

Kantar Global Holdings S.à. r.l.

Unaudited results for the 3 months ended 31 March 2023

Kantar Global Holdings S.à. r.l. ("Kantar," "the Group" or "the Company"), announces results for the 3 months to 31 March 2023.

	3 months ended 31 March			
	2023	2022	Change	Change
	\$m	\$m	\$m	%
Gross Revenue (\$m) ^{1,2}	829	803	26	3%
Adjusted Gross Margin (\$m) ¹	583	561	22	4%
Adjusted Gross Margin % ¹	70.3%	69.8%	-	0.5ppt
Adjusted EBITDA (\$m) ¹	140	141	(1)	(1%)
Adjusted EBITDA Margin % ¹	16.9%	17.6%	-	(0.7ppt)
Operating loss (\$m)	(38)	(60)	22	(37%)

Discussing Q1 performance, Chris Jansen, Chief Executive, commented "In a challenging market, the geographic and offer diversity of our portfolio, combined with the endeavour of our staff, helped us continue to deliver growth, albeit at a slower rate than we would like to see. For the first quarter of the year, we delivered 3% gross revenue growth. Strong operating cost and headcount discipline meant Adjusted Gross Margin increased ahead of the top line growth rate, even as we continue to invest in innovation and operational efficiency. Across regions and sectors, we faced differing headwinds; from inflation creating uncertainty for clients to restructuring in the tech industry.

Within our Insights division, at the solutions level, Brand Guidance, our largest solutions group, performed well, reflecting the growth in Brand Trackers we run for over 1,800 clients. Our Innovation portfolio also delivered good growth, as clients look to win consumers through differentiation. The difficult advertising environment continued to weigh on the performance of our creative solutions group.

Contracted revenue performed excellently for our Worldpanel division, which delivered 3% growth, while uncertainty caused by inflationary pressures slowed shorter-term client spend. Our Profiles division delivered 2% growth as trading conditions across their traditional panel provider client base proved challenging, while success in winning new long-term contracts over the past few years plays out in our Kantar Media business which delivered high single digit growth for the quarter.

Strategically important initiatives continued to deliver solid double-digit growth. Kantar Marketplace, our self-service store delivered more than 20% growth, in part thanks to a strong performance across EMEA region. Kantar Analytics Practice, which supports clients with advanced analytics and data ecosystems that help find growth opportunities, delivered in excess of 10% growth, including a strong UK performance, while Numerator, our shopper behaviour business in North America, delivered growth in the high teens.

Looking forward, I am confident of our ability to continue growing the value we deliver to our clients – especially in disruptive times. Secured revenue is on par with last year, our teams are engaging energetically with clients to offer value and secure new growth opportunities, while our strategic initiatives are maturing and delivering the high growth levels, we expected of them."

¹ Please note the following:

a) This measure represents an Alternative Performance Measure (APM), please refer to pages 7-10 for definition and reconciliation between APM and condensed consolidated financial statements.

b) This measure is presented at constant currency exchange rates, please refer to page 6 for further details.

c) This measure is presented on a Proforma basis including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives. This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results.

² Gross revenue includes intercompany revenue between divisions.

Financial highlights

- Gross revenue increased by 3% to \$829 million (Q1 2022: \$803 million). All divisions showed growth versus 2022.
- Adjusted Gross margin increased by 4% to \$583 million (Q1 2022: \$561 million) as our growth in revenue was supported by our drive towards more direct cost efficiencies, such as the automation of our platforms.
- Adjusted EBITDA broadly remained in line with prior year at \$140 million (Q1 2022: \$141 million).
- Operating loss improved to \$38 million (Q1 2022: \$60 million) mainly driven by the adverse impact in 2022 of the suspension of operations in Russia (\$49 million).

For further information go to:

www.kantar.com

About Kantar

- Kantar is the world's leading marketing data and analytics business and an indispensable brand partner to the world's top companies.
- We combine the most meaningful attitudinal and behavioral data with deep expertise and advanced analytics to uncover how people think and act.
- We help clients understand what has happened and why and how to shape the marketing strategies that shape their future.

Operating and Financial Review

For the purpose of the Operating and Financial Review section of this report, the analysis of the Group's financial results and performance has been performed on a Proforma basis, including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives. We monitor divisional revenue on a gross basis i.e., inclusive of intercompany trading and therefore analyse group revenue on an aggregate basis. We provide commentary against constant currency exchange rates (see page 6) as we consider this more appropriate and meaningful. Some measures represent Alternative Performance Measures (APMs), please refer to pages 7-10 for definition and reconciliation between APM and Condensed Consolidated Financial Statements. Additionally, in 2023, our North American Advertising Intelligence (Ad Intel) business is reported as a separate division under the brand name Vivvix which combines the Kantar and Numerator Ad Intel businesses.

