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Notice of Convocation of the 172nd Ordinary General Meeting of Shareholders



dentsu group

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Memo for Shareholders

To our shareholders

Firstly, I would like to take this opportunity to express our sincere gratitude to all our shareholders for your invaluable support. Also, we would like to express our deepest sympathies to those shareholders who have been affected by the spread of the novel coronavirus. While the pandemic continues to evolve, we would like to inform you that our 172nd Annual Shareholders Meeting will be held as scheduled.

It is now a shared understanding that coronavirus has significantly accelerated the speed of social change and the speed of digital adoption. Society, businesses, and consumers have all had to reset their conventional wisdom and to quickly adapt to this new environment. Many of our clients and partners are facing pressure to rethink their products and services, and to transform how they think about experiences and touch points with their customers.

In order for the Dentsu Group to continue to play a role in society in these difficult and uncertain times, we initiated a comprehensive review in August last year to accelerate our own transformation. By implementing our plans, we aim to be a group that truly contributes to the realization of society's "Progress for Good" through our work of supporting our clients, partners and every customer of our clients'.

On behalf of the Dentsu Group, I am very grateful for the guidance from our shareholders and would like to ask for your continued support to the ongoing development of the Group.



Toshihiro Yamamoto
Representative Director, President and CEO
Dentsu Group Inc.

Measures to Prevent the Spread of COVID-19 at the Company's 172nd Ordinary General Meeting of Shareholders

We will hold the 172nd Ordinary General Meeting of Shareholders on Friday, March 26, 2021, but please note the following requests for our shareholders and measures to be taken by the Company to prevent the spread of COVID-19.

We ask for the understanding and cooperation of our shareholders.

Request and information for our shareholders

- In a bid to prevent the spread of COVID-19, we strongly recommend that our shareholders exercise their voting rights in advance in writing or via the Internet for this year's meeting. [The deadline for exercising voting rights in writing or via the Internet is no later than 5:30 PM, Thursday, March 25, 2021.](#) For details, please refer to pages 4 to 5 of the notice of convocation.
- Please carefully check infection situations and any announcements from the national and local governments until the day of the meeting, and fully consider refraining from attending the meeting in person regardless of your health condition, even if you wish to do so. Especially, elderly people, those with underlying illness, and pregnant people are kindly asked to make a careful decision about attending in person.

Request and information for the shareholders attending the meeting

- We may take your temperature at the hall entrance on the day of the meeting. Anyone found to have a fever and other symptoms may be denied entry and asked to leave the venue.
- Please wear face masks at all times and use alcohol sanitizers inside the venue.
- There will be fewer seats than in previous years as they are arranged to maintain distance for the infection prevention purpose. Please be aware that entry may be limited if available seats become full.

Measures taken by the Company

- The meeting will run shorter than in previous years.
- Officers who will be speaking and event staff will be wearing face masks.
- Event staff may ask anyone who appears to be unwell to leave the venue.
- The meeting will be held with the doors of the venue kept open.

We will post a notice on our website in the event that there is a major change to the scheduled holding and running of the meeting due to future circumstances.

Thank you for your understanding and cooperation.

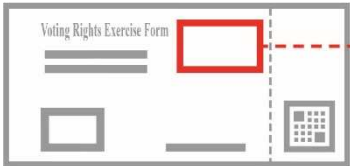
Exercising of Voting Rights

Voting rights are an important way for all shareholders to participate in the management of Dentsu Group Inc. (the “Company”). Voting rights may be exercised using the methods shown below.

Please exercise your voting rights after consideration of the Reference Material for the General Meeting of Shareholders.

Attendance at the General Meeting of Shareholders	Exercising voting rights by mail	Exercising voting rights online
<p>Please submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting venue.</p> <p>Please bring this Notice of Convocation to the meeting as reference material.</p> <p style="text-align: center;">Meeting date and time</p> <hr/> <p>10:00 AM, March 26 (Fri.), 2021 (Doors are scheduled to open at 9:00 AM)</p>	<p>Please indicate “for” or “against” for each proposal shown on the enclosed Voting Rights Exercise Form, and return it by mail.</p> <p style="text-align: center;">Deadline for exercising voting rights by mail</p> <hr/> <p>Must be received by 5:30 PM, March 25 (Thu.), 2021</p>	<p>Voting rights may be exercised online. Please see the next page for details.</p> <p style="text-align: center;">Deadline for exercising voting rights online</p> <hr/> <p>Must be lodged by 5:30 PM, March 25 (Thu.), 2021</p>

How to complete the Voting Rights Exercise Form



Please indicate “for” or “against” for each proposal here.

Proposal*

- ▶ If you agree with the election of all candidates, circle “for (贊)”
- ▶ If you disagree with the election of all candidates, circle “against (否)”

Cut and post this part.

* To indicate different votes for some candidate(s), please write the relevant candidate number(s).

Please take note of the following matters when exercising voting rights.

- (1) Voting rights may be exercised by nominating one proxy who is also a shareholder to attend the General Meeting of Shareholders. However, in this case the nominated proxy must submit written proof of his/her right of proxy.
- (2) If voting rights are exercised both through the Voting Rights Exercise Form and online, only the voting rights exercised online will be deemed valid.
- (3) If voting rights are exercised online multiple times, only the voting rights exercised last will be deemed valid. The same provision applies where voting rights are exercised online multiple times through different media such as computers, smartphones and cell phones.

Exercising Voting Rights Online

Voting rights may only be exercised online by accessing the website designated for exercising voting rights from a computer or smartphone.

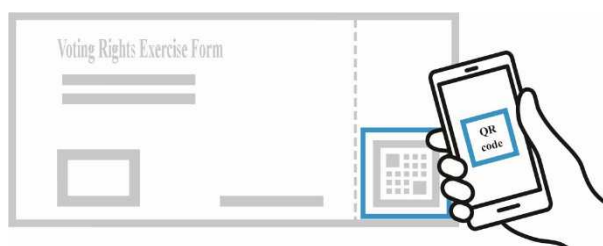
Please access the website designated for exercising voting rights and select “for” or “against.”

Deadline for exercising voting rights online: 5:30 PM, March 25 (Thu.), 2021

Voting by scanning the QR code

Using the QR code shown on the bottom-right of the Voting Rights Exercise Form, it is possible to login to the website designated for exercising voting rights without entering a “login ID” or “temporary password.”

Scan the QR code shown on the bottom-right of your Voting Rights Exercise Form.



* It may not be possible to login using the QR code on some smartphone models.

You can only login once using the QR code.

To login more than once, or to login without the QR code, please see the instructions to the right on “Entering a login ID and temporary password.”

Voting by entering a login ID and temporary password

- 1 Access the website designated for exercising voting rights.

Website: <https://evote.tr.mufg.jp/>

- 2 Enter the “login ID” and “temporary password” shown on the bottom-right of your Voting Rights Exercise Form, and select “Login.”



* An example of the screen shown when accessing the website on a computer.

- 3 Register a new password.



Follow the instructions on the screen to enter “for” or “against” for each proposal.

Inquiries related to using the website designated for exercising voting rights

Please direct inquiries regarding the use of the website designated for exercising voting rights to:

Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department

0120-173-027 (toll-free call, reception hours: 9:00 AM - 9:00 PM)

March 4, 2021

To Our Shareholders

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo

Dentsu Group Inc.

Toshihiro Yamamoto, Representative Director, President and CEO

Notice of Convocation of the 172nd Ordinary General Meeting of Shareholders

We would like to express our sincere gratitude for your continued support.

You are cordially invited to attend the 172nd Ordinary General Meeting of Shareholders. The meeting will be held as follows.

We will hold the meeting with appropriate measures in place to prevent COVID-19 infections according to the infection situation on the day.

Notice concerning items posted on the Company's website

Of the business report, consolidated financial statements, and financial statements that were audited by the Audit and Supervisory Committee and the Accounting Auditor during the preparation of their respective audit reports, the documents attached to this notice of convocation exclude the following items. Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, these items are available on the **Company's website** (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>) and are not contained within the attached documents.

1. Business Report:

II Shares and Subscription Rights to Shares (All)

III Items Related to the Company Executives

2. Situation of Important Con-current Posts

4. Items Related to Outside Directors

IV Items Related to the Accounting Auditor (All)

V Company System and Policy (All)

2. Consolidated Financial Statements:

Notes to Consolidated Financial Statements

3. Financial Statements:

Notes to Nonconsolidated Financial Statements

If there are any corrections to items in the Reference Material for the General Meeting of Shareholders, business report, consolidated financial statements, and financial statements, they will be promptly posted on the Dentsu website (<https://www.group.dentsu.com/en/news/>).

1.	Date and Time	10:00 AM, March 26 (Fri.), 2021 *Doors are scheduled to open at 9:00 AM.
2.	Place	8-21-1, Ginza, Chuo-ku, Tokyo Sumitomo Realty & Development Shiodome Hamarikyu Building, Belle Salle Shiodome
3.	Agenda of the Meeting	<p>Matters to be Reported</p> <p>(1) Business report for the 172nd business term (January 1, 2020 to December 31, 2020), consolidated financial statements, and audit reports on consolidated financial statements by the Accounting Auditor and Audit and Supervisory Committee</p> <p>(2) Report on financial statements for the 172nd business term (January 1, 2020 to December 31, 2020)</p> <hr/> <p>Proposals to be Resolved</p> <p>Proposal Appointment of 8 Directors who are not members of the Audit and Supervisory Committee</p>

In a bid to prevent the spread of COVID-19, we strongly recommend that our shareholders exercise their voting rights in advance in writing or via the Internet for this year's meeting. If you are attending the meeting, please bring this notice of convocation with you and submit the enclosed voting form at the front desk.

We have not prepared gifts for shareholders who attend the meeting. We appreciate your understanding.

Reference Material for the General Meeting of Shareholders

Proposals and Reference Material

Proposal

Appointment of 8 Directors who are not members of the Audit and Supervisory Committee

The terms of office of seven directors who are not members of the Audit and Supervisory Committee will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we request the appointment of eight directors who are not members of the Audit and Supervisory Committee.

The terms of office for the directors who are not members of the Audit and Supervisory Committee appointed at this General Meeting of Shareholders shall be until the end of the Ordinary General Meeting of Shareholders to be held in March 2022.

The Audit and Supervisory Committee admitted that each candidate is proper as a director who is not a member of the Audit and Supervisory Committee since the Nomination Committee, which is composed of a total of five members, including four Outside Directors and one Representative Director, President and CEO, reviewed determination policy and process of the nomination plan of director candidates which the Board of Directors submitted to the Nomination Committee.

The candidates for directors who are not members of the Audit and Supervisory Committee are as follows.

Candidate No.

1

Toshihiro Yamamoto

(Date of birth: May 31, 1958, 62 years old)

Candidate for director



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

April 1981	Joined Dentsu Inc.
July 2008	EPM, Communication Design Center, Dentsu Inc.
April 2009	Head of Communication Design Center, Dentsu Inc.
April 2010	Head of Communication Design Center; Managing Director, MC Planning Division, Dentsu Inc.
April 2011	Executive Officer, Dentsu Inc.
June 2014	Director, Executive Officer, Dentsu Inc.
January 2016	Director, Senior Vice President, Dentsu Inc.
March 2016	Senior Vice President, Dentsu Inc.
January 2017	President and CEO, Dentsu Inc.
March 2017	Representative Director, President and CEO, Dentsu Inc.
January 2020	Representative Director, President and CEO, Dentsu Group Inc. (current)

No. of Dentsu Shares Held

4,547 shares
(actually held);
maximum 77,192 shares
(under performance-linked
share compensation)

Board of Directors meetings attended

94% (17 / 18)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Toshihiro Yamamoto has operational experience in media contents and business development and possesses a wealth of experience from a managerial standpoint. Being President and CEO of Dentsu Inc. since January 2017, Representative Director, President and CEO of Dentsu Inc. since March 2017, and Representative Director, President and CEO of the Company since January 2020 with the transition to a holding company, he played actively his role of Representative Director, President and CEO to supervise group management. Judging from these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

Non-executive Director, Dentsu International Limited
Outside Director, Rakuten Data Marketing, Inc.
Corporate Auditor, Kyodo Television, Ltd.

