

KANTAR GLOBAL HOLDINGS S.à r.l.

Consolidated Financial Statements

As of and for the year ended 31 December 2020

Company number

B237802

Registered office

4, rue Lou Hemmer

L-1748 Senningerberg

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

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Management Report

The Board of Managers of Kantar Global Holdings S.à r.l. (formerly Summer (BC) Lux Consolidator S.à r.l.) ("the Company") is pleased to present their management report for the year ended 31 December 2020.

Principal activity and business developments

The Group's principal activity is the provision of global data, research, consulting and analytics products and services offering a comprehensive combination of attitudinal and behavioural data (i.e., understanding the way consumers think, feel, shop, share, vote and view) and serving over 20,000 clients in more than 100 countries. We aggregate and connect multiple data sources including our own proprietary data as well as client, third party and public data, to provide trusted and increasingly real time, predictive and actionable insights and analytics to assist clients in making evidence-based decisions.

From December 2019 to October 2020 the Company acquired controlling interests in entities comprising the Kantar business of WPP plc, which retains a 40% interest in Kantar. In March 2020 the Company acquired 100% of Mavens of London, and in December 2020 the Company agreed the sale of its Health division.

These financial statements consolidate the financial performance, financial position and cash flows of Kantar Global Holdings S.à r.l. and its subsidiary undertakings (the "Group") for the year ended 31 December 2020. The comparative period in these financial statements is from 13 September 2019 to 31 December 2019, with trading activities commencing on 5 December 2019 with the completion of the first stage of the Kantar acquisition.

Further information about Kantar and its unaudited pro-forma results for the year ended 31 December 2020 is given in Appendix 2 after the Consolidated Financial Statements.

Revenue

Revenues of \$2,837.7 million (2019: \$285.7 million) in the year ended 31 December 2020 reflect the impact of the Kantar business that was acquired progressively in stages from 5 December 2019 onwards.

Operating loss and earnings before interest, tax, depreciation and amortisation ("EBITDA")

The operating loss of \$210.8 million (2019: \$36.3 million) includes \$9.1 million (2019: \$64.4 million) of Kantar acquisition-related costs and \$280.9 million (2019: \$10.5 million) of costs related to the post-acquisition restructuring and transformation of Kantar. It also includes \$229.6 million (2019: \$18.1 million) of amortisation charges arising on the fair value of intangible assets recognized on the acquisition of Kantar. Adding back other depreciation, amortisation and impairment costs of \$121.1 million (2019: \$8.2 million) and \$8.1 million (2019: \$3.7 million) of other items results in EBITDA for the period of \$438.0 million (2019: \$68.6 million).

Net finance costs

Net finance costs of \$251.7 million (2019: \$17.7 million) include \$215.7 million (2019: \$27.9 million) of interest charges on borrowings and a gain of \$nil (2019: \$20.3 million) recognised on the hedging of the conversion of EUR-denominated debt to USD required to purchase Kantar. Other net interest charges, foreign exchange losses on financing, and the revaluation of financial instruments account for the remaining net finance costs of \$36.0 million (2019: \$10.1 million).

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Taxation

The overall tax credit for the year was \$5.6 million (2019: tax charge of \$6.4 million). The tax credit differs from the UK benchmark statutory rate of 19% due to the factors outlined in note 7.

Goodwill and acquired intangible assets

Goodwill at the end of the year was \$1,681.3 million (2019: \$1,616.8 million). This is represented by goodwill arising on the acquisitions of Kantar and Mavens. Other identifiable intangible assets of \$2,007.8 million (2019: \$2,112.1 million) comprise customer relationships of \$1,379.6 million (2019: \$1,460.1 million), technology and databases of \$327.4 million (2019: \$329.9 million) and the Kantar trade name of \$300.8 million (2019: \$322.1 million) (see note 9). Further details about the fair values of the identifiable net assets recognized on the acquisition of Kantar and Mavens are given in note 24.

Borrowings

See note 19 for details of the Group's borrowings.

Cash flow

Cash and cash equivalents increased by \$118.7 million (2019: \$510.6 million) in the year, including the acquisition of \$171.2 million (2019: \$453.5 million) of cash and cash equivalents in Kantar and Mavens.

Cash generated from operations before acquisition-related transaction and post-acquisition restructuring and transformation costs of \$290.0 million (2019: \$74.9 million) was \$876.2 million (2019: \$61.2 million). Operating activities also resulted in net cash interest costs of \$213.8 million (2019: \$0.6 million), corporate income tax payments of \$79.5 million (2019: \$11.8 million) and dividends received from associated companies of \$10.3 million (2019: \$10.0 million).

Financing activities resulted in net cash inflows from borrowings and capital raising of \$160.6 million (2019: \$2,639.7 million) with \$359.5 million (2019: \$2,553.4 million) of investing outflows to pay cash and contingent consideration for the acquisition of Kantar and Mavens. Other investing activities included capital expenditure of \$84.1 million (2019: \$19.4 million).

Principal risks and uncertainties

The managers continually identify, evaluate and manage material risks and uncertainties faced by the Group, which could adversely affect the business, performance and financial position. See the section *Recent developments and subsequent events* below for information about COVID-19. The Managers consider the other principal risks and uncertainties facing the business to comprise the following:

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<u>Risk</u> Uncertainty, downturns and changes in the markets that we serve, in particular in the consumer-packaged goods and food and beverage industries.	
<u>Potential impact</u> A significant downturn could impact our revenue growth and recovery post COVID-19.	<u>How we manage the risk</u> The consumer-packaged goods and food and beverage industries while impacted has generally held up better than other industries (e.g. hospitality and leisure) during COVID-19. We have thousands of contracts with our top 20 clients representing less than 25% of our overall revenues. We have focused global account leads working with our bigger clients allowing us to stay connected as a trusted advisor with unique data assets positioning us with the potential to gain share during significant change. We have seen during the pandemic that even though some industries are more impacted than others it really is a client specific impact as we see both growth and decline with clients in every segment including those heavily impacted such as hospitality.
<u>Risk</u> Competition in the markets in which we operate.	
<u>Potential impact</u> Losing share to new and traditional competitors.	<u>How we manage the risk</u> We are one of the few truly global companies in our market segment, operating in over 100 markets, which gives us a breadth and scale that a very limited number of companies can compete against. We are continually evolving our offers to be more technology enabled to stay ahead of potential new entrants including offers such as the Holistic Brand Guidance (“HBG”) offering. HBG expands and improves our traditional brand tracking offer by leveraging data from Kantar, our clients and third parties to provide more real-time and cost-effective insights into the drivers of brand equity and sales performance. These advanced technology and marketing solutions allow us to provide more real-time services and continue broadening our client footprint with new business models. In addition, our big data service, Worldpanel+ (“WP+”), enables accelerated and cost-effective data collection. WP+ harnesses the use of smartphones to quantify shopping trips and the motives behind them via our proprietary app Shoppix. WP+ is enabled by a combination of receipt scanning technology and automated brand and category classification. This service enables us to offer existing Worldpanel clients more granular data and analysis while also appealing to new clients (typically smaller brands) that historically could not have been adequately covered by the size of our traditional panels.

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<u>Risk</u>	
Reduction of our revenues generated from subscription-based agreements.	
<u>Potential impact</u>	<u>How we manage the risk</u>
A significant reduction in revenues generated from subscription-based agreements could impact our revenue growth and recovery post COVID-19.	Our subscription-based agreements are predominantly in our syndicated businesses which represents approximately one-third of our revenue. We have long standing relationships in our syndicated businesses that include multi-year contracts in areas such as Audience Measurement. The barriers to entry in our syndicated businesses are high and the measurements and behavioural data they provide are highly valued by clients, as evidenced by continued resilience in these areas during COVID-19 crisis. We have continued to make investments in new offerings to support measurement across multiple media platforms, including our Cross-Media Audience Measurement (“CMAM”), an evolution of our traditional, panel based audience measurement where all video audiences, both linear and non-linear (e.g., TV, computer and mobile), can be tracked and reported. We believe that we are well positioned to extend our leadership position into the digital viewership space as a trusted incumbent with the required technology to accurately measure an evolving and complex landscape. The need for a third-party provider will continue to exist even with the increasing importance of digital viewership as clients will seek to have unduplicated viewership information across traditional and digital platforms. In addition, we are a global market leader in the consumer purchase panel market, with Worldpanel being a leader in most markets outside the United States, particularly in Europe and in major emerging markets in Asia and Latin America. We take advantage of the depth, breadth and accuracy of our data, knowledge of local markets and advanced analytical tools to help clients improve their market competitiveness and return on marketing and trade investment. We have been quick to respond to recent market disruptions caused by alternative models to measure consumer behaviour, such as fusing various data sources (e.g., points of sale (“PoS”), consumer panel and loyalty card data) and receipt scanning, including through the ongoing roll-out of WP+ in select markets, developing significantly enhanced panel sizes at lower cost and continuously improving quality.

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<u>Risk</u> Our failure to attract and retain skilled employees and senior management personnel.	
<u>Potential impact</u> Losing share to competitors due to not having and retaining key talent to drive revenue and offer.	<u>How we manage the risk</u> We are an established global market research organisation with market-leading positions in major segments with top positions in core markets and serving clients in over a hundred countries. This makes us a highly attractive employer for skilled talent. We are working across the businesses to embed collaboration and investing in training and development to continue to retain and attract talented people.
<u>Risk</u> Adverse developments in the legislative and regulatory environment, including regarding privacy and data protection.	
<u>Potential impact</u> We may be subject to investigations, enforcement action, legal claims, incur fines, damages, costs and potential client loss if we fail to adequately protect data or observe privacy legislation in every instance.	<u>How we manage the risk</u> We develop policies on privacy and data protection and compliance with local laws. We implemented extensive training ahead of GDPR implementation in 2018 and the roll out of a GDPR toolkit to assist our people to prepare for implementation and will do the same as new legislation is adopted in other markets. We have hired multiple data privacy experts whose role it is to manage our risk in this area and they have developed and implemented robust policies and training to our employees.
<u>Risk</u> The Group uses various financial instruments including cash, trade receivables, bank overdrafts, debt and trade payables that arise directly from its operations.	
<u>Potential impact</u> The existence of these financial instruments exposes the Group to a number of financial risks, including foreign currency risk, interest rate risk, liquidity risk, credit risk and capital risk.	<u>How we manage the risk</u> Details of the Group's risk management policies relating to financial instruments, can be found in note 18 of the Consolidated Financial Statements.

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<u>Risk</u> Any significant system disruption due to the failure of our information technology systems and network, including due to hacker intrusion, malicious viruses and cybercrime attacks.	
<u>Potential impact</u> A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects and have an impact on long-term reputation and lead to potential client losses.	<u>How we manage the risk</u> We continue to upgrade and enhance our IT networks and security as part of our overall transformation program. We monitor and log our network and systems and keep raising our people's security awareness through our training. There has been a heightened focus on monitoring our network and systems and raising awareness of the potential for phishing and other cyber-attacks during the period of remote working and an increased focus on our control environment.

Recent developments and subsequent events

(a) Impact of COVID-19

As with all businesses, the Group is being impacted by the COVID-19 pandemic. The Group continues to monitor and take measures to mitigate the effects of the global challenges associated with COVID-19 in several respects.

Our first priority is the safety of our people and the resilience of the business; operations in most of our locations moved to remote working in 2020 and we are in various stages of returning to the office depending on the country in 2021. The transition to remote working went remarkably well as our employees have shown tremendous focus and flexibility, partnering with our clients to continue to provide critical attitudinal and behavioural data that delivers real-time insight.

We began 2020 with growth against prior year and ahead of our annual plan through February. In March, we saw the impact of COVID-19 on our business which started in China and has spread to all of our markets. As a response, we implemented a series of mitigation measures, including both top-down and targeted country-by-country actions on our costs, cash flow and working capital. These measures were a combination of temporary measures and an acceleration of the transformation plan that had started to be implemented in the business after closing a and that was a core part of the investment thesis.

The second quarter represented our most difficult quarter with revenue decline of 20% versus 2019. Each subsequent quarter has shown improvement and we are currently trading back at pre-pandemic levels in the first quarter of 2021.

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(b) M&A activity

On 1 April 2021 the Group completed the divestment of substantially all of the Health division to Cerner Corporation in accordance with the definitive agreement announced on 16 December 2020, and the obtained approvals of all relevant authorities. The remainder of the divestment, relating to China and Taiwan, is expected later in 2021. The Health division has been classified as held for sale as at 31 December 2020, as described in note 14.

On 19 April 2021 the Group announced that it had reached a definitive agreement with Vista Equity Partners to acquire Numerator, a Chicago-based, tech-driven consumer and market intelligence company. Numerator blends proprietary data, including a digital panel of over one million U.S. consumers, with advanced technology to create unique insights that help companies understand their customers in real time and identify growth opportunities. In the near-term, Numerator will continue to operate as a stand-alone business. Longer term, the combination of complementary geographies, technologies, methodologies and data is expected to create a step-change in global consumer insights for brands and retailers. The transaction is expected to complete by Q3 2021, subject to the relevant legal and regulatory processes.

Going concern

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 financial statements. They 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.

As explained in the COVID-19 update section above, the Group revised its forecasts and projections through June 2022, taking account of reasonably possible declines in revenue and remote declines in revenue for stress-testing purposes as a consequence of the COVID-19 pandemic. The revised forecasts included the impact of the Numerator acquisition (note 28). To evaluate the strength of the Group's liquidity and headroom on its financial covenants, the forecasts modelled certain revenue declines, ranging from 10% to 30% in 2021 from our conservative April reforecast which we are trading well ahead of through March 2021. The forecasts factored in the accelerated transformation plan as explained in the COVID-19 update section above. Furthermore, the stress tests included additional cost mitigation actions the Group could take in the event of further revenue declines.

These cost mitigations and transformation plans are a fundamental element of providing sufficient liquidity and covenant headroom. Under all the stress-tested scenarios the Group would be able to operate with appropriate liquidity and headroom on its financial banking covenant and would be able to meet its liabilities as they fall due. We therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Consolidated Financial Statements have been prepared on a going concern basis of accounting.

Research and development

During the year, the Group incurred \$55.3 million (2019: \$17.1 million) of cost related to research and development.

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Acquisition of own shares

The Group did not acquire any of its own shares during the year to 31 December 2020.

Signed on behalf of the Board of Managers



Isabelle Dardard Arker

Manager

Luxembourg, 28 April 2021

To the Partners of

Kantar Global Holdings S.à r.l. (Formerly Summer (BC) Lux Consolidator S.à r.l.)

4, rue Lou Hemmer

L - 1748 Senningerberg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kantar Global Holdings S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé*" for the Audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 of the consolidated financial statements, which describes that presentation of cash and overdrafts had previously not complied with *IAS 32 Financial Instruments: Presentation* due to the incorrect offsetting of the notional cash pooling arrangements. The impact of this is that cash and short-term deposits and bank overdrafts increases by \$547.5 million as of December 31, 2019. In application of IAS 8, this correction of error has been retrospectively applied to the comparative figures as at December 31, 2019.

Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the Group and Those Charged with Governance for the Consolidated Financial Statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is 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 Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Responsibilities of the “réviseur d’entreprises agréé” for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of the Board of Managers’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Luc Brucher, *Réviseur d'entreprises agréé*
Partner

April 29, 2021

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Consolidated Statement of Income

For the year ended 31 December 2020

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Revenue	2	2,837.7	285.7
Costs of services	3	(2,663.8)	(228.7)
Gross profit		173.9	57.0
General and administrative costs	3	(384.7)	(93.3)
Operating loss		(210.8)	(36.3)
Share of results of associates	4	13.3	3.8
Loss before interest and taxation		(197.5)	(32.5)
Finance income	6	5.4	0.4
Finance costs	6	(265.3)	(38.0)
Revaluation of financial instruments	6	8.2	19.9
Loss before taxation		(449.2)	(50.2)
Taxation	7	5.6	(6.4)
Loss for the year/period		(443.6)	(56.6)
Attributable to:			
Equity holders of the parent		(266.5)	(35.7)
Non-controlling interests		(177.1)	(20.9)
		(443.6)	(56.6)

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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Loss for the year/period		(443.6)	(56.6)
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		(222.4)	(8.6)
Fair value movements on derivatives in effective hedge relationships		(3.6)	-
		(226.0)	(8.6)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension plans	17	(1.8)	(0.9)
Deferred tax on defined benefit pension plans	12	0.7	0.5
		(1.1)	(0.4)
Other comprehensive loss for the year/period		(227.1)	(9.0)
Total comprehensive loss for the year/period		(670.7)	(65.6)
Attributable to:			
Equity holders of the parent		(402.3)	(40.2)
Non-controlling interests		(268.4)	(25.4)
		(670.7)	(65.6)

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Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020	2019 (restated*)
		\$m	\$m
Non-current assets			
Goodwill	9	1,681.3	1,616.8
Other intangible assets	9	2,007.8	2,112.1
Property, plant and equipment	10	159.0	161.8
Right-of-use assets	20	287.5	277.9
Interests in associates	11	87.2	89.3
Other investments	11	9.4	9.4
Corporate income tax recoverable		18.6	11.1
Deferred tax assets	12	123.5	80.1
Trade and other receivables	13	11.5	7.9
		<u>4,385.8</u>	<u>4,366.4</u>
Current assets			
Corporate income tax recoverable		34.5	28.1
Trade and other receivables	13	839.9	1,053.6
Cash and short-term deposits		1,274.5	1,082.8
Assets classified as held for sale	14	250.0	-
		<u>2,398.9</u>	<u>2,164.5</u>
Current liabilities			
Loans payable	19	(5.5)	(13.2)
Trade and other payables	15	(1,402.9)	(1,239.1)
Corporate income tax payable		(74.4)	(67.7)
Bank overdrafts	19	(648.1)	(572.2)
Short-term lease liabilities	20	(60.7)	(46.4)
Liabilities directly associated with assets classified as held for sale	14	(106.2)	-
		<u>(2,297.8)</u>	<u>(1,938.6)</u>
Net current assets		<u>101.1</u>	<u>225.9</u>
Total assets less current liabilities		<u>4,486.9</u>	<u>4,592.3</u>
Non-current liabilities			
Loans payable	19	(3,403.1)	(2,828.5)
Trade and other payables	15	(66.4)	(56.7)
Deferred tax liabilities	12	(548.1)	(583.4)
Provision for post-employment benefits	17	(58.4)	(42.8)
Provisions and other liabilities	16	(170.5)	(148.5)
Long-term lease liabilities	20	(236.3)	(225.6)
		<u>(4,482.8)</u>	<u>(3,885.5)</u>
Net assets		<u>4.1</u>	<u>706.8</u>
Equity			
Share capital	22	6.6	6.1
Share premium	23	426.1	390.8
Retained losses		(305.0)	(35.9)
Translation reserve		(164.4)	4.3
Equity attributable to owners of the Company		<u>(36.7)</u>	<u>365.3</u>
Non-controlling interests	30	40.8	341.5
Total equity		<u>4.1</u>	<u>706.8</u>

* The comparative information has been restated as disclosed in note 1.

