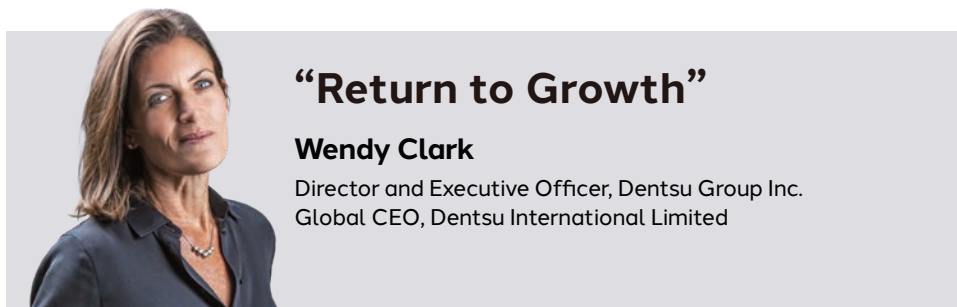


Dentsu International



Transformation to drive growth

FY2021 saw Dentsu International return to growth across all regions and service lines. Our organic growth of 9.7% shows a recovery across the business and that our bold vision of being the most integrated agency network in the world has resonated with our clients as they continue to invest in customer experiences informed by data and analytics.

We expect continued solid growth in our Media and Creative service lines, while the structural growth in Customer Transformation & Technology will transform our business allowing us to deliver a truly differentiated offer to our clients as a hybrid agency / consultancy. Our strengths in first-party data, combined with identity resolution, data management, marketing technology, data sciences, loyalty, CRM, personalization, and media and creative services, have differentiated us in the evolving competitive landscape. We have our sights set on becoming the market leader enabling and activating the total customer experience as we look to grow Customer Transformation & Technology to 50% of our Group net revenue over time.

Exceeding margin targets 12 months early

FY2021 saw Dentsu International not only return to growth, but profitable growth. We delivered a 33.8% increase in underlying operating profit year-on-year, reaching

operating margin levels not seen since FY2016. We had committed to reaching a 15% operating margin by FY2022; in FY2021 we not only delivered this one year early—but beat our target by 90 bps.

The past two years have seen us radically simplify our business to keep pace with the needs and expectations of our clients and realign our cost base across the business. We have achieved 58% of the brand optimization target with 88% planned to be achieved by year end FY2022. We have reduced the number of legal entities within the business—reducing complexity and we have significantly reduced our property footprint to reflect our new hybrid ways of working.

Longer term, there is still margin opportunity as we continue to invest in near and offshore programs—lowering the cost to serve our clients, investing in technology to drive efficiency across the business and increase the use of shared services and globally aligned systems and platforms.

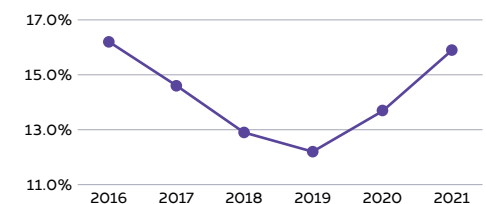
Investing for future growth

We continue to focus our M&A firepower on Customer Transformation & Technology, focusing on the fast-growth areas such as commerce and digital transformation where we see the structural growth in our industry.

Acquisitions will also enhance our market-leading capabilities with our key technology alliance partners including Salesforce, Adobe and Google—and this will further cement our position as their leading agency partner, extending our lead over our agency competitors.

In the third quarter of FY2021, we welcomed LiveArea and their 600 people to join our lead agency in Customer Transformation & Technology, Merkle. LiveArea bolsters Merkle’s global experience and commerce capabilities and furthers Merkle’s position as a go-to experience partner for businesses around the world.

Dentsu International: operating margin 2016–2021



Investing in talent

As the impacts of the COVID-19 pandemic continued in 2021 this highlighted the need for us to find new ways to engage our people and reinforce our culture of inclusion and support for diversity when we couldn't be together. In 2021 we saw record levels of employee engagement, reflecting our remarkable ability to adapt at pace.

