

**Excerpt from Quarterly Report
(Consolidated Financial Statements)
(January 1 to June 30, 2020)**

Part 4. Financial Section

1. Preparation Method of Condensed Quarterly Consolidated Financial Statements

- (1) The condensed quarterly consolidated financial statements of Dentsu Group Inc. (hereinafter referred to as "the Company") are prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" (hereinafter referred to as "IAS 34") under the provisions of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007; hereinafter referred to as "the Ordinance").
- (2) In the condensed quarterly consolidated financial statements, figures less than one million yen are rounded down to the nearest million yen.

2. Audit Certificate

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's condensed quarterly consolidated financial statements for the second quarter ended June 30, 2020 (from April 1 to June 30, 2020) and the condensed consolidated financial statements for the first six months (from January 1 to June 30, 2020) of fiscal year 2020, which were compiled in Japanese, were subject to a quarterly review by KPMG AZSA LLC.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

		(Millions of Yen)	
	Notes	FY2019 (As of December 31, 2019)	The second quarter (As of June 30, 2020)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		414,055	422,644
Trade and other receivables		1,424,127	1,112,263
Inventories		21,007	23,219
Other financial assets	15	15,859	13,097
Other current assets		57,976	74,812
Subtotal		1,933,025	1,646,037
Non-current assets classified as held for sale		665	2
Total current assets		1,933,691	1,646,039
NON-CURRENT ASSETS:			
Property, plant and equipment		315,116	292,537
Goodwill	6	754,796	721,245
Intangible assets		245,517	224,767
Investment property		36,835	36,637
Investments accounted for using the equity method		47,662	46,723
Other financial assets	15	423,410	375,894
Other non-current assets		15,052	13,990
Deferred tax assets		23,645	38,253
Total non-current assets		1,862,037	1,750,050
TOTAL ASSETS	5	3,795,729	3,396,090

		(Millions of Yen)	
		FY2019	The second quarter
		(As of December 31, 2019)	(As of June 30, 2020)
Notes			
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
	Trade and other payables	1,390,778	1,053,829
15	Borrowings	184,816	302,988
15	Other financial liabilities	72,863	97,736
	Income tax payables	17,689	17,423
	Provisions	8,554	11,284
	Other current liabilities	184,326	157,639
	Subtotal	1,859,029	1,640,900
	Liabilities directly associated with non-current assets classified as held for sale	195	-
	Total current liabilities	1,859,224	1,640,900
NON-CURRENT LIABILITIES:			
15	Bonds and borrowings	439,110	397,825
15	Other financial liabilities	283,711	226,504
	Liability for retirement benefits	24,254	31,524
	Provisions	4,389	4,832
	Other non-current liabilities	27,717	19,672
	Deferred tax liabilities	104,787	108,255
	Total non-current liabilities	883,970	788,614
	Total liabilities	2,743,195	2,429,514
EQUITY:			
	Share capital	74,609	74,609
	Share premium account	100,102	74,556
7	Treasury shares	(60,202)	(34,591)
	Other components of equity	206,649	133,701
	Retained earnings	653,818	661,571
	Total equity attributable to owners of the parent	974,977	909,847
	Non-controlling interests	77,556	56,728
	Total equity	1,052,533	966,575
	TOTAL LIABILITIES AND EQUITY	3,795,729	3,396,090

(2) Condensed Quarterly Consolidated Statement of Income

For the six months ended June 30, 2019 and June 30, 2020

		(Millions of Yen)	
	Notes	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Turnover (Note 1)	5	2,478,700	2,126,847
Revenue	5, 8	497,068	459,082
Cost		47,825	50,214
Revenue less cost of sales	5	449,242	408,868
Selling, general and administrative expenses		427,955	374,012
Other income	9	4,115	3,601
Other expenses	10	7,327	9,712
Operating profit		18,075	28,745
Share of results of associates		(168)	16
Impairment loss of associates		-	436
Gain on sales of shares of associates		-	5
Revaluation gain on step acquisition		-	44
Profit before interest and tax		17,906	28,375
Finance income	11	4,912	15,048
Finance costs	11	20,126	11,293
Profit before tax		2,693	32,130
Income tax expense		1,111	12,445
Profit for the period		1,581	19,685
Profit (loss) attributable to:			
Owners of the parent		(1,275)	15,795
Non-controlling interests		2,856	3,890
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)	12	(4.52)	56.93
Diluted earnings (loss) per share (Yen)	12	(4.53)	56.89

Reconciliation from operating profit to underlying operating profit

		(Millions of Yen)	
	Notes	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Operating profit		18,075	28,745
Amortization of intangible assets incurred in acquisitions		17,935	15,839
Selling, general and administrative expenses		4,656	1,069
Other income		(3)	(33)
Other expenses		4,333	7,125
Underlying operating profit (Note 2)	5	<u>44,997</u>	<u>52,747</u>

For the second quarter ended June 30, 2019 and June 30, 2020

		(Millions of Yen)	
	Notes	Second quarter ended June 30, 2019 (From April 1 to June 30, 2019)	Second quarter ended June 30, 2020 (From April 1 to June 30, 2020)
Turnover (Note 1)		1,263,985	932,415
Revenue		246,489	206,344
Cost		25,221	24,647
Revenue less cost of sales		221,268	181,697
Selling, general and administrative expenses		211,308	174,351
Other income		2,379	1,509
Other expenses		3,557	4,803
Operating profit		8,781	4,051
Share of results of associates		(329)	(413)
Gain on sale of shares of associates		-	83
Profit before interest and tax		8,452	3,721
Finance income		5,819	3,019
Finance costs		10,094	4,360
Profit before tax		4,177	2,380
Income tax expense		1,664	851
Profit for the period		2,512	1,529
Profit attributable to:			
Owners of the parent		1,308	438
Non-controlling interests		1,204	1,090
Earnings per share			
Basic earnings per share (Yen)	12	4.64	1.57
Diluted earnings per share (Yen)	12	4.63	1.56

