

NORTHSTAR

NORTHSTAR, consisting of PURPOSE, WHY/WHAT/HOW and VALUES, is the unique corporate philosophy that makes dentsu what it is.

PURPOSE

an invitation to the never before.

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.

WHY

For lasting good

We exist to create truly sustainable value for the organizations
we work with and in the lives of millions.

WHAT

The power of the never before

Our ideas create new solutions and new beginnings for
an ever-changing business environment.

HOW

Open teaming

Anyone from anywhere in the dentsu world and beyond
can get together in a team, there are no boundaries.

NORTHSTAR

Values—The 8 Ways

Not just in the work we do, but as individuals, we approach life with a higher perspective and act with integrity, always.
It is in this spirit we share the 8 ways.

1 WE DREAM LOUD

We rise to the ever-evolving needs of our clients and partners by dreaming big and loud. We take businesses to unexplored territory and everyone of us is invited to join. Thinking small is for other people. Let's celebrate audacity.

2 WE INSPIRE CHANGE

Change is our path through the impossible. Change is where the magic happens. Change knows the present is already the past. Change never gets old. Change is the adventure we love. Let's be fearless about change.

3 WE TEAM WITHOUT LIMITS

All our diverse and talented people around the world are able to come together in any formation. All our doors are open to innovation from anyone, anywhere. We're building the new by connecting the different. Let's unleash the "power of us."

4 WE ALL LEAD

We believe that leadership is what we do together. It flows through all of us. Anyone in dentsu can lead us towards the never before. Anyone can help us. Anyone can influence the outcome. Let's lead together, be strong together—and show the world.

5 WE MAKE IT REAL

We're more than idealists, we're entrepreneurs. We turn strategic vision into measurable plans, executed beautifully. What we dream, we build. It's not genius until it's real. Let's make it happen.

6 WE CLIMB HIGH

What we do isn't always easy. But even when a task seems impossible, we meet it with grace and optimism. We step towards difficulties and turn problems into progress. We're here to find solutions. Let's welcome challenges.

7 WE CHOOSE EXCITEMENT

On every project we look for ways to go further, to make our work more interesting and rewarding. In choosing our way, we take the exciting path, because in tough times and good, it's excitement that propels business forward. Let's love the work we do.

8 WE ARE A FORCE FOR GOOD

We work with honesty, integrity and responsibility. We are endlessly curious about ways to add value to people's lives. When we do the right thing as individuals, it becomes who we are as a company. Let's use our powers for the good of everyone.

Corporate DNA

Vision/Management policy/Society to be realized

CEO message

Review of the previous Mid-Term Management Plan and changes in the external environment

Overview of the Group Mid-Term Management Plan (2025–2027)

1

Our growth story

The future we envision and the forces that drive us

Corporate DNA: The Road to B2B2S

Since our founding in 1901, dentsu has continually responded to changes in society to create new value. We started with innovation, combining communications and advertising into a revolutionary business model aimed at delivering high-quality news across Japan. We grew as an advertising company dedicated to supporting the development of society, and then added new media, international expositions, sports, and entertainment, always striving toward a vibrant society where people enjoy a fulfilling life.



Founder **Hoshio Mitsunaga**

Creating the never before to help shape society—establishing the cornerstone of dentsu's value proposition handed down over generations



Fourth president **Hideo Yoshida**

Foresaw the emergence of popular culture and expanded through diversified business models and the spread of new media

Contributing to the development of the country and its people through innovative ideas

We developed a revolutionary business model combining communications and advertising as a package, with the aim of widely distributing high-quality news articles to the Japanese public. In 1926, we established the Aviation Department to create a system for transporting photos, and in 1928, we became Japan's pioneer in commercializing high-speed communication using newly invented electronic photo transmission technology from Germany.



Source: dentsu 100-Year History

Dedicated to improving Japan's advertising industry from the perspective of the nation's people

We made newspaper circulation figures public in Japan with the goal of advancing the entire advertising industry for the betterment of society. We also established the Dentsu Advertising Award to promote commercial broadcasting and introduced marketing to Japan's advertising industry. These were just some of the initiatives we took from the perspective of the nation's people to raise the advertising industry to new standards and promote Japan's economic growth.



Source: dentsu 100-Year History

Expanding the horizons of the communication business to connect companies with consumers

Leveraging the know-how accumulated during preparations for, and operation of, the Japan World Exposition Osaka 1970, we were able to connect content, companies, and consumers to expand our corporate client services in areas including sports, events, and PR.