3 months to 31 March 2023

	Constant Currency Rate				Actual Exchange Rate			
	2023 \$m	2022 \$m	Change \$m	Change %	2023 \$m	2022 \$m	Change \$m	Change %
Gross Revenue	828.6	803.1	25.5	3%	832.4	899.3	(66.9)	(7%)
Direct Costs	246.1	242.3	3.8	2%	246.6	285.6	(39.0)	(14%)
Adjusted Gross Margin	582.5	560.8	21.7	4%	585.8	613.7	(27.9)	(5%)
Adjusted Gross Margin %	70.3%	69.8%	-	0.5ppt	70.4%	68.2%	-	2.2ppt
Staff Costs	355.8	335.3	20.5	6%	357.6	382.7	(25.1)	(7%)
General and Administrative Costs	86.7	84.1	2.6	3%	87.3	87.6	(0.3)	-
Adjusted EBITDA	140.0	141.4	(1.4)	(1%)	140.9	143.4	(2.5)	(2%)
Adjusted EBITDA Margin %	16.9%	17.6%	-	(0.7ppt)	16.9%	15.9%	-	1.0ppt

Divisional performance:

	3 months to 31 March 2023			
	2023 \$m	2022 \$m	Change \$m	Change %
Divisions				
Insights	472.8	469.1	3.7	1%
Profiles	78.8	77.1	1.7	2%
Worldpanel	85.6	83.1	2.5	3%
Numerator	51.8	43.9	7.9	18%
Kantar Media	114.6	105.5	9.1	9%
Vivvix ¹	25.0	24.4	0.6	2%
Divisional Gross Revenue	828.6	803.1	25.5	3%
Intercompany revenue at constant currency	(108.8)	(104.2)	(4.6)	4%
Divisional Net Revenue	719.8	698.9	20.9	3%
Proforma impact of acquisitions and disposals	-	58.1	(58.1)	-
Foreign exchange for constant currency	3.0	32.0	(29.0)	-
Revenue per Condensed Consolidated Statement of Income	722.8	789.0	(66.2)	(8%)

¹ In 2023, our North American Advertising Intelligence (Ad Intel) business is reported as a separate division under the brand name Vivvix which combines the Kantar and Numerator Ad Intel businesses.

Divisional Gross Revenue

Gross Revenue increased by \$25.5 million, or 3% from \$803.1 million in the three months ended 31 March 2022 to \$828.6 million in the three months ended 31 March 2023. All divisions showed growth versus 2022. Strong client demand for behavioural data continues in 2023 as our Worldpanel division grew by \$2.5 million or 3% and the Numerator division grew by \$7.9 million or 18%. The Kantar Media division grew by \$9.1 million or 9%, with growth across all offers. Our Profiles division grew by \$1.7 million or 2% as in a complex and uncertain macroeconomic climate, customers are increasingly focused on data quality in order to maximise ROI. Profiles is well placed to respond to this trend with the highest quality global panel in LifePoints and the market-leading fraud detection capability in Qmee. The Insights division grew by \$3.7 million or 1%, primarily driven by the Brand Performance domain supported by investment in new product and offer.

Direct Costs

Direct Costs, which are the costs of delivering our services, increased by \$3.8 million or 2% from \$242.3 million in the three months ended 31 March 2022, to \$246.1 million in the three months ended 31 March 2023, which was lower than the 3% increase in Gross Revenue.

Adjusted Gross Margin

Our Adjusted Gross Margin as a percentage of Gross Revenue increased by 0.5ppt, as we continue to drive more efficiencies and automation via platforms and offers such as Kantar Marketplace and Worldpanel Plus. Overall, our Adjusted Gross Margin increased by \$21.7 million or 4% from \$560.8 million in the three months ended 31 March 2022 to \$582.5 million in the three months ended 31 March 2023.

Staff Costs

Staff Costs increased by \$20.5 million or 6% from \$335.3 million in the three months ended 31 March 2022, to \$355.8 million in the three months ended 31 March 2023. This increase reflects higher headcount to support business growth and investment to attract and retain talent.

General and Administrative Costs

General and Administrative Costs increased by \$2.6 million or 3% from \$84.1 million in the three months ended 31 March 2022, to \$86.7 million in the three months ended 31 March 2023. This increase was primarily driven by higher IT costs on improved platforms and additional travel costs.

Adjusted EBITDA

Adjusted EBITDA decreased by \$1.4 million or (1%) from \$141.4 million in the three months ended 31 March 2022, to \$140.0 million in the three months ended 31 March 2023. This decrease was primarily due to the increased staff costs.

Senior Lender Net Debt

	As at 31 March	
	2023	2022
	\$m	\$m
Cash and cash equivalents ¹	(184.9)	(424.2)
Senior Facilities ²	2,080.2	1,892.4
Senior Secured Notes ³	1,509.2	1,533.1
Total Senior Secured Net Debt	3,404.5	3,001.3
Senior Unsecured Notes ³	464.1	474.3
Total Senior and Unsecured Net Debt	3,868.6	3,475.6
Other Debt ⁴	246.8	298.4
Total Net Debt	4,115.4	3,774.0

For reconciliation between the Senior Lender Net Debt Alternative Performance Measure and Condensed Consolidated Statement of Financial Position please refer to page 10.