Candidate No.

2

Shun Sakurai

Candidate for director

(Date of birth: December 14, 1953, 67 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- April 1977 Joined the Ministry of Posts and Telecommunications
- July 2008 Director-General, Telecommunications Bureau, Ministry of Internal Affairs and Communications (MIC)
- September 2012 Director-General, Global ICT Strategy Bureau, MIC
- June 2013 Vice-Minister for Policy Coordination (Postal and Communications), MIC
- July 2015 Vice-Minister, MIC
- September 2016 Cooperate Advisor, Sumitomo Mitsui Trust Bank, Limited
- January 2018 Executive Officer, Dentsu Inc.
- June 2018 Outside Director, Tokyu Fudosan Holdings Corporation
- March 2019 Director, Executive Officer, Dentsu Inc.
- January 2020 Director, Executive Vice President, Dentsu Group Inc.
- March 2020 Representative Director, Executive Vice President, Dentsu Group Inc. (current)

No. of Dentsu Shares Held

904 shares
(actually held);
maximum 51,813 shares
(under performance-linked
share compensation)

Board of Directors meetings
attended

100% (18 / 18)

Responsibilities

Chief Administration Officer (CAO)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Shun Sakurai has many years of experience in postal and telecommunications affairs and has experience of outside director of a company, and possesses a wealth of experience from a social and managerial standpoint. Being Executive Officer of Dentsu Inc. since January 2018, Director, Executive Officer of Dentsu Inc. since March 2019, and Representative Director, Executive Vice President of the Company since March 2020, he has actively engaged in strengthening our group management structure. From these achievements, the Company expects him to utilize his experience, etc., in group management, administration and supervision.

Candidate No.

3

Timothy Andree

Candidate for director

(Date of birth: April 28, 1961, 59 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- March 2002 Senior Vice President, Communications & Marketing, The National Basketball Association
- December 2005 CCO (Chief Communication Officer), BASF Corporation
- May 2006 CEO, Dentsu America, LLC.
- June 2008 Executive Officer, Dentsu Inc.
- November 2008 President & CEO, Dentsu Holdings USA, LLC.
- April 2012 Senior Vice President, Dentsu Inc.
- April 2013 Executive Vice President, Dentsu Inc.
- June 2013 Director, Executive Vice President, Dentsu Inc.
- January 2018 Director, Executive Officer, Dentsu Inc.
- January 2020 Director, Executive Vice President, Dentsu Group Inc. (current)
- September 2020 Executive Chairman, Dentsu International Limited (current)

No. of Dentsu Shares Held

11,513 shares
(actually held);
maximum 8,946 shares
(under performance-linked
share compensation)

Board of Directors meetings
attended

66% (12 / 18)
85% (12/14; excluding
absence from illness)

Responsibilities

Chief Operating Officer (COO)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Timothy Andree has operational experience overseas and possesses a wealth of experience from a managerial standpoint. Being Executive Officer of Dentsu Inc. since June 2008, Director, Executive Vice President of Dentsu Inc. since June 2013, and Director, Executive Vice President of Dentsu Group Inc. since January 2020, he has actively provided opinions and advice, etc., concerning group management from the standpoint of overseas operations management and enhanced the presence of overseas operations, thereby contributing to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

Executive Chairman, Dentsu International Limited

Candidate No.

4

Hiroshi Igarashi

Candidate for director

(Date of birth: July 23, 1960, 60 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- April 1984 Joined Dentsu Inc.
- April 2013 Managing Director, Account Management Division, Dentsu Inc.
- January 2017 Executive Officer, Dentsu Inc.
- March 2018 Director, Executive Officer, Dentsu Inc.
- January 2020 Director, Executive Officer, Dentsu Group Inc. (current)
- January 2020 Representative Director, President and CEO, Dentsu Inc. (current)

No. of Dentsu Shares Held
4,732 shares
(actually held);
maximum 51,551 shares
(under performance-linked
share compensation)
Board of Directors meetings
attended
100% (18 / 18)

Responsibilities

Chief Operating Officer (COO), Dentsu Japan Network CEO

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Hiroshi Igarashi has operational experience in account management and possesses a wealth of experience from a managerial standpoint. Being Executive Officer of Dentsu Inc. since January 2017, Director, Executive Officer of Dentsu Inc. since March 2018, and Director, Executive Officer of Dentsu Group Inc. since January 2020, he has actively provided opinions and advice, etc. from his standpoint as domestic operations top management and contributed to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

- Representative Director, President and CEO, Dentsu Inc.
- Director, FRONTAGE INC.
- Non-executive Director, Dentsu International Limited

Candidate No.

5

Arinobu Soga

Candidate for director

(Date of birth: March 27, 1965, 55 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- April 1988 Joined Dentsu Inc.
- June 2015 Managing Director, Finance & Accounting Division, Dentsu Inc.
- January 2017 Executive Officer, Managing Director, Corporate Strategy Division, Dentsu Inc.
- March 2017 Director, Executive Officer, Dentsu Inc.
- January 2020 Director, Executive Officer, Dentsu Group Inc. (current)

No. of Dentsu Shares Held
1,000 shares
(actually held);
maximum 40,318 shares
(under performance-linked
share compensation)
Board of Directors meetings
attended
100% (18 / 18)

Responsibilities

Chief Financial Officer (CFO)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Arinobu Soga has operational experience in contents sector as well as finance and accounting and possesses a wealth of experience from a managerial standpoint. Being Executive Officer of Dentsu Inc. since January 2017, Director, Executive Officer of Dentsu Inc. since March 2017, and Director, Executive Officer of Dentsu Group Inc. since January 2020, he has actively provided opinions and advice, etc. from his standpoint of corporate strategy, IR, information disclosure, and finance and accounting, and contributed to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

- Non-executive Director, Dentsu International Limited
- Corporate Auditor, CARTA HOLDINGS, Inc.

Candidate No.

6

Nick Priday

Candidate for director

(Date of birth: July 20, 1974, 46 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- August 1996 Audit Manager, Ernst & Young
- August 2003 Director, Aegis Group plc
- September 2009 CFO, Aegis Group plc
- April 2013 CFO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)
- January 2018 Executive Officer, Dentsu Inc.
- March 2020 Director, Executive Officer, Dentsu Group Inc. (current)
- October 2020 Director, CFO, Dentsu International Limited (current)

No. of Dentsu Shares Held

0 shares
(actually held)
maximum 0 shares
(under performance-linked
share compensation)

Board of Directors meetings
attended
100% (13 / 13)

Responsibilities

Deputy Chief Financial Officer (D-CFO)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Nick Priday has a wealth of experience of both financial and managerial perspectives from business experience overseas. Being CFO of Dentsu Aegis Network Ltd. (currently Dentsu International Limited) since April 2013, Executive Officer of Dentsu Inc. since January 2018, and Director, Executive Officer of Dentsu Group Inc. since March 2020, he has contributed to overseas management of our group. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

Director, CFO, Dentsu International Limited
Non-executive Director, Merkle Group Inc.

Candidate No.

7

Wendy Clark

New candidate for director

(Date of birth: January 19, 1971, 50 years old)



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

- February 2001 SVP/Director, GSD&M
- January 2004 SVP, AT&T
- January 2008 SVP, The Coca Cola Company
- January 2014 President (Sparkling Brands & Strategic Marketing), The Coca Cola Company
- January 2016 CEO, DDB Worldwide North America
- February 2018 CEO, DDB Worldwide
- September 2020 CEO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)
- September 2020 Executive Officer, Dentsu Group Inc. (current)
- October 2020 Director, Global CEO, Dentsu International Limited (current)

No. of Dentsu Shares Held

0 shares
(actually held)
maximum 0 shares
(under performance-linked
share compensation)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Ms. Wendy Clark has a wealth of experience of managerial perspectives from business experience overseas. Being Global CEO of Dentsu Aegis Network Ltd. (currently Dentsu International Limited) and Executive Officer of the Company since September 2020, she has contributed to overseas business of our group. From these achievements, the Company expects her to continue to utilize her experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

Director, Global CEO, Dentsu International Limited



Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Concurrent Positions

April 1980	Graduated from the Legal Training and Research Institute of Japan, the Supreme Court
October 2007	Prosecutor, Otsu District Public Prosecutors Office
July 2009	Deputy Prosecutor of the Nagoya High Public Prosecutors Office
October 2010	Deputy Prosecutor of Osaka High Public Prosecutors Office
June 2012	Chief Prosecutor General, Chairperson of the Supreme Financial Securities Expert Committee
January 2014	Yokohama Prosecutor
January 2015	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
September 2016	Retired public prosecutor
November 2016	Registered as an attorney at law (Tokyo Bar Association), Yaesu Sogo Law Office (current)
February 2017	Chairman of the Independent Advisory Committee on Labor Environment Reform of Dentsu Inc.
June 2017	Outside Corporate Auditor, Orient Corporation (current)
June 2018	Outside Director, audit and supervisory committee member, Globeride, Inc. (current)
June 2018	Outside Corporate Auditor, Totetsu Kogyo Co. (current)
June 2018	Outside Corporate Auditor, Nagase & Co., Ltd. (current)
March 2020	Outside Director, Dentsu Group Inc. (current)

No. of Dentsu Shares Held
0 shares
(actually held)

Serving one year as outside director as of the closing of this ordinary shareholders' meeting
Board of Directors meetings attended
92% (12 / 13)

Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Gan Matsui served as a prosecutor for many years at significant positions and was involved in the investigation and trial of a lot of serious cases, mainly in the field of economic and tax. He knows significance of crisis management; and has got abundant knowledge and insight for coping with an emergency case and crisis management. Furthermore, he is serving as chairpersons of so-called third-party investigation committees on compliance or crisis management for several firms and governmental bodies. He also assumes office of outside directors or corporate auditors for some companies.

He was in the position of the chairman of the Independent Advisory Committee on Labor Environment Reform at Dentsu Inc. from February 2017 to March 2020, and actively expressed opinions and proposals. Being Outside Director of the Company since March 2020, he made significant contributions to compliance and governance of the Company. From these achievements, the Company expects him to continue to utilize his experience etc. in all aspects of management.

Situation of important concurrent posts

Attorney, Yaesu Sogo Law Office

Outside corporate auditor, Orient Cooperation

Outside corporate auditor, Nagase & Co., Ltd.

Outside corporate auditor, Totetsu Kogyo Co.

Outside director who is a member of the audit and supervisory committee, Globeride, Inc.

