# FINANCIAL STATEMENTS

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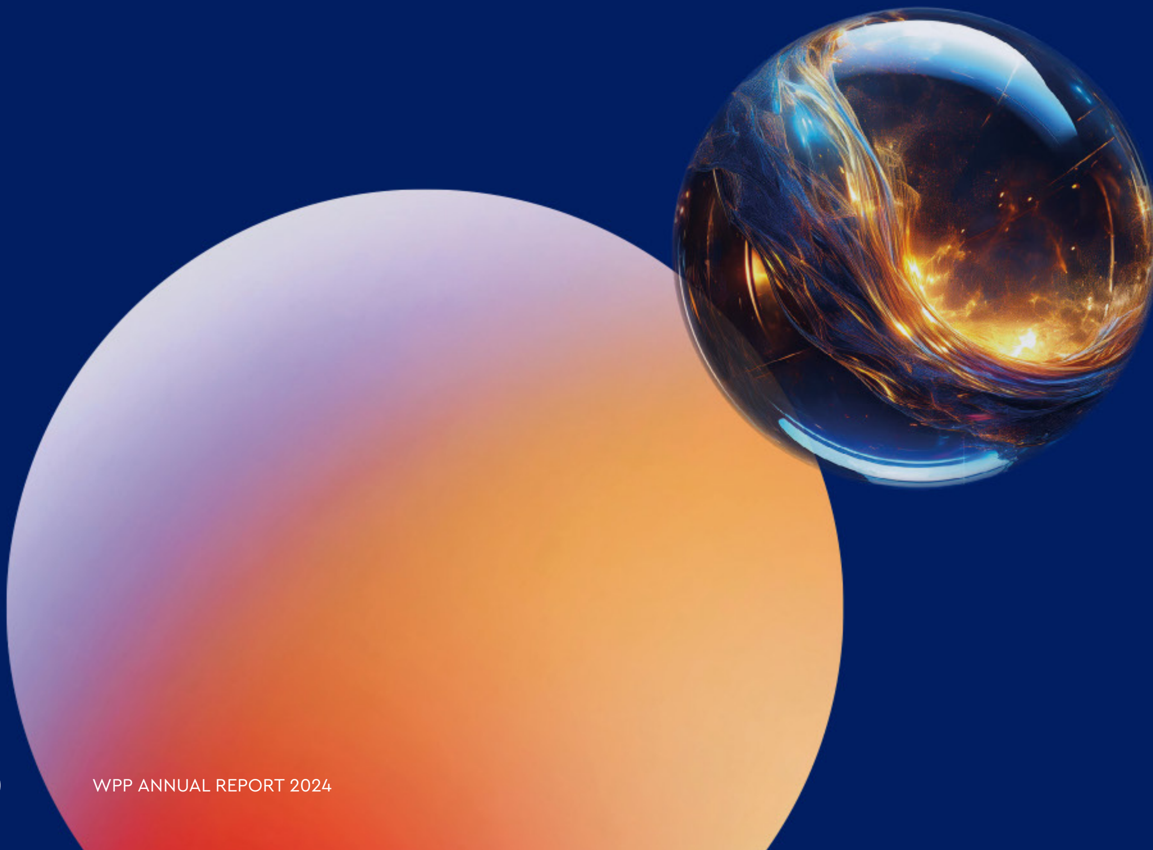

# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|---|
| **Revenue** | 2 | **14,741** | 14,845 | 14,429 |
| Costs of services | 3 | **(12,290)** | (12,326) | (11,890) |
| **Gross profit** | | **2,451** | 2,519 | 2,539 |
| General and administrative costs | 3 | **(1,126)** | (1,988) | (1,181) |
| **Operating profit** | | **1,325** | 531 | 1,358 |
| Earnings/(losses) from associates | 4 | **36** | 70 | (60) |
| **Profit before interest and taxation** | | **1,361** | 601 | 1,298 |
| Finance and investment income | 6 | **137** | 127 | 145 |
| Finance costs | 6 | **(417)** | (389) | (359) |
| Revaluation and retranslation of financial instruments | 6 | **(50)** | 7 | 76 |
| **Profit before taxation** | | **1,031** | 346 | 1,160 |
| Taxation | 7 | **(402)** | (149) | (385) |
| **Profit for the year** | | **629** | 197 | 775 |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the parent | | **542** | 110 | 683 |
| Non-controlling interests | | **87** | 87 | 92 |
| | | **629** | 197 | 775 |
| | | | | |
| **Earnings per share:** | | | | |
| Basic earnings per ordinary share | 8 | **50.3p** | 10.3p | 62.2p |
| Diluted earnings per ordinary share | 8 | **49.4p** | 10.1p | 61.2p |

**Note**
The accompanying notes form an integral part of this consolidated income statement

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| **Profit for the year** | **629** | 197 | 775 |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign exchange differences on translation of foreign operations | **(72)** | (427) | 424 |
| (Loss)/gain on net investment hedges | **(3)** | 108 | (141) |
| *Cash flow hedges:* | | | |
| Fair value (loss)/gain arising on hedging instruments | **(35)** | (43) | 38 |
| Amounts reclassified to profit or loss | **58** | 44 | (38) |
| Costs of hedging[1] | **(8)** | – | – |
| Share of other comprehensive (loss)/income of associates | **–** | (1) | 51 |
| | **(60)** | (319) | 334 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Movements on equity investments held at fair value through other comprehensive income | **(7)** | (3) | (22) |
| Actuarial gain/(loss) on defined benefit pension plans | **3** | (9) | 16 |
| Deferred tax on defined benefit pension plans | **2** | 2 | (7) |
| | **(2)** | (10) | (13) |
| **Other comprehensive (loss)/income for the year** | **(62)** | (329) | 321 |
| **Total comprehensive income/(loss) for the year** | **567** | (132) | 1,096 |

| | | | |
|---|---|---|---|
| **Attributable to:** | | | |
| Equity holders of the parent | **482** | (196) | 988 |
| Non-controlling interests | **85** | 64 | 108 |
| | **567** | (132) | 1,096 |

**Notes**

The accompanying notes form an integral part of this consolidated statement of comprehensive income

[1] During 2024, WPP entered into hedging arrangements for which the foreign currency basis within the hedging instrument was excluded from the hedge designation, and identified as a cost of hedging, as permitted by IFRS

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|---|
| **Net cash inflow from operating activities**[1] | 9 | **1,408** | 1,238 | 701 |
| **Investing activities** | | | | |
| Acquisitions[1] | 9 | **(153)** | (267) | (236) |
| Disposals of investments and subsidiaries[2] | 9 | **553** | 99 | 38 |
| Proceeds from loans on disposal of subsidiaries | 28 | **93** | – | – |
| Purchases of property, plant and equipment | | **(189)** | (177) | (209) |
| Purchases of intangible assets | | **(47)** | (40) | (15) |
| Proceeds on disposal of property, plant and equipment | | **21** | 5 | 13 |
| **Net cash inflow/(outflow) from investing activities** | | **278** | (380) | (409) |
| **Financing activities** | | | | |
| Principal elements of lease payments | | **(282)** | (259) | (310) |
| Share option proceeds | | **2** | 1 | 1 |
| Cash consideration received from non-controlling interests | 9 | **–** | 46 | – |
| Cash consideration for purchase of non-controlling interests | 9 | **(87)** | (16) | (84) |
| Share repurchases and buybacks | 9 | **(82)** | (54) | (862) |
| Proceeds from borrowings | | **1,060** | 1,053 | – |
| Repayment of borrowings | | **(1,087)** | (1,102) | (221) |
| Repayment of borrowing related derivatives[3] | | **(14)** | (46) | – |
| Financing and share issue costs | | **(7)** | (3) | – |
| Equity dividends paid | | **(425)** | (423) | (365) |
| Dividends paid to non-controlling interests in subsidiary undertakings | | **(67)** | (101) | (70) |
| **Net cash outflow from financing activities** | | **(989)** | (904) | (1,911) |
| **Net increase/(decrease) in cash and cash equivalents** | | **697** | (46) | (1,619) |
| Foreign exchange translation of cash and cash equivalents | | **(90)** | (80) | 64 |
| Cash and cash equivalents at beginning of year | | **1,860** | 1,986 | 3,541 |
| **Cash and cash equivalents at end of year** | 18 | **2,467** | 1,860 | 1,986 |

**Notes**

The accompanying notes form an integral part of this consolidated cash flow statement

1 Contingent consideration liability payments in excess of the amount determined at acquisition are recorded as operating activities

2 Disposals of investments and subsidiaries represents consideration received less cash and cash equivalents disposed

3 Repayment of borrowing related derivatives was previously presented within Repayment of borrowings

# CONSOLIDATED BALANCE SHEET

### AT 31 DECEMBER 2024

| | Notes | 2024 £m | 2023 £m |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 11 | **7,610** | 8,389 |
| Other intangible assets | 11 | **737** | 850 |
| Property, plant and equipment | 12 | **909** | 828 |
| Right-of-use assets | 10 | **1,385** | 1,382 |
| Interests in associates | 13 | **253** | 287 |
| Other investments | 13 | **398** | 333 |
| Deferred tax assets | 14 | **323** | 324 |
| Corporate income tax recoverable | | **59** | 77 |
| Trade and other receivables | 15 | **174** | 209 |
| | | **11,848** | 12,679 |
| **Current assets** | | | |
| Corporate income tax recoverable | | **113** | 115 |
| Trade and other receivables | 15 | **7,722** | 8,460 |
| Accrued income and unbilled media | | **3,188** | 3,151 |
| Cash and cash equivalents | 18 | **2,638** | 2,218 |
| | | **13,661** | 13,944 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **(13,056)** | (13,323) |
| Deferred income and customer advances | | **(1,160)** | (1,319) |
| Corporate income tax payable | | **(333)** | (370) |
| Lease liabilities | 10 | **(240)** | (292) |
| Borrowings | 19 | **(584)** | (946) |
| Provisions for liabilities and charges[1] | 20 | **(143)** | (55) |
| | | **(15,516)** | (16,305) |
| **Net current liabilities** | | **(1,855)** | (2,361) |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **(3,744)** | (3,775) |
| Trade and other payables | 17 | **(229)** | (283) |
| Deferred tax liabilities | 14 | **(142)** | (179) |
| Employee benefit obligations | 22 | **(132)** | (136) |
| Provisions for liabilities and charges[1] | 20 | **(232)** | (250) |
| Lease liabilities | 10 | **(1,780)** | (1,862) |
| | | **(6,259)** | (6,485) |
| **Net assets** | | **3,734** | 3,833 |
| **Equity** | | | |
| Called-up share capital | 24 | **109** | 114 |
| Share premium account | | **579** | 577 |
| Other reserves | 25 | **151** | 187 |
| Own shares | | **(191)** | (990) |
| Retained earnings | | **2,827** | 3,488 |
| **Equity shareholders' funds** | | **3,475** | 3,376 |
| Non-controlling interests | | **259** | 457 |
| **Total equity** | | **3,734** | 3,833 |

**Notes**

The accompanying notes form an integral part of this consolidated balance sheet

[1] Current provisions for liabilities and charges, which were not material, were previously presented within Non-current provisions for liabilities and charges and have been restated. See note 20

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 March 2025.

Signed on behalf of the Board:

**Mark Read**
Chief Executive Officer

**Joanne Wilson**
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Called-up share capital £m | Share premium account £m | Other reserves £m | Own shares £m | Retained earnings[1] £m | Total equity shareholders' funds £m | Non-controlling interests £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 122 | 575 | (336) | (1,112) | 4,366 | 3,615 | 453 | 4,068 |
| Profit for the year | – | – | – | – | 683 | 683 | 92 | 775 |
| Other comprehensive income | – | – | 299 | – | 6 | 305 | 16 | 321 |
| **Total comprehensive income** | **–** | **–** | **299** | **–** | **689** | **988** | **108** | **1,096** |
| Dividends paid | – | – | – | – | (365) | (365) | (70) | (435) |
| Ordinary shares issued | – | 1 | – | – | – | 1 | – | 1 |
| Share cancellations | (8) | – | 8 | – | (807) | (807) | – | (807) |
| Non-cash share-based incentive plans (including share options) | – | – | – | – | 122 | 122 | – | 122 |
| Tax on share-based payments | – | – | – | – | (9) | (9) | – | (9) |
| Net movement in own shares held by ESOP Trusts | – | – | – | 58 | (113) | (55) | – | (55) |
| Net derecognition of liabilities in respect of put options | – | – | 102 | – | (40) | 62 | – | 62 |
| Share purchases – close period commitments[2] | – | – | 212 | – | – | 212 | – | 212 |
| Net movement in non-controlling interests[3] | – | – | – | – | (83) | (83) | (12) | (95) |
| **Total transactions with owners** | **(8)** | **1** | **322** | **58** | **(1,295)** | **(922)** | **(82)** | **(1,004)** |
| **Balance at 31 December 2022** | **114** | **576** | **285** | **(1,054)** | **3,760** | **3,681** | **479** | **4,160** |
| | | | | | | | | |
| Profit for the year | – | – | – | – | 110 | 110 | 87 | 197 |
| Other comprehensive loss | – | – | (296) | – | (10) | (306) | (23) | (329) |
| **Total comprehensive (loss)/income** | **–** | **–** | **(296)** | **–** | **100** | **(196)** | **64** | **(132)** |
| Dividends paid | – | – | – | – | (423) | (423) | (101) | (524) |
| Ordinary shares issued | – | 1 | – | – | – | 1 | – | 1 |
| Treasury shares used for share option schemes | – | – | – | 55 | (55) | – | – | – |
| Non-cash share-based incentive plans (including share options) | – | – | – | – | 140 | 140 | – | 140 |
| Tax on share-based payments | – | – | – | – | 2 | 2 | – | 2 |
| Net movement in own shares held by ESOP Trusts | – | – | – | 9 | (63) | (54) | – | (54) |
| Net derecognition of liabilities in respect of put options[4] | – | – | 198 | – | 30 | 228 | – | 228 |
| Net movement in non-controlling interests[3] | – | – | – | – | (3) | (3) | 15 | 12 |
| **Total transactions with owners** | **–** | **1** | **198** | **64** | **(372)** | **(109)** | **(86)** | **(195)** |
| **Balance at 31 December 2023** | **114** | **577** | **187** | **(990)** | **3,488** | **3,376** | **457** | **3,833** |
| | | | | | | | | |
| Profit for the year | – | – | – | – | 542 | 542 | 87 | 629 |
| Other comprehensive loss | – | – | (58) | – | (2) | (60) | (2) | (62) |
| **Total comprehensive income/(loss)** | **–** | **–** | **(58)** | **–** | **540** | **482** | **85** | **567** |
| Dividends paid | – | – | – | – | (425) | (425) | (67) | (492) |
| Ordinary shares issued | – | 2 | – | – | – | 2 | – | 2 |
| Share cancellations[5] | (5) | – | 5 | 743 | (743) | – | – | – |
| Treasury shares used for share option schemes | – | – | – | 57 | (57) | – | – | – |
| Non-cash share-based incentive plans (including share options) | – | – | – | – | 81 | 81 | – | 81 |
| Tax on share-based payments | – | – | – | – | 1 | 1 | – | 1 |
| Net movement in own shares held by ESOP Trusts | – | – | (8) | (1) | (73) | (82) | – | (82) |
| Net derecognition of liabilities in respect of put options | – | – | 25 | – | 17 | 42 | – | 42 |
| Net movement in non-controlling interests[3] | – | – | – | – | (2) | (2) | (216) | (218) |
| **Total transactions with owners** | **(5)** | **2** | **22** | **799** | **(1,201)** | **(383)** | **(283)** | **(666)** |
| **Balance at 31 December 2024** | **109** | **579** | **151** | **(191)** | **2,827** | **3,475** | **259** | **3,734** |

**Notes**

The accompanying notes form an integral part of this consolidated statement of changes in equity

1 Accumulated losses on existing equity investments held at fair value through other comprehensive income are £354 million at 31 December 2024 (2023: £347 million, 2022: £344 million)

2 During 2021, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 16 December 2021 and ending on 18 February 2022, in accordance with UK listing rules. The commitment resulting from this agreement constituted a liability at 31 December 2021 and was recognised as a movement in other reserves in the year ended 31 December 2021. After the close period ended on 18 February 2022, the liability was settled and the amount in other reserves was reclassified to retained earnings

3 Net movement in non-controlling interests represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries, recognition of non-controlling interests on new acquisitions and derecognition of non-controlling interests on disposals of subsidiaries, including FGS Global

4 During 2023, WPP sold a portion of its ownership of FGS Global to KKR. As part of this transaction, the previous put option granted to management shareholders was derecognised

5 In December 2024, WPP cancelled 50,367,570 treasury shares

# ACCOUNTING POLICIES

## BASIS OF PREPARATION

The consolidated financial statements of WPP plc (the Company) and its subsidiaries (together the Group) for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as they apply to the financial statements of the Group for the year ended 31 December 2024.

The Group consolidated financial statements of WPP plc, a company registered in Jersey, for the year ended 31 December 2024 are filed with the Company's registrar in Jersey.

The Group consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments and defined benefit pension plans.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

## BASIS OF CONSOLIDATION

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. Subsidiary undertakings are those entities controlled by the Group. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the consolidated income statement from the effective date of acquisition or disposal, accordingly. Non-controlling interests represent the share of earnings or equity in subsidiaries that is not attributable, directly or indirectly, to shareholders of the Group.

## GOING CONCERN

The Group's business activities, together with the factors likely to affect its future performance and position are set out in the Financial Review on pages 68-72 and Principal Risks and Uncertainties on pages 78-85. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the consolidated financial statements and the notes to the consolidated financial statements. The notes also include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group consolidated financial statements have been prepared on the going concern basis. In performing its going concern assessment, the Group's forecasts and projections have taken account of (i) reasonably possible declines in revenue less pass-through costs or increases in costs arising from severe but plausible downside scenarios and (ii) the results of reverse stress tests to quantify the level of revenue less pass-through costs declines compared to 2024 required to utilise all of the Group's liquidity headroom, taking into account the suspension of share buybacks, dividends and acquisitions, and cost mitigation actions which could be implemented. This assessment shows that the Company and the Group would be able to operate with appropriate liquidity and be able to meet its liabilities as they fall due and for a period of at least 12 months from the date the consolidated financial statements are signed.

The Directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date the consolidated financial statements are signed. Thus, the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

## NEW IFRS ACCOUNTING PRONOUNCEMENTS

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments listed above did not have any impact on the amounts recognised in prior periods, did not have a significant impact on the amounts recognised in the current period, and are not expected to significantly affect future periods.

At the date of authorisation of these consolidated financial statements, the following standards or amendments to standards, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

- IFRS 18 "Presentation and Disclosure in Financial Statements" was published on 9 May 2024 and is effective for periods beginning on or after 1 January 2027. The standard replaces IAS 1 and is the new standard on presentation and disclosure in financial statements, with a focus on updates to the consolidated income statement. The key new concepts introduced in IFRS 18 relate to the structure of the consolidated income statement, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures), and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements.
- IFRS 19 "Subsidiaries without Public Accountability Disclosures" was published on 9 May 2024 and is effective for periods beginning on or after 1 January 2027. It is a voluntary IFRS Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements. These subsidiaries will continue to apply the recognition, measurement and presentation requirements in other IFRS Accounting Standards, but they can replace the disclosure requirements in those standards with reduced disclosure requirements. As the standard applies to the Group's subsidiaries, no impact of IFRS 19 is expected on these consolidated financial statements.
- Lack of Exchangeability (Amendments to IAS 21) and Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The Group is currently assessing the impact of the amendments to standards in issue but not yet effective.

## BUSINESS COMBINATIONS

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations, which requires the acquiree's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date. Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

Acquisition-related costs are expensed as incurred.

The results of the subsidiaries and businesses acquired are included in the consolidated financial statements from their acquisition date.

# ACCOUNTING POLICIES CONTINUED

## GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships, acquired proprietary tools and capitalised software.

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Corporate brand names, customer relationships and proprietary tools acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment.

Certain corporate brands of the Group are considered to have an indefinite economic life. This is based on their long-established history of market leadership and profitability, combined with the Group's ongoing commitment to further develop and enhance their value.

Definite life intangible assets are amortised over their useful life. Amortisation is provided at rates calculated to expense the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

- brand names (with finite lives) – 10-20 years
- customer-related intangibles – 3-13 years
- other proprietary tools – 3-10 years
- other (including capitalised software) – 3-5 years

For the purposes of assessing impairment, assets other than goodwill are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs). CGU determination for goodwill is assessed at the level which management monitors the business. An impairment loss is recognised if the carrying value of the relevant asset or CGU exceeds the recoverable amount, defined as the higher of fair value less costs of disposal and value in use.

The value in use or fair value less costs to dispose for each CGU is determined by calculating the net present value of future cash flows – derived from the underlying assets using a projection period of up to five years for each CGU. After the projection period, a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any goodwill impairment is recognised immediately as an expense and is not subsequently reversed. For assets excluding goodwill, an assessment is made at reporting period end to determine whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If any such indication exists, the recoverable amount of the asset is estimated. In cases where the recoverable amount exceeds the carrying amount of the asset, a reversal of impairment losses is recognised. The amount of the reversal of the impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised.

## CONTINGENT CONSIDERATION

Contingent consideration liabilities in relation to business combinations, where the related payments are not dependent on future employment, are initially recorded at fair value based on the present value of the expected cash outflows of the obligations.

During the 12 months following acquisition, adjustments to goodwill are made to reflect any revisions to fair value measurements that, had they been known at the acquisition date, would have affected the provisional amounts recognised. After 12 months, these liabilities are re-measured to fair value at each balance sheet date, with the changes in fair value recorded in the consolidated income statement within revaluation and retranslation of financial instruments.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost less accumulated depreciation and any provision for impairment. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment impairment charges also form part of the property-related restructuring costs described in note 3 and are derived by applying the method described in the Leases accounting policy. Depreciation, with the exception of freehold land which is not depreciated, is provided at rates calculated to expense the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows:

- freehold buildings – 50 years
- leasehold buildings – shorter of the term of the lease and life of the asset
- fixtures, fittings and equipment – 3-10 years
- computer equipment – 3-5 years

## INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. In certain circumstances, significant influence may be represented by factors other than ownership and voting rights, such as representation on the Board of Directors.

