

KANTAR GLOBAL HOLDINGS S.à r.l.

Consolidated Financial Statements

As of 31 December 2019 and for the period from 13 September (date of incorporation) to 31 December 2019

Company number

B237802

Registered office

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Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Contents

	Page
Management report	2-9
Auditor's report	10-12
Consolidated financial statements	
Consolidated income statement	13
Consolidated statement of comprehensive income	14
Consolidated statement of financial position	15
Consolidated statement of changes in equity	16
Consolidated cash flow statement	17
Notes to the consolidated financial statements	18-75
Appendix 1 – Non-GAAP measures reconciliation	76
Appendix 2 – Other information – unaudited	77-96

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

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 period from 13 September 2019 (“incorporation date”) to 31 December 2019.

Principal activity and business developments

On 5 December 2019 (“Initial Completion Date”), the Company acquired a controlling interest in businesses representing approximately 92.5%¹ of Kantar² from WPP Plc. WPP Plc retains a 40% interest in the business acquired.

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”) from the incorporation date to 31 December 2019.

Further information about Kantar and its unaudited pro-forma results for the year ended 31 December 2019 is given in Appendix 2 after the consolidated financial statements.

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. We believe that our holistic consumer understanding is core to making our clients’ products and services more targeted and effective.

Revenue

Revenues of \$285.7 million in the period from incorporation to 31 December 2019 are derived from the Kantar business acquired on 5 December 2019.

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

The operating loss of \$36.3 million includes \$64.4 million of Kantar acquisition-related costs and \$10.5 million of costs related to the post-acquisition restructuring and transformation of Kantar. It also includes \$18.1 million of amortisation charges arising on the fair value of intangible assets recognized on the acquisition of Kantar. Adding back other depreciation and amortisation costs of \$8.2 million and \$3.7 million of foreign exchange movements and other one-off costs results in EBITDA for the period of \$68.6 million.

Net finance costs

Net finance costs of \$17.7 million include \$27.9 million of interest charges on borrowings and a gain of \$20.3 million recognised on the hedging of the conversion of EUR-denominated debt to USD required to purchase Kantar. Other net interest charges and foreign exchange losses on financing account for the remaining net finance costs of \$10.1 million.

Note

¹ 92.5% measured by EBITDA of Kantar for the year ended 31 December 2018.

² “Kantar” means the entities comprising the Kantar business of WPP Plc.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

Taxation

The overall tax charge for the period was \$6.4 million. The tax charge 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 period was \$1,582.9 million. This is all represented by goodwill arising on the acquisition of Kantar, after accounting for foreign exchange movements from the date of acquisition to 31 December 2019. Other identifiable intangible assets of \$2,107.1 million recognised on the acquisition of Kantar comprise customer relationships of \$1,470.4 million, technology and databases of \$315.1 million and the Kantar trade name of \$321.6 million (see note 9). Further details about the provisional fair values of the identifiable net assets recognized on the acquisition of Kantar are given in note 23.

Borrowings

See note 18 for details of the Group's borrowings.

Shareholder contributions

The shareholders of Kantar Global Holdings S.à r.l. have contributed a total of \$388.2 million in equity to fund the acquisition of the Kantar Group. Kantar's former owner, WPP Plc, has retained equity equivalent to \$301.3 million, representing a 40% retained interest in Kantar.

Cash flow

Cash and cash equivalents increased by \$510.6 million in the period, including the acquisition of \$453.5 million of cash and cash equivalents in Kantar.

Cash generated from operations before acquisition-related transaction and restructuring costs of \$74.9 million was \$61.2 million. Operating activities also resulted in net cash interest costs of \$0.6 million, corporate income tax payments of \$11.8 million and dividends received from associated companies of \$10.0 million.

Financing activities resulted in net cash inflows from borrowings and capital raising of \$2,639.7 million with \$2,553.4 million of that being used to pay cash and deferred consideration for the acquisition of Kantar. Other investing activities included capital expenditure of \$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:

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

<p><u>Risk</u></p> <p>Uncertainty, downturns and changes in the markets that we serve, in particular in the consumer-packaged goods and food and beverage industries.</p>	
<p><u>Potential impact</u></p> <p>A significant downturn could impact our Revenue growth and recovery post COVID-19.</p>	<p><u>How we manage the risk</u></p> <p>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.</p>
<p><u>Risk</u></p> <p>Competition in the markets in which we operate.</p>	
<p><u>Potential impact</u></p> <p>Losing share to new and traditional competitors.</p>	<p><u>How we manage the risk</u></p> <p>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.</p>

Management report

<p><u>Risk</u></p> <p>Reduction of our revenues generated from subscription-based agreements.</p>	
<p><u>Potential impact</u></p> <p>A significant reduction could impact our Revenue growth and recovery post COVID-19.</p>	<p><u>How we manage the risk</u></p> <p>Our subscription-based agreements are predominately 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 evidenced by continued resilience in these areas during COVID-19 crisis. We have made 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.</p>

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

<p><u>Risk</u></p> <p>Our failure to attract and retain skilled employees and senior management personnel.</p>	
<p><u>Potential impact</u></p> <p>Losing share to competitors due to not having and retaining key talent to drive Revenue and offer.</p>	<p><u>How we manage the risk</u></p> <p>We are an established global market research organization 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.</p>
<p><u>Risk</u></p> <p>Adverse developments in the legislative and regulatory environment, including regarding privacy and data protection.</p>	
<p><u>Potential impact</u></p> <p>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.</p>	<p><u>How we manage the risk</u></p> <p>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.</p>
<p><u>Risk</u></p> <p>The Group uses various financial instruments including cash, trade receivables, bank overdrafts, debt and trade payables that arise directly from its operations.</p>	
<p><u>Potential impact</u></p> <p>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.</p>	<p><u>How we manage the risk</u></p> <p>Details of the Group's risk management policies relating to financial instruments, can be found in note 17 of the consolidated financial statements.</p>

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

<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. 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 have moved to remote working; this transition has gone 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. However, if lockdowns are enforced on a long-term basis, this could impact on our ability to deliver productively and to our usual standards, unless sustainable mitigation measures are introduced.

We began the year 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 have 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 are 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 temporary measures included:

- A freeze on all recruitment;
- No planned salary increases including those linked to promotions;
- Overwhelming agreement on the part of our global and local leadership teams to monthly salary reductions of 20% for a minimum of three months;
- Participation in various government schemes and temporary capacity adjustments via reduced hours or furlough programs; and
- A suspension of all international and most domestic travel and a significant reduction in all other discretionary costs.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

In addition, the executive committee has enlarged the scope of the transformation plan and has visibility of total cost savings potential in excess of the original underwriting plan and is looking at additional measures to preserve cash and protect margins. These additional cost savings are not reflected in our Pro Forma Adjusted EBITDA for the year ended 31 December 2019.

Our revenue is approximately one-third syndicated and two-thirds custom, while our EBITDA is approximately 45% syndicated and 55% custom. Most of our syndicated revenue is on annual and long-term contracts with the majority of those secured by end of Q1. On the custom side of the business we have seen a reduction in volume including a combination of postponements and cancellations that drove a 20% revenue decline in Q2 versus 2019. During April management completed a conservative case top-line reforecast with the focus on embedding the cost saving measures at the local level and ensuring we have a healthy liquidity position. We are currently tracking well ahead of the reforecast both on a top-line and EBITDA basis. Our revenue decline has lessened each of the last three months from our low point in May.

The Group's liquidity position remains healthy, with liquidity in excess of \$900 million as of the beginning of August, which includes amounts drawn under our Revolving Credit Facility in March 2020 as an additional precautionary measure. Management has implemented in all countries specific working capital measures to ensure liquidity is maintained across the Group and the potential negative adverse impacts from COVID-19 are mitigated. As of 31 August 2020, at group level, we have not yet seen a significant deterioration in working capital trends, partly as a reflection of the customer and geographic diversification of Kantar as a whole. In addition to the short term COVID-19 related initiatives on working capital, management has been able to appreciate further the potential for working capital efficiencies, broadly in line with the underwriting case. Ahead of the occurrence of COVID-19, the management team has started to implement some of these efficiencies with good early results as evidenced by the reduction in trade working capital as of 31 December 2019 versus 31 December 2018, which has continued to decrease as of 31 August 2020.

(b) Further acquisitions of Kantar business units

Following the Initial Completion Date, four additional acquisitions of Kantar businesses have taken place, on 27 February, 30 April, 30 June, and 3 September 2020 such that, as of the date of this report, entities representing the entirety of the Kantar Group have been acquired, except for certain entities which are negligible in their EBITDA contribution to the Kantar Group, the acquisition of which remains subject to the completion of certain legal formalities.

(c) Other M&A activity

On 11 March 2020, we acquired Mavens of London, a data-led, digital marketing and analytics consultancy. Mavens assist marketers with understanding trends, patterns and needs and then optimize the performance of their digital environments, search engine optimization, search and content strategies to address them. This acquisition will complement our offering within our Analytics domain.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Management report

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 December 2021, 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. 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 August 2020. 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

The Group had no activities in the field of research and development during the period from incorporation to 31 December 2019.

Acquisition of own shares

The Group did not acquire any of its own shares during the period from incorporation to 31 December 2019.

Signed on behalf of the Board of Managers



Marie-Catherine Brunner and Jana Samkova

Managers

Luxembourg, 1 October 2020

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 Luxembourg-Findel

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. (the "Group") and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from September 13, 2019 to December 31, 2019 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, 2019, and of its consolidated financial performance and its consolidated cash flows for the period from September 13, 2019 to December 31, 2019 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

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.

