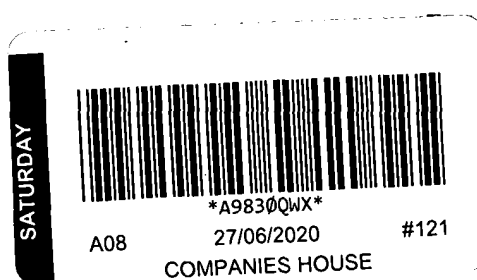


dentsu AEGIS network

Dentsu Aegis Network Ltd

Consolidated Report and Financial Statements

31 December 2019



Dentsu Aegis Network Ltd

Table of Contents

Consolidated Report and Financial Statements	Page
Strategic Report	2
Directors' Report	12
Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements	16
Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd	17-18
Consolidated income statement	19
Consolidated statement of other comprehensive income	20
Consolidated balance sheet	21
Consolidated statement of changes in equity	22
Consolidated cash flow statement	23
Notes to the consolidated financial statements	24-89
Company Financial Statements	
Company balance sheet	90
Company statement of changes in equity	91
Notes to the Company's financial statements	92-134

Dentsu Aegis Network Ltd

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Dentsu Aegis Network Ltd

Strategic Report

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

Principal Activity

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

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

Strategic Priorities

The strategic priorities of the Group are to:

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

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

Key Performance Indicators

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

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

Dentsu Aegis Network Ltd

Strategic Report (continued)

Operating Review

Overview

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

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

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

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

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

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

EMEA

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

Americas

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

Dentsu Aegis Network Ltd

Strategic Report (continued)

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

APAC

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

Financial Review

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

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

Future Developments

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Strategic Report (continued)

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

Section 172 reporting

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

Employees

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

We engage with our workforce through:

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

Customers

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

Society

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

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

Dentsu Aegis Network Ltd

Strategic Report (continued)

Shareholders

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

Principal Risks and Uncertainties

Risk Management Approach

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

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

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

A summary of the principal risks is as follows:

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

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

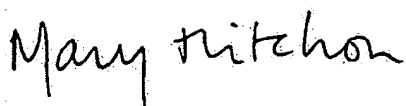
Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Managing corporate responsibility risks	The Group is unable to respond to the changing regulatory environment around environmental and community responsibility, unable to meet its clients' and employees' sustainability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

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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

By order of the Board



Mary Hitchon
Company Secretary
24 June 2020

Dentsu Aegis Network Ltd

Directors' Report

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

Branches outside the UK

The Company has a branch in Luxembourg.

Future Developments

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

Business Relationships

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

Dividend

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

Financial instruments

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

Post-balance sheet events

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

Donations

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

Research and Development

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

Corporate Governance

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

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

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

Dentsu Aegis Network Ltd
Directors' Report (continued)

Corporate Governance (continued)

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

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

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

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

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

Directors

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

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

Dentsu Aegis Network Ltd

Directors' Report (continued)

Directors' Indemnities

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

Employment Policies

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

Human Rights, Diversity and Disability

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

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

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

Employee Engagement

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

Auditor

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

Directors' Confirmation

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

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

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

Dentsu Aegis Network Ltd
Directors' Report (continued)

Going Concern

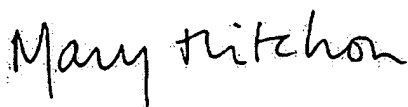
The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Directors' Report, the Strategic Report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

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

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

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

By order of the Board



Mary Hitchon
Company Secretary
24 June 2020

Dentsu Aegis Network Ltd

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

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

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

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

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

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

By order of the Board



Nick Priday

Chief Financial Officer

24 June 2020

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

Opinion

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

In our opinion:

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

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

25 June 2020

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

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

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

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

All results are from continuing operations.

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

Dentsu Aegis Network Ltd

Consolidated statement of other comprehensive income

For the year ended 31 December 2019

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

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

Dentsu Aegis Network Ltd
Consolidated balance sheet
At 31 December 2019

		31 December 2019	31 December 2018	1 January 2018
	Notes	£m	(Restated)* £m	(Restated)* £m
Non-current assets				
Goodwill	11	3,829.8	3,980.8	3,659.3
Intangible assets	12	786.9	820.3	790.7
Property, plant and equipment	13	193.7	210.5	203.3
Right-of-use assets	28	515.5	-	-
Interests in associates and joint ventures	14	25.4	25.0	24.2
Deferred tax assets	20	63.8	110.9	74.8
Equity instruments	15	6.2	19.9	56.6
Derivative financial assets	19	11.8	45.2	8.6
Other financial assets	19	78.9	80.0	79.2
		5,512.0	5,292.6	4,896.7
Current assets				
Work in progress	16	10.8	4.0	40.1
Trade and other receivables	17	6,482.0	6,926.2	6,025.8
Derivative financial assets	19	16.3	1.6	34.2
Other financial assets	15, 19	14.5	13.4	12.8
Cash and cash equivalents	19, 27	1,819.8	1,688.9	1,265.3
		8,343.4	8,634.1	7,378.2
Total assets		13,855.4	13,926.7	12,274.9
Current liabilities				
Trade and other payables	18	(7,211.0)	(7,713.3)	(6,819.5)
Borrowings	19	(1,790.9)	(1,585.2)	(1,208.0)
Lease liabilities	28	(163.6)	-	-
Derivative financial liabilities	19	(52.6)	(106.7)	(59.7)
Provisions	21	(95.9)	(5.0)	(8.8)
Current tax liabilities		(72.4)	(55.4)	(65.2)
		(9,386.4)	(9,465.6)	(8,161.2)
Net current liabilities		(1,043.0)	(831.5)	(783.0)
Non-current liabilities				
Borrowings	19	(2,085.6)	(1,933.1)	(1,589.8)
Lease liabilities	28	(422.1)	-	-
Other non-current liabilities	25	(588.0)	(489.7)	(407.5)
Derivative financial liabilities	19	(815.3)	(627.6)	(641.5)
Provisions	21	(11.3)	(15.6)	(18.8)
Deferred tax liabilities	20	(134.2)	(227.0)	(213.4)
		(4,056.5)	(3,293.0)	(2,871.0)
Total liabilities		(13,442.9)	(12,758.6)	(11,032.2)
Net assets		412.5	1,168.1	1,242.7
Equity				
Share capital	22	78.5	78.5	78.5
Share premium account	23	1,190.7	1,190.7	1,190.7
Other equity reserves		0.2	0.2	0.2
Foreign currency translation reserve		(214.5)	(147.1)	(113.6)
Retained earnings		(186.0)	529.8	609.3
Potential acquisition of non-controlling interests		(669.8)	(680.6)	(711.0)
Equity attributable to equity holders of the parent		199.1	971.5	1054.1
Non-controlling interests		213.4	196.6	188.6
Total equity		412.5	1,168.1	1,242.7

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

Company registration number 1403668 England and Wales.

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



Nick Priday
Chief Financial Officer

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

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

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

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

Dentsu Aegis Network Ltd

Consolidated cash flow statement

For the year ended 31 December 2019

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements

For the year ended 31 December 2019

1. General information

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

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

2. Basis of preparation

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

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

Going concern

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

2. Basis of preparation (continued)

Going concern (continued)

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

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

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

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

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

New standards and amendments

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

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

IFRS 16 'Leases'

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

2. Basis of preparation (continued)

IFRS 16 'Leases' (continued)

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

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

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

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

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

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

Impact on transition

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

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

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

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

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

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

For the year ended 31 December 2019

2. Basis of preparation (continued)**Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7**

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

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

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

Disclosures required by the amendments are provided in Note 19.

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

- IFRS 17 Insurance Contracts.

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies

Principal accounting policies

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

Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

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

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

(b) Associates

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

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

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

(c) Joint arrangements

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Basis of consolidation (continued)

Business combinations

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

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

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

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

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

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

Goodwill

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

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

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

Goodwill impairment

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Basis of consolidation (continued)

Goodwill impairment (continued)

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

Intangible assets

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

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

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Property, plant and equipment

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

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

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

Impairment of tangible and intangible assets excluding goodwill

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

Work in progress

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

Provisions

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Turnover

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

Revenue

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

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

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

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

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Revenue (continued)

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

Finance income

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

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

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

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

Finance expenses

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

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

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

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

Deferred incentives

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Retirement benefits

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

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

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

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

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

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

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

Employee benefits

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Foreign currencies

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

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

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

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

Leased assets

The Group as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Leased assets (continued)

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

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

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

The Group as a lessor

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

Taxation

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Taxation (continued)

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

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

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

Financial instruments

Recognition and initial measurement

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

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

Financial assets

Classification and measurement of financial assets

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

Classification as trade receivables

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

Financial assets at amortised cost

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

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

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

Impairment of financial assets

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Offsetting of balances within financial assets

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

Financial liabilities and equity

Classification and measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Equity instruments

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

Derivative financial instruments

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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

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

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

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

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

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

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

Fair value measurement

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

3. Accounting policies (continued)

Financial instruments (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

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

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

Specific valuation techniques used to value financial instruments include:

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

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

Share-based payments

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

4. Critical accounting estimates and judgements

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

Revenue recognition

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

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

Deferred consideration and put option payments in respect of acquisitions

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

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

Valuation of acquired intangible assets

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

Impairment

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

Share-based payments

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

Current tax

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

4. Critical accounting estimates and judgements (continued)

Current tax (continued)

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

Deferred tax

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

Restructuring provisions

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

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

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

For the year ended 31 December 2019

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

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

	2019	2018
	£m	(Restated)* £m
EMEA	1,645.9	1,543.6
Americas	1,852.1	1,609.8
APAC	638.4	678.9
	4,136.4	3,832.3

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

Assets and liabilities related to contracts with customers

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

Revenue recognised in relation to contract liabilities

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

Unsatisfied long-term performance obligations

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

Assets recognised from costs to obtain or fulfil a contract

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

6. Operating loss

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

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

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

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

Defined contribution schemes

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

Fees paid to auditor

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

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

For the year ended 31 December 2019

7. Staff costs

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

	2019 Number	2018 Number
DAN Operations	44,433	41,021
Corporate	896	610
	45,329	41,631

Staff costs consist of:

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

Directors remuneration

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

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

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

8. Finance income

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

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

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

For the year ended 31 December 2019

9. Finance expenses

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

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

10. Tax on loss on ordinary activities

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

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

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

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

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

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

For the year ended 31 December 2019

10. Tax on loss on ordinary activities (continued)

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

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

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

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

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

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

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

For the year ended 31 December 2019

11. Goodwill

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

11. Goodwill (continued)

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

	2019 £m	2018 £m
EMEA	1,168.6	1,152.8
Americas	2,120.3	2,049.2
Asia Pacific	540.9	778.8
Total Group	3,829.8	3,980.8

Goodwill is assessed for impairment annually.

