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Dentsu International Limited

Consolidated Report and Financial Statements

31 December 2022

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Dentsu International Limited

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Dentsu International Limited

Directors

Timothy Andree (resigned 18 February 2022)
Takaki Hibino (resigned 18 February 2022)
Nicholas Priday
Valerie Scoular (resigned 31 December 2022)
Arinobu Soga
Toshihiro Yamamoto (resigned 18 February 2022)
David Williams (resigned 18 February 2022)
Wendy Clark (resigned 31 December 2022)
Hiroshi Igarashi (resigned 18 April 2023)
Haruhiko Hirate (appointed 18 February 2022 / resigned 18 April 2023)
Soichi Takahashi (appointed 18 February 2022 / resigned 18 April 2023)
Nnenna Ilomechina (appointed 19 April 2023)
Manus Wheeler (appointed 19 April 2023)

Company secretary

Mary Hitchon

Ultimate parent entity

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Dentsu International Limited

Strategic Report

The Directors present their Strategic Report on Dentsu International Limited, its subsidiaries and related companies ("the Group") for the year ended 31 December 2022.

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 2022 the Group delivered the following performance against major Key Performance Indicators ("KPIs"), which align to the Group's strategic objectives:

- Organic revenue* less cost of sales growth of 4.0% (2021: 10.2%)
- Customer Transformation & Technology (CT&T)** is 34.7% of the Group's revenue in 2022 (2021: 33.4%)
- £105.5m (2021: £177.5m) invested, (net of cash acquired) in the initial consideration for the controlling stake in 5 new acquisitions (2021: 3)
- £39.2m (2021: £19.5m) invested in additional stakes of 7 existing subsidiaries (2021: 10)

**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.*

***CXM revenue/ Total revenue*

Dentsu International Limited

Strategic Report (continued)

Operating Review

Overview

The 2022 financial year saw the Group continue to show revenue growth despite geopolitical, inflationary pressure and underperformance in the DACH cluster as a result of a complex business transformation and systems integration, with the media and CXM service lines being the catalysts for overall growth.

During the first quarter the Group announced the exit and intended sale of its Russia business ("Russia") following Russia's invasion of the Ukraine, and as a result the Russia business was classified as held-for sale. In light of this, management reporting excludes the impact of Russia below and in the regional analysis.

The Group generated revenue less cost of sales of £4,045.9m, an increase of 11.6% or 5.3% at constant currency, excluding Russia these increased by 13.1% or 7.0% 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 delivered organic revenue less cost of sales growth of 4.0% (2021: 10.2%) and excluding Russia of 5.3% (2021: 10.2%).

The Group remains focused on delivering Integrated Solutions through three Service Lines, Media, Creative and CXM (Customer Experience Management), 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 34.7% (2021: 33.4%).

The Group invested £105.5m cash consideration (net of cash acquired) on the controlling stake in five acquisitions, and £229.9m was disbursed in relation to deferred consideration and purchases of additional stakes in existing subsidiaries in 2022, to accelerate its growth strategy.

The Group continued with the implementation of the transformation programmes announced in the 2019 and 2020 financial years. Involving every region, all service lines, functions and central teams, the programmes are designed to support the focused strategy of integrated solutions and aimed at simplifying the business for both clients and operations; structurally and permanently lowering operating expenses; enhancing the efficiency of our balance sheet and maximising long-term shareholder value. These activities have been substantially completed by the end of 2022, with a limited scope continuing into 2023. Further to the expense of £280.7m recognised in 2020, £140.3m in 2021, an expense of £165.6m has been recognised in our income statement in the year. The related provision stands at £66.9m as at 31 December 2022.

In 2022, there was an increase in Group headcount, excluding the addition of employees brought into the business via acquisition, of 4.3% from the end of 2021.

Global restrictions resulting from the COVID-19 pandemic were lifted in all regions, with the exception of China, which is reflected in the positive results in the current financial year. Although COVID-19 remains a risk, the ability of global healthcare and economies to react to the virus, including the shift to remote or hybrid working, has largely mitigated this risk.

Dentsu International Limited
Strategic Report (continued)

Operating Review (continued)

EMEA

EMEA revenue less cost of sales increased by 3.3% at reported rates and by 2.2% at constant currency to £1,467.5m, excluding Russia both rates increased by 6.7%. Performance was adversely impacted by a complex business transformation and systems integration matter in the DACH cluster, resulting in underperformance of that business compared to our expectations. On an organic basis, EMEA delivered a revenue less cost of sales increase of 1.9%, or 5.5% excluding Russia. The growth was delivered across the region with high growth seen in large markets such as UK, Italy, and Spain.

Americas

Americas revenue less cost of sales increased by 19.1% at reported rates and by 7.6% at constant currency to £1,962.7m. On an organic basis, Americas delivered a revenue less cost of sales increase of 4.9%. The Americas regional performance was delivered principally by growth in the US and Canada markets (across all three major service lines), partially offset by contraction in the Brazil market.

APAC

APAC revenue less cost of sales increased by 10.9% at reported rates and by 5.7% at constant currency to £615.8m. On an organic basis, APAC delivered a revenue less cost of sales increase of 6.5%. The APAC regional performance was delivered principally by high growth in India, Singapore and Vietnam, offset by contraction in Malaysia, Regional Asia Pacific and China markets.

Financial Review

The Group generated revenue of £4,257.8m (2021: £3,832.4m), revenue less cost of sales of £4,046.0m (2021: £3,624.9m) and an operating profit of £25.1m (2021: £287.5m profit). Loss before tax was £(216.0)m (2021: £48.3m profit). The main drivers of the decrease in profit before tax are the impairment of the Russia held-for-sale business, an increase in staff costs, underperformance in the DACH cluster and goodwill impairment in 2022, partially offset by improved trading in 2022.

The balance sheet shows a positive funding position based on the availability of undrawn facilities, and net assets of £816.2m (2021: £731.7m). The Group ended the year comfortably within its financial covenants, with undrawn available credit facilities of £500.0m (2021: £500.0m). Cash inflows from operating activities during the year were primarily used to invest acquisitions and settle deferred consideration payments.

Future Developments

One Dentsu was announced, including a One Management Team effective from 1 January 2023, with the purpose to accelerate growth by driving synergies, improving collaboration across borders, expanding the ability of employees to add value and structure the organisation around the client.

Dentsu International Limited

Strategic Report (continued)

Section 172 reporting

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

Employees

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

We engage with our workforce through:

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

Customers

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

Suppliers

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

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

Society

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 Limited
Strategic Report (continued)

Section 172 reporting (continued)

Society

Dentsu International has made strong progress in our decarbonisation efforts during 2022, reducing our Scope 1 and 2 emissions by 53% against our 2019 baseline. In 2022 our market-based Scope 1 and 2 emissions were 4,369 tonnes of CO₂ equivalent (tCO₂e), compared to 4,450 tCO₂e in 2021 and 5,728 tCO₂e in 2020. Not only did this far exceed the 12.6% reduction target we had planned to meet in 2022 but it also surpassed our 2030 target of 46.2% eight years ahead of schedule. These reductions can be largely attributed to our ongoing commitment to power our operations with 100% renewable electricity, including continued efforts to switch to local renewable tariffs and to procure in-country renewable electricity certificates. In September 2022 we went further, compensating for our remaining emissions by investing in nature-based solutions including forest conservation initiatives in Zimbabwe and local renewable energy projects in India and Brazil to achieve carbon neutral status. Our Scope 3 emissions remained broadly flat, with a decrease in purchased goods and services offset by an increase in business travel, with the largest increase in the US and UK. With more meetings taking place face-to-face, we have seen an increase in Scope 3 emissions associated with business travel and employee commuting compared to 2021. However, business travel emissions are down 56% vs the 2019 baseline.

In recognition of our impact in driving consumption and the opportunity we have to positively influence the way that people think, feel and act, we reached more than 59 million people with campaigns that fight food waste, promote more sustainable products and shift consumer behaviour change. We brought our people back together post COVID with the launch of One Day for Change with volunteer participation increasing from 7% in 2021 to 20% in 2022. Through our continued investment in digital skills, in 2022 we supported 5,804 young people to become empowered digital citizens, the majority of whom came through The Code, our global schools programme, bringing the total number of people reached since launch to over 35,000.

We continued our support for the Draw the Line campaign with Malaria No More. The campaign has reached almost one billion people to date and put malaria back on the political agenda. At the Commonwealth Heads of Government Meeting in Rwanda in June 2022 we renewed our commitment to this important cause with a pledge to contribute an additional \$5 million in media resources and pro bono marketing support. We have increased our focus on building a diverse and inclusive workforce committing to mandatory training on inclusion and bias for all employees. In 2022, 37.2% of our senior leaders were female with the Americas accounting for the largest increase in female leadership with an increase of 4% from 2021.

	2022		2021	
	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)	4,909,312	37,005,159	4,394,691	38,416,181
Total scope 1 emissions (gas, company cars) (tCO ₂ e)	305	2,614	378	2,507

Dentsu International Limited
Strategic Report (continued)

Section 172 reporting (continued)

Society (Continued)

Total scope 2 emissions (electricity, district heating) (market-based) (tCO2e)	-	1,449	-	1,565
Total scope 3 emissions (tCO2e)	70,091	257,659	90,498	231,073
Total gross CO2e based on above (tCO2e)	70,396	261,722	90,876	235,145
Intensity ratio: tCO2e gross figure based from mandatory fields above/ £ revenue	-	0.01%	-	0.01%
Methodology	WRI Greenhouse Gas Reporting Protocol			

Shareholders

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

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.

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 2022 to ensure the best talent is identified and championed regardless of background.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.
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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.

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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).
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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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.

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.

Dentsu International Limited
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk Management Approach (continued)

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.
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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
21 December 2023

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 2022.

Branches outside the UK

The Company has a branch in Luxembourg.

Future Developments

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

Business Relationships

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

Dividend

The Company paid an interim dividend of £7.1m for the period ended 31 March 2022 and a further interim dividend of £7.2m for the period ended 30 September 2022, representing a dividend of five pence per share. No dividends were declared or paid in 2021.

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.

In March 2022 Dentsu announced that it intends to transfer ownership of its Russian business to local partners in response to the situation in Ukraine. The Company has now agreed a sale with completion dependent on regulatory approval being granted. Further details are discussed in Note 32.

In the first quarter of 2023, the Company acquired Omega, a Salesforce partner, headquartered in Spain and Shift7, a Salesforce B2B agency, headquartered in the US. In addition, in June 2023, the Company acquired Tag Worldwide Holdings Ltd, the global omnichannel digital production house.

In 2023 up until signing date, the Group received funding from Dentsu Group Inc. of £2,173.0m through capital stock subscription. These were used to settle external bank loans, repayment of monies owed to Dentsu Group Inc. and to facilitate the acquisition of Tag Worldwide Holdings Ltd. Details are discussed in Note 32.

In October 2023, an interim dividend of £63.8m was declared and paid.

Donations

The Group made charitable donations of £1.4m during the year (2021: £1.1m). No political donations were made during the year (2021: nil).

Research and Development

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

Dentsu International Limited

Directors' Report (continued)

Corporate Governance

The Company acted as an intermediary holding company, overseeing the activities of dentsu's non-Japanese business, and reporting into its parent company, Dentsu Group Inc. Under the Companies (Miscellaneous reporting) Regulations 2018, the Company is required to disclose its corporate governance arrangements. The Company's governance arrangements are set out in a Corporate Governance Handbook, which is subject to approval by the Board of the Company's ultimate parent company, Dentsu Group Inc.

The Group was governed by the Dentsu International Board, which currently comprises four directors. Between seven and eleven directors served throughout the year and they are listed on page 17. Tim Andree and Hiroshi Igarashi chaired the Board during the year and Wendy Clark and Nick Priday served as CEO and CFO respectively. All other directors, including the Chairperson, acted as non executive directors albeit they were employees of the wider Dentsu Group and therefore not independent. The Board held ten meetings in 2022 (2021: nine meetings) using video conference facilities. Business of a routine nature was conducted by written resolution.

The list of matters reserved to the Board for decision included:

- Group strategy, annual budget and operating plans
- Major capital projects, acquisitions, investments and commitments
- Reporting to the Company's shareholder, Dentsu Group Inc
- Dividend policy
- Matters relating to share capital

The governance of the Group was supported by the Audit Committee, which reviewed the internal control framework of the Group, working as necessary with the external auditor, internal auditor, the Company's Risk Committee and reviewing both internal and external reporting. In early 2022 the Committee was chaired by Simon Laffin, an external director of Dentsu Group Inc and a member of the Audit & Supervisory Committee. Simon stepped down from the Board of Dentsu Group Inc at its AGM in 2022 and consequently resigned as Chairperson of the Audit Committee on 31 March 2022. John Baker, a former audit partner at PwC with extensive experience, assumed the role on 1 April 2022. During the year the Committee, whose other members were drawn from the Dentsu International Board and senior Dentsu executives, met eight times by way of video conference (2021: eight times). Meetings were usually attended by the CEO and CFO, the external auditor, the Director of Risk and Audit, the Group General Counsel, the Chief Ethics and Compliance Officer and others. The Committee also met privately with the internal and external auditor.

The Board was supported by a Social Impact Steering Committee, chaired by the Group CEO, which oversaw progress and implementation and was attended by representatives from across the business. The Committee met quarterly.

The Board was also supported by the Compensation Committee in matters related to remuneration within the Group. During 2022, the Committee was chaired by Shun Sakura until his retirement from the Dentsu Group in the first quarter and thereafter by Haruhiko Hirate. Its members were mainly drawn from the Board and included two members of the Audit Committee to ensure that consideration of reward proposals and outcomes were made with appropriate regard to the Group's financial performance as well as individual performance set out within a balanced scorecard. The Committee met four times using video conference facilities (2021: six times) and one matter was dealt with through a written resolution, having been previously discussed informally. The Committee was supported by members of the Human Resources function, including the Global Reward Director who attended all Meetings. In addition, the CEO and CFO attended Meetings unless their own remuneration was discussed.

Dentsu International Limited
Directors' Report (continued)

Corporate Governance (continued)

Other Group committees included the M&A Committee and the Nominating Committee, both chaired by the Group CEO.

In November 2022, Dentsu Group announced a new global management structure for the Dentsu Group. The creation of a new global management structure allows the integration of the Dentsu International Network and Dentsu Japan Network into a single dentsu organization around the world. The Dentsu Group consequently announced a new governance structure, which has resulted in the dissolution of the Company's Social Impact Committee, Compensation Committee, M&A Committee and Nomination Committee at the start of 2023. The activities of these committees are now being carried out by equivalent Dentsu Group committees exercising oversight of the entire Dentsu Group. The Company's Audit Committee has, however, been retained and is now called the International Markets Audit Committee and it reports into the Dentsu Group Audit Committee.

Directors

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

Name	Title	Appointment or Resignation date
Timothy Andree	Non-executive Chairman of Board of Dentsu Group Inc	Resigned 18 February 2022
Wendy Clark	CEO, Dentsu International Director and Executive Officer, Dentsu Group Inc	Resigned 31 December 2022
Takaki Hibino	Executive Officer, Dentsu Group Inc	Resigned 18 February 2022
Nicholas Priday	Chief Financial Officer, Dentsu Group Inc	
Valerie Scoular	Advisor to Dentsu Group Inc	Resigned 31 December 2022
Arinobu Soga	Representative Executive Officer, Vice President & Chief Governance Officer, Dentsu Group Inc	
Toshihiro Yamamoto	Representative Director, President & CEO, Dentsu Group Inc	Resigned 18 February 2022
David Williams	Director, Dentsu International	Resigned 18 February 2022
Hiroshi Igarashi	Representative Executive Officer, President & CEO, Dentsu Group Inc	Resigned 18 April 2023
Haruhiko Hirate	Executive Vice President & Chief Corporate Affairs Officer, Dentsu Group Inc	Appointed 18 February 2022 Resigned 18 April 2023
Soichi Takahashi	Chief Strategy Officer & Chief Integration Officer, Dentsu Group Inc	Appointed 18 February 2022 Resigned 18 April 2023
Nnenna Ilomechina	Global Chief Operating Officer, Dentsu Group Inc.	Appointed 19 April 2023
Manus Wheeler	Chief of Staff, Dentsu Group Inc.	Appointed 19 April 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,

Dentsu International Limited
Directors' Report (continued)

Corporate Governance (continued)

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 2023.

Directors' Confirmation

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

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

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

Dentsu International Limited
Directors' Report (continued)

Going Concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Directors' Report, the Strategic Report and in the accompanying Financial Statements. In determining whether it is appropriate to continue to adopt the going concern basis in preparing the financial statements for 2022, 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 (including the situation in Russia and Ukraine, cost inflation and COVID-19)
- 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
Company Secretary
21 December 2023

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



Nicholas Priday
Chief Financial Officer
21 December 2023

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 2022 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, the company balance sheet, the company statement of changes in equity and related notes, including the accounting policies in note 3 of the consolidated financial statements and note 2 of the company standalone statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 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.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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 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 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 tests of details over revenue transactions recorded pre and post year end to ascertain whether revenue was recognised in the correct year.
- Specifying procedures for all in-scope components to perform to address the risk that revenues may be misstated due to inappropriate recognition or failure to pass back monies to the clients under contractual terms. These procedures included inspection of a selection of contracts.
- Involving our forensics specialists to assist us in assessing management's response to the system related matters in the DACH Cluster, including the nature and extent of the investigations by management and their external advisors.
- Tracing a sample of cash receipts and payments 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

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

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; thorough the involvement of our internal forensic specialist 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, in conjunction with the India component audit team and our own Forensic specialists, we have assessed the Groups' response via its internal and external investigation. We have made enquiries of the Group's external legal advisors and reports obtained by the Group from other external advisors on this matter. have compared the underlying accounting and disclosures against our understanding based on these procedures.

