

November 14, 2022

## **Notice regarding the recording of a loss on valuation of a subsidiary in Dentsu Group Inc.'s non-consolidated financial results**

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Hiroshi Igarashi; Head Office: Tokyo; Capital: 74,609.81 million yen; hereinafter referred to as "the Company") announced today that in the third quarter of FY2022 (January 1 to September 30, 2022), it recognized a valuation loss on the investment into a subsidiary held by the Company. The loss was recorded in the non-consolidated financial statements (Japanese GAAP). There is no impact on the consolidated income statement as the said loss is eliminated from the consolidated financial statements. The details are as follows.

### **1. Details of loss on valuation of investment into subsidiaries and associates in the non-consolidated financial statements (Japanese GAAP)**

After evaluating the investment into Global Sports Investments, a subsidiary of the Company, it was recognized that the calculated current value was materially lower than the book value. This has resulted in the recording of 32,309 million yen as an extraordinary loss under "loss on valuation of investment into subsidiaries and associates" in the statement of income in the Company's non-consolidated financial statements for the third quarter of FY2022.

Global Sports Investments has a holding in DAZN Group Limited, a digital global sports entertainment platform. In 2020 and 2021, DAZN Group Limited was affected by the partial restrictions and suspensions of sporting events around the world due to the COVID-19 pandemic. In 2022, DAZN Group Limited has continued to make strong progress against its goals - scaling its business across multiple markets. To evaluate the value of DAZN Group Limited, Global Sports Investments adopts the income approach, the DCF method that calculates the terminal value using multiples method, that is materially affected by the share price of similar listed companies. The updated valuation of DAZN therefore reflects the multiple contraction by the decline of share prices of similar listed companies in recent months. Mainly as a result of this, the calculated value of DAZN Group Limited's shares and the current value of Global Sports Investments, in which the Company has invested, have declined and the Company has recorded a "loss on valuation of investment into subsidiaries and associates" in the third quarter of the current fiscal year. The shares of DAZN Group Limited are unlisted. The recording of the loss was judged to be reasonable based on the current valuation of the company, and it does not imply any future third-party assessments or increases/decreases of the share value.

## 2. Impact on consolidated financial statements (IFRS)

There was no impact on the consolidated statement of income as the said loss on valuation of investment into subsidiaries and associates was eliminated from the consolidated financial statements.

In addition, the loss on valuation of investments in DAZN Group Limited had no effect on the consolidated statement of income as it was treated as "other comprehensive income" in the consolidated financial statements.

### For additional inquiries:

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