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

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

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

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

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

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

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

For the year ended 31 December 2019

12. Intangible assets

	Software	Customer Relationships	Non-compete Agreements	Intellectual Property	Other	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 January 2018	174.6	601.8	79.8	212.5	132.3	1,201.0
Additions						
- separately acquired	17.9	-	-	-	34.3	52.2
- internally generated	2.4	-	-	-	3.0	5.4
Acquired on acquisition of a subsidiary	0.1	128.4	9.3	4.0	3.1	144.9
Disposals	(10.3)	-	-	-	(0.2)	(10.5)
Assets retired	-	(73.4)	(18.5)	(5.7)	(4.4)	(102.0)
Transfers and other movements	(21.7)	0.1	-	-	21.8	0.2
Exchange differences	1.6	20.8	0.9	12.3	5.0	40.6
At 31 December 2018	164.6	677.7	71.5	223.1	194.9	1,331.8
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)
At 31 December 2019	239.3	687.7	71.5	200.3	164.0	1,362.8
Accumulated amortisation & impairment losses						
At 1 January 2018	77.9	211.5	35.7	40.9	44.3	410.3
Charge for the year	29.4	106.7	12.6	23.2	28.5	200.4
Disposals	(10.2)	-	-	-	(0.1)	(10.3)
Assets retired	-	(73.4)	(18.5)	(5.7)	(4.4)	(102.0)
Transfers and other movements	-	(0.1)	-	-	(0.1)	(0.2)
Exchange differences	1.3	6.0	0.8	2.9	2.3	13.3
At 31 December 2018	98.4	250.7	30.6	61.3	70.5	511.5
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)
At 31 December 2019	120.7	286.3	40.1	57.1	71.7	575.9
Carrying amount						
At 31 December 2019	118.6	401.4	31.4	143.2	92.3	786.9
At 31 December 2018	66.2	427.0	40.9	161.8	124.4	820.3

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

12. Intangible assets (continued)

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

13. Property, plant and equipment

	Freehold land and buildings	Long leasehold and leasehold improvements	Office furniture, fixtures, equipment and vehicles	Total
Cost	£m	£m	£m	£m
At 1 January 2018	2.1	218.1	232.4	452.6
Additions	0.2	26.2	39.0	65.4
Acquisitions of subsidiaries	-	4.0	2.8	6.8
Disposals and assets retired	(0.1)	(19.9)	(52.2)	(72.2)
Transfers and other movements	0.8	(2.1)	(0.9)	(2.2)
Exchange differences	-	7.6	5.0	12.6
At 31 December 2018	3.0	233.9	226.1	463.0
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)
At 31 December 2019	3.7	237.0	223.2	463.9
Accumulated depreciation and impairment losses				
At 1 January 2018	0.4	100.9	148.0	249.3
Charge for the year	0.4	26.7	38.2	65.3
Disposals and assets retired	-	(18.4)	(52.1)	(70.5)
Transfers and other movements	(0.3)	(0.5)	0.9	0.1
Exchange differences	-	4.3	4.0	8.3
At 31 December 2018	0.5	113.0	139.0	252.5
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)
At 31 December 2019	0.7	134.1	135.4	270.2
Carrying amount				
At 31 December 2019	3.0	102.9	87.8	193.7
At 31 December 2018	2.5	120.9	87.1	210.5

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

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

For the year ended 31 December 2019

14. Interests in associates and joint ventures

	Associates & Joint Ventures
	£m
At 1 January 2019	25.0
Share of results after tax	1.7
Transfers	(0.4)
Dividends received	(0.5)
Exchange differences	(0.4)
At 31 December 2019	25.4

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

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

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

15. Equity instruments

	2019	2018
	£m	£m
Equity instruments	6.2	19.9

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

16. Work in progress

	2019	2018
	£m	£m
Work in progress	10.8	4.0

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

For the year ended 31 December 2019

17. Trade and other receivables

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

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

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

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

Loss allowance for expected credit losses

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

Movement on loss allowance

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

17. Trade and other receivables (continued)

Movement on loss allowance (continued)

	Group A	Group B	Group C	Group D	Total
	£m	£m	£m	£m	£m
At 1 January 2018	3.6	-	-	154.3	157.9
Provided (released) in the year	(2.0)	-	-	0.1	(1.9)
Acquisition of subsidiaries	-	-	-	1.9	1.9
Utilisation of allowance	-	-	-	(24.1)	(24.1)
Exchange differences	-	-	-	(0.1)	(0.1)
At 31 December 2018	1.6	-	-	132.1	133.7
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)
At 31 December 2019	1.0	-	-	133.0	134.0

Ageing past due date on receivables

At 31 December 2019

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

Loss allowance by ageing

At 31 December 2019

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

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

For the year ended 31 December 2019

18. Trade and other payables

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

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

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

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

19. Financial instruments

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

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

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

Management of financial risk

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

Currency risk

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

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

For the year ended 31 December 2019

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

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

	2019	2018
	£m	£m
Forward foreign exchange contracts - notional principal	174.3	180.8

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

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

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

	Euro Currency Impact		US Dollar Currency Impact	
	2019	2018	2019	2018
	£m	£m	£m	£m
Loss before tax	(0.4)	(0.3)	(0.4)	(0.1)
Other comprehensive income	0.9	1.0	3.7	4.6

Liquidity risk

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

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

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

For the year ended 31 December 2019

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

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

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

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

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

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

Interest rate risk

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

Credit Risk

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

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

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

Current receivables and payables and currency disclosures

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

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

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

Interest rate swaps

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

Cross currency interest rate swaps

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

Covenants

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

Cash flow hedges

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

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

	2019 Foreign currency risk	2019 Interest rate risk	2018 Foreign currency risk	2018 Interest rate risk
Nominal amount £m	414.1*	1,634.1*	427.7*	1,447.7*
Carrying value				
Asset £m **	31.1	(4.3)	44.7	8.0
Liability £m	-	(17.1)	-	(4.1)
Line item in the consolidated balance sheet where the hedging instrument is included	Derivative financial assets; Derivative financial liabilities	Derivative financial assets; Derivative financial liabilities	Derivative financial assets; Derivative financial liabilities	Derivative financial assets; Derivative financial liabilities
During the period				
Changes in the value of the hedging instrument recognised in OCI £m	(13.7)	(25.9)	23.6	7.0
Hedge ineffectiveness recognised in profit and loss £m	-	-	-	-
Amount reclassified from hedging reserve to profit and loss £m	13.7	(0.5)	(23.6)	-
Line item in profit and loss affected by the reclassification	Finance expenses	Finance expenses	Finance expenses	Finance expenses

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

Cash flow hedges (continued)

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

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

Net investment hedges

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

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

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

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

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

For the year ended 31 December 2019

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

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

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

Interest Rate Benchmark Reform (“IBOR reform”)

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

a) Maturity profile of Group financial liabilities

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

2019	Note	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total more than 1 year £m	Total £m
Financial liabilities							
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)
Total borrowings		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
Total derivative financial liabilities		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
Total		5,604.3	769.5	1,693.4	754.9	3,217.8	8,822.1

2018	Note	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total more than 1 year £m	Total £m
Financial liabilities							
Bank overdrafts		890.8	-	-	-	-	890.8
Bank loans		695.5	314.3	193.5	1,113.0	1,620.8	2,316.3
Amounts due to Dentsu group companies		-	-	314.7	-	314.7	314.7
Less: Issue costs of debt to be amortised		(1.1)	(0.5)	(1.4)	(0.5)	(2.4)	(3.5)
Total borrowings		1,585.2	313.8	506.8	1,112.5	1,933.1	3,518.3
Derivative financial liabilities:							
• Forward foreign exchange contracts		3.0	-	-	-	-	3.0
• Interest rate swaps		-	-	-	2.7	2.7	2.7
• Put option liabilities		103.7	41.0	539.3	44.6	624.9	728.6
Total derivative financial liabilities		106.7	41.0	539.3	47.3	627.6	734.3
Deferred consideration	19,25	160.2	78.1	247.7	-	325.8	486.0
Other financial liabilities		3,857.8	5.0	2.6	0.2	7.8	3,865.6
Total		5,709.9	437.9	1,296.4	1,160.0	2,894.3	8,604.2

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

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

For the year ended 31 December 2019

19. Financial instruments (continued)**a) Maturity profile of Group financial liabilities (continued)**

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

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

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

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

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

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

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

For the year ended 31 December 2019

19. Financial instruments (continued)**a) Maturity profile of Group financial liabilities (continued)**

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

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

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

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

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:

	2019	2018
	£m	£m
Expiring between one and five years	500.0	500.0
Total	500.0	500.0

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

For the year ended 31 December 2019

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

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

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

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

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

For the year ended 31 December 2019

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

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

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

2019	Measured at:	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
Held for trading:					
• Foreign currency forward contracts	FVPL	-	1.0	-	1.0
• Other financial assets	FVPL	4.5	4.2	-	8.7
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	27.1	-	27.1
Equity instruments	FVOCI	4.5	-	1.7	6.2
Total financial assets		9.0	32.3	1.7	43.0
Financial liabilities					
Held for trading: Foreign currency forward contracts	FVPL	-	(0.6)	-	(0.6)
Put option liabilities	PVFRA	-	-	(850.2)	(850.2)
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(17.1)	-	(17.1)
Deferred consideration	FVPL	-	-	(467.1)	(467.1)
Total financial liabilities		-	(17.7)	(1,317.3)	(1,335.0)

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

For the year ended 31 December 2019

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

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

There were no transfers between levels during 2019 or 2018.

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

c) Interest rate and currency profile

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

Financial assets

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

	Floating rate	Non-interest bearing	2019 Total	Floating rate	Non-interest bearing	2018 Total
	£m	£m	£m	£m	£m	£m
GBP	581.3	0.5	581.8	566.4	5.0	571.4
USD	568.4	24.8	593.2	457.4	20.5	477.9
EUR	155.0	16.4	171.4	150.5	16.6	167.1
Other currencies	413.6	59.8	473.4	394.2	78.3	472.5
	1,718.3	101.5	1,819.8	1,568.5	120.4	1,688.9

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	2019 Total	Fixed rate	Floating rate	Non-interest bearing	2018 Total
	£m	£m	£m	£m	£m	£m	£m	£m
GBP	805.5	1,304.2	1.6	2,111.3	744.7	909.7	0.7	1,655.1
USD	1,321.2	(0.1)	3.0	1,324.1	1,371.4	(2.3)	3.1	1,372.2
EUR	115.0	(36.5)	0.5	79.0	121.9	(18.4)	0.6	104.1
Other currencies	96.4	270.9	-	367.3	74.5	315.6	0.3	390.4
Gross borrowings	2,338.1	1,538.5	5.1	3,881.7	2,312.5	1,204.6	4.7	3,521.8
Issue costs of debt	(5.2)	-	-	(5.2)	(3.2)	(0.3)	-	(3.5)
	2,332.9	1,538.5	5.1	3,876.5	2,309.3	1,204.3	4.7	3,518.3

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

19. Financial instruments (continued)

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

20. Deferred tax

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

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

	2019 £m	2018 £m
Deferred tax asset	63.8	110.9
Deferred tax liability	(134.2)	(227.0)
	(70.4)	(116.1)

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

	2019 £m	2018 £m
Losses – revenue	380.7	282.7
Losses – capital	109.5	109.5
Other temporary differences	7.4	9.8
	497.6	402.0

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

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

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

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

For the year ended 31 December 2019

21. Provisions

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

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

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

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

Contingent liabilities

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

22. Share capital

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

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

For the year ended 31 December 2019

23. Share premium account

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

24. Acquisition of subsidiaries**Summary of acquisitions**

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

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

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

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

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

The acquisitions are accounted for under the acquisition method.