Investments in associates are accounted for using the equity method. Interests in associates are stated in the consolidated balance sheet at cost, adjusted for the Group's share of the profits and losses after tax of associate undertakings, which is included in the consolidated income statement. The Group's share of the amounts recognised in the income statement and other comprehensive income is based on financial information produced by each associate undertaking, adjusted to align with the accounting policies of the Group.

When the Group's share of losses exceeds its interest in an associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not previously recognised.

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An investment's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The Group accounts for joint venture investments under the equity method, which is consistent with the Group's treatment of associates.

## FINANCIAL ASSETS

Financial assets are measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

For financial assets other than trade receivables, unbilled costs, accrued income and unbilled media, a 12 month expected credit loss (ECL) allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off. ECL is recognised in the consolidated income statement on financial assets measured at amortised cost and at fair value through other comprehensive income.

## OTHER INVESTMENTS

Other investments include certain non-current equity investments which are measured at fair value through profit or loss unless an election is made on an investment-by-investment basis to recognise fair value gains and losses in other comprehensive income.

The Group generally elects to classify equity investments as fair value through other comprehensive income where the Group forms a strategic partnership with the investee. If the Group makes an irrevocable election at initial recognition for certain equity investments to be classified as fair value through other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. On derecognition of the equity investment, gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

## ACCRUED INCOME AND UNBILLED MEDIA

Accrued income and unbilled media is a receivable within the scope of IFRS 9 Financial Instruments if the right to consideration is unconditional and is recognised when a performance obligation has been satisfied but has not yet been billed. This includes amounts in relation to media costs where the Group acts as an agent under IFRS 15 Revenue from Contracts with Customers. Accrued income and unbilled media is transferred to trade receivables once the right to consideration is billed per the terms of the contractual agreement.

## DEFERRED INCOME AND CUSTOMER ADVANCES

In certain cases, payments are received from customers or amounts are billed with an unconditional right to receive consideration prior to satisfaction of performance obligations and are recognised as deferred income and customer advances. Deferred income and customer advances is principally pass-through in nature, relating to advance billings to customers in accordance with the terms of the client contracts, primarily for the reimbursement of third-party costs.

## TRADE RECEIVABLES AND UNBILLED COSTS

Trade receivables are measured at amortised cost using the effective interest method, net of expected credit losses.

Unbilled costs include outlays incurred on behalf of clients, including production costs, and other third-party costs that have not yet been billed and are considered receivables under IFRS 15 Revenue from Contracts with Customers.

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9 Financial Instruments. This has been applied to trade receivables, unbilled costs, accrued income and unbilled media. Under this approach, the Group utilises a provision matrix based on the age of the trade receivables and historical loss rates to determine the expected credit losses. The Group also considers forward-looking information. The Group does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss.

Given the short-term nature of the Group's trade receivables, unbilled costs, accrued income and unbilled media, which are mainly due from large national or multinational companies, the Group's assessment of expected credit losses includes provisions for specific clients and receivables where the contractual cash flow is deemed at risk.

Trade receivables are written off when there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. Receivables written off are still subject to enforcement activity and pursued by the Group.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits and money market funds that are readily convertible to a known amount of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition. Cash and cash equivalents are measured at amortised cost, except for investments in money market funds which are held at fair value through profit and loss.

For cash flow statement presentation purposes, the Group's overdrafts are included in cash and cash equivalents where they are repayable on demand, are components of the Group's centralised treasury strategy employed across the Group and form an integral part of the Group's cash management. Bank overdrafts are included within short-term borrowings in the balance sheet.

## BORROWINGS

Interest-bearing borrowings are initially recorded at fair value less, where permitted by IFRS 9, any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the proceeds net of transaction costs and the amount due on settlement or redemption recognised in the consolidated income statement over the term of the borrowing. Borrowings identified as a hedged item in a designated fair value hedge relationship are carried on the consolidated balance sheet at fair value, with gains or losses recognised in the consolidated income statement in accordance with the Group's hedge accounting policy.

Cash flows relating to interest are presented within operating cash flows. Proceeds and repayment of principal amounts are presented within financing cash flows and are presented gross, except for borrowings with maturities of less than three months, which are presented net.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The principal derivative instruments used by the Group are foreign currency forwards and swaps, interest rate swaps and cross-currency interest rate swaps. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial assets and liabilities, including derivatives embedded in host contracts which have been separated from the host contract, are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet reporting date. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

## HEDGE ACCOUNTING

Derivatives designated as hedging instruments are classified at inception of the hedge relationship as cash flow hedges, net investment hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective and accumulated in the cash flow hedge reserve. Ineffective portions of derivatives designated as cash flow hedges are recognised in the income statement immediately. Amounts deferred in the cash flow hedge reserve are reclassified to the income statement when the hedged item affects profit or loss, or if the hedged forecast transaction is to purchase a non-financial asset, the amount deferred in the cash flow hedge reserve is transferred directly from equity and included in the carrying value of the non-financial asset when it is recognised.

Changes in the fair value of those hedging instruments designated as net investment hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in the income statement immediately. Gains and losses accumulated in the foreign currency translation reserve are recycled to the income statement when the foreign operation is disposed of.

Changes in the fair value of derivatives designated as fair value hedges are recorded in the consolidated income statement, together with the changes in the fair value of the hedged asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. This discontinuation can also apply to part of a hedging relationship.

# ACCOUNTING POLICIES CONTINUED

### LIABILITIES IN RESPECT OF OPTION AGREEMENTS

Option agreements that allow the Group's equity partners to require the Group to purchase a non-controlling interest are initially recorded in the consolidated balance sheet at the present value of the redemption amount in accordance with IAS 32 Financial Instruments: Presentation. On initial recognition, the corresponding amount is recognised against the equity reserve; this amount is subsequently reversed on derecognition, either through exercise or expiration through non-exercise of the option agreement.

Subsequent to initial recognition the financial liability is measured at amortised cost in accordance with IFRS 9 Financial Instruments. Changes in the measurement of the financial liability due to the unwinding of the discount or changes in the amount that the Group could be required to pay are recorded in the consolidated income statement within revaluation and retranslation of financial instruments.

### DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### BORROWING COSTS

Finance costs of borrowing that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the consolidated income statement as an expense in the period in which they are incurred.

### REVENUE RECOGNITION

The Group offers national and multinational clients a comprehensive range of communications, experience, commerce and technology services. Certain contracts involve multiple agencies offering different services in different countries. As such, the terms of local, regional and global contracts can vary to meet client needs and regulatory requirements. Consistent with the industry, contracts are typically short term in nature and tend to be cancellable by either party with 90 days' notice. The Group is generally entitled to payment for work performed to date.

The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. Revenue comprises commissions and fees earned and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients. Pass-through costs includes media costs where the Group is buying media for its own account on a transparent opt-in basis. As a result, the subsequent media pass-through costs are recorded as Group principal revenue, with a corresponding pass-through cost recorded. As the contracts are generally short term in nature, the Group has applied the practical expedient permitted by IFRS 15 to expense costs to obtain a contract as incurred and to not adjust consideration for the effects of a significant financing component, where applicable.

In most instances, promised services in a contract are not considered distinct or they represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are therefore accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative stand-alone selling prices. The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

Revenue is recognised when a performance obligation is satisfied in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed for each performance obligation, measured using either an input method or an output method, depending on the particular arrangement.

For most fee arrangements, costs incurred are used as an objective input measure of performance as the primary input of substantially all work performed under these arrangements is labour and there is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For retainer arrangements there is a stand-ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements is broad and generally not reconcilable to specific input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

The amount of revenue recognised depends on whether the Group acts as an agent or as a principal. Certain arrangements with clients are such that the Group's responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, the Group acts as an agent as there is no control of the relevant good or service before it is transferred to the client. When the Group acts as an agent, the revenue recorded is the net amount retained. When acting as an agent, costs incurred with external suppliers (such as production costs and media suppliers) before the client is billed are excluded from revenue and recorded as unbilled balance sheet costs. Once billed to the client, these costs are recorded as part of the agent net revenue recorded.

The Group acts as principal when there is control of the specified good or service prior to transfer. When the Group acts as a principal, such as when supplying in-house production services, events and branding, the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised within the gross amount billed with a corresponding amount recorded as an expense.

Further details on revenue recognition are detailed by reporting segment below.

#### GLOBAL INTEGRATED AGENCIES

Revenue is typically derived from integrated product offerings including media placements and creative services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client. Revenue for commissions on purchased media is typically recognised at the point in time the media is run.

The Group receives volume rebates from certain suppliers for transactions entered into on behalf of clients that, based on the terms of the relevant contracts and local law, are either remitted to clients or retained by the Group. If amounts are passed on to clients they are recorded as liabilities until settled or, if retained by the Group, are recorded as revenue when earned.

Variable incentive-based revenue typically comprises both quantitative and qualitative elements. Incentive compensation is estimated using the most likely amount or expected value method, as deemed appropriate, and is included in revenue up to the amount that is highly probable not to result in a significant reversal of cumulative revenue recognised once the related uncertainty is resolved. The Group recognises incentive revenue as the related performance obligation or obligations are satisfied depending on the specific contractual terms.

#### PUBLIC RELATIONS AND SPECIALIST AGENCIES

Revenue for these services is typically derived from retainer fees and fees for services to be performed subject to specific agreement. Most revenue under these arrangements is earned over time, in accordance with the terms of the contractual arrangement.

## TAXATION

Corporate income taxes payable is recognised as an expense based on taxable profits arising in the period, and the applicable tax law in each jurisdiction. The total tax expense represents the sum of both current and deferred taxes.

The Group is subject to corporate income taxes in a number of different jurisdictions and judgement is required to interpret local tax laws. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and able to be estimated. Any interest and penalties accrued are included in finance costs and general and administrative costs respectively in the consolidated income statement and included in trade and other payables on the consolidated balance sheet. Where changes arise, as a result of new information or an agreed final outcome, these may impact the income tax and deferred tax provisions, and therefore total tax expense in the period in which those changes have arisen.

Local tax laws that apply to the Group's subsidiaries may be amended by the relevant tax authorities. Such potential amendments are regularly monitored and adjustments may be required to the Group's tax assets and liabilities should those changes be enacted or substantively enacted by the balance sheet date.

Corporate income taxes payable is based on taxable profit for the year. Taxable profit differs from profit before tax reported in the Group's consolidated income statement (determined under IFRS) 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 consolidated 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 recognised for all taxable temporary differences unless specifically excepted by IAS 12 Income Taxes. Deferred tax is charged or credited in the consolidated 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 recognised within other comprehensive income or equity.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and 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.

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, which can require the use of accounting estimation and the exercise of judgement.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities, in a transaction that is not a business combination and which affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date. Where it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, the carrying value of the applicable deferred tax asset may be reduced. Where expectations of taxable profits improve, the carrying value of the applicable deferred tax asset may be increased.

Deferred tax assets and liabilities are offset where permitted, when there is a legally enforceable right to set off current tax assets against current tax liabilities 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. Deferred tax is calculated using the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on enacted or substantively enacted legislation.

Corporate taxes are payable on taxable profits at current rates. The tax expense represents the sum of the tax currently payable and deferred tax.

## RETIREMENT BENEFIT COSTS

The Group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits.

For defined contribution plans, contributions are charged to the consolidated income statement on an accruals basis.

For defined benefit plans the amounts charged to staff costs within operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the consolidated income statement when the related plan amendment or curtailment occurs. Net interest income or expense is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised in other comprehensive income.

Where defined benefit plans are funded, the assets of the plan are held in independently managed funds separately from those of the Group. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Recognition of a surplus in a defined benefit plan is limited based on the economic gain the Group is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

## PROVISIONS FOR LIABILITIES AND CHARGES

Provisions comprise liabilities where there is uncertainty about the amount or timing of settlement. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required and the amount can be reliably estimated, with such estimation using either the most likely or expected value method depending on which method best estimates the uncertainty. Whilst the Group has factored in all known facts and circumstances, initial estimations for provisions may change based on the receipt of new information and final amount of the relevant charges may differ from the provision recognised.

## CONTINGENT LIABILITIES

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

## LEASES

The Group leases most of its offices in cities where it operates. Other lease contracts include office equipment and motor vehicles.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration provisions, less any lease incentives received. The assets are depreciated over the term of the lease using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate if the Group is reasonably certain to not exercise that option.

# ACCOUNTING POLICIES CONTINUED

## LEASES CONTINUED

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the initial measurement of lease liabilities comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate as at the commencement date, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Lease modifications result in remeasurement of the lease liability.

Depreciation is recognised in both costs of services and general and administrative costs and interest expense is recognised under finance costs in the consolidated income statement.

The Group has elected to use the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and exemption for leases of low-value assets (under $5,000). The payments associated with these leases are recognised as cost of services and general and administrative costs within the consolidated income statement on a straight-line basis over the lease term.

The Group assesses at the reporting date whether there are any indicators of impairment and performs an impairment test when an impairment indicator exists. The Group tests a right-of-use asset as a stand-alone asset for impairment when it either meets the definition of investment property which generates independent cash flows or it is vacant with minimal to no continued operational utility for the Group. When a right-of-use asset is tested as a stand-alone asset, an impairment loss is recognised when the carrying amount of the right-of-use asset exceeds its recoverable amount. The recoverable amount of a right-of-use asset is estimated mainly based on the present value of the estimated sublease income, discounted using the property yield rates.

## TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the consolidated income statement as they arise.

The income statements of foreign subsidiary undertakings, and goodwill and fair value adjustments arising on the acquisition of a foreign entity, with functional currencies other than pounds sterling, are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates.

Exchange differences arising from retranslation of foreign subsidiary undertakings and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of comprehensive income.

## HYPERINFLATION IN ARGENTINA AND TURKEY

The economies in Argentina and Turkey were designated as hyperinflationary from 2018 and 2022, respectively, and the Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its operations in Argentina and Turkey since these dates. The functional currencies for these operations are Argentinian pesos (ARP) and Turkish lira (YTL).

In applying IAS 29, the ARP and the YTL non-monetary assets and liability balances, held at historical cost, and results for the relevant financial years have been revalued to their present value equivalent local currency amounts at the reporting date based on consumer prices indices (CPI) issued by the National Institute of Statistics and Censuses (INDEC) and the Turkish Statistical Institute, respectively. The respective indices have risen by 118% and 44% (2023: 211% and 65%) during the financial year. The revalued balances are translated to GBP at the reporting date exchange rate in line with IAS 21 The Effects of Changes in Foreign Exchange Rates.

The gain or loss on the revaluation of net monetary assets resulting from IAS 29 application is recognised in the consolidated income statement within other income. The Group has presented the equity revaluation effects and the impact of currency movements within other comprehensive income as such amounts are deemed to meet the definition of 'exchange differences'.

## SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments, including share options, to certain employees and accounts for these awards in accordance with IFRS 2 Share-based Payment. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the fair value of equity settled share-based transactions are set out in note 21.

The fair value determined at the grant date is recognised in the consolidated income statement as an expense on a straight-line basis over the relevant vesting period with a corresponding increase in equity, based on the Group's estimate of the number of shares that will ultimately vest and adjusted for the effect of non-market-based vesting conditions.

## NON-CONTROLLING INTERESTS

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The acquisition of a non-controlling interest in a subsidiary, and the sale of an interest while retaining control, is accounted for within equity, and the cash cost of such purchases is included within financing activities in the cash flow statement.

## CLIMATE CHANGE CONSIDERATIONS

In preparing these consolidated financial statements, and in accordance with the UK Listing Rule UKLR 6.6.6(8) and The UK Companies Regulations 2022, 414CB (2a), the potential impacts of climate change risks have been considered. This primarily focused on the impairment assessments for goodwill and intangible assets with indefinite useful lives; the carrying value and estimated useful life of intangible assets, property, plant and equipment and right-of-use assets; the measurement of deferred tax assets and provisions, including post-employment benefits; and the going concern period and viability of the Group over the next three years. There has been no material impact on the consolidated financial statements for the years ended 31 December 2024 and 2023. The potential implications of climate change risks on the consolidated financial statements will continue to be monitored and assessed in future periods.

## CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY IN APPLYING ACCOUNTING POLICIES

Management is required to make key decisions and judgements whilst acknowledging there is estimation uncertainty in the process of applying the Group's accounting policies. These estimates and judgements are reviewed on an ongoing basis. Where judgement has been applied or estimation uncertainty exists, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in these consolidated financial statements.

The most significant area of estimation uncertainty is:

**Goodwill:** the key areas of uncertainty in estimating the fair value less costs to dispose of AKQA Group's recoverable value are the forecasted revenue less pass-through costs and operating margin. Further details of AKQA Group's key estimates and related sensitivities are included in note 11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. GENERAL INFORMATION

WPP plc is a company incorporated in Jersey. The address of the registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX and the address of the principal executive office is Sea Containers, 18 Upper Ground, London, United Kingdom, SE1 9GL. The nature of the Group's operations and its principal activities are set out in note 2. These consolidated financial statements are presented in pounds sterling.

### 2. SEGMENT INFORMATION

The Group is a leading worldwide creative transformation organisation offering national and multinational clients a comprehensive range of communications, experience, commerce and technology services. Substantially all of the Group's revenue is from contracts with customers.

**Reportable segments**

The Group is organised into three reportable segments – Global Integrated Agencies, Public Relations and Specialist Agencies.

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as used internally for the review of performance and allocation of resources by the Group's Chief Executive Officer (the Chief Operating Decision Maker). Provided certain quantitative and qualitative criteria are fulfilled, IFRS 8 permits aggregation of these operating segments into reportable segments for the purposes of disclosure in the Group's financial statements. In assessing the Group's reportable segments, which includes the aggregation of certain operating segments, the Directors have had regard to the similar economic characteristics of certain operating segments, their shared client bases, the similar nature of their products or services and their long-term margins, amongst other factors.

Reported contributions were as follows:

| | **2024 £m** | 2023[1] £m | 2022[1] £m |
|---|---|---|---|
| **Revenue[2]** | | | |
| Global Integrated Agencies | **12,562** | 12,532 | 12,133 |
| Public Relations | **1,156** | 1,262 | 1,233 |
| Specialist Agencies | **1,023** | 1,051 | 1,063 |
| | **14,741** | 14,845 | 14,429 |
| **Revenue less pass-through costs[2,3]** | | | |
| Global Integrated Agencies | **9,384** | 9,751 | 9,684 |
| Public Relations | **1,089** | 1,180 | 1,161 |
| Specialist Agencies | **886** | 929 | 955 |
| | **11,359** | 11,860 | 11,800 |
| **Headline operating profit[2,4]** | | | |
| Global Integrated Agencies | **1,482** | 1,480 | 1,427 |
| Public Relations | **166** | 191 | 192 |
| Specialist Agencies | **59** | 79 | 123 |
| | **1,707** | 1,750 | 1,742 |
| | | | |
| Adjusting items within IFRS operating profit[4] | **(382)** | (1,219) | (384) |
| Financing items[5] | **(330)** | (255) | (138) |
| Earnings/(losses) from associates | **36** | 70 | (60) |
| **Reported profit before tax** | **1,031** | 346 | 1,160 |

**Notes**

1 During the year ended 31 December 2024, the Group reallocated a number of businesses between Global Integrated Agencies, Specialist Agencies and Public Relations therefore changing the composition of reportable segments reported to the Group's Chief Operating Decision Maker. As required by IFRS 8, the prior year comparatives have been restated

2 Intersegment transactions have not been separately disclosed as they are not material

3 Revenue less pass-through costs is revenue less media and other pass-through costs. Pass-through costs comprise fees paid to external suppliers where they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media costs. See note 3 to the consolidated financial statements for more details of these pass-through costs

4 Headline operating profit is defined on page 204. A reconciliation from reported profit before tax to headline operating profit is provided on page 196

5 Financing items include finance and investment income, finance costs and revaluation and retranslation of financial instruments

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. SEGMENT INFORMATION CONTINUED

| Other information | Staff costs £m | Depreciation and amortisation[2] £m | Goodwill impairment[3] £m |
|---|---|---|---|
| **2024** | | | |
| Global Integrated Agencies | **6,330** | **327** | **158** |
| Public Relations | **761** | **35** | **12** |
| Specialist Agencies | **670** | **39** | **67** |
| | **7,761** | **401** | **237** |
| **2023[1]** | | | |
| Global Integrated Agencies | 6,491 | 361 | 40 |
| Public Relations | 821 | 40 | – |
| Specialist Agencies | 825 | 46 | 23 |
| | 8,137 | 447 | 63 |
| **2022[1]** | | | |
| Global Integrated Agencies | 6,530 | 370 | – |
| Public Relations | 815 | 37 | 4 |
| Specialist Agencies | 821 | 44 | 34 |
| | 8,166 | 451 | 38 |

**Notes**

1 During the year ended 31 December 2024, the Group reallocated a number of businesses between Global Integrated Agencies, Specialist Agencies and Public Relations therefore changing the composition of reportable segments reported to the Group's Chief Operating Decision Maker. As required by IFRS 8, the prior year comparatives have been restated

