

**dentsu**

**Dentsu International Limited**

**Consolidated Report and Financial Statements**

31 December 2020



# **Dentsu International Limited**

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## **Dentsu International Limited**

### **Directors**

Timothy Andree  
Takaki Hibino  
Nick Priday  
Valerie Scoular  
Arinobu Soga  
Toshihiro Yamamoto  
Shun Sakurai (resigned 7 February 2020)  
Jun Shibata (resigned 7 February 2020)  
Nobuyuki Tohya (resigned 7 February 2020)  
David Williams (appointed 1 September 2020)  
Wendy Clark (appointed 1 September 2020)  
Hiroshi Igarashi (appointed 18 February 2021)

### **Company secretary**

Andrew Moberley (resigned 29 February 2020)  
Mary Hitchon (appointed 29 February 2020)

### **Ultimate parent entity**

Dentsu Group Inc.  
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Minato-ku  
Tokyo 105-7001

### **Registered office**

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### **Registered number**

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### **Auditor**

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## **Dentsu International Limited**

### **Strategic Report**

The Directors present their Strategic Report on Dentsu International Limited, its subsidiaries and related companies ("the Group") for the year ended 31 December 2020.

#### **Principal Activity**

The principal activity of Dentsu International Limited ("DI Limited" 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 certain entities 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:

- Be the company of choice for the best talent;
- Work with brands and partners looking to create meaningful progress by knowing people better than anyone else;
- Be the industry leader in integrating idea led, data-driven and tech-enabled solutions to grow our clients' businesses;
- Have disciplined delivery of financial targets with sequential quarterly improvement;
- Lead people everywhere toward awareness, understanding and commitment to a new way of living;
- Enable our Group's long-term success by balancing use of resources, growth, profitability and societal good.

The Board understands that it must act in good faith to promote the success of Dentsu International Limited 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 lower down in the Strategic Report.

#### **Key Performance Indicators**

During 2020 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 decline of (12.7%) (2019: (1.2)%)
- Digital revenue is 61.6% of the Group's revenue less cost of sales in 2020 (2019: 61.3%)
- £50.7m (2019: £209.5m) invested, (net of cash acquired) in the initial consideration for the controlling stake in three new acquisitions (2019: 16)
- £24.8m (2019: £34.0m) invested in additional stakes of six existing subsidiaries (2019: 12)

## **Dentsu International Limited Strategic Report (continued)**

### **Operating Review**

#### **Overview**

The year 2020 proved to be one of unprecedented challenge for the Group due to the long lasting impact of the global pandemic, the effects of which were felt first in APAC, followed by EMEA, and then the Americas. In a time of great uncertainty the demand for our services, particularly in the Media and Creative Service Lines, declined rapidly as clients adopted a cautious approach and naturally our revenue for the year reflects the very difficult trading and operating conditions experienced by the entire industry.

In 2020, the Group generated revenue less cost of sales of £3,411.2m, a decrease of (11.6)% or (10.7)% 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 decline of (12.7)% (2019: (1.2)%).

The Group is focused on delivering Integrated Solutions through the introduction of three Service Lines, Media, Creative and CXM (Customer Experience Management). 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 61.6% (2019: 61.3%) 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 reduced its M&A activity due to Covid-19, however it invested £50.7m cash consideration (net of cash acquired) on the controlling stake in three acquisitions, and £172.3m spent on deferred consideration, put and call options on current and prior acquisitions in 2020, to accelerate its growth strategy.

Further to the restructuring programme announced in December 2019, in August 2020 Dentsu Group Inc. announced a comprehensive review and launched an accelerated transformation programme. Involving every region, the review was designed to support the focused strategy of integrated solutions and aimed at simplifying the business for both clients and operations; structurally and permanently lowering operating expenses; enhancing the efficiency of our balance sheet and maximising long-term shareholder value. This will ultimately create a simplified, integrated and more efficient organisation that is easier for our clients to navigate, delivering bespoke client solutions that are ideas led, data driven and tech enabled, delivering competitive advantage, further growth and margin enhancement.

The accelerated transformation will fully integrate the brand portfolio, moving from over 160 brands to 6 global leadership brands within two years. This transformation programme will initially be led by our largest markets which cover over 80% of Dentsu International's revenue but will eventually include all markets. The transformation will also include all service lines, functions and central teams. The estimated restructuring charge is £641.4m for FY2020 and FY2021. As at 31 December 2020, a £287.4m expense was recorded in our income statement in relation to our accelerated transformation programme, resulting in a creation of a closing provision of £239.7m.

In relation to the December 2019 restructuring programme, a net credit of £6.7m was recognised in the income statement during the year. The remaining liabilities in relation to this programme, included within accruals as at 31 December 2020 is £16.8m which is expected to be fully utilised in 2021 when the programme is finished.

In 2020, there was a decrease in Group headcount, excluding the addition of employees brought into the business via acquisition, of (5.7)% from the end of 2019.

## **Dentsu International Limited Strategic Report (continued)**

### **Operating Review (continued)**

#### **EMEA**

EMEA revenue less cost of sales decreased by (12.8)% at reported rates and by (12.6)% at constant currency to £1,319.5m. On an organic basis, EMEA delivered a revenue less cost of sales decrease of (13.1)%. The EMEA regional performance has been impacted throughout 2020 by the global pandemic. Markets with more severe pandemic restrictions have been particularly challenged, such as the UK, France and Spain.

#### **Americas**

Americas revenue less cost of sales decreased by (8.5)% at reported rates and by (7.0)% at constant currency to £1,572.0m. On an organic basis, Americas delivered a revenue less cost of sales decrease of (11.2)%. The Americas regional performance, particularly the USA and Canada, has been impacted throughout 2020 by the global pandemic. This was partially mitigated by the revenues from current and prior year acquisitions, as well as a higher concentration of CXM service line revenues which have proven more resilient to the global pandemic.

#### **APAC**

APAC revenue less cost of sales decreased by (17.1)% at reported rates and by (15.9)% at constant currency to £519.7m. On an organic basis, APAC delivered a revenue less cost of sales decrease of (15.9)%. The APAC regional performance has been impacted throughout 2020 by the global pandemic. China and India are markets particularly affected by the global pandemic, whilst Australia has also been affected by the global pandemic response. The worsening of performance has resulted in an impairment to the carrying value of APAC goodwill amounting to £83.1m.

### **Financial Review**

The Group generated revenue of £3,633.6m (2019: £4,136.4m), revenue less cost of sales of £3,411.2m (2019: £3,857.7m), and an operating loss of £(133.3)m (2019: £(212.8)m loss). Loss before tax was £(233.7)m (2019: £(502.1)m loss). The main drivers of the movement in loss before tax are the additional restructuring costs and the impairment of APAC goodwill, mitigated by the remeasurement of deferred consideration and put option liabilities which gave rise to a significant credit in the current year (charge in the prior year), recorded within Finance Income (Note 8) (prior year, Finance Costs (Note 9)).

The balance sheet shows a positive funding position based on the availability of undrawn facilities, and net assets of £857.2m (2019: £412.5m) following the £800.9m capital injection from Dentsu Group Inc. The Group ended the year comfortably within its financial covenants, with undrawn available credit facilities of £500.0m (2019: £500.0m). Cash inflows from operating and financing activities during the year were primarily used to invest in the restructuring project and settle deferred acquisition payments.

### **Future Developments**

The Directors continue to focus on achieving the strategic targets of the Group, including organic revenue less cost of sales growth and transformation through integrated solutions (for simplicity for all stakeholders), growth and margin enhancement.

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.

**Dentsu International Limited  
Strategic Report (continued)**

**Operating Review (continued)**

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. Vaccination programmes have been launched in many of the regions in which Dentsu operates and this has allowed a relaxation of measures in certain of those regions in early 2021, allowing for a cautiously more positive outlook as we move through 2021 and beyond.

The Group is a geographically diversified business with a varied set of service offerings. Although clients reducing or deferring media spend to preserve cash have impacted the Group's revenues, other services such as CXM have been more resilient to economic downturns.

The Group's employees continue to work effectively from home during periods of office closure but it is intended that employees will return to office working as appropriate and when local authorities advise this is safe; many global offices have already re-opened at the year end. For those continuing to require home working, appropriate equipment has been provided in order to do so and employees have been given access to wellbeing advice on the internal network and are regularly surveyed to allow the Group to respond to any ongoing concerns employees may have.

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 and Note 2.

Management at all levels of the Group up to and including Board level will continue to monitor developments and take further action to mitigate the pandemic's 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.

## **Dentsu International Limited Strategic Report (continued)**

### **Operating Review (continued)**

#### **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 Dentsu group-wide emails and business line or business unit specific emails; and several electronic platforms for employee reference including an intranet;
- Bi-annual employee engagement surveys;
- Townhalls including monthly calls for our global leadership population;
- Consultation with specific groups/individual employees regularly so that their views can be considered in making decisions about matters which affect them;
- Disclosure of gender pay gap and pay comparison; and
- The establishment of Diversity, Equity and Inclusion Councils in each of our three regions that are employee led and the appointment of Chief Equality Officers in each region who will be dedicated to driving this agenda forward.

#### *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.

#### *Suppliers*

As a media, digital and creative services provider, we procure services from both domestic and international suppliers across a diverse range of goods and services delivered through contracts negotiated by budget holders within our operating companies. Due diligence is undertaken for new suppliers and we reserve the right to audit any supplier or their sub-contractors.

Our expectations are set out in our Supplier Code of Conduct, including requirements in relation to: maintenance of financial records; data privacy; respect for human rights (including modern slavery issues); anti-bribery, corruption and facilitation payments; gifts and hospitality; tax evasion, fraud and money laundering; and environmental impact.

#### *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 International 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.

## **Dentsu International Limited Strategic Report (continued)**

### **Operating Review (continued)**

#### **Section 172 reporting**

This strategy is underpinned by an ambitious set of goals, in 2020 we achieved the ambition of procuring 100% of our electricity from renewable sources, where markets allow (some markets do not have sufficient access to renewable energy to satisfy demand), and delivered a 43% reduction in carbon emissions per FTE against our 2015 baseline. We achieved an A- in CDP, outperforming our sector and set a new target to achieve Net Zero emissions by 2030. We exceeded our 2020 target of reaching one billion people with campaigns relating to the UN Sustainable Goals, reaching 1.67 billion people, and helped raise over \$14bn for malaria through our pro bono partnership with global charity Malaria No More. We also achieved our goal of supporting 100 female entrepreneurs through our flagship mentoring programme Female Foundry. Whilst the pandemic constrained our people's ability to volunteer, we successfully digitised our digital skills programme "The Code" and continue to deliver this to school children in 11 countries across the world.

We have increased our focus on building a diverse and inclusive workforce committing to mandatory training on inclusion and bias for all employees. In 2020, 35% of our senior leaders were female.

#### **Shareholders**

The Company's parent company is Dentsu Group Inc, a company listed on the Tokyo Stock Exchange. Given that the Group accounts for a large proportion of Dentsu Group Inc's revenue, it is essential that Dentsu Group Inc is kept informed of the Group's performance and that the Company's Board acts in the best interests of the Dentsu Group Inc 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 the Group'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 Chairman, CEO, CFO and the 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 Audit Committee reviews the effectiveness of the Group's internal financial controls and internal control and risk management systems, providing a level of independent and impartial review to the Board. The Group's Risk Committee is accountable for the design, implementation and monitoring of the Group's risk management policy, framework, vision, approach and governance structure.

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. The Group has also commenced, during the year, an accelerated transformation programme, details of which are disclosed in the Strategic Report. 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.

**Dentsu International Limited  
Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

<b>Risk</b>	<b>Not managing the accelerated transformation programme</b>
Risk description	Risk of excessive financial loss and reputational damage from restructuring of the Group's activities and retirement of brands
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage.
Risk management strategy	Ensuring robust controls are in place to manage the costs associated with the programme. Ensuring there is clear communication with external news sources and clients as to the rationale and benefit of the programme.
Risk mitigation actions	The Group has:  Established a consistent communications strategy and approach around the key principles and objectives of the transformational programmes and ensured this is communicated to our Executive and Global leadership.  Deployed an integrated Transformation Management Office (TMO) with planning and change management capability to prioritise and manage the change activities.  Established regular touchpoints with regional leadership to highlight the importance of reaching the targets on time.  Implemented a financial tracking process and developed guidance for proactive client and employee communications.  Developed guidance for proactive client and employee communications.  Developed a strong and compelling narrative for the overall brand consolidation, emphasising the power of the dentsu brand and our global leadership brands.

<b>Risk</b>	<b>COVID-19</b>
Risk description	The global response to the COVID-19 pandemic is having a wide ranging and significant impact on local and global economies.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	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.
Risk mitigation actions	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. The Group carefully considers the impact of the pandemic on the wellbeing and health of our employees.  Employees across the Group have access to a Wellbeing portal on the intranet, including access to counsellors and other resources for those suffering financial difficulty, physical and mental health issues.  Surveys have been sent out at regular intervals to gauge the wellbeing of all employees and to ensure the Group responds accordingly.  The Group has switched principally to home working in many territories and supported its people by providing suitable equipment and practical advice.  The Group intends that going forward, employees will have the ability to return to office working on a flexible basis with options to continue working at home or become primarily office based again. Office working will be offered as appropriate and when local authorities advise this is safe.

**Dentsu International Limited  
Strategic Report (continued)**

**Principal risks and Uncertainties (continued)**

<b>Risk</b>	<b>Inability to retain strong talent</b>
Risk description	Loss of key employees and failure to attract high quality people.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	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.
Risk mitigation actions	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. Talent and succession reviews are performed across critical roles, including full leadership assessment and reviews of the talent pipeline needed to ensure succession management in all such roles. Quarterly reports on diversity and inclusion have been prepared throughout 2020 to ensure the best talent is identified and championed regardless of background.

<b>Risk</b>	<b>Not maintaining strong client relationships</b>
Risk description	Loss of key clients and failure to win new clients.
Potential risk impact	Negatively impacts the performance of the Group. Subsequent loss of key managers.
Risk management strategy	Ensuring the Group remains a highly competitive organisation to help win new clients and continue to provide a high-quality service to existing clients.
Risk mitigation actions	Service lines have dedicated client relationship teams in place. There are also additional teams dedicated to managing those clients of the Group that have a wide-ranging global presence, to assist in co-ordination of our global service to them. The Group develops multiple services, with an emphasis on innovation for clients. The Group monitors and manages conflict of interest, by using multiple agencies to manage multiple clients.

<b>Risk</b>	<b>Adverse economic conditions locally and globally</b>
Risk description	Adverse economic conditions 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.
Potential risk impact	Negatively impacts the performance of the Group due to lost profit.
Risk management strategy	The Group is a diversified business with a strategy to grow its exposure to areas that are more resilient to macro-economic challenges, including faster-growing geographic regions and digital.
Risk mitigation actions	Diversify the business into faster-growing product areas, markets and acquisitions. Regular monthly detailed reporting by business units to senior management ensures that senior executives understand local performance. There are regular reforecasts of financial performance presented to the Board. If sales were to slow, controls over costs and working capital would be tightened further to mitigate the loss of profit.

**Dentsu International Limited**  
**Strategic Report (continued)**

**Principal risks and Uncertainties (continued)**

<b>Risk</b>	<b>Counterparty credit risk</b>
Risk description	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.
Potential risk impact	Negatively impacts the performance of the Group due to bad debt.
Risk management strategy	Maintaining and developing robust financial and operating systems to ensure the Group minimises any potential loss of income from third parties.
Risk mitigation actions	<p>Due diligence, including credit risk, is undertaken for all new clients and written contracts must be in place before starting any significant work.</p> <p>Ongoing monitoring of existing clients.</p> <p>Group policy requires credit limits to be imposed for all new commercial clients.</p> <p>Global credit insurance policy in place covering the vast majority of clients.</p>

<b>Risk</b>	<b>Foreign currency and cash flow interest rate risks within the Group</b>
Risk description	The Group's activities expose it to certain financial risks, including changes in foreign currency and interest rates.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	Use of derivative financial instruments to mitigate the exposure through hedging.
Risk mitigation actions	<p>The Group uses forward exchange contracts and interest rate swap contracts to hedge exposures to foreign currency and interest rate risks where they are considered to be significant.</p> <p>The Group does not use derivative financial instruments for speculative purposes.</p> <p>See also Accounting Policy (Financial Instruments) for disclosure of how the hedging relationship is determined.</p>

<b>Risk</b>	<b>Targeting and pursuit of inappropriate acquisition opportunities</b>
Risk description	Acquisitions need to be value creating and support the Group strategy.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	Targeting acquisitions which are aligned with the Group's strategy and culture, as well as ensuring they meet specific financial criteria.
Risk mitigation actions	<p>The Group maintains a pipeline of potential targets across a diverse range of geographies and product offerings.</p> <p>All acquisitions require approval by the Merger and Acquisitions ("M&amp;A") committee chaired by the Group CEO. Larger acquisitions have to be agreed by the Board.</p> <p>The Group aims to limit the initial consideration and pay the consideration over time through earn-out payment structures.</p> <p>There is a Group M&amp;A team in place to support local management in sourcing and acquiring targets.</p> <p>Acquisitions must demonstrate the ability to achieve earnings enhancement in the first full year of ownership.</p>

**Dentsu International Limited  
Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

<b>Risk</b>	<b>Business Interruption</b>
Risk description	A significant event (terrorist attack, fire, systems failure, loss of multiple senior executives) limits the Group's ability to respond to major business needs.
Potential risk impact	Negatively impacts the viability of the Group.
Risk management strategy	Maintaining a business continuity plan to mitigate disruption in case of an event.
Risk mitigation actions	The Group's key technology infrastructure is maintained to provide a back-up in case of business interruption.  The IT environment is now principally cloud-based which allows for real-time backup and data saving to better facilitate home working.  Business continuity plans are in place to mitigate disruption in markets.

<b>Risk</b>	<b>Brexit</b>
Risk description	The UK has left the European Union and a deal with the bloc has been agreed. Amongst other impacts, there could be implications related to movement of capital, staff and data flows.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	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.
Risk mitigation actions	Legal reviews have been performed in relation to key internal and external agreements.  Cash pooling arrangements have been assessed to consider whether Group payment flows can be re-routed if needed and to consider the need to have sufficient cash in the UK in the event of there being cross-border friction on remitting.  Guidance and support continue to be provided to EU staff based in the UK.

<b>Risk</b>	<b>Non-compliance with corporate responsibilities</b>
Risk description	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.
Potential risk impact	Negatively impacts the performance of the Group.  Reputational damage.
Risk management strategy	Integrating sustainability considerations in Group policies and procedures and developing ambitious targets and programmes to turn sustainability risks into opportunities.
Risk mitigation actions	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 2021 goals. Embedding sustainability into strategy and planning processes of flagship brands including Carat, Isobar, Vizeum, Merkle and Dentsu X.