Content-driven marketing to generate new consumer culture

In the 1980s, dentsu began providing content-based solutions for new fields such as theme parks, showrooms, and commercial facilities. In the 1990s, we expanded into producing content, including movies and animation. Such legacies have been carried over in today's creation of digital content marketing. Our efforts contributed to a new, vibrant culture of sightseeing and tourism among Japanese consumers.



Solving emerging social needs with business pursued from a global perspective

Since our founding, dentsu has provided solutions to improve society from a consumer perspective. Amid a rapidly changing external environment, businesses, and society face many challenges that call for global collaboration. We are making bold efforts to solve these issues by building systems and infrastructure as a sustainable growth partner for our clients.



Communications

Advertising

Events/Sports

Entertainment/Content

Since our founding, a dedication to creating a vibrant society where people enjoy a fulfilling life

B2B2S



Vision

To be at the forefront of people-centered transformations that shape society

Management policy

B2B2S

Business to Business to Society

**Resolving social issues together with clients,
and achieving sustainable growth for all**

Society to be realized

**A vibrant society
where people enjoy a fulfilling life**

CEO message

Creating positive societal change through innovation inspired by people's creativity and insights

Hiroshi Igarashi

Director, Representative Executive Officer,
President & Global CEO, dentsu

Management policy

The vision behind B2B2S

Three years have passed since I was appointed President & Global CEO of Dentsu Group Inc. in January 2022. As we look ahead from a medium- to long-term perspective, I would like to revisit the B2B2S management policy introduced at that time—our commitment to resolving social issues together with clients and achieving sustainable growth for all.

Back in January 2020, when I became president of Dentsu Inc., the world was facing various challenges, notably the spread of the COVID-19 pandemic. It was during this pressing time that we faced the fundamental question: What exactly is a company's responsibility to society? That period became a rare opportunity for us to contemplate our purpose in society for the future.



Ever since our founding, dentsu has endeavored to drive positive transformations in society by working with clients and partners to solve challenges.

Upon my appointment as President and Global CEO of dentsu, we introduced “B2B2S” as a global management policy to reaffirm this founding spirit and share it among all our employees.

Upon unveiling B2B2S, I noted that anticipating the societal issues transcending our clients’ challenges, comprehensively confronting them, and proposing and implementing solutions yields the greatest pleasure in our work. Three years later, I feel even more passionate about that statement, and cases of putting B2B2S into practice are increasing year by year. (see [p. 35](#)).

Vision

People-centered transformations

In 2023, dentsu adopted a vision “to be at the forefront of people-centered transformations that shape society.” The purpose of this vision is to support the implementation of B2B2S by giving the Group a clear direction. I would like to elaborate on three aspects of what we mean by the phrase “people-centered.”

1. The creativity of our people

We believe in the creativity of our people. The people of dentsu proactively address complex challenges, and with so many different personalities and backgrounds, we are adept at using teamwork to look at problems from different perspectives, generate new ideas, and find creative solutions to our clients’ challenges.

Based on these unique strengths, we introduced our clients to our new global brand proposition “Innovating to Impact” in May 2024. This brand message is directed at the market to share dentsu’s promise to unleash innovation and spur client growth by

combining transformative creativity, media, data, and technology. Innovating to Impact also embraces our determination to go beyond our clients’ business growth to ensure positive influences on people, society, and the world.

2. Ideas generated from our insights into people

Our strength lies in our people and in their insights into consumers. At dentsu, we closely track consumer behavior and sentiment, and based on these insights, we generate innovative ideas and design the best consumer experiences.

We have built long-standing relationships with our clients based on our deep understanding of their businesses. Here, too, we use insights into clients’ businesses to create new solutions and establish a continuous cycle of innovation and success.

3. The power to transform society for the future

Transformations start with people and are realized by people. That is why we focus on people and their potential to drive positive change in society.

Our transformative power is the force behind a 124-year history that has continually evolved with the times to launch new business (see [p. 05](#)).

We can summarize our “people-centered” approach in three simple statements:

- We believe in our people’s creativity.
- We leverage dentsu’s unique insights into people (consumers).
- We drive positive, transformative change for society so people can thrive.

This “people-centered” approach is reflected in all our businesses and initiatives, giving shape to our vision and a clear path to its achievement.

New Mid-Term Management Plan

Growing together globally with our clients

As we announced in our 2024 financial results in February 2025, the business growth and profitability targets set out in the previous Mid-Term Management Plan have not been achieved. To return to sustainable and strong organic growth, we have formulated our new Mid-Term Management Plan, which covers the period up to fiscal 2027.

The core strategy of the plan is to realign our business portfolio and refocus our capital and people into priority businesses to restore our competitiveness.

