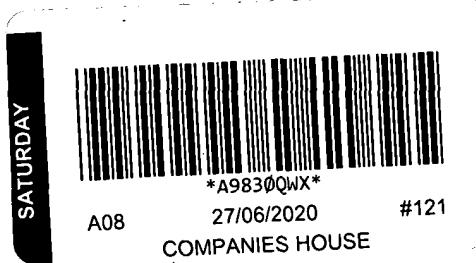




# Dentsu Aegis Network Ltd

## Consolidated Report and Financial Statements

31 December 2019



# **Dentsu Aegis Network Ltd**

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## **Dentsu Aegis Network Ltd**

### **Directors**

Timothy Andree  
Takaki Hibino  
Nick Priday  
Valerie Scoular  
Arinobu Soga  
Toshihiro Yamamoto

### **Company secretary**

Mary Hitchon

### **Ultimate parent entity**

Dentsu Group Inc.  
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Minato-ku  
Tokyo 105-7001

### **Registered office**

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London NW1 3BF  
Tel: 020 7070 7700

### **Registered number**

1403668 England and Wales

### **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### **Solicitor**

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY

## **Dentsu Aegis Network Ltd**

### **Strategic Report**

The directors present their Strategic Report on Dentsu Aegis Network Ltd, its subsidiaries and related companies ("the Group") for the year ended 31 December 2019.

#### **Principal Activity**

The principal activity of Dentsu Aegis Network Ltd ("DAN Ltd" or "the Company") is that of an agency parent company based in London. Its subsidiaries and related companies provide a broad range of customer solutions across media and digital including planning and buying, creative solutions, customer relationship management and communication strategies through its branded businesses across the global markets in which it operates.

The management group includes the Group, as well as the entities within the Dentsu Network, which are held directly by the ultimate parent, Dentsu Group Inc. and reported separately within the Dentsu Group Inc. consolidated financial statements.

#### **Strategic Priorities**

The strategic priorities of the Group are to:

- Drive operational excellence in all parts of the Group;
- Focus on business diversification for the services that we offer to clients;
- Develop a coherent and clear data business strategy for the group;
- Focus on investment and integration to accelerate the Group's strategy; and
- Enhance industry leadership and reputation.

The Board understands that it must act in good faith to promote the success of DAN Ltd and the wider Dentsu Group over the long term in accordance with Section 172(1) of the Companies Act. In doing so, not only must it be clear about the Company's strategic priorities as above, but it must also have regard to its key stakeholders. The Company's Section 172 statement is included later in the Strategic Report.

#### **Key Performance Indicators**

During 2019 the Group delivered the following performance against major Key Performance Indicators ("KPIs"), which align to the Group's strategic objectives:

- Organic revenue less cost of sales growth of (1.2%) (2018: 4.4%)
- Digital revenue is 61.3% of the Group's revenue less cost of sales in 2019 (2018: 62.1%)
- £209.5m (2018: £172.3m) invested (net of cash acquired) in the initial consideration for the controlling stake in 16 new acquisitions (2018: 18).
- £34.0m (2018: £46.7m) invested in additional stakes of 12 existing subsidiaries (2018: 10).

## **Dentsu Aegis Network Ltd**

### **Strategic Report (continued)**

#### **Operating Review**

##### **Overview**

In 2019, the Group generated revenue less cost of sales of £3,857.7m, an increase of 6.4% or 4.8% at constant currency. A constant currency comparison is calculated by using the current year's currency exchange rate for the current and prior year numbers. Organic growth represents the constant currency year-on-year growth after adjusting for the effect of businesses acquired or disposed of since the beginning of the prior year. On an organic basis, the Group delivered organic revenue less cost of sales growth of (1.2%) (2018: 4.4%). Although various markets in the Group delivered strong results, including Switzerland, Spain, Russia, Italy, the United States and India, the overall negative growth result was driven by underperformance in a number of key markets including the United Kingdom, France, Brazil, China and Australia.

The Group is focused on delivering Integrated Solutions through the introduction of three Lines of Business, Creative, Media and CRM. This ensures our services are globally consistent and easier for our clients to navigate. This structure will allow the group to deliver specialist capabilities on an integrated basis. The Group continued to derive a significant proportion of revenue through its digital capabilities, with 61.3% (2018: 62.1%) being through these channels. This is maintained through a combination of targeted acquisitions and a focus on placing digital media at the centre of its client offering.

The Group continues to invest in targeted acquisitions, with £209.5m spent in cash consideration (net of cash acquired) on the controlling stake in 16 acquisitions, and £199.3m spent on deferred consideration, put and call options on current and prior acquisitions in 2019, to accelerate its growth strategy.

During 2019, the Group identified a small number of large, complex and challenged markets that have recently reported ongoing underperformance. In order to deliver sustainable growth in FY2020 and beyond, a restructuring programme was introduced to accelerate the implementation of the Group's new business model and deliver improvements and efficiencies for the Group's business and clients. The initiatives were confined to seven markets: Australia, Brazil, China, France, Germany, Singapore (including regional headquarters) and the UK (including global headquarters of the international business). As a result of the restructuring, more than £100.0m of personnel costs are expected to be saved on an annual basis.

At the time of approving the restructuring programme in December 2019, the Board estimated a total restructuring cost of approximately £179.0m would be recognised in 2019 and 2020. Recognised in operating loss in the 2019 consolidated financial statements is a charge of £133.8m, relating to employee termination benefits, professional fees, asset write-downs and onerous contracts. A charge of £49.7m is currently expected to be recognised in 2020.

In 2019, there was a decrease in Group headcount, excluding the addition of employees brought into the business via acquisition, of (1.1) % from the end of 2018.

##### **EMEA**

EMEA revenue less cost of sales increased by 5.7% at reported rates and by 6.3% at constant currency to £1,512.8m. On an organic basis, EMEA delivered organic revenue less cost of sales growth of (1.0)%. Challenging performances in large markets such as the UK and France were mitigated in part by a strong performance in Switzerland and revenues from current and prior year acquisitions such as Namics and Comunica+A.

##### **Americas**

Americas revenue less cost of sales increased by 12.6% at reported rates and by 8.5% at constant currency to £1,718.0m. On an organic basis, Americas delivered organic revenue less cost of sales growth of 2.5%. Strong growth was delivered

## **Dentsu Aegis Network Ltd**

### **Strategic Report (continued)**

across the region, mainly driven by the USA market and Merkle in particular. This was supplemented by revenues from current and prior year acquisitions, such as DEG and UGAM.

#### **APAC**

APAC revenue less cost of sales decreased by 6.2% at reported rates and by 7.0% at constant currency to £626.9m. On an organic basis, APAC delivered organic revenue less cost of sales growth of (10.4)%. The APAC regional performance has been impacted throughout 2019 due to two challenged markets, Australia and China. The businesses faced a significant impact from changing media transaction environments in addition to an increasing macro uncertainty in the region centred around China. This has resulted in an impairment to the carrying value of APAC goodwill amounting to £245.5m.

#### **Financial Review**

The Group generated revenue of £4,136.4 (2018 restated: £3,832.3m), revenue less cost of sales of £3,857.7m (2018 restated: £3,625.0m), and an operating loss of £(212.8)m (2018 restated: £218.8m profit). Loss before tax was £(502.1)m (2018 restated: £80.6m profit). The main drivers of the decrease in profit before tax is the impairment of APAC goodwill, restructuring costs and the remeasurement of deferred consideration and put option liabilities. The restatement of 2018 results is due to a small number of balance sheet adjustments identified in 2019 that relate to 2018 or prior. The adjustments increase 2018 revenue by £2.5m, reduce 2018 operating profit by £(8.0)m and reduce 2018 opening retained earnings by £11.7m, see note 32 for further disclosure.

The balance sheet shows a positive funding position based on the availability of undrawn facilities, and net assets of £412.5m (2018 restated: £1,168.1m). The Group ended the year comfortably within its financial covenants, with undrawn available credit facilities of £500.0m (2018: £500.0m). Cash inflows from operating and financing activities during the year were primarily used to invest in new acquisitions, settle deferred acquisition payments and invest in capital assets.

#### **Future Developments**

The Directors continue to focus on achieving the strategic targets of the Group, including organic revenue less cost of sales growth, and expanding the digital and data strategy through organic growth and strategic acquisitions.

On 11 March 2020 the World Health Organisation declared the spread of COVID-19 a global pandemic. Since then, unprecedented measures have been taken by governments across the world to reduce the spread of the disease and protect the health of their citizens. These measures have included lockdowns, closure of services, restrictions on business operations, travel bans and quarantines. The economic impact of this has been felt globally with reduced output, business failures, market volatility and government interventions.

The Group is a geographically diversified business with a varied set of service offerings. Although clients reducing or deferring media spend to preserve cash will impact the Group's revenues, other services such as CRM are more resilient to economic downturns. Recent investment in technology has enabled teams to continue to work effectively from home during periods of office closure.

During this global crisis the Group has proactively taken a number of actions to enable activities to continue to be funded. These include:

- actions to preserve operating margin and cash;
- measures to increase liquidity in partnership with Dentsu Group Inc.; and
- increased monitoring of cash and net working capital positions.

Consideration of the impact of the global response to the COVID-19 pandemic on the Group's liquidity and cash flow forecasts is included in the going concern assessment detailed in the Director's Report. The impact on other areas of the financial statements is discussed in Note 31 (Subsequent events).

## **Dentsu Aegis Network Ltd**

### **Strategic Report (continued)**

Management at all levels of the Group up to and including Board level will continue to monitor developments and take further action to mitigate its impact on the Group's operations as necessary. Accounting implications are also being assessed on a quarterly basis as part of the Group's reporting obligations to Dentsu Group Inc.

#### **Section 172 reporting**

A statement describing how the Directors have performed their Section 172 duties over the financial year through stakeholder engagement is included below.

##### *Employees*

We depend on the commitment, talent, creative abilities and technical skills of our people. Engagement and clear communication are particularly important during a period of organisational restructuring.

We engage with our workforce through:

- The systematic provision of information of matters that concern the business in general and them specifically. This is done through event specific electronic communications (e.g. Dentsu Group Inc's mid and year end results); regular DAN group-wide emails and business line or business unit specific emails; and several electronic platforms for employee reference including an intranet;
- Bi-annual employee satisfaction surveys;
- Townhalls;
- Consultation with specific groups/individual employees regularly so that their views can be considered in making decisions about matters which affect them; and
- Disclosure of gender pay gap and pay comparison.

##### *Customers*

The Group has dedicated client relationship teams in place, as well as global client management teams established in regional offices to maintain strong customer relationships. The Company develops various services, with an emphasis on innovation for clients and manages conflicts of interest with multiple agencies. Due diligence is undertaken for all new clients and written contracts must be in place before starting any significant work.

##### *Society*

In 2017, in recognition of our role and the increasing influence of digital communications, the Group established Society as an official stakeholder of the business and announced a new social purpose: Dentsu Aegis Network will create a digital economy that works for all. The Social Impact strategy sets out our plan and ambitions for achieving this with a focus on digital and creative skills, diversity and inclusion and the potential of media and advertising to drive delivery of the UN Sustainable Development Goals. This strategy is underpinned by an ambitious set of goals, including our ambition to procure 100% renewable electricity and reduce our carbon footprint by 40% per FTE by 2020.

In 2019 we procured 90% of our electricity from renewable sources, building on our strong environmental progress in 2018. We also increased our CDP rating to A-, outperforming our sector. This puts us on track to hit our 2020 environmental goals. We have launched our global accelerator programmes and reported progress against the related 2020 goals for the first time, making excellent progress against two of our social goals (to reach 1 billion people with sustainable development goal led campaigns and to support 100 female founded businesses). A delay in launching our digital skills initiative "The Code" means we are unlikely to hit our goal of supporting 100,000 people to improve their digital skills by 2020, however the programme is now live in nine markets.

## **Dentsu Aegis Network Ltd**

### **Strategic Report (continued)**

#### *Shareholders*

The Company's parent company is Dentsu Group Inc, a company listed on the Tokyo Stock Exchange. Given that DAN Ltd accounts for a large proportion of Dentsu Group Inc's revenue, it is essential that Dentsu Group Inc is kept informed of DAN Ltd's performance and that the Company's Board acts in the best interests of the Group. To that end, the Company's directors include several senior Dentsu executives including Toshihiro Yamamoto, President and CEO of Dentsu Group Inc. Tokyo based directors attend board meetings where they receive formal updates in relation to DAN's operational and financial performance and acquisition opportunities consistent with the delivery of the Group's strategy. In addition, they are kept informed about the Company's day-to-day management through various Dentsu Group Inc management forums of which the CEO, CFO and Director of HR are members. This assists the Group in making decisions and reviewing performance as "One Dentsu".

#### **Principal Risks and Uncertainties**

##### **Risk Management Approach**

The Group recognises the importance of effective risk management processes and systems. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board delegated its risk management to the Dentsu Aegis Network Risk Committee, which is chaired by the Group CEO. The membership of the Dentsu Aegis Network Risk Committee is drawn from members of the Dentsu Aegis Network Executive Committee, which reviewed and agreed the Dentsu Aegis Network principal risks for 2019.

The Group strategy aims to deliver continued growth whilst managing strategic risk by diversifying client base, country and media. To enable this, the Group maintains a strong, flexible balance sheet and ensures that it remains comfortably within its financial covenants.

With the recent and rapid development of the coronavirus outbreak, it is challenging at this juncture to predict the full extent and duration of its business and economic impact. We continue to closely monitor developments to ensure we are protecting the health and safety of our people, clients and the communities in which we operate.

A summary of the principal risks is as follows:

| <b>Risk</b>  | <b>Risk description</b>   | <b>Potential risk impact</b>  | <b>Risk management strategy</b>   | <b>Risk mitigation actions</b>  |
|--|---|---|---|---|
| <b>Not managing the security, compliance and privacy of data</b> | Unauthorised access to or inappropriate use of client, employee or other confidential data. | Negatively impacts the performance of the group, loss of clients and potential reputational damage. | Ensuring robust IT and financial reporting systems are in place, in line with best practice data security and compliance regulations (including GDPR) and internal policies and procedures. | Access to information is protected by the IT security framework which is regularly assessed through vulnerability testing and periodic reviews. The Group has a Data Protection Officer network and has implemented a programme to ensure compliance to GDPR.<br>The Group insists on confidentiality clauses in employee and supplier contracts. |

**Dentsu Aegis Network Ltd**  
**Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

| Risk   | Risk description  | Potential risk impact   | Risk management strategy  | Risk mitigation actions  |
|--|---|---|---|--|
| <b>Maintaining a sound financial position (liquidity risk)</b> | Insufficient liquidity and funding requirements to support the Group's liabilities and manage the growth of the business. | Lack of funds for current operations and future growth.                           | Maintaining sufficient funding, with secure access to banking facilities, to meet liabilities and to fund the growth of the business.<br>From a cost perspective, ensuring a cost management culture is integrated throughout the organisation. | The Group has cash pooling arrangements in place for larger businesses with relationship banks.<br>The Group maintains daily cash reporting for all operations.<br>The Group has minimum headroom limits and monitors these regularly.<br>The Group maintains regular communication with relationship banks and noteholders.               |
| <b>Maintaining strong client relationships</b>                 | Loss of key clients and failure to win new clients.   | Negatively impacts the performance of the Group. Subsequent loss of key managers. | Ensuring the Group remains a highly competitive organisation to help win new clients and continue to provide a high-quality service to existing clients.  | The Group has dedicated client relationship teams in place, as well as global client management teams established in regional offices.<br>The Group develops multiple services, with an emphasis on innovation for clients.<br>The Group monitors and manages conflict of interest, by using multiple agencies to manage multiple clients. |
| <b>Ensuring strong talent management</b>                       | Loss of key employees and failure to attract high quality people.   | Negatively impacts the performance of the Group.                                  | Talent management is a key priority to ensure there is a strong pipeline of people to develop as future leaders who can operate in the global digital economy. The Group aims to ensure it is well placed to attract high quality people.       | The Group has made significant investment to make it an attractive place to work. It makes developing future leaders by career planning and training a priority. In particular, the Route 500 is a programme for high-potential employees. A talent council has been established.  |

**Dentsu Aegis Network Ltd**  
**Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

| <b>Risk</b>   | <b>Risk description</b>   | <b>Potential risk impact</b>  | <b>Risk management strategy</b>  | <b>Risk mitigation actions</b>   |
|---|---|---|--|--|
| <b>Adverse economic conditions locally and globally</b>                             | Adverse economies can lead clients to cut back on media investment and squeeze margins. The economic and political uncertainty in some of our larger markets may have an impact on the Group's suppliers or client base and their spending power. | Negatively impacts the performance of the Group due to lost profit. | The Group is a diversified business with a strategy to grow its exposure to areas that are less likely to be affected by macro-economic challenges, including faster-growing geographic regions and digital. | Diversify the business into faster-growing product areas, markets and acquisitions.<br>Regular monthly detailed reporting by business units to senior management ensures that senior executives understand local performance.<br>There are regular reforecasts of financial performance presented to the Board.<br>If sales were to slow, controls over costs and working capital would be tightened further to mitigate the loss of profit. |
| <b>Managing counterparty credit risk</b>  | Counterparty risks include the loss of income from clients who have cash flow or insolvency problems and potential media buying liabilities in markets where the Group acts as principal in law.  | Negatively impacts the performance of the Group due to bad debt.    | Maintaining and developing robust financial and operating systems to ensure the Group minimises any potential loss of income from third parties.   | Due diligence, including credit risk, is undertaken for all new clients and written contracts must be in place before starting any significant work.<br>Ongoing monitoring of existing clients.<br>Group policy requires credit limits to be imposed for all new commercial clients.<br>Global credit insurance policy in place covering the vast majority of clients.   |
| <b>Managing foreign currency and cash flow interest rate risks within the group</b> | The Group's activities expose it to certain financial risks, including changes in foreign currency and interest rates.  | Negatively impacts the performance of the Group.                    | Use of derivative financial instruments to mitigate the exposure through hedging.  | The Group uses forward exchange contracts and interest rate swap contracts to hedge exposures where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.   |

**Dentsu Aegis Network Ltd**  
**Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

| Risk   | Risk description  | Potential risk impact                            | Risk management strategy   | Risk mitigation actions   |
|--|---|--|--|---|
| <b>Managing the targeting and pursuit of acquisition opportunities</b> | Acquisitions need to be value creating and support the Group strategy.  | Negatively impacts the performance of the Group. | Targeting acquisitions which are aligned with the Group's strategy and culture, as well as ensuring they meet specific financial criteria.         | The Group maintains a pipeline of potential targets across a diverse range of geographies and product offerings.<br>All acquisitions require approval by the Merger and Acquisitions ("M&A") committee chaired by the Group CEO. Larger acquisitions have to be agreed by the Board.<br>The Group aims to limit the initial consideration and pay the consideration over time through earn-out payment structures.<br>There is a Group M&A team in place to support local management in sourcing and acquiring targets.<br>Acquisitions must demonstrate the ability to achieve earnings enhancement in the first full year of ownership. |
| <b>Business Interruption</b>   | A significant event (terrorist attack, fire, systems failure, loss of multiple senior executives) limits the Group's ability to respond to major business needs.                        | Negatively impacts the viability of the Group.   | Maintaining a business continuity plan to mitigate disruption in case of an event.   | The Group's key technology infrastructure is maintained to provide a back-up in case of business interruption.<br>Business continuity plans are in place to mitigate disruption in markets.   |
| <b>Brexit</b>  | The UK has left the European Union however the terms have not yet been agreed. Amongst other impacts, there could be implications related to movement of capital, staff and data flows. | Negatively impacts the performance of the Group. | Using cross-functional teams to identify how the Group may be impacted by Brexit and the practical steps that can be taken to mitigate any impact. | Legal reviews are being performed in relation to key internal and external agreements.<br>Cash pooling arrangements have been assessed to consider whether Group payment flows can be re-routed if needed.<br>Guidance and support is being provided to EU staff based in the UK.   |

**Dentsu Aegis Network Ltd**  
**Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

| Risk   | Risk description  | Potential risk impact   | Risk management strategy  | Risk mitigation actions  |
|--|---|---|---|--|
| <b>Managing corporate responsibility risks</b> | The Group is unable to respond to the changing regulatory environment around environmental and community responsibility, unable to meet its clients' and employees' sustainability requirements or unable to fulfil stakeholder expectations. | Negatively impacts the performance of the Group. Reputational damage.               | Integrating sustainability considerations in Group policies and procedures and developing ambitious targets and programmes to turn sustainability risks into opportunities. | Development of a new 'Social Impact' strategy with supporting programmes and goals. Establishment of a new governance committee, chaired by the CEO, to oversee implementation. New reporting protocols to ensure standardised measurement and reporting of social and environmental impacts as well as new policies to ensure local compliance including acquisitions. Development of a network of 'Social Impact' champions in each market to support implementation, ensure local compliance through standardised reporting and develop local action plans to achieve targets, and to raise awareness. Launch of global programmes to accelerate engagement and delivery of 2020 goals. Embedding sustainability into strategy and planning processes of flagship brands including Isobar, Vizeum, Merkle and Dentsu X. |
| <b>Regulatory and Compliance</b>               | The Group operates in an environment regulated by legislation, codes and standards.   | Failure to comply with any regulation may result in financial or reputational risk. | The Group monitors adherence on a regular basis.  | The Group has a number of internal policies and standards to ensure compliance. The internal audit function monitors the effectiveness of the control environment.   |

**Dentsu Aegis Network Ltd**  
**Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

| <b>Risk</b>     | <b>Risk description</b>   | <b>Potential risk impact</b>                     | <b>Risk management strategy</b>  | <b>Risk mitigation actions</b>  |
|-----------------|---|--|--|---|
| <b>COVID-19</b> | The global response to the COVID-19 pandemic is having a wide ranging and significant impact on local and global economies. | Negatively impacts the performance of the Group. | Using cross-functional teams to identify how the Group may be impacted by COVID-19 and the practical steps that can be taken to mitigate any impact. | The Group has taken various actions to protect operating margins and preserve cash. The Group has worked with its parent company Dentsu Group Inc. to increase liquidity. The Group has increased monitoring of cash and net working capital positions. |

**By order of the Board**



**Mary Hitchon**  
Company Secretary  
24 June 2020

## **Dentsu Aegis Network Ltd**

### **Directors' Report**

The Directors present their report and the audited financial statements of the Company (registered number 1403668) and consolidated financial statements of the Group for the year ended 31 December 2019.

#### **Branches outside the UK**

The Company has a branch in Luxembourg.

#### **Future Developments**

The discussion of future developments of the Company has been included in the Strategic Report.

#### **Business Relationships**

Details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the year are disclosed in the Section 172(1) statement on page 5 of the Strategic Report.

#### **Dividend**

No dividends were declared or paid for the year 2019 or 2018.

#### **Financial instruments**

Information about the use of financial instruments by the Company and its subsidiaries is given in note 19 to the consolidated financial statements and in the Principal Risks and Uncertainties section in the Strategic Report.

#### **Post-balance sheet events**

The Directors are not aware of any significant post-balance sheet events that require disclosure in the financial statements other than those disclosed in note 31 to the consolidated financial statements.

#### **Donations**

The Group made charitable donations of £0.9m during the year (2018: £1.0m). No political donations were made during the year (2018: nil).

#### **Research and Development**

There have been no research and development activities in the current or prior year.

#### **Corporate Governance**

Whilst the Company is not required to provide a corporate governance statement as it is outside the scope of the relevant legislation, nevertheless the Company applies many of the governance principles associated with a listed entity.

The Group is governed by the Dentsu Aegis Network Board, which currently comprises six directors who are collectively responsible for the overall success of the Group and for the creation of long-term shareholder value. Nine directors served throughout the year and they are listed below. Timothy Andree chaired the Board throughout 2019. During the year, the Board, held four scheduled meetings in Tokyo or London, with additional meetings held by telephone and video conference as and when required (there were a total of 11 Board meetings in 2019). The list of matters reserved to the Board for decision includes:

- Group strategy, annual budget and operating plans
- Major capital projects, acquisitions, investments and commitments
- Reporting to shareholders
- Dividend policy
- Matters relating to share capital

## **Dentsu Aegis Network Ltd**

### **Directors' Report (continued)**

#### **Corporate Governance (continued)**

The governance of the Group is supported by the Audit Committee, which reviews the internal control framework of the Group, working as necessary with the external auditor, internal auditors and the Company's risk committee and reviewing both internal and external reporting. The Committee is chaired by Simon Laffin, who served as a non-executive director of Dentsu Aegis Network Ltd (then called Aegis Group plc) and chairman of its Audit Committee between 2008 and 2013. During the year the Committee, whose other members were drawn from the Dentsu Aegis Network Board, met four times in Tokyo or London, with two additional meetings by telephone and video-conference. Meetings were attended by the Group Chairman, CEO and CFO, the external auditor, the Director of Risk and Audit and others. The Committee also met privately with the internal and external auditor.

The Board is supported by a Social Impact Steering Committee, chaired by the Group CEO, which oversees progress and implementation and is attended by representatives from across the business, including the Group CFO. The Committee meets quarterly.

The Board is also supported by the Compensation Committee in matters related to remuneration within the Group. The Committee was chaired by Nobuyuki Tohya. Its members were mainly drawn from the Board. The committee met four times in the year in Tokyo or London, with five additional meetings by telephone and video-conference, as and when required. Meetings are generally attended by the Group Chairman, CEO and CFO.

Other Group committees include the M&A Committee chaired by the Group CEO and the Nomination Committee chaired by Toshihiro Yamamoto.

In the year ahead the Board intends to make greater use of the Group's telephone and video conference facilities in order to hold its board and committee meetings in response to travel restrictions imposed as a result of the COVID-19 pandemic and to: save Directors' travel time; encourage increased engagement by meeting participants; be more cost effective; and be better for the environment. It is not envisaged that the number or timing of scheduled meetings will be materially different in 2020 compared to 2019 as there has been no change to the corporate timetable.

#### **Directors**

The Directors in office during the year were as set out below.

| Name               | Title  | Appointment or Resignation date                       |
|--------------------|--|---|
| Timothy Andree     | Executive Chairman & CEO, Dentsu Aegis Network,<br>Director and Executive Officer, Dentsu Group Inc. |   |
| Takaki Hibino      | Executive Officer, Dentsu Group Inc.   |   |
| Nick Priday        | CFO, Dentsu Aegis Network and Executive Officer, Dentsu Group Inc.                                   |   |
| Shun Sakurai       | Director and Executive Officer, Dentsu Group Inc.  | Appointed 1 January 2019,<br>Resigned 7 February 2020 |
| Valerie Scouler    | Executive Director HR, Dentsu Aegis Network  |   |
| Jun Shibata        | Executive Officer, Dentsu Group Inc.   | Appointed 1 January 2019,<br>Resigned 7 February 2020 |
| Arinobu Soga       | Director and Executive Officer, Dentsu Group Inc.  |   |
| Nobuyuki Tohya     | Representative Director and Executive Officer, Dentsu Group Inc.                                     | Appointed 1 January 2019,<br>Resigned 7 February 2020 |
| Toshihiro Yamamoto | Representative Director, President & CEO, Dentsu Group Inc.  |   |

**Dentsu Aegis Network Ltd**  
**Directors' Report (continued)**

**Directors' Indemnities**

A qualifying third-party indemnity ("QTPI"), as permitted by the Articles of Association and sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of its directors. Under the QTPIs the Company undertakes to indemnify each director against liability to third parties (excluding criminal and regulatory penalties) and to pay directors' costs as incurred, provided that they are reimbursed to the Company if the director is convicted or, in an action that is brought by the Company, judgement is given against the director. Directors resigning from the Board continue to have the benefit of the QTPI for potential liability to third parties that occurred prior to their resignation.

**Employment Policies**

The Group operates throughout the world and has developed employment policies that meet local conditions and requirements. These policies are based on the best traditions and practices in any given country in which it operates.

**Human Rights, Diversity and Disability**

The Group has a series of human resources policies that require its employees to act respectfully and responsibly at all times. These policies include those on human rights, diversity and disability.

The Group is committed to treating each employee and each applicant fairly and equitably. Employment decisions are based on merit, experience and potential, without regard to race, nationality, sex, marital status, age, religion, disability or sexual orientation. The Group is committed to following the applicable labour and employment laws for all jurisdictions in which it operates.

Disability, mental illness or other health conditions may affect anyone at some point during their working life. The Group aims to provide the right support, including training, to enable people affected by disability to play a full role in the Group.

**Employee Engagement**

The Group has employee consultation processes throughout the business in accordance with local laws. In addition, the Group updates all employees on a regular basis with Group developments and progress through newsletters, internal publications, senior management notes and face-to-face meetings.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office for the financial year 2020.

**Directors' Confirmation**

Each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Dentsu Aegis Network Ltd**  
**Directors' Report (continued)**

**Going Concern**

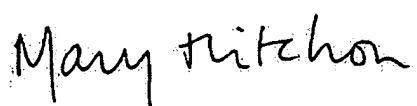
The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Directors' Report, the Strategic Report and in the accompanying Financial Statements.

In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2019, the Board has considered the following factors:

- The Group's balance sheet position and cash flow forecasts
- The maturity profile of the Group's borrowings, its plans for refinancing and the Group's access to credit facilities
- Headroom on the Group's banking covenants
- The impact of the global response to COVID-19 on the Group's funding requirements
- Funding and dependence on support provided by the Company's parent company

Details of this assessment is disclosed within Note 2 to the consolidated financial statements. Consequently, the Board is confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**By order of the Board**



**Mary Hitchon**  
Company Secretary  
24 June 2020

## **Dentsu Aegis Network Ltd**

### **Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**By order of the Board**



**Nick Priday**

Chief Financial Officer

24 June 2020

## **Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd**

### **Opinion**

We have audited the financial statements of Dentsu Aegis Network Ltd ("the company") for the year ended 31 December 2019 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, the company balance sheet, the company statement of changes in equity and related notes, including the accounting policies in note 3 of the consolidated financial statements and note 2 of the company standalone statements.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

## **Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd**

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 16, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Sean McCallion (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

25 June 2020

**Dentsu Aegis Network Ltd**  
**Consolidated income statement**  
For the year ended 31 December 2019

|  | Notes | 2019<br>£m      | 2018<br>(Restated)*<br>£m |
|--|-------|-----------------|---------------------------|
| <b>Turnover**</b>                            |       | <b>22,072.3</b> | 22,243.1                  |
| Revenue                                      | 5     | 4,136.4         | 3,832.3                   |
| Cost of sales                                |       | (278.7)         | (207.3)                   |
| <b>Revenue less cost of sales</b>            |       | <b>3,857.7</b>  | 3,625.0                   |
| Operating expenses                           |       | (4,070.5)       | (3,406.2)                 |
| <b>Operating (loss)/profit</b>               | 6     | (212.8)         | 218.8                     |
| Share of results of associates               |       | 1.7             | 1.1                       |
| <b>(Loss)/profit before interest and tax</b> |       | (211.1)         | 219.9                     |
| Finance income                               | 8     | 36.8            | 19.5                      |
| Finance expenses                             | 9     | (327.8)         | (158.8)                   |
| Net finance expenses                         |       | (291.0)         | (139.3)                   |
| <b>(Loss)/profit before tax</b>              |       | (502.1)         | 80.6                      |
| Taxation                                     | 10    | (55.9)          | (58.7)                    |
| <b>(Loss)/profit for the year</b>            |       | (558.0)         | 21.9                      |
| <b>Attributable to:</b>                      |       |                 |                           |
| Equity holders of the parent                 |       | (585.1)         | 4.7                       |
| Non-controlling interests                    |       | 27.1            | 17.2                      |
| <b>(Loss)/profit for the year</b>            |       | (558.0)         | 21.9                      |

\*Refer to note 32 for further information on the restatement of the comparative information

\*\*Refer to Note 3 (Page 33) where "Turnover" is defined.

All results are from continuing operations.

The accompanying notes form an integral part of the consolidated financial statements.

**Dentsu Aegis Network Ltd**  
**Consolidated statement of other comprehensive income**  
For the year ended 31 December 2019

|   | 2019<br>£m     | 2018<br>(Restated)*<br>£m |
|---|----------------|---------------------------|
| <b>(Loss)/profit for the year</b>   | <b>(558.0)</b> | 21.9                      |
| <b>Other comprehensive income that may be subsequently reclassified to profit or loss:</b>          |                |                           |
| Currency translation differences on foreign operations:   |                |                           |
| - Group   | (75.7)         | (31.0)                    |
| - Non-controlling interests   | (3.1)          | 4.5                       |
| Net investment hedges of foreign operations   | 8.2            | (0.1)                     |
| Cash flow hedges: movements taken to equity   | (25.9)         | 7.0                       |
| Other reserve losses  | (0.1)          | (0.3)                     |
| Tax on movements taken to equity  | 4.4            | (0.9)                     |
| <b>Net other comprehensive loss that may be subsequently reclassified to profit or loss</b>         | <b>(92.2)</b>  | (20.8)                    |
| <b>Other comprehensive income that will not subsequently be reclassified to profit or loss:</b>     |                |                           |
| Fair value movement on equity instruments measured at fair value through other comprehensive income | (14.0)         | (39.7)                    |
| Remeasurement gains/(losses) on defined benefit plans   | (9.5)          | 1.0                       |
| Tax on movements taken to equity  | 0.7            | 3.5                       |
| <b>Net other comprehensive loss that will not subsequently be reclassified to profit or loss</b>    | <b>(22.8)</b>  | (35.2)                    |
| Other comprehensive loss for the year, net of tax   | (115.0)        | (56.0)                    |
| <b>Total comprehensive loss for the year</b>  | <b>(673.0)</b> | (34.1)                    |
| <b>Attributable to:</b>   |                |                           |
| Equity holders of the parent  | (696.4)        | (51.0)                    |
| Non-controlling interests   | 23.4           | 16.9                      |
| <b>Total comprehensive loss for the year</b>  | <b>(673.0)</b> | (34.1)                    |

\*Refer to note 32 for further information on the restatement of the comparative information

**Dentsu Aegis Network Ltd**  
**Consolidated balance sheet**

At 31 December 2019

|  | Notes  | 31 December 2019<br>£m | 31 December 2018<br>(Restated)* £m | 1 January 2018<br>(Restated)* £m |
|--|--------|------------------------|------------------------------------|----------------------------------|
| <b>Non-current assets</b>                                  |        |                        |                                    |                                  |
| Goodwill   | 11     | <b>3,829.8</b>         | 3,980.8                            | 3,659.3                          |
| Intangible assets  | 12     | <b>786.9</b>           | 820.3                              | 790.7                            |
| Property, plant and equipment                              | 13     | <b>193.7</b>           | 210.5                              | 203.3                            |
| Right-of-use assets  | 28     | <b>515.5</b>           | -                                  | -                                |
| Interests in associates and joint ventures                 | 14     | <b>25.4</b>            | 25.0                               | 24.2                             |
| Deferred tax assets  | 20     | <b>63.8</b>            | 110.9                              | 74.8                             |
| Equity instruments   | 15     | <b>6.2</b>             | 19.9                               | 56.6                             |
| Derivative financial assets                                | 19     | <b>11.8</b>            | 45.2                               | 8.6                              |
| Other financial assets                                     | 19     | <b>78.9</b>            | 80.0                               | 79.2                             |
|  |        | <b>5,512.0</b>         | 5,292.6                            | 4,896.7                          |
| <b>Current assets</b>                                      |        |                        |                                    |                                  |
| Work in progress   | 16     | <b>10.8</b>            | 4.0                                | 40.1                             |
| Trade and other receivables                                | 17     | <b>6,482.0</b>         | 6,926.2                            | 6,025.8                          |
| Derivative financial assets                                | 19     | <b>16.3</b>            | 1.6                                | 34.2                             |
| Other financial assets                                     | 15, 19 | <b>14.5</b>            | 13.4                               | 12.8                             |
| Cash and cash equivalents                                  | 19, 27 | <b>1,819.8</b>         | 1,688.9                            | 1,265.3                          |
|  |        | <b>8,343.4</b>         | 8,634.1                            | 7,378.2                          |
| <b>Total assets</b>  |        | <b>13,855.4</b>        | 13,926.7                           | 12,274.9                         |
| <b>Current liabilities</b>                                 |        |                        |                                    |                                  |
| Trade and other payables                                   | 18     | <b>(7,211.0)</b>       | (7,713.3)                          | (6,819.5)                        |
| Borrowings   | 19     | <b>(1,790.9)</b>       | (1,585.2)                          | (1,208.0)                        |
| Lease liabilities  | 28     | <b>(163.6)</b>         | -                                  | -                                |
| Derivative financial liabilities                           | 19     | <b>(52.6)</b>          | (106.7)                            | (59.7)                           |
| Provisions   | 21     | <b>(95.9)</b>          | (5.0)                              | (8.8)                            |
| Current tax liabilities                                    |        | <b>(72.4)</b>          | (55.4)                             | (65.2)                           |
|  |        | <b>(9,386.4)</b>       | (9,465.6)                          | (8,161.2)                        |
| <b>Net current liabilities</b>                             |        | <b>(1,043.0)</b>       | (831.5)                            | (783.0)                          |
| <b>Non-current liabilities</b>                             |        |                        |                                    |                                  |
| Borrowings   | 19     | <b>(2,085.6)</b>       | (1,933.1)                          | (1,589.8)                        |
| Lease liabilities  | 28     | <b>(422.1)</b>         | -                                  | -                                |
| Other non-current liabilities                              | 25     | <b>(588.0)</b>         | (489.7)                            | (407.5)                          |
| Derivative financial liabilities                           | 19     | <b>(815.3)</b>         | (627.6)                            | (641.5)                          |
| Provisions   | 21     | <b>(11.3)</b>          | (15.6)                             | (18.8)                           |
| Deferred tax liabilities                                   | 20     | <b>(134.2)</b>         | (227.0)                            | (213.4)                          |
|  |        | <b>(4,056.5)</b>       | (3,293.0)                          | (2,871.0)                        |
| <b>Total liabilities</b>                                   |        | <b>(13,442.9)</b>      | (12,758.6)                         | (11,032.2)                       |
| <b>Net assets</b>  |        | <b>412.5</b>           | 1,168.1                            | 1,242.7                          |
| <b>Equity</b>  |        |                        |                                    |                                  |
| Share capital  | 22     | <b>78.5</b>            | 78.5                               | 78.5                             |
| Share premium account                                      | 23     | <b>1,190.7</b>         | 1,190.7                            | 1,190.7                          |
| Other equity reserves                                      |        | <b>0.2</b>             | 0.2                                | 0.2                              |
| Foreign currency translation reserve                       |        | <b>(214.5)</b>         | (147.1)                            | (113.6)                          |
| Retained earnings  |        | <b>(186.0)</b>         | 529.8                              | 609.3                            |
| Potential acquisition of non-controlling interests         |        | <b>(669.8)</b>         | (680.6)                            | (711.0)                          |
| <b>Equity attributable to equity holders of the parent</b> |        | <b>199.1</b>           | 971.5                              | 1,054.1                          |
| Non-controlling interests                                  |        | <b>213.4</b>           | 196.6                              | 188.6                            |
| <b>Total equity</b>  |        | <b>412.5</b>           | 1,168.1                            | 1,242.7                          |

\*Refer to note 32 for further information on the restatement of the comparative information

Company registration number 1403668 England and Wales.

