3.8%	59.1%
Total	1,198,724	-2,551	-0.2%	100.0%
Other than above*	267,524	+24,276		
Consolidated Billings	1,466,249	+21,724	+1.5%	

Note:

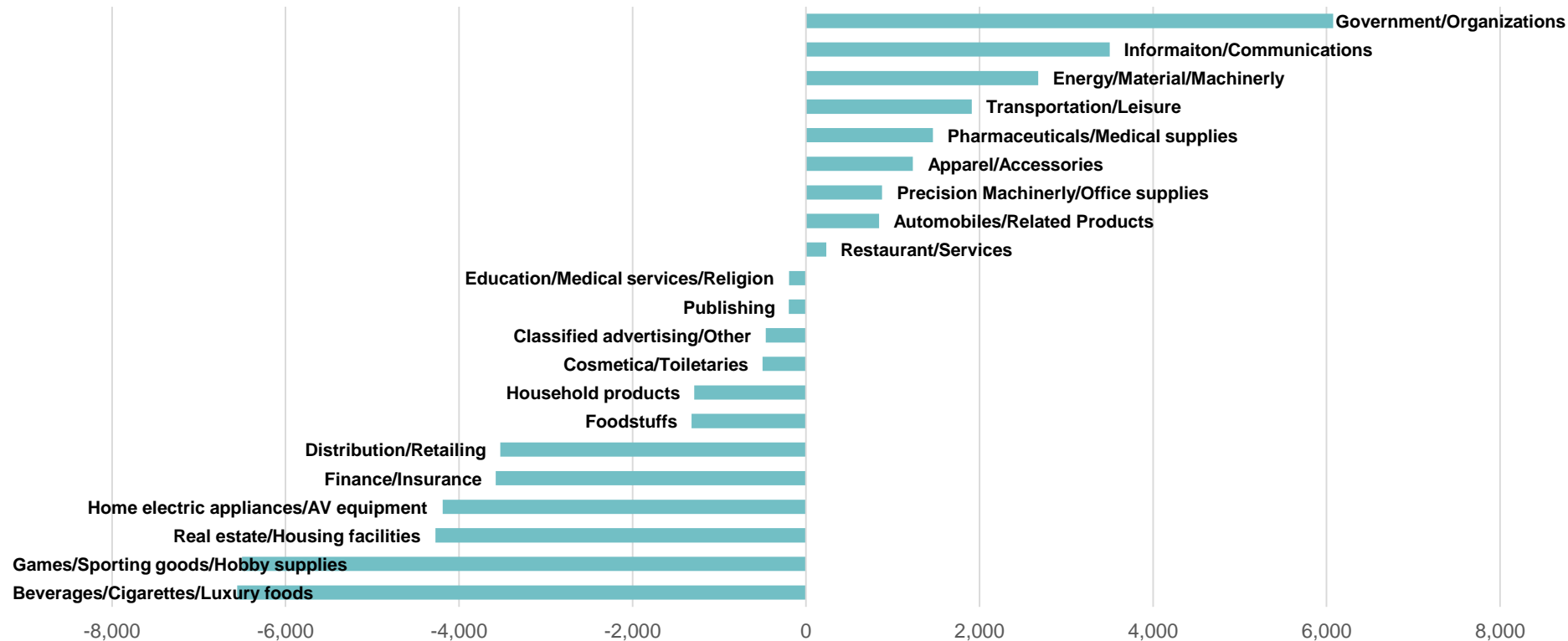
1) The above items include a certain number of investment business.

2) Figures for "Other than above" comprise mainly billings from overseas subsidiaries, billings from certain domestic subsidiaries, and the gain on sale of Mercari, Inc.'s shares.

FY2019 Change in Billings by Clients' Industry

► See p.21-23 for details.

Millions of JPY



Major Positive Industries

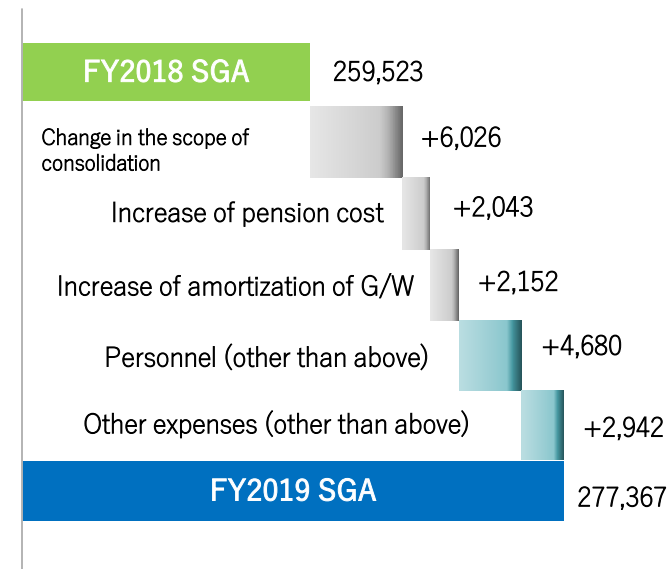
Government/Organizations	FY2019 Actual	JPY 24.2 Billion	YOY	+6.0Billion	(+33.3%)
Information/Communications		138.2 B		+3.5 B	(+2.6%)
Energy/Material/Machinery		23.1 B		+2.6 B	(+13.1%)

Major Negative Industries

Beverages/Cigarettes/Luxury foods	FY2019 Actual	JPY 112.8 Billion	YOY	-6.5 Billion	(-5.5%)
Games/Sporting goods/Hobby supplies		18.5 B		-6.5 B	(-26.0%)
Real estate/Housing facilities		47.0 B		-4.2 B	(-8.3%)

(Millions of JPY)	FY2019 Actual	YOY	
Personnel	183,764	+10,989	+6.4%
Rent	17,759	+1,247	+7.6%
Depreciations	5,383	+391	+7.8%
Amortization of Goodwill	9,038	+2,152	+31.3%
Others	61,422	+3,063	+5.2%
Other Expenses	93,603	+6,854	+7.9%
SGA total	277,367	+17,843	+6.9%

Major Change Factors in SGA



- Excluding the impact from changes in the scope of consolidation (resulting primarily from M&A carried out in the previous fiscal year), retirement benefit costs due to the change in corporate pension schemes, and a rise in amortization of goodwill, growth in SG&A expenses came to ¥7.6 billion, up 2.9%.
- The net increase in SG&A expenses was the result of strategic investments centered on enhancing human resource specializing in digital technologies, reforming our workstyles, and reinforcing our data and technological foundation.
- The total number of employees at the fiscal 2019 year-end was 23,939, up 2,470 over the fiscal 2018 year-end.

Non-operating Income & Expenses

(Millions of JPY)	FY2019 Actual	YOY
Non-operating Income	4,357	+181
Interest Income	367	+37
Dividend Income	2,238	+338
Equity Method Earnings	834	+459
Non-operating Expenses	1,388	+629
Interest Expenses	530	+118
FOREX	257	+170

Extraordinary Items

(Millions of JPY)	FY2019 Actual	YOY
Extraordinary Income	24,696	+2,847
Gain on sales of investment securities	14,687	
Gain on sales of non-current assets	9,328	
Extraordinary losses	7,925	+3,132
Impairment Loss	4,082	
Loss on valuation of investment securities	1,116	
Office relocation expenses	725	
Loss on sales of shares of subsidiaries	438	

(Major items of extraordinary income in FY2018)

Gain on termination of retirement benefit plan	3,564
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Gain on reimbursement of securities to retirement benefit trust	16,232
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(Major items of extraordinary loss in FY2018)

Loss on cancellation of own share option	1,374
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Extra retirement payments	799
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Loss on valuation of investment securities	766
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Office relocation expenses	556
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FY2020 Forecast

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.

At the moment, we will therefore refrain from disclosing consolidated performance forecasts for fiscal 2020. However, while closely monitoring trends going forward, we intend to promptly release these forecasts as soon as accurate and reasonable estimations can be made.

