

HakuhodoDY holdings

Consolidated Financial Highlights FY2023 Third Quarter (April-Dec., 2023)

February 8, 2024

Highlights of Consolidated Results for Q3 FY 2023

(Notes about Retroactive Restatement)

With regard to the business combination following the acquisition of shares in Sold Out Inc. in April 2022, we had been applying provisional accounting treatments during the previous third quarter consolidated accounting period. However, we finalized these treatments at the end of the previous consolidated fiscal year.

In line with the finalization of these provisional accounting treatments, we have retrospectively adjusted the allocation of the acquisition costs in the comparative information for the current third quarter cumulative consolidated period.

As a result, compared to the quarterly consolidated statement of income reported in February 2023, the operating income, ordinary income, and quarterly net income before taxes for the previous third quarter cumulative consolidated period have decreased by ¥25 million, and the quarterly net income attributable to owners of parent has decreased by ¥11 million.

Q3 FY2023 Income Statement Highlights

- Billings decreased by 0.6% YoY, and revenue decreased by 1.0% YoY.
- Operating income decreased by 56.7% to ¥15.6 billion. Ordinary income decreased by 57.3% to ¥16.9 billion.
- Net income (loss) attributable to owners of parent decreased by ¥25.4 billion YoY to a net loss of ¥5.3 billion due to the impact of extraordinary losses such as losses on valuation of investment securities and special retirement expenses, as well as high level of income tax expenses.

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	
Billings	1,117,694	-6,698	-0.6%
Revenue	646,309	-6,723	-1.0%
Operating Income	15,629	-20,454	-56.7%
Ordinary Income	16,996	-22,779	-57.3%
Net Income Attributable to Owners of Parent	-5,306	-25,452	-126.3%

Q3 FY2023 Results (Excluding Investment Business) 1

- Billings decreased by 0.7% YoY. Gross profit increased by 0.3% YoY. Gross margin improved by 0.2pt.
- SG&A expenses increased by 8.9% YoY. Operating income decreased by ¥20.6 billion YoY to ¥9.5 billion.
- Operating income before goodwill decreased by 50.1% YoY to ¥21.0 billion.

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	
Billings	1,110,838	-7,294	-0.7%
Revenue	639,453	-7,319	-1.1%
Gross Profit	271,688	+821	+0.3%
Gross Margin	24.5%	+0.2pt	
SG&A	262,180	+21,448	+8.9%
Operating Income	9,507	-20,626	-68.4%
Operating Margin	3.5%	-7.6pt	
Amortization of Goodwill*	11,585	-529	-4.4%
Operating Income before Amortization of G/W	21,093	-21,156	-50.1%
Operating Margin before Amortization of G/W	7.8%	-7.8pt	

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

Q3 FY2023 Results (Excluding Investment Business) 2

- While both billings and profits declined in the first half (April – September), performance turned around in the third quarter (October - December), with both sales and profits increasing.

Changes from H1 to Q3 (YoY Comparison)

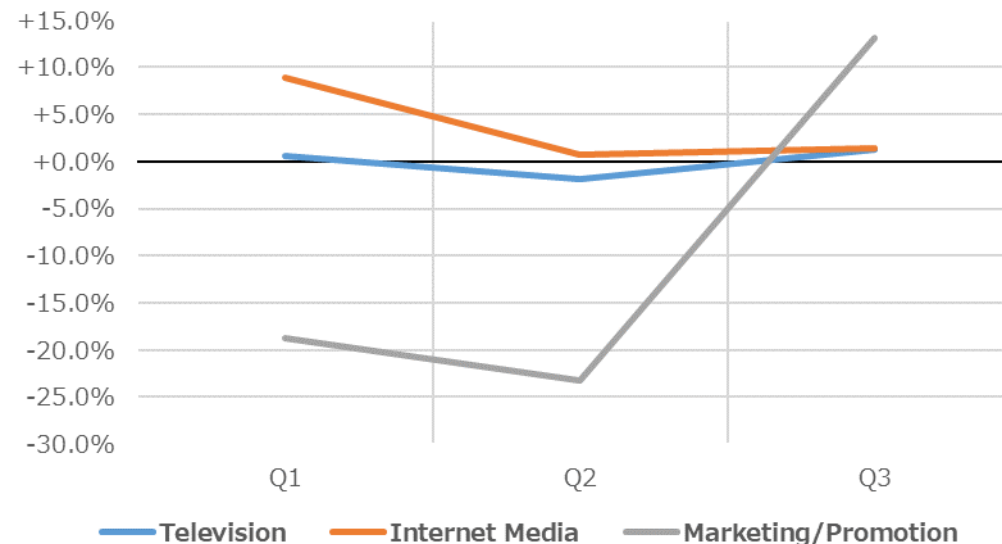
	H1 (April - September)	Q3 (October - December)
Billings	¥691.5 billion (-3.4%)	¥419.2 billion <u>(+4.2%)</u>
Gross Profit	¥168.9 billion (-2.5%)	¥102.7 billion <u>(+5.4%)</u>
SGA	¥173.5 billion (+10.8%)	¥88.6 billion (+5.4%)
Operating Income	-¥4.5 billion (-127.3%)	¥14.0 billion <u>(+5.1%)</u>
Operating Income before Amortization of G/W	¥3.1 billion (-87.4%)	¥17.9 billion <u>(+3.8%)</u>



Q3 FY2023 Results (Excluding Investment Business) 3

- Key Factors for the Profitability Turnaround in the Third Quarter (October - December)
 - Recovery of top-line in Japan
 - ✓ “Television” outperformed the market and “Internet Media” continued to grow steadily due to the utilization of AaaS and the progress of group collaboration.
 - ✓ “Marketing/Promotion” also grew significantly as the negative impact of the BPO diminished and demand for events and SPs recovered.
 - ✓ By clients’ industry, driven by the lifting of COVID-19-related restrictions and increased inbound tourism, sectors such as “Transportation & Leisure” continued to perform well, maintaining the positive trend from the first half.
 - ✓ Furthermore, the reform of the liquor tax and the Japan Mobility Show have served as catalysts for the recovery of the “Beverages/Cigarettes/Luxury foods” and “Automobiles/Related products”.

Quarterly Sales by Major Service Category (Q1-Q3) YoY



Q3 FY2023 Results (Excluding Investment Business) 4

- Continued: Key Factors for the Profitability Turnaround in the Third Quarter (October - December)
 - Cost restructure in North America contributed to the recovery of profitability in overseas business, as well as continued stable growth in Asia
 - Measures to improve profitability were effective, resulting in an enhanced gross margin.



