

Contents

Corporate Philosophy

**Value Creation Story**

Management Strategy

Data

Value Creation Model

Analysis of the external environment

Materiality

CFO message

CSusO message

2030 Sustainability Strategy

Financial and non-financial highlights

## Chapter 2

# Value Creation Story

**Creating value from both the financial and non-financial perspectives**

# Value Creation Model

Dentsu is a creative organization that generates new ideas and values. By leveraging unprecedented methods and the power of people, we bring about transformations and move society in a positive direction.

As we seek to transition to a sustainable society, we must redefine the meaning of prosperity for people and **help shape people's attitudes and behaviors**.

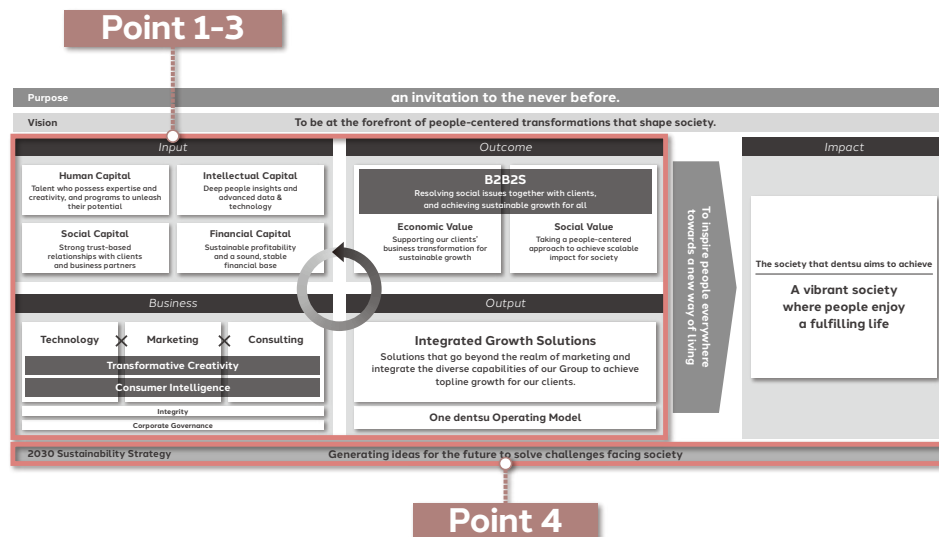
The dentsu Value Creation Model is designed to illustrate the value we create to realize these transformations.



## Value Creation Model

### Understanding dentsu's people-centered Value Creation Model

Our people are the driving force behind our value creation, forming the core of dentsu for 123 years. We truly believe in the unlimited possibilities that arise when people connect with each other.



**Point 1** The creativity we generate, backed by consumer intelligence, is our most significant capability. When a wide range of people are involved, creativity flourishes, resulting in unprecedented ideas and solutions. We create new value by collaborating with all stakeholders, both within and outside the Group.

**Point 2** Corporate governance represents the guiding principle of our business activities, with integrity as a core value. To solve challenging social issues as well as the increasingly complex issues of our clients, we have integrated the areas of marketing, consulting, and technology. At the same time, we support sustainable growth and promote transformation throughout society.

We plan to lead new markets by applying Integrated Growth Solutions that are supported by the One dentsu Operating Model.

**Point 3** Our Value Creation Model enables our people to develop their potential. People grow through their work and, in the process, enrich their human, social, and intellectual capital.

By augmenting these three forms of capital with financial capital, we create social and economic value, and continue to enhance our corporate value as a B2B2S company.

We expect these value creation activities to help transform people's attitudes and behaviors, and to realize a vibrant society where people enjoy a fulfilling life.

**Point 4** Our 2030 Sustainability Strategy—based on our purpose, vision, and management policy—is designed to result in medium- to long-term value creation. This will strengthen the Group's foundations of human, social, and intellectual capital through initiatives in non-financial areas.

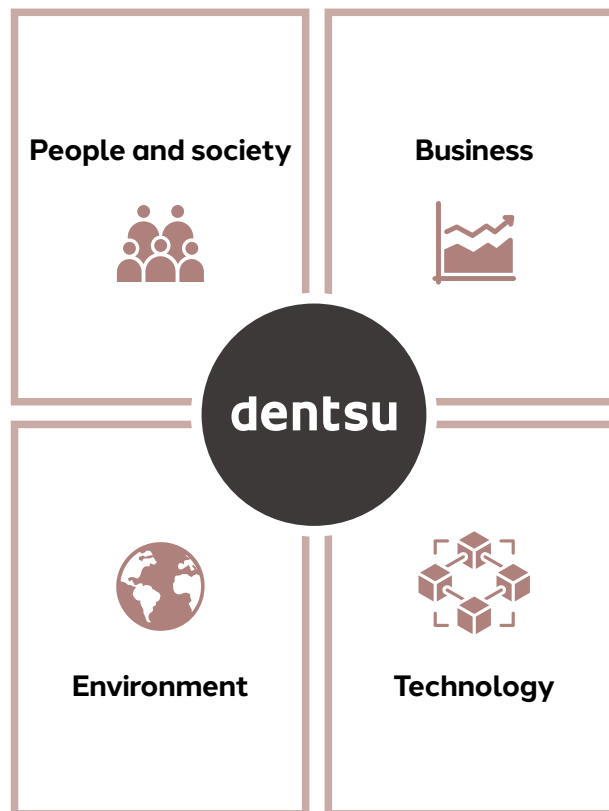
# Analysis of the external environment

## Changing societal and consumer needs

- Gen Z is increasingly calling for social change
- There is a shift away from mass consumption to new consumption values, as corporate responses to issues such as the environment and human rights are having a major impact on brands and consumer preferences
- Social inequalities are widening, as social divisions—including the rise of nationalism and generation gaps—escalate globally
- As the world population increases, there is growing concern regarding demand outstripping available resources, the effects of aging societies and declining birthrates in developed countries, and existing institutional structures
- Geopolitical tensions are rising as wars and conflicts continue
- There is a growing need for corporate DEI and respect for human rights