These financial statements were approved on behalf of the Board of Directors on 24 June 2020 and were signed on its behalf by:



**Nick Priday**  
Chief Financial Officer

**Dentsu Aegis Network Ltd**  
**Consolidated statement of changes in equity**  
At 31 December 2019

|   | Share Capital | Share premium account | Other equity reserves** | Foreign currency translation reserve | Retained earnings | Potential acquisition of non-controlling interests | Sub-total      | Non-controlling interests | Total equity   |
|---|---------------|-----------------------|-------------------------|--------------------------------------|-------------------|--|----------------|---------------------------|----------------|
|   | £m            | £m                    | £m                      | £m                                   | £m                | £m   | £m             | £m                        | £m             |
| <b>Balance at 1 January 2018</b>  | 78.5          | 1,190.7               | 0.2                     | (113.6)                              | 621.0             | (711.0)  | <b>1,065.8</b> | 188.6                     | <b>1,254.4</b> |
| Impact of restatement*  | -             | -                     | -                       | -                                    | (11.7)            | -  | <b>(11.7)</b>  | -                         | <b>(11.7)</b>  |
| <b>Balance at 1 January 2018 (restated)</b>   | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(113.6)</b>                       | <b>609.3</b>      | <b>(711.0)</b>                                     | <b>1,054.1</b> | <b>188.6</b>              | <b>1,242.7</b> |
| Adjustment on initial application of IFRS 9   | -             | -                     | -                       | -                                    | (16.0)            | -  | <b>(16.0)</b>  | -                         | <b>(16.0)</b>  |
| <b>Adjusted 1 January 2018</b>  | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(113.6)</b>                       | <b>593.3</b>      | <b>(711.0)</b>                                     | <b>1,038.1</b> | <b>188.6</b>              | <b>1,226.7</b> |
| Profit for the period (restated)  | -             | -                     | -                       | -                                    | 4.7               | -  | <b>4.7</b>     | 17.2                      | <b>21.9</b>    |
| Currency translation differences on foreign operations  | -             | -                     | -                       | (31.0)                               | -                 | -  | <b>(31.0)</b>  | 4.5                       | <b>(26.5)</b>  |
| Net investment hedges of foreign operations   | -             | -                     | -                       | (0.1)                                | -                 | -  | <b>(0.1)</b>   | -                         | <b>(0.1)</b>   |
| Transfer from retained earnings to foreign currency translation reserve                             | -             | -                     | -                       | (2.4)                                | 2.4               | -  | -              | -                         | -              |
| Fair value movement on equity instruments measured at fair value through other comprehensive income | -             | -                     | -                       | -                                    | (34.1)            | -  | <b>(34.1)</b>  | (5.6)                     | <b>(39.7)</b>  |
| Cash flow hedges: movements taken to equity   | -             | -                     | -                       | -                                    | 7.0               | -  | <b>7.0</b>     | -                         | <b>7.0</b>     |
| Actuarial gain – defined benefit pension scheme   | -             | -                     | -                       | -                                    | 1.0               | -  | <b>1.0</b>     | -                         | <b>1.0</b>     |
| Other reserve gains and losses  | -             | -                     | -                       | -                                    | (0.2)             | -  | <b>(0.2)</b>   | (0.1)                     | <b>(0.3)</b>   |
| Tax on movements taken to equity  | -             | -                     | -                       | -                                    | 1.7               | -  | <b>1.7</b>     | 0.9                       | <b>2.6</b>     |
| Total comprehensive income and expense (restated)   | -             | -                     | -                       | (33.5)                               | (17.5)            | -  | <b>(51.0)</b>  | 16.9                      | <b>(34.1)</b>  |
| Restructure with parent undertaking   | -             | -                     | -                       | -                                    | (0.5)             | -  | <b>(0.5)</b>   | -                         | <b>(0.5)</b>   |
| Transactions with non-controlling interests   | -             | -                     | -                       | -                                    | (45.5)            | 30.4   | <b>(15.1)</b>  | 15.2                      | <b>0.1</b>     |
| Dividends   | -             | -                     | -                       | -                                    | -                 | -  | -              | (24.1)                    | <b>(24.1)</b>  |
| <b>Balance at 31 December 2018 (restated)</b>   | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(147.1)</b>                       | <b>529.8</b>      | <b>(680.6)</b>                                     | <b>971.5</b>   | <b>196.6</b>              | <b>1,168.1</b> |
| <b>Balance at 1 January 2019</b>  | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(147.1)</b>                       | <b>529.8</b>      | <b>(680.6)</b>                                     | <b>971.5</b>   | <b>196.6</b>              | <b>1,168.1</b> |
| Adjustment on initial application of IFRS 16  | -             | -                     | -                       | -                                    | (47.7)            | -  | <b>(47.7)</b>  | -                         | <b>(47.7)</b>  |
| <b>Adjusted 1 January 2019</b>  | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(147.1)</b>                       | <b>482.1</b>      | <b>(680.6)</b>                                     | <b>923.8</b>   | <b>196.6</b>              | <b>1,120.4</b> |
| (Loss)/profit for the period  | -             | -                     | -                       | -                                    | (585.1)           | -  | <b>(585.1)</b> | 27.1                      | <b>(558.0)</b> |
| Currency translation differences on foreign operations  | -             | -                     | -                       | (75.7)                               | -                 | -  | <b>(75.7)</b>  | (3.1)                     | <b>(78.8)</b>  |
| Net investment hedges of foreign operations   | -             | -                     | -                       | 8.2                                  | -                 | -  | <b>8.2</b>     | -                         | <b>8.2</b>     |
| Fair value movement on equity instruments measured at fair value through other comprehensive income | -             | -                     | -                       | -                                    | (13.2)            | -  | <b>(13.2)</b>  | (0.8)                     | <b>(14.0)</b>  |
| Cash flow hedges: movements taken to equity   | -             | -                     | -                       | -                                    | (25.9)            | -  | <b>(25.9)</b>  | -                         | <b>(25.9)</b>  |
| Actuarial gain – defined benefit pension scheme   | -             | -                     | -                       | -                                    | (9.5)             | -  | <b>(9.5)</b>   | -                         | <b>(9.5)</b>   |
| Other reserve gains and losses  | -             | -                     | -                       | -                                    | (0.1)             | -  | <b>(0.1)</b>   | -                         | <b>(0.1)</b>   |
| Tax on movements taken to equity  | -             | -                     | -                       | -                                    | 4.9               | -  | <b>4.9</b>     | 0.2                       | <b>5.1</b>     |
| Total comprehensive income and expense  | -             | -                     | -                       | (67.5)                               | (628.9)           | -  | <b>(696.4)</b> | 23.4                      | <b>(673.0)</b> |
| Transactions with non-controlling interests   | -             | -                     | -                       | 0.1                                  | (39.2)            | 10.8   | <b>(28.3)</b>  | 1.6                       | <b>(26.7)</b>  |
| Dividends   | -             | -                     | -                       | -                                    | -                 | -  | -              | (8.2)                     | <b>(8.2)</b>   |
| <b>Balance at 31 December 2019</b>  | <b>78.5</b>   | <b>1,190.7</b>        | <b>0.2</b>              | <b>(214.5)</b>                       | <b>(186.0)</b>    | <b>(669.8)</b>                                     | <b>199.1</b>   | <b>213.4</b>              | <b>412.5</b>   |

\*Refer to note 32 for further information on the restatement of the comparative information

\*\*The other equity reserves relate to the capital redemption reserve.

**Dentsu Aegis Network Ltd**  
**Consolidated cash flow statement**  
For the year ended 31 December 2019

|   | Notes | 2019<br>£m     | 2018<br>£m     |
|---|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>                                   |       |                |                |
| Cash inflow from operations   | 27    | 655.8          | 488.7          |
| Income taxes paid   |       | (146.4)        | (114.6)        |
| Income taxes received   |       | 40.2           | -              |
| <b>Net cash inflow from operating activities</b>                              |       | <b>549.6</b>   | <b>374.1</b>   |
| <b>Investing activities</b>   |       |                |                |
| Interest received   |       | 21.3           | 14.4           |
| Dividends received from associates  |       | 0.5            | 0.3            |
| Net cash paid on purchase of subsidiaries                                     | 24    | (209.5)        | (172.3)        |
| Net cash invested in associates and joint ventures                            |       | -              | (0.1)          |
| Payments of deferred consideration on current and prior period acquisitions   | 25    | (165.3)        | (152.3)        |
| Purchase of property, plant and equipment and intangible assets               |       | (134.5)        | (122.5)        |
| Proceeds from disposal of property, plant and equipment and intangible assets |       | 8.1            | 2.0            |
| Other investing activities  |       | 1.7            | (2.4)          |
| <b>Net cash outflow from investing activities</b>                             |       | <b>(477.7)</b> | <b>(432.9)</b> |
| <b>Financing activities</b>   |       |                |                |
| Dividends paid to non-controlling interests                                   |       | (19.6)         | (22.0)         |
| Net cash paid on purchase of additional stakes in existing subsidiaries       |       | (34.0)         | (46.7)         |
| Interest and other financial charges paid                                     |       | (111.9)        | (79.5)         |
| Proceeds from borrowings  |       | 662.6          | 705.8          |
| Repayments of borrowings  |       | (141.1)        | (311.9)        |
| Interest paid on lease obligations  |       | (26.9)         | -              |
| Repayment of lease obligations  |       | (141.9)        | -              |
| Other financing activities  |       | (4.7)          | 20.0           |
| <b>Net cash inflow from financing activities</b>                              |       | <b>182.5</b>   | <b>265.7</b>   |
| <b>Net increase in cash and cash equivalents</b>                              | 27    | <b>254.4</b>   | <b>206.9</b>   |
| Translation differences   |       | (27.3)         | 9.4            |
| Cash and cash equivalents at beginning of financial year                      |       | 798.1          | 581.8          |
| <b>Cash and cash equivalents at end of financial year</b>                     | 27    | <b>1,025.2</b> | <b>798.1</b>   |
| <b>Represented by:</b>  |       |                |                |
| Cash and short-term deposits  |       | 1,819.8        | 1,688.9        |
| <b>Cash and cash equivalents in the consolidated balance sheet</b>            |       | <b>1,819.8</b> | <b>1,688.9</b> |
| Bank overdrafts   | 27    | (794.6)        | (890.8)        |
| <b>Cash and cash equivalents in the consolidated cash flow statement</b>      |       | <b>1,025.2</b> | <b>798.1</b>   |

|                               | 1 January<br>2019<br>£m | Cash flow<br>£m | Other non-cash<br>movements<br>£m | Exchange<br>movements<br>£m | 31 December<br>2019<br>£m |
|-------------------------------|-------------------------|-----------------|-----------------------------------|-----------------------------|---------------------------|
| <b>Analysis of net debt</b>   |                         |                 |                                   |                             |                           |
| Cash and cash equivalents     | 798.1                   | 254.4           | -                                 | (27.3)                      | 1,025.2                   |
| Gross debt net of issue costs | (2,627.5)               | (499.0)         | (32.1)                            | 76.7                        | (3,081.9)                 |
| <b>Total</b>                  | <b>(1,829.4)</b>        | <b>(244.6)</b>  | <b>(32.1)</b>                     | <b>49.4</b>                 | <b>(2,056.7)</b>          |

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements**

For the year ended 31 December 2019

#### **1. General information**

Dentsu Aegis Network Ltd ("DAN Ltd" or "the Company") is a private company incorporated, domiciled and registered in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

These financial statements are presented in pound sterling (GBP), which is the Company's functional currency. Foreign operations are included in accordance with the policies set out in note 3.

#### **2. Basis of preparation**

The Dentsu Aegis Network Ltd Group ("the Group") comprises DAN Ltd and the companies directly and indirectly owned by DAN Ltd. The ultimate parent company of the Group is Dentsu Group Inc., whose consolidated financial statements are available at the Dentsu Group Inc. website: [www.dentsu.com](http://www.dentsu.com).

The group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; which presents information about the Company as a separate entity and not as a group. These are presented on pages 90 to 134. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out in note 3.

#### **Going concern**

In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2019, the Board has considered the following factors:

- The Group's balance sheet position and cash flow forecasts
- The maturity profile of the Group's borrowings, its plans for refinancing and the Group's access to credit facilities
- Headroom on the Group's banking covenants
- The impact of the global response to COVID-19 on the Group's funding requirements
- Funding and dependence on support provided by the Company's parent company

Notwithstanding net current liabilities of £1,043.0m as at 31 December 2019 and a loss for the year then ended of £558.0m, the financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board is satisfied that the Group balance sheet remains strong and the Group remains well-financed with considerable cash. During 2019 the Group has continued to generate positive operating cash inflows from operations before tax, acquisitions and capital expenditure. The main factors contributing to these cash inflows are the retention and growth of the customer base and the continuing management of working capital within the Group.

Forecasts and projections used in the assessment of going concern incorporate the Board's latest expectations of the impact of the global response to COVID-19 on business operations and results, including a short-term decline in revenue growth and the measures the Group has undertaken to protect operating margins and preserve cash. Significant one-off and non-operating expenditures have also been included related to existing and future acquisition activity and restructuring programmes announced in 2019. The forecasts have been subjected to severe but plausible downside scenarios representing further declines in revenues, reductions in margin and deterioration of net working capital. This has included a downside scenario with a further short-term decline in revenues of between 10% and 25%, depending on revenue stream. Covenant headroom also has been modelled and does not indicate a projected breach.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**2. Basis of preparation (continued)****Going concern (continued)**

The Group has 4 unsecured loans with a carrying value as at 31 December 2019 of £636.0m due to mature in 2020 and 2021, of which £302.9m has already been refinanced by Dentsu Group Inc. in April 2020. Going forward, term funding is expected to predominantly be raised at the Dentsu Group Inc. level and provided to the Group through intercompany loans or capitalisations. Further to this refinancing, additional funding of £300.0m has been provided in April and May 2020 by Dentsu Group Inc.

The Group continues to have access to a £500.0m revolving credit facility which remains undrawn. Short term liquidity is further supplemented by the Group's participation in a cash pooling arrangement with Dentsu Group Inc. The Board has also considered various alternative operating and funding strategies, should these be necessary, and is satisfied that a range of actions, including cost reduction activities, could be adopted.

The Board has therefore prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds, through its operating cash flows, credit facilities and funding from its ultimate parent company, Dentsu Group Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Dentsu Group Inc. continuing to provide financial support during that period. Dentsu Group Inc. has indicated its intention to continue to make available such funding as is needed by the Group for the period covered of at least 18 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Board acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Group's funding strategy has been approved by the Dentsu Group Inc. board and it has no reason to believe that this support will not continue.

Consequently, the Board is confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**New standards and amendments**

The Group has applied the following new standards and amendments for the first time for the year commencing 1 January 2019:

- IFRS 16 'Leases'
- Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39 and IFRS 7

**IFRS 16 'Leases'**

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

## Dentsu Aegis Network Ltd

### Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

#### 2. Basis of preparation (continued)

##### IFRS 16 'Leases' (continued)

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

##### *Impact on transition*

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

|   | <b>1 January 2019</b><br>£'m |
|---|------------------------------|
| Right-of-use assets                                     | 576.6                        |
| Deferred tax asset                                      | 19.2                         |
| Lease liabilities                                       | (650.6)                      |
| Retained earnings (excluding impact of lease incentive) | (54.8)                       |

For the impact of IFRS 16 on profit or loss for the period, see note 28. For the details of accounting policies under IFRS 16 and IAS 17, see note 3 – Leased assets.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.5%.

|   | <b>1 January 2019</b><br>£'m |
|---|------------------------------|
| Operating lease commitments at 31 December 2018 disclosed under IAS 17 in the Group's consolidated financial statements | 1,066.0                      |
| Less commitments for leases not yet commenced   | (421.1)                      |
| Discounted using the incremental borrowing rate at 1 January 2019   | (89.2)                       |
| <b>Finance lease liabilities recognised as at 31 December 2018</b>  | <b>555.7</b>                 |
| - Recognition exemption for leases with less than 12 month of lease term at transition                                  | 0.4                          |
| - Extension options reasonably certain to be exercised  | 94.5                         |
| <b>Lease liabilities recognised at 1 January 2019</b>   | <b>650.6</b>                 |

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**2. Basis of preparation (continued)**

**Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7**

'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019 modifies hedge accounting to provide temporary relief from applying specific requirements to hedging relationships directly affected by interest rate benchmark reform ("IBOR reform"). The amendments are effective from 1 January 2020 with early adoption permitted. The Group has elected to adopt the amendments from 1 January 2019.

The reliefs have the effect that IBOR reform should not cause hedge accounting to terminate and replace the need for specific judgements relating to whether hedging relationships continue to qualify for hedge accounting as at 31 December 2019 where the hedging instrument is exposed to interest rate benchmarks that are expected to be discontinued before the maturity of the instrument.

For example, in relation to cash flow hedge accounting, the reliefs provided by the amendments allow the Group to assume that the IBOR based interest rate on which the cash flows of hedged debt and related interest rate swaps are based does not change as a result of IBOR reform. This assumption is applied to considerations regarding the probability of cashflows, and prospective and retrospective effectiveness testing.

Disclosures required by the amendments are provided in Note 19.

At the date of these financial statements, the following standards were in issue but not yet effective:

- IFRS 17 Insurance Contracts.

This standard is not expected to have a significant impact on the Group's consolidated financial statements.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies****Principal accounting policies**

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements except for leases, arising from IFRS 16.

**Basis of consolidation****(a) Subsidiaries**

The consolidated financial statements incorporate the results, cash flows and net assets of DAN Ltd and the entities controlled by it (its subsidiaries) drawn up to 31 December each year after eliminating internal transactions and recognising any non-controlling interests in those entities. Control is achieved when the Group:

- a) has power over the acquiree;
- b) is exposed, or has rights, to variable returns from its involvement with the acquiree; and
- c) has the ability to use its power to affect its returns.

The Group re-assesses whether it controls an acquiree if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where subsidiaries are acquired or disposed of in the year, their results and cash flows are included from the effective date of acquisition or up to the effective disposal date.

Where a consolidated company is less than 100% owned by the Group, the non-controlling interests' share of the results and net assets are recognised at each reporting date. On initial recognition, the interests of non-controlling shareholders are ordinarily measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets as at acquisition date but may alternatively be initially measured at fair value. The choice of measurement is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where a business combination is achieved in stages, on the date control is achieved the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, with any resulting gain or loss recognised in profit or loss. Any amounts previously deferred in other comprehensive income are recognised on the same basis as if the Group had directly disposed of the equity interest.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. On the loss of control, the assets and liabilities of the subsidiary are derecognised, along with any related non-controlling interests and other components of equity. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the parent.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Basis of consolidation (continued)****(a) Subsidiaries (continued)**

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of the reclassified investment.

A list of the significant investments in subsidiaries and associates, including the name, country of incorporation and proportion of ownership interest is given in the notes to the Company's separate financial statements.

**(b) Associates**

Associates are entities in which the Group has a participating interest, over whose operating and financial policies it exercises significant influence, and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The accounting policies used by the Group's associates are the same as those used by the Group, as are the reporting dates in the majority of cases.

An associate of the Group is accounted for using the equity method of accounting. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill within the associate's carrying amount and is assessed for impairment as part of that investment. The Group's share of its associate's post-acquisition profit or loss and any impairment of goodwill is recognised in the income statement and as a movement in the Group's share of the associate's net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised either directly in equity or in other comprehensive income as appropriate. Where an associate's loss for the year is greater than the Group's interest in that associate, the carrying value of the associate is reduced to nil, with the excess portion of the losses only recognised to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**(c) Joint arrangements**

Joint arrangements are arrangements where two or more parties have joint control. Joint ventures are investments in a joint arrangement whereby the Group exercises joint control along with a third party and has rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. Such investments are equity-accounted, using the same method of equity accounting as described in associates above.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **3. Accounting policies (continued)**

##### **Basis of consolidation (continued)**

###### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the acquisition-date fair values of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Where applicable, the consideration for the acquisition includes deferred consideration, measured at its acquisition-date fair value. Subsequent changes in the deferred consideration are adjusted against the cost of the acquisition when they qualify as measurement period adjustments (see below), or otherwise are accounted for as remeasurements in profit or loss.

The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts. Provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. This includes the intangible assets that arise as part of the business combination. During the measurement period the goodwill is adjusted for the value of the business combination intangibles acquired, once completed.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the acquisition date, limited to one year.

For acquisitions of subsidiaries and businesses under the common control of the Dentsu Group Inc. group, the DAN Ltd group has elected to adopt the Pooling of Interest method for acquisitions. The consideration for each acquisition is measured against the acquisition balance sheet and any surplus recognised in equity.

###### **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Following initial recognition, goodwill is not amortised but is carried at cost less any accumulated impairment losses. Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at that date less any subsequent accumulated impairment losses.

Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

###### **Goodwill impairment**

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Basis of consolidation (continued)****Goodwill impairment (continued)**

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss identified is first allocated to reduce the carrying amount of any goodwill attributed to that CGU with any excess impairment allocated on a pro rata basis to other assets within that CGU. The Group's CGUs are outlined in note 11.

**Intangible assets**

Separately acquired intangible assets are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition. Fair value is calculated based on the Group's valuation methodology, using discounted cash flows, charges avoided or replacement costs, as appropriate.

An internally generated intangible asset arising from the Group's development activities is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where these criteria are met, the development expenditure is capitalised at cost. Where they are not met, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets (both internally generated and separately acquired) are amortised to residual values on a straight-line basis over their useful economic lives as follows:

|                        |                      |
|------------------------|----------------------|
| Software               | 20% to 50% per annum |
| Customer relationships | 10% to 50% per annum |
| Patents and trademarks | 7% to 33% per annum  |
| Non-compete agreements | 5% to 100% per annum |
| Intellectual property  | 7% to 33% per annum  |
| Other                  | 10% to 50% per annum |

Once an acquired intangible asset has exceeded its useful economic life, the cost and accumulated amortisation of the asset is removed from the balance sheet as an asset retirement. Where an asset's useful life is considered indefinite, an annual impairment test is performed (see below).

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged to write off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

|  |  |
|--|--|
| Freehold buildings                                 | 1% to 5% per annum   |
| Leasehold buildings                                | Over the period of the lease                                     |
| Leasehold improvements                             | 10% to 20% per annum or over the period of the lease, if shorter |
| Office furniture, fixtures, equipment and vehicles | 10% to 50% per annum   |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

**Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (both internally generated and separately acquired) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

**Work in progress**

Work in progress is valued at cost. A provision is made for irrecoverable costs where appropriate.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, including the risks and uncertainties surrounding the obligation.

From time to time the Group is exposed to legal claims. Provision for costs is made when it is more likely than not, taking account of all available evidence, including legal advice, that a present obligation exists at balance sheet date and other recognition criteria described above are met.

Restructuring provisions are recognised when a detailed formal plan for the restructuring is identified and a valid expectation has been raised in those affected that the plan will be carried out by either starting to implement the plan or announcing its main features to those affected by it. Only those costs necessarily incurred as a result of the restructuring and not associated with the ongoing activities of the entity are included in the provision. Where supplier and customer contracts become onerous as part of the wider restructuring activities, the onerous cost is included as part of the provision.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Turnover**

Turnover represents amounts billable for advertising and media investments managed by the Group on behalf of clients, together with fees earned for media projects and market research services provided, net of discounts, VAT and other sales-related taxes.

**Revenue**

The Group's major sources of revenue are from advertising and media services including creative, planning, buying and other ad-hoc project and consulting services. The Group recognises revenue in accordance with the 5-step model established under IFRS 15 'Revenue from contracts with customers'. Further information on how the group recognises revenue is outlined below.

The Group recognises revenue when it has a binding contract with a customer. Revenue is recognised as it transfers control of a product or service to a customer. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties where the Group is acting as an agent. The Group acts as a principal when the services are controlled by the Group prior to being transferred to customers. An assessment of key indicators including pricing discretion, inventory risk and primary responsibility, is performed to establish if the Group is an agent or a principal in a particular contract.

Most of the group's contracts include many interconnected activities which are provided to the customer. In most instances, these activities are not considered distinct, or represent a series of activities which are substantially the same with the same pattern of transfer to the customer. As such, these activities are accounted for as a single performance obligation. However, when there are contracts with activities which are capable of being distinct, these are recognised as separate performance obligations. Where there are contracts with multiple performance obligations, the transaction price is allocated to the separate transaction prices based on relative stand-alone selling prices.

Revenue is recognised as the performance obligation to which it relates is satisfied. Most of the group's revenue is recognised over time. When the group recognises revenue over time it uses an appropriate measure, commensurate to the pattern of transfer of the service to the customer, to determine the rate of revenue recognition. These include:

- Straight line
- In proportion to the level of time worked as a percentage of total expected time worked on the contract
- In proportion to the costs incurred as a percentage of total expected costs
- Customer milestones delivered

When revenue is in the form of a retainer, it is a stand-ready obligation to perform services on an ongoing basis over the life of the contract, and it is recognised over time on a straight-line basis, unless there is high seasonality. If there are high levels of seasonality, then the retainer revenue is recognised over time in proportion to the level of time spent of the total expected time for the contract.

When revenue is in the form of commissions revenue is recognised over time as the media airs or is published, depending on the form of the media.

Contracts may include variable consideration, such as performance related fees, which are part of the transaction price. Such fees are recognised in line with the revenue recognised in respect of the underlying performance obligation, to the extent that is not highly probable to result in a significant reversal.

Costs of obtaining a contract are expensed as the vast majority of the Group's contracts run for 12 months or less.

Costs incurred on behalf of clients and other third-party costs that have not yet been billed to clients are considered receivables under IFRS 15 and therefore are presented within Trade receivables and accrued income in the consolidated balance sheet.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Revenue (continued)**

The Group may receive volume rebates from certain suppliers for transactions entered into on behalf of the Group's customers. Customer contracts and local law determine whether such rebates are retained by the Group or transferred to the customer. If rebates are retained by the Group, they are recognised as revenue when earned and if transferred to customers, they are recorded as a liability until settled.

**Finance income**

Finance income comprises interest income, fair value gains, dividend income and net foreign exchange gains that are recognised in the income statement (see foreign currency accounting policy).

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Remeasurement gains on deferred consideration and put options, which result from the liability being less than the amount payable, are recognised as a gain within finance income.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**Finance expenses**

Finance expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Interest payable is recognised in the income statement as it accrues, using the effective interest method.

Remeasurement losses on deferred consideration and put options, which result from the liability being greater than the amount payable, are recognised as a loss within finance expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

**Deferred incentives**

Liabilities are held in respect of deferred incentive payments to certain employees in relation to the Group's long-term incentive schemes. The payment of these incentives is conditional on continued employment for specific periods and, in certain cases, on business performance. The incentive is discounted to determine its present value and is recognised on a straight-line basis in profit or loss over the specified period. Any remeasurements are recognised in profit or loss in the period which they arise.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Retirement benefits**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. At DAN Ltd, retirement benefits for employees are principally provided by such defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement is the contribution payable in the year by Group companies.

A defined benefit scheme is any post-employment benefit plan other than a defined contribution plan. The Group operates a small number of retirement benefit schemes that do not fall under the definition of defined contribution schemes, principally where required by local statutory regulations. The principal schemes are located in Germany, Italy, France and Switzerland. Under these schemes, the Group's liabilities in respect of past service are fixed as a percentage of past salaries, but the schemes do not meet the definition of defined contribution schemes because contributions have not been paid to a separate entity. These schemes are not considered by management to represent standard defined benefit schemes and do not vary significantly in terms of the Group's liability. However, IAS 19 requires that these schemes be disclosed as defined benefit schemes.

The principal funded defined benefit scheme is in Germany. The assets of this scheme are held separately from those of the Group in independently administered funds, in accordance with scheme rules and statutory requirements. The unfunded defined benefit schemes are principally in Italy, France and Switzerland.

The remeasurement gains and losses of these schemes are recognised immediately in other comprehensive income. The service cost to the Group and interest expense is recognised in the income statement in the period that they arise.

The liability recognised in the balance sheet in respect of defined benefit obligations is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The defined benefit obligation is calculated using the project unit credit method with actuarial valuations being carried out at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related liability.

The actuarial valuations are obtained at least triennially, with the most recent actuarial valuations of plan assets and the present value of the defined benefit obligation being carried out at 31 December 2019. The present value of the defined benefit obligation, the related service cost and the past service cost were measured using the projected unit credit method.

**Employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **3. Accounting policies (continued)**

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are retranslated at the exchange rate ruling at the balance sheet date. Upon settlement, monetary assets and liabilities denominated in foreign currencies are retranslated at the rate ruling on the settlement date. Exchange differences arising upon retranslation at the balance sheet date or settlement date are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the retranslation of foreign currency borrowings used to provide a hedge against foreign currency investments, including goodwill, are recognised in other comprehensive income where the hedge remains effective.

For consolidation purposes, the trading results and cash flows arising in operations with non-sterling functional currencies are translated into pound sterling at average exchange rates for the period, which approximate the foreign exchange rates ruling at the dates of the transactions within the period. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

Exchange differences arising upon consolidation are recognised in other comprehensive income and maintained in the foreign currency translation reserve within equity. In the event of the disposal of an operation, the cumulative effect of such translation is reclassified to the income statement.

##### **Leased assets**

###### *The Group as a lessee*

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- the Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

###### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **3. Accounting policies (continued)**

##### **Leased assets (continued)**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

##### *The Group as a lessor*

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

##### **Taxation**

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will affect the associated goodwill recognised on acquisition.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Taxation (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Accounting for taxes is judgemental and carries a degree of uncertainty because tax law is subject to interpretation, which might be questioned by the relevant tax authority. The Group recognises the most likely current and deferred tax liability and asset, assessed for uncertainty using consistent judgements and estimates.

Current and deferred tax assets are only recognised where their recovery is deemed probable, and current and deferred tax liabilities are recognised at the amount that represents the best estimate of the probable outcome having regard to their acceptance by the tax authorities.

**Financial instruments****Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Financial assets*****Classification and measurement of financial assets***

Management determines the classification and subsequent measurement of the financial asset based on the contractual terms at the initial recognition date and is not subsequently reclassified unless the Group changes its business model for managing financial assets. The classifications and subsequent measurement include the following:

***Classification as trade receivables***

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Current trade receivables do not carry any interest charge. Interest may be charged on overdue balances.

***Financial assets at amortised cost***

The group classifies its financial assets as measured at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

All receivables are categorised as amortised cost. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

***Financial assets at fair value through other comprehensive income***

Financial assets at fair value through other comprehensive income (FVOCI) are initially measured at fair value, and subsequently measured at fair value with movements in fair value recorded in other comprehensive income. FVOCI comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses being recognised in OCI and are never reclassified to profit and loss.
- Debt securities where the contractual cash flows are solely principal and interest on specified dates, and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

***Financial assets at fair value through profit or loss***

The group classifies the following financial assets and derivative financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets carried at FVPL are initially recorded at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Impairment of financial assets***

The Group considers evidence of impairment for these assets at both an individual asset and a collective level at each reporting date. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The Group uses the simplified provision matrix approach to calculate its expected credit losses taking into account various factors including the ageing of receivables, the credit rating of customers, market risk and any relevant credit enhancements.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***Offsetting of balances within financial assets***

In line with IAS 32, the Group has a legally enforceable right, and there is an intention to settle on a net basis, through signed legal agreements, to offset cash deposits and overdrafts that are in cash-pool arrangements with relationship banks. The Group does not offset other financial assets and liabilities where there is no legally enforceable right to do so. The amounts offset are presented gross in note 19.

**Financial liabilities and equity**

***Classification and measurement***

Management determines the classification of its financial liabilities as either debt or equity at initial recognition according to the substance of the contractual arrangements entered into. All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVPL. The classifications include the following:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss (FVPL) are either designated in this category; or they are held for trading, such as an obligation for securities borrowed in a short sale which are required to be returned in the future. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. The Group's financial liabilities at fair value through profit or loss are disclosed as such in note 19. Subsequent to initial recognition, financial liabilities at fair value through profit or loss measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

***Other financial liabilities measured at amortised cost using the effective interest method***

Other financial liabilities measured at amortised cost using the effective interest method are non-derivative financial liabilities which are not designated on initial recognition as liabilities at fair value through profit or loss. Any subsequent interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the value of proceeds received, net of direct issue costs.

***Derivative financial instruments***

The Group's activities expose it to certain financial risks including changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held at fair value at the balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial liabilities and equity (continued)**

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges, are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecast transactions are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Although hedge accounting does not apply in these instances, the changes in the fair value may result in a natural hedge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement. Note 19 includes further information on hedge accounting as applied by the Group.

***Liabilities in respect of put option agreements over non-controlling interests***

The Group is party to a number of put and call options over the remaining non-controlling interests in its subsidiaries. In accordance with IAS 32, a put option over equity instruments and the amount that is to be potentially paid for the interest in the subsidiary is recorded as a financial liability measured at the present value of the future redemption amount (PVFRA) with a corresponding charge directly to equity reserve. Subsequent remeasurements are recorded in the income statement. The Group applies the present access method for the recognition and measurement of non-controlling interests in relation to subsidiaries with put options.

On exercise and settlement of a put option liability the initial amount recognised in respect of the put option being exercised is removed from the potential acquisition of non-controlling interests reserve, along with the de-recognition of non-controlling interests.

**Fair value measurement**

The Group applies the requirements of IFRS 13 'Fair Value Measurement'. In accordance with its provisions, all assets and liabilities which are measured at fair value are classified within the hierarchy levels of 1, 2, 3 as defined in note 19.

The Group assesses whether there have been any transfers between the hierarchy levels through an annual review. In this review, there is an assessment of whether there have been any changes to the nature of the inputs in each level.

Credit value adjustments and debt value adjustments are derived by the Group and applied to the valuation of the respective financial instruments to reflect the credit risk of the derivative counterparty.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**3. Accounting policies (continued)****Financial instruments (continued)****Valuation techniques and assumptions applied for the purposes of measuring fair value**

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise held-to-maturity investments and quoted available-for-sale investments.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 2 comprise derivative instruments, which are calculated using quoted prices and yield curves derived from these quoted prices.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Put option liabilities and deferred consideration are measured based on discounted cash flow methods with unobservable inputs including future profits and discount rate.

**Share-based payments**

In 2016, the Group acquired Merkle Inc., which operates a share option scheme for certain employees. This share option scheme remains in place post-acquisition. The Group considers these share options to be cash-settled share-based payments and accounts for these in accordance with IFRS 2 Share-based Payment.

The fair value is measured at grant date, at each reporting date and up to, and including, the settlement date, with changes recognised in the income statement. More details of how the fair value is determined can be found in note 26.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **4. Critical accounting estimates and judgements**

The Group makes estimates and judgements concerning the future, and the resulting estimates may, by definition, vary from the related actual results. The Directors consider the critical accounting estimates and judgements to be:

##### **Revenue recognition**

Judgement is required in selecting the appropriate timing and amount of revenue recognised, particularly where the Group recognises variable consideration. Revenue is only recognised to the extent that it is not highly probable to result in significant reversal and, where there is a performance related element, to the extent to which the performance criteria have been met.

The likelihood of collection of trade receivables also requires judgement to be applied. The Group monitors the levels of provisioning required based on historical trends and by detailed review of individually significant balances.

##### **Deferred consideration and put option payments in respect of acquisitions**

The Group determines the amount of deferred consideration and put option liabilities to be recognised according to the formulae agreed at time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration.

Key areas of judgement in calculating the carrying value of deferred consideration and put option liabilities are the expected future cash flows of the acquired entity, the timing of exercise of options and the discount rate.

##### **Valuation of acquired intangible assets**

The Group exercises judgement in determining the fair value of identifiable assets acquired and liabilities assumed in business combinations. In calculating the fair values of intangibles, the Group makes assumptions on the timing and amount of future cash flows generated by the assets it has acquired, the appropriate discount rates and the useful economic lives of the assets purchased.

