dentsu

Dentsu International Limited

Consolidated Report and Financial Statements

31 December 2023

Dentsu International Limited

Table of Contents

Dentsu International Limited

Directors
Arinobu Soga
Manus Wheeler (appointed 19 April 2023)
Nicholas Priday (resigned 13 February 2024)
Hiroshi Igarashi (resigned 18 April 2023)
Haruhiko Hirate (resigned 18 April 2023)
Soichi Takahashi (resigned 18 April 2023)
Nnenna Ilomechina (appointed 19 April 2023 / resigned 31 December 2023)

Company secretary
Mary Hitchon

Ultimate parent entity
Dentsu Group Inc.
1-8-1 Higashi-shimbashi
Minato-ku
Tokyo 105-7001

Registered office
10 Triton Street
Regent's Place
London NW1 3BF
Tel: 020 7070 7700

Registered number
1403668 England and Wales

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

The Directors present their Strategic Report on Dentsu International Limited, its subsidiaries and related companies ("the Group") for the year ended 31 December 2023.

Principal Activity

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

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

Strategic Priorities

The strategic priorities of the Group are to:

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

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

Key Performance Indicators

During 2023 the Group delivered the following performance against major Key Performance Indicators ("KPIs"), which align to the Group's strategic objectives:

- Organic revenue* less cost of sales decline of 3.8% (2022: 4.0% growth)
- Operating profit before interest and tax (excluding impairment of goodwill, intangible assets and property, plant and equipment and held for sale assets) increased by 14.84% (2022: decline of 7.50%).
- Customer Transformation & Technology (CT&T) is 32.3% of the Group's revenue in 2023 (2022: 34.7%)
- £544.2m (2022: £105.5m) invested, (net of cash acquired) in the initial consideration for the controlling stake in 4 new acquisitions (2022: £5m) **
- £38.7m (2022: £39.2m) invested in additional stakes of 5 existing subsidiaries (2022: £7m) **

* Organic revenue 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. Reconciliation to reported numbers in the consolidated income statement follows:

	2023 £m	2022 £m
Revenue less cost of sales, as reported in the consolidated income statement	3,995.9	4,046.0
Constant currency adjustment	-	(48.1)
Adjustment for acquisitions and disposals	(193.8)	(44.1)
Organic revenue less cost of sales	3,802.1	3,953.8

**Refer to note 26 of the consolidated financial statements for further details of acquisitions.

Operating Review

The 2023 financial year saw the Group experiencing a decline in revenue growth resulting from internal and external headwinds, with inflationary pressure remaining in the financial year. The Russia business continues to be classified as held-for-sale and excluded from management reporting and the below regional analysis.

The Group generated revenue less cost of sales of £3,995.9m, a decrease of 1.2% or 0.1% at constant currency, excluding Russia these decreased by 2.2% or 1.3% respectively. 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 organic revenue less cost of sales declined by 3.8% (2022: 4.0% growth) and excluding Russia declined by 5.1% (2022: 5.3% growth).

The Group remains focused on delivering Integrated Solutions through three Service Lines, Media, Creative and CT&T, that complement the regional organisational structure. 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 Directors continue to focus on achieving the Group's medium-term goal of 50% of Group revenues through CT&T, through a combination of organic growth and targeted acquisitions. CT&T is currently 32.3% (2022: 34.7%), a decline on the prior period, reflective of the overall trading performance of the business resulting from client spend pressure and losses.

The Group invested £544.2m cash consideration (net of cash acquired) on the controlling stake in four acquisitions, and £243.6m was disbursed in relation to deferred consideration and purchases of additional stakes in existing subsidiaries in 2023, to accelerate its growth strategy.

Operating Review (continued)

In June 2023, the Group completed the acquisition of Tag Group, a global omnichannel digital marketing production powerhouse, to grow the Group's creative production and customer transformation & technology (CT&T) capabilities, for a total consideration of £487.1m.

The recognised amounts of assets acquired, liabilities assumed, and resulting goodwill at the date of acquisition are disclosed in Note 26 of the consolidated financial statements. The purchase price accounting was finalised in June 2024 within the measurement period permitted under International Financial Reporting Standards ('IFRS').

With ongoing focus on performance in the Group and structural changes that occurred post-acquisition, the achievement of certain benefits and synergies arising from the acquisition has taken longer than originally envisaged. This resulted to an impairment charge of £12.3m recognised on certain purchased intangibles.

The underlying reasons for the impairment charge relate to facts and circumstances that did not exist as of the acquisition date. Hence, this impairment does not represent a measurement period adjustment under IFRS, notwithstanding that the Group is still within the 12-month measurement period as of reporting date.

The Group transformation programmes announced in the 2019 and 2020 financial years ended in the 2023 financial year, with exception of property where existing properties will continue to incur costs until their leases end. Further to the expense of £280.7m recognised in 2020, £140.3m in 2021, £165.6m in 2022, an expense of £40.9m has been recognised in our income statement during the year. The related provision stands at £55.6m as at 31 December 2023.

In response to the challenging trading environment experienced in a number of markets in 2023, local cost saving actions were undertaken across all of the Group's operating regions. These actions included employee severances, the cost of which has been recorded in the financial statements when the conditions for providing for these exit costs were met at the balance sheet date. Accordingly, a provision of £22.1m has been included within provisions (see note 20 for further details).

In 2023, there was a decrease in Group headcount, excluding the addition of employees brought into the business via acquisition, of 5.8% from the end of 2022.

EMEA

EMEA revenue less cost of sales increased by 4.8% at reported rates and by 4.7% at constant currency to £1,537.4m, excluding Russia reported rate increased by 2.2% and constant rate increased by 1.6%. On an organic basis, EMEA delivered a revenue less cost of sales decrease of 0.3%, or 3.6% excluding Russia. The growth was delivered across the region in Media and Creative, with CT&T under pressure, specifically in DACH. Performance was adversely impacted by a complex business transformation and systems integration matter in the DACH cluster in the prior period. The financial impact of this was largely reflected in the 2022 financial result however this matter continued to divert significant management time in the current reporting period and the business has continued to underperform against expectations.

Americas

Americas revenue less cost of sales decreased by 4.2% at reported rates and by 3.0% at constant currency to £1,880.1m. On an organic basis, Americas delivered a revenue less cost of sales decrease of 5.7%. The downside is mainly driven by USA CT&T as a result of client losses and decreased client spend, and an underperformance within Media.

Operating Review (continued)

APAC

APAC revenue less cost of sales decreased by 6.1% at reported rates and by 2.4% at constant currency to £578.3m. On an organic basis, APAC delivered a revenue less cost of sales decrease of 6.8%. The decrease was across all service lines, and across the region, with India, Australia, China and Indonesia reporting the largest downside.

Financial Review

The Group generated revenue of £4,389.6m (2022: £4,257.8m), revenue less cost of sales of £3,995.9m (2022: £4,046.0m) and an operating loss of £199.4m (2022: £25.1m profit). Loss before tax was £264.2m (2022: £216.0m loss). The main drivers of the improvement in the loss before tax are gains in deferred consideration and put options, settlement of derivatives and a lower impairment of the Russia held-for-sale business, offset by an increase in staff costs, and goodwill impairment in 2023 of £457.3m, reflective of the current and forecast pressure on the trading performance within the Asia Pacific business.

The balance sheet shows a positive funding position, and net assets of £2,285.8m (2022: £816.2m), largely resulting from Dentsu Group Inc. subscribing for 4 shares in the Group at a cost of £2,173.0m in the current year through four share allotments. The funds were used to settle external debt and for the acquisition of Tag Worldwide Holdings Ltd. Cash inflows from operating activities during the year were primarily used to invest in acquisitions and settle deferred consideration payments. The Group had undrawn available credit facility of £500m as of 31 December 2023 and 2022. Subsequent to year-end, this facility was cancelled as part of a strategy to consolidate at Dentsu Group Inc. level. The facility remained undrawn since 2016 (refer to note 32).

Future Developments

Business recovery has been slower than expected in each of the Group's operating regions, especially in the CXM practices with difficult market conditions. However, we believe the long-term outlook for demand in digital experience and customer focused transformation services supported by our Integrated Growth Solutions shall be robust. The planned expansion of the Group consulting and transformation practices will help our clients identify opportunities for product and service innovation, develop monetization and growth strategies, and fuel agility and organizational change.

The roll out of One dentsu continues, as announced by Dentsu Group Inc. on 1 January 2023, simplifying the Group structure to allow for agile decision making and strategic focus whilst driving operational excellence across all functions. The strategy of providing Integrated Growth Solutions at the convergence of marketing, technology and consulting will help deliver top line growth for our clients whilst allowing dentsu to realize sustainable growth for all stakeholders.

Section 172 Reporting

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

Employees

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

We engage with our workforce through:

- The systematic provision of information of matters that concern the business in general and them specifically. This is done through event specific electronic communications (e.g. Dentsu Group Inc's mid and year end results); regular Dentsu Group-wide emails and business line or business unit specific emails; and several electronic platforms for employee reference including an intranet;
- Bi-annual employee engagement surveys;
- Townhalls including monthly calls for our global leadership population;
- Consultation with specific groups/individual employees regularly so that their views can be considered in making decisions about matters which affect them;
- Disclosure of gender pay gap and pay comparison; and
- The establishment of Diversity, Equity and Inclusion Councils in each of our three regions that are employee led and the appointment of Chief Equality Officers in each region who will be dedicated to driving this agenda forward.

Customers

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

Suppliers

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

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

Shareholders

The Company's parent company is Dentsu Group Inc, a company listed on the Tokyo Stock Exchange. The Group accounts for a large proportion of the wider Dentsu Group's revenue. Dentsu Group is kept informed about the Group's business activities and financial performance through regular reports to: the Group Management Board, and other Dentsu Group management forums, by members of the management team; and the Group Audit Committee, which is attended by the Chairperson of the IM Audit Committee, and Arinobu Soga who is Dentsu Group's Global Chief Governance Officer & Global Chief Financial Officer and a Director of the Company.

Non-Financial and Sustainability Information Statement

The directors consider that the climate-related risks and opportunities of the company are integrated with those of the Dentsu Group Inc. group, and that any climate-related impact on the company itself would originate in the operating businesses of the group. Accordingly, the directors primarily consider climate change in relation to potential changes in the carrying value of the company's assets including its investments in subsidiaries and amounts due from group undertakings, which would be driven by factors arising in the wider group. The assessment of carrying values is carried out at least annually, or when a triggering event occurs, and no impairment charge has resulted to date. The interests of the company's stakeholders within and outside the group are also considered as part of this assessment, when appropriate.

Our 2030 'Social Impact' strategy is centred on our ability to inspire people everywhere to a new way of living. The strategy sets out the three areas where we can make the biggest difference to society: Sustainable World, Fair and Open Society and Digital for Good. The strategy is underpinned by an ambitious set of goals: an ambition to achieve net-zero emissions by 2040, an ambition to enable one billion people to make more sustainable choices by 2030, a target to achieve gender parity in leadership by 2025; and an ambition to create a generation of 100,000 empowered digital citizens by 2030.

Dentsu International has made strong progress in our decarbonisation efforts during 2023, reducing our Scope 1 and 2 emissions by 46% against our 2019 baseline. In 2023 our market-based Scope 1 and 2 emissions were 5,606 tonnes of CO_2 equivalent (tCO_2e), compared to 4,369 tCO_2e in 2022 and 4,450 tCO_2e in 2021.

	2023		2022	
	United Kingdom	**Group (Excluding United Kingdom)**	**United Kingdom**	**Group (Excluding United Kingdom)**
Energy consumption used to calculate scope 1 and 2 (electricity, gas, district heating) emissions (kWh)	6,046,145	43,872,897	4,909,312	37,005,159
Total scope 1 emissions (gas, company cars) (tCO2e)	393	1,625	305	2,614
Total scope 2 emissions (electricity, district heating) (market-based) (tCO2e)	154	3,434	-	1,449
Total scope 3 emissions (tCO2e)	67,444	285,155	70,091	257,659
Total gross CO2e based on above (tCO2e)	67,991	290,214	70,396	261,722
Intensity ratio: tCO2e gross figure based from mandatory fields above/ £ revenue	-	0.01%	-	0.01%
Methodology	WRI Greenhouse Gas Reporting Protocol			

Non-Financial and Sustainability Information Statement (continued)

At Dentsu Group, we believe climate change will have an impact on businesses over the short, medium, and long term as we anticipate that it may significantly impact clients, suppliers, consumers, and other stakeholders. We actively manage climate-related risks, encompassing both physical and transition risks within our operations acknowledging the growing threat posed by extreme weather events and the evolving landscape towards a low-carbon economy.

Since Dentsu operates under a unified 'One dentsu Operating Model,' climate-related agendas are centrally managed by the ultimate parent company, Dentsu Group Inc (DGI). For more details on Dentsu's climate-related agenda, please see refer to DGI's TCFD Report: https://www.group.dentsu.com/en/sustainability.

<u>Governance</u>

The following table summarises the governance arrangements for assessing and managing climate-related risks and opportunities:

Governance Group/Role	**Description**
DGI Board of Directors	DGI Board of Directors has assigned climate-related responsibilities to our DGI Representative Executive Officer, DGI President & Global Chief Executive Officer (Global CEO) and DGI Group Chief Sustainability Officer (DGI CSO).
DGI Group Management Board (DGI GMB)	The DGI Group Management Board (DGI GMB) is organised as the decision-making body for DGI on the executive side, reporting to the DGI Board of Directors. The DGI GMB consists of representative DGI directors and DGI executive officers, including executive directors. The DGI GMB reports material climate and sustainability matters identified by the DGI Group Sustainability Committee to the DGI Board.
DGI President & Global Chief Executive Officer (Global CEO)	The Global CEO reports directly to the DGI Board of Directors and is responsible for monitoring progress against climate-related corporate targets and integrating climate-related considerations into the overall strategy.
DGI Group Chief Sustainability Officer (DGI CSO)	DGI CSO chairs the DGI Group Sustainability Committee and is responsible for managing annual budgets for climate mitigation activities, integrating climate-related considerations into the strategy, monitoring and managing DGI's Environmental Social and Governance (ESG) performance and reporting material sustainability and climate-related matters to the DGI Group Management Board (GMB).
DGI Group Risk Committee	DGI Group Risk Committee seeks to cover short- to medium- term strategic risks as well as any significant risks arising from the four Regional Risk Committees' risk registers. Through an Enterprise Risk Management (ERM) approach, the DGI Group Risk Committee uses a four-step process to ensure that material risks, including climate-related risks, are effectively managed and monitored. This process incorporates oversight from and reporting to the DGI GMB.

Non-Financial and Sustainability Information Statement (continued)

Governance (continued)

DGI Group Sustainability Committee	DGI Group Sustainability Committee, chaired by DGI CSO meets four times a year to consider, monitor and evaluate progress against the material climate-related risks and opportunities identified. The committee comprises of eight members with diverse expertise and regional backgrounds and provides progress updates to the DGI GMB twice a year. In 2024, the GSC finalised our 2030 Sustainability Strategy, which includes action plans and KPIs around Climate Action and other material sustainability issues.
Chief Executive Officer of the Markets	The Chief Executive Officers of the Markets are responsible for integrating DGI's environmental policy into their respective local markets.

Risk Management

The climate-related risks are managed together with other risks impacting DGI. DGI Group Risk Committee, responsible for overseeing risks that could hinder future management objectives, identifies, and assesses significant risks to DGI using an Enterprise Risk Management (ERM) approach. Further information of the risk management process can be found in the "Principle Risks and Uncertainties" section of this report.

Strategy

In 2023, DGI undertook a detailed process to identify the key climate-related risks and opportunities (CRROs) facing the business. A similar process has been repeated in 2024, with DGI performing scenario analysis focusing on how climate change could impact our current and future exposure to risks and opportunities.
To identify climate-related risks and opportunities that could have a material impact on DGI, we used a combination of internal interviews, interactive workshops and internal engagement with our stakeholders where seven transition risks and opportunities and three physical risks were identified as those that were material to DGI.

We consider the following time horizons to be relevant to our business:

- **Short-term**: 0-1 years. This is the timeframe that we see as critical and reflective of the fast-paced environment which we operate in.
- **Medium-term**: Between 1 to 3 years. In this timeframe, we see more strategic and financial planning to be achieved.
- **Long-term**: Between 3 to 15 years. This timeframe reflects our long-term vision of achieving Net Zero by 2040.

The table below provides a description of the timelines and physical and transition scenarios that were used to conduct the scenario analysis.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Physical Scenarios			Transition Scenarios		
High-carbon Emissions Scenario	IPCC SSP5-8.5[1]	Follows a 'business as usual' trajectory, assuming no additional climate policy and seeing CO2 emissions triple by 2100. Warming expected to be >3.8°C by end of century.	**High-carbon Emissions Scenario**	Current Policies (CP)	Assumes that only currently implemented policies are maintained and preserved. The end of century global warming is estimated to be +3°C, leading to high physical climate risks.
Low-carbon Emissions Scenario	IPCC SSP1-2.6	Stays below 2°C warming by 2100, aligned to current commitments under the Paris Agreement. Net-zero emissions in the second half of the century.	**Medium-carbon Emissions Scenario**	Delayed Transition	Assumes that global annual emissions do not decrease until 2030. Post-2030 new climate policies are implemented, and the level of actions differs across countries and regions based on currently implemented policies. End of century global warming is estimated to be +1.6°C.
			Low-carbon Emissions Scenario	Net Zero Emissions 2050	Limits end of century global warming to +1.5°C due to stringent climate policies, innovation, and reaching net zero CO2 emissions by 2050.
Time Horizons	Baseline, 2030 and 2050		**Time Horizons**	2030, 2040 and 2050	

Shared Socioeconomic Pathways (SSPs) are climate change scenarios of projected socioeconomic global changes as defined in the IPCC Sixth Assessment Report on climate change.

The table below provides a summary of the implications for DGI from each of the seven transition risks and opportunities and three physical risks, in each of the scenarios used in the scenario analysis.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Transition Risks		Current policies	Delayed transition	Net zero
1	Decreased revenue resulting from global economic changes - GDP reduction induced by climate change (e.g. energy demands, regulatory requirements and costs associated with decarbonising the economy) may lead to decreased advertising spend. DGI's revenue, tied to the global economy's health, may face potential reduction as advertising/marketing budgets typically decline during downturns.	In the Current Policies scenario, there is a projection of industrial growth in the technology sector, which may indirectly affect the advertising sector potentially causing increases in energy costs as the energy infrastructure updates take place (e.g. increased demand for data centres and servers for digital advertising). The increased demand for cooling and heating systems may also put pressure on DGI's commitment to achieving net zero by 2040 as the company is highly dependent on EACs (Energy Attribute Certificates) to reduce its Scope 2 emissions.	There could be potential for energy price volatility after 2030 due to a surge in demand to install renewables capacity and evolve the energy infrastructure. DGI may face an increase in energy costs as rapid transition takes place between 2030 to 2050.	In a Net Zero scenario, energy prices may decline in the next decade as the installation of renewables comes online. It is likely there may be increase in demand for critical minerals causing a potential spike in prices as the development of low carbon technologies advances. Data centres use critical minerals for their components therefore DGI may face an increase in pass through costs.
2	Increased regulation and disclosure – Accusation of 'greenwashing' when advertising and marketing claims pose significant risks for DGI and its clients. Capacity building may be necessary to assist clients in transitioning to a low-carbon economy. Additionally, there's the risk of non-compliance with tightening greenwashing directives and regulations which may increase OpEx through legal fees and potential regulatory fines. Climate-related disclosure requirements increased over the last years. This trend may intensify scrutiny of brands and their claims, with a particular focus on aspects like 'advertised emissions'. Additional OpEx may be required to scan upcoming regulations, reporting processes and investments to store data.	There is slow evolution of the global regulatory landscape where companies are expected to disclose the impact of some climate related risks and opportunities.	In the Delayed Transition scenario, a more abrupt shift towards stricter climate regulations, indicating that DGI and its clients will need to rapidly address implementation of the new reporting standards. Investment will be needed to understand how to capture new sustainability data types, how to store this new data in current or new databases and how sustainability data is fused together with financial information for disclosure.	In the Net Zero scenario, changes towards a low-carbon economy will be more dramatic, indicating that DGI and its clients may face more rigorous climate-related regulations and disclosure requirements. DGI's operational costs to adhere to such regulations (and potential requirements from clients) could increase, as DGI may incur additional operational costs to report comprehensive and transparent sustainability practices promptly. Risks due to compliance costs and 'greenwashing' may also increase as the regulations become stricter.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Transition Risks		Current policies	Delayed transition	Net zero
3	Shift in consumer behaviour/preferences - Consumer purchasing decisions are increasingly driven by environmental and sustainable considerations, focusing on factors such as product durability, and waste reduction. Clients who fail to respond to these consumer behaviour shifts may encounter difficulties adapting to evolving market demands which may reduce advertising spend thus reducing DGI's revenue.	Consumption patterns remain stable with minimal changes in preference towards climate-friendly products and services (consumers might favour brands with clear green strategies, but on a lower level compared to other scenarios). DGI may face less pressure from clients and consumers to transition quickly.	Increased demand for low carbon goods and services may generate high demand for advertising in a delayed transition. DGI will need to invest in programs of work to be in a state of readiness to capture market demand including ensuring the company has identified the right talent and invested in upskilling colleagues.	In the Net Zero scenario there is a significant shift in consumer behaviour towards climate-friendly products and services. DGI's clients must proactively adopt and communicate climate-related practices to meet ever-evolving consumer expectations. If DGI's clients successfully advertise their low carbon products, then this could create a revenue uplift for DGI.
4	Sector exposure – DGI's financial exposure to fossil fuel-intensive sectors is limited, but the presence of high-emitting clients in its portfolio may carry reputational risks. Furthermore, as climate and sustainability concerns intensify, a broader array of sectors could become controversial. Existing clients transitioning to a low-carbon economy may want to work with advertising agencies who have less exposure to high-emitting sectors which could reduce DGI's revenue.	The impact of a slow transition will minimally impact DGI's reputation as a climate leader.	In a delayed transition, DGI's clients will have a mixed transition depending upon the sector in which they operated. Heavy emitting sectors will need to plan investment in new technologies to reduce emissions. A delayed or slow pace in transitioning of these clients may impact DGI's reputation as a climate leader and thus it's revenue. Investments in capacity building to address climate-related topics across different sectors (e.g. food and drink, electrical vehicles) may increase operational costs.	In the Net Zero scenario efforts to transition to a low-carbon economy arise from stricter regulations and/or market pressures. Shifts in sector exposure can occur based on the decline of heavy emitter industries/manufacturers and the development of cleaner emerging sectors. DGI may be exposed to financial and reputational risks if a relevant share of its clients is classified as high-emission industries/sectors. DGI may also have operational costs associated with upskilling its employees on climate-related topics for different and new sectors, monitoring emerging sectors and consistently addressing changes in its sustainable strategy to stay relevant.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Transition Risks		Current policies	Delayed transition	Net zero
5	Inability to attract and retain top talent for workforce - Employees are increasingly interested in working for a company that they believe is doing its part to address climate change. Companies that do not disclose these plans and subsequently do not take action risk reputational damage. This may affect their ability to attract and retain highly qualified personnel which may inhibit the development, innovation and commercialisation of getting products to market quickly - the financial impact may be realised through reduced product sales and revenues.	Under a slow transition, DGI may experience minimal risks in terms of attracting and retaining a highly qualified workforce due to individuals' climate concerns.	DGI will need to continue to invest in attracting top talent and upskilling colleagues on the impact of climate change post 2030 as rapid decarbonisation across the economy takes place. This will create additional operating costs for DGI.	DGI will need to develop and invest in a long-term program of work to ensure the global team have the right skill sets to enable the transition to net zero and support clients.
6	Access to new markets & emerging sectors- DGI may gain new business and increase revenue by collaborating with companies prospering in a decarbonising society and adapting to climate change. Opportunities extend across critical sectors (e.g. food and transportation), as well as innovative areas (e.g. electric vehicles) or emerging business models (e.g. Product-as-a-Service). Opportunities may also arise from shifts in consumer behaviour, as consumers are more concerned about environmental aspects.	Development of new business and emergence of new sectors will be limited as emissions continue to grow. DGI can access new markets through expanding its current commercial strategy.	A global transition to reducing emissions will not take place until 2030. Accelerated global policy changes and fast paced market changes post 2030 create the potential for working with new clients through the emergence of new markets and sectors.	The low carbon transition creates awareness of the effort and investment needed to move to net zero. New clients may seek to work with DGI to advertise their low carbon products and services creating an uplift in revenue. DGI may focus on growing markets such as electric vehicles, consumer brands and food & beverages as they look to accelerate their transition.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Transition Opportunities		Current policies	Delayed transition	Net zero
6	The emergence of new sectors and/or new business models, coupled with the development of new products and services may support DGI in increasing its revenue through working with new and innovative clients. The development of a sector-specific tool for communicating media emissions has had a significant impact, stimulating clients to rethink their approach to media campaigns. DGI took a pioneering step in 2021 by co-developing tools to empower clients in assessing and managing their media emissions. Notably, the digital media carbon calculator allows them to measure country-specific emissions across various digital media platforms. Since its launch, the tool has been expanded to cover more channels and successfully tested in multiple countries. These initiatives represent DGI's commitment to tackling media-related emissions within its client base.			
7	New Technologies - New technology has been developed to reduce the emissions associated with media content. New uptake of technology may increase revenue. The development of a sector-specific tool for communicating media emissions has had a significant impact, stimulating clients to rethink their approach to media campaigns.	Investment in new technologies that support reducing the emissions associated with media content is expected to remain low. As energy-efficient technologies become more prevalent DGI could gradually integrate new technologies/bespoke tools that enhance operational efficiency and reduce costs.	DGI may adopt energy-efficient technologies and provide bespoke tools that can help clients to monitor/manage emissions from media content. However, DGI may need to delay developing/offering the technology until the market is ready.	In the Net Zero scenario, there is a global shift towards developing and investing in energy efficiency. DGI's clients will most likely be developing low-carbon transition plans and rollout new low-carbon products and services in the short term. DGI can support its current and new client base implanting new technologies to reduce advertise emissions.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Physical Risks		High-carbon emissions Scenario (IPCC SSP5-8.5)	Low-carbon emissions Scenario (IPCC SSP1-2.6)
1	**Impact of extreme weather on DGI's operations** - Increased and prolonged exposure to extreme heat events could have impacts across DGI's operations, including on physical infrastructure and employees. Risks to physical infrastructure includes DGI's office locations and, more broadly, infrastructure upon which DGI relies in its operations (e.g. where machines in datacenters function outside optimum thermal parameters, reducing their efficiency). Extreme temperatures could also affect employees' ability to work for short or longer time periods, reducing efficiency, affecting business continuity and/or resulting in operational downtime.	Impacts of extreme weather have been considered by two approaches: aggregating acute hazards to infer the impact on DGI's operations in real state (i.e. offices) and consolidating chronic hazards to assess the longer-term shifts in climate patterns. In the case of acute hazards, increasing risks have been identified for extreme events such as winds & storms and wildfires, ranging from 'high' to 'very high'. Extreme wind & storms can impact offices' operations, damaging physical assets (e.g. buildings, vehicles) and causing human injury, and possibly increasing OpEx and CapEx associated with maintenance. Wildfires can indirectly disrupt operations due to respiratory illnesses and evacuation exercises due to smoke and reduced air quality. The most exposed office sites are situated in Tokyo, Japan Dubai, UAE and Taipei, Taiwan. For chronic hazards, DGI's operations are at 'high' risk due to extreme heat and water stress, with Jakarta, Indonesia being the most exposed office. In relation to chronic hazards, risks associated with extreme heat and water stress & drought events are projected to increase, with the highest level of risk projected for the high emissions scenario by 2050. Risks associated with extreme heat are projected for impact all of the items assessed, and particularly affect DGI's sites in India, Spain, Italy, Thailand, and Indonesia. Risks associated with water stress & drought are projected to be particularly high for Tokyo, Pune, Chennai, Bengaluru, and Madrid, Jakarta, and New York.	Projections for the low emissions scenario follow similar patterns, enhancing risks already projected in the baseline scenario. Extreme events such as winds & storms are projected to increase to 'high' risk across both time horizons, while risks associated with wildfires increase to 'moderate'. Similar OpEx costs mentioned in a high emissions scenario may also be seen under the low-carbon emission scenario. Although direct impacts have been minimal from flooding, and are forecasted to be minimal across all scenarios, there may be impacts on areas surrounding the offices, causing disruptions to DGI's operations and resulting in revenue reductions. OpEx costs with additional precautionary actions, alongside repairs and replacement of damaged equipment/infrastructure may be necessary. In addition, for chronic hazards associated with heat and water stress risks will be 'moderate' under this scenario. Additional OpEx costs for cooling systems and water supply may increase in the long-term. Most exposed office sites include Bengaluru, India and Jakarta, Indonesia.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Physical Risks		High-carbon emissions Scenario (IPCC SSP5-8.5)	Low-carbon emissions Scenario (IPCC SSP1-2.6)
2	**Disruption to supply chain due to extreme weather events such as storms, tropical cyclones, and flooding** - Acute physical events, like flooding and wildfires, can disrupt supply chains, reducing product and service availability. This can lead to price increases due to the interplay of supply and demand.	Given the sector DGI represents, its operations rely on digital and cloud services, and hence data center efficiency and reliability are a key component of DGI's supply chain. Similar to the risk item 1 above, in the high emissions scenario, risks for acute physical hazards such as winds, storms and wildfires are increasing and range from "high" to "very high". The damage that this could cause to DGI's suppliers' physical assets could result in delayed delivery of DGI's purchased goods and services, and data center supplier sites needing to be closed or limited in their use. This could result in reductions in DGI's operative capacity, and a loss in revenue. Extreme winds and storms, or flooding, can also cause supply chain disruptions across transport routes, potentially leading to increased OpEx to source alternative suppliers or supply routes. Extreme heat may also lead to failures in vital data center infrastructure, with could leading to increased OpEx for DGI to outsource to other data centers.	Projections for the low emissions scenario follow similar patterns, and risks in the baseline scenario are enhanced albeit not at the same extent as in a high-carbon emissions scenario. Risks from winds and storms are projected to increase to "high" across both 2030 and 2050 time horizons. As such, many of the financial implications discussed in the high-carbon emissions scenario are also relevant here, to a lesser extent.