	2023		2022	
	\$m		\$m	
Cash and cash equivalents ¹	184.9		424.2	
Committed Facilities ⁵	397.2		416.0	
Uncommitted Facilities ⁶	44.0		45.0	
Total Liquidity	626.1		885.2	

1. Represents cash and cash equivalents net of overdrafts as of 31 March.
2. The Senior Facilities are comprised of the Senior Term Loans and the Revolving Credit Facility. The amount shown represents the US 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 €1,135.0 million term loan B bearing interest at EURIBOR plus a 4.25% margin (subject to a margin ratchet), (ii) a \$338.6 million term loan B bearing interest at USD LIBOR plus 5.00% margin (subject to a margin ratchet) and (iii) a \$492.5 million term loan B2 bearing interest at USD LIBOR (floor of 0.75%) plus 4.50% margin (this term loan is not subject to a margin ratchet); each maturing in December 2026. The Revolving Credit Facility provides for \$400.0 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. As at 31 March 2023, \$18.5 million was drawn down under the facility (31 March 2022: \$nil).
3. Represents the U.S. Dollar-equivalent of the aggregate principal amount of (i) the €1,000.0 million 5.75% Senior Secured Notes maturing 31 October 2026, (ii) the \$425.0 million 5.50% Senior Secured Notes maturing 31 October 2026 and (iii) the €428.0 million 9.25% Senior Notes maturing 31 October 2027, issued in an initial aggregate principal amount of €475.0 million, with €47.0 million redeemed in a special mandatory redemption in February 2020 and does not reflect any initial purchaser discount or original issue discount.
4. Represents IFRS 16 lease liabilities, as well as a loan from the WPP Plc to the Kantar Group.
5. Committed facilities have a defined maturity date that cannot be cancelled.
6. Uncommitted facilities are cancellable by either party.

Trade Working Capital

	Constant Currency	
	As at 31 March	
	2023	2022
	\$m	\$m
Net Receivables ¹	299.9	361.8
Accrued Revenue ²	181.5	215.3
Trade Payables incl. accruals ³	(372.8)	(427.6)
Deferred Income ⁴	(335.5)	(361.5)
Trade Working Capital	(226.9)	(212.0)

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

² Constitutes revenue recognised in advance of billings.

³ Represents amounts owed to our suppliers including amounts accrued for that have not yet been invoiced.

⁴ Constitutes revenue billed in advance of services being provided.

Trade Working Capital increased by \$14.9 million from negative (\$212.0) million as at 31 March 2022, to negative (\$226.9) million as at 31 March 2023.

Capital Expenditure

	Constant Currency	
	3 months ended 31 March	
	2023	2022
	\$m	\$m
Purchases of property, plant and equipment	7.5	0.8
Purchases of other intangible assets (incl. capitalised computer software)	36.1	23.6
Capital Expenditure	43.6	24.4

Capital Expenditure increased by \$19.2 million, or 79% from \$24.4 million in the three months ended 31 March 2022, to \$43.6 million in the three months ended 31 March 2023. This increase was due to upgrading our product platforms and improving our back-office operations.

Presentation of financial and other information

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 assuming that exchange rates were constant in all periods. For financial information for the period ended 31 March 2023 and 2022, we use the budgeted constant currency rate for the year ended 31 December 2023, which is prepared on a forward-looking basis. We additionally show financial information for the period ended 31 March 2023 at the actual exchange rates calculated by taking the income statements of foreign subsidiary undertakings translated into U.S. Dollars at average exchange rates and the net assets of these companies translated at exchange rates as of 31 March 2023. 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 economic performance of our operations.

	31 December 2023 Constant Currency Rate per U.S. Dollar	31 March 2023 Average Actual Rate per U.S. Dollar	31 March 2023 Closing Rate per U.S. Dollar
EUR	0.92	0.93	0.92
GBP	0.82	0.82	0.81
INR	83.80	82.22	82.16
CNY	6.77	6.89	6.87
BRL	5.49	5.21	5.06
AUD	1.46	1.50	1.50

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures (“APMs”), which are used in addition to Consolidated Financial Statement statutory performance measures. The Group believes that these APMs, which are not considered to be a substitute for or superior to Consolidated Financial Statement statutory performance measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board.

Our APMs are explained on the pages that follow.

Adjusted EBITDA

Definition

We define Adjusted EBITDA as loss for the year before: (i) taxation; (ii) finance income; (iii) finance costs; (iv) revaluation of financial instruments; (v) share of results of associates; (vi) acquisition and disposal related costs, including costs for aborted deals and deal costs not capitalised; (vii) restructuring and transformation costs, including shareholder consulting costs and investment write-downs; (viii) amortisation of intangible assets; (ix) impairment of goodwill and other intangible assets; (x) depreciation of property, plant and equipment; (xi) depreciation of right-of-use assets; (xii) (gains)/losses on disposal of investments and subsidiaries; (xiii) share-based payment charges and associated costs and other adjusting items. Adjusting items that are not indicative of its trading performance by management by virtue of their size and/or incidence. This is presented at actual reported exchange rates.

Adjusted EBITDA is presented including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives. This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results. This is presented at constant currency exchange rates; refer to page 6 for further details.

Purpose

The Group believes that Adjusted EBITDA – actual rates and Adjusted EBITDA – constant currency facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact of changes in effective tax rates or net operating (losses)/profit) and the age and booked depreciation and amortisation on assets. The Group excludes certain items like acquisition and disposal related costs and restructuring and transformation costs, which include severance costs from Adjusted EBITDA because it believes they are not indicative of its trading performance.