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

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

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 21, 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

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

Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Chartered Accountants

15 Canada Square
London

21 December 2023

Dentsu International Limited

Consolidated income statement

For the year ended 31 December 2022

		2022	2021
	Notes	£m	£m
Revenue	5	4,257.8	3,832.4
Cost of sales		(211.8)	(207.5)
Revenue less cost of sales		4,046.0	3,624.9
Impairment of held-for-sale Russia business		(123.1)	-
Operating expenses	6	(3,897.8)	(3,337.4)
Operating profit		25.1	287.5
Share of results of associates		0.3	0.1
Profit before interest and tax		25.4	287.6
Finance income	8	19.5	14.5
Finance expenses	9	(220.1)	(253.8)
Impairment of Russia loan to Russian Minority Shareholder	30	(40.8)	-
Net finance expenses		(241.4)	(239.3)
(Loss) / Profit before tax		(216.0)	48.3
Taxation	10	(56.6)	(91.3)
Loss for the year		(272.6)	(43.0)
Attributable to:			
Equity holders of the parent		(254.2)	(53.0)
Non-controlling interests		(18.4)	10.0
Loss for the year		(272.6)	(43.0)

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 2022

	2022	2021
	£m	£m
Loss for the year	(272.6)	(43.0)
Other comprehensive income that may be subsequently reclassified to profit or loss:		
Currency translation differences on foreign operations:		
- Group	224.2	(37.1)
- Non-controlling interests	4.0	(3.2)
Net investment hedges and net investments in foreign operations	6.5	(15.7)
Cash flow hedges: movements taken to equity	185.2	84.9
Tax on movements taken to equity	(44.6)	(16.1)
Net other comprehensive income that may be subsequently reclassified to profit or loss	375.3	12.8
Other comprehensive income that will not subsequently be reclassified to profit or loss:		
Fair value movement on equity instruments measured at fair value through other comprehensive income	(1.2)	1.9
Remeasurement gains / (losses) on defined benefit plans	11.3	6.6
Tax movements taken to equity	(1.9)	3.9
Net other comprehensive income that will not subsequently be reclassified to profit or loss	8.2	12.4
Other comprehensive income for the year, net of tax	383.5	25.2
Total comprehensive income/ (loss) for the year	110.9	(17.8)
Attributable to:		
Equity holders of the parent	125.3	(24.6)
Non-controlling interests	(14.4)	6.8
Total comprehensive income/ (loss) for the year	110.9	(17.8)

Dentsu International Limited
Consolidated balance sheet
At 31 December 2022

		31 December 2022	31 December 2021
	Notes	£m	£m
Non-current assets			
Goodwill	11	4,093.2	3,822.9
Intangible assets	12	395.0	430.0
Property, plant and equipment	13	76.9	121.8
Right-of-use assets	14	430.4	342.0
Interests in associates and joint ventures	15	2.2	4.1
Deferred tax assets	21	80.3	113.8
Equity instruments	16	7.1	7.9
Derivative financial assets	20	100.9	6.1
Other financial assets	20	49.5	92.1
		5,235.5	4,940.7
Current assets			
Work in progress	17	15.9	3.3
Trade and other receivables	18	6,405.6	6,492.9
Assets held-for-sale after excess impairment	30	268.3	-
Current tax receivable		150.9	136.6
Derivative financial assets	20	1.7	3.2
Other financial assets	20	6.3	19.3
Cash and cash equivalents	20, 29	1,684.4	1,509.0
		8,533.1	8,164.3
Total assets		13,768.6	13,105.0
Current liabilities			
Trade and other payables	19	(7,913.6)	(7,732.3)
Borrowings	20	(759.1)	(477.0)
Lease liabilities	14	(87.8)	(94.1)
Derivative financial liabilities	20	(38.1)	(57.5)
Provisions	22	(45.0)	(77.6)
Liabilities held-for-sale	30	(243.4)	-
Current tax liabilities		(89.3)	(86.4)
		(9,176.3)	(8,524.9)
Net current liabilities		(643.2)	(360.6)
Non-current liabilities			
Borrowings	20	(2,820.6)	(2,871.0)
Lease liabilities	14	(630.1)	(353.5)
Other non-current liabilities	27	(115.3)	(189.1)
Derivative financial liabilities	20	(83.3)	(187.6)
Provisions	22	(63.6)	(144.6)
Deferred tax liabilities	21	(63.2)	(102.6)
		(3,776.1)	(3,848.4)
Total liabilities		(12,952.4)	(12,373.3)
Net assets		816.2	731.7
Equity			
Share capital	24	78.5	78.5
Share premium account	24	1,994.8	1,991.6
Other equity reserves		0.2	0.2
Foreign currency translation reserve	25	(91.6)	(325.2)
Retained earnings	25	(1,081.8)	(974.5)
Potential acquisition of non-controlling interests	25	(118.6)	(131.0)
Equity attributable to equity holder of the parent		781.5	639.6
Non-controlling interests		34.7	92.1
Total equity		816.2	731.7

Company registration number 1403668 England and Wales

The financial statements were approved on behalf of the Board of Directors on 21 December 2023 and signed on its behalf by:



Nicholas Priday
Chief Financial Officer

Dentsu International Limited
Consolidated statement of changes in equity
At 31 December 2022

	Share Capital £m	Share premium account £m	Other equity reserves * £m	Foreign currency translation reserve £m	Retained earnings £m	Potential acquisition of non- controlling interests £m	Sub- total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2021	78.5	1,991.6	0.2	(272.3)	(1001.6)	(150.0)	646.4	96.3	742.7
(Loss)/profit for the period	-	-	-	-	(53.0)	-	(53.0)	10.0	(43.0)
Currency translation differences on foreign operations	-	-	-	(37.2)	0.1	-	(37.1)	(3.2)	(40.3)
Net investment hedges and net investments in foreign operations	-	-	-	(15.7)	-	-	(15.7)	-	(15.7)
Fair value movement on equity instruments measured at fair value through other comprehensive income	-	-	-	-	1.9	-	1.9	-	1.9
Cash flow hedges: movements taken to equity	-	-	-	-	84.9	-	84.9	-	84.9
Actuarial gain – defined benefit pension scheme	-	-	-	-	6.6	-	6.6	-	6.6
Tax on movements taken to equity	-	-	-	-	(12.2)	-	(12.2)	-	(12.2)
Total comprehensive income and expense	-	-	-	(52.9)	28.3	-	(24.6)	6.8	(17.8)
Issuance of share capital	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	(27.1)	19.0	(8.1)	(8.6)	(16.7)
Dividends	-	-	-	-	-	-	-	(2.4)	(2.4)
Common control transactions	-	-	-	-	14.4	-	14.4	-	14.4
Other	-	-	-	-	11.5	-	11.5	-	11.5
Balance at 31 December 2021	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

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

Dentsu International Limited

Consolidated cash flow statement

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Cash inflow from operations	29	702.5	789.0
Income taxes paid		(157.8)	(119.0)
Income taxes received		35.0	41.0
Net cash inflow from operating activities		579.7	711.0
Investing activities			
Interest received		9.5	10.5
Dividends received from associates		-	(0.1)
Net cash paid on purchase of subsidiaries	26	(105.5)	(177.5)
Net cash paid on disposal or liquidation of subsidiaries		(2.5)	(15.0)
Cash invested in associates and joint ventures		1.9	0.3
Payments of deferred consideration on current and prior period acquisitions	27	(190.7)	(720.0)
Purchase of property, plant and equipment and intangible assets		(43.5)	(65.1)
Other investing activities		9.5	11.8
Net cash outflow from investing activities		(321.3)	(955.1)
Financing activities			
Dividends paid to parent		(14.2)	-
Dividends paid to non-controlling interests		(6.9)	(2.2)
Net cash paid on purchase of additional stakes in existing subsidiaries		(39.2)	(19.5)
Interest and other financial charges paid		(92.5)	(85.3)
Proceeds from borrowings		208.7	764.7
Repayments of borrowings		(280.8)	(633.5)
Interest paid on lease obligations	14	(25.9)	(20.5)
Repayment of lease obligations	14	(90.1)	(108.9)
(Cash paid) / proceeds from settlement of derivatives		1.7	(34.7)
Share option payments		(2.4)	(96.1)
Other financing activities		(16.7)	15.2
Net cash outflow from financing activities		(358.3)	(220.8)
Net decrease in cash and cash equivalents	29	(99.9)	(464.9)
Translation differences		61.4	(37.8)
Cash and cash equivalents at beginning of financial year		1,478.4	1,981.1
Cash and cash equivalents at end of financial year	29	1,439.9	1,478.4
Represented by:			
Cash and short-term deposits		1,684.4	1,509.0
Cash and cash equivalents in the consolidated balance sheet		1,684.4	1,509.0
Bank overdrafts	29	(244.5)	(30.6)
Cash and cash equivalents in the consolidated cash flow statement		1,439.9	1,478.4

	1 January 2022 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	31 December 2022 £m
Analysis of net debt					
Cash and cash equivalents	1,478.4	(99.9)	-	61.4	1,439.9
Gross debt net of issue costs*	(3,317.5)	72.1	16.5	(106.3)	(3,335.2)
Total	(1,839.1)	(27.8)	16.5	(44.9)	(1,895.3)

* Calculated as total borrowings £3,579.7m (2021: £3,348.0m) less bank overdraft £244.5m (2021: £30.6m).

Dentsu International Limited

Notes to the consolidated financial statements

For the year ended 31 December 2022

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 101 to 144. 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 2022, 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 (including the situation in Russia and Ukraine, cost inflation and COVID-19)
- Headroom on the Group's banking covenants (see also page 72)
- 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

Notwithstanding net current liabilities of £643.2m as of 31 December 2022 and a loss for the year then ended of £272.6m, 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 2022 the Group generated positive operating cash inflows from operations before tax, acquisitions and capital expenditure. The main factors contributing to these cash inflows are the retention of the customer base, actions undertaken to protect and improve margin and the continuing management of working capital within the Group.

Forecasts and projections used in the assessment of going concern incorporate the Board's latest expectations of the impact of global macroeconomic conditions on business operations and results, including the measures the Group has undertaken to improve operating margins and preserve cash. Significant one-off and non-operating expenditures have also been included related to existing and future acquisition activity and restructuring programs. The forecasts have been subjected to downside scenarios representing declines in revenues, reductions in margin and deterioration of net working capital.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

2. Basis of preparation (continued)

Going concern (continued)

This has included a downside scenario with a repeat of the negative revenue growth experienced in 2020 due to the global pandemic, no improvement in operating margin throughout the forecast period, a deterioration in net working capital and an increase in interest rates. Covenant headroom also has been modelled and does not indicate a projected breach in any of the forecast scenarios (refer to Note 20 for covenant requirements).

As of 31 December 2022, the Group had one unsecured loan due to mature in April 2023 with a carrying value of £277.8m and three loans due to mature in 2024 with a carrying value of £910.8m. The 2023 maturity has been settled through a share issue from Dentsu Group Inc. (see note 32 for details). Term funding is expected to continue to predominantly be raised at the Dentsu Group Inc. level and provided to the Group through intercompany loans or capitalisations.

The Group continues to have access to a £500.0m revolving credit facility which remains undrawn. This is not due to expire until 2025 at which point a one-year extension option is available at the lenders' option. Short term liquidity is further supplemented by the Group's participation in a cash pooling arrangement with Dentsu Group Inc. The Board has also considered various alternative operating and funding strategies, should these be necessary, and is satisfied that a range of actions, including cost reduction activities, could be adopted.

The Board has therefore prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of 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 that period. Dentsu Group Inc. has indicated its intention to continue to make available such funding as is needed by the Group for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Board acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Group's funding strategy has been approved by the Dentsu Group Inc. board and it has no reason to believe that this support will not continue.

Consequently, the Board is confident that the Group 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 amendments have been implemented in the year ended 31 December 2022:

- Amendments to IFRS 16 Covid-19 Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (refer to note 20)

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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 2022:

- IFRS 17 Insurance Contracts (Effective day 1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12) (Effective from 1 January 2023);
- Accounting Policies, Changes in Accounting Estimates and Errors: definition (Amendments to IAS 8) (Effective from 1 January 2023);
- Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Effective from 1 January 2023);
- Sale or Contribution of Assets between an Investor and its Associate or Joint venture (Amendments to IFRS 10 and IAS 28).

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies

Principal accounting policies

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

Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

(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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Basis of consolidation (continued)

(c) Joint arrangements (continued)

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.

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.

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

For the year ended 31 December 2022

3. Accounting policies (continued)**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.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Property, plant and equipment

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

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

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

Impairment of tangible and intangible assets excluding goodwill

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

Work in progress

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

Provisions

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

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

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Revenue

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

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

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

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

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

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

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

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

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.

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

For the year ended 31 December 2022

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

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

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

Finance income

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

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

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

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

Finance expenses

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

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

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

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

Deferred incentives

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

The incentive is discounted to determine its present value and is recognised on a straight-line basis in profit or loss over the specified period. Any remeasurements are recognised in profit or loss in the period which they arise.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

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.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Retirement benefits (continued)

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

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

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

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

The actuarial valuations are obtained at least triennially, with the most recent actuarial valuations of plan assets and the present value of the defined benefit obligation being carried out on 31 December 2022 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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Foreign currencies (continued)

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

Leased assets

The Group as a lessee

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

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

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

Measurement and recognition of leases as a lessee

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

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

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Leased assets (continued)

The Group as a lessor

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

Taxation

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

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

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

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

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

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

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.

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

For the year ended 31 December 2022

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

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

Financial instruments**Recognition and initial measurement**

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

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

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

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

Classification as trade receivables

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

Financial assets at amortised cost

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

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

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income (continued)

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.

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Offsetting of balances within financial assets (continued)

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.

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derivative financial instruments (continued)

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.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments (continued)

Fair value measurement (continued)

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

Critical judgements

Legal and compliance claim provisions and contingent liabilities

The Group is exposed to various legal claims through the ordinary course of business, including customer, vendor and acquisitions, whereby judgement is applied as to the probability of outflow of economic resources and the estimate thereof. Judgment is applied through internal legal counsel as to assess the probability and amount of settling the claims. This assessment is managed on a case-by-case basis and provided for accordingly. Refer to note 22 and 23 for further details.

Critical estimates

Goodwill Impairment

The Group has £4,093.2m (2021: £3,822.9m) of goodwill at the end of the current financial year. Goodwill impairment testing is performed at least annually by assessing the CGUs including their goodwill and other intangible assets across the Group's regions. The carrying value of goodwill is assessed by reference to these CGUs. A CGU is each geographical region (EMEA, Americas and Asia Pacific) in which the business operates, except for Russia which has been classified as held-for-sale in the current year (refer to note 30) and excluded from the EMEA CGU. Management reviews the business performance and completes the CGU impairment analysis based on these geographical regions. Goodwill is therefore monitored by management at this level. In determining whether an impairment loss has arisen on goodwill or intangible assets the Group makes judgements over the value-in-use of its CGUs. In calculating the value-in-use of a CGU the Group makes estimates of forecast cash flows and discount rates to derive a net present value of these cash flows and determine if an impairment has occurred. Key areas of judgement include the forecasted revenue growth, operating margins, central cost allocations as well as the determination of the discount rate and long-term growth rate applicable to each CGU. See Note 11 for further details.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

4. Critical accounting estimates and judgements (continued)

Critical estimates (continued)

Right-of-Use Asset Impairment

The Group is optimising its property portfolio as part of its structural reforms and expects to utilise sub-leases for certain properties. The value of the right-of-use asset over which judgement has been exercised was £198.2m (2021: nil). The right-of-use asset is assessed for impairment by comparing the carrying amount to the present value of the expected sublet rental income discounted at the incremental borrowing rate. 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, a significant addition or decrease in the right-of-use asset may occur in the following financial year. Refer to note 14 for further details.

Deferred consideration and put option payments in respect of acquisitions

The Group has deferred consideration of £248.8m (2021: £315.5m) and put options liability of £86.1m (2021: £148.2m) at the end of the current financial year. The Group determines the amount of deferred consideration and put option liabilities to be recognised according to the formulae agreed at time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration.

Key areas of judgement in calculating the carrying value of deferred consideration and put option liabilities are the expected future cash flows of the acquired entity, the timing of exercise of options and the discount rate. Refer to note 27 for further details.

Other estimates and judgments

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 our DACH Cluster, a complex business transformation and systems integration matter led to accounting and process issues within that business in the year. This resulted in enhanced challenge 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. These financial statements reflect the results of that examination and the resulting judgements.

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

Valuation of acquired intangible assets

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

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

For the year ended 31 December 2022

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

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

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. Refer to note 22 for further details.

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 10 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 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.

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

For the year ended 31 December 2022

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:

	2022	2021
	£m	£m
EMEA	1,628.2	1,547.4
Americas	2,005.0	1,721.4
APAC	624.6	563.6
	4,257.8	3,832.4

Assets and liabilities related to contracts with customers

Contract assets balances recognised as of 31 December 2022 total £26.0m (2021: £28.5m). 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 £326.9m (2021: £232.4m). Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is £8.5m (2021: £3.7m).

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 (2021: £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 2022, there were no material contract assets in relation to the costs to obtain or fulfil contracts with customers.