## Global environmental risks facing humanity

- There is an escalating, urgent need to address climate change and nature loss
- Global coordination is expanding regarding social issues and decarbonization, as outlined in the UN SDGs, COPs, and international agreements
- Voluntary initiatives and mandatory legislation around the environment are becoming increasingly stringent
- There is a deepening need to enhance adaptability amid a rising number of natural disasters globally
- We face significant risks in the event of inadequate responses to environmental issues not only in our own company, but also our clients and supply chains



## Changing business assumptions and challenges

- Demand is growing for disclosure of non-financial initiatives, business models, and strategies in response to risks and opportunities
- Investor interest in ESG, sustainability, and changing global capital flows continues to rise
- As activism by NGOs and other groups grows, so too does the pressure on the advertising industry—including demands to stop doing business with high-emitting companies
- Advertising-related regulations are becoming tighter, as advertising responsibilities linked to greenwashing and other issues mount
- With the end of profit-first ideology, demand for trade-on business models—that consider the environment and society—are attracting attention, as is the need for new businesses that promote circular and sharing economies
- The complexity of client business issues is increasing, as the progressively sophisticated media and content areas of these enterprises expand, in line with the rising importance of personalized experiences and complex consumer needs

## Technological possibilities

- The ongoing, rapid development and spread of AI is resulting in global debate and the introduction of relevant regulations
- New social media and digital economic spheres are emerging
- The application of big data is expanding
- The importance of data security—including personal information—is increasing
- Digitalization in all areas, dissemination of next-generation communications, and AR/VR technologies are accelerating, as sustainable technologies emerge in fields including decarbonization

**The business environment surrounding the Group is undergoing a major paradigm shift.**

**Amid these changes, it is our responsibility to work with clients and other stakeholders in tackling challenging social issues.**

# Materiality

Amid an ever-changing external environment, we continue seeking to both realize our purpose—an invitation to the never before—and maximize corporate value for our stakeholders. To this end, we have framed our Materiality based on the two axes of “importance from the management perspective” and “importance from the stakeholder perspective.”

[Materiality formulation process: [website](#)]

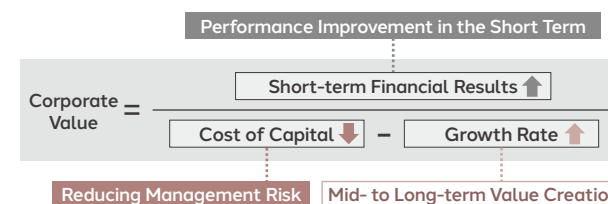
Materiality is a key aspect in our interactions with

society, clients, shareholders, investors, partners, talent, and all other stakeholders. It is also a management issue that enables the Group to sustainably create value and achieve growth.

[Stakeholder details: [website](#)]

For this reason, initiatives around Materiality are deeply connected to our 2030 Sustainability Strategy.

The following table shows the relationship between specified material issues and corporate value.



External environment	Material issues	Reasons for selection (risks, opportunities)	Relation to corporate value
<ul style="list-style-type: none"> <li>Changing societal and consumer needs</li> <li>Changing business assumptions and challenges</li> <li>Global environmental risks facing humanity</li> <li>Technological possibilities</li> </ul>	<b>Business ethics &amp; compliance / Data security</b>	Our corporate activities are predicated on adherence to corporate ethics and compliance, as well as integrity with respect to society and all other stakeholders. There is a growing demand for respect for human rights, protection of data privacy, and cybersecurity. We will fulfill our responsibilities and establish a solid foundation for value creation by further evolving our corporate governance and risk management.	<ul style="list-style-type: none"> <li>Reducing Management Risk</li> <li>Mid- to Long-term Value Creation</li> </ul>
	<b>DEI</b>	By emphasizing Diversity, Equity & Inclusion, we can maximize the potential of our talent and exponentially enhance our distinctive human capital, thereby energizing the Group and our industry. This leads directly to better solutions for clients and society, while meeting shareholder and investor expectations.	<ul style="list-style-type: none"> <li>Mid- to Long-term Value Creation</li> </ul>
	<b>Human capital development</b>	As human capital is the core of the Group’s competitiveness, depletion is a major risk. Talent development and the creation of a positive working environment are essential for enhancing the value we create for clients, shareholders, investors, and society. Developing future generations and partners through our corporate activities will enhance the creation of talent in our industry and attract highly capable people.	<ul style="list-style-type: none"> <li>Performance Improvement in the Short Term</li> <li>Reducing Management Risk</li> <li>Mid- to Long-term Value Creation</li> </ul>
	<b>Climate action</b>	Climate change has serious implications for all stakeholders. The Group must address the transition to a decarbonized and sustainable society if it is to create sustainable value. Proactive efforts will help us to lead industry transformation and create new competitive advantages for us in the marketplace.	<ul style="list-style-type: none"> <li>Reducing Management Risk</li> <li>Mid- to Long-term Value Creation</li> </ul>
	<b>Innovation leadership</b>	Our purpose and vision entail providing unprecedented ideas and solutions for clients and society to produce transformation. By collaborating with stakeholders, displaying thought leadership throughout our industry and society, and investing in the realization of new ideas, we expect to become a driving force for innovation aimed at solving challenging social issues.	<ul style="list-style-type: none"> <li>Performance Improvement in the Short Term</li> <li>Mid- to Long-term Value Creation</li> </ul>

# CFO message

## Enhancing corporate value through financial and non-financial means: Building a foundation to support our return to growth



**Arinobu Soga**

Director, Representative Executive Officer,  
Executive Vice President,  
Global Chief Governance Officer &  
Global Chief Financial Officer,  
dentsu

### Introduction

2023 was a challenging year for the Group, with external factors such as a fast changing business environment and internal factors such as a complex organizational structure that impacted both our organic revenue and profitability. In 2024, we will focus management resources on returning the Group to growth by removing barriers to collaboration and strengthening our competitiveness, ensuring a client-centric perspective. As clients' needs shift to integrated solutions, we aim to sustainably enhance our corporate value through our differentiated position at the convergence of marketing, technology, and consulting.

