Hakuhodo DY holdings

Consolidated Financial Highlights
First Quarter FY2026 (April–June, 2026)

August 5, 2026

Business Topics

Business Topics

Establishment of the Human-Centered AI Consortium

Conducts research on expanding *sei-katsu-sha* creativity through human-centered AI via industry-academia collaboration

人間中心のAIコンソーシアム
HUMAN-CENTERED AI CONSORTIUM

Patented AI solution utilizing Amazon data

Recreating virtual customers by combining Amazon's actual purchase data and AI. Developed Jitsulog Chat™, an advanced solution for AaaS

Business Topics

Expanding the incubation business

Establishment of Ads for Humanity Corporation

Globally popular IP *Bluey* lands in Japan

Hakuhodo × BBC Studios
(Domestic licensing operations)

Expanding domain from AI consulting to system development

Expanding the AI consulting business domain.
Full-scale entry into AI-driven development support through new company Magicx consulting

Strengthening digital capabilities in India

Providing integrated digital solutions

Highlights of Q1 FY2026 Consolidated Results

Q1 FY2026 Consolidated Results 1

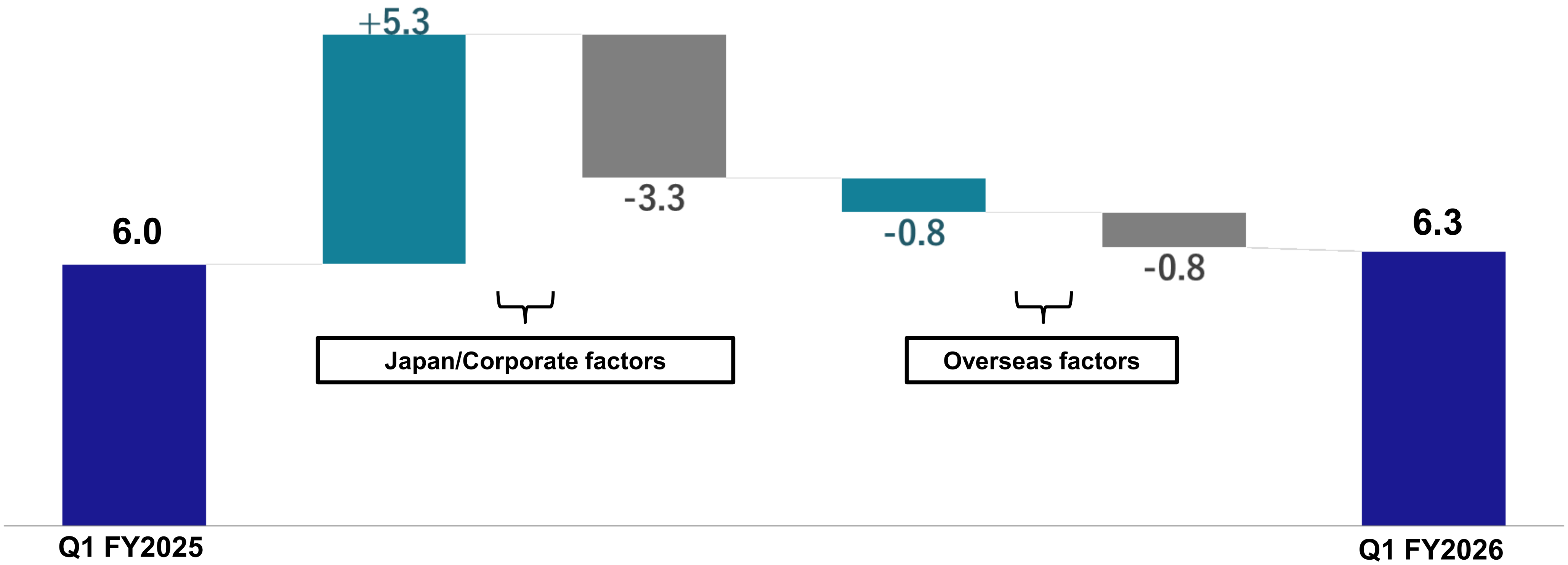
- Influenced in part by the effect of the new consolidation of Digital Holdings, billings increased by 7.5% year-on-year, and gross profit increased by 5.6%.
- Operating income and operating income before amortization of goodwill increased by 400 million yen and 300 million yen year-on-year, respectively.
- Quarterly net income attributable to owners of parent was -1.7 billion yen, narrowing the loss compared to the same period of the previous year.

(Millions of JPY)	Actual	YOY	
Billings	**364,297**	+25,286	+7.5%
Gross Profit	**90,652**	+4,837	+5.6%
SG&A	**87,636**	+4,347	+5.2%
Operating Income	**3,016**	+489	+19.4%
Ordinary Income	**3,037**	+132	+4.6%
Net Income Attributable to Owners of Parent	**-1,760**	+56	n/a
Operating Income before Amortization of G/W	**6,342**	+367	+6.1%
Gross Margin	**24.9%**	-0.4pt	-
Operating Margin before Amortization of G/W	**7.0%**	+0.0pt	-

Q1 FY2026 Consolidated Results 2

- **Operating income before amortization of goodwill increased by 0.3 billion yen year-on-year.**
  - **Domestic/Corporate:** In addition to changes in the scope of consolidation, a rebound from the previous year's decline in TV due to one-time factors contributed to an increase in gross profit. Meanwhile, SG&A expenses increased from the previous year, resulting in profit growth of 2.0 billion yen.
  - **Overseas:** The top line fell below the previous year, resulting in a profit decrease of 1.6 billion yen.