Reconciliation from operating profit to underlying operating profit

	(Millions of Yen)	
	Second quarter ended June 30, 2019 (From April 1 to June 30, 2019)	Second quarter ended June 30, 2020 (From April 1 to June 30, 2020)
Operating profit	8,781	4,051
Amortization of intangible assets incurred in acquisitions	8,930	7,701
Selling, general and administrative expenses	790	701
Other income	(2)	(7)
Other expenses	2,024	3,062
Underlying operating profit (Note 2)	<u>20,525</u>	<u>15,509</u>

- (Notes) 1 Turnover represents the total amount billed and billable to clients handled by the Dentsu Group (hereinafter referred to as "the Group"), net of discounts, VAT and other sales-related taxes.

Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Condensed Quarterly Consolidated Statement of Income since management has concluded that the information is useful for users of the financial statements.

- 2 The underlying operating profit is a KPI to measure recurring business performance which is calculated as operating profit added with gain/loss related to M&As and one-off items.

Gain/loss related to M&As: Amortization of M&A related intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, and share-based compensation expenses following the acquisition of 100% ownership of a subsidiary

Examples of one-off items: Impairment loss and gain/loss on sales of non-current assets

Underlying operating profit is not defined under IFRS; however, it is voluntarily disclosed in the Condensed Quarterly Consolidated Statement of Income since management has concluded that the information is useful for users of the financial statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2019 and June 30, 2020

		(Millions of Yen)	
		Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
	Notes		
PROFIT FOR THE PERIOD		1,581	19,685
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Net change in financial assets measured at fair value through other comprehensive income	15	41,050	(45,458)
Remeasurements of defined benefit plans		(0)	(8,207)
Share of other comprehensive income of investments accounted for using the equity method		(51)	(140)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Exchange differences on translation of foreign operations		(9,014)	(29,005)
Effective portion of the change in the fair value of cash flow hedges		(4,686)	(6,653)
Share of other comprehensive income of investments accounted for using the equity method		(53)	(23)
Other comprehensive income, net of tax		27,243	(89,490)
COMPREHENSIVE INCOME FOR THE PERIOD		28,825	(69,804)
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		26,348	(68,726)
Non-controlling interests		2,477	(1,077)

For the second quarter ended June 30, 2019 and June 30, 2020

	(Millions of Yen)	
	Second quarter ended June 30, 2019 (From April 1 to June 30, 2019)	Second quarter ended June 30, 2020 (From April 1 to June 30, 2020)
PROFIT FOR THE PERIOD	2,512	1,529
OTHER COMPREHENSIVE INCOME		
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:		
Net change in financial assets measured at fair value through other comprehensive income	14,761	28,142
Remeasurements of defined benefit plans	2	2,518
Share of other comprehensive income of investments accounted for using the equity method	(34)	(79)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:		
Exchange differences on translation of foreign operations	(24,751)	2,459
Effective portion of the change in the fair value of cash flow hedges	(1,741)	(1,531)
Share of other comprehensive income of investments accounted for using the equity method	(26)	10
Other comprehensive income, net of tax	(11,789)	31,519
COMPREHENSIVE INCOME FOR THE PERIOD	(9,276)	33,048
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	(9,102)	32,609
Non-controlling interests	(174)	439

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended June 30, 2019 (From January 1 to June 30, 2019)

(Millions of Yen)

	Notes	Total equity attributable to owners of the parent				
		Share capital	Share premium account	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
As of January 1, 2019		74,609	99,751	(40,194)	23,888	6,364
Cumulative effects of changes in accounting policies						
Restated balance as of January 1, 2019		74,609	99,751	(40,194)	23,888	6,364
Profit (loss) for the period						
Other comprehensive income					(8,883)	(4,686)
Comprehensive income for the period		–	–	–	(8,883)	(4,686)
Repurchase of treasury shares				(5)		
Disposal of treasury shares			(0)	0		
Dividends	7					
Transactions with non-controlling interests						
Transfer from other components of equity to retained earnings						
Other changes			175			
Transactions with owners—total		–	174	(5)	–	–
As of June 30, 2019		74,609	99,926	(40,199)	15,004	1,677

(Millions of Yen)

	Notes	Total equity attributable to owners of the parent						
		Other components of equity			Retained earnings	Total	Non-controlling interests	Total equity
		Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
As of January 1, 2019		130,482	–	160,735	752,717	1,047,619	63,129	1,110,749
Cumulative effects of changes in accounting policies				–	(8,417)	(8,417)	(557)	(8,975)
Restated balance as of January 1, 2019		130,482	–	160,735	744,299	1,039,202	62,572	1,101,774
Profit (loss) for the period				–	(1,275)	(1,275)	2,856	1,581
Other comprehensive income		41,195	(1)	27,623		27,623	(379)	27,243
Comprehensive income for the period		41,195	(1)	27,623	(1,275)	26,348	2,477	28,825
Repurchase of treasury shares				–		(5)		(5)
Disposal of treasury shares				–		0		0
Dividends	7			–	(12,685)	(12,685)	(1,213)	(13,898)
Transactions with non-controlling interests				–	(1,127)	(1,127)	9,411	8,283
Transfer from other components of equity to retained earnings		443	1	445	(445)	–		–
Other changes				–	62	237		237
Transactions with owners—total		443	1	445	(14,196)	(13,581)	8,198	(5,382)
As of June 30, 2019		172,121	–	188,804	728,828	1,051,968	73,248	1,125,217