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

For the year ended 31 December 2022

6. Operating profit

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

	Notes	2022 £m	2021 £m
Net foreign exchange losses/(gains)		(7.6)	(1.6)
Depreciation of property, plant and equipment	13	44.2	46.2
Depreciation of leased assets	14	76.4	94.9
Amortisation of intangible assets	12	103.1	135.6
Impairment of intangible assets	12	14.9	27.3
Impairment of goodwill	11	128.1	-
Staff costs	7	2,796.9	2,391.3
Restructuring expenses		165.6	140.3
Other		576.2	503.4
Total operating expenses		3,897.8	3,337.4

Other operating expenses for the current and prior year largely consists of administrative expenses, management charges and maintenance costs. Also included within operating expenses is a charge of £14.9m (2021: £27.3m) relating to the impairment of intangible assets, including IT software.

Included within operating loss is a charge of £165.6m (2021: £140.3m) related to restructuring programmes. Included within restructuring expenses is £12.3m (2021: £21.4m) relating to employee termination benefits, £20.9m (2021: £45.9m) of professional costs, £121.0m (2021: £73.1m) of onerous contracts, asset write-downs and other property related charges.

Included within staff costs are credited amounts of £0.8m (2021: £2.1m) of government grants in relation to Covid-19 assistance schemes.

Defined contribution schemes

Retirement benefits for employees are principally provided by defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement of £58.6m (2021: £50.5m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2022, contributions of £3.5m (2021: £1.9m) due in respect of the current reporting period had not been paid over to the schemes.

Fees paid to auditor

	2022 £m	2022 %	2021 £m	2021 %
Audit fees				
Audit of these financial statements	1.5	9.6%	1.1	9.1%
Amounts receivable by the Company's auditor and its associates in respect of:				
Audit of financial statements of subsidiaries of the Company	13.2	84.6%	9.8	81.0%
Other services				
Other tax advisory services	0.1	0.6%	0.2	1.7%
Other assurance services	0.8	5.2%	1.0	8.2%
Total fees paid to the Company's auditor	15.6	100.0%	12.1	100.0%

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

For the year ended 31 December 2022

7. Staff costs

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

	2022	2021
	Number	Number
Dentsu International Operations	46,804	42,269
Corporate	1,394	1,101
	48,198	43,370

Staff costs consist of:

	2022	2021
	£m	£m
Wages, salaries, bonus and benefits	2,484.4	2,113.3
Share based payments (See note 28)	14.0	15.0
Social security costs	234.4	206.9
Contributions to defined contribution plans	58.6	50.5
Expenses related to defined benefit plans	5.5	5.6
	2,796.9	2,391.3

Directors' remuneration

	2022	Aggregate 2021	Highest paid Director 2022	Highest paid Director 2021
	£m	£m	£m	£m
Directors' remuneration	5.8	14.8	3.6	7.1
Amounts receivable under long term incentive schemes	9.1	10.8	6.1	6.3
Company contributions to money purchase pension plans	0.3	0.3	0.2	0.1
Compensation for loss of office	1.7	-	1.7	-
	16.9	25.9	11.6	13.5

In addition to the amounts above, one former director received £3.3m during the 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. In 2021, one former director received £1.8m under the terms of their termination agreement as compensation for loss of office.

One director received cash payments in lieu of contributions to money purchase schemes (2021: one director). The amount shown above includes the aggregate value of company contributions paid (or accrued) to a pension scheme in respect of money purchase benefits, as well as the cash payments to the Directors.

During the year, no director (2021: nil) exercised share options in the Company and no director (2021: nil) received shares, or had shares receivable under long-term incentive schemes, in respect of their qualifying service.

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

For the year ended 31 December 2022

8. Finance income

	2022	2021
	£m	£m
Interest income on financial assets measured at amortised cost	19.0	11.9
Other movements	0.5	2.6
Finance income	19.5	14.5

Other movements on financing items include fair value movements in derivative instruments intended to provide a natural hedge of exchange rate risk. Information on the Group's designated hedges is given in Note 20.

9. Finance expenses

	Notes	2022	2021
		£m	£m
Interest expense on overdrafts		(9.9)	(3.1)
Interest expense on bank loans, loan notes, other loans		(56.8)	(56.1)
Interest expense on lease liabilities	14	(25.9)	(20.5)
Other interest expenses		(35.7)	(24.4)
Total interest expense on financial liabilities measured at amortised cost		(128.3)	(104.1)
Remeasurements of deferred consideration and put option liabilities	27	(77.0)	(143.4)
Financial assets at fair value through profit and loss		(2.3)	-
Other movements		(12.5)	(6.3)
Finance expenses		(220.1)	(253.8)

Other movements on financing items in 2022 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.

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

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

	2022	2021
	£m	£m
Current tax	103.1	105.1
Adjustments in respect of prior years	1.9	(27.4)
	105.0	77.7
<i>Deferred tax (note 21)</i>		
Origination and reversal of temporary differences	(26.1)	(4.0)
Reduction in tax rate	0.0	0.4
(Recognition)/derecognition of previously unrecognised tax losses	(26.9)	(7.9)
(Recognition)/derecognition of previously unrecognised temporary differences	(5.2)	(4.8)
Adjustments in respect of prior years	9.8	29.9
Total Deferred Tax	(48.4)	13.6
Total Tax	56.6	91.3

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

For the year ended 31 December 2022

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

The tax charge for the year ended 31 December 2022 is £56.6m (2021: £91.3m) representing an effective tax rate (including deferred tax on goodwill) on statutory profit of (26.2%) (2021 profit: 189.0%). The tax charge for the year ended 31 December 2022 includes a deferred tax expense of £28.0m (2021: £24.2m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale.

UK Corporation tax is calculated at 19.0% (2021: 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:

	2022	2021
	£m	£m
Items that may be subsequently reclassified to profit or loss:		
Tax on cash flow hedge: movements taken to equity	44.6	16.1
Items that are not subsequently reclassified to profit or loss:		
Tax credit on exercise of Merkle Share Scheme	-	(3.8)
Tax on defined benefit scheme	1.9	-
Other	-	(0.1)
Tax expense for the year	46.5	12.2

The total tax gain recognised directly in equity during the year was £5.3m (2021: charge of £3.9m), this related to equity instruments.

The total charge for the year for the Group can be reconciled to the accounting profit (2021: profit) as follows:

	2022	2021
	£m	£m
Accounting Profit/(loss) before tax from continuing operations	(216.0)	48.3
Tax at the UK corporation tax rate of 19% (2021: 19%)	(41.0)	9.2
Adjustments in respect of prior years - current and deferred tax	11.6	2.4
Non deductible Expenditure	70.7	32.1
Rate differences on overseas earnings	(10.6)	(6.4)
Local tax charge/(credit)	18.5	17.3
Withholding taxes and other charges/(credit) for the period	(3.7)	12.6
Current year movement in tax losses not recognised	0.9	20.4
Current year movement in FATD not recognised	0.3	0.8
Current year movement in STTD not recognised	12.7	1.2
Other reconciling Items	(2.8)	1.7
Tax expense for the year	56.6	91.3
Effective rate of statutory tax charge on statutory profits	-26.2%	189.0%

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

For the year ended 31 December 2022

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 2022 is £nil (2021: £nil).

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15% (under the Pillar 2 GloBE rules).

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March and December 2022 and February 2023, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The December 2022 guidance includes a Transitional Safe Harbour regime which is intended to simplify compliance requirements in the first three fiscal years under the Pillar 2 GloBE rules. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. At the Balance Sheet date, none of the jurisdictions in which the Group operates had enacted or substantively enacted Pillar 2 GloBE rules. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in. The Group may be subject to top-up tax because it has subsidiaries in countries where the statutory tax rate is below 15%.

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

For the year ended 31 December 2022

11. Goodwill

Cost	£m
At 1 January 2021	4,136.9
Additions	102.7
Measurement period adjustments	(3.8)
Other movements	(3.2)
Exchange differences	(40.6)
At 31 December 2021	4,192.0
Additions	99.1
Measurement period adjustments	(1.0)
Reclassified to assets held-for-sale business	(61.0)
Disposal	(1.8)
Other movements	8.2
Exchange differences	356.0
At 31 December 2022	4,591.5
Accumulated impairment losses	£m
At 1 January 2021	372.6
Exchange differences	(3.5)
At 31 December 2021	369.1
Impairment losses for the year	128.1
Exchange differences	1.1
At 31 December 2022	498.3
Carrying amount	£m
At 31 December 2022	4,093.2
At 31 December 2021	3,822.9

Additions to goodwill are as a result of the Group's acquisition of Pexlify, Extentia and Aware Services in 2022 (see Note 26).

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

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

	2022	2021
	£m	£m
EMEA	1,206.5	1,152.4
Americas	2,458.6	2,179.0
Asia Pacific	428.1	491.5
Total Group	4,093.2	3,822.9

Goodwill is assessed for impairment annually.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

11. Goodwill (continued)

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

The rate used to discount the forecast cash flows is 12.5% for the EMEA CGU (2021: 9.7%), 10.2% for the Americas CGUs (2021: 9.0%) and 15.7% for the Asia Pacific CGU (2021: 11.3%). 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.

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% (2021: 1.5%), Americas CGU 2.0% (2021: 2.0%) and Asia Pacific 2.0% (2021: 2%).

In applying the above assumptions, the carrying value of the Asia Pacific CGU has been determined to be higher than its recoverable value of £404.8m and an impairment charge of £128.1m has been recognised (2021: nil). The regional performance has been impacted by COVID-19, particularly in China.

The key 2023 budget and mid-term* assumptions applied to the Asia Pacific CGU were revenue growth of 3% to 3.8%, underlying operating profit** margin 13.9% to 19.0% and Global and Corporate cost allocations of 12%.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as market growth, discount rates and currency exchange rates. A reasonably possible change in a key assumption for the EMEA and Americas CGUs is not expected to result in any impairment. Following the impairment loss in the Asia Pacific CGU, the recoverable amount is equal to its carrying amount, therefore any adverse movement in the assumptions underpinning the recoverable amount would result in further impairment, as reflected below:

Changes in assumption applied to APAC CGU	Impact on Headroom
1% increase in WACC	£(85.8)m
0.5% decrease in long term average revenue	£(31.1)m
Average 1.4% decrease in mid-term revenue	£(46.2)m
Average 4% decrease in mid-term operating margin	£(128.6)m
1% increase in global and corporate cost allocations	£(34.9)m

*Mid-term reflects the financial periods 2024 to 2027.

**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: business restructuring costs, impairment loss and gain/loss on sale of non-current assets.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

11. Goodwill (continued)

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

Further impairment was recorded against goodwill arising in the APAC CGU as part of an impairment charge recorded by the Group's ultimate parent company, Dentsu Group Inc. in its Q2 2023 financial information. This has been disclosed within Note 32 as a non-adjusting subsequent event.

If the cashflows utilised in the 2022 impairment assessment had been consistent with those included in our year-to-date September 2023 assessment, a further impairment of £100.8m would have been required. The impairment was triggered by tougher than anticipated post year end market conditions and consequent under-performance of the APAC CGU. As this relates to 2023 events, it has not been reflected in the 2022 financial statements.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

12. Intangible assets

	Notes	Software £m	Customer Relationships £m	Non- competes Agreements £m	Intellectua l Property £m	Other £m	Total £m
Cost							
At 1 January 2021		117.1	581.2	65.3	182.6	137.3	1,083.5
Additions							
- separately acquired		5.7	-	-	0.5	21.1	27.3
- internally generated		0.6	-	-	-	1.6	2.2
Acquired on acquisition of a subsidiary	26	0.6	54.8	1.6	4.7	1.4	63.1
Disposals		(20.3)	(3.6)	(0.1)	(0.3)	(3.3)	(27.6)
Transfers and other movements		19.8	-	-	(4.1)	(12.6)	3.1
Exchange differences		(2.1)	(8.2)	(1.6)	0.5	(3.0)	(14.4)
At 31 December 2021		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 (Note 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
Accumulated amortisation & impairment losses							
At 1 January 2021		81.2	310.7	43.1	58.5	83.0	576.5
Charge for the year		11.0	80.8	8.8	18.0	17.0	135.6
Disposals		(19.3)	(3.2)	(0.1)	(0.3)	(2.6)	(25.5)
Impairment		23.4	-	-	-	4.2	27.6
Transfers and other movements		4.8	-	-	-	(0.5)	4.3
Exchange differences		(1.5)	(7.5)	(1.2)	(0.2)	(0.9)	(11.3)
At 31 December 2021		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 (Note 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
Carrying amount							
At 31 December 2022		31.3	222.6	10.2	106.5	24.4	395.0
At 31 December 2021		21.8	243.4	14.6	107.9	42.3	430.0

The consolidated cash flow statement, on page 29 of the financial statements, includes separate disclosure of the proceeds from disposal of property, plant and equipment and intangible assets.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

13. Property, plant and equipment

	Freehold land and buildings	Long leasehold and leasehold improvements	Office furniture, fixtures, equipment and vehicles	Total
Cost	£m	£m	£m	£m
At 1 January 2021	3.8	239.7	192.5	436.0
Additions	0.2	10.7	25.6	36.5
Acquisitions of subsidiaries	-	0.1	2.9	3.0
Disposals and assets retired	(0.3)	(71.7)	(35.3)	(107.3)
Transfers and other movements	(0.2)	(1.3)	(13.9)	(15.4)
Exchange differences	(0.2)	(1.9)	(5.1)	(7.2)
At 31 December 2021	3.3	175.6	166.7	345.6
Additions	0.1	6.8	23.3	30.2
Acquisitions of subsidiaries (Note 26)	-	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
Accumulated depreciation and impairment losses				
At 1 January 2021	1.1	150.7	123.8	275.6
Charge for the year	-	20.4	25.8	46.2
Impairments	0.1	-	-	0.1
Disposals and assets retired	(0.1)	(62.0)	(29.3)	(91.4)
Transfers and other movements	-	1.3	(4.2)	(2.9)
Exchange differences	(0.1)	(0.2)	(3.5)	(3.8)
At 31 December 2021	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
Carrying amount				
At 31 December 2022	2.3	32.4	42.2	76.9
At 31 December 2021	2.3	65.4	54.1	121.8

At 31 December 2022, the Group had capital commitments of £0.7m contracted, but not provided, for the acquisition of property, plant and equipment (2021: £0.9m).

The consolidated cash flow statement, on page 29 of the financial statements, includes separate disclosure of the proceeds from disposal of property, plant and equipment and intangible assets.

*Impairment charge is included within Restructuring expenses (Refer note 6).

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

For the year ended 31 December 2022

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 20 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 recognise right-of-use assets and lease liabilities for these leases.

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

a) Right -of-use assets

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

2021	Buildings and Leasehold Improvements	Other	Total £m
Balance at 1 January	379.4	5.6	385.0
Depreciation charge for the year	(95.3)	(4.9)	(100.2)
Additions to right-of-use assets	148.7	6.3	155.0
Disposals	(85.9)	(1.2)	(87.1)
Impairment	(2.8)	-	(2.8)
Foreign exchange differences	(7.4)	(0.5)	(7.9)
Balance as at 31 December	336.7	5.3	342.0

*Included in depreciation charge for the year is £5.1m included in restructuring expenses.

**Restructuring costs (note 6) 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 recognised in profit or loss

	2022 £m	2021 £m
Interest on lease liabilities	(25.9)	(20.5)
Expenses relating to short-term leases	-	(0.5)
Impairment of right of use assets presented within restructuring	(186.0)	(2.8)

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

For the year ended 31 December 2022

14. Leases (continued)**c) Amounts recognised in statement of cash flows**

	2022	2021
	£m	£m
Total cash outflow for leases	(116.0)	(129.4)

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 £154.3 million relating to the commencement of a 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 has been 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.

If the estimated total subrental income received was to change by +/-10% then the impairment would move by +/- £15.0m. The 10% sensitivity is deemed as appropriate given the 12-month movement of this assumption based on current market conditions.

Similarly, if the commencement date of a subtenant was changed by +/- 3 months then the impairment would move by +/- £4.3m. The 3-month sensitivity is deemed as appropriate given the quarterly assessment of this assumption.

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

The remaining £41.0m impairment relates to 30 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.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

14. Leases (continued)

e) Lease liabilities

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

* Cash flow is reflected net of sublease income receipts of £5.2m.

2021	Total £m
Balance at 1 January	474.7
Interest charge for the year	20.5
Additions	170.6
Disposals	(80.0)
Repayments	(129.4)
Foreign exchange differences	(8.8)
Balance as at 31 December	447.6

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

	2022 £m	2021 £m
Less than one year*	121.6	124.2
One to two years	110.8	104.6
Two to three years	98.9	80.8
Three to four years	87.1	68.1
Four to five years	78.9	56.2
More than five years	455.4	145.3
Subtotal	952.7	579.2
Effect of discounting	(234.8)	(131.6)
Total	717.9	447.6

* Current lease liabilities of £87.8m include the effect of discounting of £33.8, amounting to gross cash flows of £121.6m.

15. Interests in associates and joint ventures

	Associates & joint ventures £m
At 1 January 2022	4.1
Share of results after tax	0.3
Disposal	(4.3)
Exchange differences	2.1
At 31 December 2022	2.2

Investments in associates at 31 December 2022 include goodwill of £nil (2021: £nil).

There is no cumulative unrecognised share of losses as at the end of 2022 (2021: £nil).

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

For the year ended 31 December 2022

16. Equity instruments

	2022	2021
	£m	£m
Equity instruments	7.1	7.9

Equity instruments consist of investment in Workpoint Entertainment Limited held in Thailand £5.4m (2021: £6.4m) and various other smaller holdings.

