Hunter Holdco 3 Limited

Report and Financial Statements

27 February to 31 December 2020

Registered number: 12487650

See pages 102-3

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Strategic Report for the period ended 31 December 2020

The Directors present their Strategic Report for Hunter Holdco 3 Ltd (the 'Company') and its subsidiaries (together, the 'Group') together with the audited Group and Company financial statements, for the period ended 31 December 2020.

Company Overview

Hunter Holdco 3 Ltd was incorporated on 27 February 2020 and was formed as part of the process of Clayton Dubilier & Rice (CD&R) acquiring a controlling interest in the Huntsworth Group of companies. The Huntsworth Group previously reported consolidated accounts under Huntsworth Plc at 31 December 2019, and has been consolidated under Hunter Holdco 3 Ltd since it was acquired by CD&R on 1st May 2020 with the presentational currency revised to US dollars, to better reflect the underlying cashflows and earnings of the Group. Huntsworth is an international healthcare and communications group, operating from 50 principal offices in 28 countries, with over 95% of revenues from the US, UK and Europe.

The Group's principal area of focus is health, which provides marketing and medical communications services to healthcare clients, which are primarily large and mid-size pharmaceutical and biotech companies. It also has a smaller Communications group, which provides a wide range of communications and advisory services including strategic communications, public affairs, investor relations and consumer marketing.

Huntsworth Health has three main divisions. Medical focuses on communicating evidence on new scientific and drug developments and educating healthcare professionals and payers on the appropriate use of therapy. Marketing focuses on post-approval marketing of drugs to payers, healthcare professionals and consumers, primarily in the US. Immersive provides live experiences, communications and interactive content.

Communications contains three main communication and advisory agencies. Grayling is a global integrated communications network, covering public relations and public affairs. Citigate Dewe Rogerson is an international financial and corporate public relations consultancy. Red is a strategic communications consultancy offering PR, digital and content expertise.

Strategic Report (continued)

Financial Review

The Group traded well in the period since incorporation. Revenue was $255.5 million, with operating profit before highlighted items of $49.9 million representing a margin of 19.5%. Adjusted EBITDA was $59.8 million. Overall the Group was materially unaffected by Covid, with the impact limited to the Immersive division, which was affected by the cancellation of live events, and the Communications division, which saw a slower new business performance. The core healthcare divisions of Marketing and Medical were unaffected by Covid and delivered good growth.

On a statutory basis, the Group made a loss of $55.2 million after highlighted items of $77.9 million and interest costs of $28.7 million.

The Group made several acquisitions in the period after the Huntsworth Group was acquired by the Company. The most material of these was the acquisition on 10 December of Nucleus Holdings Ltd, a medical communications group, which provides communications strategy, publications planning, expert and patient engagement, scientific events management, medical education, internal communications, training and clinical support for pharmacy and biotech companies. The combination with the Group created a global leader in the fast-growing medical communications space, and further established the Group as a leading pharma commercialization platform, offering a suite of medical affairs, market access, and marketing services to large and mid-size pharmaceutical and biotech companies across the life cycle of drugs. Nucleus's contribution to Group results in the period is reported within the Medical division.

In addition, on 9 June the Group acquired Cormis, a strategic communications and training consultancy for the pharmaceutical industry. On 30 December, the Group acquired US based employee engagement experts, Vitiello Communications Group. Both Cormis and Vitiello form part of the Immersive division and were acquired for $5.0 million and $4.5 million respectively.

A summary of the Group's results is shown below:

$m	**Period ended 31 Dec 2020**
Revenue	
Marketing	115.0
Medical	52.0
Immersive	30.6
Communications	57.9
Total operations	255.5
Operating profit	
Marketing	31.4
Medical	17.5
Immersive	2.7
Communications	5.8
Total operations	57.4
Central costs	(7.5)
Operating profit before highlighted items	**49.9**
Depreciation & Amortisation	9.9
Adjusted EBITDA	**59.8**

Strategic Report (continued)

Financial Review (continued)

Revenue

Revenues were $255.5 million.

On a divisional basis, 45% of revenue came from Marketing, 20% from Medical, 12% from Immersive and 23% from Communications.

Geographically, 58% of revenue was from the US, 27% from the UK, 11% from Europe and 4% from Rest of World (RoW).

Operating profit

Operating profit was $49.9 million, or a loss of $27.9 million after highlighted items.

On a divisional basis, 54% of operating profit came from Marketing, 30% from Medical, 5% from Immersive and 11% from Communications.

Before highlighted items, margins were 26% for Marketing, 32% for Medical, 9% for Immersive, 10% for Communications and 21% for the Group as a whole.

Geographically, 71% of operating profit was from the US, 6% from the UK, 17% from Europe and 6% from Asia and RoW.

Cash Flow and Net debt

Adjusted cash from operations was $101.0m, cash conversion of adjusted EBITDA after capex was 169%.

Free cash flow (after interest, tax and highlighted items) was $59.1 million. Net expenditure on acquisitions was $754.1million.

The resulting net debt (excluding prepaid loan fees) at year-end was $598.5 million. This represents a leverage ratio of 3.8x adjusted EBITDA on a pro-forma basis, comfortably within our covenant terms.

Tax

The total tax credit of $1.4 million comprises an underlying tax expense of $4.7 million together with a credit of $6.2 million on highlighted items. The full year underlying tax rate is 19%. The highlighted items tax charge of $6.0 million relates to deferred tax on intangible assets.

Net corporation tax paid in the year was $8.4 million.

Highlighted items

Highlighted items in the period totalled $77.9 million, broken down as follows:

$m	**Period ended 31 Dec 2020**
Costs related to acquisition of Huntsworth Plc	26.0
Costs related to the acquisition of Nucleus Holdings Ltd	10.4
Other acquisition costs	1.1
Amortisation of acquired intangible assets	13.8
Remeasurement of deferred consideration	18.6
Restructuring	**3.7**
Property costs	3.8
Disposal related	0.5
	77.9

A significant proportion of highlighted items - $37.4 million, related to the significant acquisitions made in the year, and comprise advisory fees and other related expenses. A further charge of $18.6 million was incurred in revaluing the deferred consideration and redemption liabilities held in respect of historic acquisitions, which had increased in value given strong trading in the period to date. Restructuring costs of $3.7 million were incurred, the majority of which related to the Immersive division where headcount requirements were reassessed in light of the pandemic and action taken accordingly. Property costs of $3.8 million primarily relate to double rent costs in New York, where the sub-lease of an old property was delayed due to the pandemic.

Strategic Report (continued)

Financial Review (continued)

Divisional performance

Marketing

Marketing is led by US-based Evoke, the Group's largest agency, which primarily specialises in the marketing of prescription drugs directly to patients and healthcare professionals ("HCPs").

Marketing delivered revenues of $115.0 million in the period and profits of $31.4 million, representing a margin of 27.3%.

Since 2018, as part of the Huntsworth Group, we have been adding capabilities to the Marketing division, including an expanded west coast presence, market access capabilities, adtech-enabled media planning and buying, and public relations and advocacy. As a result, the Marketing division represents one of the top three independent specialist healthcare marketing groups in the industry: a group that is now capable of handling increasingly complex multi-audience, multi-geography client briefs and that is appearing on pitch rosters that were previously the preserve of the larger holding companies. The division has expanded its talent pool to take advantage of these opportunities. As a result, the division saw good new business performance in the period which is supportive of future growth.

Medical

The Medical division comprises UK and US based Apothecom, which specialises in medical affairs and communications, underpinned by data and analytics; Creativ-Ceutical, which provides HEOR and market access services primarily in Europe; and Medistrava consulting. From 10 December the division also included Nucleus, specializing in a range of medical communication services. As such our Medical division represents a global leader in the fast-growing medical communications space.

Medical delivered revenues of $52.0 million in the period and profits of $17.5 million, representing a margin of 33.7%.

The division continues to look for new capabilities to build on the opportunities afforded by the acquisition of Nucleus in 2021.

Immersive

The Immersive division is led by The Creative Engagement Group and is focused on providing deeply immersive experiences in exhibitions and events, scientific training and internal communications, with a particular strength in healthcare.

Immersive delivered revenues of $30.6 million in the period and profits of $2.7 million, representing a margin of 8.8%.

The division's live events business was impacted in the period by Covid, which led to the cancellation of a majority of exhibitions and events. However, the impact of this has been mitigated by strong growth in hybrid and virtual events, and from the division's consulting business lines, focused on scientific training and internal communications. This growth was further supported by the acquisitions in the period of Cormis, a strategic communications and training consultancy for the pharmaceutical industry, and Vitiello, a US based employee engagement firm.

Covid will continue to represent a headwind in the first part of 2021 but we expect the division to return to growth, driven by continued growth from the consulting business lines and a return to live events in the latter part of the year.

Communications

Communications comprises the agencies Grayling, Red and Citigate Dewe Rogerson (CDR). The division saw reduced new business opportunities in the early and middle part of 2020 as a result of Covid which held back performance, but momentum improved in the latter part of the year and we expect the division to grow in 2021.

Communications delivered revenues of $57.9 million in the period and profits of $5.8 million, representing a margin of 10.0%.

Group Outlook

The Group remains focused on enhancing the services it provides to its Healthcare clients by developing and adding capabilities, both through acquisition and through organic investment. The Group's balance sheet remains strong, supported by good cash generation, which leaves the Group well positioned for future growth.

Strategic Report (continued)

Market

The Group comprises a broad range of businesses, with a diverse geographic and sector reach. As such each business operates in markets with their own characteristics and dynamics. However, there are also overarching trends and drivers which are common across all businesses, at both a macro and micro level, which influence demand trends for the Group's products and services and help shape the Group's future strategy and focus.

Macro market factors

Economic and political uncertainty

The Group is overwhelmingly weighted to lower risk jurisdictions, with over 96% of the Group's revenues generated from the US, UK and western Europe. Despite some political uncertainties over the past couple of years, the wider economic and regulatory environment in the Group's countries of operation has remained relatively stable. Nevertheless, significant policy changes may have an impact, whether in respect of US tax reform, healthcare reform in the US, the development of the UK's future trading relationship with the EU and wider economic policy.

Exchange rate fluctuations

The Group's presentational currency is USD, reflecting the underlying cash flows and earnings of the Group. As a result, the Group is less exposed to exchange fluctuations than it was as a Plc, when it reported in GBP. However, with 29% of profits earned outside of the US, fluctuations in exchange rates can still have a material impact on the Group's results. In light of this, to enable a better understanding of the Group's results, exchange rate movements will be excluded when comparing results to prior periods.

Consolidation of agencies driving efficiencies

Clients increasingly demand an integrated offering, to avoid the friction and inefficiencies of working with multiple agencies. There is increasing focus on providing multiple offerings between agencies within the Group to foster cross-client workings and opportunities. Within this context it is important to shift away from siloed thinking and to focus on the wider client needs to determine how best to achieve their goals. Increasingly, clients are looking for opportunities to work with fewer agency partners on larger remits – consolidating business to those with proven and differentiated credentials and expertise in all key brand areas.

Increasing pressure on client budgets

Pressures on marketing budgets continue to intensify and there is increasing pressure to justify spend. As a result, there is a demand for better measurement to quantify success and a need to see new ideas and new ways of solving problems.

Disruption of traditional marketing and consultancy

The lines between traditional marketing, advertising, communications and public relations are becoming increasingly blurred. This has led to intensifying competition from new entrants and established players, leading clients to more frequently review the solutions available to them. In this environment, innovative offerings are increasingly rewarded over established ways of doing things.

Healthcare market factors

The world is getting older

The global population is getting older all the time. Within 10 years there will be one billion individuals over the age of 60. Over the next thirty years the changes will be even more significant, with global life expectancy rising by 8 years, the number of over-65 year olds doubling and the number of over-80 year olds tripling.

The world is needing more healthcare

Demand for healthcare is rising globally, and especially quickly in the US. 133 million Americans currently have at least one chronic disease, a number expected to rise to 164 million in the next 10 years. This is mirrored in the global demand for prescription drugs, which is expected to grow at an average annual rate of over 6% for at least the next 5 years.

Pharma growth is resilient

With increasing FDA drug approvals, the drug market is expected to grow at 7% through to 2024, supporting the growth of the healthcare communications market. The orphan drugs market, which is an area of strength for the Group and which is expected to grow at 12% CAGR to 2024, will require more specialist and scientific medical communications together with digitally targeted marketing campaigns.

Strategic Report (continued)

Market (continued)

Growth in biotech

There is a growing financial interest in biotech from the venture capital and Private Equity marketplace. Biotech products are expected to account for 29% of total drug sales by 2022, up from 26% in 2017. This creates additional opportunities for agencies which are best able to navigate the complex regulatory and institutional environment surrounding these drugs. Whilst many market players see the value of working with biotech there are very few partners with the know how to build out the requirements of a biotech, in launching their first commercial asset medically or preparing the organization for IPO. The Group has a competitive advantage within the biotech space by delivering against a large proportion of the new molecules hitting the global market place.

Healthcare is becoming more digital

Pharma is embracing digital transformation as healthcare providers and consumers are both becoming increasingly digital. The ownership of data has changed as healthcare systems are becoming more effective at collecting and analysing data. The rise of on-demand healthcare, big data and predictive healthcare means that there are increasing opportunities to provide services in new ways. The pharmaceutical industry will need to work more closely with healthcare systems as the balance of data ownership keeps shifting. The convergence of marketing and technology creates further focus on innovation.

Healthcare professionals are twice as likely to use online sources than print when making clinical decisions. Globally, over 60% of people use the internet to search for advice on health, medicines or medical conditions, a figure which rises to 80% in the US.

The healthcare ecosystem is expanding

There is continued positive disruption through the advent of personalized medicine and therefore the rise of genomics forming the basis of asset development and providing solutions for smaller populations of patients. There are new technological advances in AI, machine learning, voice, robotic, 3D printers for example and finally the powerhouses of e-commerce - Amazon and drone drug delivery for example. This creates increased demand for the support of specialist agencies like those within the Group.

Strategic Report (continued)

Business Model

Resources and relationships

Strong brands

The Group's businesses operate under a range of strong, well-respected brands. Brands continue to be essential in a market which places a premium on trustworthy, quality businesses.

Experienced talent

The experience, knowledge and creativity of the Group's people is integral to its success. The Group has in place employment policies and practices that enable us to attract, retain and develop our talent and ensure the Group retains its market-leading position.

Robust client base

The Group works with a range of longstanding clients, big and small; nearly two thirds of our clients have been a customer for more than 5 years. In our Healthcare divisions we work with the biggest pharma companies in the world, including all of the top 20, as well as a number of smaller, nimble biotech companies. In our Communications division we work with a range of blue chip companies and household names.

Global network

All of our businesses operate globally which means that we can be where our clients are. Whilst each business is focused on the specific needs of its clients, we can create integrated teams – within or across our divisions – to address challenges that require a multidisciplinary solution.

Enabling growth

The Group enables innovation and growth in its agencies, by taking on much of the administrative burden in areas such as financial control, treasury, tax, M&A, investor relations, legal services and internal audit. This frees up the agencies to provide better quality service to their clients.

Returns generated

Revenue growth

Our strong brands, quality people and global network combine to support revenues which are both resilient and which can grow sustainably. Growth in revenue sustains the long-term growth in the earnings of the business. Over time, we expect to grow ahead of the rate of global prescription drug sales.

Profit growth

Growth in profits is driven by revenue growth, a continued focus on operational and cost efficiencies, and a focus on higher margin work. The Group's margins are strong and are expected to improve over time as a result of these factors.

Cashflow

Strong operating cashflows are underpinned by good profit generation combined with sensible working capital management. Our businesses deliver to sustainable but tightly managed working capital targets which delivers both visibility over cashflows and ensures that we minimise our debt requirements. Short and long term cashflow forecasting also ensures that we continue to operate well within our facility limits whilst delivering an optimum capital structure. The Group delivered strong cash conversion of 168% during the period.

Stakeholder outcomes

Customers

We help our customers engage, adapt and evolve in fast-changing landscapes, building brand resilience and creating measurable advantage to achieve their business objectives – whether that's building awareness, affinity or improving reputation leading to increased sales, visits or sign-ups.

Strategic Report (continued)

Business Model (continued)

Employees

Our employees benefit from working in a stimulating and rewarding environment, doing high quality work alongside talented colleagues. Our employees have access to a number of training initiatives, as well as an annual appraisal and performance evaluation, to further their development.

Investors

We aim to maximise value for our shareholders through sustainable growth in earnings and cashflows. Refer to the Corporate Governance Report for more detail on how we consider stakeholder interest.

Strategic Report (continued)

Strategy & Key Performance Indicators

Initiatives

Strengthen the Group's focus on Healthcare marketing services

The Healthcare industry has a good long-term outlook, underpinned by strong fundamentals, including an ageing population and a rise in chronic health conditions. At the same time, it is becoming increasingly competitive with the established pharma companies facing challenges from small biotech firms and other niche players. In this environment, Healthcare marketing services have an increasingly important role to play.

Development of new capabilities and services

Healthcare clients, particularly in the biotech space, are increasingly looking for a comprehensive suite of services to enable the journey from molecule to medicine, provided holistically by a single partner. Additionally, within the marketing space, the lines between traditional marketing, advertising, communications and public relations are becoming increasingly blurred. With clients critically reviewing the solutions available to them, and with a premium placed on innovative solutions, it is important to continually review our service offering and to extend and develop new capabilities and services.

Improve profitability

The Group aims to drive further operational and cost efficiencies, as well as focusing on higher value-add services, in order to deliver market-leading margins.

Progress, KPIs and Outlook

Strengthen the Group's focus on Healthcare marketing services

KPI: Healthcare share of Group revenues

Healthcare accounts for 77% of Group revenue. Superior revenue growth from the Healthcare divisions in 2021, combined with the annualisation of the 2020 acquisitions, is likely to increase Healthcare as a proportion of the Group.

Development of new capabilities and services

KPI: Like-for-like revenue growth

Enterprise value acquired

The Group has a culture which incentivises the creation of new capabilities, and our businesses are constantly challenged to think about what they do and why. Close links are also encouraged between the agencies to develop cross-selling and cross-fertilisation. We are focused on broadening our offering into fast growing areas. The acquisitions of Nucleus, Cormis and Vitiello made during the period have strengthened our offering in a number of key areas, including medical communications, strategic communications and training, and employee engagement.

Over the course of 2021 we expect to continue to add to our service offering through both organic development and acquisition.

Improve profitability

KPI: Headline operating margin before highlighted items

Group headline operating margins are strong at 21.3%, with further scope for improvement as we drive into higher value services and drive operational and cost efficiencies.

Strategic Report (continued)

Strategy & Key Performance Indicators (continued)

Risk

Strengthen the Group's focus on Healthcare marketing services

Over-reliance on Healthcare sector

Whilst the fundamentals of the Healthcare sector are good and offer a strong platform for sustainable growth, being overweight in Healthcare means that any changes to the political, economic or regulatory regime could have a disproportionate effect on the group. This risk is currently deemed low, given the current and growing importance of the Healthcare sector in the wider economy.