### Review of FY2023 financial performance

In 2023, despite an organic revenue decline of 4.9%, the Group recorded the highest net revenue figure, with an increase of 1.6% to 1,129.5 billion yen, boosted by the positive impact of acquisitions and FX. Underlying operating profit was 163.5 billion yen, down 20.0% yoy, and underlying net profit decreased 31.3% to 89.8 billion yen. On a statutory basis, however, we recorded a net loss of 10.7 billion yen, largely due to the 67.8 billion yen of impairment charges recorded in APAC. As we look ahead, it will be difficult to achieve the commitments regarding

organic growth rate and operating margin made under the current Medium-Term Management Plan.

Our performance was adversely affected by a number of issues in 2023. Our media business was impacted by the well documented slowdown in spending from technology clients. The Customer Transformation & Technology (CT&T) segment outside of Japan was impacted by rising interest rates which caused caution from our clients around large transformation projects. This caution caused delays and reduction in scope of existing projects. Growth was also impacted by a reduced client win rate in 2023. To improve win rates, it is essential to strengthen capabilities and drive collaboration among our teams. In 2024, we are committed to remove all barriers to collaboration, introducing Integrated Client Leads that will support the delivery of Integrated Growth Solutions (IGS) – integrating all our capabilities across the firm. Collaboration will also be strengthened through the use of single market P&Ls, aligning incentives to ensure integration of our services.

In 2023, Japan reported organic growth of 1.6% with growth led by CT&T, with particular strength from Business Transformation (BX) and Digital Transformation (DX). Outside of Japan, all regions reported negative organic growth. Americas reported organic decline of 7.2%, in line with expectations, as continued delays in

## CFO message

CT&T projects and reduced media spend from clients impacted growth. EMEA reported organic decline of 10.9% partly due to the one-off financial impact in the DACH cluster in the second and third quarter. Excluding the one-off financial impact, decline in EMEA would have been 7.6%. APAC (ex Japan) recorded an organic decline of 8.2% due to delays in client spending and reduced project scope in CT&T.

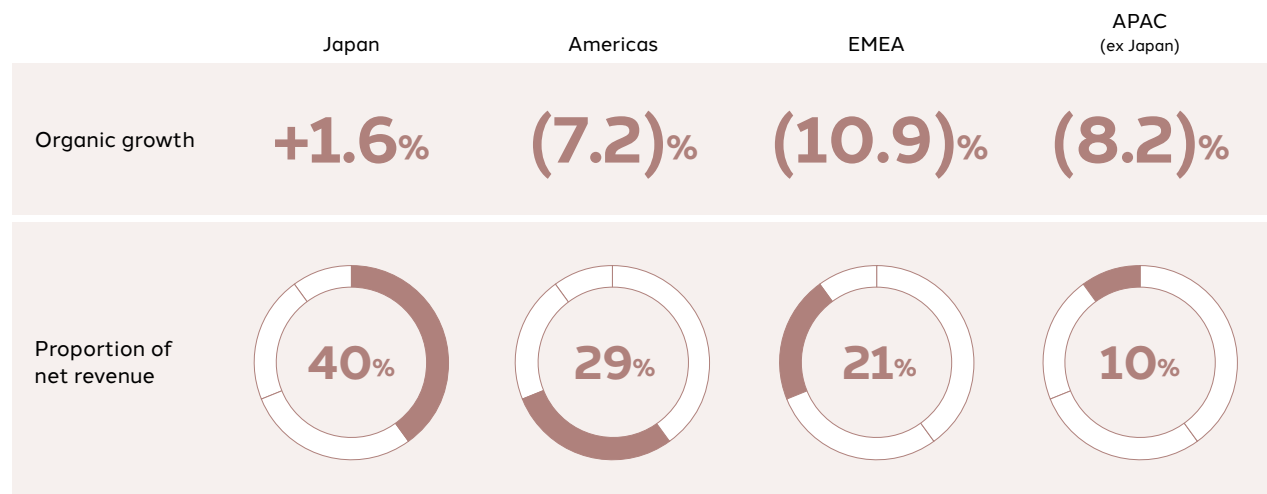
Our FY2023 operating margin fell 390 bps due to lower than expected revenues, partially offset by cost measures including reduced spend on travel and

entertainment costs. As expected, charges were incurred in the fourth quarter relating to business simplification. Looking by region, FY2023 operating margin in Japan was higher than expected due to a reduction in non-staff expenses and the delay of an IT implementation project to 2024 also boosted FY2023 margin. The Americas delivered a 120-bps margin improvement - despite top line pressure - due to cost management measures implemented early in the year. The EMEA and APAC regions both saw margin decline as a result of lower client spend.