Non-Financial and Sustainability Information Statement (continued)

Strategy (continued)

Physical Risks		
3	**Compound risk of extreme weather impacts and earthquakes could significantly disrupt infrastructure, supply chains, and operations** - Extreme weather events like storms, cyclones, and monsoons can directly damage DGI's business continuity infrastructure. This includes physical damage to offices, data centers, and transportation systems that staff rely on. Such disruptions can impact employee productivity and service delivery to clients, potentially leading to operational, reputational, and financial losses. Additionally, DGI may face increased expenses due to repairs from flooding and water damage, as well as higher insurance premiums. for physical office spaces.	Due to DGI's HQ being in Japan, the compound risk of extreme weather impacts and earthquakes is a potential area of concern for the company with Japan exposed to high risks of earthquakes due to its location on the Pacific Ring of Fire. However, earthquakes are a geophysical hazard, caused by the movement of tectonic plates beneath the Earth's surface and are not considered inherently a climate-related natural hazard. The compounding effect of an earthquake occurring immediately preceding or after a climate-induced natural hazard may result in business disruptions lasting for a longer period of time, limitations to risk management and recovery and increased financial implications for DGI's business. This could result in significant additional physical damage to DGI offices and physical assets, severe impacts to employees' health and well-being, including economic and physical displacement and significant delays and disruptions to DGI's operations, potentially leading to reputational impacts if DGI is unable to deliver their services frequently or for a significant amount of time.

Resilience

Upon interpreting the results of our scenario analysis and its implications on DGI's strategy and financial position, we recognise that the projected implications from physical and transition climate risks have the potential to impact us materially. Through the established ERM framework, which includes sustainability risks, we can identify, report, monitor and mitigate risks at the regional and DGI level.
Beyond this, we also understand that taking steps to transition our business to a low-carbon economy is necessary to meet the expectations of our business stakeholders, clients, and employees. As such, we have mitigation strategies in place to adapt and build resilience to the various risks and opportunities presented to DGI by the transition to a low-carbon economy. The table below outlines the mitigation strategies that will enable us to reduce our exposure to the most material transition and physical risks, while also capturing the benefits brought about by the transition opportunities.

Transition Risks		Resilience & Mitigation Strategies
1	**Decreased revenue resulting from global economic changes**	Development and transition to include sustainability into the core of the business model, building resilience to a downturn in global economic changes. Our continued effort to decarbonise our business and our value chain is amplified through encouraging our clients and supply chain also follow suit through our third-party assurance and client management activities.

Non-Financial and Sustainability Information Statement (continued)

Resilience (continued)

Transition Risks		Resilience & Mitigation Strategies
2	**Increased regulation and disclosure**	We are continuing to invest in our ESG reporting capabilities alongside developing our climate and nature strategies. We are developing a suite of products and services to support clients reduce their advertising emissions as they transition to a low carbon economy to reduce and report their emissions. We maintain dedicated resource to support demonstrating and evidencing our mitigation of physical risk to interested parties.
3	**Shift in consumer behaviour/preferences**	Consumers are becoming more climate conscious which is being reflected through their purchasing decisions. We recognise our role to support clients in generating consumer demand for low carbon products and services.
4	**Sector exposure**	We work across multiple sectors which includes working with some emissions intensive sectors, providing support and guidance where possible as they navigate their transition to more sustainable, low-carbon business practices.
5	**Inability to attract and retain top talent for workforce**	Investing and retaining in our staff is a key component of our strategy. We are making investments to upskill our staff to support our own climate transition and crucially to support clients deliver their own sustainability commitments.
Transition Opportunities		
6	**Access to new markets & emerging sectors**	As the low carbon transition gathers pace, we are looking to enter new markets where the emergence of new business models that will deliver new low carbon products and services at speed.
7	**New Technologies**	We have developed proprietary technologies to support clients to identify and lower their emissions, notably with media and production decarbonisation calculators. We will continue to monitor development of digital technologies that enable emissions reduction.
Physical risks		
1	Impact of extreme weather on dentsu's operations.	A climate risk assessment has been undertaken to understand the impact the potential impact of physical climate risk on DGI's assets across multiple time horizons and scenarios. This informs our "Resilience Management System", and we also partner with Everbridge who provide real time alerts to monitor and assess threats to our people and assets.
2	Disruption to supply chain due to extreme weather events such as storms, tropical cyclones, and flooding.	Our supply chain primarily relies on services rather than physical products, positioning us as lower direct risk from the impacts of climate change compared to supply chains dependent on tangible goods. However, we recognise that the associated risks are embedded within our supply chain and indirect operations, and we remain vigilant in addressing these challenges. We are working with our supply chain to understand the risks posed by extreme weather events to understand the impact on business disruption. Digital capabilities have enhanced resilience to ways of working. We will continue to monitor and encourage the decarbonization of the supply chain.

Non-Financial and Sustainability Information Statement (continued)

Resilience (continued)

3	Compound risk of extreme weather impacts and earthquakes could significantly disrupt infrastructure, supply chains, and operations.	We continue to assess the risk of natural disasters impacting the business. In the rare event of a geophysical hazard such as an earthquake happening at the same time as an extreme weather event, we are monitoring the impact of the safety of our employees and limit disruption to business continuity.

Metrics and targets

The DGI Group Sustainability Committee is responsible for setting climate-related corporate targets, aligned with the 2030 Sustainability strategy, and monitoring their progress.
To drive climate action and achieve a sustainable future for all, the following targets were set to help accelerate the low-carbon transition:

	Target	Key performance indicator	Link to transition risks
1	Achieving a 90% absolute reduction in GHG emissions including Scope 1, 2 and 3 emissions, in line with the Science Based Targets initiative (SBTi) Corporate Net-Zero standard. We aim to use investments in credible carbon removal projects to cover the remaining 10% in GHG Emissions. To achieve this, we have set a near-term target of a 46.2% absolute GHG emission reduction by 2030.	% reduction compared to baseline	1,3, 4, 5
2	Achieving 100% renewable electricity by 2030 (in line with RE100 definition).	% of renewable energy	1,3, 5

The strategy for GHG emission reduction is calculated following the WRI GHG Protocol (in metric tons CO2e) and was submitted for approval by the Science Based Targets initiative (SBTi) in June 2024.
Since 2022, we have tied our incentive scheme for Executive Officers to the respective company's ESG performance on carbon emission reduction. The performance metrics are tied to the absolute reduction in Scope 1 and 2 emissions compared to the baseline year (2019). The thresholds for this bonus are reviewed annually and apply to all Executive Officers across DGI.

Principal Risks and Uncertainties

Risk Management Approach

The Group recognises the importance of effective risk management processes and systems. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Audit Committee reviews the effectiveness of the Group's internal financial controls and internal control and risk management systems, providing a level of independent and impartial review to the Board. The Group's Risk Committee is accountable for the design, implementation and monitoring of the Group's risk management policy, framework, vision, approach and governance structure.

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

Risk	**Mismanagement of restructuring programmes**
Risk description	Risk of excessive financial loss and reputational damage from restructuring of the Group's activities and retirement of brands
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage.
Risk management strategy	Ensuring robust controls are in place to manage the costs associated with the programme. Ensuring there is clear communication with all relevant stakeholders as to the rationale and benefit of the programme.
Risk mitigation actions	The Group has: Established a consistent communications strategy and approach around the key principles and objectives of the transformational programmes and ensured this is communicated to our Executive and Global leadership. Deployed an integrated Transformation Management Office with planning and change management capability to prioritise and manage the change activities. Established regular touchpoints with regional leadership to highlight the importance of reaching the targets on time. Implemented a financial tracking process and developed guidance for proactive client and employee communications. Developed guidance for proactive communications with relevant stakeholders. Developed a strong and compelling narrative for the overall brand consolidation, emphasising the power of the dentsu brand and our global leadership brands.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

Risk	Response to the situation in Ukraine
Risk description	Risk of reputational damage and financial loss from an inadequate or inappropriate response to the situation in Ukraine.
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage.
Risk management strategy	Monitoring developments closely, including humanitarian situation, sanctions lists and client and stakeholder responses.
Risk mitigation actions	The Group signed an agreement to exit its Russia business in the current financial year, conditional upon approvals by the Russian state authorities. Continued support to those impacted by the war through humanitarian donations and refugee support activities in neighbouring countries. Family transfer, legal and housing support for employees of our affiliate partner in Ukraine, together with employment opportunities at other dentsu companies in other regions.

Risk	Business Systems Transformation failures
Risk description	Risk of excessive financial loss and reputational damage from negative impact of unsuccessful business systems transformations
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage. Adverse impact on control environment resulting in compromised financial data integrity.
Risk management strategy	To ensure that systems deployments and business transformations use a common approach, with consistent governance, project methodology, clear accountabilities, documentation, interdependency assessment, change management, risk assessment and mitigation.
Risk mitigation actions	The Group has: Created a process to ensure visibility and strategic alignment across all business systems transformations, with clear objectives and outcomes. Recognised the need to identify all interdependencies with other projects to ensure appropriate prioritisation and sequencing and assess and take account of existing control environment and issues. Incorporated consideration and action of required change management associated with systems deployments across the business and end-to-end processes. A proven project methodology, with clear governance and management of the project with defined accountabilities and responsibilities. This includes business requirements and scoping, documentation, resourcing, budget tracking, risk management throughout the process and agreed criteria for go/no-go decisions.

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

Risk	**Inability to retain strong talent**
Risk description	Loss of key employees and failure to attract high quality people.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	Talent management is a key priority to ensure there is a strong pipeline of people to develop as future leaders who can operate in the global digital economy. The Group aims to ensure it is well placed to attract high quality people.
Risk mitigation actions	The Group has made significant investment to make it an attractive place to work. It makes developing future leaders, by career planning and training, a priority. Talent and succession reviews are performed across critical roles, including full leadership assessment and reviews of the talent pipeline needed to ensure succession management in all such roles. Quarterly reports on diversity and inclusion have been prepared throughout 2023 to ensure the best talent is identified and championed regardless of background.

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

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

Risk	**Adverse economic conditions locally and globally**
Risk description	Adverse economic conditions can lead clients to cut back on media investment and squeeze margins. The economic and political uncertainty in some of our larger markets may have an impact on the Group's suppliers or client base and their spending power. Inflationary pressures also impact costs and operating margins.
Potential risk impact	Negatively impacts the performance of the Group due to lost revenue or reduction in margins.
Risk management strategy	The Group is a diversified business with a strategy to grow its exposure to areas that are more resilient to macro-economic challenges, including faster-growing geographic regions and digital.
Risk mitigation actions	Diversify the business into faster-growing product areas, markets and acquisitions. Regular monthly detailed reporting by business units to senior management ensures that senior executives understand local performance. There are regular reforecasts of financial performance presented to the Board. If sales were to slow, controls over costs and working capital would be tightened further to mitigate the loss of revenue. Over time we expect revenue from CT&T to become 50% of the wider Group's revenues, which provides both access to higher growth and also a less cyclical and more defensive business. We will seek to balance our commercial approach to passing on increased costs, caused by inflation, to our customers. Our aim is to protect margins whilst also remaining competitive in both the retention of customers and in obtaining new business.

Risk	**Counterparty credit risk**
Risk description	Counterparty risks include the loss of income from clients who have cash flow or insolvency problems and potential media buying liabilities in markets where the Group acts as principal in law.
Potential risk impact	Negatively impacts the performance of the Group due to bad debt.
Risk management strategy	Maintaining and developing robust financial and operating systems to ensure the Group minimises any potential loss of income from third parties.
Risk mitigation actions	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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)
Risk Management Approach (continued)

Risk	**Foreign currency and cash flow interest rate risks within the Group**
Risk description	The Group's activities expose it to certain financial risks, including changes in foreign currency and interest rates.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	Use of derivative financial instruments to mitigate the exposure through hedging.
Risk mitigation actions	The Group uses forward exchange contracts and interest rate swap contracts to hedge exposures to foreign currency and interest rate risks where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.

Risk	**Targeting and pursuit of inappropriate acquisition opportunities**
Risk description	Acquisitions need to be value creating and support the Group strategy.
Potential risk impact	Negatively impacts the performance of the Group.
Risk management strategy	Targeting acquisitions which are aligned with the Group's strategy and culture, as well as ensuring they meet specific financial criteria.
Risk mitigation actions	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 mitigate integration risk and ensure effective transition through the use of short-term earnouts. 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.

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

Principal Risks and Uncertainties (continued)
Risk Management Approach (continued)

Risk	Non-compliance with Environmental Policy and Legislation
Risk description	The Group is unable to respond to the evolving regulatory environment, specifically relating to destabilising regulation, greenwashing regulation, disclosure requirements, carbon pricing and a changing sustainable energy landscape and costing.
Potential risk impact	Negatively impacts the performance of the Group. Reputational damage.
Risk management strategy	Integrating Group wide sustainability programmes and policies to create awareness and best business practice with all stakeholders to ensure compliance with regulatory requirements.
Risk mitigation actions	Dentsu recognises that corporate sustainability and sustainable consumption need to become organising principles behind marketing. We are exploring ways to operationalise this and believe we are well-positioned for more robust regulation. We believe we are well-positioned for greater oversight of 'unsubstantiated sustainability claims' given our record of marketing clients' climate credentials honestly and effectively. We seek earlier, more strategic engagement with clients to produce more credible messaging and to influence product design, and have partnerships with the Cambridge Institute for Sustainability Leadership (CISL) to strengthen these skills. We are investing in our ESG reporting capabilities and expanding the scope of our climate risk disclosures. We approach climate risk assessment and reporting as a strategic and dynamic exercise. In addition, we are developing a Nature Strategy. Our intent is to build a client base of companies with sustainable products and business models, and to support clients with their low-carbon transition. By doing so, we will develop resilience to increased scrutiny of advertised emissions. We will help clients understand advertised emissions; help consumers to embrace less carbon-intensive lifestyles; and support brands to develop strategies and campaigns that target a more climate-conscious consumer. By implementing carbon reduction programmes across our operations, we will be less exposed to carbon prices. We recognise that carbon pricing could have a significant impact on high-emitting clients. Our ambition to build a client base with sustainable products and business models will mitigate against this risk. Dentsu is investing in energy-saving processes and behaviour change through environmental accreditation such as ISO14001 and programmes enacted by our Social Impact Champions network, made up of employees within individual markets who work to drive change. By working towards procuring 100% of our electricity from renewable sources, we mitigate against the risk of energy from high-carbon sources becoming more expensive over time, while simultaneously sending demand signals to policymakers and the wider electricity market. We remain exposed to price volatility in renewable energy and renewable energy certificates (e.g., EACs/RECs).

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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

Risk	**Negative environmental impact of the Group's activities**
Risk description	There is a reputational and regulatory risk of engaging in activities that may be considered to or that do negatively impact the environment, particularly in light of contentious clients, revenue protection and increased and frequency of extreme weather events.
Potential risk impact	Failure to comply with any regulation may result in financial or reputational risk.
Risk management strategy	While contributing to the environment and society through the services we provide our customers, we are also reinforcing our Social Impact activities. Under the stewardship of a Social Impact committee, comprising members from various Group companies, we will coordinate Social Impact activities throughout the wider Group under a common strategy.
Risk mitigation actions	Our policy on working with potentially contentious industries requires decisions to be made by our executive leadership team in each market. By creating sustainable products and business models with clients, we minimize the risk. Dentsu has set an ambitious strategy to achieve net zero emissions by 2040 and is expanding its existing Science Based Target to include Japan. We have implemented carbon reduction programmes across our operations and supply chain, and publicly disclose year-on-year performance against targets. To accelerate the decarbonisation of media planning and distribution we have built a bespoke and verifiable calculator to quantify emissions. And we continue to innovate to bring low carbon solutions to our clients. We have undertaken a high-level risk assessment to understand the potential physical climate risks to our key sites. This informs our Resilience Management System and development of local resilience policies. We also partner with Everbridge, which provides targeted real-time alerts to monitor and assess threats to our people, property, technology, or suppliers. Online connectivity is critical to delivery of client services, so the resilience of our cloud-service providers is a priority. We ensure this through strong personal relationships with cloud-service providers, allowing us to switch between data servers in the event of localised disruptions. We provide laptops to all employees globally to enable them to work from any location with internet access.

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

Risk	**Climate change threatens financial and economic stability**
Risk description	Climate change is impacting how business is performed resulting in global GDP change and economic disruption, changing consumer behaviour and consumption patterns and earlier and/or more severe than projected climate impacts.
Potential risk impact	Not acting on climate change may result in a higher cost to do business, and failure to help our clients proactively demonstrate eco-initiatives through their marketing communications presents a reputational risk.
Risk management strategy	Business as usual is no longer enough, best in class environmental performance is now seen as our licence to operate. We also recognise the role that we have played in driving consumption on a planet with constrained resources. We must use the power we have through our core offering, to help the world find a better way. We have embedded climate change into our existing governance processes and decision making.
Risk mitigation actions	Our B2B2S strategy aims to build a client base of companies with sustainable business models and products who we expect to be more resilient in the future. This will help Dentsu build resilience against the possibility that GDP is negatively impacted. The potential social and economic disruption from crossing 2 degrees Celsius could be devastating. We will contribute to the decarbonisation of the economy by delivering our net zero strategy and encouraging clients and suppliers to follow suit. We recognise the role we play in driving consumption and are embedding sustainable behaviours into our strategy and planning process. Our internal guidelines educate client-facing staff on changing dynamics regarding climate and sustainability-related issues in the markets in which we operate. This enhances our ability to support clients in an economy with changing consumption patterns. Our internal guidelines and thought leadership educate client-facing staff on the changing dynamics of markets in which we operate regarding climate and sustainability-related issues. We will support clients' decarbonisation, while targeting increased exposure to companies with sustainable and resilient products and business models. We will monitor the development of new industries and business models and proactively target those with significant long-term economic growth potential. By delivering our net zero emissions strategy, encouraging clients and suppliers to follow suit, and actively promoting new consumption patterns, we contribute to efforts to try to ensure warming is limited to 1.5 degrees Celsius.

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

Risk	**Not managing the security, compliance and privacy of data**
Risk description	Unauthorised access to or inappropriate use of client, employee or other confidential data.
Potential risk impact	Negatively impacts the performance of the Group, loss of clients and potential reputational damage.
Risk management strategy	Ensuring robust IT and financial reporting systems are in place, in line with best practice data security and compliance regulations (including GDPR) and internal policies and procedures.
Risk mitigation actions	Access to information and data is protected by the Group's security framework which includes centralised security leadership, consistent policies and cyber security controls across the Group. These controls are regularly assessed through vulnerability scans, penetration tests, and assurance reviews. Security training is mandated for all employees and validated through phish simulation exercises and tabletop incident simulations. The Group has an established network of legal and compliance data privacy specialists embedded in the business. This includes a Global Data Protection Officer who provides independent challenge, monitoring and reporting on data protection matters. A comprehensive programme is in place to identify and manage data privacy risks and embed appropriate controls.

By order of the Board

Mary Hitchon

Mary Hitchon
Company Secretary
12 December 2024

Dentsu International Limited
Directors' Report

The Directors present their report and the audited financial statements of the Company (registered number 1403668) and consolidated financial statements of the Group for the year ended 31 December 2023.

Branches outside the UK

The Company has a branch in Luxembourg.

Future Developments

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

Business Relationships

Details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the year are disclosed in the Section 172(1) statement on page 6 within the Strategic Report.

Dividend

The Company paid an interim dividend of £63.8m, representing a dividend of 4.47 pence per share (2022: £14.3m).

Financial instruments

Information about the use of financial instruments by the Company and its subsidiaries is given in Note 20 to the consolidated financial statements and in the Principal Risks and Uncertainties section in the Strategic Report.

Post-balance sheet events

Post-balance sheet events generally include funding, acquisition and disposal activities and are disclosed in Note 32 to the consolidated financial statements. 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 32.

Following regulatory approval in April 2024, Dentsu transferred ownership of its Russian business to local partners effective 11 July 2024. Further details are discussed in Note 30.

In March 2024, an interim dividend of £37.8m was declared and paid. Another interim dividend of £39.2m was declared and paid in September 2024.

On 31 May 2024, Dentsu International Limited cancelled the £500 million Multicurrency Revolving Credit Facility as part of a strategy to consolidate at Dentsu Group Inc. level.

Donations

The Group made charitable donations of £1.5m during the year (2022: £1.4m). No political donations were made during the year (2022: nil).

Research and Development

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

Corporate Governance

In November 2022, Dentsu announced the creation of a new global management structure as the first step towards the integration of Dentsu International and Dentsu Japan Network into a single dentsu organization around the world, One dentsu. In early 2023, Dentsu Group began the process of implementing a new governance structure to reflect the move to One dentsu. As a result, the Board's composition has been revised to reflect that from 2023 it no longer meets on a scheduled basis, as oversight of the Company's activities has now largely passed to Dentsu Group management forums. The Company's governance arrangements are set out in a Corporate Governance Handbook, which is subject to approval by the Group Management Board of Dentsu Group Inc. The Board met five times during 2023 for the purpose of considering regulatory house-keeping matters.

The Board's Compensation, Nomination, Social Impact Steering, Risk and M&A Committees were disbanded in early 2023 as the activities formerly undertaken by these committees passed to Dentsu Group Committees carrying out equivalent oversight activities for the entire Dentsu Group. The Dentsu International Audit Committee is now called the International Markets Audit Committee and has continued to operate for the time being, given the size and geographic spread of the Group and the resulting complexity of its financial reporting. The Committee reports into the Dentsu Group Audit Committee in advance of the Dentsu Group quarterly results and the Company Board prior to the Board's formal consideration of the Company's financial statements. John Baker, a former partner of PricewaterhouseCoopers and independent of Dentsu, continued to act as Chairperson throughout the year. The other members of the Committee were senior members of the Dentsu Group Inc. executive. The Committee met six times during the year (2022: eight times) with the majority of attendees present in person. Meetings were attended by the external auditors, the Director of Risk and Internal Audit, the Group CFO, the Group General Counsel, the Chief Ethics & Compliance Officer and others. The Committee also met privately with the external and internal auditors.

Directors

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

Name	Title	Appointment or Resignation date
Arinobu Soga	Representative Executive Officer, Executive Vice President, Global Chief Governance Officer & Global Chief Financial Officer, dentsu	
Manus Wheeler	Chief Brand & Culture Officer & Deputy Chief of Staff, dentsu	Appointed 19 April 2023
Hiroshi Igarashi	Representative Executive Officer, President & Global CEO, Dentsu	Resigned 18 April 2023
Haruhiko Hirate	Executive Vice President, Global Chief Corporate Affairs Officer, Dentsu	Resigned 18 April 2023
Nicholas Priday	Chief Financial Officer, Dentsu Group Inc	Resigned 13 February 2024
Soichi Takahashi	Chief Strategy Officer & Chief Integration Officer, Dentsu Group Inc	Resigned 18 April 2023
Nnenna Ilomechina	Global Chief Operating Officer, International Markets, dentsu	Appointed 19 April 2023 Resigned 31 December 2023

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, townhalls and face-to-face meetings.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office for the financial year 2024.

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; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Going Concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Directors' Report, the Strategic Report and in the accompanying Financial Statements. In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2023, the Board has considered the following factors:

- The Group's balance sheet position and cash flow forecasts
- The impact of macroeconomic factors on the Group's funding requirement (including cost inflation)
- Headroom on the Group's banking covenants
- The maturity profile of the Group's borrowings, its plans for refinancing and the Group's access to credit facilities
- Funding and dependence on support provided by the Company's parent company

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

By order of the Board

Mary Hitchon

Mary Hitchon
Company Secretary
12 December 2024

Dentsu International Limited

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

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards 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 the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- 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

Manus Wheeler
Director
12 December 2024

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

Opinion

We have audited the financial statements of Dentsu International Limited ("the Company") for the year ended 31 December 2023 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 financial 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 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit, legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board, Audit committee, Compensation committee and Mergers and Acquisition committee meeting minutes.

- Considering remuneration incentive schemes and performance targets.

- Using analytical procedures to identify any unusual or unexpected relationships.

- Our forensic specialists assisted us in identifying key fraud risks. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer and assisting with designing relevant audit procedures to respond to the identified fraud risks. They also attended meetings with management and their external advisers to discuss key fraud risk areas.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and performance incentives, and our overall knowledge of the control environment, including the effects of system implementation issues on controls and processes we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that certain revenues are recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- Identifying journal entries to test for in-scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals with unusual pairings to revenue.

- Specifying procedures for all in-scope components to perform to address the risk of revenue cut-off, including assessing whether revenue transactions recorded close to the year-end were recognized in the appropriate year.

- Involving our forensics specialists to assist us in assessing management's response to the system related matters identified in the prior year in the DACH Cluster, including the nature and extent of the investigations by management and their external advisors as described in note 4 to the consolidated financial statements.

- For a selection of revenue transactions, tracing through to cash receipts in the business affected by the DACH systems issues to assess the existence of revenue.

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

For the matter discussed in note 23 related to the Group's Indian subsidiaries, we have continued to make enquiries of the Group's external legal advisors and have compared the disclosures against our understanding based on these procedures.

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.
In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 33, 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.

S. McCallion

Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
12 December 2024

Dentsu International Limited
Consolidated income statement
For the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
Revenue	5	**4,389.6**	4,257.8
Cost of sales		**(393.7)**	(211.8)
Revenue less cost of sales		**3,995.9**	4,046.0
Impairment of held-for-sale Russia business	30	**(20.4)**	(123.1)
Operating expenses	6,7	**(4,174.9)**	(3,897.8)
Operating (loss) / profit		**(199.4)**	25.1
Share of results of associates		**(0.1)**	0.3
(Loss) / Profit before interest and tax		**(199.5)**	25.4
Finance income	8	**108.5**	19.5
Finance expenses	9	**(170.6)**	(220.1)
Impairment of Russia loan to Russian Minority Shareholder	30	**(2.6)**	(40.8)
Net finance expenses		**(64.7)**	(241.4)
Loss before tax		**(264.2)**	(216.0)
Taxation	10	**(121.5)**	(56.6)
Loss for the year		**(385.7)**	(272.6)
Attributable to:			
Equity holders of the parent		**(386.3)**	(254.2)
Non-controlling interests		**0.6**	(18.4)
Loss for the year		**(385.7)**	(272.6)

Results are from continuing operations and the held-for-sale Russia business.