- (Note 1) Mr. Toshihiro Yamamoto concurrently serves as Corporate Auditor of Kyodo Television, Ltd. and Outside Director of Rakuten Data Marketing, Inc., which both have business relationships with Dentsu Inc., a subsidiary of the Company. In addition, Kyodo Television, Ltd. is in competition with Dentsu Inc. in the content production business. Dentsu Inc. is collaborating with Rakuten Data Marketing, Inc. in providing new marketing solutions utilizing big data. Kyodo Television, Ltd. and Dentsu Inc. are competitors in the content production business.
- (Note 2) Dentsu International Limited (Dentsu Aegis Network Ltd. changed its name in September 2020), at which Mr. Toshihiro Yamamoto, Mr. Hiroshi Igarashi and Mr. Arinobu Soga serve as Non-executive Directors, Mr. Timothy Andree serves as Executive Chairman, Ms. Wendy Clark serves as Global CEO, and Mr. Nick Priday serves as CFO, is a company that oversees the Company's overseas business operations and has a business relationship with the Company.
- (Note 3) Mr. Hiroshi Igarashi concurrently serves as director of FRONTAGE INC., which has business relationships with Dentsu Inc., a subsidiary of the Company, and are in competition with Dentsu Inc. in the advertising business. He also concurrently serves as representative director of Dentsu Inc., to which the Company is to provide managerial instruction and receive management fee and so forth.
- (Note 4) Mr. Arinobu Soga concurrently serves as Corporate Auditor of CARTA HOLDINGS INC., which has a business relationship with Dentsu Inc., a subsidiary of the Company, and is a significant subsidiary of the Company.
- (Note 5) Mr. Gan Matsui is an outside director candidate pursuant to Item 7, Paragraph 3, Article 2 of the Order for Enforcement of the Companies Act. He meets the standards for an independent officer as stipulated by the Tokyo Stock Exchange as well as Independence Standards for Outside Directors at the Company (<http://www.group.dentsu.com/en/about-us/governance/isod.html>). If his appointment as outside director who is not a member of the Audit and Supervisory Committee is approved at this general meeting of shareholders, the Company will register him as an independent officer with the Tokyo Stock Exchange.
- (Note 6) Mr. Gan Matsui is an attorney at Yaesu Sogo Law Office, and concurrently serves as outside corporate auditor of Orient Cooperation, outside corporate auditor of Nagase & Co., Ltd., outside corporate auditor of Totetsu Kogyo Co. and outside director who is a member of the audit and supervisory committee of Globeride, Inc. Orient Cooperation and Nagase & Co., Ltd. have business relationships with Dentsu Inc., a subsidiary of the Company, but the amount of transactions during fiscal year 2020 were less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.
- (Note 7) The Company has concluded a contract for limitation of liability with Mr. Gan Matsui for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher. If Mr. Gan Matsui's appointment as director who is not a member of the Audit and Supervisory Committee is approved at this general meeting of shareholders, the Company intends to renew the above contract with him.
- (Note 8) There are no vested interests between the other director candidates who are not members of the Audit and Supervisory Committee and the Company.

- (Note 9) The explanation on the maximum amount under the performance-based stock compensation plan is as follows:
Under our performance-based stock compensation plan (for details, please refer to our press release dated on February 14, 2019, “Notice Regarding Introduction of Performance-based Stock Compensation Plan”), executive officers including those who concurrently serve as directors will be granted in each relevant fiscal year (1) the “Basic Points” calculated in accordance with the calculation formula prescribed in the Officers Stock Benefit Regulations as compensation for the performance of their duties, then (2) depending on performance of their duties, the Basic Points will be adjusted in accordance with the calculation formula prescribed in the Officers Stock Benefit Regulations after a lapse of three consecutive fiscal years (the “Business Performance Assessment Period”), and (3) in accordance with the points adjusted and finalized through these procedures, they receive common stocks of the Company and an amount of money equivalent to the market value. The above number of stocks of the Company means a calculated maximum amount which can be provided for each candidate as a reward for their performance in the relevant fiscal year. Thus, the total actual number of common stocks of the Company provided for each candidate vary between 0 and the maximum amount according to the business results of the Company in the Business Performance Assessment Period. For the avoidance of doubt, the voting rights with the stocks provided for executive officers are not exercised until such stocks are received by them.
- (Note 10) The Company has directors and officers liability insurance (D&O insurance) for directors, corporate auditors, executive officers of Dentsu Group Inc. and its 44 subsidiaries in Japan as well as their heirs. The main insurance events covered include shareholder derivative suits, company lawsuits, and third party lawsuits. The insurance premiums are fully borne by the Company. Such insurance does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth.

Directors' Skills (on condition that each director candidate is appointed at this ordinary meeting of shareholders)

The Company structures the Board of Directors so that it is composed to appropriately balance the following three factors:

1. The diversity of the Board of Directors: four (4) foreign citizens, three (3) female Directors
2. The execution of business and supervisory function: seven (7) executive Directors; six (6) non-executive Directors
3. Internal Directors and Outside Directors: eight (8) internal Directors; five (5) Outside Directors

The Board of Directors is also structured appropriately to utilize the skills of each individual Director, so that there is no excess or deficit in any area, as shown below.

No.		Position within the Company	Name	
1	Reappointment	Representative Director	Toshihiro Yamamoto	
2	Reappointment	Representative Director	Shun Sakurai	
3	Reappointment	Representative Director	Timothy Andree	
4	Reappointment	Director	Hiroshi Igarashi	
5	Reappointment	Director	Arinobu Soga	
6	Reappointment	Director	Nick Priday	
7	New appointment	Director	Wendy Clark	
8	Reappointment	Director	Gan Matsui	Outside Independent
9	Continuing	Director, Audit and Supervisory Committee Member	Izumi Okoshi	
10	Continuing	Director, Audit and Supervisory Committee Member	Toshiaki Hasegawa	Outside Independent
11	Continuing	Director, Audit and Supervisory Committee Member	Kentaro Koga	Outside Independent
12	Continuing	Director, Audit and Supervisory Committee Member	Etsuko Katsu	Outside Independent
13	Continuing	Director, Audit and Supervisory Committee Member	Simon Laffin	Outside Independent

Legend: ●Responsibility; ◎Main skill; ○Secondary skill(s)

Expertise and characteristics of the candidates for Director

No.	Name	Business Execution	Supervisory Function	Corporate Strategy	Business Strategy	Management Resources	Finance	Accounting	Legal	Organization and HR
1	Toshihiro Yamamoto	●		◎	○					
2	Shun Sakurai	●				◎			○	○
3	Timothy Andree	●		○	◎					
4	Hiroshi Igarashi	●		○	◎					
5	Arinobu Soga	●					◎	○		
6	Nick Priday	●					◎	○		
7	Wendy Clark	●		○	◎					
8	Gan Matsui		●						◎	○
9	Izumi Okoshi		●		○	◎				
10	Toshiaki Hasegawa		●						◎	○
11	Kentaro Koga		●				○	◎		
12	Etsuko Katsu		●				◎			○
13	Simon Laffin		●				○	◎		

[Reference]

Corporate Governance Structure

The Company's Corporate Governance Structure is as follows.

Board of Directors (met 18 times during the fiscal year ended December 31, 2020)

The Company has adopted a form of governance with an Audit and Supervisory Committee, and has transferred authority for important business execution in part from the Board of Directors to Executive Officers in order to realize an expeditious and effective business execution system. As well as exercising a supervisory function over business execution, the Board of Directors determines core management matters for the Dentsu Group, such as the establishment of Group management strategy, making decisions on important management issues, and appointing Executive Officers.

At present (FY 2020), the Board of Directors is presently composed of twelve (12) Directors, who have advanced knowledge and expertise, including not only internal Directors but also four (4) independent Outside Directors.

Evaluation of Effectiveness of the Board of Directors

To continuously increase the effectiveness of the Board of Directors, the Company implements an annual survey to all Directors regarding the effectiveness and appropriateness of corporate supervision by the Board of Directors, and analysis and evaluation are performed by a third-party institution. Upon receiving reports regarding the results from the secretariat of the Board of Directors, the Board of Directors conducts analysis and evaluation on the overall effectiveness and addresses any issues, with an aim to maintain and improve the effectiveness.

I. Change to the method of evaluation on the effectiveness in the fiscal year ended December 31, 2020

The effectiveness of the Board of Directors had been evaluated using the survey method until FY 2019. However, the Board of Directors underwent changes during FY 2020, such as the transition to a pure holding company and the promotion of its diversity, and the Company intends to identify issues from a more medium- to long-term perspective based on the announcement of a medium-term management plan. As such, the Company adopted an interview method whereby a third-party institution interviews all Directors.

Evaluation method for the fiscal year ended December 31, 2020

i) Surveys Target: all Directors	Surveys conducted prior to interviews
▼	
ii) Interviews by a third-party institution Target: all Directors	Process newly added. Interviews conducted to obtain candid opinions while ensuring anonymity
▼	
iii) Meetings to exchanges views among all Directors Target: all Directors	Process improved this year. Meetings held to exchange views among all Directors on the issues to be considered that were identified in the results of surveys and interviews, with the presence of a third-party institution

Key question topics in the fiscal year ended December 31, 2020 surveys and interviews *Survey items (6 items, 32 questions)

1. Strategic alignment and engagement (9 questions)
(management strategy, capital policy, business portfolio review, ESG measures, business risks, dialogue with shareholders, etc.)
2. Composition and structure of the Board of Directors (succession plan, skill sets, etc.) (3 questions)
3. Processes and working of the Board of Directors (running of the Board of Directors, deliberation topics, training, etc.) (8 questions)
4. Function of management oversight (risk management, global governance structure, governance structures of listed subsidiaries) (8 questions)
5. Culture and dynamics of the Board of Directors (2 questions)
6. Supervisory function (only applicable to members of the Audit and Supervisory Committee) (2 questions)

II. Overview of analysis results and evaluation

(i) Issues of the previous fiscal year (ended December 31, 2019) and progress

In terms of the “management and supervision of Group companies,” an issue identified in the analysis and evaluation in the fiscal year ended December 31, 2019, its rating improved as a result of the transition to a pure holding company. The rating of the “provision of necessary information for deliberation on strategy” improved by the use of online portals and other means to enhance information provision.

However, the “CEO successor training plan” and the “provision of necessary information for deliberation on strategy” were identified as ongoing issues, as there was room for further improvement.

(ii) Next issues and actions for improvement

In April 2020, the Company embarked on major changes to its previous governance system, including the transition to a pure holding company and the promotion of diversity on the Board of Directors, and new issues have emerged as a result of the process. The Company will aim to further enhance the effectiveness of the Board of Directors and strengthen its corporate governance through measures to address these issues.

(1) Continuous improvement of the long-term vision, management strategy, and governance system supporting them

The long-term vision and management strategy should be reviewed in a timely and appropriate manner as the environment for the Company changes, and various measures to improve corporate value are implemented. Furthermore, the Company believes that it should not hesitate to flexibly review the organizational form and governance structure suitable for supporting the realization of the long-term vision and management strategy. What is important is that all Directors share the latest long-term vision and management strategy, and measures are implemented in a speedy manner under an appropriate governance system. Accordingly, the Company will pursue continuous improvement.

(2) Enhanced discussions on ESG issues and development of the Board of Directors’ common understanding

Recognizing that ESG issues are an important agenda for improving corporate value, the Board of Directors will deepen discussions on the entire Group’s sustainability strategy and establish a system to supervise subsequent actions.

(3) Intensified discussions on important topics by the Board of Directors / deeper communications by the Board of Directors

The Company will examine the annual schedule and other matters, set deliberation topics, and fix a schedule for the Board of Directors, with an aim to deepen the Board of Directors’ discussions on important topics. At the same time, measures to facilitate communication among Directors, including Outside Directors, will be implemented.

Audit and Supervisory Committee (met 16 times during the fiscal year ended December 31, 2020)

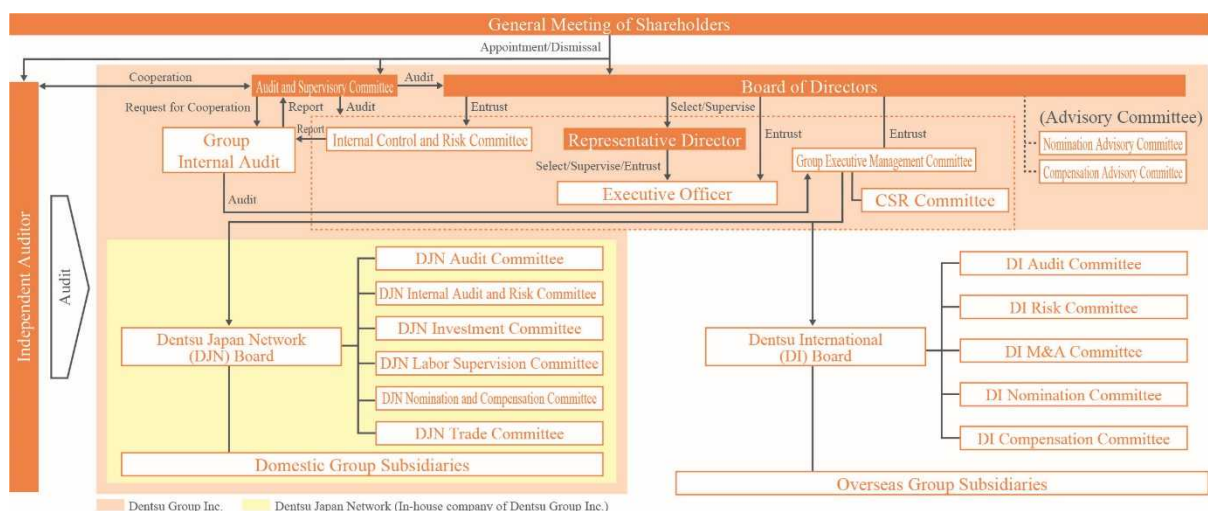
The Audit and Supervisory Committee is a body composed of all Directors who are Audit and Supervisory Committee Members. Working in coordination with the internal control division and the Accounting Auditor, it engages in audit and supervision of the Executive Officers and Directors who are not Audit and Supervisory Committee Members, from the perspectives of compliance and adequacy. The Company presently has five (5) Directors who are Audit and Supervisory Committee Members, of which one (1) is from within the Dentsu Group, and four (4) are independent Outside Directors (of which two have extensive finance and accounting knowledge).