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

The objectives of our audit 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 scepticism 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

October 5, 2020

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated income statement

For the period from 13 September 2019 to 31 December 2019

	Notes	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Revenue	2	285.7
Costs of services	3	(228.7)
Gross profit		57.0
General and administrative costs	3	(93.3)
Operating loss		(36.3)
Share of results of associates	4	3.8
Loss before interest and taxation		(32.5)
Finance income	6	0.4
Finance costs	6	(38.0)
Revaluation of financial instruments	6	19.9
Loss before taxation		(50.2)
Taxation	7	(6.4)
Loss for the period		(56.6)
Attributable to:		
Equity holders of the parent		(35.7)
Non-controlling interests		(20.9)
		(56.6)

Note

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

All results are derived from continuing activities.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated statement of comprehensive income

For the period from 13 September 2019 to 31 December 2019

	Notes	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Loss for the period		<u>(56.6)</u>
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustment		<u>(8.6)</u>
		(8.6)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit pension plans	16	(0.9)
Deferred tax on defined benefit pension plans		<u>0.5</u>
		(0.4)
Other comprehensive loss for the period		<u>(9.0)</u>
Total comprehensive loss for the period		<u><u>(65.6)</u></u>
Attributable to:		
Equity holders of the parent		(40.2)
Non-controlling interests		<u>(25.4)</u>
		<u><u>(65.6)</u></u>

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated statement of financial position

As at 31 December 2019

	Notes	31 December 2019
		<u>\$m</u>
Non-current assets		
Goodwill	9	1,582.9
Other intangible assets	9	2,106.3
Property, plant and equipment	10	160.5
Right-of-use assets	19	259.8
Interests in associates and joint ventures	11	77.8
Other investments	11	9.4
Corporate income tax recoverable		11.1
Deferred tax assets	12	84.6
Trade and other receivables	13	7.9
		<u>4,300.3</u>
Current assets		
Corporate income tax recoverable		25.6
Trade and other receivables	13	1,053.0
Cash and short-term deposits		535.3
		<u>1,613.9</u>
Current liabilities		
Loans payable	18	(9.3)
Trade and other payables	14	(1,231.1)
Corporate income tax payable		(65.1)
Bank overdrafts	18	(24.7)
Short-term lease liabilities	19	(43.4)
		<u>(1,373.6)</u>
Net current assets		<u>240.3</u>
Total assets less current liabilities		<u>4,540.6</u>
Non-current liabilities		
Loans payable	18	(2,828.5)
Trade and other payables	14	(56.7)
Deferred tax liabilities	12	(587.2)
Provision for post-employment benefits	16	(41.0)
Provisions for liabilities and charges	15	(142.6)
Long-term lease liabilities	19	(206.6)
		<u>(3,862.6)</u>
Net assets		<u>678.0</u>
Equity		
Share capital	21	6.1
Share premium	22	390.8
Retained losses		(35.9)
Translation reserve		(13.0)
Equity attributable to owners of the Company		<u>348.0</u>
Non-controlling interests	29	330.0
Total equity		<u>678.0</u>

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated statement of changes in equity

For the period from 13 September 2019 to 31 December 2019

	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	6.1	390.8	(13.0)	(35.9)	348.0	330.0	678.0

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated cash flow statement

For the period from 13 September 2019 to 31 December 2019

	Notes	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Operating activities		
Cash generated from operations	8	(13.7)
Interest received		0.4
Interest paid		(1.0)
Tax paid		(11.8)
Dividends from associates	11	10.0
Net cash outflow from operating activities		(16.1)
Investing activities		
Acquisition of subsidiaries	23	(2,093.8)
Deferred consideration paid		(6.1)
Purchases of property, plant and equipment		(5.6)
Purchases of other intangible assets (including capitalised computer software)		(13.8)
Proceeds on disposal of property, plant and equipment		0.4
Earn-out payment	14	(0.4)
Net cash outflow from investing activities		(2,119.3)
Financing activities		
Repayment of lease liabilities	19	(4.8)
Proceeds from issue of shares	21	5.9
Proceeds from shareholder contributions	22	382.3
Proceeds from debt issuance	8	2,237.7
Loans from related parties	8	85.7
Repayment of debt	8	(57.0)
Repayment of shareholder loans	8	(14.9)
Net cash inflow from financing activities		2,634.9
Net increase in cash and cash equivalents		499.5
Effect of foreign exchange rate changes		11.1
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of the period	8	510.6

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 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 Luxembourg-Findel.

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 million.

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 as at 31 December 2019 and for the period from 13 September 2019 to 31 December 2019 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. The principal accounting policies are set out on the following pages.

Going concern

The consolidated financial statements have been prepared on a going concern basis. This is discussed in the Management Report on page 9.

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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 profit or loss. Any investment retained is recognised at fair value.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation 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.

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 the 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 income statement from the effective date of acquisition or disposal.

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:

- 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

Amendments to IFRS 3 Business Combinations (subject to EU endorsement) effective for financial years commencing on or after 1 January 2020 provides a revised framework for evaluating a business and introduces an optional 'concentration test'. The Group does not expect to be impacted by this amendment.

The Group is assessing the recent IFRS Interpretations Committee conclusion on determining the lease term under IFRS 16 Leases, which is not expected to have a material impact.

The other amendments that are not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

Operating profit

Operating profit is the profit before the share of results of associates, finance income, finance costs, revaluation of financial instruments and taxation.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

Business combinations

Acquisitions of businesses 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-related costs are recognised in profit or loss as incurred.

Goodwill is 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.

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 directors' 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 that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

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 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

Goodwill and other intangible assets

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

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. 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. As at the issuance date of these consolidated financial statements management have not finalised their assessment of CGUs, therefore goodwill has only been provisionally allocated to one CGU. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. 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.

Identifiable intangible assets acquired as part of acquisitions of businesses 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.

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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 profit or loss 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.

Property, plant and equipment

Property, plant and equipment are shown 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 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. 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 life of the asset, if shorter.
- Fixtures, fittings and equipment – 3-10 years.
- Computer equipment – 3-5 years.

Interests in associates and joint ventures

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

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 income statement 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.

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

Other investments

The Group according to IFRS 9 Financial Instruments designates certain equity investments as 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 income statement within revaluation of financial instruments.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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.

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 profit or loss.

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.

Trade receivables and work in progress

Trade receivables are stated net of provisions for bad and doubtful debts. The Group applies the requirements of IFRS 9 Financial Instruments whereby an expected loss method of impairment of financial assets to be used.

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. The Group considers a loss allowance to be required for 50% of all invoices aged 180 days to 1 year and 100% of all invoices aged over 1 year, with adjustments where there is specific information to indicate that recoverability of the balance is likely. Further credit losses are recognised where the Group has information that indicates it is unlikely to recover balances in full.

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

Liabilities in respect of option agreements

Option agreements that allow the Group's equity partners to require the Group to purchase a non-controlling interest are 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 income statement.

Derecognition of financial liabilities

In accordance with IFRS 9 Financial Instruments, a financial liability of the Group is only released to the consolidated income statement when the underlying legal obligation is extinguished.

Debt

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 effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowing costs

Finance costs of borrowings are recognised in the consolidated income statement over the term of those borrowings using the effective interest rate method.

Derivative financial instruments

The Group uses derivatives (principally forward foreign exchange contracts) in managing currency risk, and does not use them for trading. They are recorded, and subsequently revalued, at fair value, with revaluation gains or losses being immediately taken to the consolidated income statement (fair value through profit or loss).

Revenue recognition

The Group is a leading worldwide data investment management organisation offering national and multinational clients a comprehensive range of data investment management services. 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. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly data collection costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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.

Taxation

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

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable, liabilities are classified as current. Any interest on overdue tax accrued is excluded from income taxes both in the consolidated income statement 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the 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 is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. 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.

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

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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.

Retirement benefit costs

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

For defined contribution plans, contributions are charged to the consolidated income statement 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 income statement 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 obtained at least triennially and are updated at each statement of financial position date.

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

Provisions for liabilities and charges

Provisions 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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money 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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

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.

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 (unless they are incurred to produce inventories) 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 rate 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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., 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 lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as 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 year-end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the consolidated income statement as they arise.

The income statements of 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 closing rate.

Critical accounting judgements and estimation uncertainty in applying accounting policies

In applying the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) 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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

1 Accounting policies (continued)

The most significant areas of estimation uncertainty include:

- Fair value of identifiable net assets acquired: 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. 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. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in notes 9, 10 and 23.
- Contingent consideration payable for the Kantar trading entities: As per the terms of the acquisition, contingent consideration 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.
- Payments due to vendors (earn-out agreements) and 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 earn-outs and put options. Further details on growth rates and discount rates and the sensitivity to these estimates are set out in note 20.
- Provision for post-employment benefits: 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 16.

The most significant areas of judgement include:

- Revenue recognition: Judgement is required regarding the timing of recognition, particularly in assessing progress on performance obligations where revenue is recognised over time. Further details are set out above.
- IFRS 16: In measuring its right-of-use assets and lease liabilities, management is required to make judgements, particularly in relation to lease termination options and incremental borrowing rates. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. Incremental borrowing rates are determined on a country-by-country basis. Management determine lease terms across the Group on a case-by-case basis, if different judgements were applied, it could have a significant effect on the overall amounts recognised in the financial statements.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated cash flow statement

For the period from 13 September 2019 to 31 December 2019

2 Revenue

Revenue by geographical area for the period was as follows:

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Asia Pacific	46.8
Continental Europe	81.7
Latin America	27.6
Middle East and Africa	7.8
North America	73.9
United Kingdom	47.9
	285.7

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

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Data	94.5
Insights	151.8
Specialist	39.4
	285.7

3 Costs of services and general and administrative costs

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Costs of services	228.7
General and administrative costs	93.3
	322.0

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

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

Costs of services and general and administrative costs include:

	Notes	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Staff costs	5	125.2
Establishment costs		10.4
Data collection pass-through costs		69.0
Other costs of services and general and administrative costs		117.4
Total costs of services and general and administrative costs		322.0

Included in the costs above are:

		\$m
Acquisition related costs		64.4
Restructuring and transformation costs		10.5
Amortisation of other intangible assets	9	18.1
Depreciation of property, plant and equipment	10	3.6
Depreciation of right of use assets	19	4.6
Short term lease expense	19	1.1
Variable lease expense	19	1.2
Loss allowances on trade receivables	13	0.9
Foreign exchange losses on trading activities		2.0

The acquisition related costs of \$64.4 million in the period relates to the acquisition of Kantar from WPP Plc.

