

FOR IMMEDIATE RELEASE

February 18, 2020

## **Notice Regarding Disposition of Treasury Shares Through Third-Party Allotment in Connection with Operation of Performance-Based Stock Compensation Plan**

Notice is hereby given that Dentsu Group Inc. (the "Company") resolved at its Board of Directors meeting held today to dispose of its treasury shares through a third-party allotment (the "Treasury Share Disposition") as described below in connection with the operation of a performance-based stock compensation plan at the Company and Dentsu Inc. (the "Subsidiary"), the Company's subsidiary.

### 1. Overview of Disposition

(1)	Disposition date	March 5, 2020 (Thursday)
(2)	Class and number of shares to be disposed of	230,000 ordinary shares
(3)	Disposition price	3,555 yen per share
(4)	Total amount of disposition price	817,650,000 yen
(5)	Allottee	Trust & Custody Services Bank, Ltd. (Trust Account E)
(6)	Others	The Treasury Share Disposition will be made on the condition that the filing under the Financial Instruments and Exchange Act takes effect.

### 2. Purpose and Reason for Disposition

As announced by the Company in "Notice Regarding Introduction of Performance-Based Stock Compensation Plan" as of February 14, 2019, the Company resolved at its Board of Directors meeting held on the said date to introduce the performance-based stock compensation plan (the "Company's Plan"), applicable to the Company's executive officers (including any executive officers who concurrently serve as director; the same applies hereinafter); and the Company has been operating the Company's Plan since fiscal year 2019 after obtaining the approval of the Company's shareholders at the meeting of the 170th Ordinary General Meeting of Shareholders held on March 28, 2019 (for a summary of the Company's Plan, please see the above-mentioned news release).

In addition, in connection with the Company's transition to a pure holding company and the Subsidiary's succession to all of the functions of the Company as an operating company as of

January 1, 2020, it has been decided that the same performance-based stock compensation plan (the "Subsidiary's Plan") will also be introduced at the Subsidiary.

The Treasury Share Disposition is a disposition of the Company's treasury shares through a third-party allotment to Trust Account E (the "Trust") established with Trust & Custody Services Bank, Ltd. (re-trustee), which has been tasked with re-entrustment from Mizuho Trust & Banking Co., Ltd., the trustee of the trust established for the Company's Plan and the Subsidiary's Plan for the purpose of holding and distributing the Company's ordinary shares in operating such plans.

The number of shares to be disposed of corresponds to the total number of shares (230,000 shares) expected to be distributed to the executive officers of each of the Company and the Subsidiary in respect of the performance of duties during the period ending on the last day of December 2020 pursuant to the "Officers Stock Benefit Regulations" established by the Board of Directors of the Company and the Subsidiary, respectively; the scale is small as the ratio it bears to the total number of the Company's shares issued as of the last day of December 2019, which is 288,410,000 shares, is 0.08% (the ratio it bears to the total number of the Company's voting rights as of the same date, which is 2,766,233, is 0.08%; both ratios were rounded off to two decimal places).

Furthermore, as the Company's ordinary shares to be allotted pursuant to the Treasury Share Disposition are to be distributed to the executive officers of each of the Company and the Subsidiary pursuant to the "Officers Stock Benefit Regulations" mentioned above, these shares are not expected to flow into the stock market all at once.

Based on the foregoing, the Company has determined that both the number of shares to be disposed of and the scale of stock dilution are reasonable, and their impact on the secondary market is insignificant.

The amount contributed to the Trust by the Subsidiary under the Subsidiary's Plan and the Company's ordinary shares acquired by the Trust from such funds, will be administered separately from the amount contributed to the Trust by the Company under the Company's Plan and the Company's ordinary shares acquired by the Trust from such funds.

## Overview of Trust Agreement

Type of trust	Trust of money other than "money trust" ( <i>kinsen-shintaku</i> ) (third-party-benefit trust)
Purpose of trust	To grant performance-based stock compensation to executive officers of each of the Company and the Subsidiary
Trustor	The Company
Trustee	Mizuho Trust & Banking Co., Ltd. Mizuho Trust & Banking Co., Ltd. has concluded a comprehensive trust agreement with Trust & Custody Services Bank, Ltd., through which the latter will become the re-trustee.
Beneficiary	Executive officers of each of the Company and the Subsidiary who satisfy the beneficiary requirements set forth in the applicable Officers Stock Benefit Regulations.
Trust administrator	Third party with no interest in the Company or its group companies
Date of trust agreement	May 31, 2019
Date of establishment of trust	May 31, 2019
Period of trust	From May 31, 2019 until termination of the trust
Exercise of voting rights	Throughout the period of the trust, the voting rights of the shares held in the trust will not be exercised.

### 3. Calculation Basis and Its Details of Disposition Price

The disposition price has been determined to be 3,555 yen, which is the per-share closing price of the Company ordinary shares on the Tokyo Stock Exchange on the business day (February 17, 2020) immediately preceding the date of the resolution of the Company's Board of Directors on the Treasury Share Disposition.

The closing price on the business day immediately preceding the date of the board resolution was used as the disposition price because the Company has determined that such price represents the Company's appropriate value in the stock market, and it is highly objective and reasonable as the calculation basis.

The disposition price of 3,555 yen is equivalent to 96.84% of 3,671 yen (fractions discarded), which is the average per-share closing price of the Company's ordinary shares on the Tokyo Stock Exchange for the one-month period immediately preceding the date of the board resolution, equivalent to 92.39% of 3,848 yen (fractions discarded), which is the average of such closing price for the three-month period immediately preceding the said date, and equivalent to 92.89% of 3,827 yen (fractions discarded), which is the average of such closing price for the six-month period immediately preceding the said date. After having considered these facts, the Company has determined that the above-mentioned disposition price is reasonable and cannot be deemed to be particularly favorable to the allottee.

Incidentally, the Company's Audit and Supervisory Committee has issued an opinion to the effect that the above-mentioned disposition price does not constitute a disposition price that is particularly favorable to the allottee.

#### 4. Matters Regarding Procedures Pertaining to Code of Corporate Conduct

Because the Treasury Share Disposition will (i) result in a dilution rate of less than 25% and (ii) not be accompanied by a change in the controlling shareholders, it does not call for the fulfillment of the procedure provided in Article 432 of the Securities Listing Regulations prescribed by Tokyo Stock Exchange, Inc. to obtain an opinion from independent third parties or to confirm shareholders' intent.

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#### **About the Dentsu Group**

Led by Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004), a pure holding company established on January 1, 2020, the Dentsu Group encompasses two operational networks: Dentsu Japan Network, which oversees Dentsu's agency operations in Japan, and Dentsu Aegis Network, its international business headquarters in London, which oversees Dentsu's agency operations outside of Japan.

With a strong presence in over 145 countries and regions across five continents and with more than 62,000 dedicated professionals, the Dentsu Group provides a comprehensive range of client-centric integrated communications, media and digital services through its ten global brands—Carat, Dentsu, dentsu X, iProspect, Isobar, mcgarrybowen, Merkle, MKTG, Posterscope and Vizeum—as well as through Dentsu Japan Network companies, including Dentsu Inc., the world's largest single brand agency with a history of innovation. The Group is also active in the production and marketing of sports and entertainment content on a global scale.

Dentsu Group Inc. website URL: <https://www.group.dentsu.com/en/>

# dentsu group

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