Dividends for fiscal 2020 (including a mid-term dividend of ¥15 per share)

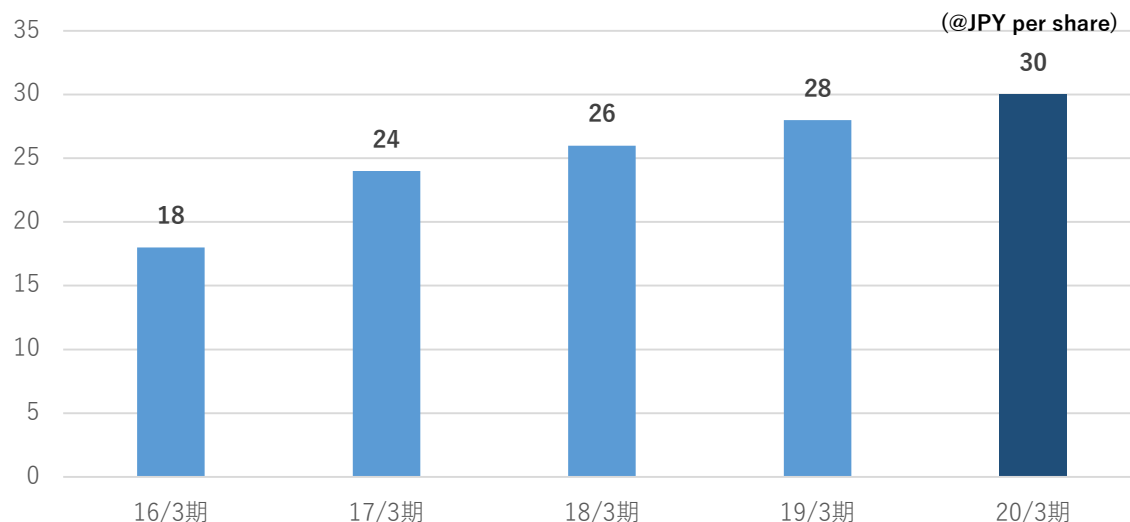
Full-year dividend of ¥30 per share*

***Based on getting approval at the General Meeting of Shareholders**

Dividend for Fiscal 2020

To be determined

Dividends per share (yearly) for 5 years



(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.

(Notes Concerning Audit)

This presentation information was not audited by an independent auditors.

(Change in Accounting Policy)

From the fiscal year ended Mar 31, 2020, the accounting policies related to the recording of billings at certain subsidiaries has changed. Please be aware that figures for the same period of the previous fiscal year and the previous fiscal year-end have been retroactively revised to reflect this change.

In regard to programmatic advertising for Internet Media, in which posting fees are not settled at the time an advertisement is posted, certain consolidated subsidiaries that previously recorded billings based on advertising postings have changed to a new accounting policy from the first quarter of fiscal 2019. Under this new policy, billings are recorded based on reports of settlement by the media companies who posted an advertisement. See p.27 for more details.

Supplements

Income Statements (Full Year & by Quarter)

Hakuhodo DY holdings

Japanese GAAP-basis Income Statements

	Full Year (12-Month)			by Quarter (3-Month)							
(Millions of JPY)	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,466,249	+21,724	+1.5%	332,973	+2.6%	349,853	+3.2%	385,387	-1.4%	398,034	+2.0%
Revenue	332,499	+7,690	+2.4%	72,438	-8.6%	81,585	+7.2%	85,565	+8.4%	92,910	+2.7%
Gross Margin	22.7%	+0.2pt	+0.0%	21.8%	-2.7pt	23.3%	+0.9pt	22.2%	+2.0pt	23.3%	+0.1pt
SG&A	277,367	+17,843	+6.9%	65,482	+10.6%	68,298	+9.2%	68,113	+7.7%	75,472	+1.3%
Operating Income	55,131	-10,153	-15.6%	6,955	-65.3%	13,286	-2.3%	17,452	+11.6%	17,437	+9.0%
Operating Margin	16.6%	-3.5pt	+0.0%	9.6%	-15.7pt	16.3%	-1.6pt	20.4%	+0.6pt	18.8%	+1.1pt
Non-operating Income	4,357	+181	+4.4%	1,454	-13.1%	493	-10.9%	994	-1.3%	1,414	+50.7%
Non-operating Expenses	1,388	+629	+83.0%	527	+469.1%	55	-68.0%	250	-2.2%	555	+42.5%
Ordinary Income	58,100	-10,601	-15.4%	7,882	-63.6%	13,724	-1.8%	18,195	+11.0%	18,297	+10.9%
Extraordinary Income	24,696	+2,847	+13.0%	147	-96.3%	14,535	-13.6%	2,491	+885.4%	7,522	+786.0%
Extraordinary Loss	7,925	+3,132	+65.4%	682	+45.2%	481	-70.6%	3,419	+1085.0%	3,341	+46.5%
Net Income before Taxes	74,871	-10,886	-12.7%	7,347	-70.7%	27,778	-4.7%	17,267	+5.6%	22,478	+48.7%
Income Tax	27,838	-2,909	-9.5%	4,035	-51.8%	10,093	-7.7%	5,441	-7.9%	8,267	+49.4%
Non-controlling Interest	2,140	-5,634	-72.5%	735	-89.2%	497	-39.3%	-23	+653.0%	931	+509.2%
Net Income Attributable to Owners of Parent	44,893	-2,342	-5.0%	2,576	-74.0%	17,187	-1.2%	11,850	+13.4%	13,279	+40.9%
Amortization of Goodwill	9,038	+2,152	+31.3%	1,856	+59.3%	3,502	+113.8%	2,011	+2.9%	1,667	-21.6%
Operating Income before Amortization of Goodwill	64,170	-8,001	-11.1%	8,811	-58.5%	16,789	+10.2%	19,463	+10.6%	19,105	+5.4%
Operating Margin before Amortization of Goodwill	19.3%	-2.9pt		12.2%	-14.6pt	20.6%	+0.6pt	22.7%	+0.4pt	20.6%	+0.5pt

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

Results Excluding Impact from Mercari (FY & Quarter)

Hakuhodo DY holdings

Full Year (12-Month)

by Quarter (3-Month)

Results Excluding the impact from Mercari

(Millions of JPY)	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,459,539	+28,653	+2.0%	330,345	+6.0%	348,550	+2.8%	384,322	-1.7%	396,320	+1.8%
Revenue	325,911	+14,646	+4.7%	69,896	+5.1%	80,292	+5.5%	84,510	+7.1%	91,211	+1.6%
Gross Margin	22.3%	+0.6pt		21.2%	-0.2pt	23.0%	+0.6pt	22.0%	+1.8pt	23.0%	-0.0pt
SG&A	277,367	+18,014	+6.9%	65,482	+10.9%	68,298	+9.2%	68,113	+7.7%	75,472	+1.3%
Operating Income	48,543	-3,368	-6.5%	4,413	-40.5%	11,993	-11.8%	16,396	+4.8%	15,738	+3.1%
Operating Margin	14.9%	-1.8pt		6.3%	-4.8pt	14.9%	-2.9pt	19.4%	-0.4pt	17.3%	+0.3pt
Amortization of Goodwill	9,038	+2,152	+31.3%	1,856	+59.3%	3,502	+113.8%	2,011	+2.9%	1,667	-21.6%
Operating Income before Amortization of Goodwill	57,582	-1,215	-2.1%	6,270	-26.9%	15,496	+1.7%	18,408	+4.6%	17,406	+0.1%
Operating Margin before Amortization of Goodwill	17.7%	-1.2pt		9.0%	-3.9pt	19.3%	-0.7pt	21.8%	-0.5pt	19.1%	-0.3pt

Impact from Mercari

(Millions of JPY)	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	6,709	-6,929		2,628	-10,264	1,302	+1,302	1,065	+1,065	1,713	+967
Revenue	6,587	-6,956		2,541	-10,260	1,292	+1,292	1,055	+1,055	1,698	+956
SG&A	0	-170		0	-161	0	+0	0	+0	0	-9
Operating Income	6,587	-6,785		2,541	-10,099	1,292	+1,292	1,055	+1,055	1,698	+966

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

(Millions of JPY)	FY2019 Actual	YOY	
Japan			
Billings	1,309,022	+9,275	+0.7%
Revenue	268,057	+3,951	+1.5%
SG&A	195,758	+10,247	+5.5%
Operating Income	72,299	-6,295	-8.0%
International			
Billings	165,261	+12,916	+8.5%
Revenue	67,572	+3,949	+6.2%
SG&A	69,039	+7,169	+11.6%
Operating Income	-1,467	-3,220	-183.7%
Elimination or Corporate			
Billings	-8,034	-468	+6.2%
Revenue	-3,130	-211	+7.2%
SG&A	12,570	+426	+3.5%
Operating Income	-15,700	-637	+4.2%
Consolidated			
Billings	1,466,249	+21,724	+1.5%
Revenue	332,499	+7,690	+2.4%
SG&A	277,367	+17,843	+6.9%
Operating Income	55,131	-10,153	-15.6%