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

For the year ended 31 December 2019

24. Acquisition of subsidiaries (continued)

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

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

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

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

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

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

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

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

For the year ended 31 December 2019

24. Acquisition of subsidiaries (continued)

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

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

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

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

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

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

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

For the year ended 31 December 2019

24. Acquisition of subsidiaries (continued)

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

25. Other non-current liabilities

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

Deferred consideration

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

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

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

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

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

For the year ended 31 December 2019

25. Other non-current liabilities (continued)

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

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

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

Put Options

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

26. Share-based payment

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

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

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

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

Movements in share options during the year

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

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

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

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

Fair value of share options granted during the year

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

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

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

For the year ended 31 December 2019

26. Share-based payment (continued)**Inputs into the Model**

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

Share options exercised during the year

The following share options were exercised during the year:

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

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

For the year ended 31 December 2019

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

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

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

Share options outstanding at the end of the year

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

27. Notes to the cash flow statement

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

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

All results are from continuing operations.

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

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

For the year ended 31 December 2019

28. Leases

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

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

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

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

a) Right -of-use assets

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

b) Amounts recognised in profit or loss

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

c) Amounts recognised in statement of cash flows

	2019 £m
Total cash outflow for leases	(168.8)

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

For the year ended 31 December 2019

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

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

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

The Group does not have any material unexercised extension options.

e) Operating Lease

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

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

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

For the year ended 31 December 2019

29. Related party transactions

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

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

Transactions with associated undertakings

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

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

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

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

Remuneration of key management personnel

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

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

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

For the year ended 31 December 2019

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

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

	2019 £m	2018 £m
Summarised balance sheet		
Current assets	496.7	458.6
Current liabilities	(381.4)	(357.5)
Total current net assets	115.3	101.1
Non-current assets	501.8	463.4
Non-current liabilities	(375.6)	(353.0)
Total non-current net assets	126.2	110.4
Net assets	241.5	211.5
Summarised income statement		
Revenue	653.3	564.1
Operating profit	113.6	62.3
Profit before tax	39.7	12.0
Profit for the year	42.6	9.0

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

31. Subsequent events

Acquisitions completed after the balance sheet date

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

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

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

Merkle buy out

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

COVID-19

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

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

31. Subsequent events (continued)

Funding

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

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

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

32. Prior period restatements

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

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

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

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

32. Prior period restatements (continued)

Consolidated statement of financial position

Impact of restatement

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

Impact of restatement

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

Consolidated income statement and OCI

Impact of restatement

For the year ended 31 December
2018

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

Consolidated cash flow statement

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

Dentsu Aegis Network Ltd
Company balance sheet
At 31 December 2019

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

Accompanying notes form part of these financial statements.

Company registration number 1403668 England and Wales.

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



Nick Priday
(Chief Financial Officer)

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements

For the year ended 31 December 2019

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

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

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

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

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

2. Accounting policies

Basis of preparation

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Basis of preparation (continued)

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

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

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

- IFRS 16 'Leases'

IFRS 16 'Leases'

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

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

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

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

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

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

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

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

Impact on transition

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

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

For the year ended 31 December 2019

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

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

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

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

Property, plant and equipment

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

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Intangible assets

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

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

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

Impairment

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

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

Income Taxes

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

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

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

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

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

For the year ended 31 December 2019

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

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

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

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

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

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

Foreign currencies

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

Investments

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Leased assets

The Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Leased assets (continued)

The Company as a lessor

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

Retirement benefits

The retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the Company and employees. The amount charged to profit and loss is the contribution payable in the year.

Finance income

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

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

Trade debtors

Under IFRS 9, an expected credit loss should be recognised on financial assets measured at amortised cost. As the receivables from related parties represents the majority of financial assets measured at amortised cost, the expected credit loss on these receivables is not material and so no expected credit loss provision has been recognised for the year ended 31 December 2019.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Restructuring provisions

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

3. Profit for the year

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

Dentsu Aegis Network Ltd reported a loss for the financial year ended 31 December 2019 of £51.9m (2018: £49.4m profit).

The loss for the year of £51.9m includes no dividends received (2018: £77.9m) from Group companies.

4. Auditor's remuneration

The auditor's remuneration for audit services to the Company amounted to £0.1m (2018: £0.1m) and for non-audit services amounted to £nil (2018: £nil).

The audit fee for the group is outlined in note 6 to the consolidated financial statements of Dentsu Aegis Network Ltd. The fee is borne by Dentsu Aegis Network Ltd on behalf of the Group.

5. Taxation

	Note	2019 £m	2018 £m
Corporation tax payable at 1 January		(8.1)	(6.0)
Cash (received)/paid		(1.9)	1.5
Current year tax charge		-	(3.6)
Prior year tax credit		5.3	-
Transfer from Group entity	17	30.8	-
Corporation tax receivable / (payable) at 31 December		26.1	(8.1)
Deferred tax asset at 1 January		4.6	6.4
Current year deferred tax charge		-	(1.2)
Prior year deferred tax charge		(5.5)	(0.6)
Transfer from Group entity	17	2.8	-
Deferred tax asset at 31 December		1.9	4.6
Tax charge on (loss)/profit		(5.3)	3.6
Net movement in deferred tax		5.5	1.8
Current year tax charge		0.2	5.4

The tax charge for the year ended 31 December 2019 is £0.2m (2018: £5.4) representing an effective tax rate on statutory loss of 0.56% (2018: 9.85%).

UK Corporation tax is calculated at 19% (2018: 19%) of estimated assessable profit for the year.

The net UK deferred tax asset has been calculated using the substantively enacted rate of 17% (2018: 19%), being the applicable rate when the temporary difference is expected to reverse.

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

For the year ended 31 December 2019

5. Taxation (continued)

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

	2019	2018
	£m	£m
Losses – Revenue	104.1	38.2
Losses – Capital	94.7	94.7
Total	198.8	132.9

These losses may be carried forward indefinitely.

6. Tangible assets

	Note	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
Cost		£m	£m	£m
At 1 January 2019		16.6	2.6	19.2
Additions		1.8	-	1.8
Transfer from Group entity	17	-	27.6	27.6
At 31 December 2019		18.4	30.2	48.6
Accumulated depreciation				
At 1 January 2019		10.3	2.3	12.6
Charge for the year		1.4	-	1.4
Transfer from Group entity	17	-	24.5	24.5
At 31 December 2019		11.7	26.8	38.5
Carrying value				
At 31 December 2019		6.7	3.4	10.1
At 31 December 2018		6.3	0.3	6.6

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

For the year ended 31 December 2019

7. Intangible assets

	Note	Computer software	Patents & trademarks	Total
Cost		£m	£m	£m
At 1 January 2019		6.8	7.6	14.4
Additions		1.1	0.3	1.4
Transfer from Group entity	17	197.0	-	197.0
At 31 December 2019		204.9	7.9	212.8
Accumulated amortisation				
At 1 January 2019		6.0	5.4	11.4
Charge for the year		0.5	0.4	0.9
Transfer from Group entity	17	68.4	-	68.4
At 31 December 2019		74.9	5.8	80.7
Carrying value				
At 31 December 2019		130.0	2.1	132.1
At 31 December 2018		0.8	2.2	3.0

8. Investments

	Shares in subsidiary undertakings
	£m
Cost	
At 1 January 2019	2,966.2
At 31 December 2019	2,966.2
Accumulated impairment losses	
At 1 January 2019	190.8
Impairment for the year	9.2
At 31 December 2019	200.0
Carrying amount	
At 31 December 2019	2,766.2
At 31 December 2018	2,775.4

Most shareholdings are of ordinary shares.

Details of the subsidiaries and associates in which the Company holds 20% or more of the nominal value of any class of share capital are listed in note 18.

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

For the year ended 31 December 2019

9. Debtors

	Note	2019 £m	2018 £m
Amounts owed by Group undertakings		549.4	700.3
Other receivables		14.4	5.0
Prepayments and accrued income		15.3	6.3
Corporation tax	5	26.1	-
Derivative financial assets		2.3	1.4
Deferred tax asset	5	1.9	4.6
		609.4	717.6

Amounts of deferred tax assets of £1.9m (2018: £4.6m) and Amounts owed by subsidiary undertakings of £425.7m (2018: £6.6m) fall due after more than one year.

10. Creditors: amounts falling due within one year

	Note	2019 £m	2018 £m
Trade payables		11.2	0.5
Amounts owed to Group undertakings		111.6	84.7
Deferred lease incentive		-	2.4
Deferred consideration		0.4	1.0
Accruals and deferred income		50.2	36.7
Corporation tax	5	-	8.1
Other creditors		1.4	1.9
		174.8	135.3

11. Creditors: amounts falling due after one year

	Note	2019 £m	2018 £m
Deferred lease incentive		-	6.2
Deferred consideration		4.1	10.5
Deferred tax liabilities	5	-	0.2
		4.1	16.9

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

For the year ended 31 December 2019

12. Provisions

	Total £m
At 1 January 2019	-
Additional provision in the year	16.8
At 31 December 2019	16.8

During 2019, a restructuring programme was introduced to accelerate the implementation of the Group's new business model and deliver improvements and efficiencies for the Group's business and clients. The programme was approved by the Board, announced externally and communicated to affected employees in December 2019.

As at 31 December 2019 a provision of £16.8m is held in respect of the restructuring (2018: £nil). It is expected that the cash outflows in respect of the provision will occur throughout 2020. Key assumptions applied in the calculation of the provision include local legislation in respect of severance payments and average employee salaries. There is uncertainty in respect of the value and timing of payments pending the results of employee consultation and other regulatory procedures. Final payments may therefore differ from the initial estimates recorded.

13. Maturity profile of Company financial liabilities

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

2018	Less than 1 year	1-5 years	Total
	£m	£m	£m
Deferred consideration	1.0	10.5	11.5

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

For the year ended 31 December 2019

14. Derivative financial instruments

	2019 £m	2018 £m
Current		
Derivative financial assets	2.3	1.4

The derivative financial assets represent the fair value of intra-Group foreign exchange contracts and cross currency interest rate swaps which are accounted for as fair value through the profit and loss account.

15. Reserves**Called-up share capital**

	2019 Number of ordinary shares	2019 £m	2018 Number of ordinary shares	2018 £m
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	1,426,869,838	78.5	1,426,869,838	78.5
At 31 December	1,426,869,838	78.5	1,426,869,838	78.5

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

The Company issued no shares in the year (2018: Nil).

Share premium account

	2019 £m	2018 £m
At 1 January	1,190.7	1,190.7
At 31 December	1,190.7	1,190.7

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

For the year ended 31 December 2019

16. Leases

The Company leases Buildings and Leasehold Improvements. The leases typically run for a period of 2.5 years. Leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Company is restricted from entering into any sub-lease agreements.

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

Information about leases for which the Company is a lessee is presented below.

a. Right -of-use assets

	Buildings and Leasehold Improvements	Total
2019	£m	£m
Balance at 1 January	39.1	39.1
Depreciation charge for the year	(11.6)	(11.6)
Balance as at 31 December	27.5	27.5

b. Amounts recognised in profit or loss

	2019
	£m
2019 – Leases under IFRS 16	
Interest on lease liabilities	1.0
2018 – Operating leases under IAS 17	
Lease expense	6.5

c. Extension options

Some property leases obtain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has does not have any material unexercised extension options.

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

For the year ended 31 December 2019

16. Leases (continued)**d. Operating Lease**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date. In 2019 there are no operating leases held by the Company.

2018 – Operating leases under IAS 17	£m
Less than one year	139.0
Between one and five years	397.0
More than five years	530.0
Total	1,066.0

17. Transfer of assets

On the 31st December 2019, the Company purchased technology and transformation assets from Dentsu Aegis London Ltd (DAL Ltd). The purchase of the assets was an intercompany sale of assets from DAL Ltd and a disposal of intercompany liabilities from DAN Ltd in consideration for £1. All assets and liabilities have been transferred at the net book value and revalued using the closing spot rates at the effective date.