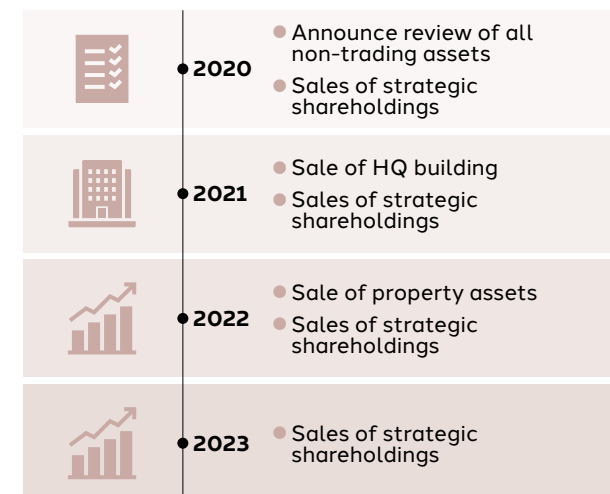
### Improved investment in business and shareholder returns under capital allocation framework

In 2020, the Group launched a comprehensive review of the business. One objective of the review was to improve balance sheet efficiency, this resulted in the sale of our headquarters building in Japan, along with a number of other property assets and the sale of strategic shareholdings. In FY2023, we sold an additional 17

#### FY2023 highlights: Regional performance



#### Our timeline of improving balance sheet efficiency



strategic shareholdings with a total value of c. 13 billion yen. Since 2020 we have sold a total of 44 stakes, generating 251 billion yen, allowing for both improved investment in the business and shareholder returns.

At the start of 2022, the Group published a capital allocation framework which outlines how capital generated from the comprehensive review will be allocated toward business growth. The framework includes:

- Investment in M&A: 250 to 300 billion yen for investment in strategic areas
- Progressive dividend, reaching 35% payout ratio of underlying basic EPS by FY2024
- Upper limit of 1.5x Net debt / Underlying EBITDA year end; indicative medium-term range of 1.0x to 1.5x (non IFRS 16 basis)

#### Strategic investments to deliver IGS 2022 & 2023



### Achievements of acquisitions and investments

Since the announcement of this framework, our total invested capital in two years from FY2022 to FY2023 was approximately 200 billion yen. As result, we have made 11 acquisitions, welcoming 6,500 new talents to the Group.

The acquisitions are firmly delivering benefits: bolstering our data and technology capabilities, allowing for greater client solutions due to expansions of our capabilities, new client wins and pitch wins. In addition, cost synergies are realized due to greater efficiencies in our business operations.

In 2023 we welcomed Shift7, Omega, RCKT, and Tag

to the Group. Our most recent acquisition, Tag, was completed at the end of the second quarter and significantly enhanced the Group's global digital production capabilities – enhancing our creative offer by providing high quality content at speed. Furthermore, it has a scaled personalization engine for optimal customer experience management, as well as adding power to media with Dynamic Content Optimization (DCO). We consider its capabilities as the “last mile” ensuring dentsu provides an integrated, full-service offering that is required by our global client base. Also, not only does it strengthen our solution to existing clients, it is contributing to the success of new client wins.

### Improving shareholder returns

Improving shareholder returns remains a key focus for the Board of Directors and management, as we recognize the importance of improving our corporate value from shareholders' perspective. In 2023 we accelerated the dividend payout ratio to 35%, reaching our long held target one year ahead of schedule. The 2023 dividend was 139.5 yen per share.

In addition, a 20 billion yen buyback was announced in February 2024 – meaning the Group has returned c. 90 billion yen in buybacks and c. 110 billion yen in dividends, for a total of c. 200 billion yen over the past three years from FY2021 to FY2023.



## CFO message

In 2024, the Group will shift from prioritizing acquisitions to prioritizing investment in the existing business. However, our capital allocation framework remains the same – the targeted leverage range remains 1.0x to 1.5x net debt / EBITDA. The Group will continue to show flexibility with regards to additional shareholder returns.

### Looking ahead

As we look forward to 2024, we see some of the headwinds we faced in 2023 dissipating. We expect to see a return to spend from technology clients – particularly in the US market. However, we will balance this with the cycling out of account losses in H1FY2024. Our organic growth rate was negative in Q1FY2024, which was in line with our forecast, but we are expecting to return to growth in the second half of the year. Our organic growth rate for FY2024 is forecast to be around

1% with an operating margin estimated at c. 15%, down from 16.1%\* on an adjusted basis in FY2023 due to internal investments to strengthen competitiveness and expand capabilities to return the Group to growth.

\* Operating margin including one-off financial impact was 14.5%.

In 2024 we have announced three areas of focus for our internal investment:

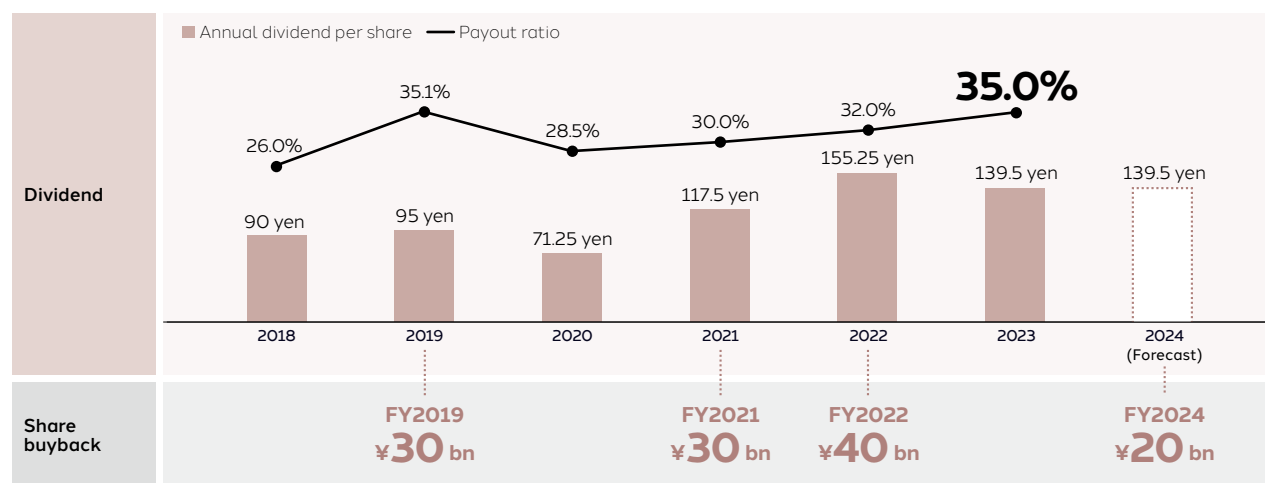
- Bolster and scale data and technology capabilities
- Invest in training, retaining, and attracting diverse talent, corporate culture, and employee engagement
- Strengthen business operations & utilize enterprise platforms and systems infrastructure

The investment is recognized within our FY2024 margin guidance and shall be pursued with discipline. Investment in outer years will be driven by internal efficiencies such as greater use of technology and automation. Our continued investment in Dentsu Global Services, our networked talent hubs, will also support future margins.

