

March 15, 2021

Dentsu Japan Network Launched a Change of “Business Formation”

–Strengthening of the CX and DX Domains through the Mergers of Dentsu Japan Network Companies–

Dentsu Japan Network (President & CEO: Hiroshi Igarashi; Head Office: Tokyo; hereinafter “DJN”^{*1}), which oversees and manages the Dentsu Group’s business in Japan, has launched a change in “business formation” as one of the measures of the structural reform of the Group’s Japan business^{*2} in line with the aim of evolving into an Integrated Growth Partner that is committed to the sustainable growth of client companies and society as a whole. This measure will increase the value created by DJN’s four business domains (AX, BX, CX and DX)^{*3} and strengthen its competitiveness while maximizing the power of the individual companies in the network.

Today DJN has decided to strengthen the CX and DX domains through the merger of four of its companies into two companies on July 1, 2021. Dentsu Digital Inc. and Dentsu Isobar Inc. will be merged into Dentsu Digital, and Dentsu Direct Marketing Inc. and DA search & link inc. will be merged into a new company. Since all of these four companies are wholly owned subsidiaries of Dentsu Group Inc., there will be no change to the investment ratios in the companies after the mergers.

1. Merger of Dentsu Digital and Dentsu Isobar

Dentsu Digital and Dentsu Isobar will be merged into Dentsu Digital in order to accomplish problem solving with higher creativity and integration capabilities. The solutions provided will range from DX promotion through to overall design and operation of customer experience that enables branding.

The fusion of the current Dentsu Digital’s wide range of solutions expertise and integration capabilities with Dentsu Isobar’s creativity and technology will enable the new “Dentsu Digital” to offer CX design capabilities, global capabilities and commerce building capabilities.

The new Dentsu Digital will have approximately 2,000 employees, which will improve its ability to respond to the sophistication and scaling up of the DX needs of client companies. In addition, by combining the management methods and corporate cultures of both companies, Dentsu Digital will enhance its strength and reliability as a team and drive DJN’s business transformation.

2. Merger of Dentsu Direct Marketing and DA search & link

Dentsu Direct Marketing and DA search & link will be merged into a new company to strengthen the business foundation of DJN’s direct marketing domain. By combining Dentsu Direct Marketing’s strengths in response media with DA search & link’s digital

marketing expertise, the new company “Dentsu Direct Inc.” (surviving company: Dentsu Direct Marketing Inc.) will commit to the business growth of its client companies in both the Japan and international markets, and will actively develop high value-added marketing services.

Its management structure and other details will be announced on the websites of both companies as soon as they have been decided.

Integrated Growth Solutions are at the core of the Dentsu Group’s business strategy, and in order to provide client companies with solutions of the highest quality and with the most efficient value chain, DJN will continue to promote its “change in business formation” strategy. In addition, by implementing various other structural reform measures, DJN will aim to rebuild its foundation in order to change the value it provides, achieve the Dentsu Group’s medium-term management plan which has FY2024 as its final year, and further improve corporate value.

*1 Dentsu Japan Network (DJN) is an in-house company within Dentsu Group Inc. It also refers to the network itself which consists of approximately 130 Dentsu Group companies in Japan.

URL <https://www.japan.dentsu.com/en/>

*2 For details on the structural reform of the Group’s Japan business please refer to the press release “Notice Concerning the Structural Reform of the Dentsu Group’s Japan Business and Expected Expenses” dated February 15, 2021.

URL <https://www.group.dentsu.com/en/news/release/000388.html>

*3

AX (Advertising Transformation) domain: Domain to maximize the sophistication and efficiency of advertising

BX (Business Transformation) domain: Domain to support the business transformation of client companies

CX (Customer Experience Transformation) domain: Domain to design and deliver the optimum customer experience

DX (Digital Transformation) domain: Domain to facilitate transformation of the marketing infrastructure

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