Reconciliation between APM and Condensed Consolidated Financial Statements:

		3 months ended 31 March	
	Note	2023 \$m	2022 \$m
Loss for the period		(143.4)	(130.3)
Add back:			
Taxation		13.0	0.9
Finance income		(4.0)	(1.7)
Finance costs		87.6	75.3
Revaluation of financial instruments		1.7	(4.3)
Loss before interest and taxation		(45.1)	(60.1)
Add back:			
Share of results of associates		7.3	(0.1)
Operating Loss per the Condensed Consolidated Statement of Income		(37.8)	(60.2)
Add back:			
Amortisation of other intangible assets	4	81.9	72.3
Expenses in connection with events in Ukraine and suspension of activities in Russia	4	-	49.0
Depreciation of property, plant and equipment	4	7.6	11.3
Depreciation of right-of-use assets	4	14.2	17.0
EBITDA		65.9	89.4
Add back:			
Acquisition and disposal related costs	4	23.1	-
Restructuring and transformation costs	4	22.6	33.0
Other items ¹		29.3	21.0
Adjusted EBITDA – actual exchange rates		140.9	143.4
Proforma impact of acquisitions and disposals		-	4.4
Foreign exchange for constant currency		(0.9)	(6.4)
Adjusted EBITDA – constant currency		140.0	141.4

¹Relate to share-based payment charges and associated costs and other adjusting items that are not indicative of trading performance by management by virtue of their size and/or incidence.

Gross Revenue

Definition

We define Gross Revenue as revenue, including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives and including intercompany revenue. This is presented at constant currency exchange rates, refer to page 6 for further details. We monitor divisional performance on a gross basis, i.e. inclusive of intercompany revenue and therefore analyse Group performance on an aggregate basis.

	3 months ended 31 March			
	2023 \$m	2022 \$m	Change \$m	Bridge %
Revenue per Condensed Consolidated Statement of Income	722.8	789.0	(66.2)	(8.4%)
Intercompany revenue at constant currency	108.8	104.2	4.6	0.6%
Proforma Impact of acquisitions and disposals ¹	-	(58.1)	58.1	7.3%
Foreign exchange for constant currency	(3.0)	(32.0)	29.0	3.7%
Gross Revenue	828.6	803.1	25.5	3.2%

¹This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results.

Adjusted Gross Margin

Definition

We define Adjusted Gross Margin as Gross Revenue after 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 and inclusive of intercompany costs. Costs comprise fieldwork costs including online, face-to-face and telephone, survey scripting and data processing, external data acquisition costs, billable travel, panel recruitment costs and panellist incentives for panellist who complete surveys (including amortisation where panel incentives are capitalised).

	3 months ended 31 March	
	2023	2022
	\$m	\$m
Gross Profit per Condensed Consolidated Statement of Income	92.4	86.4
Add back:		
Depreciation of property, plant and equipment	3.2	5.4
Depreciation of right-of-use assets	14.2	17.0
Amortisation of other intangible assets	55.2	50.4
Indirect staff costs	388.1	424.5
Other items ¹	32.7	30.0
Adjusted Gross Margin – actual exchange rates	585.8	613.7
Proforma impact of acquisitions and disposals ²	-	(27.4)
Foreign exchange for constant currency	(3.3)	(25.5)
Adjusted Gross Margin – constant currency	582.5	560.8

¹Includes property, development and other costs.

²This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results.

Senior Secured Net Debt and Covenant leverage

Definition

Senior Secured Net Debt is calculated as non-current and current loans less adjusted cash. Covenant leverage is calculated as net debt divided by last twelve months (LTM) covenant Adjusted EBITDA.

Purpose

Net debt is a measure of the Group's net indebtedness that provides an indicator of overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. Net leverage is used to show how many years it would take for a company to pay back its debt if net debt and Adjusted EBITDA are held constant.

Senior Secured Net Debt (excluding lease liabilities) on 31 March 2023 was \$3,301.2 million and LTM Adjusted EBITDA for the Relevant Period was \$798.7 million. As at 31 March 2023, Senior Secured Net Debt was 4.13 times LTM Adjusted EBITDA.

	Cash and cash equivalents		Debt		Net Debt (excl. Lease liabilities)		Lease Liabilities and other debt		Net Debt (incl. Lease liabilities)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Consolidated Statement of Financial Position	(571.7)	(629.7)	4,539.8	4,189.6	3,968.1	3,559.9	237.9	287.1	4,206.0	3,847.0
Reclassification of Bank Overdrafts	333.7	159.7	(333.7)	(159.7)	-	-	-	-	-	-
Reclassification of WPP Plc loan	-	-	(8.9)	(11.3)	(8.9)	(11.3)	8.9	11.3	-	-
Unamortised debt-issuance costs deducted from borrowings	-	-	99.5	108.0	99.5	108.0	-	-	99.5	108.0
Outside the Senior Lenders' perimeter ¹	53.1	45.8	(243.2)	(226.8)	(190.1)	(181.0)	-	-	(190.1)	(181.0)
Senior Lender Net Debt	(184.9)	(424.2)	4,053.5	3,899.8	3,868.6	3,475.6	246.8	298.4	4,115.4	3,774.0
Senior Lenders' Unsecured Debt ¹	0.7	-	(464.1)	(474.3)	(463.4)	(474.3)	-	-	-	-
Proforma adjustments per the covenant definition ²	-	(17.0)	-	-	-	(17.0)	-	-	-	-
Retranslation at LTM average foreign exchange rates	(9.9)	(9.6)	(94.2)	107.1	(104.1)	97.5	-	-	-	-
Consolidated Senior Secured Net Debt	(194.1)	(450.8)	3,495.3	3,532.6	3,301.2	3,081.8	-	-	-	-
Covenant LTM Adjusted EBITDA	-	-	-	-	798.7	788.2	-	-	-	-
Leverage	-	-	-	-	4.13x	3.91x	-	-	-	-

¹ Excludes cash and debt in legal entities above the level of Summer (BC) Holdco A S.à r.l. and Summer (BC) US Bidco B LLC in the legal structure of the Group.