**Dentsu International Limited  
Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

<b>Risk</b>	<b>Regulatory and Compliance</b>
Risk description	The Group operates in an environment regulated by legislation, codes and standards.
Potential risk impact	Failure to comply with any regulation may result in financial or reputational risk.
Risk management strategy	The Group monitors adherence on a regular basis.
Risk mitigation actions	<p>The Group has a number of internal policies and standards to ensure compliance.</p> <p>The Group Legal &amp; Compliance function monitors and tracks changes to legislation and regulation applicable to the Group's business globally via several means. It manages the Group's legal and contractual risks via the Group's internal policies and procedures and the use of both internal and external counsel, as appropriate.</p> <p>The Group Finance &amp; Control function monitors and ensures that the Group's external financial reporting is compliant with International Financial Reporting Standards and manages communications in relation to changes to these standards.</p> <p>The organisation has an internal audit function that provides assurance over the effectiveness of the control environment.</p>

<b>Risk</b>	<b>Negative environmental impact of the Group's activities</b>
Risk description	There is a reputational and regulatory risk of engaging in activities that may be considered to or that do negatively impact the environment, particularly in light of climate change issues.
Potential risk impact	Failure to comply with any regulation may result in financial or reputational risk.
Risk management strategy	<p>While contributing to the environment and society through the services we provide our customers, we are also reinforcing our Social Impact activities.</p> <p>Under the stewardship of a Social Impact committee, comprising members from various Group companies, we will coordinate Social Impact activities throughout the wider Group under a common strategy.</p>
Risk mitigation actions	<p>In June 2019, the G20 (Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth) presented action plans pertaining to issues such as climate change, biodiversity loss, efficient use of resources, and sustainable consumption and production.</p> <p>Nowadays, companies cannot achieve sustainable growth without overcoming these social issues at a global level, and companies are now under pressure to seek new relationships with society.</p> <p>The marketing and communications domain, in which the Group engages as a business, has a great social mission, playing the role of a bridge, connecting companies and consumers.</p> <p>Encouraging sustainable consumption among consumers, engaging in responsible communications and focusing on ESG (environment, society, and governance) are indispensable from the perspective of corporate management, and the Group also believes this will contribute to the realisation of the Sustainable Development Goals (SDGs).</p> <p>Going forward, the Group's policy is to enhance corporate value by strengthening activities appropriate for a leading group in the global communications domain.</p>

**Dentsu International Limited  
Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

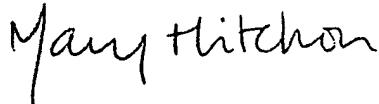
<b>Risk</b>	<b>Climate change threatens financial and economic stability</b>
Risk description	Climate change and the transition to a net zero economy will have extensive implications for policy, technology, and consumer behaviour and will drive new and destroy existing markets for advertising services.
Potential risk impact	Not acting on climate change could be considered as an act of criminal negligence, and failure to help our clients proactively demonstrate eco-initiatives through their marketing communications presents a reputational risk.
Risk management strategy	<p>Business as usual is no longer enough, best in class environmental performance is now seen as our licence to operate.</p> <p>We also recognise the role that we have played in driving consumption on a planet with constrained resources. We must use the power we have through our core offering, to help the world find a better way.</p> <p>We have embedded climate change into our existing governance processes and decision making.</p>
Risk mitigation actions	<p>The location and extent of climate-related risks are highly uncertain, so we have undertaken scenario analysis to understand the implications of climate change for our business and to prompt long term strategic thinking.</p> <p>We are committed to becoming a Net Zero emissions business by 2030, and we are proud to be part of a select, but growing, number of organisations that are aiming for the highest level of climate ambition, to prevent a rise about 1.5°C, in order to mitigate the most dangerous effects of climate change. In 2020 we became the first in our industry to become 100 % powered by renewable energy, and we will continue our commitment to be powered by renewables in all countries in which we operate in support of our transformation to Net Zero.</p> <p>We recognise our role in helping companies adjust to shifting consumer preferences and macro-economic circumstances. Consumer intelligence is at the heart of everything we do, and we therefore are excellently placed to ensure our clients understand the changing demands for sustainable products and services. This is why we make available our roadmap to 2030 of the long-term consumer trends that will shape the next decade.</p> <p>As a global leader in media and digital communications, we also recognise the opportunity and responsibility we have to help our clients decarbonise their media and we are objectively and transparently assessing the emissions associated with our placement of digital advertising.</p>

**Dentsu International Limited  
Strategic Report (continued)**

**Principal Risks and Uncertainties (continued)**

<b>Risk</b>	<b>Not managing the security, compliance and privacy of data</b>
Risk description	Unauthorised access to or inappropriate use of client, employee or other confidential data.
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage.
Risk management strategy	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.
Risk mitigation actions	<p>Access to information is protected by the IT security framework which is regularly assessed through vulnerability testing and periodic reviews.</p> <p>The Group has a Data Protection Officer network and has implemented a programme to ensure compliance to GDPR. The Group has in place an Information Security Policy that is available to all employees via the Group's intranet.</p> <p>The Group insists on confidentiality clauses in employee and supplier contracts.</p> <p>Phishing training is provided to all employees, the Group's email software also provides functionality for reporting suspicious emails direct to IT.</p>

**By order of the Board**



**Mary Hitchon**  
Company Secretary  
29 July 2021

## **Dentsu International Limited**

### **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 2020.

#### **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 6 within the Strategic Report.

#### **Dividend**

No dividends were declared or paid for the year 2020 or 2019.

#### **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 30 to the consolidated financial statements.

#### **Donations**

The Group made charitable donations of £0.6m during the year (2019: £0.9m). No political donations were made during the year (2019: nil).

#### **Research and Development**

There have been no material 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 International Board, which currently comprises nine directors who are collectively responsible for the overall success of the Group and for the creation of long-term shareholder value. Between six and nine directors served throughout the year and they are listed below. Timothy Andree is Chairman of the Board. In previous years, the Board held four scheduled meetings in London or Tokyo as well as several ad hoc meetings conducted as and when required by telephone or video conference. Face-to-face meetings have not been possible for most of 2020 due to travel restrictions resulting from the global COVID-19 pandemic. Instead, the Board met in London early in the year and thereafter used video conference facilities. The Board held seven meetings in 2020 (2019: eleven meetings) and took the opportunity to conduct any business of a more routine nature by way of written resolution. The Board considers that it has continued to work effectively notwithstanding the challenges of remote working and virtual meetings.

**Dentsu International Limited**  
**Directors' Report (continued)**

**Corporate Governance (continued)**

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

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, the Company's risk committee and reviewing both internal and external reporting. The Committee is chaired by Simon Laffin, an external director of Dentsu Group Inc and a member of the Audit & Supervisory Committee. During the year the Committee, whose other members were drawn from the Dentsu International Board, met seven times in total: once in London and six times by video conference after travel restrictions had been imposed (2019: six meetings). Meetings are customarily 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 until 7 February 2020 and thereafter by Shun Sakurai, a former director of the Company and director of Dentsu Group Inc. Its members were mainly drawn from the Board. The Committee met once in London at the start of the year and then a further six times using video conference facilities, so a total of seven meetings (2019: nine meetings). Meetings are generally attended by the Group Chairman, CEO and CFO unless their own remuneration is being discussed.

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

Whilst travel restrictions continue, the Board will continue to meet virtually. Longer term, the Board will consider how best to conduct its meetings, recognising the need to strike the right balance between the benefits of face-to-face interaction against reduced travel time, cost savings and environmental concerns.

**Dentsu International Limited**  
**Directors' Report (continued)**

**Directors**

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

Name	Title	Appointment or Resignation date
Timothy Andree	Executive Chairman, Dentsu International	
	Representative Director and Vice President, Dentsu Group Inc	
Wendy Clark	CEO, Dentsu International	Appointed 1 September 2020
	Director and Executive Officer, Dentsu Group Inc	
Takaki Hibino	Executive Officer, Dentsu Group Inc	
Nick Priday	CFO, Dentsu International	
	Director and Executive Officer, Dentsu Group Inc	
Shun Sakurai	Representative Director and Vice President, Dentsu Group Inc	Resigned 7 February 2020
Valerie Scouler	Advisor to Dentsu Group Inc	
Jun Shibata	Executive Officer, Dentsu Group Inc	Resigned 7 February 2020
Arinobu Soga	Director and Executive Officer, Dentsu Group Inc	
Nobuyuki Tohya	Representative Director and Executive Officer, Dentsu Group Inc	Resigned 7 February 2020
Toshihiro Yamamoto	Representative Director, President & CEO, Dentsu Group Inc	
David Williams	Director, Dentsu International	Appointed 1 September 2020

**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.

**Dentsu International Limited**  
**Directors' Report (continued)**

**Human Rights, Diversity and Disability (continued)**

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, townhalls 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 2021.

**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.

**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 2020, 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*

**Mary Hitchon**  
Company Secretary  
29 July 2021

## **Dentsu International Limited**

### **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.

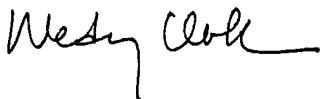
Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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 the group's 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 and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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**



**Wendy Clark**  
Chief Executive Officer  
29 July 2021



**Nick Priday**  
Chief Financial Officer  
29 July 2021

## **Independent Auditor's Report to the Members of Dentsu International Limited**

### **Opinion**

We have audited the financial statements of Dentsu International Limited ("the company") for the year ended 31 December 2020 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 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the group or the company will continue in operation.

## **Independent Auditor's Report to the Members of Dentsu International Limited**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit committee, Compensation committee and Mergers and Acquisition committee meeting minutes.
- Considering remuneration incentive schemes and performance targets.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenues are recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test for all in-scope components based on risk criteria and comparing the identified entries to supporting documentation. These included high risk journals around cut-off of revenue and accruals at the year end.
- Specifying procedures for all in-scope components to perform to address the risk of revenue cut-off, including tests of details over revenue transactions recorded pre and post year end to ascertain whether it was recognised in the correct year.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards); from inspection of the Group's regulatory and legal correspondence and further discussion with external or internal legal counsel on these matters, where relevant, to gain a fuller understanding of this correspondence; and discussed with the directors, internal legal counsel and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to in-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for in-scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

## **Independent Auditor's Report to the Members of Dentsu International Limited**

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, advertising, data protection, commercial and competition laws, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **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
- 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.

## **Independent Auditor's Report to the Members of Dentsu International Limited**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 19, 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

30 July 2021

**Dentsu International Limited**  
**Consolidated income statement**  
For the year ended 31 December 2020

	Notes	2020 £m	2019 £m
<b>Turnover*</b>		<b>19,496.1</b>	22,072.3
Revenue	5	<b>3,633.6</b>	4,136.4
Cost of sales		<b>(222.4)</b>	(278.7)
<b>Revenue less cost of sales</b>		<b>3,411.2</b>	3,857.7
Operating expenses		<b>(3,544.5)</b>	(4,070.5)
<b>Operating loss</b>	6	<b>(133.3)</b>	(212.8)
Share of results of associates		<b>(16.9)</b>	1.7
<b>Loss before interest and tax</b>		<b>(150.2)</b>	(211.1)
Finance income	8	<b>68.7</b>	36.8
Finance expenses	9	<b>(152.2)</b>	(327.8)
Net finance expenses		<b>(83.5)</b>	(291.0)
<b>Loss before tax</b>		<b>(233.7)</b>	(502.1)
Taxation	10	<b>(16.4)</b>	(55.9)
<b>Loss for the year</b>		<b>(250.1)</b>	(558.0)
<b>Attributable to:</b>			
Equity holders of the parent		<b>(268.0)</b>	(585.1)
Non-controlling interests		<b>17.9</b>	27.1
<b>Loss for the year</b>		<b>(250.1)</b>	(558.0)

\*Refer to Note 3 (Page 36) where "Turnover" is defined.

All results are from continuing operations.

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

**Dentsu International Limited**  
**Consolidated statement of other comprehensive income**  
For the year ended 31 December 2020

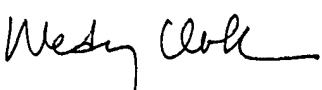
	<b>2020</b>	2019
	<b>£m</b>	£m
<b>Loss for the year</b>	<b>(250.1)</b>	(558.0)
<b>Other comprehensive income that may be subsequently reclassified to profit or loss:</b>		
Currency translation differences on foreign operations:		
- Group	(59.2)	(75.7)
- Non-controlling interests	(2.6)	(3.1)
Net investment hedges and net investments in foreign operations	1.6	8.2
Cash flow hedges: movements taken to equity	(47.3)	(25.9)
Other reserve losses	-	(0.1)
Tax on movements taken to equity	8.0	4.4
<b>Net other comprehensive loss that may be subsequently reclassified to profit or loss</b>	<b>(99.5)</b>	(92.2)
<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	11.3	(14.0)
Remeasurement losses on defined benefit plans	(1.3)	(9.5)
Tax movements taken to equity	12.6	0.7
<b>Net other comprehensive loss that will not subsequently be reclassified to profit or loss</b>	<b>22.6</b>	(22.8)
Other comprehensive loss for the year, net of tax	<b>(76.9)</b>	(115.0)
<b>Total comprehensive loss for the year</b>	<b>(327.0)</b>	(673.0)
<b>Attributable to:</b>		
Equity holders of the parent	(344.9)	(696.4)
Non-controlling interests	17.9	23.4
<b>Total comprehensive loss for the year</b>	<b>(327.0)</b>	(673.0)

**Dentsu International Limited**  
**Consolidated balance sheet**  
At 31 December 2020

	Notes	31 December 2020	31 December 2019
		£m	£m
<b>Non-current assets</b>			
Goodwill	11	3,764.3	3,829.8
Intangible assets	12	623.0	786.9
Property, plant and equipment	13	160.4	193.7
Right-of-use assets	28	385.0	515.5
Interests in associates and joint ventures	14	5.8	25.4
Deferred tax assets	20	153.3	63.8
Equity instruments	15	6.5	6.2
Derivative financial assets	19	12.8	11.8
Other financial assets	19	81.3	78.9
		<b>5,192.4</b>	<b>5,512.0</b>
<b>Current assets</b>			
Work in progress	16	4.5	10.8
Trade and other receivables	17	5,910.5	6,482.0
Derivative financial assets	19	2.8	16.3
Other financial assets	19	19.8	14.5
Cash and cash equivalents	19, 27	1,988.6	1,819.8
		<b>7,926.2</b>	<b>8,343.4</b>
<b>Total assets</b>		<b>13,118.6</b>	<b>13,855.4</b>
<b>Current liabilities</b>			
Trade and other payables	18	(7,459.0)	(7,211.0)
Borrowings	19	(927.5)	(1,790.9)
Lease liabilities	28	(120.3)	(163.6)
Derivative financial liabilities	19	(56.7)	(52.6)
Provisions	21	(163.7)	(95.9)
Current tax liabilities		(68.6)	(72.4)
		<b>(8,795.8)</b>	<b>(9,386.4)</b>
<b>Net current liabilities</b>		<b>(869.6)</b>	<b>(1,043.0)</b>
<b>Non-current liabilities</b>			
Borrowings	19	(2,353.3)	(2,085.6)
Lease liabilities	28	(354.4)	(422.1)
Other non-current liabilities	25	(287.6)	(588.0)
Derivative financial liabilities	19	(201.8)	(815.3)
Provisions	21	(132.7)	(11.3)
Deferred tax liabilities	20	(135.8)	(134.2)
		<b>(3,465.6)</b>	<b>(4,056.5)</b>
<b>Total liabilities</b>		<b>(12,261.4)</b>	<b>(13,442.9)</b>
<b>Net assets</b>		<b>857.2</b>	<b>412.5</b>
<b>Equity</b>			
Share capital	22	78.5	78.5
Share premium account	22	1,991.6	1,190.7
Other equity reserves		0.2	0.2
Foreign currency translation reserve	23	(272.3)	(214.5)
Retained earnings	23	(887.1)	(186.0)
Potential acquisition of non-controlling interests	23	(150.0)	(669.8)
<b>Equity attributable to equity holders of the parent</b>		<b>760.9</b>	<b>199.1</b>
Non-controlling interests		<b>96.3</b>	<b>213.4</b>
<b>Total equity</b>		<b>857.2</b>	<b>412.5</b>

Company registration number 1403668 England and Wales.

These financial statements were approved on behalf of the Board of Directors on 29 July 2021 and were signed on its behalf by:

  
**Wendy Clark**

Chief Executive Officer

  
**Nick Priday**

Chief Financial Officer

**Dentsu International Limited**  
**Consolidated statement of changes in equity**  
At 31 December 2020

	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 2019</b>	78.5	1,190.7	0.2	(147.1)	529.8	(680.6)	<b>971.5</b>	196.6	<b>1,168.1</b>
Adjustment on initial application of IFRS 16	-	-	-	-	(47.7)	-	(47.7)	-	(47.7)
<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)	-	(585.1)	27.1	(558.0)
Currency translation differences on foreign operations	-	-	-	(75.7)	-	-	(75.7)	(3.1)	(78.8)
Net investment hedges and net investments in foreign operations	-	-	-	8.2	-	-	8.2	-	8.2
Fair value movement on equity instruments measured at fair value through other comprehensive income	-	-	-	-	(13.2)	-	(13.2)	(0.8)	(14.0)
Cash flow hedges: movements taken to equity	-	-	-	-	(25.9)	-	(25.9)	-	(25.9)
Actuarial gain – defined benefit pension scheme	-	-	-	-	(9.5)	-	(9.5)	-	(9.5)
Other reserve gains and losses	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Tax on movements taken to equity	-	-	-	-	4.9	-	4.9	0.2	5.1
Total comprehensive income and expense	-	-	-	(67.5)	(628.9)	-	(696.4)	23.4	(673.0)
Transactions with non-controlling interests	-	-	-	0.1	(39.2)	10.8	(28.3)	1.6	(26.7)
Dividends	-	-	-	-	-	-	-	(8.2)	(8.2)
<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>
(Loss)/profit for the period	-	-	-	-	(268.0)	-	(268.0)	17.9	(250.1)
Currency translation differences on foreign operations	-	-	-	(59.2)	-	-	(59.2)	(2.6)	(61.8)
Net investment hedges and net investments in foreign operations	-	-	-	1.6	-	-	1.6	-	1.6
Fair value movement on equity instruments measured at fair value through other comprehensive income	-	-	-	-	8.7	-	8.7	2.6	11.3
Cash flow hedges: movements taken to equity	-	-	-	-	(47.3)	-	(47.3)	-	(47.3)
Actuarial gain – defined benefit pension scheme	-	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Tax on movements taken to equity	-	-	-	-	20.6	-	20.6	-	20.6
Total comprehensive income and expense	-	-	-	(57.6)	(287.3)	-	(344.9)	17.9	(327.0)
Issuance of share capital	-	800.9	-	-	-	-	800.9	-	800.9
Transactions with non-controlling interests	-	-	-	-	(403.3)	519.8	116.5	(129.5)	(13.0)
Dividends	-	-	-	-	-	-	-	(6.9)	(6.9)
Other	-	-	-	(0.2)	(10.5)	-	(10.7)	1.4	(9.3)
<b>Balance at 31 December 2020</b>	<b>78.5</b>	<b>1,991.6</b>	<b>0.2</b>	<b>(272.3)</b>	<b>(887.1)</b>	<b>(150.0)</b>	<b>760.9</b>	<b>96.3</b>	<b>857.2</b>