2 Depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets

3 Goodwill impairment is excluded from headline earnings

Contributions by geographical area were as follows:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| **Revenue[1]** | | | |
| North America[2] | **5,567** | 5,528 | 5,550 |
| United Kingdom | **2,185** | 2,155 | 2,004 |
| Western Continental Europe | **3,013** | 3,037 | 2,876 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **3,976** | 4,125 | 3,999 |
| | **14,741** | 14,845 | 14,429 |
| **Revenue less pass-through costs[1,3]** | | | |
| North America[2] | **4,394** | 4,556 | 4,688 |
| United Kingdom | **1,588** | 1,626 | 1,537 |
| Western Continental Europe | **2,375** | 2,411 | 2,319 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **3,002** | 3,267 | 3,256 |
| | **11,359** | 11,860 | 11,800 |
| **Headline operating profit[1,4]** | | | |
| North America[2] | **825** | 834 | 771 |
| United Kingdom | **237** | 215 | 187 |
| Western Continental Europe | **259** | 258 | 301 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **386** | 443 | 483 |
| | **1,707** | 1,750 | 1,742 |
| | | | |
| Adjusting items within IFRS operating profit[4] | **(382)** | (1,219) | (384) |
| Financing items[5] | **(330)** | (255) | (138) |
| Earnings/(losses) from associates | **36** | 70 | (60) |
| Reported profit before tax[4] | **1,031** | 346 | 1,160 |

**Notes**

1 Interregional transactions have not been separately disclosed as they are not material

2 North America includes the United States with revenue of £5,203 million (2023: £5,187 million, 2022: £5,231 million), revenue less pass-through costs of £4,115 million (2023: £4,271 million, 2022: £4,402 million) and headline operating profit of £766 million (2023: £785 million, 2022: £726 million)

3 Revenue less pass-through costs is revenue less media and other pass-through costs. Pass-through costs comprise fees paid to external suppliers where they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media costs. See note 3 to the consolidated financial statements for more details of these pass-through costs

4 Headline operating profit is defined on page 204. A reconciliation from reported profit before tax to headline operating profit is provided on page 196

5 Financing items include finance and investment income, finance costs and revaluation and retranslation of financial instruments

## 2. SEGMENT INFORMATION CONTINUED

| | **2024 £m** | 2023 £m |
|---|---|---|
| **Non-current assets**[1] | | |
| North America[2] | **4,736** | 5,218 |
| United Kingdom | **1,666** | 1,670 |
| Western Continental Europe | **2,512** | 2,696 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **2,607** | 2,739 |
| | **11,521** | 12,323 |

**Notes**
1 Non-current assets excluding financial derivatives and deferred tax assets
2 North America includes the United States with non-current assets of £4,427 million (2023: £5,114 million)

## 3. COSTS OF SERVICES AND GENERAL AND ADMINISTRATIVE COSTS

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Costs of services | **12,290** | 12,326 | 11,890 |
| General and administrative costs | **1,126** | 1,988 | 1,181 |
| | **13,416** | 14,314 | 13,071 |

Costs of services and general and administrative costs include:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Staff costs (note 5) | **7,761** | 8,137 | 8,166 |
| Establishment costs | **472** | 516 | 536 |
| Media pass-through costs | **2,523** | 2,174 | 1,906 |
| Other costs of services and general and administrative costs[1] | **2,660** | 3,487 | 2,463 |
| | **13,416** | 14,314 | 13,071 |

**Note**
1 Other costs of services and general and administrative costs include £859 million (2023: £811 million, 2022: £724 million) of other pass-through costs

Other costs of services and general and administrative costs include the following significant items:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Goodwill impairment (note 11) | **237** | 63 | 38 |
| Amortisation and impairment of acquired intangible assets | **93** | 728 | 62 |
| Other impairment charges | **26** | 18 | 77 |
| Restructuring and transformation costs | **251** | 196 | 219 |
| Property-related restructuring costs | **26** | 232 | 18 |
| (Gains)/losses on disposals of investments and subsidiaries | **(322)** | (7) | 36 |
| Legal provision charges/(gains) | **68** | (11) | – |

Amortisation and impairment of acquired intangible assets of £93 million (2023: £728 million, 2022: £62 million) includes accelerated amortisation charges of £20 million (2023: £650 million, 2022: £1 million) in relation to certain brands that no longer have an indefinite useful life due to the creation of Burson. The 2023 charge of £728 million includes £650 million of accelerated amortisation charges, predominately due to the creation of VML in the fourth quarter of 2023.

Other impairment charges of £26 million (2023: £18 million, 2022: £77 million) primarily relate to the impairment of associates. The 2022 charge of £77 million included a £29 million impairment of capitalised configuration and customisation costs related to software development projects.

Restructuring and transformation costs of £251 million (2023: £196 million, 2022: £219 million) include £90 million (2023: £113 million, 2022: £134 million) in relation to the Group's IT transformation programme. These IT costs include costs of £56 million (2023: £52 million, 2022: £97 million) in relation to the rollout of new ERP systems in order to drive efficiency and collaboration throughout the Group; and £29 million (2023: £38 million, 2022: nil) related to an IT-transition programme to move to a multi-vendor environment.

Restructuring and transformation costs also include £144 million (2023: £73 million, 2022: £70 million) of costs related to the continuing transformation plan, including the creation of VML and Burson, and simplification of GroupM. The prior year costs includes restructuring actions at under-performing businesses, aimed to reduce ongoing costs and simplify operational structures. Also included within restructuring and transformation costs is £17 million (2023: £10 million, 2022: £15 million) of ongoing property costs, related to property impairments the Group recognised in prior years in response to the Covid-19 pandemic.

Property-related restructuring costs of £26 million (2023: £232 million, 2022: £18 million) includes £23 million (2023: nil, 2022: nil) of on-going property costs related to property impairments recognised in the prior year as part of the Group's property requirements review. The impairment charges included within property-related costs include £1 million (2023: £129 million, 2022: £18 million) in relation to right-of-use assets and £2 million (2023: £56 million, 2022: nil) of related property, plant and equipment.

Gains on disposal of investment and subsidiaries of £322 million (2023: £7 million, 2022: loss of £36 million) predominately represents the gain on disposal of FGS Global of £275 million (refer to note 28).

Legal provision charges of £68 million (2023: £11 million gain, 2022: nil) have been recognised, with the provision at 31 December 2024 representing management's best estimate of its obligation in relation to certain on-going legal proceedings and claims.

Auditors' remuneration:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Fees payable to the Company's auditors for the audit of the Company and Group's annual accounts | **18** | 10 | 8 |
| Fees payable for the audit of the Company's subsidiaries | **26** | 30 | 29 |
| **Fees payable to the auditors pursuant to legislation**[1] | **44** | 40 | 37 |
| Audit-related services[1,2] | **1** | 1 | – |
| Other assurance services – PwC | **–** | – | – |
| Other assurance services – Deloitte | **1** | 1 | 1 |
| Tax compliance services | **–** | – | – |
| **Total other fees** | **2** | 2 | 1 |
| **Total fees** | **46** | 42 | 38 |

**Notes**
1 Includes fees in respect of the audit of internal control over financial reporting. With effect from 2024, following a competitive tender process, PricewaterhouseCoopers LLP (PwC) was appointed as auditor of the Company, replacing Deloitte LLP (Deloitte). Fees payable for the audit of the Company and Group's annual accounts, the audit of the Company's subsidiaries, and audit-related services during the year ended 31 December 2024 relate to PwC and for the years ended 31 December 2023 and 31 December 2022 to Deloitte
2 Audit-related assurance services are predominantly in respect of the review of the interim financial information

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 4. EARNINGS/(LOSSES) FROM ASSOCIATES

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Share of profits/(losses) of associates (note 13) | **34** | 25 | (60) |
| Dividends received from nil carrying value associates | **2** | 45 | – |
| **Earnings/(losses) from associates** | **36** | 70 | (60) |

Earnings/(losses) from associates was £36 million in 2024 (2023: earnings of £70 million, 2022: losses of £60 million). This includes £2 million of non-refundable distributions received from Kantar, (2023: £45 million, 2022: nil) which are recorded in the income statement (non headline) given the Group's balance sheet investment in Kantar is nil. The carrying value of the Kantar investment is nil as the share of accumulated losses exceeds the Group's interest in Kantar. No further losses are being recognised, and the Group will only resume recognising its share of profits after its share of profits equals the share of losses not previously recognised. The loss in 2022 included £76 million of amortisation and impairment of acquired intangible assets as well as restructuring and one-off transaction costs of £55 million within Kantar.

## 5. OUR PEOPLE

Our monthly average staff numbers by geographical distribution were as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| North America | **22,474** | 23,562 | 23,740 |
| United Kingdom | **11,816** | 12,457 | 12,490 |
| Western Continental Europe | **22,533** | 23,580 | 22,717 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **54,458** | 55,133 | 55,182 |
| | **111,281** | 114,732 | 114,129 |

Their reportable segment distribution was as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Global Integrated Agencies | **95,053** | 97,838 | 97,288 |
| Public Relations | **7,742** | 8,377 | 8,125 |
| Specialist Agencies | **8,486** | 8,517 | 8,716 |
| | **111,281** | 114,732 | 114,129 |

At the end of 2024, staff numbers were 108,044 (2023: 114,173, 2022: 115,473).

Staff costs[1] include:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Wages and salaries | **5,622** | 5,879 | 5,721 |
| Cash-based incentive plans | **242** | 233 | 293 |
| Share-based incentive plans (note 21) | **109** | 140 | 122 |
| Social security costs | **692** | 715 | 689 |
| Pension costs (note 22) | **215** | 213 | 205 |
| Severance | **61** | 78 | 44 |
| Other staff costs | **820** | 879 | 1092 |
| | **7,761** | 8,137 | 8,166 |

**Note**

1 Additional staff costs of £137 million (2023: £71 million, 2022: £16 million) are included within Restructuring and transformation costs disclosed in note 3

Compensation for key management personnel includes:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Short-term employee benefits | **27** | 28 | 30 |
| Pensions and other post-retirement benefits | **1** | 1 | 1 |
| Share-based payments | **19** | 30 | 30 |
| | **47** | 59 | 61 |

Key management personnel comprises the Board and the Executive Committee.

## 6. FINANCE AND INVESTMENT INCOME, FINANCE COSTS AND REVALUATION AND RETRANSLATION OF FINANCIAL INSTRUMENTS

Finance and investment income arise from:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Financial assets measured at amortised cost | **123** | 111 | 118 |
| Financial assets measured at fair value through profit and loss | **11** | 13 | 24 |
| Other interest income | **3** | 3 | 3 |
| | **137** | 127 | 145 |

Finance costs arise from:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Interest on bank overdrafts, bonds and bank loans | **309** | 273 | 258 |
| Interest expense related to lease liabilities | **98** | 106 | 96 |
| Interest on other long-term employee benefits | **6** | 6 | 3 |
| Net interest expense on pension plans | **4** | 4 | 2 |
| | **417** | 389 | 359 |

Revaluation and retranslation of financial instruments include:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Movements in fair value of derivative financial instruments | **(17)** | (3) | 1 |
| Premium on the early repayment of bonds | **(16)** | – | – |
| Revaluation of investments and other assets held at fair value through profit or loss | **(24)** | (21) | 23 |
| Remeasurement of put options over non-controlling interests | **(10)** | (1) | 28 |
| Revaluation of contingent consideration liabilities | **1** | 51 | 26 |
| Retranslation of financial instruments | **16** | (19) | (2) |
| **Net revaluation and retranslation of financial instrument (loss)/gain** | **(50)** | 7 | 76 |

## 7. TAXATION

In 2024, the effective tax rate on reported profit before taxation was 39.0% (2023: 43.1%, 2022: 33.1%).

The tax charge comprises:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| **Corporation tax** | | | |
| Current year | **466** | 433 | 427 |
| Prior years | **(42)** | (86) | (56) |
| | **424** | 347 | 371 |
| **Deferred tax** | | | |
| Current year | **6** | (197) | 9 |
| Prior years | **(28)** | (1) | 5 |
| | **(22)** | (198) | 14 |
| **Tax charge** | **402** | 149 | 385 |

The tax charge for 2024 includes the Group's assessment of the impact of OECD Pillar Two income taxes, which was insignificant to the tax charge. The IAS 12 exception to recognise deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

The corporation tax credit for prior years in 2024, 2023 and 2022 primarily comprises the movement in provisions for tax uncertainties due to expiry of relevant statutes of limitations and reassessment of existing exposures.

In 2023, the deferred tax credit of £197 million reflected the tax impact of accelerated amortisation of intangible assets as a result of the creation of VML.

The tax charge for the year can be reconciled to profit before taxation in the consolidated income statement as follows:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Profit before taxation | **1,031** | 346 | 1,160 |
| Tax at the corporation tax rate of 25.0%[1] | **258** | 81 | 220 |
| Tax effect of (earnings)/losses from associates | **(9)** | (15) | 17 |
| Irrecoverable withholding taxes | **29** | 35 | 26 |
| Tax effect of items that are not deductible in determining taxable profits | **101** | 39 | 68 |
| Tax effect of non-deductible goodwill impairment | **65** | 16 | 7 |
| Effect of different tax rates in subsidiaries operating in other jurisdictions | **18** | 42 | 94 |
| Origination and reversal of unrecognised temporary differences | **(10)** | 9 | (1) |
| Tax losses not recognised or utilised in the year | **21** | 44 | 10 |
| Utilisation of tax losses not previously recognised | **(6)** | (15) | (5) |
| Net release of prior year provisions in relation to acquired businesses | **–** | (4) | (3) |
| Other prior year adjustments | **(70)** | (83) | (48) |
| Impact of OECD Pillar Two income taxes | **5** | – | – |
| **Tax charge** | **402** | 149 | 385 |
| Effective tax rate on profit before tax | **39.0%** | 43.1% | 33.1% |

**Note**

1 As the Group is subject to the tax rates of more than one country, it has chosen to present its reconciliation of the tax charge using the UK corporation tax rate of 25.0% (2023: 23.5%, 2022: 19.0%)

### FACTORS AFFECTING THE TAX CHARGE IN FUTURE YEARS

The tax charge may be affected by the impact of acquisitions, disposals and other corporate restructurings, the resolution of open tax issues, and the ability to use brought forward tax losses. Changes in local or international tax rules, and changes arising from the application of existing rules, new demands and assessments or challenges by tax authorities, may expose the Group to additional tax liabilities or impact the carrying value of deferred tax assets, which could affect the future tax charge.

Liabilities relating to open and judgemental matters are based upon an assessment of whether the tax authorities will accept the position taken, after considering external advice where appropriate. Where the final tax outcome of these matters is different from the amounts which have been recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Group does not currently consider that judgements made in assessing tax liabilities have a significant risk of resulting in any material additional charges or credits in respect of these matters, within the next financial year.

### TAX RISK MANAGEMENT

The Group looks to maintain open and transparent relationships with the tax authorities and relevant government representatives in the jurisdictions in which the Group operates. We maintain active engagement with a wide range of international companies and business organisations with similar issues. We engage advisors and legal counsel to obtain opinions on tax legislation and principles. We have a Tax Risk Management Strategy in place which sets out the controls established and our assessment procedures for decision making and how we monitor tax risk. We monitor proposed changes in taxation legislation and ensure these are taken into account when we consider our future business plans. Our Directors are informed by management of any significant tax law changes, the nature and status of any significant ongoing tax audits, and other developments that could materially affect the Group's tax position.

## 8. EARNINGS PER SHARE ("EPS")

### BASIC EPS

The calculation of basic EPS is as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Profit for the year attributable to equity holders of the parent (£ million) | **542** | 110 | 683 |
| Weighted average number of shares used in basic EPS calculation (million) | **1,077** | 1,072 | 1,098 |
| Basic EPS | **50.3p** | 10.3p | 62.2p |

### DILUTED EPS

The calculation of diluted EPS is as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Profit for the year attributable to equity holders of the parent (£ million) | **542** | 110 | 683 |
| Weighted average number of shares used in diluted EPS calculation (million) | **1,097** | 1,094 | 1,116 |
| Diluted EPS | **49.4p** | 10.1p | 61.2p |

At 31 December 2024, options to purchase 28 million ordinary shares (2023: 25 million, 2022: 20 million) were outstanding, but were excluded from the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of the Group's shares and, therefore, their inclusion would have been accretive.

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

| | 2024 m | 2023 m | 2022 m |
|---|---|---|---|
| Weighted average number of shares used in basic EPS calculation | **1,077** | 1,072 | 1,098 |
| Dilutive share options outstanding | **–** | 1 | 1 |
| Other potentially issuable shares | **20** | 21 | 17 |
| **Weighted average number of shares used in diluted EPS calculation** | **1,097** | 1,094 | 1,116 |

At 31 December 2024 there were 1,091,394,251 (2023: 1,141,513,196, 2022: 1,141,427,296) ordinary shares in issue, including 12,591,893 treasury shares (2023: 66,675,497, 2022: 70,489,953).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 9. ANALYSIS OF CASH FLOWS

The following tables analyse the net cash inflow from operating activities presented within the main cash flow statement on page 148.

Net cash from operating activities:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| **Profit for the year** | **629** | 197 | 775 |
| Taxation | **402** | 149 | 385 |
| Revaluation and retranslation of financial instruments | **50** | (7) | (76) |
| Finance costs | **417** | 389 | 359 |
| Finance and investment income | **(137)** | (127) | (145) |
| (Earnings)/losses from associates | **(36)** | (70) | 60 |
| **Operating profit** | **1,325** | 531 | 1,358 |
| **Adjustments for:** | | | |
| Non-cash share-based incentive plans (including share options) | **109** | 140 | 122 |
| Depreciation of property, plant and equipment | **156** | 165 | 167 |
| Depreciation of right-of-use assets | **213** | 257 | 262 |
| Impairment charges included within restructuring costs[1] | **3** | 185 | 43 |
| Goodwill impairment | **237** | 63 | 38 |
| Amortisation and impairment of acquired intangible assets | **93** | 728 | 62 |
| Amortisation of other intangible assets | **32** | 25 | 22 |
| Other impairment charges | **26** | 18 | 77 |
| (Gains)/losses on disposal of investments and subsidiaries | **(322)** | (7) | 36 |
| Gains on remeasurement of equity interests arising from a change in scope of ownership | **–** | – | (66) |
| Other transaction costs | **10** | – | – |
| Gains of sale of property, plant and equipment | **(7)** | – | (6) |
| **Operating cash flow before movements in working capital and provisions** | **1,875** | 2,105 | 2,115 |
| Decrease/(increase) in trade receivables and accrued income | **309** | 232 | (499) |
| Increase/(decrease) in trade payables and deferred income | **31** | (238) | 171 |
| Decrease/(increase) in other receivables | **16** | 125 | (154) |
| Decrease in other payables | **(240)** | (445) | (327) |
| Increase/(decrease) in provisions | **69** | 66 | (38) |
| **Cash generated by operations** | **2,060** | 1,845 | 1,268 |
| Corporation and overseas tax paid | **(392)** | (395) | (391) |
| Interest paid on lease liabilities | **(95)** | (103) | (92) |
| Other interest and similar charges paid | **(306)** | (275) | (210) |
| Interest received | **109** | 116 | 88 |
| Investment income | **11** | 13 | 25 |
| Dividends from associates | **31** | 43 | 38 |
| Contingent consideration payments recognised in operating activities[2] | **(10)** | (6) | (25) |
| **Net cash inflow from operating activities** | **1,408** | 1,238 | 701 |

**Notes**

1 Impairment charges included within restructuring costs includes impairments for right-of-use assets, property, plant and equipment and other intangible assets

2 Contingent consideration payments in excess of the amount determined at acquisition are recorded as operating activities

Acquisitions and disposals:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Initial cash consideration | **(47)** | (227) | (218) |
| Cash and cash equivalents acquired | **14** | 23 | 39 |
| Contingent consideration payments recognised in investing activities[1] | **(87)** | (53) | (47) |
| Purchase of other investments (including associates) | **(33)** | (10) | (10) |
| **Acquisitions** | **(153)** | (267) | (236) |
| Proceeds on disposal of investments and subsidiaries[2] | **646** | 100 | 50 |
| Cash and cash equivalents disposed | **(93)** | (1) | (12) |
| **Disposals of investments and subsidiaries** | **553** | 99 | 38 |
| Cash consideration received from non-controlling interests | **–** | 46 | – |
| Cash consideration for purchase of non-controlling interests | **(87)** | (16) | (84) |
| **Cash consideration for non-controlling interests[3]** | **(87)** | 30 | (84) |
| **Net acquisition payments and disposal proceeds** | **313** | (138) | (282) |

**Notes**

1 Contingent consideration payments in excess of the amount determined at acquisition are recorded as operating activities

2 Proceeds on disposal of investments and subsidiaries includes return of capital from investments in associates

3 Cash consideration for non-controlling interests is included within financing activities

Share repurchases and buybacks:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Purchase of own shares by ESOP Trusts | **(82)** | (54) | (55) |
| Shares purchased into treasury for cancellation | **–** | – | (807) |
| **Net cash outflow** | **(82)** | (54) | (862) |

## 10. LEASES

The movements in 2024 and 2023 were as follows:

| **Right-of-use assets** | Land and buildings £m | Plant and machinery £m | Total £m |
|---|---|---|---|
| **1 January 2023** | 1,482 | 46 | 1,528 |
| Additions | 255 | 50 | 305 |
| Transfers to net investment in subleases | (5) | – | (5) |
| Disposals | (9) | (1) | (10) |
| Depreciation of right-of-use assets | (236) | (21) | (257) |
| Impairment charges included within restructuring costs | (129) | – | (129) |
| Exchange adjustments | (49) | (1) | (50) |
| **31 December 2023** | 1,309 | 73 | 1,382 |
| Additions | 334 | 24 | 358 |
| Disposals | (82) | (21) | (103) |
| Depreciation of right-of-use assets | (197) | (16) | (213) |
| Impairment charges included within restructuring costs | (1) | – | (1) |
| Exchange adjustments | (35) | (3) | (38) |
| **31 December 2024** | **1,328** | **57** | **1,385** |

## 10. LEASES CONTINUED

The movements in 2024 and 2023 were as follows:

| Lease liabilities | Land and buildings £m | Plant and machinery £m | Total £m |
|---|---|---|---|
| **1 January 2023** | 2,162 | 48 | 2,210 |
| Additions | 238 | 50 | 288 |
| Interest expense related to lease liabilities | 103 | 3 | 106 |
| Disposals | (11) | (2) | (13) |
| Repayment of lease liabilities (including interest) | (340) | (22) | (362) |
| Exchange adjustments | (74) | (1) | (75) |
| **31 December 2023** | 2,078 | 76 | 2,154 |
| Additions | 291 | 16 | 307 |
| Interest expense related to lease liabilities | 95 | 3 | 98 |
| Disposals | (105) | (21) | (126) |
| Repayment of lease liabilities (including interest) | (359) | (18) | (377) |
| Exchange adjustments | (33) | (3) | (36) |
| **31 December 2024** | **1,967** | **53** | **2,020** |

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| *Depreciation of right-of-use assets:* | | | |
| Land and buildings | **(197)** | (236) | (245) |
| Plant and machinery | **(16)** | (21) | (17) |
| Impairment charges | **(1)** | (129) | (34) |
| Short-term lease expense | **(21)** | (22) | (20) |
| Low-value lease expense | **(2)** | (3) | (2) |
| Variable lease expense | **(48)** | (45) | (57) |
| Sublease income | **20** | 17 | 19 |
| **Charge to operating profit** | **(265)** | (439) | (356) |
| Interest expense related to lease liabilities | **(98)** | (106) | (96) |
| **Charge to profit before taxation for leases** | **(363)** | (545) | (452) |

Variable lease payments primarily include real estate taxes and insurance costs.