Key factors of increase and decrease (Billions of JPY)



Guidance for FY2026

Guidance for FY2026

- **The guidance for the full fiscal year ending March 2027 remains unchanged from the previous forecast.**

Guidance for FY2026

（Millions of JPY）	Forecast	YoY
Billings	**1,675,000**	+6.0%
Revenue	**910,000**	+5.7%
Gross Profit	**430,000**	+5.9%
Operating Income	**46,700**	+4.5%
Ordinary Income	**47,000**	+2.0%
Net Income Attributable to Owners of Parent	**26,000**	+55.0%
Operating Income before Amortization of G/W	**60,000**	+4.5%

* The current forecast does not incorporate significant extraordinary income or loss.

Q1 FY2026 Summary

Secured higher billings and profits, aided by the new consolidation effect of Digital Holdings

- Even in an uncertain macroeconomic environment, we steadily captured the overall recovery in domestic advertising demand, resulting in a 7.5% year-on-year increase in billings and a 5.6% increase in gross profit. In addition, Digital Holdings Inc. is not only contributing to higher billings and profits through the consolidation effect, but the combination of mutual strengths is also beginning to lead to the acquisition of new clients.

- Although the gross margin decreased by 0.4 pt overall due to changes in the business mix resulting from the new consolidation, profitability improvement measures in existing businesses were successful, resulting in a 0.1 pt improvement on an actual basis (excluding this impact).

- Domestically, TV and internet media increased, resulting in a double-digit year-on-year increase in total media billings. We are transforming into a structure that captures market growth by increasing the composition ratio of internet media.

- Overseas, although there is instability in some regions such as North America, the structural reforms are progressing smoothly.

Quarterly net income attributable to owners of parent progressed as planned, steadily improving year-on-year

- Guidance for FY2026 remains unchanged.

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, future figures and values, views and evaluations of facts, and other items associated with Hakuhodo DY Holdings and the Hakuhodo DY Group. 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 entities the company does business with)
(4) Risks associated with competition (competition with other advertising companies, 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 globally
(7) Risks associated with lawsuits and similar actions
(8) Risks associated with climate, pandemics, and conflicts, etc.

Change in Accounting Standards

Effective from Q1 FY2021, the company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020). These materials have been prepared based on figures after retrospective application of the revenue recognition standard.
In addition, due to the application of this Standard, “billings” is no longer included in consolidated financial statements, etc. However, following our disclosure in FY2025, we continue to include it in this document, as we believe it is useful for understanding the performance of the Group.

Change in the Companies included in the Calculation of Billings by Type of Service and Client Industry

Effective from FY2025, we have revised the companies included in the calculation in order to accurately reflect the actual situation.

Notes Concerning Audit

This presentation information was not audited by an independent auditor.

Appendix

Interim Income Statement

Q1 FY2026

(Millions of JPY)	Actual	YOY	
Billings	364,297	+25,286	+7.5%
Revenue	176,222	+6,402	+3.8%
Gross Profit	90,652	+4,837	+5.6%
Gross Margin	24.9%	-0.4pt	
SG&A Expenses	87,636	+4,347	+5.2%
Operating Income	3,016	+489	+19.4%
Operating Margin	3.3%	+0.4pt	
Non-operating Income	1,867	+30	+1.6%
Non-operating Expenses	1,847	+386	+26.5%
Ordinary Income	3,037	+132	+4.6%
Extraordinary Income	90	-207	-69.5%
Extraordinary Loss	828	-130	-13.6%
Net Income before Taxes	2,299	+56	+2.5%
Income Tax	3,926	+61	+1.6%
Non-controlling Interest	133	-61	-31.4%
Net Income Attributable to Owners of Parent	-1,760	+56	n/a
Amortization of Goodwill	3,325	-122	-3.5%
Operating Income before Amortization of Goodwill	6,342	+367	+6.1%
Net Income before Amortization of Goodwill	1,565	-65	-4.0%
Operating Margin before Amortization of Goodwill	7.0%	+0.0pt	

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

Results by Region

Q1 FY2026

(Millions of JPY)	Actual	YOY	
Japan			
Billings	319,021	+24,653	+8.4%
Revenue	130,945	+5,769	+4.6%
Gross Profit	67,254	+5,271	+8.5%
SG&A Expenses	51,010	+2,978	+6.2%
Operating Income	16,244	+2,292	+16.4%
Overseas			
Billings	47,862	+705	+1.5%
Revenue	47,862	+705	+1.5%
Gross Profit	24,526	-783	-3.1%
SG&A Expenses	28,281	+655	+2.4%
Operating Income	-3,754	-1,439	n/a
Elimination or Corporate			
Billings	-2,586	-72	
Revenue	-2,586	-72	
Gross Profit	-1,128	+350	
SG&A Expenses	8,344	+714	
Operating Income	-9,473	-363	
Consolidated			
Billings	364,297	+25,286	+7.5%
Revenue	176,222	+6,402	+3.8%
Gross Profit	90,652	+4,837	+5.6%
SG&A Expenses	87,636	+4,347	+5.2%
Operating Income	3,016	+489	+19.4%