Acquisitions or investments do not deliver expected benefits

There is a risk that acquisitions or investments do not deliver the expected benefits. This would mean an opportunity cost in terms of both cash and management time and attention, together with lower growth rates than anticipated. This risk is mitigated through careful due diligence and strategic appraisal on acquisition targets, appropriate incentives for acquired management teams, and clear implementation plans and exit routes for organic investments.

Development of new capabilities and services

Service offering does not meet market needs

If the service offering does not meet market needs, this would lead to a failure to retain clients or to win new clients. In turn this would impact upon the Group's ability to grow its revenues and deliver for its stakeholders. This risk is mitigated through a continual critical review of our service offering and a detailed assessment of low growth regions.

Improved profitability

Underinvestment in future growth

There is a risk that a focus on profitability and margin performance leads to a failure to invest in the business, which would impact on the longer-term growth prospects. This risk is mitigated by a culture which prioritises long-term sustainable growth over short-term margin.

Strategic Report (continued)

Principal Risks & Uncertainties

The Company is an indirect subsidiary of CD&R Artemis Holdco 1 Limited which is the operational parent company of the Huntsworth Group. The board of directors of both the Company and CD&R Artemis Holdco 1 Limited comprise the same individuals and references in this report to the Board include the work of the boards of both companies.

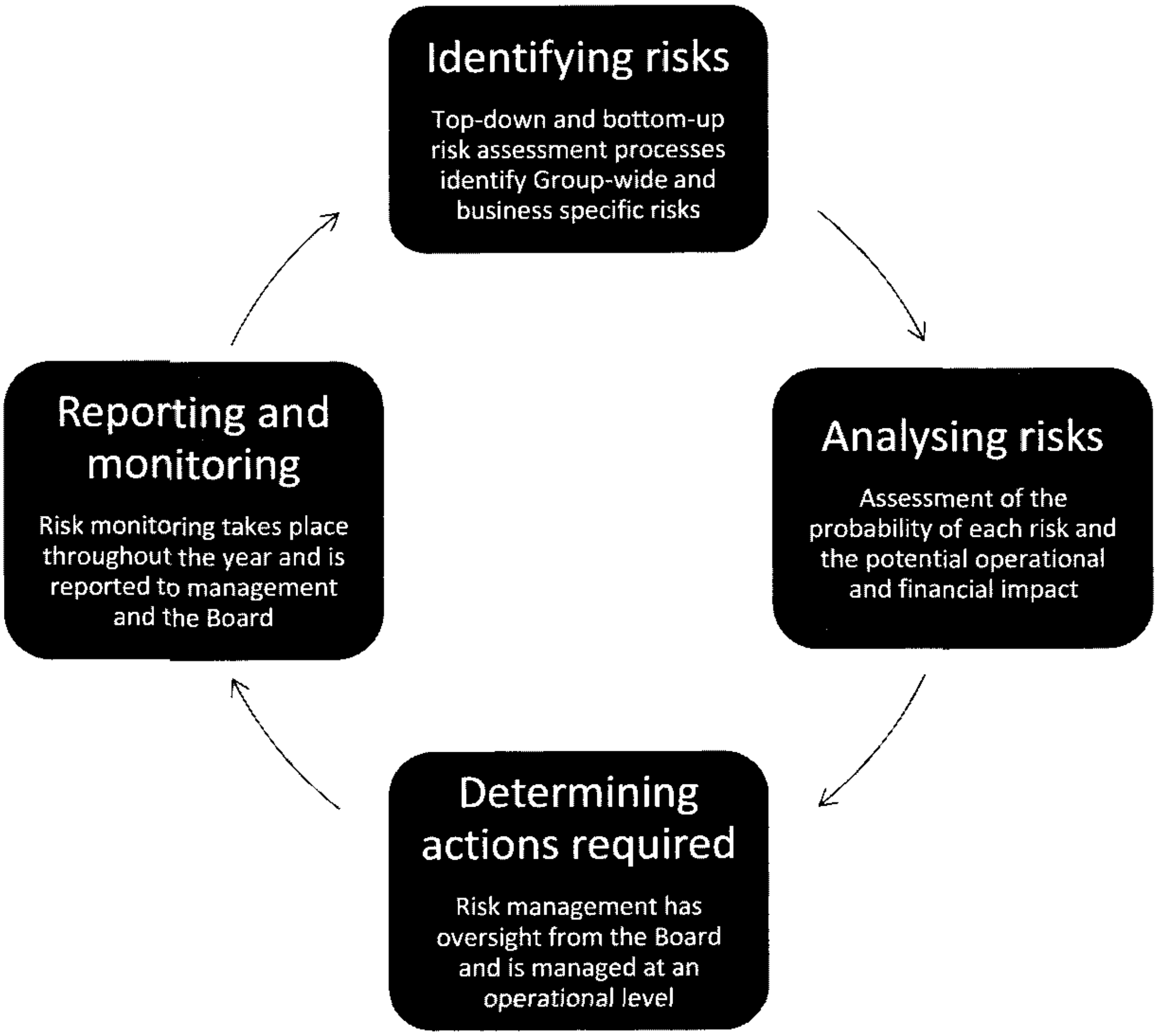
The Board has ultimate responsibility for establishing, monitoring and maintaining the Group's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.

The Board is in the process of reassessing its existing processes to identify, evaluate and manage the key financial, operating and compliance risks faced by the Group, so as to determine the appropriate course of action to manage and mitigate those risks.

The existing risk management approach identifies risks to the Group using both a bottom-up and top-down approach, encompassing risks arising from our macro environment and strategic and operational priorities.

The likelihood and impact of each risk is determined using a risk scoring system. Appetite is set for each risk and indicators established to determine whether the Group is operating within this risk appetite. Various forms of ongoing assurance are *obtained over the controls in place to mitigate each of the risks identified. All risks are documented in the Group's risk register* which is reviewed regularly.

Further details of the risk management processes undertaken in the year are included in the Corporate Governance Report.



Strategic Report (continued)

Principal Risks & Uncertainties (continued)

	Trend	
Economic downturn Any economic downturn may result in fewer new client mandates, longer procurement processes and a squeeze on pricing, or an outright reduction in business. This can impact both revenue growth and operating margins. Subdued global financial markets can result in reductions to the level of transactional activity, reducing client mandates. Weak economic conditions can increase the length of time that clients take to pay for services, which can put pressure on the Group's working capital. There is also an increased risk of bad debts occurring as a result of clients' financial problems.	⟺	The Group has a wide spread of clients and products across both geography and industry sector, reducing reliance on any one particular economic environment. Our significant and growing exposure to the healthcare sector mitigates the impact of an economic downturn, because demand for pharmaceutical products is relatively inelastic and therefore is less affected by an economic downturn. This protects our clients, which in turn means their spend with us is less likely to be impacted. Costs are managed in each business such that they can be flexed where needed in a downturn. However, where there are protracted economic difficulties in the Group's key markets, the ability of the Group to minimise the impact is constrained and performance may deteriorate. The Group closely reports and monitors aged debts, and ensures local management have action plans in place to minimise the risk of any loss. The Group has been materially unaffected by Covid and the resultant economic downturn, with the impact limited to the Immersive division, which was affected by the cancellation of live events, and the Communications division, which saw a slower new business performance. The core healthcare divisions of Marketing and Medical were unaffected by Covid and delivered good growth. This reflects the resilience of the core healthcare marketplace, the nature of our work, location of businesses and capacity for remote working.
Political instability Political or regulatory instability or change in our countries of operation may impact on our ability to operate, for example through licensing or regulatory changes. The political environment can also have an impact on the wider economic conditions, either through the direct impact of government policies in our countries of operation, or through the impact on business confidence.	⟺	The Group operates primarily within low-risk jurisdictions, with 96% of revenues coming from the US, UK and western Europe. Although the Healthcare sector is regulated, our agencies have extensive experience in navigating the regulatory environment and in providing compliant solutions to clients. In addition, the underlying sector fundamentals are strong and give protection against the possibility of material adverse regulatory change. Whilst the nature of the UK's future trading relationship with the EU is still evolving, we do not anticipate a material impact on the Group's operations, on the basis that: the majority of our business is in the US; our businesses do not typically trade across borders; and we do not have complex supply chains.

Strategic Report (continued)

Principal Risks & Uncertainties (continued)

Trend

Currency risk

A significant minority (43%) of the Group operates outside of the US.

As a result, the Group's reported profits and asset values are impacted by any fluctuation of USD relative to other currencies, particularly Sterling. The Group may also suffer restrictions on the ability to repatriate cash.

Most of the Group's revenue is matched by costs arising in the same currency. Foreign exchange exposure is continually monitored, and the Group uses intercompany positions to mitigate this risk where deemed necessary.

Borrowings are also available to be drawn down in Sterling if required to hedge foreign currency exposure. Surplus cash balances are swept to the UK to minimise any exposure to particular currencies or locations.

Overreliance on Health sector

One of the Group's strategic aims is to strengthen its focus on the Healthcare sector. In doing so, the Group's exposure to a single sector increases. Given the strength of the Healthcare sector in the US, and the fact that consumer marketing of prescription drugs is largely confined to the US, an increased focus on Healthcare is also likely to lead to an increased exposure to the US economy.

By increasing the Group's exposure to a single sector and single geography, there is a risk that the Group will be more materially affected by a downturn in these markets.

Given the increased proportion of revenues from Healthcare and the US, this risk is increased.

The fundamentals of the Healthcare sector are strong, as a result of ageing populations and increasing prevalence of chronic diseases, particularly in the US. This leads to growing end-user demand which is relatively unaffected by economic cycles, thereby mitigating against the risk of a downturn. In addition, the Healthcare marketing services sector is fragmented, which means there would be continued opportunity for growth even if the overall sector were to enter a downturn.

The Group is also expanding its suite of services, both organically and through acquisition, which increases the diversity of its offering within the Healthcare sector.

Service offering fails to evolve to meet changing market needs

The communications industry is always changing, driven by client changes, technological change or emergence of competitors. The Group needs to be pro-active in identifying and delivering solutions to changing client needs.

Failure to evolve can result in loss of market share, client losses and pressures on pricing, which can impact on revenue and margins.

The Group's range of services and international footprint increasingly allows us to offer clients an integrated portfolio of services across geographical locations which are attractive to new clients and help to strengthen existing client relationships.

The Group continues to diversify its service offering, both organically and through acquisition, to provide a full spectrum of healthcare communications and public relations services.

Reviews of all new business opportunities won and lost across the Group are performed regularly. Appropriate actions are taken where new business conversion rates are below expectations.

Strategic Report (continued)

Principal Risks & Uncertainties (continued)

Trend

Acquisitions or investments fail to deliver expected growth

The Group's strategy includes investing in new business opportunities, talent, start-ups and the acquisition of businesses which will broaden and enhance existing business operations.

There is a risk that investments are based on inaccurate *information or assumptions which fail to meet client needs* and which may result in the investment being less financially beneficial than anticipated.

Given the Group's acquisition activity during the year, this risk is increased.

All significant investments are supported by a business case, which must be approved by Executive Management and the Board, where appropriate.

Rigorous due diligence procedures are performed prior to all acquisitions in order to identify and evaluate potential risks to the extent possible.

In addition to the receipt of legal warranties and indemnities, the total consideration paid for a business typically includes an element of deferred consideration contingent upon future performance which mitigates the risk of overpaying for a business.

Client dissatisfaction and loss of key clients

Any loss of a key client would result in reduced revenues and profits and potentially an inability to recover amounts due under the contract.

The Group endeavours to build long-term relationships with its clients and to obtain preferred supplier and agency of record status where possible.

The Group has a large portfolio of clients and seeks to expand and diversify its client base where possible. Within each of our large healthcare clients, the Group typically provides services to multiple brands within that client. Client satisfaction reviews are also undertaken periodically to evaluate service quality, and client retention plans are in place for all top tier clients.

Customer concentration is routinely reviewed across the Group.

Loss of key talent

The Group's talent base is its most important resource. There is strong competition within the industry for experienced healthcare communications and PR professionals.

Recruitment and retention of key individuals is important both for maintaining client relationships and ensuring that our services are of the highest quality.

The Group's policy is to recruit both Directors and employees of the highest quality and to remunerate them accordingly. The Group carries out succession planning and provides promotion opportunities as well as operating a range of incentive plans to motivate and retain key individuals.

The Group regularly carries out employee engagement surveys, with a series of questions designed to gather data around employee experience and satisfaction.

The Remuneration Committee review the nature and extent of incentive plans offered to key individuals to ensure that the risk of talent loss is minimised.

Restrictive covenants are included in employee contracts where legally enforceable.

Strategic Report (continued)

Principal Risks & Uncertainties (continued)

	Trend	
Poor profitability Overservicing or underpricing may lead to poor profitability on client contracts, which could mean static or reduced returns to shareholders even if revenues are increasing.	↔	The Group monitors the profitability of its operations, at both a business and a contract level. Poor profitability is quickly highlighted and remedial action – such as removing costs, closing an office or improving pricing discipline – is taken where appropriate.
Information systems access and security Any information systems failure could negatively impact the Group's business operations, including delays to client work. Unauthorised access to confidential information held by the Group could compromise our client relationships and have a detrimental effect on our reputation. Cyber security risks are increasing across the industry at the moment, with an increase in the number and sophistication of cyber attacks and greater penalties for breaches, particularly with the implementation of GDPR and increased focus on data protection.	↑	Business and IT disaster recovery plans have been implemented to minimise any disruption in the event of an IT failure. External access to data is protected by the Group's IT security, which is reviewed and tested frequently to ensure that the Group's network is as secure as possible. Internal access to data is restricted *appropriately*. The number and extent of IT incidents is reviewed on a quarterly basis and mitigating actions are taken where appropriate.

Strategic Report (continued)

Principal Risks & Uncertainties (continued)

	Trend	
Unethical business practices Both reputational and operational damage may arise if the Group engages in actual or perceived unethical client work. Ethical matters that are not identified or managed appropriately could cause reputational damage to the Group.	↔	The Group strives to foster a culture of openness, responsibility and ethical behaviour and has an externally managed whistleblowing process for the reporting of any unethical conduct, as well as a a Chief Compliance Officer who has overall responsibility for ensuring compliance with internal and external requirements. The Group has a Code of Ethics published on our website which outlines the key principles which govern the Group's behaviour, mirroring an already established internal Ethics Policy. This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all the Group's activities. The Group issued its Modern Slavery Statement in respect to 2020. A number of initiatives were introduced across the Huntsworth Group in 2018 and 2019 aimed at ensuring that slavery and human trafficking were not taking place in any part of the business or in any part of our supply chains. During 2020 the group has continued to prioritise its commitment to such initiatives, including the business investing in a technology platform to further formalise the onboarding of suppliers and ensure that, amongst other matters, where a group entity enters into a contract with a new supplier, the relevant supplier formally acknowledges their adherence to modern anti-slavery principles. Referral processes, including divisional committees, are in place to manage all perceived ethical and conflict issues. During 2020, an external firm continued to provide access to a confidential multichannel 24/7 whistleblowing service across the Group, available in local languages. The Whistleblowing Policy encourages the reporting of any instances of malpractice for investigation, and action is taken as required. The Group's weighting towards the heavily regulated healthcare sector adds further protection against the risk of unethical business practices. We will continue to integrate any acquisitions, with a particular focus in 2021 on most efficiently aligning and merging the Group's risk management and governance procedures with that of Nucleus Global.
Loan facility and covenant headroom risk Any liquidity issues could result in reputational damage and potentially impair the Group's ability to make future acquisitions or settle existing obligations.	↔	The Group has a range of available banking facilities as described in note 21 to the accounts. Management closely monitors all covenants on the Group's facilities and actively manages undrawn headroom. The Group has robust cash management processes including weekly cash reporting from our operations and cash pooling arrangements.

Strategic Report (continued)

Principal Risks & Uncertainties (continued)

	Trend	
Legal and regulatory compliance Any failure to adhere to legislative requirements, including imposed sanctions on the supply of services to certain individuals, businesses and countries, could lead to reputational as well as financial damage to the Group.	↔	The Group uses internal and external legal counsel throughout the world to advise on local legal and regulatory requirements and minimise the risk of loss. In-house training is conducted on key legislative matters such as GDPR, health and safety, and the UK Bribery Act. Policies on gifts, entertainment, anti-bribery and corruption, electronic communications, share trading and confidentiality are communicated to all employees using dedicated Policy Management Software.

Going concern

The Group's activities, financial performance, position, cash flows and borrowing facilities, together with the factors likely to affect its future development, performance and position over the 12 months from the date of this report are described in this report.

As at 31 December 2020, the Group had cash and cash equivalents of $129.7 million and an undrawn RCF available of $32.7million, giving liquidity headroom of $166.9 million. The Group also has access to an uncommitted incremental term facility of 75% of EBITDA.

The Group is subject to a leverage covenant tested quarterly and had significant headroom at 31 December 2020.

The Group has performed an assessment of going concern through modelling several scenarios. The base case scenario reflects the budget for 2021 and the strategic plan financials for 2022, which assumes current market conditions are maintained. A severe but plausible downside scenario has also been modelled, which assumes a deterioration in revenue from the base case of 5% in 2021. This scenario could arise if the global economy enters a prolonged period of deep recession, although as noted in this report, the end market for Healthcare services is largely unaffected by the economic environment. This scenario includes additional cost reduction actions available, mainly in relation to reductions in headcount. There are further cost mitigating and cash saving actions that could be taken by management in the event this became necessary.

In all scenarios modelled, the Group would retain significant liquidity and covenant headroom throughout the going concern period.

After reviewing the Group's performance, future forecasted profits and cash flows, and ability to draw down on its facilities, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Company's and the Group's financial statements.

Strategic Report (continued)

Environmental, Social and Governance Report

The Group recognises the impact of its business operations on a diverse range of stakeholders, including our employees and the wider community. We are committed to monitoring all our environmental, social and governance aims and to driving a sustainable business that is both commercially successful and socially and environmentally responsible.

The Group is committed to the highest standards of ethics, honesty and integrity. Our anti-corruption and anti-bribery policies outline the standards of conduct that we expect employees, contractors, suppliers, and any other third parties who act for and on behalf of Huntsworth to observe.

As well as complying with all applicable laws and respecting internationally recognised human rights standards in every location in which we operate, we aim to make a positive contribution to human rights through our choice of business partners and our own HR policies and practices.

Environmental

The Group recognises that climate change is one of the key challenges facing the world today, is committed to continuous monitoring of and improvement in the environmental impact of its operations. Due to the nature of our businesses, the Group does not have a high environmental impact. Our principal impact arises from energy, paper and water consumption.

Greenhouse gas emissions

We annually measure and report on our greenhouse gas ('GHG') emissions from our global operations. The Group measures GHG emissions based on financial control boundaries, so that all operations which are consolidated as subsidiaries in the Group's financial statements are included in the measurement exercise.

We have identified the following key activities as being within the GHG reporting requirements:

- Scope 1: Natural gas, company cars, on-site fuel consumption and refrigerants;
- Scope 2: Purchased electricity, heat and steam.

At present, Scope 3 activities, including business travel, are excluded from the reporting scope with GHG emissions per employee being the most appropriate KPI for the Group.