	Transfer from DAL Ltd
Assets	£m
Tangible assets	3.2
Intangible assets	128.5
Deferred tax assets	2.8
Prepayments and accrued income	10.8
Corporation tax	30.8
Other receivables	12.8
Amounts owed by Group undertakings	22.0
	210.9
Liabilities	
Accruals and deferred income	(20.9)
Other payables	(0.3)
Amounts owed to Group undertakings	(189.7)
	(210.9)
Net Assets	-

18. Related parties

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

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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

19. Related undertakings

The Group has a large number of related undertakings across the various countries in which it operates. These are listed below.

All shareholdings are of ordinary shares (or the equivalent) unless otherwise stated.

Section 1 - Subsidiaries held directly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Aegis Luxembourg S.A.R.L.	Luxembourg	100	65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg
Aegis Finance	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis GPS Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Investments Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Nominees Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Trustees Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Media Pacific Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis TI	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis TIG Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Treasury Investments Limited	United Kingdom	64*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Triton Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aquila Insight Ltd	United Kingdom	100	7, Exchange Crescent, Conference Square, Edinburgh, EH3 8AN, Scotland
Carat Management Services (UK) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Media Services Asia Pacific Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
David Wood & Associates Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu McGarryBowen UK Ltd	United Kingdom	100 ^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Fetch Media Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Acquisitions Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

* A further 36% is held by the Company indirectly

^ The Group also holds 100% of a class of preference shares in this entity

Section 2 - Subsidiaries held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Amnet Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Carat Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina
Global Mind S.A.	Argentina	100	Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina
Icolic S.A.	Argentina	100	Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
iProspect Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina
Media 8 SRL	Argentina	100	1674, Manuel Ugarte, 2nd Floor, City of Buenos Aires, Argentina
Nueva Internet S.A.	Argentina	100	Av. Crisólogo Larralde 1809, CABA, C1429BSI, Argentina
Vizeum Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
@Odds Pty Ltd	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
@Tack Pty Ltd	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
5th International Group Pty Ltd	Australia	75*	L 7 264-278 George St, Sydney, NSW, 2000, Australia
Accordant Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Aegis Finance Australia LLP	Australia	100	Level 2, 85 Coventry Street, South Melbourne, VIC, 3205, Australia
AMICUS Digital Ventures Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
AMNET Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Amplifi Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Belgiovane Williams MacKay Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Brainbox Ringaround Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Carat (WA) Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Carat Aust. Pty Limited	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Carat Australia Media Services Pty Ltd	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Carat Media Pty Ltd	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Carat Melbourne Pty Ltd	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Carat SA Pty Ltd	Australia	100	Level 2, 136 Greenhill Road, Unley, SA, 5061, Australia
Columbus Agency Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Cox Inall Change Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Cox Inall Communications Pty Limited	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
D2D Data 2 Decisions Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
DAN Corporate Services Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
David Wood & Associates Pty Limited	Australia	100	Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW, Australia
Dentsu Aegis Media Australia Pty Ltd	Australia	100^	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Dentsu Aegis Network (ANZ) Management Services Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Aegis Network Australia Holdings Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Aegis Network Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Aegis Network Media Investments Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu Australia Pty Ltd	Australia	100	47 Ridge Street, North Sydney, NSW 2060, Sydney, Australia, Australia
Dentsu Mitchell Media Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu X (NSW) Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu X (QLD) Proprietary Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Dentsu X (WA) Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Dentsu X Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Gleam Futures Pty Limited	Australia	89	AMP Centre, Level 27, 50 Bridge Street, Sydney, NSW, 2000, Australia
Haystac Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Haystac Public Affairs Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Hind & Hind Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Huckleberry Agency Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Impact Live Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Insite Organisation Pty Ltd	Australia	100	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
iProspect Pty Limited	Australia	100	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Isobar Australia Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Isobar Communications Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Klip Desk Holdings Pty Ltd	Australia	55	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Marketing Resources Management Group Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
MKTG Australia Pty Ltd	Australia	100	Suite 3 Level 2, 20 Clarke Street, Crows Nest NSW2065
MKTG Sport & Entertainment Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Oddfellows Dentsu Pty Ltd	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
Oddfellows Holdings Pty Limited	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
Pacbyte Mitchell Pty Ltd	Australia	75	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Patterson Partners Adcafe Pty Limited	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Picture This! Productions Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Positive Outcomes Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Posterscope Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Rodeo Agency Pty Ltd	Australia	100	Level 1, 129 York Street, South Melbourne, VIC 3205, Australia
Safecom Solutions Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Scorch Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Search Factory Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Search Found Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
SMG Studio Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Soap Creative Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Spark P R Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Sputnik Agency Pty Limited	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Stadia Media Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Steak PTY Ltd.	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Storylab Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Ugam Solutions Australia Pty Ltd	Australia	87^	Level 13, 664 Collins Street, Docklands, VIC, 3008, Australia
Vivid Group Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Vivid Holdings Australia Pty Ltd	Australia	100	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Vizeum Australia Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Web Data Group Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
WiTH Collective Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Amnet Central GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Carat Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Dentsu Aegis Network Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
dentsu X GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
iProspect GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
iProspect GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
IQ mobile Kommunikationsdienste Beratungs-, Entwicklungs- und Vertriebs GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
isobar Werbeagentur GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Media.at GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Vizeum Austria Media Service GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Amnet Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Carat Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Dentsu Aegis Network Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
iProspect Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Isobar BVBA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Posterscope Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Vizeum Belgium SA	Belgium	100	54, Avenue Hermaan-Debroux, Box 5, Auderghem, 1160, Belgium
Agenciaticlick - Midia Interativa S.A.	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Agenciaticlick Brasilia Ltda	Brazil	100	Setor Comercial, Norte, Quadra 04, Bloco B, nº 100, Sala 603, Sao Paulo, CEP 05686-002, Brazil
Amnet Servicos de Publicidade Ltda	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Amplifi Comunicacao E Otimizacao de Midia Ltda	Brazil	100	31, Parte, Alphaville Commercial, Centro, Barueri/SP, CEP 06453-054, Brazil
Big Scotch Midia Interativa Ltda.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Copernicus Assessoria em Marketing Ltda.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Cosin & Associados Consultoria e Servicos de Informatica S.A.	Brazil	100	298, Rua Wisard, 8 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
iProspect Search & Marketing S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Jump tank Servicos de Marketing e Midia Ltda	Brazil	100	Rua Geraldo Campos Moreira, 375, 5º andar, Conjunto 52, Cidade Monções, CEP 04571-02, Brazil
Mcgarrybowen Brasil Comunicacoes S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Minucon Mobile Marketing Ltda	Brazil	100	Rua Lisboa 224, 1 andar, Bairro Jardim America, CEP05413-000, Sao Paulo-SP, Brazil
MKTG Marketing e Promocao de Eventos Ltda	Brazil	100	298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
NVG Participacoes S.A.	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Plusmedia Servicos de Marketing Ltda.	Brazil	100	Rua Barao da Torre, No. 219 parte, Ipanema, Rio de Janeiro, CEP 22411-001, Brazil
Pontomobi Tecnologia Informatica Ltda	Brazil	100	298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000
PPR Profissionais de Publicidade Reunidos S.A.	Brazil	70^	Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, Barueri / SP, CEP 06453-054, Brazil
Amnet Bulgaria EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Aegis Network Balkans EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Aegis Network Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
eCommera EOOD	Bulgaria	100	49B Bulgaria Blvd, 4th floor, Sofia 1404, Bulgaria
Vizeum Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
Aegis Media Innov8 Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
AMNET Media Canada, Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Amplifi Media Canada Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Carat Canada Inc	Canada	100	3970, rue Saint-Ambroise, Montreal, PQ, Canada
Carat Stratégem Inc.	Canada	100^	44 Chipman Hill, 10th Floor, St John New Brunswick, E2L 4S6, Canada
Cardinal Path Inc.	Canada	100	503-1060 Howe Street, Vancouver, BC, V6Z 2T1, Canada
DAN Agency Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Aegis Network Canada Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Aegis Network Enterprise Solutions Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu X Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Grip Limited	Canada	100^	179, John St, Toronto, M5T 1XA, Canada
ICUC/iProspect Moderation services, Inc.	Canada	100	1700-666, Burrard Street, Vancouver, Nritisj Columbia, Canada
iProspect Canada Inc.	Canada	100	3970, rue Saint-Ambroise, Montreal, PQ, Canada
Isobar Canada, Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
MKTG Canada Corp.	Canada	100^	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Synovate Aztec Limited	Canada	51	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Vizeum Canada Inc.	Canada	100	1, University Avenue, 10th floor, Toronto, Ontario, M5J 2P1, Canada
Amnet Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Carat Chile SA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Deep Blue Spa	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu Aegis Network Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Densu X Chile Spa	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
iProspect Chile SPA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Vizeum Chile SPA	Chile	68	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Aegis Media Technology Co., LTD.	China	100	Room 337, 7F, 3409 DongFang Road, Shanghai, China
B2B International Consulting (Beijing) Co. Ltd	China	100	Room 1101-A301, Building 3, No. 8 Guanghuadongli Road, China, Chaoyang District, Beijing, China

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Band Commercial Consulting (Beijing) Co. Ltd	China	100	77 Jianguo, Level 24, Tower 3, China Central Place, Chaoyang District, Beijing, China
Beijing Posterscope Advertising Company Ltd	China	100	Unit 2-4, Room 501, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, Beijing, China
Beijing Vizeum Advertising Co., Limited	China	100	Floor 21, Tower E1, Beijing Oriental Plaza, China
Beijing Wonderad Advertising Co., Ltd	China	100	Room 1501 Building A Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing, China,
Beijing Xin Lan Shi Ji Advertising Co., Ltd	China	100	No 1509, Block A, 93 Jianguo Road, Chaoyang District, Beijing, China
Bluecom (Shanghai) Solutions Co., Ltd	China	100	Section B, 3rd floor, Building5, No.255 YangZhai Road, Changning District, Shanghai, China
Catch Stone Advertising (Beijing) Co., Ltd	China	100	Room 408-023, 4th Floor, Building no.2 Daliushu Fuhai Centre, Haidian District, Beijing, China
Dentsu Aegis (Shanghai) Investment Co., Ltd.	China	100	650, Ding Xi Road Unit 6236, Shanghai, China
Dentsu Mccarrybowen (Shanghai) Advertising Co. Ltd.	China	64	Room 1207-1208, Floor 12, 150 Hubing Road, Huangpu District, Shanghai, China
Dentsu Rihai Communications Co., Ltd.	China	100	Unit 9-11 in Room 601, Floor 6, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, China
Dentsu Top Co., Ltd.	China	100	Room 98, Floor 9, 583 Lingling Road, Xuhui District, Shanghai, China
DWA (Beijing) Marketing Consultants Ltd	China	100	Room 1568, 15th Floor, 12 Jianwaidajie, Chaoyang District, Beijing, China
Guangdong Carat Media Services (China) Limited	China	100	Unit 03-06, 27th Floor Guangzhou International Electronic Tower, 403 Huan Shi East Road, Guangzhou, 510095, China
iProspect (Shanghai) Advertising Media Co., Ltd	China	100	Room 1329, Building 2, No 1630 Yecheng Road, Jiading Industrial District, Shanghai 201821, China
John Brown (Shanghai) Company Limited	China	100	1208, Suite G, Floor 3, South Xizang Road, Shanghai, China
Merkle Business Information Consultancy (Nanjing) Company Limited	China	74*	12/F Beidou Tower, 6 Huida Road, Nanjing High & New Tech Industry Development Zone, Jiangsu Province, China
Merkle Business Information Consultancy (Shanghai) Company Limited	China	74*	Unit 1101, 6 Lane 3611, Zhangyang Road, Pudong New Area, Shanghai, China
Same Same but different Marketing Planning (Shanghai) Limited	China	100	Room E, 11F, No. 55 West Huai Road, Shanghai, China
Shanghai An Ke Ji Tong Advertising Co., Ltd.	China	100	Room 1177 Building 10, No. 500 Shengxin South Road, Jiading District, Shanghai, China
Shanghai Clarity Advertising Co., Ltd	China	100	650, Ding Xi Road Unit 6238, Shanghai, China
Shanghai Dewen Advertising Co., Ltd	China	100	Room D303, Building 2, No.700, South Huangpi Road, Huangpu District, Shanghai, China
Shanghai OMP Advertising Communication Co. Ltd.	China	100	Room 105, No.671 Yuema Village, Gangyan Township, Chongming County, Shanghai, China
Shanghai Verawom Culture Communications Co., Ltd	China	100	650, Ding Xi Road Unit 6237, Shanghai, China
Shanghai VeryStar Internet Science and Technology Co., Ltd	China	60	Room 202, No.5537, Waiqingsong Road, Qingpu District, Shanghai, China
Shanghai WWWINS Marketing Consultancy Co., Ltd	China	100	Room 1608-11, 688 West Nanjing Road, Jing'an District, Shanghai, China
Shanghai EBP Internet Technology Co., Ltd	China	100	No. 8 Building, No.160 Haerbin Road, Shanghai, China
Trio Digital Integrated (Shanghai) Co., Ltd.	China	100	Room 309,311 & 313, Building No.3, 909 Tian Yao Qiao Road, Shanghai 200030, 200030, China