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Called-up share capital	Share premium	Translation reserve	Retained losses	Total shareholder's equity	Non- controlling interests	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 13 September 2019	-	-	-	-	-	-	-
Ordinary shares issued	5.9	-	-	-	5.9	-	5.9
Shareholder contributions	-	382.3	-	-	382.3	-	382.3
Acquisition of subsidiaries	-	-	-	-	-	355.4	355.4
Loss for the period	-	-	-	(35.7)	(35.7)	(20.9)	(56.6)
Currency translation adjustment	0.2	8.5	(13.0)	-	(4.3)	(4.3)	(8.6)
Actuarial loss on defined benefit plans	-	-	-	(0.5)	(0.5)	(0.4)	(0.9)
Deferred tax on defined benefit plans	-	-	-	0.3	0.3	0.2	0.5
Other comprehensive loss	0.2	8.5	(13.0)	(0.2)	(4.5)	(4.5)	(9.0)
Balance at 31 December 2019 – as previously stated	6.1	390.8	(13.0)	(35.9)	348.0	330.0	678.0
Effect of prior period restatements	-	-	17.3	-	17.3	11.5	28.8
Balance at 31 December 2019 – as restated*	6.1	390.8	4.3	(35.9)	365.3	341.5	706.8
Acquisition of subsidiaries	-	-	-	-	-	12.7	12.7
Acquisition of minority interests	-	-	-	-	-	(21.0)	(21.0)
Loss for the period	-	-	-	(266.5)	(266.5)	(177.1)	(443.6)
Currency translation adjustment	0.5	35.3	(168.7)	-	(132.9)	(89.5)	(222.4)
Actuarial loss on defined benefit plans	-	-	-	(1.1)	(1.1)	(0.7)	(1.8)
Deferred tax on defined benefit plans	-	-	-	0.4	0.4	0.3	0.7
Fair value movements on derivatives in effective hedge relationships	-	-	-	(2.2)	(2.2)	(1.4)	(3.6)
Other comprehensive loss	0.5	35.3	(168.7)	(2.9)	(135.8)	(91.3)	(227.1)
Dividends paid	-	-	-	-	-	(24.2)	(24.2)
Capital contributions from shareholders	-	-	-	0.3	0.3	0.2	0.5
Balance at 31 December 2020	6.6	426.1	(164.4)	(305.0)	(36.7)	40.8	4.1

* The comparative information has been restated as disclosed in note 1.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019 (restated*)
		\$m	\$m
Operating activities			
Cash generated from operations	8	586.2	(13.7)
Interest received		5.5	0.4
Interest paid		(219.3)	(1.0)
Tax paid		(79.5)	(11.8)
Dividends from associates	11	10.3	10.0
Net cash inflow/(outflow) from operating activities		303.2	(16.1)
Investing activities			
Acquisition of subsidiaries	24	(170.2)	(2,093.8)
Deferred and contingent consideration paid		(18.1)	(6.1)
Purchases of property, plant and equipment		(31.7)	(5.6)
Purchases of other intangible assets		(52.4)	(13.8)
Proceeds on disposal of property, plant and equipment		0.4	0.4
Earn-out payments	15	(12.2)	(0.4)
Proceeds from sale of associates		0.3	-
Net cash outflow from investing activities		(283.9)	(2,119.3)
Financing activities			
Repayment of lease liabilities	20	(55.6)	(4.8)
Proceeds from issue of shares	22	-	5.9
Proceeds from shareholder contributions	23	-	382.3
Proceeds from borrowings	8	632.0	2,237.7
Proceeds from loans from related parties	8	-	85.7
Repayment of borrowings	8	(351.2)	(57.0)
Repayment of loans from related parties	8	(120.2)	(14.9)
Dividends paid to non-controlling interests in subsidiaries		(24.2)	-
Net cash inflow from financing activities		80.8	2,634.9
Net increase in cash and cash equivalents		100.1	499.5
Effect of foreign exchange rate changes		18.6	11.1
Cash and cash equivalents at the beginning of the year/period		510.6	-
Cash held in disposal group presented as held for sale		(2.9)	-
Cash and cash equivalents at the end of the year/period	8	626.4	510.6

* The comparative information has been restated as disclosed in note 1.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies

General information

Kantar Global Holdings S.à r.l. (formerly Summer (BC) Lux Consolidator S.à r.l.) was incorporated on 13 September 2019 in Luxembourg and is limited by shares. The registered office is 4, rue Lou Hemmer L-1748 Senningerberg.

These Consolidated Financial Statements are presented in United States Dollars because that is the currency of the primary economic environment in which the Group operates, and are rounded to the nearest one hundred thousand.

The Group holds some of the world's leading research, data and insights brands operating in over a hundred countries worldwide. They cover a breadth of techniques and technologies, including purchase and media data, predicting long term trends, neuroscience, exit polls, large scale quantitative studies, qualitative research, incorporating ethnography, and semiotics.

Basis of preparation

The Consolidated Financial Statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Consolidated Financial Statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments, investments and defined benefit pension obligations. The significant accounting policies are set out on the following pages, all of which have been consistently applied to all periods presented in the Consolidated Financial Statements.

Going concern

As with all businesses, the Group is being impacted by the COVID-19 pandemic. The Group continues to monitor and take measures to mitigate the effects of the global challenges associated with COVID-19 in several respects.

Our first priority is the safety of our people and the resilience of the business; operations in most of our locations moved to remote working in 2020 and we are in various stages of returning to the office depending on the country in 2021. The transition to remote working went remarkably well as our employees have shown tremendous focus and flexibility, partnering with our clients to continue to provide critical attitudinal and behavioural data that delivers real-time insight.

We began 2020 with growth against prior year and ahead of our annual plan through February. In March, we saw the impact of COVID-19 on our business which started in China and has spread to all of our markets. As a response, we implemented a series of mitigation measures, including both top-down and targeted country-by-country actions on our costs, cash flow and working capital. These measures were a combination of temporary measures and an acceleration of the transformation plan that had started to be implemented in the business after closing and that was a core part of the investment thesis.

The second quarter represented our most difficult quarter with revenue decline of 20% versus 2019. Each subsequent quarter has shown improvement and we are currently trading back at pre-pandemic levels in the first quarter of 2021.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

The Group revised its forecasts and projections through June 2022, taking account of reasonably possible declines in revenue and remote declines in revenue for stress-testing purposes as a consequence of the COVID-19 pandemic. The revised forecasts included the impact of the Numerator acquisition (note 28). To evaluate the strength of the Group's liquidity and headroom on its financial covenants, the forecasts modelled certain revenue declines, ranging from 10% to 30% in 2021 from our conservative April reforecast which we are trading well ahead of through March 2021. The forecasts factored in the accelerated transformation plan, and the stress tests included additional cost mitigation actions the Group could take in the event of further revenue declines.

These cost mitigations and transformation plans are a fundamental element of providing sufficient liquidity and covenant headroom. Under all the stress-tested scenarios the Group would be able to operate with appropriate liquidity and headroom on its financial banking covenant and would be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. We therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Consolidated Financial Statements have been prepared on a going concern basis of accounting.

Basis of consolidation

The Group's Consolidated Financial Statements comprise the financial statements of Kantar Global Holdings S.à r.l. and its subsidiaries presented as a single economic entity. The results for all the subsidiaries are prepared for the same reporting period, using consistent accounting policies across the Group.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- Contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

The Group reassess whether or not it controls an entity if facts and circumstances indicated that there are changes to one or more of the three elements of control above. Consolidation of a subsidiary begins when the Group obtains control over a subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where there is loss of control of a subsidiary, the Group derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Consolidated Statement of Income. Any investment retained is recognised at fair value.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interest may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the Consolidated Statement of Income from the effective date of acquisition or disposal.

New IFRS accounting pronouncements

In the current year, the following Standards and Amendments, became effective:

- Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases)
- Amendments to IFRS 3, 'Business combinations', definition of a business
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', definition of material
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to the Conceptual Framework in IFRS Standards

The adoption of these amendments has not led to any material changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New IFRS accounting pronouncements not yet adopted

At the date of authorisation of these financial statements, the following Standards, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Standards and Amendments listed above that are not yet effective, are not expected to have a material impact on the Group in the current or future reporting periods.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Business combinations

The acquisitions of subsidiaries and other asset purchases which are assessed as meeting the definition of a business under IFRS 3 Business Combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition and integration costs are expensed as incurred.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any), over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the Consolidated Statement of Income.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors and any such payments are expensed when they relate to future employment.

Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent on the future financial performance of the interests acquired (typically over a four- to five-year period following the year of acquisition) and assume the operating companies improve profits in line with Managers' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in the Consolidated Statement of Income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Equity transactions

Where there is a change of ownership of a subsidiary without a change of control, the difference between the consideration and the relevant share of the carrying amount of net assets acquired or disposed of the subsidiary is recorded in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount at which the non-controlling interests are adjusted and the fair value of the consideration is recognised directly in equity.

Goodwill and other intangible assets

Intangible assets comprise goodwill, trade names, customer relationships, and technology and databases acquired through business combinations.

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of cash-generating units) expected to benefit from the synergies of the combination. Groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets

Identifiable intangible assets acquired as part of a business combination are recognised separately from goodwill if their fair 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. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

- Trade name – 10 years.
- Customer-relationships – 12 years.
- Technology and databases – 5 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Consolidated Statement of Income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The expected useful economic lives of intangible assets are reviewed annually. The Group does not have any intangible assets with indefinite lives (excluding goodwill).

Assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if: their carrying amount will be recovered principally through sale, rather than continuing use; they are available for immediate sale; and the sale is highly probable. A disposal group consists of assets that are to be disposed of, by sale or otherwise, in a single transaction together with the directly associated liabilities. Goodwill arising from business combinations is included for CGUs which are part of the disposal group.

On initial classification as held for sale, non-current assets or components of a disposal group are remeasured at the lower of their carrying amount and fair value less costs to sell. Any impairment of a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis. Impairment on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Consolidated Statement of Income. Gains are not recognised in excess of any cumulative impairment.

No amortisation or depreciation is charged on non-current assets (including those in disposal groups) classified as held for sale. Assets classified as held for sale are disclosed separately on the face of the Consolidated Statement of Financial Position and classified as current assets or liabilities, with disposal groups being separated between assets held for sale and liabilities held for sale.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any provision for impairment with the exception of freehold land which is not depreciated. The Group assesses the carrying value of its property, plant and equipment annually, to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. The estimated useful lives and residual values are also reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is provided at rates calculated to write off 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 land and buildings – over the term of the lease or the useful economic life of the asset, if shorter.
- Fixtures, fittings, equipment and motor vehicles – 3-10 years.

Interests in associates

Associates are undertakings over which the Group exercises significant influence, usually from 20%–50% of the equity voting rights. In certain circumstances, significant influence may be represented by factors other than ownership and voting rights, such as representation on the Board of Directors.

The Group's share of the profits less losses of associate undertakings net of tax, interest and non-controlling interests is included in the Consolidated Statement of Income and the Group's share of net assets is shown within interests in associates in the Consolidated Statement of Financial Position. The Group's share of the profits less losses and net assets is based on current information produced by the undertakings, adjusted to conform with the accounting policies of the Group.

The Group assesses the carrying value of its associate undertakings to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the Group applies the requirements of IAS 36 in assessing the carrying amount of the investment. This process includes comparing its recoverable amount with its carrying value.

Other investments

According to IFRS 9 Financial Instruments, the Group recognised certain equity investments at fair value through other comprehensive income or fair value through profit or loss. Movements in fair value through profit or loss are recorded in the Consolidated Statement of Income within revaluation of financial instruments.

Accrued and deferred income

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities and are typically related to prepayments for third party expenses that are incurred shortly after billing.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Income.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, in hand, demand deposits with banks, loans and advances to banks, certificates of deposits and other receivables together with short-term deposits with an original maturity of three months or less. There are no restricted cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, net of provisions for bad and doubtful debts. The Group applies the requirements of IFRS 9 Financial Instruments, recognising lifetime expected credit losses for trade receivables and contract assets.

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The Group measures expected credit losses based on the ageing of the receivable, based on the Group's historical experience and informed credit assessment.

Further details on provisions for bad and doubtful debts are provided in note 13.

Work in progress includes 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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Trade and other payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Liabilities in respect of option agreements

Option agreements that allow the Group's minority shareholders to require the Group to purchase a non-controlling interest are treated as derivatives over equity instruments and are recorded in the Consolidated Statement of Financial Position initially at the present value of the redemption amount in accordance with IAS 32 Financial Instruments: Presentation and subsequently measured at fair value in accordance with IFRS 9 Financial Instruments. The movement in the fair value is recognised as income or expense within revaluation of financial instruments, in the Consolidated Statement of Income.

Borrowings

Interest-bearing debt is initially recorded at the proceeds received, net of direct issue costs. Subsequently it is measured at amortised cost using the effective interest method. The amortised cost calculation is revised when necessary to reflect changes in the expected cash flows and the expected life of the borrowings including the effects of the exercise of any prepayment, call or similar options. Any resulting adjustment to the carrying amount of the borrowings is recognised as interest expense in the Consolidated Statement of Income.

Debt issuance costs

Debt issuance costs are recognised in the Consolidated Statement of Income over the term of the related borrowings using the effective interest rate method.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The derivative instruments utilised by the Group to hedge these exposures are interest rate swaps and caps and foreign exchange forward contracts. The Group does not use derivative contracts for speculative purposes. Where an effective hedge is in place against changes in the fair value of borrowings, the hedged borrowings are adjusted for changes in fair value attributable to the risk being hedged with a corresponding income or expense included in the Consolidated Statement of Income within finance costs. The offsetting gains or losses from remeasuring the fair value of the related derivatives are also recognised in the Consolidated Statement of Income within finance costs.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated under IFRS 9 as a hedging instrument and, if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- Hedges of a change of fair value of recognised assets and liabilities or firm commitments (fair value hedge)
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedges of a net investment in a foreign operation (net investment hedge)

The Group designates and documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Consolidated Statement of Income relating to the hedged item.

Cash flow hedge

Changes in fair value of derivative financial instruments that are designated, and effective, cash flow hedges of forecast transactions are recognised in other comprehensive income. The cumulative amount recognised in other comprehensive income is reclassified into the Consolidated Statement of Income out of other comprehensive income in the same period when the hedged item is recognised in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument in relation to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Income. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss when the hedged item is disposed of.

Discontinuation of hedge accounting

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Consolidated Statement of Income in the period.

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

IBOR reform

At the Consolidated Statement of Financial Position date, the Group was exposed to two benchmark interest rates, US Dollar London Inter-bank Offered Rate (US LIBOR) and the Euro Interbank Offered Rate (EURIBOR). The Group also has the option to borrow in GBP Sterling based on GBP London Inter-bank Offered Rate (GBP LIBOR) under a multi-currency revolving credit facility. The USD LIBOR and EURIBOR interest rates are found in the Group's floating rate borrowings, and certain derivative contracts.

There are no changes in respect of EURIBOR within the Group's financing or risk management activities.

In respect of GBP LIBOR, transition arrangements for borrowing facilities will be completed in 2021.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

In respect of USD LIBOR, the Group expects to complete transition arrangements for borrowing facilities and interest rate derivatives by 30 June 2023 when the USD LIBOR transitions to Secured Overnight Finance Rate (SOFR).

There have been no changes to the Group's risk management strategy due to IBOR reform.

Revenue recognition

The Group is the world's leading data, insights and consulting company. 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.

Revenue comprises fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts.

Revenue includes pass-through fees; these are fees charged directly to clients reflecting costs that the Group pays to external suppliers engaged to perform part or all of a specific project, and are predominantly data collection costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

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. Generally, the performance obligations are met uniformly over the period between the date on which a client agrees to a project and the date on which the findings are presented. When the terms of the transaction provide for licensing the right to access a product on a subscription basis, revenue is recognised over the subscription period, typically on a straight-line basis.

Taxation

The tax expense represents the sum of current tax payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Income 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 Statement of Financial Position date.

The Group is subject to corporate taxes in a number of different jurisdictions, which inherently leads to complexity in the Group's tax profile. The calculation of the Group's current tax liabilities and tax expense necessarily involves a degree of estimation and judgement in respect of items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The resolution of issues is not always within the control of the Group and issues can, and often do, take many years to resolve. A current tax provision is recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. The provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax in the period in which the final determination is made. Any interest on overdue tax accrued is excluded from income taxes both in the Consolidated Statement of Income and Statement of Financial Position. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

The tax laws that apply to the Group may be amended by the relevant tax authorities. Such potential amendments are regularly monitored and adjustments are made to the Group's tax liabilities and deferred tax assets and liabilities where necessary.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are recognised for all taxable temporary differences unless specifically exempted by IAS 12 Income Taxes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit. To the extent that goodwill is tax deductible, where a taxable temporary difference arises from the subsequent tax deductible amounts, the associated deferred tax liability is recognised.

The Group's deferred tax assets and liabilities are measured at the end of each year 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 asset 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 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; and
- 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, then no asset is recognised in relation to that portion.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax asset 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 asset may need to be reversed.

Deferred tax assets and liabilities are offset 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 at 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.

Current and deferred tax is charged or credited in the Consolidated Statement of Income, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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 Statement of Income as payable in respect of the accounting period. For defined benefit plans the amounts charged to operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Consolidated Statement of Income when the related plan amendment occurs. Net interest expense is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

Where defined benefit plans are funded, the assets of the plan are held separately from those of the Group, in separate independently managed funds. 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 updated at each Statement of Financial Position date.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the actual deficit or surplus in the Group's defined benefit plans under IAS 19.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

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 are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and are discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Group recognises provisions for lease dilapidations and other property-related liabilities. Also included are other provisions, such as certain long-term employee benefits and legal claims, where the likelihood of settlement is considered probable.

Restructuring provisions are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to the affected parties or implementation has commenced.

Leases

The Group in accordance with IFRS 16 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rates at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Translation of foreign currencies

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates prevailing at that date. Foreign currency gains and losses are credited or charged to the Consolidated Statement of Income as they arise.

The income statements of overseas subsidiary undertakings are translated into United States Dollars 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 the opening net assets are reported in the Consolidated Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. They are then revalued at the reporting date with any foreign exchange difference taken to the Translation Reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Critical accounting judgements and estimation uncertainty in applying accounting policies

In applying the Group's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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 financial statements.

The most significant areas of estimation uncertainty include:

- Fair value of identifiable net assets acquired relating to acquisitions within the measurement period: Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For material acquisitions, where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuations of intangible assets, land and buildings and contingent liabilities are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Once the measurement period has ended, the estimates of fair value are not re-visited. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs is provided in notes 9, 10 and 24.
- Goodwill: Goodwill impairment testing requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use is calculated using the discounted cash flow methodology, which requires estimates on growth rates, operating margins, working capital requirements and discount rates. Further details are set out in note 9.
- Contingent consideration payable for business combinations: Contingent consideration for business combinations consists of amounts expected to be paid in future periods on satisfaction of certain conditions. Estimates are required in determining amounts to be paid and the value of any services to be received, taking into account uncertainty in the ultimate timing and resolution of each of these. The sensitivity to these estimates is specific to each individual circumstance.
- Liabilities in respect of put options: Estimates are required regarding growth rates in deriving future financial performance and discount rates to be applied when measuring the liabilities for put options. Further details on growth rates and discount rates and the sensitivity to these estimates are set out in note 21.
- Revenue recognition: Estimates are required in assessing progress on performance obligations where revenue is recognised over time. The revenue recognition accounting policy is set out in page 28.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

- Measurement of retirement benefit obligations: Estimates are required in the accounting for defined benefit pension plans, including establishing discount rates, rates of increase in salaries and pensions in payment, inflation and mortality assumptions. These estimates are made by management based on the advice of qualified advisors.

Details of the assumptions used and the sensitivity of the benefit obligation to these assumptions are set out in note 17.