17. Work in progress

	2022	2021
	£m	£m
Work in progress	15.9	3.3

Work in progress consists principally of media inventory.

18. Trade and other receivables

	2022	2021
	£m	£m
Trade receivables	4,158.4	4,209.2
Accrued income	1,820.5	1,838.0
Prepayments	54.4	45.1
VAT receivable	96.2	81.5
Receivables from Parent and other Dentsu Group Inc Group entities	177.6	248.4
Other receivables*	98.5	70.7
	6,405.6	6,492.9

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 includes bank interest receivable.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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 2021	2.4	-	-	97.9	100.3
Provided (released) in the year	(1.2)	-	-	(2.9)	(4.1)
Utilisation of allowance	-	-	-	(13.8)	(13.8)
Exchange differences	(0.2)	-	-	(1.6)	(1.8)
At 31 December 2021	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 assets held-for-sale	-	-	-	(15.3)	(15.3)
Exchange differences	-	-	-	2.1	2.1
At 31 December 2022	1.7	-	-	67.4	69.1

Ageing past due date on receivables

At 31 December 2022

	Group A £m	Group B £m	Group C £m	Group D £m	Total £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.

At 31 December 2021

	Group A £m	Group B £m	Group C £m	Group D £m	Total £m
Not past due and past less than 30 days	313.9	-	-	5,566.7	5,880.6
Past 31 – 90 days	-	-	-	189.9	189.9
Past over 90 days	-	-	-	151.1	151.1
Total	313.9	-	-	5,907.7	6,221.6

Receivables of £6,221.6m exclude loss allowance of £80.6m, accrued income of £218.3m, prepayments of £45.1m, VAT receivable of £81.5m and other receivables of £7.0m compared to trade and other receivables of £6,492.9m.

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

For the year ended 31 December 2022

18. Trade and other receivables (continued)**Loss allowance by ageing**

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%

At 31 December 2021	Receivable	Loss allowance	Average % of loss allowance
	£m	£m	
Not past due and past less than 30 days	5,880.6	25.0	0.4%
Past 31 – 90 days	189.9	1.5	0.8%
Past over 90 days	151.1	54.1	35.8%
Total	6,221.6	80.6	1.3%

19. Trade and other payables

	Notes	2022 £m	2021 £m
Trade payables and accruals		6,355.4	6,126.8
Deferred income		313.5	326.9
Taxation and social security		129.1	155.3
Deferred consideration	27	209.0	235.4
Payables to Parent and other Dentsu Group entities		86.0	67.1
Amount payable to associated undertakings		-	4.9
Advanced payments and billings		353.8	357.9
Share based payment liability	28,31	15.1	23.7
Other payables		451.7	434.3
		7,913.6	7,732.3

Payables to the ultimate parent Dentsu Group Inc. and other Dentsu Group Inc. subsidiaries are disclosed in Note 31 Related party transactions.

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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the Group's borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

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

For the year ended 31 December 2022

20. Financial instruments (continued)**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.

	2022	2021
	£m	£m
Forward foreign exchange contracts - notional principal	362.8	287.5

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

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

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

	Euro Currency Impact		US Dollar Currency Impact	
	2022	2021	2022	2021
	£m	£m	£m	£m
Loss before tax	-	(0.1)	(0.2)	(0.1)
Other comprehensive income	-	-	-	-

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

For the year ended 31 December 2022

20. Financial instruments (continued)**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 £533.9m sold but not settled as at 31 December 2022 (2021: £317.9m). Given the non-recourse nature of the arrangement these have been derecognised from trade and other receivables.

At 31 December 2022, the Group had net debt (before issue costs of new debt) of £1,898.8m (2021: £1,844.0m). The Group had cash and cash equivalents, net of overdrafts, of £1,439.9m at 31 December 2022 (2021: £1,478.4m) and gross borrowings (before issue costs of new debt and excluding overdrafts which are included in cash and cash equivalents) of £3,338.5m (2021: £3,322.3m). The Group's principal debt instruments are subject to certain financial covenants as set out in page 72.

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*	2023**	2024	2025	2026+
			£m	£m	£m	£m	£m
MUFG Bank Ltd \$500m	3.15%	2024	414.0	-	414.0	-	-
SMBC Bank International Plc \$400m	3.26%	2024	331.1	-	331.1	-	-
MUFG Bank Ltd \$200m	5.44%	2024	165.7	-	165.7	-	-
Mizuho Bank Ltd £250m	4.47%	2025	250.1	-	-	250.1	-
Dentsu Group Inc. ¥44b	0.40%	2023	277.8	277.8	-	-	-
SMBC Bank International Plc £50m	1.95%	2025	50.0	-	-	50.0	-
Norinchukin Bank \$100m	4.90%	2026	83.7	-	-	-	83.7
Mizuho Bank Ltd £400m	3.74%	2026	402.6	-	-	-	402.6
Dentsu Group Inc. ¥44b	0.48%	2025	278.3	-	-	278.3	-
Dentsu Group Inc. ¥44b	0.83%	2030	278.8	-	-	-	278.8
Dentsu Group Inc. ¥41b	0.58%	2025	259.4	-	-	259.4	-
Dentsu Group Inc. ¥27.5b	0.58%	2026	174.0	-	-	-	174.0
Dentsu Group Inc. ¥23b	0.58%	2027	143.3	-	-	-	143.3
			3,108.8	277.8	910.8	837.8	1,082.4

* The carrying value includes £9.0m of accrued interest

**Total current borrowings include bank overdraft of £244.5m, and short term loans of £238.4m and debt issue costs of (£1.5m).

The Group has a core revolving facility and term loan agreements of £500.0m. At 31 December 2022, this facility was undrawn (2021: undrawn), giving the Group total undrawn committed facilities of £500.0m (2021: £500.0m).

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Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

20. Financial instruments (continued)

Interest rate risk

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

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

A 1% increase in floating interest rates would have increased the loss before tax in the consolidated income statement by £1.3m (2021 loss before tax: £2.0m), assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

Credit Risk

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

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

Amount and movement of loss allowance for expected credit losses are disclosed in Note 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.

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 2022 is a liability of £76.6m (2021: £(5.2)m). The fair value is based on a discounted cash flow model and market interest yield curves applicable and represents unrecognised gains which the Group expects

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

20. Financial instruments (continued)

Interest rate risk (continued)

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 2022 is a liability of £(8.3)m (2021: £(84.8)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

The Group's leverage covenant (net debt/EBITDA) was 0.3 times (compared to a covenant requirement of <3.5 times) (2021: 0.9 times) and interest cover covenant (EBITDA/net interest) was 9.6 times (compared to a covenant requirement >4 times) (2021: 11.8 times) at 31 December 2022.

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Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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:

	2022 Foreign currency risk*	2022 Interest rate risk*	2021 Foreign currency risk*	2021 Interest rate risk*
Nominal amount £m	1,410.3	2,308.2	1,287.60	2,307.0
Carrying value				
Asset £m **	(22.0)	124.6	0.9	6.1
Liability £m **	(57.7)	22.4	(57.8)	(37.6)
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)	(9.3)	185.2	(114.9)	(84.9)
Hedge ineffectiveness recognised in comprehensive income £m	-	-	-	-
Amount reclassified from hedging reserve to comprehensive income £m	9.5	-	115.9	-
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 £1,410.3m (2021: £1,287.6m) 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.

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

For the year ended 31 December 2022

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:

	2022	2021
	£m	£m
Balance as at 1 January	15.3	(56.6)
Change in fair value – foreign currency risk	(7.3)	(94.8)
Change in fair value – interest rate risk	143.4	70.5
Amount reclassified to comprehensive income – foreign currency risk	7.4	96.2
Amount reclassified to comprehensive income – interest rate risk	-	-
Balance as at 31 December	158.8	15.3

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 2022 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 (2021: 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:

	2022	2021
	£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 LIBOR and USD LIBOR.

During 2022, loans with an interest benchmark linked to GBP LIBOR were re-novated to transition to GBP SONIA interest benchmarks in 2022. Loans with an interest benchmark linked to USD LIBOR are expected to require transition in 2024 or later.

The GBP LIBOR transition was contracted in such a way that the provisions of Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) could be applied, leading to the continuation of hedge accounting.

The nominal amount of hedging instruments utilising such benchmarks with a maturity after the end of 2022 when the benchmarks are expected to be discontinued was £248.0m as at 31 December 2022. These hedging instruments are designated in cash flow hedges of the variability of cash flows of certain of the Group's floating-rate borrowings instruments due to changes in the LIBOR based interest rates.

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

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Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

20. Financial instruments (continued)

a) Maturity profile of Group financial liabilities

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.

2021	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	29	30.6	30.6	30.6	-	-	-
External loans		3,322.3	3,438.6	489.3	317.4	2,341.1	290.8
Less: Issue costs of debt to be amortised		(4.9)	-	-	-	-	-
Total borrowings		3,348.0	3,469.2	519.9	317.4	2,341.1	290.8
Derivative financial liabilities		96.9	161.2	40.1	35.0	66.2	19.9
Put option liability	27	148.2	151.2	56.1	21.8	48.3	25.0
Deferred consideration	27	315.5	315.5	235.4	56.9	23.2	-
Lease liabilities	14	447.6	579.2	124.2	104.6	205.1	145.3
Provisions	22	222.2	414.6	75.9	27.2	58.4	253.1
Trade and other payables*	19	6,648.2	6,648.2	6,648.2	-	-	-
Other non-current liabilities		2.5	2.5	-	2.5	-	-
Total		11,229.1	11,741.6	7,699.8	565.4	2,742.3	734.1

* £6,648.2m exclude deferred income £326.9m, Taxation and social security £155.3m, Advanced Payments and billings £357.9m, Deferred consideration £235.4m and Other payables £8.6m compared to Trade and other payables of £7,732.3m.

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

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

For the year ended 31 December 2022

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	2022 Payable £m	2022 Receivable £m	2021 Payable £m	2021 Receivable £m
Less than 1 year	(17.5)	33.1	(17.4)	6.6
1-2 years	(14.5)	26.9	(16.8)	6.6
2-5 years	(16.1)	30.4	(29.8)	14.0
More than 5 years	-	-	-	-
Total	(48.1)	90.4	(64.0)	27.2

Cross currency interest rate swaps	2022 Payable £m	2022 Receivable £m	2021 Payable £m	2021 Receivable £m
Less than 1 year	(22.8)	7.3	(22.7)	7.3
1-2 years	(20.9)	6.9	(18.2)	6.6
2-5 years	(36.0)	11.8	(36.4)	14.0
More than 5 years	(14.2)	5.7	(19.9)	8.2
Total	(93.9)	31.7	(97.2)	36.1

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

For the year ended 31 December 2022

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

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

	2022	2022	2021	2021
	Payable	Receivable	Payable	Receivable
	£m	£m	£m	£m
Less than 1 year	(288.7)	277.6	-	-
1-2 years	-	-	(288.7)	282.5
2-5 years	(931.0)	855.0	(787.4)	722.5
More than 5 years	(315.2)	277.6	(315.2)	282.6
Total	(1,534.9)	1,410.2	(1,391.3)	1,287.6

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

	2022	2021
	£m	£m
Expiring between one and five years	500.0	500.0
Total	500.0	500.0

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

For the year ended 31 December 2022

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.

	2022	2022	2021	2021
	Fair value	Carrying value	Fair value	Carrying value
	£m	£m	£m	£m
2017 BTMU	400.8	414.0	380.6	370.0
2017 SMBC	321.0	331.1	305.1	296.0
2017 Mitsubishi	165.3	165.7	294.8	295.6
2018 Mizuho	247.5	250.1	245.9	250.0
2018 Dentsu Group Inc	277.4	277.8	281.0	282.8
2019 SMBC	47.9	50.0	49.8	50.0
2019 Norinchukin	83.3	83.7	72.9	74.1
2019 Mizuho	396.4	402.6	389.2	400.7
2020 Dentsu Group Inc	272.8	278.3	277.9	283.2
2021 Dentsu Group Inc	677.3	712.2	702.4	724.7
2022 Dentsu Group Inc	138.3	143.3	-	-
Total	3,028.0	3,108.8	2,999.6	3,027.1

There are no material differences between the recorded and fair values of the Group's financial assets at 31 December 2022. The fair values of financial assets reflect market values or are based upon readily available market data.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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).

2022	Measured at:	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
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
Loan receivables	AMORT COST	-	-	10.9	10.9
Total financial assets		5.4	108.4	34.3	148.1
Financial liabilities					
Held for trading: Foreign currency forward contracts	FVPL	-	(2.7)	-	(2.7)
Put option liabilities	FVPL	-	-	(86.1)	(86.1)
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(32.6)	-	(32.6)
Deferred consideration	FVPL	-	-	(248.8)	(248.8)
Total financial liabilities		-	(35.3)	(334.9)	(370.2)

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

20. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

2021	Measured at:	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
Held for trading:					
• Foreign currency forward contracts	FVPL	-	3.2	-	3.2
• Other financial assets	FVPL	8.5	5.6	-	14.1
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	6.1	-	6.1
Equity instruments	FVOCI	6.2	-	1.7	7.9
Total financial assets		14.7	14.9	1.7	31.3
Financial liabilities					
Held for trading: Foreign currency forward contracts	FVPL	-	(0.7)	-	(0.7)
Put option liabilities	FVPL	-	-	(148.2)	(148.2)
Hedging instruments: Interest rate swaps and cross currency interest rate swaps	FV	-	(96.1)	-	(96.1)
Deferred consideration	FVPL	-	-	(315.5)	(315.5)
Total financial liabilities		-	(96.8)	(463.7)	(560.5)

There were no transfers between levels during 2022 or 2021.

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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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	2022 Total	Floating rate	Non-interest bearing	2021 Total
	£m	£m	£m	£m	£m	£m
GBP	500.0	0.6	500.6	217.7	2.6	220.3
USD	533.8	15.0	548.8	462.9	18.7	481.6
EUR	94.1	22.3	116.4	213.1	23.8	236.9
Other currencies	461.3	57.3	518.6	523.4	46.8	570.2
	1,589.2	95.2	1,684.4	1,417.1	91.9	1,509.0

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	2022 Total	Fixed rate	Floating rate	Non-interest bearing	2021 Total
	£m	£m	£m	£m	£m	£m	£m	£m
GBP	1,965.1	541.5	6.4	2,513.0	1,987.6	(1.4)	3.8	1,990.0
USD	991.9	254.2	2.7	1,248.8	1,034.2	2.3	1.4	1,037.9
EUR	-	(343.1)	-	(343.1)	-	-	-	-
Other currencies	29.8	134.7	-	164.5	41.3	283.7	-	325.0
Gross borrowings	2,986.8	587.3	9.1	3,583.2	3,063.1	284.6	5.2	3,352.9
Issue costs of debt	(3.5)	-	-	(3.5)	(4.9)	-	-	(4.9)
	2,983.3	587.3	9.1	3,579.7	3,058.2	284.6	5.2	3,348.0

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

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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.

	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	2021 Gross amount of financial assets £m	2021 Gross amount of financial liabilities offset £m	2021 Gross amount of financial assets offset £m	2021 Net amount presented in balance sheet £m
Financial assets								
Cash and cash equivalents	2,731.6	(1,047.2)	-	1,684.4	1,984.3	(475.3)	-	1,509.0
	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	2021 Gross amount of financial liabilities £m	2021 Gross amount of financial assets offset £m	2021 Gross amount of financial liabilities offset £m	2021 Net amount presented in balance sheet £m
Financial liabilities								
Bank overdraft	(1,291.7)	-	1,047.2	(244.5)	(505.9)	-	475.3	(30.6)

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

	2022 Net amount £m	2021 Net amount £m
Financial assets		
Derivative assets - forward foreign exchange contracts and interest rate swaps	102.6	9.3
Financial liabilities		
Derivative liabilities - forward foreign exchange contracts and interest rate swaps	(35.3)	(96.9)

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

21. Deferred tax	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

	Purchased intangibles	Deductions in respect of goodwill	Losses	Other temporary differences	Total
At 1 January 2021 asset/(liability)	(76.5)	(110.8)	96.9	109.5	19.1
Exchange rate differences	0.7	(0.4)	(2.9)	2.3	(0.3)
Deferred tax on acquisitions	0.1	-	-	8.8	8.9
Amount provided in reserves	-	-	-	(12.0)	(12.0)
Transfers	-	-	-	9.2	9.2
Profit or loss movement	22.3	(15.9)	(58.2)	38.2	(13.6)
Other movements	-	-	-	(0.1)	(0.1)
At 31 December 2021 asset/(liability)	(53.4)	(127.1)	35.8	155.9	11.2

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).

	2022 £m	2021 £m
Deferred tax asset	80.3	113.8
Deferred tax liability	(63.2)	(102.6)
	17.1	11.2

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

	2022 £m	2021 £m
Losses – revenue	650.9	683.8
Losses – capital	109.5	109.5
Other temporary differences	29.4	14.2
	789.8	807.5

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

21. Deferred tax (continued)

Included in losses - revenue, are losses of £7.2m that will expire by 2023 (2021: £4.3m), £1.0m that will expire by 2024 (2021: £0.3m), £21.6m that will expire by 2025 (2021: £3.1m), £8.9m that will expire by 2026 (2021: £4.8m), £38.4m that will expire by 2027 (2021: £15.3m), £72.1m that will expire after 2028 (2021: £80.8m) and £501.7m (2021: £575.2m) that can be carried forward indefinitely.

The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £789.8m (2021: £807.5m) 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 £2,620.1m (2021: £2,053.5m) 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 2022 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.

Refer to note 10 for the update on the base erosion profit shifting (BEPS) Pillar 2 GloBE rules in the current financial year.