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Trust New Voice PR Consultancy	China	100	Unit 6204-T, Building 6,990 Chang Ping Road, Jing An District, Shanghai, China
Shanghai Company Limited	China	100	No. 1 Aviation Industry Support Center Room 645N27, Tianjin Airport Economic Zone Bao-Hang Road, China
Zhihuitong Advertising (Tianjin) Co., Ltd	China	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Aegis Media Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Carat Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
iProspect Colombia SAS	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Posicion Digital SAS	Colombia	100	Calle 26 Sur # 48 -41 Floor 8, Medellín, Colombia
Vizeum Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Dentsu Aegis Network d.o.o.	Croatia	100	59, Petrinjska, Zagreb 1000, Croatia
Hullbitt Ltd	Cyprus	76	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Zenmico Trading Ltd	Cyprus	75	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Adexpres.com s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
AMNET Czech s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Bistro Social s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Carat Czech Republic s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Dentsu Aegis Network Czech Republic s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Isobar Czech Republic s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Isobar Technologies s.r.o.	Czech Republic	100	Havlickova 1029/3, Nove Mesto, Praha1, 110 00, Czech Republic
Mobile Internet s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Vizeum Czech Republic s.r.o.	Czech Republic	100	Celestna 21, Praha 1, 116 22, Czech Republic
Amnet AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Aegis Network AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Isobar Nordics A/S	Denmark	95	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Isobar Denmark A/S	Denmark	95	Meldahlsgrde 5, 1613 Copenhagen V, Denmark
Posterscope Denmark AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Aegis Network Egypt LLC	Egypt	100	55, Mohamed Mazhar Street, 6th Floor, app 13, Zamalek, Cairo, Egypt
Digital Republic linked by Isobar LLC	Egypt	51	2, El Malek El Afdal street, Zamalek, Cairo, 11211, Egypt
Dentsu Aegis Network Estonia AS	Estonia	100	Narva mnt 7d, Tallinn, 10117, Estonia
Amnet Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Carat Finland Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Dentsu Aegis Network Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Isobar Finland OY	Finland	95	2, Etelaesplanadi, Helsinki, 00130, Finland
MKTG Finland Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Vizeum Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Aegis Finance SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Amnet France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Carat France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Comunica Plus A, SAS	France	51	7, rue du Marché Saint-Honoré, Paris, 75001, France

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Data to Optimization SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Dentsu Aegis Network France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Dentsu Expertise & Consulting SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Dentsu X France	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Granit Production SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
gyroHSR France SARL	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
iProspect France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Isobar SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
JH Conseil SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Keneo SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Mcgarbybowen France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
MKTG France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
MKTG Travel SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Posterscope France SAS	France	100	4 Place de Saverne, Coubervois, Paris la Defense Cedex, 92971, France
Vizeum France SAS	France	100	4 Place de Saverne, Coubervois, 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	Johannstrasse 37, 40476 Dusseldorf, Germany
Carat Deutschland GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
David Wood & Associates GmbH	Germany	100	Leopoldstraße 150, 80804 München, 80804 München, Germany
Dentsu Aegis Network Central Europe GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Aegis Network Central Europe Holding GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany;
Dentsu Aegis Network Germany GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Dentsu Aegis Network Hamburg GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Dentsu Aegis Resolutions GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Dentsu X GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Explido GmbH	Germany	100	28, Prollstrasse, 86157 Augsburg, Germany
Fetch Media GmbH	Germany	100	Invalidenstrasse 112, Berlin, 10115, Germany
Gyro Communications GMBH	Germany	100	Lindwurmstr. 76, Munchen, 80337, Germany
HMS Group Vizeum GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany;
Indigo: Werbeagentur GmbH	Germany	100	Johannstrasse 37, 40476 Dusseldorf, Germany
iProspect GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany;

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Isobar Germany GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, Germany
MKTG Germany GmbH	Germany	100	Johannstrastresse 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	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Communication Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Dentsu Aegis Network Hellas	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
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
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'Aguiat St, Central, Hong Kong, Hong Kong
Bluecom Solutions Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
blue-infinity ltd	Hong Kong	100	72, Gloucester Road, 6/F Luk Kwok Centre, Wan Chai, Hong Kong
Branded Limited	Hong Kong	100	604-605, 625 King's Road, North Point, Hong Kong
Carat Media Services Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
CC&P Advertising Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Darwin Marketing Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Dentsu Hong Kong Ltd.	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong; Room 1A-10A, 7/F, Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong, Hong Kong, China
Dentsu Aegis Network Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong
dentsu X Limited	Hong Kong	100	Suite 604, 6/F 625 King's Road, North Point, Hong Kong, Hong Kong; Unit 1901, 19/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong, Hong Kong, China
Fetch Media Hong Kong Limited	Hong Kong	100	16th Floor, Wing On Centre, 111 Connaught Road, Central Hong Kong, Hong Kong
Gain Concept Advertising Agency Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Great Method Investments Limited	Hong Kong	75*	29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong
iProspect Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Isobar Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company		Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
(continued)	John Brown Hong Kong Ltd	Hong Kong	100	151, 5/F, Hollywood Road, Central, Hong Kong, Hong Kong
	M&I Interactive Limited	Hong Kong	60	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong
Limited	McGarry Bowen Hong Kong	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
Limited	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	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
Limited	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, Kacsas utca, Budapest, 1027, Hungary
Carat Hungary 21 Media Kft.	Carat Hungary 21 Media Kft.	Hungary	100	15-23, Kacsas utca, Budapest, 1027, Hungary
	Dentsu Aegis Network Hungary Media Kft	Hungary	100	15-23, Kacsas utca, Budapest, 1027, Hungary
Media Kft	Isobar Budapest Zrt.	Hungary	100	15-23, Kacsas utca, Budapest, 1027, Hungary
	Posterscope Hungary Kft	Hungary	100	15-23, Kacsas utca, Budapest, 1027, Hungary
Vizeum Hungary Media Kft	Vizeum Hungary Media Kft	Hungary	100	15-23, Kacsas utca, Budapest, 1027, Hungary
	Accord Public Relations Private Limited	India	90	5-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Limited	Amnet Trading India Private Limited	India	100	601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India
	Dentsu Advertising And Media Services India Private Limited	India	100	601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India
Dentsu Aegis Network Communications India Private Limited	Dentsu Aegis Network Communications India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
	Dentsu Aegis Network India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Dentsu Aegis Network Private Limited	Dentsu Aegis Network Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, 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;
Dentsu Webchutney Private Limited	Dentsu Webchutney Private Limited	India	91	F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
	Dentsu Network Advertising Private Limited	India	100	8th Floor, Devchano House, C Block, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
DWA Media Private Limited	DWA Media Private Limited	India	100	Unit No. 2201, 2nd Floor, Brigade Gateway, World Trade Centre, Malleshwaram, Bangalore, Karnataka, 560055, India
	eCommere India Private Limited	India	100	3rd Floor, Al-Monte,Sr., No.8 Hissa 28 & 2C, Hadaspur Kharadi Bypass, Pune 411045, India
Fountainhead Entertainment Private Limited	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