The most significant areas of judgement include:

- Allocation of goodwill to cash generating units: For impairment testing purposes, judgement is used to determine the basis on which goodwill is allocated to the specific groups of CGUs that have benefited and are expected to benefit from this goodwill. When there are changes in business structure, the basis of allocation may need to be reassessed.
- Deferred tax assets: Judgement is required when considering all available evidence and the associated weighting to be given in support of recognition of deferred tax assets. Further details around this judgement are set out on page 29.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

Prior period restatements

The following table summarises the impact of measurement period adjustments and prior period error on the financial statements of the Group:

	As previously reported	Measurement period adjustments ¹	Prior period error ²	Restated
	2019			2019
	\$m	\$m	\$m	\$m
Non-current assets				
Goodwill	1,582.9	33.9	-	1,616.8
Other intangible assets	2,106.3	5.8	-	2,112.1
Property, plant and equipment	160.5	1.3	-	161.8
Right-of-use assets	259.8	18.1	-	277.9
Interests in associates	77.8	11.5	-	89.3
Other investments	9.4	-	-	9.4
Corporate income tax recoverable	11.1	-	-	11.1
Deferred tax assets	84.6	(4.5)	-	80.1
Trade and other receivables	7.9	-	-	7.9
	4,300.3	66.1	-	4,366.4
Current assets				
Corporate income tax recoverable	25.6	2.5	-	28.1
Trade and other receivables	1,053.0	0.6	-	1,053.6
Cash and short-term deposits	535.3	-	547.5	1,082.8
	1,613.9	3.1	547.5	2,164.5
Current liabilities				
Loans payable	(9.3)	(3.9)	-	(13.2)
Trade and other payables	(1,231.1)	(8.0)	-	(1,239.1)
Corporate income tax payable	(65.1)	(2.6)	-	(67.7)
Bank overdrafts	(24.7)	-	(547.5)	(572.2)
Short-term liabilities	(43.4)	(3.0)	-	(46.4)
	(1,373.6)	(17.5)	(547.5)	(1,938.6)
Net current assets	240.3	(14.4)	-	225.9
Total assets less current liabilities	4,540.6	51.7	-	4,592.3

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1 Significant accounting policies (continued)

	As previously reported 2019 \$m	Measurement period adjustments ¹ \$m	Prior period error ² \$m	Restated 2019 \$m
Non-current liabilities				
Loans payable	(2,828.5)	-	-	(2,828.5)
Trade and other payables	(56.7)	-	-	(56.7)
Deferred tax liabilities	(587.2)	3.8	-	(583.4)
Provisions for post-employment benefits	(41.0)	(1.8)	-	(42.8)
Provisions for liabilities and charges	(142.6)	(5.9)	-	(148.5)
Long-term lease liabilities	(206.6)	(19.0)	-	(225.6)
	(3,862.6)	(22.9)	-	(3,885.5)
Net assets	678.0	28.8	-	706.8
Equity				
Share capital	6.1	-	-	6.1
Share premium	390.8	-	-	390.8
Retained losses	(35.9)	-	-	(35.9)
Translation reserve	(13.0)	17.3	-	4.3
Equity attributable to owners of the Company	348.0	17.3	-	365.3
Non-controlling interests	330.0	11.5	-	341.5
Total equity	678.0	28.8	-	706.8

Note

¹ During the year, the acquisition accounting for the first stage of the acquisition of Kantar from WPP Plc which was completed on 5 December 2019 was finalised. The fair values of the identifiable net assets acquired had decreased by \$33.9 million and the contingent consideration was determined to be \$2.9 million lower (see note 24). There was no impact to the Consolidated Statement of Income.

² The Group's presentation of cash and overdrafts had previously not complied with IAS 32 Financial Instruments: Presentation due to the incorrect offsetting of the notional cash pooling arrangements. Therefore, cash and short-term deposits and bank overdrafts have been restated. The impact of this is that cash and short-term deposits and bank overdrafts increase by \$547.5 million. There is no impact on the Group's net debt, net assets, Consolidated Statement of Income or Consolidated Cash Flow Statement.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2 Revenue

Revenue by geographical area for the year was as follows:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Asia Pacific	500.1	46.8
Continental Europe	892.9	81.7
Latin America	231.4	27.6
Middle East and Africa	88.2	7.8
North America	639.6	73.9
United Kingdom	485.5	47.9
	2,837.7	285.7

Revenue reported by categories of activity for the year were as follows:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Data	961.1	94.5
Insights	1,424.2	151.8
Specialist	452.4	39.4
	2,837.7	285.7

3 Costs of services and general and administrative costs

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Costs of services	2,663.8	228.7
General and administrative costs	384.7	93.3
	3,048.5	322.0

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

3 Costs of services and general and administrative costs (continued)

Costs of services and general and administrative costs include:

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Staff costs	5	1,625.8	125.2
Establishment costs		152.5	10.4
Data collection pass-through costs		638.2	69.0
Other costs of services and general and administrative costs		632.0	117.4
Total costs of services and general and administrative costs		3,048.5	322.0
Included in the costs above are:			
		\$m	\$m
Acquisition and disposal related costs		19.1	64.4
Restructuring and transformation costs		270.9	10.5
Amortisation of other intangible assets	9	229.6	18.1
Depreciation of property, plant and equipment	10	45.2	3.6
Depreciation of right-of-use assets	20	65.6	4.6
Impairment of right-of-use assets	20	10.3	-
Short term lease expense	20	4.2	1.1
Variable lease expense	20	9.6	1.2
Loss allowances on trade receivables	13	3.3	0.9
Foreign exchange losses on trading activities		3.6	2.0

Included within acquisition and disposal related costs is \$9.1 million (2019: \$64.4 million) relating to the acquisition of Kantar from WPP Plc.

In 2020, government grants of \$11.9 million (2019: \$nil) were received as part of government initiatives to provide immediate financial support as a result of COVID-19. This credit is included within general and administrative costs over the same period as the staff costs for which it compensates. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4 Share of results of associates

Share of results of associates include:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Share of profit before interest and taxation	17.6	5.0
Share of taxation	(4.3)	(1.2)
Share of results of associates	13.3	3.8

5 Our people

The average number of staff and their geographical distribution for the year ended 31 December 2020, and the number of staff and their geographical distribution as at 31 December 2019 were as follows:

	2020	2019
Asia Pacific	7,791	5,339
Continental Europe	7,026	5,821
Latin America	5,688	6,064
Middle East and Africa	1,135	889
North America	2,547	2,746
United Kingdom	3,276	3,245
	27,463	24,104

The four Managers of the Company are not employees of Kantar Global Holdings S.à r.l.

Staff costs include:

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Wages and salaries		1,092.3	86.7
Cash-based incentive plans		32.4	9.0
Social security costs		166.1	12.1
Pension costs	17	35.0	3.4
Other staff costs ¹		300.0	14.0
		1,625.8	125.2

Note

¹ Freelance and temporary staff costs are included in other staff costs.

Included above are costs of \$10.5 million (2019: \$1.8 million) in respect of key management personnel. The Managers of the parent company did not receive any compensation for their services to the company in the current period or preceding period. Further details of compensation for key management personnel are disclosed in note 25.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

6 Finance costs and revaluation of financial instruments

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Interest income	5.4	0.4
	5.4	0.4

Finance costs:

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Interest expense and similar charges ¹		215.7	27.9
Interest expense related to lease liabilities	20	17.0	1.1
Interest expense related to defined benefit plans	17	0.7	-
Unwinding of discounts on provisions		5.6	-
Foreign exchange losses on financing activities		26.3	9.0
		265.3	38.0

Revaluation of financial instruments:

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Gain on settlement of derivatives		-	20.3
Revaluation gain/(loss) on derivatives		0.7	(0.8)
Revaluation gain on earn-out payments due to vendors	15	0.4	0.4
Revaluation gain on put option payments due to vendors	21	7.1	-
		8.2	19.9

Note

¹ Interest expense and similar charges are payable on bank overdrafts and other borrowings held at amortised cost.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7 Taxation

The tax (credit)/charge comprises:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Current tax expense:		
Current year/period	74.7	16.9
Adjustments in respect of prior periods	3.7	-
Total current tax expense	78.4	16.9
Deferred tax credit:		
Origination and reversal of temporary differences	(82.1)	(10.5)
Impact of changes in statutory tax rates	(1.9)	-
Total deferred tax credit	(84.0)	(10.5)
Total income tax (credit)/charge for the year/period	(5.6)	6.4

The tax credit for the year can be reconciled to loss before taxation in the Consolidated Statement of Income as follows:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019 (restated)
	\$m	\$m
Loss before taxation	(449.2)	(50.2)
Tax at the corporation tax rate of 19.0% (2019: 19.0%)¹	(85.3)	(9.5)
Items that are not deductible or taxable in determining taxable profit	48.6	2.1
Effect of different tax rates in subsidiaries operating in other jurisdictions	(8.3)	0.9
Irrecoverable withholding taxes and other taxes	14.0	4.6
Tax losses not recognised or utilised in the year/period	29.8	8.9
Previously unrecognised tax losses utilised	(3.2)	-
Tax effect of share of results of associates	(3.0)	(0.6)
Impact of changes in statutory tax rates	(1.9)	-
Adjustments in respect of prior periods	3.7	-
Tax (credit)/charge	(5.6)	6.4

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 19% as this represents a material operation jurisdiction for the group as well as the head office location. The impact of changes in statutory tax rates relates largely to the cancellation of the reduction in the UK statutory tax rate to 17%, previously enacted to take effect from 1 April 2020. UK deferred tax balances previously calculated at 17%, being the rate at which they were expected to unwind, have been revalued to 19%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7 Taxation (continued)

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the levels and mix of profits in the many countries in which it operates, the prevailing tax rates in each of those countries and also the foreign exchange rates that apply to those profits. The future tax charge may also be affected by the impact of acquisitions, disposals and other corporate restructurings, the resolution of open tax issues, changes in local or international tax rules and the ability to use brought forward tax losses.

The Group has a number of open tax returns and various ongoing tax audits worldwide but does not currently expect material additional tax exposures to arise, above the amounts provided, as and when the audits are concluded. Liabilities relating to these open and judgemental matters are based upon estimates of whether additional taxes will be due after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Tax risk management

Kantar Group Tax manage the tax strategy for the Group. Kantar Group Tax maintains constructive engagement with the tax authorities and relevant government representatives, as well as active engagement with a wide range of international companies and business organisations with similar issues. The Group engages advisors and legal counsel to obtain opinions on tax legislation and principles. Kantar Group Tax monitors proposed changes in taxation legislation and ensures that these are taken into account when considering future business plans. The Kantar Group directors and Audit Committee are informed by management of any 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.

Kantar's Global Tax Strategy, which is compliant with the UK tax strategy publication requirement set out in Paragraph 16(2) of Schedule 19 FA 2016, has been published on Kantar's website: <https://www.kantar.com/corporate-governance>.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

8 Analysis of cash flows

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Net cash from operating activities:		
Operating loss	(210.8)	(36.3)
Adjustments for:		
Depreciation of property, plant and equipment	45.2	3.6
Depreciation of right-of-use assets	65.6	4.6
Impairment of right-of-use assets	10.3	-
Amortisation of other intangible assets	229.6	18.1
Other non-cash movements	9.4	1.6
Operating cash flow before movements in working capital and provisions	149.3	(8.4)
(Increase)/decrease in trade receivables and accrued income	293.0	(107.2)
(Increase)/decrease in other receivables	(1.8)	3.9
Increase/(decrease) in trade payables and deferred income	(15.4)	88.7
Increase in other payables	119.5	18.0
(Increase)/decrease in balances with related companies, net	30.6	(19.0)
Increase in provisions	11.0	5.0
Other	-	5.3
Cash generated by operations	586.2	(13.7)
Cash and cash equivalents:		
	2020	2019
	\$m	(restated¹)
	\$m	\$m
Cash and short-term deposits	1,277.4	1,082.8
Overdrafts ²	(648.1)	(572.2)
Cash and cash equivalents including cash held in disposal group at end of period	629.3	510.6
Cash and cash equivalents held in disposal group presented as held for sale	(2.9)	-
Cash and cash equivalents at the end of the period	626.4	510.6

The Group considers that the carrying amount of cash and cash equivalents approximates its fair value.

Note

¹ The comparative information has been restated as disclosed in note 1.

² Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

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For the year ended 31 December 2020

8 Analysis of cash flows (continued)

Changes in liabilities arising from financing activities

	Cash				Non-Cash			
	Notes	1 Jan 2020	Cash inflow	Cash outflow	Acquisition of subsidiaries	New leases	Other changes ¹	31 Dec 2020
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
External borrowings ²	19	2,751.7	632.0	(351.2)	-	-	286.9	3,319.4
Loans from related parties	19	90.0	-	(120.2)	118.4	-	1.0	89.2
Proceeds from share issues	22	6.1	-	-	-	-	0.5	6.6
Capital contribution	23	390.8	-	-	-	-	35.3	426.1
Lease liabilities	20	272.0	-	(72.6)	42.9	45.9	8.8	297.0
Total liabilities from financing activities		3,510.6	632.0	(544.0)	161.3	45.9	332.5	4,138.3

	Cash				Non-Cash			
	Notes	13 Sep 2019	Cash inflow	Cash outflow	Acquisition of subsidiaries	New leases	Other changes ¹	31 Dec 2019
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
External borrowings ²	19	-	2,237.7	(57.0)	544.2	-	26.8	2,751.7
Loans from related parties ³	19	-	85.7	(14.9)	18.8	-	0.4	90.0
Proceeds from share issues	22	-	5.9	-	-	-	0.2	6.1
Capital contribution	23	-	382.3	-	-	-	8.5	390.8
Lease liabilities	20	-	-	(4.8)	266.0	5.7	5.1	272.0
Total liabilities from financing activities		-	2,711.6	(76.7)	829.0	5.7	41.0	3,510.6

Note

¹ Other changes includes foreign exchange movements, interest expense and amounts reclassified as held for sale.

² External borrowings in this reconciliation does not include the overdraft balance of \$648.1 million.

³ Loans from related parties includes the cash inflow and cash outflow of \$14.9 million from the issue and redemption of the Series 2 YFPECs, as set out in note 19.

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9 Goodwill and other intangible assets

Goodwill

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Notes	\$m
Cost:		
13 September 2019		-
Additions ¹	24	1,588.2
Exchange adjustments		28.6
31 December 2019 (restated)		1,616.8
Additions ¹	24	130.7
Exchange adjustments		18.4
Reclassified as held for sale		(84.6)
31 December 2020		1,681.3
Accumulated impairment losses and write-downs:		
31 December 2019 and 31 December 2020		-
Net book value:		
31 December 2020		1,681.3
31 December 2019 (restated²)		1,616.8
13 September 2019		-

Note

¹ Additions represent goodwill arising on the acquisition of subsidiary undertakings including the effect of any revisions to fair value adjustments that has been determined provisionally at the immediately preceding Statement of Financial Position date, as permitted by IFRS 3 Business Combinations.

² The comparative information has been restated as disclosed in note 1.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill was allocated to the appropriate groups of cash-generating units (CGUs) as at 31 December 2020. Subsequently an impairment review was undertaken. The review assessed whether the carrying value of each CGU was less than the value in use of the CGU.

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9 Goodwill and other intangible assets (continued)

The carrying amounts of goodwill allocated to each CGU group is set out in the table below.

	2020 Goodwill	2020 Pre-tax discount rates
	\$m	%
CGU groups		
Insights	731.9	10.0
Media	356.5	12.3
Worldpanel	295.5	10.6
Profiles	174.1	9.6
Consulting	66.8	11.5
Public	56.5	10.2
Health ¹	84.6	n/a
Total	1,765.9	n/a

Note

¹ Goodwill not tested for impairment as the Health division was classified as held for sale at the Statement of Financial Position date.

The value in use of each CGU was determined using the discounted cash flow methodology. This method required estimates and assumptions regarding revenue growth, operating margins, working capital requirements and discount rates.

Key assumptions

Cash flow forecasts: A forecast period of five years is used for the value in use calculation. Key assumptions were made relating to revenue growth and operating margin when forecasting the cash flows. These assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the CGU groups' historical performance and any other circumstances particular to the CGU group, such as business strategy and client mix.

Terminal growth rate: The long-term growth rate of the cash flow forecasts after the initial five-year forecast period was assumed as 2.0%. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

Discount rates: A pre-tax weighted average cost of capital (WACC) between 9.7% and 12.3% was determined for each CGU group. The WACCs used market participant CGU-specific inputs for the risk-free interest rate, the beta factor, country risk premium and market risk premium.

The impairment review based on the above inputs did not indicate a requirement to impair goodwill. Realistic sensitivities were applied to the terminal growth rates and discount rates, none of which generated an impairment.

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9 Goodwill and other intangible assets (continued)

Other intangible assets

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Technology and databases	Customer relationships	Trade names	Total
	\$m	\$m	\$m	\$m
Cost:				
13 September 2019	-	-	-	-
Acquisition of subsidiaries	313.8	1,444.3	318.9	2,077.0
Additions	16.7	-	0.4	17.1
Exchange adjustments	4.7	26.1	5.5	36.3
31 December 2019 (restated)	335.2	1,470.4	324.8	2,130.4
Acquisition of subsidiaries	24.0	110.5	25.6	160.1
Additions	53.3	-	0.7	54.0
Disposals	(15.7)	-	(0.7)	(16.4)
Exchange adjustments	8.4	11.5	2.0	21.9
Reclassified as held for sale	(18.8)	(81.4)	(17.5)	(117.7)
31 December 2020	386.4	1,511.0	334.9	2,232.3
Amortisation and impairment:				
13 September 2019	-	-	-	-
Charge for the period	5.2	10.2	2.7	18.1
Exchange adjustments	0.1	0.1	-	0.2
31 December 2019	5.3	10.3	2.7	18.3
Charge for the year	69.1	126.8	33.7	229.6
Disposals	(15.7)	-	(0.7)	(16.4)
Exchange adjustments	4.9	0.6	-	5.5
On assets reclassified as held for sale	(4.6)	(6.3)	(1.6)	(12.5)
31 December 2020	59.0	131.4	34.1	224.5
Net book value:				
31 December 2020	327.4	1,379.6	300.8	2,007.8
31 December 2019 (restated*)	329.9	1,460.1	322.1	2,112.1
13 September 2019	-	-	-	-

* The comparative information has been restated as disclosed in note 1.

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9 Goodwill and other intangible assets (continued)

Capital commitments contracted, but not provided for, in respect of intangible assets at 31 December 2020, are set out in note 26.

The Kantar trade name is the only individual intangible asset that is material to these financial statements. At 31 December 2020 its net book value was \$300.8 million (2019 restated: \$322.1 million) and it is being amortised over 10 years.

As required by IFRS 3, the Group's intangible assets acquired in a business combination are initially recognised at their fair values at the acquisition date. For the acquisition of Kantar from WPP Plc, the valuations of these assets were performed by an independent valuation firm to serve as a basis for allocation of the purchase price to the various classes of assets. In determining the fair value of the intangible assets, the three traditional approaches to valuation were considered: the income approach, the market approach and the cost approach. The income approach was utilised in arriving at the value of customer relationships, trade names, technology and databases.

The valuation of these assets includes significant judgement and estimation uncertainty. Contemporaneous cash flow forecasts have been used with a long term growth rate of 1% and discount rates of between 10.9% and 13.2%. Additionally, the customer attrition rate used in the valuation of customer relationships was 3%, and royalty rates used for trade name, technology and databases were between 1.5% and 3%.

The following table presents a sensitivity analysis for each significant judgement, showing how the intangible assets value would have been affected by changes in the relevant judgement that was reasonably possible at the acquisition dates. The increase or decrease in the estimate of the fair value of intangible assets would have an equal opposite impact on the value of goodwill.

Sensitivity analysis of estimating the fair value of intangible assets	Increase/(decrease) in intangible assets value		
	Kantar 1 st stage	Kantar 2 nd to 6 th stages	Total
	\$m	\$m	\$m
Growth rate in estimated future financial performance			
Increase by 0.5%	60.8	4.3	65.1
Decrease by 0.5%	(57.0)	(4.2)	(61.2)
Risk adjusted discount rate			
Increase by 0.5%	(62.4)	(5.6)	(68.0)
Decrease by 0.5%	66.5	5.7	72.2
Customer attrition rate			
Increase by 0.5%	(57.2)	(5.2)	(62.4)
Decrease by 0.5%	61.2	5.4	66.6

At the date of finalisation of these Consolidated Financial Statements, the necessary market valuations for the third to sixth stages of the Kantar transaction have only been provisionally determined based on management's best estimate.

