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Consolidated Financial Highlights for FY2024

Hakuhodo DY Holdings Inc. has announced earnings report for FY2024, the year ending March 31, 2025, after approval at the Meeting of the Board of Directors held today. The main points are as follows.

1. Consolidated Income Statement (April 1, 2024 to March 31, 2025)

(Millions of JPY)

	FY2023 Q4 (12-Mo Result)	FY2024 Q4 (12-Mo Result)	YoY Comparison	
			Change	(%)
Billings	1,579,350	1,613,101	33,751	2.1%
Revenue	946,776	953,316	6,540	0.7%
Gross profit	394,174	399,598	5,424	1.4%
(Gross margin)	25.0%	24.8%	-0.2%	-
SG&A expenses	359,886	362,017	2,130	0.6%
Operating income	34,288	37,581	3,293	9.6%
(Operating margin)*	8.7%	9.4%	+0.7%	-
Non-operating income	9,264	9,774	510	5.5%
Non-operating expenses	5,737	4,695	-1,041	-18.2%
Ordinary income	37,815	42,660	4,845	12.8%
Extraordinary income	25,579	6,111	-19,467	-76.1%
Extraordinary loss	12,060	17,430	5,370	44.5%
Net income before income taxes and minority interests	51,334	31,342	-19,992	-38.9%
Net income attributable to owners of parent	24,923	10,768	-14,154	-56.8%

* Operating margin = Operating income / Gross profit

During the fiscal year concerned (April 1, 2024 to March 31, 2025), the Japanese economy saw significant wage increases during the spring labor-management negotiations, but due to the current high cost of living, personal consumption remained in a state of gradual recovery. However, capex by companies remained firm. The domestic advertising market (Note 1) was on a recovery trend under these economic conditions. In this environment, the Hakuhodo DY Group continued to aggressively develop its business in accordance with its Medium-Term Business Plan ending March 31, 2027. As a result, billings (Note 2) were ¥1,613,101 million (up 2.1% YoY) and revenue was ¥953,316 million (up 0.7% YoY).

In terms of billings by type of service, internet media and outdoor media increased YoY, resulting in an increased total media billings YoY. In non-media services, billings increased significantly YoY due to the contribution of large-scale projects in marketing/promotion.

In terms of billings by client industry, automobiles/related products and beverages/cigarettes/luxury foods decreased YoY, while government/organizations and information/communications increased significantly, resulting in 13 out of 21 client industries achieving a YoY increase. (Note 3)

Gross profit increased by ¥5,424 million YoY to ¥399,598 million (up 1.4% YoY). Gross profit from domestic business increased 2.1% to ¥297,097 million, and from overseas business decreased 0.2% to ¥107,899 million, due to

continued difficult conditions in North America and China, despite steady performance in ASEAN.

Selling, general and administrative expenses remained at nearly the same level YoY, resulting in operating income of ¥37,581 million (up 9.6% YoY) and ordinary income of ¥42,660 million (up 12.8% YoY).

After adding extraordinary income of ¥6,111 million, including gain on sales of investment securities, and extraordinary losses of ¥17,430 million, including loss on valuation of securities held and restructuring-related expenses in North America, net income before income taxes and minority interests amounted to ¥31,342 million (down 38.9% YoY).

After deducting ¥18,958 million in income taxes and ¥1,614 million in net income attributable to noncontrolling interests, net income attributable to owners of the parent amounted to ¥10,768 million (down 56.8% YoY).

(Notes)

- (1) Sources: “Survey of Selected Service Industries” (Ministry of Economy, Trade and Industry, Japan) and “Current Survey of Service Industries” (Ministry of Internal Affairs and Communications).
- (2) “Billings” are based on previous accounting standards but are voluntarily disclosed because we believe the metric is useful to financial statement users, although not in accordance with the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards.
- (3) Based on internal management categories and data compiled by Hakuodo DY Holdings.