Positioned under the Board of Directors is the “Group Executive Management Committee” consisting of Representative Directors and Executive Officers, including Executive Directors, which deliberates on important Company matters except for those exclusively resolved by the Board of Directors, makes decisions on important business matters concerning the entire Dentsu Group and deliberates on matters to be decided by the Board of Directors.

Moreover, the Company established the Dentsu Japan Network Board (under the Dentsu Japan Network, an internal company) to deliberate on important matters of Japan business and the Dentsu International Board to deliberate on important matters of the Group’s international business, thereby dividing the business execution system into the Japan business sector and the international business sector. Each is delegated responsibility for profit and authority for its respective region.

Regarding internal controls and risk management, the Company established the Internal Control and Risk Committee to enhance the effectiveness of internal controls and risk management across the entire Dentsu Group.

Corporate Governance Structure



Nomination and Compensation Advisory Committee/Nomination Advisory Committee/Compensation Advisory Committee (met 14 times in total during the fiscal year ended December 31, 2020)

The Company established the Nomination and Compensation Advisory Committee as an advisory organization to the Board of Directors on July 1, 2019. However, with an aim to reorganize the committee into a more specialized advisory body by separating the nomination / appointment / dismissal functions from the function of determining compensation, the Nomination and Compensation Advisory Committee was reorganized into two committees, namely the Nomination Committee and the Compensation Committee. The overview and activities of these committees are as follows.

(1) Nomination and Compensation Advisory Committee (met three (3) times during the fiscal year ended December 31, 2020)

(Establishment) Established as an advisory organization to the Board of Directors on July 1, 2019.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to nomination, compensation and succession planning concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened three (3) times during the fiscal year ended December 31, 2020. Main agenda deliberated during the fiscal year were as follows.

- Deliberation concerning succession planning policy
- Deliberation and reporting concerning the skill matrix of Directors

(2) Nomination Committee (met five (5) times during the fiscal year ended December 31, 2020)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to nomination and succession planning concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened five (5) times during the fiscal year ended December 31, 2020. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning nomination policy and succession planning policy
- Deliberation and reporting concerning succession planning
- Deliberation and reporting concerning candidates for the positions of Director and Executive Officer

(Policies on nomination and succession planning)

(i) Nomination policy

- Appropriately nominate officers who will contribute to medium- to long-term sustainable growth and enhance the corporate value of the Group
- Select from among the candidates with management knowledge, experience and ability, to compose a management team with a balance of diversity and expertise, that will swiftly embody the innovation of the Group
- Nominate Directors and Executive Officers of the Company for the fiscal year ending December 31, 2021

(ii) Succession planning policy

- Create a succession plan for important Executive Director and Executive Officer posts at the Company
- Specify the four (4) posts of CEO, COO (for Japan business), COO (for international business), and CFO as important posts
- Draft three (3) successor candidates in principle for each important post to allow for comparison

(3) Compensation Committee (met six (6) times during the fiscal year ended December 31, 2020)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to compensation concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened six (6) times during the fiscal year ended December 31, 2020. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning the amendment of the performance-based stock compensation plan
- Implementation of a management compensation survey by a third-party agency
- Deliberation and reporting concerning individual compensation for Directors and Executive Officers

(Compensation policy)

- Implement a globally-competitive compensation system and compensation levels
- Implement a compensation system based on management performance and results. Ensure a balance between fixed compensation and variable compensation (annual bonus: monetary compensation; and medium- to long-term bonus: stock compensation)
- Determine compensation levels based on compensation levels in the region

Executive Compensation

The Company considers executive compensation to be an important means of attaining mid- to long-term sustainable growth and corporate value enhancement for the Dentsu Group. The basic structure of compensation for Directors and Executive Officers is as follows.

1. Compensation system

The composition of the compensation system for Directors and Executive Officers is shown in the table below.

(1) Directors' compensation	(2) Executive Officers' compensation		
Fixed compensation	Fixed compensation	Variable compensation	
Monetary compensation	Monetary compensation		Stock compensation
Basic annual compensation	Basic annual compensation	Annual bonus	Medium- to long-term bonus
(Monthly compensation)	(Monthly compensation)	(Performance-based compensation)	

2. Scope

The items of compensation for Directors and Executive Officers applicable for each type of Director are shown in the table below.

Legend: Y = applicable; N = not applicable

Type of Director	Basic annual compensation	Annual bonus	Medium- to long-term bonus
Internal Director who is not an Audit and Supervisory Committee Member*	Y	Y	Y
Outside Director who is not an Audit and Supervisory Committee Member	Y	N	N
Internal Director who is an Audit and Supervisory Committee Member	Y	N	N
Outside Director who is an Audit and Supervisory Committee Member	Y	N	N

* Concurrently serving as Executive Officer.

3. Composition

The composition of compensation (the theoretical amount at a fixed share price) for internal Directors who are not Audit and Supervisory Committee Members (who concurrently serve as Executive Officers) is shown in the table below. The portion of variable compensation (annual bonus: monetary compensation; medium- to long-term bonus: stock compensation) is premised on a basic annual compensation of 100%. For the purpose of striking an appropriate balance between short-term performance-based compensation and medium- to long-term performance-based compensation, the portion of variable compensation (annual bonus and medium- to long-term bonus) for the fiscal year ending December 31, 2021 will be changed from the portion applied for the fiscal year ended December 31, 2020.

(1) Where the performance indicators have achieved the target

Basic annual compensation 100%	Annual bonus 15%	Medium- to long-term bonus 50%	Fixed compensation: 60%
			Variable compensation: 40%

* [FY 2020] Annual bonus 5%, Medium- to long-term bonus 60%

(2) Where the performance indicators have fallen below the lower threshold

Basic annual compensation 100%			Fixed compensation: 100%
			Variable compensation: 0%

(3) Where the performance indicators have exceeded the upper threshold

Basic annual compensation 100%	Annual bonus 50%	Medium- to long-term bonus 100%	Fixed compensation: 40%
			Variable compensation: 60%

* [FY 2020] Annual bonus 5%, Medium- to long-term bonus 145%

* Directors who are foreign citizens, in principle, receive the main part of their compensation from overseas subsidiaries at which they concurrently serve as officers, and are thus not subject to the system shown above.

4. Performance indicators

Performance indicators for variable compensation are established as appropriate for each fiscal year, based on the macro- and micro-economic environment and the Company's business environment. As shown below, the performance indicators used in and before the fiscal year ended December 31, 2020 will be changed for the fiscal year ending December 31, 2021 onward, with an aim to further promote common interests between our stakeholders including shareholders and the Company's Directors and Executive Officers.

(Performance indicators used in and before the fiscal year ended December 31, 2020)

Annual bonus	(IFRS) Achievement of the Group's consolidated operating profit budget for the fiscal year ended December 31, 2020
Medium- to long-term bonus	(IFRS) Simple average organic growth rate of the Group's consolidated revenue less cost of sales for the three years from the fiscal year ended December 31, 2019 to the fiscal year ending December 31, 2021

(Performance indicators to be used for the fiscal year ending December 31, 2021 onward)

Annual bonus	(IFRS) Achievement of the Group's consolidated underlying operating profit budget for the fiscal year ending December 31, 2021
Medium- to long-term bonus	(IFRS) The Group's following indicators on a consolidated basis over the three years from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023

Performance indicator	Benchmark indicator	Composition
Total shareholder return (TSR)	TOPIX	30%
	Peer group*	20%
Consolidated underlying operating profit of the Dentsu Group	Compound annual growth rate (CAGR)	50%

* WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., Accenture PLC, and Hakuholdo DY Holdings Inc.

Governance as of January 1, 2021

Dentsu Group Inc.

Title	Name	Duties
※President and CEO	Toshihiro Yamamoto	President and Chief Executive Officer
※Executive Vice President	Shun Sakurai	Chief Administration Officer (CAO)
※Executive Vice President	Timothy Andree	Chief Operating Officer (COO) Chairman of the Business Committee Vice Chairman of the Teaming Committee Executive Chairman of Dentsu International Board
※Executive Officer	Hiroshi Igarashi	Chief Operating Officer (COO); CEO of Dentsu Japan Network; and Representative Director, President and CEO of Dentsu Inc. Vice Chairman of the Business Committee
※Executive Officer	Wendy Clark	Vice Chairman of the Business Committee Global CEO of Dentsu International Limited
※Executive Officer	Arinobu Soga	Chief Financial Officer (CFO)
※Executive Officer	Nick Priday	Deputy Chief Financial Officer (D-CFO) CFO of Dentsu International Limited
Executive Officer	Takaki Hibino	Chairman of the Teaming Committee
Executive Officer	Jun Shibata	Vice Chairman of the Teaming Committee
Executive Officer	Yuko Takahashi	Internal audit

※Director candidate

(Internal company) Dentsu Japan Network

Title	Name	Duties
President and CEO	Hiroshi Igarashi	CEO of Dentsu Japan Network; and Representative Director, President and CEO of Dentsu Inc.
Executive Officer	Yuichi Okubo	Management of group reform
Executive Officer	Yoshimasa Watahiki	Business management
Executive Officer	Shigeru Ishida	External Affairs
Executive Officer	Shuji Yamaguchi	Management of DX and concurrently serving for Dentsu Inc.
Executive Officer	Keiichi Higuchi	BX
Executive Officer	Hiroshi Chino	Accounting and finance

[Reference]

Information Related to Corporate Governance (as of January 1, 2021)

Board of Directors (page reference)

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	4 of 12 (33.3%)
Principle 4.11 (Preconditions for Board Effectiveness)	Proportion of Directors who are female	2 of 12 (16.7%)
	Proportion of Directors who are foreign citizens	3 of 12 (25.0%)

Audit and Supervisory Committee

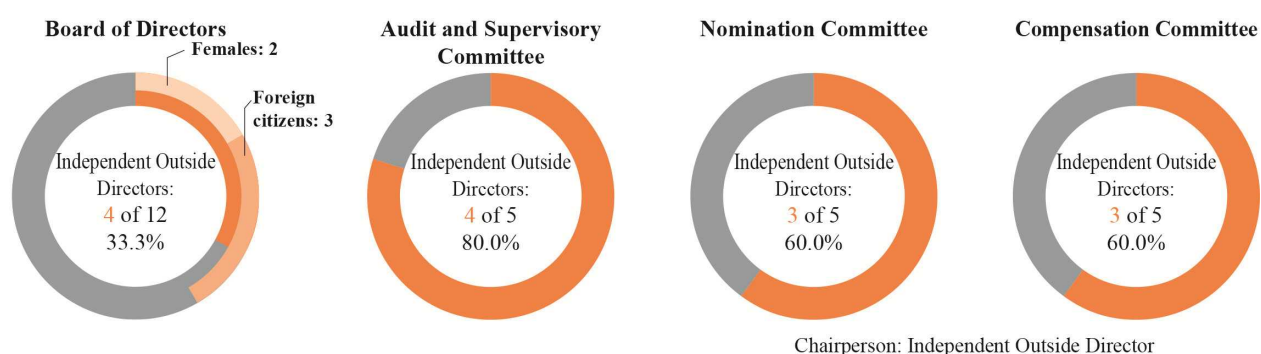
Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	4 of 5 (80.0%)
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Nomination Committee

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	3 of 5 (60.0%)
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Compensation Committee

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	3 of 5 (60.0%)
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Other matters

Supplementary Principle 4.2.1 (healthy incentives in management compensation)	Proportion of Executive Directors' compensation that is performance-based compensation*	40%
	Proportion of Executive Directors' compensation that is stock compensation*	30.3%

* Where performance indicators have achieved the target levels. Stock compensation is a performance-based stock compensation plan (trust type).