² Proforma adjustments relate to the definitions within the Senior Facilities Agreement dated 26 November 2019 (amended 30 November 2021).

	\$m
LTM Adjusted EBITDA	697.1
Impact of acquisitions and disposals	(0.5)
Other adjustments per the Covenant Definition of LTM Adjusted EBITDA ¹	11.1
Dividends Received from Associates	10.0
Run-rate Adjustment ²	81.0
Covenant LTM Adjusted EBITDA	798.7

¹ Includes adjustments for: property taxes, non-cash pension costs, other non-cash charges, foreign exchange, and proforma related to the definitions within the Senior Facilities Agreement.

² Run-rate adjustment for covenant purposes is limited to 25% of overall LTM Adjusted EBITDA.

Condensed Consolidated Statement of Income and Other Comprehensive Income (unaudited)

For the 3 months ended 31 March

	Notes	3 months ended 31 March	
		2023 \$m	2022 \$m
Revenue	3	722.8	789.0
Cost of services	4	(630.4)	(702.6)
Gross profit		92.4	86.4
General and administrative costs	4	(130.2)	(146.6)
Operating loss		(37.8)	(60.2)
Share of results of associates		(7.3)	0.1
Loss before interest and taxation		(45.1)	(60.1)
Finance income	5	4.0	1.7
Finance costs	5	(87.6)	(75.3)
Revaluation of financial instruments	5	(1.7)	4.3
Loss before taxation		(130.4)	(129.4)
Taxation		(13.0)	(0.9)
Loss for the period		(143.4)	(130.3)
Loss attributable to:			
Equity holders of the parent		(89.0)	(81.5)
Non-controlling interests		(54.4)	(48.8)
Loss for the period		(143.4)	(130.3)
Consolidated Statement of Comprehensive Income/(Expense):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on translation of foreign operations		(15.3)	86.4
Fair value movements on derivatives in effective hedge relationships		(8.5)	24.0
Items that will not be reclassified subsequently to profit or loss:			
Movement on equity investments held at fair value through other comprehensive expenses		(3.7)	(7.5)
Other comprehensive (expense)/income for the period		(27.5)	102.9
Total comprehensive expense for the period		(170.9)	(27.4)
Attributed to:			
Equity holders of the parent		(102.8)	(25.2)
Non-controlling interests		(68.1)	(2.2)
Total comprehensive expense for the period		(170.9)	(27.4)

Condensed Consolidated Statement of Financial Position

(unaudited)

As at 31 March 2023

	Notes	31 March 2023 \$m	31 December 2022 \$m
Non-current assets			
Goodwill		2,564.6	2,548.1
Other intangible assets		1,991.2	2,017.0
Property, plant and equipment		126.6	121.4
Right-of-use assets		214.9	223.5
Equity accounted and other investments		177.7	179.6
Other investments		3.0	6.6
Corporate income tax recoverable		12.6	12.6
Deferred tax assets		66.1	66.1
Derivative assets		58.9	63.1
Trade and other receivables		80.9	80.6
		5,296.5	5,318.6
Current assets			
Corporate income tax recoverable		27.5	28.0
Trade and other receivables		786.6	764.3
Derivative assets		4.3	10.2
Cash and cash equivalents		571.7	481.1
		1,390.1	1,283.6
Current liabilities			
Loans payable	6	(10.3)	(155.2)
Trade and other payables		(1,337.0)	(1,333.8)
Derivative liabilities		(6.7)	(6.1)
Corporate income tax payable		(159.3)	(153.7)
Bank overdrafts	6	(333.7)	(193.6)
Provisions and other liabilities		(98.4)	(84.3)
Short-term lease liabilities		(47.0)	(48.6)
		(1,992.4)	(1,975.4)
Net current liabilities		(602.3)	(691.8)
Total assets less current liabilities		4,694.2	4,626.8
Non-current liabilities			
Loans payable	6	(4,195.8)	(3,954.2)
Trade and other payables		(70.5)	(55.1)
Derivative liabilities		(0.3)	-
Deferred tax liabilities		(328.7)	(337.8)
Provision for post-employment benefits		(37.3)	(36.8)
Provisions and other liabilities		(121.0)	(127.3)
Long-term lease liabilities		(190.9)	(194.1)
		(4,944.5)	(4,705.3)
Net liabilities		(250.3)	(78.5)
Equity			
Share capital		18.8	18.5
Share premium		493.6	487.0
Retained losses		(674.6)	(579.1)
Translation reserve		(53.6)	(40.2)
Equity attributable to owners of the Company		(215.8)	(113.8)
Non-controlling interests		(34.5)	35.3
Total Equity		(250.3)	(78.5)