Results by Region (Excluding Impact from Mercari; FY & Quarter)

Hakuhodo DY holdings

Full Year (12-Month)

by Quarter (3-Month)

Japan (Excluding Impact from Mercari)

(Millions of JPY)

	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	1,302,312	+16,205	+1.3%	296,780	+4.1%	312,955	+5.1%	343,698	+0.6%	348,879	-3.5%
Revenue	261,469	+10,907	+4.4%	54,752	+2.3%	64,619	+7.6%	68,218	+6.0%	73,878	+1.7%
Gross Margin	20.1%	+0.6pt		18.4%	-0.3pt	20.6%	+0.5pt	19.8%	+1.0pt	21.2%	+1.1pt
SG&A	195,758	+10,418	+5.6%	46,688	+9.7%	47,367	+8.5%	48,462	+7.0%	53,238	-1.1%
Operating Income	65,711	+489	+0.8%	8,064	-26.5%	17,251	+5.4%	19,755	+3.6%	20,639	+9.7%
Operating Margin	25.1%	-0.9pt		14.7%	-5.8pt	26.7%	-0.6pt	29.0%	-0.7pt	27.9%	+2.0pt
Amortization of Goodwill	1,844	+356	+23.9%	539	+112.1%	505	+94.3%	507	+17.4%	290	-46.2%
Operating Income before Amortization of Goodwill	67,555	+845	+1.3%	8,604	-23.3%	17,757	+6.8%	20,263	+3.9%	20,930	+8.2%
Operating Margin before Amortization of Goodwill	25.8%	-0.8pt		15.7%	-5.3pt	27.5%	-0.2pt	29.7%	-0.6pt	28.3%	+1.7pt

International

(Millions of JPY)

	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Billings	165,261	+12,916	+8.5%	36,202	+28.4%	37,357	-14.8%	42,318	-16.1%	49,382	+65.6%
Revenue	67,572	+3,949	+6.2%	15,801	+16.6%	16,314	-2.2%	17,150	+9.7%	18,305	+3.1%
Gross Margin	40.9%	-0.9pt		43.6%	-4.4pt	43.7%	+5.6pt	40.5%	+9.5pt	37.1%	-22.5pt
SG&A	69,039	+7,169	+11.6%	15,933	+16.3%	17,852	+13.2%	16,778	+7.6%	18,474	+9.8%
Operating Income	-1,467	-3,220	-183.7%	-131	-9.7%	-1,538	-267.7%	372	+686.2%	-169	-118.1%
Operating Margin	-2.2%	-4.9pt		-0.8%	+0.2pt	-9.4%	-14.9pt	2.2%	+1.9pt	-0.9%	-6.2pt
Amortization of Goodwill	7,194	+1,796	+33.3%	1,316	+44.5%	2,997	+117.5%	1,503	-1.3%	1,377	-13.2%
Operating Income before Amortization of Goodwill	5,727	-1,424	-19.9%	1,185	+54.9%	1,458	-36.4%	1,875	+19.5%	1,207	-52.1%
Operating Margin before Amortization of Goodwill	8.5%	-2.8pt		7.5%	+1.9pt	8.9%	-4.8pt	10.9%	+0.9pt	6.6%	-7.6pt

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

Billings by Service Category (Full Year & by Quarter)

Hakuhodo DY holdings

	Full Year (12-Month)			by Quarter (3-Month)							
(Millions of JPY)	FY2019 Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY	Q4	YOY
Newspapers	43,210	-4,811	-10.0%	10,002	-5.7%	10,949	+2.7%	10,647	-12.3%	11,610	-20.6%
Magazines	16,845	-1,138	-6.3%	3,676	-9.0%	4,128	-9.5%	4,871	-2.8%	4,168	-4.6%
Radio	13,675	-14	-0.1%	3,499	+8.2%	3,378	+1.2%	3,417	-5.6%	3,380	-3.4%
Television	416,331	-22,704	-5.2%	104,432	+0.6%	99,478	-3.4%	109,387	-6.2%	103,031	-10.9%
Mass Media Service Subtotal	490,062	-28,669	-5.5%	121,611	-0.1%	117,935	-3.0%	128,324	-6.6%	122,190	-11.5%
Internet Media	254,978	+22,498	+9.7%	61,748	+11.0%	57,163	+13.4%	65,375	+6.3%	70,691	+8.9%
Outdoor Media	39,663	+1,390	+3.6%	9,285	-1.8%	9,697	+11.0%	10,122	+4.6%	10,558	+1.4%
Creative	143,149	+1,937	+1.4%	28,816	-2.3%	34,833	+5.8%	36,331	+1.4%	43,168	+0.4%
Marketing/Promotion	240,115	-3,109	-1.3%	50,580	-0.9%	62,121	+11.5%	62,939	-2.8%	64,474	-10.1%
Others (Contents, etc.)	30,754	+3,400	+12.4%	6,420	+29.2%	5,118	-13.8%	10,512	+71.3%	8,703	-15.6%
Other than Mass Media Service Subtotal	708,662	+26,117	+3.8%	156,851	+4.2%	168,934	+9.9%	185,280	+4.2%	197,595	-1.4%
Total	1,198,724	-2,551	-0.2%	278,462	+2.3%	286,870	+4.2%	313,605	-0.5%	319,786	-5.5%
Other than above	267,524	+24,276		54,511		62,982		71,782		78,248	
Consolidated Billings	1,466,249	+21,724	+1.5%	332,973	+2.6%	349,853	+3.2%	385,387	-1.4%	398,034	+2.0%

Note:

1) The above items include a certain number of investment business.

2) Figures for "Other than above" comprise mainly billings from overseas subsidiaries, billings from certain domestic subsidiaries, and the gain on sale of Mercari, Inc.'s shares.

Billings by Clients' Industry

Hakuhodo DY holdings

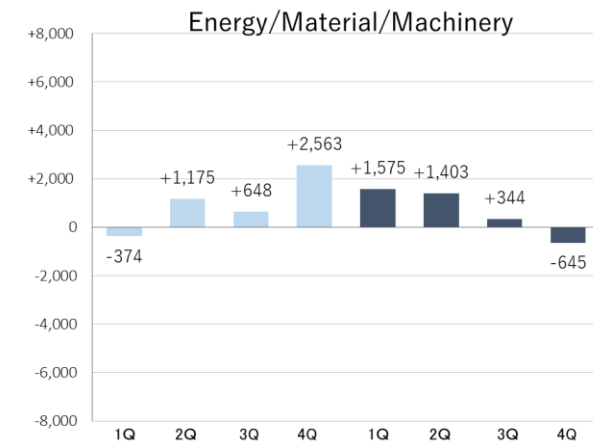
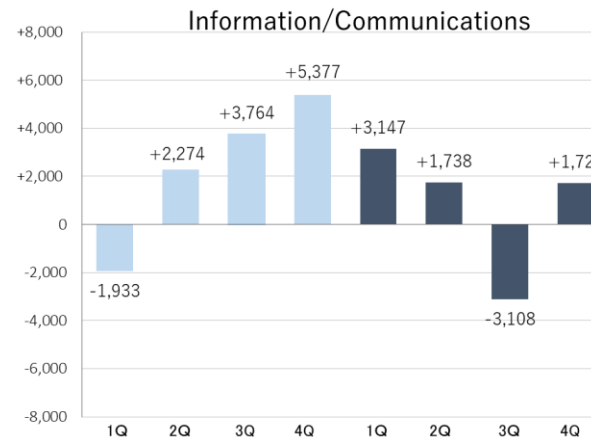
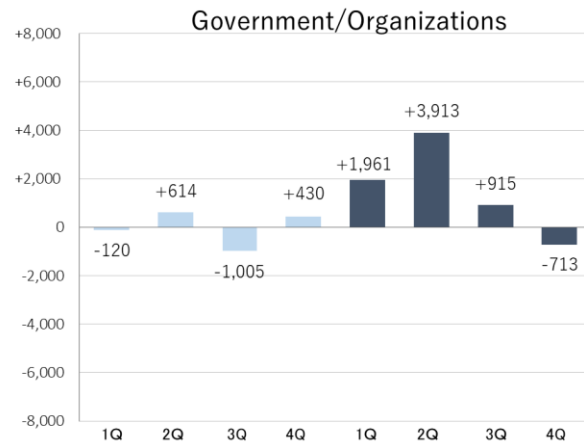
(Millions of JPY)	FY2019 Actual	YOY		Composition
Information/Communications	138,283	+3,500	+2.6%	12.7%
Automobiles/Related products	128,868	+841	+0.7%	11.8%
Beverages/Cigarettes/Luxury foods	112,839	-6,556	-5.5%	10.4%
Cosmetics/Toiletries	80,130	-500	-0.6%	7.4%
Foodstuffs	75,370	-1,319	-1.7%	6.9%
Finance/Insurance	66,943	+1,911	+2.9%	6.1%
Transportation/Leisure	65,478	-3,576	-5.2%	6.0%
Restaurant/Services	55,477	+232	+0.4%	5.1%
Distribution/Retailing	51,598	+1,463	+2.9%	4.7%
Real estate/Housing facilities	49,391	-3,523	-6.7%	4.5%
Pharmaceuticals/Medical supplies	47,068	-4,272	-8.3%	4.3%
Games/Sporting goods/Hobby supplies	24,297	+6,076	+33.3%	2.2%
Household products	23,140	+2,677	+13.1%	2.1%
Home electric appliances/AV equipment	21,612	-1,287	-5.6%	2.0%
Energy/Material/Machinery	18,653	-4,187	-18.3%	1.7%
Government/Organizations	18,537	-6,501	-26.0%	1.7%
Apparel/Accessories	17,264	+1,230	+7.7%	1.6%
Publishing	15,375	-198	-1.3%	1.4%
Education/Medical services/Religion	13,600	-194	-1.4%	1.2%
Precision machinery/Office supplies	10,012	+876	+9.6%	0.9%
Classified advertising/Other	55,059	-464	-0.8%	5.1%
Total	1,089,006	-13,772	-1.2%	100.0%
Other than Above	377,242	+35,497	+10.4%	
Consolidated Billings	1,466,249	+21,724	+1.5%	