We have collected data from offices across the Group. We have followed the 2013 UK Government Environmental Reporting Guidelines and used emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2016. The results are presented in the table below (note that this data is unaudited).

In some offices in the Group's portfolio, electricity and heat charges are included in the office rental charges and therefore information on the exact amounts consumed by those particular businesses is not available. In these instances, we have calculated an estimate based on the size of the property being let and usage data from similar properties. In addition, it has not been practicable to measure the Group's emissions from refrigerants, although these are not expected to be significant.

We are pleased to report a reduction in our carbon emissions per employee this year, due to continued efficiencies in the use of our property portfolio driven partly by Covid and increased working from home.

	Tonnes of CO_2e 2020
Scope 1	**31**
Scope 2	**1,171**
Total GHG emissions	**1,202**
Average number of employees	**2,271**
Emissions per employee	**0.53**

Strategic Report (continued)

Environmental, Social and Governance Report (continued)

Our work

We apply our sustainability principles across all of our operations and wherever possible we make use of technologies that enable us to limit our environmental impact. The impact of Covid has illustrated that much of our work can be done remotely, and we will continue to make use of video-conferencing and webinar facilities going forward, with virtual meetings being conducted where possible. When travel is the only option, our policy is that public transport should be used where possible.

Actions

A network of Employee Champions promote positive environmental actions around the Group. We aim to minimise energy and water consumption, through encouraging staff to switch off electronic appliances and using electricity generated from renewable sources. In 2020 we have focussed on promoting the following to employees:

- Making use of telephone conferencing that enable limited environmental impact
- Where travel is the only option – using public transport where possible

Paper wastage is minimised through promoting reuse, use of electronic communications and using paper from sustainable forests. By recycling, the Group's UK businesses together saved the equivalent of 40 trees and 4 tonnes of CO_2 in 2020.

Social

Community

The Group recognises its responsibility towards the communities in which its businesses operate. In support of our communities, Group businesses throughout the world organise activities for staff to raise money for a wide range of charities as well as offering pro bono support to non-profit projects, participating in volunteer days and helping to raise money and awareness for good causes.

A Global ESG Task Force has recently been created, with representatives across all the Group's agencies, with the aim and purpose to unite behind a common community goal identified by our staff.

People

People are at the heart of our business. We are committed to having a culture which stimulates and rewards our workforce. We see employee wellbeing and development as the key to creating value and at each Board meeting employee issues are discussed. Employee strategic initiatives are also presented and debated at the Board on a regular basis.

Annual bonuses are paid throughout the Group to award exceptional performance. In 2020 we also rolled-out the Huntsworth Incentive Plan amongst the Group's senior management, with the aim to align and drive the growth and profitability of the business.

Strategic Report (continued)

Environmental, Social and Governance Report (continued)

Social (continued)

People (continued)

Employee health and wellbeing

The Board recognises the need to maintain a safe and healthy working environment for all employees. Each business is responsible for ensuring that they operate in compliance with Group policies and local health and safety legislation.

The Group deploys policies and practices which assist its employees in achieving an appropriate work/life balance, including policies on parental, maternity and paternity leave, emergency time off and, where applicable, flexible working practices. Initiatives to promote health and wellbeing vary by company and include:

- Flexible working is promoted through a range of schemes including work-from-home schemes and flexible starting times and flexi-hours;
- Flexible benefits packages allowing employees to take their entire package as remuneration or opt for a range of benefits, including private medical insurance, staff pension schemes, life assurance, childcare vouchers, cycle to work schemes, discounted lifestyle vouchers or extra holiday days;
- Employee assistance programmes which provide confidential advice and counselling support across a range of areas;
- Measures to promote a healthy working environment for employees, including on-site facilities for breaks, provision of showers for employees who wish to exercise in lunch breaks or cycle/run to work, provision of fruit and healthy refreshment options.; and
- Measures to support mental health awareness amongst the Group's employees. Our Mental Health awareness initiative focuses on prevention, intervention, treatment and education. Huntsworth continues to develop and implement health and wellness programs in its continued support of its employees. Responding to the increasing awareness over mental health issues, Grayling UK, for example, encouraged their staff to not work at lunchtime but to partake in team activities.

Employee training and development

We are committed to the development of our talent with a focus on offering opportunities for career development for all employees. Our operating companies foster career development through regular performance evaluations, career pathing and continual coaching feedback.

The Group provides access to a number of training initiatives which enable our people to develop skills which will support our businesses' development and strategy.

Each of our Group companies also operate their own internal training programmes to keep staff up to date with developments in their sectors and provide additional skills in areas such as people management, leadership development, client management and international client director training.

Training programmes include a mixture of externally and internally facilitated courses. A number of our businesses allocate a mentor or coach to support personal development, perform appraisals and identify training needs. Our talent management programmes aim to recognise our best talent through both monetary incentives and providing additional development opportunities, for example through secondments into other areas of the business.

The Group has recently launched SuccessFactors, a global HR system. The first module launched within the SuccessFactors platform is our Employee Central offering, which is the HR Information System (HRIS platform) where users and managers will go to view and manage their own information (including time-off), as well as access team information. Users can expect enhanced automation with respect to managing data, such as address & personal information updates as well as time off administration. We will continue to add additional functionality within SuccessFactors such as learning and development platforms, performance management and continuous feedback systems.

Strategic Report (continued)

Environmental, Social and Governance Report (continued)

Social (continued)

People (continued)

Employee communication

The Group regularly carries out employee engagement surveys, with a series of questions designed to gather data around employee experience and satisfaction.

Employees have opportunities to attend international conferences on matters of significance to their division as a whole. On a local scale, regular meetings are held between local management and employees to facilitate employee involvement in decision making and businesses performance.

Succession planning

We will continue to review succession planning processes across the Group, in order to identify the leaders of the future, cognisant of the importance of diversity within our senior management team. Developing a succession planning structure and program for each of the Group's agencies, is a key focus for the Group in 2021.

Diversity

We recognise that the Board sets the tone for diversity across the Group and that it is important that we have a diverse leadership to support good decision-making. We actively deploy recruitment policies and practices which enable us to attract the widest possible sources of talent into our business, thereby developing an inclusive culture.

We promote inclusive working practices and support our companies' efforts to increase diversity of all kinds through best practice in recruitment, training, mentoring, parental leave and flexible working.

Huntsworth provides equal employment opportunities to all employees and applicants without regard to race, colour, religion, sex, sexual orientation, national origin, age, disability, military status, or status as a disabled veteran in accordance with applicable UK and US laws. In addition, Huntsworth strictly complies with all US applicable federal, state and local equal opportunity and anti-discrimination laws.

The Group's equal opportunities policy is designed to ensure that disabled people are given the same consideration as others and enjoy the same training, development and prospects as other employees.

We are committed to gender diversity across the Group. As at 31 December 2020 women accounted for 25% of the directors of the Company and 12.5% of the directors of CD&R Artemis Holdco 1 Limited, 38% (12) of executive management, 41% (37) of senior management and 65% (2,188) of total employees.

Gender Pay

We are committed to ensuring our people have the best opportunities to succeed and are fairly remunerated, regardless of gender.

Governance

Our Corporate Governance Report is set out on pages 26 to 40, which summarises the Group's existing corporate governance framework.

We are committed to the highest standards of ethics and corporate governance and we are focused on continuing to build and support a culture which values openness, accountability and disclosure. We acknowledge that there is always more that can be done, but our aim is to strengthen our corporate governance framework each year.

Strategic Report (continued)

Environmental, Social and Governance Report (continued)

Governance (continued)

Code of Ethics

We believe that the honesty, integrity and ethical behaviour of all our workforce are fundamental to the reputation and success of the Group as a whole.

We have a Code of Ethics which outlines the key principles which govern the Group's behaviour, mirroring an already established internal Ethics Policy. This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all of the Group's activities.

A copy of the policy is available on the Group's website.

https://www.huntsworth.com/wp-content/uploads/2020/12/Code-of-Ethics-external-v2.pdf

Whistleblowing Policy

The Group's Whistleblowing Policy has procedures for disclosing malpractice and is intended to act as a deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the Group's business and reputation. During 2020, an external firm continued to provide access to a confidential multichannel 24/7 whistleblowing service across the Group, available in local languages. The Whistleblowing Policy encourages the reporting of any instances of malpractice for investigation, and action is taken as required. We did not have any disclosures made to the 24/7 whistleblowing service in 2020.

Supply chain network and Modern Slavery

Given the nature of our business, we do not have an extensive supply chain network. Our supply chains include recruitment agencies, cleaning and catering services, IT hardware and software providers, through to office fit out & maintenance services and document retention services. Few if any suppliers to group companies are significant in terms of the volume of business conducted with them, and many of them are small in size and based in the UK, US or other jurisdictions where group companies are based.

Whilst we consider we have a low risk of exposure, we are opposed to any form of slavery or human trafficking (together, Modern Slavery), and the Group's policy is to ensure that it is eradicated from both our business and from our supply chains.

A number of initiatives were introduced across the Huntsworth Group in 2018 and 2019 aimed at ensuring that slavery and human trafficking were not taking place in any part of the business or in any part of our supply chains. In 2020 the group continued to prioritise its commitment to such initiatives, including investing in a technology platform to further formalise the onboarding of suppliers and ensure that, amongst other matters, where a group entity enters into a contract with a new supplier, the relevant supplier formally acknowledges their adherence to modern anti-slavery principles.

The Group publishes a Modern Slavery Statement, which is annually reviewed, detailing the steps that the Group has taken during the financial period to ensure that Modern Slavery is not taking place in any of its supply chains or in any part of our business.

A copy of our Modern Slavery Statement is available on the Group's website.

https://www.huntsworth.com/wp-content/uploads/2021/03/Modern-Slavery-Statement-YE-2020-March-2021-FINAL-SIGNED.pdf

Strategic Report (continued)

Environmental, Social and Governance Report (continued)

Governance (continued)

All Group policies

The Group has a number of policies as well as a series of training and awareness videos, which are periodically reviewed.

We ask all of our workforce to formally acknowledge their acceptance of and agreement to comply with all our policies and to watch the videos. We also have statements which are available on our website, notably our Code of Ethics and Modern Slavery Statement, as noted above.

All our policies and videos are available to our workforce via a 24/7 online policy management portal (known as PolicyHub). Led by our Chief Compliance Officer, we continue to explore our compliance and learning management systems to ensure the needs of our clients and agencies are efficiently met.

Data security and protection

Our aim is to have an effective information security program in place and we are aware that to achieve this we need to be continually vigilant and regularly reassess and update our systems and processes.

We are committed to:

- When required, seeking consent for the collection, use and sharing of personal data;
- Notifying data subjects in a timely manner in case of data breach (as required);
- Limiting the collection and retention of essential personal data;
- Implementing appropriate data security safeguards; and
- Having clear terms and conditions for the use of personal data.

The Group's Privacy Notice is available on the website (https://www.huntsworth.com/privacy-policy/), and a Data Protection Policy is available to the workforce.

Corporate Governance Report

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity (the **Walker Guidelines**).

Having a strong compliance framework is commercially imperative nowadays and is part of how we continue to create and maintain our value. We are committed to the highest standards of ethics and corporate governance and our aim is to continue to build and support a culture which values openness, accountability and disclosure.

The Group's existing corporate governance framework is summarised within this Corporate Governance Report. This framework is built upon the policies and processes that existed in the Group as a Plc, and which provide a strong basis for control and compliance. During the period we appointed a Chief Compliance Officer to help drive the compliance agenda and the communication thereof. We expect to continue to develop and adapt our corporate governance framework in accordance with the changing demands of our business and stakeholders, in particular our clients. Furthermore, we will continue to integrate any acquisitions, with a particular focus in 2021 on most efficiently aligning and merging the Group's risk management and governance procedures with that of Nucleus Global.

Ownership

The Company was formed as part of the process of Clayton Dubilier & Rice (CD&R) acquiring a controlling interest in the Huntsworth Group of companies on 1st May 2020. Founded in 1978, CD&R is a private equity firm with a history of working with management teams to build stronger, more profitable businesses. CD&R's investors include leading financial institutions, university endowments and corporate and public pension funds. The investment was made through its investment funds, Clayton, Dubilier & Rice Fund X, L.P., Clayton, Dubilier & Rice Fund X-A, L.P. and CD&R Advisor Fund X, L.P..

CD&R is one of the oldest private equity firms, based in North America. CD&R works to make companies grow and prosper. Value is created by collaborating with management to spur operational performance improvements, by accelerating growth strategies, injecting new talent and boosting productivity. The firm executes a consistent investment strategy across North America and Europe, focusing on market-leading businesses in the consumer/retail, healthcare, industrial, and services sectors.

Board

The Company is an indirect subsidiary of CD&R Artemis Holdco 1 Limited which is the operational parent company of the Huntsworth Group. The board of that parent company takes the lead in setting the Group's culture, strategy, values and governance and is responsible for challenging and monitoring the performance of Executive Directors and senior management throughout the Group against agreed goals and objectives. The board of directors of both the Company and CD&R Artemis Holdco 1 Limited comprise the same individuals and references in this report to the Board include the work of the boards of both companies.

The directors who currently hold office at the date of this report (together the Board), are as follows:

Liam FitzGerald - Chairman

Liam is the former CEO of UDG Healthcare plc, the leading international provider of clinical, commercial, communication, and packaging services to the healthcare industry. During his tenure as CEO from 2000 to 2016, he expanded the business from a mainly Ireland-based distribution services business into a multi-faceted and multi-national healthcare services group, operating across 20 countries. During that period, the company's market capitalization increased by more than 500 percent and earnings grew at a compound annual rate of more than 20 percent. Liam is credited with leading and seamlessly integrating more than 30 acquisitions into the parent company.

Paul Taaffe - Chief Executive Officer (CEO)

Paul was appointed as CEO of Huntsworth on 7 April 2015. Paul has wide experience in communications and marketing. Prior to joining Huntsworth, Paul was the director of Communications at Groupon, the international e-commerce company. Prior to that, he enjoyed a 20-year career in London and New York with Hill & Knowlton Inc, the global communications consultancy and subsidiary of WPP plc, including nine years as its Chairman and CEO. Throughout this time he advised many blue-chip and international clients across all geographies and services.

Corporate Governance Report (continued)

Board (continued)

Neil Jones - Chief Operating Officer (COO)

Neil was appointed as COO in October 2019, having held the position of CFO since February 2016. He has held senior financial positions for over 20 years, the majority of which have been with public companies. Prior to joining Huntsworth, Neil was CFO of ITE Group plc (now Hyve Group plc), a FTSE listed international organiser of exhibitions and conferences. Prior to that he was Group Finance Director of Tarsus Group plc, another international trade exhibition organiser. Neil is also the senior non-executive director of Tremor International, an AIM listed adtech company. Neil is a member of the Institute of Chartered Accountants in England and Wales, qualifying with PwC in 1990.

Ben Jackson - Chief Financial Officer (CFO)

Ben Jackson was appointed as CFO in October 2019, having spent over three years as Head of Finance for the Group. Prior to joining the Group, he was Group Financial Controller of ITE Group Plc (now Hyve Group plc), a FTSE listed international organiser of exhibitions and conferences, and before that he was a senior credit analyst at Royal Bank of Scotland. Ben is a member of the Institute of Chartered Accountants in England and Wales, qualifying with Deloitte in 2009.

Eric Rouzier – Director

Eric is a Partner at CD&R and is based in London. He joined CD&R in 2005 and is responsible for the healthcare sector in Europe. He played a key role in CD&R's investments in Belron, Exova, Huntsworth, SPIE, and Rexel. Previously, Eric worked in the investment banking division of J.P. Morgan and as a management consultant.

David A Novak - Director

Dave is the Co-President of CD&R's European business and has been with CD&R for 24 years and is a member of their Investment Committee. Based in London, he is responsible for CD&R's European business and international activities. Dave has been actively involved in CD&R's investments in B&M Retail, BCA, Belron, BUT, Huntsworth, Kalle Group, Mauser Group, Motor Fuel Group, SIG plc, SOCOTEC, and Westbury Street Holdings, and played a key role in many others. Previously, he worked in the private equity and investment banking divisions of Morgan Stanley.

Sarah Kim - Director

Sarah is a Partner at CD&R, having joined them in 2008. She played a key role in the Firm's investments in and subsequent sales of Diversey and naviHealth, the public and secondary offerings of HD Supply and ServiceMaster, and the Firm's investment in Covetrus. Previously, she held positions at private equity firms Metalmark Capital and McCown De Leeuw & Co. and worked in the investment banking division of Goldman Sachs & Co.

Stephen Cameron - Director

Stephen joined the Board upon the Group's acquisition of Nucleus Global on 10th December 2020. He graduated with degrees in Materials Science, Bio-Engineering, Biomedical Engineering and Marketing before starting MediTech Media in London in 1986, the business now known as Nucleus Global. With broad experience leading international medical communications accounts and agencies supporting a variety of therapy areas for most of the leading pharmaceutical companies in the world, he has extensive connections throughout the medical communications industry, academia and non-for-profit medical organisations. His role is to provide strategic oversight and to ensure effective resourcing and team operations to best meet clients' needs. Stephen has recently completed three terms (8 years) as a Governor of the Royal Free NHS Foundation Trust group of Hospitals.

Corporate Governance Report (continued)

Board (continued)

The Role of the Board

The Board is responsible for the Group's culture, strategy, values and governance, while considering the interests of all stakeholders and contributing to wider society. The Board is also responsible for challenging and monitoring the performance of Executive Directors and senior management against agreed goals and objectives.

The Board is supported by the Audit and Remuneration Committees.

Decisions on operational matters and the day-to-day management of the business are delegated to the Executive Directors and divisional management. This includes implementing Group policy, managing client service, monitoring financial performance and human resource management.

Key roles and responsibilities

Effective operation of the Board relies on a collaborative approach and clarity of the various roles and responsibilities of the individual Board members. In particular, the roles of the Chairman, CEO, COO and CFO are set out in more detail below.

Chairman: Liam FitzGerald

Key responsibilities:

- running the Board and ensuring its effectiveness in all aspects of its role;
- ensuring that the Directors receive accurate, timely and clear information;
- ensuring the Board has the right skills, experience and knowledge available to it as well as familiarity with the Group, and that those elements are continually updated; and;
- ensuring that the Board considers the interests of key stakeholders.

Chief Executive Officer: Paul Taaffe

Key responsibilities:

- ensuring coherent leadership of the Group;
- recommending to the Board the strategic plan and related annual budget;
- ensuring effective communication with key stakeholders; and;
- ensuring the Chair and the Board are kept advised and updated regarding key matters.

Chief Operating Officer: Neil Jones

Key responsibilities:

- the Executive responsible for the Communications division;
- managing of the day-to-day operations of the Group;
- managing the Group's risk profile and ensuring appropriate internal controls are in place;
- identifying and executing new business opportunities and investments; and;
- overseeing the information technology department.

Chief Financial Officer: Ben Jackson

Key responsibilities:

- overseeing the financial systems, controls, risk management, delivery and performance of the Group;
- managing the Group's treasury affairs;
- ensuring the Group remains appropriately funded to pursue its strategic objectives.