The maturity of lease liabilities at 31 December 2024 and 2023 were as follows:

| | **2024 £m** | 2023 £m |
|---|---|---|
| Within one year | **353** | 406 |
| Between one and two years | **307** | 327 |
| Between two and three years | **281** | 282 |
| Between three and four years | **256** | 261 |
| Between four and five years | **235** | 231 |
| Over five years | **1,260** | 1,265 |
| | **2,692** | 2,772 |
| Effect of discounting | **(672)** | (618) |
| **Lease liability at end of year** | **2,020** | 2,154 |
| Short-term lease liability | **240** | 292 |
| Long-term lease liability | **1,780** | 1,862 |

The total committed undiscounted future cash flows for leases not yet commenced at 31 December 2024 is £114 million (2023: £280 million).

The Group does not face a significant liquidity risk with regard to its lease liabilities. Refer to note 23 for management of liquidity risk.

## 11. INTANGIBLE ASSETS

### GOODWILL

The movements in 2024 and 2023 were as follows:

| | £m |
|---|---|
| **Cost** | |
| **1 January 2023** | 12,144 |
| Additions[1] | 319 |
| Disposals | – |
| Exchange adjustments | (484) |
| **31 December 2023** | 11,979 |
| Additions[1] | 27 |
| Disposals | (466) |
| Exchange adjustments | (146) |
| **31 December 2024** | **11,394** |
| **Accumulated impairment losses** | |
| **1 January 2023** | 3,691 |
| Impairment losses for the year | 63 |
| Exchange adjustments | (164) |
| **31 December 2023** | 3,590 |
| Impairment losses for the year | 237 |
| Exchange adjustments | (43) |
| **31 December 2024** | **3,784** |
| **Net book value** | |
| **31 December 2024** | **7,610** |
| 31 December 2023 | 8,389 |
| 1 January 2023 | 8,453 |

**Note**

1 Additions represent goodwill arising on the acquisition of subsidiary undertakings including the effect of any revisions to fair value adjustments that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations. The effect of such revisions was not material in either year presented

### OTHER INTANGIBLE ASSETS

The movements in 2024 and 2023 were as follows:

| | Brands with an indefinite useful life £m | Acquired intangibles £m | Internally generated intangibles and other[2] £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| **1 January 2023** | 1,166 | 1,073 | 281 | 2,520 |
| Additions | – | – | 40 | 40 |
| Disposals and derecognition | – | (15) | (52) | (67) |
| Reclassifications | (665) | 665 | – | – |
| Acquisitions | – | 138 | 3 | 141 |
| Other movements[1] | – | – | 17 | 17 |
| Exchange adjustments | (29) | (47) | (9) | (85) |
| **31 December 2023** | 472 | 1,814 | 280 | 2,566 |
| Additions | – | – | 47 | 47 |
| Disposals and derecognition | (2) | (820) | (38) | (860) |
| Acquisitions | – | 17 | – | 17 |
| Other movements[1] | – | 14 | 6 | 20 |
| Exchange adjustments | (1) | (12) | – | (13) |
| **31 December 2024** | **469** | **1,013** | **295** | **1,777** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 11. INTANGIBLE ASSETS CONTINUED

| | Brands with an indefinite useful life £m | Acquired intangibles £m | Internally generated intangibles and other[2] £m | Total £m |
|---|---|---|---|---|
| **Amortisation and impairment** | | | | |
| **1 January 2023** | 63 | 784 | 221 | 1,068 |
| Charge for the year | – | 728 | 25 | 753 |
| Other movements[1] | – | – | (1) | (1) |
| Disposals and derecognition | – | (15) | (52) | (67) |
| Exchange adjustments | (3) | (27) | (7) | (37) |
| **31 December 2023** | 60 | 1,470 | 186 | 1,716 |
| Charge for the year | – | 93 | 32 | 125 |
| Other movements[1] | – | – | 1 | 1 |
| Disposals and derecognition | – | (759) | (37) | (796) |
| Exchange adjustments | – | (7) | 1 | (6) |
| **31 December 2024** | 60 | 797 | 183 | 1,040 |
| | | | | |
| **Net book value** | | | | |
| **31 December 2024** | **409** | **216** | **112** | **737** |
| 31 December 2023 | 412 | 344 | 94 | 850 |
| 31 December 2022 | 1,103 | 289 | 60 | 1,452 |

**Notes**

1 Other movements in acquired intangibles include revisions to fair value adjustments that are not material arising on the acquisition of subsidiary undertakings that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations

2 Other intangible assets are primarily comprised of purchased software. In 2023, this included reclassifications of items previously recorded in trade and other receivables

Acquired intangible assets at net book value at 31 December 2024 include brand names of £83 million (2023: £135 million), customer-related intangibles of £50 million (2023: £108 million) and other assets (including proprietary tools) of £83 million (2023: £101 million).

Goodwill and other intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). The determination of the Group's CGUs is primarily aligned with its operating segments. If cash flows from assets within one operating segment are largely independent of the cash flows from other assets in the same operating segment, multiple CGUs are identified within that operating segment.

CGUs with significant goodwill and brands with an indefinite useful life as at 31 December are:

| | Goodwill[1] | | Brands with an indefinite useful life | |
|---|---|---|---|---|
| | **2024 £m** | 2023 £m | **2024 £m** | 2023 £m |
| GroupM | **3,200** | 3,255 | **–** | – |
| VML[2] | **1,905** | – | **–** | – |
| Wunderman Thompson[2] | **–** | 1,165 | **–** | – |
| VMLY&R[2] | **–** | 815 | **–** | – |
| Ogilvy | **795** | 809 | **212** | 213 |
| BCW[3] | **–** | 619 | **–** | 113 |
| Burson[3] | **746** | – | **111** | – |
| Hill & Knowlton[3] | **–** | 142 | **33** | 33 |
| AKQA Group | **435** | 600 | **–** | – |
| FGS Global | **–** | 452 | **–** | – |
| Landor | **89** | 115 | **53** | 53 |
| Other | **440** | 417 | **–** | – |
| | **7,610** | 8,389 | **409** | 412 |

**Notes**

1 Certain operations have been realigned between the various networks. These realignments have been reflected in the CGUs being tested. The most significant realignments are detailed below

2 Following the announcement to merge VMLY&R and Wunderman Thompson in the fourth quarter 2023, goodwill for these businesses has been combined within the VML CGU effective 1 January 2024, when the merger formally completed. At 31 December 2023, VMLY&R and Wunderman Thompson were separate CGUs with goodwill of £815 million and £1,165 million respectively

3 Following the decision to merge BCW and Hill & Knowlton in January 2024, goodwill for these businesses has been combined within the Burson CGU effective 1 July 2024, when the merger formally completed. Indefinite lived brands associated with Hill & Knowlton and Burson continue to be identified in separate CGUs for 2024. In 2023, goodwill of £619 million and indefinite lived brands of £113 million were recognised for BCW and goodwill of £142 million and indefinite lived brands of £33 million were recognised for Hill & Knowlton

'Other' represents goodwill on a large number of CGUs, none of which contain goodwill that is individually significant in comparison to the total carrying value of goodwill. Separately identifiable brands with an indefinite useful life are carried at historical cost in accordance with the Group's accounting policy for intangible assets.

## **11. INTANGIBLE ASSETS** CONTINUED

### IMPAIRMENT ASSESSMENT PROCESS

Due to the significant number of CGUs across the Group, the impairment test was performed in two steps. In the first step, a discounted cash flow is used to determine the value in use (VIU) for each CGU using the latest available forecasts for 2024 and/or 2025, nil growth rate thereafter (2023: nil) and a conservative pre-tax discount rate of 13.3% (2023: 14.7%). The pre-tax discount rate of 13.3% was above the rate calculated for the global networks of 12.3% (2023: 13.7%). For smaller CGUs that operate primarily in a particular region subject to higher risk, the greater of 13.3% or 100 basis points above the regional discount rate was used in the first step.

The VIU for each CGU was then compared to the carrying amount, which includes goodwill, intangible assets and other relevant assets. CGUs where the VIU exceeded the carrying amount were not considered to be impaired. Those CGUs where the VIU did not exceed the carrying amount were then further reviewed in the second step.

In the second step, these CGUs were retested for impairment using more refined assumptions. This included using a CGU-specific pre-tax discount rate and management forecasts for a projection period of up to five years, followed by an assumed long-term growth rate of 2.0% (2023: 2.0%). If the higher of the fair value less costs of disposal (FVLCD) or VIU using the more specific assumptions did not exceed the carrying value of a CGU, an impairment charge was recorded. VIU was used for all CGUs with significant carrying amount of goodwill or indefinite life intangible assets other than AKQA Group and Landor, where the FVLCD method was used.

The assumptions used for estimating cash flow projections in the Group's impairment testing include forecasted revenue less pass-through costs growth, operating margins, long-term growth rate, and discount rates. The assumptions take into account the business's expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the CGU's historical performance and any other circumstances particular to the business, such as business strategy and client mix.

The discount rates were determined with the support of a third-party expert, which included benchmarking against other comparable companies. The pre-tax discount rate applied to the pre-tax cash flow projections for the CGUs that operate globally was 12.3% (2023: 13.7%). The pre-tax discount rates applied to the CGUs that have more regional specific operations ranged from 11.5% (2023: 12.6%) to 18.4% (2023: 28.4%). For CGUs with significant carrying value where the FVLCD method was used in 2024, a post-tax discount rate of 10.5% was applied to post-tax cash flows.

The long-term growth rate is derived from management's best estimate of the likely long-term trading performance with reference to external industry reports and other relevant market trends. At 31 December 2024, the Group has assessed long-term industry trends based on recent historical data and assumed a long-term growth rate of 2.0% (2023: 2.0%) for CGUs using both VIU and FVLCD methods. Management engaged a third-party expert to support in calculating a long-term growth rate. Management is satisfied with the reasonableness of the long-term growth rate when compared against independent market growth projections and long-term country inflation rates.

The recoverable amount for CGUs assessed under the FVLCD method was calculated using a discounted cash flow approach, for a projection period up to five years, adjusted to reflect a market participant's perspective. Assumptions used include, but are not limited to, forecasted revenue less pass-through costs growth and operating margins, long-term growth rates and post-tax discount rate and have been determined using the same approach described above for VIU. These assumptions are considered Level 3 in the fair value hierarchy.

### AMORTISATION AND IMPAIRMENT

The total amortisation and impairment of acquired intangible assets of £93 million (2023: £728 million, 2022: £62 million) includes a charge of £21 million (2023: £650 million, 2022: £1 million) predominantly in regard to certain brands that no longer have any useful life. This includes accelerated amortisation charges of £20 million for the C&W brands within the BCW CGU, due to the Burson merger, which formally completed on 1 July 2024.

In accordance with the Group's accounting policy, the carrying values of goodwill and intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment review is undertaken annually on 30 September. The goodwill impairment charge of £237 million (2023: £63 million, 2022: £38 million) recognised during the year relates to businesses in the Group where the impact of macroeconomic conditions and trading circumstances indicate impairment to the carrying value. In 2024, £158 million of the impairment charge related to the Global Integrated Agencies segment (2023: £40 million, 2022: nil), £12 million related to the Public Relations segment (2023: nil, 2022: £4 million) and £67 million related to the Specialist Agencies segment (2023: £23 million, 2022: £34 million).

### AKQA GROUP

During 2024, AKQA Group, part of the Global Integrated Agencies reportable segment, performed below expectations following macroeconomic pressure impacting project-based work. This resulted in AKQA Group net book value exceeding its recoverable amount; therefore, management has recognised an impairment of £158 million to record the AKQA Group CGU at its recoverable amount of £491 million. The AKQA Group goodwill impairment charge is the majority of the £237 million total goodwill impairment charge across the Group.

The recoverable amount of AKQA Group has been calculated on a FVLCD basis (2023: VIU basis). The FVLCD of AKQA Group was determined using a discounted cash flow approach with future cash flows based upon a projection period of up to five years, with cash flows beyond the projection period based on a long-term growth rate, reduced by the estimated costs to dispose of the CGU. The valuation used a post-tax discount rate of 10.5% (2023: pre-tax discount rate 13.7%) and a long-term growth rate of 2.0% (2023: 2.0%).

The determination of the recoverable amount for AKQA Group in the 2024 impairment assessment incorporates certain assumptions, some of which are subject to considerable uncertainty. These assumptions include, but are not limited to, forecasted revenue less pass-through costs growth and operating margins, long-term growth rates and post-tax discount rate. Forecasted revenue less pass-through costs growth and operating margins are the key areas of estimation uncertainty.

The key inputs, which are considered Level 3 in the fair value hierarchy, used in determining the recoverable amount were determined as follows:

- Long-term growth rate, aligned to the Group's expected long-term growth
- Forecasted revenue less pass-through costs and operating margins for five years, based on values determined by the Group's budgeting and strategic planning process, adjusted to reflect a market participant's perspective, and representing a recovery of operating margins to historical levels given under-performance in 2024
- Discount rate, calculated based on the Group's estimated weighted average cost of capital, with reference to the Group's long-term average cost of debt and estimated cost of equity, which is derived with reference to external sources of information and the Group's target gearing ratio, adjusted for specific risk factors relevant to the CGU.

An approximately 2.0% reduction in operating margin, inclusive of revenue less pass-through costs, through the forecast period and into perpetuity would result in a further impairment of £70 million.

Other than described above, there are no CGUs or goodwill balances, including Landor and the others impaired in the year, for which a reasonably possible change in key assumptions would lead to a further significant impairment charge.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 12. PROPERTY, PLANT AND EQUIPMENT

The movements in 2024 and 2023 were as follows:

| | Land £m | Freehold buildings £m | Leasehold buildings £m | Fixtures, fittings and equipment £m | Computer equipment £m | Total £m |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **1 January 2023** | 40 | 92 | 1,179 | 165 | 447 | 1,923 |
| Additions | 4 | 3 | 88 | 17 | 65 | 177 |
| Acquisitions | – | – | 1 | – | – | 1 |
| Disposals and derecognition | – | – | (156) | (51) | (96) | (303) |
| Exchange adjustments | (32) | (61) | (51) | (12) | (26) | (182) |
| **31 December 2023** | 12 | 34 | 1,061 | 119 | 390 | 1,616 |
| Additions | – | 2 | 69 | 15 | 76 | 162 |
| Acquisitions | – | – | – | – | – | – |
| Disposals and derecognition | (3) | (4) | (158) | (58) | (83) | (306) |
| Reclassification | (64) | 64 | – | – | – | – |
| Exchange adjustments | 91 | 48 | (11) | (7) | 4 | 125 |
| **31 December 2024** | **36** | **144** | **961** | **69** | **387** | **1,597** |
| | | | | | | |
| **Depreciation and impairment** | | | | | | |
| **1 January 2023** | – | 2 | 532 | 80 | 308 | 922 |
| Charge for the year | – | 1 | 70 | 25 | 69 | 165 |
| Impairment charges included within restructuring costs | – | – | 52 | 3 | 1 | 56 |
| Disposals and derecognition | – | – | (145) | (49) | (94) | (288) |
| Exchange adjustments | – | – | (29) | (14) | (24) | (67) |
| **31 December 2023** | – | 3 | 480 | 45 | 260 | 788 |
| Charge for the year | – | 1 | 65 | 23 | 67 | 156 |
| Impairment charges included within restructuring costs | – | – | 2 | – | – | 2 |
| Disposals and derecognition | – | (2) | (120) | (52) | (80) | (254) |
| Exchange adjustments | – | – | 15 | (9) | (10) | (4) |
| **31 December 2024** | **–** | **2** | **442** | **7** | **237** | **688** |
| | | | | | | |
| **Net book value** | | | | | | |
| **31 December 2024** | **36** | **142** | **519** | **62** | **150** | **909** |
| 31 December 2023 | 12 | 31 | 581 | 74 | 130 | 828 |
| 1 January 2023 | 40 | 90 | 647 | 85 | 139 | 1,001 |

At 31 December 2024, capital commitments contracted, but not provided for in respect of property, plant and equipment, were £14 million (2023: £38 million).

## 13. INTERESTS IN ASSOCIATES AND OTHER INVESTMENTS

The movements in 2024 and 2023 were as follows:

| | Interests in associates £m | Other investments £m |
|---|---|---|
| **1 January 2023** | 305 | 370 |
| Additions | 39 | 2 |
| Share of profits of associates | 25 | – |
| Share of other comprehensive income of associates | (1) | – |
| Dividends | (30) | – |
| Other movements | (12) | – |
| Exchange adjustments | (19) | – |
| Disposals | (5) | (10) |
| Revaluation of other investments through profit or loss | – | (26) |
| Revaluation of other investments through other comprehensive income | – | (3) |
| Impairment charges | (15) | – |
| **31 December 2023** | 287 | 333 |
| Additions | – | 24 |
| Share of profits of associates | 34 | – |
| Dividends | (29) | – |
| Other movements[1] | 3 | 62 |
| Exchange adjustments | (9) | – |
| Disposals | (10) | – |
| Revaluation of other investments through profit or loss | – | (14) |
| Revaluation of other investments through other comprehensive income | – | (7) |
| Impairment charges | (23) | – |
| **31 December 2024** | **253** | **398** |

**Note**

1 Other movements predominantly relates to a not material reclassification of investment funds from 'Trade and other receivables' to 'Other investments'

Interests in joint ventures are not material and none of the Group's associates are individually material at 31 December 2024.

The investments included above as 'Other investments' predominantly represent investments in equity securities that present the Group with the opportunity for returns through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices at the balance sheet date. For unlisted securities, where market value is not available, the Group has estimated relevant fair values on the basis of the latest funding rounds or other external sources where required.

The carrying values of the Group's associates are reviewed for impairment in accordance with the Group's accounting policies.

## 13. INTERESTS IN ASSOCIATES AND OTHER INVESTMENTS
CONTINUED

### AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

The following table presents a summary of the aggregate financial performance of the Group's associates.

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Earnings/(losses) from associates (note 4) | **36** | 70 | (60) |
| Share of other comprehensive (loss)/income of associates | **–** | (1) | 51 |
| **Share of total comprehensive earnings/(loss) of associates** | **36** | 69 | (9) |

The application of equity accounting is ordinarily discontinued when the investment is reduced to nil and additional losses are not provided for unless the Group has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

At 31 December 2024, share of losses of £57 million (2023: £30 million, 2022: £30 million) for the US and £196 million (2023: £138 million, 2022: £34 million) for the Rest of World have not been recognised in relation to Kantar, as the investment was previously reduced to nil in 2022.

## 14. DEFERRED TAX

The Group's deferred tax assets and liabilities are measured at the end of each period in accordance with IAS 12 Income Taxes. The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models, where appropriate, to forecast future taxable profits.

Deferred tax assets have only been recognised for territories where the Group considers that it is probable that all or a portion of the deferred tax assets will be realised. The main factors that we consider include:

- The future earnings potential determined through the use of internal forecasts
- The cumulative losses in recent years
- The various jurisdictions in which the potential deferred tax assets arise
- The history of losses carried forward and other tax assets expiring
- The timing of future reversal of taxable temporary differences
- The expiry period associated with the deferred tax assets
- The nature of the income that can be used to realise the deferred tax asset

If it is probable that some portion of these assets will not be realised, no asset is recognised in relation to that portion.