For the six months ended June 30, 2020 (From January 1 to June 30, 2020)

(Millions of Yen)

		Total equity attributable to owners of the parent				
					Other components of equity	
Notes	Share capital	Share premium account	Treasury shares	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	
	As of January 1, 2020	74,609	100,102	(60,202)	26,559	2,952
	Profit for the period					
	Other comprehensive income				(28,247)	(6,653)
	Comprehensive income for the period	—	—	—	(28,247)	(6,653)
	Repurchase of treasury shares			(10,001)		
	Disposal of treasury shares		(26,196)	35,613		
	Dividends					
	Transactions with non-controlling interests					
	Transfer from other components of equity to retained earnings					
	Other changes		650			
	Transactions with owners—total	—	(25,546)	25,611	—	—
	As of June 30, 2020	74,609	74,556	(34,591)	(1,688)	(3,700)

(Millions of Yen)

		Total equity attributable to owners of the parent						
		Other components of equity						
Notes	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity	
	As of January 1, 2020	177,137	—	206,649	653,818	974,977	77,556	1,052,533
	Profit for the period			—	15,795	15,795	3,890	19,685
	Other comprehensive income	(41,413)	(8,208)	(84,522)		(84,522)	(4,968)	(89,490)
	Comprehensive income for the period	(41,413)	(8,208)	(84,522)	15,795	(68,726)	(1,077)	(69,804)
	Repurchase of treasury shares			—		(10,001)		(10,001)
	Disposal of treasury shares			—		9,416		9,416
	Dividends			—	(13,145)	(13,145)	(1,496)	(14,641)
	Transactions with non-controlling interests			—	16,597	16,597	(18,002)	(1,405)
	Transfer from other components of equity to retained earnings	3,366	8,208	11,574	(11,574)	—		—
	Other changes			—	79	729	(251)	478
	Transactions with owners—total	3,366	8,208	11,574	(8,042)	3,596	(19,750)	(16,153)
	As of June 30, 2020	139,089	—	133,701	661,571	909,847	56,728	966,575

(5) Condensed Quarterly Consolidated Statement of Cash Flows

	(Millions of Yen)	
Notes	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,693	32,130
ADJUSTMENTS FOR:		
Depreciation and amortization	45,572	42,735
Share-based compensation expenses related to acquired companies	3,850	3,085
Interest and dividend income	(3,202)	(2,513)
Interest expense	9,929	9,319
Share of results of associates	168	(16)
Impairment loss of associates	-	436
Revaluation (gain) loss on contingent consideration and put option liability	8,069	(10,521)
Increase (decrease) in liability for retirement benefits	(290)	369
Increase (decrease) in provision of business restructuring cost	-	(6,626)
Other—net	4,946	10,257
Cash flows from operating activities before adjusting changes in working capital and others	71,737	78,657
CHANGES IN WORKING CAPITAL:		
(Increase) decrease in trade and other receivables	36,008	309,332
(Increase) decrease in inventories	8,691	(2,321)
(Increase) decrease in other current assets	16,304	(15,621)
Increase (decrease) in trade and other payables	(57,859)	(331,520)
Increase (decrease) in other current liabilities	(65,459)	(24,504)
Change in working capital	(62,314)	(64,635)
Subtotal	9,423	14,021
Interest received	1,896	1,360
Dividends received	2,094	2,006
Interest paid	(9,304)	(9,361)
Income taxes paid	(44,145)	(15,187)
Net cash flow from operating activities	(40,036)	(7,160)

		(Millions of Yen)	
		Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment, intangible assets and investment property		(14,811)	(10,337)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		689	542
Net cash (paid) received on acquisition of subsidiaries		(10,249)	(8,654)
Payments for purchases of securities		(14,593)	(6,184)
Proceeds from sales of securities		917	1,768
Other—net		(1,350)	(780)
Net cash flow from investing activities		(39,398)	(23,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term borrowings		18,716	174,302
Proceeds from long-term borrowings		19,393	1,566
Repayment of long-term borrowings		(2,138)	(76,908)
Repayments of lease obligations		(17,187)	(18,532)
Payment for acquisition of interest in a subsidiary from non-controlling interests		(833)	(9,363)
Repurchase of treasury shares	7	(5)	(10,001)
Dividends paid	7	(12,685)	(13,145)
Dividends paid to non-controlling interests		(1,133)	(1,638)
Other—net		124	3,497
Net cash flow from financing activities		4,251	49,775
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(4,751)	(10,378)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(79,934)	8,589
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		416,668	414,055
CASH AND CASH EQUIVALENTS AT END OF PERIOD		336,733	422,644

Notes on the Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

Dentsu Group Inc. (hereinafter referred to as "the Company") is a joint stock corporation under the Companies Act of Japan located in Japan.

The address of the Company's registered corporate headquarters is available on the Company's website (www.group.dentsu.com).

The details of businesses and principal business activities of the Company and its subsidiaries (hereinafter referred to as "the Group") are stated in "5. Segment Information."

The condensed quarterly consolidated financial statements for the second quarter ended June 30, 2020 were approved by Toshihiro Yamamoto, Representative Director and President & CEO, and Arinobu Soga, Director and Executive Officer, on August 13, 2020.

2. Basis of Preparation

(1) Compliance with the International Financial Reporting Standards (hereinafter referred to as "IFRS")

The Company's condensed quarterly consolidated financial statements meet all requirements of Article 1-2 "Specified Company for Designated IFRS" stipulated in the Ordinance, and are prepared in accordance with IAS 34 under the provisions of Article 93 of the Ordinance.