Corporate Governance Report (continued)

Board (continued)

Activities of the Board

Three Board meetings were held during the period ended 31 December 2020 as well as an additional strategy meeting. If a Director is absent from a meeting, his or her views are sought in advance where possible and then put to the meeting.

A summary of some of the Board's activities in the period is set out below:

Responsibilities	Activities
Annual budget	• reviewed the 2021 Budget
Strategy	• debated ongoing strategy including presentations from divisional management teams • review of portfolio and approval of closure or disposal of non-core businesses • monitored the Group's acquisition strategy and its implementation by the Executive Directors
Performance and operational matters	• monitored performance of the individual business divisions • presentations on performance from divisional management teams • continually reassessed the impact of Covid-19 on the Group's performance and operations • operational updates in respect of insurance and treasury matters
People	• reviewed the composition of the Board • reviewed employee wellbeing and development matters, as well as strategic initiatives • reviewed Board engagement mechanisms with the workforce • reviewing, as necessary, whistleblowing arrangements and reports
Acquisitions and disposals	• at each Board meeting, reviewed potential acquisition and transaction opportunities • specifically reviewed and approved the acquisition of the Nucleus Group
Governance	• received updates from Board Committees • reviewed the Group's existing governance framework to ensure that the appropriate framework and controls are in place to meet the Group's changing needs, including reassessing the position now that the Group is owned privately • reviewed the Board's processes and procedures, including delegation of authority and limits
Risk management and internal control	• reassessed principal risks and risk appetite, including debating the risks that the Group faces and will be facing • reviewed the effectiveness of the Group's risk management and internal control systems

Corporate Governance Report (continued)

Board (continued)

Activities of the Board (continued)

Strategy meeting

In the period the Board held a strategy meeting, during which it discussed and considered a number of items, including, amongst other matters:

- the progress and delivery against the current strategy, focusing on Huntsworth Health;
- questioning and challenging whether the current strategy remained the correct strategy;
- detailed analysis of the wider healthcare competitive and competitor landscape and Huntsworth Health's opportunities and position;
- opportunities that digital is expected to have within the evolving healthcare marketplace;
- detailed analysis by division of service offering and ecosystem;
- analysis of what organic business can deliver;
- how growth can be accelerated through M&A investment, including the potential impact of geographic diversification;
- the Group's approach and organisation in respect to Business Development;
- the various strategic options for the Communications division;
- the M&A landscape; and;
- presentations from the senior management within the Marketing and Medical divisions, including client case studies.

The outcome of the strategy meeting was, amongst other things, for the Group:

- to continue with its strategic focus on its healthcare business
- to focus on organic growth opportunities within Huntsworth Health, and
- to consider strengthening its capabilities through bolt-on M&A opportunities that broaden the Huntsworth Health offering, provided they fall within acceptable debt ratios for the Group.

How the Board operates

Board information

Board papers containing, amongst other things, current and forecast trading results, treasury figures, M&A updates, and governance reports, are distributed in advance of the meetings to allow the Directors sufficient time for preparation. Minutes of the meetings are also circulated to all Directors. The Board receives presentations from Executive Directors. Furthermore, presentations from divisional senior management are provided to the Board. All Directors have direct access to divisional senior management within the Group as required. Executive Directors are also involved in regular divisional meetings to consider financial, operational and compliance matters arising throughout the year.

Independent advice

All Directors have access to the advice and services of the Company Secretary who, through the Chairman, is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, all Directors have access to independent professional advice, if required, at the Company's expense.

Induction and personal development

As well as operational briefings, regulatory and legal changes updates are provided to the Board. Training and development needs are kept under review by the Chairman.

The Chairman is responsible for ensuring that induction and training are provided as necessary for Directors. As required and necessary, a new Director receives an induction pack and undertakes a bespoke induction programme that provides them with information on the Group, and their responsibilities and obligations. This may include meetings with other Board members, senior management, the external auditor and/or other advisors as appropriate.

Corporate Governance Report (continued)

Board (continued)

Composition of the Board

The Board aims to have a diversity of skills, experience, length of service, knowledge, ethnicity and gender among both its members and senior management. The Board's aim is to have a broad range of experience relevant to our business, as well as expertise, and sufficient calibre to bring the required judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group, and continually reassesses its composition in view of these aims. This equally extends into the Group's senior management.

Conflicts of interest

The Board considers and, if it sees fit, authorises situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Group. The Board has put in place a formal system for Directors to declare conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. Furthermore, the Board has in place measures to manage any actual or potential conflict of interest situations that may arise, which operate effectively. In deciding whether to authorise a potential or actual conflict, the non-conflicted Directors are required to act in the way that they consider would be most likely to promote the success of the Group. They may impose limits or conditions when giving authorisation or subsequently, if they think this is appropriate.

Risk management and internal control

The Board has ultimate responsibility for establishing, monitoring and maintaining the Group's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.

The Board is in the process of reassessing its existing processes to identify, evaluate and manage the key financial, operating and compliance risks faced by the Group, so as to determine the appropriate course of action to manage and mitigate those risks.

The Board delegates the monitoring of these internal control and risk management processes to the Audit Committee.

Given the Group's divisional structure, a flexible approach to risk management is required so that each operating business can tailor and adapt its processes to its specific circumstances. Within the determined risk framework, it is necessary for the Group's operating divisions to have some autonomy with regard to the implementation of risk management and internal control systems in order to meet their particular business risks and requirements.

Corporate Governance Report (continued)

Board (continued)

Risk management and internal control (continued)

The key features of the risk management and internal controls system are, amongst others:

- ongoing review of strategy by the Board, which aims to identify potential strategic risks facing the Group;
- establishing a delegation of authority and approval limits;
- monitoring of actual performance against budget and forecasts. A detailed monthly management pack is prepared, which includes consolidated results and summarised results for each individual business and division. The performance of each business is reviewed monthly by the Executive Directors and reported to the Board at each meeting;
- frequent Executive Director meetings with the senior management of each division, which cover any emerging operational, financial, strategic or compliance issues and controls;
- ongoing Board review of the principal risks identified and whether any changes are required;
- confirmations of key internal controls, including financial controls, are received from each business. The purpose of these confirmations is to confirm the operation of an appropriate system of internal controls and to highlight any potential new risks facing the business;
- the Executive Directors are responsible for appraising investments; those which are above pre-specified limits are put to the Board for approval;
- the Audit Committee reports to the Board at each Board meeting. Risks and controls are reviewed to ensure effective management of appropriate strategic, financial, operational and compliance issues; and
- internal audit provides an independent assessment of the systems and controls in place across the Group. Businesses are selected for internal audit on a risk-focused basis; the results of internal audits are reported to the Executive Directors and to the Audit Committee.

The Board and Group management continue to review and enhance the Group's risk management framework to ensure that they are actively identifying and managing risks in the most efficient and effective way for the Group.

Corporate Governance Report (continued)

Audit Committee

Members:

Eric Rouzier (Chair)

Ben Jackson

Neil Jones

Audit Committee meetings and its activities

The Audit Committee provides a forum for reporting by both the Group's external and internal auditors.

The activities of the Committee are designed to assist the Board in carrying out its responsibilities in respect of financial reporting, risk management and internal control. In forming its opinions, the Audit Committee reviews, challenges and takes into account representations made by the Group's subsidiaries in respect of financial statements and internal controls; the results presented by the Group's internal auditor in respect of the operation of internal controls; and the findings of the Company's external auditors.

Key responsibilities

The Audit Committee's key responsibilities include:

- reviewing and providing a recommendation to the Board for the adoption of the Annual Report and Financial Statements;
- reviewing significant financial reporting judgements contained within those reports and other announcements relating to the Group's financial performance, including challenging assumptions and estimates used in the preparation of the financial statements;
- monitoring the financial reporting process;
- monitoring and reviewing the effectiveness of the Group's internal controls, including review and approval of the scope of the internal audit programme, reviewing the findings of internal audits completed in the period, and conducting an overall review of the effectiveness of the risk management and internal audit functions;
- oversight of all aspects of the relationship with the external auditor, including appointment and reappointment, independence, objectivity and effectiveness of the audit process and the provision of additional services by the external auditor;
- approving the remuneration and terms of engagement of the external auditor; and
- overseeing the Group's policies and procedures for the identification, assessment, management and reporting of fraud.

Internal audit

Internal audit performs reviews as part of a programme approved by the Audit Committee. KPMG LLP was engaged to provide internal audit services.

The Committee considers any issues or risks arising from internal audit reviews and monitors the implementation of actions arising.

External audit

Audit effectiveness

One of the key responsibilities of the Audit Committee is to assess the effectiveness of the external audit process. Since December 2016, PricewaterhouseCoopers LLP (PwC) has served as the Group's external auditor.

During the year, the Committee reviewed the reports it received from PwC in its capacity as external auditor, including the audit plan and the results of the audit work performed. The Committee challenged, where necessary, the risks identified and the results of the work performed, and sought feedback from management on the effectiveness of the audit process.

Corporate Governance Report (continued)

Audit Committee (continued)

External audit (continued)

Auditor's independence and objectivity and non-audit services

The Committee continually reviews the nature and extent of non-audit services provided to the Group by the external auditor and receives confirmation from them, at least annually, that in their professional judgement, they are independent with respect to the audit. The Audit Committee oversees the nature and amount of non-audit work undertaken by the external auditor each year to ensure that external auditor independence and objectivity is safeguarded.

The provision of non-audit services, within the constraints of applicable UK rules, is assessed on a case-by-case basis so that the best-placed advisor is engaged.

Remuneration Committee

Members:
Liam FitzGerald (Chair)
Eric Rouzier
Paul Taaffe

Other Directors attend Remuneration Committee meetings by invitation only.

Remuneration Committee's activities

The Committee endeavours to ensure that the Group's remuneration strikes an appropriate balance between the long-term interests of the Group's shareholders and rewarding and motivating the Executive Directors and senior management of the Group. The Committee is responsible for the design and development of remuneration policies for the Executive Directors and senior management of the Group that are aligned with our purpose, values and culture.

Key responsibilities

The Remuneration Committee's key responsibilities include:

- determining the total remuneration packages for the Executive Directors
- responsibility for setting remuneration for senior management
- benchmarking the compensation packages of the Group's senior management.
- considering succession planning for Executive Directors and other senior management, taking into account the challenges and opportunities facing the Group and the skills and expertise required, cognisant of Diversity, Equity and Inclusion aspects. Developing a succession planning structure and program for each of the Group's agencies, is a key focus for the Group in 2021.

Corporate Governance Report (continued)

Stakeholder engagement

s.172 Companies Act 2006 Statement (s172 Statement)

The Board recognises the significance of considering the Company's responsibilities and duties for the long term, with the aim of always upholding the highest standards of conduct. We understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our employees, clients and the communities in which we operate, including our suppliers, and the shareholders to whom we are accountable.

We set out below our s172 Statement, in accordance with s.414CZA of the Companies Act 2006. In addition on pages 9 to 10 you will find further details on how the Company engages with many of its stakeholders and how the Board has considered their interests.

Issues relevant to this group	Reason for engagement	How the Board has considered their interest
Stakeholder Group: Workforce		
Fair employment. Fair pay and benefits. Diversity and inclusion. Training, development and career opportunities. Health and safety. Responsible use of personal data. Environment and community.	To deliver the best solutions for our clients, we need to hire, retain and grow the best people who reflect the diversity of our clients and their own stakeholders.	When making acquisitions that complement the existing business offering and provide new opportunities for our people to succeed. When disposing of non-core interests, ensuring that the interests of employees are safeguarded. Recognising the benefits of a diverse workforce in our recruitment policies and seeking to put in place policies and processes to improve diversity at senior levels within the Group. Reviewing whistleblowing procedures and reports from the independent helpline, as necessary.

Corporate Governance Report (continued)

Stakeholder engagement (continued)

Issues relevant to this group	Reason for engagement	How the Board has considered their interest
Stakeholder group: Clients		
Client service. Responsible use of personal data. Environment and sustainable sourcing. Ethics and corporate responsibility. Integrity and honesty.	Huntsworth is committed to being the global leader in providing pharmaceutical and biotechnology companies with the most complete suite of strategic counsel, medical affairs, market access, stakeholder engagement and marketing services across all therapeutic areas and across the entire drug development and commercialization lifecycle of molecule to medicine. The needs of all our clients are complex and ever changing. We are committed to bringing the best solution to them by collaborating within and across divisions. To remain successful and valued by our clients, we need to be very responsive and forward facing. We need to understand changing trends in the marketplace.	Executive Directors liaise with a number of high-level client contacts to understand their developing needs and markets and to report on them to the Board, allowing those interests to be factored into the Board's decisions on future strategy. The wish for a more comprehensive service offering to clients led to the Board's decisions to acquire the Nucleus Group, Cormis Partnership and Vitiello Communications, in accordance with the Company's strategy.
Stakeholder group: Suppliers		
Anti-bribery. Ethics and slavery. Environment and sustainable sourcing.	Suppliers must demonstrate that they operate in accordance with recognised standards that uphold human rights and safety, prohibit modern slavery and promote sustainable sourcing.	Annual Board reporting on Modern Slavery by ensuring that there are effective responses to potential risks.

Corporate Governance Report (continued)

Stakeholder engagement (continued)

Issues relevant to this group	Reason for engagement	How the Board has considered their interest
Stakeholder group: Environment		
Energy usage. Recycling. Waste management. Minimising waste, packaging materials and single-use plastics.	We are committed to minimising the impact of our business operations on the environment. It is also important to our colleagues, customers and shareholders.	Making use of telephone conferencing to enable limited environmental impact. Where travel is the only option, use public transport where possible. Board Packs on an electronic platform. Due to Covid, increased remote working via video-conferencing (including Board meetings) and use of webinars. The Board monitors developments in corporate reporting on matters concerning the environment and climate change and aims to be in a position to comply with all legal requirements and best practice guidance.
Stakeholder group: Community		
Charitable donations. Employment opportunities. Volunteering. Environmental impact.	We aspire to be responsible members of the communities in which we operate as that reflects our guiding principle of doing the right thing in the eyes of our colleagues, customers, shareholders and other stakeholders.	The Board approves an annual report that reflects the Board's actions in these areas of social responsibility. A Global ESG Task Force has recently been created, with representatives across all the Group's agencies, with the aim and purpose to unite behind a common community goal identified by our staff.

Corporate Governance Report (continued)

Directors' Report

The Directors' Report for the period ended 31 December 2020 comprises this report and the Corporate Governance Report on pages 26 to 37, together with any other sections of the Annual Report incorporated by reference. As permitted by legislation, some of the matters to be included in the Directors' Report have been included in the Strategic Report pages 3 to 25. Specifically:

- an indication of likely future developments in the business of the Company can be found on pages 11 and 12;
- details of the Group's financial risk management strategy, policies and instruments held are set out in Note 21 to the consolidated financial statements;
- details of the Group's branches are set out in Appendix 2 of the consolidated financial statements;
- details of the Group's going concern assessment are contained in the Strategic Report;
- employee engagement matters are set out on pages 21 to 23
- carbon emission disclosures are set out in the Strategic Report on page 20; and
- details of the Group's engagement with suppliers, customers and others can be found on pages 20 and 24 and in the Company's s.172 Statement on pages 35 to 37; and
- Walker Guidelines disclosures in line with s.414C (7) and (8), Companies Act 2006, can be found in the Strategic Report on pages 3 to 25.

Hunter Holdco 3 Limited (the **Company**) is a private company limited by shares, incorporated and domiciled in the United Kingdom.

The immediate parent undertaking of the Company is CD&R Artemis Holdco 2 Limited. The operating parent company in the Group is CD&R Artemis Holdco 1 Limited, a Jersey incorporated company, which in the opinion of the Company's Directors, is the ultimate controlling party, and is, amongst other things, where the strategic direction of the Group is set. It is noted that CD&R's investment was made through its investment funds, Clayton, Dubilier & Rice Fund X, L.P., Clayton, Dubilier & Rice Fund X-A, L.P. and CD&R Advisor Fund X, L.P..

Directors

The Directors who served during the period ended 31 December 2020 and as at the date of this report, are set out below:

Name	
Liam FitzGerald	Chairman of the Board and Remuneration Committee. Appointed as a Director of the Company on 5th March 2021.
Paul Taaffe	Chief Executive Officer. Appointed as a Director of the Company on 5th March 2021.
Neil Jones	Chief Operating Officer. Appointed as a Director of the Company on 5th March 2021.
Ben Jackson	Chief Financial Officer. Appointed as a Director of the Company on 4th November 2020.
Eric Rouzier	Chairman of the Audit Committee. Appointed as a Director of the Company on 27h February 2020.
Sarah Kim	Appointed as a Director of the Company on 4th November 2020.
Dave Novak	Appointed as a Director of the Company on 5th March 2021.
Stephen Cameron	Appointed as a Director of the Company on 5th March 2021.
Martin Morrow	Appointed as a Director of the Company on 4th November 2020 and resigned on 5th March 2021.
Romain Dutartre	Appointed as a Director of the Company on 27th February 2020 and resigned on 4th November 2020.

Liam FitzGerald, Eric Rouzier, Sarah Kim and Dave Novak are nominees of CD&R who supervise its investment in the Group on CD&R's behalf.

Biographical details of the Directors in office at the date of this report are set out on pages 26 and 27.

Corporate Governance Report (continued)

Directors' Report (continued)

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or of any other company in the Group.

Dividends

The Directors do not recommend the payment of a dividend relating to the period ended 31 December 2020.

Employment policies

The Group operates internationally and therefore has developed employment policies that meet local conditions and requirements. Further details of these policies including policies in relation to diversity, disabled persons and employee involvement, can be found in the Environmental, Social and Governance Report on pages 20 to 25.

Charitable and political donations

The Group made charitable donation $88,727 in the period. When you include employee match contributions, this figure increases to over $118,170. No political donations were made and no political expenditure was incurred during the period.

Auditor

PricewaterhouseCoopers LLP has indicated its willingness to continue in office as auditor of the Company and will be deemed re-appointed under the provisions of the Companies Act 2006.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Report of the Directors are listed on pages 26 and 27. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- so far as each Director is aware, there is no information relevant to the preparation of the Company auditor's report of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance Report (continued)

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The group has also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

This Directors' Report has been approved by the Board and signed on its behalf by Martin Morrow, Company Secretary.