4 Share of results of associates

Share of results of associates include:

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

5 Our people

Number of staff and their geographical distribution as at 31 December 2019 was as follows:

	<u>Total</u>
Asia Pacific	7,560
Continental Europe	6,808
Latin America	6,304
Middle East and Africa	963
North America	2,745
United Kingdom	3,279
	<u><u>27,659</u></u>

The three directors of the parent company are not employees of Kantar Global Holdings S.à r.l.

Staff costs include:

	Notes	Period from 13 Sep 2019 to 31 Dec 2019 \$m
		<u>\$m</u>
Wages and salaries		86.7
Cash-based incentive plans		9.0
Social security costs		12.1
Pension costs	16	3.4
Other staff costs ¹		14.0
		<u><u>125.2</u></u>

Note

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

Included above are charges of \$1.8 million in respect of key management personnel. The directors of the parent company did not receive any compensation for the period. Further details of compensation for key management personnel are disclosed in note 24.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

6 Finance costs and revaluation of financial instruments

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Interest income	0.4
	0.4

Finance costs include:

	Notes	Period from 13 Sep 2019 to 31 Dec 2019
		\$m
Interest expense and similar charges ¹		27.9
Interest expense related to lease liabilities	19	1.1
Foreign exchange losses on financing activities		9.0
		38.0

Revaluation of financial instruments include:

	Notes	Period from 13 Sep 2019 to 31 Dec 2019
		\$m
Gain on settlement of derivatives		20.3
Revaluation loss on derivatives		(0.8)
Revaluation gain on earn-out payments due to vendors	14	0.4
		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 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

7 Taxation

The tax charge comprises:

	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Current tax expense:	
Current period	16.9
Total current tax expense	16.9
Deferred tax credit:	
Origination and reversal of temporary differences	(10.5)
Total deferred tax credit	(10.5)
Total income tax expense for the period	6.4

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

	Period from 13 Sep 2019 to 31 Dec 2019 \$m
Loss before taxation	(50.2)
Tax at the corporation tax rate of 19.0%¹	(9.5)
Items that are not deductible in determining taxable profit	2.1
Effect of different tax rates in subsidiaries operating in other jurisdictions	3.3
Irrecoverable withholding taxes and other taxes	4.6
Tax losses not recognised or utilised in the period	8.9
Tax effect of share of results of associates	(0.6)
Impact of deferred tax at different rates	(2.4)
Tax charge	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%.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

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 monitor proposed changes in taxation legislation and ensure 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 Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

8 Analysis of cash flows

	Period from 13 Sep 2019 to 31 Dec 2019
	<u>\$m</u>
Net cash from operating activities:	
Operating loss	(36.3)
Adjustments for:	
Depreciation of property, plant and equipment	3.6
Depreciation of right-of-use assets	4.6
Amortisation of other intangible assets	18.1
Other non-cash movements	1.6
Operating cash flow before movements in working capital and provisions	(8.4)
Increase in trade receivables and accrued income	(107.2)
Decrease in other receivables	3.9
Increase in trade payables and deferred income	88.7
Increase in other payables	18.0
Increase in balances with related companies, net	(19.0)
Increase in provisions	5.0
Other	5.2
Cash generated by operations	(13.7)
Cash and cash equivalents:	
	2019
	\$m
Cash and short-term deposits	535.3
Overdrafts ¹	(24.7)
Cash and cash equivalents at end of the period	510.6

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

Note

¹ Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

8 Analysis of cash flows (continued)

Changes in liabilities arising from financing activities

	Cash				Non-Cash			31 Dec 2019
	Notes	13 Sep 2019	Cash inflow	Cash outflow	Acquisition of subsidiaries	New leases	Other changes ¹	
		\$m	\$m	\$m	\$m	\$m	\$m	
External borrowings ²	18	-	2,237.7	(57.0)	544.2	-	26.8	2,751.7
Loans from related parties ³	18	-	85.7	(14.9)	14.9	-	0.4	86.1
Proceeds from share issues	21	-	5.9	-	-	-	0.2	6.1
Capital contribution	22	-	382.3	-	-	-	8.5	390.8
Lease liabilities	19	-	-	(4.8)	244.0	5.7	5.1	250.0
Total liabilities from financing activities		-	2,711.6	(76.7)	803.1	5.7	41.0	3,484.7

Note

¹ Other changes includes foreign exchange movements and lease interest expense.

² External borrowings in this reconciliation does not include the overdraft balance of \$24.7 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 18.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

9 Goodwill and other intangible assets

Goodwill

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

	Note	2019 \$m
Cost:		<u> </u>
13 September 2019		-
Additions ¹	23	1,557.2
Exchange adjustments		25.7
31 December 2019		<u><u>1,582.9</u></u>
Accumulated impairment losses and write-downs:		
13 September 2019		
Impairment losses		-
Exchange adjustments		-
31 December 2019		<u><u>-</u></u>
Net book value:		
31 December 2019		<u><u>1,582.9</u></u>
13 September 2019		<u><u>-</u></u>

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.

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

There are no indicators of impairment as at 31 December 2019 and as such the fair value is regarded as the purchase price paid for the Group.

Goodwill arising on the acquisition of Kantar has not yet been allocated to the Group's cash-generating units pending completion of the initial accounting for the acquisition, including the finalisation of the provisional fair values of consideration and net assets acquired.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

9 Goodwill and other intangible assets (continued)

Other intangible assets

The movements in 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	315.1	1,470.4	321.6	2,107.1
Additions	16.7	-	0.4	17.1
Exchange adjustments	0.2	0.1	(0.1)	0.2
31 December 2019	332.0	1,470.5	321.9	2,124.4
Amortisation and impairment:				
13 September 2019	-	-	-	-
Charge for the period	5.2	10.2	2.7	18.1
31 December 2019	5.2	10.2	2.7	18.1
Net book value:				
31 December 2019	326.8	1,460.3	319.2	2,106.3
13 September 2019	-	-	-	-

Capital commitments contracted, but not provided for, in respect of intangible assets at 31 December 2019, are set out in note 25.

The Kantar trade name is the only individual intangible asset that is material to these financial statements. At 31 December 2019 its net book value is \$319.2 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. 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 include significant judgement and estimation uncertainty, specifically in relation to the cash flow forecasts, discount and long term growth rates. Additionally, customer attrition rate used in the valuation of customer relationships and royalty rates used for trade name, technology and databases are among other key inputs.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

9 Intangible assets including goodwill (continued)

When estimating the fair value of the intangible assets arising from the acquisition of subsidiaries, a 0.5 percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the intangible asset value by approximately \$58.2 million and \$58.6 million, respectively. A 0.5 percentage point increase or decrease in the risk adjusted discount rate would decrease or increase the intangible assets value by approximately \$64.1 million and \$64.0 million, respectively. A 0.5 percentage point increase or decrease in the customer attrition rate would decrease or increase the value of customer relationships by approximately \$58.8 million and \$58.6 million, respectively. 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.

At the date of finalisation of these consolidated financial statements, the necessary market valuations have only been provisionally determined based on management's best estimate.

10 Property, plant and equipment

The movements in 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	30.4	35.1	43.2	1.8	157.1
Additions	-	-	1.2	0.8	3.6	0.1	5.7
Disposals	-	-	(0.7)	-	-	-	(0.7)
Exchange adjustments	0.1	0.1	0.8	0.7	0.4	0.1	2.2
31 December 2019	39.5	7.3	31.7	36.6	47.2	2.0	164.3
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
Net book value:							
31 December 2019	39.5	7.1	31.0	35.9	45.1	1.9	160.5
13 September 2019	-	-	-	-	-	-	-

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

10 Property, plant and equipment (continued)

Capital commitments contracted, but not provided for, in respect of property, plant and equipment at 31 December 2019, are set out in note 25.

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.

11 Interests in associates, joint ventures and other investments

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

	Interests in associates and joint ventures	Other investments
	\$m	\$m
13 September 2019	-	-
Acquisitions	82.4	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	77.8	9.4

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 and joint ventures are reviewed for impairment in accordance with the Group's accounting policies.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

11 Interests in associates, joint ventures and other investments (continued)

The Group's principal associates and joint ventures at 31 December 2019 included:

2019	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
Kantar Philippines Inc.	Market research	50.0%	Philippines
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
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 tables present a summary of the aggregate financial performance and net asset position of the Group's associate undertakings and joint ventures 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 2019.

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
The Group's share of profit from continuing operations	6.0
The Group's share of other comprehensive income	1.9
The Group's share of total comprehensive income	7.9
Aggregate carrying amount of the Group's interest in these associates	77.8

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

12 Deferred tax

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

Deferred tax assets have only been recognised for territories where the Group considers that it is probable that all or a portion of the deferred tax 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.

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Consolidated cash flow statement

For the period from 13 September 2019 to 31 December 2019

12 Deferred tax (continued)

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2019:

	Deferred compensation	Retirement benefit obligations	Property, plant & equipment	Tax losses & credits	Other temporary differences	Total
	\$m	\$m	\$m	\$m	\$m	\$m
13 September 2019	-	-	-	-	-	-
As acquired	3.2	7.4	25.0	1.2	49.4	86.2
(Charge)/credit to income	1.4	8.7	(4.1)	(0.3)	1.2	6.9
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	-	0.3	0.2	-	0.3	0.8
31 December 2019	4.4	16.5	19.6	0.8	43.3	84.6

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 2019, the balance related to temporary differences in relation to revenue adjustments, fair value adjustments, and other temporary differences.