Sales by Clients' Industry (by Quarter) 1

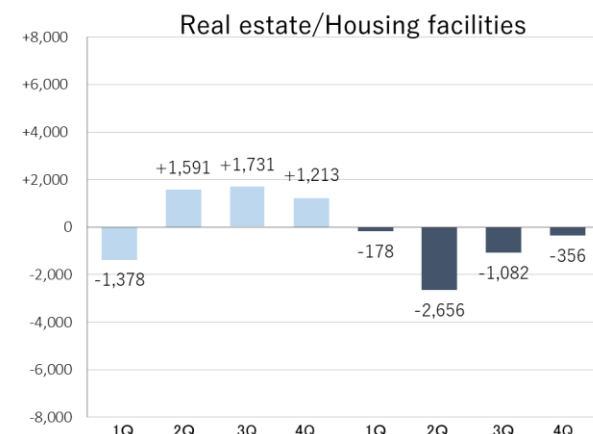
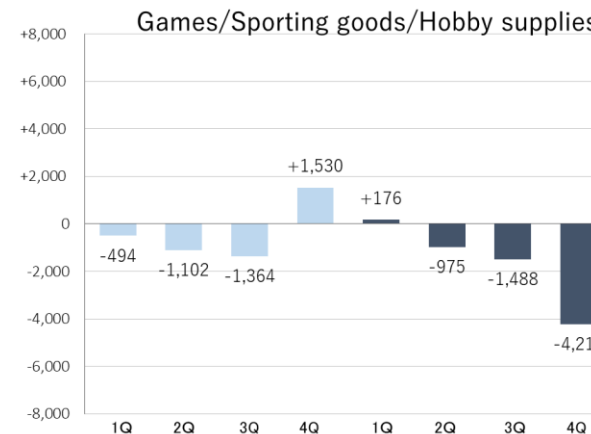
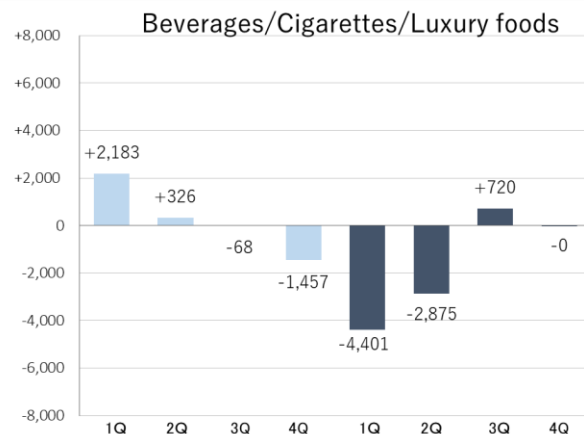
Hakuhodo DY holdings

Major Positive Industries YOY of Billings by Quarter

Left : FY2018, Right FY2019
(Millions of JPY)



Major Negative Industries YOY of Billings by Quarter



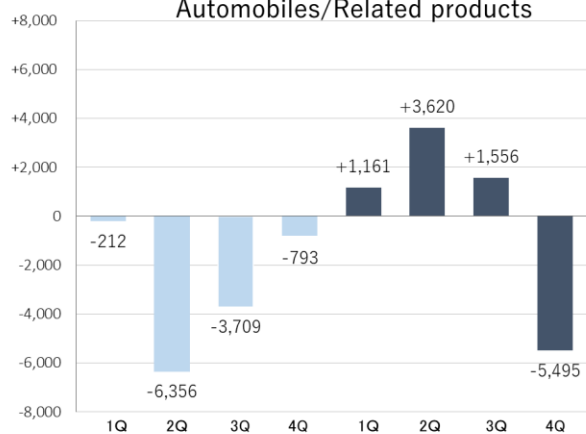
Sales by Clients' Industry (by Quarter) 2

HakuhodoDY holdings

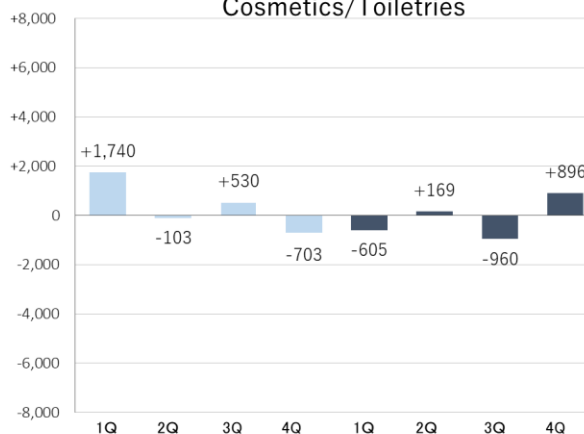
Other Major Industries YOY of Billings by Quarter

Left : FY2018, Right FY2019
(Millions of JPY)