Martin Morrow

Company Secretary

19 April 2020

Independent auditors' report to the members of Hunter Holdco 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Hunter Holdco 3 Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the period from 27 February 2020 to 31 December 2020;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: Consolidated Balance Sheet as at 31 December 2020; Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Independent auditors' report to the members of Hunter Holdco 3 Limited (continued)

Reporting on other information

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

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditors' report to the members of Hunter Holdco 3 Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.. Audit procedures performed included:

- Discussions with management, internal audit and the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in *relation to impairment of goodwill and other intangible fixed assets and acquisition accounting;*
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Hunter Holdco 3 Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Richard Porter

Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2021

Consolidated Income Statement

For the period ended 31 December 2020

	Note	2020 $000
Revenue	4	255,539
Operating expenses	5	(283,481)
Operating profit	5	(27,942)
Finance income	7	196
Finance costs	7	(28,881)
Loss before tax	4	(56,627)
Taxation credit	9	1,423
Loss for the period		(55,204)
Attributable to:		
Parent Company's equity shareholders		(58,383)
Non-controlling interests		3,179
Loss for the period		(55,204)

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2020

	Note	2020 $000
Loss for the year		(55,204)
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to the income statement		
Currency translation differences		16,882
Tax credit on currency translation differences	9	(161)
Items that will not be reclassified subsequently to the income statement		
Amounts recognised in the income statement on interest rate swaps		1,889
Tax credit/(expense) on interest rate swaps	9	(350)
Total other comprehensive income for the year		18,260
Total comprehensive loss for the year attributable to Parent Company's equity shareholders		(36,944)

Consolidated Balance Sheet

As at 31 December 2020

	Note	2020 $000
Non-current assets		
Intangible assets	11	1,141,166
Property, plant and equipment	12	17,254
Right-of-use asset	13	62,370
Lease receivable	14	5,668
Other receivables	16	26,844
Deferred tax assets	20	5
		1,253,307
Current assets		
Cash and short-term deposits	21,26	129,749
Lease receivable	14	3,145
Trade and other receivables	16	173,682
Work in progress	18	13,773
		320,349
Assets held for sale	15	897
Current liabilities		
Lease liabilities	13	(20,359)
Bank overdraft	21,26	(90)
Trade and other payables	17	(249,266)
Current tax payable		(73)
Provisions	19	(55,081)
		(324,869)

Consolidated Balance Sheet (continued)

As at 31 December 2020

	Note	2020 $000
Non-current liabilities		
Lease liabilities	13	(56,814)
Bank loans	21,26	(600,666)
Trade and other payables	17	(1,308)
Deferred tax liabilities	20	(78,895)
Provisions	19	(55,036)
		(792,719)
Net assets		456,965

Equity		
Called up share capital	23	5,039
Share premium account	24	498,893
Foreign currency translation reserve	24	16,881
Put option reserve	24	(47,002)
Accumulated losses		(58,893)
Equity attributable to equity holders of the parent		414,918
Non-controlling interest	25	42,047
Total equity		456,965

The notes to the consolidated accounted are set out in pages 52 to 106.

The Company number for Hunter Holdco 3 Limited (**the Company**) is 12487650.

These financial statements, as set out on pages 45 to 106, were approved by the Directors on 19 April 2021 and signed on their behalf by:

Ben Jackson

Director

Consolidated Cash Flow Statement

For the period ended 31 December 2020

	Note	2020 $000
Cash inflow/(outflow) from operating activities		
Cash inflow from operations	26(a)	77,765
Interest paid		(10,275)
Net tax paid		(8,351)
Net cash inflow from operating activities		59,139
Cash inflow/(outflow) from investing activities		
Acquisition of subsidiaries – cash paid	3	(813,509)
Cash acquired through acquisition	3	68,448
Deferred consideration payments	19	(16,899)
Cost of internally developed intangible assets	11	(867)
Purchases of property, plant and equipment	12	(2,100)
Net cash outflow from investing activities		(764,927)
Cash inflow/(outflow) from financing activities		
Proceeds from issue of ordinary shares		359,475
Borrowings raised, net of financing fees		465,187
Settlement of financial instruments		(3,337)
Repayment of lease liabilities		(8,931)
Cash received from lease receivables		593
Net drawdown of borrowings		19,828
Dividends paid to non-controlling interests		(471)
Net cash inflow from financing activities		832,344
Total increase in cash and cash equivalents		126,556

Consolidated Cash Flow Statement (continued)

For the period ended 31 December 2020

	Note	2020 $000
Movements in cash and cash equivalents		
Increase in cash and cash equivalents		126,556
Effects of exchange rate fluctuations on cash and cash equivalents		3,103
Cash and cash equivalents at incorporation		-
Cash and cash equivalents at 31 December	26(c)	129,659
Cash and short-term deposits		129,749
Bank overdraft		(90)
Cash and cash equivalents at 31 December	26(c)	129,659

Consolidated Statement of Changes in Equity

For the period ended 31 December 2020

	Called up share capital $000	Share premium account $000	Foreign currency translation reserve $000	Hedging reserve $000	Put option reserve $000	Accumulated losses $000	Total $000	Non-controlling interest $000	Total Equity $000
At Incorporation	-	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(58,383)	(58,383)	3,179	(55,204)
Total other comprehensive income	-	-	16,881	1,889	-	(510)	18,260	-	18,260
Acquisitions of subsidiaries	-	-	-	(1,889)	(47,002)	-	(48,891)	39,339	(9,552)
Issue of shares	5,039	498,893	-	-	-	-	503,932	-	503,932
Equity dividends	-	-	-	-	-	-	-	(471)	(471)
At 31 December 2020	5,039	498,893	16,881	-	(47,002)	(58,893)	414,918	42,047	456,965

Note 24 includes more detail on each of these Group reserves.

Notes to the Consolidated Financial Statements

For the period ended 31 December 2020

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated financial statements of the Group have been prepared on the going concern basis. On 19 April 2021 the consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors. The consolidated financial statements are presented in US Dollars (USD) and all values are rounded to the nearest thousand USD ('$000') except where otherwise indicated. The general information is included under Note 1 of the Company financial statements.

These financial statements are presented from the date of incorporation, 27 February 2020 to 31 December 2020.

2. Significant accounting policies

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which have been measured at fair value. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. The Group uses valuation techniques which maximise the use of observable inputs and minimise the use of unobservable inputs. All assets or liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as set out within IFRS 13.

The Group's significant accounting policies are listed below. These policies have been consistently applied across the period presented unless otherwise stated.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

Hunter Holdco 3 Limited (**the Company**) is a company incorporated and domiciled in United Kingdom. These financial statements consolidate the financial statements of Hunter Holdco 3 Limited and all entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date the Company ceases to control the subsidiary. Non-controlling interests are identified separately from the Group's equity. Profit and loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests.

Appendix 2 includes details of the Group's subsidiaries and associates and forms part of these financial statements.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value of the assets given, liabilities assumed or equity instruments issued by the Group. Any acquisition-related transaction costs are recognised in the income statement within highlighted items as they are incurred. On acquisition of a business, all of the assets and liabilities of that business that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Where the consideration for the acquisition includes a deferred contingent consideration arrangement, this is measured at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration are adjusted against the cost of the acquisition if they occur within the measurement period of 12 months following the date of acquisition and relate to events and circumstances existing at acquisition. Any subsequent changes to the fair value of the contingent consideration for events and circumstances that did not exist at acquisition or after the measurement period are recognised in the income statement within highlighted items.

Goodwill and intangible assets

Goodwill arising in a business combination is recognised as an asset at the acquisition date. Goodwill is measured as the excess of the fair value of the consideration, the amount of any non-controlling interest, and the fair value of any previously held interest in the acquiree over the net fair value of the identifiable assets and liabilities assumed. Goodwill comprises the value of expected synergies arising from an acquisition that do not qualify for separate recognition.

Goodwill is not amortised but is reviewed for impairment annually and in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combinations. Impairment testing is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. If the recoverable amount is less than the carrying amount of the cash-generating units, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the relevant cash-generating unit.

Acquired intangible assets comprise separable corporate brand names and customer relationships. Intangible assets are amortised systematically over their estimated useful lives, which vary from two to 20 years depending on the nature of the asset. These intangible assets are reviewed for impairment in any periods in which events or changes in circumstances indicate the carrying value may not be recoverable.

Costs associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs are recognised as intangible assets. Costs are capitalised from the point that the asset first meets the recognition criteria. These are reviewed for impairment until the asset is completed, after which point costs are amortised over their estimated useful lives of two to 10 years.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at their historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged so as to write off the cost of property, plant and equipment, less the estimated residual value, on a straight-line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Equipment, fixtures and fittings	10%–35%

Leasehold improvements are amortised over the shorter of the useful economic life or the period of the lease, from three to 15 years. The carrying values of property, plant and equipment are reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in associates

An associate is an investment over which the Group has significant influence through the power to participate in the financial and operating policy decisions of the investee. The Group accounts for its interests in associates using the equity method. Under the equity method, the investment in the associate is initially measured at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share the profits and losses of the associate since the acquisition date. The Group's share of profits of associates, net of tax, interest and non-controlling interests is included in the income statement and the Group's share of net assets is shown within interests in associates in the balance sheet. The Group assesses the carrying value of its associates to determine if any impairment has occurred.

Work in progress

Work in progress is stated at the lower of cost and net realisable value and consists of third-party costs incurred on behalf of clients which have still to be recharged.

Financial assets

Financial assets are recognised in the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: trade and other receivables, and cash at bank and on hand.

Trade and other receivables

Trade receivables and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks and similar institutions. Cash equivalents comprise bank deposits which are readily convertible to known amounts of cash and with a maturity of three months or less and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes primarily the Group's past experience of collecting payments.

A specific provision will also be raised for trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

*The Group always recognises lifetime expected credit losses (***ECL***) for trade receivables and contract assets.* The ECL on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision are recognised in the income statement.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs and stated at amortised cost using the effective interest rate method. The amortised cost calculation is revised when necessary to reflect changes in the expected cash flows and the expected life of the borrowings including the effects of the exercise of any prepayment, call or similar options. Any resulting adjustment to the carrying amount of the borrowings is recognised as interest expense in the income statement.

Trade and other payables

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, as set out above, with interest expense recognised on an effective yield basis.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through the income statement. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date with gains and losses on revaluation being recognised immediately in the income statement.

Interest rate swaps are used to hedge against fluctuations in future cash flows on the Group's debt funding due to movements in interest rates. When a cash flow hedge is employed, the effective portion of the change in the fair value of the hedging instrument is recognised in other comprehensive income until the gain or loss on the hedged item is realised and recognised in the income statement. Any ineffective portion is recognised in the income statement.

Foreign currency instruments are used to hedge against unfavourable exchange rate fluctuations that affect the results of the Group's overseas operations when translated into Sterling. Hedge accounting is not applied to these instruments and the associated cost is recognised at fair value through the income statement. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of derivatives is determined by reference to market values for similar instruments.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the amounts involved are material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects the current market assessment of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is applied to provisions, the increase in the value of the provision due to the passage of time is recognised as a finance cost.

Where a leasehold property substantially ceases to be used for the Group's business, or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease.

Acquisitions made by the Group typically involve an earn-out arrangement whereby the consideration payable includes a deferred element that is contingent on the future financial performance of the acquired entity. No material contingent consideration will become payable unless the acquired entity delivers revenues or profits during the earn-out period that are greater than those used for calculating the initial consideration. The provision for deferred contingent consideration is recorded at fair value, which is the present value of the amount expected to be paid in cash or shares. The provision represents the Directors' best estimate of future business performance based on internal business plans.

Certain acquisitions made by the Group include a put/call option to purchase the non-controlling interests' equity share at a future date, payable in either cash or a combination of cash and shares at the Company's option, which is contingent on the future financial performance of the acquired entity. The provision is recorded at fair value, which is the present value of the amount expected to be paid in cash or shares. The provision represents the Directors' best estimate of future business performance based on internal business plans.

Revenue

Revenue is turnover less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Revenue excludes amounts payable on behalf of clients to external suppliers where the Group does not take control of either the good or the service prior to transfer to the customer and therefore is acting as an agent.

Revenue reflect the fair value of the proportion of the work carried out in the year by recording turnover and related costs as service activity progresses.

Revenue derived from retainership contracts is recognised over time as the performance obligations are satisfied over the term of the retainer contract.

Revenue for time-charge based work is recognised at the amount for which the Group has the right to invoice; therefore revenue is recognised based on number of hours worked at the agreed rate, subject to any fee cap, where applicable.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Revenue (continued)

For fixed fee projects, revenue is only recognised once the final outcome can be assessed with reasonable certainty. The stage of completion is determined relative to the total number of hours or significant milestones expected to complete the work or provision of services as this reflects the satisfaction of the performance obligations within the contract.

Revenue in the form of commissions on media placements and fees for creative and production services provided is recognised as the services are performed.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Dividends

Dividends are recognised as a distribution in the period in which they are approved by the Company's shareholders.

Pensions

Group operates defined contribution money purchase pension schemes and makes contributions to individual employees' personal pension schemes. The Group's contributions are charged against profits in the year in which the related employee services are performed.

Leasing

Group entities as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

Measurement and recognition of leases as a lessee

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

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Leasing (continued)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the relevant incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

Group entities as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Foreign currencies

US Dollars is the functional and the presentational currency of the Group. Transactions denominated in foreign currencies are initially translated at the exchange rate prevalent at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevalent at the balance sheet date.

The financial statements of subsidiaries are translated into the presentational currency of the Group on consolidation. Assets and liabilities are translated at the exchange rate prevalent at the balance sheet date with items in the income statement being translated at the average rate for the period. Exchange differences arising on consolidation are recorded in a separate component of equity but are recognised in the consolidated income statement on disposal of the subsidiary to which they relate.

Goodwill and fair value adjustments arising on the acquisition of an overseas subsidiary are treated as assets and liabilities of the overseas subsidiary and translated at the closing rate.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Share-based payments

The Group invites certain employees to become shareholders in its direct and indirect holding companies. The shares are offered at a price reflecting fair value on the date of issue and the terms and conditions attached to the shares. The difference between fair value paid and fair value calculated using an option pricing model will accounted for as equity settled share-based payments recognised in the income statement as an expense spread straight-line over the relevant vesting period if material.

Highlighted items

The Group presents highlighted items charged to profit before tax by making adjustments for costs and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings. Refer to Appendix 1 Non-IFRS Measures. The Group uses these adjusted measures to evaluate performance.

Such items would include, but are not limited to, costs associated with business combinations and disposals, restructuring costs, impairment of goodwill and other intangible assets, and amortisation of intangible assets arising on business combinations.

In addition, the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits.

Finance costs and income

Borrowing costs are recognised as an expense when incurred unless they meet the criteria to be capitalised. Finance income is recognised as the interest accrues (using the effective interest rate method).

Taxation

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except where it relates to items taken directly to the consolidated statement of comprehensive income or equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Highlighted items

In order to ensure comparability between the Group's results year-on-year, the Directors present certain large, unusual or one-off items separately in highlighted items, so that the reader of the accounts can better understand the underlying performance of the business. The decision to present an item as highlighted is a judgement of the Directors and is reserved for items of an unusual or non-recurring nature that are outside of the ordinary course of business, or of such significant size such that they would materially distort the results of any particular period. The Directors consider it appropriate to present amortisation as a highlighted item in each period because the value of intangible assets being amortised can vary considerably from period to period depending on the amount of acquisition activity undertaken by the Group and the remaining useful life of individual assets.

(b) Carrying value of goodwill and other intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the procedures set out in Note 12. The recoverable amounts of cash-generating units have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each cash-generating unit. For each CGU, the forecast cash flows for the first five years are based on the 2020 financial budget approved by the Directors, adjusted based on past experience and historic trends. Growth rates in years two to five are based on management's medium-term forecasted revenue and operating margins for each of the businesses. After the initial five-year forecast period a long-term growth rate has been applied to the cash flow forecasts into perpetuity. This growth rate is based on an estimate of the long-term average growth rate for the market that each CGU operates in.

(c) Revenue recognition

The Group recognises revenue on projects based on the proportion of work completed at the balance sheet date.

Judgement is required in assessing the fair value of the proportion of work completed and hence the appropriate value of revenue to be recognised in the year. Management make this judgement using estimates of expected hours required to complete the project against the budget, alongside any milestones set out in the contract.

For fixed fee projects, revenue is only recognised once the final outcome can be assessed with reasonable certainty. The stage of completion is determined relative to the total number of hours or significant milestones expected to complete the work or provision of services as this reflects the satisfaction of the performance obligations within the contract.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

2. Significant accounting policies (continued)

Significant accounting judgements and key sources of estimation uncertainty (continued)

(d) Going concern

Judgement is required in performing the Group's going concern assessment as it requires estimates of forecast future profits and cash flows to be made in order to assess future covenant compliance over the forecast period which involves reviewing and stress testing cash flow forecasts to determine the scale of a scenario that would cause a breach of loan covenants. At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and are forecasting to remain in compliance with future covenant facility requirements. Accordingly, they continue to adopt the going concern basis of preparation in the financial statements.

(e) Valuation of separately identifiable intangible assets

To determine the value of separately identifiable intangible assets in a business combination, the Group is required to make judgements when utilising valuation methodologies.

These methodologies include the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets. There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as brands and customer relationships. These judgements impact the amount of goodwill recognised on acquisitions.

Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in the year are set out in Note 3.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions

Huntsworth Limited

On 1 May 2020, the Group acquired 100% of Huntsworth Limited through indirect interests (**Huntsworth**). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

Huntsworth has contributed $247.0 million to revenue and $28.1 million to loss for the period between the date of acquisition and 31 December 2020. If the acquisition of Huntsworth had been completed on the first day of the financial period, Group revenues for the period would have been $306.2 million and Group loss would have been $51.0 million.

The provisional fair values of the net assets at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition $000
Customer relationships	264,275
Brands	124,614
Property, plant and equipment	17,067
Right-of-use assets	61,675
Software development costs	1,298
Trade and other receivables	169,851
Cash and cash equivalents	6,262
Bank debt	(102,780)
Trade and other payables	(185,990)
Provisions	(105,218)
Deferred tax liability	(58,808)
Non-controlling interest and other reserves acquired	9,552
Net identifiable assets acquired	201,798
Provisional goodwill arising on acquisition	310,931
Net assets acquired	512,729
Discharged by:	
Cash consideration	512,729
Net cash outflow arising on acquisition:	
Cash consideration	512,729
Cash and cash equivalents acquired	(6,262)
	506,467

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Huntsworth Limited (continued)

Cash consideration comprised $512.7 million for the trade of Huntsworth.

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

Acquisition-related costs of $26.0 million were incurred and these are included within highlighted items in the consolidated income statement. Huntsworth has been split into the operating segments disclosed In Note 4.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Cormis

On 8 June 2020, the Group acquired 100% of Cormis Partnership Holdings Limited and Cormis Partnership LLC through indirect interests (together, **Cormis**). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

Cormis has contributed $3.7 million to revenue and $1.3 million to profit for the period between the date of acquisition and 31 December 2020. If the acquisition of Cormis had been completed on the first day of the financial period, Group revenues for the period would have been $5.0 million and Group operating profit would have been $1.9 million.

The provisional fair values of the net assets at the date of acquisition were as follows:	**Provisional fair value recognised on acquisition $000**
Customer relationships	4,771
Brands	908
Property, plant and equipment	41
Right-of-use asset	105
Trade and other receivables	2,250
Cash and cash equivalents	3,518
Trade and other payables	(2,635)
Deferred tax liability	(778)
Net identifiable assets acquired	8,180
Provisional goodwill arising on acquisition	8,568
Net assets acquired	16,748
Discharged by:	
Cash consideration	7,365
Deferred contingent consideration	9,383
Total consideration	16,748
Net cash inflow arising on acquisition:	
Cash consideration	7,365
Cash and cash equivalents acquired	(3,518)
	3,847

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Cormis (continued)

Cash consideration comprised $7.4 million for the trade of Cormis.