### Enhancing corporate value through financial and non-financial means

As the current Medium-Term Management Plan enters its final year, the Group is formulating its future policy. In order to achieve sustainable growth, we are reviewing our

### Shareholder returns



Note: Calculated based on the adjusted underlying basic EPS

## CFO message

business portfolio using metrics such as ROIC, reviewing past investments, considering new investment strategies, and have begun formulating financial and investment discipline. In this journey, the Finance Committee, which is an advisory body to the Board of Directors and consists of outside directors, will support decision making from a financial and shareholder perspective. Details will be shared later this year.

As my responsibility lies in governance, not limited to finance, I emphasize the role that non-financials can also play in increasing corporate value. Specifically, contribution of non-financials to “reduction of capital cost” and “sustainable growth,” both of which enhance corporate value.

Firstly, as for “reduction of capital cost,” it is said that firms with higher ESG ratings will have lower capital costs over the medium- to long-term. Dentsu is improving its ESG ratings, including being selected as a component of the Dow Jones Sustainability World Index for the first time in FY2023. We will continue to accelerate our efforts to prepare for future non-financial risks such as environmental and social sustainability issues, and improvement of corporate governance.

Secondly, as for “sustainable growth,” it is our people that makes this possible. To realize our vision of “people-centered transformations,” it is essential for our people to play an active role, and we will invest more than ever in our most important asset, our people.

However, the effects of investment in non-financial areas, including human capital, are not immediate, and the benefits to the Group will be felt over the coming months and years. As part of management’s commitment to strengthening non-financial capital, employee engagement scores, proportion of female leaders and greenhouse gas emissions are partially linked to executive compensation, and we have appropriately assigned leaders responsible for each theme to ensure Group-wide progress.

In addition, the Group deems it important to

disclose our efforts and results in enhancing corporate value with high transparency. We are expanding our disclosure of both financial and non-financial information by publishing our ESG Data Book and holding ESG briefings for our shareholders. We consider the comments we receive in dialogues with our stakeholders as our “room for growth.” I will fulfill my responsibilities as to win the trust of our stakeholders and their expectations for our medium- to long-term growth by continuing to firmly address our challenges.

### Finance Committee

The Group is working to transform its business portfolio by reviewing and refining the business domains and markets that it should focus on. In order to accomplish this reform and achieve sustainable business growth, the Group has decided to establish the Finance Committee, which consists of independent outside directors with expertise in finance/accounting and legal/compliance as an advisory body to the Board of Directors from the perspective of financial and investment discipline.

The committee will help enhance financial and investment discipline through review and scrutiny of the business strategy from a financial point of view, and monitoring of the implementation of these initiatives, from the perspective of improving shareholder value.

Chair: Keiichi Sagawa, independent outside director.  
Members: Yuka Matsuda and Andrew House, independent outside directors.

### Main agenda items

- Review of M&A, new business, and focused theme initiatives
- Consideration of business portfolio from a financial perspective, with greater awareness of balance sheet soundness and capital efficiency
- Consideration of listed subsidiary and minority investment policy
- Consideration of investment and capital allocation policies

## CSusO message

# Generating ideas for the future to solve challenges facing society



**Yuko Kitakaze**

Global Chief Sustainability Officer, dentsu

For dentsu to truly contribute to the growth of our clients and society into the future, initiatives towards generating non-financial value are of the utmost importance.

Our 2030 Sustainability Strategy is all about generating ideas for the future to solve challenges facing society. It is not simply about being sustainable. It is about unlocking potential opportunities. To accomplish this, we must first picture an ideal future without being bound by current restraints. This allows us to think freely about how we can achieve that future, rather than thinking about it as an extension of the past. By leveraging our “insights into humanity” that we have cultivated since our founding to help shape people’s attitudes and behaviors, we believe we can contribute towards promoting sustainability for society as a whole.

Furthermore, it is important for us to share with our stakeholders the value of not simply focusing on our own short-term profits, but also on medium- to long-term sustainability for society. For example, in October 2023, dentsu launched the Decarbonization Initiative for Marketing with the goal of visualizing and reducing greenhouse gas emissions in supply chains associated with marketing communication activities in Japan. Together with the stakeholders involved, we aim to discuss the optimal state for the industry towards realizing a low-carbon society.

Collaboration between business, government and civil society is key for generating value for society. Connecting these three groups also happens to be one of dentsu’s greatest strengths. Through connecting others and leveraging the creativity and ingenuity of our diverse global talent, we can lead systemic change towards future possibilities through the following five actions:

- Accelerating our own sustainable transformation
- Driving change in our industry
- Engaging in cross-industry partnerships
- Enabling society to make sustainable choices
- Advocating for change in social systems

With a spirit of “creating a shared future together with others,” we will transform society through our corporate activities.

# 2030 Sustainability Strategy

Global pressures such as climate change, nature loss, inequality, and conflict are increasingly causing widespread disruption. This can only be overcome with a radical transformation of the way we do business and a reshaping of our daily lives.