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

Dentsu International Limited

Consolidated statement of other comprehensive income

For the year ended 31 December 2023

	2023	2022
	£m	£m
Loss for the year	**(385.7)**	(272.6)
Other comprehensive income that may be subsequently reclassified to profit or loss:		
Currency translation differences on foreign operations:		
- Group	**(160.8)**	224.2
- Non-controlling interests	**6.6**	4.0
Net investment hedges and net investments in foreign operations	**(3.2)**	6.5
Cash flow hedges: movements taken to equity	**(99.8)**	185.2
Tax on movements taken to equity	**24.6**	(44.6)
Net other comprehensive income that may be subsequently reclassified to profit or loss	**(232.6)**	375.3
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	**(2.1)**	(1.2)
Remeasurement (losses)/gains on defined benefit plans	**(1.0)**	11.3
Tax movements taken to equity	**0.5**	(1.9)
Net other comprehensive income that will not subsequently be reclassified to profit or loss	**(2.6)**	8.2
Other comprehensive income for the year, net of tax	**(235.2)**	383.5
Total comprehensive (loss)/income for the year	**(620.9)**	110.9
Attributable to:		
Equity holders of the parent	**(628.1)**	125.3
Non-controlling interests	**7.2**	(14.4)
Total comprehensive (loss)/income for the year	**(620.9)**	110.9

Dentsu International Limited
Consolidated balance sheet
At 31 December 2023

Non-current assets	Notes	**31 December 2023 £m**	31 December 2022 £m
Goodwill	11	**3,915.0**	4,093.2
Intangible assets	12	**421.0**	395.0
Property, plant and equipment	13	**76.4**	76.9
Right-of-use assets	14	**424.2**	430.4
Interests in associates and joint ventures	15	**3.0**	2.2
Deferred tax assets	21	**54.2**	80.3
Equity instruments	16	**3.3**	7.1
Derivative financial assets	20	**15.9**	100.9
Other financial assets	20	**46.0**	49.5
		4,959.0	5,235.5
Current assets			
Work in progress	17	**33.3**	15.9
Trade and other receivables	18	**5,978.8**	6,405.6
Assets held-for-sale after excess impairment	30	**392.5**	268.3
Current tax receivable		**181.7**	150.9
Derivative financial assets	20	**16.5**	1.7
Other financial assets	20	**7.3**	6.3
Cash and cash equivalents	20, 29	**1,073.9**	1,684.4
		7,684. 0	8,533.1
Total assets		**12,643.0**	13,768.6
Current liabilities			
Trade and other payables	19	**(6,935.3)**	(7,913.6)
Borrowings	20	**(436.0)**	(759.1)
Lease liabilities	14	**(90.8)**	(87.8)
Derivative financial liabilities	20	**(23.6)**	(38.1)
Provisions	22	**(57.7)**	(45.0)
Liabilities held-for-sale	30	**(374.3)**	(243.4)
Current tax liabilities		**(73.9)**	(89.3)
		(7,991.6)	(9,176.3)
Net current liabilities		**(307.6)**	(643.2)
Non-current liabilities			
Borrowings	20	**(1,375.6)**	(2,820.6)
Lease liabilities	14	**(600.9)**	(630.1)
Other non-current liabilities	27	**(87.7)**	(115.3)
Derivative financial liabilities	20	**(177.3)**	(83.3)
Provisions	22	**(48.0)**	(63.6)
Deferred tax liabilities	21	**(76.1)**	(63.2)
		(2,365.6)	(3,776.1)
Total liabilities		**(10,357.2)**	(12,952.4)
Net assets		**2,285.8**	816.2
Equity			
Share capital	24	**78.5**	78.5
Share premium account	24	**4,167.8**	1,994.8
Other equity reserves		**0.2**	0.2
Foreign currency translation reserve	25	**(257.2)**	(91.6)
Retained earnings	25	**(1,642.9)**	(1,081.8)
Potential acquisition of non-controlling interests	25	**(87.2)**	(118.6)
Equity attributable to equity holder of the parent		**2,259.2**	781.5
Non-controlling interests		**26.6**	34.7
Total equity		**2,285.8**	816.2

Company registration number 1403668 England and Wales

The financial statements were approved on behalf of the Board of Directors on 12 December 2024 and signed on its behalf by:

Manus Wheeler
Director

Dentsu International Limited
Consolidated statement of changes in equity
At 31 December 2023

	Share Capital	Share premium account	Other equity reserves*	Foreign currency translation reserve	Retained earnings	Potentia 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 2022	**78.5**	**1,991.6**	**0.2**	**(325.2)**	**(974.5)**	**(131.0)**	**639.6**	**92.1**	**731.7**
(Loss)/profit for the period	-	-	-	-	(254.2)	-	**(254.2)**	(18.4)	**(272.6)**
Currency translation differences on foreign operations	-	-	-	227.1	(2.9)	-	**224.2**	4.0	**228.2**
Net investment hedges and net investments in foreign operations	-	-	-	6.5	-	-	**6.5**	-	**6.5**
Fair value movement on equity instruments measured at fair value through other comprehensive income		-	-	-	(1.2)	-	**(1.2)**	-	**(1.2)**
Cash flow hedges: movements taken to equity	-	-	-	-	185.2	-	**185.2**	-	**185.2**
Actuarial gain – defined benefit pension scheme	-	-	-	-	11.3	-	**11.3**	-	**11.3**
Tax on movements taken to equity	-	-	-	-	(46.5)	-	**(46.5)**	-	**(46.5)**
Total comprehensive income and expense			-	233.6	(108.3)	-	**125.3**	(14.4)	**110.9**
Issuance of share capital	-	3.2	-	-	-	-	**3.2**	-	**3.2**
Transactions with non-controlling interests	-	-	-	-	(0.3)	(14.8)	**(15.1)**	4.6	**(10.5)**
Dividends	-	-	-	-	(14.0)	-	**(14.0)**	(4.7)	**(18.7)**
Common control transactions	-	-	-	-	(4.6)	19.6	**15.0**	(15.3)	**(0.3)**
Transfer within equity		-	-		27.6	-	**27.6**	(27.6)	-
Tax on movements taken to equity		-	-	-	5.3		**5.3**	-	**5.3**
Other	-	-	-	-	(13.0)	7.6	**(5.4)**	-	**(5.4)**
Balance at 31 December 2022	**78.5**	**1,994.8**	**0.2**	**(91.6)**	**(1,081.8)**	**(118.6)**	**781.5**	**34.7**	**816.2**
(Loss)/profit for the period	-	-	-	-	(386.3)	-	**(386.3)**	0.6	**(385.7)**
Currency translation differences on foreign operations	-	-	-	(162.4)	1.6	-	(160.8)	6.6	(154.2)
Net investment hedges and net investments in foreign operations	-	-	-	(3.2)	-	-	**(3.2)**	-	**(3.2)**
Fair value movement on equity instruments measured at fair value through other comprehensive income	-	-	-	-	(2.1)	-	**(2.1)**	-	**(2.1)**
Cash flow hedges: movements taken to equity	-	-	-	-	(99.8)	-	**(99.8)**	-	**(99.8)**
Actuarial loss – defined benefit pension scheme	-	-	-	-	(1.0)	-	**(1.0)**	-	**(1.0)**
Tax on movements taken to equity	-	-	-	-	25.1	-	**25.1**	-	**25.1**
Total comprehensive income and expense	-	-	-	(165.6)	(462.5)	-	**(628.1)**	7.2	**(620.9)**
Issuance of share capital	-	2,173.0	-	-	-	-	**2,173.0**	-	**2,173.0**
Transactions with non-controlling interests	-	-	-	-	(33.9)	31.4	**(2.5)**	(7.9)	**(10.4)**
Dividends	-	-	-	-	(64.1)	-	**(64.1)**	(9.1)	**(73.2)**
Transfer within equity	-	-	-	-	(1.9)	-	**(1.9)**	1.7	**(0.2)**
Tax on movements taken to equity	-	-	-	-	(2.0)	-	**(2.0)**	-	**(2.0)**
Other	-	-	-	-	3.3	-	**3.3**	-	**3.3**
Balance at 31 December 2023	**78.5**	**4,167.8**	**0.2**	**(257.2)**	**(1,642.9)**	**(87.2)**	**2,259.2**	**26.6**	**2,285.8**

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

Dentsu International Limited
Consolidated cash flow statement
For the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Cash flows from operating activities			
Cash inflow from operations	29	**92.5**	702.5
Income taxes paid		**(168.9)**	(157.8)
Income taxes received		**25.3**	35.0
Net cash (outflow)/inflow from operating activities		**(51.1)**	579.7
Investing activities			
Interest received		**49.7**	9.5
Net cash paid on purchase of subsidiaries	26	**(544.2)**	(105.5)
Net cash (paid)/ received on disposal or liquidation of subsidiaries		**3.3**	(2.5)
Net cash invested in associates and joint ventures		**-**	1.9
Payments of deferred consideration on current and prior period acquisitions	27	**(204.9)**	(190.7)
Purchase of property, plant and equipment and intangible assets		**(54.4)**	(43.5)
Other investing activities		**5.0**	9.5
Net cash outflow from investing activities		**(745.5)**	(321.3)
Financing activities			
Dividends paid to parent		**(63.4)**	(14.2)
Dividends paid to non-controlling interests		**(9.3)**	(6.9)
Net cash paid on purchase of additional stakes in existing subsidiaries		**(38.7)**	(39.2)
Interest and other financial charges paid		**(137.5)**	(92.5)
Proceeds from borrowings		**109.0**	208.7
Repayments of borrowings		**(1,570.8)**	(280.8)
Interest paid on lease obligations	14	**(37.0)**	(25.9)
Repayment of lease obligations	14	**(94.0)**	(90.1)
Proceeds on issue of share capital		**2,173.0**	-
Proceeds from settlement of derivatives		**19.9**	1.7
Share option payments		**-**	(2.4)
Other financing activities		**(0.6)**	(16.7)
Net cash inflow/(outflow) from financing activities		**350.6**	(358.3)
Net decrease in cash and cash equivalents	29	**(446.0)**	(99.9)
Translation differences		**(73.7)**	61.4
Cash and cash equivalents at beginning of financial year		**1,439.9**	1,478.4
Cash and cash equivalents at end of financial year	29	**920.2**	1,439.9
Represented by:			
Cash and short-term deposits		**1,073.9**	1,684.4
Cash and cash equivalents in the consolidated balance sheet		**1,073.9**	1,684.4
Bank overdrafts	29	**(153.7)**	(244.5)
Cash and cash equivalents in the consolidated cash flow statement		**920.2**	1,439.9

1. General information

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

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

2. Basis of preparation

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

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards. 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 119 to 172. The group financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out in Note 3.

Going concern

In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2023, the Board has considered the following factors:

- The Group's balance sheet position and cash flow forecasts
- The impact of macroeconomic factors on the Group's funding requirements
- The maturity profile of the Group's borrowings and its plans for refinancing
- Funding and dependence on support provided by the Company's ultimate parent company, Dentsu Group Inc. (DGI)

Notwithstanding net current liabilities of £307.6m as of 31 December 2023 and a loss for the year then ended of £385.7m, 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 has a strong liquidity position and the Group remains well-financed with considerable cash. During 2023 the Group generated positive operating cash inflows from operations before tax, acquisitions and capital expenditure. The main factors contributing to these cash inflows are the retention of the customer base and actions undertaken to protect and improve margin, which compensated for an adverse net working capital impact.

Forecasts and projections used in the assessment of going concern incorporate the Board's latest expectations of the impact of global macroeconomic conditions on business operations and results, including the measures the Group has undertaken to improve operating margins and preserve cash. The forecasts have been subjected to downside scenario representing declines in revenues, reductions in margin, increase in interest rates and deterioration of net working capital.

2. Basis of preparation (continued)

Going concern (continued)

As of 31 December 2023, the Group had unsecured loans with a carrying value of £774.2m due to mature in 2025 and £233.1m due to mature in 2026. Of this, £379.9m is due to external third-party banks and £627.4m to the ultimate parent company, Dentsu Group Inc. Term funding is expected to continue to predominantly be raised at the Dentsu Group Inc. level and provided to the Group through intercompany loans or capitalisations.

The Group had undrawn available credit facility of £500m as of 31 December 2023 which was cancelled in May 2024 as part of a strategy to consolidate at Dentsu Group Inc. level. Financial covenant requirements under this facility are no longer required as of the date of issuance of these financial statements. Short term liquidity is supplemented by Dentsu International Limited's participation in a cash pooling arrangement with Dentsu International Treasury Limited. 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 and performed a going concern assessment for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period) which indicate that, taking account of downsides, the Group will have sufficient funds, through its operating cash flows, existing 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 the going concern assessment period. Dentsu Group Inc. has indicated its intention to continue to make available such funding as is needed by the Group, and that it does not intend to seek repayment of the amounts currently due to the group which at 31 December 2023 amounts to £1,007.3m, during the going concern assessment period. 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 and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the Group and Company financial statements on a going concern basis.

New standards and amendments

The following new standard and amendments have been implemented in the year ended 31 December 2023:

- Adoption of IFRS 17 Insurance contracts
- Amendments to IAS 1, IAS 8, IAS 12 (refer to note 3 Taxation) and IFRS Practice Statement 2

These amended standards did not have a material effect on the Group.

2. Basis of preparation (continued)

New standards and amendments (continued)

The following amendments to standards and interpretations have also been issued, but are not yet effective and have not been early adopted for the financial year ended 31 December 2023:

- Amendments to IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with covenants (Effective day 1 January 2024);
- Amendments to IFRS16 – Lease liability in a sale and leaseback (Effective from 1 January 2024);
- Amendments to IAS 21 – Lack of exchangeability (Effective from 1 January 2025);
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (Effective from 1 January 2024);
- IFRS 18 - Presentation and Disclosures in Financial Statements (effective from 1 January 2027)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures' (Effective from 1 January 2027)
- Amendments to SASB standards – Enhancing international applicability (Effective from 1 January 2025)

The adoption of these amendments is not expected to have a material impact on the Group.

3. Accounting policies

Principal accounting policies

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

Basis of consolidation

(a) Subsidiaries

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

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

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

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

3. Accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

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.

3. Accounting policies (continued)

Basis of consolidation (continued)

(b) Associates

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

An associate of the Group is accounted for using the equity method of accounting. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill within the associate's carrying amount and is assessed for impairment as part of that investment. The Group's share of its associate's post-acquisition profit or loss and any impairment of goodwill is recognised in the income statement and as a movement in the Group's share of the associate's net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised either directly in equity or in other comprehensive income as appropriate.

Where an associate's loss for the year is greater than the Group's interest in that associate, the carrying value of the associate is reduced to nil, with the excess portion of the losses only recognised to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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

(c) Joint arrangements

Joint arrangements are arrangements where two or more parties have joint control. Joint ventures are investments in a joint arrangement whereby the Group exercises joint control along with a third party and has rights to the net assets of the joint venture. Joint control is contractually agreed sharing of

control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. Such investments are equity-accounted, using the same method of equity accounting as described in associates above.

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.

3. Accounting policies (continued)

Basis of consolidation (continued)

(c) Joint arrangements (continued)

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

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

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

Goodwill

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

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

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

Goodwill impairment

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

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.

3. Accounting policies (continued)

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.

Customisation and configuration costs related to software-as-a-service (SaaS) arrangements, that do not create an asset to the Group, are expensed.

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.

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.

3. Accounting policies (continued)

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 it's 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.

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.

3. Accounting policies (continued)

Revenue (continued)

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

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

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

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

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

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

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

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

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

3. Accounting policies (continued)

Finance income

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

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

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

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

Finance expenses

Finance expenses comprise interest payable, fair value losses (including in relation to ineffective hedging instruments) and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

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

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

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

Deferred incentives

Liabilities are held in respect of deferred incentive payments to certain employees in relation to the Group's long-term incentive schemes. The payment of these incentives is conditional on continued employment for specific periods and, in certain cases, on business performance.

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.

Share-based payments

Share-based payments are transactions where the Group receives goods or services in exchange for consideration in the form of equity instruments (equity-settled), or cash or other assets for amounts that are based on the price of equity instruments of the Group (cash-settled).

Equity settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

3. Accounting policies (continued)

Share-based payments (continued)

The fair value of the amount payable to employees in respect of the share awards which are assessed as being cash-settled is recognised as an expense with a corresponding increase in liabilities over the vesting period. The liability is remeasured at each reporting date and settlement date and any changes in the liability are recognised in profit and loss.

A change in classification of the share-based payment from equity-settled to cash-settled may occur if an individual retains a share-based payment award as a post-employment benefit. Such a modification leads to a reclassification, at the date of modification, of an amount equal to the fair value of the liability from equity to liabilities.

If the amount of the liability recognised on the modification date is less than the amount previously recognised as an increase in equity, then no gain is recognised for the difference between the amount recognised to date in equity and the amount reclassified for the fair value of the liability.

If the amount of the liability recognised on the modification date is greater than the amount previously recognised as an increase in equity, the Group has adopted to recognise the entire liability as a reclassification from equity and not recognise any loss in profit or loss. This is an accounting policy choice under IFRS 2, and it will be applied consistently.

Any subsequent remeasurement of the liability from the date of modification until settlement date is recognised in profit or loss.

Retirement benefits

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

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

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

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

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

3. Accounting policies (continued)

Retirement benefits (continued)

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 on 31 December 2023 in France, Switzerland and in Germany. The present value of the defined benefit obligation, the related service cost and the past service cost were measured using the projected unit credit method.

Employee benefits

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

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.

3. Accounting policies (continued)

Leased assets

The Group as a lessee

The Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

On the statement of financial position, right-of-use assets and lease liabilities have been separately presented.

The Group as a lessor

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

3. Accounting policies (continued)

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.

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.

3. Accounting policies (continued)

Taxation

Global minimum top-up tax
The Group has applied the amendments to IAS 12 "Income Taxes," issued in May 2023, from the fiscal year ended December 31, 2023. The said amendments clarify that IAS 12 shall apply to income taxes arising from enacted or substantively enacted tax law to introduce the OECD's BEPS Pillar Two GloBE Rules (global minimum tax rules) and provide a temporary, mandatory exception from recognizing and disclosing deferred tax assets and liabilities related to income taxes resulting from the introduction of the global minimum rules. In addition, as it is provided that the said amendments shall be applied immediately and retrospectively upon issuance, the Group has applied the said exception retrospectively from the fiscal year ended December 31, 2023. Therefore, the Group does not recognize and disclose deferred tax assets and liabilities related to income taxes resulting from the introduction of the global minimum rules.

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.

3. Accounting policies (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 comprehensive income.

- Debt securities where the contractual cash flows are solely principal and interest on specified dates, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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

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

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

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.

3. Accounting policies (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 20.

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 and equity

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 20. 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.

3. Accounting policies (continued)

Financial liabilities and equity (continued)

Derivative financial instruments (continued)

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

hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

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

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

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

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

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

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

3. Accounting policies (continued)

Financial liabilities and equity (continued)

Derivative financial instruments (continued)

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 20 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 20.

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.

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.

4. Critical accounting estimates and judgements

The application of the Group's accounting policies may require the use of judgement or estimates in a manner which may affect the Group's financial position or result for the year. Management believes the estimates, assumptions and judgements upon which it relies are reasonable based on the information available to it at the time that those estimates, assumptions and judgements are made. Estimates and associated assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances or experiences on which the estimate is based or as a result of new information becoming available.

4. Critical accounting estimates and judgements (continued)

The Directors consider the significant judgements and major sources of estimation uncertainty to be as follows:

Significant judgements

Legal and compliance claim provisions and contingent liabilities

The Group is exposed to various legal claims through the ordinary course of business. Judgement is applied when determining whether the Group has a present obligation and whether it is probable that an outflow of economic benefits will be required to settle that obligation. This judgement is applied on a case-by-case basis using information available at the time for factors such as the nature of the claim, legislation, case law and insurance contracts.

Management is not aware of any potential changes to key assumptions that have a significant risk of causing a material adjustment to the carrying value of provisions within the next financial year, however, estimates may depend on the outcome of future events and need to be revised as circumstances change in future accounting periods. Refer to notes 22 and 23 for further details.

Assessment of cash generating units ("CGU") for goodwill impairment assessment

The Group has £3,915.0m (2022: £4,093.2m) of goodwill at the end of the current financial year. 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. For significant acquisitions with operations spanning across multiple CGUs, judgment is applied in determining the appropriate CGU allocation basis.

Major sources of estimation uncertainty

Goodwill Impairment

The Group has £3,915.0m (2022: £4,093.2m) of goodwill at the end of the current financial year. Reviewing goodwill for impairment requires management to make significant estimates regarding the future cashflows expected to the generated by CGUs to which goodwill has been allocated. In assessing value-in-use, the net cashflow forecasts (including budgets and forecasts of future revenues, operating profit, corporate cost allocations and other cashflow movements) are extrapolated using long-term growth rates. These estimates of future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the future cashflow estimates have not been adjusted. Management periodically evaluates and updates the estimates based on the conditions which influence them.

The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates, but these items involve inherent uncertainties, many of which are not under management's control. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Details of the impairment methodology applied, key assumptions used and related sensitivity analyses performed by the Group are included in note 11 to the financial statements.

4. Critical accounting estimates and judgements (continued)

Major sources of estimation uncertainty (continued)

Right-of-Use Asset Impairment
Lease right-of-use assets are assessed for impairment by comparing the carrying amount to the present value of the expected sublet rental income discounted at a market related borrowing rate. Estimates of future rental income are calculated using assumptions relating to basic sublease payments, the assumed increase in lease payments over the lease term and the period over which the relevant property is likely to be vacant. In addition, the incremental borrowing rate is derived from the market related cost of debt reflective of the risk profile of the asset and the respective return. Management periodically evaluates and updated the estimates based on the conditions which influence them.

The assumptions and conditions for determining impairments of lease right-of-use assets reflect management's best assumptions and estimates, but these items involve inherent uncertainties, many of which are not under management's control. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Details of the impairment methodology applied, key assumptions used and related sensitivity analyses performed by the Group are included in note 14 to the financial statements. The value of the right-of-use asset over which judgement has been exercised was £192.2m (2022: £198.2m).

Deferred consideration and put option payments in respect of acquisitions
The Group has deferred consideration of £94.9m (2022: £248.8m) and put options liability of £30.5m (2022: £86.1m) at the end of the current financial year. The Group recognises liabilities for deferred consideration on acquisitions when total consideration for 100% acquired entities is at least partly dependent upon the achievement of one or more performance criteria as set out in the associated sale and purchase agreement. Liabilities for put options are recognised when the group has initially acquired less than 100% of the share capital of the acquired entity, has the ability to acquire the remaining interest for a specified period and the amount payable for the remaining interest in the entity is dependent upon the achievement of one or more performance criteria as set out in the associated sale and purchase agreement.

For both types of liability, the most common and material performance criterion is the achievement of profit targets for a specified future period and may include variable multiples determined based on profit growth rates achieved in certain periods and applied to profits for specified future periods in accordance with the sale and purchase agreement. The values of both types of liability are based upon management's assessment of the future profitability of the acquired entities and, therefore, the achievement of the associated profit targets. In the case of put option liabilities, management is also required to estimate the potential timing of the exercise of the option to acquire the remaining interest from the owners. Furthermore, when any element of these liabilities is expected to fall due more than 12 months from the balance sheet date, that element should be discounted using an appropriate discount rate, which will be derived using relevant market inputs. Each of these items involve inherent uncertainties, many of which are not under management's control.

4. Critical accounting estimates and judgements (continued)

Major sources of estimation uncertainty (continued)

Deferred consideration and put option payments in respect of acquisitions (continued)

As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Details of the amounts recorded as at the balance sheet date, the estimated minimum and maximum value of the liabilities and the discount rate used to discount them are included in note 27 to these financial statements.

Other areas of judgement and estimation

The consolidated financial statements include other areas of judgement and estimation. While these areas do not meet the definition under IAS 1 of critical accounting judgements or significant accounting estimates, the recognition and measurement of certain material items within the financial statements are nevertheless based on assumptions, judgements or longer-term uncertainties. These include:

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

In the prior year a complex business transformation and systems integration matter in our DACH cluster led to accounting and process issues within that business in the year. This resulted in enhanced challenges and judgement required over the recognition of revenue and accrued income. In response to the issues arising, the Group undertook a detailed examination of the underlying books and records with the assistance of external legal and forensic advisors. This detailed examination and enhanced challenge has also been performed in the current year revenue and associated balances to understand the potential impact on the current year financial statements. These financial statements reflect the results of that examination and the resulting judgements.

Valuation of acquired intangible assets
In calculating the fair values of intangible assets acquired in business combinations, 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.

Restructuring provisions (including onerous leases)
Judgement is required in identifying whether by the reporting date sufficient expectation has been raised in those affected by a restructuring plan that it will be carried out. Management works closely with internal teams of specialists and professional advisers to understand the extent and timing of communications and assess the appropriate accounting treatment in calculating the value of a restructuring provision, the Group estimates the amount of severance due through reference to average employee salaries and local legislation. The final amount payable and timing of payment is dependent on the results of employee consultation and other regulatory procedures, and therefore may differ from the initial estimate recorded.

Key assumptions applied in the calculation of the onerous lease provision include the headline subrental receivable, expected rate of increase in rental payments over the period, lease incentives and void periods, which aggregate to an estimated expected total sublease income on the onerous space. Further information on the amounts recorded, associated uncertainties and sensitivity analyses performed by management are included in note 22 to these financial statements.

4. Critical accounting estimates and judgements (continued)

Major sources of estimation uncertainty (continued)

Other areas of judgement and estimation (continued)

Assets held for sale

The Group classified the assets and liabilities within its Russian business as held for sale as at 31 December 2023 as all the criteria for such a classification contained within IFRS 5 *Non-current assets held for sale and discontinued operations* had continued to be met at that balance sheet date. As the disposal of this business had not been completed as at the current balance sheet date, judgement has been applied when considering whether the IFRS 5 criteria continue to be met, in particular that the actions required to complete the planned disposal indicate that it is unlikely that the plan will be significantly changed or withdrawn. Based on the progress made on executing the disposal plan since the balance sheet date, the directors are satisfied that the continued classification as held for sale is appropriate. Further information on the financial statement impact of the planned disposal of our Russian business is included in note 30 to these financial statements.

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.

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. Refer to note 21 for further details.

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. Refer to note 21 for further details.

For the other areas of judgement and estimation described above, management believe that any reasonably possible change in the underlying assumptions will not cause any significant change in the estimates in the next financial year.

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:

	2023	2022
	£m	£m
EMEA	**1,765.1**	1,628.2
Americas	**2,041.0**	2,005.0
APAC	**583.5**	624.6
	4,389.6	4,257.8

Assets and liabilities related to contracts with customers

Contract assets balances recognised as of 31 December 2023 total £23.5m (2022: £26.0m). These balances are presented within Trade receivables and accrued income and mainly represent accrued income where a performance obligation has been satisfied but 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 £313.5m (2022: £326.9m). Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is £6.1m (2022: £8.5m).

Unsatisfied long-term performance obligations
The aggregate amount of the transaction price allocated to long-term performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period is £nil (2022: £nil). 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 of 31 December 2023, there were no material contract assets in relation to the costs to obtain or fulfil contracts with customers.

6. Operating (loss)

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

	Notes	2023 £m	2022 £m
Net foreign exchange losses/(gains)		**(9.2)**	(7.6)
Depreciation of property, plant and equipment	13	**30.5**	44.2
Depreciation of leased assets	14	**62.5**	76.4
Amortisation of intangible assets	12	**106.8**	103.1
Impairment of intangible assets	12	**44.0**	14.9
Impairment of goodwill	11	**457.3**	128.1
Impairment of property, plant and equipment	13	**12.1**	33.0
Loss / (Gain) on disposal of PPE & intangibles		**0.3**	-
Staff costs	7	**2,865.8**	2,796.9
Restructuring expenses		**40.9**	132.6
IT costs		**187.7**	174.5
Other		**376.2**	401.7
Total operating expenses		**4,174.9**	3,897.8

Other operating expenses for the current and prior year largely consists of administrative expenses.

Included within operating loss is a charge of £40.9m (2022: £132.6m) related to restructuring programmes. Included within restructuring expenses is £4.2m (2022: £12.3m) relating to employee termination benefits, £4.0m (2022:£20.9m) of professional costs, £25.5m (2022: £121.0m) of onerous contracts 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 £66.2m (2022: £58.6m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2023, contributions of £1.9m (2022: £3.5m) due in respect of the current reporting period had not been paid over to the schemes.

Fees paid to auditor

	2023 £m	2023 %	2022 £m	2022 %
Audit fees				
Audit of these financial statements	**1.7**	**9.7%**	1.5	9.6%
Amounts receivable by the Company's auditor and its associates in respect of:				
Audit of financial statements of subsidiaries of the Company	**15.2**	**86.9%**	13.2	84.6%
Other services				
Other tax advisory services	**0.6**	**3.4%**	0.1	0.6%
Other assurance services	**-**	**-**	0.8	5.2%
Total fees paid to the Company's auditor	**17.5**	**100.0%**	15.6	100.0%

7. Staff costs

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

	2023	2022
	Number	Number
Dentsu International Operations	**47,878**	46,804
Corporate	**1,517**	1,394
	49,395	48,198

Staff costs consist of:

	2023	2022
	£m	£m
Wages, salaries, bonus and benefits	**2,546.7**	2,484.4
Share-based payments (See note 28 and 31)	**(4.8)**	14.0
Social security costs	**252.5**	234.4
Contributions to defined contribution Schemes (See note 6)	**66.2**	58.6
Expenses related to defined benefit plans	**5.2**	5.5
	2,865.8	2,796.9

Directors' remuneration

	Aggregate		Highest paid Director	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Directors' remuneration	**1.9**	5.8	**1.2**	3.6
Amounts receivable under long term incentive schemes	**0.5**	9.1	**0.4**	6.1
Company contributions to money purchase pension plans	**0.3**	0.3	**0.2**	0.2
Compensation for loss of office	**1.4**	1.7	**-**	1.7
	4.1	16.9	**1.8**	11.6

Three directors received cash payments in lieu of contributions to money purchase schemes (2022: one director). The amount shown above includes the aggregate value of company contributions paid (or accrued) to a pension scheme in respect of money purchase benefits, as well as the cash payments to the Directors.

Potential awards in cash over phantom shares in Dentsu Group Inc were granted to current or former directors in April 2024 under the long-term incentive scheme, Dentsu International Ltd Stock Incentive Plan. This is the first year that such awards have vested and amounts received are included within the table above. An aggregate award of up to 9,217 units was made in April 2024 to a director with qualifying service under the Plan.

In addition to the amounts above, one former director received £3.3m during the prior year from the Company under the terms of their employment agreement upon the transfer of the director's employing entity from the Company to another entity within the Dentsu Group.

8. Finance income

	Notes	2023	2022
		£m	£m
Interest income on financial assets measured at amortised cost		**35.3**	19.0
Remeasurements of deferred consideration and put option liabilities	**27**	**24.9**	-
Fair value gain on derivatives		**44.5**	-
Other movements		**3.8**	0.5
Finance income		**108.5**	19.5

Fair value gain on derivatives mainly relates to an interest rate swap on the 2019 Mizuho GBP400m loan that was settled early through an additional investment received from the Group's ultimate parent company (note 20 and 24).

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 20.

9. Finance expenses

	Notes	2023	2022
		£m	£m
Interest expense on overdrafts		**(22.7)**	(9.9)
Interest expense on bank loans, loan notes, other loans		**(53.5)**	(56.8)
Interest expense on lease liabilities	**14**	**(37.0)**	(25.9)
Other interest expense		**(41.4)**	(35.7)
Total interest expense on financial liabilities measured at amortised cost		**(154.6)**	(128.3)
Remeasurements of deferred consideration and put option liabilities	**27**	-	(77.0)
Financial assets at fair value through profit and loss		-	(2.3)
Other movements		**(16.0)**	(12.5)
Finance expenses		**(170.6)**	(220.1)

Other movements on financing items in 2023 includes factoring and facility fees of £12.0m (2022: £5.5m).

10. Tax on profit/(loss) on ordinary activities

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

	2023	2022
	£m	£m
Current tax	**84.4**	103.1
Adjustments in respect of prior years	**11.6**	1.9
	96.0	105.0
Deferred tax (note 21)		
Origination and reversal of temporary differences	**(28.4)**	(26.1)
Reduction in tax rate	**0.2**	0.0
Derecognition/(recognition) of previously unrecognised tax losses	**46.6**	(26.9)
Recognition of previously unrecognised temporary differences	**(0.2)**	(5.2)
Adjustments in respect of prior years	**7.3**	9.8
Total Deferred Tax	**25.5**	(48.4)
Total Tax	**121.5**	56.6

10. Tax on profit/(loss) on ordinary activities (continued)

The tax charge for the year ended 31 December 2023 is £121.5m (2022: £56.6m) representing an effective tax rate (including deferred tax on goodwill) on statutory profit of -46.0% (2022 profit: -26.2%). The tax charge for the year ended 31 December 2023 includes a deferred tax expense of £30.5m (2022: £28.0m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale.

UK Corporation tax is calculated at 23.5% (2022: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The UK Government has announced an increase in the corporation tax to 25% from April 2023. This rate increase was substantively enacted on 24 May 2021.

The net UK deferred tax asset has been calculated using the substantially enacted rates applicable when the temporary difference is expected to reverse.

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

	2023	2022
	£m	£m
Items that may be subsequently reclassified to profit or loss:		
Tax on cash flow hedge: movements taken to equity	**(24.6)**	44.6
Items that are not subsequently reclassified to profit or loss:		
Tax on defined contribution scheme	-	1.9
Other	**(0.5)**	-
Tax expense for the year	**(25.1)**	46.5

The total tax gain recognised directly in equity during the year was £2.0m (2022: gain of £5.3m), this related to equity instruments.

The total charge for the year for the Group can be reconciled to the accounting profit (2022: profit) as follows:

	2023	**2022**
	£m	**£m**
Accounting loss before tax from continuing operations	**(264.2)**	**(216.0)**
Tax at the UK corporation tax rate of 23.5% (2022:19.0%)	**(62.2)**	**(41.0)**
Adjustments in respect of prior years - current and deferred tax	**18.9**	**11.6**
Non deductible Expenditure	**109.7**	**70.7**
Rate differences on overseas earnings	**(3.6)**	**(10.6)**
Local tax charge	**11.4**	**18.5**
Withholding taxes and other charges/(credit) for the period	**0.8**	**(3.7)**
Current year movement in tax losses not recognised	**46.6**	**0.9**
Current year movement in FATD not recognised	**(2.2)**	**0.3**
Current year movement in STTD not recognised	**9.6**	**12.7**
Other reconciling Items	**(7.5)**	**(2.8)**
Tax expense for the year	**121.5**	**56.6**
Effective rate of statutory tax charge on statutory profits	**-46.0%**	**-26.2%**

10. Tax on profit/(loss) on ordinary activities (continued)

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 2023 is £nil (2022: £nil).