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

The fair value of the contingent consideration payment is based on forecast average profits for the period from acquisition to 31 December 2024. The potential undiscounted range of future payments that the Group could be required to make under the contingent consideration arrangement is between nil and £30 million and will be paid in cash.

Acquisition-related costs of $0.1 million were incurred and these are included within highlighted items in the consolidated income statement. Cormis forms part of the Immersive operating segment.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Nucleus

On 10 December 2020, the Group acquired 100% of Nucleus Holdings Limited indirect interests (**Nucleus**). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

Nucleus has contributed $4.9 million to revenue and $1.1 million to loss for the period between the date of acquisition and 31 December 2020. If the acquisition of Nucleus had been completed on the first day of the financial period, Group revenues for the period would have been $109.4 million and Group operating profit would have been $32.0 million.

The provisional fair values of the net assets at the date of acquisition were as follows:	**Provisional fair value recognised on acquisition $000**
Customer relationships	92,859
Brands	28,755
Property, plant and equipment	1,422
Right-of-use assets	11,674
Software development costs	3,171
Trade and other receivables	82,450
Cash and cash equivalents	57,867
Trade and other payables	(56,769)
Deferred tax liability	(24,387)
Net identifiable assets acquired	197,042
Provisional goodwill arising on acquisition	278,121
Net assets acquired	475,163
Discharged by:	
Cash consideration	288,915
Deferred consideration	186,248
Total consideration	475,163
Net cash inflow arising on acquisition:	
Cash consideration	288,915
Cash and cash equivalents acquired	(57,867)
	231,048

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Nucleus (continued)

Cash consideration comprised $288.9 million for the trade of Nucleus.

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

Acquisition-related costs of $10.1 million were incurred and these are included within highlighted items in the consolidated income statement. Nucleus forms part of the Medical operating segment.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Vitiello

On 29 December 2020, the Group acquired 100% of Vitiello Communications Group LLC through indirect interests (**Vitiello**). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

CC has contributed $nil to revenue and $nil to profit before tax for the period between the date of acquisition and 31 December 2020. If the acquisition of CC had been completed on the first day of the financial period, Group revenues for the period would have been $3.7 million and Group operating profit would have been $1.1 million.

The provisional fair values of the net assets at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition $000
Customer relationships	2,230
Brands	113
Trade and other receivables	1,407
Cash and cash equivalents	801
Trade and other payables	(1,030)
Provisions	(293)
Net identifiable assets acquired	3,228
Provisional goodwill arising on acquisition	3,352
Net assets acquired	6,580
Discharged by:	
Cash consideration	4,500
Deferred contingent consideration	2,080
Total consideration	6,580
Net cash inflow arising on acquisition:	
Cash consideration	4,500
Cash and cash equivalents acquired	(801)
	3,699

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

3. Acquisitions (continued)

Vitiello (continued)

Cash consideration comprised $4.5 million for the trade of Vitiello.

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

The fair value of the contingent consideration payment is based on revenue generated by Vitello's top 5 clients for the for the period ended 31 December 2023. The potential undiscounted range of future payments that the Group could be required to make under the contingent consideration arrangement is between nil and $2 million and will be paid in cash.

Acquisition-related costs of $0.1 million were incurred and these are included within highlighted items in the consolidated income statement. Vitiello forms part of the Immersive operating segment.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

4. Segmental analysis

The following is an analysis of the Group's revenue, operating profit before highlighted items, and balance sheet by reportable segment.

The Group's business activities are split into four operating divisions: Marketing, Medical, Immersive and Communications. These divisions are the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group's Board of Directors. The segment result is the measure used for the purposes of performance assessment and represents profit earned by each segment, but before highlighted operating expenses, net finance costs and taxation.

Details of the types of services from which each segment derives its revenues are included within the Strategic Report. The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 2.

Year ended 31 December 2020	Marketing $000	Medical $000	Immersive $000	Communica-tions $000	Total $000
USA	104,909	26,417	13,652	2,209	147,187
UK	10,121	13,843	16,952	28,047	68,963
Europe	-	10,386	-	18,599	28,985
Rest of the World	-	1,318	-	9,086	10,404
Segment revenue	115,030	51,964	30,604	57,941	255,539
Segment operating profit before highlighted items	31,444	17,461	2,680	5,794	57,379

Highlighted items are not presented to the Board on a segmental basis.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

4. Segmental analysis (continued)

A reconciliation of segment operating profit before highlighted items to total profit/(loss) before tax is provided below:

	2020 $000
Segment operating profit before highlighted items	57,379
Central costs	(7,449)
Operating profit before highlighted items	49,930
Highlighted items in operating profit	(77,872)
Operating loss	(27,942)
Net finance costs	(28,685)
Loss before tax	(56,627)

Central costs comprise central head office costs which are not considered attributable to any segment.

Geographical information

The table below presents segmental non-current assets by geographical origin. Non-current assets exclude deferred tax assets:

	2020 $000
Non-current assets	
United Kingdom	485,210
Europe	632,326
USA	118,984
Rest of the World	16,782
Total non-current assets	1,253,302

Segment assets and liabilities are measured in the same way as in the financial statements. These balances are allocated based on the operations of the segment and the physical location of the asset.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

4. Segmental analysis (continued)

Year ended 31 December 2020	Marketing $000	Medical $000	Immersive $000	Communica-tions $000	Centre $000	Total $000
Non current assets	1,157,015	34,391	12,667	15,610	33,619	1,253,302
Current assets	60,657	175,896	25,778	38,659	19,359	320,349
Current liabilities	(76,963)	(138,160)	(48,200)	(31,395)	(30,151)	(324,869)
Non current liabilities	(28,966)	(32,059)	(5,102)	(14,324)	(32,707)	(113,158)
	1,111,743	40,068	(14,857)	8,550	(9,880)	1,135,624
Non-current assets held for sale						897
Deferred tax asset						5
Non-current borrowings						(600,666)
Deferred tax liabilities						(78,895)
Total assets/(liabilities)						456,965

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

5. Operating profit

Operating profit is stated after charging/(crediting):

	Note	2020 $000
Auditors' remuneration		1,694
Depreciation of owned property, plant and equipment	12	2,883
Depreciation for right-of-use assets under IFRS 16	13	6,786
Amortisation of intangible assets	11	250
Loss on disposal of property, plant and equipment		2
Net foreign exchange loss		1,067
Lease rentals on short-term and low-value leases arising under IFRS 16		1,198
Sub-let income		(91)
Employee costs	8	148,472
Other administration costs		43,348
Operating expenses – excluding highlighted items		205,609
Highlighted items	6	77,872
Total operating expenses		283,481

Auditors' remuneration

Fees payable to the Company's auditors for the statutory audit of the Company and consolidated annual financial statements	642
Fees payable to the Company's auditors and their associates for other services:	
Audit-related assurance services	31
Audit of the financial statements of the Company's subsidiaries	10
Other assurance services	1,011
Total other services	1,052
Total auditors' remuneration included in operating expenses	1,694

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

6. Highlighted items

Highlighted items charged to profit for the year comprise significant non-cash charges and non-recurring items.

	Note	2020 $000
Reported profit before tax		(56,627)
Highlighted items charged to operating expenses:		
Amortisation of acquired intangible assets	11	13,834
Acquisition and transaction-related costs		37,425
Remeasurement of deferred consideration and redemption liabilities	19	18,558
Property		3,838
Restructuring		3,702
Disposal-related expense		515
Total highlighted items charged to operating expenses		77,872
Highlighted items charged to finance costs:		
Imputed interest on deferred consideration and redemption liability	7	2,406
Total highlighted items charged to profit before tax		80,278
Adjusted profit before tax and highlighted items		23,651

	Note	2020 $000
Total highlighted items charged to profit before tax		80,278
Taxation expense on highlighted items	9	(6,161)
Charged to loss for the year		(74,117)

The Group presents highlighted items charged to profit before tax by adjusting for costs and credits which management believe to be significant by virtue of their size, nature or incidence, or which have a distortive effect on current year earnings. The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

6. Highlighted items (continued)

Amortisation of acquired intangible assets

Intangible assets are amortised systematically over their estimated useful lives, which vary from two to 20 years depending on the nature of the asset. The amortisation charge in respect of intangible assets is excluded from adjusted results as they relate to historic business combinations rather than normal ongoing operations.

Acquisition and transaction-related costs

In 2020 costs were incurred relating to the acquisition of subsidiaries. These costs are excluded from adjusted results as they are one-off in nature.

Remeasurement of deferred consideration and redemption liability

The charge relates to subsequent remeasurement of the fair value of deferred contingent consideration and redemption liabilities. This charge is excluded from adjusted results as it relates to historic business combinations rather than ongoing operations.

Property

These are costs associated with property consolidations across the Group and include double rent costs and provision for onerous leases. These costs are excluded from adjusted results as they are one-off in nature.

Restructure

Restructuring costs include severance payments and compensation for loss of office which have occurred on Group integration activities, as well as other costs incurred in consolidating the Group.

Disposal-related expense

This represents an expense on disposals of subsidiaries, including adjustments for recycled foreign currency translation reserves. The net outcome has been excluded from adjusted results as it does not relate to ongoing operations.

Imputed interest on deferred consideration and redemption liability

Amounts payable as deferred consideration and the redemption liability contain a significant financing component. This represents the unwinding of the financing component.

Taxation

The tax related to highlighted items is the tax effect of the items above.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

7. Finance costs and (income)

	2020 $000
Bank interest payable	22,682
Interest on lease liabilities under IFRS 16	3,793
Finance costs recognised in highlighted items	
Imputed interest on deferred consideration and redemption liability	2,406
Finance costs	28,881
Other interest receivable	(196)
Finance income on lease receivable	(196)
Net finance costs	28,685

8. Employee information

The monthly average number of employees during the period was:	2020 Number
Marketing	629
Medical	460
Immersive	422
Communications	733
Centre	26
Total	2,270

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

8. Employee information (continued)

Employee costs are as follows:

	2020 $000
Employee costs of all employees including Directors:	
Wages and salaries	133,133
Social security costs	11,581
Other pension costs	3,758
Total employee costs	148,472

The Group makes contributions to employees' personal defined contribution pension plans.	2020 $000
Emoluments of Directors holding office at 31 December	194
Number of Directors holding office at 31 December accruing benefits under:	
Defined contribution schemes	2

The highest paid Director holding office at 31 December received remuneration of $132,000.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to $3,500.

Certain directors are not remunerated for services provided to this Company.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

9. Taxation expense

	2020 $000
Consolidated income statement	
Current tax	
Current year	5,195
Adjustments in respect of prior years	-
Current tax expense	5,195
Deferred tax	
Current year	(6,618)
Impact of changes in statutory tax rates	-
Adjustments in respect of prior years	-
Deferred tax credit	(6,618)
Income tax credit	(1,423)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

9. Taxation expense (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 $000
Loss before tax	**(56,627)**
Notional income tax expense at the effective UK statutory rate of 19% on profit before tax	(10,759)
Permanent differences	8,441
Different tax rates on overseas profits	835
Impact of changes in statutory tax rates	(178)
Utilisation and recognition of tax losses	(181)
Unrelieved current year losses	418
Amortisation of intangibles	1
Income tax credit	(1,423)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Comprising:	
Income tax charge on profit before tax and highlighted items	4,738
Income tax expense on highlighted items	(6,161)

The income tax expense for the year is based on the United Kingdom effective statutory rate of corporation tax of 19.0%. Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

9. Taxation expense (continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income and expense and directly in equity:

	2020
	$000
Other comprehensive (income)/expense	
Current tax credit	
Currency translation differences	160
Deferred tax (credit)/expense	
Other expense/(credit)	350
Tax credit recognised in other comprehensive income and expense	510

10. Dividends

The Directors did not recommend the payment of a dividend for the period from incorporation to 31 December 2020.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

11. Intangible assets

	Brands	Customer relationships	Goodwill	Software development costs	Total
	$000	$000	$000	$000	$000
Cost					
At incorporation	-	-	-	-	-
Acquisitions	154,390	364,135	600,972	9,804	1,129,301
Additions	-	-	-	867	867
Exchange differences	3,656	11,719	15,246	158	30,779
At 31 December 2020	158,046	375,854	616,218	10,829	1,160,947
Amortisation and impairment charges					
At incorporation	-	-	-	-	-
Acquisitions	-	-	-	5,335	5,335
Charge for the year	4,328	9,506	-	250	14,084
Exchange differences	39	205	-	118	362
At 31 December 2020	4,367	9,711	-	5,703	19,781
Net book value at 31 December 2020	153,679	366,143	616,218	5,126	1,141,166

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

11. Intangible assets (continued)

Impairment testing for cash-generating units containing goodwill

A summary of goodwill by cash-generating unit (**CGU**) is shown in the table below:

	2020
	$000
Marketing	140,667
Medical	398,539
Immersive	32,159
Red and Citigate Dewe Rogerson	27,858
Grayling	16,995
Total	616,218

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions used in determining the value in use are summarised below.

Cash flow forecasts

For each CGU, the forecast cash flows for the first five years are based on the 2021 financial budget approved by the Directors, adjusted based on past experience and historic trends. Growth rates in years two to five are based on management's medium-term forecasted revenue and operating margins for each of the businesses.

Long-term growth rate

After the initial five-year forecast period, a long-term growth rate between 1.5% and 2.5% has been applied to the cash flow forecasts into perpetuity. This growth rate is based on an estimate of the long-term average growth rate for the market that each CGU operates in.

Pre-tax risk adjusted discount rate

The pre-tax discount rate applied to all CGUs is 9.6%. The discount rates applied to the cash flows of the Group's operations are based on the risk-free rate for 20-year US government bonds, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the Group's individual CGUs. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment ('beta') applied to reflect the risk of the CGU relative to the market as a whole.

Sensitivity to changes in assumptions

In assessing the value in use of a CGU, the forecast future cash flows are inherently uncertain and could change materially over time due to the impact of market growth, discount rates and unexpected changes in key clients and personnel.

The Board has considered various alternative performance scenarios for all CGUs, including sensitising all of the key assumptions noted above, and has not identified any reasonably possible changes which would give rise to an impairment.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

12. Property, plant and equipment

Cost	Leasehold improvements $000	Equipment, fixtures and fittings $000	Motor vehicles $000	Total $000
At incorporation	-	-	-	-
Acquisitions	22,797	37,269	323	60,389
Additions	866	1,230	4	2,100
Disposals	(1,905)	(2)	-	(1,907)
Exchange differences	930	1,837	38	2,805
At 31 December 2020	22,688	40,334	365	63,387
Accumulated depreciation				
At incorporation	11,869	29,704	286	41,859
Charge for the year	1,023	1,852	8	2,883
Highlighted Charge for the year	129	10	-	139
Disposals	(975)	2	-	(973)
Exchange differences	554	1,634	37	2,225
At 31 December 2020	12,600	33,202	331	46,133
Net book value at 31 December 2020	10,088	7,132	34	17,254

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

13. Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 $000
Right-of-use assets	
Buildings	62,370
At 31 December	62,370

	2020 $000
Lease liabilities	
Current	20,359
Non-current	56,814
At 31 December 2020	77,173

Additions to the right-of-use assets during the 2020 period were $0.7 million. Additions as a result of acquisitions were $73.5 million.

Disposals were $5.3 million. Impairments to right-of-use assets during the 2020 period were $1.4 million.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

13. Leases (continued)

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 $000
Depreciation charge of right-of-use assets recognised in operating profit:	
Buildings	6,786
Depreciation charge of right-of-use assets recognised in highlighted items:	
Buildings	760
Interest expense (included in finance cost)	3,793
Expense relating to short-term leases and low-value assets (included in administrative expenses)	1,198

The total cash outflow for leases for the period was $8.9 million.

The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of three months to 10 years, including extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. For property leases for which the Group is a lessee, it has elected to separate lease and non-lease components.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From incorporation, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

13. Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar

economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, where there is no recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability at the prevailing index or rate. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets for land and buildings are not revalued.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Residual value guarantees

The Group does not provide residual value guarantees in relation to leases.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

14. Lease Receivable

Finance lease receivables are presented in the statement of financial position as follows:

	2020 $000
Lease receivables	
Current	3,145
Non-current	5,668
At 31 December 2020	8,813

The Group has entered into various lease arrangements as a lessor that are considered to be finance leases. The maturity analysis of leases receivables, including the undiscounted lease payments to be received are as follows:

	2020 $000
Less than 1 year	3,145
1-2 years	3,178
2-3 years	2,413
3-4 years	911
Total undiscounted lease payments receivable	9,647
Unearned finance income	(834)
Lease receivable	8,813

	2020 $000
Finance income on lease receivable	196
Income relating to variable lease payments not included in the measurement of the net investment in the lease	-

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

15. Assets held for sale

The Group is a 25% partner in Hudson Sandler LLP, a public relations business incorporated and operating in the UK. The Group considers that it has significant influence over Hudson Sandler LLP because it has a range of predetermined rights which ensure participation in decision-making about the business. No earnings nor dividends received have been recognised for the period ended 31 December 2020.

In December 2020, the Directors decided to sell the 25% in Hudson Sandler LLP. The investment's fair value less costs to sell is equal to its carrying value of $0.9 million, therefore no write-down was required.

	2020 $000
Investment accounted for using the equity method	897

16. Trade and other receivables

Current	2020 $000
Trade receivables	130,019
Less: provision for impairment of trade receivables	(1,949)
Trade receivables – net	128,070
Other receivables	3,042
Prepayments	10,431
Accrued income (Note 18)	30,984
VAT receivable	1,155
Trade and other receivables	173,682

In addition to the above, the Group also has non-current other receivables of $26.8 million.

Apart from the provision for impairments, there are no differences between the book value and fair value of the above receivables.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

16. Trade and other receivables (continued)

As of 31 December 2020, trade receivables of $1.9 million were considered to be impaired. Movements in the provision are as follows:

	2020 $000
At incorporation	-
Acquisitions	901
Impairment charge for the year	1,437
Receivables written off during the year as uncollectible	(421)
Amounts reversed as debt collected	(13)
Foreign exchange movements	45
At 31 December	1,949

As at 31 December, the analysis of trade receivables that were not impaired is as follows:

			Past due but not impaired			
At 31 December	Total $000	Neither past due nor impaired $000	<30 days $000	30–60 days $000	60–90 days $000	>90 days $000
2020	128,070	90,477	27,159	6,712	2,195	1,527

As at 31 December 2020, the Group held receivables of $41,000 which would be overdue had they not been renegotiated.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

17. Trade and other payables

Current	2020 $000
Trade payables	40,147
Other taxation and social security	19,825
Accruals	78,937
Deferred income (Note 18)	29,916
Deferred consideration	64,767
Other payables	15,674
Current trade and other payables	249,266

Non-current	2020 $000
Non-current trade and other payables	1,308

18. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2020 $000
Accrued income	30,984
Work in progress	13,773
Contract assets	44,757
Deferred income	29,916
Billing in advance	24,027
Contract liabilities	53,943

All carried forward contract liabilities were recognised as revenue in the current year.