##### **Impairment**

In determining whether an impairment loss has arisen on goodwill or intangible assets the Group makes judgements over the value-in-use of its CGUs. In calculating the value-in-use of a CGU the Group makes estimates of future forecast cash flows and discount rates to derive a net present value of these cash flows and determine if an impairment has occurred. Key areas of judgement include the forecasted revenue growth and operating margins, as well as the determination of the long-term growth rate applicable to each CGU. See note 11 for further details.

##### **Share-based payments**

Estimating the fair value for share-based payment transactions requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and grant date share price. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 26.

##### **Current tax**

Tax laws that apply to the Group's businesses may be amended by the relevant authorities, for example as a result of changes in fiscal circumstances or priorities. Such potential amendments and their application to the Group are regularly monitored and the requirement for recognition of any liabilities assessed where necessary.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**4. Critical accounting estimates and judgements (continued)**

**Current tax (continued)**

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore may impact the Group's results and future cash flows.

**Deferred tax**

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation of temporary differences. In particular, an assessment is required of whether it is probable that there will be suitable future taxable profits against which any recognised and unrecognised deferred tax assets can be utilised.

**Restructuring provisions**

Judgement is required in identifying whether by the reporting date sufficient expectation has been raised in those affected by a restructuring plan that it will be carried out. Management works closely with internal teams of specialists and professional advisers to understand the extent and timing of communications and assess the appropriate accounting treatment.

In calculating the value of a restructuring provision, the Group estimates the amount of severance due through reference to average employee salaries and local legislation. The final amount payable and timing of payment is dependent on the results of employee consultation and other regulatory procedures, and therefore may differ from the initial estimate recorded.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**5. Revenue from contracts with customers****Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods and services in the following major geographical regions:

|          | 2019<br>£m     | 2018<br>(Restated)*<br>£m |
|----------|----------------|---------------------------|
| EMEA     | 1,645.9        | 1,543.6                   |
| Americas | 1,852.1        | 1,609.8                   |
| APAC     | 638.4          | 678.9                     |
|          | <b>4,136.4</b> | <b>3,832.3</b>            |

\*Refer to note 32 for further information on the restatement of the comparative information

**Assets and liabilities related to contracts with customers**

Contract assets balances recognised as at 31 December 2019 total £30.2m (as at 1 January 2019: £34.9m). These balances are presented within Trade receivables and accrued income and mainly represent accrued income where a performance obligation has been satisfied but the right to consideration is conditional and has not yet been billed. Deferred income balances presented within Trade and other payables in the consolidated balance sheet are considered contract liabilities. There have been no significant changes in contract asset and liability balances.

*Revenue recognised in relation to contract liabilities*

Revenue recognised in the reporting period that had been included in the contract liability balance at the beginning of the period was £180.8m (2018: £163.3m). Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

*Unsatisfied long-term performance obligations*

The aggregate amount of the transaction price allocated to long-term performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period is £36.1m (2018: £42.5m). Management expects that 100% (2018: 95.0%) of this amount will be recognised as revenue during the next reporting period (2018: £40.5m). The amount disclosed does not include variable consideration which is constrained. As permitted under IFRS 15, a practical expedient has been applied and the transaction price allocated to unsatisfied performance obligations for contracts with an expected duration of less than one year is not disclosed.

*Assets recognised from costs to obtain or fulfil a contract*

As at 31 December 2019, there are no material contract assets in relation to the costs to obtain or fulfil contracts with customers.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**6. Operating loss**

Operating loss for the Group has been arrived at after charging/(crediting):

|  | <b>2019</b>    | 2018           |
|--|----------------|----------------|
|  | (Restated)*    |                |
|  | £m             | £m             |
| Net foreign exchange losses/(gains)              | 0.1            | (3.8)          |
| Depreciation of property, plant and equipment    | 70.5           | 65.3           |
| Depreciation of leased assets                    | 142.1          | -              |
| Amortisation of intangible assets                | 201.8          | 200.4          |
| Impairment of intangible assets                  | 25.0           | -              |
| Impairment of goodwill                           | 245.5          | -              |
| Loss/(Gain) on disposal of tangible fixed assets | 0.8            | (0.3)          |
| Operating lease expense                          | 2.5            | 155.0          |
| Staff costs                                      | 2,547.1        | 2,354.9        |
| Restructuring expenses                           | 133.8          | -              |
| Other  | 701.3          | 634.7          |
| <b>Total operating expenses</b>                  | <b>4,070.5</b> | <b>3,406.2</b> |

\*Refer to note 32 for further information on the restatement of the comparative information

Other operating expenses for the current and prior year largely consists of administrative expenses, management charges and maintenance costs. Included within operating loss is a charge of £133.8m (2018: £nil) related to a restructuring programme announced in December 2019. Presented within operating expenses is £92.8m (2018: £nil) relating to employee termination benefits, £15.8m (2018: £nil) of professional costs and £25.2m (2018: £nil) of onerous contracts, asset write-downs and other property related charges.

**Defined contribution schemes**

Retirement benefits for employees are principally provided by defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement of £49.6m (2018: £47.1m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2019, contributions of £17.8m (2018: £7.6m) due in respect of the current reporting period had not been paid over to the schemes.

**Fees paid to auditor**

|  | 2019<br>£m | 2019<br>%     | 2018<br>£m | 2018<br>%     |
|--|------------|---------------|------------|---------------|
| <b>Audit fees</b>  |            |               |            |               |
| Audit of these financial statements  | 1.1        | 11.5%         | 0.5        | 6.6%          |
| <b>Amounts receivable by the Company's auditor and its associates in respect of:</b> |            |               |            |               |
| Audit of financial statements of subsidiaries of the company                         | 7.5        | 78.9%         | 6.4        | 84.2%         |
| <b>Other services</b>  |            |               |            |               |
| Other tax advisory services  | 0.3        | 3.2%          | 0.1        | 1.3%          |
| Audit-related assurance services   | -          | -             | 0.2        | 2.6%          |
| Other assurance services   | 0.3        | 3.2%          | 0.3        | 4.0%          |
| All other services   | 0.3        | 3.2%          | 0.1        | 1.3%          |
| <b>Total fees paid to the Company's auditor</b>                                      | <b>9.5</b> | <b>100.0%</b> | <b>7.6</b> | <b>100.0%</b> |

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**7. Staff costs**

The average number of people employed by the Group (including directors) during the year, analysed by category, was as follows:

|                | 2019<br>Number | 2018<br>Number |
|----------------|----------------|----------------|
| DAN Operations | <b>44,433</b>  | 41,021         |
| Corporate      | <b>896</b>     | 610            |
|                | <b>45,329</b>  | 41,631         |

Staff costs consist of:

|   | 2019<br>£m     | 2018<br>£m |
|---|----------------|------------|
| Wages, salaries, bonus and benefits         | <b>2,202.7</b> | 2,067.5    |
| Share based payments (See note 26)          | <b>70.0</b>    | 30.4       |
| Social security costs                       | <b>221.0</b>   | 204.8      |
| Contributions to defined contribution plans | <b>49.6</b>    | 47.1       |
| Expenses related to defined benefit plans   | <b>3.8</b>     | 5.1        |
|   | <b>2,547.1</b> | 2,354.9    |

**Directors remuneration**

|   | Aggregate  |            | Highest paid Director |            |
|---|------------|------------|-----------------------|------------|
|   | 2019<br>£m | 2018<br>£m | 2019<br>£m            | 2018<br>£m |
| Directors' remuneration                               | <b>2.8</b> | 8.1        | <b>2.1</b>            | 2.8        |
| Amounts receivable under long term incentive schemes  | <b>0.4</b> | 4.8        | -                     | 2.7        |
| Company contributions to money purchase pension plans | <b>0.3</b> | 1.1        | <b>0.2</b>            | 0.3        |
| Compensation for loss of office                       | -          | 5.3        | -                     | 5.3        |
|   | <b>3.5</b> | 19.3       | <b>2.3</b>            | 11.1       |

Post-employment benefits were accrued for one director (2018: one directors) under a money purchase scheme. In addition, one directors received cash payments in lieu of contributions to money purchase schemes (2018: four directors). The amount shown above includes the aggregate value of company contributions paid (or accrued) to a pension scheme in respect of money purchase benefits, as well as the cash payments to the directors.

During the year, no directors (2018: nil) exercised share options in the Company and no directors (2018: nil) received shares, or had shares receivable under long-term incentive schemes, in respect of their qualifying service.

**8. Finance income**

|   | 2019<br>£m  | 2018<br>£m |
|---|-------------|------------|
| Interest income on financial assets measured at amortised cost      | <b>20.1</b> | 19.5       |
| Other movements   | <b>1.1</b>  | -          |
| Remeasurement to fair value of pre-existing interest in an acquiree | <b>15.6</b> | -          |
| Finance income  | <b>36.8</b> | 19.5       |

Other movements on financing items include fair value movements in derivative instruments intended to provide a natural hedge of exchange rate risk. Information on the Group's designated hedges is given in note 19.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**9. Finance expenses**

|  | <b>2019</b>    | 2018           |
|--|----------------|----------------|
|  | £m             | £m             |
| Interest expense on overdrafts   | (19.1)         | (13.2)         |
| Interest expense on bank loans, loan notes, other loans                    | (73.1)         | (56.7)         |
| Interest expense on lease liabilities                                      | (26.9)         | -              |
| Other interest expenses  | (11.9)         | (10.7)         |
| Total interest expense on financial liabilities measured at amortised cost | (131.0)        | (80.6)         |
| Remeasurements of deferred consideration and put option liabilities        | (186.7)        | (72.5)         |
| Other movements  | (10.1)         | (5.7)          |
| <b>Finance expenses</b>  | <b>(327.8)</b> | <b>(158.8)</b> |

Other movements on financing items in 2018 include fair value movements in derivative instruments intended to provide a natural hedge of exchange rate risk. Information on the Group's designated hedges is given in note 19.

**10. Tax on loss on ordinary activities**

The tax charge for continuing operations is made up of the following:

|  | <b>2019</b> | 2018   |
|--|-------------|--------|
|  | £m          | £m     |
| Current tax  | 107.6       | 99.2   |
| Adjustments in respect of prior years                        | 3.5         | (8.6)  |
|  | 111.1       | 90.6   |
| Deferred tax (note 20)                                       |             |        |
| Origination and reversal of temporary differences            | (52.1)      | (22.8) |
| Reduction in tax rate  | -           | -      |
| Recognition of previously unrecognised tax losses            | (3.6)       | (9.1)  |
| Recognition of previously unrecognised temporary differences | 0.5         | -      |
|  | (55.2)      | (31.9) |
|  | 55.9        | 58.7   |

The tax charge for the year ended 31 December 2019 is £55.9m (2018: 58.7m) representing an effective tax rate (including deferred tax on goodwill) on statutory losses of (11.1%) (2018 profits: 72.8%). The tax charge for the year ended 31 December 2019 includes a deferred tax expense of £22.0m (2018: £19.5m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale.

UK Corporation tax is calculated at 19.0% (2018: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The net UK deferred tax asset has been calculated using the substantially enacted rates applicable when the temporary difference is expected to reverse. The impact on the Group's net assets is not expected to be material.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**10. Tax on loss on ordinary activities (continued)**

The total tax charge recognised in other comprehensive income is as follows:

|  | <b>2019</b><br>£m | <b>2018</b><br>£m |
|--|-------------------|-------------------|
| Items that may be subsequently reclassified to profit or loss: |                   |                   |
| Tax on cash flow hedge: movements taken to equity              | 4.4               | (0.9)             |
| Tax expense for the year                                       | 4.4               | (0.9)             |

The total tax charge recognised directly in equity during the year was £0.7m (2018: £3.5m), this related to equity instruments.

The total charge for the year for the Group can be reconciled to the accounting loss (2018: profit) as follows:

|   | <b>2019</b><br>£m | <b>2018</b><br>£m |
|---|-------------------|-------------------|
| (Restated)  |                   |                   |
| (Loss)/ profit before income tax                                      | (502.1)           | 80.6              |
| Tax at the UK corporation tax rate of 19% (2018: 19%)                 | (95.4)            | 15.3              |
| Adjustments in respect of prior years – current and deferred tax      | 8.3               | (8.7)             |
| Non-deductible expenses (Non-taxable income) for tax purposes         | 74.2              | 11.2              |
| Rate differences on overseas earnings                                 | (21.0)            | 9.1               |
| Current year tax losses not recognised                                | 56.5              | 7.9               |
| Local tax charge  | 16.7              | 10.5              |
| Withholding taxes and other charges for the period                    | 13.0              | 8.4               |
| Other differences   | 3.6               | 5.0               |
| Tax expense for the year  | 55.9              | 58.7              |
| Effective rate of statutory tax charge on statutory (losses)/ profits | (11.1%)           | 72.8%             |

IAS 1 requires income from associates to be presented net of tax on the face of the income statement and not in the Group's tax charge. Associates' tax included within 'share of results of associates' for the year ended 31 December 2019 is £nil (2018: £nil).

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**11. Goodwill**

| Cost                                     | £m             |
|--|----------------|
| <b>At 1 January 2018</b>                 | <b>3,702.8</b> |
| Additions                                | 267.1          |
| Measurement period adjustments           | (31.7)         |
| Exchange differences                     | 86.1           |
| <b>At 31 December 2018</b>               | <b>4,024.3</b> |
| Additions                                | 245.6          |
| Measurement period adjustments (note 24) | 9.8            |
| Other Movements                          | (4.6)          |
| Exchange differences                     | (156.3)        |
| <b>At 31 December 2019</b>               | <b>4,118.8</b> |
| <br><b>Accumulated impairment losses</b> |                |
| <b>At 1 January 2018</b>                 | <b>43.5</b>    |
| Impairment losses for the year           | 4.0            |
| Disposal                                 | (4.0)          |
| <b>At 31 December 2018</b>               | <b>43.5</b>    |
| Impairment losses for the year           | 245.5          |
| <b>At 31 December 2019</b>               | <b>289.0</b>   |
| <br><b>Carrying amount</b>               |                |
| <b>At 31 December 2019</b>               | <b>3,829.8</b> |
| <b>At 31 December 2018</b>               | <b>3,980.8</b> |

Additions to goodwill are as a result of DAN Ltd completing the acquisitions of 16 entities in 2019.

Measurement period adjustments relate to adjustments made during the measurement period to the provisional net assets that were recognised at the acquisition date. These adjustments are made in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date, in accordance with IFRS 3. Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**11. Goodwill (continued)**

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

|                    | <b>2019</b><br>£m | <b>2018</b><br>£m |
|--------------------|-------------------|-------------------|
| EMEA               | 1,168.6           | 1,152.8           |
| Americas           | 2,120.3           | 2,049.2           |
| Asia Pacific       | 540.9             | 778.8             |
| <b>Total Group</b> | <b>3,829.8</b>    | <b>3,980.8</b>    |

Goodwill is assessed for impairment annually.

The recoverable amount of a CGU is determined based on value-in-use calculations. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and management forecasts for the subsequent four years. These calculations reflect management's experience and future expectations of the markets in which the CGU operates. Key assumptions on which management has based these cash flow projections are revenue growth, underlying operating profit margin, long term growth rates and discount rate.

Revenue growth of 3% (2018: 4%) and underlying operating profit margin of 13.8% (2018: 15.0%) for the Group have been used as mid-term assumptions in the calculations. These have been projected taking into account historic and expected future organic growth and profitability. Long-term average growth rates after the 5-year specific forecast have been calculated through reference to third-party forecast gross domestic product data. Rates applied range from 1.5% to 1.75% (2018: 2.0%).

The rate used to discount the forecast cash flows is 9.0% for the EMEA and Americas CGUs and 10.8% for the Asia Pacific CGU (2018: 10.5% for all CGUs). These are pre-tax measures based on market derived costs of debt and equity. Cost of equity is calculated using risk free rates adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGUs. EMEA and Americas are considered to have similar risk and market profiles.

In applying the above assumptions, the carrying value of the Asia Pacific CGU has been determined to be higher than its recoverable value of £625.3m and an impairment charge of £245.5m has been recognised (2018: £nil). The regional performance has been impacted throughout 2019 due to two challenged markets, Australia and China. The businesses faced a significant impact from changing media transaction environments in addition to an increasing macro uncertainty in the region centered around China.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as market growth, discount rates and currency exchange rates. A reasonably possible change in a key assumption for the EMEA and Americas CGUs is not expected to result in any impairment. Following the impairment loss in the Asia Pacific CGU, the recoverable amount is equal to its carrying amount, therefore any adverse movement in the assumptions underpinning the recoverable amount would result in further impairment. This is indicated by the fact that a 1% increase in discount rate and 1% decrease in mid-term revenue growth would result in further impairment of £98.3m and £15.8m respectively.

The impact of the global response to COVID-19 is assessed to be a non-adjusting post-balance sheet event and therefore has not been reflected in the assumptions or forecasts used in the value-in-use calculations or the sensitivities applied.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**12. Intangible assets**

| Cost  | Software     | Customer Relationships | Non-compete Agreements | Intellectual Property | Other        | Total          |
|---|--------------|------------------------|------------------------|-----------------------|--------------|----------------|
|   | £m           | £m                     | £m                     | £m                    | £m           | £m             |
| <b>At 1 January 2018</b>                                | <b>174.6</b> | <b>601.8</b>           | <b>79.8</b>            | <b>212.5</b>          | <b>132.3</b> | <b>1,201.0</b> |
| Additions   |              |                        |                        |                       |              |                |
| - separately acquired                                   | 17.9         | -                      | -                      | -                     | 34.3         | 52.2           |
| - internally generated                                  | 2.4          | -                      | -                      | -                     | 3.0          | 5.4            |
| Acquired on acquisition of a subsidiary                 | 0.1          | 128.4                  | 9.3                    | 4.0                   | 3.1          | 144.9          |
| Disposals   | (10.3)       | -                      | -                      | -                     | (0.2)        | (10.5)         |
| Assets retired  | -            | (73.4)                 | (18.5)                 | (5.7)                 | (4.4)        | (102.0)        |
| Transfers and other movements                           | (21.7)       | 0.1                    | -                      | -                     | 21.8         | 0.2            |
| Exchange differences                                    | 1.6          | 20.8                   | 0.9                    | 12.3                  | 5.0          | 40.6           |
| <b>At 31 December 2018</b>                              | <b>164.6</b> | <b>677.7</b>           | <b>71.5</b>            | <b>223.1</b>          | <b>194.9</b> | <b>1,331.8</b> |
| Additions   |              |                        |                        |                       |              |                |
| - separately acquired                                   | 14.9         | -                      | -                      | -                     | 50.3         | 65.2           |
| - internally generated                                  | 4.4          | -                      | -                      | -                     | 2.9          | 7.3            |
| Acquired on acquisition of a subsidiary                 | 0.6          | 129.8                  | 9.4                    | 9.0                   | 1.3          | 150.1          |
| Disposals   | (4.5)        | -                      | -                      | -                     | (4.1)        | (8.6)          |
| Assets retired  | -            | (80.3)                 | (5.7)                  | (21.5)                | (14.5)       | (122.0)        |
| Transfers and other movements                           | 62.9         | -                      | -                      | -                     | (61.9)       | 1.0            |
| Exchange differences                                    | (3.6)        | (39.5)                 | (3.7)                  | (10.3)                | (4.9)        | (62.0)         |
| <b>At 31 December 2019</b>                              | <b>239.3</b> | <b>687.7</b>           | <b>71.5</b>            | <b>200.3</b>          | <b>164.0</b> | <b>1,362.8</b> |
| <b>Accumulated amortisation &amp; impairment losses</b> |              |                        |                        |                       |              |                |
| <b>At 1 January 2018</b>                                | <b>77.9</b>  | <b>211.5</b>           | <b>35.7</b>            | <b>40.9</b>           | <b>44.3</b>  | <b>410.3</b>   |
| Charge for the year                                     | 29.4         | 106.7                  | 12.6                   | 23.2                  | 28.5         | 200.4          |
| Disposals   | (10.2)       | -                      | -                      | -                     | (0.1)        | (10.3)         |
| Assets retired  | -            | (73.4)                 | (18.5)                 | (5.7)                 | (4.4)        | (102.0)        |
| Transfers and other movements                           | -            | (0.1)                  | -                      | -                     | (0.1)        | (0.2)          |
| Exchange differences                                    | 1.3          | 6.0                    | 0.8                    | 2.9                   | 2.3          | 13.3           |
| <b>At 31 December 2018</b>                              | <b>98.4</b>  | <b>250.7</b>           | <b>30.6</b>            | <b>61.3</b>           | <b>70.5</b>  | <b>511.5</b>   |
| Charge for the year                                     | 24.0         | 119.1                  | 12.8                   | 21.6                  | 24.3         | 201.8          |
| Disposals   | (3.1)        | -                      | -                      | -                     | (2.9)        | (6.0)          |
| Impairment  | -            | 19.8                   | 5.0                    | 0.2                   | -            | 25.0           |
| Assets retired  | -            | (80.3)                 | (5.7)                  | (21.5)                | (14.5)       | (122.0)        |
| Transfers and other movements                           | 4.0          | -                      | -                      | -                     | (2.5)        | 1.5            |
| Exchange differences                                    | (2.6)        | (23.0)                 | (2.6)                  | (4.5)                 | (3.2)        | (35.9)         |
| <b>At 31 December 2019</b>                              | <b>120.7</b> | <b>286.3</b>           | <b>40.1</b>            | <b>57.1</b>           | <b>71.7</b>  | <b>575.9</b>   |
| <b>Carrying amount</b>                                  |              |                        |                        |                       |              |                |
| <b>At 31 December 2019</b>                              | <b>118.6</b> | <b>401.4</b>           | <b>31.4</b>            | <b>143.2</b>          | <b>92.3</b>  | <b>786.9</b>   |
| <b>At 31 December 2018</b>                              | <b>66.2</b>  | <b>427.0</b>           | <b>40.9</b>            | <b>161.8</b>          | <b>124.4</b> | <b>820.3</b>   |

Proceeds from the disposal of intangible assets during the year were £2.3m (2018: £nil).

Included in carrying amount of Intangible assets at 31 December 2019 are acquired intangibles recognised on historical acquisitions. Several events have occurred affecting certain acquisitions meaning that these acquisitions have performed below initial expectation. Management consider it appropriate that the underperformance and other events are impairment indicators and therefore have performed an impairment assessment to determine the recoverable amounts of these intangible assets. This assessment has resulted in a £25.0m impairment loss.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**12. Intangible assets (continued)**

The recoverable amount of these Intangibles has generally been estimated based on the relative decline in the acquisition's performance specific to the intangible assets being assessed.

**13. Property, plant and equipment**

|   | <b>Freehold land<br/>and buildings</b> | <b>Long leasehold<br/>and leasehold<br/>improvements</b> | <b>Office<br/>furniture,<br/>fixtures,<br/>equipment<br/>and vehicles</b> | <b>Total</b> |
|---|--|--|---|--------------|
| <b>Cost</b>   | <b>£m</b>                              | <b>£m</b>  | <b>£m</b>   | <b>£m</b>    |
| <b>At 1 January 2018</b>                              | <b>2.1</b>                             | <b>218.1</b>   | <b>232.4</b>  | <b>452.6</b> |
| Additions   | 0.2                                    | 26.2   | 39.0  | 65.4         |
| Acquisitions of subsidiaries                          | -                                      | 4.0  | 2.8   | 6.8          |
| Disposals and assets retired                          | (0.1)                                  | (19.9)   | (52.2)  | (72.2)       |
| Transfers and other movements                         | 0.8                                    | (2.1)  | (0.9)   | (2.2)        |
| Exchange differences                                  | -                                      | 7.6  | 5.0   | 12.6         |
| <b>At 31 December 2018</b>                            | <b>3.0</b>                             | <b>233.9</b>   | <b>226.1</b>  | <b>463.0</b> |
| Additions   | -                                      | 20.8   | 41.2  | 62.0         |
| Acquisitions of subsidiaries                          | 1.0                                    | 0.1  | 4.1   | 5.2          |
| Disposals and assets retired                          | -                                      | (15.6)   | (40.7)  | (56.3)       |
| Transfers and other movements                         | (0.1)                                  | 6.9  | 3.1   | 9.9          |
| Exchange differences                                  | (0.2)                                  | (9.1)  | (10.6)  | (19.9)       |
| <b>At 31 December 2019</b>                            | <b>3.7</b>                             | <b>237.0</b>   | <b>223.2</b>  | <b>463.9</b> |
| <b>Accumulated depreciation and impairment losses</b> |  |  |   |              |
| <b>At 1 January 2018</b>                              | <b>0.4</b>                             | <b>100.9</b>   | <b>148.0</b>  | <b>249.3</b> |
| Charge for the year                                   | 0.4                                    | 26.7   | 38.2  | 65.3         |
| Disposals and assets retired                          | -                                      | (18.4)   | (52.1)  | (70.5)       |
| Transfers and other movements                         | (0.3)                                  | (0.5)  | 0.9   | 0.1          |
| Exchange differences                                  | -                                      | 4.3  | 4.0   | 8.3          |
| <b>At 31 December 2018</b>                            | <b>0.5</b>                             | <b>113.0</b>   | <b>139.0</b>  | <b>252.5</b> |
| Charge for the year                                   | 0.7                                    | 33.9   | 35.9  | 70.5         |
| Disposals and assets retired                          | -                                      | (13.0)   | (37.1)  | (50.1)       |
| Transfers and other movements                         | (0.5)                                  | 6.1  | 4.9   | 10.5         |
| Exchange differences                                  | -                                      | (5.9)  | (7.3)   | (13.2)       |
| <b>At 31 December 2019</b>                            | <b>0.7</b>                             | <b>134.1</b>   | <b>135.4</b>  | <b>270.2</b> |
| <b>Carrying amount</b>                                |  |  |   |              |
| <b>At 31 December 2019</b>                            | <b>3.0</b>                             | <b>102.9</b>   | <b>87.8</b>   | <b>193.7</b> |
| <b>At 31 December 2018</b>                            | <b>2.5</b>                             | <b>120.9</b>   | <b>87.1</b>   | <b>210.5</b> |

At 31 December 2019, the Group had no capital commitments contracted, but not provided, for the acquisition of property, plant and equipment (2018: £0.5m). These commitments arise primarily in relation to leasehold improvements and office furniture and fittings in new premises. Proceeds from the disposal of property, plant and equipment, excluding assets disposed as part of the disposal of subsidiaries, are £5.8m (2018: £2.0m).

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**14. Interests in associates and joint ventures**

|                            | <b>Associates &amp; Joint Ventures</b> |
|----------------------------|--|
|                            | £m                                     |
| <b>At 1 January 2019</b>   | <b>25.0</b>                            |
| Share of results after tax | 1.7                                    |
| Transfers                  | (0.4)                                  |
| Dividends received         | (0.5)                                  |
| Exchange differences       | (0.4)                                  |
| <b>At 31 December 2019</b> | <b>25.4</b>                            |

Investments in associates at 31 December 2019 include goodwill of £16.5m (2018: £17.6m).

There is no cumulative unrecognised share of losses as of end of 2019 (2018: £nil).

The balance of £25.4m comprises of the investment in Taproot India of £20.3m (2018: £20.6m), and a number of small investments which are held by other Group companies.

**15. Equity instruments**

|                           | 2019       | 2018        |
|---------------------------|------------|-------------|
|                           | £m         | £m          |
| <b>Equity instruments</b> | <b>6.2</b> | <b>19.9</b> |

The decrease from 2018 is substantially due to the reduction in fair value of the investment in iOne Group (US) through other comprehensive income. The remaining balance largely relates to an investment in Workpoint Entertainment Ltd (Thailand) and a number of small unlisted securities and investments in private companies.

**16. Work in progress**

|                         | 2019        | 2018       |
|-------------------------|-------------|------------|
|                         | £m          | £m         |
| <b>Work in progress</b> | <b>10.8</b> | <b>4.0</b> |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**17. Trade and other receivables**

|   | 2019           | 2018    |
|---|----------------|---------|
|   | (Restated)*    | £m      |
| Trade receivables and accrued income                    | <b>6,064.2</b> | 6,480.0 |
| Prepayments   | 68.2           | 76.7    |
| Tax receivable  | 182.2          | 199.0   |
| Receivables from Parent and other Dentsu Group entities | 79.0           | 60.6    |
| Amount receivable from associated undertakings          | 4.2            | 9.3     |
| Other receivables                                       | 84.2           | 100.6   |
|   | <b>6,482.0</b> | 6,926.2 |

\*Refer to note 32 for further information on the restatement of the comparative information

Receivables from the ultimate parent Dentsu Group Inc. and other Dentsu Group Inc. subsidiaries are disclosed in note 29 Related party transactions.

The average credit period taken for trade receivables is 51 days (2018: 49 days). The Directors consider that the carrying amount of trade and other receivables approximates their fair value and each item is stated net of an allowance described below.

**Loss allowance for expected credit losses**

The Group recognises loss allowances for expected credit losses on financial assets that are measured at amortised cost. The expected credit losses on each class of asset are estimated based on the ageing profile, external credit ratings, third party default data and location of each receivable.

**Movement on loss allowance**

The following categories are used in the tables below for receivables:

- Group A - (allowance from 12-month expected credit losses) financial instruments with loss allowance measured at an amount equal to 12-month expected credit losses
- Group B - (allowance from lifetime expected credit losses) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets
- Group C - (allowance from lifetime expected credit losses) financial assets that are credit-impaired at the reporting date
- Group D - (allowance from lifetime expected credit losses) trade receivables and contract assets for which the loss allowance are measured based on simplified approach described in IFRS 9

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**17. Trade and other receivables (continued)**

**Movement on loss allowance (continued)**

|                                 | <b>Group A</b><br>£m | <b>Group B</b><br>£m | <b>Group C</b><br>£m | <b>Group D</b><br>£m | <b>Total</b><br>£m |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| <b>At 1 January 2018</b>        | <b>3.6</b>           | -                    | -                    | <b>154.3</b>         | <b>157.9</b>       |
| Provided (released) in the year | (2.0)                | -                    | -                    | 0.1                  | (1.9)              |
| Acquisition of subsidiaries     | -                    | -                    | -                    | 1.9                  | 1.9                |
| Utilisation of allowance        | -                    | -                    | -                    | (24.1)               | (24.1)             |
| Exchange differences            | -                    | -                    | -                    | (0.1)                | (0.1)              |
| <b>At 31 December 2018</b>      | <b>1.6</b>           | -                    | -                    | <b>132.1</b>         | <b>133.7</b>       |
| Provided (released) in the year | (0.6)                | -                    | -                    | 9.7                  | 9.1                |
| Acquisition of subsidiaries     | -                    | -                    | -                    | 2.3                  | 2.3                |
| Utilisation of allowance        | -                    | -                    | -                    | (3.3)                | (3.3)              |
| Exchange differences            | -                    | -                    | -                    | (7.8)                | (7.8)              |
| <b>At 31 December 2019</b>      | <b>1.0</b>           | -                    | -                    | <b>133.0</b>         | <b>134.0</b>       |

**Ageing past due date on receivables**

**At 31 December 2019**

|  | <b>Group A</b><br>£m | <b>Group B</b><br>£m | <b>Group C</b><br>£m | <b>Group D</b><br>£m | <b>Total</b><br>£m |
|--|----------------------|----------------------|----------------------|----------------------|--------------------|
| Not past due and<br>past less than 30 days | 94.4                 | -                    | -                    | 5,105.1              | 5,199.5            |
| Past 31 – 90 days                          | -                    | -                    | -                    | 445.1                | 445.1              |
| Past over 90 days                          | -                    | -                    | -                    | 414.2                | 414.2              |
| <b>Total</b>                               | <b>94.4</b>          | -                    | -                    | <b>5,964.4</b>       | <b>6,058.8</b>     |

**Loss allowance by ageing**

**At 31 December 2019**

|   | <b>Receivable</b> | <b>Loss allowance</b> | <b>Average % of loss<br/>allowance</b> |
|---|-------------------|-----------------------|--|
|   | <b>£m</b>         | <b>£m</b>             |  |
| Not past due and past less than 30 days | 5,199.5           | 12.3                  | 0.2%                                   |
| Past 31 – 90 days                       | 445.1             | 3.3                   | 0.7%                                   |
| Past over 90 days                       | 414.2             | 118.4                 | 28.6%                                  |
| <b>Total</b>                            | <b>6,058.8</b>    | <b>134.0</b>          | <b>2.2%</b>                            |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**18. Trade and other payables**

|  | 2019<br>£m     | 2018<br>£m | (Restated)*<br>£m |
|--|----------------|------------|-------------------|
| Trade payables and accruals                        | <b>5,693.1</b> | 6,169.5    |                   |
| Deferred income                                    | <b>208.9</b>   | 183.8      |                   |
| Taxation and social security                       | <b>183.7</b>   | 215.2      |                   |
| Deferred consideration                             | <b>152.7</b>   | 160.2      |                   |
| Payables to Parent and other Dentsu Group entities | <b>45.4</b>    | 33.3       |                   |
| Amount payable to associated undertakings          | <b>5.4</b>     | 4.6        |                   |
| Advanced payments and billings                     | <b>452.9</b>   | 494.0      |                   |
| Share based payment liability                      | <b>-</b>       | 39.4       |                   |
| Other payables                                     | <b>468.9</b>   | 413.3      |                   |
|  | <b>7,211.0</b> | 7,713.3    |                   |

\*Refer to note 32 for further information on the restatement of the comparative information

Payables to the ultimate parent Dentsu Group Inc. and other Dentsu Group Inc. subsidiaries are disclosed in note 29 Related party transactions.

The average credit period taken for trade payables is 41 days (2018: 40 days). The Directors consider that the carrying amount of trade payables approximates their fair value.

**19. Financial instruments**

The Group has established objectives concerning the holding and use of financial instruments. The key objective is to manage the financial risks faced by the Group, which are discussed below. Formal policies and guidelines have been set to achieve these objectives and it is the responsibility of Group Treasury to implement these policies using the strategies set out below.

The Group manages its capital to enable the entities in the Group to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the Group's borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group does not trade in financial instruments nor engage in speculative arrangements and it is the Group's policy not to use any complex financial instruments, unless, in exceptional circumstances, it is necessary to cover defined risks.

**Management of financial risk**

The Group considers its major financial risks to be currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies with regard to these risks and the strategies concerning how financial instruments are used to manage these risks are set out below.

**Currency risk**

A significant portion of the Group's activities take place overseas. The Group therefore faces currency exposures on transactions undertaken by subsidiaries in foreign currencies and upon consolidation, following the translation of the local currency results and net assets/liabilities of overseas subsidiaries.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)****Currency risk (continued)**

The Group's foreign currency management policy requires subsidiaries to hedge all transactions and financial instruments with material currency exposures. The Group is party to a number of foreign currency forward contracts in the management of exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. These are held at fair value at the balance sheet date. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted rates matching the maturities of the contracts. Movements in the fair value of forward foreign exchange contracts are taken to the income statement. The total notional amounts of outstanding forward foreign exchange contracts that the Group has committed are shown below.

|   | 2019<br>£m | 2018<br>£m |
|---|------------|------------|
| Forward foreign exchange contracts - notional principal | 174.3      | 180.8      |

The maturity of the forward foreign exchange contracts is within one year.

In line with the Group's overall funding strategy, the Group may borrow centrally or locally. When borrowing locally, this acts as a natural hedge against the translation risk arising from its net investments overseas. Where major borrowings are denominated in a currency other than pound sterling, the Group may enter into cross-currency swaps to reduce currency risk. A currency analysis of borrowings and other financial liabilities is given in section c) of this note.

The following table details the Group's sensitivity to a 1% increase in the Sterling against the significant foreign currencies of the Group. The sensitivity analysis was performed taking outstanding foreign currency denominated monetary items as at year end and adjusting their translation at the period end for a 1% change in foreign currency rates. The sensitivity analysis includes external loans and excludes any amount of sensitivity arising from receivables and payables to Dentsu Group Inc. and its consolidated subsidiaries. For a 1% weakening of the Sterling against the relevant currency, there would be an equal and opposite impact on the loss before tax and other comprehensive income.

|                            | <b>Euro Currency Impact</b> |            | <b>US Dollar Currency Impact</b> |            |
|----------------------------|-----------------------------|------------|----------------------------------|------------|
|                            | 2019<br>£m                  | 2018<br>£m | 2019<br>£m                       | 2018<br>£m |
| Loss before tax            | (0.4)                       | (0.3)      | (0.4)                            | (0.1)      |
| Other comprehensive income | 0.9                         | 1.0        | 3.7                              | 4.6        |

**Liquidity risk**

The Group's objective of ensuring that adequate funding is in place is achieved by having agreed sufficient committed bank facilities. The Group also seeks to manage its working capital requirement by requiring clients to pay for media in advance whenever possible along with utilisation of funding schemes.

The Group makes use of non-recourse trade receivables financing arrangements provided by certain of its banking partners. The largest of these arrangements is centrally administered by the Group's Treasury function with a balance of £459.5m sold but not settled as at 31 December 2019 (2018: £226.7m). Given the non-recourse nature of the arrangement these have been derecognised from trade and other receivables.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)****Liquidity risk (continued)**

At 31 December 2019, the Group had net debt (before issue costs of new debt) of £2,061.9m (2018: £1,832.9m). The Group had cash and cash equivalents, net of overdrafts, of £1,025.2m at 31 December 2019 (2018: £798.1m) and gross borrowings (before issue costs of new debt and excluding overdrafts which are included in cash and cash equivalents) of £3,087.1m (2018: £2,631.0m). The Group's principal debt instruments are subject to certain financial covenants as set out in page 61.