In our International business, 2025 will be a critical year for achieving our strategy, as we strive to regain profitability and competitiveness by reevaluating underperforming businesses and rebuilding our business foundation.

To win in this competitive business landscape, we set our strategic focus as, “A network that wins globally by growing locally.” In support of our policies, we continue to build long-standing relationships with clients in each market based on a deep understanding of their businesses, while delivering continuous innovation in response to the unique needs of each market. Our people will be at the center of making this happen, collaborating with clients to generate significant impact for society. This is a time that necessitates flexible strategy-making and execution responsive to local market characteristics and client needs. We are focusing our capital and people on priority businesses and key markets to further strengthen our competitive footholds around the world.

In each market, we will serve as growth partners for our clients, and together we will strive for global growth.

Under the new Mid-Term Management Plan, we have adopted ROE as a KPI to raise the priority of shareholder value.

Based on business growth, we aim for an ROE in the mid-teens range by 2027.

International: Offering Integrated Growth Solutions with media as the focal point

In our International business, together with bolstering our presence in the US, which has large revenue potential and diverse business assets, we are also executing a flexible strategy that leverages the unique characteristics of each region. We will focus on the Media business and areas that lead to added value, which are the starting point for our Integrated Growth Solutions (IGS). We are placing particular emphasis on next-generation advertising tools, including the use of AI and data to disseminate advertising, as well as new forms of retail media linked directly to purchasing behavior.

In addition to these initiatives, we are deepening our strategic partnerships with media and platform companies, while integrating our creative work and customer experience management (CXM) to offer complete solutions addressing the specific needs of each client. We are promoting this approach under the name “Media ++ strategy.”

Japan: Differentiating ourselves based on unique added value and reinforcing collaboration with our International business

In Japan, we are differentiating ourselves through IGS driven by unique added value. Our focus is on strengthening our unparalleled competitive advantage in the Marketing domain in Japan to generate new business opportunities for our clients throughout their value chains.

In Consulting, we aim for new growth, while in Technology we will improve synergies with Marketing. In Sports & Entertainment, we will eye global markets for expansion. Our Japan business will not stop at the border, but rather we will help

Japanese clients with overseas expansion and local businesses, leveraging the dentsu global network to enhance collaboration around the world.

Improving corporate value from a long-term perspective Toward 2030

We are working to raise our corporate value in the medium to long term. In 2024, we announced our 2030 Sustainability Strategy as a central initiative, and this has been renamed the 2030 Value Creation Strategy to better reflect our strong commitment to value creation initiatives. This strategy is all about generating ideas for the future to solve the challenges facing society through business. Under each of our four material themes of Integrity, People & Culture, Innovation, and Environment, we have set goals, action plans, and KPIs.

Together, these non-financial areas of our business represent a critical platform for the future of dentsu. We will execute the action plans steadily, one step at a time, to reach our goals.

For our stakeholders

The power to shape the future

In 2025, we are executing a reform program across the Group to recover profitability and a competitive advantage in our International business and rebuild the business foundation.

We aim to achieve the KPIs in the Mid-Term Management Plan with transparency of our growth strategy and milestones. Trust cannot be built overnight. That is why we believe in making steady progress in each and every activity we undertake, building a record of success and valuing the dialogues we have with stakeholders.

Our people are the most important driving force behind our ability to achieve transformations for the future. At dentsu, our

most powerful asset is our unique talent and their understanding of consumers, their creativity and insight, and their ability to execute on this. The continuous innovations generated by our talent enable us to provide solutions that are guided by client-centricity. With these core competencies, we must now move forward with even greater relevance and responsibility to society.

What is the purpose behind the value we create? That is a question we address with the utmost sincerity, each one of us playing a role and continually meeting the challenges we face with integrity. Our dedication to this approach opens new doors for us, helping us to realize a vibrant society where people enjoy a fulfilling life.

To our shareholders, investors, and other stakeholders, we ask for your understanding of dentsu’s medium- to long-term value and for your unwavering support.

Review of the previous Mid-Term Management Plan and changes in the external environment

The Mid-Term Management Plan for 2021-2024 focused on growth through M&A. However, challenges emerged due to incomplete integration and lagging business portfolio realignment. At the same time, changes in business challenges and the competitive

landscape, as well as an external environment in which taking a people-centered approach is increasingly required, have significantly impacted the effectiveness of our existing growth model.