In addition, the Group has recognised the following gross deferred tax liabilities and movements thereon in 2019:

	Brands and other intangibles	Property, plant & equipment	Other temporary differences	Total
	\$m	\$m	\$m	\$m
13 September 2019	-	-	-	-
As acquired	554.2	18.3	23.9	596.4
(Credit)/charge to income	(4.5)	0.4	0.6	(3.5)
Over movements	-	(0.4)	(5.3)	(5.7)
Exchange differences	-	-	-	-
31 December 2019	549.7	18.3	19.2	587.2

At the statement of financial position date, the Group has gross tax losses of \$138.1 million available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of \$3.0 million of such tax losses. No deferred tax asset has been recognised in respect of the remaining \$135.1 million of losses as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Included in the total unrecognised temporary differences are losses of \$37.7 million that will expire within 1–10 years, and \$97.4 million of losses that may be carried forward indefinitely.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

13 Trade and other receivables

The following are included in trade and other receivables:

Amounts falling due within one year:

	2019
	\$m
Trade receivables (net of bad debt provisions)	624.6
Work in progress	1.4
VAT and sales taxes recoverable	17.6
Prepayments	65.0
Accrued income	176.2
Other debtors	168.2
	1,053.0

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

	Carrying amount at 31 December 2019	Neither past due nor impaired	Past due but not impaired					Greater than 1 year
			0 – 30 days	31 – 90 days	91 –180 days	181 days – 1 year		
			\$m	\$m	\$m	\$m	\$m	
Trade receivables	624.6	446.2	109.8	52.2	14.7	1.7	-	

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

Included within other debtors are amounts due from WPP Plc of \$97.2 million. These amounts are assumed to be neither past due nor impaired and are recoverable in full.

Amounts falling due after more than one year:

	2019
	\$m
Other debtors	7.9
	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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

13 Trade and other receivables (continued)

Bad debt provisions:

	Period from 13 Sep 2019 to 31 Dec 2019
	<u>\$m</u>
Balance at beginning of the period	-
Charged to the income statement	0.9
Released to the income statement	(0.3)
Exchange adjustments	-
Utilisations and other movements	(0.1)
Balance at end of the period	<u>0.5</u>

The allowance for bad and doubtful debts is equivalent to 0.1% of gross trade accounts receivable.

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9, and recognises a loss allowance based on the financial asset's lifetime expected credit loss.

14 Trade and other payables: amounts falling due within one year

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

	2019
	<u>\$m</u>
Trade payables	394.8
Fair value of derivatives	0.8
Deferred income	254.9
Payments due to vendors (earn-out agreements)	15.4
Liabilities in respect of put option agreements with vendors	0.2
Other creditors and accruals	565.0
	<u>1,231.1</u>

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

Included within other creditors are amounts due to WPP Plc of \$113.7 million.

Also included within other creditors is deferred consideration of \$13.3 million relating to the acquisition of the Kantar trading entities from WPP Plc, as well as \$3.4 million of payables relating to other intangible asset additions and \$0.1 million of payables relating to property, plant and equipment additions.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

14 Trade and other payables: amounts falling due within one year (continued)

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

	2019
	\$m
Balance at beginning of the period	-
Acquisition of subsidiaries	16.0
Earn-outs paid	(0.4)
Revaluation of payments due to vendors (note 6)	(0.4)
Exchange adjustments	0.2
At the end of the period	15.4

As of 31 December 2019, the total potential undiscounted amount of future payments that could be required under the earn-out agreements for all earn-out agreements range from \$0.2 million to \$28.2 million, all of which is due payable within one year of the statement of financial position date.

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

	2019
	\$m
Liabilities in respect of put option agreements with vendors	42.8
Other creditors and accruals	13.9
	56.7

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

15 Provisions for liabilities and charges

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

	Property	Other	Total
	\$m	\$m	\$m
13 September 2019	-	-	-
Charged to the income statement	(0.2)	0.7	0.5
Acquisition of subsidiaries	18.8	60.3	79.1
Utilised	-	-	-
Released to the income statement	(0.1)	(0.1)	(0.2)
Contingent consideration	-	62.9	62.9
Exchange adjustments	0.3	-	0.3
31 December 2019	18.8	123.8	142.6

Property

Property provisions relate to lease dilapidations. The Group is required to restore many of its leased premises to an agreed condition at the end of the respective lease terms. A 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 32 years.

Other

Other provisions consists of \$62.9 million of contingent consideration for the acquisition of the Kantar trading entities from WPP Plc, which is payable within 3 years of the acquisition date. Of the remaining \$60.9 million, \$42.1 million relates to employment related liabilities and \$18.1 million to legal claims, indirect taxes and other provisions. The timing of these provisions are 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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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:

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Defined contribution plans	2.9
Defined benefit plans charge to operating loss	0.5
Pension costs (note 5)	3.4
Net interest expense on pension plan liabilities	-
	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 2019.

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

Contributions to funded plans are determined in line with local conditions and practices. Contributions in respect of unfunded plans are paid as they fall due. The total contributions (for funded plans) and benefit payments (for unfunded plans) paid for the period to 2019 amounted to \$0.7 million. Employer contributions and benefit payments in 2020 are expected to be approximately \$7.5 million.

(a) Assumptions

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 Provision for post-employment benefits (continued)

(a) Assumptions (continued)

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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 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:

Years life expectancy after age 65	All plans	North	Western Continental		Other ¹
		America	UK	Europe	
– 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.

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.

Weighted average duration of the defined benefit obligation (years)	All plans	North	Western Continental		Other ¹
		America	UK	Europe	
18.9	11.0	12.8	20.6	10.6	
Expected benefit payments over the next 10 years					
Benefits expected to be paid within 12 months	5.0	1.2	0.5	2.9	0.4
Benefits expected to be paid in 2021	4.9	1.4	0.1	3.0	0.4
Benefits expected to be paid in 2022	5.3	1.3	0.4	3.1	0.5
Benefits expected to be paid in 2023	6.2	1.6	0.1	3.2	1.3
Benefits expected to be paid in 2024	6.5	1.9	-	3.9	0.7
Benefits expected to be paid in the next five years	31.3	6.0	-	21.7	3.6

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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 2019				
	Western		North America	UK	Other ¹
	All plans	Continental Europe			
	\$m	\$m	\$m	\$m	\$m
Discount rate					
Increase by 25 basis points	(8.0)	(7.2)	(0.6)	-	(0.2)
Decrease by 25 basis points	8.6	7.7	0.6	0.1	0.2
Rate of increase in salaries					
Increase by 25 basis points	1.1	0.9	-	-	0.2
Decrease by 25 basis points	(1.0)	(0.8)	-	-	(0.2)
Rate of increase in pensions payment					
Increase by 25 basis points	5.1	5.1	-	-	-
Decrease by 25 basis points	(4.8)	(4.8)	-	-	-
Life expectancy					
Increase in longevity by one additional year	5.9	5.5	0.4	-	-

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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:

	2019	
	\$m	%
Equities	8.9	6.1
Bonds	34.1	23.3
Cash	0.4	0.3
Insured pensions	102.9	70.3
Total fair value of assets	146.3	100.0
Present value of liabilities	(186.5)	
Deficit in the plans	(40.2)	
Irrecoverable surplus ¹	(0.8)	
Net liability²	(41.0)	
Plans in surplus	3.2	
Plans in deficit	(44.2)	

Note

¹The irrecoverable surplus at the beginning of the period was nil.

²The 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

	2019
	\$m
UK	0.8
North America	(1.6)
Western Continental Europe	(28.7)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(10.7)
Deficit in the plans	(40.2)

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 Provision for post-employment benefits (continued)

(b) Assets and liabilities (continued)

The following table shows the split of the deficit at 31 December 2019 between funded and unfunded pension plans:

	2019 Surplus/ (deficit)	2019 Present value of liabilities
	\$m	\$m
Funded plans by region		
UK	0.8	1.5
North America	(1.6)	22.9
Western Continental Europe	(3.2)	124.9
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(0.8)	1.8
Deficit/liabilities in the funded plans	(4.8)	151.1
Unfunded plans by region		
Western Continental Europe	(25.5)	25.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(9.9)	9.9
Deficit/liabilities in the unfunded plans	(35.4)	35.4
Deficit/liabilities in the plans	(40.2)	186.5

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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):

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Service cost ¹	0.5
Administrative expenses	-
Charge to operating loss	0.5
Interest (income) on plan assets	(0.3)
Net interest expense on pension plans	0.3
Charge to loss before taxation for defined benefit plans	0.5
Change in irrecoverable surplus	(0.9)
Actuarial loss recognised in OCI	(0.9)

Note

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

16 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 period:

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Plan liabilities at the beginning of the period	-
Current service cost	0.4
Past service cost	0.1
Interest cost	0.3
Benefits paid	(0.9)
Gain due to exchange rate movements	(1.7)
Other ¹	188.3
Plan liabilities at end of the period	186.5

Note

¹ Other includes acquisitions, disposals and plan participants' contributions.

(e) Movement in plan assets

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

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Fair value of plan assets at beginning of the period	-
Interest income on plan assets	0.3
Employer contributions	0.7
Benefits paid	(0.9)
Loss due to exchange rate movements	(1.5)
Other ¹	147.7
Fair value of plan assets at the end of the period	146.3
Actual return on plan assets	0.2

Note

¹ Other includes acquisitions, disposals and plan participants' contributions.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

17 Risk management policies

Foreign currency risk

The Group's results in US dollars and its foreign currency net assets are subject to fluctuation as a result of exchange rate movements.

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

Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate debt, cash deposits and short-term investments. Debt issued at fixed rates exposes the Group to fair value risk. The Group's policy regarding interest rate risk is to maintain a certain proportion of fixed rate debt. At 31 December 2019, the percentage of interest-bearing debt at fixed rates was 58%.