If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

The following is the analysis of the deferred tax balances:

| | Gross 2024 £m | Offset of balances arising from a single transaction[1] 2024 £m | Gross balances before offset within countries 2024 £m | Offset within countries 2024 £m | **As reported 2024 £m** |
|---|---|---|---|---|---|
| Deferred tax assets | 661 | (93) | 568 | (245) | **323** |
| Deferred tax liabilities | (480) | 93 | (387) | 245 | **(142)** |
| | 181 | – | 181 | – | **181** |

| | Gross 2023 £m | Offset of balances arising from a single transaction[1] 2023 £m | Gross balances before offset within countries 2023 £m | Offset within countries 2023 £m | As reported 2023 £m |
|---|---|---|---|---|---|
| Deferred tax assets | 684 | (94) | 590 | (266) | 324 |
| Deferred tax liabilities | (539) | 94 | (445) | 266 | (179) |
| | 145 | – | 145 | – | 145 |

**Note**

[1] The Group has applied Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). Transactions which give rise to the recognition of an asset and a liability on the Group's balance sheet, including leases for which the Group recognises a right-of-use asset and a lease liability, lead to taxable and deductible temporary differences in certain jurisdictions. The resulting deferred tax assets and deferred tax liabilities arising from these temporary differences have been offset and reported net on the Group's balance sheet

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 14. DEFERRED TAX CONTINUED

The following are the movements in the gross deferred tax assets before offset within countries recognised by the Group in 2024 and 2023:

| | Deferred compensation £m | Accounting provisions and accruals £m | Retirement benefit obligations £m | Plant and equipment £m | Property £m | Tax losses and credits £m | Share-based payments £m | Restructuring provisions £m | Other temporary differences £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|
| **1 January 2023** | 74 | 120 | 48 | 48 | 54 | 123 | 32 | 85 | 5 | 589 |
| (Charge)/credit to income | (6) | 14 | 3 | (12) | (5) | (12) | 4 | 38 | 2 | 26 |
| Credit to other comprehensive income | – | – | 2 | – | – | – | – | – | – | 2 |
| Exchange differences and other movements | (3) | (2) | (3) | – | 7 | (7) | (1) | (16) | (2) | (27) |
| **31 December 2023** | 65 | 132 | 50 | 36 | 56 | 104 | 35 | 107 | 5 | 590 |
| (Charge)/credit to income | (10) | (15) | 2 | (3) | (12) | 35 | (2) | (5) | 6 | (4) |
| Credit to other comprehensive income | – | – | 2 | – | – | – | – | – | – | 2 |
| Credit to equity | – | – | – | – | – | – | 1 | – | – | 1 |
| Disposal of subsidiaries | (2) | (1) | – | – | – | – | (2) | – | – | (5) |
| Exchange differences and other movements | (2) | (2) | (2) | (1) | 4 | – | – | (13) | – | (16) |
| **31 December 2024** | **51** | **114** | **52** | **32** | **48** | **139** | **32** | **89** | **11** | **568** |

Other temporary differences comprise a number of items, none of which is individually significant to the Group's consolidated balance sheet. At 31 December 2024 the balance related to temporary differences in relation to revenue adjustments, tax deductible goodwill, fair value adjustments and other temporary differences.

In addition the Group has recognised the following movements in the gross deferred tax liabilities before offset within countries in 2024 and 2023:

| | Brands and other intangibles £m | Associate earnings £m | Goodwill £m | Plant and equipment £m | Other temporary differences £m | Total £m |
|---|---|---|---|---|---|---|
| **1 January 2023** | 353 | 36 | 174 | 24 | 31 | 618 |
| Acquisition of subsidiaries | 35 | – | – | – | – | 35 |
| (Credit)/charge to income | (172) | (16) | 18 | – | (2) | (172) |
| Exchange differences and other movements | (21) | (1) | (11) | (2) | (1) | (36) |
| **31 December 2023** | 195 | 19 | 181 | 22 | 28 | 445 |
| Acquisition of subsidiaries | 8 | – | – | – | – | 8 |
| (Credit)/charge to income | (28) | (6) | 8 | 7 | (7) | (26) |
| Disposal of subsidiaries | (15) | – | (18) | (1) | – | (34) |
| Exchange differences and other movements | – | 1 | 3 | (12) | 2 | (6) |
| **31 December 2024** | **160** | **14** | **174** | **16** | **23** | **387** |

Other temporary differences comprise a number of items none of which is individually significant to the Group's consolidated balance sheet. At 31 December 2024 the balance related to temporary differences in relation to unremitted earnings of subsidiaries and other temporary differences.

At the balance sheet date, the Group has deductible temporary differences of £10,040 million (2023: £10,321 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £2,313 million (2023: £2,399 million) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining £7,727 million (2023: £7,922 million) of deductible temporary differences as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Included in the total unrecognised temporary differences are losses of £77 million (2023: £92 million) that will expire within one to ten years, and £7,568 million (2023: £7,713 million) of losses that may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was £1,286 million (2023: £1,355 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

## 15. TRADE AND OTHER RECEIVABLES

The following are included in trade and other receivables:

| | 2024 £m | 2023 £m |
|---|---|---|
| **Amounts to be realised within one year** | | |
| Trade receivables (net of loss allowance) | **6,487** | 7,055 |
| Unbilled costs | **238** | 273 |
| VAT and sales taxes recoverable | **323** | 371 |
| Prepayments | **221** | 239 |
| Fair value of derivatives | **1** | 1 |
| Other receivables[1] | **452** | 521 |
| | **7,722** | 8,460 |

**Note**

1 This balance does not include any individually material items

The ageing of trade receivables by due date is as follows:

| 2024 | Carrying amount at 31 December £m | Not past due £m | Days past due: 0-30 days £m | 31-90 days £m | 91-180 days £m | 181 days-1 year £m | Greater than 1 year £m |
|---|---|---|---|---|---|---|---|
| Gross trade receivables | 6,522 | 5,672 | 572 | 155 | 58 | 23 | 42 |
| Expected credit losses | (35) | (1) | – | – | (2) | (9) | (23) |
| | **6,487** | **5,671** | **572** | **155** | **56** | **14** | **19** |

| 2023 | Carrying amount at 31 December £m | Not past due £m | Days past due: 0-30 days £m | 31-90 days £m | 91-180 days £m | 181 days-1 year £m | Greater than 1 year £m |
|---|---|---|---|---|---|---|---|
| Gross trade receivables | 7,099 | 6,173 | 613 | 183 | 53 | 30 | 47 |
| Expected credit losses | (44) | (1) | (1) | (1) | (3) | (10) | (28) |
| | 7,055 | 6,172 | 612 | 182 | 50 | 20 | 19 |

| | 2024 £m | 2023 £m |
|---|---|---|
| **Expected credit losses** | | |
| **At beginning of year** | **44** | 72 |
| Charged to the income statement | **20** | 15 |
| Released to the income statement | **(7)** | (22) |
| Exchange adjustments | **(1)** | (5) |
| Utilisations and other movements | **(21)** | (16) |
| **At end of year** | **35** | 44 |

The expected credit loss is equivalent to 0.5% (2023: 0.6%, 2022: 1.0%) of gross trade receivables. Expected credit losses on unbilled costs and other receivables were not material for the years presented. The Group considers that the carrying amount of trade and other receivables approximates their fair value.

### EXPECTED CREDIT LOSSES

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables, unbilled costs, accrued income and unbilled media. Trade receivables, unbilled costs, accrued income and unbilled media which are mainly due from large national and multinational companies, have been grouped based on shared risk characteristics and days past due. Accrued income, unbilled media and unbilled costs are deemed to have substantially the same risk characteristics as trade receivables, and therefore the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income, unbilled media and unbilled costs. The expected loss rates are based on historical credit losses, with consideration also given to the current economic environment, the level of credit insurance the Group has, as well as forward-looking information.

| | 2024 £m | 2023 £m |
|---|---|---|
| **Amounts to be realised after more than one year** | | |
| Fair value of derivatives | **4** | 32 |
| Other receivables and prepayments[1] | **170** | 177 |
| | **174** | 209 |

**Note**

1 This balance does not include any individually material items

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

Other receivables and prepayments falling due after more than one year at 31 December 2024 includes £18 million in relation to pension plans in surplus (2023: £14 million).

## 16. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in trade and other payables falling due within one year:

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade payables | **10,637** | 10,826 |
| Contingent consideration liabilities | **57** | 73 |
| Liabilities in respect of put option agreements with vendors | **1** | 14 |
| Fair value of derivatives | **32** | 1 |
| Other payables and accruals[1] | **2,329** | 2,409 |
| | **13,056** | 13,323 |

**Note**

1 This balance includes media rebates, staff costs, indirect taxes payable and other individually not material items

The Group considers that the carrying amount of trade and other payables approximates their fair value, except for liabilities in respect of put option agreements with vendors for which the fair value is nil (this is level 3 fair value that is derived using a discounted cash flow approach) at 31 December 2024 (2023: £12 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 17. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in trade and other payables falling due after more than one year:

| | 2024 £m | 2023 £m |
|---|---|---|
| Contingent consideration liabilities | **76** | 126 |
| Liabilities in respect of put option agreements with vendors | **66** | 90 |
| Fair value of derivatives | **25** | 1 |
| Other payables and accruals | **62** | 66 |
| | **229** | 283 |

The Group considers that the carrying amount of trade and other payables approximates their fair value, except for liabilities in respect of put option agreements with vendors for which the fair value is approximately £68 million (this is level 3 fair value that is derived using a discounted cash flow approach) at 31 December 2024 (2023: £82 million).

The Group's approach to contingent consideration liabilities is further described in note 23. The following table sets out contingent consideration liabilities, comprising contingent consideration and the Directors' best estimates of future contingent consideration related obligations:

| | 2024 £m | 2023 £m |
|---|---|---|
| Within one year | **57** | 73 |
| Between one and two years | **38** | 54 |
| Between two and three years | **22** | 71 |
| Between three and four years | **8** | 1 |
| Between four and five years | **6** | – |
| Over five years | **2** | – |
| | **133** | 199 |

The following table is an analysis of future anticipated cash flows in relation to liabilities in respect of put option agreements with vendors at 31 December:

| | 2024 £m | 2023 £m |
|---|---|---|
| Within one year | **1** | 14 |
| Between one and two years | **32** | 24 |
| Between two and three years | **15** | 39 |
| Between three and four years | **12** | 10 |
| Between four and five years | **3** | 6 |
| Over five years | **4** | 11 |
| | **67** | 104 |

## 18. CASH AND CASH EQUIVALENTS

| | 2024 £m | 2023 £m |
|---|---|---|
| Cash at bank and deposits | **1,983** | 2,037 |
| Money market funds | **655** | 181 |
| **Cash and cash equivalents as presented in the consolidated balance sheet** | **2,638** | 2,218 |
| Bank overdrafts | **(171)** | (358) |
| **Cash and cash equivalents as presented in the consolidated cash flow statement** | **2,467** | 1,860 |

Money market funds are held at fair value through profit and loss. Cash at bank and deposits are held at amortised cost and the carrying value approximates the fair value.

The Group operates in a number of territories where there are regulatory restrictions. As a result, £38 million (2023: £34 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet is available for use in the relevant subsidiary's day-to-day operations.

## 19. BORROWINGS

| | 2024 £m | 2023 £m |
|---|---|---|
| **Current** | | |
| Bonds | **413** | 588 |
| Bank overdrafts | **171** | 358 |
| **Total current borrowings** | **584** | 946 |
| **Non-current** | | |
| Bonds | **3,744** | 3,775 |
| **Total borrowings** | **4,328** | 4,721 |

The Group estimates that the fair value of bonds is £3,964 million at 31 December 2024 (2023: £4,120 million). The fair values of the bonds are based on quoted market prices and are within Level 1 of the fair value hierarchy.

The fair value of the Group's other financial liabilities held at amortised cost approximate to their fair value.

### BONDS

**US$ bonds** At 31 December 2024, the Group had in issue $93 million of 5.125% bonds due September 2042 and $220 million of 5.625% bonds due November 2043. In September 2024, $750 million of 3.75% bonds were repaid.

**Eurobonds** At 31 December 2024, the Group had in issue €500 million of 1.375% bonds due March 2025, €750 million of 2.25% bonds due September 2026, €750 million of 2.375% bonds due May 2027, €550 million of 4.125% bonds due May 2028, €351 million of 3.625% bonds due September 2029, €600 million of 1.625% bonds due March 2030 and €500 million of 4% bonds due September 2033.

In March 2024, the Group issued €600 million of 3.625% bonds and €650 million of 4% bonds due September 2029 and 2033, respectively. In December 2024, the Group repurchased €249 million of the 3.625% bonds and €150 million of the 4% bonds. Additionally, the Group repurchased €200 million of 4.125% bonds due May 2028.

**Sterling bonds** At 31 December 2024, the Group had in issue £250 million of 3.75% bonds due May 2032 and £380 million of 2.875% bonds due September 2046. By June 2024, the Group repurchased £20 million of 2.875% bonds due September 2046.

### REVOLVING CREDIT FACILITY

In 2024, the Group initially had a five-year Revolving Credit Facility of $2.5 billion, set to mature in March 2026. In February 2024, this facility was refinanced for an additional five years, extending the maturity to February 2029, with the option for two further one-year extensions and no financial covenants. The first of the two-year extension options was triggered in January 2025, effective from February 2025 to extend the maturity to February 2030. Up until the refinancing date, the Group had no borrowings under the original facility (2023: $41 million; average interest rate: 4.54%). At 31 December 2024 the Revolving Credit Facility remained undrawn.

### COMMERCIAL PAPER PROGRAMMES

The Group operates commercial paper programmes using its Revolving Credit Facility as a backstop. The average US commercial paper in issue in 2024 was $194 million (2023: $433 million) at an average interest rate of 5.36% (2023: 5.45%) inclusive of margin. The Group had no Euro commercial paper in issue in 2024 (2023: £45 million at an average rate of 4.90%) inclusive of margin and inclusive of the effect of currency swaps, where applicable. There was no US or Euro commercial paper outstanding at 31 December 2024.

## 19. BORROWINGS CONTINUED

### ANALYSIS OF CHANGE IN FINANCING ACTIVITIES (INCLUSIVE OF LEASES)

The table below details changes arising from financing activities, including both cash and non-cash changes.

| 2024 | Opening balance £m | Cash flow £m | Acquisition and disposal of subsidiaries £m | Foreign exchange £m | Interest and other £m | Closing balance £m |
|---|---|---|---|---|---|---|
| Borrowings[1] | 4,363 | (27) | – | (163) | (16) | 4,157 |
| Derivatives (notes 15,16 and 17) | (31) | (14) | – | 60 | 37 | 52 |
| Lease liabilities (note 10)[2] | 2,154 | (377) | – | (36) | 279 | 2,020 |
| **Liabilities from financing activities** | **6,486** | **(418)** | **–** | **(139)** | **300** | **6,229** |
| Cash and cash equivalents (note 18) | (2,218) | (604) | 79 | 105 | – | (2,638) |
| Bank overdrafts | 358 | (172) | – | (15) | – | 171 |
| | **4,626** | **(1,194)** | **79** | **(49)** | **300** | **3,762** |

| 2023 | Opening balance £m | Cash flow £m | Acquisition and disposal of subsidiaries £m | Foreign exchange £m | Interest and other £m | Closing balance £m |
|---|---|---|---|---|---|---|
| Borrowings[1] | 4,465 | (49) | 49 | (99) | (3) | 4,363 |
| Derivatives (notes 15, 16 and 17) | 52 | (46) | – | (51) | 14 | (31) |
| Lease liabilities (note 10)[2] | 2,210 | (362) | 2 | (75) | 379 | 2,154 |
| Liabilities from financing activities | 6,727 | (457) | 51 | (225) | 390 | 6,486 |
| Cash and cash equivalents (note 18)[3] | (2,492) | 189 | (23) | 108 | – | (2,218) |
| Bank overdrafts[3] | 506 | (120) | – | (28) | – | 358 |
| | 4,741 | (388) | 28 | (145) | 390 | 4,626 |

**Notes**

1 Borrowings as presented in this table includes bonds and excludes bank overdrafts. The interest and other amounts within borrowings comprises amortisation of capitalised borrowing costs

2 Repayment of lease liabilities includes £95 million (2023: £103 million) of interest paid on lease liabilities recognised within net cash inflow from operating activities (note 9). Interest and other within lease liabilities comprises interest on leases and the lease liability additions and disposals (note 10)

3 Prior year figures have been re-presented to reflect the separation of foreign exchange between cash and cash equivalents and bank overdrafts

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 20. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in 2024 and 2023 were as follows:

| | Employee benefits £m | Property £m | Legal £m | Other £m | Total £m |
|---|---|---|---|---|---|
| **1 January 2023** | 143 | 63 | 13 | 26 | 245 |
| Charged to the income statement | 3 | 64 | 23 | – | 90 |
| Acquisitions | – | – | – | 1 | 1 |
| Utilised | (22) | (18) | – | (1) | (41) |
| Released to the income statement | (2) | (4) | (2) | (6) | (14) |
| Other movements | 38 | (3) | 1 | – | 36 |
| Exchange adjustments | (7) | (3) | – | (2) | (12) |
| **31 December 2023** | 153 | 99 | 35 | 18 | 305 |
| Charged to the income statement | 14 | 12 | 102 | 1 | 129 |
| Utilised | (33) | (17) | – | – | (50) |
| Released to the income statement | – | (12) | (6) | (12) | (30) |
| Other movements | 28 | (10) | – | – | 18 |
| Exchange adjustments | 2 | (1) | 1 | 1 | 3 |
| **31 December 2024** | **164** | **71** | **132** | **8** | **375** |

| | **2024 £m** | 2023[1] £m |
|---|---|---|
| Current | **143** | 55 |
| Non-Current | **232** | 250 |
| | **375** | 305 |

**Note**

1 Current provisions for liabilities and charges, which were not material, were previously presented within Non-current provisions for liabilities and charges. The prior year has been restated to reflect Current provision for liabilities and charges of £55 million and Non-current provisions for liabilities and charges of £250 million

Employee benefits relate to statutory or contractual employee entitlements where there is uncertainty over the timing or amount of the settlement. The majority of this provision relates to various employee defined contribution and deferred compensation plans in the USA. It is anticipated that these costs will be incurred when employees choose to take their benefits or depart from the Group.

Property provisions relate primarily to onerous property contracts and decommissioning where the Group has the obligation to make-good its leased properties. Where the Group has made a decision to exit a leased property, onerous property contract provisions do not include rent in accordance with IFRS 16 Leases, however they do include unavoidable costs related to the lease such as ongoing service charges. Utilisation of the recognised provisions is expected to occur in conjunction with the profile of the leases to which they relate.

Legal provisions of £132 million (2023: £35 million) relate to certain on-going legal proceedings and claims, which from time to time the Company and its subsidiaries are parties to, which arise in the ordinary course of business. The £102 million (2023: £23 million) charged to the income statement includes the £68 million charge (2023: £11 million gain) described in note 3 and other not material items. The Group expects £123 million of the provision to be settled in less than one year, with £9 million of the provision to be settled in more than one year. The Directors do not consider that there is a significant risk of any material additional charges or credits in respect of these matters within the next financial year, beyond the amounts already provided.

Other provisions include various items that are not material and do not fall within the Group's categories of provisions above.

## 21. SHARE-BASED PAYMENTS

Charges for share-based incentive plans were as follows:

| | **2024 £m** | 2023 £m | 2022 £m |
|---|---|---|---|
| Share-based payments | **109** | 140 | 122 |

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

### RESTRICTED STOCK PLANS

The Group operates a number of equity-settled share incentive schemes, in most cases satisfied by the delivery of stock from one of the Group's Employee Share Ownership Plan (ESOP) Trusts. The most significant current schemes are as follows:

#### EXECUTIVE PERFORMANCE SHARE PLAN (EPSP)

This scheme is intended to reward and incentivise the most senior executives of the Group. The performance period is three or five complete financial years, commencing with the financial year in which the award is granted. The vest date will usually be in the March following the end of the performance period. Vesting is conditional on continued employment throughout the vesting period.

The 2022, 2023 and 2024 EPSP awards are subject to three equally weighted performance conditions: three-year average Return on Invested Capital (ROIC), cumulative Adjusted Free Cash Flow (AFCF), and relative Total Shareholder Return (TSR). Achieving the threshold performance requirement will result in a vesting opportunity of 20% for that element. The vesting opportunity will increase on a straight-line basis to 100% of the award for maximum performance. The Compensation Committee has an overriding discretion to determine the extent to which the award will vest.

#### BONUS-RELATED SHARE AWARDS

The Group grants bonuses to key executives in the form of share awards under the Executive Share Award (ESA), Performance Share Awards (PSA) or Short-term Incentive Plans (STIP) plans which are all conditional stock awards made from annual bonus pools. The awards are dependent upon annual performance targets, typically based on one or more of: revenue less pass-through costs, operating profit and operating margin. Grants are made in the year following the year of performance measurement, and vest two years after grant date provided the individual concerned is continually employed by the Group throughout this time.

#### LEADERSHIP SHARE AWARDS

WPP Leadership Awards are conditional stock awards made to around 1,800 of our key executives. Awards vest three years after grant, provided the participant is still employed within the Group.

### VALUATION METHODOLOGY

For all of these schemes, the valuation methodology is based upon fair value on grant date, which is determined by the market price on that date or the application of a Black-Scholes model, depending upon the characteristics of the scheme concerned. The assumptions underlying the Black-Scholes model are detailed below including details of assumed dividend yields. Market price on any given day is obtained from external, publicly available sources.

## 21. SHARE-BASED PAYMENTS CONTINUED

### MARKET/NON-MARKET CONDITIONS

Most share-based plans are subject to non-market performance conditions, such as margin or growth targets, as well as continued employment. EPSP is subject to a number of performance conditions, including TSR, a market-based condition.

For schemes without market-based performance conditions, the valuation methodology above is applied and, at each year-end, the relevant charge for each grant is revised, if appropriate, to take account of any changes in estimate of the likely number of shares expected to vest.

For schemes with market-based performance conditions, the probability of satisfying these conditions is assessed at grant date through a statistical model (such as the Monte Carlo model) and applied to the fair value. This initial valuation remains fixed throughout the life of the relevant plan, irrespective of the actual outcome in terms of performance. Where a lapse occurs due to cessation of employment, the cumulative charge taken to date is reversed.