Business Report

(From January 1, 2020 to December 31, 2020)

I Items Pertaining to the Current State of the Corporate Group

1. Business Progress and Results

(1) Business progress and results

In 2020, the global economy deteriorated rapidly due to the spread of COVID-19. It also began to affect the Dentsu Group's Japan and international businesses particularly after March 2020.

Under such circumstances, for the business results during fiscal year 2020 (from January 1 to December 31, 2020), the Group posted 939,243 million yen in revenue (10.4% decrease year on year), 835,042 million yen in revenue less cost of sales (11.1% decrease year on year), and the revenue less cost of sales organic growth rate (internal growth rate factoring out the effects of foreign exchange rates and acquisitions) was negative 11.1%. As a result of cost-control efforts to combat economic deterioration, underlying operating profit was 123,979 million yen (11.9% decrease year on year), operating margin (underlying operating profit divided by revenue less cost of sales) was 14.8% (15.0% for the previous fiscal year), and underlying net profit attributable to owners of the parent was 69,890 million yen (8.2% decrease year on year). Due to the recording of impairment loss and business restructuring cost, operating loss was 140,625 million yen (operating loss was 3,358 million yen in the previous fiscal year) and loss attributable to owners of the parent was 159,596 million yen (loss attributable to owners of the parent was 80,893 million yen in the previous fiscal year).

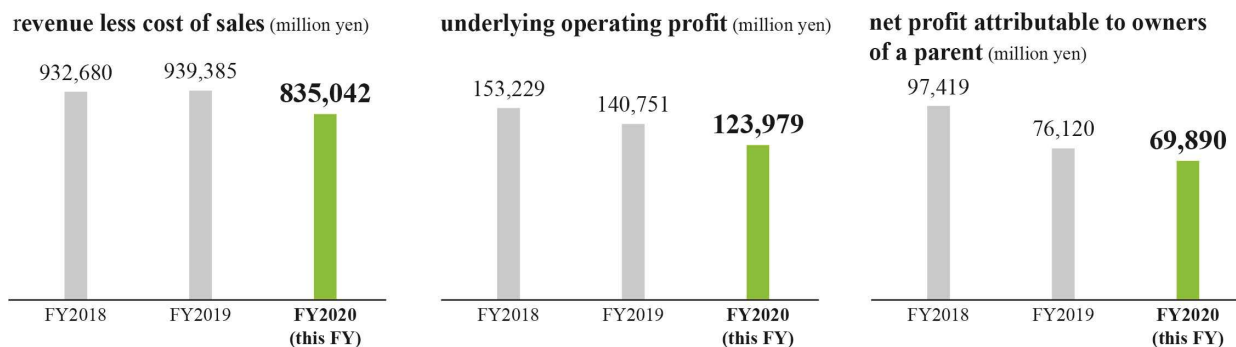
Underlying operating profit is a profit indicator to measure recurring business performance which is calculated as operating profit added with M&A related items and one-off items.

M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share-based compensation expense issued following the acquisition of 100% ownership of a subsidiary

One-off items: items such as business restructuring costs, impairment loss and gain/loss on sales of non-current assets

Underlying net profit attributable to owners of the parent is an indicator to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, change in fair value of contingent considerations (gain/loss on revaluation of earnout liabilities), remeasurements of share purchase liabilities (gain/loss on revaluation of M&A related put-option liabilities), tax-related, NCI profit-related and other one-off items.

(Note) An earnout is a contractual provision stating that only a certain portion of the total purchase price is to be paid at the time of the acquisition and the remaining portion is to be payable to a later date according to the future actual results of the acquired business.



(2) Record of Income for Reportable Segments

1) Japan business

By business segment in Japan, while turnover for marketing / promotion rose 5.4% year on year, turnover for television, the Internet, and creative decreased 12.5%, 1.4%, and 15.0% respectively, from the previous year. The adverse impact of the spread of COVID-19 became noticeable particularly after April 2020. As a result, the revenue less cost of sales in Japan was 348,902 million yen (8.3% decrease year on year), and the revenue less cost of sales organic growth rate was negative 8.4%. Underlying operating profit was 62,746 million yen (13.4% decrease year on year), and operating margin was 18.0% (19.1% for the previous fiscal year) despite cost-control efforts to combat economic deterioration.

The Japan business segment recorded business restructuring cost of 24,278 million yen (nil for the previous fiscal year) and impairment loss of 4,352 million yen (0 million yen for the previous fiscal year).

2) International business

By region, the revenue less cost of sales organic growth rate for the international business was negative 12.4% in Europe, the Middle East and Africa (“EMEA”), negative 11.3% in the Americas, negative 18.0% in the Asia Pacific region (“APAC,” excluding Japan), and negative 13.0% overall. By major countries, profits were strong in Russia, while results were severe in France, Brazil, Canada, China, and India. Many markets were adversely affected by the spread of COVID-19 particularly after March 2020.

The revenue less cost of sales from the international business was 486,302 million yen (13.1% decrease year on year), but due to cost reduction through business restructuring and cost-control efforts to combat economic deterioration, underlying operating profit was 66,518 million yen (2.7% decrease year on year). The operating margin improved to 13.7% (12.2% for the previous fiscal year).

The international business segment recorded business restructuring cost of 54,115 million yen (19,682 million yen for the previous fiscal year) and impairment loss of 140,367 million yen (73,669 million yen for the previous fiscal year).

2. Issues to be Addressed

Our Group’s business environment is facing major changes in recent years. With digitalization, increasingly more consumers are seeking personalized experiences and to respond to these changes, the conventional advertising business is shifting from a traditional agency model to such that forms partnerships with client companies. In addition, there is advanced usage of technology, automation, and outsourcing in our method in delivering value to our clients. In 2020, the coronavirus has accelerated the pace of these changes. The global pandemic has drastically impacted consumers’ behavior and values; some notable changes are seen in media contact behavior and more frequent usage of e-commerce. Furthermore, the global crisis has heightened the awareness of social issues more than ever before.

In addition to responding to these changes in consumer awareness and behavior, companies are also being forced to fundamentally change their corporate activities, including creating an environment enabling employees to work from home an accelerating the digitalization of the entire corporate management. In other words, many industries and companies are now focusing and prioritizing the implementation of digital transformation. As a result, management and business issues of companies are becoming interconnected across a broader range, more complicated and complex, requiring a more integrated approach. The needs of our Group's clients, both domestic and overseas, go beyond the traditional areas of advertising and communication. We solve client’s issues by integrating our capabilities through planning and execution with the use of data.

This in turn implies that the competitive environment surrounding our group is becoming increasingly diverse. Our competitors are no longer limited to those companies in the advertising industry, but also include consulting firms.

In addition, it is widely recognized that responding appropriately to social issues is a proposition of all companies, including our group, and success or failure of such actions can potentially impact survival of a company.

To respond swiftly to these rapid changes, we announced a Comprehensive Review of the Group in August last year. We have taken swift action, with a number of initiatives already announced, including restructuring the operations of Dentsu International to simplify the business and lower operating costs. In FY2021, we will implement measures to further implement the structural reform in domestic and overseas business and to continue improving the efficiency of our balance sheet.

We have also developed the Dentsu Group Mid-Term Management Plan: “Sustainable Growth through Transformation” for the four-year period from FY2021 to FY2024. This includes our plan to transform our business in response to the changing new business environment, to accurately capture business opportunities and to realize business growth in the future. We will accelerate the structural reforms that we have already initiated and focus on the following 4 pillars to realize the path from business recovery to growth through business transformation to achieve continued improvement in corporate value.

1. Growth Strategy through Business Transformation
2. Improve Profitability and Efficiency
3. Sustainable enhancement of shareholder value and improvement of financial base
4. Advancement of ESG management

1. Growth Strategy through Business Transformation

Clients today are facing increasingly sophisticated and complex challenges. Our strategy of Integrated Growth Solutions remains the centre-point of our vision. As we integrate our diverse capabilities across the Group, we will deliver top line growth for our clients, beyond marketing

. Our expertise in marketing communications, such as creativity will be evolved by data and technology and together with the “Customer Transformation & Technology*” business that supports clients’ business transformation, we will establish a model that provides integrated solutions utilizing consumer intelligence based on data and insight.

We will achieve organic growth through technology and solution development and investment in innovation, and will expand capabilities and scale by investment (including M&A) centered on Customer Transformation & Technology, a high growth area which will result in business transformation.

2. Improve Profitability and Efficiency

In addition to steadily implementing various structural reforms, starting with the Comprehensive Review, we will continue to take actions to improve profitability. We will improve efficiency with nearshore, offshore and RPA, eliminate duplication of corporate functions, and reduce management costs by standardizing operations. In addition, we will review our real estate portfolio as more employees enjoy more flexible working practices.

3. Sustainable enhancement of shareholder value and improvement of financial base

Maintaining a sound balance sheet is an important management issue from the perspective of securing funds necessary for structural reform and implementing business transformation. In the short term, we will manage an uncertain business environment impacted by the coronavirus and set an appropriate level of leverage to maintain a financial base to support mid- to long-term business growth strategy, alongside disposal of non-trading assets.

In addition, in order to provide progressive shareholder returns, we have implemented a new dividend policy. This will return profits to shareholders in accordance with the recovery of growth and profit seen by the Group. We will strive to enhance shareholder value in a sustainable manner through business transformation

and investment that will realize business growth.

4. Advancement of ESG management

The group places great emphasis on ESG management. As part of our efforts, we will actively promote a variety of actions, playing our role in mitigating the worst impacts of climate change. We commit to supporting the growth of every individual in our organization through a diverse and inclusive culture and leverage our expertise in the advertising business to encourage consumers to make better choices promoting sustainable consumption and production.

We believe that by focusing on creating social value at the core of our business strategy, clients can provide better services and solutions globally to the most critical challenges we face in the future. Finally, we commit to good governance to ensure long-term business success.

Management Targets and Policies from Mid-Term Management Plan

- Management Target
 - Organic Growth
 - ◇ CAGR 3-4% from FY2021-2024
 - Operating Margin
 - ◇ Progressive year-on-year improvement in operating margin from FY2021 to FY2024
 - Share of Customer Transformation & Technology in Revenue less cost of sales
 - ◇ To reach 50% of Group revenues (LCoS) over time
 - Advancement of ESG management
 - ◇ Setting various targets and planning actions including 46% absolute reduction in CO2 by 2030; 100% renewable by 2030
 - ◇ Improvement in employee engagement score
 - ◇ Diverse and inclusive workforce
- Management Policies
 - New Dividend policy; Payout ratio to progressively reach 35% of underlying basic EPS over the next few years
 - Mid-term average of 1.5x Net Debt / EBITDA (non IFRS 16 basis) Managed at a lower leverage in the short-term

* The “Customer Transformation & Technology” refers to the business domain including marketing technology, customer experience management, e-commerce, system integration and transformation & growth strategy.