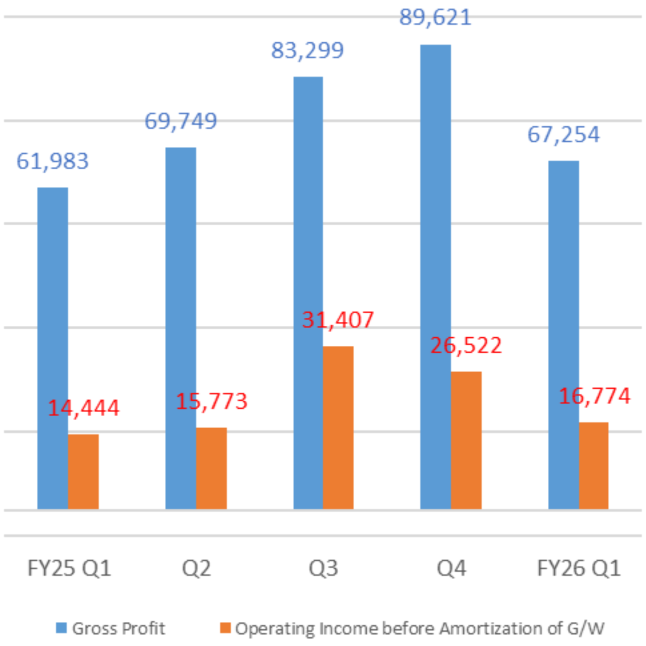
Results by Region (Japan)

Q1 FY2026

(Millions of JPY)	Actual	YOY	
Billings	319,021	+24,653	+8.4%
Gross Profit	67,254	+5,271	+8.5%
Gross Margin	21.1%	+0.0pt	
SG&A Expenses	51,010	+2,978	+6.2%
Operating Income	16,244	+2,292	+16.4%
Operating Margin	24.2%	+1.6pt	
Amortization of Goodwill	529	+37	+7.5%
Operating Income before Amortization of G/W	16,774	+2,329	+16.1%
Operating Margin before Amortization of G/W	24.9%	+1.6pt	

Gross profit & operating income before amortization of goodwill by quarter

(Millions of JPY)



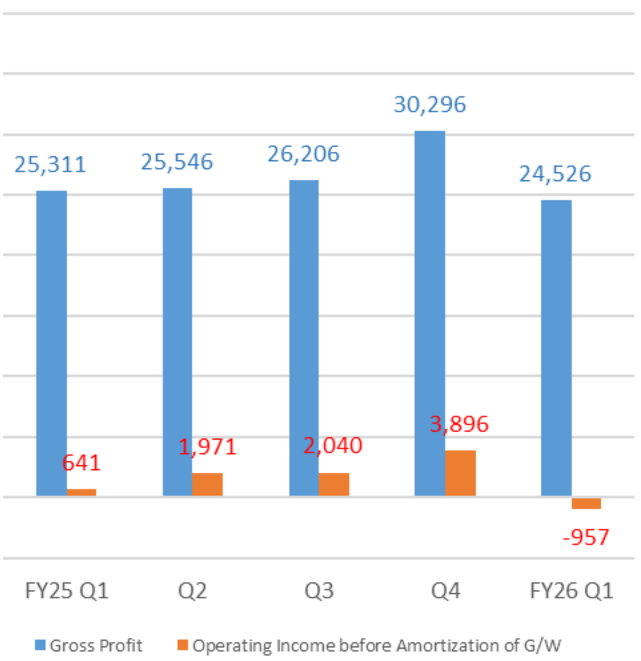
Results by Region (Overseas)

Q1 FY2026

(Millions of JPY)	Actual	YOY	
Billings	47,862	+705	+1.5%
Gross Profit	24,526	-783	-3.1%
Gross Margin	51.2%	-2.4pt	
SG&A Expenses	28,281	+655	+2.4%
Operating Income	-3,754	-1,439	n/a
Operating Margin	-15.3%	-6.2pt	
Amortization of Goodwill	2,796	-159	-5.4%
Operating Income before Amortization of G/W	-957	-1,598	-249.4%
Operating Margin before Amortization of G/W	-3.9%	-6.4pt	

Gross profit & operating income before amortization of goodwill by quarter

(Millions of JPY)



Japan: Billings by Type of Service

Q1 FY2026

(Millions of JPY)	Actual	YOY		Composition
Newspaper	4,238	-874	-17.1%	1.4%
Magazine	1,277	+156	+13.9%	0.4%
Radio	1,774	-133	-7.0%	0.6%
Television	85,881	+5,870	+7.3%	27.8%
Traditional Media Service Subtotal	93,171	+5,018	+5.7%	30.1%
Internet Media	106,226	+15,423	+17.0%	34.3%
Outdoor Media	8,943	-16	-0.2%	2.9%
Media Service Subtotal	208,341	+20,425	+10.9%	67.3%
Creative	36,235	+1,667	+4.8%	11.7%
Marketing/Promotion	58,329	+1,227	+2.1%	18.9%
Other (Content, etc.)	6,474	-941	-12.7%	2.1%
Non-Media Service Subtotal	101,039	+1,953	+2.0%	32.7%
Total	309,380	+22,378	+7.8%	100.0%
Internet Advertising Domain Billings	122,635	+17,283	+16.4%	39.6%