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10 Property, plant and equipment

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Land	Freehold buildings	Leasehold buildings	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cost:							
13 September 2019	-	-	-	-	-	-	-
Acquisition of subsidiaries	39.4	7.2	30.0	35.0	44.4	1.8	157.8
Additions	-	-	1.2	0.8	3.6	0.1	5.7
Disposals	-	-	(0.7)	-	-	-	(0.7)
Exchange adjustments	0.7	0.2	0.8	0.7	0.3	0.1	2.8
31 December 2019 (restated*)	40.1	7.4	31.3	36.5	48.3	2.0	165.6
Acquisition of subsidiaries	-	0.2	3.3	3.2	7.5	0.1	14.3
Additions	-	0.1	7.8	4.7	19.0	0.3	31.9
Disposals	-	-	(9.1)	(6.4)	(20.7)	(0.8)	(37.0)
Exchange adjustments	2.5	0.7	(0.4)	0.4	(0.5)	(0.2)	2.5
Reclassified as held for sale	-	-	-	(0.9)	(2.0)	-	(2.9)
31 December 2020	42.6	8.4	32.9	37.5	51.6	1.4	174.4
Depreciation:							
13 September 2019	-	-	-	-	-	-	-
Charge for the period	-	0.2	0.7	0.5	2.1	0.1	3.6
Exchange adjustments	-	-	-	0.2	-	-	0.2
31 December 2019	-	0.2	0.7	0.7	2.1	0.1	3.8
Charge for the year	-	2.2	9.8	6.6	26.1	0.5	45.2
Disposals	-	-	(7.4)	(5.7)	(19.1)	(0.6)	(32.8)
Exchange adjustments	-	0.3	0.5	0.2	0.6	0.1	1.7
On assets reclassified as held for sale	-	-	-	(0.8)	(1.7)	-	(2.5)
31 December 2020	-	2.7	3.6	1.0	8.0	0.1	15.4

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10 Property, plant and equipment (continued)

	Land	Freehold buildings	Leasehold buildings	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net book value:							
31 December 2020	42.6	5.7	29.3	36.5	43.6	1.3	159.0
31 December 2019 (restated*)	40.1	7.2	30.6	35.8	46.2	1.9	161.8
13 September 2019	-	-	-	-	-	-	-

* The comparative information has been restated as disclosed in note 1.

Capital commitments contracted, but not provided for, in respect of property, plant and equipment at 31 December 2020, are set out in note 26.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of acquisition. The fair value measurements were performed by independent valuers not related to the Group who have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

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11 Interests in associates and other investments

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Interests in associates	Other investments
	\$m	\$m
13 September 2019	-	-
Acquisitions	93.9	9.4
Share of results of associate undertakings (note 4)	3.8	-
Dividends	(10.0)	-
Exchange adjustments	1.8	-
Reclassification to subsidiaries	(0.2)	-
31 December 2019 (restated*)	89.3	9.4
Acquisitions	17.1	-
Disposals	(0.6)	-
Share of results of associate undertakings (note 4)	13.3	-
Dividends	(10.3)	-
Exchange adjustments	2.2	-
Impairment of associates	(1.7)	-
Controlling interest in associates acquired	(20.9)	-
Transfer to disposal group classified as held for sale	(1.2)	-
31 December 2020	87.2	9.4

* The comparative information has been restated as disclosed in note 1.

The investments included above as 'other investments' represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. For unlisted securities, where market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources.

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

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11 Interests in associates and other investments (continued)

The Group's principal associates at 31 December 2020 included:

2020	Principal activity	% owned	Country of incorporation
CSM Media Research Co Limited ¹	Media research	42.6%	China
CTR Market Research Co Limited	Market research	46.0%	China
Finnpanel Oy	TV & Radio audience monitoring	50.0%	Finland
Marktest Investimentos SGPS S.A.	Holding company	40.0%	Portugal
Nielsen IBOPE Mexico, S.A. de C.V.	TV & Radio audience & advertising monitoring	46.3%	Mexico
Nielsen IBOPE Puerto Rico, Inc	TV & Radio audience & advertising monitoring	46.3%	Puerto Rico
RSMB Limited	Market research	50.0%	UK
Tam Media Research Private Ltd	Media research	50.0%	India
TNS Media Vietnam Co., Ltd	Media research	50.0%	Vietnam

Note

¹The Group holds the ownership rights to 42.6% of the share capital of CSM Media Research Co Limited and does not control the company, however it has economic interests of 67.6%.

The Group's investments in its principal associate undertakings are represented by ordinary shares.

The Group's investments in associates acquired in the business combination are recognised at their fair values at the acquisition date. The valuations of these assets were performed by an independent valuation firm to serve as a basis for allocation of the purchase price to the various classes of assets. In determining the fair values the income approach was utilised. The significant judgements made and the estimation uncertainty included in these valuations relate to the cash flow forecasts, discount and long term growth rates.

Aggregate information of associates

The following table presents a summary of the aggregate financial performance and net asset position of the Group's associate undertakings that are not individually material. These have been estimated and converted, where appropriate, to an IFRS presentation based on information provided by the relevant companies at 31 December 2020.

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019 (restated)
	\$m	\$m
The Group's share of profit from continuing operations	13.3	3.8
The Group's share of other comprehensive income	2.2	1.9
The Group's share of total comprehensive income	15.5	5.7
Aggregate carrying amount of the Group's interest in these associates	87.2	89.3

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

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12 Deferred tax

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2020 and the period from 13 September 2019 to 31 December 2019:

	Deferred compensa- tion	Retirement benefit obligations	Property, plant & equipment	Investment in US partner- ship	Tax losses & credits	Other temporary differences	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
13 September 2019	-	-	-	-	-	-	-
As acquired	0.6	5.3	17.4	11.2	1.2	47.0	82.7
(Charge)/credit to income	0.3	8.5	(4.1)	0.5	(0.3)	1.2	6.1
Credit to other comprehensive income	-	0.5	-	-	-	-	0.5
Other movements	(0.2)	(0.4)	(1.5)	-	(0.1)	(7.6)	(9.8)
Exchange differences	-	0.2	0.1	-	-	0.3	0.6
31 December 2019 (restated*)	0.7	14.1	11.9	11.7	0.8	40.9	80.1
As acquired	-	0.9	1.7	-	-	7.9	10.5
(Charge)/credit to income	1.3	0.3	7.5	(5.0)	23.0	3.3	30.4
Credit to other comprehensive income	-	0.7	-	-	-	-	0.7
Other movements	-	(0.1)	(0.1)	-	-	(0.1)	(0.3)
Exchange differences	0.2	0.4	0.5	-	-	1.1	2.2
Reclassified as held for sale	-	-	-	-	-	(0.1)	(0.1)
31 December 2020	2.2	16.3	21.5	6.7	23.8	53.0	123.5

* The comparative information has been restated as disclosed in note 1.

The deferred tax asset for Investment in US partnership reflects the Group's investment in Kantar's US business, which is structured as a partnership.

Other temporary differences comprise a number of items, none of which is individually significant to the Group's Consolidated Statement of Financial Position. At 31 December 2020, the balance related to temporary differences in relation to revenue adjustments, fair value adjustments, and other temporary differences.

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12 Deferred tax (continued)

In addition, the Group has recognised the following gross deferred tax liabilities and movements thereon in 2020:

	Brands and other intangibles	Property, plant & equipment	Other temporary differences	Total
	\$m	\$m	\$m	\$m
13 September 2019	-	-	-	-
As acquired	546.1	10.4	27.5	584.0
(Credit)/charge to income	(5.0)	0.4	0.2	(4.4)
Other movements	-	(0.3)	(5.2)	(5.5)
Exchange differences	9.3	-	-	9.3
31 December 2019 (restated*)	550.4	10.5	22.5	583.4
As acquired	41.0	-	1.7	42.7
(Credit)/charge to income	(39.2)	0.8	(15.2)	(53.6)
Other movements	-	-	0.1	0.1
Exchange differences	3.5	(0.8)	(0.9)	1.8
Reclassified as held for sale	(26.4)	-	0.1	(26.3)
31 December 2020	529.3	10.5	8.3	548.1

* The comparative information has been restated as disclosed in note 1.

At the Statement of Financial Position date, the Group has gross tax losses and carried forward interest deductions of \$460.0 million (2019: \$138.1 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of \$132.1 million (2019: \$3.0 million) of such tax attributes. No deferred tax asset has been recognised in respect of the remaining \$327.9 million (2019: \$135.1 million) of losses and interest deductions 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 and interest deductions of \$115.8 million (2019: \$37.7 million) that will expire within 1–10 years, and \$212.1 million (2019: \$97.4 million) of losses and interest deductions that may be carried forward indefinitely.

A provision for deferred tax liabilities of \$6.7 million as at 31 December 2020 (2019: \$6.3 million) has been made in respect of taxation that would be payable on the remittance of profits by certain overseas associates. Whilst the aggregate of unremitted profits at the statement of financial position date was approximately \$3,574.0 million (2019: \$3,130.0 million), the majority of these unremitted profits should not be subject to tax, including withholding tax on repatriation, as UK and Netherlands legislation relating to company distributions provides for exemption from tax for most overseas profits, subject to certain exceptions. At the statement of financial position date, the aggregate amount of undistributed earnings of subsidiaries which would be subject to dividend withholding tax and for which no deferred tax has been recognised was \$279.0 million (2019: \$248.0 million). No deferred tax liability has been recognised as the Group should be able to control the timings of these payments, and it is probable that they will not be paid in the foreseeable future.

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13 Trade and other receivables

The following are included in trade and other receivables:

Amounts falling due within one year:

	2020	2019 (restated*)
	\$m	\$m
Trade receivables (net of bad debt provisions)	430.5	624.4
Work in progress	1.1	1.4
VAT and sales taxes recoverable	31.0	17.6
Prepayments	66.0	65.4
Accrued income	180.8	176.4
Other debtors	130.1	168.4
Fair value of derivatives	0.4	-
	839.9	1,053.6

* The comparative information has been restated as disclosed in note 1.

The ageing of trade receivables and other financial assets by due date is as follows:

	Carrying amount at 31 December 2020	Neither past due nor impaired	Past due but not impaired				
			0 – 30 days	31 – 90 days	91 – 180 days	181 days – 1 year	Greater than 1 year
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Trade receivables	430.5	334.7	52.6	32.4	10.6	0.2	-

	Carrying amount at 31 December 2019	Neither past due nor impaired	Past due but not impaired				
			0 – 30 days	31 – 90 days	91 – 180 days	181 days – 1 year	Greater than 1 year
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Trade receivables (restated)	624.4	446.0	109.8	52.2	14.7	1.7	-

Past due amounts are not impaired where collection is still considered likely.

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13 Trade and other receivables (continued)

Bad debt provisions:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Balance at beginning of the period	0.5	-
Charged to the statement of income	3.3	0.9
Released to the statement of income	(0.5)	(0.3)
Exchange adjustments	(0.1)	-
Utilisations and other movements	(2.2)	(0.1)
Transfer to disposal group classified as held for sale	0.2	-
Balance at end of the period	1.2	0.5

The allowance for bad and doubtful debts is equivalent to 0.3% (2019: 0.1%) of net trade accounts receivable.

Amounts falling due after more than one year:

	2020	2019
	\$m	\$m
Prepayments	0.1	-
Accrued income	0.5	-
Other debtors	10.9	7.9
	11.5	7.9

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.

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14 Assets classified as held for sale

On 16 December 2020 the Group announced an agreement for the sale of its global Health division to Cerner Corporation for consideration of \$375 million. On 1 April 2021 the Group completed the divestment of substantially all of the Health division. The remainder of the divestment, relating to China and Taiwan, is expected to complete later in 2021.

As outlined in the accounting policies, the criterion of a highly probable sale was met on 15 December 2020 when the best and final offer for the Health division was accepted. The Health disposal group therefore became held for sale on this date.

As the Health division only makes up approximately 5% of the Group's total EBITDA, management do not consider it a major line of business for the Group. As such, the disposal group is not considered as a discontinued operation.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2020
	\$m
Goodwill	84.6
Other intangible assets	105.2
Property, plant and equipment	0.4
Right-of-use assets	2.0
Interests in associates	1.2
Deferred tax assets	0.1
Trade and other receivables	51.9
Corporate income tax recoverable	1.7
Cash and short-term deposits	2.9
Total assets classified as held for sale	250.0
Trade and other payables	(75.6)
Corporate income tax payable	(0.9)
Short-term lease liabilities	(0.5)
Deferred tax liabilities	(26.3)
Provisions for post-employment benefits	(1.2)
Provisions for liabilities and charges	(0.1)
Long-term lease liabilities	(1.6)
Total liabilities associated with assets held for sale	(106.2)
Net assets of disposal group	143.8

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15 Trade and other payables

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

	2020	2019
	\$m	(restated*)
	\$m	\$m
Trade payables	446.0	397.9
Fair value of derivatives	1.6	0.8
Deferred income	282.5	253.5
Payments due to vendors (earn-out agreements)	-	15.4
Liabilities in respect of put option agreements with vendors	0.3	0.2
Other creditors and accruals	672.5	571.3
	1,402.9	1,239.1

* The comparative information has been restated as disclosed in note 1.

The Group considers that the carrying amount of trade and other payables approximates their fair value.

All \$253.5 million deferred income as at 31 December 2019, was recognised through revenue in the current year.

Also included within other creditors is contingent consideration of \$nil (2019: \$13.3 million) relating to the acquisition of the Kantar trading entities from WPP Plc.

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

	2020	2019
	\$m	\$m
	\$m	\$m
Payments due to vendors (earnout agreements)	3.5	-
Liabilities in respect of put option agreements with vendors	40.6	42.8
Other creditors and accruals	20.0	13.9
Fair value of derivatives	2.3	-
	66.4	56.7

The Group considers that the carrying amount of trade and other payables approximates their fair value.

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15 Trade and other payables (continued)

The following tables sets out payments due to vendors, comprising contingent consideration and the directors' best estimates of future earn-out-related obligations:

	2020	2019
	\$m	\$m
Balance at beginning of the period	15.4	-
Acquisition of subsidiaries	3.2	16.0
Earn-outs paid	(12.2)	(0.4)
Earn-outs matured but still to be paid	(3.7)	-
Revaluation of payments due to vendors (note 6)	(0.4)	(0.4)
Unwinding of discount	1.5	-
Exchange adjustments	(0.3)	0.2
At the end of the period	3.5	15.4

As of 31 December 2020, the total potential undiscounted amount of future payments that could be required under the earn-out agreements for all earn-out agreements range from \$nil to \$6.2 million (2019: \$0.2 million to \$28.2 million), all of which is due payable after more than one year of the Statement of Financial Position date.

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16 Provisions and other liabilities

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Property	Deferred and contingent consideration	Other	Total
	\$m	\$m	\$m	\$m
13 September 2019	-	-	-	-
Charged to the statement of income	(0.2)	-	0.7	0.5
Acquisition of subsidiaries	17.3	-	69.3	86.6
Additions	-	66.1	-	66.1
Utilised	-	(6.1)	-	(6.1)
Released to the statement of income	(0.1)	-	(0.1)	(0.2)
Other movements	-	-	-	-
Exchange adjustments	0.3	-	1.3	1.6
31 December 2019 (restated*)	17.3	60.0	71.2	148.5
Charged to the statement of income	6.9	2.6	5.7	15.2
Acquisition of subsidiaries	7.0	-	1.7	8.7
Additions	-	11.7	-	11.7
Utilised	(0.3)	(8.7)	(3.8)	(12.8)
Released to the statement of income	(0.1)	-	(0.9)	(1.0)
Other movements	0.7	-	(1.4)	(0.7)
Exchange adjustments	0.3	-	0.7	1.0
Transfer to disposal group classified as held for sale	(0.1)	-	-	(0.1)
31 December 2020	31.7	65.6	73.2	170.5

* The comparative information has been restated as disclosed in note 1.

Property

Property provisions relate to lease dilapidations and onerous lease provisions.

The Group is required to restore many of its leased premises to an agreed condition at the end of the respective lease terms. A lease dilapidations provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. It is anticipated that these provisions will be utilised over the remaining lease terms which range up to 15 years.

The Group has a number of vacant properties for which the unavoidable costs of meeting the obligations under their leases, exceed the economic benefits expected to be received under them. In these instances an onerous lease provision has been recognised.

Deferred and contingent consideration

The deferred and contingent consideration of \$65.6 million (2019: \$60.0 million) relates to the acquisition of the Kantar trading entities from WPP Plc, which is payable within 3 years of each relevant acquisition date.

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16 Provisions and other liabilities (continued)

Other

Other provisions of \$73.2 million (2019: \$71.2 million) consists of \$50.2 million (2019: \$51.2 million) relating to employment related liabilities and \$23.0 million (2019: \$20.0 million) to legal claims, indirect taxes and other provisions. The timing of the utilisation of these provisions is uncertain.

The Group's entities are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims will have a material adverse effect on the Group's financial position or on the results of its operations over and above the provisions already made.

17 Provision for post-employment benefits

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:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Defined contribution plans	30.0	2.9
Defined benefit plans charge to operating loss	5.0	0.5
Pension costs (note 5)	35.0	3.4
Net interest expense on pension plan liabilities (note 6)	0.7	-
	35.7	3.4

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 2020.

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 in 2020 amounted to \$4.8 million (2019: \$0.7 million). Employer contributions and benefit payments in 2021 are expected to be approximately \$15.9 million.

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17 Provision for post-employment benefits (continued)

(a) Assumptions (continued)

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:

	2020	2019
	% pa	% pa
UK		
Discount rate ¹	1.0	1.9
Rate of increase in salaries ²	n/a	n/a
Inflation	3.3	3.3
North America		
Discount rate ¹	2.6	3.1
Rate of increase in salaries	n/a	3.0
Western Continental Europe		
Discount rate ¹	1.1	1.5
Rate of increase in salaries	2.2	2.2
Rate of increase in pensions in payment	0.5	0.5
Inflation	1.8	1.8
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe		
Discount rate ¹	3.4	5.1
Rate of increase in salaries	4.7	5.8
Inflation	3.5	3.5

Note

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 UK plans as the plans were frozen since 2017. 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 Statement of Financial Position 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.

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17 Provision for post-employment benefits (continued)

(a) Assumptions (continued)

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. 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.

At 31 December 2020, the life expectancies underlying the value of the accrued liabilities for the main defined benefit pension plans operated by the Group were as follows:

		North		Western Continental	
Years life expectancy after age 65	All plans	America	UK	Europe	Other ¹
– current pensioners (at age 65) – male	21.2	21.7	22.9	21.2	17.3
– current pensioners (at age 65) – female	23.7	23.1	24.0	23.8	21.3
– future pensioners (current age 45) – male	23.1	23.1	24.2	23.2	17.3
– future pensioners (current age 45) – female	25.4	24.5	25.5	25.6	21.3

Note

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

At 31 December 2019, the life expectancies underlying the value of the accrued liabilities for the main defined benefit pension plans operated by the Group were as follows:

		North		Western Continental	
Years life expectancy after age 65	All plans	America	UK	Europe	Other ¹
– current pensioners (at age 65) – male	21.5	21.9	23.1	21.5	11.7
– current pensioners (at age 65) – female	24.0	23.3	24.1	24.2	14.3
– future pensioners (current age 45) – male	23.8	23.4	24.7	24.0	11.7
– future pensioners (current age 45) – female	26.2	24.9	25.9	26.5	14.3

Note

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

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17 Provision for post-employment benefits (continued)

(a) Assumptions (continued)

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 10 years. The duration corresponds to the weighted average length of the underlying cash flows.