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the 3 months ended 31 March

	Called-up Share capital	Share premium	Translation reserve	Retained losses	Total shareholder's equity	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 January 2022	19.7	518.0	(64.4)	(430.6)	42.7	131.4	174.1
Disposal of subsidiaries	-	-	(0.2)	-	(0.2)	(0.1)	(0.3)
Loss for the period	-	-	-	(81.5)	(81.5)	(48.8)	(130.3)
Currency translation adjustments	(0.5)	(13.5)	60.4	-	46.4	40.0	86.4
Movements on equity investments held at fair value through other comprehensive income	-	-	-	(4.5)	(4.5)	(3.0)	(7.5)
Fair value movements on derivatives in effective hedge relationships	-	-	-	14.4	14.4	9.6	24.0
Other comprehensive (expense)/income	(0.5)	(13.5)	60.4	9.9	56.3	46.6	102.9
Dividends paid	-	-	-	-	-	(2.0)	(2.0)
Issue of equity instruments	-	-	-	-	-	1.3	1.3
Balance at 31 March 2022	19.2	504.5	(4.2)	(502.2)	17.3	128.4	145.7
	Called-up Share capital	Share premium	Translation reserve	Retained losses	Total shareholder's equity	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 January 2023	18.5	487.0	(40.2)	(579.1)	(113.8)	35.3	(78.5)
Loss for the period	-	-	-	(89.0)	(89.0)	(54.4)	(143.4)
Currency translation adjustments	0.3	6.6	(13.4)	-	(6.5)	(8.8)	(15.3)
Movements on equity investments held at fair value through other comprehensive income	-	-	-	(2.2)	(2.2)	(1.5)	(3.7)
Fair value movements on derivatives in effective hedge relationships	-	-	-	(5.1)	(5.1)	(3.4)	(8.5)
Other comprehensive (expense)/income	0.3	6.6	(13.4)	(7.3)	(13.8)	(13.7)	(27.5)
Dividends paid	-	-	-	-	-	(2.2)	(2.2)
Issue of equity instruments	-	-	-	0.8	0.8	0.5	1.3
Balance at 31 March 2023	18.8	493.6	(53.6)	(674.6)	(215.8)	(34.5)	(250.3)

Condensed Consolidated Cash Flow Statement (unaudited)

For the 3 months ended 31 March

	Notes	3 months ended 31 March	
		2023 \$m	2022 \$m
Cash flows from operating activities			
Operating loss		(37.8)	(60.2)
Adjustments for:			
Depreciation, amortisation and impairments		104.4	128.5
Change in working capital		(55.6)	(52.2)
Other items		12.8	8.6
Cash generated from operations		23.8	24.7
Tax paid		(16.1)	(23.8)
Dividends received from associates		0.3	-
Interest received		4.0	0.3
Interest paid		(48.3)	(39.0)
Net cash outflow from operating activities		(36.3)	(37.8)
Cash flows from investing activities			
Acquisition of subsidiaries		(1.8)	-
Disposal of subsidiaries		-	14.0
Proceeds from sale of associates		-	11.1
Purchases of property, plant and equipment		(11.3)	(6.4)
Purchases of intangible assets		(32.5)	(16.5)
Net cash used in investing activities		(45.6)	2.2
Cash flows from financing activities			
Repayment of capital element of obligations under leases		(16.4)	(14.7)
Proceeds from borrowings		204.1	0.5
Repayment of borrowings		(150.0)	(2.1)
Dividends paid to non-controlling interests in subsidiaries		(2.2)	(2.0)
Net cash provided by financing activities		35.5	(18.3)
Net decrease in cash and cash equivalents		(46.4)	(53.9)
Effect of foreign exchange rate differences		(3.1)	(15.4)
Cash and cash equivalents at the beginning of the period		287.5	539.3
Cash and cash equivalents at the end of the period		238.0	470.0

Notes to the condensed consolidated financial statements (unaudited)

For the 3 months ended 31 March 2023

1. General information

Kantar Global Holdings S.à r.l. is a limited company incorporated in the Grand Duchy of Luxembourg with its registered office at 4, rue Lou Hemmer, L-1748, Senningerberg. Luxembourg. The Company was first registered on 13 September 2019 and undertook no significant activities until it commenced the acquisition of a 60% interest in the Kantar business from WPP Plc on 5 December 2019. WPP Plc retains approximately 40% interest in the Kantar business acquired.

The Company's immediate parent company is Bain Capital Europe V, S.à r.l. SICAV – RAIF, an investment fund incorporated in Luxembourg, and its ultimate controlling party is Bain Capital Europe Fund V, SCSp, a partnership established in Luxembourg.

The unaudited condensed interim Consolidated Financial Statements of Kantar Global Holdings S.à r.l. and its subsidiaries (the "Group") cover the three months period ended 31 March 2023. The comparative information covers the three months period ended 31 March 2022 and the Consolidated Statement of Financial Position as at 31 December 2022.

2. Basis of preparation and principal accounting policies

These unaudited condensed interim consolidated financial statements of the Group as of 31 March 2023 and for the three months ended, are presented in millions of US Dollars, rounded to the nearest hundred thousand, except as otherwise stated, and have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They should be read in conjunction with the annual consolidated financial statements of the Group and the notes thereto as of and for the year ended 31 December 2022 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "annual consolidated financial statements").