Japan: Billings by Client Industry

Q1 FY2026

(Millions of JPY)	Actual	YOY		Composition
Information/Communications	42,195	+8,223	+24.2%	14.6%
Restaurants/Services	32,227	+3,794	+13.3%	11.1%
Beverages/Cigarettes/Luxury foods	28,606	-466	-1.6%	9.9%
Finance/Insurance	25,065	+4,133	+19.7%	8.7%
Automobiles/Related products	21,546	+1,114	+5.5%	7.4%
Cosmetics/Toiletries	20,034	+2,312	+13.1%	6.9%
Foodstuffs	19,194	+453	+2.4%	6.6%
Pharmaceuticals/Medical supplies	16,583	+2,151	+14.9%	5.7%
Distribution/Retailing	14,752	+3,796	+34.6%	5.1%
Transportation/Leisure	12,601	-2,272	-15.3%	4.4%
Real estate/Housing facilities	11,016	+396	+3.7%	3.8%
Apparel/Accessories	6,505	-207	-3.1%	2.2%
Energy/Materials/Machinery	6,235	+508	+8.9%	2.2%
Household products	5,213	+1,422	+37.5%	1.8%
Games/Sporting goods/Hobby supplies	5,038	+438	+9.5%	1.7%
Medical services/Education/Religion	4,289	-184	-4.1%	1.5%
Government/Organizations	3,384	-2,185	-39.2%	1.2%
Home electric appliances/AV equipment	3,343	-1,088	-24.6%	1.2%
Precision machinery/Office supplies	2,809	-561	-16.7%	1.0%
Publishing	2,417	-553	-18.6%	0.8%
Classified advertising/Other	6,597	+2,868	+76.9%	2.3%
Total	289,658	+24,094	+9.1%	100.0%

Japan: Billings by Client Industry

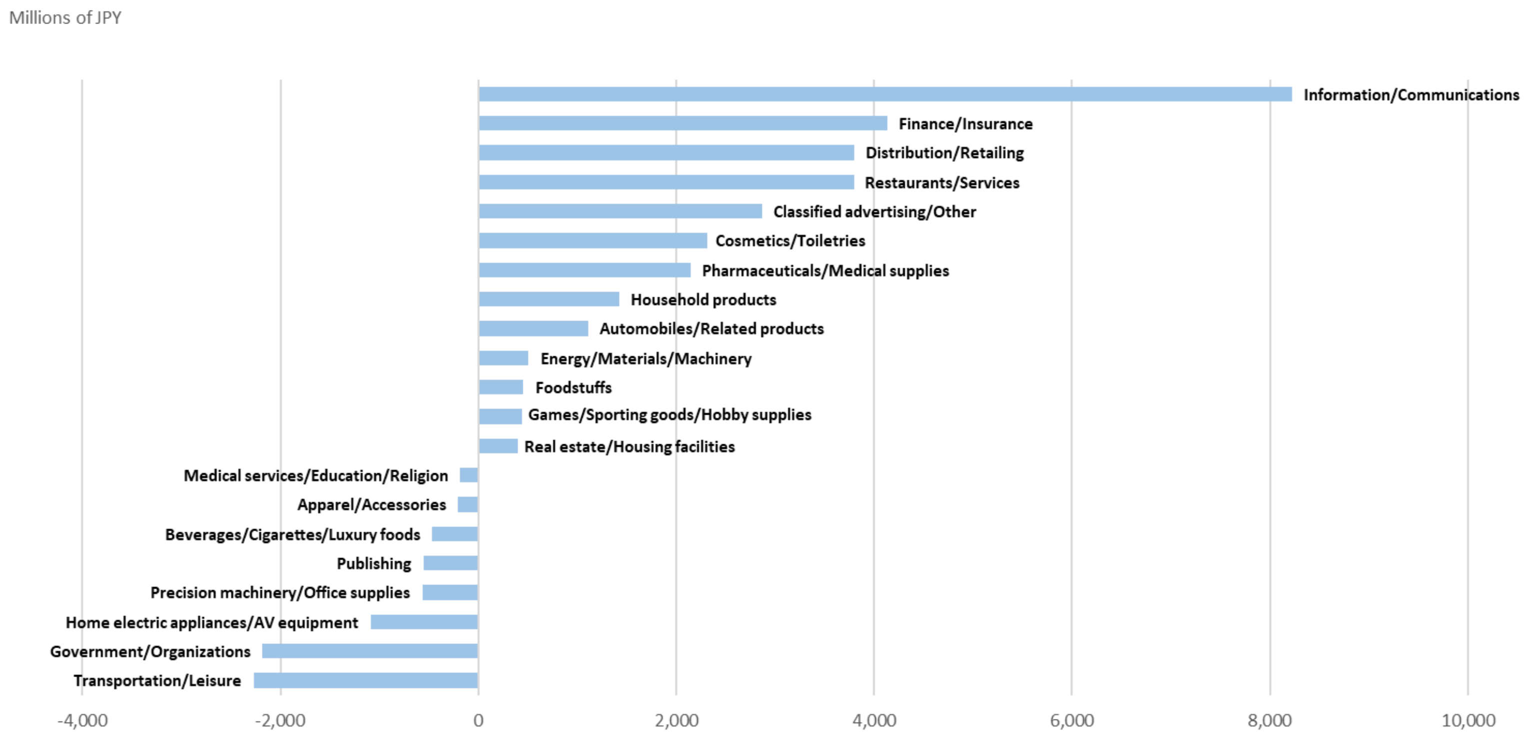
- **Positive Industries**

Information/Communications	Q1 FY2026 Actual ¥ 42.2B	YoY	+¥ 8.2B (+24.2%)
Finance/Insurance	¥ 25.1B	YoY	+¥ 4.1B (+19.7%)