The following table represents the carrying value of the structured unsecured loans included within gross borrowings adjusted with related accrued interests together with contractual maturities of financial liabilities:

| <b>Description</b>  | <b>Interest rate</b> | <b>Maturity date</b> | <b>Carrying value</b> |             |             |              |       |
|---|----------------------|----------------------|-----------------------|-------------|-------------|--------------|-------|
|   |                      |                      | <b>2020</b>           | <b>2021</b> | <b>2022</b> | <b>2023+</b> |       |
| Mitsubishi UFJ Trust and Banking Corp debt \$400m         | 2.21%                | 2020                 | 302.9                 | 302.9       | -           | -            | -     |
| Mizuho bank debt £200m                                    | 1.10%                | 2020                 | 200.4                 | 200.4       | -           | -            | -     |
| Bank of Tokyo Mitsubishi UFJ, Ltd debt \$500m             | 3.15%                | 2024                 | 377.6                 | -           | -           | -            | 377.6 |
| Sumitomo Mitsui Banking Corporation Europe limited \$400m | 3.26%                | 2024                 | 302.0                 | -           | -           | -            | 302.0 |
| Bank of Tokyo Mitsubishi UFJ Ltd \$200m                   | 2.44%                | 2022                 | 151.0                 | -           | -           | 151.0        | -     |
| Bank of Tokyo Mitsubishi UFJ Ltd \$200m                   | 2.56%                | 2024                 | 151.0                 | -           | -           | -            | 151.0 |
| Mizuho bank debt £250m                                    | 1.44%                | 2025                 | 250.0                 | -           | -           | -            | 250.0 |
| Dentsu Inc. Loan ¥44b*                                    | 0.40%                | 2023                 | 305.7                 | -           | -           | -            | 305.7 |
| Sumitomo Mitsui Banking Corporation Europe ltd debt £50m  | 1.95%                | 2023                 | 50.0                  | -           | -           | -            | 50.0  |
| Norinchukin loan debt \$100m                              | 2.74%                | 2026                 | 75.9                  | -           | -           | -            | 75.9  |
| Mizuho bank debt £400m                                    | 1.42%                | 2026                 | 400.9                 | -           | -           | -            | 400.9 |
| Mitsubishi UFJ Trust and Banking Corp debt £60m           | 1.07%                | 2020                 | 60.1                  | 60.1        | -           | -            | -     |
| The Bank of Tokyo Mitsubishi UFJ debt \$96m               | 2.18%                | 2020                 | 72.6                  | 72.6        | -           | -            | -     |

\*On 1 January 2020, the Group's ultimate controlling parent, Dentsu Inc., was renamed Dentsu Group Inc.

The group has a core revolving facility and term loan agreements of £500m. At 31 December 2019, this facility was undrawn, giving the Group total undrawn committed facilities of £500m (2018: £500m).

**Interest rate risk**

Borrowings are held at fixed and floating rates. Certain portions of the Group's borrowings are subject to interest rate swaps.

The Group has in place cash pooling arrangements in a number of territories. These enable the Group to minimise the interest paid on short-term borrowings and overdrafts, whilst allowing net surplus funds to be invested in interest bearing accounts.

A 1% increase in floating interest rates would have increased the loss before tax in the consolidated income statement by £12.9m (2018 profit before tax: £11.5m), assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **19. Financial instruments (continued)**

##### **Credit Risk**

The Group's credit risk is primarily attributable to its trade receivables and cash balances. The amounts presented in the balance sheet in respect of trade and other receivables are net of allowances for expected credit losses, estimated by the Group's management based on current conditions and forecasts of future economic conditions in addition to prior experience. Trade credit risk is managed in each territory through a global trade credit insurance policy which is a full turnover policy, except in those markets in which the Group acts as agents only from a legal perspective. Where credit insurance cover is not available for a client, alternative securities are sought such as bank or parental guarantees, or payments in advance. Every new client is also credit checked.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Amount and movement of loss allowance for expected credit losses are disclosed in note 17 Trade and other receivables.

##### **Current receivables and payables and currency disclosures**

Due to the nature of the operations of the business, Group companies are able to match current receivables and payables in currencies other than their functional currency and therefore do not have material, unhedged monetary assets and liabilities. Current receivables and payables are therefore excluded from currency analyses provided in this note.

Trade receivables and other financial assets are held at amortised cost and include those items of trade and other receivables that meet the definition of financial assets. Derivatives are excluded from this definition.

Trade payables and other financial liabilities are held at amortised cost and include those items of trade and other payables that meet the definition of financial liabilities. Derivatives and deferred consideration are excluded from this definition.

##### **Interest rate swaps**

The fair value of the interest rate swaps, excluding cross currency interest rate swaps, at 31 December 2019 is £(15.3)m (2018: £4.1m). The fair value is based on a discounted cash flow model and market interest yield curves applicable and represents unrecognised gains which the Group expects to realise as a result of lower or higher interest payments under the swap compared with the interest payable on the underlying debt instrument.

##### **Cross currency interest rate swaps**

The fair value of the cross-currency interest rate swaps at 31 December 2019 is £25.3m (2018: £37.7m). The fair value is based on a discounted cash flow model and market yield curves applicable and represents movements in the exchange spot rates and in interest rate yields.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**Covenants**

The Group's leverage covenant (net debt/EBITDA) was 1.8 times (compared to a covenant requirement of <3.5 times) (2018: 1.2 times) and interest cover covenant (EBITDA/net interest) was 7.3 times (compared to a covenant requirement >4 times) (2018: 9.2 times) at 31 December 2019.

**Cash flow hedges**

Hedged forecast interest payments in GBP and foreign currency are expected to occur at various dates over the duration of the hedged loans. The portion of the gain or loss on the hedging instruments determined to be an effective hedge is recognised in other comprehensive income. This amount is held in the hedging reserve in equity and is subsequently reclassified to the income statement in the same periods during which the forecasted interest payments affect the income statement.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

| Nominal amount £m  | 2019  |   | 2019  |   | 2018  | 2018  |
|--|---|---|---|---|---|---|
|  | Foreign currency risk   | Interest rate risk  | Foreign currency risk   | Interest rate risk  | Foreign currency risk   | Interest rate risk  |
| <b>Carrying value</b>  |   |   |   |   |   |   |
| Asset £m **  | 31.1  | (4.3)   | 44.7  | 8.0   |   |   |
| Liability £m   | -   | (17.1)  | -   | (4.1)   |   |   |
| Line item in the consolidated balance sheet where the hedging instrument is included | Derivative financial assets; Derivative financial liabilities |
| <b>During the period</b>   |   |   |   |   |   |   |
| Changes in the value of the hedging instrument recognised in OCI £m                  | (13.7)  | (25.9)  | 23.6  | 7.0   |   |   |
| Hedge ineffectiveness recognised in profit and loss £m                               | -   | -   | -   | -   |   |   |
| Amount reclassified from hedging reserve to profit and loss £m                       | 13.7  | (0.5)   | (23.6)  | -   |   |   |
| Line item in profit and loss affected by the reclassification                        | Finance expenses  |

\*Nominal amount related to cross currency interest rate swaps of £414.1m (2018: £427.7m) disclosed in both foreign currency risk and interest rate risk columns.

\*\*Negative amounts in assets are due to single derivatives hedging both foreign currency and interest rate risks. Where the instrument as a whole is in an asset position this is classified as an asset.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**Cash flow hedges (continued)**

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

|  | 2019<br>£m    | 2018<br>£m |
|--|---------------|------------|
| <b>Balance as at 1 January</b>                                 | <b>4.8</b>    | (3.5)      |
| Change in fair value – foreign currency risk                   | (11.3)        | 23.6       |
| Change in fair value – interest rate risk                      | (21.5)        | 5.8        |
| Amount reclassified to profit and loss – foreign currency risk | 11.3          | (23.6)     |
| Amount reclassified to profit and loss – interest rate risk    | (0.4)         | -          |
| Transfers  | -             | 2.5        |
| <b>Balance as at 31 December</b>                               | <b>(17.1)</b> | 4.8        |

**Net investment hedges**

The risk of foreign exchange fluctuations on certain investments in foreign operations are hedged using cross currency derivative hedging instruments. The portion of the gain or loss on the hedging instruments determined to be an effective hedge is recognised in other comprehensive income. This amount is held in the foreign currency translation reserve until such time as the investments are disposed.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

|  | 2019<br>Foreign currency risk                      | 2018<br>Foreign currency risk              |
|--|--|--|
| <b>Nominal amount £m</b>   | <b>470.7</b>                                       | 567.0                                      |
| <b>Carrying value</b>  |  |  |
| Asset £m **  | 0.3  | (6.8)                                      |
| Liability £m   | (377.0)  | (467.6)                                    |
| Line item in the consolidated balance sheet where the hedging instrument is included | <b>Derivative financial assets;<br/>Borrowings</b> | Derivative financial assets;<br>Borrowings |
| <b>During the period</b>   |  |  |
| Changes in the value of the hedging instrument recognised in OCI £m                  | 8.2  | (0.1)                                      |
| Hedge ineffectiveness recognised in profit and loss £m                               | -  | -  |
| Amount reclassified from hedging reserve to profit and loss £m                       | -  | -  |
| Line item in profit and loss affected by the reclassification                        | <b>Finance expenses</b>                            | Finance expenses                           |

\*\*Negative amounts in assets are due to single derivatives hedging various risks. Where the instrument as a whole is in an asset position this is classified as an asset.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)****Net investment hedges (continued)**

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from net investment hedge accounting:

|  | <b>2019</b><br>£m | <b>2018</b><br>£m |
|--|-------------------|-------------------|
| <b>Balance as at 1 January</b>               | (7.4)             | (4.9)             |
| Change in fair value – foreign currency risk | 8.2               | (0.1)             |
| Transfers                                    | -                 | (2.4)             |
| <b>Balance as at 31 December</b>             | <b>0.8</b>        | <b>(7.4)</b>      |

**Interest Rate Benchmark Reform ("IBOR reform")**

The Group is exposed to the following interest rate benchmarks in its hedging relationships which are currently undergoing reform: GBP LIBOR and USD LIBOR. The nominal amount of hedging instruments utilising such benchmarks with a maturity before the end of 2021 when the benchmarks are expected to be discontinued is £827.0m as at 31 December 2019. These hedging instruments are designated in cash flow hedges of the variability of cash flows of certain of the Group's floating-rate borrowings instruments due to changes in the LIBOR based interest rates.

In response to IBOR reform, the Group has established a working group comprising representatives from various impacted functions, including finance, treasury, tax, legal and commercial. This working group is in the process of assessing where IBOR exposures exist within the business and is tasked with delivering a smooth transition to alternative benchmark interest rates such as Sterling Overnight Index Average Rate (SONIA) and the Secured Overnight Financing Rate (SOFR).

The Group will continue to apply the amendments to IAS 39 until the uncertainty arising from IBOR reforms with respect to the timing and amount of the underlying cash flows to which the Group is exposed ends. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**a) Maturity profile of Group financial liabilities**

There are no material differences between the recorded and fair values of the Group's financial assets at 31 December 2019. The fair values of financial assets reflect market values or are based upon readily available market data.

| 2019  | Note   | Less                 | 1-2          | 2-5            | More                  | Total                        |
|---|--------|----------------------|--------------|----------------|-----------------------|------------------------------|
|   |        | than 1<br>year<br>£m | years<br>£m  | years<br>£m    | than 5<br>years<br>£m | more<br>than 1<br>year<br>£m |
| <b>Financial liabilities</b>                  |        |                      |              |                |                       |                              |
| Bank overdrafts                               |        | 794.6                | -            | -              | -                     | 794.6                        |
| Bank loans                                    |        | 997.3                | 9.7          | 1,049.2        | 725.4                 | 1,784.3                      |
| Amounts due to Dentsu group companies         |        | -                    | -            | 305.5          | -                     | 305.5                        |
| Less: Issue costs of debt to be amortised     |        | (1.0)                | (1.0)        | (2.4)          | (0.8)                 | (4.2)                        |
| <b>Total borrowings</b>                       |        | <b>1,790.9</b>       | <b>8.7</b>   | <b>1,352.3</b> | <b>724.6</b>          | <b>2,085.6</b>               |
| Derivative financial liabilities:             |        |                      |              |                |                       |                              |
| • Forward foreign exchange contracts          |        | 0.6                  | -            | -              | -                     | 0.6                          |
| • Interest rate swaps                         |        | -                    | -            | 5.7            | 11.4                  | 17.1                         |
| • Put option liabilities                      |        | 52.0                 | 645.2        | 134.4          | 18.6                  | 798.2                        |
| <b>Total derivative financial liabilities</b> |        | <b>52.6</b>          | <b>645.2</b> | <b>140.1</b>   | <b>30.0</b>           | <b>815.3</b>                 |
| Deferred consideration                        | 19, 25 | 152.7                | 113.4        | 201.0          | -                     | 314.4                        |
| Other financial liabilities                   |        | 3,608.1              | 2.2          | -              | 0.3                   | 2.5                          |
| <b>Total</b>                                  |        | <b>5,604.3</b>       | <b>769.5</b> | <b>1,693.4</b> | <b>754.9</b>          | <b>3,217.8</b>               |
|   |        |                      |              |                |                       | <b>8,822.1</b>               |

| 2018  | Note   | Less                 | 1-2          | 2-5            | More                  | Total                        |
|---|--------|----------------------|--------------|----------------|-----------------------|------------------------------|
|   |        | than 1<br>year<br>£m | years<br>£m  | years<br>£m    | than 5<br>years<br>£m | more<br>than 1<br>year<br>£m |
| <b>Financial liabilities</b>                  |        |                      |              |                |                       |                              |
| Bank overdrafts                               |        | 890.8                | -            | -              | -                     | 890.8                        |
| Bank loans                                    |        | 695.5                | 314.3        | 193.5          | 1,113.0               | 1,620.8                      |
| Amounts due to Dentsu group companies         |        | -                    | -            | 314.7          | -                     | 314.7                        |
| Less: Issue costs of debt to be amortised     |        | (1.1)                | (0.5)        | (1.4)          | (0.5)                 | (2.4)                        |
| <b>Total borrowings</b>                       |        | <b>1,585.2</b>       | <b>313.8</b> | <b>506.8</b>   | <b>1,112.5</b>        | <b>1,933.1</b>               |
| Derivative financial liabilities:             |        |                      |              |                |                       |                              |
| • Forward foreign exchange contracts          |        | 3.0                  | -            | -              | -                     | 3.0                          |
| • Interest rate swaps                         |        | -                    | -            | -              | 2.7                   | 2.7                          |
| • Put option liabilities                      |        | 103.7                | 41.0         | 539.3          | 44.6                  | 624.9                        |
| <b>Total derivative financial liabilities</b> |        | <b>106.7</b>         | <b>41.0</b>  | <b>539.3</b>   | <b>47.3</b>           | <b>627.6</b>                 |
| Deferred consideration                        | 19, 25 | 160.2                | 78.1         | 247.7          | -                     | 325.8                        |
| Other financial liabilities                   |        | 3,857.8              | 5.0          | 2.6            | 0.2                   | 7.8                          |
| <b>Total</b>                                  |        | <b>5,709.9</b>       | <b>437.9</b> | <b>1,296.4</b> | <b>1,160.0</b>        | <b>2,894.3</b>               |
|   |        |                      |              |                |                       | <b>8,604.2</b>               |

Other financial liabilities are presented within Trade and other payables and Other non-current liabilities on the consolidated balance sheet.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**a) Maturity profile of Group financial liabilities (continued)**

The maturity profile of the anticipated future cash flows (including interest but excluding trade and other payables meeting the definition as financial liabilities) in relation to the Group's non-derivative financial liabilities are below. These are not discounted and therefore differ from both the liabilities' carrying values and fair values.

|                   | 2019<br>External<br>loans<br>£m | 2019<br>Other<br>liabilities<br>£m | 2019<br>Total<br>£m | 2018<br>External<br>loans<br>£m | 2018<br>Other<br>liabilities<br>£m | 2018<br>Total<br>£m |
|-------------------|---------------------------------|------------------------------------|---------------------|---------------------------------|------------------------------------|---------------------|
| Less than 1 year  | 1,880.9                         | 152.7                              | 2,033.6             | 1,660.7                         | 160.2                              | 1,820.9             |
| 1-2 years         | 47.7                            | 117.8                              | 165.5               | 364.2                           | 84.9                               | 449.1               |
| 2-5 years         | 1,459.2                         | 210.7                              | 1,669.9             | 620.0                           | 270.1                              | 890.1               |
| More than 5 years | 739.6                           | 0.3                                | 739.9               | 1,125.3                         | 0.2                                | 1,125.5             |
| <b>Total</b>      | <b>4,127.4</b>                  | <b>481.5</b>                       | <b>4,608.9</b>      | <b>3,770.2</b>                  | <b>515.4</b>                       | <b>4,285.6</b>      |

The cash flows for Other liabilities include amounts in relation to Deferred consideration.

The maturity profile of the interest on the Group's financial derivatives, using undiscounted cash flows, is as follows:

| Interest rate swaps | 2019<br>Payable<br>£m | 2019<br>Receivable<br>£m | 2018<br>Payable<br>£m | 2018<br>Receivable<br>£m |
|---------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Less than 1 year    | (21.0)                | 18.1                     | (20.2)                | 22.1                     |
| 1-2 years           | (20.1)                | 16.9                     | (13.3)                | 14.4                     |
| 2-5 years           | (48.6)                | 40.6                     | (30.8)                | 30.1                     |
| More than 5 years   | (15.9)                | 13.9                     | (9.9)                 | 7.7                      |
| <b>Total</b>        | <b>(105.6)</b>        | <b>89.5</b>              | <b>(74.2)</b>         | <b>74.3</b>              |

| Cross currency interest rate swaps | 2019<br>Payable<br>£m | 2019<br>Receivable<br>£m | 2018<br>Payable<br>£m | 2018<br>Receivable<br>£m |
|------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Less than 1 year                   | (6.8)                 | 2.0                      | (7.6)                 | 4.4                      |
| 1-2 years                          | (6.5)                 | 1.2                      | (6.8)                 | 2.2                      |
| 2-5 years                          | (8.5)                 | 1.6                      | (14.9)                | 2.9                      |
| More than 5 years                  | -                     | -                        | -                     | -                        |
| <b>Total</b>                       | <b>(21.8)</b>         | <b>4.8</b>               | <b>(29.3)</b>         | <b>9.5</b>               |

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**a) Maturity profile of Group financial liabilities (continued)**

The table below sets out the maturity profile of the Group's principal payments for cross currency interest rate swaps:

|                   | <b>2019<br/>Payable</b><br><b>£m</b> | <b>2019<br/>Receivable</b><br><b>£m</b> | <b>2018<br/>Payable</b><br><b>£m</b> | <b>2018<br/>Receivable</b><br><b>£m</b> |
|-------------------|--------------------------------------|---|--------------------------------------|---|
| Less than 1 year  | (93.7)                               | 108.6                                   | -                                    | -                                       |
| 1-2 years         | -                                    | -                                       | (99.4)                               | 113.0                                   |
| 2-5 years         | (288.7)                              | 305.5                                   | (288.7)                              | 314.7                                   |
| More than 5 years | -                                    | -                                       | -                                    | -                                       |
| <b>Total</b>      | <b>(382.4)</b>                       | <b>414.1</b>                            | <b>(388.1)</b>                       | <b>427.7</b>                            |

The maturity profile of the Group's put option liabilities, using undiscounted cash flows, is as follows:

|                   | <b>2019<br/>£m</b> | <b>2018<br/>£m</b> |
|-------------------|--------------------|--------------------|
| Less than 1 year  | (52.1)             | (103.7)            |
| 1-2 years         | (652.1)            | (42.5)             |
| 2-5 years         | (143.0)            | (569.2)            |
| More than 5 years | (20.6)             | (51.6)             |
| <b>Total</b>      | <b>(867.8)</b>     | <b>(767.0)</b>     |

The Group had the following undrawn, committed bank borrowing facilities and other lines of credit available at 31 December and at the date of signing these financial statements in respect of which all conditions precedent had been met at that date:

|                                     | <b>2019<br/>£m</b> | <b>2018<br/>£m</b> |
|-------------------------------------|--------------------|--------------------|
| Expiring between one and five years | 500.0              | 500.0              |
| <b>Total</b>                        | <b>500.0</b>       | <b>500.0</b>       |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)****b) Valuation of financial assets and liabilities**

Except as detailed in the following table, the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values. The following items of financial liabilities are within fair value hierarchy level 2.

|                              | <b>2019</b>       | <b>2019</b>           | <b>2018</b>       | <b>2018</b>           |
|------------------------------|-------------------|-----------------------|-------------------|-----------------------|
|                              | <b>Fair value</b> | <b>Carrying value</b> | <b>Fair value</b> | <b>Carrying value</b> |
|                              | <b>£m</b>         | <b>£m</b>             | <b>£m</b>         | <b>£m</b>             |
| <b>2013 Mitsubishi debt</b>  | <b>302.9</b>      | <b>302.9</b>          | 313.7             | 315.5                 |
| <b>2014 Mizuho debt</b>      | <b>200.2</b>      | <b>200.4</b>          | 119.9             | 120.3                 |
| <b>2014 Mitsubishi debt</b>  | -                 | -                     | 59.9              | 60.1                  |
| <b>2014 BTMU debt</b>        | -                 | -                     | 74.9              | 75.6                  |
| <b>2014 SMBC debt</b>        | -                 | -                     | 75.5              | 75.6                  |
| <b>2017 BTMU debt</b>        | <b>386.5</b>      | <b>377.6</b>          | 386.0             | 392.9                 |
| <b>2017 SMBC debt</b>        | <b>310.4</b>      | <b>302.0</b>          | 310.4             | 314.2                 |
| <b>2017 Mitsubishi debt</b>  | <b>300.2</b>      | <b>302.0</b>          | 310.8             | 314.2                 |
| <b>2018 Mizuho debt</b>      | <b>244.2</b>      | <b>250.0</b>          | 242.3             | 250.0                 |
| <b>2018 Dentsu Inc debt*</b> | <b>301.6</b>      | <b>305.7</b>          | 308.1             | 315.0                 |
| <b>2019 SMBC debt</b>        | <b>50.5</b>       | <b>50.0</b>           | -                 | -                     |
| <b>2019 Norinchukin debt</b> | <b>75.0</b>       | <b>75.9</b>           | -                 | -                     |
| <b>2019 Mizuho debt</b>      | <b>389.9</b>      | <b>400.9</b>          | -                 | -                     |
| <b>2019 Mitsubishi debt</b>  | <b>60.1</b>       | <b>60.1</b>           | -                 | -                     |
| <b>2019 BTMU debt</b>        | <b>72.6</b>       | <b>72.6</b>           | -                 | -                     |
| <b>Total</b>                 | <b>2,694.1</b>    | <b>2,700.1</b>        | 2,201.5           | 2,233.4               |

\*On 1 January 2020, the Group's ultimate controlling parent, Dentsu Inc., was renamed Dentsu Group Inc.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**b) Valuation of financial assets and liabilities (continued)**

The following table provides an analysis of financial instruments that are measured, subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| 2019  | Measured at: | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m    | Total<br>£m      |
|---|--------------|---------------|---------------|------------------|------------------|
| <b>Financial assets</b>   |              |               |               |                  |                  |
| Held for trading:   |              |               |               |                  |                  |
|   |              |               |               |                  |                  |
| • Foreign currency forward contracts  | FVPL         | -             | 1.0           | -                | 1.0              |
| • Other financial assets  | FVPL         | 4.5           | 4.2           | -                | 8.7              |
| Hedging instruments: Interest rate swaps and cross currency interest rate swaps | FV           | -             | 27.1          | -                | 27.1             |
| Equity instruments  | FVOCI        | 4.5           | -             | 1.7              | 6.2              |
| <b>Total financial assets</b>   |              | <b>9.0</b>    | <b>32.3</b>   | <b>1.7</b>       | <b>43.0</b>      |
| <b>Financial liabilities</b>  |              |               |               |                  |                  |
| Held for trading: Foreign currency forward contracts                            |              |               |               |                  |                  |
|   |              |               |               |                  |                  |
| Put option liabilities  | PVFRA        | -             | -             | (850.2)          | (850.2)          |
| Hedging instruments: Interest rate swaps and cross currency interest rate swaps | FV           | -             | (17.1)        | -                | (17.1)           |
| Deferred consideration  | FVPL         | -             | -             | (467.1)          | (467.1)          |
| <b>Total financial liabilities</b>  |              | <b>-</b>      | <b>(17.7)</b> | <b>(1,317.3)</b> | <b>(1,335.0)</b> |

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**b) Valuation of financial assets and liabilities (continued)**

| 2018  | Measured at: | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m    | Total<br>£m      |
|---|--------------|---------------|---------------|------------------|------------------|
| <b>Financial assets</b>   |              |               |               |                  |                  |
| Held for trading:   |              |               |               |                  |                  |
| • Foreign currency forward contracts  | FVPL         | -             | 0.9           | -                | <b>0.9</b>       |
| • Other financial assets  | FVPL         | -             | 3.7           | -                | <b>3.7</b>       |
| Hedging instruments: Interest rate swaps and cross currency interest rate swaps | FV           | -             | 45.9          | -                | <b>45.9</b>      |
| Equity instruments  | FVOCI        | 7.1           | -             | 12.8             | <b>19.9</b>      |
| <b>Total financial assets</b>   |              | <b>7.1</b>    | <b>50.5</b>   | <b>12.8</b>      | <b>70.4</b>      |
| <b>Financial liabilities</b>  |              |               |               |                  |                  |
| Held for trading: Foreign currency forward contracts                            | FVPL         | -             | (3.0)         | -                | <b>(3.0)</b>     |
| Put option liabilities  | PVFRA        | -             | -             | (728.6)          | <b>(728.6)</b>   |
| Hedging instruments: Interest rate swaps and cross currency interest rate swaps | FV           | -             | (2.7)         | -                | <b>(2.7)</b>     |
| Deferred consideration  | FVPL         | -             | -             | (486.0)          | <b>(486.0)</b>   |
| <b>Total financial liabilities</b>  |              | -             | <b>(5.7)</b>  | <b>(1,214.6)</b> | <b>(1,220.3)</b> |

There were no transfers between levels during 2019 or 2018.

Financial instruments whose fair value through profit or loss (held for trading) and derivative instruments in designated hedge accounting relationships are measured based on the estimation by financial institutions or calculation with observable inputs from markets, accordingly they are categorised within level 2.

Equity instruments which have active markets are measured based on the quoted prices, accordingly they are categorised within level 1. Others are measured based on unobservable inputs, mainly market approach (comparable peer company analysis), accordingly they are categorised within level 3.

Other financial assets include level 1 assets which are listed mutual funds.

Put option liabilities and deferred consideration are measured based on discounted cash flow methods with unobservable inputs, accordingly they are categorised within level 3. The significant unobservable inputs used in the measurement are mainly future profits and discount rate. Increase or decrease in the future profits would increase or decrease the both liabilities.

Financial assets and liabilities categorised within level 2 and level 3 are measured under group policy and procedures for fair value measurement.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**c) Interest rate and currency profile**

The following interest rate and currency profile of the Group's financial assets and liabilities is after taking into account any interest rate and cross currency swaps entered into by the Group.

**Financial assets**

The table below summarises cash and cash equivalents by interest type. The Group's non-current financial assets do not bear interest.

|                  | Floating<br>rate | Non-interest<br>bearing | 2019 Total     | Floating<br>rate | Non-interest<br>bearing | 2018 Total     |
|------------------|------------------|-------------------------|----------------|------------------|-------------------------|----------------|
|                  | £m               | £m                      | £m             | £m               | £m                      | £m             |
|                  | GBP              | 581.3                   | 0.5            | 581.8            | 566.4                   | 5.0            |
| USD              |                  | 568.4                   | 24.8           | 593.2            | 457.4                   | 20.5           |
| EUR              |                  | 155.0                   | 16.4           | 171.4            | 150.5                   | 16.6           |
| Other currencies |                  | 413.6                   | 59.8           | 473.4            | 394.2                   | 78.3           |
|                  | <b>1,718.3</b>   | <b>101.5</b>            | <b>1,819.8</b> | <b>1,568.5</b>   | <b>120.4</b>            | <b>1,688.9</b> |

The majority of cash is invested in short-term fixed rate deposits of less than one month with the balance in interest bearing current accounts. It is management's view that the short-term nature of these deposits results in these effectively acting as floating rate assets.

The floating rate financial assets above are represented by cash at bank and in hand and short-term deposits.

**Financial liabilities**

The table below summarises gross borrowings by interest type. Gross borrowings below include the bank overdraft.

|                     | Fixed<br>rate  | Floating<br>rate | Non-<br>interest<br>bearing | 2019<br>Total  | Fixed<br>rate  | Floating<br>rate | Non-interest<br>bearing | 2018<br>Total  |
|---------------------|----------------|------------------|-----------------------------|----------------|----------------|------------------|-------------------------|----------------|
|                     | £m             | £m               | £m                          | £m             | £m             | £m               | £m                      | £m             |
|                     | GBP            | 805.5            | 1,304.2                     | 1.6            | 2,111.3        | 744.7            | 909.7                   | 0.7            |
| USD                 |                | 1,321.2          | (0.1)                       | 3.0            | 1,324.1        | 1,371.4          | (2.3)                   | 3.1            |
| EUR                 |                | 115.0            | (36.5)                      | 0.5            | 79.0           | 121.9            | (18.4)                  | 0.6            |
| Other currencies    |                | 96.4             | 270.9                       | -              | 367.3          | 74.5             | 315.6                   | 0.3            |
| Gross borrowings    |                | <b>2,338.1</b>   | <b>1,538.5</b>              | <b>5.1</b>     | <b>3,881.7</b> | 2,312.5          | 1,204.6                 | 4.7            |
| Issue costs of debt |                | (5.2)            | -                           | -              | (5.2)          | (3.2)            | (0.3)                   | -              |
|                     | <b>2,332.9</b> | <b>1,538.5</b>   | <b>5.1</b>                  | <b>3,876.5</b> | <b>2,309.3</b> | <b>1,204.3</b>   | <b>4.7</b>              | <b>3,518.3</b> |

The bank overdraft borrowings and the revolving credit facility incur interest at floating rates. All other borrowings incur interest at fixed rates after taking the swap arrangements into account.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**19. Financial instruments (continued)**

**d) Offsetting and amounts subject to master netting arrangements or similar agreements**

In line with IAS 32, the Group has a legally enforceable right, through signed legal agreements, to offset cash deposits and overdrafts that are in cash-pool arrangements with relationship banks. The Group does not offset other financial assets and liabilities where there is no legally enforceable right to do so.

|                              | 2019<br>Gross<br>amount of<br>financial<br>assets<br>£m | 2019<br>Gross<br>amount of<br>financial<br>liabilities<br>offset<br>£m | 2019<br>Gross<br>amount of<br>financial<br>assets<br>offset<br>£m | 2019<br>Net<br>amount<br>presented<br>in balance<br>sheet<br>£m | 2018<br>Gross<br>amount of<br>financial<br>assets<br>£m | 2018<br>Gross<br>amount of<br>financial<br>liabilities<br>offset<br>£m | 2018<br>Gross<br>amount of<br>financial<br>assets<br>offset<br>£m | 2018<br>Net<br>amount<br>presented<br>in balance<br>sheet<br>£m |
|------------------------------|---|--|---|---|---|--|---|---|
| <b>Financial assets</b>      |   |  |   |   |   |  |   |   |
| Cash and cash equivalents    | 2,267.9   | (157.7)  | (290.4)   | 1,819.8   | 2,423.2   | (566.4)  | (167.9)   | 1,688.9   |
| <b>Financial liabilities</b> |   |  |   |   |   |  |   |   |
| Bank overdraft               | (1,242.7)   | 290.4  | 157.7   | (794.6)   | (1,625.1)   | 167.9  | 566.4   | (890.8)   |

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. The below table sets out the net amounts of recognised financial instruments that are subject to the above agreements.

|   | 2019<br>Net amount<br>£m | 2018<br>Net amount<br>£m |
|---|--------------------------|--------------------------|
| <b>Financial assets</b>   |                          |                          |
| Derivative assets - forward foreign exchange contracts and interest rate swaps      | 28.1                     | 46.8                     |
| <b>Financial liabilities</b>  |                          |                          |
| Derivative liabilities - forward foreign exchange contracts and interest rate swaps | (17.7)                   | (5.7)                    |

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**20. Deferred tax**

|  | Purchased<br>intangibles<br>£m | Deductions in<br>respect of<br>goodwill<br>£m | Losses<br>£m | Other<br>temporary<br>differences<br>£m | Total<br>£m   |
|--|--------------------------------|---|--------------|---|---------------|
| <b>At 1 January 2019 - asset/(liability)</b> | (132.8)                        | (74.8)  | 47.2         | 44.3                                    | (116.1)       |
| Adjustment on initial application of IFRS 16 | -                              | -   | -            | 13.7                                    | 13.7          |
| Adjusted 1 January 2019 - asset/(liability)  | (132.8)                        | (74.8)  | 47.2         | 58.0                                    | (102.4)       |
| Exchange rate differences                    | 5.1                            | -   | (3.1)        | (5.0)                                   | (3.0)         |
| Deferred tax on acquisitions                 | (30.7)                         | -   | 0.7          | 0.6                                     | (29.4)        |
| Amount provided in reserves                  | -                              | -   | -            | 5.0                                     | 5.0           |
| Transfers                                    | (18.2)                         | -   | -            | 18.2                                    | -             |
| Profit or loss movement                      | 62.2                           | (22.0)  | (6.1)        | 21.1                                    | 55.2          |
| Other movements                              | -                              | -   | 0.9          | 3.3                                     | 4.2           |
| <b>At 31 December 2019 asset/(liability)</b> | <b>(114.4)</b>                 | <b>(96.8)</b>                                 | <b>39.6</b>  | <b>101.2</b>                            | <b>(70.4)</b> |

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset).

|                        | 2019<br>£m | 2018<br>£m |
|------------------------|------------|------------|
| Deferred tax asset     | 63.8       | 110.9      |
| Deferred tax liability | (134.2)    | (227.0)    |
|                        | (70.4)     | (116.1)    |

The Group has the following temporary differences in respect of which no deferred tax asset has been recognised.

|                             | 2019<br>£m | 2018<br>£m |
|-----------------------------|------------|------------|
| Losses – revenue            | 380.7      | 282.7      |
| Losses – capital            | 109.5      | 109.5      |
| Other temporary differences | 7.4        | 9.8        |
|                             | 497.6      | 402.0      |

Included in 'losses – revenue' are losses of: £4.7m that will expire by 2020 (2018: £4.5m), £0.6m that will expire by 2021 (2018: £1.0m), £1.7m that will expire by 2022 (2018: £1.5m), £0.9m that will expire by 2023 (2018: £0.5m), £1.4m that will expire by 2024 (2018: £3.2m), £12.0m (2018: £18.0m) that will expire after 2025 and £359.4m (2018: £254.0m) of losses that may be carried forward indefinitely. All capital losses can be carried forward indefinitely. The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £497.6m (2018: £402.0m) on the basis that there is uncertainty around the future profitability of many entities that have tax losses or other tax attributes. Balances in the subsidiary entities are shown on a 100% basis, regardless of ownership percentage. Balances in associates and joint ventures are not included.

No deferred tax liability is recognised on temporary differences of £1,533.0m (2018: £1,363.7m) relating to the unremitted earnings of overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2019 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**21. Provisions**

|                                  | <b>Property provision</b> | <b>Restructuring provisions</b> | <b>Other provisions</b> | <b>Total</b> |
|----------------------------------|---------------------------|---------------------------------|-------------------------|--------------|
|                                  | <b>£m</b>                 | <b>£m</b>                       | <b>£m</b>               |              |
| At 1 January 2019                | 5.8                       | -                               | 14.8                    | 20.6         |
| Additional provision in the year | 0.9                       | 93.3                            | 0.4                     | 94.6         |
| Utilisation                      | -                         | -                               | (2.4)                   | (2.4)        |
| Released                         | (1.3)                     | -                               | (2.3)                   | (3.6)        |
| Exchange differences             | (0.3)                     | -                               | (1.7)                   | (2.0)        |
| <b>At 31 December 2019</b>       | <b>5.1</b>                | <b>93.3</b>                     | <b>8.8</b>              | <b>107.2</b> |

£95.9m (2018: £5.0m) of the above provisions are held as current liabilities.

During 2019, a restructuring programme was introduced to accelerate the implementation of the Group's new business model and deliver improvements and efficiencies for the Group's business and clients. The initiatives were confined to seven markets: Australia, Brazil, China, France, Germany, Singapore (including regional headquarters) and the UK (including global headquarters of the international business). The programme was approved by the Board, announced externally and communicated to affected employees in December 2019.

As at 31 December 2019 a provision of £93.3m is held in respect of the restructuring (2018: £nil). It is expected that the cash outflows in respect of the provision will occur throughout 2020. Key assumptions applied in the calculation of the provision include local legislation in respect of severance payments and average employee salaries. There is uncertainty in respect of the value and timing of payments pending the results of employee consultation and other regulatory procedures. Final payments may therefore differ from the initial estimates recorded.

**Contingent liabilities**

The Company and its subsidiaries are subject to legal challenges and claims from time to time, and such claims are defended. As disclosed above, the Directors do not anticipate that the outcome of pending legal proceedings, either individually or in aggregate, will have a material adverse effect on the consolidated accounts or on the operations of the Group.