Top-up tax under the global minimum tax rules
The Group operates businesses in several countries that have established new laws on the application of top-up tax under the global minimum tax rules, such as Japan and the U.K. The Group expects top-up tax to be applied for its businesses in a few countries with statutory tax rates of 15% or less, or close to 15%. However, this has had no impact on the Group's taxation in the fiscal year ended December 31, 2023, as the new laws established in Japan, the U.K., and elsewhere only came into force on January 1, 2024. The Group applies a temporary, mandatory exception when accounting for deferred tax related to the impact of top-up tax, recognizing this impact in current tax as it occurs. Even if the top-up tax had been applicable in the fiscal year ended December 31, 2023, the impact on the consolidated financial statements would have been insignificant. Please refer to "3. Accounting policies Taxation" for details.

11. Goodwill

Cost	**£m**
At 1 January 2022	**4,192.0**
Additions	99.1
Measurement period adjustments	(1.0)
Reclassified to assets held-for-sale business (Note 30)	(61.0)
Disposal	(1.8)
Other movements	8.2
Exchange differences	356.0
At 31 December 2022	**4,591.5**
Additions	468.4
Measurement period adjustments	3.4
Exchange differences	(205.2)
At 31 December 2023	**4,858.1**

Accumulated impairment losses	**£m**
At 1 January 2022	**369.1**
Impairment losses for the year	128.1
Exchange differences	1.1
At 31 December 2022	**498.3**
Impairment losses for the year	457.3
Exchange differences	(12.5)
At 31 December 2023	**943.1**

Carrying amount	**£m**
At 31 December 2023	**3,915.0**
At 31 December 2022	4,093.2

11. Goodwill (continued)

Additions to goodwill are as a result of the Group's acquisition of Tag, RCKT, Omega and Shift7 in 2023 (see Note 26). These are included within the Group's CGUs that expected to benefit from the synergies of the combination. RCKT and Omega were included in EMEA CGU, while Shift7 was included in Americas CGU, which represents the region in which they operate. Tag is a significant acquisition with operations spanning multiple regions. The acquisition substantially bolsters the Group's creative production capabilities, integrated, full-service offerings and end to end capabilities across all media channels, generating synergy benefits across the 3 regions. As it forms an integral part of the Group's service offerings and is managed as such, goodwill arising from Tag was allocated to the existing EMEA, Americas and Asia Pacific CGUs. The allocation of goodwill to CGU(s) involves judgement concerning the extent of the synergies of the acquisition. Refer to "4. Critical accounting estimates and judgements" for details.

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

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs per table below. Figures represent carrying value after impairment.

	2023	2022
	£m	£m
EMEA	**1,305.2**	1,206.5
Americas	**2,609.8**	2,458.6
Asia Pacific	**-**	428.1
Total Group	**3,915.0**	4,093.2

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 forecasts for the next year and management forecasts for the subsequent four years. These calculations reflect management's experience and based on this experience, future risk adjusted 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, corporate cost allocations, long-term growth rates and discount rates.

The rate used to discount the forecast cash flows is 11.8% for the EMEA CGU (2022: 12.5%), 9.4% for the Americas CGU (2022: 10.2%) and 15.0% for the Asia Pacific CGU (2022: 15.7%). 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.

***Underlying operating profit is a profit indicator to measure recurring business performance which is calculated as operating profit added to M&A related items and one-off items. M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share based compensation expense following the acquisition of 100% of a subsidiary. One off items include business restructuring costs, impairment loss and gain/loss on sale of non-current assets.*

11. Goodwill (continued)

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 to EMEA CGU was 1.5% (2022: 1.5%), Americas CGU 2.0% (2022: 2.0%) and Asia Pacific CGU 2.0% (2022: 2.0%).

In applying the above assumptions, the carrying value of the Asia Pacific ("APAC") CGU was determined to be higher than its recoverable value. An impairment charge of £482.9m was recognised in the APAC CGU of which £457.3m was against goodwill which is now fully impaired, £13.5m against intangible assets (Note 12) and £12.1m against property, plant and equipment (Note 13). (2022: £128.1m against goodwill). The forecasts used in the impairment testing maintain a soft outlook given the challenging business environment in 2023 which saw revenue and margin decrease across all service lines in the region. Although targets set for 2023 were already conservative, unexpected and unforeseen events and trends meant actual performance fell short. This includes persistent weakness in Chinese economy post-COVID, client spend declines and increased competitive pressures in Australia and client losses and delayed spend in India. A strategic review of the region and its cost based was carried out towards the last quarter of 2023 to address these challenges.

The key 2024 forecast and mid-term* assumptions applied to the Asia Pacific CGU were revenue growth of 1% - 2.7% (2022: 3% - 3.8%), underlying operating profit ** margin of 7.7% - 11.8% (2022:13.9% - 19.0%) and Global and Corporate cost allocations of 12% (2022: 12%).

The EMEA CGU's recoverable amount exceeds its carrying amount by £337.0m (2022: £1,341.0m). The key 2024 forecast and mid-term* assumptions applied to the EMEA CGU were revenue growth of 3.6% (2022:7%), underlying operating profit ** margin of 19.2% - 20.8% (2022: 22.4% - 23.9%) and Global and Corporate cost allocations of 34% (2022: 30%) . If the following sensitivities were applied individually to the key assumptions, the recoverable amount of the EMEA goodwill would be equal to its carrying amount.

**Mid-term reflects the financial periods 2025 to 2028*

***Underlying operating profit is a profit indicator to measure recurring business performance which is calculated as operating profit added to M&A related items and one off items. M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share based compensation expense following the acquisition of 100% of a subsidiary. One off items include business restructuring costs, impairment loss and gain/loss on sale of non-current assets.*

11. Goodwill (continued)

We have considered impact of reasonably possible changes in key assumptions taking into account challenges in the business environment that the Group is currently facing and considering historical deviations or movements in the assumptions. This is summarised in the table below.

Reasonably possible change in key assumptions that would result to a break-even point for EMEA CGU	
Reduction in Year 1 budgeted performance	-12.7%
Cash flow discount rates	+ 1.27%
Decrease in mid-term operating margin per annum	- 2.3%

Any reasonably possible change in a key assumption for the Americas CGUs is not expected to result in any impairment.

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, currency exchange rates and achievement of future synergies assumed upon full integration of acquired entities.

Management continues to monitor closely the performance of all CGUs and impact of any changes in the key assumptions.

12. Intangible assets

	Notes	Software £m	Customer Relationships £m	Non-compete Agreements £m	Intellectual Property £m	Other £m	Total £m
Cost							
At 1 January 2022		**121.4**	**624.2**	**65.2**	**183.9**	**142.5**	**1,137.2**
Additions							
- separately acquired		3.0	-	-	-	8.2	11.2
- internally generated		0.2	-	-	-	2.1	2.3
Acquired on acquisition of a subsidiary	26	-	36.8	2.2	0.9	(0.1)	39.8
Disposals		(26.5)	(7.1)	-	(0.1)	(0.5)	(34.2)
Reclassified to Assets held-for-sale	30	(0.3)	(41.3)	(2.4)	(0.4)	(5.7)	(50.1)
Transfers and other movements		18.9	-	-	-	(17.8)	1.1
Exchange differences		7.2	92.2	7.0	28.0	14.2	148.6
At 31 December 2022		**123.9**	**704.8**	**72.0**	**212.3**	**142.9**	**1,255.9**
Additions							
- separately acquired		3.5	-	-	-	6.7	10.2
- internally generated		-	-	-	-	1.1	1.1
Acquired on acquisition of a subsidiary*	26	0.3	140.9	(0.8)	21.5	24.2	186.1
Disposals		(7.8)	(0.9)	-	-	(2.6)	(11.3)
Cost of retired assets		-	(275.6)	(54.1)	(29.8)	(75.8)	(435.3)
Transfers and other movements		4.0	-	-	1.4	(10.2)	(4.8)
Exchange differences		(2.7)	(22.8)	(0.7)	(10.1)	(2.0)	(38.3)
At 31 December 2023		**121.2**	**546.4**	**16.4**	**195.3**	**84.3**	**963.6**
Accumulated amortisation & impairment losses							
At 1 January 2022		**99.6**	**380.8**	**50.6**	**76.0**	**100.2**	**707.2**
Charge for the year		11.1	67.2	6.8	11.1	6.9	103.1
Disposals		(26.5)	(7.7)	(0.8)	-	(0.2)	(35.2)
Reclassified to Assets held-for-sale	30	(0.2)	(35.8)	(0.9)	(0.4)	(2.4)	(39.7)
Impairment		0.7	9.8	-	3.6	0.8	14.9
Transfers and other movements		1.5	-	-	-	(0.4)	1.1
Exchange differences		6.4	67.9	6.1	15.5	13.6	109.5
At 31 December 2022		**92.6**	**482.2**	**61.8**	**105.8**	**118.5**	**860.9**
Charge for the year		12.0	67.6	4.5	14.7	8.0	106. 8
Disposals		(7.8)	(0.9)	-	-	(0.7)	(9.4)
Impairment^		-	32.6	2.7	8.7	-	44.0
Amortisation on retired assets		-	(275.6)	(54.1)	(29.8)	(75.8)	(435.3)
Transfers and other movements		(1.8)	-	-	-	(0.1)	(1.9)
Exchange differences		(2.6)	(12.6)	(0.5)	(4.9)	(1.9)	(22.5)
At 31 December 2023		**92.4**	**293.3**	**14.4**	**94.5**	**48.0**	**542.6**
Carrying amount							
At 31 December 2023		**28.8**	**253.1**	**2.0**	**100.8**	**36.3**	**421.0**
At 31 December 2022		31.3	222.6	10.2	106.5	24.4	395.0

* Note 26 reflects business combination intangibles of £189.8m. The difference of £3.7m as compared to the above includes measurement period adjustments on prior year acquisitions of (£4.8m) and other intangible assets of £1.1m.

^ Included in the 2023 impairment is £13.5m arising from goodwill impairment assessment in the APAC CGU (Note 11).

13. Property, plant and equipment

Cost	Freehold land and buildings £m	Long leasehold and leasehold improvements £m	Office furniture, fixtures, equipment and vehicles £m	Total £m
At 1 January 2022	**3.3**	**175.6**	**166.7**	**345.6**
Additions	0.1	6.8	23.3	30.2
Acquisitions of subsidiaries	-	0.1	0.8	0.9
Disposals and assets retired	(0.2)	(9.1)	(24.5)	(33.8)
Reclassified to Assets held-for-sale (Note 30)	-	-	(2.6)	(2.6)
Transfers and other movements	-	(1.3)	(0.9)	(2.2)
Exchange differences	0.2	16.6	16.9	33.7
At 31 December 2022	**3.4**	**188.7**	**179.7**	**371.8**
Additions	0.2	13.7	29.3	43.2
Acquisitions of subsidiaries (Note 26)	-	1.4	4.2	5.6
Disposals and assets retired	-	(122.6)	(83.2)	(205.8)
Transfers and other movements	-	0.7	(2.1)	(1.4)
Exchange differences	(0.2)	(7.3)	(10.0)	(17.5)
At 31 December 2023	**3.4**	**74.6**	**117.9**	**195.9**
Accumulated depreciation and impairment losses				
At 1 January 2022	**1.0**	**110.2**	**112.6**	**223.8**
Charge for the year	0.2	19.7	24.3	44.2
Impairments	-	23.1	9.9	33.0
Disposals and assets retired	(0.2)	(6.8)	(20.8)	(27.8)
Reclassified to Assets held-for-sale (Note 30)	-	-	(2.2)	(2.2)
Transfers and other movements	-	(1.7)	0.4	(1.3)
Exchange differences	0.1	11.8	13.3	25.2
At 31 December 2022	**1.1**	**156.3**	**137.5**	**294.9**
Charge for the year	0.3	7.9	22.3	30.5
Impairments*	-	6.4	5.7	12.1
Disposals and assets retired	-	(118.6)	(84.4)	(203.0)
Transfers and other movements	(0.1)	0.2	(1.3)	(1.2)
Exchange differences	(0.1)	(5.6)	(8.1)	(13.8)
At 31 December 2023	**1.2**	**46.6**	**71.7**	**119.5**
Carrying amount				
At 31 December 2023	**2.2**	**28.0**	**46.2**	**76.4**
At 31 December 2022	2.3	32.4	42.2	76.9

* Impairment charge in 2023 recognized as a result of goodwill impairment assessment in the APAC CGU (Note 11).

At 31 December 2023, the Group had nil capital commitments contracted, but not provided, for the acquisition of property, plant and equipment (2022: £0.7m).

14. Leases

The Group leases buildings and leasehold improvements, automobile/other transportation instruments, and furniture, fixtures, and office equipment. Lease terms vary from 0.5 years to over 22 years, with a weighted average lease term by monthly rental if around 6 years. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease agreements.

The Group leases "other short-term leases" with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize 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

2023	Buildings and Leasehold Improvements	Other	**Total £m**
Balance at 1 January	425.7	4.7	**430.4**
Depreciation charge for the year	(58.3)	(4.2)	**(62.5)**
Additions to right-of-use assets	92.1	4.1	**96.2**
Disposals	(5.3)	(0.5)	**(5.8)**
Impairment **	(17.5)	-	**(17.5)**
Foreign exchange differences	(16.4)	(0.2)	**(16.6)**
Balance as at 31 December	**420.3**	**3.9**	**424.2**

2022	Buildings and Leasehold Improvements	Other	**Total £m**
Balance at 1 January	336.7	5.3	**342.0**
Depreciation charge for the year *	(77.5)	(4.0)	**(81.5)**
Additions to right-of-use assets	337.7	3.3	**341.0**
Disposals	(6.8)	(0.1)	**(6.9)**
Impairment **	(186.0)	-	**(186.0)**
Foreign exchange differences	21.6	0.2	**21.8**
Balance as at 31 December	**425.7**	**4.7**	**430.4**

*Included in depreciation charge in the prior year was £5.1m disclosed in restructuring expenses.
**Restructuring costs (note 6) include the impairment charge. Prior year include property costs of £121.0m, which includes the impairment above of £186.0m and an offset in the onerous lease provision of £145.0m (note 22).

b) Amounts recognized in profit or loss

	2023 £m	2022 £m
Depreciation charges	(62.5)	(81.5)
Interest on lease liabilities	(37.0)	(25.9)
Impairment of right-of-use assets presented within restructuring	(17.5)	(186.0)

14. Leases (continued)

c) Amounts recognized in statement of cash flows

	2023	2022
	£m	£m
Total cash outflow for leases	(130.9)	(116.0)

The Group is optimising its property portfolio as part of its structural reforms and expects to utilise sub-leases for certain property lease contracts. The right-of-use asset is assessed for impairment by comparing the right-of-use asset's carrying amount to the present value of the expected sublet rental income discounted at the same incremental borrowing rate as the right-of-use asset. If the result is that the present value of the sublease income is less than the right-of-use asset an impairment is recognized. The expected sublease assumptions include basic sublease payments, the assumed increase in lease payments over the lease term and the vacancy period. If the above assumptions need to be revised due to changes in market conditions or the conclusion of sublease agreements, an addition or decrease in the right-of-use asset may occur in the following financial year.

The above includes a right-of-use asset of £143.3m (2022: £154.3m) relating to the commencement of an office building lease agreement in New York, USA, signed in November 2019 as a lessee, with an anticipated future sublease. The carrying value of the right-of-use asset was impaired by £3.1m during the year following a remeasurement of its recoverable amount. In the prior financial year, the carrying amount was reduced by £145.0m following the offset of an onerous lease provision related to the agreement that was first recognized in the 2020 financial year, which has been reflected in the impairment amount above**. The onerous lease provision has been remeasured at each reporting period to reflect the updated assumptions of the expected basic sublease rent payments, including escalations and commencement date.

The Group is constantly reviewing its sublease options and subsequent to the year end it reviewed its marketing strategy for the premises in light of 2024 market conditions. Reflecting the impact of this revised strategy on the estimate sublet income assumption, a further impairment of £18.8m would be required when compared to the carrying value at the year end. This is considered a non-adjusting post balance sheet event given it relates to circumstances beyond the balance sheet date, but highlights the estimation uncertainty implicit in the assumptions used at that point in time.

If the commencement date of a subtenant was changed by 3-months the impairment would increase by £4.6m, alternatively, if the commencement date changed by 12-months the impairment would increase by £17.6m.

The final cash deficit to Dentsu may therefore differ from the initial estimates recorded.

The remaining £14.4m impairment relates to 26 office properties across multiple jurisdictions. Reasonably possible changes in the underlying assumptions are not expected to cause any significant change in the estimates in the next financial year.

14. Leases (continued)

d) Extension options

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

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group does not have any material unexercised extension options.

e) Lease liabilities

2023	**Total £m**
Balance at 1 January	**717.9**
Interest charge for the year	**37.0**
Additions	**102.3**
Disposals	**(4.0)**
Repayments	**(130.9)**
Foreign exchange differences	**(30.6)**
Balance as at 31 December	**691.7**

2022	Total £m
Balance at 1 January	447.6
Interest charge for the year	25.9
Additions	344.7
Disposals	(11.2)
Repayments	(121.2)
Foreign exchange differences	32.1
Balance as at 31 December	**717.9**

The following table sets out a maturity analysis of lease liabilities:

	2023 £m	**2022 £m**
Less than one year*	123.9	121.6
One to two years	121.2	110.8
Two to three years	98.0	98.9
Three to four years	87.5	87.1
Four to five years	77.1	78.9
More than five years	389.1	455.4
Subtotal	**896.8**	**952.7**
Effect of discounting	(205.1)	(234.8)
Total	**691.7**	**717.9**

* Current lease liabilities of £90.8m (2022: £87.8m) includes the effect of discounting of £33.1m (2022: £33.8m), amounting to gross cash flows of £123.9m (£121.6m).

15. Interests in associates and joint ventures

	Associates & joint ventures £m
At 1 January 2023	**2.2**
Share of results after tax	(0.1)
Additions	1.9
Exchange differences	(1.0)
At 31 December 2023	**3.0**

Investments in associates at 31 December 2023 include goodwill of £nil (2022: £nil).

There is no cumulative unrecognised share of losses as at the end of 2023 (2022: £nil).

16. Equity instruments

	2023 £m	2022 £m
Equity instruments	**3.3**	7.1

Equity instruments consist of investment in Workpoint Entertainment Limited held in Thailand £3.1m (2022: £5.4m) and various other smaller holdings.

17. Work in progress

	2023 £m	2022 £m
Work in progress	**33.3**	15.9

Work in progress consists principally of media inventory.

18. Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**4,045.1**	4,158.4
Accrued income	**1,508.7**	1,820.5
Prepayments	**44.0**	54.4
VAT receivable	**93.0**	96.2
Receivables from Parent and other Dentsu Group Inc Group entities	**220.7**	177.6
Other receivables*	**67.3**	98.5
	5,978.8	6,405.6

Receivables from the ultimate parent, Dentsu Group Inc., and other Dentsu Group Inc. subsidiaries are disclosed in Note 31 Related party transactions. The Directors consider that the carrying amount of trade and other receivables approximates their fair value and each item is stated net of an allowance described below.

* Other receivables include bank interest receivable.

18. Trade and other receivables (continued)

Loss allowance for expected credit losses

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

Movement on loss allowance

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

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

	Group A £m	Group B £m	Group C £m	Group D £m	Total £m
At 1 January 2022	**1.0**	**-**	**-**	**79.6**	**80.6**
Provided (released) in the year	0.7	-	-	5.4	6.1
Utilisation of allowance	-	-	-	(4.4)	(4.4)
Reclassified to asset held-for-sale	-	-	-	(15.3)	(15.3)
Exchange differences	-	-	-	2.1	2.1
At 31 December 2022	**1.7**	**-**	**-**	**67.4**	**69.1**
Provided (released) in the year	0.1	-	-	5.1	5.2
Utilisation of allowance	-	-	-	(4.1)	(4.1)
Reclassified to assets held-for-sale	-	-	-	1.4	1.4
Arising on acquisitions	-	-	-	3.7	3.7
Exchange differences	(0.1)	-	-	(4.5)	(4.6)
At 31 December 2023	**1.7**	**-**	**-**	**69.0**	**70.7**

Ageing past due date on receivables

At 31 December 2023

	Group A £m	Group B £m	Group C £m	Group D £m	Total £m
Not past due and past less than 30 days	281.0	-	-	5,167.5	5,448.5
Past 31 - 90 days	-	-	-	173.9	173.9
Past over 90 days	-	-	-	139.5	139.5
Total	**281.0**	**-**	**-**	**5,480.9**	**5,761.9**

Receivables of £5,761.9m exclude loss allowance of £70.7m, accrued income of £141.9m, prepayments of £44.0m, VAT receivable of £93.0m, and other receivables of £8.7m compared to trade and other receivables of £5,978.8m.

18. Trade and other receivables (continued)

At 31 December 2022

	Group A	Group B	Group C	Group D	Total
	£m	£m	£m	£m	£m
Not past due and past less than 30 days	269.7	-	-	5,591.6	5,861.3
Past 31 - 90 days	-	-	-	202.3	202.3
Past over 90 days	-	-	-	140.6	140.6
Total	**269.7**	-	-	**5,934.5**	**6,204.2**

Receivables of £6,204.2m exclude loss allowance of £69.1m, accrued income of £111.8m prepayments of £54.4m, VAT receivable of £96.2m and other receivables of £8.2m compared to trade and other receivables of £6,405.6m.

Loss allowance by ageing

At 31 December 2023	Receivable	Loss allowance	Average % of loss allowance
	£m	£m	
Not past due and past less than 30 days	5,448.5	20.7	0.4%
Past 31 - 90 days	173.9	2.0	1.2%
Past over 90 days	139.5	48.0	34.4%
Total	**5,761.9**	**70.7**	**1.2%**

At 31 December 2022	Receivable	Loss allowance	Average % of loss allowance
	£m	£m	
Not past due and past less than 30 days	5,861.3	29.0	0.5%
Past 31 90 days	202.3	1.9	1.0%
Past over 90 days	140.6	38.2	27.2%
Total	**6,204.2**	**69.1**	**1.1%**

19. Trade and other payables

	Notes	2023 £m	2022 £m
Trade payables and accruals		**5,676.8**	6,355.4
Deferred income	20	**260.0**	313.5
Taxation and social security	20	**139.7**	129.1
Deferred consideration	27,20	**80.4**	209.0
Payables to Parent and other Dentsu Group entities	31	**102.6**	86.0
Amount payable to associated undertakings		**1.7**	-
Advanced payments and billings	20	**276.6**	353.8
Share-based payment liability	28,31	**5.4**	15.1
Other payables	20	**392.1**	451.7
		6,935.3	7,913.6

20. 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 maximizing the return to stakeholders through the optimization 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.

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.

	2023	2022
	£m	£m
Forward foreign exchange contracts - notional principal	**714.1**	362.8

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 unhedged 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.

20. Financial instruments (continued)

Currency risk (continued)

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**	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Loss before tax	**(0.02)**	-	**(0.14)**	(0.2)
Other comprehensive income	-	-	-	-

Liquidity risk

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

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 £255.5m sold but not settled as at 31 December 2023 (2022: £533.9m). Given the non-recourse nature of the arrangement these have been derecognised from trade and other receivables.

At 31 December 2023, the Group had net debt (before issue costs of new debt) of £738.4m (2022: £1,898.8m). The Group had cash and cash equivalents, net of overdrafts, of £920.2m at 31 December 2023 (2022: £1,439.9m) and gross borrowings (before issue costs of new debt and excluding overdrafts which are included in cash and cash equivalents) of £1,658.6m (2022: £3,338.5m).

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**	**2024***	**2025**	**2026**	**2027+**
			£m	**£m**	**£m**	**£m**	**£m**
Mizuho Bank Ltd £250m	5.96%	2025	250.2	-	250.2	-	-
SMBC Bank International Plc £50m	1.30%	2025	50.0	-	50.0	-	-
Norinchukin Bank $100m	6.48%	2026	79.7	-	-	79.7	-
Dentsu Group Inc. ¥44b	0.48%	2025	245.3		245.3	-	-
Dentsu Group Inc. ¥44b	0.83%	2030	245.8	-	-	-	245.8
Dentsu Group Inc. ¥41b	0.58%	2025	228.7	-	228.7	-	-
Dentsu Group Inc. ¥27.5b	0.58%	2026	153.4	-	-	153.4	-
Dentsu Group Inc. ¥23b	0.58%	2027	127.1	-	-	-	127.1
			1,380.2	-	**774.2**	**233.1**	**372.9**

*Total current borrowings include bank overdraft of £153.7m, and short-term loans of £282.8m and debt issue costs of (£0.6m).

20. Financial instruments (continued)

Liquidity risk (continued)

The Group has a core revolving facility and term loan agreement of £578.1m. At 31 December 2023, this facility was undrawn (2022: undrawn), giving the Group total undrawn committed facilities of £578.1m (2022: £500.0m).

Interest rate risk

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

The Group has 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 £4.8m (2022 loss before tax: £1.3m), assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables and cash balances. The amounts presented in the balance sheet in respect of trade and other receivables are net of allowances for expected credit losses, estimated by management based on current market conditions, forecasted future economic conditions and 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. A background credit check is also performed on every new client.

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 18 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.

20. Financial instruments (continued)

Current receivables and payables and currency disclosures (continued)

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 2023 is an asset of £15.9m (2022: £76.6m). 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 2023 is a liability of £(168.4)m (2022: £(8.3)m). 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.

Covenants

At 31 December 2022, the Group's leverage covenant (net debt/EBITDA) was 0.3 times (compared to a covenant requirement of <3.5 times) and interest cover covenant (EBITDA/net interest was 9.6 times (compared to a covenant requirement > 4 times). With the subsequent cancellation of the Group's Multicurrency Revolving Credit Facility as disclosed in Note 32, the Group is no longer subject to financial covenants as of the date of issuance of these financial statements.

20. Financial instruments (continued)

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:

	2023 Foreign currency risk*	**2023 Interest rate risk***	2022 Foreign currency risk*	2022 Interest rate risk*
Nominal amount £m	**998.6**	**1,326.9**	1,410.3	2,308.2
Carrying value				
Asset £m **	**16.5**	**15.9**	(22.0)	124.6
Liability £m **	**(234.0)**	**84.1**	(57.7)	22.4
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 – gain / (loss)	**(132.9)**	**(98.8)**	(9.3)	185.2
Hedge ineffectiveness recognised in comprehensive income £m	**-**	**-**	-	-
Amount reclassified from hedging reserve to comprehensive income £m	**131.9**	**-**	9.5	-
Line item in comprehensive income affected by the reclassification	**Finance expenses**	**Finance expenses**	Finance expenses	Finance expenses

*Nominal amount related to cross currency interest rate swaps of £998.6m (2022: £1,410.3m) disclosed in both foreign currency risk and interest rate risk columns which also includes FX rate risk.

**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. The equivalent is true for liabilities. Bracket means a credit.

20. 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:

	2023	2022
	£m	£m
Balance as at 1 January	**158.8**	15.3
Change in fair value – foreign currency risk	**(99.3)**	(7.3)
Change in fair value – interest rate risk	**(81.4)**	143.4
Amount reclassified to comprehensive income – foreign currency risk	**98.9**	7.4
Balance as at 31 December	**77.0**	158.8

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 translation reserve until such time as the investments are disposed.

As at 31 December 2023 there were no designated net investment hedges in place.

The total changes in fair value of net investment hedges, taken directly to equity in the year, was a loss of £nil (2022: loss of £nil). 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:

	2023	2022
	£m	£m
Balance as at 1 January	**(14.7)**	(14.7)
Change in fair value – foreign currency risk	**-**	-
Balance as at 31 December	**(14.7)**	(14.7)

Interest Rate Benchmark Reform ("IBOR reform")

The Group has exposure to the following interest rate benchmarks in its hedging relationships: GBP SONIA and USD SOFR.

US LIBOR was discontinued on 30 June 2023. Contracts that referenced this rate were re-negotiated to be effective from the first interest reset date, so that following transition, these references were changed to the new SOFR interest rate basis. This includes contracts for hedge instruments used to hedge interest rate risk on USD debt and therefore hedge accounting has been continued.

GBP LIBOR was discontinued on 31 December 2022. Contracts that referenced this rate were re-negotiated to be effective from the first interest reset date, so that following transition these references were changed to the new SONIA interest rate basis. This includes contracts for hedge instruments used to hedge interest rate risk on GBP debt and therefore hedge accounting has been continued.

Consequently, there are no remaining loan or IRS contracts referencing LIBOR rates as at 31 December 2023.

20. Financial instruments (continued)

a) Maturity profile of Group financial liabilities

2023	Note	Carrying amount £m	Total Commitment £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Financial liabilities							
Bank overdrafts		**153.7**	**165.8**	165.8	-	-	-
External loans**		**1,658.6**	**1,723.5**	314.7	794.1	366.9	247.8
Less: Issue costs of debt to be amortised		**(0.7)**	-	-	-	-	-
Total borrowings		**1,811.6**	**1,889.3**	480.5	794.1	366.9	247.8
Derivative financial liabilities		**170.4**	**313.4**	21.2	150.3	66.0	75.9
Put option liability	27	**30.5**	**36.7**	21.6	-	-	15.1
Deferred consideration	27	**94. 9**	**96.5**	80.4	13.1	3.0	-
Lease liabilities	14	**691.7**	**896.8**	123.9	121.2	262.6	389.1
Provisions	22	**105.7**	**127.3**	62.2	34.8	9.9	20.4
Trade and other payables*	19	**6,170.5**	**6,170.5**	6,170.5	-	-	-
Total		**9,075.3**	**9,530.5**	**6,960.3**	**1,113.5**	**708.4**	**748.3**

* £6,170.5m exclude deferred income £260.0m, Taxation and social security £139.7m, Advanced Payments and billings £276.6m, Deferred consideration £80.4m and other payables £8.1m compared to Trade and other payables of £6,935.3m.