2. Balance Sheet (As of March 31, 2025)

(Millions of JPY)

	March 31, 2024		March 31, 2025		Comparison with March 31, 2024	
	Amount	Share	Amount	Share	Change	(%)
Current assets	690,388	66.7%	713,273	67.9%	22,885	3.3%
Non-current assets	344,625	33.3%	336,918	32.1%	-7,707	-2.2%
Total assets	1,035,014	100.0%	1,050,191	100.0%	15,177	1.5%
Current liabilities	438,894	42.4%	469,834	44.7%	30,940	7.0%
Non-current liabilities	186,919	18.1%	166,675	15.9%	-20,244	-10.8%
Total liabilities	625,813	60.5%	636,509	60.6%	10,696	1.7%
Total shareholders' equity	337,730	32.6%	336,312	32.0%	-1,417	-0.4%
Accumulated other comprehensive income	47,220	4.6%	53,942	5.1%	6,721	14.2%
Share acquisition rights	211	0.0%	127	0.0%	-84	0.0%
Non-controlling interest	24,037	2.3%	23,299	2.2%	-737	-3.1%
Total net assets	409,200	39.5%	413,682	39.4%	4,481	1.1%
Total liabilities and net assets	1,035,014	100.0%	1,050,191	100.0%	15,177	1.5%

3. Consolidated financial forecasts and dividend forecast for FY2025 (April 1, 2025 to March 31, 2026)

Consolidated financial forecast for FY2025

(Mil of JPY)

	FY2024	FY2025	YOY	
	Actual	Forecast	Change	(%)
Billings	1,613,101	1,650,000	36,898	2.3%
Revenue	953,316	970,000	16,683	1.8%
Operating income	37,581	40,000	2,418	6.4%
Ordinary income	42,660	43,000	339	0.8%
Net income attributable to owners of parent	10,768	20,000	9,231	85.7%
Operating income after adjustments and before amortization of goodwill (Note1)	49,995	53,500	3,504	7.0%
Dividend per share (@JPY/share) (Note2)	32.0	32.0	-	

(Note 1)

Consolidated operating income calculated excluding the amortization of goodwill arising from business combinations at core businesses, excluding impact from the sale of shares in Mercari, Inc.

(Note 2)

Conditional on approval at the Annual General Meeting of Shareholders. Including a mid-term dividend of ¥16 per share.

Consolidated financial forecast:

For FY2025, despite the uncertain economic environment and market outlook, we plan a 2.3% increase in billings to ¥1,650.0 billion and revenue to ¥970.0 billion (up 1.8% YoY).

Operating income and ordinary income are expected to increase to ¥40.0 billion (up 6.4% YoY) and ¥43.0 billion (up 0.8% YoY), respectively. At this point, we have not factored in any major extraordinary gains or losses and forecast net income attributable to owners of the parent at ¥20.0 billion (up 85.7% YoY).

Dividend forecast:

With stable dividends as a fundamental policy, we decide the annual dividend amount based on a comprehensive consideration of the dividend payout ratio (approximately 30%), the situation of capital demand, and the enhancement of internal reserves.

Regarding the frequency of dividends for each fiscal year, our basic policy is to distribute dividends twice a year, at the interim and the fiscal year-end (Note). The decision-making bodies for these dividends are the Board of Directors for the interim dividend and the Annual General Meeting of Shareholders for the year-end dividend. Additionally, the acquisition of treasury shares is positioned as a means of shareholder returns complementing dividends. We plan to review this as appropriate, comprehensively taking into consideration financial conditions, capital demand, performance status, and the environment surrounding the Group.

Based on the above policy, the Company plans to pay an annual dividend of ¥32 per share for FY2024 (including the interim dividend of ¥16 per share already paid) and plans to pay an annual dividend of ¥32 per share for FY2025.

(Note) The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as stipulated in Article 454, Paragraph 5 of the Companies Act.