

August 14, 2025

Notice Regarding the Revision of the Full-Year Consolidated Earnings Forecast for FY2025 and the Dividend of Surplus (Interim Dividend and Year-End Dividend Forecast)

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & Global CEO: Hiroshi Igarashi; Head Office: Tokyo; Capital: 74,609.81 million yen; hereinafter referred to as “the Company”) announces that at the Board of Directors meeting held today, a decision was made to revise the consolidated earnings forecast for FY2025 (January 1 to December 31, 2025) previously announced on February 14, 2025, as well as the dividend of surplus for FY2025 (including the decision on the interim dividend and revision of the year-end dividend forecast).

(1) Revision of the Consolidated Earnings Forecast for FY 2025 (IFRS)

(million yen)	August Forecast (A)	February Forecast (B)	Variance (A – B)	Variance (%)	(Reference) Results for the previous fiscal year
Revenue	1,433,200	1,494,000	(60,800)	(4.1)	1,410,961
Net Revenue	1,180,100	1,215,000	(34,900)	(2.9)	1,194,070
Underlying operating profit* ¹	141,600	146,000	(4,400)	(3.0)	176,233
Operating Margin (%)	12.0	12.0	—		14.8
Underlying net profit* ²	63,000	71,000	(8,000)	(11.3)	92,936
Underlying Basic EPS (yen)	242.70	273.53			355.24
Operating profit (loss)	(3,500)	66,000	(69,500)	—	(124,992)
Net profit (loss)	(75,400)	10,000	(85,400)	—	(192,172)
Basic EPS (yen)	(290.47)	38.53			(734.56)

Exchange Rate

Av. Jan-Jul. 2025

Av. Jan. 2025

JPY/USD	148.1	156.5	(8.3)	(5.3)	151.4
JPY/GBP	193.4	193.3	0.1	0.0	193.5

(2) Background to the revision of the consolidated earnings forecast for FY2025

The organic growth rate for the first half fell slightly short of the initial forecast. As for the second half, the Japan business is expected to continue its positive growth trend. The International business anticipates a relatively steady performance in Media with new business wins, but a slower-than-expected recovery with a continued challenging business environment in CXM and a challenging performance in Creative resulting from a loss of deals from existing clients, their reduced spending, and an ongoing uncertain macro environment. As a result, the full-year organic growth rate forecast has been revised downward from circa 1% to circa 0%. Japan reiterates organic growth of circa 3%. The International business organic growth guidance is downgraded from aiming at positive growth to negative circa 2%.

Given the high level of operating margin in the first half, the positive effects of flexible cost control measures, and the benefits emerging from the rebuilding of the business foundation, the Company continues to target the initially announced operating margin guidance of circa 12%.

Furthermore, reflecting an impairment loss on goodwill of 86 billion yen and other factors recorded in the second quarter, the Company revises its operating profit on a statutory basis downward from 66 billion yen in profit to an operating loss of 3.5 billion yen, and net profit attributable to owners of the parent from 10 billion yen in profit to a loss of 75.4 billion yen.

(3) Decision on Dividend of Surplus (Decision of Interim Dividend and Revision of Year-End Dividend Forecast)

Decision on the Interim Dividend and Revision of the Year-End Dividend Forecast for FY 2025 (IFRS)

	FY2025 August Forecast			FY 2025 February Forecast		
	Interim Dividend	Year-end Dividend Forecast	Annual Forecast	Interim Dividend Forecast	Year-end Dividend Forecast	Annual Forecast
Dividend per share	0 yen	undetermined	undetermined	69.75 yen	69.75 yen	139.50 yen
Dividend payout ratio*			undetermined			51.0%

(For reference) FY2024 results: Interim dividend of 69.75 yen, year-end dividend of 69.75 yen, total annual dividend of 139.50 yen. Dividend payout ratio: 39.3%.

*The FY2024 dividend results and the FY2025 dividend forecast are calculated based on the underlying basic EPS and the annual dividend per share.

Regarding the Determination of the Interim Dividend for FY 2025 and the Revision of the Year-End Dividend Forecast

In the Company's non-consolidated financial statements for the second quarter of FY2025 (under Japanese GAAP), an evaluation of shares in its subsidiary, Dentsu International Limited,

was conducted.

As a result, fair value significantly declined compared to the carrying amount, and accordingly, a loss on valuation of shares of subsidiaries and associates of 168.1 billion yen was recorded as an extraordinary loss.

The recognition of this loss on valuation has reduced the Company's retained earnings in its non-consolidated financial statements. Therefore, the interim dividend for FY2025 will be suspended, and the year-end dividend for the same period will be revised to a value that is currently undetermined.

Regarding the year-end dividend whose value is currently undetermined, the Company will consider appropriate levels based on asset sales in addition to profits from business. The Company will announce the decision as soon as it is made, taking into account future capital allocation from a medium-term business perspective. The Company will strive to achieve stable dividends as soon as possible from 2026 onwards.

*1 Underlying operating profit: 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 impairment loss and gain/loss on sales of non-current assets/extra retirement payments

*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 added with adjustment items related to operating profit, gain/loss on sales of shares of associates, revaluation of earnout liabilities / M&A related put-option liabilities, tax-related, NCI profit-related and other one-off items.

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Contacts :

Media Inquiries

Jumpei Kojima, Sho Sugiura

Group Corporate Communications Office

Dentsu Group, Inc.

Email: group-cc@dentsu.com