Amid this major transition, by generating ideas for the future to solve challenges facing society, we will realize a vibrant society where people enjoy a fulfilling life.

Our core themes are People, Planet, and Innovation.










To maximize our individual strengths while helping to achieve sustainability for the planet and society, we plan to develop new ideas and solutions, and lead innovation.

By combining our strengths as One dentsu, we are confident that we will be able to open new avenues of success for our clients and contribute to positive outcomes for the global environment and society.

<b>Purpose</b>	<b>an invitation to the never before.</b> Through connecting diverse talents within and beyond our organization, we exist to create new solutions and new beginnings for the sustainable development of our clients and society.		
<b>Vision</b>	To be at the forefront of people-centered transformations that shape society		
<b>Society that dentsu aims to achieve</b>	A vibrant society where people enjoy a fulfilling life		
<b>Management policy</b>	B2B2S Resolving social issues together with clients, and achieving sustainable growth for all		
<b>2030 Sustainability Strategy</b>	<b>Generating ideas for the future to solve challenges facing society</b>		
<b>Core themes</b>	<b>PEOPLE</b> Unleashing our full potential	<b>PLANET</b> Achieving a sustainable future for all	<b>INNOVATION</b> Creating new ideas and solutions
<b>Material issues</b>	<ol style="list-style-type: none"> <li>1 Business ethics &amp; compliance / Data security</li> <li>2 DEI</li> <li>3 Human capital development</li> </ol>	<ol style="list-style-type: none"> <li>4 Climate action</li> </ol>	<ol style="list-style-type: none"> <li>5 Innovation leadership</li> </ol>

## 2030 Sustainability Strategy

### 2030 Sustainability Strategy | Action Plans

	Material issues	Headline goals	Action plans & KPIs	Relation to corporate value	Related SDGs
PEOPLE	<b>1 Business ethics &amp; compliance / Data security</b>	Putting integrity first	<ul style="list-style-type: none"> <li>●Embed a philosophy and culture that places integrity first</li> <li>●Reinforce the three-line defense function</li> <li>●Enhance the effectiveness of the supervisory function by the Board of Directors</li> <li>●Individual measures to be promoted under each theme                             <ul style="list-style-type: none"> <li>- Establish a common training environment (KPI: 100% employees receive training), develop skills for key contact points (KPI: contact points and experts established for issue areas), conduct stakeholder dialogue and information disclosure (KPI: acquire certification and improve ratings)</li> </ul> </li> </ul>	Reducing Management Risk Mid- to Long-term Value Creation See p. 65	
	<b>2 DEI</b>	Transforming business and society by winning as One Team	<ul style="list-style-type: none"> <li>●Win as One Team                             <ul style="list-style-type: none"> <li>- Female leaders to reach an aspirational goal of 45% by 2030</li> <li>- Create an inclusive environment that is accessible to all, resulting in an increase of the number of colleagues with a disability working at dentsu</li> </ul> </li> <li>●Foster a corporate culture that embraces diversity                             <ul style="list-style-type: none"> <li>- An aspirational goal of achieving a two-point increase in Check In (CI) survey "Respect" score by 2025</li> </ul> </li> </ul>	Mid- to Long-term Value Creation See p. 53	 
	<b>3 Human capital development</b>	Unleashing the brilliant potential of our people	<ul style="list-style-type: none"> <li>●Strengthen investment in human capital                             <ul style="list-style-type: none"> <li>- Increase leadership level training (KPIs: GMT succession readiness rate, talent discussion time)</li> <li>- Offer growth opportunities (training, strategic HR transfers) (KPI: CI survey score)</li> <li>- Talent development in strategic areas (capability training)</li> </ul> </li> <li>●Improve employee engagement score (activities by region) (KPI: CI survey score)</li> </ul>	Performance Improvement in the Short Term Reducing Management Risk Mid- to Long-term Value Creation See p. 47	 
PLANET	<b>4 Climate action</b>	Accelerating the low-carbon transition	<ul style="list-style-type: none"> <li>●Achieve net-zero greenhouse gas (GHG) emissions by 2040 (Scope 1-3)</li> <li>●Achieve a 46.2% absolute reduction in GHG emissions by 2030 (Scope 1-3) compared to a 2019 baseline</li> <li>●Achieve 100% renewable energy* by 2030</li> <li>●Enable one billion people to make more sustainable choices by 2030</li> </ul> <p>* Renewable energy in the context of dentsu's sustainability strategy and commitments refers to electricity generated from renewable sources. This definition aligns with RE100.</p>	Reducing Management Risk Mid- to Long-term Value Creation See p. 59	 
INNOVATION	<b>5 Innovation leadership</b>	Creating ideas for the future with the power of creativity and technology	<ul style="list-style-type: none"> <li>●Promote investments and R&amp;D for future innovation (KPI: case numbers)</li> <li>●Generate SDGs-related thought-leadership and proposals with a clear call-to-action (KPI: number of research projects)</li> <li>●Create social value through partnerships and ecosystems (KPI: number of ecosystems)</li> </ul>	Performance Improvement in the Short Term Mid- to Long-term Value Creation See p. 31	 

## 2030 Sustainability Strategy

### 2030 Sustainability Strategy | Governance

- Progress towards the 2030 Sustainability Strategy and the status of the initiatives across five areas will be managed through quarterly GSC meetings.
- GSC committee members, each Materiality Sponsor, and the relevant department in charge will collaborate to ensure that all initiatives are achieved.