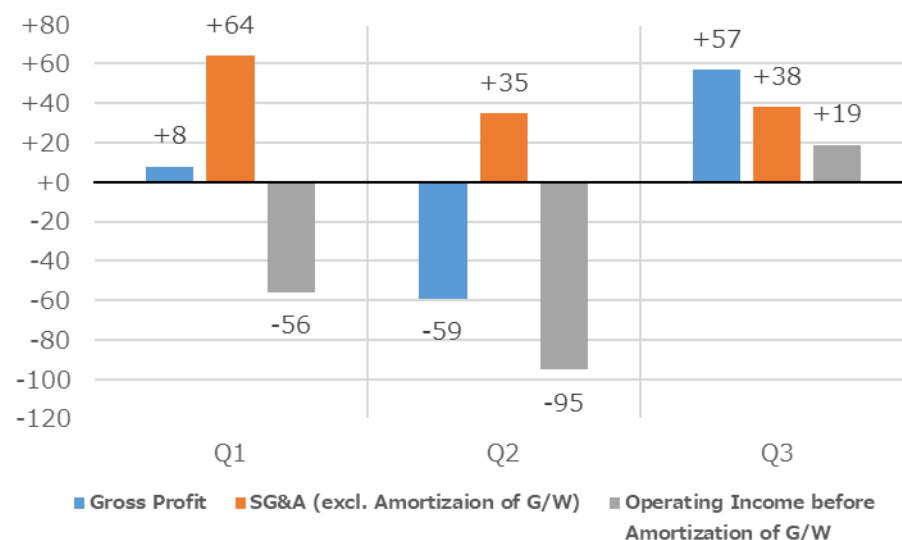
- While continuing strategic investments*, HDY turned to increased profits due to the expansion of gross profit

*As of December 2023, the number of employees is 28,756, an increase of 844 YoY

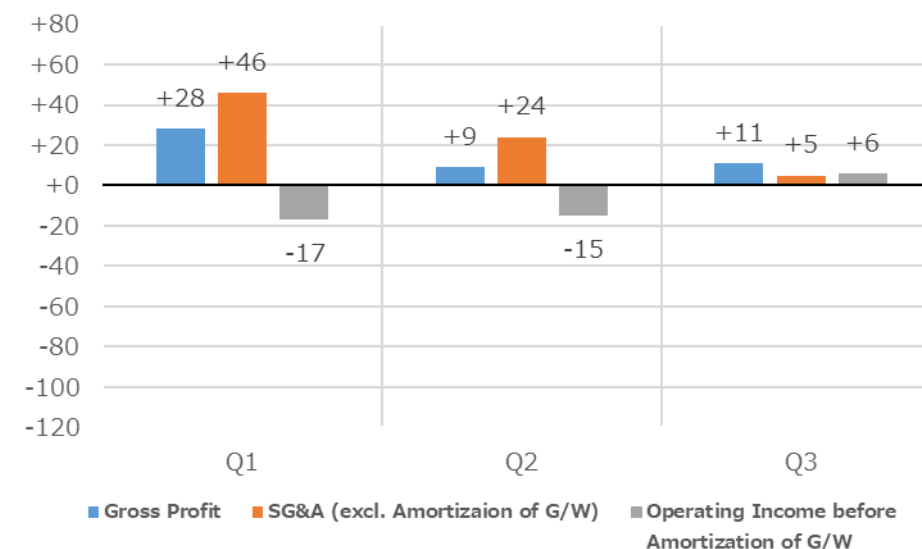
Quarterly Change in Operating Income Before Amortization of G/W (Q1-Q3)

*Results by region, Japan excluding investment business

(Japan) YoY Change, in Billions of JPY



(Overseas) YoY Change, in Billions of JPY



The background of the slide is a vibrant blue with dynamic, flowing patterns that resemble thick brushstrokes or liquid motion. The colors range from deep navy to bright, almost white highlights, creating a sense of depth and movement. A semi-transparent horizontal band is centered across the image, providing a clear space for the text.

Guidance for FY2023

Guidance for FY2023

- There is no change in the full-year earnings forecast.
- Additionally, we are currently considering various measures aimed at streamlining the balance sheet. Should these measures impact the performance of FY2023, we will disclose the details promptly.

(Guidance for FY2023)

(Millions of JPY)	Forecast	YoY	
Billings	1,600,000	-34,340	-2.1%
Revenue	970,000	-21,137	-2.1%
Operating Income	35,000	-20,410	-36.8%
Ordinary Income	36,000	-24,379	-40.4%
Net Income Attributable to Owners of Parent	14,000	-17,010	-54.9%
Operating Income before amortization of Goodwill	50,000	-21,404	-30.0%

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Shareholder Returns

Shareholder Returns

- The annual dividend will be ¥32 per share (including an interim dividend of ¥16 per share), unchanged from the previous forecast.

(Dividend forecast for FY2023)



Cautionary Statements Concerning Forward-looking Statements, Change in accounting standards & Note Concerning Audits

(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.

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Supplements

Interim Income Statements

Japanese GAAP-basis Interim Income Statements for Q3 FY2023

(Millions of JPY)	YTD (9-Month)			by Quarter (3-Month)					
	Actual	YOY	YOY	Q1	YOY	Q2	YOY	Q3	YOY
Billings	1,117,694	-6,698	-0.6%	354,422	+1.5%	343,432	-7.3%	419,839	+3.7%
Revenue	646,309	-6,723	-1.0%	201,466	+3.0%	198,091	-11.5%	246,751	+5.6%
Gross Profit	278,101	+1,227	+0.4%	89,189	+5.6%	85,900	-7.4%	103,011	+3.3%
Gross Margin	24.9%	+0.3pt	+0.0%	25.2%	+1.0pt	25.0%	-0.0pt	24.5%	-0.1pt
SG&A	262,472	+21,681	+9.0%	85,420	+17.1%	88,323	+5.5%	88,728	+5.5%
Operating Income	15,629	-20,454	-56.7%	3,768	-67.1%	-2,422	-126.8%	14,282	-8.3%
Operating Margin	5.6%	-7.4pt	+0.0%	4.2%	-9.3pt	-2.8%	-12.6pt	13.9%	-1.8pt
Non-operating Income	4,062	-984	-19.5%	3,211	+8.9%	803	-40.9%	47	-93.5%
Non-operating Expenses	2,694	+1,340	+99.0%	1,004	+86.9%	793	+173.9%	896	+70.1%
Ordinary Income	16,996	-22,779	-57.3%	5,975	-56.9%	-2,413	-123.8%	13,434	-14.9%
Extraordinary Income	1,502	-1,082	-41.9%	1,095	+199.3%	203	-88.3%	203	-57.6%
Extraordinary Loss	8,143	+6,609	+430.7%	745	+12.8%	5,268	+2218.1%	2,128	+229.6%
Net Income before Taxes	10,355	-30,471	-74.6%	6,325	-53.4%	-7,478	-164.3%	11,509	-26.3%
Income Tax	13,865	-4,508	-24.5%	5,462	-28.6%	2,588	-39.7%	5,814	-9.5%
Non-controlling Interest	1,796	-509	-22.1%	1,655	+23.9%	12	-93.9%	128	-83.1%
Net Income Attributable to Owners of Parent	-5,306	-25,452	-126.3%	-793	-117.3%	-10,079	-241.3%	5,566	-34.0%
Amortization of Goodwill	11,585	-529	-4.4%	3,710	+51.6%	3,993	-30.8%	3,881	-0.5%
Operating Income before Amortization of Goodwill	27,215	-20,984	-43.5%	7,479	-46.2%	1,571	-89.4%	18,164	-6.7%
Operating Margin before Amortization of Goodwill	9.8%	-7.6pt		8.4%	-8.1pt	1.8%	-14.1pt	17.6%	-1.9pt