The condensed quarterly consolidated financial statements do not include all the information that must be disclosed in the annual consolidated financial statements, and therefore should be used in conjunction with the consolidated financial statements for the previous fiscal year.

(2) Changes in Presentation

(Condensed Quarterly Consolidated Statement of Cash Flows)

The "Share-based compensation expenses related to acquired companies" and the "Revaluation (gain) loss on contingent consideration and put option liability," which

had been presented under "Other—net" in "Cash flows from operating activities" in the six months ended June 30, 2019 are presented separately from the first quarter ended March 31, 2020, due to an increase in their quantitative materiality. To reflect this change in the presentation, the Condensed Quarterly Consolidated Statement of Cash Flows for the six months ended June 30, 2019 has been reclassified.

As a result, the 16,866 million yen presented under "Other—net" in "Cash flows from operating activities" in the Condensed Quarterly Consolidated Statement of Cash Flows for the six months ended June 30, 2019 has been reclassified as 3,850 million yen under "Share-based compensation expenses related to acquired companies," 8,069 million yen under "Revaluation (gain) loss on contingent consideration and put option liability," and 4,946 million yen under "Other—net," respectively.

3. Significant Accounting Policies

Significant accounting policies applied to the condensed quarterly consolidated financial statements for the second quarter ended June 30, 2020 are identical to those applied to the consolidated financial statements for the previous fiscal year. Meanwhile, income taxes for the six months ended June 30, 2020 are calculated based on the estimated annual effective tax rate.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the condensed quarterly consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of the fiscal year-end date. However, given their nature, actual results may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. The effects of a change in estimates are recognized in the period of the change and future periods.

Accounting judgments, estimates and assumptions that may have a material effect on the amount in the condensed quarterly consolidated financial statements for the second quarter ended June 30, 2020 are identical to those for the consolidated financial statements for the previous fiscal year.

The impact of the global COVID-19 pandemic on significant accounting judgments, estimates and assumptions is as follows.

- Revenue recognition and valuation of inventories and provisions, etc.

On March 24, 2020, the International Olympic Committee and the Tokyo 2020 Organising Committee issued a joint statement to postpone the Tokyo 2020 Olympic and Paralympic Games and to hold them by the summer of 2021. As a result of the above postponement, the Group's accounting judgments and estimates and by extension the Group's performance may be impacted mainly in the following areas, as compared to those that do not assume the postponement.

- Revenue recognition
- Valuation of inventories
- Valuation of provisions and contingent liabilities

These judgments and estimates have been made as the best judgment and estimates of management based on the information available in the second quarter ended June 30, 2020. However, given the many uncertainties at present, the actual results may differ from these judgments and estimates.

- Impairment test of goodwill

The Group conducts an impairment test of goodwill on the record date of October 1 of each year related to the APAC (Asia Pacific) region and other regions (EMEA region and the Americas region) in international business operations. However, in light of the deterioration of the economy caused by the spread of COVID-19 at this time, the Group conducted an impairment test at the end of the second quarter ended June 30, 2020, assuming that indications of possible impairment of goodwill existed. For details, see "6. Impairment Test of Goodwill."

5. Segment Information

(1) Description of reportable segments

The Group's reportable segments are those for which discrete financial information is available, and for which the Board of Directors conducts regular reviews to make decisions about resources to be allocated and to assess performance.

The Group is mainly engaged in providing communications-related services focusing on advertising, and manages its Japan business and international business separately.

Accordingly, the Group has two reportable segments: Japan business segment and International business segment.

(2) Information on reportable segments

Segment profit is based on operating profit net of adjusting items such as "Amortization of intangible assets incurred in acquisitions."

Intersegment revenues are based on the prevailing market price.

Six months ended June 30, 2019 (From January 1 to June 30, 2019)

(Millions of Yen)

	Japan business	International business	Total	Eliminations	Consolidated
Turnover (Note 1)	941,532	1,541,679	2,483,212	(4,511)	2,478,700
Revenue (Note 2)	219,230	282,349	501,580	(4,511)	497,068
Revenue less cost of sales (Note 3)	186,494	262,909	449,403	(160)	449,242
Segment profit (underlying operating profit) (Note 4)	35,636	9,365	45,001	(4)	44,997
(Adjusting items)					
Amortization of intangible assets incurred in acquisitions	—	—	—	—	(17,935)
Selling, general and administrative expenses	—	—	—	—	(4,656)
Other income	—	—	—	—	3
Other expenses	—	—	—	—	(4,333)
Operating profit	—	—	—	—	18,075
Share of results of associates	—	—	—	—	(168)
Finance income	—	—	—	—	4,912
Finance costs	—	—	—	—	20,126
Profit before tax	—	—	—	—	2,693
Segment assets (Note 5)	1,508,667	2,321,018	3,829,686	(169,604)	3,660,081

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

(Millions of Yen)

	Japan business	International business	Total	Eliminations/ Central costs (Note 6)	Consolidated
Turnover (Note 1)	881,120	1,248,037	2,129,157	(2,310)	2,126,847
Revenue (Note 2)	216,237	245,156	461,393	(2,310)	459,082
Revenue less cost of sales (Note 3)	178,260	230,547	408,807	60	408,868
Segment profit (underlying operating profit) (Note 4)	38,078	17,540	55,618	(2,870)	52,747
(Adjusting items)					
Amortization of intangible assets incurred in acquisitions	—	—	—	—	(15,839)
Selling, general and administrative expenses	—	—	—	—	(1,069)
Other income	—	—	—	—	33
Other expenses	—	—	—	—	(7,125)
Operating profit	—	—	—	—	28,745
Share of results of associates	—	—	—	—	16
Impairment loss of associates	—	—	—	—	436
Gain on sales of shares of associates	—	—	—	—	5
Revaluation gain on step acquisition	—	—	—	—	44
Finance income	—	—	—	—	15,048
Finance costs	—	—	—	—	11,293
Profit before tax	—	—	—	—	32,130
Segment assets (Note 5)	1,375,911	2,053,867	3,429,779	(33,688)	3,396,090

