

**Hakuhodo DY Holdings Inc.**  
**Summary of Questions and Answers for FY2021**

Date: May 12, 2022 (Thursday), 16:00–17:00

Presenters:

Masayuki Mizushima, Representative Director & President

Hirotake Yajima, Director & Executive Vice President

Masanori Nishioka, Director & Senior Executive Corporate Officer

Akihiko Ebana, Director & Senior Executive Corporate Officer

Takeshi Tokugawa, Corporate Officer

- You forecast an increase in selling, general, and administrative expenses (SG&A) for FY2022 due to efforts to improve infrastructure based on the Medium-Term Business Plan (MTBP) and a rebound in activity expenses. Could you please provide more details regarding this increase? Also, will the rise in expenses have an impact only in FY2022, or will the impact be seen from FY2023 as well?

In FY2022, we forecast a year-on-year increase of ¥27.0 billion in overall SG&A expenses. Mergers and acquisitions (M&A), including amortization of goodwill, will account for ¥7.0 billion of this amount. Of the remaining ¥20.0 billion, around ¥10.0 billion will be used for strategic expenses to improve our infrastructure in accordance with the MTBP. Specifically, this ¥10.0 billion will be put toward such areas as strengthening capabilities for business development or M&A, cultivating human resources, and improving our work environment. Although activity expenses will be higher than the previous fiscal year, we don't expect to return to the level of FY2019. Also, we plan on recruiting around 100 employees for our newly established technology company. From FY2022 through FY2023, we intend to gradually increase the number of employees in an effort to recruit outstanding human resources.

- Excluding the impact of M&A, you anticipate a ¥20.0 billion increase in SG&A expenses in FY2022. Do you believe you will be able to use all of this amount?

Essentially, we plan on systematically moving forward with personnel recruitment and system development.

However, as there is fierce competition in the recruitment of human resources well-versed in digital technologies, we may need to adjust our approach to recruitment. Accordingly,

we will promote our recruitment efforts while taking this possibility into account. Our plans for system development may also be subject to change depending on the amount of progress we make.

Furthermore, the economic environment remains uncertain, and we will therefore consider implementing cost control measures to secure profits while closely observing economic trends.

- Do you see a change in the willingness of advertisers to place ads following the rise in geopolitical risks and inflation? Could you provide any specific examples of such change?

Due to the soaring price of crude oil and raw materials, among others, advertisers are starting to show concern about their marketing strategies. With that said, we have not yet seen a significant change in terms of the willingness to place ads. Many of our clients are planning to make a recovery from the difficult operating environment they have experienced over the last two years, and as such, we will make proposals to these clients tailored to their individual situations. Speaking specifically by industry, we are currently not in a position to provide any specific examples of changing mindsets.