

FOR IMMEDIATE RELEASE

August 4, 2021

Notice regarding the expansion of the Dentsu Group's stock compensation plan

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen; hereinafter referred to as "the Company") expands the performance-based stock compensation plan for its executive officers to include Dentsu International executives. The compensation plan will bring greater alignment between executives across the Group with our stakeholders and shareholders of the Group. The Company's TSR (Total Shareholder Return) and the Group's consolidated underlying operating profit are used in combination as the performance indicators.

Dentsu Group (including Dentsu Japan Network) began the performance-based stock compensation plan for its executive officers (including executive officers who concurrently serve as directors) in FY2019. Dentsu Inc., a subsidiary of the Company, introduced a similar performance-based stock compensation plan for its executive officers from FY2020.

Dentsu International Limited, the consolidated subsidiary that oversees and supports the Dentsu Group's international business operations, will introduce a similar performance-based stock compensation plan for its senior executives starting from FY2021.

In addition, the Company has decided to introduce a new transfer-restricted stock compensation plan (RSU) as remuneration for the execution of duties at the Company for executives of Dentsu International Limited who concurrently perform the duties listed below^{*1}.

These initiatives will clarify the link between executive compensation and the Group's business performance and corporate value – further aligning the Group's interests with shareholders and other stakeholders.

The Company believes the initiatives will reward and incentivize Dentsu International Limited's senior executives / executives who concurrently have Group responsibilities, to contribute to the Group's sustainable growth and the enhancement of corporate value over the medium to long term.

The outline of each of the above stock compensation plans is as follows.

1. Performance-based stock compensation plan

- Overview

This plan is a performance-based stock compensation plan in which common stock

(including money equivalent to the amount of the Company's common stock converted at market value) is distributed^{*2} to the target executives after the end of three business years as remuneration for the execution of duties in the business year for which the payment is applicable. Payment is made according to the performance indicators of three consecutive business years with the relevant business year as the first. The Company's TSR (Total Shareholder Return) and the Group's consolidated underlying operating profit are used in combination as the performance indicators. As mentioned at the beginning of this press release, the Company has already introduced this plan from FY2019 and Dentsu Inc. from FY2020.

- Companies that have introduced the plan and the number of eligible executives (as of today)
 - (1) Dentsu Group Inc: 13 executive officers (including executive officers who concurrently serve as directors and executive officers of Dentsu Japan Network, an in-house company of the Company)
 - (2) Dentsu Inc: 25 executive officers (including executive officers who concurrently serve as directors)
 - (3) Dentsu International Limited: 31 senior executives (Please note that this plan is positioned as an alternative to the Deferred Cash Plan, which is a medium- to long-term bonus plan previously introduced by Dentsu International Limited for those 31 employees.)

- Number of shares to be distributed

The total number of common stock shares of the Company that is expected to be distributed under this plan introduced by the Company and the above two subsidiaries of the Company, is a maximum of 1,709,774 shares (approximately 0.6% of the total number of issued shares of the Company (excluding treasury stock) as of the end of March 2021)).

2. Transfer-Restricted Stock Compensation Plan (RSU)

- Overview

This plan is one in which the Company's common stock is distributed to the eligible executives after the end of three consecutive business years with the relevant business year as the first, as remuneration for the execution of duties in the business year for which the payment is applicable.

- Company that has introduced the plan and the number of eligible executives (as of today)

Dentsu Group Inc.: 12 executives of Dentsu International Limited who concurrently perform duties for the Company

- Stock distribution method

In exchange for using the in-kind investment method to invest in the Company all of the monetary claims paid by the Company to the eligible executives, the Company will distribute the Company's common stock to the eligible executives by issuing new shares or disposing of treasury stock.

- Number of shares to be distributed

The total number of common stock shares of the Company that is expected to be distributed under this plan is a maximum of 17,787 shares per business year (approximately 0.006% of the total number of issued shares of the Company (excluding treasury stock) as of the end of March 2021)).

*1: For executives of Dentsu International Limited who concurrently serve as directors (including executive officers of the Company, monetary compensation (phantom stock) equivalent to the value of RSU will be paid in place of restricted stock units (RSU).

*2: Under this plan, the Company's common stock is acquired through a trust established based on this plan, using the money contributed by each of the three companies that have introduced this plan for their eligible executives as a source of funds. Common stock will be distributed from the trust to the eligible executives of each of the three companies, but the money provided by each of the three companies and the Company's common stock acquired by the trust using it as a source of funds will be managed separately for each of the three companies.

For additional inquiries

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