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

**Dentsu International Limited**  
**Consolidated cash flow statement**  
For the year ended 31 December 2020

	Notes	2020 £m	2019 £m
<b>Cash flows from operating activities</b>			
Cash inflow from operations	27	689.5	655.8
Income taxes paid		(151.0)	(146.4)
Income taxes received		36.5	40.2
<b>Net cash inflow from operating activities</b>		<b>575.0</b>	549.6
<b>Investing activities</b>			
Interest received		13.9	21.3
Dividends received from associates		0.4	0.5
Net cash paid on purchase of subsidiaries	24	(50.7)	(209.5)
Net cash received on disposal of investments		9.5	-
Payments of deferred consideration on current and prior period acquisitions	25	(147.5)	(165.3)
Purchase of property, plant and equipment and intangible assets		(89.5)	(134.5)
Proceeds from disposal of property, plant and equipment and intangible assets		8.3	8.1
Other investing activities	24	(84.8)	1.7
<b>Net cash outflow from investing activities</b>		<b>(340.4)</b>	(477.7)
<b>Financing activities</b>			
Dividends paid to non-controlling interests		(7.6)	(19.6)
Net cash paid on purchase of additional stakes in existing subsidiaries		(24.8)	(34.0)
Interest and other financial charges paid		(101.3)	(111.9)
Proceeds from borrowings		1,036.9	662.6
Repayments of borrowings		(782.8)	(141.1)
Interest paid on lease obligations		(24.4)	(26.9)
Repayment of lease obligations		(124.9)	(141.9)
Proceeds on issue of share capital		800.9	-
Proceeds from settlement of derivatives		21.7	-
Share option payments		(54.2)	-
Other financing activities		(1.6)	(4.7)
<b>Net cash inflow from financing activities</b>		<b>737.9</b>	182.5
<b>Net increase in cash and cash equivalents</b>	27	<b>972.5</b>	254.4
Translation differences		(16.6)	(27.3)
Cash and cash equivalents at beginning of financial year		1,025.2	798.1
<b>Cash and cash equivalents at end of financial year</b>	27	<b>1,981.1</b>	1,025.2
<b>Represented by:</b>			
Cash and short-term deposits		1,988.6	1,819.8
<b>Cash and cash equivalents in the consolidated balance sheet</b>		<b>1,988.6</b>	1,819.8
Bank overdrafts	27	(7.5)	(794.6)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>		<b>1,981.1</b>	1,025.2

	1 January 2020 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	31 December 2020 £m
<b>Analysis of net debt</b>					
Cash and cash equivalents	1,025.2	972.5	-	(16.6)	1,981.1
Gross debt net of issue costs	(3,081.9)	(254.1)	(0.2)	62.9	(3,273.3)
<b>Total</b>	<b>(2,056.7)</b>	<b>718.4</b>	<b>(0.2)</b>	<b>46.3</b>	<b>(1,292.2)</b>

**Dentsu International Limited**  
**Notes to the consolidated financial statements**  
For the year ended 31 December 2020

**1. General information**

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

The group financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("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 91 to 138. The group 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 2020, 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 (see also page 65)
- 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 £869.6m as at 31 December 2020 and a loss for the year then ended of £250.1m, 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 2020, notwithstanding the impacts of COVID-19, the Group generated positive operating cash inflows from operations before tax, acquisitions and capital expenditure. The main factors contributing to these cash inflows are the retention of the customer base, actions undertaken to protect margin 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 the measures the Group has undertaken to improve 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 and 2020. 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.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

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

This has included a downside scenario with no revenue growth in 2021 and 2022, and no improvement in operating margin throughout the forecast period. Covenant headroom also has been modelled and does not indicate a projected breach.

As at 31 December 2020, the Group had two unsecured loans due to mature in 2021 with a carrying value of £603.2m and one loan due to mature in 2022 with a carrying value of £146.6m. The 2021 maturities have already been rolled over on a long-term basis by Dentsu Group Inc. Term funding is expected to continue to predominantly be raised at the Dentsu Group Inc. level and provided to the Group through intercompany loans or capitalisations.

The Group continues to have access to a £500.0m revolving credit facility which remains undrawn. A three-year extension to this facility, which was due to expire in December 2021, has been agreed in June 2021 (as explained in the subsequent events note on page 89). A further 2 one-year extension options at the lenders' option have also been agreed. 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 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards and Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Definition of a Business (Amendments to IFRS 3)*

These new standards do not have a material effect on the Group's financial statements.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**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.

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

The consolidated financial statements incorporate the results, cash flows and net assets of DI Limited 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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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 comprehensive income.

**(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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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 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 fair values 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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

For the year ended 31 December 2020

**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, unless this is not possible in which case it is determined with reference to standalone prices for comparable customers or relative costs of fulfilling obligations.

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 highly probable that a significant reversal will not occur.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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 in line with the revenue recognised in respect of the underlying performance obligation, and if transferred to customers, they are recorded as a liability until settled.

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.

**Finance income**

Finance income comprises interest income, fair value gains (including in relation to ineffective hedging instruments), 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, fair value losses (including in relation to ineffective hedging instruments) 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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Deferred incentives (continued)**

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.

**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. 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 schemes are in Switzerland and 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 France.

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 2020 in Switzerland and France and 31 December 2019 in Germany. 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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Government grants**

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions and that the grant will be received. They are recognised as income directly against staff costs within operating expenses in profit or loss, on a systematic basis over the period in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

**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*

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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Leased assets (continued)**

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.

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 comprehensive income 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 and lease liabilities have been separately presented.

*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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Taxation (continued)**

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.

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:

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***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.

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 comprehensive income.
- 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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***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.

***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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Financial instruments (continued)**  
**Financial liabilities and equity (continued)**

***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.

Where hedge accounting is applied, as permitted by IFRS 9 the Group has chosen to defer application of the new general hedging model and therefore continues to apply the hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement'. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

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.

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.

Where a hedge relationship is established, the Group documents the economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. At the start of the hedge designation and throughout the hedge term, the Group documents whether the hedging instrument in the relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Financial instruments (continued)**  
**Financial liabilities and equity (continued)**

For currency risk the main sources of ineffectiveness are: the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and changes in the timing of the hedged transactions.

For interest risk the main sources are the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

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 International Limited**

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

For the year ended 31 December 2020

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Valuation techniques and assumptions applied for the purposes of measuring fair value (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 International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**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 highly probable to not 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 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 International Limited**

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

For the year ended 31 December 2020

**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 (including onerous leases)**

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.

Key assumptions applied in the calculation of the onerous lease provision include the headline subrental receivable, expected rate of increase in rental payments over the period, lease incentives and void periods, which aggregate to an estimated expected total sublease income on the onerous space.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**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:

	<b>2020</b> £m	2019 £m
EMEA	<b>1,432.0</b>	1,645.9
Americas	<b>1,673.6</b>	1,852.1
APAC	<b>528.0</b>	638.4
	<b>3,633.6</b>	4,136.4

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

Contract assets balances recognised as at 31 December 2020 total £26.2m (2019: £30.2m). 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 bill 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 £208.5m (2019: £180.8m). 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 £nil (2019: £36.1m). 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 2020, there are no material contract assets in relation to the costs to obtain or fulfil contracts with customers.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

## 6. Operating loss

Operating loss for the Group has been arrived at after charging:

	<b>2020</b>	2019
	£m	£m
Net foreign exchange losses	3.0	0.1
Depreciation of property, plant and equipment	64.3	70.5
Depreciation of leased assets	132.9	142.1
Amortisation of intangible assets	191.3	201.8
Impairment of intangible assets (excluding restructuring)	-	25.0
Impairment of goodwill	83.1	245.5
Loss on disposal of tangible assets	0.9	0.8
Operating lease expense	4.0	2.5
Staff costs	2,211.0	2,547.1
Restructuring expenses	280.7	133.8
Other	573.3	701.3
<b>Total operating expenses</b>	<b>3,544.5</b>	4,070.5

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 £280.7m (2019: £133.8m) related to restructuring programmes announced in 2019 and 2020. Included within restructuring expenses is £108.5m (2019: £92.8m) relating to employee termination benefits, £12.5m (2019: £15.8m) of professional costs, £157.3m (2019: £25.2m) of onerous contracts, asset write-downs and other property related charges, £9.1m (2019: £nil) of impairment charges on intangible assets and a net credit of £6.7m (2019: £nil) in relation to the 2019 programme.

Included within staff costs are credited amounts of £32.9m (2019: £nil) of government grants in relation to Covid-19 assistance schemes.

## 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 £44.3m (2019: £49.6m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2020, contributions of £11.9m (2019: £17.8m) due in respect of the current reporting period had not been paid over to the schemes.

## Fees paid to auditor

	<b>2020</b>	<b>2020</b>	2019	2019
	£m	%	£m	%
<b>Audit fees</b>				
Audit of these financial statements	1.1	10.0%	1.1	11.5%
<b>Amounts receivable by the Company's auditor and its associates in respect of:</b>				
Audit of financial statements of subsidiaries of the Company	9.2	83.6%	7.5	78.9%
<b>Other services</b>				
Other tax advisory services	0.4	3.6%	0.3	3.2%
Other assurance services	0.3	2.8%	0.3	3.2%
All other services	-	-	0.3	3.2%
<b>Total fees paid to the Company's auditor</b>	<b>11.0</b>	<b>100.0%</b>	9.5	100.0%

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**7. Staff costs**

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

	<b>2020</b>	2019
	<b>Number</b>	Number
Dentsu International Operations	<b>43,884</b>	44,433
Corporate	<b>888</b>	896
	<b>44,772</b>	45,329

Staff costs consist of:

	<b>2020</b>	2019
	<b>£m</b>	£m
Wages, salaries, bonus and benefits	<b>1,934.8</b>	2,202.7
Share based payments (See note 26)	<b>31.4</b>	70.0
Social security costs	<b>198.6</b>	221.0
Contributions to defined contribution plans	<b>42.3</b>	49.6
Expenses related to defined benefit plans	<b>3.9</b>	3.8
	<b>2,211.0</b>	2,547.1

**Directors' remuneration**

	Aggregate		Highest paid Director	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£m</b>	£m	<b>£m</b>	£m
Directors' remuneration	<b>8.3</b>	2.8	<b>5.0</b>	2.1
Amounts receivable under long term incentive schemes	-	0.4	-	-
Company contributions to money purchase pension plans	<b>0.4</b>	0.3	<b>0.1</b>	0.2
	<b>8.7</b>	3.5	<b>5.1</b>	2.3

In addition to the amounts above, one former director received £1.85m (2019: £nil) under the terms of their termination agreement as compensation for loss of office.

Post-employment benefits were accrued for one former director (2019: one former director) under a money purchase scheme. In addition, one director received cash payments in lieu of contributions to money purchase schemes (2019: one director). 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 director (2019: nil) exercised share options in the Company and no director (2019: nil) received shares, or had shares receivable under long-term incentive schemes, in respect of their qualifying service.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**8. Finance income**

	<b>2020</b>	2019
	£m	£m
Interest income on financial assets measured at amortised cost	13.9	20.1
Other movements	0.2	1.1
Remeasurements of deferred consideration and put option liabilities	54.6	-
Remeasurement to fair value of pre-existing interest in an acquiree	-	15.6
<b>Finance income</b>	<b>68.7</b>	36.8

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.

**9. Finance expenses**

	<b>2020</b>	2019
	£m	£m
Interest expense on overdrafts	(9.8)	(19.1)
Interest expense on bank loans, loan notes, other loans	(64.4)	(73.1)
Interest expense on lease liabilities	(24.4)	(26.9)
Other interest expenses	(20.3)	(11.9)
Total interest expense on financial liabilities measured at amortised cost	(118.9)	(131.0)
Remeasurements of deferred consideration and put option liabilities	-	(186.7)
Financial assets at fair value through profit and loss	(20.5)	-
Other movements	(12.8)	(10.1)
<b>Finance expenses</b>	<b>(152.2)</b>	(327.8)

Other movements on financing items in 2020 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.

Financial assets at fair value through profit and loss consists of losses due to changes in the fair value of shares in Dentsu Group Inc., which the Group held during a series of transactions to acquire the non-controlling interest in Merkle. See Note 24 for further information.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

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

	<b>2020</b> £m	2019 £m
Current tax	<b>84.8</b>	107.6
Adjustments in respect of prior years	<b>(6.6)</b>	3.5
	<b>78.2</b>	111.1
Deferred tax (note 20)		
Origination and reversal of temporary differences	<b>(58.8)</b>	(52.1)
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	<b>(1.2)</b>	(3.6)
Recognition of previously unrecognised temporary differences	<b>(1.8)</b>	0.5
Subtotal	<b>(61.8)</b>	(55.2)
<b>Total</b>	<b>16.4</b>	55.9

The tax charge for the year ended 31 December 2020 is £16.4m (2019: 55.9m) representing an effective tax rate (including deferred tax on goodwill) on statutory losses of (7.0%) (2019 losses: (11.1)%). The tax charge for the year ended 31 December 2020 includes a deferred tax expense of £24.5m (2019: £22.0m) 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% (2019: 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 UK Government has announced an increase in the corporation tax to 25% from April 2023. This rate increase was substantively enacted on 24 May 2021.

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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

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

	<b>2020</b> £m	2019 £m
Items that may be subsequently reclassified to profit or loss:		
Tax on cash flow hedge: movements taken to equity	<b>8.0</b>	4.4
Tax credit on exercise of Merkle Share Scheme (note 24)	<b>13.2</b>	-
Other	<b>(0.6)</b>	0.7
<b>Tax expense for the year</b>	<b>20.6</b>	5.1

The total tax charge recognised directly in equity during the year was £12.6m (2019: £0.7m), this related to equity instruments.

The total charge for the year for the Group can be reconciled to the accounting loss (2019: loss) as follows:

	<b>2020</b> £m	2019 £m
Loss before income tax	<b>(233.7)</b>	(502.1)
Tax at the UK corporation tax rate of 19% (2019: 19%)	<b>(44.4)</b>	(95.4)
Adjustments in respect of prior years – current and deferred tax	<b>(3.1)</b>	8.3
Non-deductible expenses (Non-taxable income) for tax purposes	<b>14.9</b>	74.2
Rate differences on overseas earnings	<b>(2.1)</b>	(21.0)
Current year tax losses not recognised	<b>22.2</b>	56.5
Local tax charge	<b>9.6</b>	16.7
Withholding taxes and other charges for the period	<b>16.6</b>	13.0
Other differences	<b>2.7</b>	3.6
<b>Tax expense for the year</b>	<b>16.4</b>	55.9
Effective rate of statutory tax charge on statutory losses	<b>(7.0)%</b>	(11.1)%

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 2020 is £nil (2019: £nil).

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**11. Goodwill**

<b>Cost</b>	<b>£m</b>
<b>At 1 January 2019</b>	<b>4,024.3</b>
Additions	245.6
Measurement period adjustments	9.8
Other movements	(4.6)
Exchange differences	(156.3)
<b>At 31 December 2019</b>	<b>4,118.8</b>
Additions	52.6
Measurement period adjustments (note 24)	20.7
Other movements	(0.2)
Exchange differences	(55.0)
<b>At 31 December 2020</b>	<b>4,136.9</b>

<b>Accumulated impairment losses</b>	<b>£m</b>
<b>At 1 January 2019</b>	<b>43.5</b>
Impairment losses for the year	245.5
<b>At 31 December 2019</b>	<b>289.0</b>
Impairment losses for the year	83.1
Exchange differences	0.5
<b>At 31 December 2020</b>	<b>372.6</b>

<b>Carrying amount</b>	<b>£m</b>
<b>At 31 December 2020</b>	<b>3,764.3</b>
At 31 December 2019	3,829.8

Additions to goodwill are as a result of the Group completing the acquisitions of 3 entities in 2020.

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.

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

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
EMEA	1,187.6	1,168.6
Americas	2,071.5	2,120.3
Asia Pacific	505.2	540.9
<b>Total Group</b>	<b>3,764.3</b>	3,829.8

Goodwill is assessed for impairment annually.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**11. Goodwill (continued)**

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. Liabilities that would be required to be assumed by a buyer, such as lease liabilities and restructuring provisions, are deducted from the CGU's value in use as well as its carrying value.

Revenue growth of 2-3% (2019: 3%) and underlying operating profit margin\* of 14.2% (2019: 13.8%) for the Group have been used as mid-term assumptions in the calculations. These have been projected considering 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 1.50% to 1.75% (2019: 1.50% to 1.75%).

The rate used to discount the forecast cash flows is 10.8% for the EMEA CGU (2019: 9.0%), 9.6% for the Americas CGUs (2019: 9.0%) and 12.4% for the Asia Pacific CGU (2019: 10.8%). 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.

In applying the above assumptions, the carrying value of the Asia Pacific CGU has been determined to be higher than its recoverable value of £512.1m and an impairment charge of £83.1m has been recognised (2019: £245.5m). Following the region's challenging business performance in 2019 which led to the prior year impairment, the region has been further impacted in 2020 by COVID-19.

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 would result in further impairment of £87.6m, a 1% decrease in mid-term revenue growth would result in further impairment of £9.9m and a 1% decrease in operating profit margin would result in further impairment of £45.3m.

\**Underlying operating profit is a profit indicator to measure recurring business performance which is calculated as operating profit added with M&A related items and one-off items.*

*M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, sharebased compensation expense issued following the acquisition of 100% ownership of a subsidiary*

*One-off items: items such as business restructuring costs, impairment loss and gain/loss on sales of non-current assets*

**Dentsu International Limited**

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

For the year ended 31 December 2020

**12. Intangible assets**

	Software	Customer Relationships	Non-compete Agreements	Intellectual Property	Other	Total
Cost	£m	£m	£m	£m	£m	£m
<b>At 1 January 2019</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>
Additions						
- separately acquired	15.5	-	-	3.6	24.3	43.4
- internally generated	1.0	-	-	-	4.0	5.0
Acquired on acquisition of a subsidiary *	0.4	(23.0)	1.6	7.0	25.3	11.3
Disposals	(48.5)	-	-	-	(9.2)	(57.7)
Assets retired	-	(66.4)	(6.9)	(22.5)	(11.5)	(107.3)
Transfers and other movements	33.3	-	-	-	(34.4)	(1.1)
Exchange differences	(0.1)	(17.1)	(0.9)	(5.8)	(3.2)	(27.1)
<b>At 31 December 2020</b>	<b>240.9</b>	<b>581.2</b>	<b>65.3</b>	<b>182.6</b>	<b>159.3</b>	<b>1,229.3</b>
<b>Accumulated amortisation &amp; impairment losses</b>						
<b>At 1 January 2019</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>
Charge for the year	28.7	102.5	10.4	19.6	30.1	191.3
Disposals	(41.3)	-	-	-	(6.3)	(47.6)
Impairment	0.3	0.5	0.2	7.1	1.0	9.1
Assets retired	(0.2)	(66.4)	(6.9)	(22.5)	(9.3)	(105.3)
Transfers and other movements	0.8	-	-	-	0.1	0.9
Exchange differences	0.4	(12.2)	(0.7)	(2.8)	(2.7)	(18.0)
<b>At 31 December 2020</b>	<b>109.4</b>	<b>310.7</b>	<b>43.1</b>	<b>58.5</b>	<b>84.6</b>	<b>606.3</b>
<b>Carrying amount</b>						
<b>At 31 December 2020</b>	<b>131.5</b>	<b>270.5</b>	<b>22.2</b>	<b>124.1</b>	<b>74.7</b>	<b>623.0</b>
At 31 December 2019	118.6	401.4	31.4	143.2	92.3	786.9

\*Negative amounts represent a reallocation of customer relationship assets to other asset classes, including goodwill, as a result of changes to purchase price allocations permitted within the 12 month remeasurement period.

