

Summary of the Q&A Session for 1Q FY2022 Financial Results Briefing

The summary of the main questions and answers at the financial results briefing for the 1Q of the fiscal year ending September 2022 (for institutional investors, analysts, and press officials) held on February 10, 2022 is as follows.

Q1. Earnings Estimates for the Current Fiscal Year and 3-Year Figures

A1. Based on the assumption that growth will accelerate through the alliance with the Dentsu Group, a certain level of conservatism is factored into the calculation. With regard to Dentsu Digital, the Company has factored in the conservativeness of its forecasts due to differences in the fiscal year-end and the position of applying the equity method. For Dentsu Direct, the Company expects a certain level of conservativeness in growth in personnel expenses due to personnel investments and top-line growth.

Q2. Regarding Personnel Investment

A2. The company expects to strengthen its human resource investment, and the engineer composition ratio is expected to increase significantly, mainly in the Digital Marketing Business. In particular, it will focus on recruiting and training engineers in order to expand into the solution market through collaboration with Dentsu Digital.

Q3. Regarding Digital Advertising Market

A3. The Company expects the digital advertising market as a whole to grow steadily as a result of active investment in digital marketing from the promotion of DX. In addition, as the wave of digitalization of people's living spaces, including metaverse, is accelerating, the Company anticipates that the place of consumption will be replaced further digitally. Regarding the impact of revisions to the Act on the Protection of Personal Information, the Company does not expect a significant impact on its business, and it expects demand in the solution market to increase as a result of heightened awareness of the handling of data.

Q4. Regarding Manga Content Business

A4. Advertising revenue is expected to bottom out in 2Q due to some projects are delayed to the next quarter. Charge revenue grew faster than planned and is steady. In addition, as an approach to the expansion of the Webtoon market, the Company has completed its response to Webtoon platform in GANMA!, and is also developing IP for Webtoon titles.