** Includes loans to Dentsu Group Inc of £1,274.7m.

2022	Note	Carrying amount £m	Total Commitment £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Financial liabilities							
Bank overdrafts		244.5	266.3	266.3	-	-	-
External loans**		3,338.5	3,511.8	591.8	953.1	1,683.5	283.4
Less: Issue costs of debt to be amortised		(3.3)	-	-	-	-	-
Total borrowings		3,579.7	3,778.1	858.1	953.1	1,683.5	283.4
Derivative financial liabilities		35.3	142.0	40.3	35.4	52.1	14.2
Put option liability	27	86.1	98.7	25.5	18.8	3.9	50.5
Deferred consideration	27	248.8	250.7	209.0	41.7	-	-
Lease liabilities	14	717.9	952.7	121.6	110.8	264.9	455.4
Provisions	22	108.6	124.8	59.1	42.5	5.6	17.6
Trade and other payables*	19	6,900.1	6,900.1	6,900.1	-	-	-
Total		11,676.5	12,247.1	8,213.7	1,202.3	2,010.0	821.1

* £6,900.1m exclude deferred income £313.5m, Taxation and social security £129.1m, Advanced Payments and billings £353.8m, Deferred consideration £209.0m and Other payables £8.2m compared to Trade and other payables of £7,913.6m.

**Includes loans to Dentsu Group Inc of £1,414.1m

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

20. Financial instruments (continued)

a) Maturity profile of Group financial liabilities (continued)

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

Interest rate swaps	2023 Payable £m	2023 Receivable £m	2022 Payable £m	2022 Receivable £m
Less than 1 year	(7.7)	20.0	(17.5)	33.1
1-2 years	(6.3)	16.1	(14.5)	26.9
2-5 years	(0.6)	1.2	(16.1)	30.4
More than 5 years	-	-	-	-
Total	(14.6)	37.3	(48.1)	90.4

Cross currency interest rate swaps	2023 Payable £m	2023 Receivable £m	2022 Payable £m	2022 Receivable £m
Less than 1 year	(25.3)	6.1	(22.8)	7.3
1-2 years	(21.4)	4.9	(20.9)	6.9
2-5 years	(30.2)	7.6	(36.0)	11.8
More than 5 years	(8.5)	3.0	(14.2)	5.7
Total	(85.4)	21.6	(93.9)	31.7

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

	2023 Payable £m	2023 Receivable £m	2022 Payable £m	2022 Receivable £m
Less than 1 year			(288.7)	277.6
1-2 years	(606.6)	472.9	-	-
2-5 years	(324.4)	280.9	(931.0)	855.0
More than 5 years	(315.2)	244.8	(315.2)	277.6
Total	(1,246.2)	998.6	(1,534.9)	1,410.2

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

	2023 £m	2022 £m
Expiring between one and five years	578.1	500.0
Total	578.1	500.0

20. 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 (borrowings) are within fair value hierarchy level 2.

	2023 Fair value £m	**2023 Carrying value £m**	2022 Fair value £m	2022 Carrying value £m
2017 BTMU	-	-	400.8	414.0
2017 SMBC	-	-	321.0	331.1
2017 Mitsubishi	-	-	165.3	165.7
2018 Mizuho	**248.3**	**250.2**	247.5	250.1
2018 Dentsu Group Inc	-	-	277.4	277.8
2019 SMBC	**47.8**	**50.0**	47.9	50.0
2019 Norinchukin	**79.6**	**79.7**	83.3	83.7
2019 Mizuho	-	-	396.4	402.6
2020 Dentsu Group Inc	**242.9**	**245.3**	272.8	278.3
2021 Dentsu Group Inc	**603.6**	**627.9**	677.3	712.2
2022 Dentsu Group Inc	**124.1**	**127.1**	138.3	143.3
Total	**1,346.3**	**1,380.2**	3,028.0	3,108.8

The Group's ultimate parent company subscribed for one share in Dentsu International Limited at a cost of £2,1730.0m in the current year through 4 share allotments. Part of the proceeds were used to fund the repayment of the 2018 JPY 44bn Dentsu Group Inc., 2019 GBP 400m Mizuho, 2017 USD 400m SMBC, 2017 USD 500m BTMU and 2017 Mitsubishi USD 200m loans which has driven the significant reduction in the borrowings shown in the table above.

There are no material differences between the recorded and fair values of the Group's financial assets at 31 December 2023. The fair values of financial assets reflect market values or are based upon readily available market data.

20. 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).

2023	Measured at:	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**
Financial assets					
Held for trading:					
• Foreign currency forward contracts	FVPL	-	16.5	-	**16.5**
• Other financial assets	FVPL	-	0.3	23.9	**24.2**
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	15.9	-	**15.9**
Other financial assets	FVOCI	-	5.6	-	**5.6**
Equity instruments	FVOCI	3.1	-	0.2	**3.3**
Total financial assets		**3.1**	**38.3**	**24.1.**	**65.5**
Financial liabilities					
Held for trading: Foreign currency forward contracts	FVPL	-	(2.0)	-	**(2.0)**
Put option liabilities	FVPL	-	-	(30.5)	**(30.5)**
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(168.4)	-	**(168.4)**
Deferred consideration	FVPL	-	-	(94.9)	**(94. 9)**
Total financial liabilities		-	**(170.4)**	**(125.4)**	**(295.8)**

20. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

2022	Measured at:	Level 1	Level 2	Level 3	Total
Financial assets		£m	£m	£m	**£m**
Held for trading:					
• Foreign currency forward contracts	FVPL	-	1.7	-	**1.7**
• Other financial assets	FVPL	-	0.4	21.7	**22.1**
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	100.9	-	**100.9**
Other financial assets	FVOCI	-	5.4	-	**5.4**
Equity instruments	FVOCI	5.4	-	1.7	**7.1**
Total financial assets		**5.4**	**108.4**	**23.4**	**137.2**
Financial liabilities					
Held for trading: Foreign currency forward	FVPL	-	(2.7)	-	**(2.7)**
Put option liabilities	FVPL	-	-	(86.1)	**(86.1)**
Hedging instruments: Interest rate swaps and cross	FV	-	(32.6)	-	**(32.6)**
Deferred consideration	FVPL	-	-	(248.8)	**(248.8)**
Total financial liabilities		**-**	**(35.3)**	**(334.9)**	**(370.2)**

There were no transfers between levels during 2023 or 2022.

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. Refer to note 27 for further details.

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

20. 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**	**2023 Total**	Floating rate	Non-interest bearing	2022 Total
	£m	**£m**	**£m**	£m	£m	£m
GBP	**81.7**	**0.8**	**82.5**	500.0	0.6	500.6
USD	**345.2**	**12.7**	**357.9**	533.8	15.0	548.8
EUR	**176.3**	**20.5**	**196.8**	94.1	22.3	116.4
Other currencies	**376.6**	**60.1**	**436.7**	461.3	57.3	518.6
	979.8	**94.1**	**1,073.9**	1,589.2	95.2	1,684.4

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**	**2023 Total**	Fixed rate	Floating rate	Non-interest bearing	2022 Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
GBP	**1,170.6**	**207.6**	**3.2**	**1,381.4**	1,965.1	541.5	6.4	2,513.0
USD	**78.4**	**101.7**	**1.4**	**181.5**	991.9	254.2	2.7	1,248.8
EUR	**-**	**(16.8)**	**-**	**(16.8)**		(343.1)	-	(343.1)
Other currencies	**36.3**	**2**	**-**	**38.3**	29.8	134.7	-	164.5
Gross borrowings	**1,285.3**	**294.5**	**4.6**	**1,584.4**	2,986.8	587.3	9.1	3,583.2
Issue costs of debt	**(0.7)**	**-**	**-**	**(0.7)**	(3.5)	-	-	(3.5)
	1,284.6	**294.5**	**4.6**	**1,583.7**	2,983.3	587.3	9.1	3,579.7

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.

20. 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.

	2023 Gross amount of financial assets £m	**2023 Gross amount of financial liabilities offset £m**	**2023 Gross amount of financial assets offset £m**	**2023 Net amount presented in balance sheet £m**	2022 Gross amount of financial assets £m	2022 Gross amount of financial liabilities offset £m	2022 Gross amount of financial assets offset £m	2022 Net amount presented in balance sheet £m
Financial assets								
Cash and cash equivalents	**1,558.6**	**(484.7)**	**-**	**1,073.9**	2,731.6	(1,047.2)	-	1,684.4

	2023 Gross amount of financial liabilities £m	**2023 Gross amount of financial assets offset £m**	**2023 Gross amount of financial liabilities offset £m**	**2023 Net amount presented in balance sheet £m**	2022 Gross amount of financial liabilities £m	2022 Gross amount of financial assets offset £m	2022 Gross amount of financial liabilities offset £m	2022 Net amount presented in balance sheet £m
Financial liabilities								
Bank overdraft	**(638.4)**	**-**	**484.7**	**(153.7)**	(1,291.7)	-	1,047.2	(244.5)

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 recognized financial instruments that are subject to the above agreements.

	2023 Net amount £m	2022 Net amount £m
Financial assets		
Derivative assets - forward foreign exchange contracts and interest rate swaps	**32.4**	102.6
Financial liabilities		
Derivative liabilities - forward foreign exchange contracts and interest rate swaps	**(170.4)**	(35.3)

21. Deferred tax

	Purchased intangibles	Deductions in respect of goodwill	Losses	Other temporary differences	Total
At 1 January 2023 - asset/(liability)	(48.3)	(150.9)	50.6	165.7	**17.1**
Exchange rate differences	2.0	-	(0.2)	(10.4)	**(8.6)**
Deferred tax on acquisitions	(32.3)	-	-	2.1	**(30.2)**
Amount provided in reserves	-	-	-	23.1	**23.1**
Profit or loss movement	24.4	(25.0)	(22.5)	(2.4)	**(25.5)**
Other movements	-	-	(0.7)	2.9	**2.2**
At 31 December 2023 asset/(liability)	**(54.2)**	**(175.9)**	**27.2**	**181.0**	**(21.9)**

	Purchased intangibles	Deductions in respect of goodwill	Losses	Other temporary differences	Total
At 1 January 2022 - asset/(liability)	(53.4)	(127.1)	35.8	155.9	**11.2**
Exchange rate differences	(4.4)	-	2.8	18.4	**16.8**
Deferred tax on acquisitions	(9.2)	0.1	-	(0.1)	**(9.2)**
Amount provided in reserves	-	-	-	(49.1)	**(49.1)**
Profit or loss movement	18.7	(24.0)	11.9	41.8	**48.4**
Other movements	-	0.1	0.1	(1.2)	**(1.0)**
At 31 December 2022 asset/(liability)	**(48.3)**	**(150.9)**	**50.6**	**165.7**	**17.1**

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).

	2023	2022
	£m	£m
Deferred tax asset	**54.2**	80.3
Deferred tax liability	**(76.1)**	(63.2)
	(21.9)	17.1

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

	2023	2022
	£m	£m
Losses - revenue	**738.6**	650.9
Losses - capital	**109.5**	109.5
Other temporary differences	**113.4**	29.4
	961.5	789.8

21. Deferred tax (continued)

Included in losses - revenue, are losses of £13.6m that will expire by 2024 (2022: £7.2m), £9.4m that will expire by 2025 (2022: £1m), £17.8m that will expire by 2026 (2022: £21.6m), £16.4m that will expire by 2027 (2022: £8.9m), £23.9m that will expire by 2028 (2022: £38.4m), £90.4m that will expire after 2029 (2022: £72.1m) and £567.1m (2022: £501.7) that does not have any expiry date.

The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £961.5m (2022: £789.8m) 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 £2,759.3m (2022: £2,620.1m) 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 2023 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.

The tax impact of certain transactions can be uncertain until a conclusion is reached with the relevant tax authority or through legal process. The Group uses in-house tax experts when assessing uncertain tax positions and seeks advice from external professional advisors when appropriate.

As at the 31 December 2023 the Group held current and deferred tax liabilities totalling £33.4m (2022: £36.2m) in respect of uncertain tax positions.

The most significant judgement in this area continues to relate to the Group's open tax audit by the Australian tax authorities regarding the financing of an acquisition. As at the 31 December 2023 the Group held a current tax liability of £22.3m (2022: £23.5m) in respect of this uncertain tax position. The timing to resolve this issue is uncertain, however the Group does not expect to materially increase its provision in the next 12 months.

22. Provisions

	Property provision	Restructuring provisions	Legal & Compliance	Other provisions	Total
	£m	£m	£m	£m	£m
At 1 January 2023	10.2	66.9	19.1	12.4	108.6
Reclassified to accruals	-	-	(5.3)	(1.9)	(7.2)
Additional provision in the year	3.9	11.6	2.6	24.5	42.6
Utilisation	(0.7)	(13.5)	(1.0)	(2.2)	(17.4)
Released	(0.9)	(6.7)	(9.1)	(0.6)	(17.3)
Exchange differences	(0.2)	(2.7)	-	(0.7)	(3.6)
At 31 December 2023	**12.3**	**55.6**	**6.3**	**31.5**	**105.7**

£57.7m (2022: £45.0m) of the above provisions are held as current liabilities.

The £12.3m property provision balance relates to dilapidation and other property related provisions. £3.2m is expected to be utilised within one year with the remaining balance of £9.1m being utilised within two years.

As at 31 December 2023 a provision of £55.6m is held in respect of restructuring (2022: £66.9m). Included in this balance is £48.3m in respect of onerous leases (2022: £52.1m).

An onerous lease provision balance of £145.0m was utilised in the prior period on commencement of an office building lease agreement in New York, USA, which was offset to the right-of-use asset on initial recognition (refer to note 14 for more details). The remaining onerous lease provision of £48.3m, relates to variable costs outside of the scope of IFRS 16 which are not expected to be recovered from sublessors. £19.5m of this balance is expected to be utilised within one year, £30.0m between one and five years and the remaining balance of £20.4m after five years excluding the effect of discounting.

The remaining restructuring provision of £7.3m relates to legacy restructuring programmes with costs continuing in 2023 and expected to be utilised within one year. 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.

The compliance, legal disputes & claims provision represents the Directors' best estimate of the likely cost associated with various claims, disputes and other contractual and compliance matters to which the Group and its subsidiaries are party or which are still being investigated as at the balance sheet date. These are all expected to be utilised within one year. There was a £9.1m release during the year, the majority of which related to central provisions balances.

In response to the challenging trading environment experienced in a number of markets in 2023, local cost saving actions were undertaken across all of the Group's operating regions. These actions included employee severances, the cost of which has been recorded in the financial statements when the conditions for providing for these exit costs were met at the balance sheet date. Accordingly, a provision of £22.1m has been included within other provisions. It is expected that this provision will be utilised within one year.

23. Contingent liabilities

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

In 2021, certain matters related to transactions entered into by one of the group's Indian subsidiaries were brought to the attention of the Group Board. These matters required detailed investigation with the assistance of external legal and professional advisors and have resulted in the group proactively reporting details of certain transactions recorded by a specific subsidiary to the appropriate regulatory authorities in India. Related to the matters reported, the group has received claims totalling £50.3m from parties seeking payment for goods and services which those parties allege have been provided to the subsidiary in question. Based on legal advice received to date, the Group has rejected these claims. The Group contests the substance of the underlying transactions and is of the view that no bona fide goods or services were provided. Consequently, the group has not recorded a liability in association with these claims and the underlying transactions have been reversed from the income statement. Transactions with similar characteristics, but not subject to claims, were also reversed. Whilst the group continues to review the matters with the support of its external legal and professional advisors, it is vigorously defending its position with respect to the claims and continues to support the authorities with their enquiries. Notwithstanding this, the outcome of the legal proceedings and any action by the regulators remains uncertain on account of the fact that the proceedings are ongoing and involve complex issues in dispute, the unpredictability of future claims, and the number of parties involved.

24. Share capital and share premium

Share capital account	**2023 Number of ordinary shares**	**2023 £m**	2022 Number of ordinary shares	2022 £m
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	**1,426,884,939**	**78.5**	1,426,884,938	78.5
Issue of shares by the Company	4	-	1	-
At 31 December	**1,426,884,943**	**78.5**	1,426,884,939	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.

Share premium account	**2023 £m**	2022 £m
At 1 January	**1,994.8**	1,991.6
Issue of shares by the Company	**2,173.0**	3.2
At 31 December	**4,167.8**	1,994.8

The Group's ultimate parent company subscribed for 4 shares in Dentsu International Limited at a cost of £2,173.0m in the current year through 4 share allotments. The proceeds were used to fund the repayment of the 2018 JPY 44bn Dentsu Group Inc., 2019 GBP 400m Mizuho, 2017 USD 400m SMBC, 2017 USD 500m BTMU, 2017 Mitsubishi USD 200m loans and the acquisition of Tag Worldwide Holdings Ltd.

25. Reserves

Retained earnings reserve contains the accumulated historical profit and loss.

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

Potential acquisition of non-controlling interests reserve represents the value of Non-Controlling Interests that the Group will acquire on settlement of put options struck as part of acquisition deals.

26. Acquisition of subsidiaries

Summary of acquisitions

2023

During the period, 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
Omega	Spain	Merkle	100%	100% (-)	February
Shift7	US	Merkle	89%	89% (11%)	March
Tag	UK	Other	100%	100% (-)	June
RCKT	Germany	Other	100%	100% (-)	August

Acquisitions after the reporting date have been disclosed under the Subsequent events Note (Note 32).

2022

During the prior 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
Pexlify	UK & Ireland	Merkle	100%	100% (-)	June
Extentia	India	Merkle	80%	80% (20%)	August
Dentsu Brazil	Brazil	Other	100%	100% (-)	December
DWS Brazil	Brazil	Other	100%	100% (-)	December
Aware Services	Australia	Merkle	100%	100% (-)	December

The acquisitions were entered into to strengthen the Group's operations and increase its market share around the world, especially in faster growing regions, whilst aligning to the Group's strategic objective of reaching 50% of net revenue being generated by Customer Transformation & Technology (CT&T) and facilitating end to end delivery with digital transformation.

The acquisitions are accounted for under the acquisition method.

26. Acquisition of subsidiaries (continued)

The Group also acquired additional stakes in existing subsidiaries as detailed below:

2023 **Company**	**Country of incorporation**	**% Acquired – percentage of voting right**	**% Acquired – percentage of interests attributable to the Group**	**Month of acquisition**
PT Dwi Sapta Pratama, PT Cipta Pratam Kreasi, PT Komunika Pratama Kreasi & PT Dentsu Pratama Kreasi	Indonesia	18%	80%	September
Mediastorm	US	17%	100%	October
Oxyma	Netherlands	21%	100%	November
VeryStar China	China	40%	100%	December
Dentsu Taiwan	Taiwan	49%	100%	December

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

2022 **Company**	**Country of incorporation**	**% Acquired – percentage of voting right**	**% Acquired – percentage of interests attributable to the Group**	**Month of acquisition**
UGAM Solutions	US	13%	100%	April
Magnetix (Isobar Nordics)	Denmark	5%	100%	April
PT Dwi Sapta Pratama, PT Cipta Pratam Kreasi, PT Komunika Pratama Kreasi & PT Dentsu Pratama Kreasi	Indonesia	11%	62%	May
C&A	Spain	30%	100%	July
Partners	Portugal	15%	100%	September
Veriplan	Chile	32%	100%	October
Fox P2	South Africa	10%	85%	October

If the acquisitions completed during 2023, as noted above (excluding additional stakes in existing subsidiaries), had been completed on the first day of the financial year, Group revenues for 2023 would have been £4,495.4m and the losses before interest and tax for the continuing Group would have been £(198.5)m. Post-acquisition revenue and losses before interest and tax on 2023 acquisitions were £157.5m and £(20.9)m 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. £266.2m (2022: £99.1m) 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.

26. Acquisition of subsidiaries (continued)

Initial consideration for acquisitions of subsidiaries, excluding transaction costs (acquisition related fees), totalled £562.0m (2022: £113.8m) and an additional £62.4m (2022: £23.9m) of estimated deferred consideration. Deferred consideration is estimated based on the future performance of the respective business, non-financial drivers are included in respect of the Aware Services acquisition, these include customer and staff retention key performance indicators. Acquisition related fees of £14.7m (2022: £2.9m) were expensed on these acquisitions. These acquisition related fees include (but are not limited to) due diligence, legal and other professional fees, and are recognised in operating expenses in the consolidated income statement.

Information on the acquisition of subsidiaries and further stakes in existing subsidiaries in the period since the reporting date is given in Note 32.

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.

2023	Tag[1]	Omega[2]	Shift7[2]	RCKT	Total
	£m	£m	£m	£m	£m
Assets					
Property, plant and equipment	5.2	0.4	-	-	**5.6**
Intangible assets	0.9	0.2	-	-	**1.1**
Cash and cash equivalents	16.8	2.2	0.4	2.9	**22.3**
Trade and other receivables[3]	131.2	6.9	3.4	1.3	**142.8**
Business combination intangibles[4]	131.4	36.1	17.6	4.7	**189.8**
Other assets	15.7	0.3	-	1.7	**17.7**
	301.2	**46.1**	**21.4**	**10.6**	**379.3**
Liabilities					
Trade and other payables	(145.3)	(5.5)	(3.5)	(2.6)	**(156.9)**
Borrowings	-	(0.4)	-	-	**(0.4)**
Deferred tax liability	(27.3)	(9.1)	-	(1.4)	**(37.8)**
Other liabilities	(21.1)	(4.0)	-	(1.7)	**(26.8)**
	(193.7)	**(19.0)**	**(3.5)**	**(5.7)**	**(221.9)**
Net identifiable assets acquired	**107.5**	**27.1**	**17.9**	**4.9**	**157.4**
Non-controlling interest	-	-	(1.4)	-	**(1.4)**
Goodwill arising on acquisition [5]	379.6	58.4	21.5	8.9	**468.4**
	487.1	**85.5**	**38.0**	**13.8**	**624.4**
Satisfied by					
Initial consideration	487.1	28.3	38.0	8.6	**562.0**
Deferred consideration [6]	-	57.2	-	5.2	**62.4**
	487.1	**85.5**	**38.0**	**13.8**	**624.4**

1. Tag was acquired to grow Creative Production and CT&T capabilities. The achievement of certain benefits and synergies arising from the acquisition has taken longer than originally envisaged. This resulted to an impairment charge of £12.3m recognised on certain purchased intangibles. The underlying reasons for the impairment charge relate to facts and circumstances that did not exist as of the acquisition date. Hence, this impairment does not represent a measurement period adjustment under IFRS, notwithstanding that the Group is still within the 12-month measurement period as of reporting date. The purchase price accounting was finalised in June 2024.

26. Acquisition of subsidiaries (continued)

2. *Omega and Shift 7 were acquired to bolster the Group's CT&T services, with Shift 7 focusing* on supporting our position as a leading experience partner in the CT&T space. Together with Tag, these acquisitions will further support the Group in achieving the strategic objective of reaching 50% of net revenue being generated by CT&T.
3. The trade receivables acquired at the acquisition date had a fair value of £107.5m. Loss allowances on these receivables totalled £1.9m, resulting in net trade receivables at acquisition of £105.6m.
4. 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, discounted at its internal rate of return.
5. Goodwill arising on acquisitions mainly represents the value of the acquired workforce, intangible assets that do not qualify for separate recognition under IAS 38 and expected synergies from combining operations of the acquiree and the acquirer.
6. Omega deferred consideration is based a PBT multiple achieved during the 2-year earnout period with a range of nil to £73.9m.

Measurement period adjustments recognised in the current year in respect of 2022 acquisitions include a decrease to business combination intangibles of £4.8m and an increase to goodwill of £3.4m (net of deferred tax impact).

Acquisitions subsequent to year-end

The Group has not undertaken any acquisitions subsequent to the year end, and prior to the preparation of the financial statements. Refer to Note 32 for further details over acquisition-related matters.

27. Other non-current liabilities

	2023	2022
	£m	£m
Deferred consideration	**14.5**	39.8
Pensions	**36.5**	33.0
Deferred lease incentives	**2.2**	7.0
Share-based payment liability (See note 28 and 31)	**2.2**	6.2
Other	**32.3**	29.3
	87.7	115.3

Pensions

The pensions balance above includes defined benefit schemes in Switzerland, France and Italy, the nature of which is discussed in the Accounting Policies note (Note 3). The largest schemes are in Switzerland where, although IAS 19 requires a pension liability to be calculated using the projected unit credit method, the company's liability to cover any shortfall is shared with employees and is generally covered by insurance. Contributions are only required while members are employed.

The gross aggregate defined benefit liability and plan assets are £89.9m liability (2022: £79.5m) and £53.4m plan assets (2022: £46.5m) respectively. There were no plan amendments, curtailments or settlements during the year.

Deferred consideration

Deferred consideration, which has been included within trade and other payables to the extent that it is due within one year (Note 19), may be paid to the vendors of certain subsidiary undertakings in the year to 2025. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance.

27. Other non-current liabilities (continued)

Deferred consideration

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 4.5% (2022: 5%). 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:

	2023	2022
	£m	£m
Within one year	**80.4**	209.0
Between one and two years	**11.7**	39.8
Between two and five years	**2.8**	-
	94.9	248.8

The minimum potential liability is £nil (2022: £nil) and the maximum potential liability is £159.1m (2022: £762.6m). There are no acquisitions as at 31 December 2023 (2022: nil) where the deferred consideration due is uncapped, the carrying value of these liabilities is £nil. The maximum potential liability is only payable if the post-acquisition profit performance of the acquisition meets stretching profit targets in the post-acquisition period.

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

	2023	2022
	£m	£m
Balance at 1 January	**(248.8)**	(315.5)
Deferred consideration created[1]	**(65.0)**	(23.9)
Reclassification to assets held-for-sale (note 30)	**7.7**	26.6
Deferred consideration settled	**204.9**	190.7
Remeasurements recognised in the income statement	**(4.7)**	(102.5)
Unwind of discounting	**(2.3)**	(1.6)
Exchange differences	**13.3**	(22.6)
Balance at 31 December	**(94.9)**	(248.8)

Note 1 - Includes deferred consideration on new acquisitions of £62.4m (note 26) and acquired deferred consideration of £2.6m.

During the current period deferred consideration of £65.0m (2022: £23.9m) was acquired and subsequently remeasured resulting in a gain on remeasurement of £ 29.1m (2022:£0.4m). This gain primarily relates to the Omega acquisition (£ 27.4m). IFRS requires that any remeasurement within 12 months of acquisition, which results from new information obtained about facts and circumstances that existed as of the acquisition date be recorded as an adjustment to the purchase consideration. If this is not the case the remeasurement must be presented as a current year remeasurement of a financial liability.

Management judgement has been applied in determining that the remeasurement relates to a change in the valuation of the liability due to post acquisition changes in market conditions. The primary drivers identified for the change in profitability which consequently resulted in the remeasurement above, were changes to the integration plan and resultant decline in synergy revenues. The impact had this been presented as an adjustment to consideration paid would be a reduction in Goodwill of £29.1m and a reduction in remeasurement gains on deferred consideration.

27. Other non-current liabilities (continued)

Put Options

Liabilities in respect of put options over non-controlling interests are disclosed as derivative liabilities. Put options are discounted at the weighted average interest rates of government bonds approximating to the terms of the related liabilities. The discount rate applied in the current year is 4.5% (2022: 5%). Their expected maturities are disclosed in Note 20 and a reconciliation of movements in the year are shown below.

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

	2023	2022
	£m	£m
Balance at 1 January	**(86.1)**	(148.2)
Put options issued	**(11.7)**	(14.8)
Settlements, lapses, and transfers	**38.7**	56.2
Remeasurements	**31.7**	12.3
Unwind of discounting	**(5.5)**	11.4
Exchange differences	**2.4**	(3.0)
Balance at 31 December	**(30.5)**	(86.1)

The minimum potential liability is £nil (2022: £nil) and the maximum potential liability is £144.5m (2022: £170.3m). The maximum potential liability is only payable if the post-acquisition performance of the acquisitions meets exceptional profit targets in the periods subsequent to acquisition.

Sensitivities on deferred consideration and put option liability

An increase of 1% in the rate used to discount the expected gross value of deferred consideration and put options payments would lead to a decrease in the recorded liability of £0.9m (2022: £2.4m). A decrease of 1% in the rate used to discount the expected gross value of deferred consideration and put options payments would lead to an increase in the recorded liability of £1.0m (2022: £2.5m).

Deferred consideration and put option liabilities are contingent on future financial performance and achievement of specific targets set out in the sale and purchase agreement, which may include variable multiples determined based on profit growth rates achieved in certain periods and applied to profits for specified future periods.

A 1% increase in the growth rates used in determining the put option and deferred consideration liabilities would lead to an increase in the recorded liability of £1.3m (2022: £0.6m). A 1% decrease in the growth rates used in determining the put option and deferred consideration liabilities would lead to a decrease in the recorded liability of £1.2m (2022: £0.7m).

A 10% increase in the growth rates used in determining the put option and deferred consideration liabilities would lead to an increase in the recorded liability of £23.8m. A 10% decrease in the growth rates used in determining the put option and deferred consideration liabilities would lead to a decrease in the recorded liability of £11.2m.

28. Share-based payment

Description of share-based payment arrangements

In 2020, 2,581,200 of Dentsu Group Inc. treasury shares were granted as share-based compensation for key members of Merkle's management team. The shares vest over a 3-year period until 31 December 2023 with a service condition.

In 2021, the Group introduced a Dentsu Share Plan which entitles key management personnel and senior employees to equity in Dentsu Group Inc. as compensation for the performance of their duties while in office. The Share Plan runs annually with awards vesting over a 3-year service period. Under the plan, executives are awarded a number of 'units' calculated in accordance with a calculation formula prescribed by the company, which represent the maximum number of Dentsu Group Inc. shares that may vest under the plan. The number of shares actually vesting at the end of the performance period is then dependent on the achievement of the following performance conditions.

Performance condition	Dentsu Share Plan 2021 Award	Dentsu Share Plan 2022 Award	Dentsu Share Plan 2023 Award
3 year Total shareholder return (TSR) vs Tokyo Stock Price Index (TOPIX)	30%	30%	20%
3 year TSR vs Peer group*	20%	20%	30%
Compound annual growth rate (CAGR) of consolidated underlying operating profit of the Dentsu Group over 3 years	50%	50%	50%

** Six companies comprising WPP plc, Omnicom Group Inc., Publicis Groupe S.A., Interpublic Group of Companies Inc., Accenture plc, and Hakuhodo DY Holdings Inc.*

In 2021, 1,336,351 units were granted under the Dentsu Share Plan which will vest in February 2024 subject to the performance and service conditions.

In 2022, 1,130,515 units were granted under the Dentsu Share Plan which will vest in February 2025 subject to the performance and service conditions.

In 2023, 1,091,163 units were granted under the Dentsu Share Plan which will vest in February 2026 subject to the performance and service conditions.

The Merkle and Dentsu Share Plan schemes are equity-settled share-based payment arrangements in accordance with IFRS 2 'Share-based Payment' as they will be settled in equity by the Group's ultimate parent company Dentsu Group Inc. In a limited number of markets, where local jurisdictions do not allow the awards to be settled by a physical share transfer, the awards are treated as a cash-settled share-based payment arrangement.