- **Negative Industries**

Transportation/Leisure	Q1 FY2026 Actual ¥ 12.6B	YoY	-¥ 2.3B (-15.3%)
Government/Organizations	¥ 3.4B	YoY	-¥ 2.2B (-39.2%)

Q1 FY2026 *YoY Change

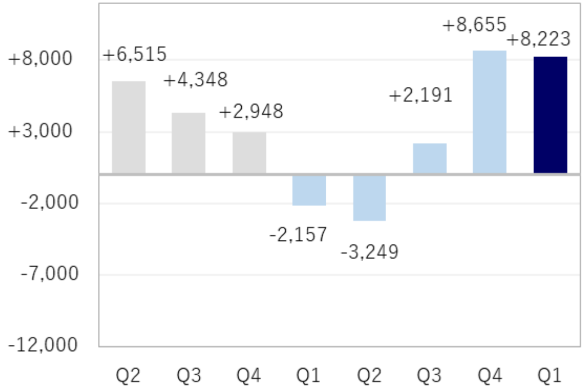


Japan: Billings by Client Industry (by Quarter) 1

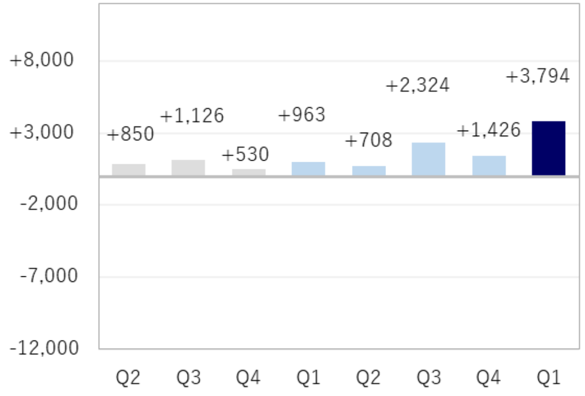
FY2024 FY2025 FY2026

(Millions of JPY)

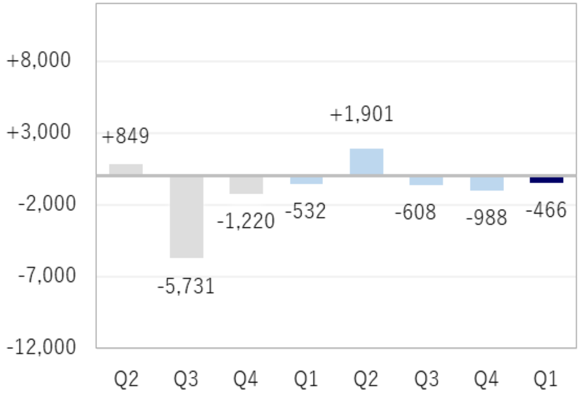
Information/Communications



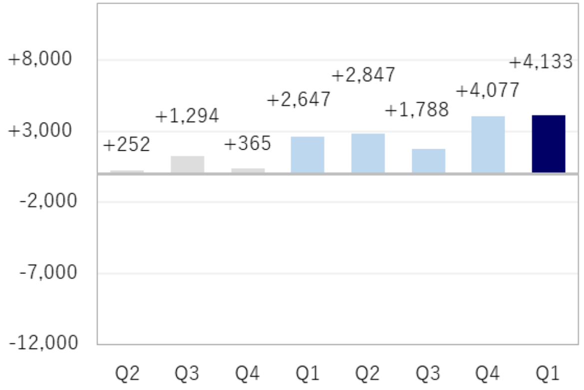
Restaurants/Services



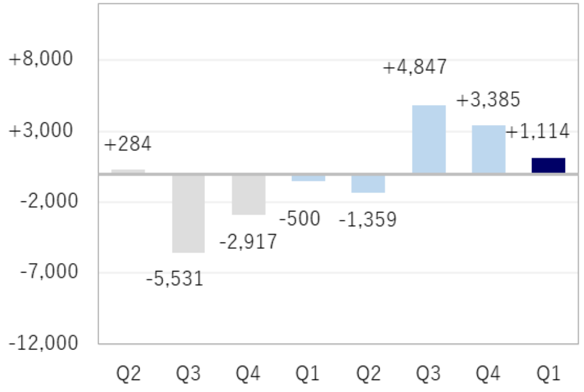
Beverages/Cigarettes/Luxury foods



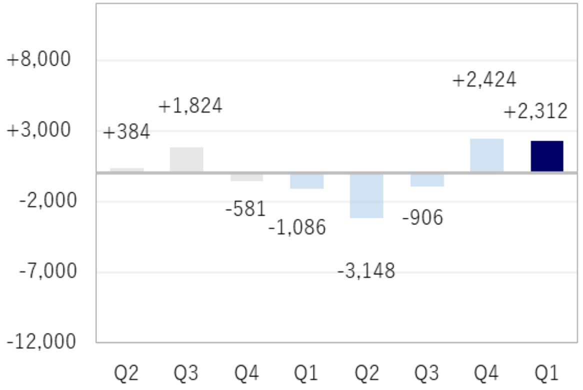
Finance/Insurance



Automobiles/Related products



Cosmetics/Toiletries



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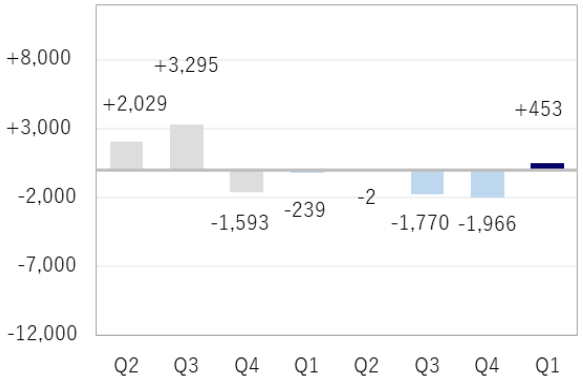
YoY figures for FY2024 are based on data prior to changes in the companies included in the calculation.