The consolidated cash flow statement, on page 28 of the financial statements, includes separate disclosure of the proceeds from disposal of property, plant and equipment and intangible assets.

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**13. Property, plant and equipment**

	<b>Freehold land and buildings</b>	<b>Long leasehold and leasehold improvements</b>	<b>Office furniture, fixtures, equipment 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 2019</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>
Additions	0.3	22.4	18.9	41.6
Acquisitions of subsidiaries	-	0.3	0.1	0.4
Disposals and assets retired	-	(16.6)	(47.7)	(64.3)
Transfers and other movements	(0.2)	0.4	(0.8)	(0.6)
Exchange differences	-	(3.8)	(1.2)	(5.0)
<b>At 31 December 2020</b>	<b>3.8</b>	<b>239.7</b>	<b>192.5</b>	<b>436.0</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>At 1 January 2019</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>
Charge for the year	0.5	28.9	34.9	64.3
Disposals and assets retired	-	(10.9)	(44.1)	(55.0)
Impairments	-	0.8	0.2	1.0
Transfers and other movements	-	-	(1.6)	(1.6)
Exchange differences	(0.1)	(2.2)	(1.0)	(3.3)
<b>At 31 December 2020</b>	<b>1.1</b>	<b>150.7</b>	<b>123.8</b>	<b>275.6</b>
<b>Carrying amount</b>				
<b>At 31 December 2020</b>	<b>2.7</b>	<b>89.0</b>	<b>68.7</b>	<b>160.4</b>
At 31 December 2019	3.0	102.9	87.8	193.7

At 31 December 2020, the Group had no capital commitments contracted, but not provided, for the acquisition of property, plant and equipment (2019: nil).

The consolidated cash flow statement, on page 28 of the financial statements, includes separate disclosure of the proceeds from disposal of property, plant and equipment and intangible assets.

**Dentsu International Limited**  
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For the year ended 31 December 2020

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

	<b>Associates &amp; joint ventures</b>	£m
<b>At 1 January 2020</b>	<b>25.4</b>	
Share of results after tax	0.6	
Impairment	(17.5)	
Dividends received	(0.4)	
Exchange differences	(1.5)	
Others	(0.8)	
<b>At 31 December 2020</b>	<b>5.8</b>	

Investments in associates at 31 December 2020 include goodwill of £nil (2019: £16.5m).

There is no cumulative unrecognised share of losses as at the end of 2020 (2019: £nil).

The balance of £5.8m comprises the investment in Taproot India of £1.8m (2019: £20.3m) which has been impaired by an amount of £17.5m in the year, and several small investments, for which all controlling interests are held by other Dentsu Group Inc. group companies.

**15. Equity instruments**

	2020	2019
	£m	£m
<u>Equity instruments</u>	<u>6.5</u>	6.2

**16. Work in progress**

	2020	2019
	£m	£m
<u>Work in progress</u>	<u>4.5</u>	10.8

Work in progress consists principally of media inventory.

**17. Trade and other receivables**

	2020	2019
	£m	£m
Trade receivables and accrued income	5,419.8	6,064.2
Prepayments	52.2	68.2
Tax receivable	200.6	182.2
Receivables from Parent and other Dentsu Group Inc group entities	151.3	79.0
Amount receivable from associated undertakings	0.1	4.2
Other receivables	86.5	84.2
	<b>5,910.5</b>	6,482.0

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

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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

**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

	<b>Group A £m</b>	<b>Group B £m</b>	<b>Group C £m</b>	<b>Group D £m</b>	<b>Total £m</b>
<b>At 1 January 2019</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>
Transfers	0.3	-	-	(0.3)	-
Provided (released) in the year	1.0	-	-	34.5	35.5
Acquisition of subsidiaries	-	-	-	0.6	0.6
Utilisation of allowance	-	-	-	(73.5)	(73.5)
Exchange differences	0.1	-	-	3.6	3.7
<b>At 31 December 2020</b>	<b>2.4</b>	-	-	<b>97.9</b>	<b>100.3</b>

**Ageing past due date on receivables**

**At 31 December 2020**

	<b>Group A £m</b>	<b>Group B £m</b>	<b>Group C £m</b>	<b>Group D £m</b>	<b>Total £m</b>
Not past due and past less than 30 days	232.8	-	-	5,218.0	5,450.8
Past 31 – 90 days	-	-	-	123.1	123.1
Past over 90 days	-	-	-	176.7	176.7
<b>Total</b>	<b>232.8</b>	-	-	<b>5,517.8</b>	<b>5,750.6</b>

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

**Loss allowance by ageing**

**At 31 December 2020**

	<b>Receivable</b>	<b>Loss allowance</b>	<b>Average % of loss allowance</b>
	<b>£m</b>	<b>£m</b>	
Not past due and past less than 30 days	5,450.8	19.4	0.4%
Past 31 – 90 days	123.1	3.4	2.7%
Past over 90 days	176.7	77.5	43.9%
<b>Total</b>	<b>5,750.6</b>	<b>100.3</b>	<b>1.7%</b>

**18. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Trade payables and accruals	<b>5,254.5</b>	5,693.1
Deferred income	<b>232.4</b>	208.9
Taxation and social security	<b>179.3</b>	183.7
Deferred consideration	<b>735.1</b>	152.7
Payables to Parent and other Dentsu Group entities	<b>24.1</b>	45.4
Amount payable to associated undertakings	<b>6.0</b>	5.4
Advanced payments and billings	<b>514.4</b>	452.9
Share based payment liability	<b>109.4</b>	-
Other payables	<b>403.8</b>	468.9
	<b>7,459.0</b>	7,211.0

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

**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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**19. Financial instruments (continued)**

**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.

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.

	<b>2020</b> £m	2019 £m
Forward foreign exchange contracts - notional principal	<b>288.6</b>	174.3

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>	
	<b>2020</b> £m	2019 £m	<b>2020</b> £m	2019 £m
	<b>(0.4)</b>	(0.4)	<b>0.5</b>	(0.4)
Loss before tax	-	0.9	-	3.7
Other comprehensive income	-	-	-	-

**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.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

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

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 £490.5m sold but not settled as at 31 December 2020 (2019: £459.5m). Given the non-recourse nature of the arrangement these have been derecognised from trade and other receivables.

At 31 December 2020, the Group had net debt (before issue costs of new debt) of £1,296.4m (2019: £2,061.9m). The Group had cash and cash equivalents, net of overdrafts, of £1,981.1m at 31 December 2020 (2019: £1,025.2m) and gross borrowings (before issue costs of new debt and excluding overdrafts which are included in cash and cash equivalents) of £3,277.5m (2019: £3,087.1m). The Group's principal debt instruments are subject to certain financial covenants as set out in page 65.

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>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024+</b>
				<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Bank of Tokyo Mitsubishi UFJ, Limited debt	3.15%	2024	366.9	-	-	-	366.9
Sumitomo Mitsui Banking Corporation Europe	3.26%	2024	293.5	-	-	-	293.5
Bank of Tokyo Mitsubishi UFJ Limited \$200m	0.77%	2022	146.6	-	146.6	-	-
Bank of Tokyo Mitsubishi UFJ Limited \$200m	0.89%	2024	146.6	-	-	-	146.6
Mizuho bank debt £250m	0.67%	2025	250.0	-	-	-	250.0
Dentsu Inc. Loan ¥44b	0.40%	2023	312.3	-	-	312.3	-
Sumitomo Mitsui Banking Corporation Europe	1.95%	2024	50.0	-	-	-	50.0
Norinchukin loan debt \$100m	0.97%	2026	73.4	-	-	-	73.4
Mizuho bank debt £400m	0.70%	2026	400.5	-	-	-	400.5
Dentsu Group Inc. Loan ¥44b	0.48%	2025	312.6	-	-	-	312.6
Dentsu Group Inc. Loan ¥52b	0.40%	2021	369.0	369.0	-	-	-
Dentsu Group Inc. Loan ¥33b	0.60%	2021	234.2	234.2	-	-	-

The Group has a core revolving facility and term loan agreements of £500.0m. At 31 December 2020, this facility was undrawn, giving the Group total undrawn committed facilities of £500.0m (2019: £500.0m).

**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.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**19. Financial instruments (continued)**

A 1% increase in floating interest rates would have increased the loss before tax in the consolidated income statement by £2.0m (2019 loss before tax: £12.9m), 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.

**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 2020 is a liability of £(53.2)m (2019: £(15.3)m). 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 2020 is £(35.5)m (2019: £25.3m). 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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**19. Financial instruments (continued)**

**Covenants**

The Group's leverage covenant (net debt/EBITDA) was 0.1 times (compared to a covenant requirement of <3.5 times) (2019: 1.8 times) and interest cover covenant (EBITDA/net interest) was 8.0 times (compared to a covenant requirement >4 times) (2019: 7.3 times) at 31 December 2020.

**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:

<b>Nominal amount £m</b>	<b>2020</b>		<b>2020</b>		<b>2019</b>	
	<b>Foreign currency risk</b>	<b>Interest rate risk</b>	<b>Foreign currency risk</b>	<b>Interest rate risk</b>	<b>Foreign currency risk</b>	<b>Interest rate risk</b>
<b>Carrying value</b>						
Asset £m **	<b>23.3</b>	-	-	-	31.1	(4.3)
Liability £m	<b>(41.2)</b>	<b>(70.8)</b>	-	-	-	(17.1)
Line item in the consolidated balance sheet where the hedging instrument is included	<b>Derivative financial assets; Derivative financial liabilities</b>					
<b>During the period</b>						
Changes in the value of the hedging instrument recognised in OCI £m – gain / (loss)	<b>(48.9)</b>	<b>(47.3)</b>	-	-	(13.7)	(25.9)
Hedge ineffectiveness recognised in comprehensive income £m	-	-	-	-	-	-
Amount reclassified from hedging reserve to comprehensive income £m	<b>48.9</b>	-	-	-	13.7	(0.5)
Line item in comprehensive income affected by the reclassification	<b>Finance expenses</b>					

\*Nominal amount related to cross currency interest rate swaps of £1,226.9m (2019: £414.1m) 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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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:

	<b>2020</b> £m	2019 £m
<b>Balance as at 1 January</b>	<b>(17.1)</b>	4.8
Change in fair value – foreign currency risk	(48.9)	(11.3)
Change in fair value – interest rate risk	(39.5)	(21.5)
Amount reclassified to comprehensive income – foreign currency risk	48.9	11.3
Amount reclassified to comprehensive income – interest rate risk	-	(0.4)
<b>Balance as at 31 December</b>	<b>(56.6)</b>	(17.1)

**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:

<b>Nominal amount £m</b>	<b>2020</b> <b>Foreign currency risk</b>	2019 Foreign currency risk
<b>Carrying value</b>	-	470.7
Asset £m	-	0.3
Liability £m	-	(377.0)
Line item in the consolidated balance sheet where the hedging instrument is included	<b>Derivative financial assets; Borrowings</b>	Derivative financial assets; Borrowings
<b>During the period</b>		
Changes in the value of the hedging instrument recognised in OCI £m	(15.5)	8.2
Hedge ineffectiveness recognised in comprehensive income £m	-	-
Amount reclassified from hedging reserve to comprehensive income £m	-	-
Line item in comprehensive income affected by the reclassification	<b>Finance expenses</b>	Finance expenses

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

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

The total changes in fair value of net investment hedges, taken directly to equity in the year, was a loss of £(15.5)m (2019: gain of £8.2m). 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>2020</b> £m	2019 £m
<b>Balance as at 1 January</b>	<b>0.8</b>	(7.4)
Change in fair value – foreign currency risk	(15.5)	8.2
<b>Balance as at 31 December</b>	<b>(14.7)</b>	0.8

**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 after the end of 2021 when the benchmarks are expected to be discontinued is £1,016.3m as at 31 December 2020. 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 International Limited**

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

For the year ended 31 December 2020

**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 2020. The fair values of financial assets reflect market values or are based upon readily available market data.

2020	Note	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total more than 1 year	Total
		£m	£m	£m	£m	£m	£m
<b>Financial liabilities</b>							
Bank overdrafts		7.5	-	-	-	-	7.5
Bank loans		317.0	146.5	1,112.6	473.3	1,732.4	2,049.4
Amounts due to Dentsu group companies		604.0	-	624.1	-	624.1	1,228.1
Less: Issue costs of debt to be amortised	(1.0)	(0.9)	(2.1)	(0.2)	(3.2)	(4.2)	
<b>Total borrowings</b>	927.5	145.6	1,734.6	473.1	2,353.3	3,280.8	
Derivative financial liabilities:							
• Forward foreign exchange contracts	3.1	-	-	-	-	-	3.1
• Interest rate swaps	38.4	3.6	36.0	23.4	63.0	101.4	
• Put option liabilities	15.2	27.0	96.3	15.5	138.8	154.0	
<b>Total derivative financial liabilities</b>	56.7	30.6	132.3	38.9	201.8	258.5	
Deferred consideration	19, 25	735.1	100.6	66.3	-	166.9	902.0
Other financial liabilities		3,417.4	19.3	0.7	0.3	20.3	3,437.7
<b>Total</b>		5,136.7	296.1	1,933.9	512.3	2,742.3	7,879.0

2019	Note	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total more than 1 year	Total
		£m	£m	£m	£m	£m	£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	2,781.6
Amounts due to Dentsu group companies		-	-	305.5	-	305.5	305.5
Less: Issue costs of debt to be amortised	(1.0)	(1.0)	(2.4)	(0.8)	(4.2)	(5.2)	
<b>Total borrowings</b>	1,790.9	8.7	1,352.3	724.6	2,085.6	3,876.5	
Derivative financial liabilities:							
• Forward foreign exchange contracts	0.6	-	-	-	-	-	0.6
• Interest rate swaps	-	-	5.7	11.4	17.1	17.1	
• Put option liabilities	52.0	645.2	134.4	18.6	798.2	850.2	
<b>Total derivative financial liabilities</b>	52.6	645.2	140.1	30.0	815.3	867.9	
Deferred consideration	19, 25	152.7	113.4	201.0	-	314.4	467.1
Other financial liabilities		3,608.1	2.2	-	0.3	2.5	3,610.6
<b>Total</b>		5,604.3	769.5	1,693.4	754.9	3,217.8	8,822.1

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

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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.

	<b>2020 External loans</b>	<b>2020 Other liabilities</b>	<b>2020 Total</b>	<b>2019 External loans</b>	<b>2019 Other liabilities</b>	<b>2019 Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Less than 1 year	<b>965.4</b>	<b>735.1</b>	<b>1,700.5</b>	1,880.9	152.7	2,033.6
1-2 years	<b>181.8</b>	<b>120.7</b>	<b>302.5</b>	47.7	117.8	165.5
2-5 years	<b>1,776.9</b>	<b>68.7</b>	<b>1,845.6</b>	1,459.2	210.7	1,669.9
More than 5 years	<b>474.8</b>	<b>0.3</b>	<b>475.1</b>	739.6	0.3	739.9
<b>Total</b>	<b>3,398.9</b>	<b>924.8</b>	<b>4,323.7</b>	4,127.4	481.5	4,608.9

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:

<b>Interest rate swaps</b>	<b>2020 Payable</b>	<b>2020 Receivable</b>	<b>2019 Payable</b>	<b>2019 Receivable</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Less than 1 year	(19.9)	5.8	(21.0)	18.1
1-2 years	(17.4)	5.6	(20.1)	16.9
2-5 years	(42.8)	15.5	(48.6)	40.6
More than 5 years	(3.7)	1.7	(15.9)	13.9
<b>Total</b>	<b>(83.8)</b>	<b>28.6</b>	<b>(105.6)</b>	<b>89.5</b>

<b>Cross currency interest rate swaps</b>	<b>2020 Payable</b>	<b>2020 Receivable</b>	<b>2019 Payable</b>	<b>2019 Receivable</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Less than 1 year	(9.0)	3.7	(6.8)	2.0
1-2 years	(7.9)	2.7	(6.5)	1.2
2-5 years	(5.7)	4.1	(8.5)	1.6
More than 5 years	-	-	-	-
<b>Total</b>	<b>(22.6)</b>	<b>10.5</b>	<b>(21.8)</b>	<b>4.8</b>

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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>2020 Payable</b> <b>£m</b>	<b>2020 Receivable</b> <b>£m</b>	<b>2019 Payable</b> <b>£m</b>	<b>2019 Receivable</b> <b>£m</b>
Less than 1 year	(639.4)	602.8	(93.7)	108.6
1-2 years	-	-	-	-
2-5 years	(605.3)	624.1	(288.7)	305.5
More than 5 years	-	-	-	-
<b>Total</b>	<b>(1,244.7)</b>	<b>1,226.9</b>	<b>(382.4)</b>	<b>414.1</b>

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

	<b>2020 £m</b>	<b>2019 £m</b>
Less than 1 year	(15.2)	(52.1)
1-2 years	(27.7)	(652.1)
2-5 years	(99.6)	(143.0)
More than 5 years	(16.3)	(20.6)
<b>Total</b>	<b>(158.8)</b>	<b>(867.8)</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>2020 £m</b>	<b>2019 £m</b>
Expiring between one and five years	500.0	500.0
<b>Total</b>	<b>500.0</b>	<b>500.0</b>

**Dentsu International Limited**

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

For the year ended 31 December 2020

**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 (debt) are within fair value hierarchy level 2.

	2020		2020		2019	2019
	Fair value	Carrying value	Fair value	Carrying value		
	£m	£m	£m	£m		
<b>2013 Mitsubishi</b>	-	-			302.9	302.9
<b>2014 Mizuho</b>	-	-			200.2	200.4
<b>2017 BTMU</b>	<b>389.3</b>	<b>366.9</b>			386.5	377.6
<b>2017 SMBC</b>	<b>312.3</b>	<b>293.5</b>			310.4	302.0
<b>2017 Mitsubishi</b>	<b>291.2</b>	<b>293.2</b>			300.2	302.0
<b>2018 Mizuho</b>	<b>242.5</b>	<b>250.0</b>			244.2	250.0
<b>2018 Dentsu Inc</b>	<b>308.4</b>	<b>312.3</b>			301.6	305.7
<b>2019 SMBC</b>	<b>51.0</b>	<b>50.0</b>			50.5	50.0
<b>2019 Norinchukin</b>	<b>71.9</b>	<b>73.4</b>			75.0	75.9
<b>2019 Mizuho</b>	<b>386.3</b>	<b>400.5</b>			389.9	400.9
<b>2019 Mitsubishi</b>	-	-			60.1	60.1
<b>2019 BTMU</b>	-	-			72.6	72.6
<b>2020 Dentsu Group Inc</b>	<b>906.0</b>	<b>915.9</b>			-	-
<b>Total debt</b>	<b>2,958.9</b>	<b>2,955.7</b>			2,694.1	2,700.1

**Dentsu International Limited**

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

For the year ended 31 December 2020

**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).

<b>2020</b>	Measured at:				<b>Total £m</b>		
		<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>			
<b>Financial assets</b>							
Held for trading:							
• Foreign currency forward contracts	FVPL	-	2.8	-	<b>2.8</b>		
• Other financial assets	FVPL	8.3	4.9	-	<b>13.2</b>		
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	12.8	-	<b>12.8</b>		
Equity instruments	FVOCI	4.9	-	1.6	<b>6.5</b>		
<b>Total financial assets</b>		<b>13.2</b>	<b>20.5</b>	<b>1.6</b>	<b>35.3</b>		
<b>Financial liabilities</b>							
Held for trading: Foreign currency forward contracts	FVPL	-	(3.1)	-	<b>(3.1)</b>		
Put option liabilities	PVFRA	-	-	(154.0)	<b>(154.0)</b>		
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(101.4)	-	<b>(101.4)</b>		
Deferred consideration	FVPL	-	-	(902.0)	<b>(902.0)</b>		
<b>Total financial liabilities</b>		<b>-</b>	<b>(104.5)</b>	<b>(1,056.0)</b>	<b>(1,160.5)</b>		

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**19. Financial instruments (continued)**

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

<b>2019</b>	Measured at:				<b>Level 3 £m</b>	<b>Total £m</b>			
		<b>Level 1 £m</b>	<b>Level 2 £m</b>						
<b>Financial assets</b>									
Held for trading:									
• Foreign currency forward contracts	FVPL	-	1.0	-		<b>1.0</b>			
• Other financial assets	FVPL	4.5	4.2	-		<b>8.7</b>			
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	27.1	-		<b>27.1</b>			
Equity instruments	FVOCI	4.5	-	1.7		<b>6.2</b>			
<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	FVPL	-	(0.6)	-		<b>(0.6)</b>			
Put option liabilities	PVFRA	-	-	(850.2)		<b>(850.2)</b>			
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(17.1)	-		<b>(17.1)</b>			
Deferred consideration	FVPL	-	-	(467.1)		<b>(467.1)</b>			
<b>Total financial liabilities</b>		<b>-</b>	<b>(17.7)</b>	<b>(1,317.3)</b>		<b>(1,335.0)</b>			

There were no transfers between levels during 2020 or 2019.