Movement on ordinary shares granted for significant restricted stock plans:

| | Non-vested 1 January 2024 number m | Granted number[1] m | Forfeited number m | Vested number m | **Non-vested 31 December 2024 number m** |
|---|---|---|---|---|---|
| Executive Performance Share Plan (EPSP) | 23 | 11 | (5) | (4) | **25** |
| Bonus-related share awards | 12 | 7 | (1) | (6) | **12** |
| Leadership Share Awards | 12 | 5 | (1) | (3) | **13** |
| **Weighted average fair value (pence per share)** | | | | | |
| Executive Performance Share Plan (EPSP) | 950p | 738p | 980p | 949p | **853p** |
| Bonus-related share awards | 903p | 820p | 861p | 877p | **873p** |
| Leadership Share Awards | 848p | 872p | 844p | 1,026p | **821p** |

| | Non-vested 1 January 2023 number m | Granted number[1] m | Forfeited number m | Vested number m | **Non-vested 31 December 2023 number m** |
|---|---|---|---|---|---|
| Executive Performance Share Plan (EPSP) | 20 | 8 | (1) | (4) | **23** |
| Bonus-related share awards | 7 | 7 | (1) | (1) | **12** |
| Leadership Share Awards | 11 | 6 | (1) | (4) | **12** |
| **Weighted average fair value (pence per share)** | | | | | |
| Executive Performance Share Plan (EPSP) | 924p | 919p | 947p | 752p | **950p** |
| Bonus-related share awards | 950p | 862p | 925p | 910p | **903p** |
| Leadership Share Awards | 899p | 654p | 934p | 673p | **848p** |

**Note**

[1] The Granted number of awards for the year ended 31 December 2024 includes 1.2 million (2023: 0.5 million) of dividend equivalent shares granted on vesting of current year awards

The total fair value of shares vested for all the Group's restricted stock plans during the year ended 31 December 2024 was £136 million (2023: £82 million, 2022: £65 million).

## SHARE OPTIONS

### TERMS OF SHARE OPTION PLANS

The WPP Share Option Plan 2015 (WSOP) is the only active share option plan within the Group. Two kinds of options over ordinary shares can be granted under this plan, both with a market value exercise price. Firstly, options can be granted to employees who have worked at a company owned by WPP plc for at least two years which are not subject to performance conditions. Secondly, options may be granted on a discretionary basis subject to the satisfaction of performance conditions. Grants made to Executive employees under this plan are on a discretionary basis only. All Share Options are satisfied out of newly issued shares.

The Group grants stock options with a life of up to ten years, including the vesting period.

No options are outstanding under the predecessor 'all-employee' Worldwide Share Ownership Plan (WWOP) and the discretionary Executive Stock Option Plan. The balance of options outstanding under the Worldwide Share Ownership Plan at 1 January 2024 of 650,825 ordinary shares (exercise price £13.15) and 72,695 ADRs (exercise price $102.67) expired in full in the year. There were no outstanding options under the Executive Stock Option Plan at 1 January or 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 21. SHARE-BASED PAYMENTS CONTINUED

The aggregate status of the WPP Share Option Plans during 2024 was as follows:

### MOVEMENTS ON OPTIONS GRANTED (REPRESENTED IN ORDINARY SHARES)

| 2024 | 1 January m | Granted m | Exercised[1] m | Forfeited m | **Outstanding 31 December m** | Exercisable 31 December m |
|---|---|---|---|---|---|---|
| WWOP | 1 | – | – | (1) | **–** | – |
| WSOP | 24 | 8 | – | (4) | **28** | 12 |
| | 25 | 8 | – | (5) | **28** | 12 |

| 2023 | 1 January m | Granted m | Exercised[1] m | Forfeited m | Outstanding 31 December m | Exercisable 31 December m |
|---|---|---|---|---|---|---|
| WWOP | 2 | – | – | (1) | 1 | – |
| WSOP | 21 | 5 | – | (2) | 24 | 7 |
| | 23 | 5 | – | (3) | 25 | 7 |

### WEIGHTED AVERAGE EXERCISE PRICE FOR OPTIONS OVER ORDINARY SHARES AND ADRS

| 2024 | 1 January | Granted | Exercised | Forfeited | **Outstanding 31 December[2]** | Exercisable 31 December |
|---|---|---|---|---|---|---|
| **Ordinary shares (£)** | | | | | | |
| WWOP | 13 | – | – | 13 | **–** | – |
| WSOP | 10 | 8 | 7 | 9 | **9** | 11 |
| **ADRs ($)** | | | | | | |
| WWOP | 103 | – | – | 103 | **–** | – |
| WSOP | 63 | 54 | 45 | 61 | **61** | 73 |

| 2023 | 1 January | Granted | Exercised | Forfeited | Outstanding 31 December | Exercisable 31 December |
|---|---|---|---|---|---|---|
| **Ordinary shares (£)** | | | | | | |
| WWOP | 13 | – | – | 13 | 13 | – |
| WSOP | 10 | – | 8 | 10 | 10 | – |
| **ADRs ($)** | | | | | | |
| WWOP | 106 | – | – | 110 | 103 | – |
| WSOP | 68 | – | 49 | 66 | 63 | 44 |

**Notes**

1 The exercised number of WSOP shares for the year ended 31 December 2024 is 0.2 million (2023: 0.1 million)

2 The range of exercises prices for the Outstanding Ordinary Shares is £7.07-£17.06 with a weighted average contractual life of 82 months. The range of exercises prices for the Outstanding ADRs is $44.12-$115.94 with a weighted average contractual life of 85 months

## 21. SHARE-BASED PAYMENTS CONTINUED

The weighted average fair value of options granted in the year calculated using the Black-Scholes model was as follows:

| Outstanding | 2024 | 2023 | 2022 |
|---|---|---|---|
| Fair value of UK options (shares) | **134.0p** | 131.0p | 177.0p |
| Fair value of US options (ADRs) | **$6.9** | $8.6 | $11.5 |
| **Weighted average assumptions** | | | |
| UK risk-free interest rate | **3.8%** | 4.0% | 2.9% |
| US risk-free interest rate | **4.2%** | 4.5% | 4.1% |
| Expected life (months) | **48** | 48 | 48 |
| Expected volatility | **25.0%** | 33.0% | 32.0% |
| Dividend yield | **4.6%** | 5.6% | 3.9% |

Options are issued at an exercise price equal to market value on the date of grant.

The average share price of the Group for the year ended 31 December 2024 was £7.72 (2023: £8.41, 2022: £9.13) and the average ADR price for the same period was $49.33 (2023: $52.31, 2022: $56.80). The average share price of the Group for year ended 31 December 2024 approximates the weighted average share price during the periods of exercise throughout the year.

Expected volatility is sourced from external market data and represents the historical volatility in the Group share price over a period equivalent to the expected option life.

Expected life is based on a review of historical exercise behaviour in the context of the contractual terms of the options, as described in more detail on page 173.

## 22. EMPLOYEE BENEFIT OBLIGATIONS

Companies within the Group operate a large number of pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. The Group's pension costs are analysed as follows:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Defined contribution plans | **202** | 198 | 191 |
| Defined benefit plans charge to operating profit | **13** | 15 | 14 |
| **Pension costs (note 5)** | **215** | 213 | 205 |
| Net interest expense on pension plans (note 6) | **4** | 4 | 2 |
| | **219** | 217 | 207 |

### DEFINED BENEFIT PLANS

The pension costs are assessed in accordance with the advice of local independent qualified actuaries. The latest full actuarial valuations for the various pension plans were carried out at various dates in the last three years. These valuations have been updated by the local actuaries to 31 December 2024.

The majority of plans provide final salary benefits, with plan benefits typically based either on mandatory plans under local legislation, termination indemnity benefits, or on the rules of WPP-sponsored supplementary plans. The implications of IFRIC 14 have been allowed for where relevant, in particular with regard to the asset ceiling/irrecoverable surplus.

The Group's policy is to close existing defined benefit plans to new members. This has been implemented across a significant number of the pension plans.

Contributions to funded plans are determined in line with local conditions and practices. Contributions in respect of unfunded plans are paid as they fall due. The total contributions (for funded plans) and benefit payments (for unfunded plans) paid for 2024 amounted to £20 million (2023: £20 million, 2022: £24 million). Employer contributions and benefit payments in 2025 are expected to be approximately £18 million.

### (A) ASSETS AND LIABILITIES

At 31 December, the fair value of the assets in the pension plans and the assessed present value of the liabilities in the pension plans are shown in the following table:

| | 2024 £m | % | 2023 £m | % |
|---|---|---|---|---|
| Equities | **25** | **10** | 24 | 9 |
| Bonds | **175** | **70** | 170 | 66 |
| Cash | **8** | **3** | 18 | 7 |
| Other | **43** | **17** | 47 | 18 |
| **Total fair value of assets** | **251** | **100** | 259 | 100 |
| Present value of liabilities | **(365)** | | (381) | |
| **Deficit in the plans** | **(114)** | | (122) | |
| Irrecoverable surplus | **–** | | – | |
| **Net liability**[1] | **(114)** | | (122) | |
| Plans in surplus[2] | **18** | | 14 | |
| Plans in deficit | **(132)** | | (136) | |

**Notes**

1 The related deferred tax asset is discussed in note 14

2 The net asset related to plans in surplus of £18 million for 31 December 2024 (2023: £14 million) is recorded in the consolidated balance sheet within other receivables and prepayments

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 22. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

All plan assets have quoted prices in active markets with the exception of other assets.

| Surplus/(deficit) in plans by region | 2024 £m | 2023 £m |
|---|---|---|
| UK | **1** | 1 |
| North America | **(23)** | (30) |
| Western Continental Europe | **(56)** | (60) |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **(36)** | (33) |
| **Deficit in the plans** | **(114)** | (122) |

Some of the Group's defined benefit plans are unfunded (or largely unfunded) by common custom and practice in certain jurisdictions. In the case of these unfunded plans, the benefit payments are made as and when they fall due.

The following table shows the split of the deficit at 31 December between funded and unfunded pension plans.

| | 2024 Surplus/ (deficit) £m | 2024 Present value of liabilities £m | 2023 Surplus/ (deficit) £m | 2023 Present value of liabilities £m |
|---|---|---|---|---|
| **Funded plans by region** | | | | |
| UK | **1** | **(9)** | 1 | (9) |
| North America | **11** | **(174)** | 7 | (183) |
| Western Continental Europe | **(29)** | **(65)** | (34) | (70) |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **(3)** | **(23)** | (5) | (28) |
| **Deficit/liabilities in the funded plans** | **(20)** | **(271)** | (31) | (290) |
| **Unfunded plans by region** | | | | |
| North America | **(34)** | **(34)** | (37) | (37) |
| Western Continental Europe | **(27)** | **(27)** | (26) | (26) |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | **(33)** | **(33)** | (28) | (28) |
| **Deficit/liabilities in the unfunded plans** | **(94)** | **(94)** | (91) | (91) |
| **Deficit/liabilities in the plans** | **(114)** | **(365)** | (122) | (381) |

In accordance with IAS 19, plans that are wholly or partially funded are considered funded plans.

### (B) ASSUMPTIONS

There are a number of areas in pension accounting that involve estimates made by management based on advice of qualified advisors. These include establishing the discount rates, rates of increase in salaries and pensions in payment, inflation, and mortality assumptions. The main weighted average assumptions used for the actuarial valuations at 31 December are shown in the following table:

| | 2024 % pa | 2023 % pa | 2022 % pa |
|---|---|---|---|
| **UK** | | | |
| Discount rate[1] | **5.2** | 4.7 | 5.1 |
| Rate of increase in pensions in payment | **2.6** | 2.5 | 4.4 |
| Inflation | **3.2** | 3.1 | 3.0 |
| **North America** | | | |
| Discount rate[1] | **5.4** | 4.9 | 5.2 |
| Rate of increase in salaries[2] | **n/a** | n/a | n/a |
| **Western Continental Europe** | | | |
| Discount rate[1] | **3.3** | 3.4 | 4.1 |
| Rate of increase in salaries | **2.5** | 2.5 | 2.5 |
| Rate of increase in pensions in payment | **2.0** | 2.0 | 2.0 |
| Inflation | **2.0** | 2.0 | 2.0 |
| **Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe** | | | |
| Discount rate[1] | **6.4** | 6.5 | 6.4 |
| Rate of increase in salaries | **6.2** | 6.2 | 5.7 |
| Inflation | **2.9** | 3.4 | 3.4 |

**Notes**

1 Discount rates are based on high-quality corporate bond yields. In countries where there is no deep market in corporate bonds, the discount rate assumption has been set with regard to the yield on long-term government bonds

2 The salary assumptions are no longer applicable to the US as all plans were frozen. Active participants will not accrue additional benefits for future services under these plans

For the Group's pension plans, the plans' assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling balance sheet volatility and future contributions. Pension plan assets are invested with a number of investment managers, and assets are diversified among equities, bonds, insured annuities, property and cash or other liquid investments. The primary use of bonds as an investment class is to match the anticipated cash flows from the plans to pay pensions. The Group is invested in high-quality corporate and government bonds which share similar risk characteristics and are of equivalent currency and term to the plan liabilities. Various insurance policies have also been bought historically to provide a more exact match for the cash flows, including a match for the actual mortality of specific plan members. These insurance policies effectively provide protection against both investment fluctuations and longevity risks. The strategic target allocation varies among the individual plans.

Management considers the types of investment classes in which the pension plan assets are invested. The types of investment classes are determined by economic and market conditions and in consideration of specific asset-class risk. The investment strategy of the Group varies by country, albeit there was a general directive by the Group in recent years to de-risk the larger funded plans (mainly in the US and UK) and move towards a liability driven investment strategy.

Management periodically commissions detailed asset and liability studies performed by third-party professional investment advisors and actuaries that generate probability-adjusted expected future returns on those assets. These studies also project the estimated future pension payments and evaluate the efficiency of the allocation of the pension plan assets into various investment categories.

## 22. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

At 31 December 2024, the life expectancies underlying the value of the accrued liabilities for the main defined benefit pension plans operated by the Group were as follows:

| Years life expectancy after age 65 | All plan | North America | UK | Western Continental Europe | Other[1] |
|---|---|---|---|---|---|
| Current pensioners (at age 65) – male | 21.8 | 22.0 | 21.4 | 21.2 | n/a |
| Current pensioners (at age 65) – female | 23.6 | 23.5 | 23.4 | 24.2 | n/a |
| Future pensioners (current age 45) – male | 23.4 | 23.4 | 23.1 | 23.4 | n/a |
| Future pensioners (current age 45) – female | 25.1 | 24.8 | 25.2 | 26.1 | n/a |

**Note**

[1] Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe

The life expectancies after age 65 at 31 December 2023 were 21.8 and 23.6 for male and female current pensioners (at age 65) respectively, and 23.5 and 25.2 for male and female future pensioners (current age 45), respectively.

In the determination of mortality assumptions, management uses the most up-to-date mortality tables available in each country.

The following table provides information on the weighted average duration of the defined benefit pension obligations and the distribution of the timing of benefit payments for the next ten years. The duration corresponds to the weighted average length of the underlying cash flows.

| | All plan | North America | UK | Western Continental Europe | Other[1] |
|---|---|---|---|---|---|
| **Weighted average duration of the defined benefit obligation (years)** | 7.5 | 6.8 | 5.4 | 10.3 | 5.5 |
| **Expected benefit payments over the next ten years (£m)** | | | | | |
| Within 12 months | 31 | 19 | 1 | 6 | 5 |
| In 2026 | 30 | 19 | 1 | 5 | 5 |
| In 2027 | 30 | 19 | 1 | 6 | 4 |
| In 2028 | 28 | 16 | 1 | 7 | 4 |
| In 2029 | 30 | 18 | 1 | 6 | 5 |
| In the next five years | 144 | 83 | 2 | 31 | 28 |

**Note**

[1] Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant so that interdependencies between the assumptions are excluded. The methodology applied is consistent with that used to determine the recognised defined benefit obligation. The sensitivity analysis for inflation is not shown as it is an underlying assumption to build the pension and salary increase assumptions. Changing the inflation assumption on its own without changing the salary or pension assumptions will not result in a significant change in pension liabilities.

| Sensitivity analysis of significant actuarial assumptions | (Decrease)/increase in benefit obligation 2024 £m | 2023 £m |
|---|---|---|
| **Discount rate** | | |
| *Increase by 25 basis points:* | | |
| UK | – | – |
| North America | (3) | (4) |
| Western Continental Europe | (2) | (2) |
| Other[1] | (1) | (1) |
| *Decrease by 25 basis points:* | | |
| UK | – | – |
| North America | 3 | 4 |
| Western Continental Europe | 2 | 2 |
| Other[1] | 1 | 1 |
| **Rate of increase in salaries** | | |
| *Increase by 25 basis points:* | | |
| Western Continental Europe | 1 | 1 |
| Other[1] | 1 | – |
| *Decrease by 25 basis points:* | | |
| Western Continental Europe | (1) | (1) |
| Other[1] | (1) | (1) |
| **Rate of increase in pensions in payment** | | |
| *Increase by 25 basis points:* | | |
| UK | – | – |
| Western Continental Europe | 1 | 1 |
| *Decrease by 25 basis points:* | | |
| UK | – | – |
| Western Continental Europe | (1) | (1) |
| **Life expectancy** | | |
| *Increase in longevity by one additional year:* | | |
| UK | 1 | 1 |
| North America | 3 | 3 |
| Western Continental Europe | 3 | 3 |

**Note**

[1] Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe

### (C) PENSION EXPENSE

The following tables show the breakdown of the pension expense between amounts charged to operating profit and amounts charged to finance costs:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Service cost[1] | 12 | 12 | 11 |
| Administrative expenses | 1 | 3 | 3 |
| **Charge to operating profit** | 13 | 15 | 14 |
| Net interest expense on pension plans | 4 | 4 | 2 |
| **Charge to profit before taxation for defined benefit plans** | 17 | 19 | 16 |

**Note**

[1] Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments

The following table shows the breakdown of amounts recognised in other comprehensive income (OCI):

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Return on plan assets (excluding interest income) | (4) | 7 | (128) |
| Changes in demographic assumptions underlying the present value of the plan liabilities | – | (1) | – |
| Changes in financial assumptions underlying the present value of the plan liabilities | 11 | (14) | 144 |
| Experience loss arising on the plan liabilities | (4) | (1) | – |
| Change in irrecoverable surplus | – | – | – |
| **Actuarial gain/(loss) recognised in OCI** | 3 | (9) | 16 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 22. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

### (D) MOVEMENT IN PLAN LIABILITIES

The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| **Plan liabilities at beginning of year** | **381** | 553 | 689 |
| Service cost[1] | **12** | 12 | 11 |
| Interest cost | **16** | 21 | 16 |
| *Actuarial loss/(gain):* | | | |
| Effect of changes in demographic assumptions | **–** | 1 | – |
| Effect of changes in financial assumptions | **(11)** | 14 | (144) |
| Effect of experience adjustments | **4** | 1 | – |
| Benefits paid | **(33)** | (38) | (52) |
| (Gain)/loss due to exchange rate movements | **(2)** | (17) | 40 |
| Settlement payments[2] | **(1)** | (163) | (9) |
| Other[3] | **(1)** | (3) | 2 |
| **Plan liabilities at end of year** | **365** | 381 | 553 |

**Notes**

1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments

2 During the year ended 31 December 2023, the Group completed the winding-up of two defined benefit pension plans: The Ogilvy & Mather Group Pension and Life Assurance Plan and the JWT Pension and Life Assurance Scheme, constituting settlements under IAS 19. The settlements led to the full elimination of associated plan assets and plan liabilities of £145 million, the fair value of plan assets equaled the underlying liabilities upon settlement such that there is no impact on 2023 net assets or the income statement

3 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented

### (E) MOVEMENT IN PLAN ASSETS

**The following table shows an analysis of the movement in the pension plan assets for each accounting period:**

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| **Fair value of plan assets at beginning of year** | **259** | 431 | 552 |
| Interest income on plan assets | **12** | 16 | 13 |
| Loss on plan assets (excluding interest income) | **(4)** | 6 | (127) |
| Employer contributions | **20** | 20 | 24 |
| Benefits paid | **(33)** | (38) | (52) |
| Gain/(loss) due to exchange rate movements | **1** | (12) | 31 |
| Settlement payments[1] | **(1)** | (163) | (9) |
| Administrative expenses | **(1)** | (3) | (3) |
| Other[2] | **(2)** | 2 | 2 |
| **Fair value of plan assets at end of year** | **251** | 259 | 431 |
| **Actual return/(loss) on plan assets** | **8** | 22 | (114) |

**Notes**

1 During the year ended 31 December 2023, the Group completed the winding-up of two defined benefit pension plans: The Ogilvy & Mather Group Pension and Life Assurance Plan and the JWT Pension and Life Assurance Scheme, constituting settlements under IAS 19. The settlements led to the full elimination of associated plan assets and plan liabilities of £145 million, the fair value of plan assets equaled the underlying liabilities upon settlement such that there is no impact on 2023 net assets or the income statement

2 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents in note 18 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in note 25.

| | 2024 £m | 2023 £m |
|---|---|---|
| Cash and cash equivalents (note 18) | **2,638** | 2,218 |
| Borrowings due within one year (note 19) | **(584)** | (946) |
| Borrowings due after one year (note 19) | **(3,744)** | (3,775) |
| **Cash and cash equivalents less borrowings** | **(1,690)** | (2,503) |
| Equity | **3,734** | 3,833 |
| **Capital** | **2,044** | 1,330 |

### FINANCIAL RISK MANAGEMENT

Treasury activity is managed centrally from London, New York and Hong Kong, and is principally concerned with the monitoring of working capital, managing external and internal funding requirements and the monitoring and management of financial market risks, in particular interest rate and foreign exchange exposures.

The treasury operation is not a profit centre and its activities are carried out in accordance with policies approved by the Board of Directors and subject to regular review.

The Group manages liquidity risk by ensuring continuity and flexibility of funding even in difficult market conditions. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are closely monitored. Targets for average debt less cash position are set on an annual basis and, to assist in meeting this, working capital targets are set for all the Group's major operations.

### LIQUIDITY RISK

Liquidity risk is the risk that the Group cannot meet its financial obligations to repay financial liabilities when they fall due. The Group maintains substantial cash and cash equivalents which at 31 December 2024 amounted to £2.6 billion (2023: £2.2 billion) and a five-year Revolving Credit Facility of $2.5 billion (2023: $2.5 billion) due February 2029, with the option for two further one-year extensions. The first of the two-year extension options was triggered in January 2025, effective from February 2025 to extend the maturity to February 2030, which remained undrawn at 31 December 2024 (2023: undrawn).

The Group's liquidity risk is concentrated towards bond principal repayments between 2025 and 2046 (2023: 2024 and 2046).