* 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

Q3 FY2023

YTD (9-Month)

by Quarter (3-Month)

Results Excluding Investment Business

(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	1,110,838	-7,294	-0.7%	348,568	+0.8%	343,007	-7.2%	419,261	+4.2%
Revenue	639,453	-7,319	-1.1%	195,612	+1.7%	197,667	-11.3%	246,173	+6.4%
Gross Profit	271,688	821	+0.3%	83,378	+2.7%	85,584	-7.1%	102,725	+5.4%
Gross Margin	24.5%	+0.2pt		23.9%	+0.4pt	25.0%	+0.0pt	24.5%	+0.3pt
SG&A	262,180	21,448	+8.9%	85,322	+17.0%	88,212	+5.4%	88,645	+5.4%
Operating Income	9,507	-20,626	-68.4%	-1,943	-123.5%	-2,628	-131.0%	14,079	+5.1%
Operating Margin	3.5%	-7.6pt		-2.3%	-12.5pt	-3.1%	-12.3pt	13.7%	-0.0pt
Amortization of Goodwill	11,585	-529	-4.4%	3,710	+51.6%	3,993	-30.8%	3,881	-0.5%
Operating Income before Amortization of Goodwill	21,093	-21,156	-50.1%	1,766	-83.5%	1,365	-90.4%	17,961	+3.8%
Operating Margin before Amortization of Goodwill	7.8%	-7.8pt		2.1%	-11.1pt	1.6%	-13.9pt	17.5%	-0.3pt

Investment Business

(Millions of JPY)	Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	6,856	+596		5,853	+2,595	424	-352	577	-1,645
Revenue	6,856	+596		5,853	+2,595	424	-352	577	-1,645
Gross Profit	6,413	+405		5,810	+2,597	316	-284	285	-1,907
SG&A	292	+232		98	+78	111	+90	82	+64
Operating Income	6,121	+172		5,712	+2,519	205	-374	203	-1,972

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

Results by Region

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	
Japan			
Billings	954,510	-4,790	-0.5%
Revenue	483,124	-4,815	-1.0%
Gross Profit	209,918	+1,050	+0.5%
SG&A	165,295	+14,480	+9.6%
Operating Income	44,623	-13,430	-23.1%
Overseas			
Billings	176,258	+4,478	+2.6%
Revenue	176,258	+4,478	+2.6%
Gross Profit	77,289	+4,936	+6.8%
SG&A	84,955	+6,751	+8.6%
Operating Income	-7,666	-1,814	n/a
Elimination or Corporate			
Billings	-13,074	-6,386	
Revenue	-13,074	-6,386	
Gross Profit	-9,105	-4,759	
SG&A	12,221	+449	
Operating Income	-21,327	-5,209	
Consolidated			
Billings	1,117,694	-6,698	-0.6%
Revenue	646,309	-6,723	-1.0%
Gross Profit	278,101	+1,227	+0.4%
SG&A	262,472	+21,681	+9.0%
Operating Income	15,629	-20,454	-56.7%

Results by Region(YTD, by Quarter)

Q3 FY2023

YTD (9-Month)

by Quarter (3-Month)

Japan (Excluding Investment Business)

(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	947,653	-5,386	-0.6%	297,790	-0.2%	287,738	-8.0%	362,124	+5.9%
Gross Profit	203,505	+644	+0.3%	62,137	+1.4%	62,710	-8.7%	78,657	+7.9%
Gross Margin	21.5%	+0.2pt		20.9%	+0.3pt	21.8%	-0.2pt	21.7%	+0.4pt
SG&A	165,003	+14,247	+9.5%	53,607	+14.5%	55,365	+7.0%	56,030	+7.4%
Operating Income	38,501	-13,602	-26.1%	8,529	-41.0%	7,344	-56.6%	22,626	+9.3%
Operating Margin	18.9%	-6.8pt		13.7%	-9.9pt	11.7%	-12.9pt	28.8%	+0.4pt
Amortization of Goodwill	1,730	+384	+28.5%	559	+144.7%	608	+9.4%	562	+0.2%
Operating Income before Amortization of Goodwill	40,232	-13,218	-24.7%	9,089	-38.1%	7,953	-54.5%	23,189	+9.1%
Operating Margin before Amortization of Goodwill	19.8%	-6.6pt		14.6%	-9.3pt	12.7%	-12.8pt	29.5%	+0.3pt

Overseas

(Millions of JPY)	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Billings	176,258	+4,478	+2.6%	55,156	+11.4%	59,677	+0.6%	61,424	-2.4%
Gross Profit	77,289	+4,936	+6.8%	24,074	+13.3%	26,035	+3.7%	27,178	+4.6%
Gross Margin	43.8%	+1.7pt		43.6%	+0.7pt	43.6%	+1.3pt	44.2%	+3.0pt
SG&A	84,955	+6,751	+8.6%	27,684	+25.0%	28,989	+2.3%	28,281	+2.0%
Operating Income	-7,666	-1,814	n/a	-3,609	n/a	-2,954	n/a	-1,102	n/a
Operating Margin	-9.9%	-1.8pt		-15.0%	-10.8pt	-11.3%	+1.5pt	-4.1%	+2.6pt
Amortization of Goodwill	9,854	-914	-8.5%	3,150	+42.0%	3,385	-35.0%	3,319	-0.6%
Operating Income before Amortization of Goodwill	2,188	-2,729	-55.5%	-459	-134.8%	431	-78.3%	2,216	+37.6%
Operating Margin before Amortization of Goodwill	2.8%	-4.0pt		-1.9%	-8.1pt	1.7%	-6.2pt	8.2%	+2.0pt

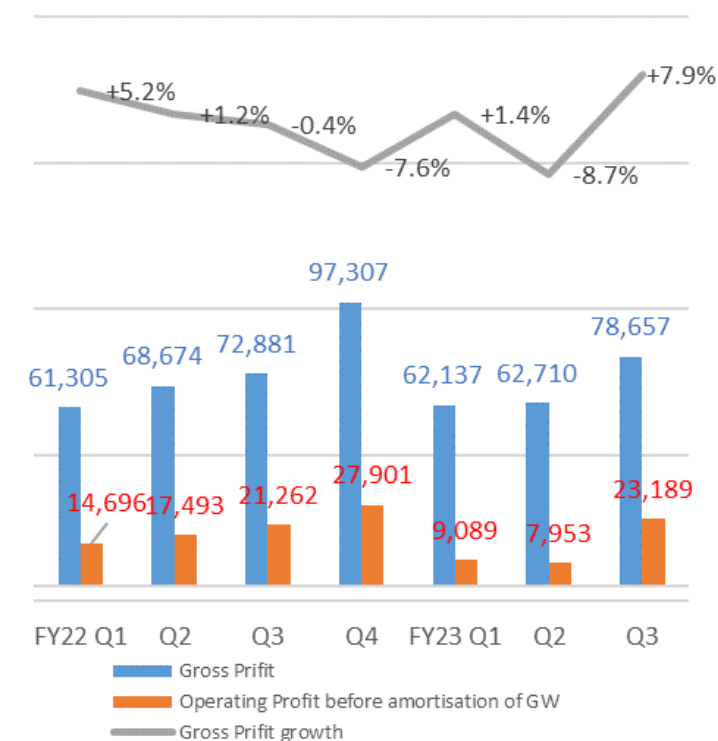
Results by Region (Japan: Excluding Investment Business)