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 International Limited**

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

For the year ended 31 December 2020

**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 rate	Non- interest bearing	2020 Total	Floating rate	Non- interest bearing	2019 Total
	£m	£m	£m	£m	£m	£m
	GBP	327.0	2.4	329.4	581.3	0.5
USD	954.3	35.3	989.6	568.4	24.8	593.2
EUR	111.9	14.4	126.3	155.0	16.4	171.4
Other currencies	482.8	60.5	543.3	413.6	59.8	473.4
	<b>1,876.0</b>	<b>112.6</b>	<b>1,988.6</b>	1,718.3	101.5	1,819.8

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 rate	Floating rate	Non- interest bearing	2020 Total	Fixed rate	Floating rate	Non- interest bearing	2019 Total
	£m	£m	£m	£m	£m	£m	£m	£m
	GBP	1,926.9	273.3	1.8	2,202.0	805.5	1,304.2	1.6
USD	1,025.6	(1.6)	1.4	1,025.4	1,321.2	(0.1)	3.0	1,324.1
EUR	-	(223.2)	-	(223.2)	115.0	(36.5)	0.5	79.0
Other currencies	47.5	233.3	-	280.8	96.4	270.9	-	367.3
Gross borrowings	<b>3,000.0</b>	<b>281.8</b>	<b>3.2</b>	<b>3,285.0</b>	2,338.1	1,538.5	5.1	3,881.7
Issue costs of debt	(4.2)	-	-	(4.2)	(5.2)	-	-	(5.2)
	<b>2,995.8</b>	<b>281.8</b>	<b>3.2</b>	<b>3,280.8</b>	2,332.9	1,538.5	5.1	3,876.5

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 International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**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.

	2020 Gross amount of financial assets	2020 Gross amount of financial liabilities offset	2020 Gross amount of financial assets offset	2020 Net amount presented in balance sheet	2019 Gross amount of financial assets	2019 Gross amount of financial liabilities offset	2019 Gross amount of financial assets offset	2019 Net amount presented in balance sheet
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Financial assets</b>								
Cash and cash equivalents	2,626.5	(252.7)	(385.2)	1,988.6	2,267.9	(157.7)	(290.4)	1,819.8
<b>Financial liabilities</b>								
Bank overdraft	(645.4)	385.2	252.7	(7.5)	(1,242.7)	290.4	157.7	(794.6)

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.

	2020 Net amount £m	2019 Net amount £m
<b>Financial assets</b>		
Derivative assets - forward foreign exchange contracts and interest rate swaps	15.6	28.1
<b>Financial liabilities</b>		
Derivative liabilities - forward foreign exchange contracts and interest rate swaps	(104.6)	(17.7)

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

<b>20. Deferred tax</b>	<b>Purchased intangibles</b>	<b>Deductions in respect of goodwill</b>	<b>Losses</b>	<b>Other temporary differences</b>	<b>Total</b>
<b>At 1 January 2020 - asset/(liability)</b>	(114.4)	(96.8)	39.6	101.2	(70.4)
Exchange rate differences	2.0	1.4	1.0	(0.4)	4.0
Deferred tax on acquisitions	0.8	-	-	0.2	1.0
Amount provided in reserves	-	-	13.1	7.7	20.8
Transfers	-	-	-	0.3	0.3
Profit or loss movement	35.1	(15.4)	43.1	(1.0)	61.8
<b>At 31 December 2020 asset/(liability)</b>	<b>(76.5)</b>	<b>(110.8)</b>	<b>96.8</b>	<b>108.0</b>	<b>17.5</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).

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Deferred tax asset	<b>153.3</b>	63.8
Deferred tax liability	<b>(135.8)</b>	(134.2)
	<b>17.5</b>	(70.4)

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

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Losses – revenue	<b>691.5</b>	380.7
Losses – capital	<b>109.5</b>	109.5
Other temporary differences	<b>19.5</b>	7.4
	<b>820.5</b>	497.6

Included in losses - revenue, are losses of £6.0m that will expire by 2021 (2019: £4.7m), £0.9m that will expire by 2022 (2019: £0.6m), £2.6m that will expire by 2023 (2019: £0.9m), £2.9m that will expire by 2024 (2019: £1.4m), £13.5m that will expire by 2025 (2019: £12.0m), £104.0m that will expire after 2026 (2019: £nil) and £561.6m (2019: £359.4m) that can be carried forward indefinitely.

The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £820.5m (2019: £497.6m) 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 £1,742.1m (2019: £1,533.0m) 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 2020 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 International Limited**

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

For the year ended 31 December 2020

**21. Provisions**

	<b>Property provision</b>	<b>Restructuring provisions</b>	<b>Compliance, legal disputes &amp; claims</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2020	5.1	93.3	-	8.8	107.2
Reclassified from accruals	-	-	5.3	-	5.3
Additional provision in the year	9.2	211.2	21.7	9.7	251.8
Utilisation	0.6	(34.1)	-	(0.6)	(34.1)
Released	(1.3)	(29.1)	-	(1.3)	(31.7)
Exchange differences	(0.2)	(1.6)	(0.4)	0.1	(2.1)
<b>At 31 December 2020</b>	<b>13.4</b>	<b>239.7</b>	<b>26.6</b>	<b>16.7</b>	<b>296.4</b>

£163.7m (2019: £95.9m) of the above provisions are held as current liabilities.

During 2020, the Dentsu Group announced a comprehensive review and accelerated transformation programme. Involving every region, the review has supported the focused strategy of integrated solutions and is aimed at simplifying the business for both clients and operations; structurally and permanently lowering operating expenses; enhancing the efficiency of our balance sheet and maximising long-term shareholder value.

As at 31 December 2020 a provision of £239.7m is held in respect of restructuring (2019: £93.3m). It is expected that the cash outflows in respect of the provision will occur throughout 2021 and 2022. 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.

As at 31 December 2020 a provision of £114.5m is held in respect of onerous leases (2019: nil), within restructuring provisions. Key assumptions applied in the calculation of the provision include the headline subrental receivable, expected rate of increase in rental payments over the period (16 years), lease incentives and void periods, which aggregate to an estimated expected total sublease income on the onerous space. There is uncertainty to the timing and value of any subrental income we will receive on the impacted properties. If the estimated total subrental income received was to change by +/-10% then the provision would move by +/- £29.5m. The final cash deficit to dentsu may therefore differ from the initial estimates recorded. Certain properties that are considered surplus as part of the restructuring exercise have no onerous lease liability recorded at the balance sheet date, reflecting the advanced stage of negotiations to release the Group from any present obligation. Should these negotiations not reach the anticipated conclusion the current assessment would be materially different.

Other provisions include amounts provided for miscellaneous items which do not meet the definitions of the other categories. It is expected that approximately 50% of the balance provided for will be utilised over the course of 2021.

The compliance, legal disputes & claims provision represents the Directors' best estimate of the likely cost associated with various claims, disputes and other contractual and compliance matters to which the Group and its subsidiaries are party or which are still being investigated as at the balance sheet date. Amounts previously recorded in accruals have been transferred to provisions as the Directors believe that is a better reflection of the nature of those balances.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**21. Provisions (continued)**

The wide range of business activities carried out by the Group's companies may result in it being subject to legal claims or regulatory inquiries that derive from media audits by customers, media companies or subcontractors. In addition, the Group's internal legal and compliance teams regularly perform reviews, to confirm that contractual terms are being complied with. Whilst the timing and ultimate quantum of settlement of these matters remains uncertain, based on findings to date and external legal advice received the Directors do not currently anticipate that the outcomes individually, or in aggregate, will have a material adverse effect on the consolidated accounts or on the operations of the Group over and above the provisions currently recorded. However, as is inherent in any such matters there is a risk that outcomes may be different and unfavourable to the Group.

**22. Share capital and share premium**

**Share capital account**

	<b>2020</b> Number of ordinary shares	<b>2020</b> £m	<b>2019</b> Number of ordinary shares	<b>2019</b> £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
Issue of shares by the Company	<b>15,100</b>	-	-	-
<b>At 31 December</b>	<b>1,426,884,938</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.

In April 2020, the issue of 100 ordinary shares was approved, at a price of £866,717 per share.

In December 2020, a further issue of 15,000 ordinary shares were approved, at a price of £47,615 per share.

**Share premium account**

	<b>2020</b> £m	<b>2019</b> £m
At 1 January	<b>1,190.7</b>	1,190.7
Issue of shares by the Company	<b>800.9</b>	-
<b>At 31 December</b>	<b>1,991.6</b>	1,190.7

**23. Reserves**

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Retained earnings reserve contains the accumulated historical profit and loss.

Potential acquisition of non-controlling interests reserve represents the value of NCI that the Group will acquire on settlement of put options struck as part of the acquisition deal.

**Dentsu International Limited**

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

For the year ended 31 December 2020

**24. Acquisition of subsidiaries**

**Summary of acquisitions**

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

<b>Company</b>	<b>Country of incorporation</b>	<b>Network brand</b>	<b>% Acquired percentage of voting right</b>	<b>% Total Interests attributable to the Group (Non-controlling interests)</b>	<b>Month of acquisition</b>
4Cite	USA	Merkle	100%	100% (-)	January
Digital Pi	USA	Merkle	100%	100% (-)	January
Media Storm	USA	Merkle	83.5%	83.5% (16.5%)	February

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.

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

<b>Company</b>	<b>Country of incorporation</b>	<b>% Acquired percentage of voting right</b>	<b>% Acquired percentage of interests attributable to the Group (Total interests of the Group)</b>	<b>Month of acquisition</b>
BWM	Australia	49%	100% (100%)	January
Avid Media	UK	49%	100% (100%)	February
Comunica+A	Spain	19%	19% (70%)	March
Merkle	US	34%	100% (100%)	April
Animal Maker	Spain	49%	100% (100%)	July
NBS	Brazil	30%	100% (100%)	September
Naturact	Spain	49%	100% (100%)	December

If the acquisitions above (excluding additional stakes in existing subsidiaries) had been completed on the first day of the financial year, Group revenue less cost of sales for 2020 would have been £3,415.0m and the loss before interest and tax for the continuing Group, would have been £(150.4)m. Post-acquisition revenue and profit before interest and tax on 2020 acquisitions were £38.4m and £5.8m respectively.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

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

Goodwill capitalised in the period represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies. £52.6m 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.

Initial consideration for acquisitions of subsidiaries, excluding transaction costs (acquisition related fees), totalled £67.9m, excluding £(1.0)m net working capital adjustments, with estimated deferred consideration, as calculated at the acquisition date, of £10.9m payable between 2022-2023, subject to performance criteria. Acquisition related fees of £1.5m 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 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 30.

**Merkle transaction**

In April 2020, the Group agreed to accelerate the acquisition of the remaining non-controlling interest in Merkle through a merger transaction in exchange for 4,743,300 of Dentsu Group Inc. treasury shares and a certain amount of cash payable in April 2021 and July 2021.

In conjunction with this transaction the put options on Merkle's shares against the Group held by non-controlling interest holders were cancelled, and as such the related put option liability has been derecognised and a deferred consideration liability recognised in its place.

As a result of the transaction the Group owns 100% of Merkle and therefore the non-controlling interest and potential acquisition of non-controlling interest balances within equity have been reclassified to retained earnings.

The Dentsu Group Inc. shares transferred in the transaction were funded through an issue of ordinary share capital. The equity funding received from Dentsu Group Inc. and acquisition of the shares from the same are presented gross in the cash flow statement as financing and other investing activities respectively. A loss on the shares of £20.5m was recognised through the income statement due to the timing of the series of transactions (Note 9).

The transaction has also accelerated the closure of the Merkle Share Option Plan as described in Note 26, with a new share-based compensation plan granted for key members of Merkle's management team.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

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>Total</b> <b>£m</b>
<b>Assets</b>	
Property, plant and equipment	0.4
Cash and cash equivalents	16.2
Trade and other receivables <sup>1</sup>	71.9
Business combination intangibles <sup>2</sup>	32.6
Other assets	0.9
	<b>122.0</b>
<b>Liabilities</b>	
Trade and other payables	(93.9)
Borrowings	-
Deferred tax liability	-
Other liabilities	(0.5)
	<b>(94.4)</b>
<b>Net assets acquired</b>	<b>27.6</b>
Non-controlling interest	(1.4)
Goodwill arising on acquisition	52.6
	<b>78.8</b>
<b>Satisfied by</b>	
Initial consideration	67.9
Gain on step acquisition	-
Deferred consideration	10.9
	<b>78.8</b>

1. The trade receivables acquired at the acquisition date had a fair value of £23.0m. This includes a loss allowance of £(1.5)m.

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 prior year in respect of 2019 acquisitions include a decrease to business combination intangibles of £21.3m and an increase to goodwill of £20.7m.

In the prior year, the assets, liabilities and consideration for the purchases of UGAM and Mutesix were individually material and therefore separately disclosed. In the current year, remeasurements decreased the goodwill recognised in relation to UGAM by £4.2m and increased the goodwill recognised in relation to Mutesix by £16.1m, with equivalent increase and decrease respectively in business combination intangibles. 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.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**25. Other non-current liabilities**

	<b>2020</b>	2019
	£m	£m
Deferred consideration	<b>166.9</b>	314.4
Pensions	<b>45.2</b>	40.9
Deferred lease incentives	<b>28.4</b>	35.4
Share based payment liability	<b>2.3</b>	151.2
Other	<b>44.8</b>	46.1
	<b>287.6</b>	588.0

**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 1% (2019: 2%). 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>2020</b>	2019
	£m	£m
Within one year	<b>735.1</b>	152.7
Between one and two years	<b>100.6</b>	113.4
Between two and five years	<b>66.3</b>	201.0
	<b>902.0</b>	467.1

The minimum potential liability is £nil (2019: £nil) and the maximum potential liability is £2,553.4m (2019: £2,820.8m). There are no acquisitions as at 31 December 2020 (2019: no) 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.

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

	<b>2020</b>	2019
	£m	£m
Balance at 1 January	<b>(467.1)</b>	(486.0)
Additions and transfers	<b>(668.7)</b>	(152.1)
Deferred consideration settled	<b>147.5</b>	165.3
Remeasurements recognised in the income statement	<b>51.8</b>	4.1
Unwind of discounting	<b>(9.4)</b>	(14.5)
Exchange differences	<b>43.9</b>	16.1
Balance at 31 December	<b>(902.0)</b>	(467.1)

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**25. Other non-current liabilities (continued)****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 1% (2019: 2%). 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>2020</b> £m	2019 £m
Balance at 1 January	<b>(850.2)</b>	(728.6)
Put options issued	<b>(14.4)</b>	(45.8)
Settlements, lapses, and transfers	<b>730.6</b>	65.1
Remeasurements	<b>1.6</b>	(147.4)
Unwind of discounting	<b>(13.1)</b>	(22.3)
Exchange differences	<b>(8.5)</b>	28.8
<b>Balance at 31 December</b>	<b>(154.0)</b>	(850.2)

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 £2.5m (2019: £5.7m). 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 £4.2m (2019: £9.3m).

A 1% increase in the growth rates used in determining the put option and deferred consideration liabilities would lead to a £6.8m decrease 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 £(7.0m) increase in the value of liabilities held on the balance sheet.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**26. Share-based payment**

The Group acquired Merkle Group Inc. ("Merkle") on 1 September 2016. Merkle maintained 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. The share scheme was closed 13 April 2020 when the Merkle buyout was accelerated as described in Note 24. On this date all remaining options vested and were exercised, with partial settlement through the exchange of cash and Dentsu Group Inc. treasury shares. The remaining liabilities will be settled in April 2021 and July 2021.

Each share option of Merkle converted 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 rights 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 were 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 vested over a 2 to 5 year period from the grant date, and had 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:

	<b>Number of share options</b>	<b>Weighted Average Exercise Price \$</b>
<b>Options at 1 January 2020</b>	<b>901,159</b>	<b>101.35</b>
Granted	48,953	162.35
Exercised	(950,112)	(104.49)
<b>Options at 31 December 2020</b>	-	-

The expense recognised in the income statement in relation to the plan in the year is £22.8m (2019: £68.7m).

**New share-based payment plan**

Following the closure of the Merkle Share Option Plan, 2,581,200 of Dentsu Group Inc. treasury shares have been granted as new share-based compensation for key members of Merkle's management team. The shares vest over the period until 31 December 2023 with a service condition. The expense recognised in the income statement in relation to the new plan is £8.6m.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

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

	<b>2020</b>	2019
	<b>£m</b>	£m
<b>Loss before tax</b>	<b>(233.7)</b>	(502.1)
Adjustments for:		
Share of results from associates	16.9	(1.7)
Finance income	(68.7)	(36.8)
Finance expenses	152.2	327.8
Depreciation of property, plant and equipment	64.3	70.5
Depreciation of leased assets	132.9	142.1
Amortisation of intangible assets	191.3	201.8
Impairment of intangibles and property, plant and equipment	-	25.0
Impairment on goodwill and investments	83.1	245.5
Stock option movement	31.4	70.0
Loss on disposal of property, plant and equipment & intangible assets	0.9	0.8
Loss on disposal of subsidiaries, JVs and associates	1.3	
Increase in restructuring provision	160.4	108.1
Other non-cash	27.7	30.9
	<b>560.0</b>	681.9
Increase/ (decrease) in provisions	47.9	7.5
Decrease/ (increase) in receivables	593.7	(113.1)
Decrease/ (increase) in non-recourse receivables financing	31.0	232.8
Decrease/ (increase) in work in progress	6.3	67.6
(Decrease)/ increase in payables	(549.4)	(220.9)
	<b>129.5</b>	(26.1)
<b>Cash generated from operations</b>	<b>689.5</b>	655.8

All results are from continuing operations.