The accounting policies applied for the unaudited condensed interim consolidated financial statements as at 31 March 2023 do not differ from those applied in the annual consolidated financial statements as of and for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The following Amendments to IFRSs, which apply for the first time in 2023, have been adopted in these condensed interim consolidated financial statements.

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- IFRS 17 Insurance Contracts; including Amendments to IFRS 17

2. Basis of preparation and principal accounting policies (continued)

The application of these amendments has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting and disclosures for future transactions or arrangements. At the date of authorisation of these unaudited condensed interim consolidated financial statements certain Standards and Amendments, which have not been applied, were in issue but not yet effective. The impact assessment for those Standards and Amendments is in progress. In preparing these unaudited condensed interim consolidated financial statements management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

3. Revenue

Revenue by geography:

	3 months ended 31 March	
	2023	2022
	\$m	\$m
Asia Pacific	149.1	158.4
Continental Europe	163.3	201.0
United Kingdom	115.3	123.9
Latin America	70.7	66.9
Middle East and Africa	26.2	28.3
North America	198.2	210.5
	722.8	789.0

Revenue by division:

	3 months ended 31 March	
	2023	2022
	\$m	\$m
Insights	426.2	457.4
Profiles	31.1	27.8
Worldpanel	84.9	86.4
Numerator	51.7	56.9
Kantar Media	104.1	112.0
Vivvix ¹	24.8	-
Public	-	48.5
	722.8	789.0

¹In 2023, our North American Advertising Intelligence (Ad Intel) business is reported as a separate division under the brand name Vivvix which combines the Kantar and Numerator Ad Intel businesses.

4. Costs of services and general administrative costs

	3 months ended 31 March	
	2023	2022
	\$m	\$m
Cost of services	630.4	702.6
General and administrative costs	130.2	146.6
	760.6	849.2
Cost of services and general and administrative costs include:		
Staff costs	395.6	429.3
Establishment costs	26.1	31.4
Data collection pass-through costs	142.7	175.4
Other costs of services and general and administrative costs	196.2	213.1
Total cost of services and general and administrative costs	760.6	849.2
Included in the costs above are:		
Acquisition and disposal related costs	23.1	-
Restructuring and transformation costs	22.6	33.0
Amortisation of other intangible assets	81.9	72.3
Depreciation of property, plant and equipment	7.6	11.3
Depreciation of right-of-use assets	14.2	17.0
Short-term lease expense	1.3	1.7
Variable lease expense	3.2	3.5
Expenses in connection with events in Ukraine and suspension of activities in Russia	-	49.0

Certain expenses were recognised in the first quarter of 2022 as a result of events in Ukraine and the suspension of operations in Russia. This included impairment charges recognised of \$11.4 million related to Goodwill, \$13.8 million related to other intangible assets and \$17.8 million related to other balance sheet assets including cash and short-term deposits, trade and other receivables, investments in associates, property, plant and equipment and right-of-use assets. Further charges of \$6.0 million were recognised as a result of providing for onerous obligations arising.

5. Net finance costs and revaluation of financial instruments

	3 months ended 31 March	
	2023	2022
	\$m	\$m
Finance income		
Interest income	4.0	1.7
Finance costs		
Interest expense and similar charges	(80.2)	(67.0)
Interest expense related to lease liabilities	(3.5)	(2.7)
Interest expense related to defined benefit plans	(0.3)	(0.1)
Unwinding of discounts on provisions	(3.8)	(0.2)
Foreign exchange gains/(loss) on financing activities	0.2	(5.3)
	(87.6)	(75.3)
Revaluation of financial instruments		
Revaluation of derivatives	(1.7)	4.3

6. Borrowings

As at 31 March 2023 As at 31 December 2022

		Carrying Value \$m	Fair Value \$m	Carrying Value \$m	Fair Value \$m
Current	<u>Maturity</u>				
Bank overdrafts		333.7	333.7	193.6	193.6
Term loan USD Libor (0% floor) plus margin (amortisation)	Dec-26	3.5	3.5	3.5	3.5
Term loan USD Libor (0.75% floor) plus margin (amortisation)	Dec-26	5.0	5.0	5.0	5.0
Loan from WPP Plc BoE rate plus Margin (amortisation)	Dec-27	1.8	1.9	1.7	1.5
Revolving Credit Facility (0% floor) plus margin	Jun-26	-	-	145.0	145.0
		344.0	344.1	348.8	348.6
Non-current	<u>Maturity</u>				
Revolving Facility - (0% floor) plus margin	Jun-26	18.5	18.5	-	-
Term loan USD Libor (0% floor) plus margin	Dec-26	321.3	311.2	321.3	310.8
Term loan USD Libor (0.75% floor) plus margin	Dec-26	478.2	451.5	478.8	449.7
Term loan EURIBOR (0% floor) plus margin	Dec-26	1,180.2	1,161.4	978.6	945.8
Senior Secured Notes 5.50% fixed	Oct-26	417.0	355.9	416.5	341.1
Senior Secured Notes 5.75% fixed	Oct-26	1,074.8	943.7	1,059.7	907.7
Senior Notes 9.25% fixed	Oct-27	455.6	380.3	449.2	346.2
Loan from WPP Plc BoE rate plus Margin	Dec-27	7.1	4.6	7.0	4.2
Loans from Bain Capital companies 1.69% fixed	Jun-28	68.4	32.7	68.4	26.5
Vendor Loan Note	Jul-41	165.0	128.4	165.0	88.8
Yield Free PECs issued to WPP Plc	Dec-50	3.7	3.7	3.7	3.7
Yield Free PECs issued to Bain Capital Companies	Dec-50	6.0	6.0	6.0	6.0
		4,195.8	3,797.9	3,954.2	3,430.5