28. Share-based payment (continued)

Measurement of fair values

Equity Settled Awards

The weighted average fair value of the Merkle share options granted in 2020 was ¥2,072 per share. This was calculated as the observable market share price at the grant date.

The weighted average fair value of the Dentsu Share Plan awards granted in 2021 was ¥2,099 per unit.

The weighted average fair value of the Dentsu Share Plan awards granted in 2022 was ¥3,492 per unit.

The weighted average fair value of the Dentsu Share Plan awards granted in 2023 was ¥3,337 per unit.

This was calculated as the observable market value of Dentsu Group Inc's share price at the grant date which was adjusted for 3 years of average dividends and an assumed vesting percentage related to the TSR conditions using a Monte-Carlo simulation. The following assumptions were used.

At grant date	Dentsu Share Plan 2021 Award	Dentsu Share Plan 2022 Award	Dentsu Share Plan 2023 Award
Share price	3,535 ¥/unit	4,910 ¥/unit	4,525 ¥/unit
Vesting period	3.2 years	3.2 years	3.2 years
Expected dividend yield	2.016%	2.648%	3.470%
Volatility*	41.21%	42.00%	30.67%
Risk free rate	(0.136)%	(0.020)%	(0.059%)

** Volatility of the stock price was calculated using the historical weekly share price observations over a period of 3 years.*

The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Reconciliation of outstanding awards

Key Management Personnel:

'000	*Year of Award*	1 Jan 2023	Granted	Forfeited	Vested	31 Dec 2023	*Weighted average remaining life (years)*
Merkle scheme	*2020*	436	-	-	(436)	-	-
Dentsu Share Plan*	*2021*	455	-	-	-	**455**	0.2
Dentsu Share Plan*	*2022*	111	-	-	-	**111**	1.2
Dentsu Share Plan*	*2023*	-	169	(26)	-	**143**	2.2

**Number of units representing maximum number of shares that may vest, subject to performance conditions.*

28. Share-based payment (continued)

Reconciliation of outstanding awards (continued)

Senior Employees:

'000	*Year of Award*	1 Jan 2023	Granted	Forfeited	Vested	31 Dec 2023	*Weighted average remaining life (years)*
Merkle scheme	*2020*	703	-	-	(703)	-	-
Dentsu Share Plan*	*2021*	670	-	(219)	-	**451**	0.2
Dentsu Share Plan*	*2022*	766	-	(236)	-	**530**	1.2
Dentsu Share Plan*	*2023*	-	923	(201)	-	**722**	2.2

**Number of units representing maximum number of shares that may vest, subject to performance conditions.*

Expense recognised in income statement

The expense/(income) recognised in the income statement in relation to the Merkle scheme and Dentsu Share Plan in the year is £4.2m (2022: £4.3m) and £(9.0)m (2022: £9.7m) respectively.

The expense/(income) for the Dentsu share plan represents £(3.3)m (2022: £6.8m) related to equity-settled share awards and £(5.7)m (2022: £2.9m) related to cash-settled share awards.

Recharge agreements

There are recharge agreements in place between Dentsu International Limited and Dentsu Group Inc., the ultimate parent company, to reimburse the cost incurred by Dentsu Group Inc. in relation to the Merkle Scheme and the Dentsu Share Plan.

The expense recharged in the year relating to the Merkle Scheme is £4.2m (2022: £4.3m) and this is recorded as a liability at the year end.

The expense/(income) recharged in the year relating to the Dentsu Share Plan is £(10.3)m (2022: £7.6m) and this is recorded as a liability at the year end. This is equal to the cost incurred by Dentsu Group Inc. under Japanese Accounting Standards ('Japanese GAAP') related to equity settled share awards. A corresponding £5.6m credit (2022: £0.8m debit) is recorded in equity.

Dentsu International Limited
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

29. Notes to the cash flow statement

	Note	2023	2022
		£m	£m
Loss before tax		**(264.2)**	(216.0)
Adjustments for:			
Finance income	**8**	**(108.5)**	(19.5)
Finance expenses	**9**	**170.6**	220.1
Impairment of loan to Russian Minority Shareholder	**30**	**2.6**	40.8
Depreciation of property, plant and equipment	**6, 13**	**30.5**	44.2
Depreciation of leased assets	**6, 14**	**62.4**	76.4
Amortisation of intangible assets	**6, 12**	**106.8**	103.1
Impairment of intangibles and property, plant and equipment	**6, 12 13**	**56.1**	47.9
Impairment on goodwill	**6, 11**	**457.3**	128.1
Impairment of held-for-sale Russia business	**30**	**20.4**	123.1
Stock option movement		**7.0**	4.3
Loss on disposal of PPE & intangibles	**6**	**0.3**	-
Loss/(Gain) on disposal of subsidiaries, JVs and associates		**(0.1)**	5.6
(Decrease) / increase in restructuring provision*		**(11.3)**	58.1
Other non-cash		**12.2**	(10.0)
		542.1	606.2
(Decrease) / increase in provisions		**3.7**	(10.6)
Decrease in receivables		**85.1**	261.4
Increase in work in progress		**(18.7)**	(11.8)
Decrease in payables		**(519.7)**	(142.7)
		(449.6)	96.3
Cash inflow from operations		**92.5**	702.5

All results are from continuing operation and held-for-sale Russia business.

*Includes impact of ROU asset impairment and depreciation included in restructuring charge to offset against movement in onerous provision (Note 14).

Analysis of net debt	1 January 2023 £m	Cash inflow £m	Cash outflow £m	Interest paid* £m	Interest accrued £m	Other non cash movements* £m	Exchange movements £m	**31 December 2023 £m**
Cash and short-term deposits	1,684.4	-	(536.7)	-	-	-	(73.8)	**1,073.9**
Overdrafts	(244.5)	-	81.5	31.8	(22.7)	0.1	0.1	**(153.7)**
Cash and cash equivalents	1,439.9	-	(455.2)	31.8	(22.7)	0.1	(73.7)	**920.2**
Debt due within one year^	(516.3)	(246.8)	1,708.7	91.6	(91.4)	(1,270.0)	41.3	**(282.9)**
Debt due after more than one year^	(2,822.4)	-	0.1	-	-	1,311.4	135.2	**(1,375.7)**
Net debt before issue costs of debt	(1,898.8)	(246.8)	1,253.6	123.4	(114.1)	41.5	102.8	**(738.4)**
Issue costs of debt^	3.5	-	-	-	-	(2.8)	-	**0.7**
Total	(1,895.3)	(246.8)	1,253.6	123.4	(114.1)	38.7	102.8	**(737.7)**

* Interest and other financial charges paid of £137.5m includes derivative interest of £(3.3)m and other of £17.4m.
*Other non-cash movements mainly relate to the reclassification between short and long-term debt and other non-cash adjustments.
^Closing balance calculated as total borrowings £1,811.6m (2022: £3,579.7m) less bank overdraft £153.7m (2022: £244.5m).

29. Notes to the cash flow statement (continued)

Analysis of net debt	1 January 2022 £m	Cash inflow £m	Cash outflow £m	Interest paid* £m	Interest accrued £m	Other non-cash movements* £m	Exchange movements £m	**31 December 2022 £m**
Cash and short-term deposits	1,509.0	112.8	-	-	-	-	62.6	**1,684.4**
Overdrafts	(30.6)	(212.7)	-			-	(1.2)	**(244.5**
Cash and cash equivalents	1,478.4	(99.9)	-	-	-	-	61.4	**1,439.9**
Debt due within one year	(448.0)	(65.1)	280.8	50.3	(55.6)	(245.1)	(33.6)	**(516.3**
Debt due after more than one year	(2,874.4)	(143.6)	-	-	-	268.3	(72.7)	**(2,822.4**
Net debt before issue costs of debt	(1,844.0)	(308.6)	280.8	50.3	(55.6)	23.2	(44.9)	**(1,898.8**
Issue costs of debt	4.9	-	-	-	-	(1.4)	-	**3.5**
Total	(1,839.1)	(308.6)	280.8	50.3	(55.6)	21.8	(44.9)	**(1,895.3**

* Interest and other financial charges paid of £92.5m includes derivative interest of £31.2m and other of £11.2m.
*Other non-cash movements mainly relate to the reclassification between short and long-term debt and other non-cash adjustments.

30. Held-for-sale business

A revised agreement was signed on 18 April 2024 relating to the disposal of Dentsu's subsidiaries in Russia and Kazakhstan. These entities are held through a 75% owned subsidiary, Hullbitt Ltd, which is incorporated in Cyprus. There was no change in managements intent to dispose of the Russia and Kazakhstan entities as at 31 December 2023 and the sale has completed on the 11 July 2024. As such the criteria for classification as held for sale continued to be met as at 31 December 2023. The fair value of the held for sale disposal group has been recovered partially through payment of consideration (EUR 2.7m / GBP 2.3m) and partially through repayments of impaired shareholder loans provided to the buyer (EUR 25.4m / GBP 21.8m) to ensure compliance with sanctions and legal restrictions on cash transfers. Refer to Note 32 Subsequent events for further information regarding the completed sale of the business.

	2023 £m	**2022 £m**
Total assets held-for-sale	493.6	387.7
Impairment of non-current assets held-for-sale	(70.4)	(63.4)
Assets held-for-sale	**423.2**	**324.3**
Excess impairment beyond non-current assets held-for-sale	(73.1)	(59.7)
Exchange differences	42.4	3.7
Assets held-for-sale after excess impairment	**392.5**	**268.3**
Liabilities held-for-sale	(374.3)	(243.4)
Balance at 31 December	**18.2**	**24.9**

The total impairment of assets held for sale in 2023 amounted to £20.4m (2022: £123.1m).

30. Held-for-sale business (continued)

Assets and liabilities of disposal group held-for-sale

The disposal group was stated at fair value less cost to sell and comprised of the following assets and liabilities.

	2023 £m	2022 £m
Trade and other receivables	374.8	248.7
Cash and cash equivalents	7.8	13.2
Other	9.9	6.4
Assets held-for-sale after excess impairment	**392.5**	**268.3**
Trade and other payables	261.4	188.2
Borrowings	67.7	29.6
Deferred consideration	35.4	20.7
Other	9.8	4.9
Liabilities held-for-sale	**374.3**	**243.4**

The net carrying value after impairment of the held-for-sale disposal group amounts to £18.2m (2022: £24.9m) being the recoverable value of the disposal group of £3.0m (2022: £11.1m) adjusted for intercompany liabilities which have been eliminated on consolidation of £15.1m (2022: 13.8m). As part of the remeasurement of balances associated with the Russian business before reclassification as held-for-sale, loan receivables made to the Russian minority shareholders was impaired by a further £2.6m (2022: £40.8m) and a fair value gain on a related put-option liability was recorded £2.6m (2022: £30.5m). These were both recorded as financing transactions in the Consolidated Income Statement in accordance with accounting policies. At the date of reporting there is a cumulative loss included in Other Comprehensive Income relating to the disposal group's foreign currency translation reserve of £116.9m.

31. 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.

All trade transactions with related parties are carried out in the normal course of business and are detailed in the below table. Receivables, payables and borrowings are unsecured. Settlement, when made, will be in cash.

Transactions with associated undertakings

The balance due from Group companies to associated undertakings at the end of 2023 was £nil (2022: nil). The balance due from associated undertakings to Group companies at the end of 2023 was £nil (2022: £nil). Transactions with associated undertakings were carried out in the normal course of business.

31. Related party transactions (continued)

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

Counterparty	Gross Media Billings £m	Gross Media Buying £m	Other Income £m	Other Purchases £m	Receivables £m	Payables £m	Borrowings £m
Dentsu Group Inc.	8.8	(15.0)	21.8	(134.6)	20.1	(7.2)*	(1,003.0)
Dentsu Inc.	3.3	(4.2)	4.8	(0.4)	10.5	(2.7)	-
&c. Inc.	-	-	5.4 8.5	(0.3)	113.2	(57.7)	(71.2)
Beijing Dentsu Advertising Co Limited	-	-	0.5	-	63.7	(20.8)	(27.1)
Dentsu Mcgarrybowen (Taiwan) Inc.	3.0	(0.2)	0.8	(0.4)	0.5	-	-
Dentsu X (Taiwan) Inc	7.2	(1.2)	-	(0.3)	1.1	(0.2)	-
Dentsu Digital Inc.	-		-	(0.1)	-	-	-
Other Dentsu Group Entities	7.7	(1.2)	8.3	(1.5)	11.6	(14.0)	(9.5)
Total	**30.0**	**(21.8)**	**50.1**	**(137.6)**	**220.7**	**(102.6)**	**(1,110.8)**

* Payables includes an amount of £5.4m (2022: £15.1m) relating to a share-based payment liability which is payable to Dentsu Group Inc..

Dentsu Group Inc. subscribed to additional shares in the Company as discussed in Note 24.

Remuneration of key management personnel

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

	Aggregate		**Highest paid Director**	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Key management remuneration	**4.1**	20.8	**1.8**	11.5
Company contributions to money purchase pension schemes	**0.3**	0.3	**0.2**	0.2
Total remuneration	**4.4**	21.1	**2.0**	11.7

Key management remuneration includes amounts receivable under long term incentive schemes, compensation for loss of office payments and amounts paid by the Company to former directors where the employing entity has moved from the company to another entity within the Dentsu Group. See Note 7 for details.

32. Subsequent events

Russia

A revised agreement to dispose of dentsu's subsidiaries in Russia and Kazakhstan was signed on 18 April 2024 and subsequently ratified by the DGI board on 24 April 2024 with approval being provided by the Russian state on 22 April 2024. The sale completed on 11 July 2024.

The loss to be recognised in profit and loss on disposal of the Russia business is detailed below:

	£m
Consideration	2.3
Assets / liabilities disposed	(19.9)
NCI adjustment	15.8
FCTR reclassification to P/L	(122.6)
Loss on disposal	**(124.4)**
Other exposures related to Russia group	
Recovery of shareholder loans	16.7
Professional fees	(0.3)
Total expected impact to profit and loss including other exposures	**(108.0)**

Accumulated FCTR on non-controlling shareholder interest has been released directly to retained equity resulting in a gain of £5.4m.

In addition losses on remeasurement of the held for sale disposal group of £0.8m have been recognised in 2024 prior to disposal.

The put option held by minority shareholders over the equity of the Russian business expired in June 2024. A put option liability of £1.0m was derecognised directly through Retained Earnings and a reclassification of the Potential acquisition of non-controlling interests reserve to Retained Earnings of £53.6m was made, with a net reduction in retained equity of £52.6m. A resultant write-off residual shareholder loans secured by the option is included in the other exposures above.

Other disposals

The Group continually reviews its portfolio of investments to ensure that businesses which are no longer aligned with the Group's strategic objectives are identified and streamlined or divested where appropriate.

The Group disposed of its 100% shareholding in Filter Holdings LLC on 4 April 2024 for $2.9m resulting in a loss on disposal of $0.4m.

The Group disposed of its 100% shareholding in Isobar (Public Sector) on 31 July 2024 for $2.4m resulting in a loss on disposal of $3.4m.

The group disposed of the operations of Mutesix LLC through an asset sale on 30 September 2024 for $1.2m resulting in an estimated loss of $2.6m. this loss includes employee severance and transaction bonus of $0.9m.

32. Subsequent events (continued)

Dwi Sapta Share Swap

As of 31 December 2023, PT Dentsu International Indonesia "Dentsu Indonesia", a wholly owned subsidiary of the Group, held 80% effective shareholding in the Dwi Sapta Group, which includes PT Dwi Sapta Pratama, PT Cipta Pratam Kreasi, PT Komunika Pratama Kreasi and PT Dentsu Pratama Kreasi. Dentsu Indoneisa, together with its subsidiaries is referred to as Indonesia Group.

On February 2024, the Group completed a share swap agreement whereby the put option over the existing 20% non-controlling interest in the Dwi Sapta Group was cancelled in exchange for an issuance of a new put option to the same minority shareholders covering 10% non-controlling interest in the Indonesia Group.As a result of these transactions, the effective non-controlling interest in the Dwi Sapta Group held by Dentsu Indonesia has reduced from 20% to 10%.

Dividends

On 21 March 2024, an interim dividend of £37,812,450.99 was declared to Dentsu Group Inc., representing £2.65 per ordinary share, and was paid on 22 March 2024.

On 24 September 2024, an interim dividend of £39,241,251,67 was declared, representing £2.75 per ordinary share, and was paid on 27 September 2024.

Digital Republic

The Group completed the buy-out of the remaining 49% non-controlling interest in Digital Republic in January 2024.

Revolving Credit Facility

On the 31 May 2024, Dentsu International Limited cancelled the £500 million Multicurrency Revolving Credit Facility as part of a strategy to consolidate at Dentsu Group Inc. level.

33. Audit exemption for subsidiary companies

As permitted by section 479A of the Companies Act 2006, the below subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts. In order to meet this exemption, the Company will give guarantees under section 479C of the Companies Act 2006.

Company Name	Registered Number
AGL UK Investments Limited	12516656
Amplifi Global Limited	08411447
David Wood & Associates Limited	03160384
Dentsu International Finance	04353341
Dentsu International GPS Holdings Limited	06697731
Dentsu International Group Participations Limited	06673979
Dentsu International Holdings Limited	03118854
Dentsu International Regents Place Finance Limited	09853918
Dentsu International Triton Limited	08319668
Dentsu Pacific Limited	07093243
Fetch Media Limited	07775453
Foundry Film Studios Limited	10292077
G8 FLM	11887591
Goodsandservices.TV Limited	02302673
Isobar Commerce Global Limited	09484045
LiveArea Global Services UK Limited	07093756
Marketing Media Investments Limited	09675512
Merkle Marketing Limited	08528114
Merkle UK One Limited	04238272
Merkle UK Analytics Services Limited	06507313
MMA Technologies Limited	05091837
Paragon Digital Services Limited	09630576
Portman Square US Holdings Limited	05996404
Re: Production Limited	07467068
Smoke and Mirrors Productions Limited	03012951
Tag Europe Limited	02299109
Tag Pac Limited	06434923
Tag Response Limited	02656579
Tag Topco Limited	07535335
Tag Worldwide Group Limited	01031786
Tag Worldwide Holdings Limited	05696914
Tag Worldwide Tech Limited	13755206
The Gate Films Limited	03399186

Dentsu International Limited
Company balance sheet
At 31 December 2023

	Note	2023 £m	2022 £m
Fixed assets			
Tangible assets	6	**5.7**	**3.8**
Intangible assets	7	**17.8**	**21.7**
Right-of-use assets	14	**47.3**	**60.6**
Investments	8	**3,418.3**	**3,207.6**
		3,489.1	**3,293.7**
Current assets			
Debtors	9	**1,624.5**	**655.9**
Cash at bank		**-**	**0.2**
		1,624.5	**656.1**
Current liabilities			
Creditors	10	**(61.9)**	**(106.7)**
Provisions	11	**(0.5)**	**(1.2)**
Lease liabilities	14	**(10.2)**	**(10.3)**
		(72.6)	**(118.2)**
Net current assets		**1,551.9**	**537.9**
Total assets less current liabilities		**5,041.0**	**3,831.6**
Non-current liabilities			
Creditors: amounts falling due after one year		**(3.4)**	**(9.5)**
Provisions	11	**(5.1)**	**(4.6)**
Lease liabilities	14	**(52.4)**	**(64.5)**
		(60.9)	**(78.6)**
Net assets		**4,980.1**	**3,753.0**
Capital and reserves			
Called-up share capital	13	**78.5**	**78.5**
Share premium account	13	**4,167.8**	**1,994.8**
Merger reserve		**13.0**	**13.0**
Profit and loss account		**720.8**	**1,666.7**
Shareholder's funds		**4,980.1**	**3,753.0**

Accompanying notes form part of these financial statements.

Company registration number 1403668 England and Wales.

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company. Dentsu International Limited reported a loss for the financial year ended 31 December 2023 of £882.5m (2022: £51.5m loss). The loss for the year of £882.5m includes £8.5m dividends received (2022: £9.2m) from subsidiary or associate companies.

These financial statements were approved by the Board of Directors on 12 December 2024 and were signed on behalf of the Board of Directors by:

Manus Wheeler
Director

Dentsu International Limited
Company statement of changes in equity
At 31 December 2023

	Called-up share capital £m	Share premium £m	Merger reserve £m	Profit and loss account £m	**Total £m**
At 1 January 2022	78.5	1,991.6	13.0	1,732.1	**3,815.2**
(Loss)/Profit for the period	-	-	-	(51.5)	**(51.5)**
Net investment hedges and net investments in foreign operations	-	-	-	1.2	**1.2**
Tax on movements taken to equity from other comprehensive income	-	-	-	1.0	**1.0**
Total comprehensive profit for the year	-	-	-	(49.3)	**(49.3)**
Other movements	-	-	-	(1.8)	**(1.8)**
Issuance of Share capital	-	3.2	-	-	**3.2**
Dividends	-	-	-	(14.3)	**(14.3)**
At 31 December 2022	78.5	1,994.8	13.0	1,666.7	**3,753.0**
At 1 January 2023	78.5	1,994.8	13.0	1,666.7	**3,753.0**
(Loss)/Profit for the period	-	-	-	(882.5)	**(882.5)**
Net investment hedges and net investments in foreign operations	-	-	-	(1.3)	**(1.3)**
Tax on movements taken to equity from other comprehensive income	-	-	-	0.1	**0.1**
Total comprehensive profit for the year	-	-	-	(883.7)	**(883.7)**
Other movements	-	-	-	1.6	**1.6**
Issuance of Share capital	-	2,173.0	-	-	**2,173.0**
Dividends	-	-	-	(63.8)	**(63.8)**
At 31 December 2023	78.5	4,167.8	13.0	720.8	**4,980.1**

Accompanying notes form part of these financial statements.

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

The parent company financial statements of Dentsu International Limited (the "Company") for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 12 December 2024 and the balance sheet was signed on the Board's behalf by Manus Wheeler.

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

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Dentsu International Limited. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023. 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 UK-adopted international accounting standards, 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.

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 B67of 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.

2. Accounting policies (continued)

Basis of preparation (continued)

New standards and amendments

The following new standard and amendments have been implemented in the year ended 31 December 2023:

- Adoption of IFRS 17 Insurance contracts
- Amendments to IAS 1, IAS 8, IAS 12 and IFRS Practice Statement 2

These amendments did not have material impact on the Company.

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

Customisation and configuration costs related to software-as-a-service (SaaS) arrangements, that do not create an asset to the Group, are expensed.

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.

2. Accounting policies (continued)

Taxation

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

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

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

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

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

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

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

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

2. Accounting policies (continued)

Taxation (continued)

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

Global minimum top-up tax

The Company has applied the amendments to IAS 12 "Income Taxes," issued in May 2023, from the fiscal year ended December 31, 2023. The said amendments clarify that IAS 12 shall apply to income taxes arising from enacted or substantively enacted tax law to introduce the OECD's BEPS Pillar Two GloBE Rules (global minimum tax rules) and provide a temporary, mandatory exception from recognizing and disclosing deferred tax assets and liabilities related to income taxes resulting from the introduction of the global minimum rules. In addition, as it is provided that the said amendments shall be applied immediately and retrospectively upon issuance, the Company has applied the said exception retrospectively from the fiscal year ended December 31, 2023. Therefore, the Company does not recognize and disclose deferred tax assets and liabilities related to income taxes resulting from the introduction of the global minimum rules.

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.

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

The Company as a lessor

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

2. Accounting policies (continued)

Retirement benefits

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

Finance income

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

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

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 2023.

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

Restructuring provisions

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

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

3. Critical accounting estimates and judgements

The company 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:

Key estimates

Investments Impairment

An impairment loss is calculated as the difference between its carrying amount and the discounted value of the expected future cash flows. Key areas of judgement in calculating this include the mid-term EBITDA growth rates, discount rate and long-term growth rate applicable to each investment. See note 8 for further information.

For the other estimates described above management believe that any reasonably possible change in the underlying assumptions will not cause any significant change in the estimates in the next financial year.

4. Auditor's remuneration

The auditor's remuneration for audit services to the Company amounted to £0.1m (2022: £0.1m) and for non-audit services amounted to £nil (2022: £nil).

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

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2023

5. Taxation

	2023	2022
	£m	£m
Corporation tax receivable at 1 January	2.4	30.9
Cash received/(paid)	4.4	(7.8)
Intragroup transfer	-	(23.6)
Current year tax charge	(6.3)	(2.8)
Prior year tax (charge)/credit	(2.5)	5.7
Corporation tax (payable)/receivable at 31 December	**(2.0)**	2.4
Deferred tax asset at 1 January	11.7	1.2
Intragroup transfer	-	1.1
Current year deferred tax (charge)/credit	(1.1)	9.4
Deferred tax asset at 31 December	**10.6**	11.7
Tax (charge)/credit on profit or loss	(8.8)	2.9
Net movement in deferred tax	(1.1)	9.4
Current year tax (charge)/credit	**(9.9)**	12.3

The tax (charge)/credit for the year ended 31 December 2023 is (£9.9m) (2022: £12.3m) representing an effective tax rate on statutory profit of 1.1% (2022: statutory loss of 19.4%).

UK Corporation tax is calculated at 23.5% (2022: 19%) of estimated assessable profit for the year.

The net UK deferred tax asset has been calculated using the substantively enacted rate of 25% (2022: 25%), being the applicable rate when the temporary difference is expected to reverse.

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

	2023	2022
	£m	£m
Losses – revenue	16.2	28.5
Losses – capital	94.7	94.7
Total	**110.9**	123.2

These losses may be carried forward indefinitely.

Top-up tax under the global minimum tax rules

The Company and its subsidiaries operate businesses in several countries that have established new laws on the application of top-up tax under the global minimum tax rules, such as Japan and the U.K. (the U.K. rules were first implemented in Finance (No 2) Act 2023 and amended in subsequent Finance Acts). The Company expects top-up tax to be applied for the businesses of its subsidiaries in a few countries with statutory tax rates of 15% or less, or close to 15%. However, this has had no impact on the Company's taxation in the fiscal year ended December 31, 2023, as the new laws established in Japan, the U.K., and elsewhere only came into force on January 1, 2024. The Company applies a temporary, mandatory exception when accounting for deferred tax related to the impact of top-up tax, recognizing this impact in current tax as it occurs. Even if the top-up tax had been applicable in the fiscal year ended December 31, 2023, the impact on the company financial statements would have been insignificant. Please refer to "3. Accounting policies Taxation" for details.

6. Tangible assets

	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2023	12.4	6.4	18.8
Additions	1.7	2.1	3.8
Disposals	(12.3)	(0.2)	(12.5)
At 31 December 2023	**1.8**	**8.3**	**10.1**
Accumulated depreciation			
At 1 January 2023	12.4	2.6	15.0
Charge for the year	0.2	1.7	1.9
Disposals	(12.3)	(0.2)	(12.5)
At 31 December 2023	**0.3**	**4.1**	**4.4**
Carrying value			
At 31 December 2023	**1.5**	**4.2**	**5.7**
At 31 December 2022	-	3.8	3.8

7. Intangible assets

	Computer software	Patents & trademarks	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2023	51.7	1.7	53.4
Additions	1.9	-	1.9
Disposals	-	-	-
At 31 December 2023	**53.6**	**1.7**	**55.3**
Accumulated amortisation			
At 1 January 2023	30.2	1.5	31.7
Charge for the year	5.6	0.2	5.8
Disposals	-	-	-
At 31 December 2023	**35.8**	**1.7**	**37.5**
Carrying value			
At 31 December 2023	**17.8**	-	**17.8**
At 31 December 2022	21.5	0.2	21.7

8. Investments

	Shares in subsidiary undertakings
Cost	**£m**
At 1 January 2023	3,596.8
Additions	1,173.2
At 31 December 2023	**4,770.0**
Accumulated impairment losses	
At 1 January 2023	**389.2**
Impairment	962.5
At 31 December 2023	**1,351.7**
Carrying amount	
At 31 December 2023	**3,418.3**
At 31 December 2022	3,207.6

There were £1,173.2m additions in the year, relating to the investment in Dentsu GPS Holding Limited of £804.4m and Dentsu International Finance Limited of £368.8m. These relate to capital injections arising from the Company's receipt of additional funding from Dentsu Group Inc. (Note 13). The proceeds were ultimately used to fund the repayment of borrowings and the acquisition of Tag Worldwide Holdings Ltd..

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 16.

At each balance sheet date, the Company assesses whether there are any investments in subsidiaries with indicators of impairment. Factors in this assessment include external economic environment, local business performance and a comparison of carrying value against net assets. Where an indicator of impairment is identified, an equity value for the investment is calculated through a value-in-use model. 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 and discount rates.

The 2023 financial year saw the Group experiencing a decline in revenue growth resulting from internal and external headwinds, with inflationary pressure remaining in the financial year.

Investments with operations in EMEA reported underperformance as they continued to be adversely impacted by a complex business transformation and systems integration matter in the DACH cluster in the prior period. The financial impact of this was largely reflected in the 2022 financial result however this matter continued to divert significant management time in the current reporting period and the business has continued to underperform against expectations.

Investments with operations in APAC fell short of target as the Region was impacted by events in the year, including the persistent weakness in Chinese economy post-COVID, client spend declines and increased competitive pressures in Australia and client losses and delayed client spend in India.

8. Investments (continued)

Indicators of impairment were identified, and impairment review completed for the investments in entities affected by this decline. This resulted in the recognition of impairment charges held against the following investments.

	2023 £m	2022 £m
Dentsu International Triton Limited*	**630.0**	-
Dentsu International Finance	**149.2**	233.6
Dentsu Pacific Limited*	**166.5**	-
Others	**16.8**	-
Total	**962.5**	233.6

*Dentsu Internation Triton Limited and Dentsu Pacific Limited have been fully impaired in 2023.

The recoverable amount is calculated based on cash flow forecasts derived from the most recent financial forecasts for the next year and management forecasts for the subsequent four years taking into account the mid-term EBITDA growth rate. These calculations reflect management's experience and based on this experience, future risk adjusted expectations of the markets in which the investment entity operates.

Long-term average growth rates after the 5-year specific forecast have been calculated through reference to third-party forecast gross domestic product data.

The key assumptions management applied when determining the recoverable value include the following:

Dentsu International Triton Limited
A post-tax discount rate of 9.46% (Pre-tax discount rate of 12.21%), EBITDA mid-term growth rate of 2.3% to 5.2% and a long-term growth of 1.63%. Using these assumptions in the estimate of recoverable amount resulted in full impairment of the investment carrying value.