<b>Analysis of net debt</b>	1 January 2020	Cash flow £m	Other non- cash movements £m	Exchange movements £m	31 December 2020
	£m				£m
Cash and short-term deposits	1,819.8	185.1	-	(16.3)	1,988.6
Overdrafts	(794.6)	787.4	-	(0.3)	(7.5)
Cash and cash equivalents	1,025.2	972.5	-	(16.6)	1,981.1
Debt due within one year	(997.3)	42.0	0.8	33.5	(921.0)
Debt due after more than one year	(2,089.8)	(296.1)	-	29.4	(2,356.5)
Net debt before issue costs of debt	(2,061.9)	718.4	0.8	46.3	(1,296.4)
Issue costs of debt	5.2	-	(1.0)	-	4.2
<b>Total</b>	<b>(2,056.7)</b>	<b>718.4</b>	<b>(0.2)</b>	<b>46.3</b>	<b>(1,292.2)</b>

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**28. Leases**

The Group leases buildings and leasehold improvements, automobile/other transportation instruments, and furniture, fixtures and office equipment. Lease terms vary from 0.5 years to over 20 years, with a weighted average lease term by monthly rental of around 8 years. Some leases provide for an option to renew the lease at the end of the term. Further, 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 Group leases "other short-term leases" with contract terms of less than one year 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**

<b>2020</b>	<b>Buildings and Leasehold Improvements</b>	<b>Other</b>	<b>Total £m</b>
Balance at 1 January	508.0	7.5	<b>515.5</b>
Depreciation charge for the year	(128.8)	(4.1)	<b>(132.9)</b>
Additions to right-of-use assets	52.5	2.1	<b>54.6</b>
Modifications and terminations	(42.2)	-	<b>(42.2)</b>
Impairment	(13.4)	-	<b>(13.4)</b>
Foreign exchange differences	3.3	0.1	<b>3.4</b>
<b>Balance as at 31 December</b>	<b>379.4</b>	<b>5.6</b>	<b>385.0</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Interest on lease liabilities	(24.4)	(26.9)
Expenses relating to short-term leases	(1.5)	(0.4)
Impairment of right of use assets presented within restructuring	(13.4)	-

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

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Total cash outflow for leases	(149.3)	(168.8)

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

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

Some property leases contain 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 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 Leases**

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

	<b>2020</b> <b>£m</b>	<b>2019</b> <b>£m</b>
Less than one year	139.0	154.0
One to two years	107.5	136.0
Two to three years	82.0	103.0
Three to four years	58.8	73.0
Four to five years	44.8	53.0
More than five years	124.4	142.0
<b>Total</b>	<b>556.5</b>	<b>661.0</b>

**Dentsu International Limited**

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

For the year ended 31 December 2020

**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 and are detailed in the below table. Receivables, payables and borrowings are unsecured. Settlement, when made, will be in cash.

**Transactions with associated undertakings**

The balance due from Group companies to associated undertakings at the end of 2020 was £6.0m (2019: £5.4m). The balance due from associated undertakings to Group companies at the end of 2020 was £0.9m (2019: £4.2m). 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 £m	Gross Media Buying £m	Other Income £m	Other Purchases £m	Receivables £m	Payables £m	Borrowings £m
Dentsu Group Inc.*	-	-	4.6	(11.1)	1.9	(2.6)	(1,228.2)
Dentsu Inc.*	14.3	(1.2)	4.8	(0.2)	5.6	(0.3)	-
&c. Inc.	-	-	0.6	(0.8)	42.8	(9.3)	(27.7)
Beijing Dentsu Advertising Co Limited	-	-	0.1	(0.6)	79.8	(1.3)	(12.3)
Dentsu Kuohua Inc.	2.7	-	0.2	-	0.4	(0.1)	-
Dentsu Mcgarrybowen (Taiwan) Inc.	3.7	-	0.2	-	0.8	-	-
Dentsu X (Taiwan) Inc	9.0	(3.7)	0.5	(1.6)	1.7	-	-
PT. Dentsu Inter Admark Media Group Indonesia	-	-	1.7	(1.9)	7.8	(2.6)	(17.2)
Other Dentsu Group Entities	0.7	(0.4)	5.1	(1.9)	10.0	(7.9)	(10.7)
Total transactions / balance with Dentsu Group Inc and Other Dentsu Group Entities	<b>30.4</b>	<b>(5.3)</b>	<b>17.8</b>	<b>(18.1)</b>	<b>150.8</b>	<b>(24.1)</b>	<b>(1,296.1)</b>
Other related parties	-	-	-	-	0.9	(6.0)	-
<b>Total</b>	<b>30.4</b>	<b>(5.3)</b>	<b>17.8</b>	<b>(18.1)</b>	<b>151.7</b>	<b>(30.1)</b>	<b>(1,296.1)</b>

\*On 1 January 2020, Dentsu Inc. was renamed Dentsu Group Inc. A new entity was then incorporated with the name Dentsu Inc., which is a direct subsidiary of Dentsu Group Inc.

**Dentsu International Limited****Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2020

**29. Related party transactions (continued)****Remuneration of key management personnel**

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

	<b>Aggregate</b>		<b>Highest paid Director</b>	
	<b>2020</b> <b>£m</b>	<b>2019</b> <b>£m</b>	<b>2020</b> <b>£m</b>	<b>2019</b> <b>£m</b>
Key management remuneration including social security costs	<b>8.6</b>	3.4	<b>5.1</b>	2.3
Company contributions to money purchase pension schemes	<b>0.4</b>	0.3	<b>0.1</b>	0.2
Total remuneration	<b>9.0</b>	3.7	<b>5.2</b>	2.5

**30. Subsequent events****Funding**

In January 2021, loans from Dentsu Group Inc. (ultimate parent company) maturing in 2021 were extended to July 2025 (JPY 41bn) and July 2030 (JPY 44bn). The Group entered into cross currency swaps to convert the JPY obligations arising under these new loans into fixed GBP interest obligations (1.249%p.a. for the loan maturing in July 2025 and 1.8%p.a. for the loan maturing in July 2030).

Further loans have been deferred so that they are no longer current.

A three-year extension to the Group's £500.0m revolving credit facility, which was due to expire in December 2021, has been agreed in June 2021. A further 2 one-year extension options at the lenders' option have also been agreed. The facility is ESG-linked.

**Acquisitions and disposals**

An agreement to acquire 73% of shares in DIAMGI (Indonesia) from Dentsu Group Inc. completed on 8 January 2021.

An agreement in relation to the exercise of Videobeat put option for the remainder of the non-controlling interest was exercised and completed on 18 January 2021.

An agreement to dispose of MKTG Travel and Dentsu Consulting's trade and assets in France completed on 17 February 2021 and 1 March 2021 respectively. An agreement to dispose of MKTG Sport (Keneo) share capital in France completed on 1 March 2021.

An agreement in relation to the exercise of If Interactive's 10% put option was signed on 31 January 2021. This brings total ownership by Dentsu International Limited of If Interactive to 100%.

An agreement in relation to the exercise of Shuriken 30% put option was signed in January 2021. This brings total ownership in Shuriken to 100%.

An agreement in relation to exercise put options in Helleworld was signed on 1 February 2021, under which Dentsu International Limited acquired a 13% investment.

**Dentsu International Limited**  
**Notes to the consolidated financial statements (continued)**  
For the year ended 31 December 2020

**30. Subsequent events (continued)**

**Acquisitions and disposals (continued)**

An agreement in relation to the exercise of Outfox 5% call option was signed on 17 February 2021. This brings total ownership in Outfox to 100%.

A liquidation of Markenloft (Germany) completed on 28 February 2021.

A liquidation process commenced on 31 March 2021 for the legal entities Dentsu Aegis Network Belgium, Amnet and Posterscope in Belgium, with a proportion of client contracts being serviced subsequently from a new legal entity that is in the process of being incorporated.

An agreement in relation to the exercise of Gleam put option for the remainder of the non-controlling interest was exercised and completed on 16 April 2021.

On 29 April 2021, the remainder of the non-controlling interest in Dentsu Media, S.L. was acquired in a cash purchase.

An agreement in relation to Dentsu X was signed on 8 May 2021 to acquire the remainder of the non-controlling interest following the expiry of the put option.

An agreement in relation to the disposal of RPM Racing, S.L. (Spain) was signed on 8 May 2021 and completed on 1 June 2021.

An agreement in relation to the 100% acquisition of LiveArea was signed on 2 July 2021 and is expected to complete in August 2021 subject to regulatory approvals.

An agreement in relation to the disposal of MKTG Live (Spain) was signed on 14 July 2021.

An agreement in relation to the disposal of Carat Tunisie SA was signed on 14 July 2021.

**Dentsu International Limited**  
**Company balance sheet**  
At 31 December 2020

	Note	2020 £m	2019 £m
<b>Fixed assets</b>			
Tangible assets	6	<b>8.6</b>	10.1
Intangible assets	7	<b>135.0</b>	132.1
Right-of-use assets	16	<b>13.2</b>	27.5
Investments	8	<b>3,398.2</b>	2,766.2
		<b>3,555.0</b>	2,935.9
<b>Current assets</b>			
Debtors (including £485.9m (2019: £427.6m) due after more than one year)	9	<b>638.4</b>	609.4
Cash at bank		<b>12.4</b>	1.7
		<b>650.8</b>	611.1
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	<b>(167.2)</b>	(174.8)
Provisions	12	<b>(9.1)</b>	(16.8)
Lease liabilities	16	<b>(11.4)</b>	(13.1)
		<b>(187.7)</b>	(204.7)
		<b>463.1</b>	406.4
<b>Total assets less current liabilities</b>		<b>4,018.1</b>	3,342.3
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	11	-	(4.1)
Provisions	12	<b>(2.0)</b>	-
Lease liabilities	16	<b>(12.2)</b>	(26.3)
		<b>(14.2)</b>	(30.4)
<b>Net assets</b>		<b>4,003.9</b>	3,311.9
<b>Capital and reserves</b>			
Called-up share capital	15	<b>78.5</b>	78.5
Share premium account	15	<b>1,991.6</b>	1,190.7
Merger reserve		<b>13.0</b>	13.0
Profit and loss account		<b>1,920.8</b>	2,029.7
<b>Shareholder's funds</b>		<b>4,003.9</b>	3,311.9

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 29 July 2021 and were signed on behalf of the Board of Directors by:

  
**Wendy Clark**  
Chief Executive Officer

  
**Nick Priday**  
Chief Financial Officer

**Dentsu International Limited**  
**Company statement of changes in equity**  
At 31 December 2020

	Called-up share capital	Share premium	Merger reserve	Profit and loss account	<b>Total</b>
	£m	£m	£m	£m	£m
<b>At 1 January 2019</b>	78.5	1,190.7	13.0	2,076.5	<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>
Total comprehensive loss for the year	-	-	-	(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>
<b>At 1 January 2020</b>	<b>78.5</b>	<b>1,190.7</b>	<b>13.0</b>	<b>2,029.7</b>	<b>3,311.9</b>
Loss for the financial year	-	-	-	(108.9)	<b>(108.9)</b>
Total comprehensive loss for the year	-	-	-	(108.9)	<b>(108.9)</b>
Issue of shares	-	800.9	-	-	<b>800.9</b>
<b>At 31 December 2020</b>	<b>78.5</b>	<b>1,991.6</b>	<b>13.0</b>	<b>1,920.8</b>	<b>4,003.9</b>

**Dentsu International Limited**  
**Notes to the Company's financial statements**  
For the year ended 31 December 2020

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

With effect from 20 October 2020, the name of the Company was changed from Dentsu Aegis Network Ltd. to Dentsu International Limited.

The parent company financial statements of Dentsu International Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 29 July 2021 and the balance sheet was signed on the board's behalf by Wendy Clark and 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 International Limited. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("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 International Limited****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2020

**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.

**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:

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 recognised in the profit and loss account.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses. Intangible assets are amortised 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 amortisation 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 recognised 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.

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

For the year ended 31 December 2020

**2. Accounting policies (continued)****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 recognised 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 recognised 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 utilised.

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.

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. 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 form part of the associated goodwill 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 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 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 International Limited****Notes to the Company's financial statements (continued)**

For the year ended 31 December 2020

**2. Accounting policies (continued)**

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.

**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).

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

For the year ended 31 December 2020

**2. Accounting policies (continued)****Leased assets (continued)**

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.

***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 recognised when the shareholders' rights to receive payment has been established.

## **Dentsu International Limited**

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

For the year ended 31 December 2020

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

##### **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, 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 2020.

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.

#### **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 International Limited reported a loss for the financial year ended 31 December 2020 of £108.9m (2019: £51.9m loss). This included £53.1m relating to the recharge of research costs invoiced during the financial year ended 31 December 2019. The comparative financial statements have not been restated as it is not considered material in accordance with IAS 8.42 to warrant a prior period adjustment.

The loss for the year of £108.9m includes £nil dividends received (2019: £nil) from subsidiary or associate companies.

#### **4. Auditor's remuneration**

The auditor's remuneration for audit services to the Company amounted to £0.1m (2019: £0.1m) and for non-audit services amounted to £nil (2019: £nil).

The audit fee for the Group is outlined in Note 6 to the consolidated financial statements of Dentsu International Limited. The fee is borne by Dentsu International Limited on behalf of the Group.

**Dentsu International Limited**

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

For the year ended 31 December 2020

**5. Taxation**

	<b>2020</b>	2019
	£m	£m
Corporation tax receivable/(payable) at 1 January	<b>26.1</b>	(8.1)
Cash received/(paid)	<b>1.5</b>	(1.9)
Current year tax charge	<b>(0.5)</b>	-
Prior year tax credit	<b>6.8</b>	5.3
Transfer from Group entity	-	30.8
<b>Corporation tax receivable at 31 December</b>	<b>33.9</b>	26.1
Deferred tax asset at 1 January	<b>1.9</b>	4.6
Current year deferred tax credit	<b>0.1</b>	-
Prior year deferred tax charge	-	(5.5)
Transfer from Group entity	-	2.8
<b>Deferred tax asset at 31 December</b>	<b>2.0</b>	1.9
Tax credit on loss	<b>6.3</b>	5.3
Net movement in deferred tax	<b>0.1</b>	(5.5)
<b>Current year tax credit/(charge)</b>	<b>6.4</b>	(0.2)

The tax credit for the year ended 31 December 2020 is £6.4m (2019: £0.2m charge) representing an effective tax rate on statutory loss of 5.55% (2019: 0.56%).

UK Corporation tax is calculated at 19% (2019: 19%) of estimated assessable profit for the year.

The net UK deferred tax asset has been calculated using the substantively enacted rate of 19% (2019: 19%), being the applicable rate when the temporary difference is expected to reverse.

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

	<b>2020</b>	2019
	£m	£m
Losses – Revenue	<b>181.7</b>	104.1
Losses – Capital	<b>94.7</b>	94.7
<b>Total</b>	<b>276.4</b>	198.8

These losses may be carried forward indefinitely.

**Dentsu International Limited**

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

For the year ended 31 December 2020

**6. Tangible assets**

	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
<b>Cost</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2020	18.4	30.2	48.6
Additions	1.2	0.6	1.8
Disposals	-	(23.0)	(23.0)
<b>At 31 December 2020</b>	<b>19.6</b>	<b>7.8</b>	<b>27.4</b>
<b>Accumulated depreciation</b>			
At 1 January 2020	11.7	26.8	38.5
Charge for the year	1.3	2.0	3.3
Disposals	-	(23.0)	(23.0)
<b>At 31 December 2020</b>	<b>13.0</b>	<b>5.8</b>	<b>18.8</b>
<b>Carrying value</b>			
<b>At 31 December 2020</b>	<b>6.6</b>	<b>2.0</b>	<b>8.6</b>
At 31 December 2019	6.7	3.4	10.1

**7. Intangible assets**

	Computer software	Patents & trademarks	Total
<b>Cost</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2020	204.9	7.9	212.8
Additions	22.2	-	22.2
Disposals	(32.9)	(6.2)	(39.1)
<b>At 31 December 2020</b>	<b>194.2</b>	<b>1.7</b>	<b>195.9</b>
<b>Accumulated amortisation</b>			
At 1 January 2020	74.9	5.8	80.7
Charge for the year	18.0	1.3	19.3
Disposals	(32.9)	(6.2)	(39.1)
<b>At 31 December 2020</b>	<b>60.0</b>	<b>0.9</b>	<b>60.9</b>
<b>Carrying value</b>			
<b>At 31 December 2020</b>	<b>134.2</b>	<b>0.8</b>	<b>135.0</b>
At 31 December 2019	130.0	2.1	132.1

**Dentsu International Limited**

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

For the year ended 31 December 2020

**8. Investments**

	<b>Shares in subsidiary undertakings</b>	£m
<b>Cost</b>		
At 1 January 2020	2,966.2	
Additions	677.8	
<b>At 31 December 2020</b>	<b>3,644.0</b>	

**Accumulated impairment losses**

At 1 January 2020	200.0
Impairment for the year	45.8
<b>At 31 December 2020</b>	<b>245.8</b>

**Carrying amount**

<b>At 31 December 2020</b>	<b>3,398.2</b>
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At 31 December 2019	2,766.2
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During the year ended 31 December 2020, the Company had additions of £641.0m in its investment in Dentsu GPS Holdings Limited, £32.0m in Merkle Inc and £2.8m in iProspect Argentina.

During the year ended 31 December 2020, the Company impaired its investment in Dentsu International Finance by £45.8m to its recoverable value of £335.0m. This is driven by downturn in trading performance of the investment and its underlying subsidiaries.

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.

**9. Debtors**

	Note	2020 £m	2019 £m
Amounts owed by Group undertakings		<b>583.7</b>	549.4
Other receivables		<b>0.4</b>	14.4
Prepayments and accrued income		<b>16.8</b>	15.3
Corporation tax	5	<b>33.9</b>	26.1
Derivative financial assets		<b>1.6</b>	2.3
Deferred tax asset	5	<b>2.0</b>	1.9
		<b>638.4</b>	609.4

Amounts of deferred tax assets of £2.0m (2019: £1.9m) and amounts owed by Group undertakings of £483.9m (2019: £425.7m) fall due after more than one year.

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

For the year ended 31 December 2020

**10. Creditors: amounts falling due within one year**

	<b>2020</b> £m	2019 £m
Amounts owed to Group undertakings	<b>112.0</b>	111.6
Trade payables	<b>15.1</b>	11.2
Deferred consideration	<b>2.9</b>	0.4
Accruals and deferred income	<b>36.5</b>	50.2
Other creditors	<b>0.7</b>	1.4
	<b>167.2</b>	174.8

Amounts owed to Group undertakings include trading and loan liabilities. Loan liabilities are unsecured. Settlement, when made, will be in cash.