Given its debt maturity profile and available facilities, the Directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

The following table is an analysis of future anticipated cash flows, in the form of interest and principal repayments, in relation to the Group's financial liabilities and derivatives, on an undiscounted basis which, therefore, differs from the fair value and carrying value:

| At 31 December 2024 | Bank overdrafts £m | Bonds[1] £m | Lease liabilities £m | **Total borrowings and leases £m** | Trade payables and other financial liabilities[2] £m | **Total non-derivative financial instruments £m** | Derivative financial instruments receivable £m | Derivative financial instruments payable £m | **Total derivative financial instruments £m** | **Total £m** |
|---|---|---|---|---|---|---|---|---|---|---|
| Within one year | (171) | (536) | (353) | **(1,060)** | (12,130) | **(13,190)** | 1,244 | (1,296) | **(52)** | **(13,242)** |
| Between one and two years | – | (736) | (307) | **(1,043)** | (76) | **(1,119)** | 99 | (119) | **(20)** | **(1,139)** |
| Between two and three years | – | (723) | (281) | **(1,004)** | (45) | **(1,049)** | 62 | (80) | **(18)** | **(1,067)** |
| Between three and four years | – | (542) | (256) | **(798)** | (25) | **(823)** | 516 | (542) | **(26)** | **(849)** |
| Between four and five years | – | (359) | (235) | **(594)** | (13) | **(607)** | 632 | (656) | **(24)** | **(631)** |
| Over five years | – | (2,265) | (1,260) | **(3,525)** | (9) | **(3,534)** | 479 | (525) | **(46)** | **(3,580)** |
| | (171) | (5,161) | (2,692) | **(8,024)** | (12,298) | **(20,322)** | 3,032 | (3,218) | **(186)** | **(20,508)** |
| Effect of discounting/ financing rates | – | 1,004 | 672 | **1,676** | 26 | **1,702** | – | – | **134** | **1,836** |
| **Total** | **(171)** | **(4,157)** | **(2,020)** | **(6,348)** | **(12,272)** | **(18,620)** | **–** | **–** | **(52)** | **(18,672)** |

| At 31 December 2023 | Bank overdrafts £m | Bonds[1] £m | Lease liabilities £m | Total borrowings and leases £m | Trade payables and other financial liabilities[2] £m | Total non-derivative financial instruments £m | Derivative financial instruments receivable £m | Derivative financial instruments payable £m | Total derivative financial instruments £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|
| Within one year | (358) | (711) | (406) | (1,475) | (12,335) | (13,810) | 992 | (1,018) | (26) | (13,836) |
| Between one and two years | – | (535) | (327) | (862) | (84) | (946) | 495 | (503) | (8) | (954) |
| Between two and three years | – | (746) | (282) | (1,028) | (131) | (1,159) | 47 | (52) | (5) | (1,164) |
| Between three and four years | – | (726) | (261) | (987) | (13) | (1,000) | 47 | (52) | (5) | (1,005) |
| Between four and five years | – | (704) | (231) | (935) | (10) | (945) | 718 | (650) | 68 | (877) |
| Over five years | – | (1,859) | (1,265) | (3,124) | (20) | (3,144) | – | – | – | (3,144) |
| | (358) | (5,281) | (2,772) | (8,411) | (12,593) | (21,004) | 2,299 | (2,275) | 24 | (20,980) |
| Effect of discounting/ financing rates | – | 918 | 618 | 1,536 | 52 | 1,588 | – | – | 7 | 1,595 |
| **Total** | (358) | (4,363) | (2,154) | (6,875) | (12,541) | (19,416) | – | – | 31 | (19,385) |

**Notes**

1 Maturities reflect contractual cash flows applicable except in the event of a change of control or event of default, upon which the noteholder shall have the option to require the issuer to redeem or repay the notes within 45 days of the notice period

2 Includes deferred income and customer advances of £1,160 million (2023: £1,319 million) within one year. Also includes contingent consideration liabilities, liabilities in respect of put option agreements with vendors and non-derivative financial liabilities within trade and other payables as disclosed in note 17

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

### FOREIGN CURRENCY RISK

The Group's results in pounds sterling are subject to fluctuation as a result of exchange rate movements. The Group does not hedge this translation exposure to its earnings but does partially hedge the currency element of its net assets using foreign currency borrowings, cross-currency swaps, forward foreign exchange contracts and non-deliverable forward foreign exchange contracts.

The Group effects these currency net asset hedges by borrowing in the same currencies as the operating (or "functional") currencies of its main operating units. The majority of the Group's debt is therefore denominated in US dollars, pound sterling and euros. The Group's borrowings (including cross currency swaps) at 31 December 2024 were primarily made up of $1,284 million, £1,501 million and €2,101 million (2023: $1,874 million, £1,094 million and €2,100 million). The Group's average gross debt during the course of 2024 was $1,683 million, £1,900 million and €2,100 million (2023: $2,511 million, £1,173 million and €2,321 million).

The Group's operations conduct the majority of their activities in their own local currency and consequently the Group has no significant transactional foreign exchange exposures arising from its operations. Any significant cross-border trading exposures are hedged by the use of forward foreign-exchange contracts. No speculative foreign exchange trading is undertaken.

### INTEREST RATE RISK

The Group is exposed to interest rate risk on both interest-bearing assets and interest-bearing liabilities. The Group has a policy of actively managing its interest rate risk exposure using underlying debt, interest rate swaps and other banking or finance arrangements to achieve a balanced mix of fixed and floating rate debt. The Group's interest rate profile and risk is reviewed regularly at the Group's Treasury Committee.

At 31 December 2024, including the effect of interest rate and cross currency swaps, 100% of the Group's US dollar, sterling and euro debt is at fixed interest rates.

Analysis of fixed and floating rate debt by currency including the effect of interest rate and cross-currency interest rate swaps:

| **2024** | £m | Fixed rate[1] | Maturity[1] (months) |
|---|---|---|---|
| **Currency** | | | |
| $ – fixed | **1,026** | **5.24** | **91** |
| £ – fixed | **1,501** | **3.53** | **83** |
| € – fixed | **1,736** | **2.12** | **36** |
| | **4,263** | | |

| **2023** | £m | Fixed rate[1] | Maturity[1] (months) |
|---|---|---|---|
| **Currency** | | | |
| $ – fixed | 1,472 | 4.62 | 66 |
| £ – fixed | 1,094 | 2.97 | 130 |
| € – fixed | 1,820 | 2.12 | 48 |
| | 4,386 | | |

**Note**
[1] Weighted average

## SENSITIVITY ANALYSIS

The following sensitivity analysis addresses the effect of currency and interest rate risks on the Group's financial instruments. The analysis assumes that all hedges are highly effective.

### CURRENCY RISK

A 10% strengthening of sterling against the Group's major currencies would result in the following impacts on the income statement and equity, which would arise on the retranslation of foreign currency-denominated monetary items. A 10% weakening of sterling would have an equal and opposite effect.

| | Impact on income statement Gain/(loss) | | Impact on equity Gain/(loss) | |
|---|---|---|---|---|
| | **2024 £m** | 2023 £m | **2024 £m** | 2023 £m |
| US dollar | **(82)** | 41 | **93** | 18 |
| Euro | **105** | 186 | **–** | – |

### INTEREST RATE RISK

A one percentage point increase in market interest rates for all currencies in which the Group had cash and borrowings at 31 December 2024 would decrease profit before tax by approximately £13 million (2023 increase of £19 million). A one percentage point decrease in market interest rates would have an equal and opposite effect. This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings. Note that in practice, the Group has a cyclical cash profile throughout the year.

### CREDIT RISK

The Group's principal financial assets are cash and cash equivalents, trade and other receivables and other investments, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of expected credit losses, estimated by the Group's management based on expected losses, prior experience and their assessment of the current economic environment. A relatively small number of clients make up a significant percentage of the Group's debtors, but no single client represents more than 6.5% of total trade receivables at 31 December 2024 (2023: 6.3%).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are high-rated (AAA) funds, banks with high credit ratings assigned by international credit-rating agencies or banks that have been financed by their government.

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

### FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

An analysis of the Group's financial assets and liabilities by accounting classification is set out below:

| 2024 | Derivatives in designated hedge relationships £m | Held at fair value through profit or loss £m | Held at fair value through other comprehensive income £m | Amortised cost £m | Carrying value £m |
|---|---|---|---|---|---|
| **Current and non-current assets** | | | | | |
| Trade and other receivables | – | – | – | 10,197 | 10,197 |
| Derivative assets | 4 | 1 | – | – | 5 |
| Other investments | – | 306 | 92 | – | 398 |
| Cash and cash equivalents | – | 655 | – | 1,983 | 2,638 |
| **Current and non-current liabilities** | | | | | |
| Trade and other payables | – | – | – | (10,912) | (10,912) |
| Deferred income and customer advances | – | – | – | (1,160) | (1,160) |
| Borrowings | – | – | – | (4,328) | (4,328) |
| Derivative liabilities | (55) | (2) | – | – | (57) |
| Contingent consideration liabilities | – | (133) | – | – | (133) |
| Liabilities in respect of put options | – | – | – | (67) | (67) |
| | **(51)** | **827** | **92** | **(4,287)** | **(3,419)** |

| 2023 | Derivatives in designated hedge relationships £m | Held at fair value through profit or loss £m | Held at fair value through other comprehensive income £m | Amortised cost £m | Carrying value £m |
|---|---|---|---|---|---|
| **Current and non-current assets** | | | | | |
| Trade and other receivables | – | – | – | 10,719 | 10,719 |
| Derivative assets | 31 | 2 | – | – | 33 |
| Other investments | – | 258 | 75 | – | 333 |
| Cash and cash equivalents | – | 181 | – | 2,037 | 2,218 |
| **Current and non-current liabilities** | | | | | |
| Trade and other payables | – | – | – | (10,919) | (10,919) |
| Deferred income and customer advances[1] | – | – | – | (1,319) | (1,319) |
| Borrowings | – | – | – | (4,721) | (4,721) |
| Derivative liabilities | – | (2) | – | – | (2) |
| Contingent consideration liabilities | – | (199) | – | – | (199) |
| Liabilities in respect of put options | – | – | – | (104) | (104) |
| | 31 | 240 | 75 | (4,307) | (3,961) |

**Note**

1 The prior year table has been re-presented to include deferred income and customer advances

Deferred income and customer advances are held at amortised cost and the carrying value approximates the fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES 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, or based on observable inputs:

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 (ie as prices) or indirectly (ie derived from prices);

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).

| 2024 | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|---|---|---|---|---|
| **Derivatives in designated hedge relationships** | | | | |
| Derivative assets | – | 4 | – | **4** |
| Derivative liabilities | – | (55) | – | **(55)** |
| **Held at fair value through profit or loss** | | | | |
| Money market funds | 655 | – | – | **655** |
| Other investments | 73 | – | 233 | **306** |
| Derivative assets | – | 1 | – | **1** |
| Derivative liabilities | – | (2) | – | **(2)** |
| Contingent consideration liabilities | – | – | (133) | **(133)** |
| **Held at fair value through other comprehensive income** | | | | |
| Other investments | 3 | – | 89 | **92** |

| 2023 | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|---|---|---|---|---|
| **Derivatives in designated hedge relationships** | | | | |
| Derivative assets | – | 31 | – | 31 |
| Derivative liabilities | – | – | – | – |
| **Held at fair value through profit or loss** | | | | |
| Money market funds | 181 | – | – | 181 |
| Other investments | 1 | – | 257 | 258 |
| Derivative assets | – | 2 | – | 2 |
| Derivative liabilities | – | (2) | – | (2) |
| Contingent consideration liabilities | – | – | (199) | (199) |
| **Held at fair value through other comprehensive income** | | | | |
| Other investments | 7 | – | 68 | 75 |

Reconciliation of level 3 fair value measurements:

| | Contingent consideration liabilities £m | Other investments £m |
|---|---|---|
| **1 January 2023** | (160) | 359 |
| Gains/(losses) recognised in the income statement | 51 | (27) |
| Gains recognised in other comprehensive income | – | 1 |
| Exchange adjustments | 2 | – |
| Additions | (150) | 3 |
| Disposals | – | (11) |
| Settlements | 58 | – |
| **31 December 2023** | (199) | 325 |
| Gains/(losses) recognised in the income statement | 1 | (29) |
| Exchange adjustments | 1 | 2 |
| Additions | (33) | 24 |
| Settlements | 97 | – |
| **31 December 2024** | **(133)** | **322** |

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of available information from outside sources. There have been no movements between level 3 and other levels.

### OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA ('International Swaps and Derivatives Association') agreements where each party has the option to settle amounts on a net basis in the event of default from the other.

The following table sets out the carrying amount of recognised financial instruments that are subject to the above agreements. The column 'Net amount' shows the impact on the Group's consolidated statement of financial position if offset rights were exercised.

| | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | Gross amounts presented in Balance Sheet £m | Right of set off with derivative counterparties £m | Net amount £m | Gross amounts presented in Balance Sheet £m | Right of set off with derivative counterparties £m | Net amount £m |
| Derivative financial assets | 5 | (5) | – | 33 | 5 | 38 |
| Derivative financial liabilities | (57) | 5 | (52) | (2) | (5) | (7) |
| **Total** | **(52)** | **–** | **(52)** | 31 | – | 31 |

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

### CONTINGENT CONSIDERATION LIABILITIES AND LIABILITIES IN RESPECT OF PUT OPTIONS

Future anticipated payments due to vendors in respect of contingent consideration liabilities are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32 and subsequently measured at amortised cost in accordance with IFRS 9. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with Directors' estimates. The Directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition

As of 31 December 2024, the potential undiscounted amount of future payments that could be required under the contingent consideration agreements for acquisitions completed in the current year and for all contingent consideration agreements ranges from £nil to £51 million (2023: £nil to £326 million) and £nil to £594 million (2023: £nil to £753 million), respectively. The decrease in maximum potential undiscounted amount of future payments for all contingent consideration agreements is due to arrangements that have been completed and paid, or amended, which is partially offset by contingent consideration agreements related to current year acquisitions or increases in ownership. For certain current year step-up acquisitions the maximum payment under the contingent consideration agreement is not limited.

At 31 December 2024, the weighted average growth rate in estimating future financial performance of contingent consideration liabilities was 21.5% (2023: 14.3%). The weighted average of the risk-adjusted discount rate applied to these obligations at 31 December 2024 was 4.9% (2023: 6.3%). A change to either of these inputs to reflect a reasonably possible alternative assumption would not result in a significant change to the fair value.

### OTHER INVESTMENTS

The fair value of other investments included in level 1 is based on quoted market prices. Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of information from outside sources using the most appropriate valuation technique, including external funding rounds and earnings multiples. The sensitivity to changes in unobservable inputs is specific to each individual investment. A change to one or more of these unobservable inputs to reflect a reasonably possible alternative assumption would not result in a significant change to the fair value.

### HEDGE ACCOUNTING

The Group uses foreign currency borrowings, foreign currency forwards and swaps, interest rate swaps and cross-currency interest rate swaps for the purpose of hedging its foreign currency and interest rate risks. The Group may designate certain financial instruments as fair value hedges, cash flow hedges or net investment hedges in accordance with IFRS 9.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. Sources of hedge effectiveness will depend on the hedge relationship designation but may include:

- a significant change in the credit risk of either party to the hedging relationship
- a timing mismatch between the hedging instrument and the hedged item;
- movements in foreign currency basis spread for derivatives in a fair value hedge;
- impairment to the Group's net investment in US dollars

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting, for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1. Designated hedges are expected to be effective and therefore the impact of ineffectiveness on profit and loss not expected to be material.

#### CASH FLOW AND FAIR VALUE HEDGE ACCOUNTING

In March 2024, the Group issued a €600 million bond due September 2029 and a €650 million bond due September 2033. Concurrently, the Group entered into cross currency swap contracts with receipts of €600 million and payments of £513 million due in September 2029, cross currency swap contracts with receipts of €650 million and payments of £556 million due in September 2033 and a £556 million interest rate swap contract due in March 2025 to mitigate foreign currency and interest rate risks. The Group applied cash flow hedge accounting for the 2025 and 2029 hedges and fair value hedge accounting for the 2033 hedge.

In December 2024, the Group repurchased €200 million of the bond due in May 2028, €249 million of the bond due in September 2029 and €150 million of the bond due in September 2033. Concurrently, the Group terminated cross currency swap contracts with receipts of €200 million and payments of $216 million due in May 2028, cross currency swap contracts with receipts of €250 million and payments of £214 million due in September 2029, cross currency swap contracts with receipts of €150 million and payments of £128 million due in September 2033 and £128 million of interest rate swap contracts due in March 2025. The Group ceased to apply hedge accounting for this portion the hedge.

#### NET INVESTMENT HEDGE ACCOUNTING

In November 2024, the Group entered into cross currency swap contracts due in September 2029 with receipts of £300 million and payments of $377 million as a hedge of the Group's foreign currency translation risk arising on consolidation of the Group's net investment in its USD foreign operations. The Group applied net investment hedge accounting.

In September 2024, $750 million of bonds, designated as hedging instruments in a net investment hedge relationship, were repaid. The Group ceased to apply net investment hedge accounting for this portion of the hedge.

#### HEDGE ACCOUNTING SUMMARY

At 31 December 2024, the Group had the following financial instruments designated as net investment hedges in respect of the foreign currency translation risk arising on consolidation of the Group's net investment in its USD foreign operations:

- $595 million leg of its cross currency swaps due May 2028
- $377 million leg of its cross currency swaps due September 2029
- $93 million bond due September 2042
- $220 million bond due November 2043

At 31 December 2024, the Group had the following financial derivative instruments in designated fair value hedging relationships:

- €500 million leg of its cross currency interest rate swaps due September 2033

At 31 December 2024, the Group had the following financial derivative instruments in designated cashflow hedging relationships:

- €500 million leg of its cross currency swaps due March 2025
- £428 million interest rate swaps due March 2025
- €550 million leg of its cross currency swaps due May 2028
- €350 million leg of its cross currency swaps due September 2029
- £63 million of non-deliverable forward foreign exchange contracts due between 2025 and 2028

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

The following table represents the Group's continued designated hedge relationships under IFRS 9.

| | Cash flow hedges of foreign currency risk[1] | | Cash flow hedges of interest rate risk[2] | | Fair value hedges of foreign currency and interest rate risk | | Net investment hedges of foreign currency risk | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Carrying amount of derivative hedging instruments[3] | **£(56)m** | £(17)m | **–** | – | **£(15)m** | – | **£20m** | £48m |
| Carrying amount of non-derivative hedging instruments (bonds) | **–** | – | **–** | – | **–** | – | **£(244)m** | £(835)m |
| Notional amount of hedged items | **€1,400m** | €1,250m | **£428m** | – | **€500m** | – | **–** | – |
| Notional amount of hedging instruments | **€1,400m** | €1,250m | **£428m** | – | **€500m** | – | **US$1,285m** | US$1,874m |
| Notional amount of hedged net assets | **–** | – | **–** | – | **–** | – | **US$1,285m** | US$1,874m |
| Change in fair value of hedged items gain/(loss) | **£2m** | £32m | **–** | – | **£4m** | – | **£3m** | £(108)m |
| Change in fair value of hedging instrument (loss)/gain | **£(5)m** | £(29)m | **–** | – | **£(7)m** | – | **£(3)m** | £110m |
| Hedge ineffectiveness (loss)/gain | **£(3)m** | £3m | **–** | – | **£(3)m** | – | **–** | £2m |
| Fair value (loss)/gain arising on hedging instruments deferred to OCI | **£(35)m** | £(43)m | **–** | – | **–** | – | **£(3)m** | £108m |
| Fair value amounts reclassified to profit and loss | **£58m** | £44m | **–** | – | **–** | – | **–** | – |
| Maturity date | **2025-29** | 2025-28 | **2025** | – | **2033** | – | **2028-43** | 2024-43 |
| Weighted average interest rate | **4.45%** | 4.43% | **4.96%** | – | **SONIA** | – | **5.24%** | 4.62% |
| Weighted average FX rate[4] | **1.14** | 1.13 | **–** | – | **1.17** | – | **1.24** | 1.23 |

**Notes**

1 Relates to fix to fix Euro to GBP cross currency swaps designated as cash flow hedges
2 Relates to float to fix GBP interest rate swaps
3 This amount is presented in trade and other receivables, and trade and other payables. The use of derivatives may entail a derivative transaction qualifying for more than one hedge type designation under IFRS 9. Therefore, the carrying amounts are grossed up by hedge type, whereas they are presented at an instrument level in the balance sheet
4 Weighted average fx rate is GBP against the currency in which the hedged item is presented

## 24. AUTHORISED AND ISSUED SHARE CAPITAL

| | Equity ordinary shares[1] | Nominal value £m |
|---|---|---|
| **Authorised** | | |
| 1 January 2022 | 1,750,000,000 | 175 |
| 31 December 2022 | 1,750,000,000 | 175 |
| 31 December 2023 | 1,750,000,000 | 175 |
| **31 December 2024** | **1,750,000,000** | **175** |
| **Issued and fully paid** | | |
| **1 January 2022** | 1,224,459,550 | 122 |
| Exercise of share options | 125,700 | – |
| Share cancellations | (83,157,954) | (8) |
| **At 31 December 2022** | **1,141,427,296** | **114** |
| Exercise of share options | 85,900 | – |
| **At 31 December 2023** | **1,141,513,196** | **114** |
| Exercise of share options | 248,625 | – |
| Share cancellations | (50,367,570) | (5) |
| **At 31 December 2024** | **1,091,394,251** | **109** |

**Note**

1 Ordinary shares have a par value of £0.10

### COMPANY'S OWN SHARES

The Company's holdings of own shares are stated at cost and represent shares held in treasury and purchases by the Employee Share Ownership Plan (ESOP) trusts of shares in the Company for the purpose of funding certain of the Group's share-based incentive plans.