3. Changes in Assets and Profit and Loss Status

(1) Changes in the Dentsu Group's assets and profit and loss status

IFRS (International Financial Reporting Standards)

	169th Term	170th Term	171st Term	172nd Term (the fiscal year under review)
	From January 1, 2017 to December 31, 2017	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020
Revenue (Millions of yen)	928,841	1,018,512	1,047,881	939,243
Revenue less cost of sales (Millions of yen)	877,622	932,680	939,385	835,042
Operating profit (Millions of yen)	137,392	111,638	(3,358)	(140,625)
Profit for the year (attributable to owners of the parent) (Millions of yen)	105,478	90,316	(80,893)	(159,596)
Basic earnings per share (attributable to owners of the parent) (Yen)	373.11	320.39	(287.92)	(571.19)
Total equity attributable to owners of the parent (Millions of yen)	1,093,211	1,047,619	974,977	756,870
Total assets (Millions of yen)	3,562,857	3,638,488	3,795,729	3,380,412

(Note) Basic earnings per share is calculated based on the average number of shares during the period.

(2) Changes in the Company's assets and profit and loss status

	169th Term	170th Term	171st Term	172nd Term (the fiscal year under review)
	From January 1, 2017 to December 31, 2017	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020
Net sales (Operating revenue for the 172nd term) (Millions of yen)	1,561,528	1,539,962	1,526,241	36,054
Ordinary income (Millions of yen)	76,837	75,414	54,303	16,493
Net income (Millions of yen)	63,556	94,841	58,294	(278,309)
Net income per share (Yen)	224.82	336.44	207.49	(996.05)
Net assets (Millions of yen)	939,212	991,086	1,048,593	616,425
Total assets (Millions of yen)	1,764,774	1,838,638	1,867,565	1,093,173

(Note 1) The non-consolidated financial statements of the Company are prepared in accordance with Japanese GAAP.

(Note 2) Net income per share is calculated based on the average number of shares during the period.

(Note 3) Pursuant to the absorption-type company split agreement approved at the 170th Ordinary General Meeting of Shareholders, the Company transferred to the successor company (currently Dentsu Inc.) all businesses operated by the Company (excluding businesses related to control or management of the business activities of companies in which the Company holds shares and group management).

Accordingly, the net sales of the Company prior to the transition to a pure holding company are provided for the 171st term and before, and the operating revenue of the Company after the transition to a pure holding company is provided for the 172nd term.

4. Status of the Acquisition or Disposal of Other Companies' Shares and Other Equity

In April 2020, the Company acquired all minority interests in its U.S.-based subsidiary Merkle Group Inc. (“Merkle”) through an absorption-type merger (a so-called reverse triangular merger under U.S. law) with Merkle (the Company had an approximately 66% stake at that time) as the surviving company and OrangeCo Merger Sub, Inc., a wholly owned subsidiary set up by the Company in the U.S., as the absorbed company. Merkle consequently became a wholly owned subsidiary of the Company.

In December 2020, the Company sold 50 million common shares of Recruit Holdings it owned for approximately 194.0 billion yen.

5. Status of Financing

The Company issued an unsecured straight bond (120 billion yen) in July 2020 for the purpose of repayment of existing debt.

6. Main Business Description of the Group

The Dentsu Group, with the communications domain at its core, is engaged in a wide range of business activities. From management and operating solutions to the implementation of marketing and communications strategies for advertisers as well as media and content holders, the Group works to provide the best integrated solutions capabilities in Japan and in the global market. Specifically, the Dentsu Group offers management and operating consulting, advertising strategy formulation and production work, ad placement in various media, various marketing services, and content services in the areas of sports and entertainment, focusing on the advertising segment, as well as communications-related services such as IT management and related consulting services.

7. Main Business Offices of the Company

Headquarters (Minato-ku, Tokyo)

(Significant subsidiaries of the Company are as stated in “10. Status of Significant Subsidiaries.”)

8. Situation of Employees of the Group

Number of Employees	Change from Previous Year-end
64,533 persons	Decrease of 1,867 persons

(Note) The above number of employees indicates the number of working employees.

9. Major Lenders

Lender	Year-end Balance of Loans Payable
(Millions of yen)	
MUFG Bank, Ltd.	30,000
Syndicated loan (Note)	30,000
Meiji Yasuda Life Insurance Company	20,000
Nippon Life Insurance Company	10,000

MUFG Bank, Ltd.	93,150 [USD 900 million]
Mizuho Bank, Ltd.	90,883 [GBP 650 million]
Sumitomo Mitsui Banking Corporation	41,400 [USD 400 million]
Norinchukin	10,350 [USD 100 million]

(Note) Syndicate with Mizuho Bank, Ltd. as lead manager and another company.

10. Status of Significant Subsidiaries

Company Name	Location of headquarters	Capital or Stake	Shareholding Ratio (%)	Main Business Description
Dentsu Inc.	Minato-ku, Tokyo	10,000 million yen	100.0	Advertising and advertising-related businesses
Dentsu International Limited	London England	GBP 78 million	100.0	Controlling company for overseas business operations
Merkle Group Inc.	Maryland USA	USD 0 million	100.0 (100.0)	Data-driven and technological advertising marketing primarily in the USA
Beijing Dentsu Advertising Co., Ltd.	Beijing China	RMB 142 million	100.0	Advertising in China
CARTA HOLDINGS, INC.	Shibuya-ku, Tokyo	1,111 million yen	52.8	Managerial control over partner sales (media representative), ad-platform, and consumer business
Dentsu Digital Inc.	Minato-ku, Tokyo	442 million yen	100.0	Consulting; development and implementation; and operational and execution support concerning all aspects of digital marketing
DENTSU TEC INC.	Chiyoda-ku, Tokyo	1,000 million yen	100.0	Planning and production for sales promotions, events, print, etc.
Information Services International-Dentsu, Ltd.	Minato-ku, Tokyo	8,180 million yen	61.8 (0.0)	Information systems building; software sales and support for various business areas
DENTSU LIVE INC.	Chiyoda-ku, Tokyo	2,650 million yen	100.0	Provision of real experiential value through events and event spaces

(Note 1) The Shareholding Ratio is the holding ratio of voting rights. The figures in parentheses in Shareholding Ratio represent shares held indirectly.

(Note 2) Dentsu Inc. is a company that succeeded all of the Company's businesses (excluding businesses related to control or management of the business activities of companies in which the Company holds shares and group management) through a company split on January 1, 2020.

(Note 3) Dentsu Aegis Network Ltd. changed its trading name to Dentsu International Limited effective September 30, 2020.

(Note 4) In April 2020, the Company acquired all minority interests in its U.S.-based subsidiary Merkle Group Inc. ("Merkle") through an absorption-type merger (a so-called reverse triangular merger under U.S. law) with Merkle (the Company had an approximately 66% stake at that time) as the surviving company and OrangeCo Merger Sub, Inc., a wholly owned subsidiary set up by the Company in the U.S., as the absorbed company. Merkle consequently became a wholly owned subsidiary of the Company.

(Note 5) The number of consolidated subsidiaries, including significant subsidiaries, is 1,007 companies, and the number of associates accounted for using the equity method is 93 companies.

11. Status of Company-split

In order to shift to a pure holding company structure, Dentsu Inc. ("Dentsu") and Dentsu Successor Preparatory Corporation Inc. (the "Successor Company"), a preparatory company completely owned by Dentsu,

implemented absorption-type company split effective as of January 1, 2020 approved by the 170th Ordinary General Meeting of Shareholders, whereby the Successor Company succeeded to any and all businesses operated by Dentsu (excluding businesses related to control or management of the business activities of companies in which the Company holds shares and group management). The trade name of Dentsu was changed to “Dentsu Group Inc.” and that of the Successor Company to “Dentsu Inc.” on the same day.

12. Policy Regarding Exercise of Right to Determine Distribution of Surplus, etc., by the Board of Directors as Stipulated in the Articles of Incorporation (Article 459, Paragraph 1 of the Companies Act)

Regarding matters provided for in each Item of Article 459, Paragraph 1 of the Companies Act, such as the distribution of dividends, etc., the Company has stipulated in the Articles of Incorporation that it may decide upon such matters by a resolution of the Board of Directors, unless otherwise provided for in the applicable laws and regulations.

The year-end dividend for this year was resolved to be 23.75 yen per share at the meeting of the Board of Directors held on February 15, 2020, comprehensively taking into account consolidated performance trends, financial situation, and other factors while placing an emphasis on stability. As a result, because Dentsu has already paid 47.5 yen per share as an interim dividend, the annual dividend will be 71.25 yen per share.

During the released mid-term management plan term, the Group seeks to provide solutions for social issues and enhance its enterprise and shareholders’ value by proactively capturing the changes in society and business opportunities brought by the digitalization, being mindful of the stability of the Group’s business and financial position. The Group aims at return to shareholders by appropriately allocating the generated income and improving intrinsic enterprise value; and seeks to progressively enhance the payout ratio to adjusted net income of approximately 35% over the next few years.

The Group continues to aim at the flexible shareholders’ return in response to the business environment around us, along with the continuous effort to further return to shareholders and to improve capital efficiency.

II Shares and Subscription Rights to Shares

Pursuant to laws and regulations and Article 19 of the Company’s Articles of Incorporation, the above items are provided to shareholders on the Company’s website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

III Items Related to the Company Executives

1. Names, etc., of Directors

Name	Position and Responsibilities
Toshihiro Yamamoto	Representative Director, President and CEO
Shun Sakurai	Representative Director, Executive Vice President and Chief Administration Officer (CAO)
Timothy Andree	Director, Executive Vice President Chief Operating Officer (COO)
Hiroshi Igarashi	Director, Executive Officer Chief Operating Officer (COO), CEO of Dentsu Japan Network
Arinobu Soga	Director, Executive Officer Chief Financial Officer (CFO)
Nick Priday	Director, Executive Officer Deputy Chief Financial Officer (D-CFO)
Gan Matsui	Director
Izumi Okoshi	Director, Audit and Supervisory Committee Member (full-time)
Toshiaki Hasegawa	Director, Audit and Supervisory Committee Member
Kentaro Koga	Director, Audit and Supervisory Committee Member
Etsuko Katsu	Director, Audit and Supervisory Committee Member
Simon Laffin	Director, Audit and Supervisory Committee Member

(Notes)

- Directors Mr. Yoshio Takada, Mr. Nobuyuki Tohya, Ms. Nobuko Matsubara, and Mr. Yoshiharu Sengoku resigned from their positions as Directors with the expiration of their terms of office at the conclusion of the March 27, 2020 Ordinary General Meeting of Shareholders.
- Of the Directors, Mr. Gan Matsui, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin are outside directors pursuant to Article 2, Item 15 of the Companies Act.
- Of the Directors, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin are designated Independent Directors pursuant to the Tokyo Stock Exchange Securities Listing Regulations.
- Director who is a member of the Audit and Supervisory Committee Mr. Kentaro Koga has many years of experience as a university associate professor (accounting) and an appreciable extent of knowledge on finance and accounting. Director who is a member of the Audit and Supervisory Committee Mr. Simon Laffin is a certified public accountant in Britain and has an appreciable extent of knowledge on finance and accounting.
- The Company has concluded a contract for limitation of liability with each of Directors Mr. Gan Matsui, Ms. Izumi Okoshi, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 423, Paragraph 1 of the Companies Act, whichever is higher.
- To work toward further enrichment of the duties of the Audit and Supervisory Committee, the Company designates a full-time member of the Audit and Supervisory Committee, and Director Mr. Yoshiharu Sengoku fulfilled this role until the ordinary shareholders' meeting on March 27, 2020 ended, and Director Ms. Izumi Okoshi fulfills this role afterwards.
- The Company has directors and officers liability insurance (D&O insurance) for directors, corporate auditors, executive officers of Dentsu Group Inc. and its 44 subsidiaries in Japan as well as their heirs. The main insurance events covered include shareholder derivative suits, company lawsuits, and third party lawsuits. Such insurance does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth. The insurance premiums are fully borne by the Company.