Japan: Billings by Client Industry (by Quarter) 2

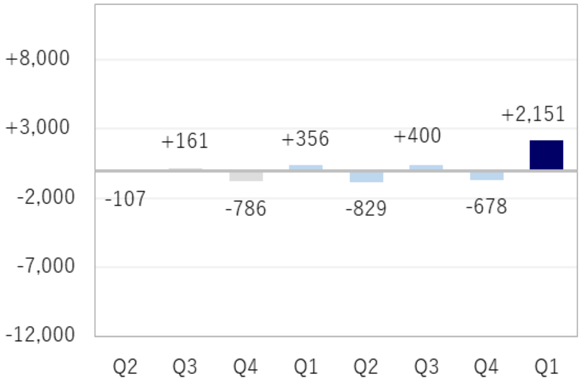
FY2024 FY2025 FY2026

(Millions of JPY)

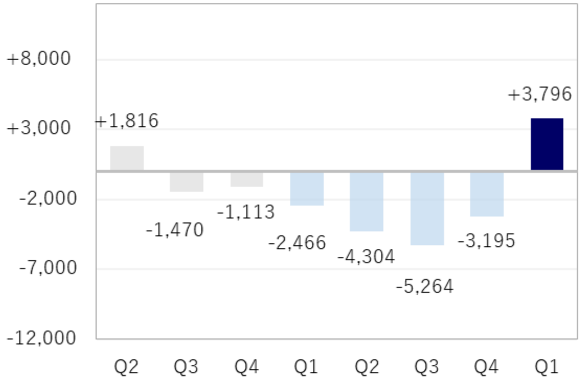
Foodstuffs



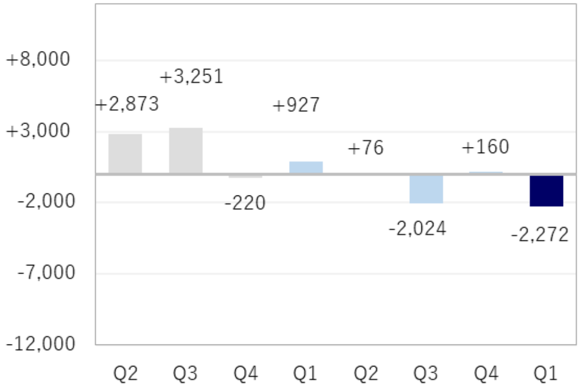
Pharmaceuticals/Medical supplies



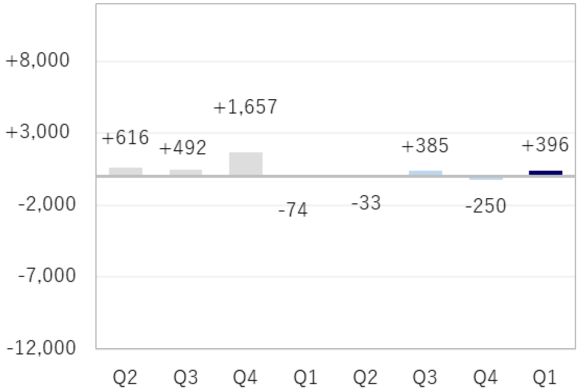
Distribution/Retailing



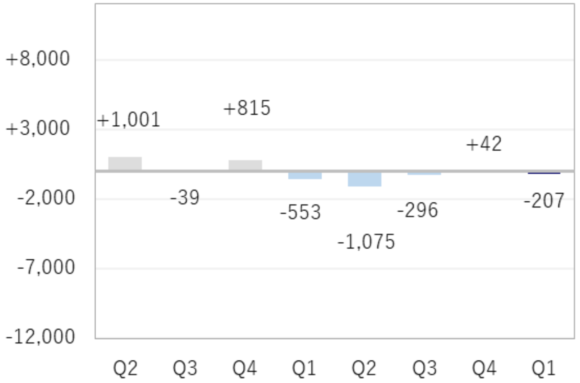
Transportation/Leisure



Real estate/Housing facilities



Apparel/Accessories



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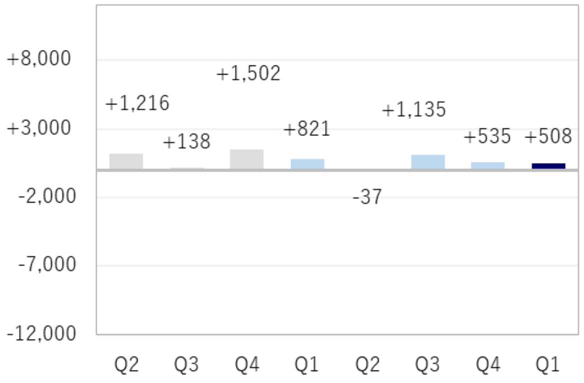
Japan: Billings by Client Industry (by Quarter) 3

