

## Medium-term Management Plan Sustainable Growth through Transformation

The Dentsu Group Medium-term Management Plan: “Sustainable Growth through Transformation” for the period from 2021 to 2024 was released in February 2021, providing our stakeholders with a roadmap for the next four years. In order to achieve transformation and sustainably enhance our corporate value, we will focus on the following four areas.

### 1. Transformation & Growth

Revenue synergies will be created across the Group by scaling key client relationships and expanding the number of services we are delivering to our clients. By leveraging our diverse assets we can deliver larger

solutions to the problems our clients face. Our growth will be driven through the continued rollout of Integrated Growth Solutions and dentsu Sustainable Business Solutions.

### 2. Operations & Margin

Reducing complexity across our business is the focus for our simplification—our organization becomes easier to navigate for our clients and our people, and reducing duplication across the Group eases operations and reduces costs.

Our use of near- and offshoring increased over the years. We will look to build on this success creating a more flexible cost model for our business, helping us to deliver value to our clients. Technology will continue to change how our people work together—how we team without limits. A reduction in our real estate needs is under consideration for both the Japan and the international businesses.

Standardizing group functions will generate cost synergies as we look to create a more standardized approach to our Group functions including finance, HR, technology and governance.

### 3. Capital allocation & Shareholder returns

The Group will adopt a disciplined approach to capital allocation with a priority to enhance shareholder value.

We are in the process of reviewing all non-trading assets to transform the balance sheet. The divestiture of non-trading assets will create room inside the

Group to own new assets that support our business strategy. We will invest for growth, both in organic growth through investment in new technology and product innovation, and also in-organic growth through M&A. Acquisitions will focus on high growth data and digital assets in both Japan and the international markets. Fewer acquisitions, but of larger scale in the high-growth area of Customer Transformation & Technology is our execution plan. Our aim is to rebuild a leaner asset portfolio to achieve higher ROE. Return of profit to our shareholders is also a strong focus. Our commitment is to progressively improve the dividend payout ratio based on the underlying basic EPS from 28.5% in 2020 to 35% over the next few years. Going forward, additional shareholder returns will be considered in parallel with the sale of exceptional assets.

### 4. Social impact & ESG

To integrate our own social impact efforts with business growth we have established the Sustainable Business Board to drive social value for society and clients.

As a group, we are committed to playing our role in mitigating the worst impacts of climate change. We will support the growth of every individual in our organization through a diverse and inclusive culture and drive good governance to generate long-term business success.

### Medium-term Targets 2021: 2024

 <p><b>Transformation and Growth</b></p> <ul style="list-style-type: none"> <li>• Organic growth of 3-4% CAGR 2021: 2024</li> <li>• Customer Transformation &amp; Technology to reach 50% of Group revenue less cost of sales over time</li> </ul>	 <p><b>Operations &amp; Margin</b></p> <ul style="list-style-type: none"> <li>• Progressive year-on-year improvement in underlying operating margin: 17%+ by 2024 (DJN: 20%, DI:15% by 2022)</li> </ul>
 <p><b>Capital allocation &amp; Shareholder returns</b></p> <ul style="list-style-type: none"> <li>• Medium-term average of 1.5x Net Debt / EBITDA (non IFRS 16 basis)</li> <li>• Dividend payout ratio to reach 35% of underlying basic EPS over the next few years</li> </ul>	 <p><b>Social Impact &amp; ESG</b></p> <ul style="list-style-type: none"> <li>• 46% absolute reduction in CO<sub>2</sub> &amp; 100% renewable energy (in markets where available) by 2030</li> <li>• Improvement in employee engagement score</li> <li>• Diverse &amp; inclusive workforce</li> </ul>