

FOR IMMEDIATE RELEASE

November 30, 2020

## **Dentsu Group Announces Recording of Extraordinary Income on a Non-consolidated Basis Associated with a Partial Sale of Shares Held in Recruit Holdings**

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) announced today the sale of a portion of the shares held in Recruit Holdings Co., Ltd. (First Section of the Tokyo Stock Exchange, Code Number 6098; hereinafter "Recruit Holdings") through a secondary offering. For further details of the secondary offering, please refer to the announcement "Announcement of Secondary Offering of Shares in the International Markets" made by Recruit Holdings today.

### **1. About the partial sale of shares held in Recruit Holdings**

In August this year, the Group announced the launch of a comprehensive review and accelerated transformation program. The review will simplify the business for both clients and operations, structurally and permanently lower operating expenses, enhance the efficiency of the balance sheet and maximize long term shareholder value. This will deliver a return to future growth, margin improvement and a winning competitive advantage through the delivery of integrated, bespoke client solutions.

As part of this review, Dentsu Group Inc. currently holds 53.55 million shares\*<sup>1</sup> in Recruit Holdings and the Company will sell 43,376,000 of these shares\*<sup>2</sup> through this secondary offering. The use of proceeds will be to support the accelerated transformation program and the pay-out for Merkle and other M&A related payments with full details to be announced in February 2021.

With regard to the remaining shares of Recruit Holdings that Dentsu Group Inc. will continue to hold, the Company has agreed with the underwriter of this secondary offering that, in principle, no share disposal of any kind shall be performed without the prior written consent of the underwriter during the period starting from the date on which the offer price of the shares is determined (on certain date between December 2, 2020 and December 3, 2020) (hereinafter the "Offering Price Determination Date") and ending on the date that is 180th day from and including the date of global delivery of the shares (such date will be the second business day following the Offering Price Determination Date) (lock-up period).

## 2. Recording of extraordinary income on a non-consolidated basis

Dentsu Group Inc. expects to record a gain on sale of investment securities associated with the secondary offering in the amount of approximately 183 billion yen (estimated approximate amount based on the assumption that the sale price is 4,524 yen, closing price of common shares of Recruit Holdings as of November 27, 2020, which excludes the number of shares Morgan Stanley MUFG Securities Co., Ltd. will have the right to acquire from Dentsu Group Inc.\*2) as extraordinary income in its non-consolidated financial results for the fiscal year ending on December 31, 2020. On a consolidated basis, the same amount is expected to be booked as other comprehensive income under IFRS.

## 3. Future Relationship with Recruit Holdings

Dentsu Group will continue to have a strong and progressive relationship with Recruit Holdings, its management teams and its group companies. Dentsu Group remains confident the decision to sell a portion of the shares held in Recruit Holdings will have no impact on the strength of the business relationship between the two companies.

\*1 Dentsu Group Inc's holding ratio based on all shares issued by Recruit Holdings (excluding treasury stocks) as of March 31, 2020: 3.24%

\*2 In addition to 43,376,000 share, Dentsu Group Inc. is expected to grant the right of acquiring additional Recruit Holdings shares from Dentsu Group Inc. up to a ceiling of 6,624,000 common shares to Morgan Stanley MUFG Securities Co., Ltd.

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## About dentsu

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 Group's agency operations in Japan, and dentsu international, its international business headquarters in London, which oversees Dentsu Group's agency operations outside of Japan.

With a strong presence in over 145 countries and regions across five continents and with more than 66,000 dedicated professionals, the Dentsu Group provides a comprehensive range of client-centric integrated communications, media and digital services through its nine leadership brands—Carat, dentsu X, iProspect, Isobar, dentsumcgarrybowen, 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/>

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