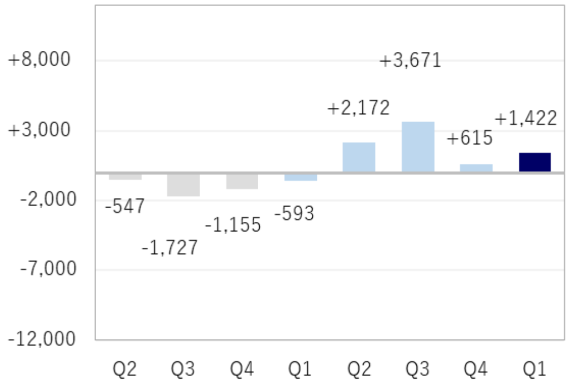
FY2024 FY2025 FY2026

(Millions of JPY)

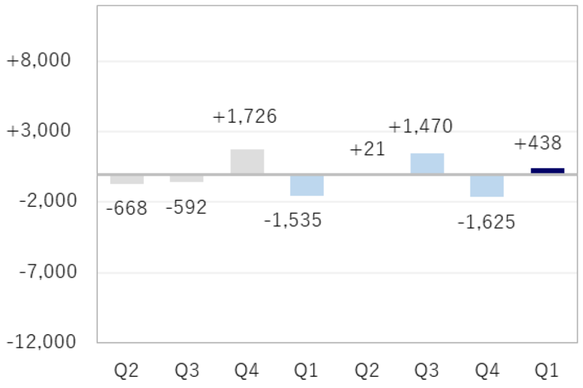
Energy/Materials/Machinery



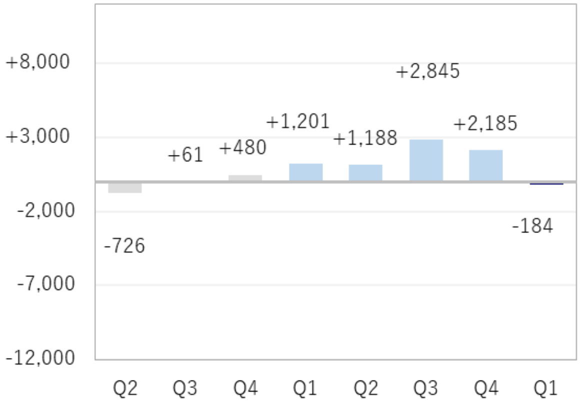
Household products



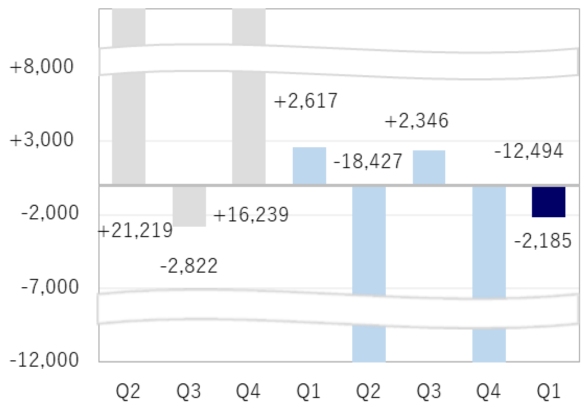
Games/Sporting goods/Hobby supplies



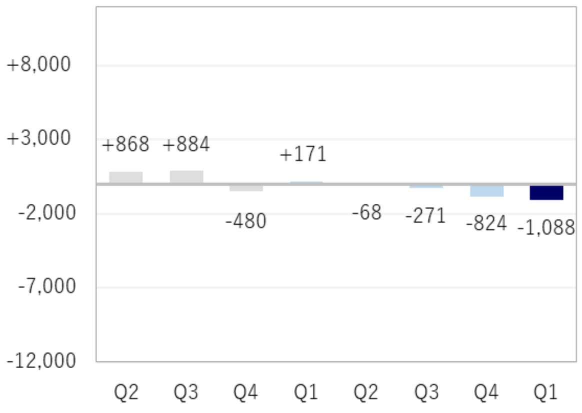
Medical services/Education/Religion



Government/Organizations



Home electric appliances/AV equipment



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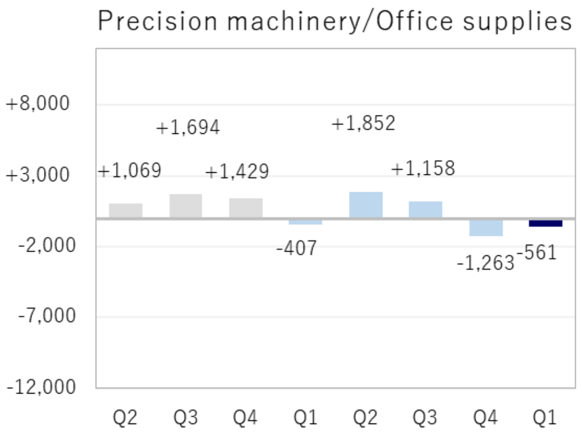
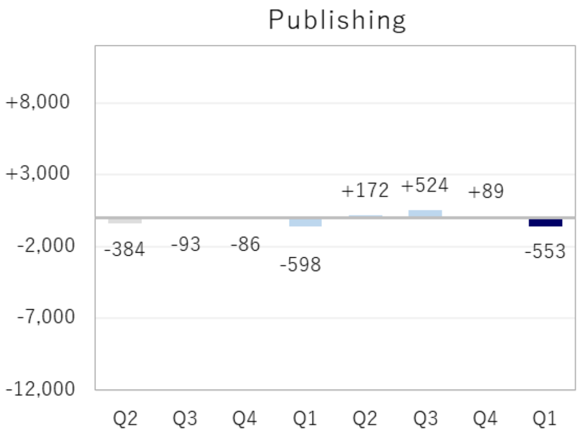
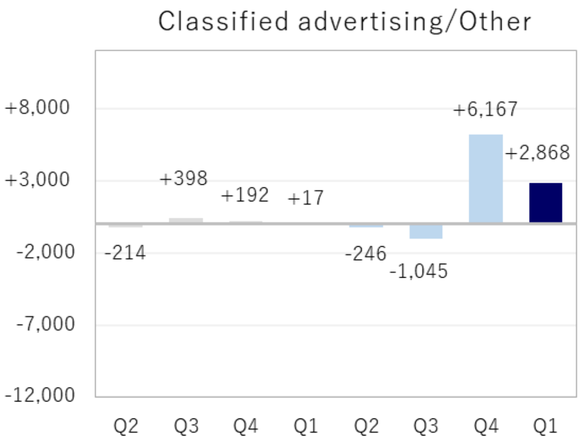
Japan: Billings by Client Industry (by Quarter) 4