- (Notes)
1. Turnover represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Condensed Quarterly Consolidated Statement of Income since management has concluded that the information is useful for users of the financial statements.
 2. Eliminations for revenue for the six months ended June 30, 2019 and eliminations/Central costs for revenue for the six months ended June 30, 2020 are due to eliminations of intersegment transactions (same amount as for turnover).
 3. Eliminations for revenue less cost of sales for the six months ended June 30, 2019 and eliminations/Central costs for revenue less cost of sales for the six months ended June 30, 2020 are due to eliminations of intersegment transactions.
 4. Eliminations for segment profit (underlying operating profit) for the six months ended June 30, 2019 are due to eliminations of intersegment transactions. Eliminations/Central costs for segment profit (underlying operating profit) for the six months ended June 30, 2020 are due to Central costs attributable to the holding company and eliminations of intersegment transactions. Central costs attributable to the holding company are

personnel expenses at the holding company.

5. Eliminations for segment assets for the six months ended June 30, 2019 are due to eliminations of intersegment transactions. Eliminations/Central costs for segment assets for the six months ended June 30, 2020 are due to Central assets attributable to the holding company and eliminations of intersegment transactions. Central assets attributable to the holding company are the Company's cash (cash and deposits) and loans, etc. to Group companies.
6. Effective January 1, 2020, the Company changed its trade name to "Dentsu Group Inc." and the Group transitioned to a holding company structure. In the six months ended June 30, 2020, eliminations/Central costs for segment profit (underlying operating profit) decreased by 2,613 million yen due to Central costs attributable to the holding company and eliminations/Central costs for segment assets increased by 218,601 million yen due to the Central assets attributable to the holding company.

6. Impairment Test of Goodwill

(Goodwill related to the International business segment)

The Group basically conducts an annual impairment test of goodwill on the record date of October 1 of each year related to the APAC (Asia Pacific) region and the other regions (EMEA (Europe, the Middle East, and Africa) region and the Americas region) in international business operations. However, in light of the deterioration of the economy caused by the spread of COVID-19 at this time, the Group conducted an impairment test at the end of the second quarter ended June 30, 2020, assuming that indications of possible impairment of goodwill existed. Additionally, the necessity of recognizing impairment was also confirmed on the International business segment as a whole, which includes the Central assets and Central costs unallocated to each region. As of June 30, 2020, goodwill of 74,287 million yen and 641,851 million yen were recognized for the APAC region and the regions other than the APAC region in international business operations, respectively, while 68,172 million yen (less impairment losses) and 680,458 million yen, respectively, were recognized as of December 31, 2019.

The recoverable amount is calculated using the value in use based on the latest estimates for the current fiscal year approved by management and the results forecast for the subsequent four fiscal years. These estimates and results forecast are based on the assumption that the impact of the spread of COVID-19 will be the greatest in the current fiscal year and that a recovery trend will emerge thereafter. Additionally, in terms of operating margin, a moderate improvement from the current fiscal year is assumed. The perpetual growth rate which was set for cash flows for a period exceeding five years and the pre-tax discount rate used in the calculation of value in use are as follows.

FY2019 (As of December 31, 2019)

Cash-generating unit group	Perpetual growth rate	Discount rate
APAC region	1.5%	10.8%
Regions other than the APAC region in the International business segment	1.61%–1.75%	9.0%
Entire International business segment	1.5%–2.0%	9.0%

The second quarter (As of June 30, 2020)

Cash-generating unit group	Perpetual growth rate	Discount rate
APAC region	1.5%	10.6%
Regions other than the APAC region in the International business segment	1.61%–1.75%	9.2%
Entire International business segment	1.5%–1.75%	9.4%

Given that in all cash-generating unit groups, the recoverable amount exceeded the carrying amount, impairment losses were not reported in the second quarter ended June 30, 2020. Assuming that the rate of the recoverable amount exceeding the carrying amount (the surplus rate) and all other variables are fixed, the changes in major assumptions (breakeven) required in order to make the recoverable amount equal to the carrying amount are as follows.

Cash-generating unit group	Surplus rate	Breakeven		
		Perpetual growth rate	Discount rate	Operating margin
APAC region	56%	-7.4%	+4.3%	-5.6%
Regions other than the APAC region in the International business segment	27%	-3.1%	+2.1%	-4.2%
Entire International business segment	18%	-2.1%	+1.4%	-2.7%

7. Capital

(1) Dividends

Dividends paid are as follows:

Six months ended June 30, 2019 (From January 1 to June 30, 2019)

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Basis date	Effective date
Board of Directors (February 14, 2019)	Ordinary shares	12,685	45.00	December 31, 2018	March 7, 2019

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Basis date	Effective date
Board of Directors (February 13, 2020)	Ordinary shares	13,152	47.50	December 31, 2019	March 5, 2020

(Note) The total amount of dividends based on a resolution at the meeting of the Board of Directors held on February 13, 2020 includes a dividend of 7 million yen for the Company's shares held by the Trust E Unit in relation to the Directors' Stock Compensation Trust.

Dividends for which the basis date falls within the first six months of each fiscal year and the effective date is after the end of the second quarter of each fiscal year are as follows.

Six months ended June 30, 2019 (From January 1 to June 30, 2019)

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Basis date	Effective date
Board of Directors (August 7, 2019)	Ordinary shares	13,397	47.50	June 30, 2019	September 6, 2019

(Note) The total amount of dividends based on a resolution at the meeting of the Board of Directors held on August 7, 2019 includes a dividend of 7 million yen for the Company's shares held by the Trust E Unit in relation to the performance-based stock compensation plan.