The Group does not have any unsatisfied long-term contracts and recognises no assets in relation to costs to fulfil contracts.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

19. Provisions

	Redemption liability	Deferred contingent consideration	Property	Reorganisation and other	Total
	$000	$000	$000	$000	$000
At incorporation	-	-	-	-	-
Acquisitions	36,810	51,408	3,447	13,846	105,511
Arising during the year	-	-	377	11,249	11,626
Released during the year	-	-	(92)	-	(92)
Remeasurements	7,600	10,958	-	-	18,558
Utilised	-	(16,899)	(379)	(14,994)	(32,272)
Foreign exchange movements	1,270	2,951	147	12	4,380
Unwind of discount	1,071	1,335	-	-	2,406
At 31 December 2020	46,751	49,753	3,500	10,113	110,117
Current	9,232	36,572	535	8,742	55,081
Non-current	37,519	13,181	2,965	1,371	55,036

Redemption liability for acquisitions

Certain acquisitions made by the Group include a put/call option to purchase the non-controlling interests' equity share at a future date, payable in either cash or a combination of cash and shares at the Group's option, which is contingent on the future financial performance of the acquired entity. The amount utilised in the year represents the cash paid or shares issued under the earn-out arrangements. The amount arising or released in the year represents a change in the estimated future financial performance of the acquired company.

Deferred contingent consideration for acquisitions

Acquisitions made by the Group typically involve an earn-out arrangement whereby the consideration payable includes a deferred element, payable in either cash or a combination of cash and shares at the Group's option, which is contingent on the future financial performance of the acquired entity. The amount utilised in the year represents the cash paid or shares issued under the earn-out arrangements. The amount arising or released in the year represents a change in the estimated future financial performance of the acquired company. Where deferred consideration is not contingent on the outcome of future events the amount was included in trade and other payables.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

19. Provisions (continued)

Property provisions

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of these provisions has been determined based on external professional advice and is dependent on the Group's ability to exit the leases early or to sub-let the properties. In general, property costs are expected to be incurred over a range of one to 5 years.

Reorganisation and other provisions

This provision relates principally to redundancy provisions and contingent liabilities arising on acquisitions.

20. Deferred tax

	Tax depreciation	Share-based payments	Tax losses	Intangible assets	Other temporary differences	Total
	$000	$000	$000	$000	$000	$000
At 1 May 2020	-	-	-	-	-	-
Acquisition-related items	(500)	-	747	(87,336)	3,116	(83,973)
Expense to other comprehensive income (Note 9)	-	-	-	-	-	-
Credit/(expense) to income	(1,485)	-	1,063	2,049	4,991	6,618
Credit to equity	-	-	-	-	(350)	(350)
Foreign exchange and other movements	28	-	94	(1,384)	77	(1,185)
At 31 December 2020	(1,957)	-	1,904	(86,671)	7,834	(78,890)

After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

Deferred tax balances	2020 $000
Deferred tax assets	5
Deferred tax liabilities	(78,895)
Net deferred tax liability	(78,890)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

20. Deferred tax (continued)

Deferred tax has been calculated using the anticipated rates that will apply when the assets and liabilities are expected to reverse. The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned.

Unrecognised temporary differences in respect of tax losses and other temporary differences amounting to $31.6 million, have not been recognised on the basis that their future economic benefit is uncertain. These comprise tax losses of $14.7 million and capital losses of $16.9 million. Of this total, tax losses of $4.9 million will expire at various dates between 2021 and 2029 and the remaining losses can be carried forward without restriction.

Overseas dividends received on or after 1 July 2009 are largely exempt from UK tax but may be subject to foreign withholding taxes. The unremitted earnings of those overseas subsidiaries affected by such taxes is $393 million. No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax liability held on intangible assets by $9.0m.

21. Financial instruments

Capital management policies and strategies

The primary objective of the Group's capital management policy is to maintain appropriate capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The capital structure of the Group consists of its share capital, as disclosed in Note 23, and its total borrowings, comprising bank loans and overdrafts, as disclosed in Note 22.

Financial risk management policies and strategies

The Group's principal financial instruments comprise bank loans, bank overdrafts and cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. During the year, the Group has financed Its business through a revolving credit facility and long-term loan facilities arranged with a syndicate of banks.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group assesses its borrowing requirements by monitoring short and medium-term cash slow forecasts and Interest rate risks are assessed through sensitivity analysis. The interest rates paid by the Group on financial debt are disclosed in Note 22.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

21. Financial instruments (continued)

Interest rate risk (continued)

The Board has endorsed principles and policies to manage the Group's interest cost using a mix of fixed and variable rate debts. The Group continually reviews and assesses the balance of debt held at fixed and variable rates and the need for additional instruments to meet both short-term and long-term requirements.

At 31 December 2020	Within 1 year $000	5+ years $000	Total $000
Fixed rate:			
Bank loans	-	(102,740)	(102,740)
Total fixed rate	-	(102,740)	(102,740)
Floating rate:			
Bank loans	-	(497,926)	(497,926)
Cash	129,749	-	129,749
Bank overdrafts	(90)	-	(90)
Total floating rate	129,659	(497,926)	(368,267)
Total	129,659	(600,666)	(471,007)

The other financial instruments of the Group that are not included in the above table are non-interest bearing and are therefore not subject to interest rate risk. Floating rate surplus cash earns interest based on relevant local LIBID equivalents. Bank overdrafts bear interest based on the Lloyds Bank plc and HSBC Bank plc base rate. The floating rate bank loans payable bear interest based on LIBOR in the US.

Interest rate sensitivity analysis

The interest rate sensitivity analysis below is based on the exposure arising from the Group's borrowings and derivative financial instruments as at the balance sheet date. A 1% (100 basis points) movement is considered to represent a reasonably possible change in interest rates. All other variables have been held constant.

If US interest rates had been 1% higher or lower, the Group's profit before tax for the year ended 31 December 2020 would decrease or increase by $2.1 million. The Group has no borrowings denominated in a currency other than US Dollars or Sterling so would be unaffected by interest rate movements in other jurisdictions.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

21. Financial instruments (continued)

Foreign currency risk

The Group operates internationally and is therefore affected by movements in foreign exchange rates, particularly the Pound Sterling and Euro. This is largely through the retranslation of the Group's foreign operations' results and balances into USD. The Group has few other transactional currency exposures apart from certain foreign currency bank accounts and intercompany balances that are held between companies with different functional currencies.

The following table demonstrates the sensitivity to reasonably possible changes in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax. Since the majority of the Group's expenses are denominated in the same currency as the associated revenues, only the net profit is exposed to currency fluctuations.

		Effect on profit before tax
	Strengthening/ (weakening) of USD	2020 $000
Sterling	+10%	2,805
Euro	+10%	55
Sterling	-10%	(3,428)
Euro	-10%	(68)

The following table demonstrates the sensitivity to reasonably possible changes in the Sterling and Euro exchange rates, with all other variables held constant, of the Group's equity. The movement in equity arises from the translation of the Group's US and European net assets into US Dollars.

		Effect on equity
	Strengthening/ (weakening) of USD	2020 $000
Sterling	+10%	**(9,634)**
Euro	+10%	**(10,004)**
Sterling	-10%	**11,774**
Euro	-10%	**12,311**

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

21. Financial instruments (continued)

Credit risk

The Group's principal financial assets are trade and other receivables (Note 16) and cash and cash equivalents, which represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of assessing creditworthiness of counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group based on prior experience and its assessment of the current economic environment.

The Group trades only with recognised and creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures prior to credit being granted. In addition, receivable balances are closely monitored on an ongoing basis by each business with the result that the Group's exposure to bad debts has not been significant. There are no significant concentrations of credit risk within the Group. The Group has a minimal concentration of credit risk in relation to trade receivables as it trades with a large number of customers from a wide range of business segments and geographies.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime excepted credit loss (**ECL**). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for the year ended 31 December 2020

factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are overdue and considered irrecoverable, whichever occurs earlier. All customers have credit limits set by credit managers and are subject to the standard terms of payment of each division. The Group is exposed to normal credit risk and potential losses are mitigated as the Group does not have significant exposure to any single customer.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Other financial assets

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and derivative financial instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The credit risk on short-term deposits and derivative financial instruments is considered low since the majority of counterparties are banks with high credit ratings.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

21. Financial instruments (continued)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and undrawn banking facilities and by continuously monitoring the forecast and actual cash flows.

The Group has the following facilities in place at 31 December 2020 with a syndication of banks:

- Committed facilities of $527.7 million and £75 million
- Revolving credit facility of £45 million
- Uncommitted incremental facilities of $153.7 million

The tables below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on contractual undiscounted payments.

At 31 December 2020	Within 1 year $000	1–2 years $000	2–5 years $000	5 + years $000	Total $000
Interest-bearing loans and borrowings	-	-	-	740,855	740,855
Deferred consideration	37,658	1,760	13,161	-	52,579
Redemption liability	9,232	3,816	38,116	-	51,164
Leasehold property provisions	535	1,482	1,482	-	3,499
Lease liabilities	24,818	20,405	34,830	15,584	95,637
Trade and other payables[1]	199,523	-	-	-	199,523
	271,766	27,463	87,589	756,439	1,143,257

1 Balance excludes tax and social security creditors and deferred income.

Externally imposed capital requirement risk

The Group has committed to adhering to the loan covenant set out by the syndicate of banks providing the loan facility. The capital requirement is a maximum leverage. The Group was not in breach of the requirements at any time in the financial period. The capital requirements at 31 December 2020 was as follows:

Leverage: Group net debt / Group EBITDA: maximum ratio 7.5x

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

21. Financial instruments (continued)

Fair values of financial liabilities and assets

All financial assets and financial liabilities have been recognised at their carrying values, which are not materially different to their fair values.

Fair value measurement

- 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 December 2020	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial liabilities				
Deferred contingent consideration and redemption liability	-	-	96,504	96,504

Valuation techniques used to derive Level 3 fair values

Deferred contingent consideration liabilities are valued using a discounted cash flow methodology. The liability is based on the acquired business' forecast average profits for the period from the date of acquisition to 31 December 2020. The significant unobservable inputs to this valuation include forecast average profits and the discount rate of 1.76% to 6.5%.

The sensitivity of this liability to changes in this discount rate is immaterial. A reconciliation of the movement in this balance is in the provisions Note 19.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

22. Borrowings

Interest-bearing loans and borrowings	Effective interest rate	2020 $000
Current		
Bank overdrafts		90
		90
Non-current		
Fixed rate bank loan	11.5%	102,740
Variable rate bank loans[1]	US LIBOR + 6 % margin and US LIBOR + 6 % margin + 0.5% PIK	497,926
		600,666
At 31 December		600,756

23. Called up share capital

	Ordinary shares	
Called up, fully allotted and fully paid	**Number of shares**	**Nominal value** *$000*
At incorporation	1	-
Share issue	503,932,127	5,039
At 31 December 2020	503,932,128	5,039

During the year, the following shares were issued:

- The Company was incorporated on 27 February 2020 with 1 share with a nominal value of £1. The share capital was subsequently redenominated in US Dollars.
- On 7 May 2020, 276,908,164 ordinary shares of 1c each were issued at $1 with a resulting share premium of $274,139,082.
- On 10 December 2020, 227,023,963 ordinary shares of 1c each were issued at $1 with a resulting share premium of $224,753,723.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

24. Reserves

Share premium account

The share premium account is used to record the premium on shares issued.

Merger reserve

The merger reserve is used to record the premium on shares issued as consideration (both initial and deferred) for acquired businesses where the Group acquires 90% or more of the ordinary share capital of the acquired business.

There were no movements in the merger reserve in the current or prior year.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of overseas subsidiaries.

Hedging reserve

The hedging reserve is used to record the effective portion of the movements in the fair value of the Group's derivative financial instruments that qualify for hedge accounting and are deemed to be effective hedges.

Put option reserve

The put option reserve relates to simultaneous put/call options over the non-controlling interests' equity share in subsidiaries and arises on acquisitions made in 2018 and 2020 (Note 3).

Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable to the Group. Movements in the period comprise the balance recognised at acquisition of $39.3 million, profit attribution of $3.2 million and dividends paid of $0.5 million.

25. Commitments and contingent liabilities

Operating leases – Group as a lessee

The Group has entered into commercial property leases and leases on certain items of office furniture and equipment.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2020 are as follows and refer to transaction not in scope of IFRS 16 due to being low value and/or short term:

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

25. Commitments and contingent liabilities (continued)

	2020
	$000
Within one year	915
Within two to five years	15
Over five years	-
	930

Contingent liabilities

In the normal course of business, the Group is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial statements.

The Company and its subsidiaries have entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which give rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Group which indicates that any material outflow will occur as a result of these indemnities and guarantees.

In accordance with Section 479A of the Companies Act, the following subsidiary companies are exempt from the requirement to have their annual accounts audited:

Huntsworth Financial Group Limited (1076928)	Grayling (CEE) Limited (05894329)	Huntsworth Healthcare Group Limited (05143203)
Creativ-Ceutical Limited (06942665)	Conscientia Communication Limited (07609633)	Huntsworth Holdings Limited (05595445)
Atomic Communications Holdings Limited (06927174)	Huntsworth Investments Limited (01894682)	Grayling UK Limited (01593981)
Grayling International Limited (05066506)	Quiller Associates Limited (04472442)	HS Corporate Investments Limited (05794494)
IG Communications Limited (02005521)	The Red Consultancy Group Limited (03528313)	Dewe Rogerson Limited (00960343)
Huntsworth Communications Limited (06025252)	The Red Consultancy Limited (02913684)	The Quiller Consultancy Limited (03609582)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

25. Commitments and contingent liabilities (continued)

The Moment Productions Limited (05493387)	ApotheCom Scope Medical Limited (03692001)	Tonic Life Communications Limited (05077475)
Atomic PR UK Limited (06928056)	Huntsworth Dormant 7 Limited (01951092)	Grayling Communications Limited (03140273)
Citigate Dewe Rogerson Limited (02184041)	Huntsworth Health Limited (03193979)	Holmes & Marchant Communications Limited (01766310)
Shiny Red Limited (05893962)	WRG Worldwide Limited (07661987)	Canyon Associates Limited (06015141)
The Creative Engagement Group (Holding Co) Limited (10824165)	Mainstream Presentations Limited (02268867)	Mainstream Limited (03927635)
WRG Group Limited (03552198)	Just Communicate Limited (04100166)	WRG Public Events Limited (02610689)
The Creative Engagement Group Limited (01244084)	The Moment Content Company Limited (03962001)	The Rocket Science Group Holdings Limited (03048838)
The Moment Content Group Limited (09209488)	Cormis Partnership Holdings Limited (12496754)	Cormis Partnership Limited (07541770)
Logic Earth Learning Services (NI601280)	Hunter Holdco 4 Limited (12488108)	Hunter UK Bidco Limited (12489386)
Huntsworth Limited (01729478)	Huntsworth Proton UK Bidco Limited (12961001)	ArticulateScience Limited (06858871)
Boldscience Medical Communiactions Limited (03008309)	Chrysalis Medical Communications Limited (05830388)	Cognito Medical Communications Limited (06843757)
Health Interactions Limited (03191357)	International Medical Press Limited (03210712)	MedicalExpressions Limited (06859096)
ClinicalThinking Limited (07964514)	Nucleus Central Limited (06625423)	Nucleus Global Limited (02744813)
Nucleus Holdings Limited (05771207)	Nucleus X Consulting Limited (06874862)	Scientificpathways Limited (03793167)
Scimentum Limited (08128893)	Synaptikdigital Limited (05830385)	

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

26. Cash flow analysis

(a) Reconciliation of operating profit to net cash inflow from operations

	2020 $000
Operating profit	(27,942)
Depreciation	10,567
Loss on disposal of property, plant and equipment	2
Amortisation of intangible assets	14,084
Impairment of fixed and right-of-use assets	2,937
Loss on financial instruments	1,889
Decrease in work in progress	1,262
Decrease in debtors	30,241
Increase in creditors	28,245
Decrease in provisions	16,480
Net cash inflow from operations	77,765

Net cash inflow from operations is analysed as follows:

	2020 $000
Before highlighted items	103,961
Highlighted items	(26,196)
Net cash inflow from operations	77,765

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

26. Cash flow analysis (continued)

(b) Reconciliation of net cash flow to movement in net debt

				Non-cash changes			
	Opening	Cash flow	Acquisitions	IFRS16	Other	Foreign exchange	2020
	$000	$000	$000	$000	$000	$000	$000
Cash and short-term deposits	-	58,203	68,448	-	-	3,098	129,749
Overdraft	-	(94)	-	-	-	4	(90)
Bank loans	-	(19,828)	(568,937)	-	(2,406)	(9,495)	(600,666)
Derivative financial liabilities	-	3,337	(3,337)	-	-	-	-
Finance leases/lease liabilities	-	8,931	(77,374)	(2,222)	(3,795)	(2,713)	(77,173)
Net debt	-	50,549	(581,200)	(2,222)	(6,201)	(9,106)	(548,180)

(c) Analysis of statutory net debt

	2020
	$000
Cash and short-term deposits	129,749
Bank overdraft	(90)
Bank loans	(650,988)
Prepaid loan fees	50,322
Lease liabilities	(77,173)
Net debt	(548,180)

At 31 December 2020 the Group had undrawn committed facilities of $37.2 million available.

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 December 2020

27. Related party transactions

The ultimate controlling party of the Group is Clayton, Dubilier & Rice Holdings, LLC (incorporated in the United States).

The Group has a related party relationship with its subsidiaries and associates (Appendix 2) and with its Directors and key management personnel.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The remuneration of the Directors and the Group CEO and COO, who are the key management personnel of the Group who were not Directors at 31 December 2020, is set out below:

	2020 $000
Short-term benefits	1,581
Post-employment benefits	6
	1,587

Transactions with other related parties

The following transactions occurred with related parties:

	2020 $000
Subscriptions for new ordinary shares by CD&R Artemis Holdco 2 Limited	503,932
Sale of services to associates (revenue)	4

Terms and conditions

Services were sold to associates during the year based on the price lists in force and terms that would be available to third parties. Outstanding balances with associates are unsecured and are repayable in cash.

Outstanding balances arising from sales/purchases of services

There is one loan outstanding at year end with a director totalling $527,600 with Hunter Holdco 4 Limited effective from 28 August 2020. Interest of 2.25% is applied on the loan which is outstanding as at year end.

Company Balance Sheet

As at 31 December 2020

	Note	2020 $000
Fixed assets		
Investments	5	503,893
Current assets		
Debtors	6	959
Cash at bank and in hand		24
Creditors: amounts falling due within one year	7	(959)
Net current assets		24
Net assets		503,917
Capital and reserves		
Called up share capital	9	5,039
Share premium account	10	498,893
Profit and loss account	10	(15)
Total shareholders' funds		503,917

Profit attributable to members of Hunter Holdco 3 Limited

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The loss for the year amounted to $15,000.

The Company number is 12487650.