FY2024 FY2025 FY2026

(Millions of JPY)







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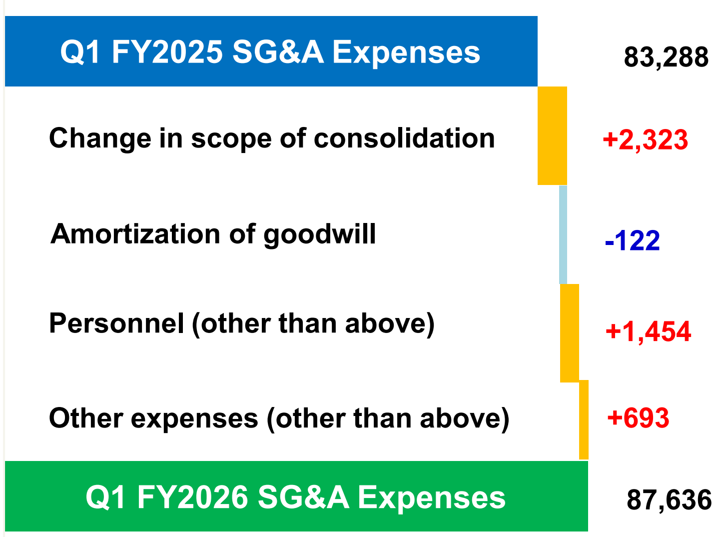
YoY figures for FY2024 are based on data prior to changes in the companies included in the calculation.

Selling, General & Administrative Expenses

Q1 FY2026

(Millions of JPY)	Actual	YOY	
Personnel	58,158	+2,900	+5.2%
Rent	4,904	+52	+1.1%
Depreciations	3,197	+286	+9.8%
Amortization of Goodwill	3,325	-122	-3.5%
Other	18,049	+1,230	+7.3%
Other	29,477	+1,447	+5.2%
Total SG&A Expenses	87,636	+4,347	+5.2%

Major Change Factors in SG&A Expenses (Millions of JPY)



Other Income/Loss & Extraordinary Items

Q1 FY2026

Other Income/Loss

(Millions of JPY)	Actual	YOY
Non-operating Income	1,867	+30
Interest Income	150	-13
Dividend Income	1,286	+234
Foreign Exchange Gains	125	+125
Investment Partnership Income	-	-196
Non-operating Expenses	1,847	+386
Interest Expenses	411	+88
Foreign Exchange Loss	-	-530
Equity Method Loss	142	-135
Investment Partnership Loss	1,095	+1,095

Extraordinary Items

(Millions of JPY)	Actual	YOY
Extraordinary Income	90	-207
Gain on Sale of Non-current Assets	48	
Gain on Change in Equity	35	
Extraordinary Losses	828	-130
Special Retirement Expenses	240	
Loss from Disposal of Fixed Assets	74	
Loss on Valuation of Investment Securities	148	
Office Relocation Expenses	47	

Balance Sheet

(Millions of JPY)	As of June 30, 2026	Change *	Composition
Current Assets	571,153	-171,806	62.9%
Cash & Deposits	151,579	-87,381	
Notes and Accounts Receivable	329,412	-95,398	
Non-current Assets	336,728	-1,443	37.1%
Tangible Assets	53,664	+796	
Intangible Assets	89,664	-2,326	
Goodwill	48,158	-1,647	
Investments & Other Assets	193,400	+86	
Investment Securities	123,765	+2,580	
Shares of Subsidiaries and Associates	18,156	-455	
Total Assets	907,881	-173,250	100.0%
Current Liabilities	365,392	-170,414	40.2%
Notes and Accounts Payable	216,091	-54,728	
Short-term Borrowings	6,137	-1,032	
Current Portion of Long-term Borrowings	23,010	+24	
Non-current Liabilities	145,275	+2,467	16.0%
Long-term Borrowings	65,288	-34	
Total Liabilities	510,668	-167,947	56.2%
Shareholders' Equity	319,511	-7,525	35.2%
Share Capital	10,790	-	
Retained Earnings	313,585	-7,525	
Treasury Shares	-4,864	-	
Accumulated Other Comprehensive Income	64,354	+2,263	7.1%
Share Acquisiton Rights	2	-	0.0%
Non-controlling Interests	13,344	-41	1.5%
Total Net Assets	397,213	-5,303	43.8%

* Change from the balance as of March 31, 2026

Hakuhodo DY holdings