		North	Western		
	All plans	America	Continental	UK	Other ¹
			Europe		
Weighted average duration of the defined benefit obligation 2020 (years)	18.4	15.7	20.0	12.7	8.2
Expected benefit payments over the next 10 years					
Benefits expected to be paid within 12 months	11.7	5.4	3.9	0.8	1.6
Benefits expected to be paid in 2022	6.9	1.8	3.5	0.2	1.4
Benefits expected to be paid in 2023	7.5	1.0	3.8	0.3	2.4
Benefits expected to be paid in 2024	6.6	1.1	4.0	-	1.5
Benefits expected to be paid in 2025	7.6	0.8	4.2	0.1	2.5
Benefits expected to be paid in the next five years	42.5	6.8	25.8	0.6	9.3

Note

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

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17 Provision for post-employment benefits (continued)

(a) Assumptions (continued)

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 Statement of Financial Position 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	Increase/(decrease) in benefit obligation 2020				
	Western		North America	UK	Other ¹
	All plans	Continental Europe			
	\$m	\$m	\$m	\$m	\$m
Discount rate					
Increase by 25 basis points	(9.7)	(8.3)	(1.0)	(0.1)	(0.3)
Decrease by 25 basis points	10.4	8.9	1.1	0.1	0.3
Rate of increase in salaries					
Increase by 25 basis points	1.3	1.0	-	-	0.3
Decrease by 25 basis points	(1.3)	(1.0)	-	-	(0.3)
Rate of increase in pensions payment					
Increase by 25 basis points	6.2	6.2	-	-	-
Decrease by 25 basis points	(5.8)	(5.8)	-	-	-
Life expectancy					
Increase in longevity by one additional year	5.7	5.3	0.4	-	-

Note

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

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17 Provision for post-employment benefits (continued)

(b) 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:

	2020		2019 (restated ¹)	
	\$m	%	\$m	%
Equities	9.5	5.4	8.9	6.1
Bonds	40.0	22.9	34.1	23.3
Cash	0.8	0.4	0.4	0.3
Investment funds	0.3	0.2	-	-
Insured pensions	124.2	71.1	102.9	70.3
Total fair value of assets	174.8	100.0	146.3	100.0
Present value of liabilities	(233.7)		(188.3)	
Deficit in the plans	(58.9)		(42.0)	
Irrecoverable surplus	(0.7)		(0.8)	
Net liability²	(59.6)		(42.8)	
Plans in surplus	4.2		3.2	
Plans in deficit	(63.8)		(46.0)	
Net liability reclassified as held for sale (note 14)	(1.2)		-	
Net liability per Statement of Financial Position	(58.4)		(42.8)	
Total net liability	(59.6)		(42.8)	

Note

¹ The comparative information has been restated as disclosed in note 1.

² The related deferred tax asset is discussed in note 12.

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

Surplus/(deficit) in plans by region

	2020	2019
	\$m	(restated)
	\$m	\$m
UK	0.7	0.8
North America	(4.7)	(1.6)
Western Continental Europe	(37.5)	(28.7)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(17.4)	(12.5)
Deficit in the plans	(58.9)	(42.0)

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17 Provision for post-employment benefits (continued)

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. Pre-funding of these plans would not be typical business practice.

(b) Assets and liabilities (continued)

The following table shows the split of the deficit at 31 December 2020 between funded and unfunded pension plans:

	2020 Surplus/ (deficit)	2020 Present value of liabilities	2019 (restated) Surplus/ (deficit)	2019 Present value of liabilities
	\$m	\$m	\$m	\$m
Funded plans by region				
UK	0.7	1.8	0.8	1.5
North America	(4.7)	26.9	(1.6)	22.9
Western Continental Europe	(7.3)	148.1	(3.2)	124.9
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(2.4)	11.7	(0.8)	1.8
Deficit/liabilities in the funded plans	(13.7)	188.5	(4.8)	151.1
Unfunded plans by region				
Western Continental Europe	(30.2)	30.2	(25.5)	25.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(15.0)	15.0	(11.7)	11.7
Deficit/liabilities in the unfunded plans	(45.2)	45.2	(37.2)	37.2
Deficit/liabilities in the plans	(58.9)	233.7	(42.0)	188.3

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

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17 Provision for post-employment benefits (continued)

(c) Pension expense

The following table shows the breakdown of the pension expense between amounts charged to operating loss, amounts charged to finance costs and amounts recognised in the Consolidated Statement of Comprehensive Income (OCI):

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Current service cost	4.7	0.4
Past service cost	(0.4)	0.1
Loss on settlements	0.2	-
Administrative expenses	0.5	-
Charge to operating loss	5.0	0.5
Interest (income) on plan assets	(2.9)	(0.3)
Net interest expense on pension plans	3.6	0.3
Charge to loss before taxation for defined benefit plans	5.7	0.5
Return on plan assets (excluding interest income)	(9.6)	-
Experience gains and losses	0.5	-
Changes in demographic assumptions	(2.2)	-
Changes in financial assumptions	13.3	-
Change in irrecoverable surplus	(0.2)	0.9
Actuarial loss recognised in OCI	1.8	0.9

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17 Provision for post-employment benefits (continued)

(d) Movement in plan liabilities

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

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019 (restated)
	\$m	\$m
Plan liabilities at the beginning of the year/period	188.3	-
Current service cost	4.7	0.4
Past service cost	(0.4)	0.1
Loss on settlement	0.2	-
Interest cost	3.6	0.3
Actuarial (gain)/loss	11.6	-
Benefits paid	(6.9)	(0.9)
Settlements paid	(0.5)	-
Gain due to exchange rate movements	15.3	(1.7)
Other ¹	17.8	190.1
Plan liabilities at end of the year/period	233.7	188.3

Note

¹ Other includes acquisitions and plan reclassifications

(e) Movement in plan assets

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

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Fair value of plan assets at beginning of the year/period	146.3	-
Interest income on plan assets	2.9	0.3
Return on plan assets (excluding interest income)	9.5	-
Employer contributions	4.8	0.7
Benefits paid	(6.9)	(0.9)
Settlement payments	(0.5)	-
Administrative expenses paid from plan assets	(0.5)	-
Gain/(loss) due to exchange rate movements	11.9	(1.5)
Acquisitions	7.3	147.7
Fair value of plan assets at the end of the year/period	174.8	146.3
Actual return on plan assets	12.5	0.2

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18 Risk management policies

Foreign currency risk

The Group's results of operations and value of its foreign denominated debt are subject to fluctuations in currency exchange rates, which may adversely affect reported earnings.

The Group's operations conduct the majority of their activities in their own local currency and any significant cross-border trading exposures are hedged by the use of forward foreign-exchange contracts. In addition, through the ordinary course of business foreign currency denominated financial instruments occur consisting primarily of intercompany receivables and payables. At times we utilize forward contracts and currency swaps to minimize the exchange rate risk related to these intercompany payables and receivables. No speculative foreign exchange trading is undertaken.

Interest rate risk

In the normal course of our business, interest rate fluctuations affect future cash flows under our variable rate debt obligations. The Group's risk management strategy is to protect against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows on the floating-rate debt to the extent that it is practicable and cost effective to do so.

The weighted average rate of interest on senior secured and senior unsecured debt at 31 December 2020, excluding borrowings within associates, was 5.7% (2019: 6.2%) before commitment fees and amortised costs, and 6.4% (2019: 7.1%) after allowing for such items.

The Group may use forward rate agreements, interest rate swaps, caps and floors to minimize the impact of fluctuations in interest rates.

At 31 December 2020, the percentage of fixed rate debt was 60% (2019: 58%). This percentage of fixed rate debt obligations reflect, in part, the effect of a \$200 million notional interest rate swap with a maturity of June 2023 that effectively converts variable rate debt to fixed rate debt.

In addition to the \$200 million notional interest rate swap maturing June 2023, the Group entered into three interest rate caps to reduce its exposure attributable to changes in three-month USD-LIBOR and three-month EURIBOR. These consist of €149 million and €487 million notional interest rate caps maturing June 2025 with a three-month EURIBOR cap rate of 0.25% and a \$280 million notional interest rate cap, effective date of June 2023, maturing June 2025 with a three-month USD-LIBOR cap rate of 1.00%.

Liquidity risk

The Group's policy is to maintain a prudent level of cash to finance working capital, along with sufficient committed bank facilities to meet liquidity needs as they arise. Liquidity risk is managed through the use of short-term and long-term cash flow forecasts and ongoing review of facilities. The Group has undrawn committed facilities totalling \$232 million (2019: \$312 million) consisting of a syndicated revolving credit facility, which matures in 2026.

Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables, and deposits with banks and financial institutions. The Group regularly monitors counterparty exposure and credit ratings of financial institutions with which it has deposits. The Group considers its maximum credit risk to be \$2,135.3 million (2019 restated: \$2,153.7 million) being the Group's total financial assets.

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18 Risk management policies (continued)

Capital risk management

The Group's objectives when managing its capital structure are; to support the Group's ability to continue as a going concern, to provide returns to shareholders and benefits for other stakeholders and to protect and strengthen the Group's Statement of Financial Position. The Group manages its capital structure, and makes adjustments to it, in light of changes to business performance, economic conditions and the strategic objectives of the Group. The capital structure of the Group consists of borrowings (disclosed in note 19), cash and cash equivalents, and equity comprising share capital (note 22), share premium (note 23), retained losses, translation reserve and non-controlling interests (note 30).

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

The Group operates in international markets which exposes us to movements in foreign currency exchange rates. The Group's primary exposures result from operations with functional currencies in EURO and GBP. At 31 December 2020, the Group's revenues would have decreased approximately \$117 million (2019: \$11 million) if the EURO and GBP had weakened 10% relative to the US dollar.

In addition, the Group is exposed to fluctuations in foreign exchange rates due to foreign denominated debt. At 31 December 2020, a 10% increase in the EURO against the US dollar would result in a \$23 million loss to the Statement of Income and a \$277 million loss to Other Comprehensive Income.

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 2020 would decrease loss before tax by approximately \$5.9 million (2019: \$11.9 million). A one percentage decrease in market interest rates would increase loss before tax by approximately \$0.3 million (2019: \$3.4 million). This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings, taking into account interest rate swaps, caps and floors in rates as appropriate.

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19 Borrowings

Borrowings are made up of the following instruments:

Current	Par value	Maturity	2020	2020	2019	2019
			Carrying value	Fair value	Carrying value (restated)	Fair value (restated)
			\$m	\$m	\$m	\$m
Bank overdrafts	-	-	648.1	648.1	572.2	572.2
Term loan US Libor (0% floor) plus margin (amortisation)	\$3.5m	Dec-20	3.5	3.5	3.5	3.5
Loans from Bain Capital companies, interest free	\$5.8m	Mar-20	-	-	5.8	5.8
Loan from WPP Plc, interest free	\$3.9m	Mar-20	-	-	3.9	3.9
Loan from WPP Plc - Libor (0% floor) plus margin	£11.5m	Dec-27	2.0	2.0	-	-
			653.6	653.6	585.4	585.4
Non-current	Par value	Maturity	2020	2020	2019	2019
			Carrying value	Fair value	Carrying value	Fair value
			\$m	\$m	\$m	\$m
Revolving credit facility - Euribor (0% floor) plus margin	€355.0m	Jun-26	160.4	160.4	61.8	61.8
Revolving credit facility - US Libor (0% floor) plus margin	\$15.0m	Jun-26	-	-	15.0	15.0
Term loan US Libor (0% floor) plus margin	\$346.5m	Dec-26	320.8	339.0	320.5	333.9
Term loan Euribor (0% floor) plus margin	€950.0m	Dec-26	1,115.8	1,160.1	777.7	803.6
Senior Notes 9.25% fixed	€428.0m	Oct-26	511.1	553.4	467.6	492.5
Senior Secured Notes 5.75% fixed	€1,000.0m	Oct-27	1,207.8	1,289.0	1,105.6	1,162.2
Loan from WPP Plc - Libor (0% floor) plus margin	£11.5m	Dec-27	11.8	11.8	15.3	15.3
Loans from Bain Capital companies, 1.69%	\$62.0m	Jun-28	66.1	66.1	65.0	65.0
Yield Free PECs issued to Bain Capital Companies	\$5.8m	Dec-50	5.6	5.6	-	-
Yield Free PECs issued to WPP Plc	\$3.9m	Dec-50	3.7	3.7	-	-
			3,403.1	3,589.1	2,828.5	2,949.3

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19 Borrowings (continued)

Borrowings are repayable as follows:

	2020	2019 (restated)
	\$m	\$m
Current	653.6	585.4
Between one and five years	21.9	14.0
After more than five years	3,381.2	2,814.5
Total borrowings	4,056.7	3,413.9

Senior Notes

On 17 February 2020, €47 million (\$51 million) of the notes remaining in escrow at 31 December 2019, were repaid.

Term Loans

On 13 February 2020, the Group drew €70 million (\$76 million) on its EURO Term Loan Facility B-1.

On 10 July 2020, the Group drew €155 million (\$175 million) on its EURO Term Loan Facility B-2.

Revolving Credit Facility

On 20 March 2020, the Group drew €280 million (\$299 million) on its Euribor revolving credit facility.

On 10 July 2020, €142 million (\$160 million) of the facility was repaid.

On 23 November 2020 a further €63 million (\$74 million) of the facility was repaid.

On 23 November 2020 \$15 million of the US Libor revolving credit facility was repaid, settling the liability in full.

Yield-Free Preferred Equity Certificates

On 3 September 2020, the Group agreed to issue yield-free preferred equity certificates (YFPECs) for a total subscription price of \$9.7 million in return for the termination of a \$5.8 million promissory note from Bain Capital and a \$3.9 million promissory note from WPP Plc.

Covenant

There is a financial covenant in favour of the lenders under the revolving credit facility which is subject to a financial covenant test at each quarter end date commencing 30 September 2020. However, this only occurs in the event that all borrowings under the revolving credit facility, net of all cash and cash equivalents, exceed 40% of the total revolving facility commitments at such date. As such the Group is not in breach of any financial covenants at the Statement of Financial Position date.

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20 Leases

Right-of-use assets

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Land and buildings \$m	Fixtures, fittings and equipment \$m	Total \$m
Cost:			
13 September 2019	-	-	-
Acquisition of subsidiaries	269.8	3.0	272.8
Additions	5.7	0.1	5.8
Exchange adjustments	4.8	-	4.8
31 December 2019 (restated)	280.3	3.1	283.4
Acquisition of subsidiaries	46.5	0.7	47.2
Additions	42.8	3.3	46.1
Modifications	(16.4)	-	(16.4)
Exchange adjustments	9.7	0.3	10.0
Reclassified as held for sale	(2.3)	-	(2.3)
31 December 2020	360.6	7.4	368.0
Depreciation:			
13 September 2019	-	-	-
Depreciation of right-of-use assets	4.4	0.2	4.6
Exchange adjustments	0.9	-	0.9
31 December 2019	5.3	0.2	5.5
Depreciation of right-of-use assets	62.4	3.2	65.6
Impairment loss	10.3	-	10.3
Exchange adjustments	(0.5)	(0.1)	(0.6)
On assets reclassified as held for sale	(0.3)	-	(0.3)
31 December 2020	77.2	3.3	80.5
Net book value:			
31 December 2020	283.4	4.1	287.5
31 December 2019 (restated*)	275.0	2.9	277.9
13 September 2019	-	-	-

* The comparative information has been restated as disclosed in note 1.

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For the year ended 31 December 2020

20 Leases (continued)

The Group's leases predominantly consist of leases for buildings, without any purchase options.

Lease liabilities

The movements in 2020 and the period from 13 September 2019 to 31 December 2019 were as follows:

	Land and buildings	Fixtures, fittings and equipment	Total
	\$m	\$m	\$m
13 September 2019	-	-	-
Acquisition of subsidiaries	263.2	2.8	266.0
Additions	5.6	0.1	5.7
Interest expense related to lease liabilities	1.1	-	1.1
Repayment of lease liabilities (including interest)	(4.4)	(0.4)	(4.8)
Exchange adjustments	4.1	(0.1)	4.0
31 December 2019 (restated*)	269.6	2.4	272.0
Acquisition of subsidiaries	42.2	0.7	42.9
Additions	42.8	3.1	45.9
Modifications	(16.5)	-	(16.5)
Interest expense related to lease liabilities	16.9	0.1	17.0
Repayment of lease liabilities (including interest)	(70.1)	(2.5)	(72.6)
Exchange adjustments	10.0	0.3	10.3
Reclassified as held for sale	(2.0)	-	(2.0)
31 December 2020	292.9	4.1	297.0

* The comparative information has been restated as disclosed in note 1.

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20 Leases (continued)

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

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Depreciation of right-of-use assets:		
Land and buildings	62.4	4.4
Fixtures, fittings and equipment	3.2	0.2
Impairment of right-of-use assets	10.3	-
Short term lease expense	4.2	1.1
Low value lease expense	2.4	-
Variable lease expense	9.6	1.2
Income from sub-leasing right-of-use assets	(4.1)	(0.2)
Charge to operating loss	88.0	6.7
Interest expense related to lease liabilities	17.0	1.1
Charge to loss before taxation for leases	105.0	7.8

The maturity of lease liabilities at 31 December 2020 were as follows:

	2020	2019
	\$m	\$m
Period ending 31 December		
Year 1	77.0	61.1
Year 2	63.2	56.2
Year 3	50.4	47.1
Year 4	35.7	39.3
Year 5	28.3	26.5
Later years	125.2	118.3
	379.8	348.5
Effect of discounting	(82.8)	(76.5)
Lease liability at 31 December 2020	297.0	272.0
Short term lease liability	60.7	46.4
Long term lease liability	236.3	225.6

The total committed future cash flows for leases not yet commenced at 31 December 2020 is \$29.5 million (2019: \$18.2 million).

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21 Financial instruments

Derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. All derivatives with a positive fair value are recognised in derivative financial instruments as an asset and all derivatives with a negative fair value are recognised in derivative financial instruments as a liability on the Statement of Financial Position.

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

	Held at fair value through profit or loss \$m	Held at fair value through other comprehensive income \$m	Amortised cost \$m	Carrying value \$m
Classification under IFRS 9				
2020				
Other investments	9.4	-	-	9.4
Loans payable	-	-	(3,408.6)	(3,408.6)
Cash and short-term deposits	-	-	1,274.5	1,274.5
Bank overdrafts	-	-	(648.1)	(648.1)
Trade and other receivables: amounts falling due within one year	-	-	839.5	839.5
Trade and other receivables: amounts falling due after more than one year	-	-	11.5	11.5
Derivative assets	0.4	-	-	0.4
Trade and other payables: amounts falling due within one year	-	-	(1,401.0)	(1,401.0)
Trade and other payables: amounts falling due after more than one year	-	-	(20.0)	(20.0)
Derivative liabilities	(0.4)	(3.5)	-	(3.9)
Payments due to vendors (earn-out agreements) (note 15)	(3.5)	-	-	(3.5)
Liabilities in respect of put options	(40.9)	-	-	(40.9)
Deferred and contingent consideration	(65.6)	-	-	(65.6)
	(100.6)	(3.5)	(3,352.2)	(3,456.3)

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For the year ended 31 December 2020

21 Financial instruments (continued)

	Held at fair value through profit or loss \$m	Amortised cost \$m	Carrying value \$m
Classification under IFRS 9			
2019 (restated)			
Other investments	9.4	-	9.4
Loans payable	-	(2,841.7)	(2,841.7)
Cash and short-term deposits	-	1,082.8	1,082.8
Bank overdrafts	-	(572.2)	(572.2)
Trade and other receivables: amounts falling due within one year	-	1,053.6	1,053.6
Trade and other receivables: amounts falling due after more than one year	-	7.9	7.9
Trade and other payables: amounts falling due within one year	-	(1,222.7)	(1,222.7)
Trade and other payables: amounts falling due after more than one year	-	(13.9)	(13.9)
Derivative liabilities	(0.8)	-	(0.8)
Payments due to vendors (earn-out agreements) (note 15)	(15.4)	-	(15.4)
Liabilities in respect of put options	(43.0)	-	(43.0)
Deferred and contingent consideration	(60.0)	-	(60.0)
	(109.8)	(2,506.2)	(2,616.0)

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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).

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21 Financial instruments (continued)

	Level 1	Level 2	Level 3
	\$m	\$m	\$m
2020			
Held at fair value through profit or loss			
Other investments	-	-	9.4
Derivative assets	-	0.4	-
Derivative liabilities	-	(0.4)	-
Payments due to vendors (earn-out agreements) (note 15)	-	-	(3.5)
Liabilities in respect of put options	-	-	(40.9)
Deferred and contingent consideration	-	-	(65.6)
Held at fair value through other comprehensive income			
Derivative liabilities	-	(3.5)	-
	Level 1	Level 2	Level 3
	\$m	\$m	\$m
2019			
Held at fair value through profit or loss			
Other investments	-	-	9.4
Derivative liabilities	-	(0.8)	-
Payments due to vendors (earn-out agreements) (note 15)	-	-	(15.4)
Liabilities in respect of put options	-	-	(43.0)
Deferred and contingent consideration	-	-	(60.0)

There have been no transfers between these levels in the years presented.