Dentsu International Finance
A post-tax discount rate of 9.63% (Pre-tax discount rate of 12.22%), EBITDA mid-term growth of 2.8% to 3% and a long-term growth rate of 1.71%.

Following the impairment loss identified in the Company's investment in Dentsu International Finance, any adverse movement in assumptions underpinning the recoverable amount of this investment, would result in further impairment. A 1% increase in discount rate will result to an additional impairment of £52.9m, while a 0.5% decrease in long-term growth rate will result to an additional impairment of £20.7m.

Dentsu Pacific Limited
A post-tax discount rate of 10.0% (Pre-tax discount rate of 19.44%), EBITDA mid-term growth rate of 2.9% to 4.1% and a long-term growth rate of 2.0%. Using these assumptions in the estimate of recoverable amount resulted in full impairment of the investment carrying value.

9. Debtors

	Note	2023 £m	2022 £m
Amount owed by Group undertakings		**1,585.2**	612.3
Other receivables		**0.3**	-
Prepayments and accrued income		**28.4**	28.0
Corporation tax	**5**	-	2.4
Derivative financial assets	**12**	-	1.5
Deferred tax asset	**5**	**10.6**	11.7
		1,624.5	655.9

Amounts of deferred tax assets of £10.6m (2022: £11.7m) and amounts owed by Group undertakings of £nil (2022: £nil) fall due after more than one year.

10. Creditors: amounts falling due within one year

	Note	2023 £m	2022 £m
Amount owed to Group undertakings		**22.2**	28.5
Trade payables		**13.8**	12.2
Derivative financial liabilities	**12**	-	0.8
Accruals		**20.6**	54.2
Other creditors		**3.3**	11.0
Corporation tax	**5**	**2.0**	-
		61.9	106.7

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

11. Provisions

	Restructuring £m	Other £m	Total £m
At 1 January 2023	1.2	4.6	5.8
Reclassified from accruals	-	-	-
Additional provision in the year	0.5	0.7	1.2
Utilisation for the year	(0.1)	-	(0.1)
Release in the year	-	(0.2)	(0.2)
Transfers	(1.1)		(1.1)
At 31 December 2023	**0.5**	**5.1**	**5.6**

£0.5m (2022: £1.2m) of the above provisions are held as current liabilities.

As at 31 December 2023 a provision of £0.5m is held in respect of restructuring (2022: £1.2m). 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.

12. Derivative financial instruments

	Note	2023 £m	2022 £m
Current			
Derivative financial assets	9	-	1.5
Derivative financial liabilities	10	-	(0.8)

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

13. Reserves

Called-up share capital	**2023 Number of ordinary shares**	**2023 £m**	2022 Number of ordinary shares	2022 £m
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	**1,426,884,939**	**78.5**	1,426,884,938	78.5
Issue of shares	**4**	**-**	1	-
At 31 December	**1,426,884,943**	**78.5**	1,426,884,939	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 Group Inc. subscribed for 4 shares in Dentsu International Limited at a cost of £2,173.0m in the current year through 4 share allotments. The proceeds were used to fund its wholly owned subsidiary Dentsu International Treasury Limited which funds the capital requirements of the Group (refer to note 8).

Share premium account	**2023 £m**	2022 £m
At 1 January	**1,994.8**	1,991.6
Issue of shares	**2,173.0**	3.2
At 31 December	**4,167.8**	1,994.8

14. Leases

The Company leases buildings and leasehold improvements. The leases typically run for a period of between 4-9 years with a weighted average of 7.2 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

2023	Buildings and Leasehold Improvements £m
Balance at 1 January	60.6
Modification	-
Impairment	(6.0)
Depreciation charge for the year	(7.3)
Balance as at 31 December	**47.3**

Impairment charge of £6m recognised in 2023 relating to a lease property identified for restructuring.

b. Amounts recognised in profit or loss

2023	**£m**
Interest on lease liabilities	2.2
2022	
Interest on lease liabilities	2.8

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 does not have any material unexercised extension options.

14. Leases (continued)

d. Lease liabilities

The following table sets out a maturity analysis of lease liabilities:

	2023 £m	2022 £m
Less than one year*	12.0	12.5
One to two years	12.0	12.5
Two to three years	10.0	12.5
Three to four years	10.0	10.5
Four to five years	10.0	10.5
More than five years	15.3	25.3
Subtotal	**69.3**	**83.8**
Effect of discounting	(6.7)	(9.0)
Total	**62.6**	**74.8**

*Current lease liabilities of £10.2m include the effect of discounting of £1.8m, amounting to gross cash flows of £12.0m.

15. Related parties

The Company's ultimate controlling party and ultimate parent is Dentsu Group Inc. (incorporated in Japan), which owns 100% of the Company's shares. The financial statements of Dentsu Group Inc. are publicly available.

Details of the Group's related parties can be found in Note 31 of the consolidated financial statements.

16. 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**
AGL Argentina S.A.	Argentina	5*	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Carat Argentina S.A.	Argentina	10*	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Dentsu Argentina S.A.	Argentina	95	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
iProspect Argentina S.A.	Argentina	50*	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
DentsuX Argentina S.A.	Argentina	5*	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Aegis Luxembourg S.A.R.L.	Luxembourg	100	Vertigo Naos Building, 6, rue Eugène Ruppert, L 2453 Luxembourg,
David Wood & Associates Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Finance	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International GPS Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Nominees Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Dentsu International Treasury Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Triton Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Pacific Limited	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
Merkle International Holdings LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States

* Indirect shareholdings result in 100% rights held by the Company

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2023

16. Related Undertakings (continued)

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
Icolic S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, Argentina
Iprospect Media S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, Argentina
Media 8 SRL	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
Accordant Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Aegis Finance Australia LLP	Australia	100	Level 2, 85 Coventry Street, South Melbourne, VIC, 3205, Australia
AMNET Australia Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Amplifi Australia Pty Ltd	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia.
Aware Services Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Carat (WA) Pty Ltd	Australia	100	Level 7, 508 510 Church St, Cremorne, VIC 3121, AUstralia.
Carat Aust. Pty Limited	Australia	100^	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
Carat Australia Media Services Pty Ltd	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Columbus Agency Pty Ltd	Australia	100	105 York Street, South Melborne, VIC 3205, Australia
Cox Inall Change Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Cox Inall Communications Pty Limited	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
D2D Data 2 Decisions Pty Ltd	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
David Wood & Associates Pty Limited	Australia	100	Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW, Australia
Dentsu (ANZ) Management Services Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu Access Pty Ltd	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
Dentsu Australia Holdings Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia

16. Related Undertakings (continued)

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 Corporate Services Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu Creative Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu International Australia Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu Media Australia Pty Ltd	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu Media Investments Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu X Australia Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
dentsu X Pty Ltd	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
Gyro Communications Pty Ltd	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Haystac Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
iProspect Pty Limited	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Klip Desk Holdings Pty Ltd	Australia	55	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Lednyak & Associates Pty Ltd	Australia	100	Level 1, 20 Windmill Street, Millers Point NSW 2000
Merkle ANZ Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Merkle Australia Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
MKTG Sport & Entertainment Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Pacbyte Mitchell Pty Ltd	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
POPCORN DISPLAYS AUSTRALIA PTY. LTD	Australia	100	Level 1, 20 Windmill Street, Millers Point NSW 2000
Scorch Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
SMG Studio Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Soap Creative Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Tag Worldwide (Australia) Pty Ltd	Australia	100	Level 1, 20 Windmill Street, Millers Point NSW 2000

16. Related Undertakings (continued)

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
Tag Worldwide Pty Limited	Australia	100	Level 1, 20 Windmill Street, Millers Point NSW 2000
Ugam Solutions Australia Pty Ltd	Australia	100	Level 13, 664 Collins Street, Docklands, VIC, 3008, Australia
Vizeum Australia Pty Limited	Australia	100	Level 7, 508-510 Church St, Cremorne, VIC 3121, Australia
Carat Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Dentsu Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Dentsu Product & Services 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
Merkle technologies Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Amnet Belgium SA	Belgium	100	Koninklijkelaan 60, 2600 Antwerpen, Belgium
Dentsu Aegis Network Belgium SA	Belgium	100	Koninklijkelaan 60, 2600 Antwerpen, Belgium
Dentsu Belgium BV	Belgium	100	Vorstlaan 24, 1170 Watermaal-Bosvoorde, Belgium
Posterscope Belgium SA	Belgium	100	Koninklijkelaan 60, 2600 Antwerpen, Belgium
Tag Belgium S.A.	Belgium	100	Rue aux Laines 70, Bruxelles, 1000, Belgium
Agenciaclick - Midia Interativa Ltda.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11° andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426 100, Brazil, Americas
Dentsu Brasil Holdings Ltda.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11° andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
Dentsu Latin America Propaganda Ltda.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11° andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
Dentsu Midia Programática Ltda.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11° andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
DWS Brasil Ltda.	Brazil	100	Avenida Borges de Medeiros, 2233, conjunto 701,conjunto 701, parte, Praia de Belas, 90110-910, Porto Alegre, Rio Grande do Sul, Porto Alegre, Rio Grande do Sul

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2023

16. Related Undertakings (continued)

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 Search & Marketing Ltda.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11º andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
Jumptank Servicos de Marketing e Midia Ltda	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11º andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
NVG Participacoes LTDA.	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11º andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
PPR Profissionais de Publicidade Reunidos LTDA (NBS)	Brazil	100^	949, Avenida Brigadeiro Faria Lima, 11º andar conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
Tag Sao Paulo Servicos de Consultoria Ltda.	Brazil	100	Rua Wisard, no. 305, Sala 52, Edificio 'W305', Bairro Vila Madalena, Sao Paulo, HB, CEP 05434-080, Brazil
Take 2 Studio Produtora Cinematografica Ltda	Brazil	100	949, Avenida Brigadeiro Faria Lima, 11º andar - conjunto 1101, Condomínio Faria Lima Plaza - Bairro Pinheiros, São Paulo / SP, Brazil, CEP: 05426-100, Brazil, Americas
WWWins.com Holding	British Virgin Islands	100	P.O.Box 957, Offshore Incorporations Centre,Road Town, Tortola, British Virgin Islands
Amnet Bulgaria EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Balkans EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
Dentsu Sofia OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
LiveArea Global Services Bulgaria EOOD	Bulgaria	100	79, Nikola Gabrovski Blvd, Twins Center, Sofia, 1700, Bulgaria
Merkle EOOD	Bulgaria	100	69, Bulgaria Blvd, 19th Floor, Infinity Tower A, Sofia 1404, Sofia 1404, Bulgaria
Dentsu Aegis Network Cameroon SARL	Cameroon	100	B125 Rue de la Perouse, Bizcamp-Bonanjo, Douala, 1545, Cameroon
Amplifi Media Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada

16. Related Undertakings (continued)

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
Carat Canada Inc.	Canada	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
Cardinal Path Inc.	Canada	100	1075, Suite 1580, West Georgia Street, Vancouver, B.C. V6E 3C9, Canada
dentsu Canada Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Creative Advertising Ltd.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Creative Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu Creative Marketing Ltd.	Canada	100^	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Dentsu X Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
ICUC/iProspect Moderation services, Inc.	Canada	100	127, rue Saint-Pierre,Montréal, Canada, H2Y 2L6
iProspect Canada Inc.	Canada	100	127, rue Saint-Pierre,Montréal, Canada, H2Y 2L6
Merkle Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
MKTG Canada Corp.	Canada	100^	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Synovate Aztec Limited	Canada	51	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Tag Worldwide (Canada) Holdings Inc	Canada	100	44 Chipman Hill, Suite 1000, Saint John, NB, E2L 2A9, Canada
Tag Worldwide (Canada) Inc.	Canada	100	600-1741 Lower Water Street Halifax, Nova Scotia, B3J 0J2, Canada
Tag Equityco Limited	Cayman Islands	100	4th Floor, Monaco Towers, 11 Dr Roy's Drive, PO Box 10338, Grand Cayman, KY1-1003, Cayman Islands
AGL Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Amnet Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Carat Chile S.A.	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu Creative Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu x Chile S.A.	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu X Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile

16. Related Undertakings (continued)

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 Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Aegis Media Technology Co., Ltd.	China	100	1F, Building No.1, 251 YaoHua Road, China (Shanghai) Pilot Free Trade Zone, China
B2B International Consulting (Beijing) Co., Ltd.	China	100	Room 1101 A301, Building 3, No. 8 Guanghuadongli Road, China, Chaoyang District, Beijing, China
Beijing Posterscope Advertising Company Ltd.	China	100	Unit C02, 501/F, Block 3, Building 9 Dongdaqiao Road, Chaoyang District, Beijing
Beijing Vizeum Advertising Co., Limited	China	100	Unit C09, Room 501, 5th Floor, Block 3, Building No.9, Dongdaqiao Road, Chaoyang District, Beijing
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	Room 1509, Block A, 93 Jianguo Road, Chaoyang District, Beijing, China
Bluecom (Shanghai) Solutions Co., Ltd.	China	100	4F, 658 Zhao Hua Road, Changning District, Shanghai, China
Dentsu (Shanghai) Investment Co., Ltd.	China	100	650, Ding Xi Road Unit 6236, Shanghai, China
Dentsu Mcgarrybowen (Shanghai) Advertising Co., Ltd.	China	100	Unit D 018, Room 501, 5th floor, Building 5, No. 700, Liyuan Road, Huangpu District, Shanghai
Dentsu Rihai Advertising Co., Ltd.	China	100	Unite D11, 501/F, Block 4, Building 9 Dongqiao Road, Chaoyang District, Beijing
Dentsu Top Co., Ltd.	China	100	Room 98, Floor 9, 583 Lingling Road, Xuhui District, Shanghai, China
DWA (Beijing) Marketing Consultants Ltd.	China	100	Unit C12, Room 501, 5th Floor, Block 3, Building 9 Dongdaqiao Road, Chaoyang District, Beijing
Guangdong Carat Media Services (China) Limited	China	100	Part B(Location: C62), 10th floor, No.33 Zhongshan Third Road, Yuexiu District, Guangzhou
iProspect (Shanghai) Advertising Co., Ltd.	China	100	Room 1329, Building 2, No 1630 Yecheng Road, Jiading Industrial District, Shanghai 201821, China
John Brown (Shanghai) Company Limited	China	100	1208, Suite G, Floor 3, South Xizang Road, Shanghai, China
Merkle Business Information Consultancy (Nanjing) Company Limited	China	100	Room 1301, 13/F, Beidou Building, 6 Huida Road, Jiangbei New Area, Nanjing
Merkle Business Information Consultancy (Shanghai) Company Limited	China	100	Floor 2, Building 13, No. 27 New Jinqiao Road, China (Shanghai) Pilot Free Trade Zone

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2023

16. Related Undertakings (continued)

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
Same Same but different Marketing Planning (Shanghai) Limited	China	100	Room 409, Building Jia-2, No. 57 West Fuxing Road, Xuhui District, Shanghai.
Shanghai An Ke Ji Tong Advertising Co., Ltd.	China	100	Room 1177 Building 10, No. 500 Shengxin South Road, Jiading District, Shanghai, China
Shanghai Clarity Advertising Co., Ltd.	China	100	Room 6238, 6th floor, 650 Dingxi Road, Changning District, Shanghai,China
Shanghai Dewen Advertising Co., Ltd.	China	100	Room D303, Building 2, No.700, South Huangpi Road, Huangpu District, Shanghai, China
Shanghai EBP Internet Technology Co., Ltd.	China	100	Room 8238, Floor 2, No. 8 Building, No.160 Haerbin Road, Hongkou District, Shanghai, China
Shanghai OMP Advertising Communication Co, Ltd.	China	100	Room 105, No.671 Yuema Village,Gangyan Township, Chongming County, Shanghai, China
Shanghai VeryStar Internet Science and Technology Co., Ltd.	China	100	Room 202, No.5537, Waiqingsong Road, Qingpu District, Shanghai, China
Shanghai WWWINS Marketing Consultancy Co., Ltd.	China	100	Room 901-16, Unit 01, 9th Floor, 1788 West Nanjing Road, Jing'an District, Shanghai, China(Actual 7th Floor)
Tag Worldwide (Shanghai) Co Limited	China	100	Room, 807, 808, 809, No. 65B, Zhaohua Road, Changning District, 200050 Shanghai, China
Trio Digital Integrated (Shanghai) Co., Ltd.	China	100	Room 152, District A, Building No.2, 420 FengLin Road, Shanghai, 200030, China
Trust New Voice PR Consultancy Shanghai Company Limited	China	100	Unit 6204-T, Building 6,990 Chang Ping Road, Jing An District, Shanghai, China
Zhihuitong Advertising (Tianjin) Co., Ltd	China	100	No. 1 Aviation Industry Support Center Room 645N27, Tianjin Airport Economic Zone Bao-Hang Road, China
AmplifiGL 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
Dentsu Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
iProspect Colombia S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Posicion Digital S.A.S.	Colombia	100	Calle 26 Sur # 48 -41 Floor 8, Medellín, Colombia

16. Related Undertakings (continued)

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 Croatia d.o.o.	Croatia	100	Trg žrtava fašizma 1, Zagreb, 10000, Croatia
Hullbitt Ltd	Cyprus	75	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Zenmico Trading Ltd	Cyprus	75	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Dentsu Czech Republic s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Dentsu Media Services CE s.r.o.	Czech Republic	100	Husova 240/5, Staré Město, 110 00 Praha 1, Praha, Czech Republic
Merkle technologies s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Dentsu Danmark A/S	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Merkle Denmark A/S	Denmark	100	Meldahlsgade 5, 1613 Copenhagen V, Denmark
Dentsu International for Media and Advertising LLC	Egypt	100	Abbass al Aqaad street, Block 60 - 8th floor apartment 17, Nasr City, Cairo, Egypt
Digital Republic linked by Isobar S.A.E.	Egypt	51	2, El Malek El Afdal street, Zamalek, Cairo, 11211, Egypt
Dentsu Estonia AS	Estonia	100	Narva mnt 7d, Tallinn, 10117, Estonia
Dentsu Finland Oy	Finland	100	Siltasaarenkatu 8-10, Helsinki, 00530, Finland
Isobar Finland Oy	Finland	100	Siltasaarenkatu 8-10, Helsinki, 00530, Finland
Aegis Finance	France	100	67, avenue de Wagram, Paris, d75017, France
Amnet France	France	100	67, avenue de Wagram, Paris, 75017, France
Carat France	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu Créative France	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu Expertises	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu France	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu X France	France	100	67, avenue de Wagram, Paris, 75017, France
Granit Productions	France	100	67, avenue de Wagram, Paris, 75017, France
IProspect Conseil France	France	100	67, avenue de Wagram, Paris, 75017, France
IProspect France	France	100	67, avenue de Wagram, Paris, 75017, France
Tag Worldwide France SAS	France	100	33 rue Lafayette, 75009 Paris, France
B2B International GmbH	Germany	100	3, Kesselstraße, Düsseldorf, NW, 40221, Germany
Carat Deutschland GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany

16. Related Undertakings (continued)

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 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 Creative GmbH	Germany	100	3, Kesselstraße, Düsseldorf, NW, 40221, Germany
Dentsu Germany GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Product & Services GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
dentsu X GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
explido GmbH	Germany	100	Karl-Drais-Straße 5, Augsburg, 86159, Germany
iProspect GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Merkle Germany GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, 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
RCKT GmbH	Germany	100	Lützowstraße 106, Berlin, 10785
Tag Worldwide GmbH	Germany	100	Menuhinstraße 6, Bonn, 53113, Germany
Wertheimer Germany GmbH	Germany	100	c/o Williams Lea Tag GmbH, Menuhinstraße 6, Bonn, 53113, Germany
Dentsu Ghana Limited	Ghana	60	33, Justice DF Annan Street, Tesano, Accra, Accra 00233, Ghana
Posterscope Ghana Limited	Ghana	60	33, Justice DF Annan Street, Tesano, Accra, Accra 00233, Ghana
Premier Media Company GH Limited	Ghana	60	No.4, Vraac Crabbe Street, Tesano, Village Accra, Ghana
Carat Communications Services Single Member SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Carat International Hellas Communication Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Dentsu Greece Single Member Advertising Services SA	Greece	100	Chimaras 5 - Marousi Attkis 151 25, Greece
Band Limited	Hong Kong	100	Flat/Rm 901, Yip Fung Building, 2-12 D'Aguilat St, Central, Hong Kong, Hong Kong
Bluecom Solutions Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
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

16. Related Undertakings (continued)

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 Consulting Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Dentsu Holdings Hong Kong Limited	Hong Kong	100	27/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
Dentsu Trading Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Dentsu X Limited	Hong Kong	100	25th & 27th Floors, 625 King's Road, Quarry Bay, 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	100	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
M&J Interactive Limited	Hong Kong	100	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong
McGarry Bowen Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Moni Media Limited	Hong Kong	100	Suites 604 & 605, 6/F and 7/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong
Posterscope (Hong Kong) Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Posterscope Advertising Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Same Same Agency Limited	Hong Kong	100	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong
Same Same but different Limited	Hong Kong	100	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong
Tag Worldwide Asia Limited 泰意亞洲有限公司	Hong Kong	100	Suites 604 & 605, 6/F and 7/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong
Vision Advertising Holding Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Carat Hungary 21. Média Kft.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Dentsu Creative Hungary Zrt.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Dentsu Hungary Kft.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Accord Public Relations Private Limited	India	100	FF01, First Floor, Eros Cinema Building Jangpura Extension New Delhi - 110014, India
Amnet Trading India Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Advertising And Media Services India Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India

16. Related Undertakings (continued)

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 India Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Amplifi India Private Limited	India	100	ALYSSA, Ground & Mezzanine Floor, No. 23, Richmond Road, Richmond Town, Bangalore, Bangalore, Karnataka, India, 560025
Dentsu Communications India Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Marketing Solutions Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Network Advertising Private Limited	India	100	8th Floor, Devchano House, C Block, Shivsagar Estate,Dr. Annie Besant Road, Worli, Mumbai - 400018, India
Dentsu One Pvt. Ltd.	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Dentsu Webchutney Private Limited	India	100	F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
DWA Media Private Limited	India	100	No.23,3rd Floor,Alyssa Building,Richmond Road,Bangalore,560025 India
Extentia Information Technology Private Limited	India	80	Lane 12 A, Extentia Tower, Kalyani Nagar, Near Joggiers Park, Yerwada, Pune, Pune City, Maharashtra, India, 411006
Fountainhead Entertainment Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, India
Fractal Ink Design Studio Private Limited	India	100	1st Floor, Devchand House, Shiv Sagar Estate, Dr. Annie Besant Road, Opp Nehru Center Worli Mumbai City Maharshtra 400018 India
Happy Marketer Digital Private Limited	India	100	No. 8, 2nd Main, 9th Cross Indiranagar First Stage Bangalore Bangalore KA 560038 IN, India
Isobar Commerce India Private Limited	India	100	Unit 2-1st Floor,Tower B,EON Free Zone,Phase II, S.No.72/2/1, Kharadi, Pune, Pune, Maharashtra, India, 411014

16. Related Undertakings (continued)

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 Inspire Private Limited	India	100	BCIT,Bhartiya City, Milestone Buildcon Pvt Ltd,SEZ 8th Floor, Block1,Thanisandra MN RD, Cho, kkanahalli, Bangalore, Bangalore, Karnataka, India, 560064
Milestone Brandcom Private Limited	India	100	Devchand House, C Block, 2nd Floor Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai, Mumbai City, MH 400018 IN, 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	100	FF01, First Floor, Eros Cinema Building Jangpura Extension New Delhi DL 110014, India
Sokrati Technologies Pvt. Ltd.	India	100	S.N.35/2/1/3&4,Deep Complex,Above Renault Showroom 3rd Floor, Pune-Bangalore Highway, Baner, Pune MH 411045
SVG Media Private Limited	India	100	S 27, 2ND FLOOR, STAR CITY MALL MARKET DISTRICT MAYUR VIHAR, PHASE-1 DELHI East Delhi DL 110091, India
Tag India Private Limited	India	100	Room 203, Second Floor, 2-A/3, Kundan Mansion, Asaf Ali Road, New Delhi, New Delhi, Delhi, India, 110002
Ugam Solutions Private Limited	India	100	A Wing, 4th Floor, Ashar IT Park, Road No. 16Z, Wagle Estate, Wagle I.E., Thane, Thane, Maharashtra, India, 400604
Ugam Solutions SEZ Private Limited	India	100	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 Floor, Devchand House, C Block, Shiv Sagar Estate, Dr Annie Besant Road, Worli, Worli, Mumbai, Mumbai, Maharashtra, India, 400018
PT iProspect Merkle Indonesia	Indonesia	51	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Cipta Pratama Kreasi	Indonesia	80	Menara Sentraya Level 37, Jl. Iskandarsyah Raya No. 1A, Jakarta, Indonesia, 12160, Indonesia
PT. Dentsu Indonesia	Indonesia	85	Menara Sentraya Level 33, Jl. Iskandarsyah Raya no. 1A,

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2023

16. Related Undertakings (continued)

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
			Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Dentsu Inter Admark Media Group Indonesia	Indonesia	85	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Dentsu International Indonesia	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Dentsu Pratama Kreasi	Indonesia	80	Menara Sentraya Level 37, Jl. Iskandarsyah Raya No. 1A, Jakarta, Indonesia, 12160, Indonesia
PT. Dentsu Strat	Indonesia	85	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Dwi Sapta Pratama	Indonesia	80	Menara Sentraya, ,37th Floor Jl., Iskandarsyah Raya No. 1A, 12160
PT. Komunika Pratama Kreasi	Indonesia	80	23, Komplek Gading Bukit Indah Blok I, Jl.Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia
Dentsu Ireland Limited	Ireland	100	TWO HADDINGTON BUILDINGS, 20-38 HADDINGTON ROAD, DUBLIN 4 D04 HE94 IRELAND
Dentsu Ireland Holdings Limited	Ireland	100	TWO HADDINGTON BUILDINGS, 20-38 HADDINGTON ROAD, DUBLIN 4 D04 HE94 IRELAND
MERKLE IRELAND (PEXLIFY) LIMITED	Ireland	100	FIVE LAMPS PLACE, 77-80 AMIENS STREET, DUBLIN 1, DUBLIN, D01A7V2, IRELAND
Poster Management Ireland Ltd	Ireland	100	UNIT 4 HARMONY COURT, HARMONY ROW, DUBLIN 2, DUBLIN, IRELAND
Posterscope Ireland Limited	Ireland	100	TWO HADDINGTON BUILDINGS, 20-38 HADDINGTON ROAD, DUBLIN 4 D04 HE94 IRELAND, DUBLIN 4, DUBLIN, D04HE94
Abagada Internet Ltd	Israel	100	1, Habarzel St., Tel Aviv, 6971001, Israel
Dentsu Aegis Network Israel Ltd	Israel	100	1, Habarzel St., Tel Aviv, 6971001, Israel
Amnet Italia S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Carat Italia S.p.A.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu Creative S.r.l. SB	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu Digital S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu Italia S.p.A. SB	Italy	100	via Benigno Crespi nr. 23, Milano, 20159

16. Related Undertakings (continued)

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 Tech&Services S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Dentsu X S.r.l.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Iprospect Italia S.p.A.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
Merkle Italia S.R.L.	Italy	100	Milano (MI) Via Benigno, Crespi 23 Cap, Italy, 20159
Tag Worldwide (Italy) S.R.L.	Italy	100	Largo Toniolo, 6, Roma, 00186, Italy
Dentsu CÔTE D'IVOIRE	Ivory Coast	60	Cocody 2 Plateau, Duncan Quartier, Cideci Viall 261
Tag Japan Limited	Japan	100	4-3-1 Toranomon, Minato-ku, Tokyo, Japan
Dotoku LLP	Kazakhstan	75	Republic of Kazakhstan, city Almaty, Bostandyk district, Timiryazev Street 42/15, Liter O 12, (Block 15), 2nd floor. Office 202, Kazakhstan, post index 050
Okori Central Asia LLP	Kazakhstan	75	Republic of Kazakhstan, city Almaty, Bostandyk district, Timiryazev Street 42/15, Liter O 12, (Block 15), 2nd floor. Office 202, Kazakhstan, post index 050
Okori Kazakhstan LLP	Kazakhstan	75	Republic of Kazakhstan, city Almaty, Bostandyk district, Timiryazev Street 42/15, Liter O 12, (Block 15), 2nd floor. Office 202, Kazakhstan, post index 050
Vista Media LLP	Kazakhstan	75	Republic of Kazakhstan, city Almaty, Bostandyk district, Timiryazev Street 42/15, Liter O 12, (Block 15), 2nd floor. Office 202, Kazakhstan, post index 050
Amnet East Africa Ltd	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Amplif Agile Kenya Limited	Kenya	60	6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya
Amplifi Salesnet (Pty) Ltd	Kenya	60	PO Box 36989-00200, The Mirage Towers, Tower 2, Chiromo Road,Westlands, Nairobi, Kenya
Carat East Africa Ltd	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Dentsu Kenya Limited	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO

16. Related Undertakings (continued)

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
			Box 36989-00200, Nairobi, Kenya
iProspect East Africa Ltd	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Isobar Kenya Limited	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Vizeum Kenya Ltd	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat Korea Co., Ltd	Korea (the Republic of)	100	10F 6, Teheran-ro 79gil, Gangnam-gu, Seoul, Korea
Dentsu Holdings Korea Co., Ltd	Korea (the Republic of)	100	12F JS Tower, 6, Teheran-ro 79gil, Gangnam-gu, Seoul 06158, Korea (the Republic of)
IPROSPECT Korea Co., Ltd	Korea (the Republic of)	100	10th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea (the Republic of)
Isobar Korea Ltd	Korea (the Republic of)	100	11th Floor, JS Tower,144-19 Samseong-dong, Gangnam-gu, Seoul, Korea (the Republic of)
Dentsu Latvia SIA	Latvia	100	214b, Brivibas, Riga, Latvia, LV 1039, Latvia
People & Screens SIA	Latvia	75	Rupniecibas iela 16 k-2, Centra rajons, Riga, LV-1010, Latvia
Dentsu Aegis Network Lebanon S.A.R.L.	Lebanon	100	office B& C, 6th floor, Central business centre, St Antoine de Padoue street, Sin el fil, Beirut, Lebanon
Dentsu Aegis Network-Lebanon (Off-shore) S.A.L.	Lebanon	100	office B& C, 6th floor, Central business centre, St Antoine de Padoue street, Sin el fil, Beirut, Lebanon
Dentsu Lithuania UAB	Lithuania	100	A. Gostauto g. 40B, Vilnius, Lithuania
Brandscope Malaysia Sdn. Bhd.	Malaysia	100	18, Jalan Pinggir 1/64, Jalan Kolam Air, off Jalan Sultan Azlan Shah, 51200, 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 Sdn. Bhd.	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia
Consider iProspect Sdn. Bhd.	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia

16. Related Undertakings (continued)

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 (Malaysia) Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu Empower Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu Holdings Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu One Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Dentsu X (Malaysia) Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
IF Interactive Sdn. Bhd.	Malaysia	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
IPROSPECT Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Jumptank Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Merdeka LHS Sdn. Bhd.	Malaysia	100	42B, Jalan SS 6/8, Kelana Jaya, 47301 Ptaling Jaya, Selangor, Malaysia
Meridian Outdoor (M) Sdn. Bhd.	Malaysia	100	18, Jalan Pinggir 1/64, Jalan Kolam Air, off Jalan Sultan Azlan Shah, 51200, 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

16. Related Undertakings (continued)

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
			Lumpur, Wilayah Persekutuan, 59200, Malaysia
Tag Worldwide (Malaysia) SDN. BHD.	Malaysisa	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Julan Kerinchi, Kuala Lumpur, 59000, Malaysia
Unity Communications Malaysia Sdn. Bhd.	Malaysia	100	No.18 Jalan Pinggir 1/64, Jalan Kolam Air Off Jalan Sultan Azlan Shah (Jalan Ipoh), 51200 Kuala Lumpur
Vizeum Media Services (M) Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
AM Network Group Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Arrechedera y Claverol, S.A. de C.V.	Mexico	100	No 1930, Avenue Paseo de las Palmas, Lomas de Chapultepec, Miguel Hidalgo, Mexico City, Mexico
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	1458, Av. Insurgentes Sur, Piso 17, Actipan, Benito Juárez, Mexico City, Mexico, 03230, Mexico, Americas
Control Media Region Norte, S.A. de C.V.	Mexico	100	1458, Av. Insurgentes Sur, Piso 17, Actipan, Benito Juárez, Mexico City, Mexico, 03230, Mexico, Americas
Dentsu Creative Mexico, S.A. de C.V.	Mexico	100	1458, Av. Insurgentes Sur, Piso 17, Actipan, Benito Juárez, Mexico City, Mexico, 03230, Mexico, Americas
Dentsux Mexicana, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Flock Advertising Mexico, S.A.P.I. de C.V.	Mexico	100	13, Vicentre Suarex, Condesa, Cuauhtemoc, Mexico City, Mexico
Mercadotecnia en Buscadores, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
NVG Network, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
TAGWW Mexico, S de RL de CV	Mexico	100	Av. Insurgentes Sur 1605, Piso 12, Col. San José Insurgentes, Del Benito Juarez, Mexico City, CP 03900, Mexico

16. Related Undertakings (continued)

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
Vizeum de Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Dentsu Morocco SARL	Morocco	100	5th Floor, Residence La Tourette, 5 Angle Bd, Zerktouni et rue de Geneve, Casablanca, MAROC, Morocco
Dentsu Mozambique, LDA	Mozambique	51	Av/Rua Vladimir Lenine, Bairro Central, No. 174, Andar 10, Outro, Maputo Cidadr, Mozambique
Ambient Digital Myanmar Company Ltd	Myanmar	100	Lower Kyeemyindine Road, Building A1, Room 9010, Shwe Gon Thu Housing, Kyeemyindine Township, Yangon, Myanmar
Achtung B.V.	Netherlands	100	Moermanskkade 89, 1013BC Amsterdam
Aegis International Holding Company B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Aegis Trademarks B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Amp'ifi Netherlands B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Axel Marketing B.V.	Netherlands	100	Vasteland 74, 3011BN Rotterdam
Carat Nederland B.V.	Netherlands	100	Moermanskkade 93, 1013BC Amsterdam
Dentsu AGL NL B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Dentsu Netherlands B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Group Carat (Nederland) B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
iProspect Nederland B.V.	Netherlands	100	Moermanskkade 91, 1013BC Amsterdam
Merkle Holding B.V.	Netherlands	100^	Vasteland 38 H, 3011BM Rotterdam
Merkle Nederland CX B.V.	Netherlands	100	Vasteland 38 H, 3011BM Rotterdam
Merkle Nederland CXM B.V.	Netherlands	100	Vasteland 38 H, 3011BM Rotterdam
Merkle Nederland DMA B.V.	Netherlands	100	Moermanskkade 85, 1013BC Amsterdam
Merkle Nederland Group B.V.	Netherlands	100	Vasteland 38 H, 3011BM Rotterdam
Tag Creative Services Netherlands B.V.	Netherlands	100	Moermanskkade 89, 1013BC Amsterdam
Vizeum Netherlands B.V.	Netherlands	100	Moermanskkade 87, 1013BC Amsterdam
Amplifi Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Carat Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Access NZ Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand

16. Related Undertakings (continued)

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 Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Consulting Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Creative Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu Media Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Merkle Aotearoa Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Carat I.C.P Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
D'Agyle Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Dentsu Communications Community Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Dentsu Creative Limited	Nigeria	25**	103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
Dentsu OOH Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Dentsu Performance Limited	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Dentsu-X Nigeria Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
First Media Red Star International Company Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Innov8 Media Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
IPRO-VIZ Limited	Nigeria	25**	103A, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
Isobar Communications Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Media Fuse Dentsu Holding Company Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Posterscope Nigeria Limited	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Salesnet Nigeria Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Storylab Nigeria Limited	Nigeria	25**	103A, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
AGL Norway AS	Norway	100	Kristian Augusts gate 23 0164 OSLO
Dentsu Norge AS	Norway	100	Kristian Augusts gate 23 0164 OSLO
Merkle Norge AS	Norway	100	Kristian Augusts gate 23 0164 OSLO
Aegis Media Philippines Holding, Inc.	Philippines	52^	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines

16. Related Undertakings (continued)

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
HLLRD Holdings, Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
STB Out of Home Inc.	Philippines	50**	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	12, Czerska Street, Warszawa, 00-732, Poland
Dentsu Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Dentsu X Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
iProspect Polska Sp. z o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Isobar Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00 732, Poland
Posterscope Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Propeller Film Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Red 8 Advertising Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Thames Poland Sp.z.o.o	Poland	100	ul. Bitwy Warszawskiej 1920 r. 7, 02-366, Warszawa
Dentsu Creative Agência de Publicidade, S.A.	Portugal	100	R. do Borja, 6 - 1350-047, Lisboa, Portugal
Dentsu International Portugal, Unipessoal Lda	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Dentsu Media Unipessoal, Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
MerkleTech, Unipessoal Lda	Portugal	100	Edificio Adamastor, Torre B, Av. D. Joao II, no. 9-1 Piso 8 Frannao A, Lisboa, 1990-077, Portugal
Not So Ramdom Media - Unipessoal Lda	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
Dentsu Bucuresti S.R.L.	Romania	100	11-11A, George Enescu Street, 5th floor,bureau 2, Bucharest, Romania, Romania
Dentsu Romania SRL	Romania	100	11-11A, George Enescu Street, 5th floor,bureau 2, Bucharest, Romania, Romania

16. Related Undertakings (continued)

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
AAPS Media OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2,11 floor, placement I, room 31, Moscow, 123112, Russian Federation
Aaron Lloyd LLC	Russian Federation	75	Presnenskaya emb. 6, building 2, Floor 9, Office 58, Moscow, 123112, Russian Federation
Adwatch OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2,28 floor, placment I, room 26, Moscow, 123112, Russian Federation
Amnet OOO	Russian Federation	75	Presnenskaya nab. 6 building 2, 28 floor, placement I, room 22., Moscow, 123112, Russian Federation
Deft LLC	Russian Federation	75	Presnenskaya nab. 6 building 2, 9 floor, placement I, room 45, inside the territorially city Municipal District Krytatskoe of the municipal district Presnenskiy, Moscow, 123112, Russian Federation
Health Media Division LLC	Russian Federation	75	Presnenskaya nab. 6 building 2, 11 floor, placement I/ room 65, inside the territorially city Municipal District Krytatskoe of the municipal district Presnenskiy, Moscow, 123112, Russian Federation
Master AD OOO	Russian Federation	75	ext. ter., Mozhaisk Municipal District, Skolkovskoe sh., 31, p. 2, Moscow, 121353, Russian Federation
MERA Russ Media	Russian Federation	75	11, building 3, 1st floor, space11, office 42, Selskohozaystvennaya, Moscow, 129226, Russian Federation
OKKAM CS	Russian Federation	75	wind. g . Tagansky municipal district, lane. Teterinsky, 16, room 4/1, Moscow, 109004, Russian Federation
OKKAM IKS OOO	Russian Federation	75	Osenniy blvd. 23, 4 floor, placement I, room 9, Moscow, Russian Federation
Okkam Media Health OOO	Russian Federation	75	Presnenskaya nab. 6 building 2, 11 floor, placement I/ room 66, inside the territorially city Municipal District Krytatskoe of the municipal district Presnenskiy, Moscow, 123112, Russian Federation
Okkam Media OOO	Russian Federation	75	wind. g . Tagansky municipal district, lane. Teterinsky, 16, room 4/1, Moscow, 109004, Russian Federation
OKKAM OOM	Russian Federation	75	Presnenskaya nab. 6 building 2, 11 floor, placement I, room 50, inside the territorially city Municipal District Presnenskiy,

16. Related Undertakings (continued)

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
			Moscow, 123112, Russian Federation
Okkam OOO	Russian Federation	75	wind. g . Tagansky municipal district, lane. Teterinsky, 16, room 4/1, Moscow, 109004, Russian Federation
SNS LLC	Russian Federation	75	Office 011, House No. 49, 50 let Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation
Traffic Agency OOO	Russian Federation	75	h.41,Office 429, St Komsomola lit. A, St Petersburg, 195009, Russian Federation
Dentsu Aegis Network KSA for Media and Advertising LLC	Saudi Arabia	100	Building no 3576, unit 32, Prince Mohammed Ibn Abdul'aziz Road, Al Olaya district, Riyadh, 12241- 6374, Saudi Arabia
Dentsu Senegal SARL	Senegal	55	Liberte 6 Extension - Immeuble Soda Marieme - Bat A - 5th floor, Dakar, Senegal
Merkle d.o.o. Beograd	Serbia	100	Bulevar kralja Aleksandra 28,Beograd 11000, Serbia
Band Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Bluecom Solutions Pte. Ltd.	Singapore	100	30 Raffles Place, #23-01 Oxley @ Raffles, Singapore 048622
David Wood & Associates Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Dentsu Asia Pacific Holdings Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Dentsu Asia Pacific Pte. Ltd.	Singapore	100	1 Wallich street, #21 01 Guoco Tower, Singapore 078881
Dentsu Asia Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Dentsu Singapore Holdings Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Dentsu Singapore Services Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Dentsu Solutions Pte. Ltd.	Singapore	100	1 Wallich street, #21 01 Guoco Tower, Singapore 078881
Gyro Communications Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Happy Marketer Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Posterscope (South East Asia) Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881

16. Related Undertakings (continued)

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
Tag Worldwide (Singapore) Pte Ltd.	Singapore	100	90 EU TONG SEN STREET, #03-01, SINGAPORE 059811
Vizeum Taiwan Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Carat - Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Dentsu Slovakia s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Amplifi Salesnet South Africa (Pty) Ltd	South Africa	64	183 Sir Lowry Road, Woodstock, Cape Town, 7915, South Africa
Clickthinking Online (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Amnet SSA (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Central Services (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Creative CPT (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Creative JHB (Pty) Ltd	South Africa	57	First Floor Illovo Junction, 1 Corlett Drive, Illovo Johannesburg, Gauteng, 2196, South Africa
Dentsu Data Labs (Pty) Ltd	South Africa	100	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Employee Scheme (Pty) Ltd	South Africa	49*	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu South Africa (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu SSA (Pty) Ltd	South Africa	100	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
FoxP2 Advertising (Pty) Ltd	South Africa	57	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
FoxP2 Holdings (Pty) Ltd	South Africa	57	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Full Circle Media (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
MEC Carat (Pty) Ltd	South Africa	64^	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
MKTG (Pty) Ltd	South Africa	39*	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Mutant (Pty) Ltd	South Africa	57	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2023

16. Related Undertakings (continued)

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
Posterscope (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Rapid Media Outdoor Services (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Trigger Communication Consulting (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Vizeum Media South Africa (Pty) Ltd	South Africa	64	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Animal Media, S.L.	Spain	100	Avenida General Perón 40, (Edificio Perón 40), Portal B. Planta 3, Madrid, 28020, Spain
Carat España, S.A.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spai
Dentsu Agyle Spain, S.L.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
DENTSU CREATIVE SPAIN SL	Spain	100	58, Calle Pradillo, Madrid, Spain
Dentsu Media, S.L.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Dentsu Spain, S.L.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Iprospect Advertising, S.A.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Mediasal 2000 S.L.	Spain	70	Alameda de Urquijo nº4, 4º Oficina 4, Bilbao, Spain
Merkle CXM Spain, S.L.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Merkle S.L.U.	Spain	100	Av Diagonal 177- 183 Piso 7, Barcelona, 08018, Spain
NetThink Iberia S.L.U	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Omega CRM Consulting Norte, S.L.U.	Spain	100	Calle Ronda de Azkue, 1 - planta 8. Torre Bec., Barakaldo, Vizcaya, Spain
Omega CRM Consulting, S.L.U.	Spain	100	Calle Periodista Fernando Gómez de la Cruz, s/n. Oficina 8, Granada, Spain
Tag Worldwide Spain SL	Spain	100	, Rambla Catalunya, 62 ppal.1ª, Barcelona, 08007, Spain
Vanguard Cloud and Innovation S.L.U	Spain	100	Calle Serrano, 20 – planta 1., Madrid, Spain

16. Related Undertakings (continued)

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 Communications 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
Agyle Sweden AB	Sweden	100	Stockholm kommun, Stockholms län, Box 4125, 102 63 STOCKHOLM
Amplifi Investment Sweden AB	Sweden	100	Box 4194, Stockholm, 102 64, Sweden
Dentsu Sweden AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Isobar Sweden AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Merkle Sweden AB	Sweden	100	Box 2205, 10315, Stockholm, Sweden
Dentsu International Switzerland AG	Switzerland	100	18, Giessereistrasse, Zurich, 8005, Switzerland
Dentsu Switzerland AG	Switzerland	100	18, Giessereistrasse, Zurich, 8005, Switzerland
Merkle Switzerland AG	Switzerland	100	18, Giessereistrasse, Zurich, 8005, Switzerland
Vanguard Cloud and Innovation, S.A.R.L.	Switzerland	100	c/o Fidinam (Geneve) SA, avenue Blanc 53 1202 Geneve, Switzerland
AAA Media Ltd.	Taiwan (Province of China)	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
Amplifi Taiwan Co., Ltd.	Taiwan (Province of China)	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
Carat Media Taiwan Ltd.	Taiwan (Province of China)	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
Dentsu Taiwan Inc.	Taiwan (Province of China)	100	8F, No. 100, Songren Road, Taiwan City, Taiwan
iProspect Taiwan Ltd.	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Isobar Taiwan Co., Ltd.	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Merkle Data and Business Consulting (Taiwan) Co., Ltd.	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Vizeum Taiwan Co., Ltd.	Taiwan (Province of China)	100	29F-1., No.100, Songren Rd., Xinyi Dist., Taipei City, Taiwan (Province of China)
Dentsu Tanzania Limited	Tanzania, the United Republic of	100	1826 Chole Road, Masaki, Dar Es Salaam, Tanzania, the United Republic of
Posterscope Tanzania Limited	Tanzania, the United Republic of	100	1826 Chole Road, Masaki, Dar Es Salaam, Tanzania, the United Republic of
Amplifi (Thailand) Co., Ltd.	Thailand	87	968 U Chu Liang Building, 27th Floor, Rama IV Road, Silom, Bangrak, Bangkok, 10500, Thailand
Buffyshrek Holding Co., Ltd.	Thailand	74	968 U Chu Liang Building, 27th Floor, Unit B, Rama IV Road, Silom, Bangrak, Bangkok, 10500, Thailand
Carat (Thailand) Co., Ltd.	Thailand	93	968 U Chu Liang Building, 15th Floor, Unit A, Rama IV Road,

16. Related Undertakings (continued)

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
			Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu (Thailand) Ltd.	Thailand	98	968 U Chu Liang Building, 27th - 28th Floors, Rama IV Road, Silom, Bangrak, Bangkok, Thailand, 10500
Dentsu Aegis Network (Thailand) Co., Ltd.	Thailand	87	968, U Chu Liang Building, 27th Floor, Unit A, Rama IV Road, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Consulting Group (Thailand) Co., Ltd.	Thailand	100	968 U Chu Liang Building, 15th Floor, Zone B, Rama IV Road, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Holdings (Thailand) Ltd.	Thailand	100	968, U Chu Liang Building, 27th Floor and 28th Floor, Rama IV Road, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Solutions Group (Thailand) Co., Ltd.	Thailand	87	968 U Chu Liang Building, 15th Floor, Rama IV Road, Silom, Bangrak, Bangkok, Thailand, 10500
iProspect (Thailand) Co., Ltd.	Thailand	87	968 U Chu Liang Building, 15th Floor, Unit C, Rama IV Road, Silom, Bangrak, Bangkok, Thailand, 10500
Tag Worldwide (Thailand) Company Limited	Thailand	100	No. 44, Soi Sukhumvit 64, Sukhumvit Road, Phra Khanong-Tai Sub-district, Phra Khanong District, Bangkok 10260, Thailand
AMPLIFI MEDYA HIZMETLERI ANONIM SIRKETI	Turkey	100	Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sarıyer,Istanbul, Turkey
Carat Medya ve İletişim Hizmetleri A.S.	Turkey	100	Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sarıyer,Istanbul, Turkey
Dentsu Creative Reklam Prodüksiyon ve Organizasyon Hizmetleri A.Ş.	Turkey	100	Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sarıyer,Istanbul, Turkey
DENTSU TURKEY MEDYA HIZMETLERI ANONIM SIRKETI	Turkey	100	Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sarıyer,Istanbul, Turkey
Dentsu Uganda Limited	Uganda	100	Top Left Unit, Plot 30 Wampewo Close, Kololo, Uganda
Posterscope Uganda Limited	Uganda	100	5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda
Amplifi MENA FZ-LLC	United Arab Emirates	100	Premises 305, Floor 3,Galadhari & Associates Building, Dubai, United Arab Emirates
Carat Middle East FZ-LLC	United Arab Emirates	100	Premises 306, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates

16. Related Undertakings (continued)

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 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 401, floor 4, Galadhari & Associates building, Dubai, United Arab Emirates
iProspect FZ-LLC	United Arab Emirates	100	Premises 304, Floor 3, 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 G01 , Ground, Galadhari & Associates Building, Dubai, United Arab Emirates
Merkle ME FZ-LLC	United Arab Emirates	100	Premises 401, floor 4, Galadhari & Associates building, Dubai, United Arab Emirates
AGL UK Investments Limited	United Kingdom	100	10 Triton Street, Regent's Place, London, NW1 3BF
Amnet Limited	United Kingdom	100	1 More London Place, More London Place, London, SE1 2AF
Amplifi Global Limited	United Kingdom	100	10 Triton Street, Regent's Place, London, NW1 3BF
Amplifi Technology Limited	United Kingdom	100	10 Triton Street, Regent's Place, London, United Kingdom, NW1 3BF
B2B International Ltd	United Kingdom	100	1 More London Place, London, SE1 2AF
BJL Group Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Carat Media Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
D 2 D Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Dentsu Edinburgh Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Dentsu International Group Participations Limited	United Kingdom	100	10 Triton Street, Regent's Place, London, United Kingdom, NW1 3BF
Dentsu International Holdings Limited	United Kingdom	100^	10 Triton Street, Regent's Place, London, United Kingdom, NW1 3BF
Dentsu International Regents Place Finance Limited	United Kingdom	100	10 Triton Street, Regent's Place, London, United Kingdom, NW1 3BF
Dentsu Leeds Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Dentsu Manchester Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Dentsu UK Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF

16. Related Undertakings (continued)

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
Foundry Film Studios Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
G8 FLM LTD	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Gleam Futures Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Gleam Group Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
GOODSANDSERVICES.TV LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Isobar Commerce Global Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Isobar London Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
John Brown Magazines Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
LiveArea Global Services UK Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Marketing Media Investments Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Merkle Marketing Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Merkle UK Analytics Services Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Merkle UK One Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Merkle UK Three Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
MMA Technologies Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Paragon Digital Services Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Portman Square US Holdings Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
Poster Management (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, BT12 4HQ
Re:Production Limited	United Kingdom	100	10 Triton Street, Regents Place, London, NW1 3BF
SMOKE AND MIRRORS PRODUCTIONS LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
TAG EUROPE LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Tag Pac Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
TAG RESPONSE LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
TAG TOPCO LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
TAG WORLDWIDE GROUP LIMITED	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Tag Worldwide Holdings Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Tag Worldwide Tech Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
The Gate Films Limited	United Kingdom	100	1-5 Poland Street, London, England, W1F 8PR
Ugam International Limited	United Kingdom	100	173 Cleveland Street, London, England, W1T 6QR

16. Related Undertakings (continued)

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	Atria One 144 Morrison Street Edinburgh EH3 8EX15.12.22
4Cite Marketing, LLC	United States	100	540 BROADWAY, ALBANY, NEW YORK, NEW YORK, 12207, United States
Accordant Media, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Media Innov8, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AGL Entertainment, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Agyle Advantage, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amnet Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amplifi, Inc.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
B2B International USA, Inc.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
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 Media Consultants, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat USA, Inc.	United States	100	United Agent Group - 7081 Folsom Boulevard #202 Sacremento, CA, 95826
Cardinal Path, LLC	United States	100	United Agent Group Inc.,3260 N Hayden Road, #210, Scottsdale, AZ, AZ, 85251, United States
Character SF, LLC	United States	100	United Agent Group Inc.,4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
D1 Ink, Ltd	United States	100	United Agent Group 3260 N. Hayden Road #210 Scottsdale, AZ 85251

16. Related Undertakings (continued)

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
David Wood and Associates, Inc.	United States	100	United Agent Group - 7081 Folsom Boulevard #202 Sacremento, CA, 95826
Dentsu Aegis Advertising, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu Creative Advertising, LLC	United States	100	United Agent Group Inc.,15 North Mill Street, Nyack, New York, 10960, United States
Dentsu Creative, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Dentsu Holdings USA, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu International Americas, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu X, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu US, Inc.	United States	100	United Agent Group Inc.,811 CHURCH ROAD, #105, CHERRY HILL, NJ, United States
Digital Pi, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Digital Evolution Group, LLC	United States	100	United Agent Group Inc.,4601 E Douglas Avenue, #700, WICHITA, KS, United States
Eaton Gate, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
E-Nor, LLC	United States	100	United Agent Group - 7081 Folsom Boulevard #202 Sacremento, CA, 95826
Extentia Information Technology, Inc.	United States	80	34 TIDAL WAY SAN MATEO, CA 94401
Fetch Media, Inc.	United States	100	3500, South Dupont Highway, City of Dover, County of Kent, Delaware, 19901, United States
Filter Holdings, LLC	United States	100	Suite 1000, 1425 Fourth Ave, Seattle, WA, United States
Filter, LLC	United States	100	Suite 1000, 1425 Fourth Ave, Seattle, WA, United States
Gleam Futures, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington,

16. Related Undertakings (continued)

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 Castle County, DE, 19810, United States
Global Mind USA, LLC	United States	100	United Agent Group Inc.,801 US Highway 1, North Palm Beach, FL, FL 33408, United States
Gravity Media, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Gyro, LLC	United States	100^	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
GyroHSR, Inc.	United States	100	115, Broadway, New York, NY, United States
HelloWorld, Inc.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
ICUC/iProspect Moderation services, Inc.	United States	100	Brandywine Plaza 1521 Concord Pike, Suite 201, Wilmington, New Castle County, DE, 19803, United States
iProspect.com, Inc.	United States	100	United Agent Group 225 Cedar Hill Street #200 Marlborough, MA 01752
Isobar US, LLC	United States	100	United Agent Group 225 Cedar Hill Street #200 Marlborough, MA 01752
John Brown US, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
LiveArea, Inc.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
McGarry Bowen, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Media 8, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Media Storm, LLC	United States	100	150 E. 42nd Street, New York, NY, 10017
Merkle Group, Inc.	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle, Inc.	United States	100	2 Wisconsin Circle #700, Chevy Chase, Montgomery County, MD, 20815, United States
Mitchell Communications Group, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803

16. Related Undertakings (continued)

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
MKTG Chicago, LLC	United States	100	Harvard Business Services, Inc.,16192 Coastal Highway, Lewes, DE, 19958, United States
MKTG, INC.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
MuteSix Group, Inc.	United States	100	United Agent Group 7081 Folsom Boulevard #202 Sacremento, CA, 95826
Mutesix, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Navegg International, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Night Pool, LLC	United States	100	United Agent Group Inc., 8275 South Eastern #200, Las Vegas, Nevada, 89123, United States
Outdoor Vision	United States	100	United Agent Group - 7081 Folsom Boulevard #202 Sacremento, CA, 95826
Paragon Digital Services, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Portman Square Acquisition Co.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Posterscope USA, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Propeller Media, LLC	United States	100	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Roundarch Isobar, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Siteworx Holdings, LLC	United States	89	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Swirl, Inc.	United States	100	Martin Lauber, 101 Montgomery St #200, San Francisco, CA, CA94129, United States
Tag Worldwide (USA) Inc.	United States	100	United Agent Group Inc., 1521 Concord Pike Suite 201, Wilmington, DE, 19803, United States

16. Related Undertakings (continued)

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
Taylor James Ltd	United States	100	United Group Inc., 600 Mamaroneck Avenue #400, Harrison, NY, 10528, United States
Team Epic, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
The Story Lab, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
U.S. Concepts, LLC	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Ugam Solutions, Inc	United States	100	108 West 13th Street, New Castle, Wilmington, DE, 19801, United States
V2, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Velocity Sports & Entertainment, LLC	United States	100	One Landmark Square, Ste 1400, Stamford, Connecticut, United States
Videobeat Networks, Inc.	United States	100	United Agent Group 1521 Concord Pike, Suite 201 Wilmington, DE 19803
Vivid Marketing, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Vizeum, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Watercooler Group (WCG), LLC	United States	100	Corporation Service Company, 251 Little Falls Drive, Wilmington
Ambient Digital Advertising Service Company Limited	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Bluecom Solutions Vietnam One Member Limited Liability Company	Vietnam	100	Lầu 7, Tòa nhà Scetpa 19A, Cộng Hòa, Phường 12, Tan Binh District, Ho Chi Minh City, Vietnam
Dentsu Services (Vietnam) Co., Ltd.	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Dentsu Solutions Vietnam Company Limited	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam

16. Related Undertakings (continued)

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 Vietnam Ltd.	Vietnam	80	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Emerald Consulting Company Limited	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Redder Asia Advertising Joint Stock Company	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Tag Worldwide (Vietnam) IM Company Limited	Vietnam	100	3rd Floor, IBC Building, located at No. 1A Cong Truong Me Linh, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.
Amplifi Investments Zambia Limited	Zambia	70	Unit C2, Garden City Mall, Lusaka, Zambia
Dentsu Zambia Limited	Zambia	70	Unit C2, Garden City Mall, Lusaka, Zambia

** The Group consolidates these entities as it has control over the relevant activities that significantly affect its returns.

^ 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

16. Related Undertakings (continued)

Section 3 – Associates held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Cox Inall Ridgeway Pty Ltd	Australia	49	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Taproot Dentsu India Communication Private Limited	India	49	5th Floor, Devchand House, C-Block, Shiv Sagar Estate, Dr Annie Besant Road, Worli, Mumbai – 400018
Media Base Advertising Sdn. Bhd.	Malaysia	49	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Perunding Pakar Media Sdn. Bhd.	Malaysia	30	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Dentsu International Philippines, Inc.	Philippines	40	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Creative Manila, Inc.	Philippines	58*	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Alt:Engine Digital Consultancy Inc.	Philippines	58*	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Shuriken Creatives, Inc.	Philippines	58*	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Myco Services, Inc.	Philippines	40	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Solutions Philippines, Inc.	Philippines	58*	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
INNOV8 Media Services, Inc.	Philippines	40	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Mediaforce Vizeum, Inc.	Philippines	40	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Posterscope Philippines, Inc.	Philippines	40	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Performance Philippines, Inc.	Philippines	28	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Philippines, Inc.	Philippines	28	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Employee Scheme (Pty) Ltd	South Africa	49	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Jiji Press (Thailand) Co., Ltd.	Thailand	29	287 Liberty Square Building, 14th floor, Room 1401, Silom, Bangrak, Bangkok, Thailand, 10500, Thailand
BDMI LLC	United States	49	Zen business, Inc. 611 South Dupont Highway Suite 102, Dover, DE United States
Omni Isobar Ventures LLC	United States	49	7528 Rio Grande Way Gainesville, VA, 20155 1967 United States

* The Group does not consolidate these entities as it does not have control over the relevant activities that significantly affect its returns.

17. Audit exemption for subsidiary companies

As permitted by section 479A of the Companies Act 2006, the below subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts. In order to meet this exemption, the Company will give guarantees under section 479C of the Companies Act 2006.

Company Name	Registered Number
AGL UK Investments Limited	12516656
Amplifi Global Limited	08411447
David Wood & Associates Limited	03160384
Dentsu International Finance	04353341
Dentsu International GPS Holdings Limited	06697731
Dentsu International Group Participations Limited	06673979
Dentsu International Holdings Limited	03118854
Dentsu International Regents Place Finance Limited	09853918
Dentsu International Triton Limited	08319668
Dentsu Pacific Limited	07093243
Fetch Media Limited	07775453
Foundry Film Studios Limited	10292077
G8 FLM	11887591
Goodsandservices.TV Limited	02302673
Isobar Commerce Global Limited	09484045
LiveArea Global Services UK Limited	07093756
Marketing Media Investments Limited	09675512
Merkle Marketing Limited	08528114
Merkle UK One Limited	04238272
Merkle UK Analytics Services Limited	06507313
MMA Technologies Limited	05091837
Paragon Digital Services Limited	09630576
Portman Square US Holdings Limited	05996404
Re: Production Limited	07467068
Smoke and Mirrors Productions Limited	03012951
Tag Europe Limited	02299109
Tag Pac Limited	06434923
Tag Response Limited	02656579
Tag Topco Limited	07535335
Tag Worldwide Group Limited	01031786
Tag Worldwide Holdings Limited	05696914
Tag Worldwide Tech Limited	13755206
The Gate Films Limited	03399186