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	
Billings	947,653	-5,386	-0.6%
Revenue	476,268	-5,447	-1.1%
Gross Profit	203,505	+644	+0.3%
Gross Margin	21.5%	+0.2pt	
SGA	165,003	+14,247	+9.5%
Operating Income	38,501	-13,602	-26.1%
Operating Margin	18.9%	-6.8pt	
Amortization of Goodwill*	1,730	+384	+28.5%
Operating Income before Amortization of G/W	40,232	-13,218	-24.7%
Operating Margin before Amortization of G/W	19.8%	-6.6pt	

Gross profit & Operating Income before amortization of goodwill by quarter

(Millions of JPY)

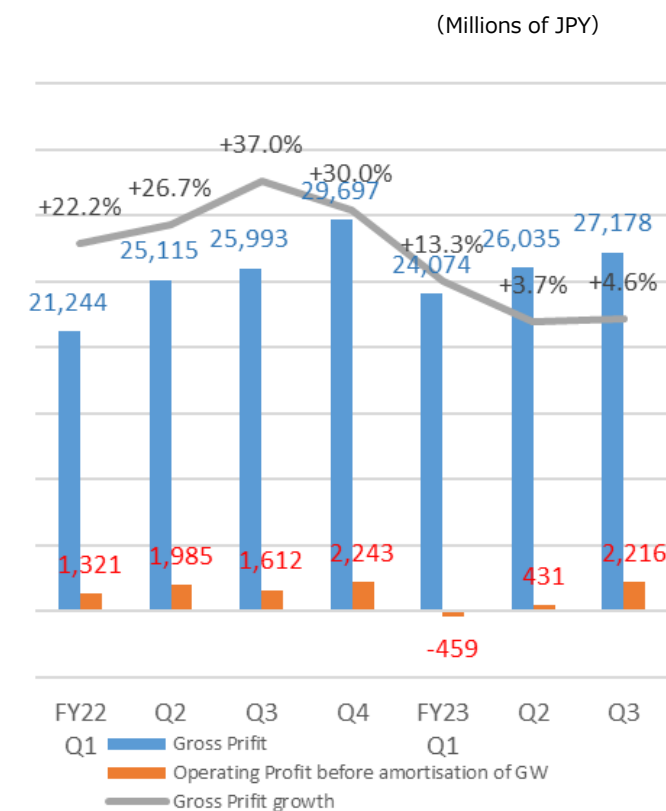


Results by Region (Overseas)

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	
Billings	176,258	+4,478	+2.6%
Revenue	176,258	+4,478	+2.6%
Gross Profit	77,289	+4,936	+6.8%
Gross Margin	43.8%	+1.7pt	
SGA	84,955	+6,751	+8.6%
Operating Income	-7,666	-1,814	n/a
Operating Margin	-9.9%	-1.8pt	
Amortization of Goodwill*	9,854	-914	-8.5%
Operating Income before Amortization of G/W	2,188	-2,729	-55.5%
Operating Margin before Amortization of G/W	2.8%	-4.0pt	

Gross profit & Operating Income before amortization of goodwill by quarter



Billings by Service Category

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY		Composition Ratio
Newspapers	22,492	-1,110	-4.7%	2.4%
Magazines	5,680	-419	-6.9%	0.6%
Radio	7,406	-1,077	-12.7%	0.8%
Television	281,923	+214	+0.1%	30.4%
Trad-Media Service Subtotal	317,502	-2,392	-0.7%	34.2%
Internet Media	254,147	+9,041	+3.7%	27.4%
Outdoor Media	23,090	-1,415	-5.8%	2.5%
Media Service Subtotal	594,741	+5,233	+0.9%	64.1%
Creative	104,525	-2,275	-2.1%	11.3%
Marketing/Promotion	198,364	-21,727	-9.9%	21.4%
Others (Contents, etc.)	30,648	+1,586	+5.5%	3.3%
Other than Media Service Subtotal	333,538	-22,416	-6.3%	35.9%
Total	928,279	-17,183	-1.8%	100.0%
Investment Business	6,856	+596		
Other than above	19,374			
Domestic Billings	954,510	-4,790	-0.5%	
Internet Advertising Domain Billings	300,539	+8,608	+2.9%	32.4%
Marketing Execution Domain Billings	78,763	-22,206	-22.0%	8.5%

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

Billings by Service Category (YTD, by Quarter)

Q3 FY2023

(Millions of JPY)	YTD (9-Month)			by Quarter (3-Month)					
	YTD Actual	YOY		Q1	YOY	Q2	YOY	Q3	YOY
Newspapers	22,492	-1,110	-4.7%	7,130	-2.0%	6,917	-2.5%	8,443	-8.5%
Magazines	5,680	-419	-6.9%	1,690	+8.8%	1,876	-9.4%	2,113	-14.6%
Radio	7,406	-1,077	-12.7%	2,524	-11.9%	2,505	-9.4%	2,376	-16.6%
Television	281,923	+214	+0.1%	91,831	+0.6%	85,260	-1.9%	104,830	+1.2%
Mass Media Service Subtotal	317,502	-2,392	-0.7%	103,177	+0.2%	96,560	-2.3%	117,765	-0.3%
Internet Media	254,147	+9,041	+3.7%	87,284	+8.9%	76,817	+0.8%	90,045	+1.5%
Outdoor Media	23,090	-1,415	-5.8%	6,939	-10.0%	7,200	-14.3%	8,950	+6.6%
Media Service Subtotal	594,741	+5,233	+0.9%	197,401	+3.5%	180,578	-1.6%	216,761	+0.7%
Creative	104,525	-2,275	-2.1%	32,206	-3.3%	29,615	-15.4%	42,703	+10.9%
Marketing/Promotion	198,364	-21,727	-9.9%	53,646	-18.7%	62,258	-23.3%	82,459	+13.1%
Others (Contents, etc.)	30,648	+1,586	+5.5%	8,432	+13.9%	9,641	-3.2%	12,574	+7.5%
Other than Media Service Subtotal	333,538	-22,416	-6.3%	94,286	-11.7%	101,514	-19.5%	137,737	+11.9%
Total	928,279	-17,183	-1.8%	291,687	-2.0%	282,092	-8.9%	354,498	+4.8%
Other than above	26,230	+12,393		11,956		6,070		8,203	
Consolidated Billings	954,510	-4,790	-0.5%	303,644	+0.6%	288,163	-8.0%	362,702	+5.4%
Internet Advertising Domain Billings	300,539	+8,608	+2.9%	100,639	+7.6%	91,753	-0.1%	108,146	+1.5%