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Happy Creative Services (India) Private Limited	India	90	40, City Centre, CMH Road, Indiranagar, Bangalore, Karnataka, 560038, India
Image Public Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Imprimis Life PR Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Isobar India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Milestone Brandcom Private Limited	India	100	Unit 5, Peninsula Corporate Park, Tower 1, Wing B, G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
Milestone Signage Solutions Private Limited	India	100	Unit 5, Peninsula Corporate Park, Tower 1, Wing B, G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
Paragon Digital Services Private Limited	India	100	CeeDeeYes Tyche Towers, No.14/1A, No.14/1B, No.14/2A Perungudi Bye Pass Road, Chennai, Chennai TN 6000, India
Perfect Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Sokrati Technologies Pvt Ltd	India	100	Survey No. 35, Deep Complex, 3rd Floor, Mumbai-Bangalore Highway Road, Baner, Pune, Maharashtra, 411 045, India
Storyboard Brandcom Private Limited	India	100	Unit 5, Peninsula Corporate Park, Tower 1, Wing B, G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
SVG Media Private Limited	India	65	D-119, Lajpat Nagar-1, New Delhi, South Delhi, 110024, India
Ugam Solutions Private Limited	India	87	PRISM TOWER, B WING, 6TH FLOOR, MALAD LINK ROAD, GOREGAON (W) MUMBAI 400062 MH, MUMBAI, IN-MH, 400062; SUNSHINE TOWER, 31ST FLOOR, SENAPATI BAPAT MARG, DADAR (W) MUMBAI Mumbai City MH 400013 IN, MUMBAI, IN-MH, 400013
Ugam Solutions SEZ Private Limited	India	87	6th Floor, 'B' Wing, Prism Tower, Malad Link Road, Goregaon (West), Mumbai, Maharashtra, 400062, India
Ultimedia E-Solutions Private Limited	India	100^	8th Floor, Devchano House, C Block, 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. Cursor Media	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Isopost	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Mahardhika Insani Adiwarna	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Valukik	Indonesia	51	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Cipta Pratama Kreasi	Indonesia	51	Jl. Cipete Raya No.2 RT.014/03, Kel. Cipete Selatan. Kec. Cilandak, Jakarta Selatan, Indonesia
PT. Dwi Sapta Pratama	Indonesia	51	No.22, Komplek Gading Bukit Indah Blok I, Jl. Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia
PT. Komunika Pratama Kreasi	Indonesia	51	23, Komplek Gading Bukit Indah Blok I, Jl. Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia
PT. Valuklik Netwerk Indonesia	Indonesia	51	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
Amnet Ireland Ltd	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Aegis Network Ireland Holdings Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Aegis Network Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Lucidity Technologies Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Poster Audit Bureau Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Poster Management Ireland Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Posterscope Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Source out of Home Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Abagada Internet Ltd	Israel	100	21B, Habarzel St, Tel Aviv, 6971029, Israel
Dentsu Aegis Network Israel Ltd	Israel	100	21B, Habarzel St, Tel Aviv, 6971029, Israel
Amnet Italia S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Amplifi Italia srl	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Carat Italia Spa	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
carat luxury s.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Deepblue Srl	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Dentsu Aegis Network Italia spa	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Dentsu X SRL	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
iProspect S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Isobar Communications S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
LOW S.r.l.	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
MKTG SRL	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Simple Agency S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
The Big Now spa	Italy	100	corso Buenos Aires 10, 20124 Milano, Italy
Vizeum S.p.a.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Dentsu Aegis Network Cote D'Ivoire	Ivory Coast	100	Lot 3807 - Ilot 309 - Cocody 2 plateaux - Abidjan, Cote d'Ivoire, Ivory Coast
John Brown Japan Ltd	Japan	100	c/o TA Lawyers GKJ, Shiroyama Trust Tower 15F, Toranomom 4-3-1, Minato-Ku, Tokyo, Japan
Carat Kazakhstan LLP	Kazakhstan	75	17, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan
Dentsu Aegis Network Central Asia/CA LLP	Kazakhstan	75	19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan
Dentsu Aegis Network Kazakhstan LLP	Kazakhstan	75	19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan
Vizeum Kazakhstan LLP	Kazakhstan	75	19/1, Al-Farabi Avenue, 5th floor, block 3B, Almaty, A15E2T5(050059), Kazakhstan
Amnet East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Dentsu Aegis Network Kenya Limited	Kenya	100	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
iProspect East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Isobar Kenya Limited	Kenya	51	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Posterscope East Africa Limited	Kenya	100	6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya
Vizeum Kenya Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, LR No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat Korea Co., Ltd	Korea, Republic of	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Dentsu Aegis Network Korea Co., Ltd.	Korea, Republic of	100	12F JS Tower, 6, Teheran-ro 79gil, Gangnam-gu, Seoul 06158, Korea, Republic of
Isobar Korea Ltd	Korea, Republic of	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of
Vizeum Korea Co., Ltd	Korea, Republic of	100	9th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea, Republic of
Dentsu Aegis Network Latvia AS	Latvia	100	214b, Brivibas, Riga, Latvia, LV 1039, Latvia
People & Screens SIA	Latvia	75	Rupniecibas iela 16 k-2, Centra rajons, Riga, LV-1010, Latvia
Dentsu Aegis Network Lebanon SARL	Lebanon	95	Zakhem Building, Kalaa Street, Sin El Fil, Beirut, Lebanon
Dentsu Aegis Network-Lebanon (Off-shore) S.A.L	Lebanon	100	3rd floor, Gallery Semaan, Panorama bldg, Hazmieh, Lebanon
iProspect UAB	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
UAB Carat	Lithuania	100	A. Gostauto g. 4-1, Vilnius, Lithuania
UAB Vizeum	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
Portman Square Luxembourg S.a.r.l.	Luxembourg	100	6C, Rue Gabriel Lippmann, L-5365 MunsbachLuxembourg, RCS Luxembourg, B123920
Brandscope Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Carat Media Services (M) Sdn Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Columbus Agency iProspect Sdn Bhd	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia
Consider Digital Sdn Bhd	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia
DAN Empower Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Dentsu (Malaysia) Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu One Sdn Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu Aegis Network Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Dentsu X (Malaysia) Sdn. Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
IF Interactive Sdn Bhd	Malaysia	90	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
IPROSPECT Malaysia Sdn Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Jumptank Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Merdeka LHS Sdn Bhd	Malaysia	100	42B, Jalan SS 6/8, Kelan Jaya, 47301 Ptaling Jaya, Selangor, Malaysia
Meridian Outdoor (M) Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Posterscope Sdn Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
psLIVE Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Unity Communications Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Vizeum Media Services (M) Sdn Bhd	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
blue-infinity ltd	Malta	100	Cali House, Triq Tal-Balal, San Gwann, SGN 9016, Malta
AM Network Group Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Archedera y Claverol, S.A. de C.V.	Mexico	100	Lago Andr�maco 84, Granada, Miguel Hidalgo, Mexico City, 11529, Mexico
B2B Gyro M�xico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Buying Uplift Media, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Carat Mexicana S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Control Media Region Norte, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Dentsux Mexicana, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Flock Advertising Mexico, S.A.P.I. de C.V.	Mexico	100	13, Vicente 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 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	80	Reduitlaan 27, Unit 2.2,Breda, 4814DC, Netherlands
Carat Nederland BV	Netherlands	100	Moermanskkade 93, 1013 BC, Amsterdam, Netherlands
DAN AGL NL B.V.	Netherlands	100	Moermanskkade 93, 1013 BC, Amsterdam, Netherlands
Dentsu Aegis Network Netherlands BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Forma Damnum B.V.	Netherlands	66	Van Diemenstraat 224, 1013 CP, Amsterdam, Netherlands
Group Carat (Nederland) BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
iProspect Nederland BV	Netherlands	100	Moermanskkade 91, 1013 BC Amsterdam, Netherlands
Isobar Nederland BV	Netherlands	100	Moermanskkade 89, 1013 BC, Amsterdam, Netherlands
Kobalt Media Nederland BV	Netherlands	100	Moermanskkade 83, 1013 BC, Amsterdam, Netherlands
Media Embassy BV	Netherlands	100	Moermanskkade 81, 1013 BC, Amsterdam, Netherlands
Merkle Holding B.V.	Netherlands	80	Vasteland 74, Rotterdam, 3011 BN, Netherlands

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Merkle Nederland Amsterdam 2 B.V.	Netherlands	80	Van Diemenstraat 224, 1013 CP, Amsterdam, Netherlands
Merkle Nederland Amsterdam B.V.	Netherlands	80	Meeuwenlaan 89-100, Amsterdam, 1021 JL, Netherlands
Merkle Nederland Breda B.V.	Netherlands	80	Reduitlaan 27, Unit 2.2, Breda, 4814DC, Netherlands
Merkle Nederland Group B.V.	Netherlands	80	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland Rotterdam 2 B.V.	Netherlands	80	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland Rotterdam B.V.	Netherlands	80	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Vizeum Netherlands BV	Netherlands	100	Moermanskkade 87, 1013 BC, Amsterdam, Netherlands
Amnet Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Barnes, Catmur and Friends Limited	New Zealand	56	6/5, High Street, Auckland 1010, New Zealand
Carat New Zealand Limited	New Zealand	100	Level 4, 155 The Strand, Parnell, Auckland, New Zealand
Davanti Consulting Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Aegis Network NZ Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Dentsu Aegis New Zealand Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
iProspect New Zealand Limited	New Zealand	100	Pirrit Ca, 15 Farnham Street, Parnell, Auckland, New Zealand
Little Giant Design Ltd	New Zealand	100	7, Cathedral Place, Parnell, Auckland, New Zealand
MKTG New Zealand Limited	New Zealand	100	155 The Strand, Parnell, Auckland, New Zealand
Vizeum NZ Ltd	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Amnet-Pro Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Kenya
Carat I.C.P Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Deals Warehouse Limited	Nigeria	25**	12, Oweh Street, Jibowu, Shomolu L.G.A., Lagos, Nigeria
Amnet-Pro Limited	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Carat I.C.P Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Deals Warehouse Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Dentsu Communications Community Limited	Nigeria	25**	103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
Dentsu-X Nigeria Limited	Nigeria	25**	103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
First Media Red Star	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
International Company 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 Aegis Network Ltd	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Posterscope Nigeria Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
RapidXtra Limited	Nigeria	25**	12, Oweh Street, Jibowu, Shomolu L.G.A., Lagos, Nigeria
Sales net Nigeria Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Search Prospect Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Vizeum Nigeria Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Amnet Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Carat Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Dentsu Aegis Network Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
iProspect AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Isobar Norway AS	Norway	95	Pilestredet 8, Oslo, 0180, Norway
Innov8 Media Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
MKTG Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
RED Dentsu X AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
RED Media AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
RED Performance AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
RED Storyline AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
RED Tactic AS	Norway	99	Pilestredet 27, 0164 Oslo, Norway
Vizeum Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Aegis Media Group Philippines, Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Aegis Media Myco Services, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Aegis Media Philippines Holding, Inc.	Philippines	30** ^	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
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
HLLRD Holdings, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
INNOV8 Media Services, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Mediaforce Vizeum, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Posterscope Philippines, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Shuriken Creatives, Inc.	Philippines	70	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
STB Out of Home Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Topdown Holdings, Inc	Philippines	30**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Amnet Polska sp.z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Carat Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Content Invest Sp. Z.o.o.	Poland	100	45B, Wtodarzewska Street, Warszawa, 02-384, Poland
Dentsu Aegis Network Polska Sp.z.o.o	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Dentsu X Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
IProspect Polska SP. z o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Isobar Polska Sp.zo.o	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Posterscope Polska S.A.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Propeller Film Sp. z o.o.	Poland	100	5, Zaniemyska Street, Warszawa, 02-939, Poland
Red 8 Advertising Sp. z o.o.	Poland	100	45B, Wtodarzewska Street, Warszawa, 02-384, Poland
Red 8 Digital Sp. z o.o.	Poland	100	45D, Wtodarzewska Street, Warszawa, 02-384, Poland