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Basis date	Effective date
Board of Directors (August 13, 2020)	Ordinary shares	13,381	47.50	June 30, 2020	September 4, 2020

(Note) The total amount of dividends based on a resolution at the meeting of the Board of Directors held on August 13, 2020 includes a dividend of 18 million yen for the Company's shares held by the Trust E Unit in relation to the performance-based stock compensation plan.

(2) Purchase of treasury shares

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

The Company, in accordance with a resolution of the Board of Directors on August 7, 2019, carried out the repurchase of treasury shares during the six months ended June 30, 2020 as described below, pursuant to Article 156 of the Companies Act, as applied mutatis mutandis under the provisions of Article 165, Paragraph 3 of the Act, and the provisions of the Company's Articles of Incorporation. This repurchase of treasury shares was concluded on February 14, 2020.

1) Class of shares repurchased:	Common shares of the Company
2) Total number of shares repurchased:	2,727,300 shares
3) Total repurchase cost:	9,999 million yen
4) Repurchase period:	January 6, 2020 to February 14, 2020
5) Method of repurchase:	Market purchase on the Tokyo Stock Exchange

(3) Disposal of treasury shares

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

Effective April 15, 2020, OrangeCo Merger Sub, Inc., the Company's wholly-owned subsidiary, implemented an absorption-type merger with Merkle Group Inc. ("Merkle"). As consideration for the merger, a certain amount of cash and the Company's treasury shares (4,736,425 shares) were delivered to the shareholders of Merkle excluding the Group, and the disposal price resolved at the meeting of the Board of Directors was 2,467 yen per share.

Additionally, effective April 17, 2020, for the purpose of retaining the key members of Merkle's management team after the merger, the Company's treasury shares (2,581,200 shares) were granted as share compensation to them, and payment procedures for the shares granted were completed on the same date. The disposal price resolved at the meeting of the Board of Directors was 2,467 yen per share. For details, see "14. Share-Based Compensation."

8. Revenue

Breakdown of revenue recognized from contracts with clients is shown below.

Six months ended June 30, 2019 (From January 1 to June 30, 2019)

(Millions of Yen)

	Segments			Re-conciliations of internal transactions	Total
	Japan business	International business	Subtotal		
Principal services					
Advertising	178,570	282,349	460,919	—	—
Information Services	38,810	—	38,810	—	—
Other Business	1,849	—	1,849	—	—
Total	219,230	282,349	501,580	(4,511)	497,068
Breakdown by regional markets					
Japan	219,230	—	219,230	—	—
EMEA (Europe, Middle East and Africa)	—	107,306	107,306	—	—
Americas	—	122,179	122,179	—	—
APAC (Asia Pacific)	—	52,863	52,863	—	—
Total	219,230	282,349	501,580	(4,511)	497,068

Six months ended June 30, 2020 (From January 1 to June 30, 2020)

(Millions of Yen)

	Segments			Re-conciliations of internal transactions	Total
	Japan business	International business	Subtotal		
Principal services					
Advertising	173,668	245,156	418,824	—	—
Information Services	40,902	—	40,902	—	—
Other Business	1,665	—	1,665	—	—
Total	216,237	245,156	461,393	(2,310)	459,082
Breakdown by regional markets					
Japan	216,237	—	216,237	—	—
EMEA (Europe, Middle East and Africa)	—	91,814	91,814	—	—
Americas	—	113,904	113,904	—	—
APAC (Asia Pacific)	—	39,437	39,437	—	—
Total	216,237	245,156	461,393	(2,310)	459,082

9. Other Income

The breakdown of other income is as follows:

(Millions of Yen)

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Foreign exchange gains	—	230
Profit distributions	3,044	2,505
Other	1,071	866
Total	4,115	3,601

10. Other Expenses

The breakdown of other expenses is as follows:

(Millions of Yen)

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Foreign exchange losses	106	—
Impairment loss	—	1,686
Amortization of long-term prepaid expenses	2,209	2,480
Share-based compensation expenses related to acquired companies	3,850	3,085
Business restructuring cost	—	1,822
Other	1,160	636
Total	7,327	9,712

11. Finance Income and Finance Costs

(1) The breakdown of finance income is as follows:

(Millions of Yen)

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Interest income	1,558	974
Dividend income	1,643	1,538
Changes in fair value of contingent consideration	1,390	12,079
Other	319	455
Total	4,912	15,048

(2) The breakdown of finance costs is as follows:

(Millions of Yen)

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Interest expense	9,984	9,344
Remeasurements of stock purchase obligations (Note)	9,460	1,558
Foreign exchange losses	155	102
Other	525	287
Total	20,126	11,293

(Note) During the six months ended June 30, 2019, with regard to the stock purchase obligations of certain consolidated subsidiaries, changes were made to the estimates relating to the redemption period of such stock purchase obligations. As a result, finance costs for the six months ended June 30, 2019 increased by 8,121 million yen.