The weighted average rate of interest on senior secured and senior unsecured debt at 31 December 2019, excluding joint ventures and associates, was 6.2%.

The Group may use forward rate agreements, interest rate swaps, caps and floors to achieve the desired mix of fixed and floating rate debt. At 31 December 2019 there were none in place.

The replacement of LIBOR does not represent a risk for the Group, given that this was anticipated in its financing documentation.

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 \$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 \$1,625.6 million being the Group's total financial assets.

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 18), cash and cash equivalents, and equity comprising share capital (note 21), share premium (note 22), retained losses, translation reserve and non-controlling interests (note 29).

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

17 Risk management policies (continued)

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

At 31 December 2019, the Group's net funds are held in individual entities with the same financial reporting currencies. Therefore a weakening or strengthening of sterling against the Group's major currencies would not result in any gains or losses being posted directly to equity and there would be no profit before tax impact. Some limited debt is held in non-functional currency. A ten percent increase in the EURO against the US dollar would result in a \$20 million loss to the income statement, a ten percent fall in the EURO against the US dollar would result in an \$18m gain to the income statement.

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 2019 would decrease loss before tax by approximately \$29 million. A one percentage decrease in market interest rates would increase loss before tax by approximately \$12 million. This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings, with floors in rates as appropriate.

18 Borrowings

Borrowings are made up of the following instruments:

Current	Par value	Maturity	2019	2019
			Carrying value	Fair value
			\$m	\$m
Bank overdrafts	-	-	24.7	24.7
Term loan US Libor (0% floor) plus margin (amortisation)	\$3.5m	Dec-20	3.5	3.5
Loans from Bain Capital companies, interest free	\$5.8m	Mar-20	5.8	5.8
			34.0	34.0

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

18 Borrowings (continued)

Non-current	Par value	Maturity	2019	2019
			Carrying value	Fair value
			\$m	\$m
Revolving credit facility - Euribor (0% floor) plus margin	€55.0m	Jun-26	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	320.5	333.9
Term loan Euribor (0% floor) plus margin	€725.0m	Dec-26	777.7	803.6
Senior Notes 9.25% fixed	€428.0m	Dec-26	467.6	492.5
Senior Secured Notes 5.75% fixed	€1,000.0m	Oct-27	1,105.6	1,162.2
Loan from WPP Plc - Libor (0% floor) plus margin	£11.5m	Dec-27	15.3	15.3
Loans from Bain Capital companies, 1.69%	\$62.0m	Jun-28	62.0	62.0
Loans from Canson Capital, 1.69%	\$3.0m	Jun-28	3.0	3.0
			2,828.5	2,949.3

Borrowings are repayable as follows:

	\$m
Current	34.0
Between one and five years	14.0
After more than five years	2,814.5
Total borrowings	2,862.5

Senior Secured Notes

On 30 October 2019, the Group issued €1,000 million (\$1,113 million) of Senior Secured Notes with a fixed coupon of 5.75%, maturing in October 2027.

Senior Notes

On 30 October 2019, the Group issued €475 million (\$528 million) of Senior Notes at a fixed coupon of 9.25%, maturing in December 2026. €47 million (\$53 million) of the notes remained in escrow at the statement of financial position date, but were repaid on 17 February 2020.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

18 Borrowings (continued)

Term Loans

On 4 December 2019, the Group drew €725 million (\$803 million) on its EURO Term Loan Facility B at Euribor, with a 0% floor, plus a margin, maturing in December 2026.

On 4 December 2019, the Group drew \$57 million on its US dollar Term Loan Facility A at US Libor, with a 0% floor, plus a margin. This was repaid on 23 December 2019.

On 4 December 2019, the Group drew \$280 million on its US dollar Term Loan facility B at US Libor, with a 0% floor, plus a margin, maturing December 2026.

A further \$70 million was drawn under the Group's US dollar Term Loan Facility B on 23 December 2019. Term loan B amortises by 0.25% a quarter until maturity.

After the reporting period, on 13 February 2020, the Group drew €70 million (\$76 million) on its EURO Term Loan Facility B-1. Subsequently on 10 July 2020, the Group drew €155 million (\$175 million) on its EURO Term Loan Facility B-2.

Revolving Credit Facility

€55 million (\$61 million) and \$15 million was drawn by the Group under its \$400 million syndicated revolving credit facility on 4 December 2019.

After the reporting period, on 20 March 2020, the Group drew €280 million (\$299 million) on its revolving credit facility. Subsequently on 10 July 2020, €142 million (\$160 million) of the facility was repaid.

Shareholder Loans

The Group was loaned £11.5 million (\$14.9 million) by WPP Plc on 4 December 2019 at Libor, with a 0% floor, plus a margin until December 2027, amortising by £1.4 million (\$1.8 million) on each anniversary.

The Group was loaned \$62 million by Bain Capital companies, and \$3 million by Canson Capital on 28 November 2019, at a 1.69% fixed, until June 2028.

A further \$5.8 million was loaned on 5 December 2019 by Bain Capital companies until March 2020, unless agreed otherwise, interest free.

Yield-Free Preferred Equity Certificates

On 2 December 2019, the Group issued and the shareholders subscribed 30,044,224,343 Series 1 yield-free preferred equity certificates ("Series 1 YFPECs") each having a value of €0.01 and 1,353,136,594 Series 2 yield-free preferred equity certificates ("Series 2 YFPECs") each having a value of €0.01. Both these instruments were non-convertible.

On 6 December 2019, the Group decided to redeem all the Series 2 YFPECs, totalling \$14.9 million.

On 11 December 2019, the shareholders contributed all the Series 1 YFPECs totalling \$330.0 million to the special equity reserve account (share premium) of the Group.

There is a financial covenant in favour of the lenders under the revolving credit facility which will be subject to the financial covenant test for the first time on 30 September 2020, however only in the event that more than 40% of the aggregate principal amount of the revolving credit facility has been drawn down at that date. As such the Group is not in breach of any financial covenants at the statement of financial position date.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

19 Leases

Right-of-use assets

The movements in 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	251.7	3.0	254.7
Additions	5.7	0.1	5.8
Depreciation of right-of-use assets	(4.4)	(0.2)	(4.6)
Exchange adjustments	3.9	-	3.9
31 December 2019	256.9	2.9	259.8

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

Lease liabilities

The movements in 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	240.4	3.6	244.0
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	246.8	3.2	250.0

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

19 Leases (continued)

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

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Depreciation of right-of-use assets:	
Land and buildings	4.4
Fixtures, fittings and equipment	0.2
Short term lease expense	1.1
Variable lease expense	1.2
Charge to operating loss	6.9
Interest expense related to lease liabilities	1.1
Charge to loss before taxation for leases	8.0

The maturity of lease liabilities at 31 December 2019 were as follows:

	\$m
Period ending 31 December	
2020	56.8
2021	52.2
2022	43.5
2023	36.4
2024	24.8
Later years	106.9
	320.6
Effect of discounting	(70.6)
Lease liability at 31 December 2019	250.0
Short term lease liability	43.4
Long term lease liability	206.6

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

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

20 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 accounting classification is set out below:

	Held at fair value through profit or loss \$m	Amortised cost \$m	Carrying value \$m
Classification under IFRS 9			
2019			
Other investments	9.4	-	9.4
Loans payable	-	(2,837.8)	(2,837.8)
Cash and short-term deposits	-	535.3	535.3
Bank overdrafts	-	(24.7)	(24.7)
Trade and other receivables: amounts falling due within one year	-	1,053.0	1,053.0
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	-	(1,214.7)	(1,214.7)
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 14)	(15.4)	-	(15.4)
Liabilities in respect of put options	(43.0)	-	(43.0)
	(49.8)	(2,494.9)	(2,544.7)

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).

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

20 Financial instruments (continued)

	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 14)	-	-	(15.4)
Liabilities in respect of put options	-	-	(43.0)

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

Reconciliation of level 3 fair value measurements¹:

	Liabilities in respect of put options	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

Note

¹The reconciliation of payments due to vendors (earn-out agreements) is presented in note 14.

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

20 Financial instruments (continued)

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 2019, the weighted average growth rate in estimating future financial performance was 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 2019 ranged from 3.45% 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. All obligations relating to the earn-out agreements as at 31 December 2019 derive their fair value from financial performance only up to the period ending 31 December 2019 as the earn out periods for all agreements end at this date. The risk adjusted discount rate applied to these obligations at 31 December 2019 ranged from 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 \$0.8 million and \$0.8 million, respectively. A 0.5 percentage point increase or decrease in the risk adjusted discount rate would increase or decrease the consolidated liabilities due to earn-outs and put options by approximately \$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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

21 Share capital

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

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

All the classes of share capital have equal rights.

The Company was incorporated on 13 September 2019 with a subscribed capital of €30,000 (\$33,000) represented by 29,999 ordinary shares and 1 unlimited share with a nominal value of €1 each.

On 7 November 2019, the ordinary shares and the unlimited share were converted into 30,000 shares with a nominal value of €1 each.

On 28 November 2019, the shareholder increased the subscribed capital of the Company through the issuance of 90,000 new shares with a nominal value of €1 for an amount of €90,000 (\$99,000).

On 2 December 2019, the shareholders reduced the nominal value of the shares from €1 to €0.10, created 10 new classes of shares, and converted the existing 1,200,000 shares into to the following:

- 120,000 Class A shares with a nominal value of €0.10,
- 120,000 Class B shares with a nominal value of €0.10,
- 120,000 Class C shares with a nominal value of €0.10,
- 120,000 Class D shares with a nominal value of €0.10,
- 120,000 Class E shares with a nominal value of €0.10,
- 120,000 Class F shares with a nominal value of €0.10,
- 120,000 Class G shares with a nominal value of €0.10,
- 120,000 Class H shares with a nominal value of €0.10,
- 120,000 Class I shares with a nominal value of €0.10, and
- 120,000 Class J shares with a nominal value of €0.10,

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

21 Share capital (continued)

On the same date the Company issued 52,898,388 new shares with a nominal value of €0.10 for an amount of €5,289,839 (\$5,809,000).