Reconciliation of level 3 fair value measurements¹:

	Put option liabilities	Other investments
	\$m	\$m
13 September 2019	-	-
Acquisition of subsidiaries	(42.2)	9.4
Exchange adjustments	(0.8)	-
31 December 2019	(43.0)	9.4
Revaluation gain (note 6)	7.1	-
Unwinding of discount	(1.5)	-
Exchange adjustments	(3.5)	-
31 December 2020	(40.9)	9.4

Note

¹The reconciliation of payments due to vendors (earn-out agreements) is presented in note 15.

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21 Financial instruments (continued)

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 publicly available information from outside sources. There have been no movements between level 3 and other levels.

Payments due to vendors and liabilities in respect of put options

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 fair value in accordance with IFRS 9. The obligation is 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. At 31 December 2020, the weighted average growth rate in estimating future financial performance was 5.5% (2019: 8.0%), which is in line with the growth rates in new media sectors. The risk adjusted discount rate applied to these obligations at 31 December 2020 ranged from 3.5% to 10.7% (2019: 3.5% to 10.7%).

Payments due to vendors and liabilities in respect of earn-out agreements

Future anticipated payments due to vendors in respect of contingent consideration (earn-out agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of earn-out agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32 and subsequently measured at fair value in accordance with IFRS 9. The obligations relating to the one remaining earn-out agreement as at 31 December 2020, derives its fair value from projections on future financial performance as the earn out period for the remaining agreement ends at 31 December 2021. The risk adjusted discount rate applied to this obligation at 31 December 2020 was 4.0% (2019: 8.9% to 10.7%).

A one percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the consolidated liabilities due to put options by approximately \$0.7 million and \$0.8 million (2019: \$0.8 million and \$0.8 million), respectively. A 0.5 percentage point increase or decrease in the risk adjusted discount rate would decrease or increase the consolidated liabilities due to earn-outs and put options by approximately \$0.2 million and \$0.2 million (2019: \$0.5 million and \$0.5 million), respectively. An increase in the liability would result in a loss in the revaluation of financial instruments, while a decrease would result in a gain.

Other investments

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 publicly available information from outside sources. The sensitivity to changes in unobservable inputs is specific to each individual investment.

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22 Share capital

The authorised, issued, allotted and fully paid share capital is as follows:

	2020	2020	2019	2019
	Number	\$m	Number	\$m
Ordinary share capital class A at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class B at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class C at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class D at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class E at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class F at €0.10 per share	5,409,836	0.7	5,409,836	0.6
Ordinary share capital class G at €0.10 per share	5,409,836	0.6	5,409,836	0.6
Ordinary share capital class H at €0.10 per share	5,409,836	0.6	5,409,836	0.6
Ordinary share capital class I at €0.10 per share	5,409,836	0.6	5,409,836	0.6
Ordinary share capital class J at €0.10 per share	5,409,864	0.6	5,409,864	0.7
As at 31 December	54,098,388	6.6	54,098,388	6.1

All the classes of share capital have equal rights.

As of 31 December 2020 the share capital is composed of 54,098,388 shares (2019: 54,098,388 shares) for an amount of \$6.6 million; €5.4 million (2019: \$6.1 million; €5.4 million).

23 Share premium

	\$m
13 September 2019	-
Shareholder contribution	382.3
Exchange adjustments	8.5
31 December 2019	390.8
Exchange adjustments	35.3
31 December 2020	426.1

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24 Acquisition of subsidiaries

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 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. In assessing fair value at acquisition date, management make their best estimate of the likely outcome where the fair value of an asset or liability may be contingent on a future event. In certain instances, the underlying transaction giving rise to an estimate may not be resolved until some years after the acquisition date. IFRS 3 requires the release to profit of any acquisition reserves which subsequently become excess in the same way as any excess costs over those provided at acquisition date are charged to the Consolidated Statement of Income. At each period end management assess provisions and other balances established in respect of acquisitions for their continued probability of occurrence and amend the relevant value accordingly through the Consolidated Statement of Income or as an adjustment to goodwill as appropriate under IFRS 3.

On 5 December 2019, the first stage of the acquisition of Kantar from WPP Plc was completed. This resulted in the Group acquiring companies representing approximately 92.5% of Kantar. WPP Plc retains a 40% interest in the business acquired.

The initial accounting for the first stage of the acquisition of Kantar had only been provisionally determined at the end of the comparative reporting period. During the measurement period which ended 4 December 2020, new information came to light about facts and circumstances that existed at the acquisition date and so those provisional amounts have been adjusted and finalised in the current year.

The consideration included elements that are contingent in nature. The conditions expected to be met in the future include the settlement of ongoing legal cases, realisation of the value of certain investments and the utilisation of certain tax losses and allowances. There was uncertainty at the acquisition and balance sheet dates in regard to the ultimate resolution of these items and initial estimates of the amounts due to be paid in the future continue to be evaluated.

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24 Acquisition of subsidiaries (continued)

The amounts recognised in respect of the fair values of identifiable assets acquired and liabilities assumed following the measurement period adjustments are as set out in the table below.

	Notes	Kantar 1 st stage previously reported Fair Value \$m	Measurement period adjustments \$m	Kantar 1 st stage revised Fair Value \$m
Intangible assets		2,107.1	(30.1)	2,077.0
Property, plant and equipment		157.1	0.7	157.8
Right-of-use assets		254.7	18.1	272.8
Investments in associates		82.4	11.5	93.9
Other investments		9.4	-	9.4
Deferred tax assets		86.2	(3.5)	82.7
Trade and other receivables		1,042.8	3.1	1,045.9
Cash and cash equivalents		453.5	-	453.5
Trade and other payables		(1,248.2)	(10.9)	(1,259.1)
Borrowings		(559.1)	(3.9)	(563.0)
Lease liabilities		(244.0)	(22.0)	(266.0)
Deferred tax liabilities		(596.4)	12.4	(584.0)
Provisions for post-employment benefits		(38.7)	(1.8)	(40.5)
Provisions for liabilities and charges		(79.1)	(7.5)	(86.6)
Identifiable net assets acquired		1,427.7	(33.9)	1,393.8
Non-controlling interests		(355.4)	-	(355.4)
Goodwill ¹	9	1,557.2	31.0	1,588.2
Total consideration		2,629.5	(2.9)	2,626.6
Satisfied by:				
Cash		2,547.3	-	2,547.3
Deferred consideration		19.3	-	19.3
Contingent consideration		62.9	(2.9)	60.0
Total consideration		2,629.5	(2.9)	2,626.6
Net cash outflow arising on acquisition:				
Cash consideration		2,547.3	-	2,547.3
Less: cash and cash equivalents acquired		(453.5)	-	(453.5)
		2,093.8	-	2,093.8

Note

¹ Goodwill reflects the value associated with future customer relationships, future technology and database assets, and the assembled workforce of Kantar.

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24 Acquisition of subsidiaries (continued)

Contingent liabilities of \$49.1 million have been recognised on acquisition in respect of potential employment-related liabilities, legal claims, and indirect tax liabilities. The timing of payment of these contingent liabilities is uncertain. The amount of the potential undiscounted future payments that the Group could be required to make in respect of the contingent liabilities recognised on acquisition is estimated to be \$51.8 million.

The amount of contingent consideration payable is dependent on the future settlement of ongoing legal cases, the realisation of the value of certain investments and the utilisation of certain tax losses and allowances. There was uncertainty at the date of acquisition as to the ultimate resolution of these matters. The restated fair value of contingent consideration payable after the measurement period of \$60.0 million has been estimated using level 3 inputs, based on information available up to the date of approval of these Consolidated Financial Statements. The amount of the potential undiscounted future payments that Kantar could be required to make under the contingent consideration arrangements is estimated to be \$66.4 million.

On 27 February 2020, the second stage of the Kantar transaction was completed, consisting of approximately 4.5% of the Kantar group, with cash consideration paid of \$166.7 million.

On 30 April 2020, the third stage of the Kantar transaction was completed, consisting of approximately 1.4% of the Kantar group, for a total consideration of \$36.2 million. This includes an estimated \$9.5 million of contingent consideration.

On 30 June 2020, the fourth stage of the Kantar transaction was completed, consisting of approximately 1.1% of the Kantar group, for a total consideration of \$63.4 million. This includes an estimated \$1.3 million of contingent consideration.

On 3 September 2020, the fifth stage of the Kantar transaction was completed, consisting of approximately 0.5% of the Kantar group, for a total consideration of \$53.3 million. This includes an estimated \$1.0 million of contingent consideration.

On 29 October 2020, the sixth and final stage of the Kantar transaction was completed, with cash consideration paid of \$13.4 million.

The primary reason for the business combination is the acquisition of a new portfolio company for the controlling party, Bain Capital.

In addition to the completion of the Kantar acquisition from WPP Plc, on 11 March 2020, the Group acquired Mavens Limited and its two subsidiaries from its shareholders, for a total consideration of \$23.4 million. This includes an estimated \$3.2 million of contingent consideration.

As at the date of these financial statements the accounting for the second stage of the Kantar transaction and Mavens Limited is final. However, the initial accounting for the third to sixth stages of the Kantar transaction has only been provisionally determined at the end of the reporting period.

Contingent consideration of Mavens Limited relates to an earn-out agreement with more details provided in note 21. The potential undiscounted future payment that Kantar could be required to make under the contingent consideration arrangement is estimated to be \$3.5 million.

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24 Acquisition of subsidiaries (continued)

The amounts recognised in respect of the fair values of identifiable assets acquired and liabilities assumed for the remaining stages of the Kantar transaction and Mavens Limited are as set out in the table below.

	Notes	Kantar 2 nd to 6 th stages	Mavens Limited	Total Fair Value ¹
		\$m	\$m	\$m
Intangible assets		152.8	7.4	160.2
Property, plant and equipment		14.2	0.1	14.3
Right-of-use assets		47.2	-	47.2
Investments in associates		17.1	-	17.1
Deferred tax assets		10.5	-	10.5
Trade and other receivables ²		253.2	2.5	255.7
Cash and cash equivalents		161.3	9.9	171.2
Trade and other payables		(331.2)	(2.4)	(333.6)
Lease liabilities		(42.9)	-	(42.9)
Deferred tax liabilities		(41.3)	(1.4)	(42.7)
Provisions for post-employment benefits		(9.9)	-	(9.9)
Provisions for liabilities and charges		(8.7)	(0.1)	(8.8)
Identifiable net assets acquired		222.3	16.0	238.3
Non-controlling interests		8.3	-	8.3
Controlling interest in associate acquired		(20.9)	-	(20.9)
Goodwill ³	9	123.3	7.4	130.7
Total consideration		333.0	23.4	356.4
Satisfied by:				
Cash		321.2	20.2	341.4
Contingent consideration		11.8	3.2	15.0
Total consideration		333.0	23.4	356.4
Net cash outflow arising on acquisition:				
Cash consideration		321.2	20.2	341.4
Less: cash and cash equivalents acquired		(161.3)	(9.9)	(171.2)
		159.9	10.3	170.2

Note

¹ As at the date of these financial statements, the fair values calculated for Kantar 2nd stage and Mavens Limited is final, but fair values calculated for Kantar 3rd to 6th stages remains provisional.

² The fair value of the trade and other receivables is equal to the gross contractual cash flows that are to be collected.

³ Goodwill reflects the value associated with future customer relationships, future technology and database assets, and the assembled workforce of Kantar. None of the goodwill is expected to be tax-deductible.

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24 Acquisition of subsidiaries (continued)

The main non-controlling interest is WPP Plc's 40% interest in Kantar. Other non-controlling interests exist in certain Kantar entities. Non-controlling interests were recognised at the acquisition date by reference to their proportional share of the identifiable net assets acquired, after allowing for the equity interest in the Kantar business retained by WPP Plc.

Acquisition-related costs (included in administrative expenses) amount to \$9.1 million (2019: \$64.4 million).

The second to sixth stages of the Kantar transaction contributed \$273.7 million of revenue and \$54.8 million loss, to the Group's loss before tax between the dates of acquisition and the reporting date. If the acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been \$2,974.3 million and loss before tax would have been \$442.6 million.

Mavens Limited contributed \$9.8 million of revenue and \$0.3 million to the Group's loss before tax between the dates of acquisition and the reporting date. If the acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been \$2,840.1 million and loss before tax would have been \$448.3 million.

25 Related party transactions

The Group has a number of transactions and relationships with related parties, as defined in IAS 24 Related Party Disclosures, all of which are undertaken in the normal course of business. Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Bain Capital, Canson Capital, WPP Plc Group and Associates of Kantar are all deemed to be related parties due to them all having a shareholding within Kantar Global Holdings S.à r.l. and/or its subsidiary undertakings.

As part of the acquisition, the Group has entered into transaction services agreements ("TSAs") with WPP Plc in respect of, among other matters, finance, human resources, procurement and information technology. The TSAs range in duration from three months to five years, from the date of acquisition. The Group has also entered into a number of long term agreements to lease certain properties from WPP Plc Group. In addition, the Group has entered into agreements with Bain Capital Private Equity (Europe) LLP and WPP Plc Group to provide services including consulting, advice on acquisitions and divestiture, financing, marketing and other functions.

Intragroup transactions within the Group which are eliminated on consolidation are not disclosed in these financial statements. Transactions between the Group and its defined benefit plans are set out in note 17. Other related party transactions of the Group are set out below:

2020	Bain Capital \$m	Canson Capital \$m	WPP Plc Group \$m	Associates \$m	Total \$m
Sales	-	-	53.0	0.1	53.1
Purchases	(13.2)	(1.5)	(79.5)	(0.2)	(94.4)
Interest expense	(1.1)	(0.1)	-	(0.1)	(1.3)
Trade and other receivables	-	-	30.3	13.8	44.1
Trade and other payables	0.1	-	28.9	14.9	43.9
Loans payable	72.1	3.1	17.5	-	92.7
Property lease payments	-	-	22.1	-	22.1
Dividend receivable (note 11)	-	-	-	10.3	10.3

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

25 Related party transactions (continued)

2019	Bain Capital	Canson Capital	WPP Plc Group	Associates	Total
	\$m	\$m	\$m	\$m	\$m
Sales	-	-	13.3	-	13.3
Purchases	-	-	(20.1)	-	(20.1)
Interest expense	-	-	(1.5)	-	(1.5)
Trade and other receivables	-	-	97.2	11.8	109.0
Trade and other payables	-	-	109.8	19.6	129.4
Loans payables	67.8	3.0	15.3	-	86.1
Property lease payments	-	-	1.3	-	1.3
Dividend receivable (note 11)	-	-	-	10.0	10.0

Key management personnel are members of the Executive Committee who have group-wide authority and responsibility for planning, directing and controlling activities of the Group.

The emoluments paid to the key management personnel of the Group are as follows:

	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
	\$m	\$m
Short-term employee benefits	7.6	1.7
Post-employment benefits	0.2	-
Other employee benefits	2.7	0.1
	10.5	1.8

Note

The four directors of the parent company did not receive any compensation for the period.

26 Capital commitments

At 31 December 2020, capital commitments contracted, but not provided were as follows:

	2020	2019
	\$m	\$m
Property, plant and equipment	4.2	2.7
Other intangible assets	10.0	10.4
	14.2	13.1

27 Controlling party

The immediate parent company is Bain Capital Europe V, S.à r.l. SICAV – RAIF. The ultimate parent undertaking and controlling party is Bain Capital Europe Fund V, SCSp.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

28 Events after the reporting period

On 1 April 2021 the Group completed the divestment of substantially all of the Health division to Cerner Corporation in accordance with the definitive agreement announced on 16 December 2020, and the obtained approvals of all relevant authorities. The remainder of the divestment, relating to China and Taiwan, is expected later in 2021. The Health division has been classified as held for sale as at 31 December 2020, as described in note 14.

On 19 April 2021 the Group announced that it had reached a definitive agreement with Vista Equity Partners to acquire Numerator, a Chicago-based, tech-driven consumer and market intelligence company. Numerator blends proprietary data, including a digital panel of over one million U.S. consumers, with advanced technology to create unique insights that help companies understand their customers in real time and identify growth opportunities. In the near-term, Numerator will continue to operate as a stand-alone business. Longer term, the combination of complementary geographies, technologies, methodologies and data is expected to create a step-change in global consumer insights for brands and retailers. The transaction is expected to complete by Q3 2021, subject to the relevant legal and regulatory processes. The Group has put in place a mixture of bank and shareholder commitments to fund the acquisition.

Changes in borrowings since 31 December 2020 are described in note 19.

29 Significant subsidiaries

Listed below are the subsidiaries which are considered to be material to the Group.

The two directly held subsidiaries below are wholly owned by Kantar Global Holdings S.à r.l.:

Legal entity	Country of incorporation	% Ownership
Summer (BC) Topco S.à r.l.	Luxembourg	100%
Summer (BC) US Blockerco Corp	USA	100%

The combined ownership of the indirectly held subsidiaries listed below is effectively split 60%/40% between Kantar Global Holdings S.à r.l. and WPP Plc (see note 30):

Legal entity	Country of incorporation	% Combined ownership
Lightspeed Research Australia Pty Ltd	Australia	100%
AMR Interactive Pty Ltd	Australia	100%
Millward Brown Pty Ltd	Australia	100%
Taylor Nelson Sofres Asia Pacific Pty Ltd	Australia	100%
Taylor Nelson Sofres Australia Pty Ltd	Australia	100%
Colmar Brunton Pty Ltd	Australia	100%
Kantar Belgium SA	Belgium	100%
Kantar Paulista Participações Ltda	Brazil	100%
TNS Serviços de Pesquisa de Mercado Ltda	Brazil	100%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

29 Significant subsidiaries (continued)

Legal entity	Country of incorporation	% Combined ownership
Kantar Midia Participacoes S.A.	Brazil	99%
Kantar IBOPE Monitor de Meios Publicitários Ltda	Brazil	100%
Kantar IBOPE Pesquisa de Mídia Ltda	Brazil	99%
IGM S.A.	Brazil	99%
Kantar IBOPE Monitor de Verificacao Publicitaria Ltda	Brazil	100%
Kantar Worldpanel Brasil Pesquisa de Mercado Ltda	Brazil	100%
Kantar Canada Inc.	Canada	100%
Kantar China Ltd	China	95%
Millward Brown Colombia S.A.S.	Colombia	100%
Kantar CZ s.r.o.	Czech Republic	100%
Techedge ApS	Denmark	59%
Kantar Gallup A/S	Denmark	100%
Kantar TNS Oy	Finland	100%
Taylor Nelson Sofres Suomi OY	Finland	100%
Kantar TNS-MB SAS	France	100%
Kantar SAS	France	100%
Compagnie Fonciere Les Yvelines	France	83%
Sofres Asia Pacific SAS	France	100%
Kantar Health SAS	France	100%
Kantar France Holdings SAS (formerly Summer (BC) France Bidco S.A.S.)	France	100%
Kantar GmbH	Germany	100%
Kantar Holding GmbH	Germany	100%
Kantar Hong Kong Limited	Hong Kong	100%
Total Glory International Limited	Hong Kong	100%
AnalyticsQuotient Services India Private Limited	India	100%
Millward Brown Market Research Services India Private Limited	India	100%
Firefly Market Research India Private Limited	India	100%
TNS India Private Limited	India	75%
Hindustan Thompson Associates Private Limited	India	74%
Kantar Market Research Services Pvt Ltd	India	95%
P.T. Kantar Indonesia International	Indonesia	100%
Taylor Nelson Sofres Ireland Limited	Ireland	100%
Taylor Nelson Sofres Teleseker Limited	Israel	95%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