2. Situation of Important Concurrent Posts

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website

(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

3. Total Amount of Compensation for Company Executives

Class	Number	Total amount of compensation (million yen)	Total amount by type of compensation (million yen)				
			Fixed compensation		Variable compensation		
			Monetary compensation			Stock compensation	
			Basic annual compensation	Annual bonus	Phantom stock (medium- to long-term bonus)	Performance-based stock compensation (medium- to long-term bonus)	
Directors who are not members of the Audit and Supervisory Committee	Internal	6 [6]	231 [184]	226 [179]	-	4 [4]	-
	Outside	2	15	15	-	-	-
Directors who are members of the Audit and Supervisory Committee	Internal	2	36	36	-	-	-
	Outside	4	56	56	-	-	-

(Notes)

- Some of the internal Directors who are not members of the Audit and Supervisory Committee concurrently serve as Executive Officers. The portion of the compensation amounts corresponding to compensation for these Directors in their capacity as Executive Officers is shown in square brackets above.
- The maximum amounts of compensation for the Company's Directors (including Executive Officers' compensation, for those Directors concurrently serving as Executive Officers) are as follows:
 - Monetary compensation

The maximum total amount of monetary compensation for Directors who are not Audit and Supervisory Committee Members is 1,200 million yen per year, in accordance with the resolution of the 167th Ordinary General Meeting of Shareholders.

The maximum total amount of monetary compensation for Directors who are Audit and Supervisory Committee Members is 150 million yen per year, in accordance with the resolution of the 167th Ordinary General Meeting of Shareholders.
 - Stock compensation

The maximum total amount contributed per fiscal year by the Company for the purchase of its common shares through the trust established in the Performance-based Stock Compensation Plan for internal Directors who are not Audit and Supervisory Committee Members (limited to Directors who concurrently serve as Executive Officers; the same limitation applies hereinafter in this section) is 900 million yen, and the maximum number of common shares of the Company distributed to internal Directors who are not Audit and Supervisory Committee Members is 360,000 shares, in accordance with the resolution of the 170th Ordinary General Meeting of Shareholders.
- There is no amount of performance-based stock compensation (medium- to long-term bonus) required for disclosure for the fiscal year under review.
- Phantom stock (medium- to long-term bonus) is a type of monetary compensation whereby the Company's Executive Officers are entitled to receive monetary payments from the Company as consideration for the execution of their duties in the fiscal year under review. The Executive Officers will first be given the number of points calculated by dividing a fixed standard amount by the Company's average common share price as of January 2020. At the end of February 2023, when three consecutive fiscal years have passed with the fiscal year under review counted as the first year of that period, they will receive monetary payments in the amount determined by multiplying the Company's prevailing common share price at that time by the above-mentioned number of points provided. Phantom stock was provided in lieu of performance-based stock compensation to one Director concurrently serving as Executive Officer, who resides outside Japan and does not have a securities account that manages domestic listed stocks. The phantom stock (medium- to long-term bonus) figure shown in the above table represents the amount recorded as expenses in

- the fiscal year under review in accordance with Japanese GAAP.
5. “Basic annual compensation” in the table above includes the amount for one of the three Directors who retired from their positions as Directors who are not Audit and Supervisory Committee Members following the expiration of their terms of office at the conclusion of the March 27, 2020 Ordinary General Meeting of Shareholders. The other two of those three Directors had not received compensation from the Company and are excluded from the figure. The figure also includes the amount for one Director who retired from his position as Director who is an Audit and Supervisory Committee Member at the conclusion of the March 27, 2020 Ordinary General Meeting of Shareholders.
 6. There is no annual bonus to be shown for the fiscal year under review.
 7. The Audit and Supervisory Committee checked the determination policy, the approach, and the deliberation process for Directors’ compensation, which had been reported to the Board of Directors by the Compensation Committee composed of a total of five members, including three Outside Directors, one Representative Director, President and CEO, and one Representative Director, Executive Vice President. No significant issues were found.
 8. Director who is a member of the Audit and Supervisory Committee Mr. Simon Laffin concurrently serves as Chairman of the Audit Committee at Dentsu International Limited, a subsidiary of the Company, and received 50,343 pounds as compensation from the company during FY 2020.

4. Items Related to Outside Directors

(1) Status of Major Activities in the Fiscal Year under Review

Pursuant to laws and regulations and Article 19 of the Company’s Articles of Incorporation, the above items are provided to shareholders on the Company’s website
(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

(2) Important Concurrent Posts and Relationship with Dentsu

Pursuant to laws and regulations and Article 19 of the Company’s Articles of Incorporation, the above items are provided to shareholders on the Company’s website
(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

IV Items Related to the Accounting Auditor

Pursuant to laws and regulations and Article 19 of the Company’s Articles of Incorporation, the above items are provided to shareholders on the Company’s website
(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

V Company System and Policy

Pursuant to laws and regulations and Article 19 of the Company’s Articles of Incorporation, the above items are provided to shareholders on the Company’s website
(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

Consolidated Statement of Financial Position

(As of December 31, 2020)

(Unit: Million yen)

Assets		Liabilities and Equity	
Account item	Amount	Account item	Amount
Current assets	1,924,816	Current liabilities	1,759,071
Cash and cash equivalents	530,692	Trade and other payables	1,247,172
Trade and other receivables	1,293,370	Borrowings	72,533
Inventories	23,848	Other financial liabilities	149,737
Other financial assets	12,162	Income tax payables	71,228
Other current assets	64,739	Provisions	28,745
Non-current assets classified as held for sale	2	Other current liabilities	189,654
Non-current assets	1,455,595	Non-current liabilities	800,987
Property, plant and equipment	280,196	Corporate bonds and borrowings	512,274
Goodwill	593,369	Other financial liabilities	149,305
Intangible assets	207,182	Liability for retirement benefits	25,421
Investment property	36,362	Provisions	48,013
Investments accounted for using the equity method	50,906	Other non-current liabilities	10,970
Other financial assets	216,750	Deferred tax liabilities	55,002
Other non-current assets	16,202		
Deferred tax assets	54,624	Total liabilities	2,560,059
Total assets	3,380,412	Total equity attributable to owners of the parent	756,870
		Share capital	74,609
		Share premium account	75,596
		Treasury shares	(34,592)
		Other components of equity	41,790
		Retained earnings	599,466
		Non-controlling interests	63,483
		Total equity	820,353
		Total liabilities and equity	3,380,412

Consolidated Statement of Income

(From January 1, 2020 to December 31, 2020)

(Unit: Million yen)

Account item	Amount
Turnover (Note)	4,498,216
Revenue	939,243
Cost	104,201
Revenue less cost of sales	835,042
Selling, general and administrative expenses	740,383
Provision of allowance for doubtful accounts	5,979
Business restructuring cost	78,394
Impairment loss	144,720
Other income	6,604
Other expenses	12,793
Operating loss	(140,625)
Share of results of associates	1,680
Impairment loss on investments accounted for using the equity method	958
Gain on sales of shares of associates	144
Revaluation gain on step acquisition	44
Loss before interest and tax	(139,714)
Finance income	18,871
Finance costs	20,290
Loss before tax	(141,133)
Income tax expense	11,162
Loss for the year	(152,296)
Loss attributable to:	
Owners of the parent	(159,596)
Non-controlling interests	7,299

(Note) Turnover represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Statement of Income since management has concluded the information is useful for users of financial statements.

Consolidated Statement of Changes in Equity

(From January 1, 2020 to December 31, 2020)

(Unit: Million yen)

	Total equity attributable to owners of the parent					
	Share capital	Share premium account	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	Net change in financial assets designated as at fair value through other comprehensive income
As of January 1, 2020	74,609	100,102	(60,202)	26,559	2,952	177,137
Profit (Loss) for the year						
Other comprehensive income				(23,396)	(8,351)	(15,814)
Comprehensive income for the year	-	-	-	(23,396)	(8,351)	(15,814)
Repurchase of treasury shares			(10,004)			
Disposal of treasury shares		(26,197)	35,613			
Dividends						
Transactions with non-controlling interests						
Transfer from other components of equity to retained earnings						(117,296)
Other changes		1,691				
Transactions with owners – total	-	(24,505)	25,609	-	-	(117,296)
As of December 31, 2020	74,609	75,596	(34,592)	3,162	(5,398)	44,026

(Unit: Million yen)

	Total equity attributable to owners of the parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total				
As of January 1, 2020	-	206,649	653,818	974,977	77,556	1,052,533
Profit (Loss) for the year		-	(159,596)	(159,596)	7,299	(152,296)
Other comprehensive income	(3,479)	(51,042)		(51,042)	(951)	(51,993)
Comprehensive income for the year	(3,479)	(51,042)	(159,596)	(210,638)	6,348	(204,289)
Repurchase of treasury shares		-		(10,004)		(10,004)
Disposal of treasury shares		-		9,416		9,416
Dividends		-	(26,508)	(26,508)	(2,927)	(29,436)
Transactions with non-controlling interests		-	16,195	16,195	(17,316)	(1,121)
Transfer from other components of equity to retained earnings	3,479	(113,816)	113,816	-		-
Other changes		-	1,740	3,431	(177)	3,254
Transactions with owners – total	3,479	(113,816)	105,243	(7,468)	(20,421)	(27,890)
As of December 31, 2020	-	44,790	599,466	756,870	63,483	820,353

Nonconsolidated Balance Sheet

(As of December 31, 2020)

(Unit: Million yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	299,513	Current liabilities	213,896
Cash and deposits	177,355	Short-term loans payable	127,498
Short-term loans receivable from subsidiaries and associates	107,114	Current portion of long-term loans payable	32,720
Prepaid expenses	2,642	Other payables	4,024
Other	12,604	Accrued expenses	861
Allowance for doubtful accounts	(203)	Income taxes payable	48,488
		Asset retirement obligations	147
		Other	156
Non-current assets	793,659	Non-current liabilities	262,851
Property, plant and equipment	178,290	Bonds payable	200,000
Buildings, net	43,782	Long-term loans payable	61,520
Structures, net	629	Provision for share-based remuneration	53
Vehicles, net	5	Deferred tax liabilities	370
Tools, furniture and fixtures, net	1,253	Other	907
Land	132,620		
Intangible assets	9	Total liabilities	476,747
Software	8		
Other	1	Net Assets	
Investments and other assets	615,358	Shareholders' equity	578,541
Investment securities	114,517	Capital stock	74,609
Shares of subsidiaries and associates	331,549	Capital surplus	81,991
Investments in other securities of subsidiaries and associates	57,703	Legal capital surplus	76,541
Investments in capital of subsidiaries and associates	15,471	Other capital surplus	5,449
Long-term loans receivable	89,300	Retained earnings	455,961
Deferred tax assets for land revaluation	912	Legal retained earnings	722
Other	5,961	Other retained earnings	455,238
Allowance for doubtful accounts	(58)	Reserve for advanced depreciation of non-current assets	1,648
		General reserve	445,500
		Retained earnings brought forward	8,090
		Treasury shares	(34,021)
		Valuation and translation adjustments	37,883
		Valuation difference on available-for-sale securities	42,604
		Revaluation reserve for land	(4,721)
Total assets	1,093,173	Total net assets	616,425
		Total liabilities and net assets	1,093,173

Nonconsolidated Statement of Income

(From January 1, 2020 to December 31, 2020)

(Unit: Million yen)

Account item	Amount	
Operating revenue		36,054
Operating expenses		20,305
Operating income		15,748
Non-operating income		
Interest and dividend income	3,139	
Other	196	3,336
Non-operating expenses		
Interest expenses	1,062	
Interest on bonds	402	
Bond issuance costs	370	
Other	755	2,591
Ordinary income		16,493
Extraordinary income		
Gain on sales of investment securities	179,058	
Other	169	179,228
Extraordinary loss		
Loss on valuation of investment securities	4,307	
Loss on valuation of shares of subsidiaries and associates	416,224	
Impairment loss	633	
Other	239	421,404
Loss before income taxes		(225,682)
Income taxes-current	56,250	
Income taxes-deferred	(3,624)	52,626
Loss for the year		(278,309)