We also continued to tackle issues around Diversity, Equity & Inclusion, gaining recognition in early 2022 by both Stonewall and the Human Rights Campaign Foundation for our commitment to the inclusion of LGBTQ+ people in the workplace. We were also the first in our sector to set a gender equity target—by 2030, women will make up 50% of Dentsu International management team.

One of my priorities as Global CEO of Dentsu International has been to be the workplace of choice for the best talent to ensure we attract and retain the best people. In 2021, we made a record investment in the design and delivery of a number of individual development and coaching programs for our highest potential talent throughout the network.

We also welcomed four new leaders to our Executive team: Michael Komasinski as CEO of Merkle and the CXM service line, Fred Levron to lead and transform our Creative offer, Nnenna Ilomechina as Global Chief Operating Officer, bringing over 20 years of market-leading digital and transformation experience and leadership, and Alison Zoellner as our Global General Counsel. These appointments further strengthen our Executive Leadership Team.

2030 Sustainability Strategy in Dentsu International

One year after the launch of our strategy in 2021, Dentsu International took the bold decision to reset our net-zero target, including a new decarbonization target of 90% reduction by 2040, becoming one of the first companies in the world to have our net-zero target approved by the Science Based Targets initiative (SBTi).

I had the incredible privilege of attending COP26. At the conference, I was able to share dentsu's belief that the task of meeting our climate goals depends on driving

different consumer behavior and creating green markets. And we believe that, as one of the largest media and advertising companies in the world, we are in the right place to do that.

That's why I am particularly excited about the work we have been doing with clients to help them transition to a bold new approach. For example, we worked with IKEA to build a bespoke online tool enabling customers to sell their used furniture back to IKEA—a powerful example of how to make meaningful choices accessible to consumers.

Dentsu International's sustainability initiatives and recognitions



Looking ahead

In FY2021, we returned to growth, transformed our business, reduced our cost base, and delivered margin improvement. This is testament to the hard work and commitment of all our people. In 2022 we look forward to unlocking even more value within Dentsu International and the Group, leveraging our competitive positioning, our strong product offering and the 45,000 talented individuals within the organization.

The greatest opportunity for brands today is the transformation of customer experience. This reflects our vision of where the future growth in the industry lies: data, technology integrated with creativity and innovation to deliver topline growth for our clients.



Peter Huijboom

Global CEO,
Media and Global Clients,
Dentsu International

Media Service Line

Unlocking the power of media for the biggest brands on the planet

Dentsu International's Media Service Line provides clients with integrated media planning and investment services, delivered through award-winning global agencies Carat, iProspect and dentsu X. We bring together the power of brand building, content, and storytelling, with the precision of performance, data, and technology.

The digital universe is the place where we experience brands, make decisions about brands and purchase their products. As our global agencies continue to innovate and help our clients navigate this complex and ever-expanding channel, we've also got our sights set on the future. This was why, in 2021, we published a collaborative global research study "The Rise of Sustainable Media" in which we explored consumer attitudes to, and the industry's responsibility toward, low- and no-carbon advertising in a bid to address climate change.

2021 was the year that saw Carat yet again placed as a leader in Forrester Wave; dentsu X as RECMA's World's Fastest Growing Media Agency for the third year in a row; and the year iProspect integrated Vizeum to become the industry's newest full service global media agency. New business wins included Kering, LinkedIn, Ferrero and Manulife.

In 2022, our accelerated growth will be realized through continued development of new and existing relationships driven by our outcome-obsessed global agencies. Our advantage will be maintained via a suite of highly competitive products, services and platforms that meet the growing and ever-changing needs of our clients—from identity to insights and from addressability to attention. And, we will continue to embed social impact not just into our own proposition, but into our clients' brand propositions too—promoting a responsible media ecosystem and helping clients move toward net zero through media.



Fred Levron

Global Chief Creative Officer,
Dentsu International

Creative Service Line

Radical Collaboration, Radical Simplicity

In 2021, our Creative Service Line demonstrated the power of radical collaboration, and radical simplicity. We simplified our brand portfolio, and extended our client relationships.