**11. Creditors: amounts falling due after one year**

	<b>2020</b> £m	2019 £m
Deferred consideration	-	4.1

**12. Provisions**

	<b>Restructuring</b>		<b>Total</b>
	<b>provision</b> £m		<b>£m</b>
At 1 January 2020	16.8		16.8
Charge for the year	9.5		9.5
Utilisation for the year	(8.8)		(8.8)
Release in the year	(6.4)		(6.4)
<b>At 31 December 2020</b>	<b>11.1</b>		<b>11.1</b>

£9.1m (2019: £16.8m) of the above provisions are held as current liabilities.

In 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. During 2020, the Dentsu Group announced a comprehensive review and accelerated transformation programme. Involving every region, the review has supported the focused strategy of integrated solutions and is aimed at simplifying the business for both clients and operations; structurally and permanently lowering operating expenses; enhancing the efficiency of our balance sheet and maximising long-term shareholder value.

As at 31 December 2020 a provision of £11.1m is held in respect of the restructuring (2019: £16.8m). 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.

**Dentsu International Limited**  
**Notes to the Company's financial statements (continued)**  
For the year ended 31 December 2020

**13. Maturity profile of Company financial liabilities**

2020	Less than 1 year	1-5 years	Total
	£m	£m	£m
Deferred consideration	2.9	-	2.9
2019	Less than 1 year	1-5 years	Total
	£m	£m	£m
Deferred consideration	0.4	4.1	4.5

**14. Derivative financial instruments**

	2020 £m	2019 £m
<b>Current</b>		
Derivative financial assets	1.6	2.3

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**

	2020 Number of ordinary shares	2020 £m	2019 Number of ordinary shares	2019 £m
<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	15,100	-	-	-
<b>At 31 December</b>	<b>1,426,884,938</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.

In April 2020, the issue of 100 ordinary shares was approved, at a price of £866,717 per share. In December 2020, a further issue of 15,000 ordinary shares was approved, at a price of £47,615 per share.

**Dentsu International Limited**  
**Notes to the Company's financial statements (continued)**  
For the year ended 31 December 2020

**15. Reserves (continued)**

**Share premium account**

	<b>2020</b>	2019
	£m	£m
At 1 January	<b>1,190.7</b>	1,190.7
Issue of shares	<b>800.9</b>	-
<b>At 31 December</b>	<b>1,991.6</b>	1,190.7

**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>2020</b>		<b>Buildings and Leasehold Improvements</b>	<b>Total</b>
		£m	£m
Balance at 1 January		27.5	<b>27.5</b>
Modification		(2.8)	<b>(2.8)</b>
Depreciation charge for the year		(11.5)	<b>(11.5)</b>
<b>Balance as at 31 December</b>		<b>13.2</b>	<b>13.2</b>

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

<b>2020</b>	<b>£m</b>
Interest on lease liabilities	1.0
<b>2019</b>	
Interest on lease liabilities	1.0

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

For the year ended 31 December 2020

**16. Leases (continued)****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.

**17. 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.

Details of the Group's related parties can be found in Note 29 of the consolidated financial statements.

**Dentsu International Limited**  
**Notes to the Company's financial statements**  
For the year ended 31 December 2020

**18. 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>
Amnet Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Carat Argentina S.A.	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
iProspect Argentina S.A.	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Vizeum Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Aegis Luxembourg S.A.R.L.	Luxembourg	100	65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg
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
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 International Finance (formerly - Aegis Finance)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International GPS Holdings Limited (formerly - Aegis GPS Holdings Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Nominees Limited (formerly - Aegis Group Nominees Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Trustees Limited (formerly - Aegis Group Trustees Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International TI (formerly - Aegis TI)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International TIG Limited (formerly - Aegis TIG Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Treasury Investments Limited (formerly - Aegis Treasury Investments Limited)	United Kingdom	64*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Triton Limited (formerly - Aegis Triton Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

## Dentsu International Limited

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

For the year ended 31 December 2020

<b>Section 1 - Subsidiaries held directly 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 Pacific Limited (formerly - Aegis Media Pacific 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
Merkle International Holdings LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States

\* A further 36% is held by the Company indirectly

<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, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Global Mind S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, Argentina
Icolic S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, Argentina
iProspect Argentina S.A.	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Media 8 SRL	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Nueva Internet S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, 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	100	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
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	100	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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Cox Inall Change Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Cox Inall Communications Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
D2D Data 2 Decisions Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Davanti Consulting Pty 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 (ANZ) Management Services Pty Ltd (formerly - Dentsu Aegis Network (ANZ) Management Services Pty Ltd)	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Australia Holdings Pty Ltd (formerly - Dentsu Aegis Network Australia Holdings Pty Ltd)	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Australia Pty Ltd (formerly - Dentsu Aegis Network Australia Pty Ltd)	Australia	100	47 Ridge Street, North Sydney, NSW 2060, Sydney, Australia, Australia
Dentsu Corporate Services Ltd (formerly - DAN Corporate Services Ltd)	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu International Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Media Australia Pty Ltd (formerly - Dentsu Aegis Media Australia Pty Ltd)	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Dentsu Media Investments Pty Ltd (formerly - Dentsu Aegis Network Media Investments Pty Ltd)	Australia	100	105 York Street, South Melbourne, VIC 3205, 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 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	100	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

## **Dentsu International Limited**

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

For the year ended 31 December 2020

Marketing Resources Management Group Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Merkle Australia Pty Ltd (formerly - Amicus Digital Ventures Pty Ltd)	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	100	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	105a York Street, South Melbourne, VIC 3205, Australia
Sputnik Agency Pty Limited	Australia	100	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
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 Austria GmbH (formerly - 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
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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Amnet Belgium SA	Belgium	100	54, Avenue Herrmann-Debroux, Box 5, Auderghem, 1160, Belgium
Dentsu Aegis Network Belgium SA	Belgium	100	54, Avenue Herrmann-Debroux, Box 5, Auderghem, 1160, Belgium
Posterscope Belgium SA	Belgium	100	54, Avenue Herrmann-Debroux, Box 5, Auderghem, 1160, Belgium
Agenciaclick - Midia Interativa S.A.	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Agenciaclick 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, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Amplifi Comunicacao E Otimizacao de Midia Ltda	Brazil	100	Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, 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 . Servicos de Informatica S.A.	Brazil	100	298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000
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	298, Rua Wisard, 1º andar, parte, Vila Madalena, São Paulo, SP - CEP 05434-, Brazil
Mcgarrybowen Brasil Comunicacoes S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 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
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	Praia de Botafogo, 228, ala B, 3º andar, Botafogo, Rio de Janeiro/RJ, CEP 22.250-906
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	100^	Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, Barueri / SP, CEP 06453-054, Brazil
Take 2 Studio Produtora Cinematografica Ltda (formerly - Minucon Mobile Marketing Ltda)	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
WWWins.com Holding	British Virgin Islands	100	P.O.Box 957, Offshore Incorporations Centre,Road Town, Tortola, British Virgin Islands
Amnet Bulgaria EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Balkans EOOD (formerly - Dentsu Aegis Network Balkans EOOD)	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Bulgaria OOD (formerly - Dentsu Aegis Network Bulgaria OOD)	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
eCommera EOOD	Bulgaria	100	49B Bulgaria Blvd, 4th floor, Sofia 1404, Bulgaria
Vizeum Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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 Canada Inc. (formerly - Dentsu Aegis Network Canada Inc.)	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Innov8 Inc. (formerly - Aegis Media Innov8 Inc.)	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
dentsu One Limited (formerly - Grip Limited)	Canada	100^	179, John St, Toronto, MST 1XA, Canada
Dentsu X Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, 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
Merkle Canada Inc. (formerly - Dentsu Aegis Network Enterprise Solutions 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
AGL Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
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 Chile SpA (formerly - Dentsu Aegis Network Chile SpA)	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu 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 S.A	Chile	68	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Aegis Media Technology Co., LTD.	China	100	1F, Building No.1, 251 YaoHua Road, China (Shanghai) Pilot Free Trade Zone, China
B2B International Consulting (Beijing) Co. Ltd	China	100	Room 1101-A301, Building 3, No. 8 Guanghuadongli Road, China, Chaoyang District, Beijing, China
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	Unit 7, Room 601, 6th Floor, Building No.3, 8 South XinYuan Road, ChaoYang District, Beijing, China
Beijing Wonderad Advertising Co., Ltd (under bankruptcy administration)	China	100	Room 1501, Building A Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing, China
Beijing Xin Lan Shi Ji Advertising Co., Ltd (under bankruptcy administration)	China	100	Room 1509, Block A, 93 Jianguo Road, Chaoyang District, Beijing, China
Bluecom (Shanghai) Solutions Co.; Ltd	China	100	Room 6373, No.650 DingXi 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 International Limited

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

For the year ended 31 December 2020

<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 (Shanghai) Investment Co., Ltd. (formerly - 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 Advertising 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 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	100	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	100	Unit 1101,1108&1109, 6 Lane 3611, Zhangyang Road, Pudong New Area, Shanghai, China
Same Same but different Marketing Planning (Shanghai) Limited	China	100	Room 409, Building Jia-2, No. 57 West Fuxing Road, Xuhui District, Shanghai.
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 EBP Internet Technology Co., Ltd	China	100	No. 8 Building, No.160 Haerbin Road, Shanghai, China
Shanghai E-BUSINESS PARTNER Network Technology Co., Ltd.	China	100	Room 8238, F2, Building 8, No. 160 Haerbin Rd., Hongkou District, Shanghai
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 901-16, Unit 01, 9th Floor, 1788 West Nanjing Road, Jing'an District, Shanghai, China
Trio Digital Integrated (Shanghai) Co., Ltd.	China	100	Room 152, District A, Building No.2, 420 FengLin Road, Shanghai, 200030, China
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 (under bankruptcy administration)	China	100	No. 1 Aviation Industry Support Center Room 645N27, Tianjin Airport Economic Zone Bao-Hang Road, China
Carat Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Dentsu Colombia S.A.S. (formerly - Aegis Media 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 S.A.S.	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 International Limited

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

For the year ended 31 December 2020

<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 d.o.o.	Croatia	100	59, Petrinjska, Zagreb 1000, Croatia
Hullbitt Ltd	Cyprus	75	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Zenmico Trading Ltd	Cyprus	75	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Adexpress.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 Czech Republic s.r.o. (formerly - Dentsu Aegis Network Czech Republic s.r.o.)	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
dentsu MCGARRYBOWEN Czech Republic, s.r.o. (formerly - Mobile Internet s.r.o.)	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, 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, Praha 1, 110 00, Czech Republic
Vizeum Czech Republic s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Amnet AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Denmark AS (formerly - Dentsu Aegis Network AS)	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Isobar Denmark A/S	Denmark	95	Meldahlsade 5, 1613 Copenhagen V, Denmark
Isobar Nordics A/S	Denmark	95	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, 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, Coubervoie, Paris la Defense Cedex, 92971, France
Amnet France SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France
CARAT FRANCE SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France
Comunica Plus A, S.A.S	France	70	7, rue du Marché Saint-Honoré, Paris, 75001, France
Data to Optimization SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 Expertise & Consulting SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Dentsu France SAS (formerly - Dentsu Aegis Network France SAS)	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Dentsu X France SAS	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 SAS	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 (pending merger into iProspect on 4/1/21)	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 Hamburg GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Dentsu Aegis Resolutions GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Germany GmbH (formerly - Dentsu Aegis Network Germany GmbH)	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
dentsu X GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, 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	Leopoldstraße 150, 80804 München, 80804 München, 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
Isobar Germany GmbH	Germany	100	Johannstrastesse 37, 40476 Dusseldorf, Germany

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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 Attkis 151 25, Greece
Carat International Hellas Communication Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Dentsu Aegis Network Hellas Communication Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Isobar - iProspect Advertising Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Vizeum Communication Services S.A.	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Dentsu Trading Hong Kong Limited (formerly - 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
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 Holdings Hong Kong Limited (formerly - Dentsu Aegis Network Hong Kong Limited)	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong
Dentsu Hong Kong Ltd.	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong;
dentsu X Limited	Hong Kong	100	Room 1A-10A,7/F,Island Place Tower,Island Place,510 King's Road,North Point,Hong Kong, Hong Kong, China Suite 604, 6/F 625 King's Road, North Point, Hong Kong, Hong Kong;
Fetch Media Hong Kong Limited	Hong Kong	100	Unit 1901, 19/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong, Hong Kong, China
Gain Concept Advertising Agency Limited	Hong Kong	100	16th Floor, Wing On Centre, 111 Connaught Road, Central Hong Kong, Hong Kong
Great Method Investments Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
			29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong

## **Dentsu International Limited**

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

For the year ended 31 December 2020

<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 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
John Brown Hong Kong Ltd	Hong Kong	100	151, 5/F, Hollywood Road, Central, Hong Kong, Hong Kong
M&J Interactive Limited	Hong Kong	60	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong
McGarry Bowen Hong Kong Limited	Hong Kong	64	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Posterscope (Hong Kong) Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Posterscope Advertising Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Same Same Agency Limited	Hong Kong	100	Ft 01-02, 19th Floor Tai Yip Building, 141 Thomson Road, Wanchai, Hong Kong
Same Same but different Limited	Hong Kong	100	Room 1003, 10/F Boss Commercial Centre, No.28 Ferry Street, Kowloon, Hong Kong
Vision Advertising Holding Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Vizeum Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Aegis Hungary Finance Zrt.v.a.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Carat Hungary 21Media Kft.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Dentsu Hungary Kft (formerly - Dentsu Aegis Network Hungary Media Kft)	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Isobar Budapest Zrt.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Posterscope Hungary Kft	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Vizeum Hungary Media Kft	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Accord Public Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Amnet Trading India Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Advertising And Media Services India Private Limited	India	100	81/2, 3rd & 4th floor, Om House, Aurbindo Marg, Adhchini, New Delhi-110017, New Delhi, India; Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Aegis Network India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
DENTSU COMMUNICATIONS INDIA PRIVATE LIMITED (formerly - Dentsu Aegis Network Communications India Private Limited)	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Dentsu Marketing Solutions Private Limited (formerly - Dentsu Aegis Network Marketing Solutions Private Limited)	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Network Advertising Private Limited	India	100	8th Floor, Devchano House, C Block, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
Dentsu One Pvt. Ltd.	India	100	10th Floor DLF Cyber Terraces, Building 5-A, DLF Cyber City, Phase III, Gurgaon Haryana 122 002, Gurgaon, India; Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr.

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 Webchutney Private Limited	India	91	Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
DWA Media Private Limited	India	100	Unit No. 2201, 2nd Floor, Brigade Gateway, World Trade Centre, Malleshwaram, Bangalore, Karnataka, 560055, India
Fountainhead Entertainment Private Limited	India	90	New Era Mill Compound, 16 Mogul Lane, Matunga (West), Mumbai, 400016, India
Fractal Ink Design Studio Private Limited	India	90	Shop No. 2, Trishul B, Sindhi Society, Chembur, Mumbai, 400071, India
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 Commerce India Private Limited	India	100	Unit 2-1st Floor,Tower B, EON Free Zone,Phase II, S.No.72/2/1, Kharadi Pune, Pune, MH 411014, 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	74	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	74	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	51	Survey No. 35, Deep Complex, 3rd Floor, Mumbai-Bangalore Highway Road, Baner, Pune, Maharashtra, 411 045, India
Storyboard Brandcom Private Limited	India	74	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	99^	8th Floor, Devchano House, C Block, Shivsagar 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. Cipta Pratama Kreasi	Indonesia	51	Jl. Cipete Raya No.2 RT.014/03, Kel. Cipete Selatan. Kec. Cilandak, Jakarta Selatan, Indonesia
PT. Dentsu Aegis Network Indonesia	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Dentsu Cursor Komunika (formerly - PT. Cursor Media)	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
PT. Dentsu Isopost Indonesia (formerly - PT. Isopost)	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Dentsu Strat	Indonesia	51	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, 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. Mahardhika Insani Adiwarna	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Valuklik	Indonesia	51	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Valuklik Network 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 Ireland Holdings Limited (formerly - Dentsu Aegis Network Ireland Holdings Limited)	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Ireland Limited (formerly - 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
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 Benigno Crespi nr. 23, Milano, 20159
Amplifi Italia srl	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
CARAT ITALIA SPA	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
carat luxury s.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Deepblue Srl	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu Aegis Network Italia spa	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
DENTSU CREATIVE SRL (formerly - Isobar Communications S.r.l.)	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu X SRL	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
IProspect S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
LOW S.r.l.	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
Simple Agency S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
The Big Now spa	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
Vizeum S.P.A.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 Côte d'Ivoire	Ivory Coast	100	Lot 3807 - Ilot 309 - Cocody 2 plateaux - Abidjan, Côte 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, 2nd floor, block 4B, n.r.p. 831, Almaty, A15E2T5 (050059), Kazakhstan
Dentsu Aegis Network Central Asia 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	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Amplifi Salesnet (Pty) Ltd	Kenya	100	PO Box 36989-00200, The Mirage Towers, Tower 2, Chiromo Road, Westlands, Nairobi, Kenya
Carat East Africa Ltd	Kenya	70	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Dentsu Kenya Limited (formerly - Dentsu Aegis Network Kenya Limited)	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
iProspect East Africa Ltd	Kenya	51	Office 2, Fifth Floor, Jadala Place, L.R 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, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Posterscope East Africa Limited	Kenya	80	6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya
Vizeum Kenya Ltd	Kenya	70	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat Korea Co., Ltd	Korea (the Republic of)	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea (the Republic of)
Dentsu Holdings Korea Co., Ltd. (formerly - Dentsu Aegis Network Korea Co., Ltd.)	Korea (the Republic of)	100	12F JS Tower, 6, Teheran-ro 79gil, Gangnam-gu, Seoul 06158, Korea (the Republic of)
Isobar Korea Ltd	Korea (the Republic of)	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea (the Republic of)
Vizeum Korea Co., Ltd	Korea (the Republic of)	100	9th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea (the Republic of)
Dentsu Aegis Network Latvia SIA	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	Central Building , 6th Floor , Office B & C, Sin el fil, Lebanon
iProspect UAB	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
UAB Carat	Lithuania	100	A. Gostauto g. 40B, Vilnius, Lithuania
UAB Vizeum	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
Brandscope 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 International Limited**

