

Value Creation Meets New Group Structure



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Accelerating business transformation

The COVID-19 pandemic and the multitude of ensuing crises have forced corporates, society, and consumers to rethink conventional norms. Many of our clients and business partners are experiencing a growing need to innovate products and services, client experiences, and touch points with consumers in COVID-19 and post COVID-19 society.

In order to achieve our goals in these difficult and uncertain times, we are accelerating our business transformation, the pillar of which is the evolution of our value creation model.

While innovation is already a key issue for many businesses, it now needs to go far beyond what

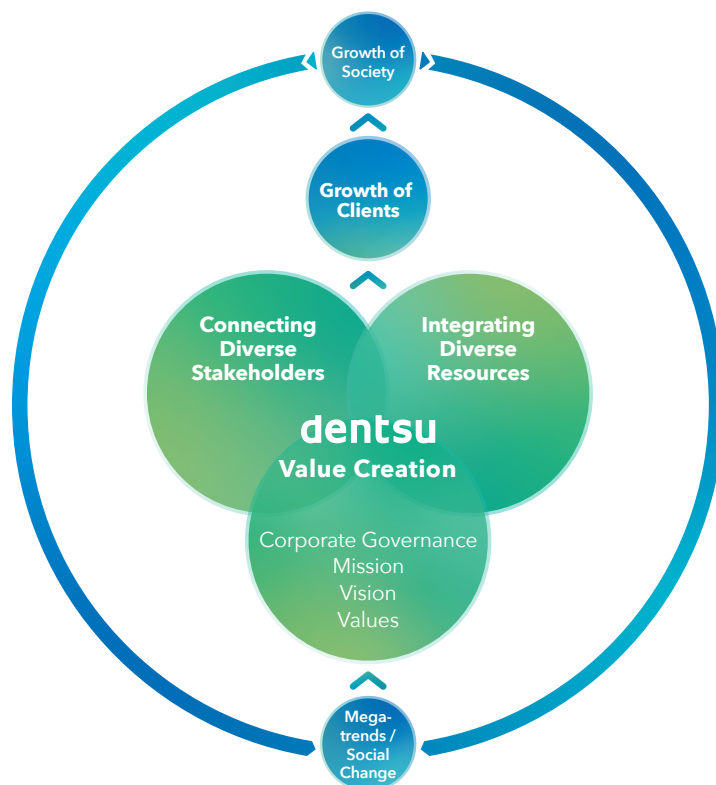
has been required in the past. This is an opportunity for us to realize new ways of creating value and highlight the true value of the Dentsu Group, with this year as the starting point. The essence of the Group's value creation is its ability to integrate diverse capabilities and entities, so as to realize distinctive solutions.

In January, we reorganized the Group under a pure holding company structure, in order to more rapidly develop our ability to create new value.

Transitioning to a flat group structure has enabled us to leverage the diversity of our Group companies through "Open Teaming," designed to foster collaboration, creativity, and innovation across borders.

Value Creation Model

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The new structure enables us to simultaneously increase efficiencies and direct business transformation. At the same time, we will continue developing our CSR, governance, and risk management foundations to support sustained growth.

Diversifying resources, connecting stakeholders

To transform how we do business, we are diversifying our in-house capabilities and external resources, integrating them to drive our clients' growth.

To go beyond the conventional scope of marketing communications solutions, we are integrating our diverse competences across media, creative, data analytics, systems integration, sports, and entertainment. This enables us to support transformation across the whole spectrum of our clients' marketing and business needs.

The Group is developing a "Teaming Platform" that will produce internal synergy to power the flow of talent, capabilities, knowledge, and services. This creates value in individual projects, new knowledge, and competence among people throughout the Group.

The second evolution of our value creation model is in how we connect and integrate clients and their diverse stakeholders to create solutions that support the sustained growth of our clients.

As the need for clients to contribute to society becomes an increasingly important management issue, the Group will deliver solutions that integrate the growth of our clients with that of society.

The United Nations has stated that its Sustainable Development Goals can only be realized through global partnerships and cooperation. In recognition of this, the Dentsu Group creates value by connecting and integrating our clients with diverse stakeholders, such as media, sports organizations, and content holders.

We believe that this approach to value creation can bring our clients added worth, while at the same time contributing to society.

Environmental, social, and governance (ESG) criteria

The Dentsu Group will develop our value creation model under a new Group management structure to apply the strategy of cross-boundary "Open Teaming"; to extend our diversity and collaboration, and connect our clients to a universe of stakeholders; and to create and deliver value in a way that only the Dentsu Group can. To do this, it is essential that we evolve our ESG foundation that supports this transformation.

While contributing to the environment and society through the services we provide our customers, we are also reinforcing our CSR activities. Under the stewardship of a new CSR committee, comprising members from various Group companies, we will coordinate CSR activities throughout the Group under a common strategy.

The Dentsu Group has much to contribute to a new society that faces diverse global risks. With our creativity, innovation, and ability to produce solutions, we believe the Group's CSR can add significant value at this very difficult time. We will

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direct our CSR to that end.

Lastly, as the “Teaming Platform” allows integration across the Group and enables us to connect stakeholders, Group governance will become increasingly important. Thus, we will set up a governance structure that will earn the trust of our clients, as well as of consumers and society.

As a global Group operating in more than 145 countries with in excess of 1,000 corporate entities and 66,000 employees, we seek to share a common culture and openly and transparently connect with our stakeholders to earn their firm trust. We aspire to be a Group where each and every one of us feels the joy of being able to create

new value for our clients and society.

The Dentsu Group will work with our clients to bring sustainable growth to society. To do so, we will drive three things: the business transformation that develops around our new value creation model, the evolution of our Group CSR, and governance. We ask the Group’s stakeholders for their continued understanding and support.

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