22 Share premium

	<u>\$m</u>
13 September 2019	-
Shareholder contribution	382.3
Exchange adjustments	8.5
31 December 2019	<u>390.8</u>

On 2 December 2019, the shareholders contributed an amount of \$52.3 million to the share premium account.

On 11 December 2019, the shareholders contributed the Series 1 YFPECs totalling \$330.0 million to the special equity reserve account (share premium). Further details are set out in note 18.

23 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 profit. 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 income statement 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 primary reason for the business combination is the acquisition of a new portfolio company for the controlling party, Bain Capital.

The initial accounting for the acquisition of the Kantar has only been provisionally determined at the end of the reporting period with additional work required to complete the evaluation of the fair values of the identifiable net assets acquired and the contingent consideration payable.

Contingent consideration is stated at provisional amounts. 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 date 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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

23 Acquisition of subsidiaries (continued)

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

	Notes	Provisional Fair Value \$m
Intangible assets		2,107.1
Property, plant and equipment		157.1
Right-of-use assets		254.7
Investments in associates		82.4
Other investments		9.4
Deferred tax assets		86.2
Trade and other receivables		1,042.8
Cash and cash equivalents		453.5
Trade and other payables		(1,248.2)
Borrowings		(559.1)
Lease liabilities		(244.0)
Deferred tax liabilities		(596.4)
Provisions for post-employment benefits		(38.7)
Provisions for liabilities and charges		(79.1)
Identifiable net assets acquired		1,427.7
Non-controlling interests		(355.4)
Goodwill ¹	9	1,557.2
Total consideration		2,629.5
Satisfied by:		
Cash		2,547.3
Deferred consideration		19.3
Contingent consideration		62.9
Total consideration		2,629.5
Net cash outflow arising on acquisition:		
Cash consideration		2,547.3
Less: cash and cash equivalents acquired		(453.5)
		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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

23 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 \$64.4 million.

Kantar contributed \$285.7 million of revenue and \$27.0 million to the Group's loss before interest and tax between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, Group revenues for the year would have been \$3,782 million and EBITDA (as defined in Appendix 2) would have been \$514 million.

Contingent liabilities with a provisional amount of \$38.3 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 provisional 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 \$40.4 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 provisional fair value of contingent consideration payable of \$62.9 million has been estimated using level 3 inputs, based on information available up to the date of approval of these consolidated financial statements. The provisional amount of the potential undiscounted future payments that Kantar could be required to make under the contingent consideration arrangements is estimated to be \$68.9 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 11 March 2020, the Group acquired Mavens Limited and its two subsidiaries from its shareholders, for cash consideration of \$18.8 million plus contingent consideration of up to \$5.8 million.

On 30 April 2020, the third stage of the Kantar transaction was completed, consisting of approximately 1.4% of the Kantar group, with cash consideration paid of \$23.8 million.

On 30 June 2020, the fourth stage of the Kantar transaction was completed, consisting of approximately 1.1% of the Kantar group, with cash consideration paid of \$62.1 million.

On 3 September 2020, the fifth stage of the Kantar transaction was completed, consisting of approximately 0.5% of the Kantar group, with cash consideration paid of \$52.5 million.

As at the date of these financial statements, entities representing the entirety of the Kantar Group have been acquired, except for certain entities which are negligible in their EBITDA contribution to the Kantar Group, the acquisition of which remains subject to the completion of certain legal formalities.

As at the date of these financial statements the acquisition accounting for those business combinations acquired subsequent to the statement of financial position date is not yet complete and therefore the disclosures are not included in the financials.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

24 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 and WPP Plc 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.

In addition, the Group has entered into agreements with Bain Capital Private Equity (Europe) LLP and WPP Plc to provide services including consulting, advice on acquisitions and divestiture, financing, marketing and other functions.

Intragroup transactions within the Group are eliminated on consolidation, therefore are not disclosed in these financial statements. Transactions between the Group and its defined benefit plans are set out in note 16. All related party transactions of the Group for the period from 13 September 2019 to 31 December 2019 are set out below:

	Bain Capital	Canson Capital	WPP Plc	Total
	\$m	\$m	\$m	\$m
Sales	-	-	4.9	4.9
Purchases	-	-	(5.8)	(5.8)
Interest expense	-	-	(1.5)	(1.5)
Trade and other receivables	-	-	97.2	97.2
Trade and other payables	-	-	113.7	113.7
Loans payable	67.8	3.0	15.3	86.1
	67.8	3.0	223.8	294.6

Dividends received from associates in the period to 31 December 2019 were \$10.0 million (see note 11).

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.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

24 Related party transactions (continued)

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

	Period from 13 Sep 2019 to 31 Dec 2019
	\$m
Short-term employee benefits	1.7
Post-employment benefits ¹	-
Other long-term employee benefits	0.1
	1.8

Note

¹Post-employment benefits of key management personnel includes a negligible amount under defined contribution schemes, and \$nil under defined benefit schemes.

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

25 Capital commitments

At 31 December 2019, capital commitments contracted, but not provided were as follows:

	2019
	\$m
Property, plant and equipment	2.7
Other intangible assets	10.4
As at 31 December 2019	13.1

26 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.

27 Events after the reporting period

Acquisitions completed since 31 December 2019 are described in note 23.

Changes in borrowings since 31 December 2019 are described in note 18.

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. As a response, we have implemented a series of mitigation measures, including both top-down and targeted country-by-country actions on our costs, cash flow and working capital. Further details are given in the Recent Developments and Subsequent events section of the Management Report.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

28 Significant subsidiaries

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

Legal Entity	Country of Incorporation	% 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 Paulista Participações Ltda	Brazil	100%
TNS Serviços de Pesquisa de Mercado Ltda	Brazil	100%
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%
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%
Kantar Hong Kong Limited	Hong Kong	100%
Total Glory International Limited	Hong Kong	100%
AnalyticsQuotient Services India Private Limited	India	100%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

28 Significant subsidiaries (continued)

Legal Entity	Country of Incorporation	% Ownership
Millward Brown Market Research Services India Private Limited	India	100%
Firefly Market Research India Private Limited	India	100%
TNS India Private Limited	India	75%
P.T. Kantar Indonesia International	Indonesia	100%
Taylor Nelson Sofres Ireland Limited	Ireland	100%
Taylor Nelson Sofres Teleseker Limited	Israel	95%
Kantar Italia Srl	Italy	100%
Xtel Srl	Italy	100%
Kantar Korea Ltd	Korea	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%
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 Global Holdings S.à r.l. (formerly Summer (BC) Lux Consolidator S.à r.l.)	Luxembourg	100%
Summer (BC) Topco S.à r.l.	Luxembourg	100%
Kantar Netherlands B.V.	Netherlands	100%
Kantar Square Two 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%
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 Polska S.A.	Poland	100%
Closed Joint Stock Company TNS Marketing Information Center	Russia	100%
IMRB Millward Brown International Pte Ltd.	Singapore	51%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

28 Significant subsidiaries (continued)

Legal Entity	Country of Incorporation	% Ownership
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%
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 IBOPE Media LLC	USA	100%
Summer (BC) US Blockerco Corp	USA	100%

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Notes to the consolidated financial statements

For the period from 13 September 2019 to 31 December 2019

29 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)	Non-controlling
			allocated to non-controlling interests for the year	interests
			\$m	\$m
NCI through WPP Plc's 40% shareholding in holding companies ¹	Luxembourg	40%	(21.1)	274.1
Techedge ApS	Denmark	41%	(0.2)	13.1
Other subsidiaries with non-controlling interests	Various countries	-	1.0	42.8
Total			(20.3)	330.0

Note

¹WPP 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	Period from 13 Sep 2019 to 31 Dec 2019
		\$m
Operating loss per the income statement		(36.3)
<i>Add back:</i>		
Depreciation of property, plant and equipment	10	3.6
Amortisation of intangible assets	9	18.1
Depreciation of right-of-use assets	19	4.6
Acquisition-related costs	3	64.4
Restructuring and transformation costs	3	10.5
Other items		3.7
EBITDA per the Management Report		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, may be 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, 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 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

2019 Consolidated Financial Statements

Since the Initial Completion Date, the Group has begun consolidating the results of the Group companies at the level of the Reporting Entity. The consolidated financial statements of the Group for the period ended 31 December 2019 (the “**2019 Consolidated Financial Statements**”) reflect the acquisition of 92.5% of the Target Group (measured by EBITDA of the Target Group for the year ended 31 December 2018), and do not include the results of Target Group entities acquired subsequent to that date. The 2019 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

***Pro Forma* Financial Information**

The *pro forma* financial information as of and for the years ended 31 December 2018 and 2019 (the “***Pro Forma* Financial Information**”) discussed in the following Operating and Financial Review is unaudited and presented on a consolidated basis as if 100% of the Acquisition had been completed 1 January 2018. Given that nearly 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. The *Pro Forma* Financial Information as of and for the year ended 31 December 2018 has been adjusted to include the implementation of IFRS 16.

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 2018 and 2019, we use the budgeted constant currency rate for the year ended 31 December 2019, which is prepared on a forward-looking basis. We additionally show financial information for the year ended 31 December 2019 at the actual exchange rates calculated by taking the income statements of foreign subsidiary undertakings translated into dollars at average exchange rates and the year-end net assets of these companies translated at year-end exchange rates. 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	0.87	0.89
USD	1.00	1.00
GBP	0.75	0.78
INR	69.81	70.41
CNY	6.79	6.91
BRL	3.77	3.94
AUD	1.40	1.44
Other	Various	Various

⁽¹⁾ Represents the average exchange rate for the year ended 31 December 2019.