The tax impact of certain transactions can be uncertain until a conclusion is reached with the relevant tax authority or through a 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 2022 the Group held current and deferred tax liabilities totalling £36.2m (2021: £27.1m) in respect of uncertain tax positions.

The most significant judgement in this area relates to the Group's open tax audit by the Australian tax authorities regarding the financing of an acquisition. At the 31 December 2022 the Group held a current tax liability of £23.5m (2021: £13.1m) 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.

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

For the year ended 31 December 2022

22. Provisions

	Property provision	Restructuring provisions	Legal & Compliance	Other provisions	Total
	£m	£m	£m	£m	£m
At 1 January 2022	10.9	172.3	26.5	12.5	222.2
Reclassified to accruals	-	-	(6.8)	(1.0)	(7.8)
Additional provision in the year	3.0	72.7	5.4	2.7	83.8
Release to right-of-use asset (note 14)	-	(145.0)	-	-	(145.0)
Utilisation	(0.2)	(40.4)	(6.4)	-	(47.0)
Released	(4.0)	(7.7)	(0.2)	(3.0)	(14.9)
Exchange differences	0.5	15.0	0.6	1.2	17.3
At 31 December 2022	10.2	66.9	19.1	12.4	108.6

£45.0m (2021: £77.6m) of the above provisions are held as current liabilities.

The Dentsu Group announced its Accelerated Transformation Programme ("ATP") restructuring programme in 2020. This programme involves every region, the review has supported the focused strategy of integrated solutions and is aimed at simplifying the business for both clients and operations; structurally and permanently lowering operating expenses; enhancing the efficiency of our balance sheet and maximising long-term shareholder value.

As at 31 December 2022 a provision of £66.9m is held in respect of restructuring (2021: £172.3m). It is expected that the cash outflows in respect of the provision will occur throughout 2023. Key assumptions applied in the calculation of the provision include local legislation in respect of severance payments and average employee salaries. There is uncertainty in respect of the value and timing of payments pending the results of employee consultation and other regulatory procedures. Final payments may therefore differ from the initial estimates recorded.

As at 31 December 2022 a provision of £52.1m is held in respect of onerous leases (2021: £129.9m), within restructuring provisions. The provision balance was utilised in the current period by £145.0m on commencement of a 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, relates to variable costs outside of the scope of IFRS 16 which are not expected to be recovered from sublease. Key assumptions applied in the calculation of the provision include the rate of recovery driven by headline rental, expected rate of increase over the period (16 years), lease incentives and void periods, which aggregate to an estimated expected total outflow on the onerous space. There is uncertainty to the timing and value of any subrental income we will receive on the impacted properties. If the estimated total subrental income received was to change by +/-10% then the provision would move by +/- £0.7m. The final cash deficit to the Group may therefore differ from the initial estimates recorded. Certain properties that are considered surplus as part of the restructuring exercise have no onerous lease liability recorded at the balance sheet date, reflecting the advanced stage of negotiations to release the Group from any present obligation. Should these negotiations not reach the anticipated conclusion the current assessment would be materially different.

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.

Other provisions include amounts provided for miscellaneous items which do not meet the definitions of the other categories.

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

For the year ended 31 December 2022

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 reporting details of transactions recorded by a specific subsidiary to the appropriate regulatory authorities in India. Related to the matters reported, the Group has received claims totalling £56m 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 actually 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, have also been reversed. Whilst the Group continues to investigate 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.

24. Share capital and share premium

Share capital account	2022	2022	2021	2021
	Number of	£m	Number of	£m
	ordinary shares		ordinary shares	
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	1,426,884,938	78.5	1,426,884,938	78.5
Issue of shares by the Company	1	-	-	-
At 31 December	1,426,884,939	78.5	1,426,884,938	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	2022	2021
	£m	£m
At 1 January	1,991.6	1,991.6
Issue of shares by the Company	3.2	-
At 31 December	1,994.8	1,991.6

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

For the year ended 31 December 2022

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.

During the year, an exercise was undertaken to recycle historic foreign exchange movements on non-controlling interests which have since been acquired. This has been presented as a transfer within equity, and was not material to restate comparative periods.

26. Acquisition of subsidiaries**Summary of acquisitions****2022**

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
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

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

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

For the year ended 31 December 2022

26. Acquisition of subsidiaries (continued)**2021**

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
DIAMGI	Indonesia	Other	73%	85% (15%)	March
LiveArea	USA	Merkle	100%	100% (-)	August
Dentsu Argentina	Argentina	Other	95%	95% (5%)	September

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.

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

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

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

For the year ended 31 December 2022

26. Acquisition of subsidiaries (continued)

2021	Country of	% Acquired	% Acquired	Month of
Company	incorporation	percentage	percentage of interests	acquisition
		of voting	attributable to the	
		right	Group	
			(Total interests of the	
			Group)	
Videobeat	Germany	30%	100% (100%)	January
Helloworld	US	13%	100% (100%)	February
IF Malaysia	Malaysia	10%	100% (100%)	February
Outfox	Sweden	5%	100% (100%)	March
Gleam	UK	10%	100% (100%)	April
Dentsu Spain	Spain	25%	100% (100%)	May
Shuriken Creatives	Philippines	30%	100% (100%)	June
McGarryBowen HK & SH	China	40%	100% (100%)	September
Red Dentsu X	Norway	1%	100% (100%)	December
Emerald	Vietnam	49%	100% (100%)	December

If the acquisitions above (excluding additional stakes in existing subsidiaries) had been completed on the first day of the financial year, Group revenues for 2022 would have been £4,293.9m and the profit before interest and tax for the continuing Group, would have been £27.4m. Post-acquisition revenue and profit before interest and tax on 2022 acquisitions were £21.2m and £3.5m 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. £99.1m (2021: £103.0m) of goodwill capitalised in the period is estimated to be deductible for income tax purposes. All non-controlling interests are measured at the non-controlling interests' share of the carrying value of net assets. Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition.

Initial consideration for acquisitions of subsidiaries, excluding transaction costs (acquisition related fees), totalled £113.8m (2021: £183.1m) and an additional £23.9m (2021: nil) 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 £2.9m (2021: £3.4m) 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.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

26. Acquisition of subsidiaries (continued)

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

2022	Pexlify	Extentia	Aware Services	Total
	£m	£m	£m	£m
Assets				
Property, plant and equipment	0.5	0.3	0.1	0.9
Cash and cash equivalents	3.0	5.5	0.5	9.0
Trade and other receivables ¹	5.5	4.8	1.8	12.1
Business combination intangibles ²	9.4	21.0	9.4	39.8
Other assets	-	0.1	-	0.1
	18.4	31.7	11.8	61.9
Liabilities				
Trade and other payables	(2.4)	(4.2)	(2.5)	(9.1)
Deferred tax liability	(1.2)	(5.2)	(2.8)	(9.2)
Other liabilities	-	(0.3)	(0.4)	(0.7)
	(3.6)	(9.7)	(5.7)	(19.0)
Net identifiable assets acquired	14.8	22.0	6.1	42.9
Non-controlling interest	-	(4.3)	-	(4.3)
Goodwill arising on acquisition ⁴	48.1	24.0	27.0	99.1
	62.9	41.7	33.1	137.7
Satisfied by				
Initial consideration	44.4	41.7	27.7	113.8
Deferred consideration ⁵	18.5	-	5.4	23.9
	62.9	41.7	33.1	137.7

1. The trade receivables acquired at the acquisition date had a fair value of £8.3m. This does not include any loss allowance.

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

3. Measurement period adjustments recognised in the current year in respect of 2021 acquisitions include a decrease to business combination intangibles of £0.3m and a decrease to goodwill of £1.0m.

4. 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.

5. Pexlify deferred consideration is based a PBT multiple achieved during the 2-year earnout period with a range of nil to £46.9m. Aware Services deferred consideration is based equally between client and staff retention targets with an earnout range of nil to £5.6m.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

26. Acquisition of subsidiaries (continued)

Subsequent year-end acquisitions

The following table summarises the provisional post-acquisition amounts of assets acquired, liabilities, goodwill and consideration transferred. Refer to note 32 for further details.

	Tag	Omega ¹	Shift 7 ¹	Other	Total
	£m	£m	£m	£m	£m
Assets					
Property, plant and equipment	6.2	0.6	0.1	0.1	7.0
Cash and cash equivalents	17.1	2.3	0.9	2.8	23.1
Trade and other receivables ²	129.1	6.3	4.7	1.1	141.2
Business combination intangibles ³	174.9	35.9	15.5	4.5	230.8
Other assets incl deferred tax	27.1	0.7	0.5	0.1	28.4
	354.4	45.8	21.7	8.6	430.5
Liabilities					
Trade and other payables	(136.4)	(4.3)	(2.5)	(0.3)	(143.5)
Borrowings	-	(0.4)	-	(1.8)	(2.2)
Deferred tax liability	(25.6)	(9.1)	-	(1.4)	(36.1)
Other liabilities	(27.1)	(5.1)	(1.2)	(0.2)	(33.6)
	-189.1	(18.9)	(3.7)	(3.7)	(215.4)
Net identifiable assets	165.3	26.9	18.0	4.9	215.1
Non-controlling interest	-	-	(1.5)	-	(1.5)
Goodwill arising on acquisition ⁴	339.8	58.9	24.6	8.3	431.6
	505.1	85.8	41.1	13.2	645.2
Satisfied by					
Initial consideration	505.1	28.9	41.1	8.8	583.9
Deferred consideration ⁵	-	56.9	-	4.4	61.3
	505.1	85.8	41.1	13.2	645.2

1. Omega and Shift 7 were acquired to bolster the Group's CRM and Marketing Services with Shift 7 focusing on supporting our position as a leading experience partner in the B2B transformation space. Tag was acquired to grow Creative Production and CT&T capabilities. These acquisitions will further support the Group in achieving the strategic objective of reaching 50% of net revenue being generated by CT&T.
2. Included within trade and other receivables are trade receivables acquired at the acquisition date with a fair value of £109.1m. This does not include any loss allowance and is net of factored debt.
3. 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. They have been valued provisionally based on the Group's experience and historical valuations and will be updated within the measurement window if required.

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

For the year ended 31 December 2022

26. Acquisition of subsidiaries (continued)

4. 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.
5. Omega deferred consideration is based a PBT multiple achieved during the 2-year earnout period with a range of nil to £76.3m.

27. Other non-current liabilities

	2022	2021
	£m	£m
Deferred consideration	39.8	80.1
Pensions	33.0	39.6
Deferred lease incentives	7.0	23.1
Share based payment liability	6.2	2.2
Other	29.3	44.1
	115.3	189.1

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 £79.5m liability (2021: £78.8m) and £46.5m plan assets (2021: £39.2m) 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 years to 2024. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance.

Deferred consideration is discounted at the weighted average interest rates of government bonds approximating to the terms of the related liabilities. The discount rate applied in the current year is 5% (2021: 1%). 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:

	2022	2021
	£m	£m
Within one year	209.0	235.4
Between one and two years	39.8	56.9
Between two and five years	-	23.2
	248.8	315.5

The minimum potential liability is £nil (2021: £nil) and the maximum potential liability is £762.6m (2021: £1,415.2m). There are no acquisitions as at 31 December 2022 (2021: no) where the deferred consideration due is uncapped, the carrying value of these liabilities is £nil. The maximum potential liability is only payable if the post-acquisition profit performance of the acquisition meets stretching profit targets in the post-acquisition period.

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

For the year ended 31 December 2022

27. Other non-current liabilities (continued)**Deferred consideration (continued)**

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

	2022	2021
	£m	£m
Balance at 1 January	(315.5)	(902.0)
Deferred consideration created (note 26)	(23.9)	(6.9)
Reclassification to assets held-for-sale (note 30)	26.6	-
Deferred consideration settled	190.7	720.0
Remeasurements recognised in the income statement	(102.5)	(131.9)
Unwind of discounting	(1.6)	(1.9)
Exchange differences	(22.6)	7.2
Balance at 31 December	(248.8)	(315.5)

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 5% (2021: 1%). 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:

	2022	2021
	£m	£m
Balance at 1 January	(148.2)	(154.0)
Put options issued	(14.8)	-
Settlements, lapses, and transfers	56.2	13.3
Remeasurements	12.3	(6.4)
Unwind of discounting	11.4	(2.0)
Exchange differences	(3.0)	0.9
Balance at 31 December	(86.1)	(148.2)

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 £(2.4)m (2021: £(3.4)m). 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 £2.5m (2021: £3.5m).

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 £0.6m (2021: £4.7m). 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 £(0.7)m (2021: £(6.2)m).

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

For the year ended 31 December 2022

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 new 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 is expected to run 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	Weighting
3 year Total shareholder return (TSR) vs Tokyo Stock Price Index (TOPIX)	30%
3 year TSR vs Peer group*	20%
Compound annual growth rate (CAGR) of consolidated underlying operating profit of the Dentsu Group over 3 years	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.

Both 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 arrangements.

Measurement of fair values

The weighted average fair value of the Merkle share options granted in 2020 was Japanese ¥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.

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

For the year ended 31 December 2022

28. Share-based payment (continued)

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:

	2022 Award	2021 Award
Share price at grant date	¥4,910 /unit	¥3,535 /unit
Vesting period	3.2 years	3.2 years
Expected dividend yield	2.648%	2.016%
Volatility**	42.00%	41.21%
Risk free rate	(0.02)%	(0.136) %

**Volatility of the stock price was calculated using 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 2022	Granted	Forfeited	Vested	31 Dec 2022	Weighted average remaining life
Merkle scheme	2020	871	-	-	(435)	436	1.0
Dentsu Share Plan*	2021	455	-	-	-	455	1.2
Dentsu Share Plan*	2022	-	339	(228)	-	111	2.2

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

Senior Employees:

'000	Year of Award	1 Jan 2022	Granted	Forfeited	Vested	31 Dec 2022	Weighted average remaining life
Merkle scheme	2020	998	-	(295)	-	703	1.0
Dentsu Share Plan*	2021	755	-	(85)	-	670	1.2
Dentsu Share Plan*	2022	-	792	(26)	-	766	2.2

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

Expense recognised in income statement

The expense recognised in the income statement in relation to the Merkle scheme and Dentsu Share Plan in the year is £4.3m (2021: £10.2m) and £9.7m (2021: £4.8m) respectively.

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

For the year ended 31 December 2022

28. Share-based payment (continued)

The charge for the Dentsu share plan represents £6.8m (2021: £4.8m) related to equity-settled share awards and £2.9m (2021: £0m) 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 £4.3m (2021: £10.2m) and this is recorded as a liability at the year end.

The expense recharged in the year relating to the Dentsu Share Plan is £7.6m (2021: £4.6m) 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 £0.8m debit (2021: £0.2m credit) is recorded in equity.

29. Notes to the cash flow statement

	Note	2022	2021
		£m	£m
Profit / (loss) before tax		(216.0)	48.3
Adjustments for:			
Finance income	8	(19.5)	(14.5)
Finance expenses	9	220.1	253.8
Impairment of loan to Russian Minority Shareholder		40.8	-
Depreciation of property, plant and equipment	6, 13	44.2	46.2
Depreciation of leased assets	6, 14	76.4	94.9
Amortisation of intangible assets	6, 12	103.1	135.6
Impairment of intangibles and property, plant and equipment	6, 12, 13	47.9	26.4
Impairment on goodwill	6, 11	128.1	-
Impairment of held-for-sale Russia business	30	123.1	-
Stock option movement		4.3	10.1
Loss on disposal of subsidiaries, JVs and associates		5.6	4.5
(Decrease) / increase in restructuring provision*		58.1	(66.4)
Other non-cash		(10.0)	56.5
		606.2	595.4
Decrease in provisions		(10.6)	(6.0)
Decrease/ (increase) in receivables		261.4	(790.2)
(Increase)/ decrease in work in progress		(11.8)	1.3
(Decrease)/ increase in payables		(142.7)	988.5
		96.3	193.6
Cash inflow from operations		702.5	789.0

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).

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

29. Notes to the cash flow statement (continued)

	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
Analysis of net debt								
Cash and short-term	1,509.0	112.8	-	-	-	-	62.6	1,684.4
Overdrafts	(30.6)	(212.7)	-	-	-	-	(1.2)	(244.5)
Cash and cash	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 £92.5 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.

	1 January 2021 £m	Cash inflow £m	Cash outflow £m	Interest paid * £m	Interest accrued £m	Other non- cash movements* £m	Exchange movements £m	31 December 2021 £m
Analysis of net debt								
Cash and short-term	1,988.6	(442.3)	-	-	-	-	(37.3)	1,509.0
Overdrafts	(7.5)	(22.6)	-	-	-	-	(0.5)	(30.6)
Cash and cash	1,981.1	(464.9)	-	-	-	-	(37.8)	1,478.4
Debt due within one year	(921.0)	(24.6)	629.4	53.4	(37.4)	(187.7)	39.9	(448.0)
Debt due after more than one year	(2,356.5)	(740.1)	4.1	-	-	146.5	71.6	(2,874.4)
Net debt before issue costs of debt	(1,296.4)	(1,229.6)	633.5	53.4	(37.4)	(41.2)	73.7	(1,844.0)
Issue costs of debt	4.2	2.1	-	-	-	(1.4)	-	4.9
Total	(1,292.2)	(1,227.5)	633.5	53.4	(37.4)	(42.6)	73.7	(1,839.1)

* Interest and other financial charges paid of £85.3 includes derivative interest of £21.7m and other of £10.2m.

*Other non-cash movements mainly relate to the reclassification between short and long-term debt and other non-cash adjustments.