We hit new creative highs; 2021 was our most awarded year ever in the US. We were Spikes' Network of the Year, Dentsu Creative's work in 2021 brought us 2022 Agency of the Year at Cannes Lions with three Grand Prix awards and we were awarded one of Fast Company's best places to work for Innovators.

We invested in products and platforms such as Content Symphony, our intelligent production platform (Adobe's system of record) and Dentsu on Demand, our next generation teaming platform to connect our talent, scale & personalize our ideas.

Most importantly, we invested in exceptional talent and in creating a diverse and inclusive workforce, able to create work that truly reflects the modern world.

The power of Modern Creativity

We continue to push ourselves to innovate faster, simplify further and excel creatively, leading to the creation of a single global creative network: Dentsu Creative.

We have a new vision for creativity at dentsu: from vertical to horizontal creativity, driving better and more innovative outcomes across all of our service lines.

Modern Creativity creates culture, it changes behavior and changes society—it invents the future. Together with our core brand capabilities, these skills combined enable us to break new ground in creating entertainment platforms and intellectual properties, virtual influencers and gaming properties, and live commerce experiences.

In Dentsu Creative, we are building a network for today and tomorrow, transforming brands, businesses and society for good.



Michael Komasincki

Global CEO, Merkle/CXM
and President Merkle/CXM
Americas at Dentsu
International

Customer Experience Management (CXM) Service Line

Consumer needs and expectations of today are virtually unrecognizable to those of a decade ago. Vast market shifts, an acceleration of brands' and consumers' digital fluency, the proliferation of data and platforms, the ever-tightening privacy landscape, and changing societal values have all taken marketing on an accelerated journey of transformation in recent years.

Today's most successful brands are built by providing superior customer experiences (CX) that are hyper-personalized, informed by data, and powered by technology. The knowledge and insights derived from that data inform powerfully targeted and personal moments in time between the customer and the brand. These moments, orchestrated across multiple touchpoints, come together to form experiences, which, over time, create the loyalty and advocacy that build lasting relationships.

As a customer experience management (CXM) company, Merkle not only encourages brands to embrace customer centricity, we help them transform their organizations into builders of long-lasting, value-driven customer relationships. Merkle is the CXM service line's and Dentsu International's largest brand, and is poised to surpass 2 billion USD in revenue in 2023.

The value we provide to clients is underpinned by our deep heritage in data, analytics, and technology. Our differentiation lies in fostering customer experience transformation through a broad set of end-to-end solutions. We start with CX transformation and technology consulting. We follow through on the resulting program strategy with world-class capabilities that span media services, digital experience, commerce, CRM, loyalty, cloud solutions, data management, data solutions, and data science (artificial intelligence (AI) and machine learning (ML)). Adding strength to our value proposition are our alliances with partners, such as Google, Adobe, Salesforce, AWS, and others. Through these relationships, we are tapping into the growth of

enterprise experience technology and cloud services to develop full-funnel experience platforms for the brands we serve.

Merkle's equation for success is: data transformation + digital transformation = customer experience transformation. Our integrated go-to market strategy is centered around three broad categories:

- **Data Transformation:** the privacy-safe acquisition, management, analysis, and activation of valuable data that informs customer experiences in real time. It starts with a 360 view of customers from first-party data reconciled across marketing, sales, commerce, and service.
- **Digital Transformation:** the modernized system that allows the business to organize around the customer and adapt to changing market conditions and customer needs. It enables the delivery of personally and contextually relevant moments that form experiences and foster relationships.
- **Customer Experience Consulting:** strategic advisory services that set the vision for CX transformation. We partner with brands to create a market-focused CX framework and meet the organizational and technology requirements to deliver on it.

In a recent study conducted by Merkle, 65% of consumers surveyed said they want the brands they do business with to communicate with them in highly personalized, familiar, more seamless ways. Yet only 14% feel like brands are doing a good job at that. This gap exposes an enormous opportunity for brands who invest in CXM initiatives over the next 5-10 years.

The CXM Service Line will continue to develop new capabilities designed to help brands seize this opportunity. We are the market leader for technology-enabled customer journeys. CEOs and members of the broader C-suite will be engaged as they pursue meaningful business outcomes that create revenue, cost savings, competitive differentiation, and shareholder value.