Billings by Clients' Industry

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY		Composition
Information/Communications	92,154	-11,463	-11.1%	11.8%
Beverages/Cigarettes/Luxury foods	87,191	-1,066	-1.2%	11.2%
Automobiles/Related products	76,814	+3,443	+4.7%	9.8%
Foodstuffs	55,192	-3,881	-6.6%	7.1%
Restaurant/Services	55,075	+4,257	+8.4%	7.1%
Cosmetics/Toiletries	54,364	+1,675	+3.2%	7.0%
Finance/Insurance	50,464	+2,169	+4.5%	6.5%
Distribution/Retailing	46,115	+5,210	+12.7%	5.9%
Pharmaceuticals/Medical supplies	43,987	-1,228	-2.7%	5.6%
Transportation/Leisure	35,554	+7,208	+25.4%	4.6%
Real estate/Housing facilities	34,310	+1,227	+3.7%	4.4%
Apparel/Accessories	21,099	+3,056	+16.9%	2.7%
Games/Sporting goods/Hobby supplies	20,076	-638	-3.1%	2.6%
Government/Organizations	19,940	-14,534	-42.2%	2.6%
Household products	16,021	-824	-4.9%	2.1%
Energy/Material/Machinery	13,386	-912	-6.4%	1.7%
Home electric appliances/AV equipment	12,292	-3,173	-20.5%	1.6%
Publishing	10,760	-1,057	-9.0%	1.4%
Precision machinery/Office supplies	8,716	+2,494	+40.1%	1.1%
Education/Medical services/Religion	8,579	-698	-7.5%	1.1%
Classified advertising/Other	19,095	-407	-2.1%	2.4%
Total	781,192	-9,143	-1.2%	100.0%
Investment Business	6,856	+596		
Other than Above	166,461			
Domestic Billings	954,510	-4,790	-0.5%	

Billings by Clients' Industry

● Positive Industries

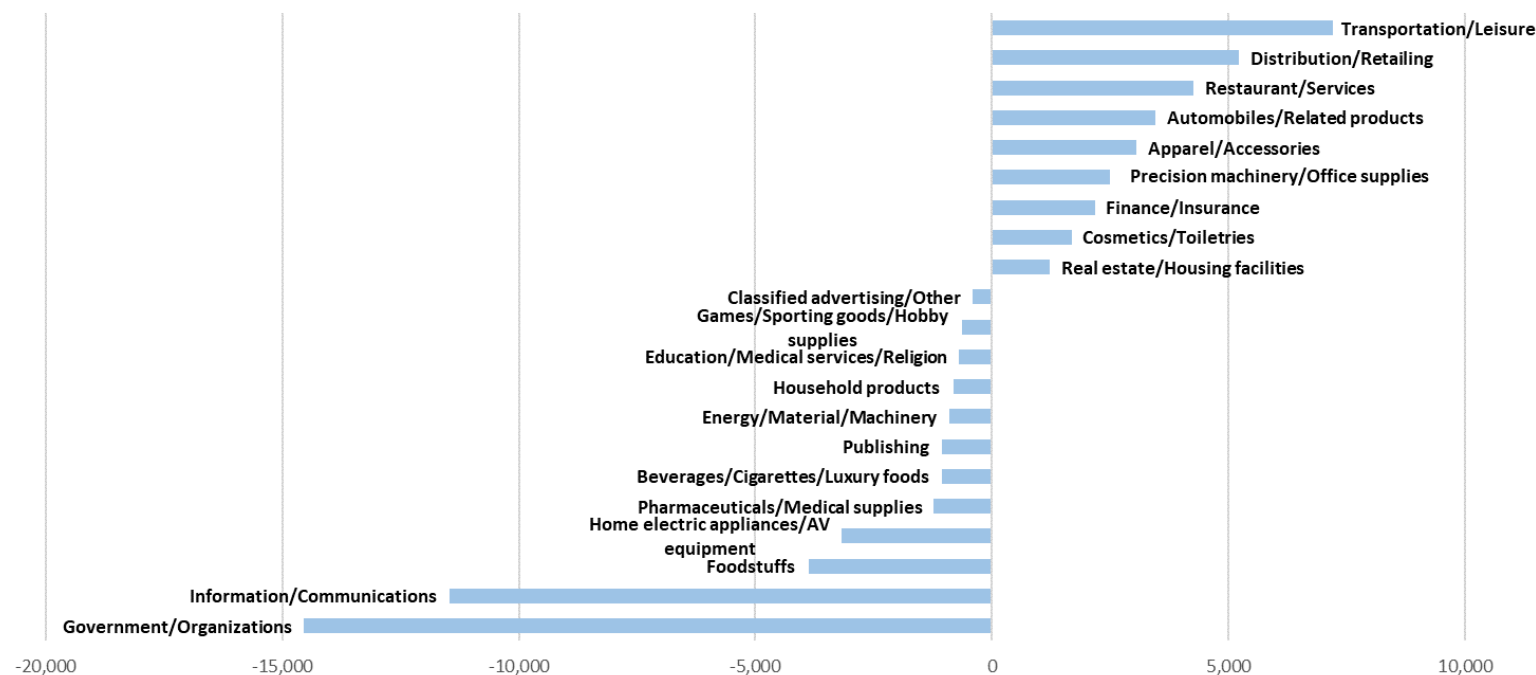
Transportation/Leisure	Q3 FY2023 Actual	¥ 35.5bil	YoY	+¥ 7.2bil	(+25.4%)
Distribution/Retailing		¥ 46.1bil		+¥ 5.2bil	(+12.7%)

● Negative Industries

Government/Organizations	Q3 FY2023 Actual	¥19.9bil	YoY	-¥14.5bil	(-42.2%)
Information/Communications		¥92.1bil	YoY	-¥11.4bil	(-11.1%)