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

For the year ended 31 December 2022

30. Held-for-sale business

An agreement was signed on 14 November 2022 to dispose of Dentsu's subsidiaries in Russia and Kazakhstan. These entities are held through a 75% owned subsidiary, Hullbitt Ltd, which is incorporated in Cyprus. The sale is expected to complete within Q4 2023 subject to regulatory approvals and completion of the disposal step plan.

	2022
	£m
Total assets held-for-sale	387.7
Impairment of non-current assets held-for-sale	(63.4)
Assets held-for-sale	324.3
Excess impairment beyond non-current assets held-for-sale	(59.7)
Exchange differences	3.7
Assets held-for-sale after excess impairment	268.3
Liabilities held-for-sale	(243.4)
Balance at 31 December	24.9

Assets and liabilities of disposal group held-for-sale

At 31 December 2022, the disposal group was stated at fair value less cost to sell and comprised of the following assets and liabilities.

	£m
Trade and other receivables	248.7
Cash and cash equivalents	13.2
Other	6.4
Assets held-for-sale after excess impairment	268.3

	£m
Trade and other payables	188.2
Borrowings	29.6
Deferred consideration	20.7
Other	4.9
Liabilities held-for-sale	243.4

The net carrying value after impairment of the held-for-sale disposal group amounts to £24.9m being the recoverable value of the disposal group (£11.1m) adjusted for intercompany liabilities which have been eliminated on consolidation of (£13.8m). As part of the remeasurement of balances associated with the Russian business before reclassification as held-for-sale, a loan receivable made to the Russian minority shareholder was impaired (£40.8m) and a fair value gain on a related put-option liability was recorded (£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 £101.1m.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

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 2022 was £nil (2021: £4.1m). The balance due from associated undertakings to Group companies at the end of 2022 was £nil (2021: £nil). Transactions with associated undertakings were carried out in the normal course of business.

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

Counterparty	Gross Media Billings £m	Gross Media Buying £m	Other Income £m	Other Purchases £m	Receivables £m	Payables £m	Borrowings £m
Dentsu Group Inc.	-	-	16.9	(24.7)	11.8	(18.0)*	(1,411.9)
Dentsu Inc. &c. Inc.	4.4	(4.0)	5.3	(0.6)	4.2	(2.7)	-
Beijing Dentsu Advertising Co Limited	-	-	3.3	-	108.6	(45.4)	(66.3)
Dentsu MCGarrybowen (Taiwan) Inc.	-	-	4.5	-	41.0	(18.7)	(0.2)
Dentsu X (Taiwan) Inc	7.8	(0.4)	0.6	-	1.3	-	-
Dentsu Digital Inc.	5.6	(2.6)	1.1	-	1.1	(0.3)	-
Other Dentsu Group Entities	-	(20.9)	-	-	0.2	-	-
Total	7.8	(1.4)	6.7	(2.0)	9.4	(16.0)	(10.3)
Total	25.6	(29.3)	38.4	(27.3)	177.6	(101.1)	(1,488.7)

* Payables includes an amount of £15.1m (2021: £23.7m) relating to a share-based payment liability (Note 19) which is payable to Dentsu Group Inc. (see Note 28).

Remuneration of key management personnel

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

	Aggregate		Highest paid Director	
	2022 £m	2021 £m	2022 £m	2021 £m
Key management remuneration	20.8	26.9	11.5	13.7
Company contributions to money purchase pension schemes	0.3	0.3	0.2	0.1
Total remuneration	21.1	27.2	11.7	13.8

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

31. Related party transactions (continued)

Remuneration of key management personnel (continued)

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

The longstop for the disposal of the Russia business has been extended to 31 December 2023. There has been no other change to the sale agreement.

Funding

On 28 April 2023, Dentsu Group Inc. subscribed for one share in Dentsu International Limited at a cost of £441,822,962. The proceeds were used by Dentsu International Limited to fund its wholly owned subsidiary Dentsu International Treasury Limited who in turn repaid JPY74 billion of monies owed to Dentsu Group Inc. This included a JPY 44 billion loan repaid upon maturity based on a GBP fixed rate equivalent of £289m.

On 9 June 2023, Dentsu Group Inc. subscribed for one share in Dentsu International Limited at a cost of £376,358,170. The proceeds were used by Dentsu International Limited to fund its wholly owned subsidiary Dentsu International Treasury Limited who in turn repaid £400m of monies owed to Mizuho Bank Ltd. The repayment resulted to a gain of £42.9m from the related interest rate swap with net cash outflow amounting to £357.1m.

On 28 June 2023, Dentsu Group Inc. subscribed for one share in Dentsu International Limited at a cost of £494,063,463. The proceeds were used by Dentsu International Limited to fund its wholly owned subsidiary Dentsu International Treasury Limited who in turn paid the Tag Worldwide Holdings Ltd purchase consideration.

On 13 November 2023, Dentsu Group Inc. subscribed for one share in Dentsu International Limited at a cost of £860,750,433.14. The proceeds were used by Dentsu International Limited to ultimately fund its wholly owned subsidiary Dentsu International Treasury Limited who in turn applied the funds towards the prepayment of USD700 million of amounts owed to MUFG Bank Limited and USD400 million of amounts owed to Sumitomo Mitsui Banking Corporation. The repayment resulted to a gain of USD 4.4m arising from a related interest rate swap and break benefit, with net cash outflow for the repayment amounting to USD 1,094.5 million.

On 13 October 2023, an interim dividend of £63,781,756.91 was declared, representing £4.47 per ordinary share, and was paid on 17 October 2023.

Dentsu International Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

32. Subsequent events (continued)

Acquisitions and disposals

On 10 February 2023 the Group acquired 100% of the share capital in Omega CRM Consulting through a combination of €38 million upfront and an estimated €65.8 million deferred consideration as at acquisition date.

On 3 March 2023 the Group acquired 89% of the share capital in Shift7 for \$49.7 million, a put option is held for the remaining 11% at an estimate of \$13.8 million as at acquisition. This put option has been remeasured to a valuation of nil due to a decline in the performance of the business subsequent to acquisition.

On 8 March 2023, the Group announced that it has entered into a definitive agreement with Advent International under which the Group will acquire 100% of Tag Worldwide Holdings Ltd. The transaction was completed on 30 June 2023 at a consideration of €574.5 million.

On 23 August 2023, the Group acquired 100% of the share capital in RCKT through a combination of €7.9 million upfront and an estimated €5.4 million deferred consideration as at acquisition date.

On 27 September 2023 the group purchased a minority interest of 18% in DWI Sapta for £14.4m through an accelerated exercise of put options.

On 27 October 2023 the group purchased shares via an exercise of options over a minority interest of 17% in Water Cooler Group (WCG) LLC for \$26.1m.

On 17 November 2023 the group purchased shares via an exercise of options over a minority interest of 21% in Merkle Holding BV for EUR 1.1m.

Goodwill

Further impairment was recorded against goodwill arising in the APAC CGU as part of an impairment charge recorded by Dentsu Group Inc. in its Q2 2023 financial information. Please refer to note 11 for further information.

Dentsu International Limited
Company balance sheet
At 31 December 2022

	Note	2022 £m	2021 £m
Fixed assets			
Tangible assets	6	3.8	1.9
Intangible assets	7	21.7	25.4
Right-of-use assets	14	60.6	65.3
Investments	8	3,207.6	3,336.7
		3,293.7	3,429.3
Current assets			
Debtors (including £nilm (2021: £97.5m) due after more than one year)	9	655.9	616.9
Cash at bank		0.2	0.9
		656.1	617.8
Current liabilities			
Creditors: amounts falling due within one year	10	(106.7)	(132.5)
Provisions	11	(1.2)	(3.6)
Lease liabilities	14	(10.3)	(7.3)
		(118.2)	(143.4)
Net current assets		537.9	474.4
Total assets less current liabilities		3,831.6	3,903.7
Non-current liabilities			
Creditors: amounts falling due after one year		(9.5)	(13.3)
Provisions	11	(4.6)	(4.3)
Lease liabilities	14	(64.5)	(70.9)
		(78.6)	(88.5)
Net assets		3,753.0	3,815.2
Capital and reserves			
Called-up share capital	13	78.5	78.5
Share premium account	13	1,994.8	1,991.6
Merger reserve		13.0	13.0
Profit and loss account		1,666.7	1,732.1
Shareholder's funds		3,753.0	3,815.2

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 2022 of £51.5m (2021: £80.6m loss). The loss for the year of £51.5m includes £9.2m dividends received (2021: £5.2m) from subsidiary or associate companies.

These financial statements were approved by the Board of Directors on 21 December 2023 and were signed on behalf of the Board of Directors by:



Nicholas Priday
Chief Financial Officer

Dentsu International Limited
Company statement of changes in equity
At 31 December 2022

	Called-up share capital	Share premium	Merger reserve	Profit and loss account	Total
	£m	£m	£m	£m	£m
At 1 January 2021	78.5	1,991.6	13.0	1,814.2	3,897.3
(Loss)/Profit for the period	-	-	-	(80.6)	(80.6)
Total comprehensive loss for the year	78.5	1,991.6	13.0	1,733.6	3,816.7
Other movements	-	-	-	(1.5)	(1.5)
At 31 December 2021	78.5	1,991.6	13.0	1,732.1	3,815.2
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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 2022 were authorised for issue by the Board of Directors on 21 December 2023 and the balance sheet was signed on the Board's behalf by Nick Priday.

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

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Dentsu International Limited. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. 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 B67 of IFRS 3 Business Combinations;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures; and
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

2. Accounting policies (continued)

Basis of preparation (continued)

New standards and amendments

The following amendments have been implemented in the year ended 31 December 2022:

- Amendments to IFRS 16 Covid-19 Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate Benchmark Reform-Phase 2

These amended standards did not have material effect 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.

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

For the year ended 31 December 2022

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.

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

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.

Foreign currencies

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

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

Investments

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

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

Leased assets

The Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

For the year ended 31 December 2022

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

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

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

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

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

The Company as a lessor

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

Retirement benefits

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

Finance income

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

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

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

2. Accounting policies (continued)

Trade debtors

Under IFRS 9, an expected credit loss should be recognised on financial assets measured at amortised cost. As the receivables from related parties represents the majority of financial assets measured at amortised 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 2022.

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 (2021: £0.1m) and for non-audit services amounted to £nil (2021: £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 2022

5. Taxation

	2022	2021
	£m	£m
Corporation tax receivable/(payable) at 1 January	30.9	33.9
Cash received/(paid)	(7.8)	(6.9)
Intragroup transfer	(23.6)	0.0
Current year tax (charge)/credit	(2.8)	3.1
Prior year tax credit	5.7	0.8
Corporation tax receivable at 31 December	2.4	30.9
Deferred tax asset at 1 January	1.2	2.0
Intragroup transfer	1.1	0.0
Current year deferred tax credit/(charge)	9.4	(0.8)
Deferred tax asset at 31 December	11.7	1.2
Tax credit on loss	2.9	3.9
Net movement in deferred tax	9.4	(0.8)
Current year tax credit	12.3	3.1

The tax credit for the year ended 31 December 2022 is £12.3m (2021: £3.1m) representing an effective tax rate on statutory loss of (19.4%) (2021: (3.7)%).

UK Corporation tax is calculated at 19% (2021: 19%) of estimated assessable profit for the year. 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 substantively enacted rate of 25% (2021: 19%), being the applicable rate when the temporary difference is expected to reverse.

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

	2022	2021
	£m	£m
Losses – revenue	28.5	112.0
Losses – capital	94.7	94.7
Total	123.2	206.7

These losses may be carried forward indefinitely.

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

For the year ended 31 December 2022

6. Tangible assets

	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
Cost	£m	£m	£m
At 1 January 2022	12.4	5.8	18.2
Additions	-	3.3	3.3
Disposals	-	(2.7)	(2.7)
At 31 December 2022	12.4	6.4	18.8
Accumulated depreciation			
At 1 January 2022	12.4	3.9	16.3
Charge for the year	-	1.4	1.4
Disposals	-	(2.7)	(2.7)
At 31 December 2022	12.4	2.6	15.0
Carrying value			
At 31 December 2022	-	3.8	3.8
At 31 December 2021	-	1.9	1.9

7. Intangible assets

	Computer software	Patents & trademarks	Total
Cost	£m	£m	£m
At 1 January 2022	73.3	1.7	75.0
Additions	3.2	-	3.2
Disposals	(24.8)	-	(24.8)
At 31 December 2022	51.7	1.7	53.4
Accumulated amortisation			
At 1 January 2022	48.4	1.2	49.6
Charge for the year	5.2	0.3	5.5
Disposals	(23.4)	-	(23.4)
At 31 December 2022	30.2	1.5	31.7
Carrying value			
At 31 December 2022	21.5	0.2	21.7
At 31 December 2021	24.9	0.5	25.4

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

For the year ended 31 December 2022

8. Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2022	3,605.7
Additions	3.2
Reduction of capital investment	(12.1)
At 31 December 2022	3,596.8
Accumulated impairment losses	
At 1 January 2022	269.0
Impairment	120.2
At 31 December 2022	389.2
Carrying amount	
At 31 December 2022	3,207.6
At 31 December 2021	3,336.7

There were £3.2m additions in the year relating to the purchase of shares in Dentsu Latin America Propaganda Ltda.

The return on capital investment of £12.1m relate to dividends received in the year from Dentsu International Treasury Investments Limited, Dentsu International TIG Limited and Dentsu International TI Limited. These entities paid a dividend to Dentsu International Limited prior to their strike off. These dividends were treated as a return on capital investment.

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 an adjusted 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.

During the year ended 31 December 2022, the Company impaired its investment in Dentsu International Finance by £120.2m to its recoverable value of £233.6m (2021: £335.3m). The key assumptions management applied when determining the recoverable value include a pre-tax discount rate of 12.43%, EBITDA mid-term growth of 3%-3.5% and a long-term growth rate of 2%. 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. This is indicated by further impairment due to a 1% increase in the discount rate of £47.4m, 1% decrease in mid-term growth rates of £15.8m and 0.5% decrease in the long-term growth rate of £18.4m. In addition, any adverse movement in assumptions underpinning the recoverable amount of other investments held by the Company, in particular Dentsu Pacific Limited could result in further impairment. There would be a further impairment of £26.4m relating to other investments if the discount rate increased by 1%. A reasonably possible change in the mid-term growth rate and the long-term growth rate is not expected to result in any additional impairment to other investments held.

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

9. Debtors

	Note	2022	2021
		£m	£m
Amount owed by Group undertakings		612.3	560.3
Prepayments and accrued income		28.0	21.0
Corporation tax	5	2.4	30.9
Derivative financial assets		1.5	3.5
Deferred tax asset	5	11.7	1.2
		655.9	616.9

Amounts of deferred tax assets of £11.7m (2021: £1.2m) and amounts owed by Group undertakings of £nil (2021: £96.3m) fall due after more than one year.

10. Creditors: amounts falling due within one year

	2022	2021
	£m	£m
Amount owed to Group undertakings	28.5	52.8
Trade payables	12.2	18.4
Derivative financial liabilities	0.8	-
Accruals	54.2	58.1
Other creditors	11.0	3.2
	106.7	132.5

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

11. Provisions

	Restructuring provision	Other	Total
	£m	£m	£m
At 1 January 2022	3.6	4.3	7.9
Reclassified from accruals	1.1	-	1.1
Additional provision in the year	-	0.3	0.3
Utilisation for the year	(3.1)	-	(3.1)
Release in the year	(0.4)	-	(0.4)
At 31 December 2022	1.2	4.6	5.8

£1.2m (2021: £3.6m) of the above provisions are held as current liabilities.

As at 31 December 2022 a provision of £1.2m is held in respect of restructuring (2021: £3.6m). Key assumptions applied in the calculation of the provision include local legislation in respect of severance payments and average employee salaries. There is uncertainty in respect of the value and timing of payments pending the results of employee consultation and other regulatory procedures. Final payments may therefore differ from the initial estimates recorded.

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

For the year ended 31 December 2022

12. Derivative financial instruments

	2022	2021
	£m	£m
Current		
Derivative financial assets	1.5	3.5
Derivative financial liabilities	(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	2022	2022	2021	2021
	Number of	£m	Number of	£m
	ordinary shares		ordinary shares	
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	1,426,884,938	78.5	1,426,884,938	78.5
Issue of shares	1	-	-	-
At 31 December	1,426,884,939	78.5	1,426,884,938	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	2022	2021
	£m	£m
At 1 January	1,991.6	1,991.6
Issue of shares	3.2	-
At 31 December	1,994.8	1,991.6

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.