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
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 Comunicacao, 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	100	R. do Borja, 6 - 1350-047, Lisboa, Spain
Not So Ramdom Media - Unipessoal, Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Techisobar, Unipessoal Lda	Portugal	100	Edificio Adamastor, Torre B, Av. D. Joao II, no. 9-1 Piso 8 Frannao A, Lisboa, 1990-077, Portugal
View - Design e Consultoria de Comunicacao	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Dentsu Aegis Network Doha - LLC	Qatar	100	708, 7th Floor, Salant Glibex Business Centre, The Gate Tower 2, Doha, Qatar
Carat Romania S.R.L.	Romania	100	George Enescu Street 11-11A, Bucharest, Romania
Dentsu Aegis Network Romania SRL	Romania	100	George Enescu Street 11-11A, Bucharest, Romania
AAPS Media OOO	Russian Federation	75	2 Zvenigorodskaya Street, house 13, building 42, Moscow, 123022, Russian Federation
Ad O'Clock LLC	Russian Federation	75	Presnenskaya Embankment, 6, bld.2,11 floor, placement I, room 51, Moscow, 123112, Russian Federation
Adwatch Agency OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2,28 floor, placment I, room 26, Moscow, 123112, Russian Federation
Amnet OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Aaron Lloyd LLC	Russian Federation	75	Presnenskaya emb, 6 build. 2, office 2010.1, Moscow, 123112, Russian Federation
Carat-Russ Media LLC	Russian Federation	75	11, building 3, 1st floor, space11, office 42, Selskohozaystvennaya, Moscow, 129226, Russian Federation
Dentsu Aegis Central Services OOO	Russian Federation	75	Syromyatnicheskyi pr. 4,building 2, Moscow, Russian Federation
Dentsu Aegis Digital OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Dentsu Aegis LLC	Russian Federation	75	Syromyatnicheskyi pr. 4,building 2, Moscow, Russian Federation
Dentsu X Limited Liability Company	Russian Federation	75	Presnenskay emb, 6/2, 10 floor, placment I, room 29, Moscow, Russian Federation
Health Media Division LLC	Russian Federation	75	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
iProspect OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Posterscope OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 11 floor, placement I, room 35, Moscow, 123112, Russian Federation
SNS LLC	Russian Federation	75	Office 011, House No. 49, 50 let Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation
Trafic Isobar LLC	Russian Federation	75	h.41, Office 429, St Komsomola, St Petersburg, 195009, Russian Federation
Vizeum OOO	Russian Federation	75	Syromyatnicheskyi pr. 4, building 2, Moscow, Russian Federation
Vizeum Health LLC	Russian Federation	75	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
DENTSU AEGIS NETWORK SENEGAL	Senegal	100	Liberte 6 Extension - Immeuble Soda Marieme - Bat A - 5th floor, Dakar, Senegal
Namics d.o.o.	Serbia	100	Bulevar kralja Aleksandra 28, Beograd 11000, Serbia
Aegis Media Asia Pacific Digital Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
Aegis Media Asia Pacific Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
All That Matters Pte. Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Amnet South East Asia Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Band Pte Ltd	Singapore	100	10 Raeburn Park #02-10, Singapore, 088702, Singapore
Bluecom Solutions Pte. Ltd.	Singapore	100	230 Victoria Street #11-03/04 Bugis Junction, 188024, Singapore
Carat Media Services Singapore Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
David Wood & Associates Pte. Limited	Singapore	100	175A Bencoolen Street, 11-00 Burlington Square, 189650, Singapore
Dentsu Aegis Network Asia Pacific Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
Dentsu Aegis Network Singapore Holdings Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
Dentsu Asia Pte. Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
Dentsu Singapore Pte. Ltd.	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Dentsu X Pte Ltd	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Future Marketer Pte. Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
Gyro Communications PTE. LTD.	Singapore	100	One Marina Boulevard #28-00, Singapore, Singapore
Happy Marketer Private Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881, 078881, Singapore
IProspect Singapore Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Mangham Gaxiola Pte Ltd	Singapore	100	91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore
Novus Digital Solutions Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Novus Groups Holdings Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Novus Media Solutions Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Posterscope (South East Asia) Pte Ltd	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
The Upper Storey Pte Ltd	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Vizeum Singapore Pte Ltd	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Vizeum Taiwan Pte Ltd	Singapore	100	1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore
Amnet Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Carat - Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Dentsu Aegis Network Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Vizeum Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Aegis Media Central Services (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Aegis Media South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Amplifi Salesnet South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Clickthinking Online (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Crimson Room Communication (Pty) Ltd	South Africa	52	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Data Nirvana (Pty) Ltd	South Africa	100	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Dentsu Aegis Amnet SSA (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Dentsu Aegis Network SSA (Pty) Ltd	South Africa	100	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
FoxP2 (JHB) Advertising (Pty) Ltd	South Africa	52	First Floor Illovo Junction, 1 Corlett Drive, Illovo Johannesburg, Gauteng, 2196, South Africa
FoxP2 Advertising (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
FoxP2 Holdings (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
FoxP2 International (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
FoxP2 SA Holdco (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
Full Circle Media (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
John Brown South Africa (Pty) Limited	South Africa	87	84 Century Square, Heron Crescent, Century City, 7441, South Africa
MEC Carat (Pty) Ltd	South Africa	87^	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Mutant (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
Posterscope (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Rapid Media Outdoor Services (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Trigger Communication Consulting (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Vizeum Media South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Actividades De Ocio Y Educacion, S.L.	Spain	51	Calle Alfarería 2. Pol. Ind. Los Rosales., 28933 Móstoles, Madrid, Spain
Amnet Spain S.L.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
ANIMAL M ADVERTISING, S.L.U.	Spain	51	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
ANIMAL MEDIA, S.L.U.	Spain	51	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
CARAT ESPAÑA, S.A.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Comunica Mas A, Agencia de Publicidad, S.L.	Spain	51	58, Calle Pradillo, Madrid, Spain
Dentsu Aegis Network Iberia S.L.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Dentsu Media, S.L.	Spain	75	Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Divisadero Digital Intelligence S. L.	Spain	100	Calle Menorca, 3. planta 2, Madrid, 28009, Spain
Gyro Spain, S.L.	Spain	100	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.A.	Spain	70	Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain
Merkle S.L.U.	Spain	75*	Av Diagonal 177-183 Piso 7, Barcelona, 08018, Spain

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
NetThink Iberia S.L.U	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Netthink North S.A.	Spain	68	Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain
Posterscope Iberia S.A.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Producciones Puertabierta, S.L.	Spain	51	Puerto de Navacerrada, 33, 28935 Móstoles, Madrid, Spain
RPM Racing, S.L.	Spain	100	8-10, calle Gran Vía, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
SUPER ANIMAL CORPORATE, S.L.	Spain	51	Calle Fernández de la Hoz, 52, Planta 6., Madrid, 28010, Spain
UTE ASO - RPM, S.L Union temporal de Empresas	Spain	50	8-10, calle Gran Vía, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
Wink Transforming Through Digital S.L.	Spain	100	Paseo de la Castellana, 83-85, 9a, Madrid, Spain
Ymedia Vizeum & Wink, S.A.U.	Spain	100	Plaza Carlos Trias Bertrán S/N, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Dentsu Aegis Network (Private) Limited	Sri Lanka	70	No.5, Githanjali Place, Colombo 3, Sri Lanka
Dentsu Grant (Private) Limited	Sri Lanka	85	No.5, Githanjali Place, Colombo 3, Sri Lanka
R N Media (Private) Limited	Sri Lanka	70	No.5, Githanjali Place, Colombo 3, Sri Lanka
Amnet Sverige AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Carat Sverige AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
Dentsu Aegis Network Nordic AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
Dentsu Aegis Network Sverige AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
iProspect AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Isobar Sweden AB	Sweden	95	108, Asogatan, Stockholm, 118 29
MKTG Sverige AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Outfox Intelligence AB	Sweden	95	Box 2205, 10315, Stockholm, Sweden
Posterscope Sverige AB	Sweden	100	Box 4194, Stockholm, 102 64, Sweden
Vizeum Sverige AB	Sweden	100	Box 11940, Goteborg, 404 39, Sweden
blue-infinity (Software) SA	Switzerland	100	35, Rte des Jeunes, 1227 Carouge, Switzerland
Carat Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
Dentsu Aegis Network Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
iProspect Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
Isobar Technologies SA	Switzerland	100	4 Rue de l'Avant-Poste, 1005 Lausanne, Switzerland
Isobar Technologies Switzerland SA	Switzerland	100	35, Rte des Jeunes, 1227 Carouge, Switzerland
Namics AG	Switzerland	100	Unterstrasse 12, 9000, St Gallen, Switzerland
Vizeum Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
AAA Media Ltd	Taiwan	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
Amnet Taiwan Ltd.	Taiwan	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
Amplifi Taiwan Co., Ltd.	Taiwan	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
Carat Media Taiwan Ltd	Taiwan	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
iProspect Taiwan Ltd	Taiwan	100	10F, No. 100, Songren Road, Taiwan City, Taiwan