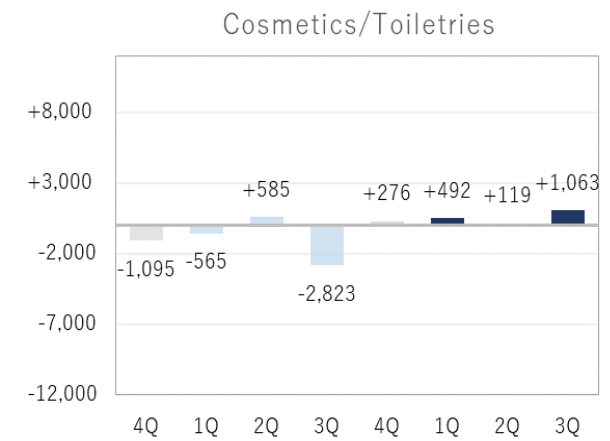
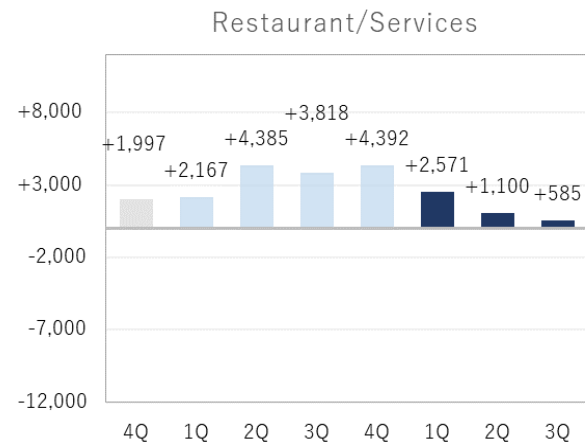
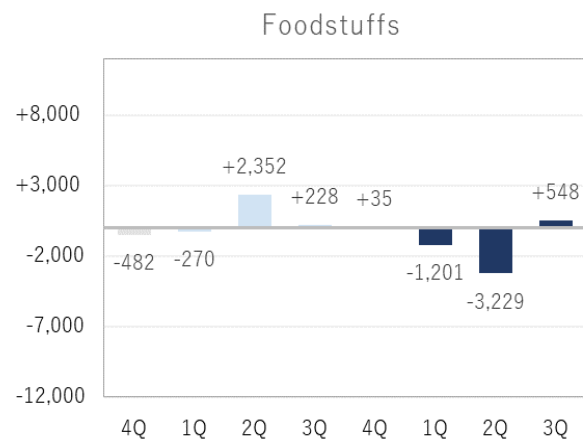
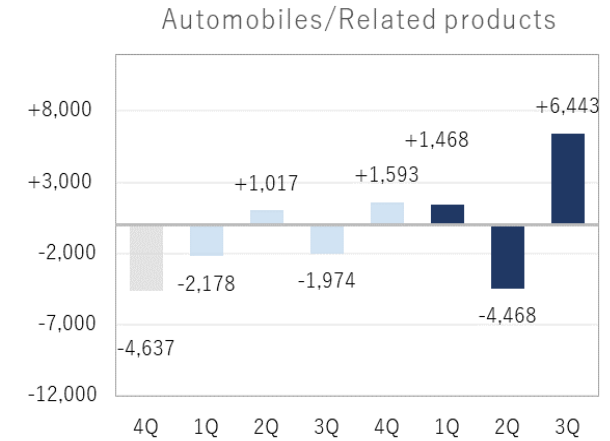
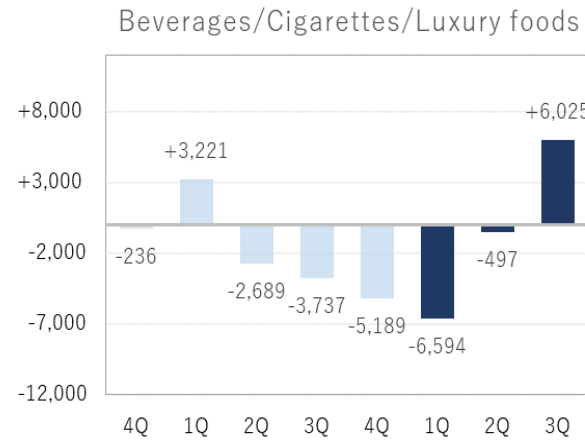
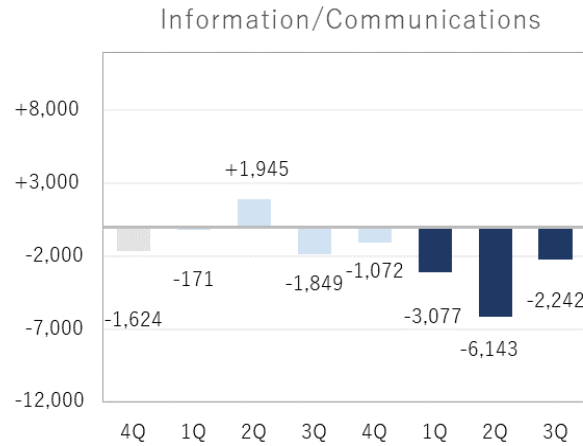
Q3 FY2023, YTD *YoY Change Amount

Millions of JPY



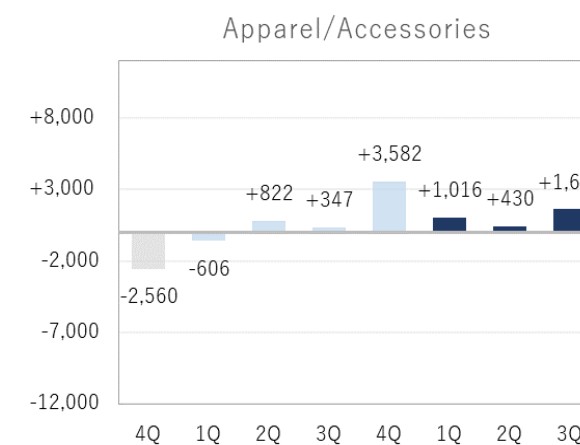
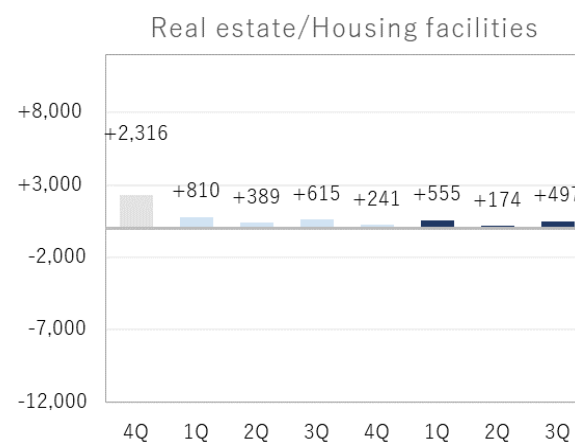
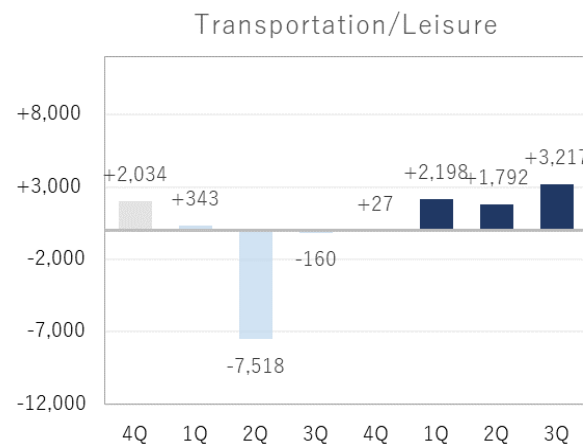
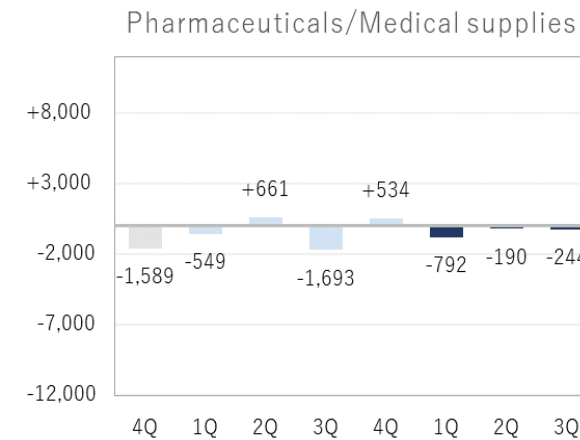
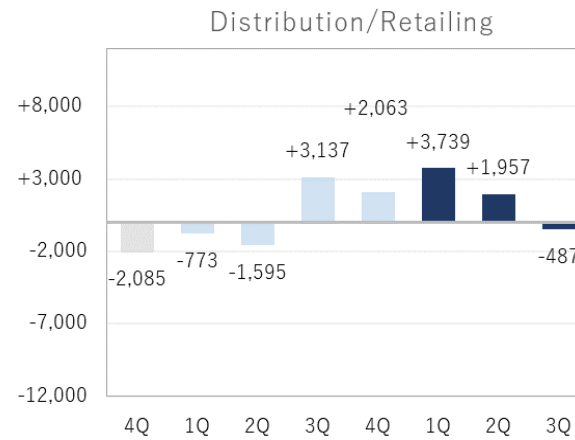
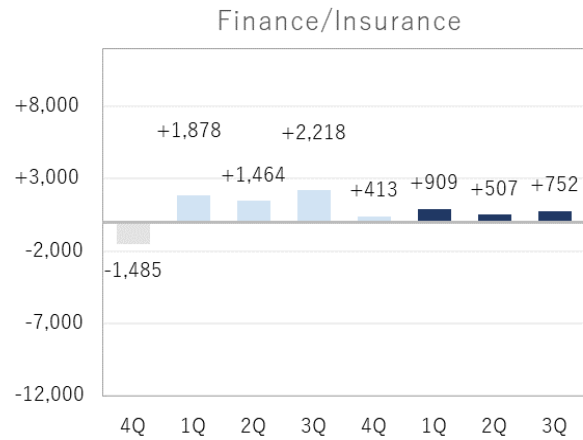
Billings by Clients' Industry (by Quarter) 1