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

For the year ended 31 December 2020

<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>
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 Sdn Bhd	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia
Consider iProspect Sdn Bhd	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, 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 Empower Malaysia Sdn. Bhd (formerly - DAN Empower 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 Holdings Malaysia Sdn Bhd (formerly - Dentsu Aegis Network 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 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	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Merdeka LHS Sdn Bhd	Malaysia	100	42B, Jalan SS 6/8, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia
Meridian Outdoor (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
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
psLIVE 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
Unity Communications 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
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
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	No 1930, Avenue Paseo de las Palmas, Lomas de Chapultepec, Miguel Hidalgo, Mexico City, 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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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 Suarez, 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 Mozambique, LDA (formerly - Dentsu Aegis Network Mozambique, LDA)	Mozambique	51	Av/Rua Vladimir Lenine, Bairro Central, No. 174, Andar 10, Outro, Maputo Cidadr, Mozambique
Achtung! B.V.	Netherlands	100	Prins Hendrikkade 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	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Carat Nederland BV	Netherlands	100	Moermanskkade 93, 1013 BC, Amsterdam, Netherlands
DAN AGL NL B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Dentsu Netherlands BV (formerly - Dentsu Aegis Network Netherlands BV)	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Forma Damnum B.V.	Netherlands	65	Joan Muyskenweg 37, Amsterdam-Duivendrecht, 1114AN, 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
Media Embassy BV	Netherlands	100	Moermanskkade 81, 1013 BC, Amsterdam, Netherlands
Merkle Holding B.V.	Netherlands	79^	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland Amsterdam 2 B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland CRM BV (formerly - Merkle Nederland Rotterdam B.V.)	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland CX B.V. (formerly - Merkle Nederland Breda B.V.)	Netherlands	79	Reduitlaan 27, Unit 2.2,Breda, 4814DC, Netherlands
Merkle Nederland DMA B.V. (formerly - Merkle Nederland Amsterdam B.V.)	Netherlands	79	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Merkle Nederland Group B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland Rotterdam 2 B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Vizeum Netherlands BV	Netherlands	100	Moermanskkade 87, 1013 BC, Amsterdam, Netherlands
Amnet Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Barnes, Catmur and Friends Limited	New Zealand	100	6/5, High Street, Auckland 1010, New Zealand
Carat New Zealand Limited	New Zealand	100	Level 4, 155 The Strand, Parnell, Auckland, New Zealand

**Dentsu International Limited**

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

For the year ended 31 December 2020

<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>
Davanti Consulting Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Aegis Network NZ Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Aegis New Zealand Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, 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	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
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**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Dentsu-Mcgarrybowen Limited (formerly - Dare-Create Nigeria 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
Innov8 Media Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Isobar Communications Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Media Fuse Dentsu Holding Company Limited (formerly - Media Fuse Dentsu Aegis Network Holding Company Limited)	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
Salesnet Nigeria Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Search Prospect Limited	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Storylab Nigeria Limited	Nigeria	25**	103A, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
Vizeum Nigeria Limited	Nigeria	25**	103A, Oduduwa Crescent, GRA Ikeja, 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
iProspect AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Isobar Norway AS	Norway	95	Pilestredet 8, Oslo, 0180, Norway
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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
RED Tactic AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
Vizeum Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
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
Alt:Engine 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
Dentsu Aegis Network Holdings Philippines Inc. (formerly - AEGIS MEDIA GROUP 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. (formerly - RED 8 Events 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 Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Propeller Film Sp. z o.o.	Poland	100	5, Zaniemska 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	12, Czerska Street, Warszawa, 00-732, Poland
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 - Agência de Publicidade SA	Portugal	85	R. do Borja, 6 - 1350-047, Lisboa, Portugal

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Not So Random Media - Unipessoal, Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
MerkleTech, Unipessoal, Lda (formerly - 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 Romania SRL (formerly - 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
Aaron Lloyd LLC	Russian Federation	75	Presnenskaya emb, 6 build. 2, office 2010.1, Moscow, 123112, Russian Federation
Ad O'Clock OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2,11 floor, placement I, room 51, Moscow, 123112, Russian Federation
Adwatch Isobar 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 nab. 6 building 2, 28 floor, placement I, room 22., 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 Central Services OOO (formerly - Dentsu Aegis Central Services OOO)	Russian Federation	75	Syromyatnicheskyi pr. 4,building 2, Moscow, Russian Federation
Dentsu Digital OOO (formerly - Dentsu Aegis Digital OOO)	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 28 floor, room 19, Moscow, 123112, Russian Federation
Dentsu LLC (formerly - Dentsu Aegis LLC)	Russian Federation	75	Syromyatnicheskyi pr. 4,building 2, Moscow, Russian Federation
Dentsu X OOO	Russian Federation	75	Oseniyy blvd. 23, 6 floor, placement I, room 19., Moscow, Russian Federation
Health Media Division LLC	Russian Federation	75	Presnenskaya emb, 6 build. 2, office 2010.1, Moscow, 123112, Russian Federation
iProspect OOO	Russian Federation	75	
Posterscope OOO	Russian Federation	75	Oseniyy blvd. 23, 4 floor, placement I, room 6, Moscow, Russian Federation
SNS LLC	Russian Federation	75	Office 011, House No. 49, 50 let Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation
Traffic Isobar LLC	Russian Federation	75	h.41,Office 429, St Komsomola, St Petersburg, 195009, Russian Federation
Vizeum 000	Russian Federation	75	Syromyatnicheskyi pr. 4,building 2, Moscow, Russian Federation
Vizeum Health LLC	Russian Federation	75	Presnenskaya emb, 6/2, office 2005, Moscow, 123112, Russian Federation
Dentsu Aegis Network Senegal	Senegal	55	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
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

## **Dentsu International Limited**

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

For the year ended 31 December 2020

<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>
David Wood & Associates Pte. Limited	Singapore	100	175A Bencoolen Street, 11-00 Burlington Square, 189650, Singapore
Dentsu Asia Pacific Holdings Pte. Ltd. (formerly - Aegis Media Asia Pacific Pte Ltd)	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Dentsu Asia Pacific Pte. Ltd. (formerly - Dentsu Aegis Network Asia Pacific Pte Ltd)	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Dentsu Asia Pte. Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Dentsu Singapore Holdings Pte. Ltd. (formerly - Dentsu Aegis Network Singapore Holdings Pte Ltd)	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Dentsu Singapore Pte. Ltd.	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Dentsu Solutions Pte Ltd (formerly - Carat Media Services Singapore Pte Ltd)	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
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	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, 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 Groups Holdings 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 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, 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
Clickthinking Online (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Dentsu Amnet SSA (Pty) Ltd (formerly - Dentsu Aegis Amnet SSA (Pty) Ltd)	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Dentsu Data Labs (Pty) Ltd (formerly - Data Nirvana (Pty) Ltd)	South Africa	100	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 SSA (Pty) Ltd (formerly - 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
MKTG (Pty) Ltd	South Africa	52	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
Vizem 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.U	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Animal Media, S.L.	Spain	100	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
Carat Espana, 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	70	58, Calle Pradillo, Madrid, Spain
Dentsu Media, S.L.	Spain	75	Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Dentsu One Spain, S.L.U. (formerly - Dentsu Aegis Network Iberia S.L.U.)	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Dentsu Agyle S.L.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Divisadero Digital Intelligence S. L.	Spain	100	Calle Menorca, 3. planta 2, Madrid, 28009, Spain
Gyro Spain, S.L.	Spain	100	Numero 39, de la calle Cristobal 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.L.	Spain	70	Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain
Merkle S.L.U.	Spain	100	Av Diagonal 177- 183 Piso 7, Barcelona, 08018, Spain
NetThink Iberia S.L.U	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Posterscope Iberia S.A.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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	100	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
The Story Lab Spain S.L.U. (formerly - ANIMAL M ADVERTISING, S.L.U.)	Spain	100	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
Wink Transforming Through Digital S.L.	Spain	100	Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, 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
Amplifi Sverige AB (formerly - 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
42 Advertising Inc	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
AAA Media Ltd	Taiwan (Province of China)	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
AMNET Taiwan Ltd.	Taiwan (Province of China)	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
Amplifi Taiwan Co., Ltd.	Taiwan (Province of China)	100	30F, No. 100, Songren Road, Taiwan City, Taiwan

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Carat Media Taiwan Ltd	Taiwan (Province of China)	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
iProspect Taiwan Ltd	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Isobar Taiwan Co., Ltd	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Vizeum Taiwan Co Ltd	Taiwan (Province of China)	100	9F-1, No. 100, Songren Road, Taiwan City, Taiwan
WIS Performance Media Inc.	Taiwan (Province of China)	100	6F, 337, Fuxing N. Road, Taipei City, Taiwan (Province of China)
Dentsu Tanzania Limited (formerly - Dentsu Aegis Network Tanzania Limited)	Tanzania, the United Republic of Tanzania	100	1826 Chole Road, Masaki, Dar Es Salaam, Tanzania, the United Republic of
Posterscope Tanzania Limited	Tanzania, the United Republic of Tanzania	100	Plot 174, Ruhinde Street, Ada Estate Street, Dar Es Salaam, Tanzania, the United Republic of
Amplifi (Thailand) Co., Ltd	Thailand	87	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Buffyshrek Holding Co., Limited	Thailand	74	968 U Chu Liang Bldg., 22nd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Carat (Thailand) Co., Ltd	Thailand	93^	968 U Chu Liang Bldg., 36th Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu (Thailand) Ltd.	Thailand	98	27th-28th Floor, U-Chu Liang Bldg., 968 Rama IV Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Dentsu Aegis Network (Thailand) Company Limited	Thailand	87	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Holdings (Thailand) Ltd.	Thailand	100	2nd and 27th Fl,U Chu Liang Bldg.,968 Rama Iv,Silom,Bangrak,Bangkok 10500, Bangkok, Thailand
Dentsu One (Bangkok) Ltd.	Thailand	100	323 United Center Bldg. 16th Floor, Unit 1601-1602A, Silom Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Dentsu X (Thailand) Ltd	Thailand	100	15th Floor Zone B, U-Chu Liang Bldg, Silom, Bangrak 10500, Bangkok, Thailand
Digitalis Interactive Co., Ltd	Thailand	95	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Flexmedia Co., Ltd.	Thailand	87	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
iProspect (Thailand) Co., Ltd	Thailand	87	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Isobar (Thailand) Co., Ltd	Thailand	93	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Vizeum (Thailand) Co., Ltd	Thailand	93	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, 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	Merkez Mah. İyiniyet Sk. No: 33 İç Kapı No: 4 Şişli, İstanbul, Turkey
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 Bilsim Hizmetleri Sti.	Turkey	100	Merkez Mah. İyiniyet Sk. No: 33 İç Kapı No: 4 Şişli, İstanbul, Turkey
Posterscope Medya Reklamcılık Ve İletişim Hizmetleri Limited Şirketi	Turkey	100	Merkez Mah. İyiniyet Sk. No: 33 İç Kapı No: 4 Şişli, İstanbul, Turkey

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Sesli Harfler Reklam Tanitim ve Yayin Hizmetleri San. Tic. A.S.	Turkey	100	Merkez Mah. iyiniyet Sok, No. 33 Karper Plaza, Kat:4 Bomonti, Sisli, Istanbul, Turkey
Vizeum Medya Ve Iletisim Hiz A.S.	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, Istanbul, 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 GO1 , Ground, 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 FZ-LLC (formerly - 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 GO2, Ground, Galadhari & Associates building, Dubai, United Arab Emirates
Vizeum FZ LLC	United Arab Emirates	100	Premises 302, Floor 3, 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 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
AGL UK Investments Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Alban Communications Limited (in process of striking off)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Limited	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	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
B2B International Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, 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
Carat Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Management Services (UK) 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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
D 2 D Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Edinburgh Limited (formerly - Dentsu Aegis Edinburgh Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Europe Finance (Alpha) Limited (formerly - Aegis Europe Finance (Alpha) Limited)	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Europe Finance Limited (formerly - Aegis Europe Finance Limited)	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Administration Limited (formerly - Aegis International (Administration) Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Participations Limited (formerly - Aegis Group Participations Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Trustees Limited (formerly - Aegis Group Trustees Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Holdings Limited (formerly - Aegis International Limited)	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Regents Place Finance Limited (formerly - DAN Regents Place Finance Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International TI (formerly - Aegis TI)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Leeds Limited (formerly - Dentsu Aegis Leeds Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu London Limited (formerly - Dentsu Aegis London Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Manchester Limited (formerly - Dentsu Aegis Manchester Limited)	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Pacific Limited (formerly - Aegis Media Pacific Ltd)	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
DWA Treasury Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Feather Brooksbank (No.2) Limited (in process of striking off)	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	117-119, Portland Street, Manchester, M1 6ED
Isobar Commerce Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 Dormant Limited (in process of striking off)	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
Merkle Marketing Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK One Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Three Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Minute Steak Ltd.	United Kingdom	100	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
Outdoor Life Limited(The)	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
Poster Management (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 (dissolved on 19/01/21)	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
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
Whitespace (Scotland) Limited	United Kingdom	100	Norloch House, King's Stables Road, Edinburgh, EH1 2EU, Scotland
360i LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
4Cite Marketing LLC	United States	100	540 BROADWAY, ALBANY, NEW YORK, NEW YORK, 12207, United States
500Friends, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
5th International US, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States

**Dentsu International Limited**

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

For the year ended 31 December 2020

<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>
Accordant Media, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis DMN, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Lifestyle, Inc.	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States; United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu International Americas, LLC (formerly - Aegis Media Americas, LLC)	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Media Deep Blue, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Media Innov8 LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AGL Latam, LLC (formerly - Wave Influence LLC)	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Agyle Advantage, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AM Innov8 Content, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AM Innov8 OOH, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AM Innov8 Search, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AM Trade Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amnet Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amplifi Live, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amplifi, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Avid Media US, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
B2B International USA Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, 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

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Carat USA, Inc.	United States	100	United Agent Group Inc., 4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
Carat/IMS, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Cardinal Path LLC	United States	100	United Agent Group Inc., 3260 N Hayden Road, #210, Scottsdale, AZ, AZ, 85251, United States
Character SF, LLC	United States	100	United Agent Group Inc., 4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
Clownfish Marketing Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Comet Global Consulting Holdings, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Comet Global Consulting LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Copernicus: The Marketing Investment Strategy Group, Inc.	United States	100	United Agent Group, Inc., 6 Landmark Square, 4th Floor, Stamford, CT, CT 06901, United States
Covario, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, 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	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
David Wood and Associates Inc.	United States	100	1160, Suite 400, Battery Street West, San Francisco, CA, CA94111
Dentsu Aegis Advertising, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu US, Inc. (formerly - Dentsu Aegis Network US Holdings, Inc.)	United States	100	United Agent Group Inc., 811 CHURCH ROAD, #105, CHERRY HILL, NJ, United States
Dentsu America, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu Holdings USA LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu McGarry Bowen, LLC	United States	100	601W 26th Street NY NY 10001, New York, NY, United States; United Agent Group Inc., 15 North Mill Street, Nyack, New York, 10960, United States
Dentsu X, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Digital Evolution Group, LLC	United States	100	United Agent Group Inc., 4601 E Douglas Avenue, #700, WICHITA, KS, United States
Digital Pi, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Eaton Gate LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
E-Nor, LLC	United States	100	5201, SUITE 320, GREAT AMERICA PARKWAY, SANTA CLARA, CA, CA 95054, United States

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
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	100	Suite 1000, 1425 Fourth Ave, Seattle, WA, United States
Filter, LLC	United States	100	Suite 1000, 1425 Fourth Ave, Seattle, WA, United States
Findr Group, LLC	United States	100	C/O DAVIS & GILBERT LLP, 1740 BROADWAY, 3RD FLOOR, NEW YORK, NEW YORK, 10019, United States
Findr Interactive, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Fuel Professional Casting Network LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Gleam Futures LLC	United States	89	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Global Mind USA LLC	United States	100	United Agent Group Inc., 801 US Highway 1, North Palm Beach, FL, FL 33408, 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	87	Suite 2100, 3000 Town Centre, Southfield, MI, M1 48075, United States
ICUC/iProspect Moderation Services, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Impaqt LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Interprise B2B, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
iProspect.com, Inc.	United States	100	United Agent Group Inc., 225 Cedar Hill Street, #200, Marlborough, MA, United States
Isobar US, LLC (formerly - Forbes Consulting Group, LLC)	United States	100	24, Hartwell Avenue, Lexington, United States; United Agent Group Inc., 225 Cedar Hill Street, #200, Marlborough, MA, United States
ISOBAR, INC.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
John Brown Holdings (US) Corp.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
John Brown US LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Leapfrog Direct Response LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Leapfrog Online Customer Acquisition, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
McGarry Bowen, LLC	United States	100	601W 26th Street NY NY 10001, New York, NY, United States; Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Media 8, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Media Storm, LLC	United States	83.5	99 WASHINGTON STREET, S., NORWALK, CT, 06854, United States

## Dentsu International Limited

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

For the year ended 31 December 2020

<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 Analytics LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Creative LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dentsu Aegis Axis LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dpi LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Group Inc.	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Inc.	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Mobile LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Muscle LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Onsite LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Pinpoint LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Response Services, Inc.	United States	100	100, Jamison Court, Hagerstown, MD, United States
Merkle Search LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Thunder LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle UK LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Mitchell Communications Group, LLC	United States	100	2 College Ave, Fayetteville, AR, 72701, United States; United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
MKTG, INC.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
MuteSix Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Mutesix, LLC	United States	100	United Agent Group Inc., 4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
Navegg International LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
New Control, LLC	United States	100	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	United States	100	Suit 240, 13181 Crossroads Parkway, City of Industry, California, 91746, United States
Paragon Digital Services, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
PointMarc Consulting LLC	United States	100	Suite 800, 10800NE 8th St, Bellevue, WA, 98004-4462, United States
Portman Square Acquisition Co.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
PosterScope, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States

## Dentsu International Limited

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

For the year ended 31 December 2020

<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>
Posterscope USA, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Propeller Media LLC	United States	83.5	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Rockett Interactive, Inc.	United States	100	400, Widdington Lane, Cary, NC 27519, United States
Roundarch Isobar Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, 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	100	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	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Tempero, Inc.	United States	100	1995 Broadway, 16th Floor, New York, NY10023, United States
The 360i Network LLC	United States	100	32 Avenue of the Americas, 25th Floor, New York, New York 10013, New York, NY, United States; United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
The Rimm-Kaufman Group, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
The Story Lab, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, 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
U.S. Concepts LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Ugam Solutions Inc	United States	87	108 West 13th Street, New Castle, Wilmington, DE, 19801, United States
V2, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Velocity Sports & Entertainment LLC	United States	100	One Landmark Square, Ste 1400, Stamford, Connecticut, 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	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
VIZEUM LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Vizeum Trade, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Watercooler Group (WCG) LLC	United States	83.5	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Ambient Digital Advertising Service Company Limited	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam

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

For the year ended 31 December 2020

<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>
Ambient Holdings Company Limited (formerly - Ambient Holdings Joint Stock Company)	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam
Bluecom Solutions Vietnam One Member Limited Liability Company	Vietnam	100	Lầu 7, Tòa nhà Scetpa 19A, Công Hòa, Phường 12, Tân Bình District, Ho Chi Minh City, Vietnam
Dentsu Services (Vietnam) Co., Ltd. (formerly - AEGIS MEDIA (VIETNAM) CO., LTD)	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam
Dentsu Vietnam Limited	Vietnam	72	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam
Emerald Consulting Company Limited	Vietnam	51	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam
Redder Asia Advertising Joint Stock Company	Vietnam	99	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam
Dentsu Aegis Network Zambia Limited	Zambia	100	1786/M, 3rd Street, Ibex Hill, Lusaka, Zambia

\*\* 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

87% for Ugam International Limited, United Kingdom and Ugam Solutions Australia Pty Ltd, Australia

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

For the year ended 31 December 2020

<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>
Cox Inall Ridgeway Pty Ltd	Australia	49	Level 2, 38-44 Mountain Street, Ultimo, NSW, 2007, Australia
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
Media 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 Employee Scheme (Pty) Ltd (formerly - 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
S M R S Ltd	United Kingdom	25	2 Express Networks, 3 George Leigh Street, Manchester, M4 6BD, 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