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Isobar Taiwan Co., Ltd	Taiwan	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Vizeum Taiwan Co Ltd	Taiwan	100	9F-1, No. 100, Songren Road, Taiwan City, Taiwan
WIS Performance Media Inc.	Taiwan	100	6F, 337, Fuxing N. Road, Taipei City, Taiwan
Dentsu Aegis Network Tanzania Limited	Tanzania	85	1826 Chole Road, Masaki, Dar Es Salaam, Tanzania
Posterscope Tanzania Limited	Tanzania	100	Plot 174, Ruhinde Street, Ada Estate Street, Dar Es Salaam, Tanzania
Amplifi (Thailand) Co., Ltd	Thailand	92	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Buffyshrek Holding Co., Limited	Thailand	75	968 U Chu Liang Bldg., 22nd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Carat (Thailand) Co., Ltd	Thailand	100 [^]	968 U Chu Liang Bldg., 36th Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Aegis Network (Thailand) Company Ltd	Thailand	92 [^]	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Holdings (Thailand) Ltd.	Thailand	100	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
Dentsu (Thailand) Ltd.	Thailand	98	27th-28th Floor, U-Chu Liang Bldg., 968 Rama IV Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Digithais Interactive Co., Ltd	Thailand	97	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Flexmedia Co., Ltd.	Thailand	92	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
iProspect (Thailand) Co., Ltd	Thailand	92	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Isobar (Thailand) Co., Ltd	Thailand	96	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak, Bangkok, 10500, Thailand
Vizeum (Thailand) Co., Ltd	Thailand	92	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 Reklamcilik ve Medya İletişim Hizmetleri Tic. Ltd Sti	Turkey	100	No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, Istanbul, 34367, Turkey, Europe
Carat Medya ve İletişim Hizmetleri A.S.	Turkey	100	No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, Istanbul, 34367, Turkey, Europe
Dentsu Aegis Network Turkey Medya Hizmetleri Ltd Sti	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, Istanbul, 34367, Turkey, Europe
iProspect Reklamcilik Pazarlama Ve Bilsim Hizmetleri Sti.	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, Istanbul, 34367, Turkey, Europe
Posterscope Medya Reklamcilik Ve İletişim Hizmetleri Limited Sirketi	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, Istanbul, 34367, Turkey, Europe
Sesli Harfler Reklam Tanitim ve Yayin Hizmetleri San. Tic. A.S.	Turkey	100	Merkez Mah. iyinyet Sok, No. 33 Karper Plaza, Kat:4 Bomonti, Sisli, Istanbul, Turkey
Vizeum Medya Ve İletişim 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 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates
Carat Middle East FZ LLC	United Arab Emirates	100	Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Dentsu Aegis Network FZ-LLC	United Arab Emirates	100	Premises 301, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates
dentsu x FZ-LLC	United Arab Emirates	100	Premises 201, Floor 2, Galadhari & Associates Building, Dubai, United Arab Emirates
iProspect FZ LLC	United Arab Emirates	100	Premises 102, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates
Isobar FZ LLC	United Arab Emirates	51	Premises 303, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates
John Brown Media FZ-LLC	United Arab Emirates	100	Premises 204, floor 2, Galadhari & Associates building, Dubai, United Arab Emirates
Merkle ME FZ-LLC	United Arab Emirates	79	Premises 205 , Floor 2, Galadhari & Associates building, P.O. Box 502956, Dubai, United Arab Emirates
Posterscope FZ LLC	United Arab Emirates	100	Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates
Vizeum FZ LLC	United Arab Emirates	100	Premises 101, Floor 1, Galadhari & Associates Building, Dubai, United Arab Emirates
Admatic.com Ltd	United Kingdom	100	The Picasso Building, Caldervale Road, Wakefield, West Yorkshire, WF1 5PF, England
Aegis Europe Finance (Alpha) Limited	United Kingdom	100 [^]	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Europe Finance Limited	United Kingdom	100 [^]	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Participations Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Trustees Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis International (Administration) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis International Limited	United Kingdom	100 [^]	10, Triton Street, Regent's Place, London, NW1 3BF, England
Alban Communications Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Limited - UK	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Manchester Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amplifi Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amplifi Technology Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Avid Media Ltd	United Kingdom	51	1A, Neal's Yard, 19 Shorts Garden, London, WC2H 9AW, England
Barrington Johnson Lorains Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
BJL Group Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
B2B International Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Media Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Comet Solutions Holdings Ltd	United Kingdom	75 [*]	10, Triton Street, Regent's Place, London, NW1 3BF, England
D 2 D Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
DAN Regents Place Finance Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Edinburgh Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Leeds Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis London Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Manchester Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Diffiniti UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
DWA Treasury Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Feather Brooksbank (No.2) Limited	United Kingdom	100	2, Capital House, 4th Floor, Festival Square, Edinburgh, EH3 9SU, Scotland
Feather Brooksbank Limited	United Kingdom	100	2, Capital House, 4th Floor, Festival Square, Edinburgh, EH3 9SU, Scotland
Gleam Digital Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Futures International Holdings Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Futures Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Group Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gyro Communications Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Hallco 990 Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Heavyweight Sports Marketing Limited	United Kingdom	100	Suite 5B, Brook House, 77 Fountain Street, Manchester, M2 2EE
Isobar Commerce Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar Dormant Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar London Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Catalogues Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Digital Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Magazines Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Publishing Group Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Liveposter Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle Marketing Limited	United Kingdom	75*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK One Limited	United Kingdom	75*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Three Limited	United Kingdom	75*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Two Limited	United Kingdom	75*	10, Triton Street, Regent's Place, London, NW1 3BF, England
MMA Technologies Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Open Outdoor Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Outdoor Life Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Paragon Digital Services Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Portman Square US Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Poster Audit Bureau (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
Posterscope Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Re:Production Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Source Out Of Home (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
TCF-SCHEMA Holdings Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Tempero Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
The SCHEMA Customer Framework Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Ugam International Limited	United Kingdom	87^	173, Cleveland Street, London, W1T 6QR, England
Videobeat Networks Ltd	United Kingdom	70	207, Regent Street, London, W1B 3HH, England
Vizeum UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Whitespace (Scotland) Limited	United Kingdom	100	Norloch House, King's Stables Road, Edinburgh, EH1 2EU, Scotland
360i LLC	United States	100	32 Avenue of the Americas, 6th Floor, New York, New York 10013, New York, NY, United States
500Friends, LLC	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
5th International US, Inc.	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Accordant Media, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Aegis DMN, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Aegis Lifestyle, Inc.	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Aegis Media Americas, LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media Deep Blue, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media Innov8 LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Agyle Advantage, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 Content, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 OOH, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 Search, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Trade Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Amnet Group, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Amplifi, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Amplifi Live, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Avid Media US, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
B2B International USA Inc.	United States	100	Suite 201, Cogency Global Inc, 850 New Burton Road, Dover, DE, 19904, United States
Bluestreak Group Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
C2C Media LLC	United States	100	Harvard Business Services, Inc., 16192 Coastal Highway, Lewes, DE, 19958, United States
Carat Direct, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat Exchange Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Carat Media Consultants, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat Trade, Inc.	United States	100	310, Agents for Delaware Corporations, Inc., Alder Road, POB 841, Dover, DE, DE 19904, United States
Carat USA, Inc.	United States	100	CT, 818W, Seventh St, Los Angeles, CA90017, United States
Carat/IMS, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Cardinal Path LLC	United States	100	St Service Co., 4250 North Drinkwater Boulevard, Fourth Floor, Scottsdale, AZ, AZ85251-3693, United States
Character SF, LLC	United States	100	447, Battery Street, 3rd Floor, San Francisco, CA, CA94111, United States
Clownfish Marketing Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Comet Global Consulting Holdings, LLC	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Comet Global Consulting LLC	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Copernicus: The Marketing Investment Strategy Group, Inc.	United States	100	1, Corporate Centre, Hartford, CT, CT 06103, United States
Covario, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
CVH Group LLC	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
D1 Ink, Ltd	United States	100	16211, N Scottsdale Road #484, Scottsdale, AZ, 85254, United States
Data2Decisions, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
David Wood and Associates Inc.	United States	75*	1160, Suite 400, Battery Street West, San Francisco, CA, CA94111
Dentsu Aegis Advertising, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Dentsu Aegis Network US Holdings, Inc.	United States	100	CT, 820 Bear Tavern Road, West Trenton, New Jersey, 08628, United States
Dentsu America, LLC	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Dentsu Holdings USA LLC	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Dentsu McGarry Bowen, LLC	United States	100	601W 26th Street NY 10001, New York, NY, United States
Dentsu X, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Digital Evolution Group, LLC	United States	100	Dale Hazlett, 10801 Mastin Blvd Suite 130, Overland Park, KS, KS 66210, United States
E-Nor, LLC	United States	100	5201, SUITE 320, GREAT AMERICA PARKWAY, SANTA CLARA, CA, CA 95054, United States
Eaton Gate LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Fetch Media, Inc.	United States	100	3500, South Dupont Highway, City of Dover, County of Kent, Delaware, 19901, United States
Filter Holdings, LLC	United States	75*	1425 Fourth Ave, Suite 1000, Seattle, WA 98101, United States
Filter, LLC	United States	75*	1425 Fourth Ave, Suite 1000, Seattle, WA 98101, United States
Findr Group, LLC	United States	100	Leslee Schwartz, JD, 9 Tilton Drive, Ocean Township, NJ, 07712, United States
Findr Interactive, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Firstborn Multimedia Corporation	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Forbes Consulting Group, LLC	United States	100	24, Hartwell Avenue, Lexington, United States
Fuel Professional Casting Network LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Gleam Futures LLC	United States	89	2140 South Dupont Highway, Camden, DE, 19934, United States
Global Mind USA LLC	United States	100	Suite 212, Gabriela Trench, 250 NW 23rd Street, Miami, FL, FL33127, United States
Gravity Media, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Gyro, LLC	United States	100^	115, Broadway, New York, NY, United States
GyroHSR Inc.	United States	100	115, Broadway, New York, NY, United States
HelloWorld Inc.	United States	65*	Suite 2100, 3000 Town Centre, Southfield, MI, M1 48075, United States

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
ICUC/iProspect Moderation Services, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Impaqt LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Interprise B2B, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
iProspect.com, Inc.	United States	100	200, Clarendon Street, Boston, MA, 02116, United States
Isobar, INC.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
John Brown Holdings (US) Corp.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
John Brown US LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Leapfrog Direct Response LLC	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
Leapfrog Online Customer Acquisition, LLC	United States	100	Corporate Creations Network In, 3411 Silverside Road, Tatnall Building, Suite 104, Wilmington, Delaware, 19810, United States
McGarry Bowen, LLC	United States	100	601W 26th Street NY 10001, New York, NY, United States
Media 8, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Merkle Analytics LLC	United States	75*	Suite 800, 10800NE 8th St, Bellevue, WA, 98004-4462, United States
Merkle Creative LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dentsu Aegis Axis LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Group Inc.	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Inc.	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle International Holdings LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Mobile LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Muscle LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Response Services, Inc.	United States	75*	100, Jamison Court, Hagerstown, MD, United States
Merkle Search LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle UK LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Pinpoint LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Thunder LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Mitchell Communications Group, LLC	United States	100	2 College Ave, Fayetteville, AR, 72701, United States
MKTG, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
MuteSix Group, Inc.	United States	100	United Agent Group Services Inc., 4640 Admiralty Way, 5th Floor, Marina Del Rey 90292, United States
Mutesix, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810, United States
Navegg International LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
New Control, LLC	United States	75*	33, Suite 500, W. Monroe St, Chicago, IL, United States
Night Pool LLC	United States	100	United Agent Group Inc., 8275 South Eastern #200, Las Vegas, Nevada, 89123, United States
Outdoor Vision Inc.	United States	100	Suite 240, 13181 Crossroads Parkway, City of Industry, California, 91746, United States
Paragon Digital Services, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
PointMarc Consulting LLC	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Portman Square Acquisition Co.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Posterscope USA, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Posterscope, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Rockett Interactive, Inc.	United States	100	400, Widdington Lane, Cary, NC 27519, United States
Roundarch Isobar Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Same Same USA inc.	United States	100	RFI Studio, 840 East 59th Street, New York, NY10022, United States
Social AMP, LLC	United States	75*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Swirl, Inc.	United States	100	Martin Lauber, 101 Montgomery St #200, San Francisco, CA, CA94129, United States
Team Epic LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Tempero, Inc.	United States	100	1995 Broadway, 16th Floor, New York, NY10023, United States
The Rimm-Kaufman Group, LLC	United States	75*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
The Story Lab, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Trade Media Management, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Triumphant Communications LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
V2, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Velocity Sports & Entertainment LLC	United States	100	One Landmark Square, Ste 1400, Stamford, Connecticut, United States
Ugam Solutions Inc	United States	87	108 West 13th Street, New Castle, Wilmington, DE, 19801, United States
Videobeat Networks Inc.	United States	70	188, Suite 304, Grand Street, New York, NY 10013, United States
Vivid Marketing, LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Vizeum, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Vizeum, trade LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Wave Influence LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media (Vietnam) Co., Ltd	Vietnam	100	19th Floor Vincom Center, 72 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam
Ambient Digital Advertising Service Company Limited	Vietnam	100	10th Floor, HDTC Building, 36 Bui Thi Xuan, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam
Ambient Holdings Joint Stock Company	Vietnam	100	10th Floor, HDTC Building, 36 Bui Thi Xuan, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2019

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Bluecom Solutions Vietnam One Member Limited Liability Company	Vietnam	100	Lầu 7, Tòa nhà Scetpa 19A, Cộng Hòa, Phường 12, Tân Bình District, Ho Chi Minh City, Vietnam
Dentsu Vietnam Limited	Vietnam	72	16th Floor Vincom Center, 72 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam
Emerald Consulting Company Limited	Vietnam	51	40, 2nd floor, Ward 06, Pham Ngoc Thach, District 3, Ho Chi Minh, Vietnam
Redder Asia Advertising Joint Stock Company	Vietnam	99	39 Luong Huu Khanh, Ward Pham Ngu Lao, District 1, Ho Chi Minh, Vietnam, Vietnam
Dentsu Aegis Network Zambia Limited	Zambia	100	1786/M, 3rd Street, Ibex Hill, Lusaka, Zambia

* Diluted base: 68% (HelloWorld Inc.: 59%)

** The Group consolidates these entities in accordance with IFRS.

^ The Group also holds 100% of one or more classes of preference shares in these entities, with the following exceptions:

87% for MEC Carat, South Africa

30% for Aegis Media, Philippines

49% for Aegis Media, Thailand

83% for Carat, Thailand

Section 3 - Associates held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Taproot Dentsu India Communication Private Limited	India	48	Plot No. 123, Konkan Nagar Hall Premises, Lt. Prakash Narayan Kotnis Marg, near Hinduja Hospital, Mahim (West), Mumbai 400 016, India
sMedia Base Advertising Sdn Bhd	Malaysia	49	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Perunding Pakar Media Sdn Bhd	Malaysia	30	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
MGLB Pte Ltd	Singapore	20	91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore
Dentsu Aegis Network Employee Scheme (PTY) Ltd	South Africa	49	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
FoxP2 Empowerment Company (Pty) Ltd	South Africa	26	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
Titan World Series S.L.	Spain	50	8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
UTE ASO - RPM, S.L Union temporal de Empresas	Spain	50	8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
Jiji Press (Thailand) Co., Ltd	Thailand	29	138 Boonmitr Bldg, 8th Floor, Silom Road, Bangrak, Bangkok, Thailand
Meridian Outdoor Advertising Limited	United Kingdom	50	Pembroke Building, Kensington village, Avonmore Road, London, W14 8DG, England
SMRS Ltd	United Kingdom	25	Brook House, 77 Fountain Street, Manchester, Greater Manchester, M2 2EE, England
Storm Marketing Solutions Limited	United Kingdom	42	Unit 5, The Keele Centre, Three Mile Lane, Keele, Newcastle Under Lyme, Staffordshire, ST5 5HH, England
Stripped Bear Limited	United Kingdom	48	7-12, 2nd Floor Waverley House, Noel Street, London, W1F 8GQ, England
The Creator Store Limited	United Kingdom	45	48, Charlotte Street, London, W1T 2NS, England
AGAR Productions LLC	United States	50	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States