7. Acquisitions

On 9 January 2023 the Group acquired the remaining 49.9% shareholding of TNS Media Vietnam Co. Ltd for \$4.9 million and up to a further \$4.9 million payable in three tranches based on retention of the former owner and EBITDA targets. This entity was previously recognised as an associate as a result of the shareholders agreement in place between the Group and the other shareholder however this agreement was also terminated upon acquisition. This resulted in the recognition of \$11.0 million of intangible assets, \$0.7 million goodwill and a deferred tax liability of \$2.2 million.

8. Disposals

On 1 January 2022, the Group completed the sale of its Reputation Intelligence business to leading technology investor Symphony Technology Group "STG" for consideration of \$15.9 million with a loss of \$12.4 million recognised. The transaction completed in accordance with the definitive agreement announced on 4 August 2021, having obtained approvals from all relevant authorities.

9. Financial instruments at fair value

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).

	At 31 March 2023			At 31 December 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$m	\$m	\$m	\$m	\$m	\$m
Held at fair value through profit or loss						
Other investments	3.0	-	-	6.6	-	-
Derivative assets	-	1.0	-	-	3.9	-
Derivative liabilities	-	(6.7)	-	-	(6.1)	-
Deferred and contingent consideration	-	-	(137.5)	-	-	(128.4)
Held at fair value through other comprehensive income						
Derivative assets	-	62.2	-	-	69.4	-
Derivative liabilities	-	(0.3)	-	-	-	-

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 the levels in the periods presented.

Reconciliation of level 3 fair value measurements:

	Deferred and contingent consideration
	\$m
At 31 December 2022	128.4
Charged to income statement	3.4
Released to income statement	(0.1)
Additions	5.0
Exchange adjustments	0.8
At 31 March 2023	137.5

Certain defined terms and conventions

We have prepared the report using a number of conventions, which you should consider when reading information contained herein as follows:

- **Acquisition:** means the acquisition of the entities comprising the Target Group pursuant to the Acquisition Agreement;
- **Adjusted EBITDA:** We define Adjusted EBITDA as loss for the year before: (i) taxation; (ii) finance income; (iii) finance costs; (iv) revaluation of financial instruments; (v) share of results of associates; (vi) acquisition and disposal related costs, including costs for aborted deals and deal costs not capitalised; (vii) restructuring and transformation costs, including shareholder consulting costs and investment write-downs; (viii) amortisation of intangible assets; (ix) impairment of goodwill and other intangible assets; (x) depreciation of property, plant and equipment; (xi) depreciation of right-of-use assets; (xii) (gains)/losses on disposal of investments and subsidiaries; (xiii) share-based payment charges and associated costs and other adjusting items. Adjusting items that are not indicative of its trading performance by management by virtue of their size and/or incidence. This is presented at actual reported exchange rates. Adjusted EBITDA is presented including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives. This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results.
- **Adjusted Gross Margin:** We define Adjusted Gross Margin as Gross Revenue after 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 and inclusive of intercompany costs. Costs comprise fieldwork costs including online, face-to-face and telephone, survey scripting and data processing, external data acquisition costs, billable travel, panel recruitment costs and panellist incentives for panellist who complete surveys (including amortisation where panel incentives are capitalised).
- **BoE:** means Bank of England;
- **Company:** means Reporting Entity;
- **Gross Revenue:** We define Gross Revenue as revenue, including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives, and including intercompany revenue. This is presented at constant currency exchange rates. We monitor divisional performance on a gross basis i.e., inclusive of intercompany revenue, and therefore analyse group performance on an aggregate basis;
- **IFRS:** means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union;
- **Net debt and covenant leverage:** Net debt is calculated as non-current and current loans, and long-term and short-term lease liabilities less adjusted cash. Covenant leverage is calculated as net debt divided by last twelve months (LTM) covenant Adjusted EBITDA;
- **Notes:** means, together, the Senior Notes and the Senior Secured Notes;
- **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-Senningerberg 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-Senningerberg 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-Senningerberg and registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés du Luxembourg) under number B235472;

- **Senior Facilities Agreement:** means the senior facilities agreement, dated 26 November 2019, among, inter alia, 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 Facilities:** means, together, the Senior Term Loans and the Revolving Credit Facility;
- **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, and the \$425.0 million aggregate principal amount of 5.50% Senior Secured Notes issued on 1 July 2021 by US Bidco;
- **Senior Term Loans:** mean the euro-denominated and U.S. dollar-denominated senior secured term facilities established under the Senior Facilities Agreement;
- **Target Group or Kantar:** means the entities comprising the Kantar business of the WPP Group acquired or to be acquired in the Acquisition;
- **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, 40F01 Kennett Pike, Wilmington, Delaware 19807;
- **WPP:** means WPP plc and its subsidiaries (registered number 111714), a public limited company incorporated in Jersey, with registered office at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES; and

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.

Forward-looking statements and risk factors

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.