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

14. Leases (continued)

a. Right-of-use assets

	Buildings and Leasehold Improvements	Total
	£m	£m
2022		
Balance at 1 January	65.3	65.3
Modification	6.1	6.1
Impairment	(1.9)	(1.9)
Depreciation charge for the year	(8.9)	(8.9)
Balance as at 31 December	60.6	60.6

b. Amounts recognised in profit or loss

2022	£m
Interest on lease liabilities	2.8
2021	
Interest on lease liabilities	1.2

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.

d. Lease liabilities

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

	2022	2021
	£m	£m
Less than one year	12.5	9.8
One to two years	12.5	11.6
Two to three years	12.5	11.6
Three to four years	10.5	11.6
Four to five years	10.5	9.7
More than five years	25.3	35.2
Subtotal	83.8	89.5
Effect of discounting	(9.0)	(11.3)
Total	74.8	78.2

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

For the year ended 31 December 2022

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,
Aquila Insight Ltd**	United Kingdom	100	Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
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	10, Triton Street, Regent's Place, London, NW1 3BF, England
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

** Aquila Insight Ltd was dissolved on 13 April 2023

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

Section 2 - Subsidiaries held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Carat Argentina S.A.	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
DentsuX Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Icolic S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, Argentina
iProspect Argentina S.A.	Argentina	100	1674, 2nd Floor, Manuel Ugarte, Buenos Aires, 1428, Argentina
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
Nueva Internet S.A.	Argentina	100	Av. Monroe 5088, post code 1431, Buenos Aires, 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	Lvl 7, 510, Church Street, 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	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Carat Aust. Pty Limited	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Carat Australia Media Services Pty Ltd	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Carat Melbourne Pty Ltd	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Carat SA Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Columbus Agency Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, 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	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Davanti Consulting Pty Ltd	Australia	100	Lvl 7, 510, Church Street, 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	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu Australia Holdings Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
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 MCGARRYBOWEN PTY LTD	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 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	105 York Street, South Melbourne, VIC 3205, Australia
dentsu X (NSW) Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Dentsu X (QLD) Proprietary Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
dentsu X (WA) Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
dentsu X Pty Ltd	Australia	100	Lvl 7, 510, Church Street, 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
Haystac Public Affairs Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Huckleberry Agency 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
Isobar Australia 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
Marketing Resources Management Group Pty Limited	Australia	100^	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
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 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	75	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Posterscope Australia Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Rodeo Agency Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Scorch Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Search Factory 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
Stadia Media Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Steak PTY Ltd.	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Storylab Pty Ltd	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia
Ugam Solutions Australia Pty Ltd	Australia	100	Level 13, 664 Collins Street, Docklands, VIC, 3008, Australia
Vizeum Australia Pty Limited	Australia	100	Lvl 7, 510, Church Street, Cremorne, VIC, 3121, Australia

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

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 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)	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
iProspect GmbH (Austria)	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
Agenciaticlick - Midia Interativa Ltda.	Brazil	100	298 Rua Wisard, 5º Andar, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Amplifi Comunicacao E Otimizacao de Midia Ltda	Brazil	100	Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, Barueri / SP, CEP 06453-054, Brazil
Big Scotch Midia Interativa Ltda.	Brazil	100	298, Rua Wisard, intermediario, parte, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Copernicus Assessoria em Marketing Ltda	Brazil	100	298, Rua Wisard, andar intermediario, parte, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Dentsu Midia Programática Ltda.	Brazil	100	298, Rua Wisard, andar intermediario, parte, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Dentsu Latin America Propaganda Ltda.	Brazil	100	298, Rua Wisard, andar intermediario, parte, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
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
DWS Tecnologia 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
iProspect Search & Marketing S.A.	Brazil	100	Avenida Duquesa de Goias, 716, 3º andar, Real Parque, Sao Paulo, CEP 05686-002, Brazil
Jumptank Servicos de Marketing e Midia Ltda	Brazil	100	298, Rua Wisard, 1º andar, parte, Vila Madalena, São Paulo, SP - CEP 05434-, Brazil
NVG Participacoes S.A.	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
PPR Profissionais de Publicidade Reunidos S.A. (NBS)	Brazil	100^	Al. Rio Negro, 500, 20th floor, Centro Comercial Alphaville, Barueri / SP, CEP 06453-054, Brazil
Take 2 Studio Produtora Cinematografica Ltda	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil

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

For the year ended 31 December 2022

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
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	Rue Dikoume Bell Bonanjo Douala - Cameroun
AMNET Media Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Amplifi Media Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Carat Canada, Inc.	Canada	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
Carat Stratégem Inc.	Canada	100^	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
Cardinal Path Inc.	Canada	100	1075, Suite 1580, West Georgia Street, Vancouver, S.C. V6E 3C9, Canada
dentsu Canada, Inc.	Canada	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
dentsu MCGARRYBOWEN Canada, Inc.	Canada	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, 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, PQ, H2Y 2L6, Canada
iProspect Canada, Inc.	Canada	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
Isobar Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
Merkle Canada, Inc.	Canada	100	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
MKTG Canada Corp.	Canada	100^	1, Suite 801, Eglinton Avenue East, Toronto, ON, M4P 3A1, Canada
Synovate Aztec Limited	Canada	51	1, University Avenue, 6th floor, Toronto, Ontario, M5J 2P1, Canada
AGL Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Amnet Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Carat Chile S.A.	Chile	100	Av. Presidente Riesco No. 5335, Oficina 402, Las Condes, Santiago, Chile
Deep Blue SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu X Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
iProspect Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 Chile S.A.	Chile	68	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Aegis Media Technology Co., Ltd.	China	100	1F, Building No.1, 251 YaoHua Road, China (Shanghai) Pilot Free Trade Zone, China
B2B International Consulting (Beijing) Co., Ltd.	China	100	Room 1101-A301, Building 3, No. 8 Guanghuadongli Road, China, Chaoyang District, Beijing, China
Band Commercial Consulting (Beijing) Co., Ltd.	China	100	77 Jianguo, Level 24, Tower 3, China Central Place, Chaoyang District, Beijing, China
Beijing Posterscope Advertising Company Ltd.	China	100	Unit 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	Room 6373, No.650 DingXi Road, Changning District, Shanghai, China
Catch Stone Advertising (Beijing) Co., Ltd.	China	100	Room 408-023, 4th Floor, Building no.2 Daliushu Fuhai Centre, Haidian District, Beijing, China
Dentsu (Shanghai) Investment Co., Ltd.	China	100	650, Ding Xi Road Unit 6236, Shanghai, China
Dentsu McGarrybowen (Shanghai) Advertising Co., Ltd.	China	100	Room 1243, Floor 12, Chong Hing Finance Centre, 288 West Nanjing Road, Huangpu District, Shanghai, China
Dentsu Rihai Advertising Co., Ltd.	China	100	Unit 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 Xin Jinqiao Road, China (Shanghai) Pilot Free Trade Zone
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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
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	60	Room 202, No.5537, Waicingsong 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)
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
AmplifiGL S.A.S.	Colombia	100	Carrera 19C, No. 91-63, Bogota, D.C., 110221, Colombia
Carat Colombia S.A.S.	Colombia	100	Calle 98, 22-64 Office 616-617, Bogota, 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
dentsu Croatia d.o.o.	Croatia	100	59, Petrinjska, Zagreb 1000, Croatia
Hulbitt 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
Amnet A/S	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Denmark A/S	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Merkle Denmark A/S	Denmark	100	Meldahlsgade 5, 1613 Copenhagen V, Denmark
Posterscope Denmark A/S	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu International for Media and Advertising LLC	Egypt	100	26 A, 13 3rd floor, Montazah Street, kamal Al Taweel, Zamalek, 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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Aegis Finance SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Amnet France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Carat France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu Créative France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu Expertises SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Dentsu X France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Granit Production SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Iprospect Conseil France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
iProspect France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
Isobar France SAS	France	100	67, avenue de Wagram, Paris, 75017, France
B2B International GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, Germany
Carat Deutschland GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Aegis Network Central Europe GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Aegis Network Central Europe Holding GmbH	Germany	100	53, Speicherstraße, Frankfurt am Main, 60327, Germany
Dentsu Creative GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, 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	28, Prollstrasse, 86157 Augsburg, 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 für Marketing und Werbung mbH	Germany	100	Leopoldstraße 150, 80804 München, 80804 München, 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 Attikis 151 25, Greece
Carat International Hellas Communication Services SA	Greece	100	Chimaras 5 - Marousi Attikis 151 25, Greece
Dentsu Greece Single Member Advertising Services SA	Greece	100	Chimaras 5 - Marousi Attikis 151 25, Greece

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Band 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
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
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
Fetch Media Hong Kong Limited	Hong Kong	100	16th Floor, Wing On Centre, 111 Connaught Road, Central Hong Kong, Hong Kong
Gain Concept Advertising Agency Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Great Method Investments Limited	Hong Kong	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	60	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
Posterscope (Hong Kong) Limited	Hong Kong	100	Flat E, 9/F Siu Yee Building, 590 Queen's Road West, 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
Vision Advertising Holding Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Carat Hungary 21Media Kft.	Hungary	100	15-23, Kacsá utca, Budapest, 1027, Hungary
Dentsu Creative Hungary Zrt.	Hungary	100	15-23, Kacsá utca, Budapest, 1027, Hungary
Dentsu Hungary Kft.	Hungary	100	15-23, Kacsá utca, Budapest, 1027, Hungary
Accord Public Relations Private Limited	India	95	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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 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	North Main Road, Koregaon Park, Maharashtra 411001, India
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 MH 400018
Happy Creative Services (India) Private Limited	India	100	ALYSSA, Ground & Mezzanine Floor, No. 23, Richmond Road, Richmond Town Bangalore Bangalore KA 560025
Isobar Commerce India Private Limited	India	100	3rd Floor, Al-Monte,Sr., No.8 Hissa 2B & 2C, Hadaspur Kharadi Bypass, Pune 411045, India
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	95	FF01, First Floor, Eros Cinema Building Jangpura Extension New Delhi DL 110014, India
PFSweb Global Services Pvt. Ltd.	India	100	BCIT,Bhartiya City, Milestone Buildcon Pvt Ltd, SEZ 8th Floor, Block1,Thanisandra MAIN RD, Chokkanahalli, Bangalore, Bangalore KA 56, 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	96	S-27, 2ND FLOOR, STAR CITY MALL MARKET DISTRICT MAYUR VIHAR,

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Ugam Solutions Private Limited	India	100	PHASE-1 DELHI East Delhi DL 110091, India SUNSHINE TOWER, 31ST FLOOR, SENAPATI BAPAT MARG, DADAR (W) MUMBAI Mumbai City MH 400013 IN, MUMBAI, IN-MH, 400013
Ugam Solutions SEZ Private Limited	India	100	6th Floor, 'B' Wing, Prism Tower, Malad Link Road, Goregaon (West), Mumbai, Maharashtra, 400062, India
Ultimedia E-Solutions Private Limited	India	99^	8th Floor, Devchano House, C Block, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
WAT Media Pvt. Ltd.	India	100	5th & 6th Floor, Apte Properties, Manjrekar Lane, Off. Dr. E Moses Road, Worli, Mumbai, 400018, India
PT. Cipta Pratama Kreasi	Indonesia	62	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, 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	62	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	66	No.22, Komplek Gading Bukit Indah Blok I, Jl.Bukit Gading Raya, Kel. Kelapa Gading, Jakarta Utara, Indonesia
PT. Komunika Pratama Kreasi	Indonesia	62	23, Komplek Gading Bukit Indah Blok I, Jl.Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia
PT. Valuklik	Indonesia	51	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Valuklik Network Indonesia	Indonesia	51	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
Dentsu Ireland Holdings Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Pexlify Limited	Ireland	100	Five Lamps Place, 77-80 Amiens Street, Dublin 1, Dublin, D01 A7V2, Ireland
Poster Management Ireland Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Posterscope Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Abagada Internet Ltd	Israel	100	1, Habarzel St., Tel Aviv, 6971001, Israel

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

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 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.	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.	Italy	100	via Benigno Crespi nr. 23, Milano, 20159
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
Merkle Italia S.R.L.	Italy	100	Milano (MI) Via Benigno, Crespi 23 Cap, Italy, 20159
Dentsu CÔTE D'IVOIRE	Ivory Coast	60	Cocody 2 Plateau Duncan Quartier CIDECI Villa 261
Carat 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
Dentsu 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
Dentsu 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
Vizeum 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
Amnet East Africa Ltd	Kenya	60	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Amplifi Salesnet (Pty) Ltd	Kenya	100	PO Box 36989-00200, The Mirage Towers, Tower 2, Chiromo Road, Westlands, Nairobi, Kenya
Carat East Africa Ltd	Kenya	70	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Dentsu Kenya Limited	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
iProspect East Africa Ltd	Kenya	51	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Isobar Kenya Limited	Kenya	51	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 East Africa Limited	Kenya	80	6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya 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	70	10F 6, Teheran-ro 79gil, Gangnam-gu, Seoul, Korea
Carat Korea Co., Ltd	Korea (the Republic of)	100	12F JS Tower, 6, Teheran-ro 79gil, Gangnam-gu, Seoul 06158, Korea (the Republic of)
Dentsu Holdings Korea Co., Ltd	Korea (the Republic of)	100	10th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea (the Republic of)
IPROSPECT Korea Co., Ltd	Korea (the Republic of)	100	11th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea (the Republic of)
Isobar Korea Ltd	Korea (the Republic of)	100	214b, Brivibas, Riga, Latvia, LV 1039, Latvia
Dentsu Latvia SIA	Latvia	100	Rupniecibas iela 16 k-2, Centra rajons, Riga, LV-1010, Latvia
People & Screens SIA	Latvia	75	Zakhem Building, Kalaa Street, Sin El Fil, Beirut, Lebanon
Dentsu Aegis Network Lebanon S.A.R.L.	Lebanon	100	Central Building, 6th Floor, Office B & C, Sin el fil, Lebanon
Dentsu Aegis Network-Lebanon (Off-shore) S.A.L.	Lebanon	100	A. Gostauto g. 40B, Vilnius, Lithuania
Dentsu Lithuania UAB	Lithuania	100	18, Jalan Pinggir 1/64, Jalan Kolam Air, off Jalan Sultan Azlan Shah, 51200, Malaysia
Brandscope Malaysia Sdn. Bhd.	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Carat Media Services (M) Sdn. Bhd.	Malaysia	100	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, 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	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 (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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
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	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Jump tank 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
Media Base Advertising Sdn. Bhd.	Malaysia	49	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Merdeka LHS Sdn. Bhd.	Malaysia	100	42B, Jalan SS 6/8, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia
Meridian Outdoor (M) Sdn. Bhd.	Malaysia	100	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 Lumpur, Wilayah Persekutuan, 59200, Malaysia
psLIVE Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Unity Communications Malaysia Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
Vizeum Media Services (M) Sdn. Bhd.	Malaysia	100	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia
AM Network Group Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Archedera y Claverol, S.A. de C.V.	Mexico	100	Lago Andr�maco 84, Granada, Miguel Hidalgo, Mexico City, 11529, Mexico
B2B Gyro M�xico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Buying Uplift Media, S.A de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Carat Mexicana S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Control Media Region Norte, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Dentsux Mexicana, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Flock Advertising Mexico, S.A.P.I. de C.V.	Mexico	100	13, Vicente Suarez, Condesa, Cuauhtemoc, Mexico City, Mexico

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Mercadotecnia en Buscadores, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
NVG Network, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Vizeum de Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Dentsu Morocco SARL	Morocco	100	5th Floor, Residence La Tourette, 5 Angle Bd, Zerkouni 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, 1013 BC, Amsterdam, Netherlands
Aegis International Holding Company B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Aegis Trademarks B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Amnet Nederland B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Axel Marketing B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Carat Nederland B.V.	Netherlands	100	Moermanskkade 93, 1013 BC, Amsterdam, Netherlands
Dentsu AGL NL B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Dentsu Netherlands B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Group Carat (Nederland) B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
iProspect Nederland B.V.	Netherlands	100	Moermanskkade 91, 1013 BC Amsterdam, Netherlands
Isobar Nederland B.V.	Netherlands	100	Moermanskkade 89, 1013 BC, Amsterdam, Netherlands
Merkle Holding B.V.	Netherlands	79^	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland CX B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland CXM B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Merkle Nederland DMA B.V.	Netherlands	79	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Merkle Nederland Group B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Vizeum Netherlands B.V.	Netherlands	100	Moermanskkade 87, 1013 BC, Amsterdam, Netherlands
Amnet Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Amplifi Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Carat New Zealand Limited	New Zealand	100	Level 4, 155 The Strand, Parnell, Auckland, New Zealand
Merkle 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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 Creative NZ Limited	New Zealand	100	6/5, High Street, Auckland 1010, New Zealand
Dentsu Media NZ Limited	New Zealand	100	68, Sale Street, Auckland Central, Auckland, 1010, New Zealand
Dentsu New Zealand Ltd	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-X Nigeria Limited	Nigeria	25**	103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
First Media Red Star International Company Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Nigeria
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
RapidXtra Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Salesnet Nigeria Limited	Nigeria	25**	1, Remi Fani-Kayode Street, GRA Ikeja, Lagos, Nigeria
Storylab Nigeria Limited	Nigeria	25**	103C, Oduduwa Crescent, GRA Ikeja, Lagos, Nigeria
Arnet Norge AS	Norway	100	Kristian Augustsgate 23, Oslo, Norway
Dentsu Norge AS	Norway	100	Kristian Augustsgate 23, Oslo, Norway
Merkle Norge AS	Norway	100	Kristian Augustsgate 23, Oslo, Norway
Aegis Media Philippines Holding, Inc.	Philippines	30**^	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Alt:Engine Digital Consultancy Inc.	Philippines	100	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Carat Philippines, Inc.	Philippines	50**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu International Philippines, Inc.	Philippines	50**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu Myco Services, Inc.	Philippines	50**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Dentsu One Inc. (Formerly: ASPAC Creative Communications, Inc.)	Philippines	100	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
HLLRD Holdings, Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
INNOV8 Media Services, Inc.	Philippines	50**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Mediaforce Vizeum, Inc.	Philippines	100	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 Philippines, Inc.	Philippines	50**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Shuriken Creatives, Inc.	Philippines	70	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
STB Out of Home Inc.	Philippines	50**	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
Carat Portugal Comunicacao, Unipessoal Lda	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Dentsu International Portugal, 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
MSTF Partners - Agência de Publicidade SA	Portugal	100	R. do Borja, 6 - 1350-047, Lisboa, Portugal
Not So Random 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
Carat Romania SRL	Romania	100	11, Grigore Mara Street, 2nd floor, bureau 3, Bucharest, Romania
Dentsu Romania SRL	Romania	100	11-11A, George Enescu Street, 5th Floor, office 3, First District, Bucharest, Romania
AAPS Media OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 11 floor, placement I, room 51, Moscow, 123112, Russian Federation
Aaron Lloyd LLC	Russian Federation	75	Presnenskaya emb. 6, building 2, Floor 9, Office 58, Moscow, 123112, Russian Federation
Adwatch Isobar OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 28 floor, placement I, room 26, Moscow, 123112, Russian Federation
Amnet LLC	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 28 floor, room 19, Moscow, 123112, Russian Federation
Amnet OOO	Russian Federation	75	Presnenskaya nab. 6 building 2, 28 floor, placement I, room 22., Moscow, 123112, Russian Federation