29 Significant subsidiaries (continued)

Legal entity	Country of incorporation	% Combined ownership
Kantar Italia Srl	Italy	100%
Xtel Srl	Italy	100%
Kantar Japan KK	Japan	100%
Kantar Korea Ltd	Korea	100%
Summer (BC) US Intermediate JVCo SCSp	Luxembourg	100%
Kantar US Holdings SCSp (formerly Summer (BC) US JVCo SCSp)	Luxembourg	100%
Summer (BC) US Midco SCSp	Luxembourg	100%
Summer (BC) Holdco A S.à r.l.	Luxembourg	100%
Summer (BC) Holdco B S.à r.l.	Luxembourg	100%
Summer (BC) JVCo S.à r.l.	Luxembourg	100%
Summer (BC) Midco S.à r.l.	Luxembourg	100%
Kantar Malaysia Sdn Bhd	Malaysia	100%
Millward Brown México, S.A. de C.V.	Mexico	100%
TNS México, S.A. de C.V.	Mexico	100%
Estudios de Mercado LP de México, S. de R.L. de C.V.	Mexico	100%
Nipo Software B.V.	Netherlands	100%
Kantar Netherlands B.V.	Netherlands	100%
Kantar Square Two B.V.	Netherlands	100%
Kantar Square Three B.V.	Netherlands	100%
Kantar Square Four B.V.	Netherlands	100%
Kantar Holdings B.V.	Netherlands	100%
Kantar International Holdings B.V. (formerly Summer (BC) Dutch BidCo B.V.)	Netherlands	100%
Research SA B.V.	Netherlands	100%
Taylor Nelson Sofres B.V.	Netherlands	100%
Lightspeed Research B.V.	Netherlands	100%
Kantar India Holdings B.V.	Netherlands	100%
Millward Brown NZ Limited	New Zealand	100%
NFO Worldgroup N.Z. Holdings Limited	New Zealand	100%
NeedScope International Limited	New Zealand	100%
Focus Research Limited	New Zealand	100%
Colmar & Brunton Research Limited	New Zealand	88%
Kantar AS	Norway	100%
Kantar Philippines, Inc.	Philippines	100%
Kantar Polska S.A.	Poland	100%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

29 Significant subsidiaries (continued)

Legal entity	Country of incorporation	% Combined ownership
Closed Joint Stock Company TNS Marketing Information Center	Russia	100%
IMRB Millward Brown International Pte Ltd.	Singapore	51%
TechEdge Asia Pacific, Singapore Pte. Ltd.	Singapore	59%
Lightspeed GMI Singapore Pte. Ltd.	Singapore	100%
Kantar South Africa (Pty) Limited	South Africa	73%
Insights & Consulting Kantar S.L.	Spain	100%
Kantar Media S.A.	Spain	100%
Taylor Nelson Sofres Group Spain SL	Spain	100%
Taylor Nelson Sofres S.A.	Spain	100%
Kantar Sifo AB	Sweden	100%
TNS Dubai Branch - TNS Middle East & Africa WLL	UAE	58%
Kantar UK Limited	UK	100%
Kantar Consulting UK Limited	UK	100%
Kantar Media UK Limited	UK	100%
Millward Brown UK Limited	UK	100%
Precise Media Monitoring Limited	UK	100%
TNS Asia Holdings Limited	UK	100%
Taylor Nelson Sofres Services Limited	UK	100%
TNS UK Holdings Limited	UK	100%
Taylor Nelson Sofres International Limited	UK	100%
TNS Group Holdings Limited	UK	100%
Lightspeed Research Limited	UK	100%
Summer (BC) UK Bidco Limited	UK	100%
Kantar Group Holdings Limited (formerly Summer (BC) UK BidCo II Limited)	UK	100%
TNS Research Limited	UK	100%
TNS Worldpanel Limited	UK	100%
Mavens Limited England	UK	100%
IBOPE Latinoamericana, S.A.	Uruguay	99%
PERQ/HCL, LLC	USA	100%
Kantar LLC	USA	100%
Kantar Consulting LLC	USA	100%
Competitive Media Reporting, LLC	USA	100%
Lightspeed, LLC	USA	100%
Kantar Health LLC	USA	100%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

29 Significant subsidiaries (continued)

Legal entity	Country of incorporation	% Combined ownership
Kantar IBOPE Media LLC	USA	100%

30 Subsidiaries with material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) allocated to non-controlling interests for the year	Non-controlling interests
			\$m	\$m
NCI through WPP Plc's 40% shareholding in holding companies ¹	Luxembourg	40%	(189.4)	(13.1)
Techedge ApS	Denmark	41%	2.2	19.3
TechEdge Asia Pacific, Singapore Pte. Ltd.	Singapore	41%	2.8	3.0
Other subsidiaries with non-controlling interests	Various countries	-	7.3	31.6
Total			(177.1)	40.8

Note

¹ WPP Plc's shareholding in the Group consists of the following holding companies: Summer (BC) JVCo S.à r.l., Kantar US Holdings SCSp and Kantar US Holdings GP S.à r.l.

Appendix 1 – Non-GAAP measures reconciliation

Non-GAAP Measures of Performance

Management includes non-GAAP measures as they consider these measures to be both useful and necessary. They are used by management for internal performance analyses; the presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community.

Reconciliation of operating loss to EBITDA

EBITDA is a key metric that private equity firms, for example, use for valuing companies, and is one of the metrics that management uses to assess the performance of the business.

In the Management Report on page 2 a measure of EBITDA is referred to that can be reconciled to the operating loss shown in these financial statements as follows:

	Notes	Year ended 31 Dec 2020	Period from 13 Sep 2019 to 31 Dec 2019
		\$m	\$m
Operating loss per the statement of income		(210.8)	(36.3)
<i>Add back:</i>			
Depreciation of property, plant and equipment	10	45.2	3.6
Amortisation of intangible assets	9	229.6	18.1
Depreciation and impairment of right-of-use assets	20	75.9	4.6
Acquisition and disposal-related costs	3	19.1	64.4
Restructuring and transformation costs	3	270.9	10.5
Other items		8.1	3.7
EBITDA per the Management Report		438.0	68.6

Appendix 2 – Other information - unaudited

FORWARD- LOOKING STATEMENTS

Various statements contained in this report constitute “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. All statements other than statements of historical fact included in this report, including, without limitation, statements regarding our future financial position and results of operation, trends or developments affecting our financial condition and results of operation or the markets in which we operate, strategy, outlook and growth prospects, anticipated investments, costs and results, future plans and potential for growth, projects to enhance efficiency, impact of governmental regulations or actions, competition in areas of our business, litigation outcomes and timetables, future capital expenditures, liquidity requirements, capital resources, the successful integration of acquisitions and objectives of management for future operations or plans to launch new or expand existing operations, maybe deemed to be forward-looking statements. When used in this report, the words “believe,” “anticipate,” “should,” “intend,” “assume,” “plan,” “may,” “will,” “expect,” “estimate,” “positioned,” “strategy” and similar expressions may identify these forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements.

Any forward-looking statements are only made as of the date of this report and, except as required by law or the rules and regulations of any exchange on which the Notes are listed, we assume no obligation to update the forward-looking statements contained in this report to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Although this report contemplates the impact of COVID-19, the rapidly evolving nature of COVID-19 and its effect on, among other things, the global macro economy, the industry in which we operate and our business (collectively, the “**Coronavirus Impacts**”) will exacerbate those uncertainties and contingencies. The Group does not undertake any obligation to update any forward-looking statements contained herein for any reason, including whether or not the Group obtains more insight on the Coronavirus Impacts on the business, operations and financial performance of the Group. Given the rapidly evolving nature of the COVID-19 situation, the information provided herein should not be relied upon, and the Group does not accept any liability in relation to this or any future update or presentation in relation to COVID-19.

CERTAIN DEFINITIONS

Unless indicated otherwise in this report or the context requires otherwise, each reference to:

- **“Acquisition”** means the acquisition of the entities comprising the Target Group pursuant to the Acquisition Agreement;
- **“Acquisition Agreement”** means the Sale and Purchase Agreement, dated 12 July 2019, as amended on 7 October 2019 and 4 December 2019, by and between WPP Plc, ROW Topco and UK Bidco, relating to the Acquisition;
- **“EU”** means the European Union;
- **“euro,” “€” or “EUR”** refers to the single currency of the Member States of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- **“Faster Growing Markets”** refers to Asia Pacific, Latin America, Eastern Europe, Africa and Middle East;

Appendix 2 – Other information - unaudited

- **“IFRS”** means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the EU;
- **“IFRS as Modified”** means IFRS modified by application of the Annexure to SIR 2000 Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information issued by the UK Financial Reporting Council;
- **“Initial Completion”** means the initial acquisition of entities comprising approximately 92% of the Target Group (measured by EBITDA of the Target Group for the year ended 31 December 2018) on the Initial Completion Date;
- **“Initial Completion Date”** means 5 December 2019;
- **“Mature Markets”** refers to Continental Europe, UK and North America;
- **“Notes”** means, together, the Senior Notes and the Senior Secured Notes;
- **“pound sterling”, “sterling”, “£” or “GBP”** means the lawful currency of the United Kingdom;
- **“Reporting Entity”** means Kantar Global Holdings S.à r.l. (formerly, Summer (BC) Lux Consolidator S.C.A.), a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B237802;
- **“Revolving Credit Facility”** means the \$400.0 million (equivalent) senior secured revolving credit facility established under the Senior Facilities Agreement, together with any ancillary facilities;
- **“ROW Bidco”** means Summer (BC) Holdco B S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B235548;
- **“ROW Holdco”** means Summer (BC) Holdco A S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B235472;
- **“ROW JVCo”** means Summer (BC) JVCo S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B235250;

Appendix 2 – Other information - unaudited

- **“ROW Midco”** means Summer (BC) MidCo S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B235335;
- **“ROW Topco”** means Summer (BC) Topco S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés du Luxembourg*) under number B235480;
- **“Senior Facilities”** means, together, the Senior Term Loans and the Revolving Credit Facility;
- **“Senior Facilities Agreement”** means the senior facilities agreement, dated 26 November 2019, among, *inter alios*, RoW Bidco, US Bidco, Wilmington Trust (London) Limited, as agent and security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time;
- **“Senior Notes”** means the €428.0 million aggregate principal amount of 9.250% Senior Notes due 2027 issued on 30 October 2019 by ROW Holdco;
- **“Senior Secured Notes”** means the €1,000.0 million aggregate principal amount of 5.750% Senior Secured Notes issued on 30 October 2019 by ROW Bidco;
- **“Senior Term Loans”** mean the euro-denominated and U.S. dollar-denominated senior secured term facilities established under the Senior Facilities Agreement;
- **“Sponsor”** or **“Bain Capital”** means Bain Capital Private Equity (Europe) LLP and its affiliates and, where applicable, one or more investment funds and limited partnerships or other entities managed, advised or controlled by Bain Capital Private Equity (Europe) LLP or its affiliates or direct or indirect subsidiaries, and, in each case (whether individually or as a group) their respective affiliates;
- **“Target Group”** or **“Kantar”** means the entities comprising the Kantar business of the WPP Group acquired or to be acquired in the Acquisition;
- **“TSA”** means each transitional services agreement entered into by WPP Plc and the Group as part of the Acquisition;
- **“UK Bidco”** means Summer (BC) UK Bidco Limited, a private limited company incorporated in England, registered with Companies House under no. 12093836, with registered office at 11th Floor, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD;
- **“United Kingdom”** or **“UK”** means the United Kingdom of Great Britain and Northern Ireland;
- **“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
- **“US Bidco”** means Summer (BC) Bidco B LLC, a limited liability company formed in the State of Delaware and registered with the Secretary of State for the State of Delaware under no. 7475393 with registered office at Suite 302, 4001 Kennett Pike, Wilmington, Delaware 19807;
- **“U.S. dollars,” “dollars,” “U.S.\$”, “USD”** or **“\$”** means the lawful currency of the United States;
- **“US Holdco”** means Summer (BC) US Holdco A LLC, a limited liability company formed in the State of Delaware and registered with the Secretary of State for the State of Delaware under no. 7635837 with registered office at Suite 302, 4001 Kennett Pike, Wilmington, Delaware 19807;

Appendix 2 – Other information - unaudited

- **“US JVCo”** means Kantar US Holdings SCSp (formerly Summer (BC) US JVCo SCSp), a Société en Commandite Spéciale incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés du Luxembourg) under number B239448;
- **“US Midco”** means Summer (BC) US MidCo SCSp, a Société en Commandite Spéciale incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel and registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés du Luxembourg) under number B239447;
- **“WPP”** means WPP plc (registered number 111714), a public limited company incorporated in Jersey, with registered office at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES; and
- **“WPP Group”** means WPP plc and its subsidiaries.

In addition to the terms defined above, the terms **“Group,” “Kantar,” “we,” “our”** and **“us”** mean, as the context requires, the Target Group and/or the Reporting Entity and its subsidiaries.

Appendix 2 – Other information - unaudited

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

2020 Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

***Pro Forma* Financial Information**

The pro forma financial information as of and for the year ended 31 December 2019 and 2020 (the “***Pro Forma Financial Information***”) discussed in the Operating and Financial Review is unaudited and presented on a consolidated basis as if 100% of the Acquisition had been completed 1 January 2019. As 100% of the Target Group has been acquired as of the date of this report, we believe that this presentation allows for the greatest comparability of results between periods. The Pro Forma Financial Information has been prepared in accordance with IFRS as Modified.

Appendix 2 – Other information - unaudited

Non-IFRS Financial Measures

The primary non-IFRS financial measures used in the additional information in this report include the following measures (collectively, “**Non-IFRS Measures**”):

- **EBITDA.** We define EBITDA as profit for the period before: (i) interest and taxation; (ii) investment write-downs; (iii) amortisation and impairment of acquired intangible assets; (iv) gains/(losses) on disposal of investments and subsidiaries; (v) associate income/(loss); (vi) minority interests; (vii) restructuring and transformation costs; (viii) share of exceptional losses/(gains) of associates; (ix) depreciation of property, plant and equipment; (x) amortisation of other intangible assets; (xi) depreciation of right-of-use assets; (xii) severance; (xiii) one-off items; and (xiv) removal of share-based compensation.
- **Gross Revenue.** We define Gross Revenue as revenue, adjusted for certain perimeter transactions and inter-company and foreign exchange adjustments.
- **Direct Costs.** We define Direct Costs as third party and internal costs as well as other services which directly relate to the services delivered to clients. Costs comprise fieldwork costs including on-line, face to face and telephone, survey scripting and data processing, external data acquisition costs, billable travel, panel recruitment costs and panellist incentives for panellists who complete surveys. The intra-group component offsets against the intra-group revenue and thus has no impact on Gross Margin.
- **Gross Margin.** We define Gross Margin as Gross Revenue after Direct Costs.
- **Staff Costs.** We define Staff Costs to include wages and salaries, cash-based incentive plans, social security and pension costs, and other staff costs related primarily to freelance and temporary staff. Staff Costs do not include severance costs which are considered as exceptional one-off expenses.
- **General and Administrative Costs.** We define General and Administrative Costs as largely comprising of semi-fixed costs in the form of IT costs, communication costs, establishment costs, travel, training, legal and professional costs, and advertisement and promotion costs.
- **Trade Working Capital.** We define Trade Working Capital as our balances in Net Debtors, Accrued Revenue, Creditors (including accruals), Deferred Income and various other Statement of Financial Position items.
- **Adjusted Capital Expenditures.** We define Adjusted Capital Expenditures as purchases of property, plant and equipment and purchases of other intangible assets (including capitalized computer software), adjusted to exclude the expense related to certain non-recurring land costs.

We present these Non-IFRS Measures because we believe that these and similar measures are widely used as supplemental measures of performance and liquidity. We also believe that this information, along with comparable IFRS measures, is useful because it provides a basis for measuring and comparing our operating performance across the periods presented.

We present Non-IFRS Measures for informational purposes only. This information does not purport to represent the results we would have achieved had any of the adjustments made occurred at the beginning of the periods presented or as of the dates indicated. Such measures and ratios may not accurately reflect our performance, liquidity or our ability to incur debt, have limitations as analytical tools, and should not be considered as alternatives to operating profit or net profit or any other performance measures derived from or in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating activities. These amounts have not been, and, in certain cases cannot be, audited, reviewed or verified by any independent accounting firm.

Appendix 2 – Other information - unaudited

Constant Currency and Actual Rates

We present certain financial measures on a constant currency basis in U.S. dollars. These constant currency measures eliminate the effect of fluctuations in the exchange rates we use in the translation of our non-U.S. denominated sales into U.S. dollars by instead assuming that exchange rates were constant in all periods. For financial information for the years ended 31 December 2019 and 2020, we use the budgeted constant currency rate for the year ended 31 December 2020, which is prepared on a forward-looking basis. We additionally show financial information for the year ended 31 December 2020 at the actual exchange rates calculated by taking the income statements of foreign subsidiary undertakings translated into dollars at average exchange rates and the net assets of these companies translated at exchange rates as of 31 December 2020. The discussion and analysis of the financial information presented in “Operating and Financial Review” is presented in U.S. dollars on a constant currency basis, other than as specified.

We believe that these measures facilitate an understanding of the underlying economic performance of our operations. These constant currency measures are computed by translating the actual values of our non-U.S. dollar denominated results as per our subsidiaries’ financial statements using the following foreign exchange rates instead of the actual foreign exchange rates used for reporting purposes during the applicable period (except with respect to consolidation adjustments):

Currency	Constant Currency Rate per U.S. dollar	Actual Rate per U.S. dollar ⁽¹⁾
EUR	0.89	0.88
USD	1.00	1.00
GBP	0.75	0.78
INR	71.70	74.07
CNY	6.98	6.90
BRL	4.04	5.15
AUD	1.43	1.45
Other	Various	Various

⁽¹⁾ Represents the average exchange rate for the year ended 31 December 2020.

Appendix 2 – Other information - unaudited

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of our financial condition and results of operations in the periods set forth below. This discussion should be read together with and is qualified in its entirety by reference to the financial statements included elsewhere in this report. The following discussion should also be read in conjunction with “Presentation of Financial and Other Information.” The discussion in this section may contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly under “Forward-Looking Statements and Risk Factors.”

Results of Operations

The financial information below has been derived from the *Pro Forma* Financial Information for the year ended 31 December 2019, and the *Pro Forma* Financial Information for the year ended 31 December 2020, which reflects 100% of the Target Group for the years ended 31 December 2019 and 2020. The first two columns show the summarized income statement for the years ended 31 December 2019 and 31 December 2020, adjusted on a constant currency basis for the Group’s budgeted rate for the year ended 31 December 2020. See “Presentation of Financial and Other Information— Constant Currency and Actual Rates.” The third column shows the income statement for the year ended 31 December 2020, for the Group’s actual rate for the year ended 31 December 2020.

	Constant Currency Rate		Actual Rate
	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2020
	\$m	\$m	\$m
Gross Revenue	3,922	3,479	3,425
Direct Costs	1,384	1,153	1,140
Gross Margin	2,538	2,326	2,285
Staff Costs	1,585	1,505	1,478
General and Administrative Costs	428	361	355
EBITDA	525	460	452

Run Rate Adjustments:

Dividends received from associates ⁽¹⁾	11
Incremental run-rate savings ⁽²⁾	188
Pro Forma Adjusted EBITDA	650

(1) Represents cash dividends received from the Group’s associates.

(2) Represents the estimated annualized run-rate savings from transformation initiatives originally identified in the Offering Memorandum and not yet achieved as of 31 December 2020. In addition to the transformation initiatives originally identified in the Offering Memorandum, in part as a response to COVID-19, management and shareholders have identified opportunities to achieve significant additional cost savings and synergies through the implementation of further measures to pursue the Group’s long-term transformation. The additional cost savings measures that have been specifically identified have been reflected in this adjustment. The Group is evaluating the amount of further adjustments arising due to COVID-19, and will continue to evaluate such adjustments, and appropriate additional adjustments, on a quarter by quarter basis.

Appendix 2 – Other information - unaudited

Year ended 31 December 2020 compared to year ended 31 December 2019

Kantar delivered a strong start to the year with Gross Margin and EBITDA ahead of our annual plan and prior year through February. March saw the beginning of the impact of COVID-19 on our operational performance across all our markets. In response we took swift action on costs and cash implementing temporary and permanent measures to protect both our EBITDA and liquidity. Our Revenue drop was largest in the second quarter with an improved progression in Q3 & Q4 and an orderbook that closed the year ahead of 2019 by \$6 million.

Gross Revenue

Gross Revenue decreased by \$443 million, or 11% from \$3,922 million in the year ended 31 December 2019 to \$3,479 million in the year ended 31 December 2020. This decrease was due primarily to declines in our more custom businesses of Insights, Consulting and Public.