Nonconsolidated Statement of Changes in Net Assets

(From January 1, 2020 to December 31, 2020)

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of January 1, 2020	74,609	76,541	23,293	99,835
Changes of items during the period				
Decrease by corporate division				
Dividends from retained earnings				-
Reversal of reserve for advanced depreciation of non-current assets				-
Net income				-
Purchase of treasury shares				-
Disposal of treasury shares			(17,843)	(17,843)
Changes in items other than shareholders' equity during the period – net				-
Total changes of items during the period	-	-	(17,843)	(17,843)
As of December 31, 2020	74,609	76,541	5,449	81,991

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
As of January 1, 2020	722	1,698	445,500	312,883	760,804	(59,931)	875,318
Changes of items during the period							
Decrease by corporate division							
Dividends from retained earnings				(26,533)	(26,533)		(26,533)
Reversal of reserve for advanced depreciation of non-current assets		(50)		50	-		-
Net income				(278,309)	(278,309)		(278,309)
Purchase of treasury shares					-	(10,821)	(10,821)
Disposal of treasury shares					-	36,732	18,888
Changes in items other than shareholders' equity during the period – net					-		-
Total changes of items during the period	-	(50)	-	(304,792)	(304,843)	25,910	(296,776)
As of December 31, 2020	722	1,648	445,500	8,090	455,961	(34,021)	578,541

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
As of January 1, 2020	177,196	5,988	(9,909)	173,275	1,048,593
Changes of items during the period					
Decrease by corporate division		(5,988)		(5,988)	(5,988)
Dividends from retained earnings				-	(26,533)
Reversal of reserve for advanced depreciation of non-current assets				-	-
Net income				-	(278,309)
Purchase of treasury shares				-	(10,821)
Disposal of treasury shares				-	18,888
Changes in items other than shareholders' equity during the period – net	(134,591)	-	5,188	(129,403)	(129,403)
Total changes of items during the period	(134,591)	(5,988)	5,188	(135,391)	(432,168)
As of December 31, 2020	42,604	-	(4,721)	37,883	616,425

Independent Auditor's Report

February 17, 2021

The Board of Directors
Dentsu Group Inc.

KPMG AZSA LLC
Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Kentarō Maruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Shuji Ezawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Dentsu Group Inc. (the "Company") for the fiscal year from January 1, 2020 through December 31, 2020.

In our opinion, the above consolidated financial statements, prepared with the omission of some disclosure items required under the International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to

design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act, and the translation is done by the Company.

Independent Auditor's Report

February 17, 2021

The Board of Directors
Dentsu Group Inc.

KPMG AZSA LLC
Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Kentarō Maruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Shuji Ezawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Dentsu Group Inc. (the "Company") for the 172nd fiscal year from January 1, 2020 through December 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in

Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act, and the translation is done by the Company.

Audit Report

We have created this Auditors' Report based on the unanimous opinions of all Audit and Supervisory Committee Members, concerning the Directors' execution of their duties over the Company's 172nd fiscal year between January 1, 2020 and December 31, 2020. The Auditors' Report is as follows.

1. Methods and contents of the audits undertaken by the Audit and Supervisory Committee

We have, in addition to setting out the guiding principles for undertaking audits, allocating audit-related duties, etc., and receiving reports from each Audit and Supervisory Committee Member on the implementation status and results of their audits, also received reports from Directors, Executive Officers, and Accounting Auditors on the execution status of their duties, and requested explanations of them as necessary.

We have communicated with Directors and Executive Officers in accordance with the Audit and Supervisory Committee's Standards and in accordance with the Audit Plan (concerning guiding principles for undertaking audits, allocating audit-related duties, etc.) which was established through consultations among all Audit and Supervisory Committee Members, made all efforts to gather information and maintain an appropriate environment for the audit, and audited Directors and Executive Officers' execution of their duties so as to ensure their compliance with the law and the sound management of the Company.

(1) Methods and contents of the audit relating to the Business Report

In addition to attending the Board of Directors Meeting, other important meetings and committees, we have received reports from the Directors, Executive Officers, and others on the execution status of their duties, requested explanations of them as necessary, inspected important documents, etc., received regular reports from the internal audit division and legal division, and surveyed the state of operations and assets at the Company, including the internal control systems such as the structure for legal compliance and other areas and the risk management structure.

With regard to internal control systems, we have received regular reports from the Directors, Executive Officers, and others on the status of the establishment and operation of structures, requested explanations as necessary, and expressed our opinion on the contents of resolutions passed at Board of Directors' meetings on matters set out in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the structures which are being maintained based on the resolutions in question, based on the Guidelines for the Audit and Supervisory Committee's Implementation of Audits of Internal Control Systems and the Checklist for the Audit and Supervisory Committee's Implementation of Audits of Internal Control Systems established through consultations among all Audit and Supervisory Committee Members.

In addition, with regard to internal controls related to the Financial Report, we have received reports from the Directors, Executive Officers, and others as well as from Accounting Auditors on the evaluation of the internal controls in question and on the status of the audit, and have requested explanations as necessary.

From the perspective of auditing the Dentsu Group as a whole, after having established a structure where the Audit Committees, each of which oversees the domestic and overseas businesses, and the Audit and Supervisory Committee, carry out audits on the entire Dentsu Group, in addition to receiving reports from the Audit Committees and attending the relevant committee meetings, we have communicated with the Directors, Auditors, and other officers of major subsidiary companies, etc., conveyed information on a mutual basis, exchanged opinions and received reports from the internal audit division on the status of audits of Group companies.

We have also requested the Directors to submit confirmation letters of Directors' execution of duties concerning competitive transactions by Directors, transactions where there is a conflict of interest between the Director and the Company, any payoffs provided without consideration by the Company, any transactions with subsidiary companies or shareholders which fall outside regular practices and the acquisition and disposal, etc., of treasury shares, and have surveyed these letters.

(2) Methods and contents of audits concerning financial statements, annexed specifications, and consolidated financial statements

In addition to the above, we have monitored and verified the Accounting Auditors to ascertain whether they have maintained an independent position and carried out their audits appropriately, while receiving reports from Accounting Auditors on the execution status of their duties and requesting explanations on an as-needed basis. We have also received notifications from the Accounting Auditors stating that the structures intended to ensure that duties are carried out appropriately (i.e., the items set out in the company accounting regulations) have been maintained appropriately in accordance with the Quality Management Standards for Audits, and requested explanations as necessary.

Based on the above methods, we have added our reviews to the Business Report and annexed specifications for the fiscal year in question, the financial statements for the fiscal year in question (comprising the balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and their annexed specifications, and to the consolidated financial statements (comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements, prepared in accordance with stipulations of Article 120, Paragraph 1 of the Ordinance on Company Accounting, which allow for preparation with the omission of a portion of items required for disclosure by International Financial Reporting Standards), and have reviewed the Accounting Auditors' methods and results.

2. Audit results

(1) Results of the audit of the Business Report

- 1) We recognize the Business Report and annexed specifications as being in accordance with laws and regulations as well as the Articles of Incorporation, and as representing the situation of the company correctly.
- 2) We do not consider that any fraudulent acts or major violations of laws and regulations or the Articles of Incorporation have been committed by the Directors in the execution of their duties, including in any duties concerning subsidiary companies, etc.
- 3) We recognize the contents of the resolutions formed by the Board of Directors regarding the internal control systems as being appropriate. We do not recognize any items which require special mention regarding the contents of the Business Report concerning the internal control systems in question nor Directors' execution of duties, including the internal control systems for financial statements.

(2) Results of the audit of financial statements and annexed specifications and consolidated financial statements

We recognize the methods and results of KPMG AZSA LLC, the limited liability audit corporation carrying out the audit as being appropriate.

February 18, 2021

Dentsu Group Inc. Audit and Supervisory Committee

Full-time Audit and Supervisory Committee Member

Izumi Okoshi

Audit and Supervisory Committee Member

Toshiaki Hasegawa

Audit and Supervisory Committee Member

Kentaro Koga

Audit and Supervisory Committee Member

Etsuko Katsu

Audit and Supervisory Committee Member

Simon Laffin

(Note) Audit and Supervisory Committee Members Toshiaki Hasegawa, Kentaro Koga, Etsuko Katsu, and Simon Laffin are Outside Directors pursuant to Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Shareholders' Memo

Fiscal year	January 1 to December 31	Administrator of the shareholders' register	Mitsubishi UFJ Trust and Banking Corporation
Record date	December 31 (year-end dividend) June 30 (interim dividend)	Agency administrating special accounts	Mitsubishi UFJ Trust and Banking Corporation Mizuho Trust & Banking Co., Ltd.*
Trading unit	100 shares	Method of displaying public notices	Published in The Nikkei newspaper
Listing	First Section of the Tokyo Stock Exchange		

Information concerning the buyback and additional purchase system for numbers of shares less than one trading unit (fractional shares)

Numbers of shares less than one trading unit (hereinafter "fractional shares") cannot be traded on the stock exchange, so the Company has prepared the following system for those shareholders who wish to dispose of fractional shares.

Please inquire at the brokerage firm or other agency where you opened your account. Where the fractional shares are held in a special account, please direct inquiries to the agency administrating special accounts.

● Buyback of fractional shares

Fractional shares may be sold back to the Company.

● Additional purchase of fractional shares

Additional fractional shares may be purchased from the Company to bring the total number of fractional shares up to one trading unit (100 shares), and combined into one trading unit.

Administrator of the shareholders' register (contact details) Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
1-1 Nikkocho, Fuchu-shi, Tokyo
Phone: 0120-232-711
(toll-free, reception hours: 9:00 AM to 5:00 PM excluding weekends and public holidays)
Postal address:
Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
P.O. Box 29, Shin Tokyo Post Office 137-8081

Agency administrating special accounts Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
1-1 Nikkocho, Fuchu-shi, Tokyo
Phone: 0120-232-711
(toll-free, reception hours: 9:00 AM to 5:00 PM excluding weekends and public holidays)
Postal address:
Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
P.O. Box 29, Shin Tokyo Post Office 137-8081

* Agency administrating special accounts related to the former Cyber Communications inc.:
Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
2-8-4 Izumi, Suginami-ku, Tokyo 168-8507
Phone: 0120-288-324
(toll-free, reception hours: 9:00 AM to 5:00 PM excluding weekends and public holidays)

* Mizuho Trust & Banking Co., Ltd. is the agency administrating special accounts for those shareholders who held shares in former Cyber Communications inc. in special accounts on July 30, 2009, the day prior to the day when the share exchange between the Company and Cyber Communications inc. came into effect.

Share-related inquiries

- Shares held in an account at a brokerage firm or other agency
Please inquire at the brokerage firm or other agency where you opened the account.
The administrator of the shareholders' register cannot respond to these inquiries.
- Shares held in a special account
Please contact the agency administrating special accounts.
- Unclaimed dividends and mail from the Company
Please contact the administrator of the shareholders' register

General Meeting of Shareholders venue access map

Venue: Belle Salle Shiodome

B1, Sumitomo Realty & Development Shiodome Hamarikyu Building
8-21-1, Ginza, Chuo-ku, Tokyo

Staff will be positioned along the route through the **underground walkway** from the direction of Shimbashi Station to guide you.

Shimbashi Station (10 minutes by foot)

- JR Karasumori Exit or Shiodome Exit
- Toei Asakusa Line JR Shimbashi Station Shiodome underground gate
- Tokyo Metro Ginza Line Gate for JR Line

Shiodome Station (5 minutes by foot)

- Toei Oedo Line Exit for Shimbashi Station

< Inquiries regarding the General Meeting of Shareholders >

Dentsu Group Inc.

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo 105-7050
Phone: 03-6217-6600 (reception)

- Requests: *
- * Please refrain from traveling to the meeting by car, as heavy traffic is expected in the roads and car parks in the vicinity of the venue on the day.
 - * No gifts or souvenirs have been prepared for shareholders who attend the General Meeting of Shareholders. We request your understanding in this matter.