2021-2024

Review of the previous Mid-Term Management Plan

Profitability and competitiveness of the International business has been undermined by executing an M&A-focused growth strategy

Incomplete integration

- Organization has become more complex and siloed, with high-cost structures
- Results of recent acquisitions tend to be below expectations due to unrealized synergies

Lagging business portfolio realignment

- Profits have deteriorated significantly in some businesses and markets
- Some obsolete assets have become fixed within the Group

Insufficient updates to existing capabilities

- Focus on Customer Transformation & Technology (CT&T) has resulted in inadequate enhancement of Media/Creative capabilities
- Lack of internal investment driven by the Group

External environment surrounding dentsu

Business and technology

Changes in business challenges and the competitive environment

- Growing demand for disclosure of non-financial initiatives and business strategies
- Exploring trade-on business models for a sustainable society
- A growing need for new businesses aligned with circular/sharing economies
- Increasingly complex business challenges driven by multifaceted consumer needs
- Greater sophistication of media and content domains driven by the growing importance of personalized experiences
- The uncertain outlook of the global situation is influencing the global macroeconomic landscape
- The ongoing, rapid development of AI continues to spark worldwide debate, and relevant regulations are being introduced
- Large-scale AI investments by tech companies and consulting firms are underway
- Exploring the role and identity of humans in an age of AI
- New social media and digital economic spheres are emerging
- The importance of data security, including protection of personal information, is increasing

People, society, and the environment

Growing importance of a people-centered approach

- New consumer values are shifting away from mass consumption
- Responses to environmental and human rights issues are having a significant impact on brands and consumer preferences
- Social fragmentation is increasing globally due to factors including rising inequality and generational gaps
- The global population is increasing, while some countries struggle with aging societies and declining birth rates
- Geopolitical tensions continue to rise as wars and conflicts persist
- There is growing interest in personal development, including reskilling
- There is a growing need for inter-company collaboration to address social issues
- Disclosure requirements for non-financial information are becoming increasingly complex and sophisticated
- It is becoming essential to enhance resilience against the frequent occurrence of natural disasters and the collapse of biodiversity

Key challenges for dentsu

- Swift reevaluation of underperforming businesses
- Need to restore the profitability and competitiveness of our International business
- Focus on business strategies that leverage dentsu's unique strengths
- Strategic concentration of capital and talent into priority areas and markets
- As a company where people are the greatest asset, dentsu must lead in talent management

Initiatives are already underway, including the implementation of the One dentsu Operating Model, a review of the business portfolio, and the promotion of internal investment

Overview of the Group Mid-Term Management Plan (2025–2027)

In light of the challenges highlighted in the previous Mid-Term Management Plan, and considering the external environment marked by the unprecedented scale and speed of change, dentsu has formulated a new plan that aims to achieve both competitive advantage and profitability on the path toward realizing our vision. To regain our competitive edge, we will shift our focus toward becoming a growth partner for clients in each market, driving global expansion. By concentrating resources in Japan and the US, we will build a successful model for delivering Integrated Growth Solutions (IGS)—comprehensive offerings tailored to client needs. At the same time, we will work to restore profitability by swiftly addressing underperforming

businesses and implementing ongoing cost efficiencies. In the next-generation growth area, we will expand our distinctive business model in Sports & Entertainment across key markets and strengthen our portfolio of intellectual property-driven businesses.

From a financial perspective, we will prioritize internal investment while continuing to maintain financial soundness and delivering consistent shareholder returns. Furthermore, by strengthening governance, sustainability & value creation, and talent management, we will build a framework in which all regions actively contribute to increasing shareholder value.

Vision

To be at the forefront of people-centered transformations that shape society

Key financial targets for 2027

Organic growth: **4%**

Operating margin: **16%–17%**

Operating cash flow for the year: **140 billion yen**

ROE: **mid-teens range**

Regain competitiveness

Shift to a strategy of achieving global growth by driving success in each market

Focus International business capabilities around Media

Concentrate resources in Japan and the US to scale the successful model for IGS

Restore profitability

Execute thorough and swift measures to address underperforming businesses

Systematically carry out sustainable cost reductions

Aim to have all four regions contributing to enhancing shareholder value

Next-generation growth area

Expand the Sports & Entertainment business

Financial plan and capital allocation

Prioritize rebuilding the business foundation and internal investment, and consider M&A on a limited basis

Maintain a dividend payout ratio of 35%, consistent with the previous Mid-Term Management Plan
Maintain per-share dividend at the previous year's level in 2025

Corporate governance/value creation & sustainability/talent management

Establish governance and an organizational culture that support business execution

Implement the 2030 Value Creation Strategy, which is integrated in the business strategy

Advance talent management that unlocks the potential of our talent as a driver of growth