The trustees of the ESOP purchase the Company's ordinary shares in the open market using funds provided by the Company. The Company also has an obligation to make regular contributions to the ESOP to enable it to meet its administrative costs. The number and market value of the ordinary shares of the Company held by the ESOP at 31 December 2024 was 39,769 (2023: 490,646, 2022: 1,211,974), and £0.3 million (2023: £4 million, 2022: £10 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2024 was 12,591,893 (2023: 66,675,497, 2022: 70,489,953) and £104 million (2023: £502 million, 2022: £578 million) respectively.

## 25. OTHER RESERVES

Other reserves comprise the following:

| | Capital redemption reserve £m | Equity reserve £m | Hedging reserve £m | Translation reserve £m | Total other reserves £m |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 14 | (577) | – | 227 | (336) |
| Foreign exchange differences on translation of foreign operations | – | – | – | 408 | 408 |
| Loss on net investment hedges | – | – | – | (141) | (141) |
| *Cash flow hedges:* | | | | | |
| Fair value gain arising on hedging instruments | – | – | 38 | – | 38 |
| Amounts reclassified to profit or loss | – | – | (38) | – | (38) |
| Share of other comprehensive income of associate undertakings | – | – | – | 32 | 32 |
| Share cancellations | 8 | – | – | – | 8 |
| Recognition and remeasurement of financial instruments | – | 102 | – | – | 102 |
| Share purchases – close period commitments | – | 212 | – | – | 212 |
| **Balance at 31 December 2022** | 22 | (263) | – | 526 | 285 |
| Foreign exchange differences on translation of foreign operations | – | – | – | (404) | (404) |
| Gain on net investment hedges | – | – | – | 108 | 108 |
| *Cash flow hedges:* | | | | | |
| Fair value loss arising on hedging instruments | – | – | (43) | – | (43) |
| Amounts reclassified to profit or loss | – | – | 44 | – | 44 |
| Share of other comprehensive income of associate undertakings | – | – | – | (1) | (1) |
| Recognition/derecognition of liabilities in respect of put options | – | 198 | – | – | 198 |
| **Balance at 31 December 2023** | 22 | (65) | 1 | 229 | 187 |
| Foreign exchange differences on translation of foreign operations | – | – | – | (70) | (70) |
| Loss on net investment hedges | – | – | – | (3) | (3) |
| *Cash flow hedges:* | | | | | |
| Fair value loss arising on hedging instruments | – | – | (35) | – | (35) |
| Amounts reclassified to profit or loss | – | – | 58 | – | 58 |
| Cost of hedging | – | – | (8) | – | (8) |
| Share cancellations | 5 | – | – | – | 5 |
| Net movement in own shares held by ESOP Trusts | – | – | – | (8) | (8) |
| Recognition/derecognition of liabilities in respect of put options | – | 25 | – | – | 25 |
| **Balance at 31 December 2024** | **27** | **(40)** | **16** | **148** | **151** |

The capital redemption reserve relates entirely to share cancellations.

The equity reserve primarily relates to the recognition/derecognition of liabilities in respect of put option agreements entered into by the Group as part of a business combination that allows non-controlling shareholders to sell their shares to the Group in the future. During 2023, the Company sold a portion of its ownership of FGS to KKR. As part of this transaction the previous put option granted to management shareholders was derecognised. During 2021, the Company entered into an agreement with a third party to conduct share buybacks on its behalf in the close period commencing on 16 December 2021 and ending on 18 February 2022, in accordance with UK listing rules. The commitment resulting from this agreement constituted a liability at 31 December 2021 and was also recognised as a movement in the equity reserve in the year ended 31 December 2021. After the close period ended on 18 February 2022, the liability was settled and the amount in other reserves was reclassified to retained earnings.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedges less amounts reclassified to profit or loss.

The translation reserve contains the accumulated gains/(losses) on currency translation of foreign operations arising on consolidation.

The translation reserve comprises:

| | **2024 £m** | 2023 £m | 2023 £m |
|---|---|---|---|
| Balance relating to continuing net investment hedges | **(86)** | (53) | (144) |
| Balance relating to discontinued net investment hedges | **(38)** | (68) | (85) |
| Balance relating to foreign exchange differences on translation of foreign operations | **272** | 350 | 755 |
| | **148** | 229 | 526 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 26. ORDINARY DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

| Per share | 2024 | 2023 | 2022 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|---|
| | Pence per share | | | £m | £m | £m |
| Final dividend in respect of the prior year | **24.4p** | 24.4p | 18.7p | **263** | 262 | 203 |
| Interim dividend in respect of the current year | **15.0p** | 15.0p | 15.0p | **162** | 161 | 162 |
| | **39.4p** | 39.4p | 33.7p | **425** | 423 | 365 |

| Per ADR[1] | 2024 | 2023 | 2022 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|---|
| | Cents per ADR | | | $m | $m | $m |
| Final dividend in respect of the prior year | **151.7¢** | 150.8¢ | 128.6¢ | **327** | 324 | 280 |
| Interim dividend in respect of the current year | **95.9¢** | 93.3¢ | 92.7¢ | **207** | 200 | 200 |
| | **247.6** | 244.1¢ | 221.3¢ | **534** | 524 | 480 |

Proposed final dividend for the year ended 31 December 2024:

| Per share | 2024 | 2023 | 2022 |
|---|---|---|---|
| | Pence per share | | |
| Final dividend | **24.4p** | 24.4p | 24.4p |

| Per ADR[1] | 2024 | 2023 | 2022 |
|---|---|---|---|
| | Cents per share | | |
| Final dividend | **156.0¢** | 151.7¢ | 150.8¢ |

**Note**

1 These figures have been translated for convenience purposes only, using the approximate average rate for the year of US$1.2785 (2023: US$1.2438, 2022: US$1.2363) This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated

The payment of dividends will not have any tax consequences for the Group.

Final dividends are paid in the subsequent year to which they relate.

At 31 December 2024 the WPP plc (the parent Company) distributable reserves amounted to £4,012 million (2023: £4,798 million) which, under the Companies (Jersey) Law 1991, is total reserves excluding share capital and capital redemption reserve. Further details of the Company's share capital are shown in note 24.

## 27. ACQUISITIONS

The Group acquired a number of subsidiaries in the year and in the prior year. The net assets of the business acquired are reflected in the Group's financial statements at their fair value at acquisition date. The fair value of the consideration and the assets and liabilities acquired are summarised below.

| | Fair value 2024 £m | Fair value 2023 £m |
|---|---|---|
| Intangible assets | **17** | 141 |
| Current assets | **20** | 41 |
| Other assets | **–** | 3 |
| Other liabilities | **–** | (49) |
| Other current liabilities | **(8)** | (37) |
| Other non-current liabilities | **(4)** | (6) |
| Deferred tax liabilities | **(4)** | (34) |
| **Net Assets** | **21** | 59 |
| Non-controlling interests | **–** | (2) |
| Goodwill | **34** | 298 |
| **Consideration** | **55** | 355 |
| Consideration satisfied by: | | |
| Cash | **47** | 227 |
| Payments due to vendors | **8** | 128 |

Goodwill arising from acquisitions represents the value of synergies and assembled workforce to deliver services to our clients. Goodwill that is expected to be deductible for tax purposes is nil (2023: £62 million).

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. There were no newly acquired subsidiaries with non-controlling interests that are individually material to the Group.

The contribution to revenue and operating profit of acquisitions completed in the year was not material. There were no material acquisitions completed between 31 December 2024 and the date the financial statements have been authorised for issue.

## 28. DISPOSALS OF SUBSIDIARIES

### DISPOSAL OF FGS GLOBAL

On 7 August 2024, the Group announced its intention to dispose of its 50.4% investment in FGS Global ("FGS"). On 2 December 2024, the disposal of FGS to Kite Bidco Inc., an entity controlled by Kohlberg Kravis Roberts & Co. L.P. ("KKR") was completed. Cash consideration of £613 million was received on the completion date. In addition, as part of the disposal agreement, loans owing by FGS to WPP Group entities totalling £93 million were settled. These loans were included as Borrowings in the balance sheet of FGS at disposal and were settled separately to the cash consideration.

| | £m |
|---|---|
| Goodwill | 448 |
| Intangible assets | 60 |
| Right of use assets | 59 |
| Cash and cash equivalents[1] | 93 |
| Trade and other receivables | 106 |
| Accrued income | 24 |
| Other assets | 29 |
| **Total assets** | **819** |
| | |
| Borrowings | (93) |
| Lease liabilities | (74) |
| Deferred income | (16) |
| Trade and other payables | (93) |
| Deferred tax liabilities | (33) |
| Other liabilities | (3) |
| **Total liabilities** | **(312)** |
| | |
| **Net assets** | **507** |
| | |
| Non-controlling interests | (100) |
| **Net assets disposed** | **407** |
| | |
| **Consideration received[1]** | **613** |
| | |
| **Gain on disposal before income tax and reclassification of foreign currency translation reserve** | **206** |
| Reclassification of foreign currency translation reserve | 69 |
| **Gain on disposal before income tax** | **275** |
| Income tax expense on gain | (79) |
| **Gain on disposal after income tax** | **196** |

**Note**

1 Consideration received less cash and cash equivalents disposed is included within 'Disposals of investments and subsidiaries' in investing activities in the consolidated cash flow statement

### OTHER DISPOSALS

Proceeds from the disposal of other investments and subsidiaries during the year, less cash and cash equivalents disposed, amounted to £33 million (2023: £99 million), which is included within 'Disposals of investments and subsidiaries' in investing activities in the consolidated cash flow statement.

## 29. RELATED PARTY TRANSACTIONS

The Group enters into transactions with its associate undertakings, primarily in relation to pass-through billing arrangements.

The following amounts were outstanding at 31 December 2024 and 2023:

| | **2024 £m** | 2023 £m |
|---|---|---|
| Amounts owed by related parties | **68** | 74 |
| Amounts owed to related parties | **(104)** | (75) |

There are no material provisions for doubtful debts relating to these balances and no material expense has been recognised in the income statement in relation to bad or doubtful debts for 2024 or 2023.

## 30. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that require disclosure.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WPP PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion, the consolidated financial statements of WPP plc (the "company") and its subsidiaries (together the "group"):

- give a true and fair view of the state of the group's affairs at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report & Accounts 2024 (the "Annual Report"), which comprise: the consolidated balance sheet at 31 December 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### INDEPENDENCE

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for Market-Traded Companies and we have fulfilled our other ethical responsibilities in accordance with these requirements. To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided subject to one exception. During 2023 and prior to our formal appointment as the group's auditors for the year ended 31 December 2024, we identified that we had been engaged by one of the group's subsidiaries to provide tax advice related to tax return disclosures for certain shareholders of that subsidiary, which is a prohibited service under paragraph 5.40 of the FRC Revised Ethical Standard 2019. The service related to an immaterial subsidiary that did not form part of our evidence in respect of the audit of the group's consolidated financial statements and had no impact on the accounting records or internal controls over financial reporting. Based on our assessment of this breach, the nature and scope of the service and the subsequent actions taken, we confirm that the provision of this service has not affected our professional judgements in connection with our audit and we therefore remained independent for the purposes of the audit.

Other than those disclosed in note 3, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### OUR AUDIT APPROACH

#### OVERVIEW

Audit scope

- PwC component teams were deployed to perform audit procedures at 46 in-scope reporting units, only one of which is considered to be individually financially significant due to size
- The group audit team completed audit procedures over the consolidation and material balances and transactions processed centrally
- The operating units where we conducted audit procedures, together with work performed at corporate functions and at the group level, accounted for approximately 56% of the group's revenue and approximately 80% of the group's total assets

Key audit matters

- Impairment assessment of goodwill related to the AKQA Group and Landor cash generating units

Materiality

- Overall materiality: £73m based on approximately 5% of headline profit before tax
- Performance materiality: £36m representing a 50% haircut on overall materiality

#### THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Impairment assessment of goodwill related to the AKQA Group and Landor cash generating units**<br><br>At 31 December 2024, the group had £7,610m (2023: £8,389m) of goodwill. The goodwill associated with AKQA Group and Landor cash generating units ("CGUs") amounted to £435m and £89m respectively. Goodwill is tested for impairment annually at 30 September or more frequently if impairment indicators exist. During the year, the group recognised a £237m impairment charge, of which £158m related to the AKQA Group.<br><br>Potential impairments are identified by comparing the recoverable amount of a CGU to its carrying value, including goodwill. The recoverable amount is determined as the higher of value in use or fair value less costs of disposal, both of which are estimated by management using discounted cash flow models.<br><br>The carrying value of goodwill is therefore dependent on estimates of future cash flows and there is a risk that if management does not achieve these cash flow estimates it could give rise to further impairment charges. This risk increases in periods when CGU trading performance does not meet expectations.<br><br>The impairment assessments performed by management contain a number of assumptions. The assumptions used included forecasted revenue less pass-through costs growth, operating margins, long-term growth rates and post-tax discount rates. Changes in these assumptions can result in materially different impairment charges or available headroom. Management has identified revenue less pass-through costs growth and operating margins as key sources of estimation uncertainty.<br><br>Refer to the critical judgements and estimation uncertainty in applying accounting policies section of the accounting policies and to note 11 for management's disclosures. | We evaluated and tested the design and operation of key controls in place over the goodwill impairment assessment process and over the group's forecasting process.<br><br>We obtained management's impairment models at 30 September 2024 and we validated their mathematical integrity and compliance with the applicable accounting standards. We validated the carrying amounts of the net assets subject to impairment testing to the underlying accounting records, making sure that there was appropriate consistency between the assets and liabilities that were included and the related cash flows. We tested the completeness and accuracy of the underlying data used in the discounted cash flow model, compared the cash flow projections to the strategic plan and assessed how these projections are compiled. We evaluated the historical accuracy of management's budgeting and forecasting.<br><br>We performed independent sensitivity analysis to identify the assumptions that could reasonably cause a material change in the impairment charge for AKQA Group and Landor. We evaluated the reasonableness of the assumptions including revenue less pass-through costs growth, operating margins, long-term growth rates and post-tax discount rates. We considered growth rates in comparison to past performance and external market and industry data to assess whether the forecasts are achievable and realistic. We considered whether the assumptions were consistent with evidence obtained in other areas of the audit.<br><br>Deploying our valuations experts, we assessed the long-term growth rate and post-tax discount rate applied to each CGU compared with third party information, the group's cost of capital and relevant risk factors. We also compared the earnings multiples implied by the discounted cash flow models to recent acquisitions and peer companies.<br><br>Management assessed that climate change factors do not have a material impact on the recoverable value of the CGUs. We considered the extent to which each CGU and the underlying client sectors which it serves are exposed to climate change risk and the forecast cost required to meet the group's carbon reduction commitments.<br><br>We checked for any additional indicators of impairment at 31 December 2024 by considering full year performance and latest forecasts.<br><br>We have assessed management's disclosures in light of the impairment testing we performed and IFRS requirements.<br><br>Based on the procedures performed, we noted no material issues arising from our work. |

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WPP PLC CONTINUED

## HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls and the industry in which it operates.

The financial statements are a consolidation of over 750 components, which comprise the group's operating businesses along with its centralised functions at the group, network and regional levels. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the components by us, as the group engagement team, or by component auditors of other PwC network firms under our instruction. We deployed component auditors to perform audit procedures at 46 in-scope components, including one financially significant component due to size in the US. We performed further audit procedures centrally over financial information at an additional 44 components to achieve sufficient coverage over consolidated balances and transactions. We supplemented these procedures over the group's operating businesses by completing testing at the network and regional levels, covering the network and regional hubs for all operating businesses included in our scope.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In addition to instructing and reviewing the reporting from our component audit teams, we were in regular dialogue with all of our component teams throughout the audit period, we led audit planning workshops and calls with key component team leaders to align on risk assessment and approach to key areas of the audit, we conducted file reviews for certain components and we participated in key meetings with local management. We made site visits to the US, China, Australia and Germany to meet with our component teams and local management in the group's largest markets in person. We also undertook the same oversight procedures for the UK-based components included in our scope for which our component teams are based in the same office as the group audit team.

The consolidation, financial statement disclosures and certain balances and transactions processed centrally by management in the UK were audited by the group audit team. This included procedures related to taxation, treasury, pensions, impairment and elements of expected credit losses on trade receivables.

Taken together, the audit procedures carried out by the group and component audit teams provided coverage of approximately 56% of the group's revenue and approximately 80% of the group's total assets. No individual component not included in our group audit scope contributed more than 3% to the group's revenue. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This coverage was before considering the contribution to our audit evidence from performing audit work at the group level, including disaggregated analytical review procedures, which covered certain of the group's smaller and lower risk components that were not directly included in our group audit scope.

## THE IMPACT OF CLIMATE RISK ON OUR AUDIT

Our audit involved enquiring with management to understand the process to assess the extent of the potential impact of climate-related risks on the group and its consolidated financial statements. The group identified the following climate-related risks: increased frequency of extreme weather and climate-related natural disasters; delivering carbon reduction commitments; change in regulation and reporting standards; and increased reputational risk associated with misrepresenting environmental claims in marketing and advertising content and working on client briefs perceived to be environmentally detrimental. We considered the completeness of these risks by reference to our knowledge of the business, the risks identified by competitors and other sources such as the group's submission to the Carbon Disclosure Project. As disclosed within the accounting policies section of the consolidated financial statements, management has assessed there to be no material impact of climate change on the consolidated financial statements.

We assessed that the key area in the consolidated financial statements which is more likely to be materially impacted by climate change is the recoverability of goodwill. As part of our audit, we challenged how management had identified and incorporated the costs of meeting its 2025 scope 1 and 2 and 2030 scope 3 reduction targets within the forecasts. We also considered other areas of the financial statements dependent on forecasts, including the recoverability of deferred tax assets and the group's going concern assessment. Due to the short time horizon of the going concern assessment and the period over which deferred tax assets are recovered, we concluded that climate change does not have a material impact over these judgements. We evaluated how management assessed the exposure to physical risks at its key locations and whether the useful economic lives over which property-related assets are depreciated were appropriate in this context. We did not identify any matters as part of this work which were inconsistent with the disclosures in the Annual Report or which led to any material adjustments to the consolidated financial statements. In addition, with the assistance of PwC specialists, we assessed the Task Force on Climate-Related Financial Disclosures ("TCFD") recommended disclosures and we read the disclosures made in relation to climate-related risks in the other information within the Annual Report. We considered the consistency of these disclosures with the consolidated financial statements and the knowledge obtained from our audit. Our responsibility over the other information presented in the Annual Report is further described in the reporting on other information section of our report.

Our procedures did not identify any material impact in the context of our audit of the consolidated financial statements as a whole or on our key audit matter for the year ended 31 December 2024.

### MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| **Overall group materiality** | £73m |
|---|---|
| **How we determined it** | Approximately 5% of headline profit before tax |
| **Rationale for benchmark applied** | The group's principal measure of performance is headline profit, which excludes certain items from statutory profit that management believes are non-trading and/or that are large, unusual and non-recurring. We took this measure into account in determining our materiality as it is the metric against which the performance of the group is most commonly assessed by management and reported to shareholders. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £4m and £30m. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was set at 50% of overall materiality, amounting to £36m for the consolidated financial statements.

In determining the performance materiality, we considered a number of factors, including the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls along with the fact that this was a first year audit, and we concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating and testing the group's key controls over the going concern and budgeting and forecasting process;
- Evaluating management's base case and severe but plausible downside scenarios by validating key assumptions including revenue less pass-through costs and forecast operating margins. We also assessed management's reverse stress test and we considered whether the declines in revenue less pass-through costs needed to eliminate the available liquidity were reasonably possible by reference to past experience. This work also considered the appropriateness of the mitigating measures modelled by management in the event of such declines;
- Assessing the historical accuracy and reasonableness of management's budgeting and forecasting;
- Validating the liquidity available to the group including through reviewing and understanding the key terms of all committed debt facilities and assessing the availability of the facilities. We also validated that scheduled debt repayments had been incorporated into the directors' assessment;
- Testing the mathematical integrity of management's models and liquidity headroom, sensitivity and reverse stress testing calculations; and
- Assessing the adequacy of the related going concern disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WPP PLC CONTINUED

## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance section is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the group or to cease operations or have no realistic alternative but to do so.

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the US Foreign Corrupt Practices Act and UK Bribery Act and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK and overseas tax legislation, the Companies (Jersey) Law 1991, the UK Listing Rules and the US Securities and Exchange Commission rules and regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and we determined that the principal risks were related to the manipulation of reported results through the posting of inappropriate journal entries and management bias in accounting for key estimates and in identifying and reporting headline adjustments. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Inquiries of management, internal audit, the group's internal and external legal counsel and the business integrity team, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Inspecting correspondence, if any, with regulators and tax authorities and consideration of the impact, if any, on our audit and the disclosures made in the financial statements;
- Reviewing minutes of meetings of those charged with governance including the Board and Audit and Compensation Committees and reviewing internal audit, business integrity and other compliance reports;
- Evaluating and testing management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unexpected account combinations;
- Assessing matters reported on the group's whistleblowing helpline and understanding and evaluating the results of management's investigation of such matters;
- Evaluating items excluded from headline profit and validating that these adjustments are consistent with the group's policies and historical practice; and
- Challenging assumptions and judgements made by management in determining key accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## OTHER REQUIRED REPORTING

### COMPANIES (JERSEY) LAW 1991 EXCEPTION REPORTING

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the company or proper returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the members on 8 May 2024 to audit the financial statements for the year ended 31 December 2024 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

## OTHER MATTER

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R to 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

## OTHER VOLUNTARY REPORTING

### DIRECTORS' REMUNERATION

The company voluntarily prepares a Compensation Committee Report in accordance with the provisions of the UK's Companies Act 2006. The directors requested that we audit the part of the Compensation Committee Report specified by the UK's Companies Act 2006 to be audited as if the company were a UK quoted company.

In our opinion, the part of the Compensation Committee Report to be audited has been properly prepared in accordance with the UK's Companies Act 2006.

**Giles Hannam**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognised Auditor
London
28 March 2025