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FOR IMMEDIATE RELEASE
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Notice Regarding the Differences Between the Full-Year Forecast and the Actual Results for FY2025 Due to the Recognition of Goodwill Impairment Losses in the Americas and EMEA, and the Recognition of Extraordinary Losses in the Non-Consolidated Financial Statements

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") announced today the recognition of goodwill impairment losses in the Americas and EMEA regions.
As a result, differences have arisen between the full-year forecast for FY2025 (January 1, 2025 to December 31, 2025) announced on November 14, 2025, and the actual results announced today.
In addition, in the Company's non-consolidated financial statements for FY2025 prepared in accordance with Japanese GAAP, the Company recorded extraordinary losses consisting of an impairment loss on investments in subsidiaries and an allowance for doubtful accounts related to loans to such subsidiaries, as detailed below.

1. Recognition and Details of Goodwill Impairment Losses

The Company recognized goodwill impairment losses of 310.1 billion yen in the Americas and EMEA regions, which were not included in the full-year forecast announced on November 14, 2025, and recorded such losses in the fourth quarter of FY2025 (October 1, 2025 to December 31, 2025).
The Group conducts annual impairment tests on goodwill during the fourth quarter of each fiscal year.
As a result of the impairment tests conducted for the Americas and EMEA regions, which are included among the Group's four business regions, the Company recognized goodwill impairment losses in these regions, amounting to 230.8 billion yen in the Americas and 79.3 billion yen in EMEA.
Accordingly, the total amount of goodwill impairment losses recognized in FY2025 (the aggregate of the second and fourth quarters) amounted to 396.1 billion yen.
In addition, the balance of goodwill at the end of FY2025 decreased to less than half of the level at the end of FY2024.

The assumptions underlying the outlook used in this impairment test are as follows:

- All projects currently identified as having a certain degree of risk of order loss have been excluded from the outlook, and order intake forecasts for the fiscal year have been estimated at a significantly more conservative level compared with the ordinary budget.

- Cost reduction effects from the reconstruction of the management foundation that have not yet materialized have not been incorporated.

- Unlike the impairment test conducted at the end of FY2024, the outlook for the first year, which has the greatest impact on additional impairment risk, has been set at an extremely conservative level.

- The growth rate assumed for periods from FY2028 onward has also been reduced to approximately 1%, from approximately 3% used in the impairment test conducted as of the second quarter.

Based on this impairment test, the assumption has been revised to a level at which no further goodwill impairment losses are expected to arise, and the Company believes that the likelihood of recognizing additional goodwill impairment losses is limited.

2. Differences Between the Full-Year Forecast and Actual Results for FY2025 (IFRS, January 1, 2025 to December 31, 2025)

(million yen)	FY2025 Results (A)	November Forecast (B)	Variance (A－B)	Variance (%)	(Reference) Results for FY 2024
Revenue	1,435,245	1,421,000	+14,245	+1.0	1,410,961
Net Revenue	1,197,530	1,182,600	+14,930	+1.3	1,194,070
Underlying operating profit*1	172,536	161,200	+11,336	+7.0	176,233
Operating Margin	14.4%	13%range	—		14.8%
Underlying net profit*2	93,547	83,400	+10,147	+12.2	92,936
Underlying Basic EPS (yen)	360.38	321.29			355.24
Operating profit (loss)	(289,212)	17,600	△306,812	—	(124,992)
Net profit (loss)	(327,601)	(52,900)	△274,701	△83.9	(192,172)
Basic EPS (yen)	(1,262.04)	(203.79)			(734.56)
Exchange Rate	Av.Jan-Dec.2025	Av.Jan-Oct.2025			Av.Jan-Dec.2024
JPY/USD	149.6	148.4	+1.2	+0.8	151.4
JPY/GBP	197.3	195.4	+1.9	+0.9	193.5

*Given the uncertain business environment, we set targets within a specific range for particularly important KPIs.

For FY2025, mainly driven by strong performance in Japan, our organic growth rate, net revenue, underlying operating profit, and operating margin all exceeded the full-year forecasts announced in November 2025.

On the other hand, operating profit/loss under statutory accounting turned from the previously forecast profit of 17.6 billion yen to a loss of 289.2 billion yen, primarily due to the recognition of goodwill impairment losses in the Americas and EMEA.

In addition, reflecting increased financial expenses and other factors, profit/loss attributable to owners of the parent expanded from the previously forecast loss of 52.9 billion yen to a loss of 327.6 billion yen.

For further details on the FY2025 results, please refer to the "FY2025 Earnings Presentation" available on our website.

3. Recognition of Extraordinary Losses in the Non-Consolidated Financial Statements

As a result of an assessment of the shares of our overseas subsidiary, Dentsu International Limited, it was determined that their recoverable amount had significantly declined compared with the carrying value. In addition, after reviewing the collectability of loans to the company's overseas subsidiaries, the following extraordinary losses were recognized in the non-consolidated financial statements (Japanese GAAP) for FY2025 due to heightened concerns about collectability in certain portions:

Impairment loss on investments in affiliates: 286.7 billion yen
Allowance for doubtful accounts: 171.8 billion yen

These extraordinary losses are recorded in the non-consolidated financial statements prepared in accordance with Japanese GAAP and do not affect the consolidated income statement under IFRS.

*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, sharebased 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, business transformation costs, and 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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