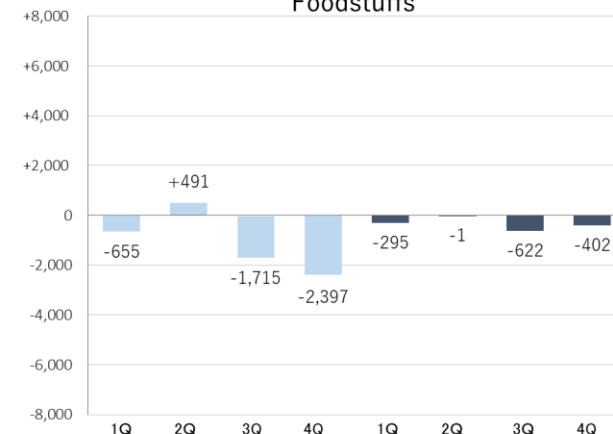
Automobiles/Related products



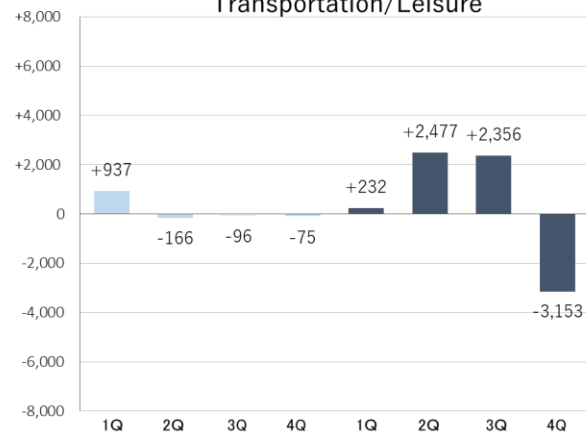
Cosmetics/Toiletries



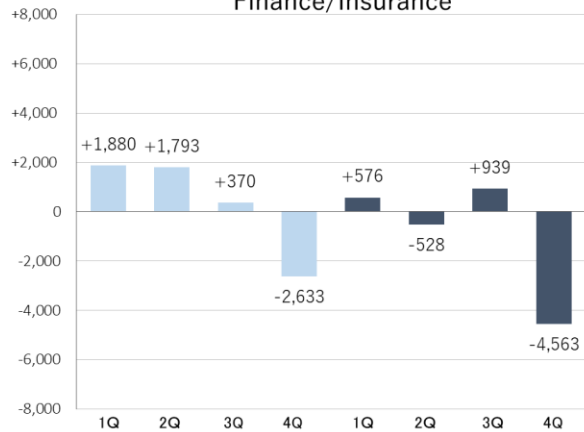
Foodstuffs



Transportation/Leisure



Finance/Insurance



(Millions of JPY)	End of FY2019	Change *	Composition
Current Assets	595,080	-15,171	69.2%
Cash & Deposits	166,576	+11,814	
Accounts Recievable	357,101	-9,031	
Non-current Assets	264,807	-26,944	30.8%
Tangible Assets	34,129	-1,505	
Intangible Assets	52,383	-1,896	
Goodwill	27,905	-2,824	
Investments & Other Assets	178,294	-23,542	
Investment Securities	137,260	-25,840	
Total Assets	859,887	-42,115	100.0%
Current Liabilities	395,721	-28,550	46.0%
Accounts Payable	292,309	-18,182	
Short-term Borrowings	3,978	-4,889	
Non-current Liabilities	148,017	-13,290	17.2%
Long-term Borrowings	106,225	-55	
Total Liabilities	543,739	-41,841	63.2%
Shareholders' Equity	261,142	+34,545	30.4%
Share Capital	10,491	+166	
Capital Surplus	324	+324	
Retained Earnings	261,698	+34,054	
Treasury Stock	-11,372	+0	
Accumulated Other Complehensive Incom	28,060	-27,640	3.3%
Share Aquisiton Rights	218	+38	0.0%
Non-controlling Interests	26,726	-7,217	3.1%
Total Net Assets	316,147	-274	36.8%

* Change from the balance as of the end of Mar, 2019

(Millions of JPY)	FY2019	YOY
Cash Flows from Operating Activities	27,366	-26,156
Cash Flows from Investing Activities	3,372	+26,188
Purchase of property, plant and equipment	-6,036	-722
Proceeds from sales of property, plant and equipment	13,155	+13,114
Purchase of intangible assets	-6,500	-1,672
Purchase of investment securities	-3,995	-1,327
Proceeds from sales of investment securities	17,096	+14,551
Purchase of shares of subsidiaries	-4,554	-2,522
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,848	+9,705
Cash Flows from Financing Activities	-19,434	+2,540
Net increase (decrease) in short-term borrowings	-4,996	-4,611
Net increase (decrease) in Long-term borrowings & Bonds	-365	-104,933
Dividends paid	-10,813	-757
Dividends paid to non-controlling interests	-1,716	+23
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-355	+112,785
Cash and cash equivalents at beginning of period	152,154	+8,304
Cash and cash equivalents at end of period	163,299	+11,144

(Millions of JPY)	FY2019	YOY	
Hakuhodo (Consolidated)			
Billings	1,009,783	+10,873	+1.1%
Ordinary Income	37,846	-1,329	-3.4%
Net Income Attributable to Owners of Parent	21,539	-14,739	-40.6%
Daiko (Consolidated)			
Billings	157,199	-2,655	-1.7%
Ordinary Income	1,997	-1,110	-35.7%
Net Income Attributable to Owners of Parent	7,105	+4,900	+222.3%
Yomiko (Consolidated)			
Billings	71,793	-1,963	-2.7%
Ordinary Income	1,559	-481	-23.6%
Net Income Attributable to Owners of Parent	1,055	-252	-19.3%

From fiscal 2019, the accounting policies related to the recording of billings at certain subsidiaries have changed. Please be aware that figures for the same period of the previous fiscal year and the previous fiscal year-end have been retroactively revised to reflect this change.

In regard to programmatic advertising for Internet Media, in which posting fees are not settled at the time an advertisement is posted, certain consolidated subsidiaries that previously recorded billings based on advertising postings have changed to a new accounting policy from the first quarter of fiscal 2020. Under this new policy, billings are recorded based on reports of settlement by the media companies who posted an advertisement.

As a result, the following figures have been retroactively revised on the consolidated income statements for fiscal 2018.


(Millions of yen)	Full Year	Q1	Q2	Q3	Q4
Billings	-1,089	717	-484	-239	-1,083
Revenue	-107	118	19	-63	-181
Operating Income	-107	118	19	-63	-181
Ordinary income	-107	118	19	-63	-181
Net income Attributable to Owners of Parent	-172	41	5	-93	-125

Update on progress under the Medium-Term Business Plan

Abbreviations within this document

HC: Hakuholdo DY Holdings Inc. H: Hakuholdo Inc. D: Daiko Advertising Inc. Y: Yomiko Advertising Inc.
MP: Hakuholdo DY Media Partners Inc. DAC: D.A.Consortium Inc. IREP: IREP Co., Ltd

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

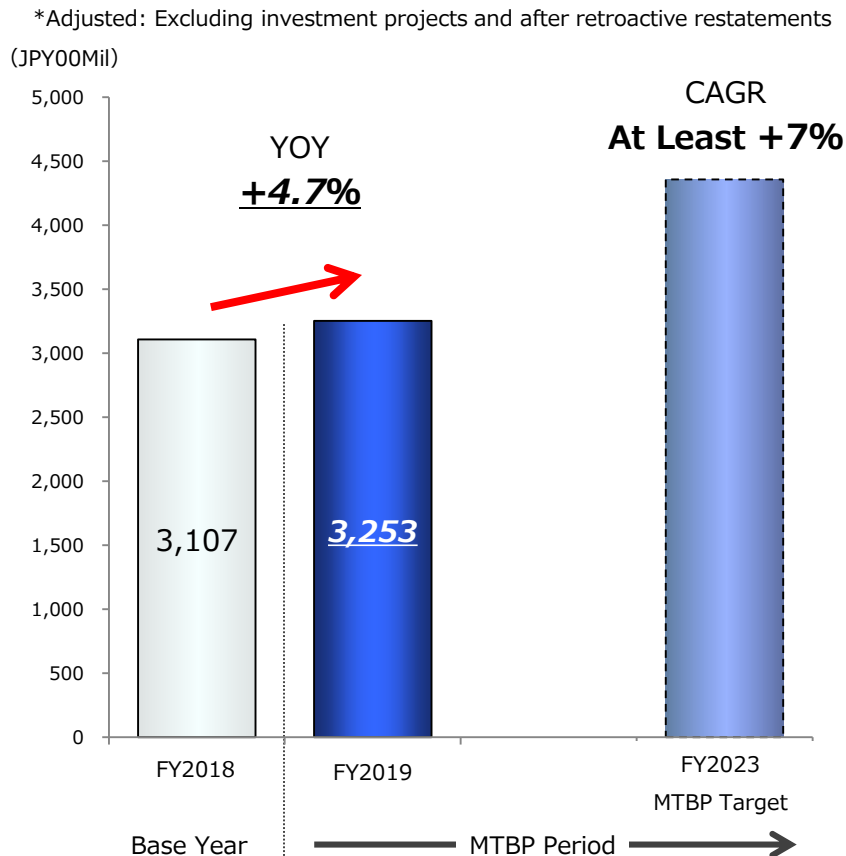
Core Medium-Term Strategy	With <i>sei-katsu-sha</i> insight as our cornerstone, the Hakuhodo DY Group will combine its creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a completely 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.		
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 		Aggressive Investment Data, technologies, infrastructure, human resources, M&A, and other areas
Outline of Growth (FY2023)	<ul style="list-style-type: none"> Billings from Internet media (domestic business): At least double* Overseas business <ul style="list-style-type: none"> Revenue: At least double* Operating margin before amortization of goodwill: Continuous improvement 		
Medium-Term Business Plan Targets (FY2023)	<p><u>Operating income before amortization of goodwill : ¥95.0 billion</u></p> <ul style="list-style-type: none"> CAGR of revenue* Annual growth rate of operating income before amortization of goodwill* Operating margin before amortization of goodwill ROE before amortization of goodwill Shareholder returns <ul style="list-style-type: none"> Stable and continuous dividends Shareholder returns in line with performance and financial position 	Important indicators At least 7% At least 8% At least 20% At least 15%	Base after adjustment (Excluding investment projects)