Appendix 2 – Other information - unaudited

OPERATING AND FINANCIAL REVIEW

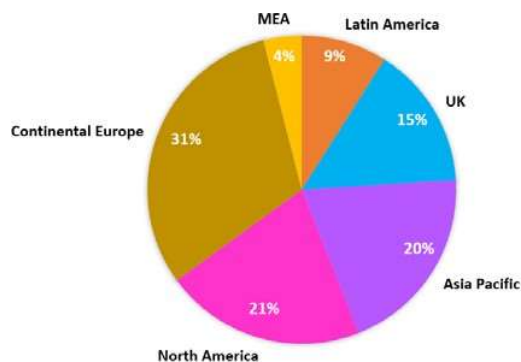
The following is a discussion and analysis of our financial condition and results of operations in the periods set forth below. This discussion should be read together with and is qualified in its entirety by reference to the financial statements included elsewhere in this report. The following discussion 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.”

Overview

We are one of the world’s leading providers 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. We believe that our holistic consumer understanding is core to making our clients’ products and services more targeted and effective. For decades, our end-to-end offerings have provided clients with critical information to succeed in their respective marketplaces.

Our revenue is geographically diversified. Our top ten markets represent 69% of our Gross Revenue for the year ended 31 December 2019 and include Australia, Brazil, China, France, Germany, India, Spain, the Netherlands, the United Kingdom and the United States.

Gross Revenue by Geography
for the year ended 31 December 2019



For the year ended 31 December 2019, we generated Gross Revenue of \$3,964 million, Gross Margin of \$2,580 million and EBITDA of \$548 million (14% EBITDA margin).

Appendix 2 – Other information - unaudited

Results of Operations

The financial information below has been derived from the *Pro Forma* Financial Information for the year ended 31 December 2018, and the *Pro Forma* Financial Information for the year ended 31 December 2019, which reflects 100% of the Target Group for the years ended 31 December 2018 and 2019. The first two columns show the summarized income statement for the years ended 31 December 2018 and 31 December 2019, adjusted on a constant currency basis for the Group's budgeted rate for the year ended 31 December 2019. 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 2019, for the Group's actual rate for the year ended 31 December 2019.

	Constant Currency Rate		Actual Rate
	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2019
	\$m	\$m	\$m
Gross Revenue	3,921	3,964	3,879
Direct Costs	1,363	1,384	1,355
Gross Margin	2,558	2,580	2,524
Staff Costs	1,578	1,606	1,571
General and Administrative Costs	430	426	418
EBITDA	550	548	535

Run Rate Adjustments:

Dividends received from JVs/associates ⁽¹⁾	17
Capitalization of incremental development costs ⁽²⁾	11
Transformation initiatives adjustment ⁽³⁾	97
Pro Forma Adjusted EBITDA	660

(1) Represents cash dividends received from the Group's joint ventures and associates.

(2) Historically development costs have not been capitalized. Management has estimated that based on the Group's existing policies, the Group could have capitalized an additional \$11 million of development costs, primarily in Insights.

(3) Represents the estimated annualized run-rate savings from transformation initiatives originally identified in the Offering Memorandum and not yet achieved as of 31 December 2019. 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. These additional potential cost savings and synergies are not reflected in this adjustment. The Group is evaluating the amount of additional adjustments arising due to COVID-19, and will continue to evaluate such adjustments, and appropriate additional adjustments, on a quarter by quarter basis.

Year ended 31 December 2019 compared to year ended 31 December 2018

Kantar has delivered a strong operational performance in a significant period of change during the transition to a new ownership structure. Kantar returned to top-line growth while investing in new offers and talent setting up Kantar for future growth and profitability.

Appendix 2 – Other information - unaudited

Gross Revenue

Gross Revenue increased by \$43 million, or 1% from \$3,921 million in the year ended 31 December 2018 to \$3,964 million in the year ended 31 December 2019. This increase was due primarily to growth in our Insights, Data and Specialist businesses. Insights growth of 2% was underpinned by a return to growth in our Brand domain (which offers brand tracking and brand strategy) due to a combination of stabilized spend in the Consumer Packaged Goods (CPG) sector and transitioning clients to our newly-launched Holistic Brand Guidance (HBG) offering (which leverages data to provide clients with real-time and cost effective insights). In addition, the Analytics (which analyses marketing ROI via advanced analytical techniques) and Media (Media Effectiveness) domains in Insights both delivered high teens growth. Our Data businesses grew by 1%, with 4% growth in our Worldpanel division, where we continue to see consistent demand for Worldpanel's services and can pass on inflationary price increases. At our Media division, we continued to see growth in our Audience Measurement domain offset by declines in our Reputation and Advertising Intelligence domains in the UK and the United States. Our Specialist businesses grew by 1%, where we saw strong growth in our Public division due to elections and scope increases from government clients offset by weakness in our Consulting division where a combination of a soft opening 2019 orderbook and headcount churn offset the growth.

Geographically we experienced strong growth in our Faster Growing Markets of 5% driven by Asia Pacific and Latin America with growth across most divisions. Offsetting the growth in our Faster Growing Markets was our Mature Markets, which declined by 1% largely due to the UK where our Reputation domain within our Media division and our Consulting division both declined due to client and headcount churn.

Direct Costs

Direct Costs, which are our cost of delivering our services, increased by \$21 million, or 2% from \$1,363 million in the year ended 31 December 2018 to \$1,384 million in the year ended 31 December 2019, in line with the increase in Gross Revenue. Insights Direct Costs increased by 1%, which was below the rate of Gross Revenue growth as we transitioned clients to our more automated HBG solution in our Brand domain and experienced strong growth in our higher margin Analytics and Media domains. Our Data Division had increased Direct Costs of 3%, which was above Gross Revenue growth as we invested in our proprietary panels in our Profiles and Worldpanel divisions. Our Specialist divisions saw an increase in Direct Costs of 2%, due to our Public division, which incurred significant fieldwork cost in line with the increase in Gross Revenue.

Gross Margin

Gross Margin increased by \$22 million, or 1% from \$2,558 million in the year ended 31 December 2018 to \$2,580 million in the year ended 31 December 2019, in line with the increase in Gross Revenue and Direct Costs noted above.

Staff Costs

Staff Costs increased by \$28 million, or 2% from \$1,578 million in the year ended 31 December 2018 to \$1,606 million in the year ended 31 December 2019. This increase was primarily due to an increase in our salary and freelance costs of 2% and broadly consistent with our increase in headcount of 2% and Gross Revenue growth. Insights increased staff costs by less than 1% which was below their Gross Revenue growth driven by efficiency gains from automation. Our Data businesses increased staff costs by 2% ahead of their Gross Revenue growth primarily due to the Media division whose staff costs have a high component of inflationary increases in Faster Growing Markets. Our Specialist businesses increased staff costs by 2% ahead of their Gross Revenue growth primarily due to investment in our trade optimization business in the Consulting Division. In addition, we started to build up our central resources as we transitioned into a stand-alone business.

Appendix 2 – Other information - unaudited

General and Administrative Costs

General and Administrative Costs decreased by \$4 million, or 1% from \$430 million in the year ended 31 December 2018 to \$426 million in the year ended 31 December 2019. This decrease was primarily due to continued focus on reduction and efficiencies in discretionary and semi-fixed costs. These costs include the majority of any WPP recharges, which are primarily related to IT infrastructure.

EBITDA

EBITDA decreased by \$2 million, or 0.4% from \$550 million in the year ended 31 December 2018 to \$548 million in the year ended 31 December 2019. This decrease was primarily due to the investment in staff and panel costs, which was partially offset by Gross Revenue growth.

Debt Financing

The following table describes the cash and cash equivalents and debt financing as of 31 December 2019 of the Group based on our 2019 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 if the following transactions had been completed as of 31 December 2019: (i) the Acquisition of 100% of the Target Group (measured by reference to the Target Group's EBITDA for the year ended 31 December 2018); (ii) the raising of an additional €70 million Senior Term Loan in February 2020; (iii) the redemption of €47 million of our Senior Notes in February 2020; (iv) the precautionary drawdown of €280 million of our Revolving Credit Facility in March 2020, and (v) the issue of a new Term Loan of €155 million used to part repay the Revolving Credit facility by €141.9 million plus accrued interest in July 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 2019.

	31 December 2019	Acquisition Closing and Capital Structure Adjustments	31 December 2019 As Adjusted
	\$m	\$m	\$m
Cash and cash equivalents ⁽¹⁾	562	19	581
Total net debt: ⁽²⁾			
Senior Facilities ⁽³⁾	1,241	407	1,648
Senior Secured Notes ⁽⁴⁾	1,123	—	1,123
Total senior secured net debt	1,802	388	2,190
Senior Notes ⁽⁴⁾	533	(53)	480
Total secured net debt ⁽⁵⁾	2,335	335	2,670
Other debt ⁽⁶⁾	265	50	315
Total net debt	2,600	385	2,985

Appendix 2 – Other information - unaudited

- (1) Represents cash and cash equivalents net of overdrafts as of 31 December 2019, plus \$53 million of cash in an escrow account representing a portion of the proceeds from the issuance of the Senior Notes, which was used in February 2020 to redeem €47 million of the Senior Notes.
- (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 €725 million term loan B and a €70 million term loan B-1 (which was borrowed in February 2020) and a €155 million term loan B-2 (which was borrowed in July 2020), each bearing a margin of EURIBOR plus 5.00% (subject to a margin ratchet), and (ii) a \$280 million term loan B and a \$70 million term loan B-1, each bearing a margin of USD LIBOR plus 5.00% (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 3.50% (subject to a margin ratchet), and matures in June 2026, of which \$76 million (equivalent) was drawn as of 31 December 2019 and an additional \$299 million (equivalent) was drawn in March 2020, part repaid by \$160 million (equivalent) in July 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) The adjustment represents a \$320 million deferred closing adjustment reflecting the actual and estimated cash purchase price for the acquisition of the remaining 7.5% of the Target Group (measured by reference to EBITDA of the Target Group for the year ended 31 December 2018), net of cash and cash equivalents held at the remaining portion of the Target Group. As of the date of this report, entities representing the entirety of the Target Group have been acquired, except for certain entities which are negligible in their EBITDA contribution to the Target Group, the acquisition of which remains subject to the completion of certain legal formalities.
- (6) Represents IFRS 16 lease liabilities, as well as a \$15 million loan from the WPP Group to the Group. The \$50 million adjustment to other debt represents an estimate of IFRS 16 lease liabilities held at the remaining portion of the Target Group.