Insights' decline of 17% was driven by a significant slowdown due to the impact of COVID-19 as clients reduced spend in areas such as new product innovation and copy testing of new advertising campaigns. In addition, our reduced ability to conduct face to face fieldwork had a disproportionate impact in our Faster Growing Markets. Offsetting the declines, our growth platforms of Holistic Brand Guidance (HBG) and Marketplace continued to deliver double digit growth and we saw good growth in our Analytics domain.

Our Consulting business and Public business declined by 19% and 10% respectively as both were heavily impacted by the pandemic due to reduced client spend and for Public the delays in projects due to our reduced ability to conduct face to face research in the second and early third quarter.

Despite the overall decline in our Revenue, two of our divisions grew in the year ended 31 December 2020, and our syndicated businesses remain more resilient showing a slight decline versus 2019. Our Health division grew at 10% due to increased demand from the pharmaceutical sector largely unrelated to COVID-19. Our Worldpanel division grew by 2%, as we continue to see consistent demand for our behavioral insights across all regions.

Geographically we experienced declines in our Faster Growing Markets of 14% as all regions declined with largest impact in Africa and Middle East because of the reduced ability to conduct face to face research. Our Mature Markets also declined by 10% largely due to the impact of the pandemic on our custom businesses.

Direct Costs

Direct Costs, which are our cost of delivering our services, decreased by \$231 million, or 17% from \$1,384 million in the year ended 31 December 2019 to \$1,153 million in the year ended 31 December 2020, more than the decrease in Gross Revenue. Insights Direct Costs decreased by 23%, which was above the rate of Gross Revenue decline as we transitioned clients to our more automated HBG solution in our Brand domain, improved efficiencies and pricing and a better performance in our higher margin Analytics and Media domains. We have also responded quickly to deliver to clients in new more efficient ways such as transitioning face to face interviews to lower cost CATI/CAVI interviews. In our Consulting division direct costs decreased by 37% which was above the rate of Gross Revenue decline due to our Trade Optimization domain which experienced double digit Gross Revenue growth and has minimal direct costs. Direct Costs in our Public division decreased by 15% due to our reduced ability to conduct face to face research and incur the associated fieldwork costs.

Gross Margin

Our Gross Margin as a percentage of Gross Revenue improved by 2% to 67% in line with the decrease in Gross Revenue and Direct Costs noted above. Overall our Gross Margin decreased by \$212 million, or 8% from \$2,538 million in the year ended 31 December 2019 to \$2,326 million in the year ended 31 December 2020.

Appendix 2 – Other information - unaudited

Staff Costs

Staff Costs decreased by \$80 million, or 5% from \$1,585 million in the year ended 31 December 2019 to \$1,505 million in the year ended 31 December 2020. This decrease was mainly a result of our response to the impact of COVID-19 on Gross Revenue. Actions taken include a freeze on recruitment and salary increases, global and local management 20% salary reductions for three-month minimum, temporary capacity adjustments via reduced hours, and participation in various government schemes. While we were quick to respond in reducing our staff costs, we kept up our resource plans for all growth areas.

General and Administrative Costs

General and Administrative Costs decreased by \$67 million, or 16% from \$428 million in the year ended 31 December 2019 to \$361 million in the year ended 31 December 2020. This decrease was primarily due to the immediate impact on discretionary costs from our response to COVID-19, including decreased spend on discretionary items such as international and domestic travel.

EBITDA

EBITDA decreased by \$65 million, or 12% from \$525 million in the year ended 31 December 2019 to \$460 million in the year ended 31 December 2020. This decrease was primarily due to the decrease in Revenue partially offset by tight control on costs.

Debt Financing

The following table describes the cash and cash equivalents and debt financing as of 31 December 2020 of the Group based on our 2020 Consolidated Financial Statements, as adjusted to exclude cash and liabilities of holding companies above the Group entities that are governed by our Senior Facilities Agreement and our Notes, and presented on a consolidated basis as at 31 December 2020.

You should read this table in conjunction with the financial statements and accompanying notes appearing elsewhere in this report. Except as set forth below, there have been no other material changes to our debt financing since 31 December 2020.

	31 December 2020
	\$m
Cash and cash equivalents ⁽¹⁾	606
Total net debt: ⁽²⁾	
Senior Facilities ⁽³⁾	1,670
Senior Secured Notes ⁽⁴⁾	1,224
Total senior secured net debt	2,288
Senior Notes ⁽⁴⁾	524
Total secured net debt ⁽⁵⁾	2,812
Other debt ⁽⁶⁾	311
Total net debt	3,123

Appendix 2 – Other information - unaudited

- (1) Represents cash and cash equivalents, net of overdrafts, as of 31 December 2020.
- (2) Total net debt is reflected at its aggregate principal amounts, less cash and cash equivalents, and does not reflect debt issuance costs or accrued interest expense.
- (3) The Senior Facilities are comprised of the Senior Term Loans and the Revolving Credit Facility. The amount shown represents the U.S. dollar equivalent of the aggregate principal amount of the Senior Term Loans, without giving effect to discounts or fees to be paid to the lenders thereunder. The Senior Term Loans include (i) a €950 million term loan B bearing interest at EURIBOR plus a 4.75% margin (subject to a margin ratchet), and (ii) a \$347 million term loan B bearing interest at USD LIBOR plus 4.75% margin (subject to a margin ratchet); each maturing in December 2026. The Revolving Credit Facility provides for \$400 million of borrowings (including any permitted ancillary facilities established thereunder) in certain specified currencies and any other currencies readily available in the relevant interbank market (subject to the consent of the relevant lenders), subject to customary borrowing conditions, bears a margin of the applicable benchmark rate plus 3.00% (subject to a margin ratchet), and matures in December 2026. \$160 million of the Revolving Credit Facility was drawn at 31 December 2020.
- (4) Represents the U.S. dollar-equivalent of the aggregate principal amount of (i) the €1,000 million 5.750% Senior Secured Notes maturing 31 October 2026 and (ii) the 9.250% Senior Notes maturing 31 October 2027, issued in an initial aggregate principal amount of €475 million, with €47 million redeemed in a special mandatory redemption in February 2020 and does not reflect any initial purchaser discount or original issue discount. The exchange rates used to convert the aggregate principal amounts of the Notes to U.S. dollars should not be viewed as a representation that such U.S. dollar amounts actually represent such euro amounts, or could be or could have been converted into euro at the rate indicated or at any other rate, on the date of this report or any other date.
- (5) Represents IFRS 16 lease liabilities, as well as a \$14 million loan from the WPP Group to the Group.

Liquidity and Capital Resources

For periods prior to the consummation of the Acquisition, our ability to obtain cash to adequately fund our needs depended on the results of operations and the availability of financing from the WPP Group. Liquidity was used for operating expenses and capital expenditures.

Since the Acquisition, both zero balancing and notional cash pooling arrangements have been utilized where practical and permitted locally. A policy of remitting surplus cash to the UK from overseas subsidiaries via intercompany loans and dividend repatriation is used in order to manage the Group's central liquidity and to support recycling of cash to those parts of the Group that require it. As at 31 December 2020, \$160m of our Revolving Credit Facility is drawn, which leaves \$232m of headroom after excluding \$8 million of ancillary facilities established thereunder.

The Group continues to assess its liquidity and operational needs and to evaluate capital markets and other financing options on an ongoing basis. The Group may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and with such consideration as the purchaser may determine.

Appendix 2 – Other information - unaudited

Selected Cash Flow Items

Trade Working Capital

The following table sets forth a comparison of Net Debtors, Accrued Revenue, Creditors (including accruals), Deferred Income and various other Statement of Financial Position items that are included in our Trade Working Capital.

Constant Currency

	Year ended 31 December 2019	Year ended 31 December 2020
	\$m	\$m
Net Debtors ⁽¹⁾	746	453
Accrued Revenue ⁽²⁾	214	186
Creditors incl. accruals ⁽³⁾	(443)	(457)
Deferred Income ⁽⁴⁾	(285)	(313)
Other	4	3
Trade Working Capital	236	(128)

- (1) Represents trade account receivables owed to the Group net of any allowance for doubtful accounts.
- (2) Constitutes revenue recognised in advance of billings.
- (3) Represents amounts owed to our suppliers including amounts accrued for that have not yet been invoiced.
- (4) Constitutes revenue billed in advance of services provided.

Our Trade Working Capital improved by \$364 million from \$236 million in the year ended 31 December 2019 to negative (\$128) million in the year ended 31 December 2020. There were two major drivers of the improvement. The first, was the combination of on-going process improvements and swift action from management in response to Covid-19 to protect liquidity. The second was the factoring of a portion of our Net Debtor balances. In addition, an overall reduction in trading performance, some of which will reverse over time, also contributed to the improvement. Net working capital remains an area of continued focus as there are further sustainable improvements we can make.

Our Net Debtors improved by \$293 million, or 39% from \$746 million in the year ended 31 December 2019 to \$453 million in the year ended 31 December 2020. This improvement was primarily due to a continued management focus on reduction of overdue debtors and a roll out of a factoring program in multiple markets. In addition, the overall reduction in our Gross Revenue reduced our overall outstanding debtors.

Accrued Revenue improved by \$28 million, or 13% from \$214 million in the year ended 31 December 2019 to \$186 million in the year ended 31 December 2020. The improvement was due to improved billing procedures as well as an overall reduction in our Gross Revenue.

Creditors (including accruals) increased by \$14 million, or 3% from \$443 million in the year ended 31 December 2019 to \$457 million in the year ended 31 December 2020. This is primarily due to our implementation in late 2019 of policies and processes to ensure we do not pay suppliers earlier than our agreed payment terms.

Appendix 2 – Other information - unaudited

Deferred Income improved by \$28 million, or 10% from \$285 million in the year ended 31 December 2019 to \$313 million in the year ended 31 December 2020. The improvement was due to improved billing procedures across multiple markets.

*Adjusted Capital Expenditures***Constant Currency**

	Year ended 31 December 2019	Year ended 31 December 2020
	\$m	\$m
Purchases of property, plant and equipment	53	34
Purchases of other intangible assets (including capitalized computer software)	40	55
Adjusted Capital Expenditures	93	89

Adjusted Capital Expenditures decreased by \$4 million, or 4% from \$93 million in the year ended 31 December 2019 to \$89 million in the year ended 31 December 2020. This decrease was due to a \$19 million decrease in purchases of property, plant, and equipment as we have scaled back spend in this area due to the impact of Covid-19. Offsetting the decrease in purchases of property plant and equipment was a \$15 million increase in the purchase of other intangible assets. This increase is primarily due to our continued investment in our growth platforms including Holistic Brand Guidance (HBG) and Marketplace in our Insights division and our big data service Worldpanel+ within our Worldpanel division. In addition, we continue to upgrade our platforms within our Media and Worldpanel divisions.

Appendix 2 – Other information - unaudited

MANAGEMENT

Board of Directors

The Group is managed by the boards of directors of ROW JVCo and US JVCo (the “**Boards**”), which are the Group’s principal governing bodies. Each of the Boards will be composed of up to eight members, out of which six will be appointed by the Sponsor and two by WPP Plc pursuant to the terms of the Shareholders’ Agreement (as defined below).

Name	Position
John Rogers	WPP Director
Andrew Scott	WPP Director
Isabelle Dardard Arker	Bain Director
Christophe Jacobs van Merlen	Bain Director
Jana Oleksy	Bain Director
Stella Le Cras	Bain Director
Manfred Schneider	Bain Director

The following are brief biographical descriptions of the members of the Boards mentioned above.

John Rogers — Mr. Rogers became Chief Financial Officer of WPP Plc in February 2020, joining from J Sainsbury plc where he was Chief Executive Officer of Argos, leading its integration into the Sainsbury’s business and its digital transformation into one of the UK’s leading online retailers. He was previously the Chief Financial Officer of J Sainsbury plc, responsible for its business strategy, new business development, Sainsbury’s Online and Sainsbury’s Bank, in addition to its core finance functions. Mr. Rogers is a member of The Prince’s Advisory Council for Accounting for Sustainability. He also recently sat on the Retail Sector Council, which acts as a point of liaison between the UK Government and retail sector.

Andrew Scott — Mr. Scott joined WPP Plc in 1999 as Director of Corporate Development. He held a number of other senior roles including Chief Operating Officer for Europe before being appointed COO in 2018.

Christophe Jacobs van Merlen — Mr. Jacobs van Merlen is a managing director in the Technology Financial and Business Services Vertical and a member of the European Private Equity team at Bain Capital. Prior to joining Bain Capital in 2004, Mr. Jacobs van Merlen was a consultant at Bain & Company in Brussels, Amsterdam, and Boston, where he provided strategic and operational advice to private equity, business services, industrial, and financial services clients. He graduated from *École Centrale* in France and received a *MS magna cum laude* in Civil Engineering from University of Brussels.

Stella Le Cras — Ms. Le Cras serves as a Finance Director of Bain Capital’s office in Luxembourg. She joined Bain Capital in 2020. Ms. Le Cras has over 30 years of experience in the financial services industry and serves as a board member on the holding companies of various Bain Capital investments.

Isabelle Dardard Arker — Ms. Arker serves as a Finance Director at Bain Capital’s Luxembourg office which she joined in June 2020. She also serves as a board member on the holding companies of various Bain Capital investments. Prior to that she was a General Manager and board manager in a private equity house in Luxembourg for 7 years and Tax and Accounting manager in Big 4 and fiduciary companies for 15 years. Isabelle has over 20 years of experience in accounting, tax and corporate administration.

Appendix 2 – Other information - unaudited

Jana Oleksy — Ms. Oleksy serves as a Finance Director and board manager at Bain Capital's Luxembourg office which she joined in November 2018. Prior to that she was a finance director and board manager in a private equity house in Luxembourg for 12 years and financial controller in international banks for 8 years. Jana has over 30 years of experience in accounting, controlling, reporting, tax and corporate administration. Jana has an ACCA Diploma in International Financial Reporting Standards.

Manfred Schneider — Mr. Schneider is a director at Alter Domus. Since 2004, he has managed transactions, including structuring, reorganizing and refinancing Luxembourg entities. Before joining Alter Domus, he was an audit manager at PricewaterhouseCoopers. He is a certified chartered accountant and treasurer of the Association of Chartered Accountants in Luxembourg. Alter Domus provides corporate and back office services to investment funds, including Bain Capital. Mr. Schneider is on the board of numerous companies and special purpose vehicles domiciled in Luxembourg.

The business address of ROW JVCo and US JVCo is 4, rue Lou Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg.

Board Practices

The Boards meet on a regular basis, at least four times per calendar year, to review the Group's performance and business plans. All resolutions at meetings of the Boards are decided by a simple majority of votes cast. In addition, the Boards have established policies for the conduct of the Group's business, including delegations of the Boards' authority to directors and members of senior management. Pursuant to the Shareholders Agreement, each Board has established or shall establish an Audit Committee, a Remuneration Committee, a Risk and Compliance Committee and a Nomination Committee to ensure appropriate oversight of the Group's operations.

PRINCIPAL SHAREHOLDERS

Bain Capital indirectly holds 60% of the equity interests in US JVCo, which indirectly holds the equity interests in the U.S. entities, and ROW JVCo, which indirectly holds the equity interests in the non-U.S. entities. The remaining 40% of the equity interests in US JVCo and ROW JVCo are held by certain affiliates of WPP Plc. ROW JVCo and US JVCo in turn hold equity interests in ROW Midco and US Midco, respectively, and certain members of the executive committee of the Group will hold their equity securities in each of ROW Midco and US Midco.

Bain Capital

Bain Capital is a leading global private investment firm which advises and manages capital across several asset classes, including private equity, venture capital, public equity and leveraged debt assets. Since its inception in 1984, Bain Capital and its affiliates have completed over 450 transactions and have made investments in more than 330 companies in a broad range of industries, including consumer/retail, financial and business services, healthcare, industrials, and technology, media and telecommunications. Bain Capital's global team of approximately 485 investment professionals creates value for its portfolio companies through its global platform and depth of expertise, managing approximately \$105 billion of assets in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus. Bain Capital has investors from across the world that include sovereign wealth funds, public pension funds, foundations, insurance companies, family offices, high-net-worth individuals and funds of funds.

The firm has a strong track record of investments in the Technology and Business Services industry, including its investments in Macromill (leading market research firm in Asia), the Cerved Group, Nexi, Concardis, Nets, Worldpay and Zellis.

Headquartered in Boston, Bain Capital and its affiliates have offices in Chicago, Dublin, Guangzhou, Hong Kong, London, Luxembourg, Madrid, Melbourne, Mumbai, Munich, New York, Palo Alto, San Francisco, Seoul, Shanghai, Sydney and Tokyo.

Appendix 2 – Other information - unaudited

WPP Plc

WPP Plc is a British multinational advertising and public relations company. Its main management office is in London, England, and executive office in Dublin, Ireland. WPP Plc owns a number of advertising, public relations, media and market research networks, including Ogilvy, J. Walter Thompson, Young & Rubicam, Burson-Marsteller, Hill & Knowlton and GroupM. WPP Plc has operations in 112 countries, employs over 130,000 people and is quoted on the London and New York Stock Exchange.

Shareholders Agreement

In connection with the Acquisition, the Sponsor and certain affiliates of WPP Plc entered into a shareholders' agreement (the **"Shareholders' Agreement"**) regulating the affairs of ROW JVCo and US JVCo and their investment in the Group, among other things, including governance rights in relation to ROW JVCo and US JVCo as well as certain matters which require the consent of WPP Plc.

The Shareholders' Agreement provides for certain pre-emptive rights on issues of new securities of US JVCo and ROW JVCo (subject to customary exclusions), as well as certain restrictions on transfers of the securities of US JVCo and ROW JVCo (subject to limited permitted transfers) in the first three years of the term of the Shareholders' Agreement. After the expiry of the first three years of the term: (i) each securityholder will have a right of first offer in the event another securityholder decides to dispose of any of its JVCo securities; and (ii) WPP Plc will receive tag-along rights to participate in a transfer of securities by Bain Capital, other than certain specified transfers. The Shareholders' Agreement also includes a drag-along right entitling Bain Capital to require WPP Plc to transfer all of its securities upon a transfer of all of Bain Capital's securities in ROW JVCo and US JVCo at any time following the third anniversary of the Shareholders' Agreement, subject to certain conditions.

Voting rights for the ROW JVCo and the US JVCo are determined (i) at the Boards' meetings on a show of hands by simple majority; and (ii) at shareholder meetings on a poll (i.e., one vote per share held). The Shareholders' Agreement includes a number of reserved matters which require both securityholders' approval. These reserved matters will be reduced if WPP Plc ceases to hold at least 15% and fall away if WPP ceases to hold at least 5% of the shares in the relevant JVCo.

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Appendix 2 – Other information - unaudited

ANNEX: RECONCILIATIONS TO *PRO FORMA* FINANCIAL INFORMATION

Reconciliation from 2020 Consolidated Financial Statements to 2020 *Pro Forma* Financial Information

The following table sets forth the reconciliation of EBITDA from the 2020 Consolidated Financial Statements to the EBITDA from the 2020 *Pro Forma* Financial Information.

	EBITDA \$m
2020 Consolidated Financial Statements	438
Perimeter adjustment ⁽¹⁾	14
2020 <i>Pro Forma</i> Financial Information	452

(1) Adjustment to include the EBITDA of 100% of Kantar entities acquired at various dates during 2020.

The following table sets forth the reconciliation of Net Debt from the 2020 Consolidated Financial Statements to the table within the Debt Financing section of the Operating and Financial Review:

	Cash and cash equivalents (note 8) \$m	Borrowings (excl bank overdrafts) (note 19) \$m	Lease liabilities (note 20) \$m	Net Debt \$m
Per the Statement of Financial Position at 31 December 2020	(626.4)	3,408.6	297.0	3,079.2
<i>Adjust for:</i>				
Unamortised debt-issuance costs deducted from borrowings	-	98.6	-	98.6
Cash and debt outside of the Senior Lenders' perimeter	20.9	(75.4)	-	(54.5)
Net Debt per the Debt Financing table	(605.5)	3,431.8	297.0	3,123.3