**22. Share capital**

|   | <b>2019<br/>Number of<br/>ordinary shares</b> | <b>2019<br/>£m</b> | <b>2018<br/>Number of<br/>ordinary shares</b> | <b>2018<br/>£m</b> |
|---|---|--------------------|---|--------------------|
| <b>Ordinary shares of 5.5p issued and fully paid:</b> |   |                    |   |                    |
| At 1 January  | 1,426,869,838                                 | 78.5               | 1,426,869,838                                 | 78.5               |
| Issue of shares by the Company                        | -   | -                  | -   | -                  |
| <b>At 31 December</b>                                 | <b>1,426,869,838</b>                          | <b>78.5</b>        | <b>1,426,869,838</b>                          | <b>78.5</b>        |

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares each have full voting rights.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**23. Share premium account**

|                                | 2019<br>£m | 2018<br>£m |
|--------------------------------|------------|------------|
| At 1 January                   | 1,190.7    | 1,190.7    |
| Issue of shares by the Company | -          | -          |
| At 31 December                 | 1,190.7    | 1,190.7    |

**24. Acquisition of subsidiaries**

**Summary of acquisitions**

During the year, the Group acquired subsidiaries as detailed below:

| Company          | Country of incorporation | Network brand | % Acquired – percentage of voting right | % Total Interests attributable to the Group (Non-controlling interests) | Month of acquisition |
|------------------|--------------------------|---------------|---|---|----------------------|
| Videobeat        | Germany                  | iProspect     | 70%                                     | 70% (30%)   | January              |
| Filter           | USA                      | Merkle        | 100%                                    | 68% (32%)   | January              |
| Branded          | Hong Kong                | MKTG          | 69%                                     | 69% (31%)   | February             |
| BJL              | UK                       | Other         | 100%                                    | 100% (-)  | February             |
| Happy Marketer   | Singapore                | Merkle        | 100%                                    | 100% (-)  | February             |
| Comunica+A       | Spain                    | Other         | 51%                                     | 51% (49%)   | February             |
| Redder           | Vietnam                  | Dentsu        | 100%                                    | 100% (-)  | May                  |
| Re: Production   | UK                       | Other         | 100%                                    | 100% (-)  | May                  |
| E-Nor            | USA                      | Other         | 100%                                    | 100% (-)  | June                 |
| Davanti          | New Zealand              | Isobar        | 100%                                    | 100% (-)  | July                 |
| Ugam             | India                    | Merkle        | 87%                                     | 87% (13%)   | July                 |
| People & Screens | Russia                   | Other         | 100%                                    | 75% (25%)   | July                 |
| MuteSix          | USA                      | iProspect     | 100%                                    | 100% (-)  | August               |
| EBP              | China                    | iProspect     | 100%                                    | 100% (-)  | October              |
| Ambient Digital  | Vietnam and Myanmar      | iProspect     | 100%                                    | 100% (-)  | October              |
| Chef             | Colombia                 | Isobar        | 100%                                    | 100% (-)  | December             |

Acquisitions that are not aligned to the existing network brands are referred to as 'Other' above.

There is no individually significant acquisition whose acquisition date is after the end of the reporting period.

The acquisitions were entered into to strengthen the Group's operations and increase its market share around the world, especially in faster growing regions; and to enhance its servicing capabilities in media and digital.

The acquisitions are accounted for under the acquisition method.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**24. Acquisition of subsidiaries (continued)**

During the year, the Group also acquired additional stakes in existing subsidiaries as detailed below:

| Company                    | Country of incorporation | % Acquired – percentage of voting right | % Acquired – percentage of interests attributable to the Group (Total interests of the Group) | Month of acquisition |
|----------------------------|--------------------------|---|---|----------------------|
| Dentsu One                 | Malaysia                 | 51%                                     | 51% (100%)  | July                 |
| Barnes, Catmur and Friends | New Zealand              | 44%                                     | 44% (100%)  | September            |
| Milestone Brandcom         | India                    | 26%                                     | 26% (100%)  | September            |
| Divisadero                 | Spain                    | 6%                                      | 6% (100%)   | September            |
| SNS                        | Russia                   | 10%                                     | 10% (100%)  | October              |
| The Upper Storey           | Singapore                | 30%                                     | 30% (100%)  | October              |
| Aegis Media Colombia       | Colombia                 | 49%                                     | 49% (100%)  | October              |
| Carat Colombia             | Colombia                 | 49%                                     | 49% (100%)  | October              |
| iProspect Colombia         | Colombia                 | 49%                                     | 49% (100%)  | October              |
| Vizeum Colombia            | Colombia                 | 49%                                     | 49% (100%)  | October              |
| Magnetix                   | Denmark                  | 37%                                     | 37% (100%)  | November             |
| Partners                   | Portugal                 | 30%                                     | 30% (85%)   | December             |

If the acquisitions above (excluding additional stakes in existing subsidiaries) had been completed on the first day of the financial year, Group revenues for 2019 would have been £3,917.7m and the profit before interest and tax for the continuing Group, would have been £469.3m. Post-acquisition revenue and profit before interest and tax on 2019 acquisitions was £110.0m and £11.8m respectively.

Goodwill capitalised in the period represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies. £78.9m of goodwill capitalised in the period is estimated to be deductible for income tax purposes. All non-controlling interests are measured at the non-controlling interests' share of the carrying value of net assets. Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition.

Cash consideration for acquisitions of subsidiaries, excluding transaction costs (acquisition related fees), totalled £253.9m with estimated deferred consideration, as calculated at the acquisition date, of £116.1m payable between 2020-2024, subject to performance criteria. Acquisition related fees of £9.8m were expensed on these acquisitions. These acquisition related fees include (but are not limited to): due diligence, legal and other professional fees, and recognised in operating expenses in consolidated income statements.

The Group has taken the exemption provided by IFRS 3.B65 which allows for the aggregate disclosure of the particulars of each acquisition on the grounds of these being individually immaterial, but collectively material due to the high volume of acquisitions.

Information on the acquisition of subsidiaries and further stakes in existing subsidiaries in the period since the reporting date is given in note 31.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**24. Acquisition of subsidiaries (continued)**

Given the size of the Ugam and Mutesix acquisitions relative to overall acquisitions in the year, information regarding the assets and liabilities acquired are presented separately. The Group has taken the exemption provided by IFRS 3.B65 which allows for the aggregate disclosure of the particulars of the remaining acquisition on the grounds of these being individually immaterial, but collectively material due to the high volume of acquisitions.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition, along with the goodwill arising and consideration transferred.

|   | <b>Ugam</b><br>£m | <b>Mutesix</b><br>£m | <b>Other<br/>acquisitions</b><br>£m | <b>Total</b><br>£m |
|---|-------------------|----------------------|-------------------------------------|--------------------|
| <b>Assets</b>                                 |                   |                      |                                     |                    |
| Property, plant and equipment                 | 2.2               | 0.7                  | 2.4                                 | 5.3                |
| Cash and cash equivalents                     | 23.4              | 4.5                  | 16.5                                | 44.4               |
| Trade and other receivables <sup>1</sup>      | 11.7              | 1.7                  | 29.1                                | 42.5               |
| Business combination intangibles <sup>2</sup> | 44.4              | 33.5                 | 75.6                                | 153.5              |
| Other assets                                  | 4.1               | 0.1                  | 4.5                                 | 8.7                |
|   | <b>85.8</b>       | <b>40.5</b>          | <b>128.1</b>                        | <b>254.4</b>       |
| <b>Liabilities</b>                            |                   |                      |                                     |                    |
| Trade and other payables                      | (27.4)            | (0.5)                | (40.7)                              | (68.6)             |
| Borrowings                                    | -                 | -                    | (2.1)                               | (2.1)              |
| Deferred tax liability                        | (15.1)            | -                    | (13.7)                              | (28.8)             |
| Other liabilities                             | 0.2               | -                    | (0.6)                               | (0.4)              |
|   | <b>(42.3)</b>     | <b>(0.5)</b>         | <b>(57.1)</b>                       | <b>(99.9)</b>      |
| <b>Net assets acquired</b>                    | <b>43.5</b>       | <b>40.0</b>          | <b>71.0</b>                         | <b>154.5</b>       |
| Non-controlling interest                      | (6.2)             | -                    | (8.3)                               | (14.5)             |
| Goodwill arising on acquisition               | 69.9              | 52.4                 | 123.3                               | 245.6              |
|   | <b>107.2</b>      | <b>92.4</b>          | <b>186.0</b>                        | <b>385.6</b>       |
| <b>Satisfied by</b>                           |                   |                      |                                     |                    |
| Initial consideration                         | 100.5             | 66.9                 | 86.5                                | 253.9              |
| Gain on step acquisition                      | -                 | -                    | 15.6                                | 15.6               |
| Deferred consideration                        | 6.7               | 25.5                 | 83.9                                | 116.1              |
|   | <b>107.2</b>      | <b>92.4</b>          | <b>186.0</b>                        | <b>385.6</b>       |

1. The trade receivables acquired at the acquisition date had a fair value of £29.5m. This includes a loss allowance of £0.8m.

2. The basis of the valuation of business combination intangibles is discounted cash flow model - expected cash flow related to each intangible category, such as Customer relationship and Intellectual property, discounted at its internal rate of return. Some intangibles are in the process of valuation at the reporting date because their acquisition dates are close to the reporting date. They have been valued provisionally based on the Group's experience and historical valuations.

Measurement period adjustments recognised in the current year in respect of 2018 acquisitions include a decrease to business combination intangibles of £4.8m and an increase to goodwill of £9.8m.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**24. Acquisition of subsidiaries (continued)**

Goodwill arising on acquisitions mainly represents talent, intangible assets that do not qualify for separate recognition under IAS 38 and expected synergies from combining operations of the acquiree and the acquirer.

**25. Other non-current liabilities**

|                               | <b>2019</b><br>£m | 2018<br>£m |
|-------------------------------|-------------------|------------|
| Deferred consideration        | <b>314.4</b>      | 325.8      |
| Pensions                      | <b>40.9</b>       | 31.1       |
| Deferred lease incentives     | <b>35.4</b>       | 42.6       |
| Share based payment liability | <b>151.2</b>      | 50.1       |
| Other                         | <b>46.1</b>       | 40.1       |
| <b>At 31 December</b>         | <b>588.0</b>      | 489.7      |

**Deferred consideration**

Deferred consideration, which has been included within trade and other payables to the extent that it is due within one year (note 18), may be paid to the vendors of certain subsidiary undertakings in the years to 2024. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance.

Deferred consideration is discounted at the weighted average interest rates of government bonds approximating to the terms of the related liabilities. The discount rate applied in the current year is 2% (2018: 3%). The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the discounted liability at the balance sheet date for payments that may be due is as follows:

|                            | <b>2019</b><br>£m | 2018<br>£m |
|----------------------------|-------------------|------------|
| Within one year            | <b>152.7</b>      | 160.2      |
| Between one and two years  | <b>113.4</b>      | 78.1       |
| Between two and five years | <b>201.0</b>      | 247.7      |
| Greater than 5 years       | -                 | -          |
|                            | <b>467.1</b>      | 486.0      |

The minimum potential liability is £nil (2018: £15.0m) and the maximum potential liability is £2,820.8m (2018: £3,398.4m). There are no acquisitions as at 31 December 2019 (2018: one) where the deferred consideration due is uncapped, the carrying value of these liabilities is £nil. The maximum potential liability is only payable if the post-acquisition profit performance of the acquisition meets stretching profit targets in the post-acquisition period.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**25. Other non-current liabilities (continued)**

A reconciliation of the movements in deferred consideration is provided below:

|   | <b>2019</b>    | 2018           |
|---|----------------|----------------|
|   | £m             | £m             |
| Balance at 1 January                              | (486.0)        | (405.3)        |
| Deferred consideration created                    | (152.1)        | (216.6)        |
| Deferred consideration acquired                   | -              | (1.0)          |
| Deferred consideration settled                    | 165.3          | 152.3          |
| Remeasurements recognised in the income statement | 4.1            | 0.5            |
| Unwind of discounting                             | (14.5)         | (9.2)          |
| Exchange differences                              | 16.1           | (6.7)          |
| <b>Balance at 31 December</b>                     | <b>(467.1)</b> | <b>(486.0)</b> |

The movement during the year was due to new acquisitions and settlements.

**Put Options**

Liabilities in respect of put options over non-controlling interests are disclosed as derivative liabilities. Put options are discounted at the weighted average interest rates of government bonds approximating to the terms of the related liabilities. The discount rate applied in the current year is 2% (2018: 3%). Their expected maturities are disclosed in note 19 and a reconciliation of movements in the year are shown below.

A reconciliation of the movements in put option liabilities is provided below:

|                                | <b>2019</b>    | 2018           |
|--------------------------------|----------------|----------------|
|                                | £m             | £m             |
| Balance at 1 January           | (728.6)        | (696.0)        |
| Put options issued             | (45.8)         | (10.1)         |
| Put options settled and lapsed | 65.1           | 71.8           |
| Remeasurements                 | (147.4)        | (62.6)         |
| Unwind of discounting          | (22.3)         | (10.1)         |
| Exchange differences           | 28.8           | (21.6)         |
| <b>Balance at 31 December</b>  | <b>(850.2)</b> | <b>(728.6)</b> |

An increase of 1% in the rate used to discount the expected gross value of deferred consideration payments would lead to a decrease in the recorded liability of £5.7m (2018: £6.8m). An increase of 1% in the rate used to discount the expected gross value of put options payments would lead to a decrease in the recorded liability of £9.3m (2018: £12.1m).

A 1% increase in the growth rates used in determining the put option/deferred consideration liabilities would lead to a £17.2m increase in the value of the liabilities held on the balance sheet. A 1% decrease in the growth rates used in determining the put option/deferred consideration liabilities would lead to a £17.2m decrease in the value of liabilities held on the balance sheet.

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**26. Share-based payment**

The Group acquired Merkle Group Inc. ("Merkle") on 1 September 2016. Merkle maintains a Share Option Plan (the "Plan") to reward its officers and employees. The outstanding share options were not replaced and were still in existence at the date of acquisition of Merkle.

Each share option of Merkle converts into one ordinary share of Merkle on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Merkle Share Options are treated as a cash-settled Plan, considering the Share Option holders' right to net settle their Share Options through the Merkle Put and Call option arrangement with the Group. On consolidation of Merkle by the Group, the Share Options are recorded as a liability, based on the estimated amounts payable to the option holders by the group.

The Share Options vest over a 2 to 5-year period from the grant date and have a 10-year term.

**Movements in share options during the year**

The following table provides a summary of the status of Merkle's share options during the year:

|                                    | Number of share options | Weighted Average Exercise Price<br>\$ |
|------------------------------------|-------------------------|---------------------------------------|
| <b>Options at 1 January 2019</b>   | <b>971,469</b>          | <b>97.52</b>                          |
| Granted                            | 15,250                  | 162.35                                |
| Forfeited                          | (11,980)                | 125.85                                |
| Exercised*                         | (69,254)                | 65.07                                 |
| Repurchased                        | (4,326)                 | 137.65                                |
| <b>Options at 31 December 2019</b> | <b>901,159</b>          | <b>101.35</b>                         |

\* 32,468 of the exercised shares were repurchased at a weighted average exercise price of \$73.20 per share.

The weighted average share price of the options exercised during the year was \$162.35. The expense recognised in relation to the cash-settled scheme during the year is £68.7m.

**Fair value of share options granted during the year**

In the current reporting period, Merkle has granted options for 15,250 common shares at an exercise price of \$162.35 and a weighted average remaining option life of 1.0 year at year end.

The weighted average fair value of the share options granted during the financial year is \$165.52 per option. The fair value of each option award is estimated at the date of grant using the Black-Scholes model and applying the following assumptions for options awarded under the Plan in 2019 by the Group:

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**26. Share-based payment (continued)**

**Inputs into the Model**

|                             | <b>Merkle Group Inc.<br/>Stock Incentive Plan</b> |
|-----------------------------|---|
| Grant Date Share Price (\$) | 325.14  |
| Exercise Price (\$)         | 162.35  |
| Expected Volatility         | 29.8%   |
| Option Life (years)         | 1.0   |
| Dividend yield              | 0.0%  |
| Risk-free interest rate     | 1.6%  |

**Share options exercised during the year**

The following share options were exercised during the year:

| <b>Options series</b> | <b>Number Exercised</b> | <b>Exercise Date</b> |
|-----------------------|-------------------------|----------------------|
| 2012                  | 300                     | Jan 2019             |
| 2012                  | 350                     | Jul 2019             |
| 2012                  | 200                     | Oct 2019             |
| 2012                  | 14,080                  | Nov 2019             |
| 2012                  | 1,400                   | Dec 2019             |
| 2013                  | 300                     | Jan 2019             |
| 2013                  | 1,200                   | Jul 2019             |
| 2013                  | 1,000                   | Oct 2019             |
| 2013                  | 2,250                   | Dec 2019             |
| 2014                  | 1,500                   | Jan 2019             |
| 2014                  | 1,500                   | Feb 2019             |
| 2014                  | 240                     | May 2019             |
| 2014                  | 450                     | Jun 2019             |
| 2014                  | 9,393                   | Jul 2019             |
| 2014                  | 422                     | Aug 2019             |
| 2014                  | 2,901                   | Dec 2019             |
| 2015                  | 700                     | Feb 2019             |
| 2015                  | 4,530                   | Mar 2019             |
| 2015                  | 1,470                   | Apr 2019             |
| 2015                  | 628                     | May 2019             |
| 2015                  | 1,729                   | Jun 2019             |
| 2015                  | 4,380                   | Jul 2019             |
| 2015                  | 575                     | Aug 2019             |
| 2015                  | 192                     | Sep 2019             |
| 2015                  | 3,400                   | Oct 2019             |
| 2015                  | 843                     | Nov 2019             |
| 2015                  | 800                     | Dec 2019             |
| 2016                  | 235                     | Jan 2019             |
| 2016                  | 582                     | Feb 2019             |
| 2016                  | 694                     | May 2019             |
| 2016                  | 595                     | Jun 2019             |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**26. Share-based payment (continued)****Share options exercised during the year (continued)**

|      |                     |          |
|------|---------------------|----------|
| 2016 | 941                 | Jul 2019 |
| 2016 | 356                 | Aug 2019 |
| 2016 | 1,131               | Nov 2019 |
| 2016 | 401                 | Dec 2019 |
| 2017 | 97                  | Feb 2019 |
| 2017 | 1,024               | May 2019 |
| 2017 | 537                 | Jun 2019 |
| 2017 | 1,917               | Jul 2019 |
| 2017 | 562                 | Aug 2019 |
| 2017 | 1,032               | Nov 2019 |
| 2017 | 591                 | Dec 2019 |
| 2018 | 643                 | May 2019 |
| 2018 | 392                 | Jul 2019 |
| 2018 | 593                 | Sep 2019 |
| 2018 | 198                 | Dec 2019 |
|      | <hr/> <b>69,254</b> |          |

The weighted average share price at exercise date was \$162.35.

**Share options outstanding at the end of the year**

The share options outstanding at the end of the year had a weighted average exercise price of \$101.35, ranging between \$35.50 and \$162.35 per share, and a weighted average remaining contractual life of 6.1 years. However, the option holders are expected to net settle these options in 2021 through the Merkle Put and Call option arrangement, and so the expected remaining option life is 1 year. The total number of shares that are exercisable at the end of the year is 705,773. The total liability under the cash-settled scheme in relation to exercisable options at 31 December 2019 is £136.2m with a weighted average exercise price of the exercisable options of \$94.09. At 31 December 2019 the total liability (net of the exercise price) under the cash-settled scheme for all Merkle options is £149.0m.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**27. Notes to the cash flow statement**

|   | 2019<br>£m     | 2018<br>(Restated)*<br>£m |
|---|----------------|---------------------------|
| <b>Loss/ profit before tax</b>  | <b>(502.1)</b> | 80.6                      |
| Adjustments for:  |                |                           |
| Share of results from associates                                      | (1.7)          | (1.1)                     |
| Finance income  | (36.8)         | (19.5)                    |
| Finance expenses  | 327.8          | 158.8                     |
| Depreciation of property, plant and equipment                         | 70.5           | 65.3                      |
| Depreciation of leased assets   | 142.1          | -                         |
| Amortisation of intangible assets                                     | 201.8          | 200.4                     |
| Impairment of intangibles and property, plant and equipment           | 25.0           | -                         |
| Impairment on goodwill and investments                                | 245.5          | -                         |
| Stock option movement   | 70.0           | 30.4                      |
| Loss on disposal of property, plant and equipment & intangible assets | 0.8            | -                         |
| Increase in restructuring provision                                   | 108.1          | -                         |
| Other non-cash  | 30.9           | (7.3)                     |
|   | 681.9          | 507.6                     |
| Increase/ (decrease) in provisions                                    | 7.5            | (10.3)                    |
| Decrease/ (increase) in receivables                                   | (113.1)        | (859.8)                   |
| Decrease/ (increase) in non-recourse receivables financing            | 232.8          | 203.2                     |
| Decrease/ (increase) in work in progress                              | 67.6           | (31.1)                    |
| (Decrease)/ increase in payables                                      | (220.9)        | 679.1                     |
|   | (26.1)         | (18.9)                    |
| <b>Cash generated from operations</b>                                 | <b>655.8</b>   | <b>488.7</b>              |

\*Refer to note 32 for further information on the restatement of the comparative information

All results are from continuing operations.

| <b>Analysis of net debt</b>         | 1 January<br>2019 | Cash flow<br>£m | Other non-<br>cash<br>movements<br>£m | Exchange<br>movements<br>£m | 31 December<br>2019 |
|-------------------------------------|-------------------|-----------------|---------------------------------------|-----------------------------|---------------------|
|                                     | £m                |                 |                                       |                             | £m                  |
| Cash and short-term deposits        | 1,688.9           | 160.0           | -                                     | (29.1)                      | 1,819.8             |
| Overdrafts                          | (890.8)           | 94.4            | -                                     | 1.8                         | (794.6)             |
| Cash and cash equivalents           | 798.1             | 254.4           | -                                     | (27.3)                      | 1,025.2             |
| Debt due within one year            | (695.5)           | 22.8            | (347.7)                               | 23.1                        | (997.3)             |
| Debt due after more than one year   | (1,935.5)         | (521.8)         | 313.9                                 | 53.6                        | (2,089.8)           |
| Net debt before issue costs of debt | (1,832.9)         | (244.6)         | (33.8)                                | 49.4                        | (2,061.9)           |
| Issue costs of debt                 | 3.5               | -               | 1.7                                   | -                           | 5.2                 |
| <b>Total</b>                        | <b>(1,829.4)</b>  | <b>(244.6)</b>  | <b>(32.1)</b>                         | <b>49.4</b>                 | <b>(2,056.7)</b>    |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**28. Leases**

The Group leases buildings and leasehold improvements, automobile/other transportation instruments, and furniture, fixtures and office equipment. The leases typically run for a period of 9 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease agreements.

The buildings and leasehold improvements leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

The Group leases "other short-term leases" with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below:

**a) Right -of-use assets**

| 2019                             | Buildings and<br>Leasehold<br>Improvements | Other      | Total<br>£m    |
|----------------------------------|--|------------|----------------|
| Balance at 1 January             | 566.4                                      | 10.2       | <b>576.6</b>   |
| Depreciation charge for the year | (136.5)                                    | (5.6)      | <b>(142.1)</b> |
| Additions to right-of-use assets | 68.6                                       | 2.8        | <b>71.4</b>    |
| Foreign exchange differences     | 9.5  | 0.1        | <b>9.6</b>     |
| <b>Balance as at 31 December</b> | <b>508.0</b>                               | <b>7.5</b> | <b>515.5</b>   |

**b) Amounts recognised in profit or loss**

|   | £m      |
|---|---------|
| <b>2019 – Leases under IFRS 16</b>  |         |
| Interest on lease liabilities   | (26.9)  |
| Income from sub-leasing right-of-use assets presented within operating loss | 0.7     |
| Expenses relating to short-term leases                                      | (0.4)   |
| <b>2018 – Operating leases under IAS 17</b>                                 |         |
| Lease expense   | (155.0) |
| Sub-lease income presented within operating profit                          | 0.6     |

**c) Amounts recognised in statement of cash flows**

|                               | 2019<br>£m |
|-------------------------------|------------|
| Total cash outflow for leases | (168.8)    |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**28. Leases (continued)****d) Extension options**

Some property leases obtain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

The Group reassesses whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group does not have any material unexercised extension options.

**e) Operating Lease**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date:

|  | £m             |
|--|----------------|
| <b>2019 – Operating leases under IFRS 16</b> |                |
| Less than one year                           | 154.0          |
| One to two years                             | 136.0          |
| Two to three years                           | 103.0          |
| Three to four years                          | 73.0           |
| Four to five years                           | 53.0           |
| More than five years                         | 142.0          |
| <b>Total</b>                                 | <b>661.0</b>   |
|  |                |
|  | £m             |
| <b>2018 – Operating leases under IAS 17</b>  |                |
| Less than one year                           | 139.0          |
| Between one and five years                   | 397.0          |
| More than five years                         | 530.0          |
| <b>Total</b>                                 | <b>1,066.0</b> |

## Dentsu Aegis Network Ltd

### Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

#### 29. Related party transactions

The Group's ultimate controlling party and ultimate parent is Dentsu Group Inc. (incorporated in Japan), which owns 100% of the Company's shares. Before 1 January 2020 when it was renamed, Dentsu Group Inc. was named Dentsu Inc. Dentsu has since renamed another of its subsidiaries Dentsu Inc.

All trade transactions with related parties are carried out in the normal course of business.

#### Transactions with associated undertakings

The balance due from Group companies to associated undertakings at the end of 2019 was £5.3m (2018: £4.6m). The balance due from associated undertakings to Group companies at the end of 2019 was £4.2m (2018: £9.3m). Transactions with associated undertakings were carried out in the normal course of business.

#### Transactions and balances with Dentsu Group Inc. and Dentsu Group companies

| Counterparty  | Gross Media Billings<br>£m | Gross Media Buying<br>£m | Receivables<br>£m | Payables<br>£m | Borrowings<br>£m | Other Income<br>£m | Other Purchases<br>£m |
|---|----------------------------|--------------------------|-------------------|----------------|------------------|--------------------|-----------------------|
| Dentsu Inc.*  | 24.0                       | (2.7)                    | 14.6              | (4.7)          | (305.7)          | 7.1                | (2.7)                 |
| &c. Inc.  | -                          | -                        | 29.1              | (17.1)         | -                | 2.2                | -                     |
| Beijing Dentsu Advertising Co Ltd                         | -                          | -                        | 10.2              | (10.5)         | (10.8)           | 0.2                | (0.7)                 |
| Dentsu X (Taiwan) Inc.                                    | 7.1                        | -                        | 0.8               | -              | -                | 0.2                | -                     |
| Dentsu inter Admark Media Group indonesia                 | -                          | -                        | 5.3               | (1.4)          | (11.4)           | 1.0                | (2.4)                 |
| Dentsu & Other Dentsu Group Entities                      | 14.1                       | (5.7)                    | 19.0              | (11.7)         | (9.5)            | 8.0                | (8.2)                 |
| Total balance with Dentsu and Other Dentsu Group Entities | <b>45.2</b>                | <b>(8.4)</b>             | <b>79.0</b>       | <b>(45.4)</b>  | <b>(337.4)</b>   | <b>18.7</b>        | <b>(14.0)</b>         |
| Other related parties                                     | -                          | -                        | 4.2               | (5.3)          | -                | -                  | -                     |
| <b>Total</b>  | <b>45.2</b>                | <b>(8.4)</b>             | <b>83.2</b>       | <b>(50.7)</b>  | <b>(337.4)</b>   | <b>18.7</b>        | <b>(14.0)</b>         |

\*On 1 January 2020, Dentsu Inc. was renamed Dentsu Group Inc.

#### Remuneration of key management personnel

The following is the compensation of key management personnel of the Group, being the Directors.

|   | Aggregate  |            | Highest paid Director |            |
|---|------------|------------|-----------------------|------------|
|   | 2019<br>£m | 2018<br>£m | 2019<br>£m            | 2018<br>£m |
| Key management remuneration including social security costs | <b>3.4</b> | 13.7       | <b>2.3</b>            | 5.9        |
| Company contributions to money purchase pension schemes     | <b>0.3</b> | 1.1        | <b>0.2</b>            | 0.3        |
| Compensation for loss of office                             | -          | 5.3        | -                     | 5.3        |
| <b>Total remuneration</b>                                   | <b>3.7</b> | 20.1       | <b>2.5</b>            | 11.5       |

**Dentsu Aegis Network Ltd****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**30. Summarised financial information on subsidiaries with material non-controlling interests**

Set out below is the summarised financial information for Merkle Group Inc., a subsidiary that has non-controlling interests that are material to the Group:

|                                     | 2019<br>£m   | 2018<br>£m |
|-------------------------------------|--------------|------------|
| <b>Summarised balance sheet</b>     |              |            |
| Current assets                      | 496.7        | 458.6      |
| Current liabilities                 | (381.4)      | (357.5)    |
| <b>Total current net assets</b>     | <b>115.3</b> | 101.1      |
| Non-current assets                  | 501.8        | 463.4      |
| Non-current liabilities             | (375.6)      | (353.0)    |
| <b>Total non-current net assets</b> | <b>126.2</b> | 110.4      |
| <b>Net assets</b>                   | <b>241.5</b> | 211.5      |

**Summarised income statement**

|                            |             |       |
|----------------------------|-------------|-------|
| Revenue                    | 653.3       | 564.1 |
| Operating profit           | 113.6       | 62.3  |
| Profit before tax          | 39.7        | 12.0  |
| <b>Profit for the year</b> | <b>42.6</b> | 9.0   |

The financial information presented includes business combination intangibles and excludes goodwill recognised on acquisition of Merkle Group Inc.

At 31 December 2019, the non-controlling interests in relation to the Merkle Group was £118.4m (2018: £116.6m), with profits attributable to non-controlling interest holders for the year ended 31 December 2019 of £12.6m (2018: £3.2m). There have been no dividends paid to the non-controlling interests in the 2019 financial year (2018: nil).

The proportion of ownership interests and voting rights held by non-controlling interests is 25%. Refer to note 18 in the Company financial statements for further detail on Merkle Group Inc.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **31. Subsequent events**

##### **Acquisitions completed after the balance sheet date**

In January 2020, the Group acquired 4Cite Marketing LLC, a company in New York, U.S.A. that specialises in web visitor identification technology. 4Cite will retain its brand, however it will be part of the Merkle Network.

In January 2020, the Group acquired Digital Pi LLC, a company in Texas, U.S.A. that specialises in marketing automation. Digital Pi will retain its brand; however, it will be part of the Merkle Network.

In February 2020, the Group acquired Media Storm LLC, a company in New York, U.S.A. that specialises in Data Science and optimisation. Media Storm will retain its brand however it will be part of the Merkle Network.

##### **Merkle buy out**

In April 2020, Dentsu agreed to purchase the remaining minority interest in Merkle. This has resulted in the early settlement of the outstanding Merkle Stock option scheme. The purchase of the minority interest will be settled in a mixture of Dentsu Group Inc. shares and cash in July 2021, with the agreed settlement amounts materially consistent with what is carried as liabilities in the balance sheet at 31 December 2019. The acquisition of the minority interest is forecast to contribute between £15.0m and £20.0m to the 2020 profit. Merkle will retain its brand.

##### **COVID-19**

On 11 March 2020 the World Health Organisation declared the spread of COVID-19 a global pandemic. Although a novel disease was identified in China in late 2019, the significant development and spread of COVID-19 and the subsequent international response did take place until after the financial reporting date of 31 December 2019. As such, the Group has determined that these events are non-adjusting post-balance sheet events and therefore these financial statements exclude the effects of the COVID-19 outbreak in their preparation. The exception to this is in respect of the Group's going concern assessment as IAS 1 requires that management consider all available information up to the date the financial statements are signed. This assessment is made in the Director's Report.

Further information regarding the nature of the pandemic, its impact on the Group and the Group's response is disclosed in the Strategic Report.

Although amounts recognised in the financial statements are not adjusted to reflect non-adjusting events, IAS 10 'Events after the Reporting Period' requires entities to disclose an estimate of financial impact for material categories of non-adjusting events.

As at the date of signing these financial statements, the full duration and impact of the COVID-19 pandemic remains unclear. Nonetheless, management's latest forecasts in respect of the extent of revenue decline in 2020, effectiveness of mitigating actions being taken to protect margin, and speed of recovery in 2021 and beyond do not currently indicate further impairment of the Group's goodwill balances.

Further, the Group has not incurred any material losses on receivables due to COVID-19 and no further information has been identified that suggests significant adjustments are currently required to forward-looking loss allowance assumptions applied as at 31 December 2019. Latest forecasts also do not suggest the Group's deferred tax assets may need to be de-recognised.

The Group revalues deferred consideration and put option balances quarterly, using latest forecasts. Although there are other factors impacting the valuation of these balances from which the impact of the global response to COVID-19 cannot be disaggregated, the primary driver of changes in valuation to 31 March 2020 is considered to be the impact of COVID-19. The net fair value movement in earnouts in this period is estimated to be a circa £75.0m reduction in liabilities.

## **Dentsu Aegis Network Ltd**

### **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

#### **31. Subsequent events (continued)**

##### **Funding**

In March 2020, the maturity on the GBP50 million facility from Sumitomo Mitsui Banking Corporation was extended from March 2023 to March 2024.

In April 2020, the Group raised a JPY52bn loan from its parent, Dentsu Group Inc., which was used to repay the maturing USD400 million loan from MUFG and meet the payment of the Merkle buy out amount. The term of the loan is 1 year with an option to extend for a further 1 year.

In May 2020, the Group raised a JPY33bn loan from its parent, Dentsu Group Inc., to provide additional liquidity including meeting earnout obligations and funding capital expenditure. The term of the loan is 1 year with an option to extend for a further 1 year.

#### **32. Prior period restatements**

During 2019, in the course of the preparation of these financial statements, the Directors became aware that:

- certain trade related receivable balances were deemed irrecoverable, and the information to make that assessment was readily available, but had not been taken into account, in previous periods. (Overstatement of receivables and retained earnings £2.9m at 1 January 2018; £7.4m at 31 December 2018 including £4.5m overstatement of operating expenses in that period).
- some trade related creditor balances should have been released to revenue as they relate to amounts earned in the previous period. (Overstatement of trade and other payables and understatement of revenue of £2.5m at 31 December 2018).
- a historic adjustment made to a market's information prepared for consolidation purposes had resulted in an unsupportable entry in the group accounts of an £8.8m debit to payables. (Understatement of trade and other payables and overstatement of retained earnings at 1 January 2018 and 31 December 2018)
- receivables and credits netted off expenses of £3.5m relating to 2018 inter-company entries that should have been reversed.
- certain media bookings and related receivables were not correctly accrued for. (Understatement of trade and other receivables and trade and other payables of £43.7m as at 31 December 2018)

As these items relate to 2018 or to periods prior to that, revenue, operating expenses and the related assets and liabilities have been restated for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements. The tax impact of these items is not material.

**Dentsu Aegis Network Ltd**

**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2019

**32. Prior period restatements (continued)**

**Consolidated statement of financial position**

**Impact of restatement**

| <b>1 January 2018</b>       | <b>As previously reported<br/>£m</b> | <b>Adjustments<br/>£m</b> | <b>As restated<br/>£m</b> |
|-----------------------------|--------------------------------------|---------------------------|---------------------------|
| Trade and other receivables | 6,028.7                              | (2.9)                     | 6,025.8                   |
| <b>Total assets</b>         | <b>12,277.8</b>                      | <b>(2.9)</b>              | <b>12,274.9</b>           |
| Trade and other payables    | (6,810.7)                            | (8.8)                     | (6,819.5)                 |
| <b>Total liabilities</b>    | <b>(11,023.4)</b>                    | <b>(8.8)</b>              | <b>(11,032.2)</b>         |
| Retained earnings           | 621.0                                | (11.7)                    | 609.3                     |
| <b>Total equity</b>         | <b>1,254.4</b>                       | <b>(11.7)</b>             | <b>1,242.7</b>            |

**Impact of restatement**

| <b>31 December 2018</b>     | <b>As previously reported<br/>£m</b> | <b>Adjustments<br/>£m</b> | <b>As restated<br/>£m</b> |
|-----------------------------|--------------------------------------|---------------------------|---------------------------|
| Trade and other receivables | 6,893.4                              | 32.8                      | 6,926.2                   |
| <b>Total assets</b>         | <b>13,893.9</b>                      | <b>32.8</b>               | <b>13,926.7</b>           |
| Trade and other payables    | (7,663.3)                            | (50.0)                    | (7,713.3)                 |
| <b>Total liabilities</b>    | <b>(12,708.6)</b>                    | <b>(50.0)</b>             | <b>(12,758.6)</b>         |
| Retained earnings           | 547.0                                | (17.2)                    | 529.8                     |
| <b>Total equity</b>         | <b>1,185.3</b>                       | <b>(17.2)</b>             | <b>1,168.1</b>            |

**Consolidated income statement and OCI**

**Impact of restatement**

For the year ended 31 December

| <b>2018</b>                       | <b>As previously reported<br/>£m</b> | <b>Adjustments<br/>£m</b> | <b>As restated<br/>£m</b> |
|-----------------------------------|--------------------------------------|---------------------------|---------------------------|
| Turnover                          | 22,199.4                             | 43.7                      | 22,243.1                  |
| Revenue                           | 3,829.8                              | 2.5                       | 3,832.3                   |
| Operating expenses                | (3,398.2)                            | (8.0)                     | (3,406.2)                 |
| <b>Profit for the period</b>      | <b>27.4</b>                          | <b>(5.5)</b>              | <b>21.9</b>               |
| <b>Total Comprehensive income</b> | <b>(28.6)</b>                        | <b>(5.5)</b>              | <b>(34.1)</b>             |

**Consolidated cash flow statement**

The profit before tax, increase in receivables and increase in payables has been restated by amounts disclosed in the above tables in Note 27. There is no impact on cash flows.