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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-Russ Media LLC	Russian Federation	75	11, building 3, 1st floor, space11, office 42, Selskhozaystvennaya, Moscow, 129226, Russian Federation
Dentsu CS OOO	Russian Federation	75	Syromyatnicheskiy pr. 4, building 2, Moscow, Russian Federation
Dentsu LLC	Russian Federation	75	Syromyatnicheskiy pr. 4, building 2, Moscow, Russian Federation
Dentsu X OOO	Russian Federation	75	Osenniy blvd. 23, 6 floor, placement I, room 19., Moscow, Russian Federation
Health Media Division LLC	Russian Federation	75	Presnenskaya emb. 6, building 2, Floor 9, Office 58, Moscow, 123112, Russian Federation
iProspect OOO	Russian Federation	75	Presnenskaya Embankment, 6, bld.2, 11 floor, placement I, room 35, Moscow Properties
Posterscope OOO	Russian Federation	75	Osenniy blvd. 23, 4 floor, placement I, room 6, Moscow, Russian Federation
SNS LLC	Russian Federation	75	Office 011, House No. 49, 50 let Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation
Traffic Isobar LLC	Russian Federation	75	h.41, Office 429, St Komsomola, St Petersburg, 195009, Russian Federation
Vizeum Health LLC	Russian Federation	75	Presnenskaya emb. 6, building 2, Floor 9, Office 58, Moscow, 123112, Russian Federation
Vizeum OOO	Russian Federation	75	Syromyatnicheskiy pr. 4, building 2, Moscow, Russian Federation
Dentsu Aegis Network KSA for Media and Advertising LLC	Saudi Arabia	100	Building no 3576, unit 32, Prince Mohammed Ibn Abdulaziz Road, Al Olaya district, Riyadh, 12241- 6374, Saudi Arabia
Whitespace (Scotland) Limited	Scotland	100	Atria One 144 Morrison Street Edinburgh EH3 8EX15.12.22
Dentsu Senegal SARL	Senegal	55	Liberte 6 Extension - Immeuble Soda Marieme - Bat A - 5th floor, Dakar, Senegal
Merkle d.o.o.	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
Future Marketer 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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 (South East Asia) Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Vizeum Taiwan Pte. Ltd.	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Amnet Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Carat - Slovakia, s.r.o.	Slovakia	100	Polus Tower II, Vajnorská 100/B, Bratislava, 831 04, Slovakia
Amplifi Salesnet South Africa (Pty) Ltd	South Africa	87	49, Afrikander Road, Murdock Valley South, Simon's Town, 7995, South Africa
Clickthinking Online (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Amnet SSA (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Dentsu Central Services (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, 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	87	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 (JHB) Advertising (Pty) Ltd	South Africa	52	First Floor Illovo Junction, 1 Corlett Drive, Illovo Johannesburg, Gauteng, 2196, South Africa
FoxP2 Advertising (Pty) Ltd	South Africa	52	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
FoxP2 Holdings (Pty) Ltd	South Africa	52	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Full Circle Media (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
John Brown South Africa (Pty) Limited	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
MEC Carat (Pty) Ltd	South Africa	87^	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
MKTG (Pty) Ltd	South Africa	52	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Mutant (Pty) Ltd	South Africa	52	2nd Floor, Lifestyle Centre, 50 Kloof Street, Western Cape, 8000, South Africa
Posterscope (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Rapid Media Outdoor Services (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Trigger Communication Consulting (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Vizeum Media South Africa (Pty) Ltd	South Africa	87	183, Sir Lowry Road, Woodstock, Cape Town, 8001, South Africa
Animal Media, S.L.	Spain	100	Calle Larra, 1, Madrid, 28004, Spain
Carat España, S.A.U.	Spain	100	Avenida General Perón 40, Edificio Perón, Portal B. Planta 3., Madrid, 28020, Spain
Comunica Mas A, Agencia de Publicidad, S.L.	Spain	70	Paseo de la Castellana, 94, 28045 Madrid, Spain
Dentsu Agyle Spain, S.L.U.	Spain	100	Avenida General Perón 40 , Edificio Perón,Portal B. Planta 3., Madrid, 28020, Spain
Dentsu Media, S.L.U.	Spain	100	Pº Castellana 83-85 planta 11 28046, Madrid, Spain

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 Spain, S.L.U.	Spain	100	Avenida General Perón 40 , Edificio Perón,Portal B. Planta 3., Madrid, 28020, Spain
Mediasa 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 , Edificio Perón,Portal B. 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
Super Animal Corporate, S.L.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
The Story Lab Spain S.L.U.	Spain	100	Avenida General Perón 40 Portal B, Edificio Perón 40 Portal D. Planta 3., Madrid, 28020, Spain
Ymedia Wink Iprospect, S.A.U.	Spain	100	Avenida General Perón 40 , Edificio Perón,Portal B. Planta 3., Madrid, 28020, Spain
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
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
Merkle Data and Business Consulting (Taiwan) Co. Ltd (formerly 42 Advertising Inc	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
AAA Media Ltd.	Taiwan (Province of China)	100	30F, No. 100, Songren Road, Taiwan City, Taiwan
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	8th Floor, No 138 Sec 3,Ming Sheng East Road, Taipei, Taiwan (Province of China)
Dentsu Taiwan Inc.	Taiwan (Province of China)	100	5th Floor, No 132, Sec 3, Ming Sheng East Road, Taipei, Taiwan (Province of China)
iProspect Taiwan Ltd.	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Isobar Taiwan Co., Ltd.	Taiwan (Province of China)	100	10F, No. 100, Songren Road, Taiwan City, Taiwan
Vizeum Taiwan Co., Ltd.	Taiwan (Province of China)	100	29F-1, No. 100, Songren Road, Taiwan City, Taiwan
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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Amplifi (Thailand) Co., Ltd.	Thailand	87	of Tanzania Salaam, Tanzania, the United Republic of 22 Fl,U Chu Liang Bldg.,968 Rama Iv,Silom,Bangrak,Bangkok 10500, Bangkok, Thailand
Buffyshek Holding Co., Limited	Thailand	74	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Carat (Thailand) Co., Ltd.	Thailand	93^	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu (Thailand) Ltd.	Thailand	98	27th-28th Floor, U-Chu Liang Bldg., 968 Rama IV Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Dentsu Aegis Network (Thailand) Company Limited	Thailand	87	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Dentsu Holdings (Thailand) Ltd.	Thailand	100	22 Fl,U Chu Liang Bldg.,968 Rama Iv,Silom,Bangrak,Bangkok 10500, Bangkok, Thailand
Dentsu One (Bangkok) Ltd.	Thailand	100	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Dentsu X (Thailand) Ltd.	Thailand	100	15th Floor Zone B, U-Chu Liang Bldg, Silom, Bangrak 10500, Bangkok, Thailand
Digithais Interactive Co., Ltd.	Thailand	95	968 U Chu Liang Bldg., 22nd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Flexmedia Co., Ltd.	Thailand	87	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
iProspect (Thailand) Co., Ltd.	Thailand	87	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Isobar (Thailand) Co., Ltd.	Thailand	93	968 U Chu Liang Bldg., 28 Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Vizeum (Thailand) Co., Ltd.	Thailand	93	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Amplifi Medya Hizmetleri Ltd.	Turkey	100	Huzur Mah, Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sariyer, Istanbul, Turkey
Carat Medya ve İletişim Hizmetleri A.Ş.	Turkey	100	Huzur Mah, Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sariyer, Istanbul, Turkey
Dentsu Turkey Medya Hizmetleri Ltd Sti	Turkey	100	Huzur Mah, Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sariyer, Istanbul, Turkey
Isobar Reklam ve Prodüksiyon Hizmetleri A.Ş.	Turkey	100	Huzur Mah, Azerbaycan Cad, D Blok No: 4D/4 İç, Kapı No: 327 Sariyer, Istanbul, Turkey
Dentsu Uganda Limited	Uganda	100	5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda
Posterscope Uganda Limited	Uganda	100	5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda
Amnet Mena FZ-LLC	United Arab Emirates	100	Premises 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

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Isobar FZ-LLC	United Arab Emirates	51	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
John Brown Media FZ-LLC	United Arab Emirates	100	Premises 1307, 1308, floor 13, Aurora Tower, Dubai, United Arab Emirates
Merkle ME FZ-LLC	United Arab Emirates	79	Premises 401, floor 4, Galadhari & Associates building, Dubai, United Arab Emirates
Posterscope FZ-LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
SVG Media FZ-LLC	United Arab Emirates	96	ED 43, 2nd Floor, Building No.2, Dubai, United Arab Emirates
Vizeum FZ-LLC	United Arab Emirates	100	Premises 302, Floor 3, Galadhari & Associates Building, Dubai, United Arab Emirates
AGL UK Investments Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Limited - UK	United Kingdom	100	1 More London Place, More London Place, London, SE1 2AF
Amnet Manchester 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, England
Amplifi Technology Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Avid Media Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
B2B International Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
BJL Group Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Media Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
D 2 D Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Edinburgh Limited	United Kingdom	100	1 More London Place, SE1 2AF
Dentsu Europe Finance (Alpha) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Europe Finance Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Group Participations Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Holdings Limited^	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu International Regents Place Finance Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Leeds Limited	United Kingdom	100	1 More London Place, SE1 2AF
Dentsu Manchester Limited	United Kingdom	100	1 More London Place, SE1 2AF
Dentsu UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Futures Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Gleam Group Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gyro Communications Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Halco 990 Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Heavyweight Sports Marketing Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
Isobar Commerce Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar London Limited	United Kingdom	100	1 More London Place, London, SE1 2AF
John Brown Magazines Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
LiveArea Global Services UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle Marketing Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK One Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Three Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Minute Steak Ltd. ¹	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
MMA Technologies Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Paragon Digital Services Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Pexlify UK Limited	United Kingdom	100	Office 06-108, 8 Devonshire Square, London, EC2M 4PL, England
Portman Square US Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Poster Management (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
Source Out Of Home (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
Re:Production Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Ugam International Limited	United Kingdom	100	173, Cleveland Street, London, W1T 6QR, England
360i, LLC	United States	100	32 Avenue of the Americas, 6th Floor, New York, New York 10013, New York, NY, United States
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 DMN, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Lifestyle, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States

¹ Name changed to Merkle UK Analytics Services Limited on 1 December 2023

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
Aegis Media Deep Blue, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Aegis Media Innov8, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AGL Latam, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Agyle Advantage, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
AM Trade, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amnet Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Amplifi, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
B2B International USA, Inc.	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Bluestreak Group, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
C2C Media, LLC	United States	100	Harvard Business Services, Inc., 16192 Coastal Highway, Lewes, DE, 19958, United States
Carat Direct, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat Media Consultants, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat USA, Inc.	United States	100	150, Floor 14, East 42nd Street, New York, NY, 10017
Cardinal Path, LLC	United States	100	United Agent Group Inc., 3260 N Hayden Road, #210, Scottsdale, AZ, 85251, United States
Character SF, LLC	United States	100	United Agent Group Inc., 4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
Clownfish Marketing Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Copernicus: The Marketing Investment Strategy Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
CVH Group, LLC	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
D1 Ink, Ltd	United States	100	16211, N Scottsdale Road #484, Scottsdale, AZ, 85254, United States
David Wood and Associates, Inc.	United States	100	1160, Suite 400, Battery Street West, San Francisco, CA, CA94111

Dentsu International Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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 Advertising, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Dentsu America, LLC	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Dentsu Holdings USA, LLC	United States	100	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 McGarry Bowen, 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
Dentsu X, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Digital Evolution Group, LLC	United States	100	United Agent Group Inc., 4601 E Douglas Avenue, #700, WICHITA, KS, United States
Digital Pi, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Eaton Gate, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
E-Nor, LLC	United States	100	5201, Suite 320, Great America Parkway, Santa Clara, CA, CA 95054, United States
Extentia Information Technology, Inc.	United States	80	34 Tidal Way, San Mateo, California, 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
Fuel Professional Casting Network, LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Gleam Futures LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Global Mind USA, LLC	United States	100	United Agent Group Inc., 801 US Highway 1, North Palm Beach, FL, FL 33408, United States
Gravity Media, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Gyro, LLC	United States	100^	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
GyroHSR, Inc.	United States	100	115, Broadway, New York, NY, United States Suite 2100, 3000 Town Centre, Southfield, MI, M1 48075, United States
HelloWorld, Inc.	United States	100	127, rue Saint-Pierre, Montréal, PQ, H2Y 2L6, Canada
ICUC/iProspect Moderation Services, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Interprise B2B, LLC	United States	100	United Agent Group Inc., 225 Cedar Hill Street, #200, Marlborough, MA, United States
iProspect.com, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Isobar US, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
John Brown US, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
LiveArea, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
McGarry Bowen, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Media 8, LLC	United States	100	99 WASHINGTON STREET, S., NORWALK, CT, 06854, United States
Media Storm, LLC	United States	84	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dentsu Aegis Axis, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dpi, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Group, Inc.	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle, Inc.	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Onsite, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Pinpoint, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Response Services, Inc.	United States	100	100, Jamison Court, Hagerstown, MD, United States
Merkle Thunder, LLC	United States	100	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Mitchell Communications Group, LLC	United States	100	2 College Ave, Fayetteville, AR, 72701, United States
MKTG Chicago, LLC	United States	100	Harvard Business Services, Inc., 16192 Coastal Highway, Lewes, DE, 19958, United States
MKTG Retail, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
MKTG, INC.	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
MuteSix Group, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Mutesix, LLC	United States	100	United Agent Group Inc., 4640 Admiralty Way, 5th Floor, Marina del Rey, CA, CA 90292, United States
Navegg International, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
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	150 EAST 42ND STREET 13 FL NEW YORK, NY 10017
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
Pexlify, LLC	United States	100	Ste. 805-A, 99 Washington Ave., Albany, New York, 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
Posterscope, 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
Rockett Interactive, Inc.	United States	100	400, Widdington Lane, Cary, NC 27519, United States
Roundarch Isobar, Inc.	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Swirl, Inc.	United States	100	Martin Lauber, 101 Montgomery St #200, San Francisco, CA, CA94129, United States
Team Epic, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Tempero, Inc.	United States	100	1995 Broadway, 16th Floor, New York, NY10023, United States
The 360i Network, LLC	United States	100	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
Trade Media Management, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2022

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
U.S. Concepts, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Ugam Solutions, Inc	United States	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	188, Suite 304, Grand Street, New York, NY 10013, United States
Vivid Marketing, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Vizeum, LLC	United States	100	United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States
Watercooler Group (WCG), LLC	United States	84	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Ambient Digital Advertising Service Company Limited	Vietnam	100	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Ambient Holdings Company Limited	Vietnam	100	10th Floor, HDTC Building, 36 Bui Thi Xuan, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam
Bluecom Solutions Vietnam One Member Limited Liability Company	Vietnam	100	7th Floor, Scetpa Tower, 19A Cong Hoa Street, Ward 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 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
Amplifi Investments Zambia Limited	Zambia	70	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam
Dentsu Zambia Limited	Zambia	70	29A, Lim 3 Tower, Nguyen Dinh Chieu Street, Ho Chi Minh City, Vietnam, 700000, Vietnam

** 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

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

For the year ended 31 December 2022

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	Plot No. 123, Konkan Nagar Hall Premises, Lt. Prakash Narayan Kotnis Marg, near Hinduja Hospital, Mahim (West), Mumbai 400 016, India
Media Base Advertising Sdn. Bhd.	Malaysia	49	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Perunding Pakar Media Sdn. Bhd.	Malaysia	30	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
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	138 Boonmitr Bldg, 8th Floor, Silom Road, Bangrak, Bangkok, Thailand
S M R S Ltd	United Kingdom	25	2 Express Networks, 3 George Leigh Street, Manchester, M4 6BD, England
Meridian Outdoor Advertising Limited	United Kingdom	50	1st Floor 2 Television Centre, 101 Wood Lane, London, United Kingdom, W12 7FR
Stripped Bear Limited	United Kingdom	57	c/o Gleam Futures, 20 Triton Street, London, NW1 3BF, England
Omni Isobar Ventures LLC	United States	49	7528 Rio Grande Way Gainesville, VA, 20155-1967 United States

Dentsu International Limited
Notes to the Company's financial statements (continued)
For the year ended 31 December 2022

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.

<u>Company Name</u>	<u>Registered Number</u>
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
Isobar Commerce Global Limited	09484045
LiveArea Global Services UK Limited	07093756
Merkle Marketing Limited	08528114
Merkle UK One Limited	04238272
Merkle UK Three Limited	05134352
Minute Steak Ltd*	06507313
MMA Technologies Limited	05091837
Portman Square US Holdings Limited	05996404
Paragon Digital Services Limited	09630576

*Name changed to Merkle UK Analytics Services Limited on 1 December 2023.