



Information Material regarding Bond-Type Class Shares

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INNOVATING TO IMPACT

dentsu

Disclaimer

This document has been prepared solely for the benefit of the holders of common shares of DENTSU GROUP INC. (the “Company”) in evaluating the proposal of the Company for a partial amendment to the Articles of Incorporation scheduled to be submitted to the Company’s Ordinary General Meeting of Shareholders planned to be held on March 27, 2026 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country.

This document does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

Features of Bond-Type Class Shares

Bond-Type Class Shares are treated as shares under the Companies Act and lead to an increase in equity capital for accounting purposes, but do not have voting rights and are not convertible into common shares.

We plan to apply for listing on the Prime Market of the Tokyo Stock Exchange separately from common shares, and intend to provide investment opportunities to a wide range of investors.

		Issuance	Approx. five years after issuance
Accounting Purposes	For accounting purposes, the entire paid-in amount is recognized as equity	100% capital	
Rating Purposes	Expected to be evaluated as having the equity credit (50% of the aggregate amount of issuance) by the Rating Agency (R&I)	Treat 50% of the aggregate amount of issuance as equity and 50% as debt	
Voting Rights	No voting rights	No dilution of common shares	
Conversion	Not convertible into common shares		
Tokyo Stock Exchange Listing	A listing application for the Prime Market of the Tokyo Stock Exchange is planned to be made	Listing on Tokyo Stock Exchange	
Preferred Dividend	Fixed for approx. five years from the issuance (floating thereafter) (*1) The order of distribution is senior to dividends to common shares, Non-participating (*2), Cumulative (*3)	Fixed Dividend	Floating Dividend
Call Option in Exchange for Cash (Company's Option)	In principle, we may acquire the Bond-Type Class Shares five years after the issuance(*4) (In exchange for cash equal to the issue price plus unpaid/accrued dividends payable)		We may acquire the shares in exchange for cash

*1 The annual dividend rate will be the sum of the fixed base rate plus the initial spread for approximately five years from the issuance, and thereafter, the sum of the floating base rate plus the initial spread+1%.

*2 Bond-Type Class Shares are "non-participating", meaning that no dividend is paid more than the amount of the preferred dividend to be determined at the time of issuance.

*3 Bond-Type Class Shares are "cumulative", meaning that any unpaid dividends shall be carried over to subsequent fiscal years.

*4 The specific events triggering the call option will be determined at the time of issuance.

Effects and Impacts on Financial Indicators, etc.

Although the Bond-Type Class Shares are shares, the impact on ROE and EPS for common shares is limited.

Dividends and distribution of residual assets are senior to those of common shares. The amount of preferred dividend is fixed for a certain period of time and shall be limited to the amount determined at the time of issuance.

The amount raised by issuing Bond-Type Class Shares is recorded as equity capital for accounting purposes and therefore, issuance of them contributes to the improvement of financial soundness indicators, including a decline in the D/E Ratio, etc.

Impact on Key Financial Indicators	ROE (for Common Shares)	$\frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Equity capital related to Common Shares (*)}}$	➤	Impact is mostly limited to the preferred dividend amount
	EPS (for Common Shares)	$\frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Number of issued shares related to Common Shares}}$		
	PBR (for Common Shares)	$\frac{\text{Market Capitalization (Common Shares)}}{\text{Equity capital related to Common Shares (*)}}$		
	D/E Ratio	$\frac{\text{Interest-Bearing Debt}}{\text{Equity capital (including Bond-Type Class Shares)}}$	➤	Contribute to improvement of financial soundness
Distribution to Bond-Type Class Shareholders	Preferred Dividend	Senior to common shares, limited to the annual dividend rate determined at the time of issuance (fixed dividend for approx. five years from the issuance)	➤	Non-participating
	Distribution of Residual Assets	Senior to common shares, limited to the amount equivalent to the issue price and the amount of preferred dividend		

* Equity capital related to Common Shares is the amount of equity capital on the balance sheet after deducting equity capital related to and preferred dividend paid to the Bond-Type Class Shares (if issued).

Comparison of Capital Financing Methods

Bond-Type Class Shares are a capital financing method with features of both hybrid bonds/loans and Common Shares.

In consideration of existing shareholders, we expect the product nature to enhance equity capital for both accounting and rating purposes, and with no dilution of voting rights.

	Hybrid bonds/loans	Bond-Type Class Shares	Public offering of Common Shares
Accounting Treatment	Debt: 100%	Equity: 100%	Equity: 100%
Treatment in terms of Ratings	Equity: 50% Debt: 50%	Equity: 50% Debt: 50%	Equity: 100%
Dilution of Voting Rights	No dilution of voting rights	No dilution of voting rights No rights to vote/convert into common shares	Voting rights will be diluted
Primary Impact on Financial Indicators (ROE, EPS, etc. for common shares)	No impact	Limited impact Limited to the preferred dividend on Bond-Type Class Shares	Impacted
Distribution of Dividends (Participating / Non-participating)	Non-participation Limited to interest prescribed in the terms and conditions of the bonds	Non-participation Limited to the preferred dividend determined at the time of issuance	Participation
Clause for Acquisition by the Issuer (Call)	Yes	Yes	No
Listing	No	Application for listing is planned Prime Market of the Tokyo Stock Exchange	Listed stock Prime Market of the Tokyo Stock Exchange
Transaction with NISA account	—	Available for NISA	Available for NISA