**Dentsu Aegis Network Ltd**

**Company balance sheet**

At 31 December 2019

|   | Note | 2019<br>£m     | 2018<br>£m |
|---|------|----------------|------------|
| <b>Fixed assets</b>   |      |                |            |
| Tangible assets   | 6    | <b>10.1</b>    | 6.6        |
| Intangible assets   | 7    | <b>132.1</b>   | 3.0        |
| Right-of-use assets   | 16   | <b>27.5</b>    | -          |
| Investments   | 8    | <b>2,766.2</b> | 2,775.4    |
|   |      | <b>2,935.9</b> | 2,785.0    |
| <b>Current assets</b>   |      |                |            |
| Debtors (including £427.5m (2018: £11.2m) due after more than one year) | 9    | <b>609.4</b>   | 717.6      |
| Cash at bank  |      | <b>1.7</b>     | 8.3        |
|   |      | <b>611.1</b>   | 725.9      |
| <b>Current liabilities</b>  |      |                |            |
| Creditors: amounts falling due within one year                          | 10   | <b>(174.8)</b> | (135.3)    |
| Provisions  | 12   | <b>(16.8)</b>  | -          |
| Lease liabilities   | 16   | <b>(13.1)</b>  | -          |
|   |      | <b>(204.7)</b> | (135.3)    |
| <b>Net current assets</b>   |      | <b>406.4</b>   | 590.6      |
| <b>Total assets less current liabilities</b>                            |      | <b>3,342.3</b> | 3,375.6    |
| <b>Non-current liabilities</b>  |      |                |            |
| Creditors: amounts falling due after one year                           | 11   | <b>(4.1)</b>   | (16.9)     |
| Lease liabilities   | 16   | <b>(26.3)</b>  | -          |
|   |      | <b>(30.4)</b>  | (16.9)     |
| <b>Net assets</b>   |      | <b>3,311.9</b> | 3,358.7    |
| <b>Capital and reserves</b>   |      |                |            |
| Called-up share capital   | 15   | <b>78.5</b>    | 78.5       |
| Share premium account   | 15   | <b>1,190.7</b> | 1,190.7    |
| Merger reserve  |      | <b>13.0</b>    | 13.0       |
| Profit and loss account   |      | <b>2,029.7</b> | 2,076.5    |
| <b>Shareholder's funds</b>  |      | <b>3,311.9</b> | 3,358.7    |

Accompanying notes form part of these financial statements.

Company registration number 1403668 England and Wales.

These financial statements were approved by the Board of Directors on 24 June 2020 and were signed on behalf of the Board of Directors by:



**Nick Priday**  
(Chief Financial Officer)

**Dentsu Aegis Network Ltd**  
**Company statement of changes in equity**  
At 31 December 2019

|   | Called-up<br>share capital<br>£m | Share<br>premium<br>account<br>£m | Merger<br>reserve<br>£m | Profit and<br>loss account<br>£m | Total<br>£m    |
|---|----------------------------------|-----------------------------------|-------------------------|----------------------------------|----------------|
| <b>At 1 January 2018</b>                              | 78.5                             | 1,190.7                           | 13.0                    | 2,027.1                          | <b>3,309.3</b> |
| Profit for the financial year                         | -                                | -                                 | -                       | 49.4                             | <b>49.4</b>    |
| Other comprehensive income                            | -                                | -                                 | -                       | -                                | -              |
| <b>Total comprehensive income/(loss) for the year</b> | -                                | -                                 | -                       | 49.4                             | <b>49.4</b>    |
| <b>At 31 December 2018</b>                            | <b>78.5</b>                      | <b>1,190.7</b>                    | <b>13.0</b>             | <b>2,076.5</b>                   | <b>3,358.7</b> |
| <b>At 1 January 2019</b>                              | <b>78.5</b>                      | <b>1,190.7</b>                    | <b>13.0</b>             | <b>2,076.5</b>                   | <b>3,358.7</b> |
| Adjustment on initial adoption of IFRS 16             | -                                | -                                 | -                       | 5.1                              | <b>5.1</b>     |
| <b>Adjusted 1 January 2019</b>                        | <b>78.5</b>                      | <b>1,190.7</b>                    | <b>13.0</b>             | <b>2,081.6</b>                   | <b>3,363.8</b> |
| Loss for the financial year                           | -                                | -                                 | -                       | (51.9)                           | <b>(51.9)</b>  |
| Other comprehensive income                            | -                                | -                                 | -                       | -                                | -              |
| <b>Total comprehensive income/(loss) for the year</b> | -                                | -                                 | -                       | (51.9)                           | <b>(51.9)</b>  |
| <b>At 31 December 2019</b>                            | <b>78.5</b>                      | <b>1,190.7</b>                    | <b>13.0</b>             | <b>2,029.7</b>                   | <b>3,311.9</b> |

## **Dentsu Aegis Network Ltd**

### **Notes to the Company's financial statements**

For the year ended 31 December 2019

#### **1. Authorization of financial statements and statement of compliance with FRS 101**

The parent company financial statements of Dentsu Aegis Network Ltd (the "Company") for the year ended 31 December 2019 were authorized for issue by the board of directors on 24 June 2020 and the balance sheet was signed on the board's behalf by Nick Priday.

These financial statements were prepared on a going concern basis and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). They are prepared under the historical cost exemption, except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Dentsu Aegis Network Ltd. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. The financial statements are prepared in pounds' sterling and rounded to the nearest million pounds (£m).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

#### **2. Accounting policies**

##### **Basis of preparation**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary, which is a party to the transaction, is wholly owned by such a member; and
- g) the effects of new but not yet effective IFRSs.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**2. Accounting policies (continued)****Basis of preparation (continued)**

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures; and
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

The Company has applied the following new standards and amendments for the first time for the year commencing 1 January 2019:

- IFRS 16 'Leases'

**IFRS 16 'Leases'**

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

*Impact on transition*

On transition to IFRS 16, the Company recognised additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**2. Accounting policies (continued)****IFRS 16 'Leases' (continued)**

|   | <b>1 January 2019</b> | £m |
|---|-----------------------|----|
| Right-of-use assets                                     | 39.1                  |    |
| Lease liabilities                                       | (39.4)                |    |
| Retained earnings (excluding impact of lease incentive) | 0.3                   |    |

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.7%.

|   | <b>1 January 2019</b> | £m |
|---|-----------------------|----|
| Operating lease commitments at 31 December 2018 disclosed under IAS 17 in the Company's consolidated financial statements | 469.6                 |    |
| Less commitments for leases not yet commenced   | (421.1)               |    |
| <u>Discounted using the incremental borrowing rate at 1 January 2019</u>  | <u>(2.1)</u>          |    |
| Finance lease liabilities recognised as at 31 December 2018   | 46.4                  |    |
| - Recognition exemption for leases with less than 12 month of lease term at transition                                    | -                     |    |
| - Termination options reasonably certain to be exercised  | (7.0)                 |    |
| <b>Lease liabilities recognised at 1 January 2019</b>   | <b>39.4</b>           |    |

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognized impairment losses. Depreciation is charged to write-off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

|  |  |
|--|--|
| Leasehold buildings                                | Over the period of the lease                                     |
| Leasehold improvements                             | 10% to 20% per annum or over the period of the lease, if shorter |
| Office furniture, fixtures, equipment and vehicles | 10% to 50% per annum   |

Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit and loss account.

## **Dentsu Aegis Network Ltd**

### **Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

#### **2. Accounting policies (continued)**

##### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and any recognized impairment losses. Intangible assets are amortized to residual values on a straight-line basis over the useful economic life of the asset as follows:

|                        |                      |
|------------------------|----------------------|
| Software               | 20% to 50% per annum |
| Patents and trademarks | 7% to 33% per annum  |
| Other                  | 10% to 50% per annum |

Once acquired intangible assets have exceeded their useful economic lives, the cost and accumulated amortization of the assets are removed from the balance sheet as an asset retirement. Any gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement.

##### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

##### **Income Taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**2. Accounting policies (continued)****Income Taxes (continued)**

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognized to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Foreign currencies**

The Company's functional currency and presentation currency is pounds' sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

**Investments**

Investments in subsidiaries, associates and joint ventures, are held in the Company balance sheet at cost less any provisions for impairment.

Investments are assessed at each reporting date to determine whether there is objective evidence that they are impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the expected future cash flows of the investment. An impairment loss is calculated as the difference between its carrying amount and the discounted value of the expected future cash flows.

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**2. Accounting policies (continued)**

**Leased assets**

*The Company as a lessee*

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- the Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**2. Accounting policies (continued)****Leased assets (continued)***The Company as a lessor*

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

**Retirement benefits**

The retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the Company and employees. The amount charged to profit and loss is the contribution payable in the year.

**Finance income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment has been established.

**Trade debtors**

Under IFRS 9, an expected credit loss should be recognised on financial assets measured at amortised cost. As the receivables from related parties represents the majority of financial assets measured at amortised cost, the expected credit loss on these receivables is not material and so no expected credit loss provision has been recognised for the year ended 31 December 2019.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Restructuring provisions**

Judgement is required in identifying whether by the reporting date sufficient expectation has been raised in those affected by a restructuring plan that it will be carried out. Management works closely with internal teams of specialists and professional advisers to understand the extent and timing of communications and assess the appropriate accounting treatment.

In calculating the value of a restructuring provision, the Company estimates the amount of severance due through reference to average employee salaries and local legislation. The final amount payable and timing of payment is dependent on the results of employee consultation and other regulatory procedures, and therefore may differ from the initial estimate recorded.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**3. Profit for the year**

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

Dentsu Aegis Network Ltd reported a loss for the financial year ended 31 December 2019 of £51.9m (2018: £49.4m profit).

The loss for the year of £51.9m includes no dividends received (2018: £77.9m) from Group companies.

**4. Auditor's remuneration**

The auditor's remuneration for audit services to the Company amounted to £0.1m (2018: £0.1m) and for non-audit services amounted to £nil (2018: £nil).

The audit fee for the group is outlined in note 6 to the consolidated financial statements of Dentsu Aegis Network Ltd. The fee is borne by Dentsu Aegis Network Ltd on behalf of the Group.

**5. Taxation**

|  | Note | 2019<br>£m  | 2018<br>£m   |
|--|------|-------------|--------------|
| Corporation tax payable at 1 January                         |      | (8.1)       | (6.0)        |
| Cash (received)/paid   |      | (1.9)       | 1.5          |
| Current year tax charge                                      |      | -           | (3.6)        |
| Prior year tax credit  |      | 5.3         | -            |
| Transfer from Group entity                                   | 17   | 30.8        | -            |
| <b>Corporation tax receivable / (payable) at 31 December</b> |      | <b>26.1</b> | <b>(8.1)</b> |
|  |      |             |              |
| Deferred tax asset at 1 January                              |      | 4.6         | 6.4          |
| Current year deferred tax charge                             |      | -           | (1.2)        |
| Prior year deferred tax charge                               |      | (5.5)       | (0.6)        |
| Transfer from Group entity                                   | 17   | 2.8         | -            |
| <b>Deferred tax asset at 31 December</b>                     |      | <b>1.9</b>  | <b>4.6</b>   |
|  |      |             |              |
| Tax charge on (loss)/profit                                  |      | (5.3)       | 3.6          |
| Net movement in deferred tax                                 |      | 5.5         | 1.8          |
| <b>Current year tax charge</b>                               |      | <b>0.2</b>  | <b>5.4</b>   |

The tax charge for the year ended 31 December 2019 is £0.2m (2018: £5.4) representing an effective tax rate on statutory loss of 0.56% (2018: 9.85%).

UK Corporation tax is calculated at 19% (2018: 19%) of estimated assessable profit for the year.

The net UK deferred tax asset has been calculated using the substantively enacted rate of 17% (2018: 19%), being the applicable rate when the temporary difference is expected to reverse.

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**5. Taxation (continued)**

The company has the following temporary differences in respect of which no deferred tax asset has been recognized:

|                  | <b>2019</b>  | <b>2018</b>  |
|------------------|--------------|--------------|
|                  | £m           | £m           |
| Losses – Revenue | 104.1        | 38.2         |
| Losses – Capital | 94.7         | 94.7         |
| <b>Total</b>     | <b>198.8</b> | <b>132.9</b> |

These losses may be carried forward indefinitely.

**6. Tangible assets**

|                                 | Note | Long leasehold<br>and leasehold<br>improvements | Equipment,<br>fixtures and<br>fittings | Total       |
|---------------------------------|------|---|--|-------------|
| <b>Cost</b>                     |      | £m  | £m                                     | £m          |
| At 1 January 2019               |      | 16.6  | 2.6                                    | 19.2        |
| Additions                       |      | 1.8   | -                                      | 1.8         |
| Transfer from Group entity      | 17   | -   | 27.6                                   | 27.6        |
| <b>At 31 December 2019</b>      |      | <b>18.4</b>                                     | <b>30.2</b>                            | <b>48.6</b> |
| <hr/>                           |      |   |  |             |
| <b>Accumulated depreciation</b> |      |   |  |             |
| At 1 January 2019               |      | 10.3  | 2.3                                    | 12.6        |
| Charge for the year             |      | 1.4   | -                                      | 1.4         |
| Transfer from Group entity      | 17   | -   | 24.5                                   | 24.5        |
| <b>At 31 December 2019</b>      |      | <b>11.7</b>                                     | <b>26.8</b>                            | <b>38.5</b> |
| <hr/>                           |      |   |  |             |
| <b>Carrying value</b>           |      |   |  |             |
| <b>At 31 December 2019</b>      |      | <b>6.7</b>                                      | <b>3.4</b>                             | <b>10.1</b> |
| <b>At 31 December 2018</b>      |      | <b>6.3</b>                                      | <b>0.3</b>                             | <b>6.6</b>  |

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**7. Intangible assets**

|                                 | Note | Computer software | Patents & trademarks | Total        |
|---------------------------------|------|-------------------|----------------------|--------------|
| <b>Cost</b>                     |      | <b>£m</b>         | <b>£m</b>            | <b>£m</b>    |
| At 1 January 2019               |      | 6.8               | 7.6                  | 14.4         |
| Additions                       |      | 1.1               | 0.3                  | 1.4          |
| Transfer from Group entity      | 17   | 197.0             | -                    | 197.0        |
| <b>At 31 December 2019</b>      |      | <b>204.9</b>      | <b>7.9</b>           | <b>212.8</b> |
| <b>Accumulated amortisation</b> |      |                   |                      |              |
| At 1 January 2019               |      | 6.0               | 5.4                  | 11.4         |
| Charge for the year             |      | 0.5               | 0.4                  | 0.9          |
| Transfer from Group entity      | 17   | 68.4              | -                    | 68.4         |
| <b>At 31 December 2019</b>      |      | <b>74.9</b>       | <b>5.8</b>           | <b>80.7</b>  |
| <b>Carrying value</b>           |      |                   |                      |              |
| <b>At 31 December 2019</b>      |      | <b>130.0</b>      | <b>2.1</b>           | <b>132.1</b> |
| At 31 December 2018             |      | 0.8               | 2.2                  | 3.0          |

**8. Investments**

|                                      | Shares in subsidiary undertakings | £m             |
|--------------------------------------|-----------------------------------|----------------|
| <b>Cost</b>                          |                                   |                |
| At 1 January 2019                    |                                   | 2,966.2        |
| <b>At 31 December 2019</b>           |                                   | <b>2,966.2</b> |
| <b>Accumulated impairment losses</b> |                                   |                |
| At 1 January 2019                    |                                   | 190.8          |
| Impairment for the year              |                                   | 9.2            |
| <b>At 31 December 2019</b>           |                                   | <b>200.0</b>   |
| <b>Carrying amount</b>               |                                   |                |
| <b>At 31 December 2019</b>           |                                   | <b>2,766.2</b> |
| At 31 December 2018                  |                                   | 2,775.4        |

Most shareholdings are of ordinary shares.

Details of the subsidiaries and associates in which the Company holds 20% or more of the nominal value of any class of share capital are listed in note 18.

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**9. Debtors**

|                                    | Note | 2019<br>£m   | 2018<br>£m |
|------------------------------------|------|--------------|------------|
| Amounts owed by Group undertakings |      | <b>549.4</b> | 700.3      |
| Other receivables                  |      | <b>14.4</b>  | 5.0        |
| Prepayments and accrued income     |      | <b>15.3</b>  | 6.3        |
| Corporation tax                    | 5    | <b>26.1</b>  | -          |
| Derivative financial assets        |      | <b>2.3</b>   | 1.4        |
| Deferred tax asset                 | 5    | <b>1.9</b>   | 4.6        |
|                                    |      | <b>609.4</b> | 717.6      |

Amounts of deferred tax assets of £1.9m (2018: £4.6m) and Amounts owed by subsidiary undertakings of £425.7m (2018: £6.6m) fall due after more than one year.

**10. Creditors: amounts falling due within one year**

|                                    | Note | 2019<br>£m   | 2018<br>£m |
|------------------------------------|------|--------------|------------|
| Trade payables                     |      | <b>11.2</b>  | 0.5        |
| Amounts owed to Group undertakings |      | <b>111.6</b> | 84.7       |
| Deferred lease incentive           |      | -            | 2.4        |
| Deferred consideration             |      | <b>0.4</b>   | 1.0        |
| Accruals and deferred income       |      | <b>50.2</b>  | 36.7       |
| Corporation tax                    | 5    | -            | 8.1        |
| Other creditors                    |      | <b>1.4</b>   | 1.9        |
|                                    |      | <b>174.8</b> | 135.3      |

**11. Creditors: amounts falling due after one year**

|                          | Note | 2019<br>£m | 2018<br>£m |
|--------------------------|------|------------|------------|
| Deferred lease incentive |      | -          | 6.2        |
| Deferred consideration   |      | <b>4.1</b> | 10.5       |
| Deferred tax liabilities | 5    | -          | 0.2        |
|                          |      | <b>4.1</b> | 16.9       |

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**12. Provisions**

|                                  | <b>Total</b> |
|----------------------------------|--------------|
|                                  | <b>£m</b>    |
| At 1 January 2019                | -            |
| Additional provision in the year | 16.8         |
| <b>At 31 December 2019</b>       | <b>16.8</b>  |

During 2019, a restructuring programme was introduced to accelerate the implementation of the Group's new business model and deliver improvements and efficiencies for the Group's business and clients. The programme was approved by the Board, announced externally and communicated to affected employees in December 2019.

As at 31 December 2019 a provision of £16.8m is held in respect of the restructuring (2018: £nil). It is expected that the cash outflows in respect of the provision will occur throughout 2020. Key assumptions applied in the calculation of the provision include local legislation in respect of severance payments and average employee salaries. There is uncertainty in respect of the value and timing of payments pending the results of employee consultation and other regulatory procedures. Final payments may therefore differ from the initial estimates recorded.

**13. Maturity profile of Company financial liabilities**

| 2019                   | Less than 1 year        | 1-5 years        | Total        |
|------------------------|-------------------------|------------------|--------------|
|                        |                         |                  |              |
|                        | £m                      | £m               | £m           |
| Deferred consideration | 0.4                     | 4.1              | 4.5          |
| <b>2018</b>            | <b>Less than 1 year</b> | <b>1-5 years</b> | <b>Total</b> |
|                        | £m                      | £m               | £m           |
| Deferred consideration | 1.0                     | 10.5             | 11.5         |

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**14. Derivative financial instruments**

|                             | 2019<br>£m | 2018<br>£m |
|-----------------------------|------------|------------|
| <b>Current</b>              |            |            |
| Derivative financial assets | 2.3        | 1.4        |

The derivative financial assets represent the fair value of intra-Group foreign exchange contracts and cross currency interest rate swaps which are accounted for as fair value through the profit and loss account.

**15. Reserves****Called-up share capital**

|   | 2019<br>Number of<br>ordinary shares | 2019<br>£m  | 2018<br>Number of ordinary<br>shares | 2018<br>£m |
|---|--------------------------------------|-------------|--------------------------------------|------------|
| <b>Ordinary shares of 5.5p issued and fully paid:</b> |                                      |             |                                      |            |
| At 1 January  | <b>1,426,869,838</b>                 | <b>78.5</b> | 1,426,869,838                        | 78.5       |
| <b>At 31 December</b>                                 | <b>1,426,869,838</b>                 | <b>78.5</b> | 1,426,869,838                        | 78.5       |

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares each have full voting rights.

The Company issued no shares in the year (2018: Nil).

**Share premium account**

|                       | 2019<br>£m     | 2018<br>£m |
|-----------------------|----------------|------------|
| At 1 January          | 1,190.7        | 1,190.7    |
| <b>At 31 December</b> | <b>1,190.7</b> | 1,190.7    |

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**16. Leases**

The Company leases Buildings and Leasehold Improvements. The leases typically run for a period of 2.5 years. Leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Company is restricted from entering into any sub-lease agreements.

The Buildings and Leasehold Improvements leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Company is a lessee is presented below.

**a. Right -of-use assets**

|                                  | <b>Buildings and<br/>Leasehold<br/>Improvements</b> | <b>Total</b> |
|----------------------------------|---|--------------|
| <b>2019</b>                      | <b>£m</b>   | <b>£m</b>    |
| Balance at 1 January             | 39.1  | 39.1         |
| Depreciation charge for the year | (11.6)  | (11.6)       |
| <b>Balance as at 31 December</b> | <b>27.5</b>   | <b>27.5</b>  |

**b. Amounts recognised in profit or loss**

|   | <b>2019</b> |
|---|-------------|
| <b>2019 – Leases under IFRS 16</b>          | <b>£m</b>   |
| Interest on lease liabilities               | 1.0         |
| <b>2018 – Operating leases under IAS 17</b> |             |
| Lease expense                               | 6.5         |

**c. Extension options**

Some property leases obtain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has does not have any material unexercised extension options.

**Dentsu Aegis Network Ltd****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**16. Leases (continued)****d. Operating Lease**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date. In 2019 there are no operating leases held by the Company.

| <b>2018 – Operating leases under IAS 17</b> | <b>£m</b>      |
|---|----------------|
| Less than one year                          | 139.0          |
| Between one and five years                  | 397.0          |
| More than five years                        | 530.0          |
| <b>Total</b>                                | <b>1,066.0</b> |

**17. Transfer of assets**

On the 31st December 2019, the Company purchased technology and transformation assets from Dentsu Aegis London Ltd (DAL Ltd). The purchase of the assets was an intercompany sale of assets from DAL Ltd and a disposal of intercompany liabilities from DAN Ltd in consideration for £1. All assets and liabilities have been transferred at the net book value and revalued using the closing spot rates at the effective date.

|                                    | Transfer from DAL<br>Ltd |
|------------------------------------|--------------------------|
| <b>Assets</b>                      | <b>£m</b>                |
| Tangible assets                    | 3.2                      |
| Intangible assets                  | 128.5                    |
| Deferred tax assets                | 2.8                      |
| Prepayments and accrued income     | 10.8                     |
| Corporation tax                    | 30.8                     |
| Other receivables                  | 12.8                     |
| Amounts owed by Group undertakings | 22.0                     |
|                                    | <b>210.9</b>             |
| <b>Liabilities</b>                 |                          |
| Accruals and deferred income       | (20.9)                   |
| Other payables                     | (0.3)                    |
| Amounts owed to Group undertakings | (189.7)                  |
|                                    | <b>(210.9)</b>           |
| <b>Net Assets</b>                  | -                        |

**18. Related parties**

The Company's ultimate controlling party and ultimate parent is Dentsu Group Inc. (incorporated in Japan), which owns 100% of the Company's shares. The financial statements of Dentsu Group Inc. are publicly available. Before 1 January 2020 when it was renamed, Dentsu Group Inc. was named Dentsu Inc. Dentsu has since renamed another of its subsidiaries Dentsu Inc.

Details of the Group's related parties can be found in note 29 of the consolidated financial statements.

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

**19. Related undertakings**

The Group has a large number of related undertakings across the various countries in which it operates. These are listed below.

All shareholdings are of ordinary shares (or the equivalent) unless otherwise stated.

| <b>Section 1 - Subsidiaries held directly by the Company</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                                       |
|--|---------------------------------|--|--|
| Aegis Luxembourg S.A.R.L.                                    | Luxembourg                      | 100  | 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg |
| Aegis Finance  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis GPS Holdings Limited                                   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Group Holdings Limited                                 | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Group Investments Limited                              | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Group Nominees Limited                                 | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Group Trustees Limited                                 | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Media Pacific Ltd                                      | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis TI   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis TIG Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Treasury Investments Limited                           | United Kingdom                  | 64*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aegis Triton Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Aquila Insight Ltd   | United Kingdom                  | 100  | 7, Exchange Crescent, Conference Square, Edinburgh, EH3 8AN, Scotland  |
| Carat Management Services (UK) Limited                       | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Carat Media Services Asia Pacific Limited                    | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| David Wood & Associates Limited                              | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Dentsu McGarryBowen UK Ltd                                   | United Kingdom                  | 100 ^  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| Fetch Media Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |
| John Brown Acquisitions Limited                              | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England            |