* Figures are a comparison of the base year (FY2018) and FY2023

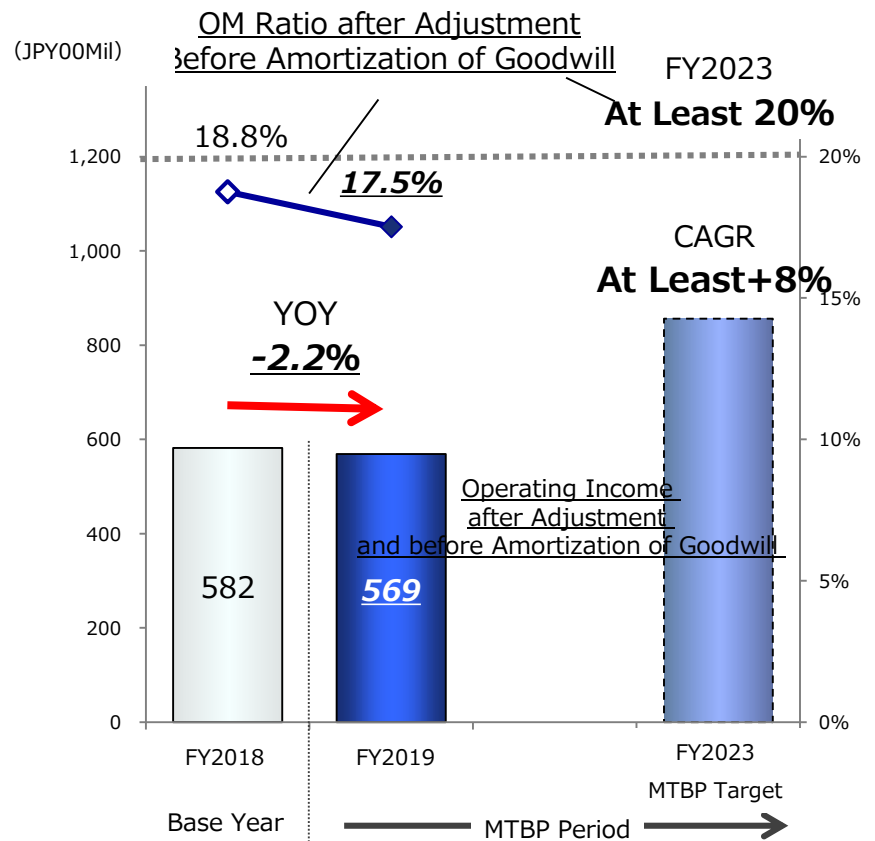
Overview of Progress in FY2019

- Revenue excluding investment projects and after adjustments rose 4.7% year on year on the back of steady growth in both our domestic and overseas businesses.
- Operating income after adjustment and before amortization of goodwill was on nearly the same level as in the previous fiscal year, despite impact from the spread of COVID-19.

Adjusted* Revenue



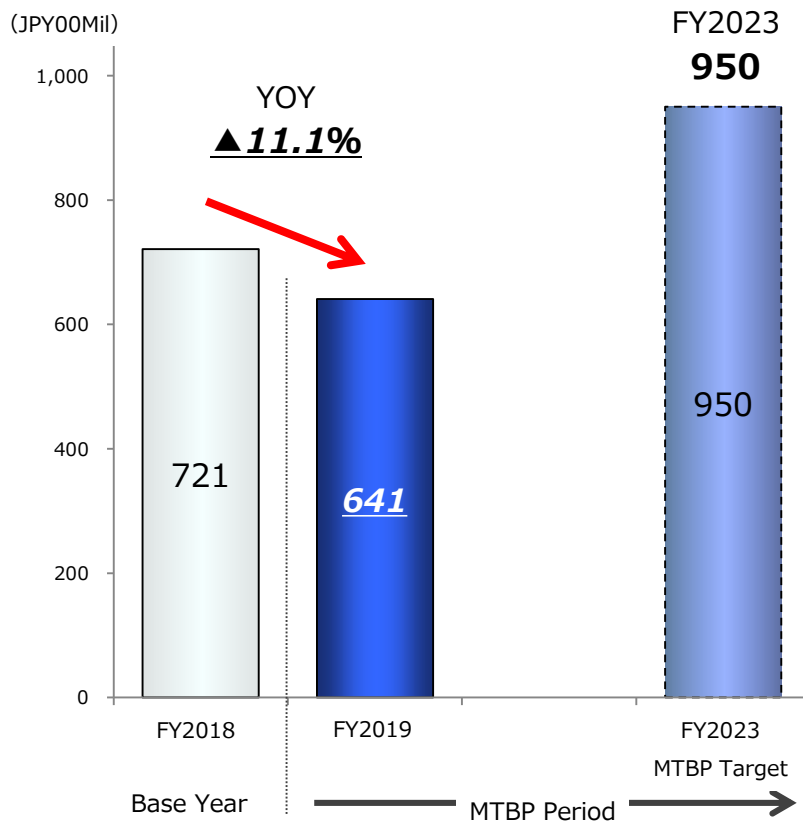
Operating Income after Adjustment and before Amortization of Goodwill / OM



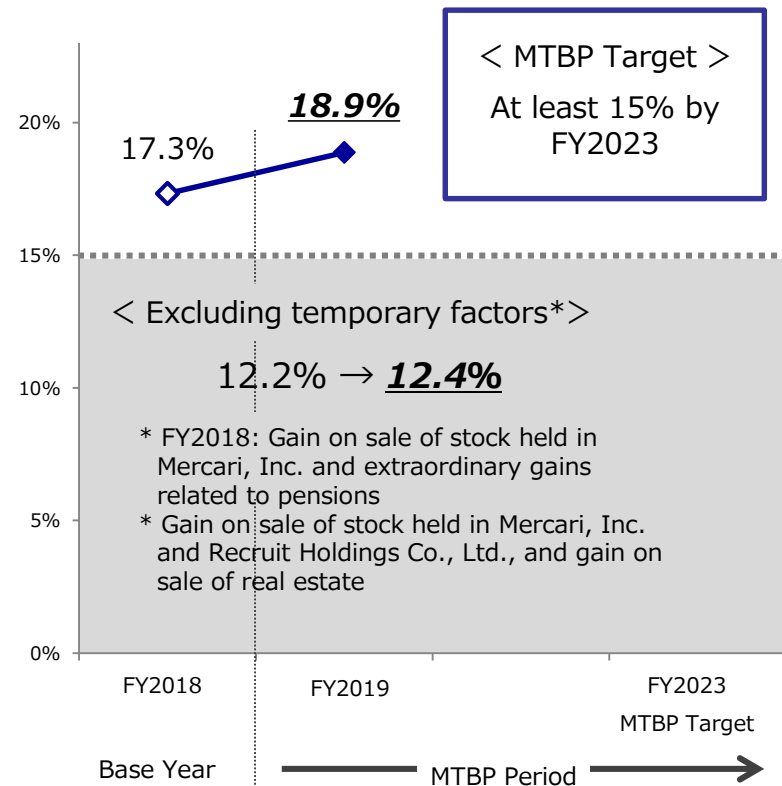
Overview of Progress in FY2019

- Operating income before amortization of goodwill, which is a Medium-Term Business Plan (MTBP) target, saw a double-digit decline year on year, due in part to the negative repercussions from the sale of stock held in Mercari, Inc.
- ROE before amortization of goodwill was at a high 18.9%. Even after excluding factors that temporarily boosted this result, it was an improvement on the previous year.

Operating Income before Amortization of Goodwill



ROE before Amortization of Goodwill



Key strengthening measures centered around the three fundamentals for growth

- Strengthening of structures and response capabilities centered around the MTBP's three fundamentals for growth.