**Group Sustainability Committee (GSC)**

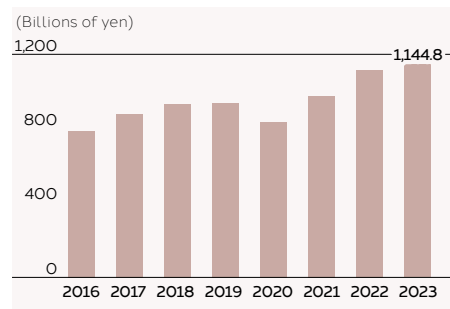
**Chair:** Yuko Kitakaze (Global Chief Sustainability Officer)

**Members:** Hiroshi Igarashi (President & Global CEO), Arinobu Soga (Global Chief Governance Officer, Global Chief Financial Officer), Alison Zoellner (Global General Counsel), Jean Lin (Global President - Global Practices), Jeremy Miller (Global Chief Communications Officer), Manus Wheeler (Chief Brand & Culture Officer, Deputy Chief of Staff), Miho Tanimoto (Global Chief HR Officer)

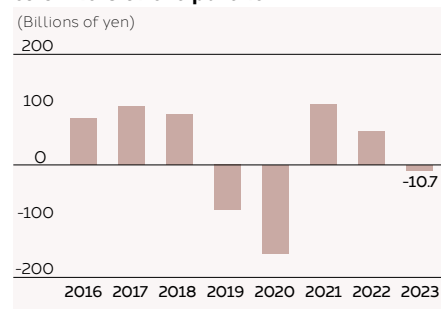
	Material Issue	Sponsor	Department in Charge	Four Regions
PEOPLE	1 Business ethics & compliance / Data security	Arinobu Soga Global Chief Governance Officer Global Chief Financial Officer	Group Governance Unit	AMERICAS EMEA APAC JAPAN
	2 DEI	Miho Tanimoto Global Chief HR Officer	Group HR Office	
	3 Human capital development			
PLANET	4 Climate action	Yuko Kitakaze Global Chief Sustainability Officer	Group Sustainability Office	
INNOVATION	5 Innovation leadership	Jean Lin Global President - Global Practices	Global Practices Team	

# Financial highlights

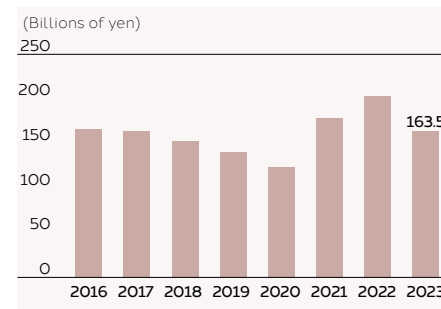
## Net revenue



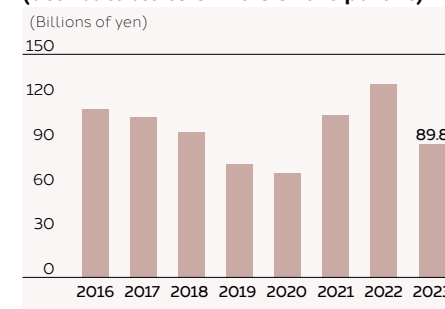
## Profit (loss) for the year attributable to owners of the parent



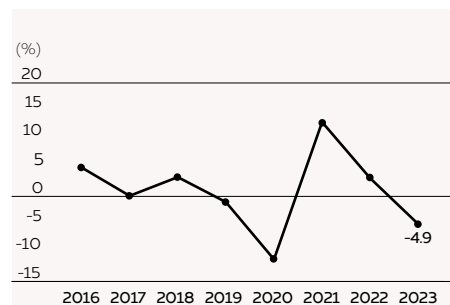
## Underlying operating profit\*1



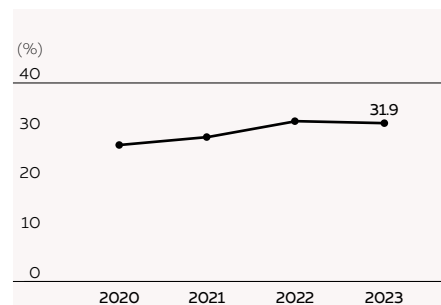
## Underlying net profit (attributable to owners of the parent)\*2



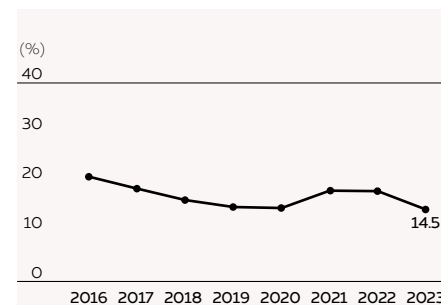
## Organic growth rate\*3



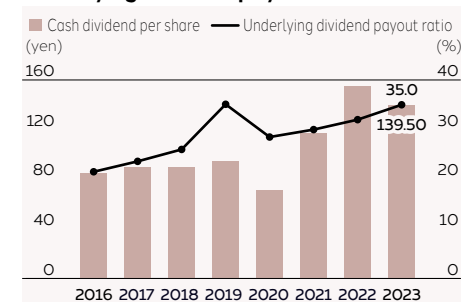
## CT&T\*4 ratio



## Operating margin\*5



## Cash dividend per share / Underlying dividend payout ratio\*6



\*1 KPI to measure recurring business performance which is calculated as operating profit added with M&A related items and one-off items

M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share-based compensation expense issued following the acquisition of 100% ownership of a subsidiary. One-off items: items such as business transformation cost, impairment loss and gain/loss on sales of non-current assets

\*2 Underlying net profit (attributable to owners of the parent): KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, revaluation of earnout liabilities/M&A related put-option liabilities, gain/loss on

sales of shares of associates, tax-related and NCI profit-related and other one-off items

\*3 Organic growth rate represents the constant currency year-on-year growth after adjusting for the effect of business acquired or disposed of since the beginning of the previous year