\* A further 36% is held by the Company indirectly

^ The Group also holds 100% of a class of preference shares in this entity

| <b>Section 2 - Subsidiaries held indirectly by the Company</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                                |
|--|---------------------------------|--|---|
| Amnet Argentina S.A.   | Argentina                       | 100  | 1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina |
| Carat Argentina S.A.   | Argentina                       | 100  | 1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina |
| Global Mind S.A.   | Argentina                       | 100  | Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina          |
| Icolic S.A.  | Argentina                       | 100  | Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina          |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                                      |
|--|---------------------------------|--|---|
| iProspect Argentina S.A.   | Argentina                       | 100  | 1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina       |
| Media 8 SRL  | Argentina                       | 100  | 1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina       |
| Nueva Internet S.A.  | Argentina                       | 100  | Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina                |
| Vizeum Argentina S.A.  | Argentina                       | 100  | 1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina       |
| @Odds Pty Ltd  | Australia                       | 100  | 502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000                |
| @Tack Pty Ltd  | Australia                       | 100  | 502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000                |
| 5th International Group Pty Ltd  | Australia                       | 75*  | L 7 264-278 George St, Sydney, NSW, 2000, Australia                   |
| Accordant Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Aegis Finance Australia LLP  | Australia                       | 100  | Level 2, 85 Coventry Street, South Melbourne, VIC, 3205, Australia    |
| AMICUS Digital Ventures Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| AMNET Australia Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Amplifi Australia Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Belgiovane Williams MacKay Pty Ltd   | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Brainbox Ringaround Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Carat (WA) Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Carat Aust. Pty Limited  | Australia                       | 100^   | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia     |
| Carat Australia Media Services Pty Ltd                                     | Australia                       | 100^   | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia     |
| Carat Media Pty Ltd  | Australia                       | 100^   | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia     |
| Carat Melbourne Pty Ltd  | Australia                       | 100^   | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia     |
| Carat SA Pty Ltd   | Australia                       | 100  | Level 2, 136 Greenhill Road, Unley, SA, 5061, Australia               |
| Columbus Agency Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Cox Inall Change Pty Ltd   | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Cox Inall Communications Pty Limited                                       | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| D2D Data 2 Decisions Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| DAN Corporate Services Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| David Wood & Associates Pty Limited  | Australia                       | 100  | Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW, Australia  |
| Dentsu Aegis Media Australia Pty Ltd                                       | Australia                       | 100^   | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia     |
| Dentsu Aegis Network (ANZ) Management Services Pty Ltd                     | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu Aegis Network Australia Holdings Pty Ltd                            | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu Aegis Network Australia Pty Ltd                                     | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu Aegis Network Media Investments Pty Ltd                             | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu Australia Pty Ltd   | Australia                       | 100  | 47 Ridge Street, North Sydney, NSW 2060, Sydney, Australia, Australia |
| Dentsu Mitchell Media Australia Pty Ltd                                    | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu X (NSW) Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |
| Dentsu X (QLD) Proprietary Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                 |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                                     |
|--|---------------------------------|--|--|
| Dentsu X (WA) Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Dentsu X Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Gleam Futures Pty Limited  | Australia                       | 89   | AMP Centre, Level 27, 50 Bridge Street, Sydney, NSW, 2000, Australia |
| Haystac Pty Ltd  | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Haystac Public Affairs Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Hind & Hind Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Huckleberry Agency Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Impact Live Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Insite Organisation Pty Ltd  | Australia                       | 100  | Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia      |
| iProspect Pty Limited  | Australia                       | 100  | Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia    |
| Isobar Australia Pty Limited   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Isobar Communications Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Klip Desk Holdings Pty Ltd   | Australia                       | 55   | Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia      |
| Marketing Resources Management Group Pty Limited                           | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| MKTG Australia Pty Ltd   | Australia                       | 100  | Suite 3 Level 2, 20 Clarke Street, Crows Nest NSW2065                |
| MKTG Sport & Entertainment Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Oddfellows Dentsu Pty Ltd  | Australia                       | 100  | 502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000               |
| Oddfellows Holdings Pty Limited  | Australia                       | 100  | 502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000               |
| Pacbyte Mitchell Pty Ltd   | Australia                       | 75   | Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia      |
| Patterson Partners Adcafe Pty Limited                                      | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Picture This! Productions Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Positive Outcomes Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Posterscope Australia Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Rodeo Agency Pty Ltd   | Australia                       | 100  | Level 1, 129 York Street, South Melbourne, VIC 3205, Australia       |
| Safecom Solutions Pty Limited  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Scorch Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Search Factory Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Search Found Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| SMG Studio Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Soap Creative Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Spark P R Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Sputnik Agency Pty Limited   | Australia                       | 51   | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Stadia Media Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Steak PTY Ltd.   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Storylab Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Ugam Solutions Australia Pty Ltd   | Australia                       | 87^  | Level 13, 664 Collins Street, Docklands, VIC, 3008, Australia        |
| Vivid Group Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |
| Vivid Holdings Australia Pty Ltd   | Australia                       | 100  | Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia      |
| Vizeum Australia Pty Limited   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia                |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b>    | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|---|---------------------------------|--|--|
| Web Data Group Pty Ltd  | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia  |
| WiTH Collective Pty Ltd   | Australia                       | 100  | 105 York Street, South Melbourne, VIC 3205, Australia  |
| Amnet Central GmbH  | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| Carat Austria GmbH  | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| Dentsu Aegis Network Austria GmbH   | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| dentsu X GmbH   | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| iProspect GmbH  | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| iProspect GmbH  | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| IQ mobile Kommunikationsdienste Beratungs-, Entwicklungs - und Vertriebs GmbH | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| isobar Werbeagentur GmbH  | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| Media.at GMbH   | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| Vizeum Austria Media Service GmbH   | Austria                         | 100  | Trabrennstrasse 2A, Wien, A-1020, Austria  |
| Amnet Belgium SA  | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Carat Belgium SA  | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Dentsu Aegis Network Belgium SA   | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| iProspect Belgium SA  | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Isobar BVBA   | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Posterscope Belgium SA  | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Vizeum Belgium SA   | Belgium                         | 100  | 54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium                                    |
| Agenciadclick - Midia Interativa S.A.   | Brazil                          | 100  | 298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil  |
| Agenciadclick Brasilia Ltda   | Brazil                          | 100  | Setor Comercial, Norte, Quadra 04, Bloco B, nº 100, Sala 603, Sao Paulo, CEP 05686-002, Brazil |
| Amnet Servicos de Publicidade Ltda  | Brazil                          | 100  | 298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil  |
| Amplifi Comunicacao E Otimizacao de Midia Ltda                                | Brazil                          | 100  | 31, Parte, Alphavile Commercial, Centro, Barueri/SP, CEP 06453-054, Brazil                     |
| Big Scotch Midia Interativa Ltda.   | Brazil                          | 100  | 298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil                        |
| Copernicus Assessoria em Marketing Ltda.                                      | Brazil                          | 100  | 298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil                        |
| Cosin & Associados Consultoria e Serviços de Informática S.A.                 | Brazil                          | 100  | 298, Rua Wisard, 8 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil                        |
| iProspect Search & Marketing S.A.   | Brazil                          | 100  | 298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil                        |
| Jumptank Servicos de Marketing e Midia Ltda                                   | Brazil                          | 100  | Rua Geraldo Campos Moreira, 375, 5º andar, Conjunto 52, Cidade Monções, CEP 04571-02, Brazil   |
| Mcgarrybowen Brasil Comunicacoes S.A.   | Brazil                          | 100  | 298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil                        |
| Minucon Mobile Marketing Ltda   | Brazil                          | 100  | Rua Lisboa 224, 1 andar, Bairro Jardim America, CEP05413-000, Sao Paulo-SP, Brazil             |
| MKTG Marketing e Promocao de Eventos Ltda                                     | Brazil                          | 100  | 298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000                    |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| NVG Participacoes S.A.   | Brazil                          | 100  | 298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil    |
| Plusmedia Servicos de Marketing Ltda.                                      | Brazil                          | 100  | Rua Barao da Torre, No. 219 parte, Ipanema, Rio de Janeiro, CEP 22411-001, Brazil                |
| Pontomobi Tecnologia Informatica Ltda                                      | Brazil                          | 100  | 298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000                      |
| PPR Profissionais de Publicidade Reunidos S.A.                             | Brazil                          | 70^  | Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, Barueri / SP, CEP 06453-054, Brazil |
| Amnet Bulgaria EOOD  | Bulgaria                        | 100  | 26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria  |
| Dentsu Aegis Network Balkans EOOD  | Bulgaria                        | 100  | 26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria  |
| Dentsu Aegis Network Bulgaria OOD  | Bulgaria                        | 60   | 16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria   |
| eCommera EOOD  | Bulgaria                        | 100  | 498 Bulgaria Blvd, 4th floor, Sofia 1404, Bulgaria   |
| Vizeum Bulgaria OOD  | Bulgaria                        | 60   | 16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria   |
| Aegis Media Innov8 Inc.  | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| AMNET Media Canada, Inc.   | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Amplifi Media Canada Inc.  | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Carat Canada Inc   | Canada                          | 100  | 3970, rue Saint-Ambroise, Montreal, PQ, Canada   |
| Carat Stratégem Inc.   | Canada                          | 100^   | 44 Chipman Hill, 10th Floor, St John New Brunswick, E2L 4S6, Canada                              |
| Cardinal Path Inc.   | Canada                          | 100  | 503-1060 Howe Street, Vancouver, BC, V6Z 2T1, Canada   |
| DAN Agency Inc.  | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Dentsu Aegis Network Canada Inc.   | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Dentsu Aegis Network Enterprise Solutions Inc.                             | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Dentsu X Inc.  | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Grip Limited   | Canada                          | 100^   | 179, John St, Toronto, M5T 1XA, Canada   |
| ICUC/iProspect Moderation services, Inc.                                   | Canada                          | 100  | 1700-666, Burrard Street, Vancouver, Nritisj Columbia, Canada                                    |
| iProspect Canada Inc.  | Canada                          | 100  | 3970, rue Saint-Ambroise, Montreal, PQ, Canada   |
| Isobar Canada, Inc.  | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| MKTG Canada Corp.  | Canada                          | 100^   | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Synovate Aztec Limited   | Canada                          | 51   | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Vizeum Canada Inc.   | Canada                          | 100  | 1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada                              |
| Amnet Chile SpA  | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Carat Chile SA   | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Deep Blue Spa  | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Dentsu Aegis Network Chile SpA   | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Densu X Chile Spa  | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| iProspect Chile SPA  | Chile                           | 100  | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Vizeum Chile SPA   | Chile                           | 68   | Badajoz 45 piso 9, Las Condes, Santiago, Chile   |
| Aegis Media Technology Co., LTD.   | China                           | 100  | Room 337, 7F, 3409 DongFang Road, Shanghai, China  |
| B2B International Consulting (Beijing) Co. Ltd                             | China                           | 100  | Room 1101-A301, Building 3, No. 8 Guanghuadongli Road, China, Chaoyang District, Beijing, China  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| Band Commercial Consulting (Beijing) Co. Ltd                               | China                           | 100  | 77 Jianguo, Level 24, Tower 3, China Central Place, Chaoyang District, Beijing, China                             |
| Beijing Posterscope Advertising Company Ltd                                | China                           | 100  | Unit 2-4, Room 501, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, Beijing, China                     |
| Beijing Vizeum Advertising Co., Limited                                    | China                           | 100  | Floor 21, Tower E1, Beijing Oriental Plaza, China   |
| Beijing Wonderad Advertising Co., Ltd                                      | China                           | 100  | Room 1501 Building A Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing, China,                             |
| Beijing Xin Lan Shi Ji Advertising Co., Ltd                                | China                           | 100  | No 1509, Block A, 93 Jianguo Road, Chaoyang District, Beijing, China  |
| Bluecom (Shanghai) Solutions Co., Ltd                                      | China                           | 100  | Section B, 3rd floor, Building5, No.255 YangZhai Road, Changning District, Shanghai, China                        |
| Catch Stone Advertising (Beijing) Co., Ltd                                 | China                           | 100  | Room 408-023, 4th Floor, Building no.2 Daliushu Fuhai Centre, Haidian District, Beijing, China                    |
| Dentsu Aegis (Shanghai) Investment Co., Ltd.                               | China                           | 100  | 650, Ding Xi Road Unit 6236, Shanghai, China  |
| Dentsu Mcgarrybowen (Shanghai) Advertising Co. Ltd.                        | China                           | 64   | Room 1207-1208, Floor 12, 150 Hubing Road, Huangpu District, Shanghai, China                                      |
| Dentsu Rihai Communications Co., Ltd.                                      | China                           | 100  | Unit 9-11 in Room 601, Floor 6, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, China                  |
| Dentsu Top Co., Ltd.   | China                           | 100  | Room 98, Floor 9, 583 Lingling Road, Xuhui District, Shanghai, China  |
| DWA (Beijing) Marketing Consultants Ltd                                    | China                           | 100  | Room 1568, 15th Floor, 12 Jianwaidajie, Chaoyang District, Beijing, China   |
| Guangdong Carat Media Services (China) Limited                             | China                           | 100  | Unit 03-06, 27th Floor Guangzhou International Electronic Tower, 403 Huan Shi East Road, Guangzhou, 510095, China |
| iProspect (Shanghai) Advertising Media Co., Ltd                            | China                           | 100  | Room 1329, Building 2, No 1630 Yecheng Road, Jiading Industrial District, Shanghai 201821, China                  |
| John Brown (Shanghai) Company Limited                                      | China                           | 100  | 1208, Suite G, Floor 3, South Xizang Road, Shanghai, China  |
| Merkle Business Information Consultancy (Nanjing) Company Limited          | China                           | 74*  | 12/F Beidou Tower, 6 Huida Road, Nanjing High & New Tech Industry Development Zone, Jiangsu Province, China       |
| Merkle Business Information Consultancy (Shanghai) Company Limited         | China                           | 74*  | Unit 1101, 6 Lane 3611, Zhangyang Road, Pudong New Area, Shanghai, China  |
| Same Same but different Marketing Planning (Shanghai) Limited              | China                           | 100  | Room E, 11F, No. 55 West Huai Road, Shanghai, China   |
| Shanghai An Ke Ji Tong Advertising Co., Ltd.                               | China                           | 100  | Room 1177 Building 10, No. 500 Shengxin South Road, Jiading District, Shanghai, China                             |
| Shanghai Clarity Advertising Co., Ltd                                      | China                           | 100  | 650, Ding Xi Road Unit 6238, Shanghai, China  |
| Shanghai Dewen Advertising Co., Ltd  | China                           | 100  | Room D303, Building 2, No.700, South Huangpi Road, Huangpu District, Shanghai, China                              |
| Shanghai OMP Advertising Communication Co., Ltd.                           | China                           | 100  | Room 105, No.671 Yuema Village, Gangyan Township, Chongming County, Shanghai, China                               |
| Shanghai Verawom Culture Communications Co., Ltd                           | China                           | 100  | 650, Ding Xi Road Unit 6237, Shanghai, China  |
| Shanghai VeryStar Internet Science and Technology Co., Ltd                 | China                           | 60   | Room 202, No.5537, Waiqingsong Road, Qingpu District, Shanghai, China   |
| Shanghai WWWINS Marketing Consultancy Co., Ltd                             | China                           | 100  | Room 1608-11, 688 West Nanjing Road, Jing'an District, Shanghai, China  |
| Shanghai EBP Internet Technology Co., Ltd                                  | China                           | 100  | No. 8 Building, No.160 Haerbin Road, Shanghai, China  |
| Trio Digital Integrated (Shanghai) Co., Ltd.                               | China                           | 100  | Room 309,311 & 313, Building No.3, 909 Tian Yao Qiao Road, Shanghai 200030, 200030, China                         |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Trust New Voice PR Consultancy Shanghai Company Limited                    | China                           | 100  | Unit 6204-T, Building 6,990 Chang Ping Road, Jing An District, Shanghai, China                         |
| Zhihuitong Advertising (Tianjin) Co., Ltd                                  | China                           | 100  | No. 1 Aviation Industry Support Center Room 645N27, Tianjin Airport Economic Zone Bao-Hang Road, China |
| Aegis Media Colombia S.A.S.  | Colombia                        | 100  | Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia   |
| Carat Colombia S.A.S.  | Colombia                        | 100  | Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia   |
| iProspect Colombia SAS   | Colombia                        | 100  | Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia   |
| Posicion Digital SAS   | Colombia                        | 100  | Calle 26 Sur # 48 -41 Floor 8, Medellín, Colombia  |
| Vizeum Colombia S.A.S.   | Colombia                        | 100  | Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia   |
| Dentsu Aegis Network d.o.o.  | Croatia                         | 100  | 59, Petrinjska, Zagreb 1000, Croatia   |
| Hullbitt Ltd   | Cyprus                          | 76   | 3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066  |
| Zennico Trading Ltd  | Cyprus                          | 75   | 3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066  |
| Adpres.com s.r.o.  | Czech Republic                  | 100  | Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic  |
| AMNET Czech s.r.o.   | Czech Republic                  | 100  | Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic                                       |
| Bistro Social s.r.o.   | Czech Republic                  | 100  | Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic  |
| Carat Czech Republic s.r.o.  | Czech Republic                  | 100  | Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic                                       |
| Dentsu Aegis Network Czech Republic s.r.o.                                 | Czech Republic                  | 100  | Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic                                       |
| Isobar Czech Republic s.r.o.   | Czech Republic                  | 100  | Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic  |
| Isobar Technologies s.r.o.   | Czech Republic                  | 100  | Havlickova 1029/3, Nove Mesto, Praha1, 110 00, Czech Republic  |
| Mobile Internet s.r.o.   | Czech Republic                  | 100  | Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic  |
| Vizeum Czech Republic s.r.o.   | Czech Republic                  | 100  | Celetna 21, Praha 1, 116 22, Czech Republic  |
| Amnet AS   | Denmark                         | 100  | Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark  |
| Dentsu Aegis Network AS  | Denmark                         | 100  | Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark  |
| Isobar Nordics A/S   | Denmark                         | 95   | Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark  |
| Isobar Denmark A/S   | Denmark                         | 95   | Meldahlsgræde 5, 1613 Copenhagen V, Denmark  |
| Posterscope Denmark AS   | Denmark                         | 100  | Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark  |
| Dentsu Aegis Network Egypt LLC   | Egypt                           | 100  | 55, Mohamed Mazhar Street, 6th Floor, app 13, Zamalek, Cairo, Egypt                                    |
| Digital Republic linked by Isobar LLC                                      | Egypt                           | 51   | 2, El Malek El Afdal street, Zamalek, Cairo, 11211, Egypt  |
| Dentsu Aegis Network Estonia AS  | Estonia                         | 100  | Narva mnt 7d, Tallinn, 10117, Estonia  |
| Amnet Oy   | Finland                         | 100  | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| Carat Finland Oy   | Finland                         | 100  | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| Dentsu Aegis Network Oy  | Finland                         | 100  | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| Isobar Finland OY  | Finland                         | 95   | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| MKTG Finland Oy  | Finland                         | 100  | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| Vizeum Oy  | Finland                         | 100  | 2, Etelaesplanadi, Helsinki, 00130, Finland  |
| Aegis Finance SAS  | France                          | 100  | 4 Place de Saverne, Coubervoeil, Paris la Defense Cedex, 92971, France                                 |
| Amnet France SAS   | France                          | 100  | 4 Place de Saverne, Coubervoeil, Paris la Defense Cedex, 92971, France                                 |
| Carat France SAS   | France                          | 100  | 4 Place de Saverne, Coubervoeil, Paris la Defense Cedex, 92971, France                                 |
| Comunica Plus A, SAS   | France                          | 51   | 7, rue du Marché Saint-Honoré, Paris, 75001, France  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                                     |
|--|---------------------------------|--|--|
| Data to Optimization SAS   | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Dentsu Aegis Network France SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Dentsu Expertise & Consulting SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Dentsu X France  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Granit Production SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| gyroHSR France SARL  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| iProspect France SAS   | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Isobar SAS   | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| JH Conseil SAS   | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Keneo SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Mcgarrybowen France SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| MKTG France SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| MKTG Travel SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Posterscope France SAS   | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Vizeum France SAS  | France                          | 100  | 4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France |
| Act Europe GmbH  | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany                |
| Amnet GmbH   | Germany                         | 100  | Alsterufer 3, Hamburg 20354, Germany                                 |
| B2B International GmbH   | Germany                         | 100  | Johannstrastesse 37, 40476 Dusseldorf, Germany                       |
| Carat Deutschland GmbH   | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany                |
| David Wood & Associates GmbH   | Germany                         | 100  | Leopoldstraße 150, 80804 München, 80804 München, Germany             |
| Dentsu Aegis Network Central Europe GmbH                                   | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany                |
| Dentsu Aegis Network Central Europe Holding GmbH                           | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany;               |
| Dentsu Aegis Network Germany GmbH  | Germany                         | 100  | Alsterufer 3, Hamburg 20354, Germany                                 |
| Dentsu Aegis Network Hamburg GmbH  | Germany                         | 100  | Alsterufer 3, Hamburg 20354, Germany                                 |
| Dentsu Aegis Resolutions GmbH  | Germany                         | 100  | Kreuzberger Ring 19, Wiesbaden, 65205, Germany                       |
| Dentsu X GmbH  | Germany                         | 100  | Kreuzberger Ring 19, Wiesbaden, 65205, Germany                       |
| Explido GmbH   | Germany                         | 100  | 28, Prollstrasse, 86157 Augsburg, Germany                            |
| Fetch Media GmbH   | Germany                         | 100  | Invalidenstrasse 112, Berlin, 10115, Germany                         |
| Gyro Communications GMBH   | Germany                         | 100  | Lindwurmstr. 76, Munchen, 80337, Germany                             |
| HMS Group Vizeum GmbH  | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany;               |
| Indigo: Werbeagentur GmbH  | Germany                         | 100  | Johannstrastesse 37, 40476 Dusseldorf, Germany                       |
| iProspect GmbH   | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany;               |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Isobar Germany GmbH  | Germany                         | 100  | Johannstrastesse 37, 40476 Dusseldorf, Germany   |
| MKTG Germany GmbH  | Germany                         | 100  | Johannstrastesse 37, 40476 Dusseldorf, Germany   |
| MW Office Gesellschaft fur Marketing und Werbung mbH                       | Germany                         | 100  | Leopoldstraße 150, 80804 München, 80804 München, Germany   |
| Namics (Deutschland) GmbH  | Germany                         | 100  | Hedderichstrasse 108 – 110, 60596 Frankfurt am Main, Germany   |
| Posterscope Deutschland GmbH   | Germany                         | 100  | Alsterufer 3, Hamburg 20354, Germany   |
| The Story Lab GmbH   | Germany                         | 100  | Alsterufer 3, Hamburg 20354, Germany   |
| Videobeat Networks GmbH  | Germany                         | 70   | Rathausstrasse 4,Hamburg, 20095, Germany   |
| Vizeum Deutschland GmbH  | Germany                         | 100  | 53, Speicherstraße, Frankfurt am Main, 60327, Germany;   |
| Dentsu Aegis Network Ghana Limited   | Ghana                           | 60   | 65, Obenesu Crescent, East Cantonments, Accra, Ghana   |
| Posterscope Ghana Limited  | Ghana                           | 60   | 33, Justice DF Annan Street, Tesano, Accra, Ghana  |
| Premier Media Company GH Limited   | Ghana                           | 60   | No.4, Vraac Crabbe Street, Tesano, Village Accra, Ghana  |
| Carat Communications Services SA   | Greece                          | 100  | Chimaras 5 - Marousi Attikis 151 25, Greece  |
| Carat International Hellas Communication Services SA                       | Greece                          | 100  | Chimaras 5 - Marousi Attikis 151 25, Greece  |
| Dentsu Aegis Network Hellas Communication Services SA                      | Greece                          | 100  | Chimaras 5 - Marousi Attikis 151 25, Greece  |
| Isobar - iProspect Advertising Services SA                                 | Greece                          | 100  | Chimaras 5 - Marousi Attikis 151 25, Greece  |
| Vizeum Communication Services S.A.   | Greece                          | 100  | Chimaras 5 - Marousi Attikis 151 25, Greece  |
| Amnet Hong Kong Limited  | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| Band Limited   | Hong Kong                       | 100  | Flat/Rm 901, Yip Fung Building, 2-12 D'Aguilat St, Central, Hong Kong, Hong Kong   |
| Bluecom Solutions Limited  | Hong Kong                       | 100  | 25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| blue-infinity Ltd  | Hong Kong                       | 100  | 72, Gloucester Road, 6/F Luk Kwok Centre, Wan Chai, Hong Kong  |
| Branded Limited  | Hong Kong                       | 100  | 604-605, 625 King's Road, North Point, Hong Kong   |
| Carat Media Services Hong Kong Limited                                     | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| CC&P Advertising Limited   | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| Darwin Marketing Limited   | Hong Kong                       | 100  | 25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| Dentsu Hong Kong Ltd.  | Hong Kong                       | 100  | 25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong; Room 1A-10A,7/F,Island Place Tower,Island Place,510 King's Road,North Point,Hong Kong, Hong Kong, China     |
| Dentsu Aegis Network Hong Kong Limited                                     | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong   |
| dentsu X Limited   | Hong Kong                       | 100  | Suite 604, 6/F 625 King's Road, North Point, Hong Kong, Hong Kong;<br>Unit 1901, 19/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong, Hong Kong, China |
| Fetch Media Hong Kong Limited  | Hong Kong                       | 100  | 16th Floor, Wing On Centre, 111 Connaught Road, Central Hong Kong, Hong Kong   |
| Gain Concept Advertising Agency Limited                                    | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| Great Method Investments Limited   | Hong Kong                       | 75*  | 29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong  |
| iProspect Hong Kong Limited  | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |
| Isobar Hong Kong Limited   | Hong Kong                       | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  |

| Section 2 - Subsidiaries held<br>indirectly by the Company   | Country of<br>incorporation | % of equity<br>capital and<br>voting rights held<br>by the Company | Registered office address  | Notes to the Company's financial statements (continued)      |
|--|-----------------------------|--|--|--|
| John Brown Hong Kong Ltd                                     | Hong Kong                   | 100  | 151, 5/F, Hollywood Road, Central, Hong Kong, Hong Kong  | M&B Intercreative Limited                                    |
| McGary Bowen Hong Kong                                       | Hong Kong                   | 64   | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  | Limited Postrescope (Hong Kong)                              |
| McGary Bowen Hong Kong                                       | Hong Kong                   | 60   | 25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong   | Limited Postrescope (Hong Kong)                              |
| McGary Bowen Hong Kong                                       | Hong Kong                   | 64   | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  | Aegis Hungary Finance Zrt.                                   |
| Vizenum Hong Kong Limited                                    | Hong Kong                   | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  | Vision Advertising Holding                                   |
| Vizenum Hong Kong Limited                                    | Hong Kong                   | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  | Limited Same but different Limited                           |
| Same Same Agency Limited                                     | Hong Kong                   | 100  | ft 01-02, 19th Floor Tai Yip Building, 141 Thomason Road, Wan Chai,  | Limited Postrescope Advertising Limited                      |
| Same Same Agency Limited                                     | Hong Kong                   | 100  | 27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong  | Limited Postrescope Advertising Limited                      |
| Vizenum Hong Kong Limited                                    | Hong Kong                   | 100  | Room 1003, 10/F Boss Commercial Centre, No.28 Ferry Street,  | Vizenum Hong Kong Limited                                    |
| Ccart Hungary ZtMmedia Kft.                                  | Hungary                     | 100  | 15-23, Kacska utca, Budapest, 1027, Hungary  | Accord Public Relations Private Limited                      |
| Isober Budapest Zrt.   | Hungary                     | 100  | 15-23, Kacska utca, Budapest, 1027, Hungary  | Ammet Trading India Private Limited                          |
| Medika Kft   | Hungary                     | 100  | 15-23, Kacska utca, Budapest, 1027, Hungary  | Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 |
| Postrescope Hungary Kft                                      | Hungary                     | 100  | 601, Poornam Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400  | Denstu Aegeis Network  |
| Vizenum Hungary Kft  | Hungary                     | 100  | 618, India 6th Floor, Star City, Mahatma Towers, District Centre,  | Denstu Aegeis Solutions Private Limited                      |
| Accord Hungarian Media Kft                                   | Hungary                     | 90   | S-27, Second Floor, Star City, Mahatma Towers, District Centre,  | Denstu Aegeis Network  |
| Denstu Aegeis Solutions Private Limited                      | India                       | 100  | 601, Poornam Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400  | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 812, 3rd & 4th Floor, Om House, Aphindo Marg, Andheri, New   | Denstu Aegeis Network  |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | Delhi-110017, New Delhi, India   | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 811, Gurgaon Haryana 122 002, Gurgaon, India;  | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 601, Poornam Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400  | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 10th Floor Dlf Cyber Terraces, Building 5-A, DLF Cyber City, Phase   | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 018, India F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi,  | Denstu Aegeis Solutions Private Limited                      |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 91   | 018, India F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi,  | Denstu Webchutney Private Limited                            |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 90   | 110091, India 8th Floor, Devchand House, C Block, Shivasagar Estate, Dr. Annie Besant Road, Mumbai - 400018, India | Dentsu Network Advertising Limited                           |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 90   | Unit No. 2201, 2nd Floor, Brigade Gateway, World Trade Centre, Malleswaram, Bangalore, Karnataka, 560055, India    | DWA Media Private Limited                                    |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | 3rd Floor, Al-Monte, S.R., No.8 Hisa 2B & 2C, Hadapsar Kharadi Bypass, Pune 411045, India                          | Ecomera India Private Limited                                |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 100  | New Era Mill Compound, 16 Mogul Lane, Matunga (West), Mumbai, 400071, India  | Funtainhead Entertainment                                    |
| Denstu Aegeis Chamber B Wing, Dr A 8 Road Worli, Mumbai, 400 | India                       | 90   | Shop No. 2, Trishul B, Sindhi Society, Chembur, Mumbai, 400071, India  | Fractal Ink Design Studio Private Limited                    |

For the year ended 31 December 2019  
Dentsu Aegeis Network Ltd  
Notes to the Company's financial statements (continued)

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Happy Creative Services (India) Private Limited                            | India                           | 90   | 40, City Centre, CMH Road, Indiranagar, Bangalore, Karnataka, 560038, India  |
| Image Public Relations Private Limited                                     | India                           | 90   | S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India  |
| Imprimis Life PR Private Limited   | India                           | 90   | S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India  |
| Isobar India Private Limited   | India                           | 100  | Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India  |
| Milestone Brandcom Private Limited   | India                           | 100  | Unit 5, Peninsula Corporate Park, Tower 1, Wing B.G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India  |
| Milestone Signage Solutions Private Limited                                | India                           | 100  | Unit 5, Peninsula Corporate Park, Tower 1, Wing B.G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India  |
| Paragon Digital Services Private Limited                                   | India                           | 100  | CeeDeeYes Tyche Towers, No.14/1A, No.14/1B, No.14/2A Perungudi Bye Pass Road, Chennai, Chennai TN 6000, India  |
| Perfect Relations Private Limited  | India                           | 90   | S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India  |
| Sokrati Technologies Pvt Ltd   | India                           | 100  | Survey No. 35, Deep Complex, 3rd Floor, Mumbai-Bangalore Highway Road, Baner, Pune, Maharashtra, 411 045, India  |
| Storyboard Brandcom Private Limited  | India                           | 100  | Unit 5, Peninsula Corporate Park, Tower 1, Wing B.G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India  |
| SVG Media Private Limited  | India                           | 65   | D-119, Lajpat Nagar-1, New Delhi, South Delhi, 110024, India   |
| Ugam Solutions Private Limited   | India                           | 87   | PRISM TOWER, B WING, 6TH FLOOR, MALAD LINK ROAD, GOREGAON (W) MUMBAI 400062 MH, MUMBAI, IN-MH, 400062; SUNSHINE TOWER, 31ST FLOOR, SENAPATI BAPAT MARG, DADAR (W) MUMBAI Mumbai City MH 400013 IN, MUMBAI, IN-MH, 400013 |
| Ugam Solutions SEZ Private Limited   | India                           | 87   | 6th Floor, 'B' Wing, Prism Tower, Malad Link Road, Goregaon (West), Mumbai, Maharashtra, 400062, India   |
| Ultimedia E-Solutions Private Limited                                      | India                           | 100^   | 8th Floor, Devchano House, C Block, Shivasagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India  |
| WAT Media Pvt. Ltd   | India                           | 100  | 5th & 6th Floor, Apte Properties, Manjrekar Lane, Off. Dr. E Moses Road, Worli, Mumbai, 400018, India  |
| PT. Cursor Media   | Indonesia                       | 100  | Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia   |
| PT. Isopost  | Indonesia                       | 100  | Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia  |
| PT. Mahardhika Insani Adiwarna   | Indonesia                       | 100  | Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia  |
| PT. Valukik  | Indonesia                       | 51   | Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia  |
| PT. Cipta Pratama Kreasi   | Indonesia                       | 51   | Jl. Cipete Raya No.2 RT.014/03, Kel. Cipete Selatan, Kec. Cilandak, Jakarta Selatan, Indonesia   |
| PT. Dwi Sapta Pratama  | Indonesia                       | 51   | No.22, Komplek Gading Bukit Indah Blok I, Jl. Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia  |
| PT. Komunika Pratama Kreasi  | Indonesia                       | 51   | 23, Komplek Gading Bukit Indah Blok I, Jl. Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia   |
| PT. Valuklik Netwerk Indonesia   | Indonesia                       | 51   | Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia   |
| Amnet Ireland Ltd  | Ireland                         | 100  | Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland   |
| Dentsu Aegis Network Ireland Holdings Limited                              | Ireland                         | 100  | Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland   |
| Dentsu Aegis Network Ireland Limited                                       | Ireland                         | 100  | Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland   |
| Lucidity Technologies Limited  | Ireland                         | 100  | Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland   |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Poster Audit Bureau Ltd  | Ireland                         | 100  | Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland  |
| Poster Management Ireland Ltd  | Ireland                         | 100  | Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland  |
| Posterscope Ireland Limited  | Ireland                         | 100  | Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland   |
| Source out of Home Ltd   | Ireland                         | 100  | Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland  |
| Abagada Internet Ltd   | Israel                          | 100  | 21B, Habarzel St, Tel Aviv, 6971029, Israel  |
| Dentsu Aegis Network Israel Ltd  | Israel                          | 100  | 21B, Habarzel St, Tel Aviv, 6971029, Israel  |
| Amnet Italia S.r.l.  | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Amplifi Italia srl   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Carat Italia Spa   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| carat luxury s.r.l.  | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Deepblue Srl   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Dentsu Aegis Network Italia spa  | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Dentsu X SRL   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| iProspect S.r.l.   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Isobar Communications S.r.l.   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| LOW S.r.l.   | Italy                           | 100  | corso Buenos Aires 10, 20124 Milano, Italy   |
| MKTG SRL   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Simple Agency S.r.l.   | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| The Big Now spa  | Italy                           | 100  | corso Buenos Aires 10, 20124 Milano, Italy   |
| Vizeum S.p.a.  | Italy                           | 100  | Via R. Bracco, Milano, NR 6-20159, Italy   |
| Dentsu Aegis Network Cote D'Ivoire   | Ivory Coast                     | 100  | Lot 3807 - Ilot 309 - Cocody 2 plateaux - Abidjan, Cote d'Ivoire, Ivory Coast  |
| John Brown Japan Ltd   | Japan                           | 100  | c/o TA Lawyers GKJ, Shiroyama Trust Tower 15F, Toranomon 4-3-1, Minato-Ku, Tokyo, Japan                              |
| Carat Kazakhstan LLP   | Kazakhstan                      | 75   | 17, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan                                       |
| Dentsu Aegis Network Central Asia/CA LLP                                   | Kazakhstan                      | 75   | 19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan                                     |
| Dentsu Aegis Network Kazakhstan LLP  | Kazakhstan                      | 75   | 19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan                                     |
| Vizeum Kazakhstan LLP  | Kazakhstan                      | 75   | 19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan                                     |
| Amnet East Africa Ltd  | Kenya                           | 100  | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| Carat East Africa Ltd  | Kenya                           | 100  | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| Dentsu Aegis Network Kenya Limited   | Kenya                           | 100  | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| iProspect East Africa Ltd  | Kenya                           | 100  | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| Isobar Kenya Limited   | Kenya                           | 51   | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| Posterscope East Africa Limited  | Kenya                           | 100  | 6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya   |
| Vizeum Kenya Ltd   | Kenya                           | 100  | Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya |
| Carat Korea Co., Ltd   | Korea, Republic of              | 100  | 9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of                                     |

