

FOR IMMEDIATE RELEASE

December 2, 2020

Regarding the Recording of Extraordinary Income on a Non-consolidated Basis Associated with a Partial Sale of Shares Held in Recruit Holdings (Progress Report)

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) announced today the conditions of the sale of shares were fixed and the company expected to record an extraordinary income on a non-consolidated basis. The sale relates to the 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 as stated in the news release "Dentsu Group announces the Recording of Extraordinary Income on a Non-consolidated Basis Associated with a Partial Sale of Shares Held in Recruit Holdings" announced on November 30, 2020.

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

The unit subscription price of the shares in Recruit Holdings is determined as 3,869.67 yen. The Company is therefore expected to record a gain of approximately 155 billion yen on the sale of 43,376,000 shares as an extraordinary income on a non-consolidated basis for the fiscal year ending December 31, 2020. On a consolidated basis, the same amount is expected to be booked as other comprehensive income under IFRS. The cash proceeds from the sale is expected to be approximately 168 billion yen. The use of proceeds will be to support the accelerated transformation program and the pay-out for Merkle and other M&A related payments.

Earlier this year, Dentsu 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. The sale of shares in Recruit Holdings is one of the initiatives of the review. Full details of the review and accelerated transformation program are to be announced in February 2021.

2. Outlook

Morgan Stanley MUFG Securities Co., Ltd. continues to have the right to acquire additional Recruit Holdings shares from Dentsu Group Inc. up to a ceiling of 6,624,000 common shares. The sale of this portion, in the case that Morgan Stanley MUFG Securities Co., Ltd. exercises the right, was not reflected in the numbers above. We will announce the additional gain by the sale of the portion when it is known.

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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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