These financial statements were approved by the Board of Directors on 19 April 2021 and signed on their behalf by:

Ben Jackson

Director

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total
	$000	$000	$000	$000
At incorporation	-	-	-	-
Loss for the year	-	-	(15)	(15)
Issue of shares	5,039	498,893	-	503,932
At 31 December 2020	5,039	498,893	(15)	503,917

Notes to the Company Financial Statements

For the year ended 31 December 2020

1. General information

Hunter Holdco 3 Limited (**the Company**) is the head office of an international healthcare and communications group. The Company is limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is 8th Floor, Holborn Gate, 26 Southampton Buildings, London WC2A 1AN.

2. Basis of preparation

The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (**FRS 101**) for all periods presented. The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) which have been measured at fair value, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. These policies have been consistently applied to all the years presented unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 – 52 of IFRS 2 Share-based Payments;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
  ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  iii. paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c), 16, 38A, 38B – D, 111 and 134 – 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 Impairment of Assets.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2020

3. Significant accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Foreign currencies

US Dollars is the functional currency and presentational currency of the Company. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the resulting gains and losses are recorded in the profit and loss account.

Investments

Investments are recognised and carried at cost less any identified impairment losses at the end of each reporting period.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2020

3. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits.

Loans and receivables

All Company financial assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for debtors.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information.

Balances are written off when the possibility of recovery is assessed as being remote.

Significant accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Carrying value of investments

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of investments have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments.

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2020

4. Employee information

The Company has no employees other than the Directors. The Directors are not remunerated for services provided to this Company and are paid for by another group Company. It is not possible to accurately allocate remuneration between entities for qualifying services.

5. Investments

	2020 $000
At incorporation	-
Additions	**503,893**
At 31 December 2020	**503,893**
Amounts provided	
At 31 December 2020	-
Net book value at 31 December 2020	**503,893**

Additions in the year relate to investments in Huntsworth Limited and Nucleus Holdings Limited. Refer to Note 3 in the Group financial statements for more detail.

The Company's principal trading subsidiaries and associated undertakings are listed in Appendix 2 to these financial statements.

Impairment testing

No impairment was recognised in the year and in the prior year.

6. Debtors

	2020 $000
Amounts owed by subsidiary undertakings	959

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2020

7. Creditors: amounts falling due within one year

	2020 $000
Amounts owed to subsidiary undertakings	955
Accruals	4
	959

8. Dividends

The Directors did not recommend the payment of a dividend for the period from incorporation to 31 December 2020.

9. Called up share capital

	Ordinary shares	
Called up, fully allotted and fully paid	Number of shares	Nominal value $000
At incorporation	1	-
Share issue	503,932,127	5,039
At 31 December 2020	503,932,128	5,039

During the year, the following shares were issued:

- The Company was incorporated on 27 February 2020 with 1 share with a nominal value of £1. The share capital was subsequently redenominated in US Dollars.
- On 7 May 2020, 276,908,164 ordinary shares of 1c each were issued at $1 with a resulting share premium of $274,139,082.
- On 10 December 2020, 227,023,963 ordinary shares of 1c each were issued at $1 with a resulting share premium of $224,753,723.

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2020

10. Reserves

Called up share capital

The balance classified as called up share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising $0.01 ordinary shares.

Share premium account

The share premium account is used to record the premium on shares issued.

Profit and loss reserve

Includes all current and prior period retained profits and losses.

11. Related parties

During the year the Company received all equity funding from its direct holding company, CD&R Artemis Holdco 2 Limited.

Details of shares issued are disclosed in Note 10.

We have not provided details of transactions with wholly owned subsidiaries as this disclosure is exempt.

12. Contingent liabilities

(i) In connection with the Group's banking and borrowing facilities, the Company and certain of its subsidiary undertakings have entered into cross-guarantee and indemnity arrangements with Lloyds Bank plc, HSBC Bank plc, RBC Europe Limited (as agent).

(ii) In the normal course of business, the Company is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors, the ultimate resolution of these matters will not have a material adverse effect on the Company.

(iii) The Company has entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which give rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Company which indicates that any material outflow will occur as a result of these indemnities and guarantees.

Appendix 1 – Non-IFRS Measures

This report makes reference to various non-IFRS measures, which are defined below. All performance-based measures are presented to provide insight into ongoing profit generation, both individually and relative to other companies.

Headline operating profit/profit before tax/EBITDA

Calculated as operating profit/profit before tax excluding highlighted items. Highlighted items comprise amortisation of intangible assets, acquisition and transaction-related costs, remeasurement of deferred consideration and disposal-related credits as well as imputed interest on deferred consideration and redemption liability. Both headline profit and IFRS profit measures are presented in the income statement. An analysis of highlighted items is presented in Note 6.

Margin

Headline operating profit as a percentage of revenue.

Net debt and cash conversion

Cash Conversion

	2020 $000
Operating profit before highlighted items (Note 4)	49,930
Depreciation and amortisation (Note 5)	9,919
Adjusted EBITDA	59,849
Cash from operation before highlighted items	103,961
Purchases of property, plant and equipment	(2,101)
Cost of internally developed intangible assets (Note 11)	(867)
Adjusted cash from operations	100,993

Effective tax rate

The effective tax rate is the total tax charge incurred by the Group on headline profit before tax, expressed as a percentage. This provides a more comparable basis to analyse our tax rate both individually and relative to other companies.

Appendix 2 – Subsidiaries and Associates

This appendix forms part of the financial statements.

The Group consists of the Parent Company, Huntsworth plc, and a number of subsidiaries held both directly and indirectly by Hunter Holdco 3 Limited, which operate and are incorporated around the world. Details of the Company's subsidiary undertakings at 31 December 2020 are set out below.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

Trading companies – Marketing segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Evoke Health LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Evoke Firsthand LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Health Corporation	1 S Broad St., Philadelphia, PA 19107, United States	0%	100%
Huntsworth Health Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Health Singapore Private Limited	105 Cecil Street #09-01 The Octagon Singapore 069534	0%	100%
Tonic Life Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Traverse HealthStrategy LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Evoke Giant LLC	1700 Montgomery Street STE 485, San Francisco CA 94111, United States	0%	100%
Evoke Navience LLC	23 Orchard Road Suite 200, Skillman, NJ, 08558	0%	80%
Evoke Media LLC	THE COMPANY CORPORATION, 251 Little Falls Drive, Wilmington, DE, 19808	0%	75%
JK Coaching Limited	FIFTH FLOOR, MARINE HOUSE, , CLANWILLIAM PLACE , Dublin, DUBLIN 2, Ireland	0%	85%
Kyne Communications Limited	Block D, Iveagh Court, Harcourt Road, Dublin 2 D02 VH94	0%	98.13%
Kyne Communications, LLC	874 Walker Road, Suite C, Dover DE 19904, United States	0%	85%

Appendix 2 – Subsidiaries and Associates (continued)

Trading companies – Medical segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
ApotheCom ScopeMedical Inc.	United Corporate Services, Inc., 874 Walker Road, Ste C, Dover Delaware 19904, United States	0%	100%
ApotheCom ScopeMedical Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Creativ-Ceutical SARL	10 rue Jean Origer, 2269, Luxembourg, LU	0%	70%
Creativ-Ceutical Tunisie SARL	Immeuble Elysée, 2 Ème Étage, Les Berges du Lac, 1053 Tunisia	0%	99.17%
Creativ-Ceutical France SARL	70, Avenue du General de Gaulle, 94000 Creteil, France	0%	100%
Creativ-Ceutical Poland sp. z.o.o.	12 Ul. Przemysłowa, 30-701, Kraków, PL	0%	100%
Creativ-Ceutical Ltd.	8th Floor Holborn Gate 26 Southampton Buildings, LONDON, WC2A	0%	100%
Creativ-Ceutical B.V.	Hofplein 19, 3032 AC Rotterdam	0%	100%
Creativ-Ceutical USA Inc.	800 Township Line Road, Yardley PA 19067	0%	100%
Creativ-Ceutical K.K.	Level 28 Shinagawa Intercity, Tower A 2-15-1, Konan Minato-Ku, Tokyo 108-6028, Japan	0%	100%
Creativ-Ceutical Sofia	28 Bul. Hristo Botev blvd., 1000, Sofia, BG	0%	100%
Premier Access Research SAS	112, Ave De Paris, CS 60002, 94306 Vincennes Cedex	0%	100%
ArticulateScience Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
ArticulateScience LLC	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Boldscience Medical Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Chrysalis Medical Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Chrysalis Medical Communications, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
ClinicalThinking, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Cognito Medical Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Trading companies – Medical segment (continued)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Health Interactions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Health Interactions, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Institute for Medical and Nursing Education, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
International Medical Press Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
MedicalExpressions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
MedicalExpressions, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Meditech Media Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
MediTech Media, Ltd (U.S.A.)	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Nucleus Central Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Nucleus Central, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Nucleus Global Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Nucleus Holding Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Nucleus Holdings Asia Pacific Pte Ltd (Singapore)	77 Robinson Road, , #13-00 Robinson 77, Singapore, 068896, Singapore	0%	100%
NucleusX Consulting Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
NucleusX, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Scientific Pathways, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Scientificpathways Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Trading companies – Medical segment (continued)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Scimentum Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
SciMentum, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Synaptikdigital Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Nucleus Group Holdings, Inc	2 Ravinia Drive, Suite 605, Atlanta GA 30346, United States	0%	100%
Medistrava LLC	200 Portland Street Boston, MA 02114 USA	0%	100%

Trading companies – Immersive segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Cormis Partnership Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Cormis Partnership Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Cormis Partnership LLC	874 Walker Road, Suite C, Dover DELAWARE 19904, United States	0%	100%
Vitiello Communications Group LLC	825 George Road, New Brunswick Township NJ 08902, United States	0%	100%
Logic Earth Learning Services	Pinsent Masons Llp, 1 Lanyon Place, Belfast, Northern Ireland, BT1 3LP	0%	70%
Cormis Partnership Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Cormis Partnership Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Cormis Partnership LLC	874 Walker Road, Suite C, Dover DELAWARE 19904, United States	0%	100%
Vitiello Communications Group LLC	825 George Road, New Brunswick Township NJ 08902, United States	0%	100%
Logic Earth Learning Services	Pinsent Masons Llp, 1 Lanyon Place, Belfast, Northern Ireland, BT1 3LP	0%	70%

Appendix 2 – Subsidiaries and Associates (continued)

Trading companies – Communications segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Atomic Communications LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Citigate Dewe Rogerson Asia Limited	15/F Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Citigate Dewe Rogerson Japan Limited	7F Roppongi Denki Building, 6-1-20 Roppongi, Minato-ku, Toyko, 106-0032	0%	100%
Citigate Dewe Rogerson (Beijing) Consulting Services Co., Ltd	1506A, Floor 15, Avic Building, No. B10 East Third Ring Road, Beijing 100022, China	0%	100%
Citigate Dewe Rogerson Limited	8th Floor Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN	0%	100%
Citigate Dewe Rogerson Singapore Pte Ltd	105 Cecil Street #09-01 The Octagon Singapore 069534	0%	100%
CFF Communications B.V.	James Wattstraat 100-10, 1097 DM Amsterdam, The Netherlands	0%	100%
Dutko Worldwide, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling (Shanghai) Public Relations Consulting Co., Limited	Room 801, Floor 8, F659 Building, Nanjing West Road, Jing'an District, Shanghai, China	0%	100%
Grayling Asia Pte Limited	105 Cecil Street #09-01 The Octagon Singapore 069534	0%	100%
Grayling Austria GmbH	Siebensterngasse 31, 1070 Wien, Austria	0%	100%
Grayling Bulgaria EOOD	9 Positano Str., Entry B Floor 2 1000 Sofia, Bulgaria	0%	100%
Grayling China Limited	Unit 606, 6/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	0%	100%
Grayling Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling Communications, Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling Comunicacion, S.L.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%
Grayling Czech Republic s.r.o.	Palackého 740/1, 110 00 Prague 1, Czech Republic	0%	100%
Grayling d.o.o.	Kralja Drzislava 4, 10000 Zagreb, Croatia	0%	100%
Grayling d.o.o.	Takovska 6, Belgrade, Serbia, Serbia	0%	100%
Grayling d.o.o.	Dunajska 5, 7th Floor, 1000 Ljubljana, Slovenia	0%	100%
Grayling Deutschland GmbH	Bleichstraße 52-56, 60313 Frankfurt am Main, Germany	0%	100%
Grayling Eurasia LLC	Krasnoproletarskaya Str. 16, Building 3, Entrance #8, Floor 5, Office 6, Moscow 127473, Russia	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Trading companies – Communications segment (continued)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Grayling France SAS	43 rue de Rendez Vous, 75012 Paris, France	0%	100%
Grayling Hungary Kft	1011 Budapest, Corvin tér 10. , Hungary	0%	100%
Grayling Nederland B.V.	James Wattstraat 100, 1097 DM Amsterdam, Netherlands	0%	100%
Grayling Poland Sp.z.o.o.	Equator II, Floor 5, Al. Jerozolimskie 96, Warsaw 00-807, Poland	0%	100%
Grayling Romania S.R.L.	Str Maltopol 9, Secturul 1, 011047, Bucharest, Romania	0%	100%
Grayling SA	Avenue des Arts, 46, 1000 Brussels, Belgium	0%	100%
Grayling Slovakia s.r.o.	Palisady 36, 811 06 Bratislava, Slovakia	0%	100%
Shiny Red Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Quiller Consultancy Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Red Consultancy Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Non-trading companies

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Atomic Communications Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Atomic PR UK Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Canyon Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Huntsworth Communications Inc	Citigate Broad Street Inc, One South Broad St, 12 Floor, Philadelphia PA 19107, United States	0%	100%
Dewe Rogerson Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Evoke Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling (CEE) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Non-trading companies (companies)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Grayling Holdings AG	Gwattstrasse 8, c/o ueltschi solutions GmbH, 3185 , Schmitten , Switzerland	0%	100%
Grayling International AG	Gwattstrasse 8, c/o ueltschi solutions GmbH, 3185 , Schmitten , Switzerland	0%	100%
Grayling International Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling Kenya Limited	2nd Floor, Wing A, Apollo Centre, Ring Road Parklands, Westlands PO Box 764 00606, Sarit Centre, Nairobi, Kenya	0%	100%
HHCG Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Holmes & Marchant Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
HS Corporate Investments Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Financial Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Financial Holdings LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Financial LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Health North America LLC	874 Walker Road, Suite C, Dover DELAWARE 19904, United States	0%	100%
Huntsworth Healthcare Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Healthcare Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Holdings GmbH	Bleichstraße 52-56, 60313 Frankfurt am Main, Germany	0%	100%
Huntsworth Holdings Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Investments Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Ireland DAC	Harcourt Centre, Harcourt Road, Dublin 2, Ireland	0%	100%
Huntsworth Spain, S.L.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Non-trading companies (companies)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Hypertonic LLC	c/o United Corporate Services, Inc., 874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
IG Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Mainstream Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Mainstream Presentations Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Quiller Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Creative Engagement Group (Holding Co) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
The Moment Content Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
The Moment Productions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
The Red Consultancy California LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
The Red Consultancy Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Red Consultancy USA LLC	Davis & Gilbert 1740 Broadway, New York, NY 10019, United States	0%	100%
The Rocket Science Group Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Tonic Life Communications Dallas LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Evoke PR & Influence LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
WRG Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
WRG Public Events Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
WRG Worldwide Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Huntsworth Blocker Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Non-trading companies (companies)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Huntsworth GCS Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	88.23%
Huntsworth Giant, Inc	874 Walker Road, Suite C, Dover DELAWARE 19904, United States	0%	100%
Giant Creative Holdings, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	90.23%
Hunter Holdco 4 Limited	Registered Office: 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	100%	100%
Hunter UK Bidco Limited	Registered Office: 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Hunter US Bidco Inc.	Main Office: Corporation Trust Center, 1209 Orange Sreet, Wilmington , County of New Castle DE DE 19801, United States	0%	100%
Huntsworth Limited	Registered Office: 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Proton UK Bidco Limited	Registered Office: 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Health Interactions Asia Pacific Pte Ltd	77 Robinson Road , #13-00 Robinson 77 , Singapore , 068896, Singapore	0%	100%
Meditech Media (M) SDN. BHD	Level 9, Blok A Pusat Pdgn Amcorp, Jalan Persiaran Barat, Selangor, Malaysia	0%	100%
The Nucleus Group (Shanghai) Consultancy Co. Ltd	Unit 508, 555 Nanjing Road (W), Shanghai, 200041, China	0%	100%

Dormant companies

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Axis Healthcare Europe Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Catalyst Communications Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
C-B Interests Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Citigate & Trimedia Norden AB	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden	0%	100%
Citigate Communications Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Citigate Cunningham LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Dormant companies (companies)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Citigate Dewe Rogerson Belgium SA	Avenue de Cortenbergh, 66 1000 Brussels, Belgium	0%	100%
Citigate Global Intelligence and Security Inc	Citigate Global Intelligence and Security Inc., 850 Third Ave, 11th Floor, New York NEW YORK 10022, United States	0%	100%
Citigate Global Intelligence and Security LLC	SOP address 22 Cortlandt St., New York, NY 10282	0%	100%
Conscientia Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Creativ-Ceutical (Beijing) Medical Consulting Co. Ltd	Room 0-1616, 16th Floor, No. 12, Chao Wai Avenue Yi, Chaoyang District, Beijing	0%	100%
Dewe Rogerson Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Dunwoodie Communications Inc.	386 Park Ave South, 18th Floor, New York, New York, 10016, United Kingdom	0%	100%
Dutko DPM Holding LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Global LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Government Markets, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Midco LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko State & Local, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Washington, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling & Citigate Norden AB	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden	0%	100%
Grayling Dormant 1 LLC	874 Walker Road, Suite C, Dover, Kent DE 19904	0%	100%
Grayling (Thailand) Co., Limited	No. 84/51, Trok Wat Ladbuakhao, Charoenkrung Road, Bang Kho Laem Sub-District, Bang Kho Laem District, Bangkok	0%	100%
Grayling Americas LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling München GmbH	Bleichstraße 52-56, 60313 Frankfurt am Main, Germany	0%	100%
Grayling UK Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Corporate Design Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Appendix 2 – Subsidiaries and Associates (continued)

Dormant companies (companies)

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Huntsworth Dormant (IH) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant (IL) Limited	15/F., Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Huntsworth Dormant (IUK)	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Huntsworth Dormant 7 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth LLC	United Corporate Services, Inc., 10 Bank Street, White Plains, New York, 10606, United States	0%	100%
Fabric an Evoke Company LLC	CT Corporation System Philadelphia, 1515 Market Street, Philadelphia PA 19102, United States	0%	100%
Random Animal LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Rose & Kindel	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	0%	100%
Sanchis y Asociados Imagen y Comunicacion, S.A.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%
Team LGM Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Zahner & Partner AG	Gwattstrasse 8, c/o ueltschi solutions GmbH, 3185 Schmitten, Fribourg, Switzerland	0%	100%
Navience Systems LLC	Navience Systems LLC - 945 Tennis Avenue Ambler Montgomery PA 19002	0%	80%

Associate	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Hudson Sandler LLP	25 Charterhouse Square, London, EC1M 6AE	25%	25%

Group Information

If you would like further information about Huntsworth, please visit our website at www.huntsworth.com.

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