12. Earnings (Loss) Per Share

(1) Basic earnings (loss) per share and diluted earnings (loss) per share

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Basic earnings (loss) per share (Yen)	(4.52)	56.93
Diluted earnings (loss) per share (Yen)	(4.53)	56.89

	Second quarter ended June 30, 2019 (From April 1 to June 30, 2019)	Second quarter ended June 30, 2020 (From April 1 to June 30, 2020)
Basic earnings per share (Yen)	4.64	1.57
Diluted earnings per share (Yen)	4.63	1.56

(2) Basis of calculating basic earnings (loss) per share and diluted earnings (loss) per share

	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Profit (loss) for the period used for calculation of basic earnings (loss) per share and diluted earnings (loss) per share		
Profit (loss) for the period attributable to owners of the parent (Millions of Yen)	(1,275)	15,795
Amounts not attributable to ordinary equity holders of the parent (Millions of Yen)	—	—
Profit (loss) for the period used for calculation of basic earnings (loss) per share (Millions of Yen)	(1,275)	15,795
Adjustment		
Share-based payment held by subsidiaries and associates (Millions of Yen)	(2)	(1)
Profit (loss) for the period used for calculation of diluted earnings (loss) per share (Millions of Yen)	(1,277)	15,793
Weighted average number of ordinary shares outstanding used for the calculation of basic earnings (loss) per share and diluted earnings (loss) per share		
Weighted average number of ordinary shares outstanding used for the calculation of basic earnings (loss) per share (Thousands of shares)	281,895	277,467
Effect of dilutive potential ordinary shares (Thousands of shares):		
Performance-based stock compensation plan	74	161
The weighted average number of ordinary shares outstanding used for the calculation of diluted earnings (loss) per share (Thousands of shares)	281,970	277,629

	Second quarter ended June 30, 2019 (From April 1 to June 30, 2019)	Second quarter ended June 30, 2020 (From April 1 to June 30, 2020)
Profit for the period used for calculation of basic earnings per share and diluted earnings per share		
Profit for the period attributable to owners of the parent (Millions of Yen)	1,308	438
Amounts not attributable to ordinary equity holders of the parent (Millions of Yen)	—	—
Profit for the period used for calculation of basic earnings per share (Millions of Yen)	1,308	438
Adjustment		
Share-based payment held by subsidiaries and associates (Millions of Yen)	(1)	(0)
Profit for the period used for calculation of diluted earnings per share (Millions of Yen)	1,306	437
Weighted average number of ordinary shares outstanding used for the calculation of basic earnings per share and diluted earnings per share		
Weighted average number of ordinary shares outstanding used for the calculation of basic earnings per share (Thousands of shares)	281,895	280,145
Effect of dilutive potential ordinary shares (Thousands of shares):		
Performance-based stock compensation plan	74	161
The weighted average number of ordinary shares outstanding used for the calculation of diluted earnings per share (Thousands of shares)	281,970	280,307

13. Significant Non-cash Transactions

During the six months ended June 30, 2020, the Company's treasury shares were granted to the non-controlling shareholders of Merkle, excluding the Group, as consideration for the merger of Merkle by OrangeCo Merger Sub, Inc., a wholly-owned subsidiary of the Company. For details, see "7. Capital."

14. Share-Based Compensation

Restricted stock compensation plan

Starting from fiscal year 2020, for the purpose of retaining the key members of Merkle's management team, the Company adopted an equity-settled restricted stock compensation plan, under which the Company's shares are to be granted to 25 key members of Merkle's management team. Under this plan, a contractual transfer restriction (the transfer restriction period shall be, in principle, the period until December 31, 2023) was set on the Company's shares subject to the grant, and if certain events occurred including the resignation of the key members of Merkle's management team from the management positions during the transfer restriction period without a justifiable reason, the shares granted would be acquired without contribution.

During the six months ended June 30, 2020, 368 million yen was recognized as expenses related to this plan.

The overview of the restricted stock compensation plan is as follows.

	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
	Number of rights (shares)
Balance at the beginning of the period	—
Grant	2,581,200
Balance at the end of the period	2,581,200

(Notes) 1 The grant date was April 17, 2020.

2 The stock price on the grant date of 2,072 yen per share was used as the fair value on the grant date.

15. Financial Instruments

(1) The carrying amount and fair value of financial instruments

The breakdown of the carrying amount and fair value of financial instruments as of December 31, 2019 and June 30, 2020 is as follows:

The fair value of financial assets and financial liabilities measured at amortized cost approximates their carrying amount, except for long-term borrowings and bonds payable.

(Millions of Yen)

	FY2019 (As of December 31, 2019)		The second quarter (As of June 30, 2020)	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	483,197	484,374	395,574	400,219
Bonds payable	79,785	80,147	79,804	79,761

(Note) Current portion that is scheduled for repayment within one year is included.

The fair value of long-term borrowings is determined by discounting the total of the principal and interest by the interest rate assumed in a case where the same loan is newly made.

The fair value hierarchy of long-term borrowings is categorized within Level 3.

The fair value of bonds payable is calculated based on market prices. The fair value hierarchy of bonds payable is categorized within Level 2.

(2) Fair value hierarchy of financial instruments

Financial instruments measured at fair value on a recurring basis after initial recognition are categorized into the three levels of the fair value hierarchy according to observability and significance of input used in measurements. The fair value hierarchy is defined as follows:

Level 1: Fair value measured at the quoted price in the active market

Level 2: Fair value that is measured using the observable price other than categorized in Level 1 directly or indirectly

Level 3: Fair value that is measured based on unobservable inputs

When multiple inputs are used to measure fair value, fair value levels are determined based on the lowest level input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of each quarter.

There are no transfers between Level 1 and Level 2 for the six months ended June 30, 2019 and the six months ended June 30, 2020.

The categories by level of the fair value hierarchy of financial instruments measured at fair value on a recurring basis are as follows.

In addition, figures in the following table include stock purchase obligations.