Main measures

Establish a leading position in the broader digital domain

Strengthen response capabilities for borderless corporate activities

Accelerate innovation through external collaborations

Enhance specialized functions in Japan

1 Establish a leading position in the broader digital domain

Previously published
MTBP slides

Establish a Leading Position in the Broader Digital Domain with a View to the Completely Digitalized Era

**I**

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

II

Response to diversifying digital touchpoints

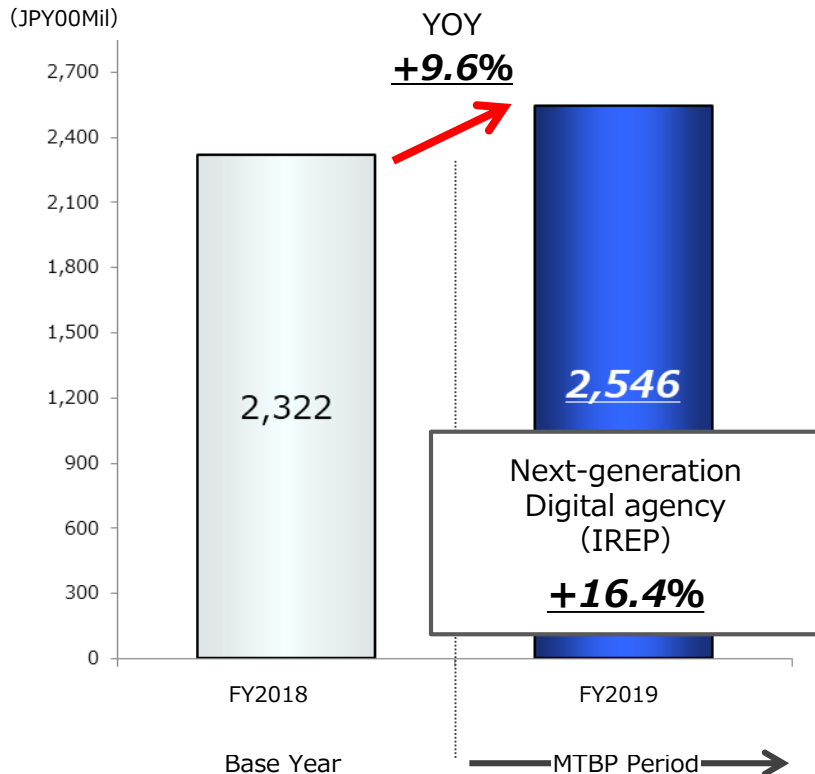
III

**Expand our structure in the rapidly growing
domain of Internet media**

Establish a leading position in the broader digital domain

- Billings from Internet media were up 9.6% year on year. Our next-generation digital agency saw particularly strong growth.
- We strengthened our structure to execute initiatives in the apps and solutions domain through collaboration with external companies. We also focused our efforts on maximizing the benefits of leveraging digital technologies and on enhancing our structure for implementing the digitalization of path to purchase.

Internet Media Billings*



Topics

Enhancing Structure for Implementing Digital Marketing

- Entered into a capital and business alliance with Adways Inc. in the app promotion domain (MP)
- Established D.Table, a new company specializing in the use of Google technologies, together with Yoshidumi Holdings (DAC)

Maximizing Benefits of Leveraging Digital Technologies

- Television & Digital: Launched TVdigi experts (MP)
- Online behavior & Newspaper inserts: Developed Chiradigi Planner (MP)
- Social and mass media influencer marketing: Created Influencer Marketing EXPERT'S (MP/DAC)

Implementing Digitalization in the Path to Purchase

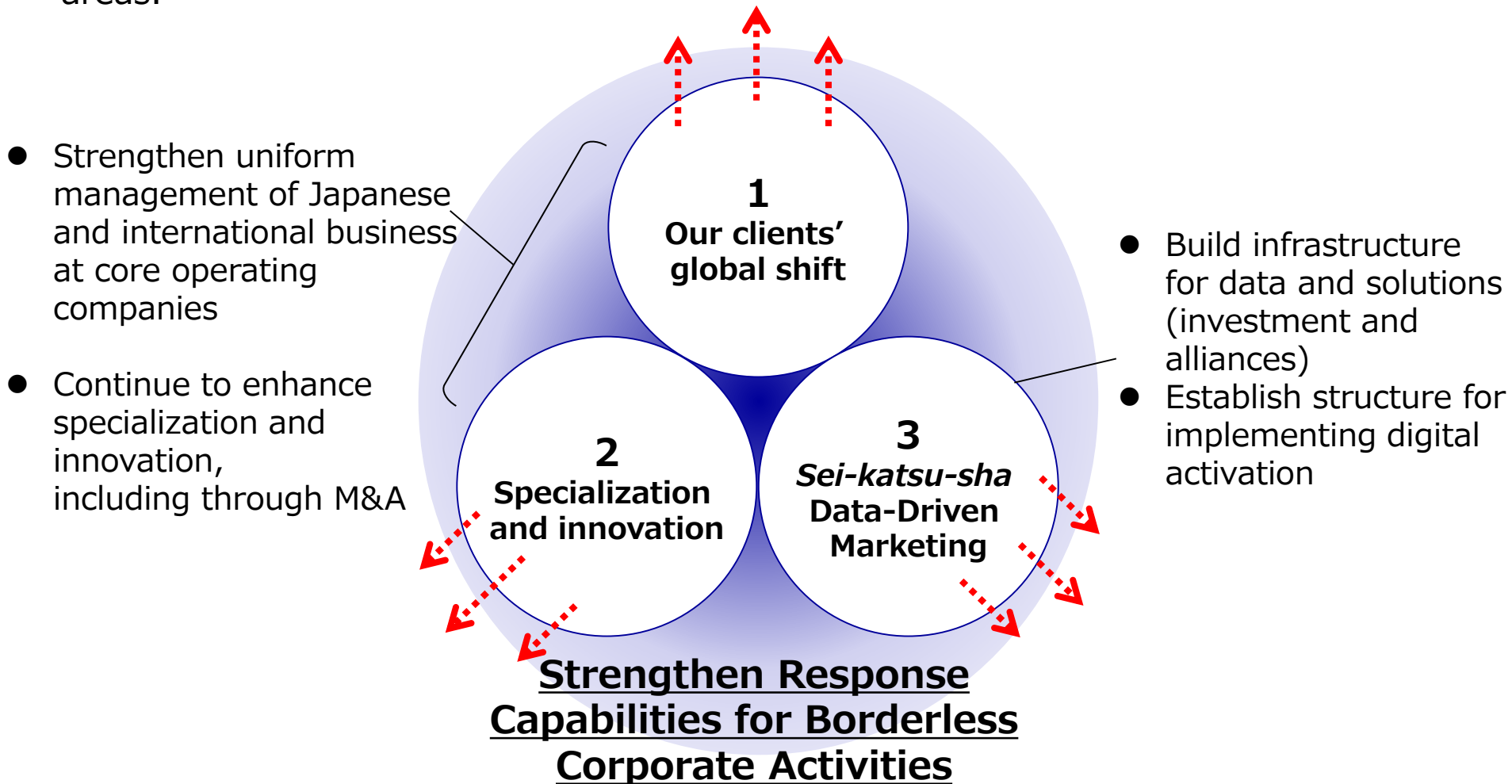
- Concluded a strategic technology partnership with STRATACACHE, one of the world's largest digital signage solutions companies (HC)
- Commenced provision of Point of Sale Signage Solution, a storefront digital marketing service, together with PDC Co., Ltd. (H)

※Relates to domestic business on a consolidated basis. Excluding investment projects. Figures after retroactive adjustment.

2 Strengthen Response Capabilities for Borderless Corporate Activities

Previously published
MTBP slides

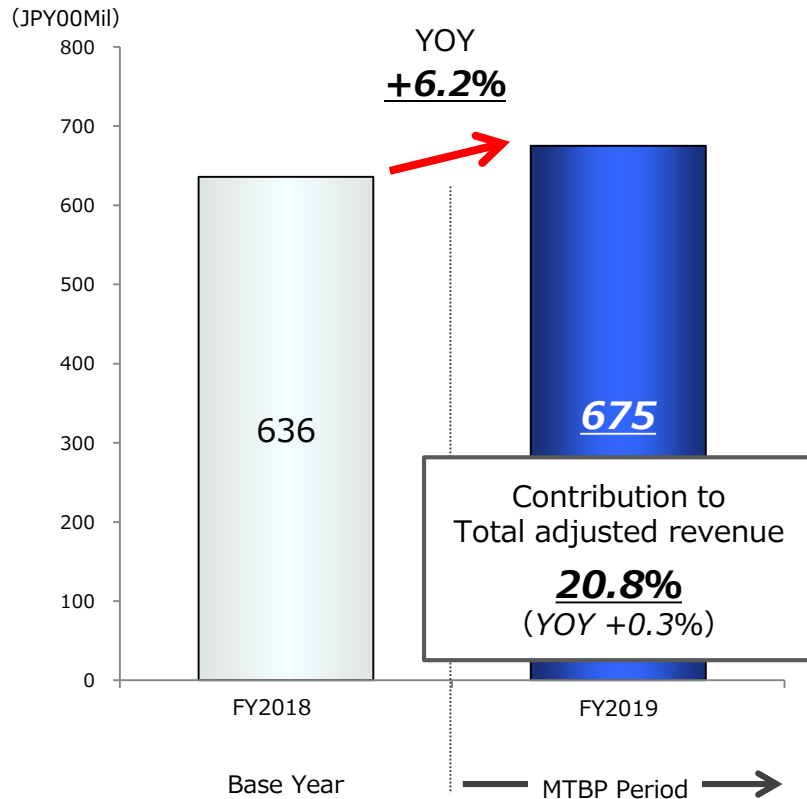
We will bolster our ability to respond to increasingly borderless corporate activities by strengthening our international operations centering on the following three areas.