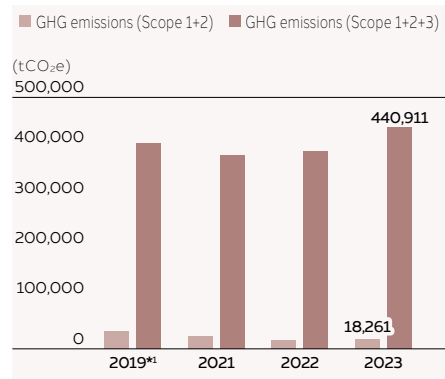
\*4 CT&T = Customer Transformation & Technology : new business domain including the services related to marketing technology, customer experience management, commerce, system integration, and transformation & growth strategy

\*5 Operating margin = Underlying operating profit ÷ Net revenue × 100

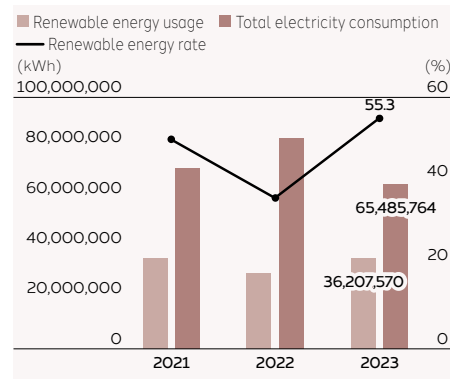
\*6 Underlying dividend payout ratio = Cash dividend per share ÷ Basic underlying profit per share × 100

# Non-financial highlights

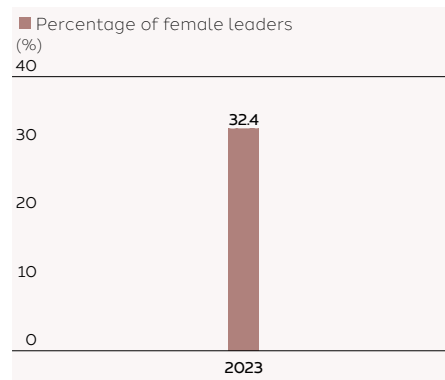
## GHG emissions



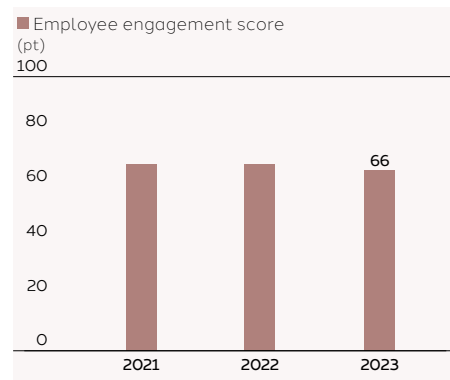
## Renewable energy rate



## Percentage of female leaders\*2



## Employee engagement score



## External evaluation of sustainability and ESG initiatives

Member of  
**Dow Jones Sustainability Indices**  
 Powered by the S&P Global CSA

Included for the first time as a member of the Dow Jones Sustainability World Index (DJSI World). Included for the eighth time in the DJSI Asia Pacific Index.



Also continued to be selected as a constituent of FTSE4Good and FTSE Blossom Japan.



Awarded a Bronze Medal by Ecovadis for sustainability performance, including in the supply chain.

\*1 The 2019 baseline figures are as of December 31, 2023. We submitted new GHG reduction targets to the Science-Based Targets initiative (SBTi) in 2024.

\*2 For details, please see the Independent Assurance Report: <https://www.group.dentsu.com/en/sustainability/common/pdf/third-party-assurance.pdf>



## Non-financial highlights

### Recognitions for creating an environment where our diverse talent can thrive



Received the highest rating of Gold for the second consecutive year, and Rainbow certification in the work with Pride LGBTQ+ corporate initiatives index.



Recognized for the second consecutive year with 4.5 stars by Nikkei Smart Work as an advanced company taking on the challenge of a productivity revolution through workstyle reforms, with an S+ rank or higher in the Human Resource Utilization Capabilities, Innovation Capabilities, and Market Development Capabilities categories.



Received the highest three-star Eruboshi certification from Japan's Ministry of Health, Labour and Welfare (MHLW) as a company promoting women's participation and advancement. Received Kurumin certification from MHLW as a company offering good child-rearing support, based on the Act on Advancement of Measures to Support the Development of the Next Generation.

Notes: 1. Dentsu Kyushu, Dentsu PR Consulting, Carta Holdings, Dentsu Ad-Gear, Dentsu East Japan, Ignition Point, Dentsu Digital, and Dentsu Science Jam received Eruboshi certification.  
2. Dentsu Digital received Kurumin certification.



Dentsu Inc. placed a record-high third in the Best Companies to Work for 2024 ranking announced by Japan's OpenWork, Inc., which operates the OpenWork information platform for career change and employment (out of 1,388 companies included in the ranking).



Dentsu Soken Inc. (second consecutive year) and Ignition Point Inc. (eighth consecutive year) were selected as Best Workplaces in the 2024 Best Companies to Work in the survey conducted by the Great Place To Work® Institute Japan.

### Recognitions for our creativity and innovation capabilities



Awarded Regional Network of the Year 2023, APAC, for the second year in a row at Cannes Lions, the world's largest creative festival. Dentsu Inc. won Agency of the Year—Craft, as well as the Grand Prix in the Industry Craft Lions category. Dentsu Creative won the Grand Prix in the Pharma category. A total of 29 individual awards were received.



Named Network of the Year as the most creative network at Spikes Asia 2024, APAC's most prestigious advertising award ceremony (second award, first in three years). Dentsu Inc. won the Asia-Pacific Agency of the Year award as the most creative single agency (third award, first in seven years). A total of 35 individual awards were received.



Named Network of the Year as the most creative network at ADFEST 2024, Asia's leading creative festival (eighth award, third consecutive year).

Dentsu Inc. was named Agency of the Year as the most creative single agency (10th award, second consecutive year), as well as Digital Agency of the Year and East Asia Agency of the Year. A total of 27 individual awards were received.