Appendix 2 – Other information - unaudited

Contractual Obligations and Commitments

The table below summarizes our contractual obligations as of 31 December 2019, adjusted for the transactions described under “—Debt Financing”, based on nominal amounts (excluding accrued interest and financing fees). These maturities may differ significantly from the actual maturity of these obligations.

	Less than 1 year	1-5 years	More than 5 years	Total
	\$m	\$m	\$m	\$m
Senior Secured Notes	—	—	1,123	1,123
Senior Notes	—	—	480	480
Senior Term Loans	4	14	1,401	1,419
Revolving Credit Facility	—	—	229	229
Other Debt ⁽¹⁾	—	—	15	15
Total	4	14	3,248	3,266

(1) Represents a \$15 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 of 31 December 2019, we had drawn \$77 million (equivalent) of our Revolving Credit Facility. The decision was taken in March 2020 to draw a further €280 million in euros on our Revolving Credit Facility, meaning it was fully drawn at that point, excluding \$12 million of ancillary facilities established thereunder. This drawing was part repaid by €141.9 million in July 2020 following the issue of the €155 million term loan B-2. This action helps support the Group’s liquidity, along with the cash pooling and repatriation measures.

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 2018	Year ended 31 December 2019
	\$m	\$m
Net Debtors ⁽¹⁾	789	760
Accrued Revenue ⁽²⁾	218	217
Creditors incl. accruals ⁽³⁾	(386)	(450)
Deferred Income ⁽⁴⁾	(277)	(289)
Other	3	3
Trade Working Capital	347	241

(1) Represents trade account receivables owed to the Group net of any allowance for doubtful accounts.

(2) Constitutes revenue recognized 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 \$106 million, or 31% from \$347 million in the year ended 31 December 2018 to \$241 million in the year ended 31 December 2019. The improvement was primarily due to an improvement in our Net Debtors and an increase in or Creditors (including accruals).

Our Net Debtors improved by \$29 million, or 4% from \$789 million in the year ended 31 December 2018 to \$760 million in the year ended 31 December 2019. This improvement was primarily due to our reduction of overdue debtors from 33% for the year ended 31 December 2018 to 28% for the year ended 31 December 2019.

Creditors (including accruals) increased by \$64 million, or 17% from \$386 million in the year ended 31 December 2018 to \$450 million in the year ended 31 December 2019. This is primarily due to our implementation of policies and processes to ensure we do not pay suppliers earlier than our agreed payment terms.

Adjusted Capital Expenditures

Constant Currency

	Year ended 31 December 2018	Year ended 31 December 2019
	\$m	\$m
Purchases of property, plant and equipment	45	55
Purchases of other intangible assets (including capitalized computer software)	34	40
Adjusted Capital Expenditures	79	95

Adjusted Capital Expenditures increased by \$16 million, or 20% from \$79 million in the year ended 31 December 2018 to \$95 million in the year ended 31 December 2019. This increase is primarily due to increases in purchases of property, plant and equipment of \$10 million driven by increased purchases of meter equipment related to our Audience Measurement domain and increases in computer laptop spend as we upgraded our estate. Purchases of other intangible assets increased by \$6 million as we invested in our Worldpanel division platform and big data service Worldpanel+, which harnesses the use of smartphones to quantify shopping trips and the motives behind them.

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 pursuant to the terms of the Shareholders’ Agreement (as defined below).

Name	Position
John Rogers	WPP Director
Andrew Scott	WPP Director
Marie-Catherine Brunner	Bain Director
Christophe Jacobs van Merlen	Bain Director
Jana Samkova	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 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 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.

Marie-Catherine Brunner — Mrs. Brunner serves as a director at Bain Capital’s office in Luxembourg since 2017. Previously, she was a client services senior manager at Centralis S.A. and a senior manager at Alter Domus Luxembourg S.à r.l. (“Alter Domus”) and Deloitte. Mrs. Brunner has over 15 years of experience in the financial services industry and serves as a board member on the holding companies of various Bain Capital investments.

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.

Jana Samkova — Ms. Samkova is a senior corporate associate at Bain Capital’s office in Luxembourg. She has over 10 years of experience as a legal counsel in Prague. Prior to joining Bain Capital in May 2020, she worked for Intertrust Luxembourg. She serves as a board member on the holding companies of various Bain Capital investments.

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.

Appendix 2 – Other information - unaudited

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 Luxembourg- Findel, Grand Duchy of Luxembourg.

Board Practices

The Boards will meet on a regular basis, but at least four times per calendar year, to review the Group’s performance and business plans. All resolutions at meetings of the Boards will be 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.

Senior Management

On 10 December 2019, the Group announced that Eric Salama would be stepping down as CEO of Kantar during 2020. On 17 February 2020, the Group announced that Mr. Salama was stepping down with immediate effect. The executive committee of Kantar is leading the Group while the Board of Directors leads the search for a new CEO.

As of the date of this report, the senior management of Kantar consists of the following persons:

Name	Position
Ian Griffiths	Deputy CEO & Chief Financial Officer
Scott Carter	Chief Human Resources Officer

The following are brief biographical descriptions of the members of senior management:

Ian Griffiths – Mr. Griffiths joined Kantar as CFO in January 2020 as Chief Financial Officer and took on the additional responsibility of Deputy CEO in June 2020. Prior to joining Kantar Ian was COO and CFO of ITV plc, the biggest commercial broadcaster in the UK and home to ITV Studios one of the world’s largest international content companies. At ITV, Ian played a key role in creating the environment to transform ITV from being reliant on UK advertising to a more diverse international and increasingly digital business. Before joining ITV Ian was group finance director of Emap plc, the international magazine, radio and B2B business. Ian has significant experience in organizational change, M&A, managing costs and driving working capital and, as a result of this, delivering strong returns for shareholders all of which will be important to Kantar as we embark on the next stage of our growth journey.

Scott Carter – Mr. Carter joined Kantar in 2010 as global head of recruiting, followed by appointments as group HR director for a portfolio of global Kantar subsidiaries in 2013 and promotion to the role of chief HR officer for Kantar Media in 2015. Prior to joining Kantar, Scott held leadership roles at Price Waterhouse and a number of technology companies.

Appendix 2 – Other information - unaudited

The executive committee is made up of the following members:

Name	Position
Ian Griffiths	Deputy CEO & Chief Financial Officer
Scott Carter	Chief Human Resources Officer
James Brooks	Chief Operations Officer
Serge Lupas	Interim Chief Executive Officer Media
Nathalie Burdet	Chief Marketing Office
Lynette Cooke	Chief Executive Officer Health
Reed Cundiff	Chief Executive Officer North America
Caroline Frankum	Chief Executive Officer Profiles
Michelle Harrison	Chief Executive Officer Public
Richard Ingleton	Chief Executive Officer Insights
Wayne Levings	Chief Client Officer
John McHarry	Chief Information Officer
Josep Montserrat	Chief Executive Officer Worldpanel
Phil Smiley	Chief Executive Officer Consulting

Appendix 2 – Other information - unaudited

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. 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.

WPP

WPP 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 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 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.

Appendix 2 – Other information - unaudited

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 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 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 ceases to hold at least 15% and fall away if WPP ceases to hold at least 5% of the shares in the relevant JVCo.

Kantar Global Holdings S.à r.l. Consolidated Financial Statements 2019

Appendix 2 – Other information - unaudited

ANNEX: RECONCILIATIONS TO PRO FORMA FINANCIAL INFORMATION

Reconciliation from 2019 Consolidated Financial Statements to 2019 Pro Forma Financial Information

The following table sets forth the reconciliation of Revenue and EBITDA from our 2019 Consolidated Financial Statements to our constant currency Gross Revenue and EBITDA from our 2019 Pro Forma Financial Information.

	Revenue \$m	EBITDA \$m
2019 Consolidated Financial Statements	286	69
Consolidation adjustments ⁽¹⁾	42	0
Period alignment ⁽²⁾	3,497	445
Foreign exchange translation ⁽³⁾	85	14
Perimeter adjustment ⁽⁴⁾	54	20
2019 Pro Forma Financial Information	3,964	548

(1) These adjustments are primarily to include intra-group revenue. Intra-group revenue represents the products and services provided between divisions and between individual markets in within each division. The major component of intra-group revenues are survey-related services provided by our Profiles division to our Insights segment which forms a component of the services Insights provides to their external clients. Within Insights, individual markets provide services to each other particularly for multi-country studies for clients.

(2) Inclusion of Revenue and EBITDA relating to the 11 months ended 30 November 2019.

(3) Reflects adjustments to show differential in preparation of constant currency financial information.

(4) Adjustment primarily relates to the inclusion of the 7.5% of the Target Group (measured by reference to EBITDA as of the year ended 31 December 2018) not acquired as of 31 December 2019.

The following table sets forth the reconciliation of Net Debt from the 2019 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 18) \$m	Lease liabilities (note 19) \$m	Net Debt \$m
Per the statement of financial position at 31 December 2019	(510.6)	2,837.8	250.0	2,577.2
<i>Adjust for:</i>				
Unamortised debt-issuance costs deducted from borrowings	-	92.2	-	92.2
Gross-up Senior Notes in escrow	(53.0)	53.0	-	-
Cash and debt outside of the Senior Lenders' perimeter	1.9	(70.8)	-	(68.9)
Net Debt per the Debt Financing table	(561.7)	2,912.2	250.0	2,600.5