Strengthen Response Capabilities for Borderless Corporate Activities

- Revenue from our overseas business was up 6.2% year on year resulting from growth in Asia and North America, where our business scale is large. The ratio of overseas revenue to total revenue after adjustments increased to 20.8%.
- In Asia, we enhanced functions centered on the digital domain, primarily through M&A. We also made progress enhancing our presence in ASEAN countries.

Overseas Revenue



Topics

Enhancing Functions in Asia

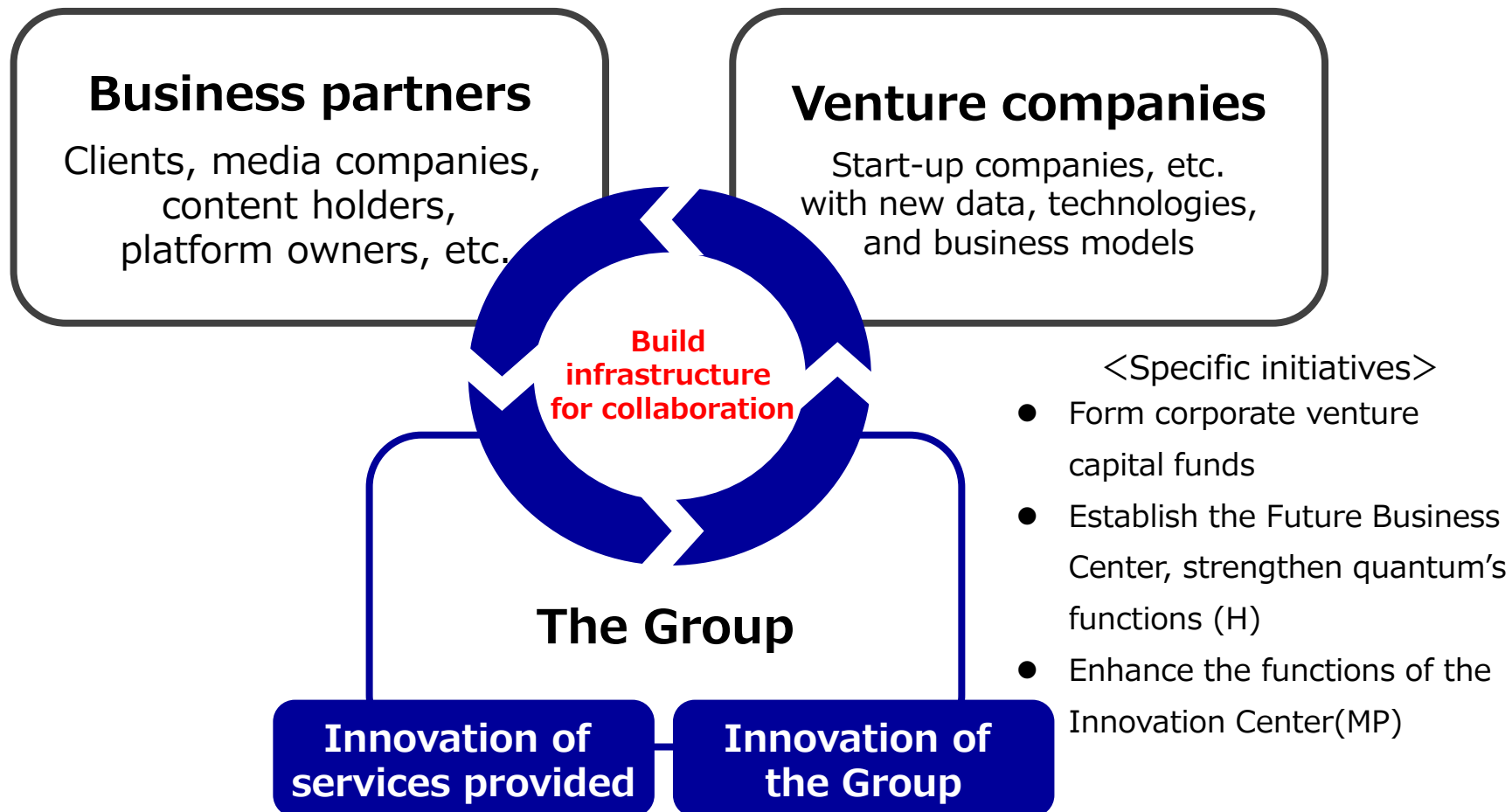
- Acquired shares in Winter Egency Co., Ltd., a full-service digital agency in Thailand (H)
- Acquired shares in AdGlobal360 India Pvt. Ltd., a full-service digital agency in India (H)
- Commenced operations of Hakuhodo Digital Vietnam Co., Ltd., a full-service digital agency in Vietnam (H)
- Subsidiarized GROWWW Media Co., Ltd., an advertising agency group in Taiwan (H)

Enhancing Creative Capabilities

- Received awards at *Campaign Asia-Pacific* magazine's Southeast Asia Agency of the Year 2019 awards
- IdeasXMachina Advertising: Philippines (H)
 - Winter Egency: Thailand (H)

3 Accelerate Innovation through External Collaborations

We will build a structure for collaboration with not only our business partners, but also external corporations, such as innovative technology companies, so as to accelerate innovation of the services we provide and our Group.



Accelerate innovation through external collaborations

- We formed organizations that will serve as the starting point for new business and service creation, thereby accelerating collaboration with external companies.
- We executed investments in cutting-edge technologies in various domains, including sound and blockchain technology. We also ramped up efforts toward promoting technology utilization.

Starting Point for New Business and Service Creation

ミライの事業室

- Establishment of an organization for pursuing new business creation by Hakuhodo Inc.
- Collaboration with four external companies with the aim of realizing collective business creation



Growth Studio of Creativity

- Reinforcement of organization as a growth studio that leverages creativity to support the growth of companies
- Collaboration with Tsutaya Kaden Enterprise Co., Ltd. on B2B business
- Start of collaboration with Deloitte Tohmatsu Financial Advisory LLC to combine creativity with finance

Investment in Cutting-Edge Technologies



Sound

- Conclusion of capital and business alliance between Hmcomm Inc. and Hakuhodo DY Holdings
- Hmcomm is a technology transfer venture company of the National Institute of Advanced Industrial Science and Technology that works in the sound data analysis domain

Blockchain

- Establishment of a Hakuhodo project to promote the development of new businesses and services utilizing blockchain technologies
- Joint development of copyright protection services for original works and digital content with Centaurus Works Inc.



HAKUHODO BLOCKCHAIN INITIATIVE

Strengthen specialized functions in Japan

- In April 2020, we merged DAIKO WEDO creative & development inc. with DAIKO ONES INC., thereby fortifying the DAIKO Group's production and execution capabilities.
- Hakuhodo Inc. integrated business operations of NISHIKO Co., Ltd. which became its subsidiary last year and Hakuhodo Kyushu branch, strengthening its organizational structure in the Kyushu area.

Fortifying DAIKO Group's Production and Execution Capabilities

Merger of both companies to launch
the new DAIKO WEDO



×



Strengthening Organizational Structure in the Kyushu Area

• HAKUHODO •
九州博報堂

博報堂
九州支社

N I S H I K O

- Sei-katsu-sha insight
- Digital marketing know-how

- Business implementation capabilities rooted in the local community

Hakuhodo DY holdings