FY2019 (As of December 31, 2019)

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets	—	12,815	—	12,815
Equity securities	297,224	—	77,348	374,572
Other	1,186	2,702	18,628	22,517
Total	298,411	15,518	95,977	409,906
Financial liabilities				
Derivative liabilities	—	3,624	—	3,624
Stock purchase obligations	—	—	140,488	140,488
Other (mainly contingent consideration)	—	—	68,470	68,470
Total	—	3,624	208,959	212,583

The second quarter (As of June 30, 2020)

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets	—	11,862	—	11,862
Equity securities	265,469	—	57,677	323,147
Other	1,657	2,796	21,064	25,518
Total	267,126	14,658	78,742	360,527
Financial liabilities				
Derivative liabilities	—	9,640	—	9,640
Stock purchase obligations	—	—	43,545	43,545
Other (mainly contingent consideration)	—	—	58,766	58,766
Total	—	9,640	102,311	111,952

The fair values of interest rate swap contracts and foreign exchange contracts included in derivative assets and derivative liabilities are categorized within Level 2 as they are valued using price estimates obtained from financial institutions or observable market data.

The fair values of stocks included in equity securities and other (financial assets) for which active markets exist are categorized within Level 1 as they are determined based on market prices. For stocks in which active markets do not exist, the stocks valued using observable market data are categorized within Level 2, while stocks valued based mainly on market approaches (the comparable companies analysis) using unobservable inputs are categorized within Level 3. Significant unobservable inputs mainly include the price/net asset value multiples, and fair value increases (decreases) based on the increase (decrease) of the price/net asset value multiples. The price/net asset value multiples used as of December 31, 2019 and June 30, 2020 are 0.60 and 0.58–9.82, respectively. Regarding certain stocks categorized in Level 3, the latest available KPI information such as the number of memberships is also used as significant unobservable inputs.

The fair values, etc. of stock purchase obligations and other (financial liabilities) are categorized within Level 3 as they are valued based on the discounted cash flow method using unobservable inputs. As the major unobservable inputs used in the valuation of other (financial liabilities) are mainly future profit levels, their fair values, etc. will increase (decrease) in line with the improvement (deterioration) of profit levels.

The fair values of assets and liabilities categorized within Level 3 are measured using asset and liability valuation methods determined by the department in charge in accordance with fair value measurement valuation policies and procedures. Fair value measurement results are approved by the appropriate personnel in charge.

The schedule of financial instruments categorized within Level 3 is as follows:

(Millions of Yen)

Financial assets	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Balance at the beginning of the period	81,110	95,977
Other comprehensive income (Note 1)	(1,943)	(21,715)
Purchases or acquisitions	10,203	4,884
Sales or settlements	(44)	(144)
Other	(354)	(258)
Balance at the end of the period	88,971	78,742

(Millions of Yen)

Financial liabilities	Six months ended June 30, 2019 (From January 1 to June 30, 2019)	Six months ended June 30, 2020 (From January 1 to June 30, 2020)
Balance at the beginning of the period	190,083	208,959
Profit or loss (Note 2)	8,069	(10,521)
Purchases	8,052	4,178
Sales or settlements	(7,740)	(10,405)
Other (Note 3)	(3,791)	(89,899)
Balance at the end of the period	194,674	102,311

- (Notes)
- 1 "Other comprehensive income" is associated with financial assets measured at fair value through other comprehensive income and included in "Net change in financial assets measured at fair value through other comprehensive income."
 - 2 "Profit or loss" is associated with financial liabilities measured at fair value through profit or loss and included in finance income or finance costs. Profit or loss arising from financial instruments held at the end of the quarter amounted to 1,390 million yen (finance income) and 9,460 million yen (finance costs) for the six months ended June 30, 2019, and 12,079 million yen (finance income) and 1,558 million yen (finance costs) for the six months ended June 30, 2020.
 - 3 In conjunction with the absorption-type merger of Merkle by OrangeCo Merger Sub, Inc., the Company's wholly-owned subsidiary, effective April 15, 2020, the rights (put option) that allow shareholders of Merkle to request the purchase of their own shares of Merkle expired. Consequently, the payment amount was finalized and the put option liability of 85,730 million yen has been excluded from the financial liabilities categorized within Level 3 during the six months ended June 30, 2020.

16. Subsequent Events

(Issuance of bonds)

On July 8, 2020 the Company issued unsecured straight bonds, based on the comprehensive resolution passed regarding the issuance of unsecured domestic straight bonds at a meeting of the Board of Directors held on March 19, 2020.

Name of bond	4th Unsecured Bonds	5th Unsecured Bonds	6th Unsecured Bonds
Total amount of issue	50.0 billion yen	10.0 billion yen	60.0 billion yen
Issue price	100 yen per face value of 100 yen		
Maturity	5 years	7 years	10 years
Payment date	July 8, 2020		
Maturity date	July 8, 2025	July 8, 2027	July 8, 2030
Interest rate (per annum)	0.220%	0.320%	0.490%
Use of funds	Funds will be used as investments and financing for consolidated subsidiaries and repayment of borrowings		

2. Other Information

(1) Dividends from surplus

Regarding the interim dividends for the 172nd term (from January 1, 2020 to December 31, 2020), the Company resolved at its meeting of the Board of Directors held on August 13, 2020 to pay the following to the shareholders whose names are recorded in the final register of shareholders as of June 30, 2020.

- | | |
|--|--------------------|
| 1) Total amount of dividends: | JPY 13,381 million |
| 2) Dividend per share: | JPY 47.50 |
| 3) Effective date of the right to collect payment and commencement date of dividend payment: | September 4, 2020 |

(Note) The total amount of dividends based on a resolution at the meeting of the Board of Directors held on August 13, 2020 includes a dividend of 18 million yen for the Company's shares held by the Trust E Unit in relation to the performance-based stock compensation plan.

(2) Significant lawsuits, etc.

Although there are pending lawsuits, etc. involving the Group, their impact on the Group's financial position and financial results is deemed to be insignificant.