FY2021 FY2022 FY2023
(Millions of JPY)



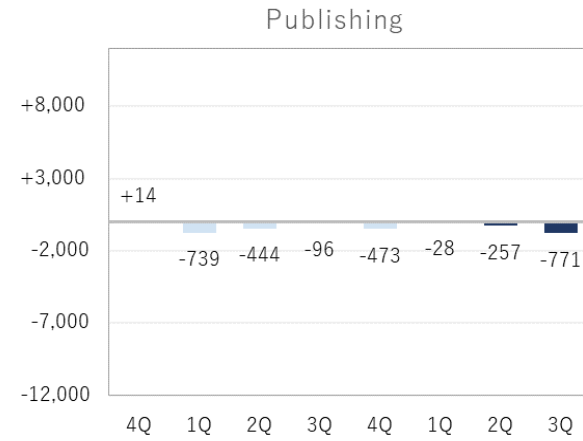
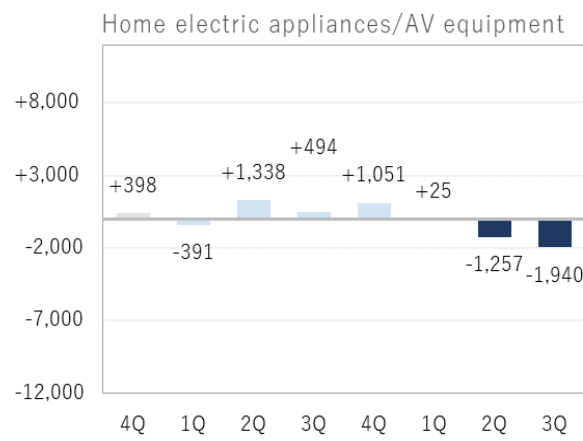
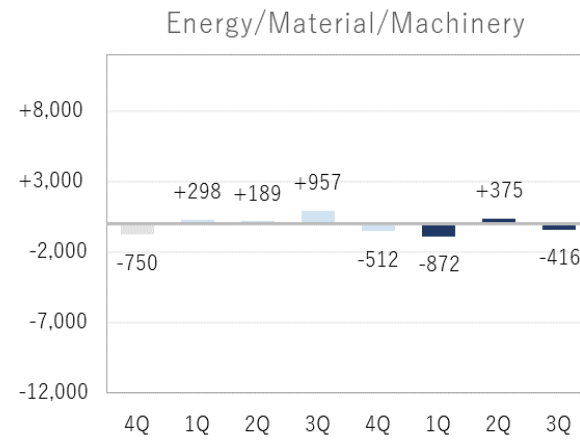
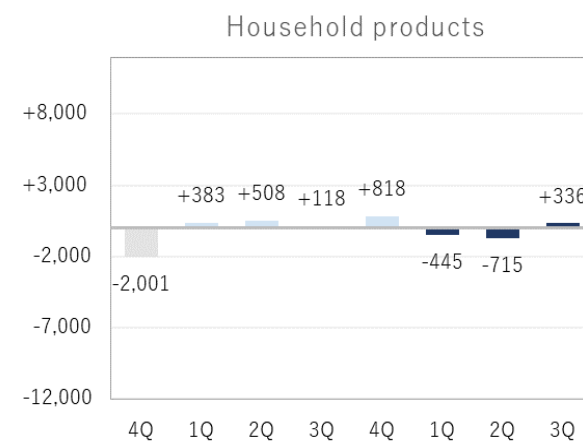
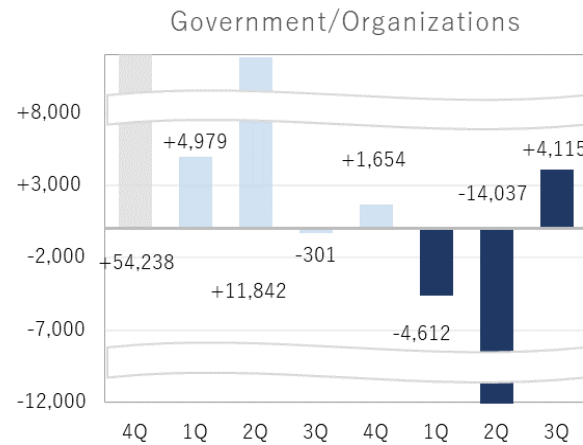
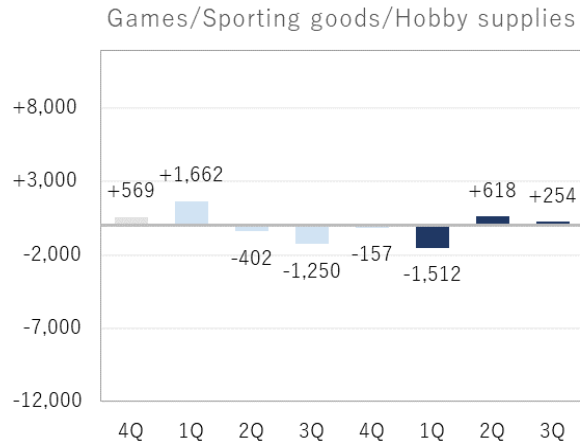
Billings by Clients' Industry (by Quarter) 2

