

March 24, 2017

Release on Internal Control regarding Financial Control for the Report

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) announced today that Dentsu will submit an internal control report for the year ended December 2016 to the Ministry of Finance in accordance with Japanese law, stating that there was a deficiency which should be disclosed in the report.

The deficiency in internal control regarding financial control for the report mentioned below could impact financial reporting, and it is determined that this is a deficiency which should be disclosed. The error from the deficiency was corrected as part of the closing process of financial statements which was performed after December 31, 2016. Accordingly, it is determined that internal control of Dentsu Inc. regarding financial control for the report was not effective as of December 31, 2016 although the financial statements as of the end of 2016 present fairly the financial position of the company in all material respects.

In order to remediate current deficiencies, Dentsu Inc. has already implemented appropriate internal controls for fair value estimation of material financial liabilities related to acquisitions including reinforced examination process and closer cooperation within the Group for the consolidated financial reporting.

Dentsu Inc. will continue to ensure the credibility of financial reporting through effective implementation, operation and valuation process of internal controls.

Note:

Dentsu Inc. recognized liabilities, which occurred from an acquisition of Merkle Group Inc. during the nine months ended September 30, 2016, as financial liabilities (Other financial liabilities) at the fair value of the contract as of the acquisition date, and reduced the same amount from Retained earnings.

During the closing process of the fiscal year ended December 31, 2016, the fair value was examined, and it was found that estimation of the fair value recorded during the nine months ended September 30, 2016 was overstated. Accordingly, it required an amendment: financial

liabilities (Other financial liabilities) as of the acquisition date should be decreased and corresponding amount of Retained earnings should be increased, and Condensed Quarterly Consolidated Financial Statements ended September 2016 were amended.

This amendment was due to lack of sufficient internal controls for fair value estimation of financial liabilities related to acquisition, including monitoring process as a group.

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