**Dentsu Aegis Network Ltd**

**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Dentsu Aegis Network Korea Co., Ltd.                                       | Korea, Republic of              | 100  | 12F JS Tower, 6, Teheran-ro 79gil, Gangnam-gu, Seoul 06158, Korea, Republic of   |
| Isobar Korea Ltd   | Korea, Republic of              | 100  | 9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of   |
| Vizeum Korea Co., Ltd  | Korea, Republic of              | 100  | 9th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea, Republic of  |
| Dentsu Aegis Network Latvia AS   | Latvia                          | 100  | 214b, Brivibas, Riga, Latvia, LV 1039, Latvia  |
| People & Screens SIA   | Latvia                          | 75   | Rupniecibas iela 16 k-2, Centra rajons, Riga, LV-1010, Latvia  |
| Dentsu Aegis Network Lebanon SARL  | Lebanon                         | 95   | Zakhem Building, Kalaa Street, Sin El Fil, Beirut, Lebanon   |
| Dentsu Aegis Network-Lebanon (Off-shore) S.A.L.                            | Lebanon                         | 100  | 3rd floor, Gallery Semaan, Panorama bldg, Hazmieh, Lebanon   |
| iProspect UAB  | Lithuania                       | 100  | A.Gostauto g. 40B, Vilnius, Lithuania  |
| UAB Carat  | Lithuania                       | 100  | A. Gostauto g. 4-1, Vilnius, Lithuania   |
| UAB Vizeum   | Lithuania                       | 100  | A.Gostauto g. 40B, Vilnius, Lithuania  |
| Portman Square Luxembourg S.a.r.l.   | Luxembourg                      | 100  | 6C, Rue Gabriel Lippmann, L-5365 Munsbach Luxembourg, RCS Luxembourg, B123920  |
| Brandscope Malaysia Sdn Bhd  | Malaysia                        | 100  | B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia   |
| Carat Media Services (M) Sdn Bhd   | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| Columbus Agency iProspect Sdn Bhd  | Malaysia                        | 100  | Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia   |
| Consider Digital Sdn Bhd   | Malaysia                        | 100  | Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia   |
| DAN Empower Malaysia Sdn Bhd   | Malaysia                        | 100  | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia   |
| Dentsu (Malaysia) Sdn. Bhd.  | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| Dentsu One Sdn Bhd   | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| Dentsu Aegis Network Malaysia Sdn Bhd                                      | Malaysia                        | 100  | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia   |
| Dentsu X (Malaysia) Sdn. Bhd   | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| IF Interactive Sdn Bhd   | Malaysia                        | 90   | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| IPROSPECT Malaysia Sdn Bhd   | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| Jumptank Malaysia Sdn Bhd  | Malaysia                        | 100  | B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia   |
| Merdeka LHS Sdn Bhd  | Malaysia                        | 100  | 42B, Jalan SS 6/8, Kelan Jaya, 47301 Petaling Jaya, Selangor, Malaysia   |
| Meridian Outdoor (M) Sdn Bhd   | Malaysia                        | 100  | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia   |
| Posterscope Sdn Bhd  | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| psLIVE Malaysia Sdn Bhd  | Malaysia                        | 100  | B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia   |
| Unity Communications Malaysia Sdn Bhd                                      | Malaysia                        | 100  | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia   |
| Vizeum Media Services (M) Sdn Bhd  | Malaysia                        | 100  | Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia |
| blue-infinity ltd  | Malta                           | 100  | Cali House, Triq Tal-Balal, San Gwann, SGN 9016, Malta   |
| AM Network Group Mexico, S.A. de C.V.                                      | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Arrechedera y Claverol, S.A. de C.V.                                       | Mexico                          | 100  | Lago Andrómaco 84, Granada, Miguel Hidalgo, Mexico City, 11529, Mexico   |
| B2B Gyro México, S.A. de C.V.  | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Buying Uplift Media, S.A de C.V.   | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Carat Mexicana S.A. de C.V.  | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Control Media Region Norte, S.A. de C.V.                                   | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Dentsux Mexicana, S.A. de C.V.   | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Flock Advertising Mexico, S.A.P.I. de C.V.                                 | Mexico                          | 100  | 13, Vicentre Suarex, Condesa, Cuauhtemoc, Mexico City, Mexico  |
| Mercadotecnia en Buscadores, S.A. de C.V.                                  | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| NVG Network, S.A. de C.V.  | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Vizeum de Mexico, S.A. de C.V.   | Mexico                          | 100  | 440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico  |
| Dentsu Aegis Network Morocco SARL  | Morocco                         | 100  | 5th Floor, Residence La Tourette, 5 Angle Bd, Zerkouni et rue de Geneve, Casablanca, MAROC, Morocco  |
| Dentsu Aegis Network Mozambique, LDA                                       | Mozambique                      | 51   | Av/Rua Vladimir Lenine, Bairro Central, No. 174, Andar 10, Outro, Maputo Cidad, Mozambique   |
| Achtung! B.V.  | Netherlands                     | 100  | Prins Hendrikade 20 2 hg, 1012 TL Amsterdam, Netherlands   |
| Aegis International Holding Company BV                                     | Netherlands                     | 100  | Moermanskkade 85, Amsterdam, 1013 BC, Netherlands  |
| Aegis Trademarks BV  | Netherlands                     | 100  | Moermanskkade 85, Amsterdam, 1013 BC, Netherlands  |
| Amnet Nederland B.V.   | Netherlands                     | 100  | Moermanskkade 85, Amsterdam, 1013 BC, Netherlands  |
| Axel Marketing B.V.  | Netherlands                     | 80   | Reduitlaan 27, Unit 2.2,Breda, 4814DC, Netherlands   |
| Carat Nederland BV   | Netherlands                     | 100  | Moermanskkade 93, 1013 BC, Amsterdam, Netherlands  |
| DAN AGL NL B.V.  | Netherlands                     | 100  | Moermanskkade 93, 1013 BC, Amsterdam, Netherlands  |
| Dentsu Aegis Network Netherlands BV  | Netherlands                     | 100  | Moermanskkade 85, Amsterdam, 1013 BC, Netherlands  |
| Forma Damnum B.V.  | Netherlands                     | 66   | Van Diemenstraat 224, 1013 CP, Amsterdam, Netherlands  |
| Group Carat (Nederland) BV   | Netherlands                     | 100  | Moermanskkade 85, Amsterdam, 1013 BC, Netherlands  |
| iProspect Nederland BV   | Netherlands                     | 100  | Moermanskkade 91, 1013 BC Amsterdam, Netherlands   |
| Isobar Nederland BV  | Netherlands                     | 100  | Moermanskkade 89, 1013 BC, Amsterdam, Netherlands  |
| Kobalt Media Nederland BV  | Netherlands                     | 100  | Moermanskkade 83, 1013 BC, Amsterdam, Netherlands  |
| Media Embassy BV   | Netherlands                     | 100  | Moermanskkade 81, 1013 BC, Amsterdam, Netherlands  |
| Merkle Holding B.V.  | Netherlands                     | 80   | Vasteland 74, Rotterdam, 3011 BN, Netherlands  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>                               |
|--|---------------------------------|--|--|
| Merkle Nederland Amsterdam 2 B.V.  | Netherlands                     | 80   | Van Diemenstraat 224, 1013 CP, Amsterdam, Netherlands          |
| Merkle Nederland Amsterdam B.V.  | Netherlands                     | 80   | Meeuwenlaan 89-100, Amsterdam, 1021 JL, Netherlands            |
| Merkle Nederland Breda B.V.  | Netherlands                     | 80   | Reduitlaan 27, Unit 2.2,Breda, 4814DC, Netherlands             |
| Merkle Nederland Group B.V.  | Netherlands                     | 80   | Vasteland 74, Rotterdam, 3011 BN, Netherlands                  |
| Merkle Nederland Rotterdam 2 B.V.  | Netherlands                     | 80   | Vasteland 74, Rotterdam, 3011 BN, Netherlands                  |
| Merkle Nederland Rotterdam B.V.  | Netherlands                     | 80   | Vasteland 74, Rotterdam, 3011 BN, Netherlands                  |
| Vizeum Netherlands BV  | Netherlands                     | 100  | Moermanskade 87, 1013 BC, Amsterdam, Netherlands               |
| Amnet Limited  | New Zealand                     | 100  | 165, Level 4, The Strand, Parnell, New Zealand                 |
| Barnes, Catmur and Friends Limited   | New Zealand                     | 56   | 6/5, High Street, Auckland 1010, New Zealand                   |
| Carat New Zealand Limited  | New Zealand                     | 100  | Level 4, 155 The Strand, Parnell, Auckland, New Zealand        |
| Davanti Consulting Limited   | New Zealand                     | 100  | 68, Sale Street, Auckland Central, Auckland, 1010, New Zealand |
| Dentsu Aegis Network NZ Limited  | New Zealand                     | 100  | 165, Level 4, The Strand, Parnell, New Zealand                 |
| Dentsu Aegis New Zealand Limited   | New Zealand                     | 100  | 165, Level 4, The Strand, Parnell, New Zealand                 |
| iProspect New Zealand Limited  | New Zealand                     | 100  | Pirrit Ca, 15 Farnham Street, Parnell, Auckland, New Zealand   |
| Little Giant Design Ltd  | New Zealand                     | 100  | 7, Cathedral Place, Parnell, Auckland, New Zealand             |
| MKTG New Zealand Limited   | New Zealand                     | 100  | 155 The Strand, Parnell, Auckland, New Zealand                 |
| Vizeum NZ Ltd  | New Zealand                     | 100  | 165, Level 4, The Strand, Parnell, New Zealand                 |
| Amnet-Pro Limited  | Nigeria                         | 25**   | 95B, Oduduwa Crescent, Ikeja, G.R.A, Lagos, Kenya              |
| Carat I.C.P Limited  | Nigeria                         | 25**   | 95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria           |
| Deals Warehouse Limited  | Nigeria                         | 25**   | 12, Oweh Street, Jibowu, Shomolu L.G.A, Lagos, Nigeria         |
| Amnet-Pro Limited  | Nigeria                         | 25**   | 103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria          |
| Carat I.C.P Limited  | Nigeria                         | 25**   | 95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria           |
| Deals Warehouse Limited  | Nigeria                         | 25**   | 1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria          |
| Dentsu Communications Community Limited                                    | Nigeria                         | 25**   | 103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria              |
| Dentsu-X Nigeria Limited   | Nigeria                         | 25**   | 103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria              |
| First Media Red Star International Company Limited                         | Nigeria                         | 25**   | 99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya               |
| Isobar Communications Limited  | Nigeria                         | 25**   | 1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria          |
| Media Fuse Dentsu Aegis Network Ltd  | Nigeria                         | 25**   | 1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria          |
| Posterscope Nigeria Limited  | Nigeria                         | 25**   | 103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria          |
| RapidXtra Limited  | Nigeria                         | 25**   | 99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya               |
| Sales net Nigeria Limited  | Nigeria                         | 25**   | 12, Oweh Street, Jibowu, Shomolu L.G.A, Lagos, Nigeria         |
| Search Prospect Limited  | Nigeria                         | 25**   | 95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria           |
| Vizeum Nigeria Limited   | Nigeria                         | 25**   | 95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria           |
| Amnet Norge AS   | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway                              |
| Carat Norge AS   | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway                              |
| Dentsu Aegis Network Norge AS  | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway                              |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| iProspect AS   | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway  |
| Isobar Norway AS   | Norway                          | 95   | Pilestredet 8, Oslo, 0180, Norway  |
| Innov8 Media Limited   | Nigeria                         | 25**   | 99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya   |
| MKTG Norge AS  | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway  |
| RED Dentsu X AS  | Norway                          | 99   | Pilestredet 27, 0164 Oslo, Norway  |
| RED Media AS   | Norway                          | 99   | Pilestredet 27, 0164 Oslo, Norway  |
| RED Performance AS   | Norway                          | 99   | Pilestredet 27, 0164 Oslo, Norway  |
| RED Storyline AS   | Norway                          | 99   | Pilestredet 27, 0164 Oslo, Norway  |
| RED Tactic AS  | Norway                          | 99   | Pilestredet 27, 0164 Oslo, Norway  |
| Vizeum Norge AS  | Norway                          | 100  | Pilestredet 8, Oslo, 0180, Norway  |
| Aegis Media Group Philippines, Inc.  | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Aegis Media Myco Services, Inc   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Aegis Media Philippines Holding, Inc.                                      | Philippines                     | 30** ^   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| AltEngine Digital Consultancy Inc  | Philippines                     | 100  | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| ASPAC Creative Communications Inc.   | Philippines                     | 100  | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Carat Philippines, Inc   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| HLLRD Holdings, Inc  | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| INNOV8 Media Services, Inc   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Mediaforce Vizeum, Inc   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Posterscope Philippines, Inc   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Shuriken Creatives, Inc.   | Philippines                     | 70   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| STB Out of Home Inc.   | Philippines                     | 51   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Topdown Holdings, Inc  | Philippines                     | 30**   | United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines |
| Amnet Polska sp.z.o.o.   | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Carat Polska Sp. z.o.o.  | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Content Invest Sp. Z.o.o.  | Poland                          | 100  | 45B, Wtodarzewska Street, Warszawa, 02-384, Poland   |
| Dentsu Aegis Network Polska Sp.z.o.o                                       | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Dentsu X Sp. z.o.o.  | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| iProspect Polska SP. z o.o.  | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Isobar Polska Sp.z.o.o   | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Posterscope Polska S.A.  | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Propeller Film Sp. z o.o.  | Poland                          | 100  | 5, Zaniemyska Street, Warszawa, 02-939, Poland   |
| Red 8 Advertising Sp. z o.o.   | Poland                          | 100  | 45B, Wtodarzewska Street, Warszawa, 02-384, Poland   |
| Red 8 Digital Sp. z o.o.   | Poland                          | 100  | 45D, Wtodarzewska Street, Warszawa, 02-384, Poland   |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| UNLIMITED Sp. z o.o.   | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Vizeum Polska Sp. z.o.o.   | Poland                          | 100  | 12, Czerska Street, Warszawa, 00-732, Poland   |
| Carat Portugal Communicacao, Unipessoal Lda.                               | Portugal                        | 100  | R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal   |
| Dentsu Aegis Network Portugal, Unipessoal Lda.                             | Portugal                        | 100  | R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal   |
| Dentsu X Portugal - Publicidade e Comunicacao Unipessoal Lda               | Portugal                        | 100  | R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal   |
| MSTF Partners - Agencia de Publicidade SA                                  | Portugal                        | 100  | R. do Borja, 6 - 1350-047, Lisboa, Spain   |
| Not So Random Media - Unipessoal, Lda.                                     | Portugal                        | 100  | R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal   |
| Techisobar, Unipessoal Lda   | Portugal                        | 100  | Edificio Adamastor, Torre B, Av. D. Joao II, no. 9-1 Piso 8 Frannao A, Lisboa, 1990-077, Portugal                  |
| View - Design e Consultoria de Comunicacao                                 | Portugal                        | 100  | R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal   |
| Dentsu Aegis Network Doha - LLC  | Qatar                           | 100  | 708, 7th Floor, Salant Glibex Business Centre, The Gate Tower 2, Doha, Qatar                                       |
| Carat Romania S.R.L.   | Romania                         | 100  | George Enescu Street 11-11A, Bucharest, Romania  |
| Dentsu Aegis Network Romania SRL   | Romania                         | 100  | George Enescu Street 11-11A, Bucharest, Romania  |
| AAPS Media OOO   | Russian Federation              | 75   | 2 Zvenigorodskaya Street, house 13, building 42, Moscow, 123022, Russian Federation                                |
| Ad O'Clock LLC   | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld.2,11 floor, placement I, room 51, Moscow, 123112, Russian Federation               |
| Adwatch Agency OOO   | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld.2,28 floor, placment I, room 26, Moscow, 123112, Russian Federation                |
| Amnet OOO  | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation   |
| Aaron Lloyd LLC  | Russian Federation              | 75   | Presnenskaya emb, 6 build. 2, office 2010.1, Moscow, 123112, Russian Federation                                    |
| Carat-Russ Media LLC   | Russian Federation              | 75   | 11, building 3, 1st floor, space11, office 42, Selskohozaystvennaya, Moscow, 129226, Russian Federation            |
| Dentsu Aegis Central Services OOO  | Russian Federation              | 75   | Syromyatnichesky pr. 4,building 2, Moscow, Russian Federation  |
| Dentsu Aegis Digital OOO   | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation   |
| Dentsu Aegis LLC   | Russian Federation              | 75   | Syromyatnichesky pr. 4,building 2, Moscow, Russian Federation  |
| Dentsu X Limited Liability Company   | Russian Federation              | 75   | Presnenskay emb, 6/2, 10 floor, placment I, room 29, Moscow, Russian Federation                                    |
| Health Media Division LLC  | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation   |
| iProspect OOO  | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation   |
| Posterscope OOO  | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld.2, 11 floor, placement I, room 35, Moscow, 123112, Russian Federation              |
| SNS LLC  | Russian Federation              | 75   | Office 011, House No. 49, 50 let Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation |
| Trafic Isobar LLC  | Russian Federation              | 75   | h.41, Office 429, St Komsomola, St Petersburg, 195009, Russian Federation  |
| Vizeum 000   | Russian Federation              | 75   | Syromyatnichesky pr. 4, building 2, Moscow, Russian Federation   |
| Vizeum Health LLC  | Russian Federation              | 75   | Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation   |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| DENTSU AEGIS NETWORK SENEGAL   | Senegal                         | 100  | Liberte 6 Extension - Immeuble Soda Marieme - Bat A - 5th floor, Dakar, Senegal |
| Namics d.o.o.  | Serbia                          | 100  | Bulevar kralja Aleksandra 28, Beograd 11000, Serbia                             |
| Aegis Media Asia Pacific Digital Pte Ltd                                   | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881                          |
| Aegis Media Asia Pacific Pte Ltd   | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881                          |
| All That Matters Pte. Ltd.   | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore       |
| Amnet South East Asia Pte Ltd  | Singapore                       | 100  | 1 Wallich street, #20-01 Guoco Tower, Singapore 078881                          |
| Band Pte Ltd   | Singapore                       | 100  | 10 Raeburn Park #02-10, Singapore, 088702, Singapore                            |
| Bluecom Solutions Pte. Ltd.  | Singapore                       | 100  | 230 Victoria Street #11-03/04 Bugis Junction, 188024, Singapore                 |
| Carat Media Services Singapore Pte Ltd                                     | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881                          |
| David Wood & Associates Pte. Limited                                       | Singapore                       | 100  | 175A Bencoolen Street, 11-00 Burlington Square, 189650, Singapore               |
| Dentsu Aegis Network Asia Pacific Pte Ltd                                  | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881                          |
| Dentsu Aegis Network Singapore Holdings Pte Ltd                            | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881                          |
| Dentsu Asia Pte. Ltd.  | Singapore                       | 100  | 1 Wallich street, #23-01 Guoco Tower, Singapore 078881                          |
| Dentsu Singapore Pte. Ltd.   | Singapore                       | 100  | 1 Wallich street, #23-01 Guoco Tower, Singapore 078881                          |
| Dentsu X Pte Ltd   | Singapore                       | 100  | 1 Wallich street, #23-01 Guoco Tower, Singapore 078881                          |
| Future Marketer Pte. Ltd.  | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore       |
| Gyro Communications PTE. LTD.  | Singapore                       | 100  | One Marina Boulevard #28-00, Singapore, Singapore                               |
| Happy Marketer Private Ltd.  | Singapore                       | 100  | 1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore       |
| IProspect Singapore Pte. Ltd.  | Singapore                       | 100  | 1 Wallich street, #21-01 Guoco Tower, Singapore 078881                          |
| Mangham Gaxiola Pte Ltd  | Singapore                       | 100  | 91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore                |
| Novus Digital Solutions Pte Ltd  | Singapore                       | 100  | 1 Wallich street, #20-01 Guoco Tower, Singapore 078881                          |
| Novus Groups Holdings Pte Ltd  | Singapore                       | 100  | 1 Wallich street, #20-01 Guoco Tower, Singapore 078881                          |
| Novus Media Solutions Pte Ltd  | Singapore                       | 100  | 1 Wallich street, #20-01 Guoco Tower, Singapore 078881                          |
| Posterscope (South East Asia) Pte Ltd                                      | Singapore                       | 100  | 1 Wallich street, #21-01 Guoco Tower, Singapore 078881                          |
| The Upper Storey Pte Ltd   | Singapore                       | 100  | 1 Wallich street, #23-01 Guoco Tower, Singapore 078881                          |
| Vizeum Singapore Pte Ltd   | Singapore                       | 100  | 1 Wallich street, #21-01 Guoco Tower, Singapore 078881                          |
| Vizeum Taiwan Pte Ltd  | Singapore                       | 100  | 1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore            |
| Amnet Slovakia, s.r.o.   | Slovakia                        | 100  | Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia                   |
| Carat - Slovakia, s.r.o.   | Slovakia                        | 100  | Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia                   |
| Dentsu Aegis Network Slovakia, s.r.o.                                      | Slovakia                        | 100  | Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia                   |
| Vizeum Slovakia, s.r.o.  | Slovakia                        | 100  | Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia                   |
| Aegis Media Central Services (Pty) Ltd                                     | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                  |
| Aegis Media South Africa (Pty) Ltd   | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                  |
| Amplifi Salesnet South Africa (Pty) Ltd                                    | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Clickthinking Online (Pty) Ltd   | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Crimson Room Communication (Pty) Ltd                                       | South Africa                    | 52   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Data Nirvana (Pty) Ltd   | South Africa                    | 100  | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Dentsu Aegis Amnet SSA (Pty) Ltd   | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Dentsu Aegis Network SSA (Pty) Ltd   | South Africa                    | 100  | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| FoxP2 (JHB) Advertising (Pty) Ltd  | South Africa                    | 52   | First Floor Illovo Junction, 1 Corlett Drive, Illovo Johannesburg, Gauteng, 2196, South Africa |
| FoxP2 Advertising (Pty) Ltd  | South Africa                    | 52   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa                 |
| FoxP2 Holdings (Pty) Ltd   | South Africa                    | 52   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa                 |
| FoxP2 International (Pty) Ltd  | South Africa                    | 52   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa                 |
| FoxP2 SA Holdco (Pty) Ltd  | South Africa                    | 52   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa                 |
| Full Circle Media (Pty) Ltd  | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| John Brown South Africa (Pty) Limited                                      | South Africa                    | 87   | B4 Century Square, Heron Crescent, Century City, 7441, South Africa                            |
| MEC Carat (Pty) Ltd  | South Africa                    | 87^  | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Mutant (Pty) Ltd   | South Africa                    | 52   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa                 |
| Posterscope (Pty) Ltd  | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Rapid Media Outdoor Services (Pty) Ltd                                     | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Trigger Communication Consulting (Pty) Ltd                                 | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Vizeum Media South Africa (Pty) Ltd  | South Africa                    | 87   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa                                 |
| Actividades De Ocio Y Educacion, S.L.                                      | Spain                           | 51   | Calle Alfarería 2. Pol. Ind. Los Rosales., 28933 Móstoles, Madrid, Spain                       |
| Amnet Spain S.L.   | Spain                           | 100  | Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain          |
| ANIMAL M ADVERTISING, S.L.U.   | Spain                           | 51   | Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain                                 |
| ANIMAL MEDIA, S.L.U.   | Spain                           | 51   | Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain                                 |
| CARAT ESPAÑA, S.A.U.   | Spain                           | 100  | Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain          |
| Comunica Mas A, Agencia de Publicidad, S.L.                                | Spain                           | 51   | 58, Calle Pradillo, Madrid, Spain  |
| Dentsu Aegis Network Iberia S.L.U.   | Spain                           | 100  | Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain          |
| Dentsu Media, S.L.   | Spain                           | 75   | Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain    |
| Divisadero Digital Intelligence S. L.                                      | Spain                           | 100  | Calle Menorca, 3. planta 2, Madrid, 28009, Spain   |
| Gyro Spain, S.L.   | Spain                           | 100  | Número 39, de la calle Cristóbal Bordiu, No 22, Madrid, Spain                                  |
| Inteligencia Yperform S.L.   | Spain                           | 100  | Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain    |
| Mediasal 2000 S.A.   | Spain                           | 70   | Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain  |
| Merkle S.L.U.  | Spain                           | 75*  | Av Diagonal 177-183 Piso 7, Barcelona, 08018, Spain  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| NetThink Iberia S.L.U  | Spain                           | 100  | Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain       |
| Netthink North S.A.  | Spain                           | 68   | Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain   |
| Posterscope Iberia S.A.U.  | Spain                           | 100  | Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain       |
| Producciones Puertabierta, S.L   | Spain                           | 51   | Puerto de Navacerrada, 33, 28935 Móstoles, Madrid, Spain                                    |
| RPM Racing, S.L.   | Spain                           | 100  | 8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain               |
| SUPER ANIMAL CORPORATE, S.L  | Spain                           | 51   | Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain                              |
| UTE ASO - RPM, S.L Union temporal de Empresas                              | Spain                           | 50   | 8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain               |
| Wink Transforming Through Digital S.L                                      | Spain                           | 100  | Paseo de la Castellana, 83-85, 9a, Madrid, Spain  |
| Ymedia Vizeum & Wink, S.A.U.   | Spain                           | 100  | Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain |
| Dentsu Aegis Network (Private) Limited                                     | Sri Lanka                       | 70   | No.5, Githanjali Place, Colombo 3, Sri Lanka  |
| Dentsu Grant (Private) Limited   | Sri Lanka                       | 85   | No.5, Githanjali Place, Colombo 3, Sri Lanka  |
| R N Media (Private) Limited  | Sri Lanka                       | 70   | No.5, Githanjali Place, Colombo 3, Sri Lanka  |
| Amnet Sverige AB   | Sweden                          | 100  | 108, Asogatan, Stockholm, 118 29  |
| Carat Sverige AB   | Sweden                          | 100  | Box 4125, Stockholm, 102 63, Sweden   |
| Dentsu Aegis Network Nordic AB   | Sweden                          | 100  | Box 4125, Stockholm, 102 63, Sweden   |
| Dentsu Aegis Network Sverige AB  | Sweden                          | 100  | Box 4125, Stockholm, 102 63, Sweden   |
| iProspect AB   | Sweden                          | 100  | 108, Asogatan, Stockholm, 118 29  |
| Isobar Sweden AB   | Sweden                          | 95   | 108, Asogatan, Stockholm, 118 29  |
| MKTG Sverige AB  | Sweden                          | 100  | 108, Asogatan, Stockholm, 118 29  |
| Outfox Intelligence AB   | Sweden                          | 95   | Box 2205, 10315, Stockholm, Sweden  |
| Posterscope Sverige AB   | Sweden                          | 100  | Box 4194, Stockholm, 102 64, Sweden   |
| Vizeum Sverige AB  | Sweden                          | 100  | Box 11940, Goteborg, 404 39, Sweden   |
| blue-infinity (Software) SA  | Switzerland                     | 100  | 35, Rte des Jeunes, 1227 Carouge, Switzerland   |
| Carat Switzerland AG   | Switzerland                     | 100  | Kanzleistrasse 57, Zurich, 8004, Switzerland  |
| Dentsu Aegis Network Switzerland AG  | Switzerland                     | 100  | Kanzleistrasse 57, Zurich, 8004, Switzerland  |
| iProspect Switzerland AG   | Switzerland                     | 100  | Kanzleistrasse 57, Zurich, 8004, Switzerland  |
| Isobar Technologies SA   | Switzerland                     | 100  | 4 Rue de l'Avant-Poste, 1005 Lausanne, Switzerland  |
| Isobar Technologies Switzerland SA   | Switzerland                     | 100  | 35, Rte des Jeunes, 1227 Carouge, Switzerland   |
| Namics AG  | Switzerland                     | 100  | Unterstrasse 12, 9000, St Gallen, Switzerland   |
| Vizeum Switzerland AG  | Switzerland                     | 100  | Kanzleistrasse 57, Zurich, 8004, Switzerland  |
| AAA Media Ltd  | Taiwan                          | 100  | 30F, No. 100, Songren Road, Taiwan City, Taiwan   |
| Amnet Taiwan Ltd.  | Taiwan                          | 100  | 8F, No. 100, Songren Road, Taiwan City, Taiwan  |
| Amplifi Taiwan Co., Ltd.   | Taiwan                          | 100  | 30F, No. 100, Songren Road, Taiwan City, Taiwan   |
| Carat Media Taiwan Ltd   | Taiwan                          | 100  | 8F, No. 100, Songren Road, Taiwan City, Taiwan  |
| iProspect Taiwan Ltd   | Taiwan                          | 100  | 10F, No. 100, Songren Road, Taiwan City, Taiwan   |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| Isobar Taiwan Co., Ltd   | Taiwan                          | 100  | 10F, No. 100, Songren Road, Taiwan City, Taiwan   |
| Vizeum Taiwan Co Ltd   | Taiwan                          | 100  | 9F-1, No. 100, Songren Road, Taiwan City, Taiwan  |
| WIS Performance Media Inc.   | Taiwan                          | 100  | 6F, 337, Fuxing N. Road, Taipei City, Taiwan  |
| Dentsu Aegis Network Tanzania Limited                                      | Tanzania                        | 85   | 1826 Chole Road, Masaki, Dar Es Salaam, Tanzania  |
| Posterscope Tanzania Limited   | Tanzania                        | 100  | Plot 174, Ruhinde Street, Ada Estate Street, Dar Es Salaam, Tanzania  |
| Amplifi (Thailand) Co., Ltd  | Thailand                        | 92   | 968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Buffyshrek Holding Co., Limited  | Thailand                        | 75   | 968 U Chu Liang Bldg., 22nd Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Carat (Thailand) Co., Ltd  | Thailand                        | 100^   | 968 U Chu Liang Bldg., 36th Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Dentsu Aegis Network (Thailand) Company Ltd                                | Thailand                        | 92^  | 968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangkok, Bangkok, 10500, Thailand                       |
| Dentsu Holdings (Thailand) Ltd.  | Thailand                        | 100  | 27th Fl,U Chu Liang Bldg.,968 Rama Iv,Silom,Bangkok,Bangkok 10500, Bangkok, Thailand                              |
| Dentsu One (Bangkok) Ltd.  | Thailand                        | 100  | 323 United Center Bldg. 16th Floor, Unit 1601-1602A, Silom Road, Silom, Bangkok, Bangkok 10500, Bangkok, Thailand |
| Dentsu X (Thailand) Ltd  | Thailand                        | 100  | 15th Floor Zone B, U-Chu Liang Bldg, Silom, Bangkok 10500, Bangkok, Thailand                                      |
| Dentsu (Thailand) Ltd.   | Thailand                        | 98   | 27th-28th Floor, U-Chu Liang Bldg., 968 Rama IV Road, Silom, Bangkok, Bangkok, 10500, Bangkok, Thailand           |
| Digitalis Interactive Co., Ltd   | Thailand                        | 97   | 968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Flexmedia Co., Ltd.  | Thailand                        | 92   | 968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangkok, Bangkok 10500, Thailand                        |
| iProspect (Thailand) Co., Ltd  | Thailand                        | 92   | 968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangkok, Bangkok 10500, Thailand                        |
| Isobar (Thailand) Co., Ltd   | Thailand                        | 96   | 968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Vizeum (Thailand) Co., Ltd   | Thailand                        | 92   | 968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangkok, Bangkok, 10500, Thailand                          |
| Carat Tunisia SA   | Tunisia                         | 51   | 6 ave abderrahman Azzem BP no.83, Montplaisir, 1002, Tunisia  |
| Amnet Reklamcılık ve Medya İletişim Hizmetleri Tic. Ltd Sti                | Turkey                          | 100  | No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, İstanbul, 34367, Turkey, Europe                       |
| Carat Medya Ve İletişim Hizmetleri A.S.                                    | Turkey                          | 100  | No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, İstanbul, 34367, Turkey, Europe                       |
| Dentsu Aegis Network Turkey Medya Hizmetleri Ltd Sti                       | Turkey                          | 100  | Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe                          |
| iProspect Reklamcılık Pazarlama Ve Bilişim Hizmetleri Sti.                 | Turkey                          | 100  | Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe                          |
| Posterscope Medya Reklamcılık Ve İletişim Hizmetleri Limited Şirketi       | Turkey                          | 100  | Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe                          |
| Sesli Harfler Reklam Tanitim ve Yayın Hizmetleri San. Tic. A.S.            | Turkey                          | 100  | Merkez Mah. iyiniyet Sok, No. 33 Karper Plaza, Kat:4 Bomonti, Sisli, İstanbul, Turkey                             |
| Vizeum Medya Ve İletişim Hiz A.S.  | Turkey                          | 100  | Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe                          |
| DAN Uganda Limited   | Uganda                          | 100  | 5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda  |
| Posterscope Uganda Limited   | Uganda                          | 100  | 5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda  |
| Amnet Mena FZ-LLC  | United Arab Emirates            | 100  | Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates                               |
| Carat Middle East FZ LLC   | United Arab Emirates            | 100  | Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates                               |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Dentsu Aegis Network FZ-LLC  | United Arab Emirates            | 100  | Premises 301, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| dentsu x FZ-LLC  | United Arab Emirates            | 100  | Premises 201, Floor 2, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| iProspect FZ LLC   | United Arab Emirates            | 100  | Premises 102, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| Isobar FZ LLC  | United Arab Emirates            | 51   | Premises 303, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| John Brown Media FZ-LLC  | United Arab Emirates            | 100  | Premises 204, floor 2, Galadhari & Associates building, Dubai, United Arab Emirates                  |
| Merkle ME FZ-LLC   | United Arab Emirates            | 79   | Premises 205, Floor 2, Galadhari & Associates building, P.O. Box 502956, Dubai, United Arab Emirates |
| Posterscope FZ LLC   | United Arab Emirates            | 100  | Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| Vizeum FZ LLC  | United Arab Emirates            | 100  | Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates                  |
| Admatics.com Ltd   | United Kingdom                  | 100  | The Picasso Building, Caldervale Road, Wakefield, West Yorkshire, WF1 5PF, England                   |
| Aegis Europe Finance (Alpha) Limited                                       | United Kingdom                  | 100^   | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Aegis Europe Finance Limited   | United Kingdom                  | 100^   | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Aegis Group Participations Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Aegis Group Trustees Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Aegis International (Administration) Limited                               | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Aegis International Limited  | United Kingdom                  | 100^   | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Alban Communications Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Amnet Limited - UK   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Amnet Manchester Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Amplifi Global Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Amplifi Technology Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Avid Media Ltd   | United Kingdom                  | 51   | 1A, Neal's Yard, 19 Shorts Garden, London, WC2H 9AW, England   |
| Barrington Johnson Lorains Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| BJL Group Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| B2B International Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Carat Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Carat Media Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Comet Solutions Holdings Ltd   | United Kingdom                  | 75*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| D 2 D Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| DAN Regents Place Finance Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Dentsu Aegis Edinburgh Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Dentsu Aegis Leeds Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Dentsu Aegis London Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Dentsu Aegis Manchester Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |
| Diffiniti UK Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| DWA Treasury Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Feather Brooksbank (No.2) Limited  | United Kingdom                  | 100  | 2, Capital House, 4th Floor, Festival Square, Edinburgh, EH3 9SU, Scotland                        |
| Feather Brooksbank Limited   | United Kingdom                  | 100  | 2, Capital House, 4th Floor, Festival Square, Edinburgh, EH3 9SU, Scotland                        |
| Gleam Digital Limited  | United Kingdom                  | 89   | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Gleam Futures International Holdings Limited                               | United Kingdom                  | 89   | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Gleam Futures Limited  | United Kingdom                  | 89   | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Gleam Group Limited  | United Kingdom                  | 89   | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Gyro Communications Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Hallco 990 Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Heavyweight Sports Marketing Limited                                       | United Kingdom                  | 100  | Suite 5B, Brook House, 77 Fountain Street, Manchester, M2 2EE                                     |
| Isobar Commerce Global Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Isobar Dormant Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Isobar London Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| John Brown Catalogues Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| John Brown Digital Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| John Brown Magazines Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| John Brown Publishing Group Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Liveposter Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Merkle Marketing Limited   | United Kingdom                  | 75*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Merkle UK One Limited  | United Kingdom                  | 75*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Merkle UK Three Limited  | United Kingdom                  | 75*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Merkle UK Two Limited  | United Kingdom                  | 75*  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| MMA Technologies Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Open Outdoor Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Outdoor Life Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Paragon Digital Services Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Portman Square US Holdings Limited   | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Poster Audit Bureau (N.I.) Limited   | United Kingdom                  | 100  | College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland |
| Posterscope Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Re:Production Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Source Out Of Home (N.I.) Limited  | United Kingdom                  | 100  | College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland |
| TCF-SCHEMA Holdings Ltd  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Tempero Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| The SCHEMA Customer Framework Ltd  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |
| Ugam International Limited   | United Kingdom                  | 87^  | 173, Cleveland Street, London, W1T 6QR, England   |
| Videobeat Networks Ltd   | United Kingdom                  | 70   | 207, Regent Street, London, W1B 3HH, England  |
| Vizeum UK Limited  | United Kingdom                  | 100  | 10, Triton Street, Regent's Place, London, NW1 3BF, England                                       |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Whitespace (Scotland) Limited  | United Kingdom                  | 100  | Norloch House, King's Stables Road, Edinburgh, EH1 2EU, Scotland   |
| 360i LLC   | United States                   | 100  | 32 Avenue of the Americas, 6th Floor, New York, New York 10013, New York, NY, United States                |
| 500Friends, LLC  | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| 5th International US, Inc.   | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Accordant Media, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Aegis DMN, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Aegis Lifestyle, Inc.  | United States                   | 100  | 32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States                                     |
| Aegis Media Americas, LLC  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Aegis Media Deep Blue, Inc.  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Aegis Media Innov8 LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Agyle Advantage, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| AM Innov8 Content, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| AM Innov8 OOH, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| AM Innov8 Search, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| AM Trade Inc.  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Amnet Group, Inc.  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Amplifi, Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Amplifi Live, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Avid Media US, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| B2B International USA Inc.   | United States                   | 100  | Suite 201, Cogency Global Inc, 850 New Burton Road, Dover, DE, 19904, United States                        |
| Bluestreak Group Inc.  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| C2C Media LLC  | United States                   | 100  | Harvard Business Services, Inc., 16192 Coastal Highway, Lewes, DE, 19958, United States                    |
| Carat Direct, Inc.   | United States                   | 100  | 1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States                                   |
| Carat Exchange Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                  |
| Carat Media Consultants, Inc.  | United States                   | 100  | 1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States                                   |
| Carat Trade, Inc.  | United States                   | 100  | 310, Agents for Delaware Corporations, Inc., Alder Road, POB 841, Dover, DE, DE 19904, United States       |
| Carat USA, Inc.  | United States                   | 100  | CT, 818W, Seventh St, Los Angeles, CA90017, United States  |
| Carat/IMS, Inc.  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Cardinal Path LLC  | United States                   | 100  | St Service Co., 4250 North Drinkwater Boulevard, Fourth Floor, Scottsdale, AZ, AZ85251-3693, United States |
| Character SF, LLC  | United States                   | 100  | 447, Battery Street, 3rd Floor, San Francisco, CA, CA94111, United States                                  |
| Clownfish Marketing Inc.   | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| Comet Global Consulting Holdings, LLC                                      | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| Comet Global Consulting LLC  | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| Copernicus: The Marketing Investment Strategy Group, Inc.                  | United States                   | 100  | 1, Corporate Centre, Hartford, CT, CT 06103, United States  |
| Covario, Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| CVH Group LLC  | United States                   | 100  | National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States |
| D1 Ink, Ltd  | United States                   | 100  | 16211, N Scottsdale Road #484, Scottsdale, AZ, 85254, United States   |
| Data2Decisions, Inc.   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| David Wood and Associates Inc.   | United States                   | 75*  | 1160, Suite 400, Battery Street West, San Francisco, CA, CA94111  |
| Dentsu Aegis Advertising, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| Dentsu Aegis Network US Holdings, Inc.                                     | United States                   | 100  | CT, 820 Bear Tavern Road, West Trenton, New Jersey, 08628, United States                                    |
| Dentsu America, LLC  | United States                   | 100  | 32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States                                      |
| Dentsu Holdings USA LLC  | United States                   | 100  | 32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States                                      |
| Dentsu McGarry Bowen, LLC  | United States                   | 100  | 601W 26th Street NY 10001, New York, NY, United States  |
| Dentsu X, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| Digital Evolution Group, LLC   | United States                   | 100  | Dale Hazlett, 10801 Mastin Blvd Suite 130, Overland Park, KS, KS 66210, United States                       |
| E-Nor, LLC   | United States                   | 100  | 5201, SUITE 320, GREAT AMERICA PARKWAY, SANTA CLARA, CA, CA 95054, United States                            |
| Eaton Gate LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                   |
| Fetch Media, Inc.  | United States                   | 100  | 3500, South Dupont Highway, City of Dover, County of Kent, Delaware, 19901, United States                   |
| Filter Holdings, LLC   | United States                   | 75*  | 1425 Fourth Ave, Suite 1000, Seattle, WA 98101, United States   |
| Filter, LLC  | United States                   | 75*  | 1425 Fourth Ave, Suite 1000, Seattle, WA 98101, United States   |
| Findr Group, LLC   | United States                   | 100  | Leslee Schwartz, JD, 9 Tilton Drive, Ocean Township, NJ, 07712, United States                               |
| Findr Interactive, LLC   | United States                   | 100  | 114 West, 26th Street, 8th Floor, New York, NY, 10001, United States  |
| Firstborn Multimedia Corporation   | United States                   | 100  | 32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States                                      |
| Forbes Consulting Group, LLC   | United States                   | 100  | 24, Hartwell Avenue, Lexington, United States   |
| Fuel Professional Casting Network LLC                                      | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States   |
| Gleam Futures LLC  | United States                   | 89   | 2140 South Dupont Highway, Camden, DE, 19934, United States   |
| Global Mind USA LLC  | United States                   | 100  | Suite 212, Gabriela Trench, 250 NW 23rd Street, Miami, FL, FL33127, United States                           |
| Gravity Media, LLC   | United States                   | 100  | 114 West, 26th Street, 8th Floor, New York, NY, 10001, United States  |
| Gyro, LLC  | United States                   | 100^   | 115, Broadway, New York, NY, United States  |
| GyroHSR Inc.   | United States                   | 100  | 115, Broadway, New York, NY, United States  |
| HelloWorld Inc.  | United States                   | 65*  | Suite 2100, 3000 Town Centre, Southfield, MI, M1 48075, United States                                       |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| ICUC/iProspect Moderation Services, Inc.                                   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| Impaqt LLC   | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Enterprise B2B, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| iProspect.com, Inc.  | United States                   | 100  | 200, Clarendon Street, Boston, MA, 02116, United States   |
| Isobar, INC.   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| John Brown Holdings (US) Corp.   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| John Brown US LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| Leapfrog Direct Response LLC   | United States                   | 100  | National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States                   |
| Leapfrog Online Customer Acquisition, LLC                                  | United States                   | 100  | Corporate Creations Network In, 3411 Silverside Road, Tatnall Building, Suite 104, Wilmington, Delaware, 19810, United States |
| McGarry Bowen, LLC   | United States                   | 100  | 601W 26th Street NY 10001, New York, NY, United States  |
| Media 8, LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| Merkle Analytics LLC   | United States                   | 75*  | Suite 800, 10800NE 8th St, Bellevue, WA, 98004-4462, United States  |
| Merkle Creative LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Dentsu Aegis Axis LLC   | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Group Inc.  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Inc.  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle International Holdings LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Mobile LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Muscle LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Response Services, Inc.   | United States                   | 75*  | 100, Jamison Court, Hagerstown, MD, United States   |
| Merkle Search LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle UK LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Pinpoint LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Merkle Thunder LLC   | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States  |
| Mitchell Communications Group, LLC   | United States                   | 100  | 2 College Ave, Fayetteville, AR, 72701, United States   |
| MKTG, Inc.   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |
| MuteSix Group, Inc.  | United States                   | 100  | United Agent Group Services Inc, 4640 Admiralty Way, 5th Floor, Marina Del Rey 90292, United States                           |
| Mutesix, LLC   | United States                   | 100  | United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810, United States                      |
| Navegg International LLC   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States                                     |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| New Control, LLC   | United States                   | 75*  | 33, Suite 500, W. Monroe St, Chicago, IL, United States  |
| Night Pool LLC   | United States                   | 100  | United Agent Group Inc., 8275 South Eastern #200, Las Vegas, Nevada, 89123, United States        |
| Outdoor Vision Inc.  | United States                   | 100  | Suite 240, 13181 Crossroads Parkway, City of Industry, California, 91746, United States          |
| Paragon Digital Services, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| PointMarc Consulting LLC   | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Portman Square Acquisition Co.   | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Posterscope USA, Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Posterscope, Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Rockett Interactive, Inc.  | United States                   | 100  | 400, Widdington Lane, Cary, NC 27519, United States  |
| Roundarch Isobar Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Same Same USA inc.   | United States                   | 100  | RFI Studio, 840 East 59th Street, New York, NY10022, United States                               |
| Social AMP, LLC  | United States                   | 75*  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Swirl, Inc.  | United States                   | 100  | Martin Lauber, 101 Montgomery St #200, San Francisco, CA, CA94129, United States                 |
| Team Epic LLC  | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Tempero, Inc.  | United States                   | 100  | 1995 Broadway, 16th Floor, New York, NY10023, United States                                      |
| The Rimm-Kaufman Group, LLC  | United States                   | 75*  | 7001, Columbia Gateway Drive, Columbia, MD, 21046, United States                                 |
| The Story Lab, Inc.  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Trade Media Management, Inc.   | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Triomphant Communications LLC  | United States                   | 100  | 114 West, 26th Street, 8th Floor, New York, NY, 10001, United States                             |
| V2, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Velocity Sports & Entertainment LLC  | United States                   | 100  | One Landmark Square, Ste 1400, Stamford, Connecticut, United States                              |
| Ugam Solutions Inc   | United States                   | 87   | 108 West 13th Street, New Castle, Wilmington, DE, 19801, United States                           |
| Videobeat Networks Inc.  | United States                   | 70   | 188, Suite 304, Grand Street, New York, NY 10013, United States                                  |
| Vivid Marketing, LLC   | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Vizeum, LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Vizeum, trade LLC  | United States                   | 100  | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States        |
| Wave Influence LLC   | United States                   | 100  | 1209, Orange Street, Wilmington, DE, 19801, United States  |
| Aegis Media (Vietnam) Co., Ltd   | Vietnam                         | 100  | 19th Floor Vincom Center, 72 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam          |
| Ambient Digital Advertising Service Company Limited                        | Vietnam                         | 100  | 10th Floor, HDT Building, 36 Bui Thi Xuan, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam |
| Ambient Holdings Joint Stock Company                                       | Vietnam                         | 100  | 10th Floor, HDT Building, 36 Bui Thi Xuan, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam |

## Dentsu Aegis Network Ltd

### Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

| <b>Section 2 - Subsidiaries held indirectly by the Company (continued)</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>   |
|--|---------------------------------|--|--|
| Bluecom Solutions Vietnam One Member Limited Liability Company             | Vietnam                         | 100  | Lầu 7, Tòa nhà Scetpa 19A, Cộng Hòa, Phường 12, Tân Bình District, Hồ Chí Minh City, Vietnam |
| Dentsu Vietnam Limited   | Vietnam                         | 72   | 16th Floor Vincom Center, 72 Lê Thánh Tôn Street, District 1, Hồ Chí Minh City, Vietnam      |
| Emerald Consulting Company Limited   | Vietnam                         | 51   | 40, 2nd floor, Ward 06, Pham Ngoc Thach, District 3, Hồ Chí Minh, Vietnam                    |
| Redder Asia Advertising Joint Stock Company                                | Vietnam                         | 99   | 39 Lương Hữu Khanh, Ward Pham Ngu Lao, District 1, Hồ Chí Minh, Vietnam, Vietnam             |
| Dentsu Aegis Network Zambia Limited  | Zambia                          | 100  | 1786/M, 3rd Street, Ibex Hill, Lusaka, Zambia  |

\* Diluted base: 68% (HelloWorld Inc.: 59%)

\*\* The Group consolidates these entities in accordance with IFRS.

^ The Group also holds 100% of one or more classes of preference shares in these entities, with the following exceptions:

87% for MEC Carat, South Africa

30% for Aegis Media, Philippines

49% for Aegis Media, Thailand

83% for Carat, Thailand

| <b>Section 3 - Associates held indirectly by the Company</b> | <b>Country of incorporation</b> | <b>% of equity capital and voting rights held by the Company</b> | <b>Registered office address</b>  |
|--|---------------------------------|--|---|
| Taproot Dentsu India Communication Private Limited           | India                           | 48   | Plot No. 123, Konkan Nagar Hall Premises, Lt. Prakash Narayan Kotnis Marg, near Hinduja Hospital, Mahim (West), Mumbai 400 016, India |
| sMedia Base Advertising Sdn Bhd                              | Malaysia                        | 49   | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia  |
| Perunding Pakar Media Sdn Bhd                                | Malaysia                        | 30   | No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia  |
| MGLB Pte Ltd   | Singapore                       | 20   | 91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore  |
| Dentsu Aegis Network Employee Scheme (PTY) Ltd               | South Africa                    | 49   | 31, Brickfield Road, Salt River, Cape Town, 7925, South Africa  |
| FoxP2 Empowerment Company (Pty) Ltd                          | South Africa                    | 26   | 2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa  |
| Titan World Series S.L.                                      | Spain                           | 50   | 8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain   |
| UTE ASO - RPM, S.L Union temporal de Empresas                | Spain                           | 50   | 8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain   |
| Jiji Press (Thailand) Co., Ltd                               | Thailand                        | 29   | 138 Boonmitr Bldg, 8th Floor, Silom Road, Bangrak, Bangkok, Thailand  |
| Meridian Outdoor Advertising Limited                         | United Kingdom                  | 50   | Pembroke Building, Kensington village, Avonmore Road, London, W14 8DG, England  |
| SMRS Ltd   | United Kingdom                  | 25   | Brook House, 77 Fountain Street, Manchester, Greater Manchester, M2 2EE, England  |
| Storm Marketing Solutions Limited                            | United Kingdom                  | 42   | Unit 5, The Keele Centre, Three Mile Lane, Keele, Newcastle Under Lyme, Staffordshire, ST5 5HH, England                               |
| Stripped Bear Limited  | United Kingdom                  | 48   | 7-12, 2nd Floor Waverley House, Noel Street, London, W1F 8GQ, England   |
| The Creator Store Limited                                    | United Kingdom                  | 45   | 48, Charlotte Street, London, W1T 2NS, England  |
| AGAR Productions LLC   | United States                   | 50   | Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States   |