FY2021 FY2022 FY2023
(Millions of JPY)



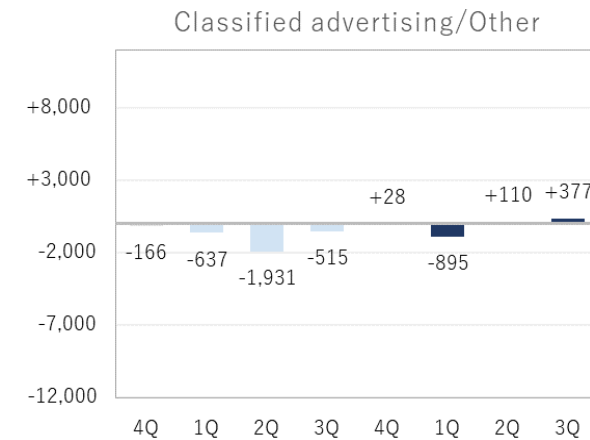
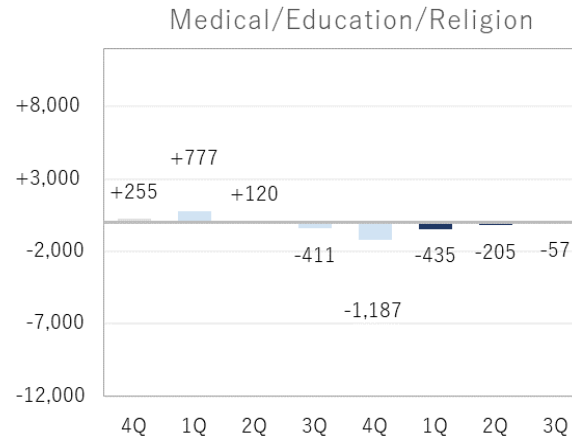
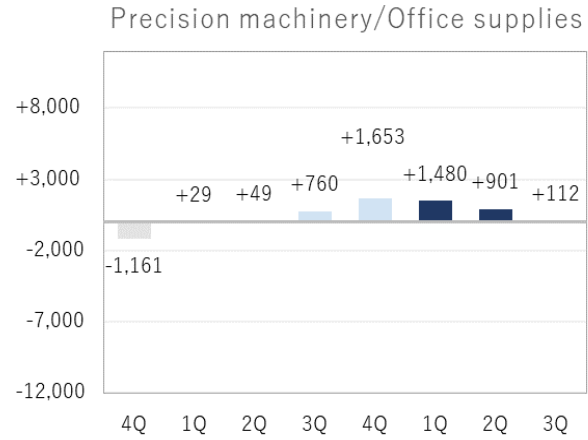
Billings by Clients' Industry (by Quarter) 3

FY2021 FY2022 FY2023
(Millions of JPY)



Billings by Clients' Industry (by Quarter) 4

FY2021 FY2022 FY2023
(Millions of JPY)



Selling, General & Administrative Expenses

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY	Major Change Factors in SG&A (Millions of JPY)	
Personnel	176,011	+16,268	+10.2%	
Rent	15,498	+527	+3.5%	
Depreciations	7,309	+1,244	+20.5%	
Amortization of Goodwill	11,585	-529	-4.4%	
Others	52,066	+4,171	+8.7%	
Others	86,460	+5,412	+6.7%	
SGA total	262,472	+21,681	+9.0%	
				FY22 Q3 SG&A 240,791
				Change in scope of consolidation +2,884
				Amortization of goodwill -529
				Personnel (other than above) +14,098
				Other expenses (other than above) +5,230
				FY23 Q3 SG&A 262,472

Other Income & Extra-ordinary Items

Q3 FY2023, YTD	Other Income/Loss	(Millions of JPY)	Actual	YOY
	Non-operating Income		4,062	-984
	Interest Income		373	+56
	Dividend Income		2,025	+151
	FOREX		273	-917
	Investment Partership Income		-	-465
	Non-operating Expenses		2,694	+1,340
	Interest Expenses		998	+620
	Equity Method Loss		138	-79
	Loss on investments in investment partnerships		537	+537
	Extra-ordinary Items	(Millions of JPY)	Actual	YOY
	Extraordinary Income		1,502	-1,082
	Gain on sales of investment securities		1,312	
	Gain on sales of shares of subsidiaries and associates		21	
	Extraordinary losses		8,143	+6,609
	Special retirement expenses		2,774	
	Office relocation expenses		506	
	Impairment Loss		610	
	Loss on valuation of investment securities		3,463	

Balance Sheets

(Millions of JPY)	As of December 2023	Change *	Composition
Current Assets	673,148	-7,580	64.5%
Cash & Deposits	176,090	13,108	
Accounts Receivable	371,902	-39,206	
Non-current Assets	370,378	24,691	35.5%
Tangible Assets	63,582	5,162	
Intangible Assets	110,138	1,671	
Goodwill	69,936	-1,741	
Investments & Other Assets	196,657	17,856	
Investment Securities	158,259	25,473	
Total Assets	1,043,526	17,110	100.0%
Current Liabilities	577,596	11,745	55.4%
Accounts Payable	246,435	-54,035	
Short-term Borrowings	76,903	67,964	
Current portion of long-term borrowings	106,187	8	
Non-current Liabilities	72,133	1,383	6.9%
Long-term Borrowings	5,014	-4,142	
Total Liabilities	649,730	13,129	62.3%
Shareholders' Equity	307,506	-22,079	29.5%
Share Capital	10,790	-	
Retained Earnings	317,753	-18,967	
Treasury Stock	-21,037	-3,112	
Accumulated Other Comprehensive Income	61,861	27,547	5.9%
Share Acquisition Rights	219	-4	0.0%
Non-controlling Interests	24,209	-1,482	2.3%
Total Net Assets	393,796	3,981	37.7%

* Change from the balance as of the end of Mar. 2023

Cash Flow Statements

Q3 FY2023, YTD

(Millions of JPY)	Actual	YOY
Cash Flows from Operating Activities	-18,712	-69,711
Cash Flows from Investing Activities	-13,066	+13,923
Purchase of property, plant and equipment	-5,479	-1,813
Purchase of intangible assets	-7,267	-26
Purchase of investment securities	-4,220	-114
Proceeds from sales of investment securities	2,208	+621
Purchase of subsidiary shares and capital	-2,647	+5,982
Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,048	+4,801
Cash Flows from Financing Activities	40,284	+64,743
Net increase (decrease) in short-term borrowings	66,878	+70,738
Net increase (decrease) in Long-term borrowings & Bonds	-4,675	-6,570
Purchase of treasury shares	-3,286	-945
Dividends paid	-11,250	+542
Dividends paid to non-controlling interests	-1,734	-884
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-5,345	-4,113
Cash and cash equivalents at beginning of period	159,081	-21,615
Cash and cash equivalents at end of period	172,100	-15,298

The background features a series of overlapping, swirling brushstrokes in various shades of blue, ranging from light sky blue to deep navy blue. The strokes are dynamic and fluid, creating a sense of movement and depth. The overall effect is a textured, painterly background.

Hakuhodo DY holdings