Epsilon International UK Ltd

Annual Report and Financial Statements

for the year ended 31 December 2021

Registered Number: 03610044

Directors

A King
J Giuliani
P Dundon

Secretary

P Muwanga

Auditor

Mazars LLP
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Strategic Report
for the year ended 31 December 2021

Principal activity and review of the business

The principal activity of Epsilon International UK Ltd ("the Company") continues to be the provision of integrated advertising services in general, including the provision of digital marketing solutions for websites and online advertisers.

The Company's key financial and other performance indicators during the year were as follows:

	2021 £'000	Restated 2020 £'000	Change %
Revenue	38,998	11,999	225%
Operating profit / (loss)	6,122	(7,680)	180%
Profit / (loss) after tax	4,786	(8,149)	159%
Shareholder's deficit	(347)	(4,711)	107%
Current assets as a % of current liabilities	100%	205%	(113%)
Average number of employees	153	73	109%

On 1 August 2021, Conversant Europe Ltd transferred its trade and assets to the Company resulting in an increase in revenue of £28,966,000 and an increase in operating profit of £4,338,000.

Revenue has increased by 225% due to the transfer of trade and assets from Conversant Europe Ltd on 1 August 2021.

Profit after tax has increased by 159% from a loss after tax in 2020 due to the contribution from the transfer of the trade and assets from Conversant Europe Ltd and the one-off impairment of goodwill of £9.2m in 2020 which has not repeated in 2021

Shareholder's deficit decreased by 107% due to the profit incurred in the year.

Current assets as a percentage of current liabilities has decreased by 113% mainly due to a shift in the mix of the Balance Sheet following the transfer of the trade and assets from Conversant Europe Ltd.

The total average number of employees has increased by 109% compared to the prior year due to the transfer of employees from Conversant Europe Ltd.

The services offered by the Company have minimal environmental impact. However, the Board believes that good environmental practices support the Board's strategy by enhancing the reputation of the firm.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as competitive and financial instrument risk.

Competitive risks

The Company operates in a highly competitive marketplace where margins are continually under pressure. However, the Company is well positioned to maintain its market share.

Strategic Report (continued)
for the year ended 31 December 2021

Principal risks and uncertainties (continued)

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

- *Exposure to liquidity, cash flow and credit risk*

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

  Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with customers and suppliers.

  Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

- *Exposure to foreign exchange risk*

  Foreign exchange risk is the risk arising from purchases and sales of goods or services denominated in foreign currencies. Our commercial dealings including intercompany activity are transacted in multiple foreign currencies and therefore expose the Company to a significant level of foreign exchange risk.

  The Company manages this risk through the use of derivatives, namely currency forward contracts and currency swaps, with the overall aim being to minimise the foreign exchange charge or gain.

  As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present significant net exposures to exchange rate risk.

  Derivatives used are generally forward currency contracts or currency swaps.

Covid-19

The declaration of the Covid-19 pandemic in 2020 resulted in unprecedented uncertainty to the global economy following the introduction of lockdown measures by national governments worldwide in a bid to combat the spread of the virus. Since the initial declaration, the Company has taken certain actions to effectively manage the impact of the pandemic on the Company which prioritised the health and safety of employees whilst supporting clients and managing the cost-base of the business. In this context, the Company has entered 2022 in an improving environment with various national governments including the UK government relaxing all restrictions related to the Covid-19 pandemic which has seen a recovery in economic activity.

Strategic Report (continued)
for the year ended 31 December 2021

Covid-19 (continued)

However, there continues to be economic and social uncertainty related to the Covid-19 pandemic which could have an impact on economic activity in certain overseas markets in which the Company operates. This is largely driven by the potential impact from varying and ongoing Covid-19 restrictions which continue to be imposed by overseas national governments in their jurisdictions and has been factored by the Company as part of its going concern assessment.

In general, all of the principal risks and uncertainties above should be considered in light of the consequences of the Covid-19 pandemic.

Streamlined energy and carbon reporting

At a Groupe level and in the face of the climate emergency, we have set ambitious targets to reduce our environmental impact. We have decided to become carbon neutral by 2030. Our targets have been validated by the SBTi (Science Based Targets initiative) and are aligned with the Paris Agreement and the 1.5° scenario. To assist our clients in their own efforts to reduce their environmental footprint, we have created A.L.I.C.E (Advertising Limiting Impacts & Carbon Emissions), a calculator to assess the impact of their campaigns or projects. For further details of how we interact with communities and the environment, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

To view the impact of the Company's environmental impact please refer to the Strategic Report of MMS UK Holdings Limited, the immediate parent company, where the UK Group's environmental impact is reported in full.

Section 172(1) statement

From the perspective of the Board, the matters that it is responsible for considering have been considered to an appropriate extent and the directors have acted in a way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out under Section 172 (1) (a)-(f) of the Companies Act 2006), in the decisions taken during the year ended 31 December 2021.

Strategy, Purpose, Culture and Values

In 2019, Publicis Groupe acquired Epsilon in one of the largest acquisitions in marketing history. The event put Epsilon at the centre of operations for Publicis around the world and set the stage for us to lead the industry in its own transformation.

Positioned at the core of Publicis Groupe, Epsilon is a global company with over 8,000 employees in over 40 offices around the world.

Going forward, we're dedicated to helping clients understand their customers as needs and habits change during the economic recovery and beyond. We're committed to going deeper into our own transformation and leading the marketing industry in this new digital-first world.

2021 is a year that will be remembered for the Covid-19 pandemic, with major health, economic and social consequences on a global scale. While all economic activities were impacted in one way or another, the economic rebound in some countries reveals a certain solidity in economic models and the beneficial impact of public policies supporting the economy, businesses and people. Groupe demonstrated its strong resilience in the face of the COVID-19 pandemic and put in place a number of strong measures to contain the financial impacts of the

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

Strategy, Purpose, Culture and Values (continued)

pandemic, such as the implementation of a global savings plan to adapt costs to the decline in the global business activity.

2021 confirmed major changes resulting from the consequences of the Covid-19 pandemic on the organisation of work and the aspirations of employees. Working from home, in either on-and-off or continuous mode, continued depending on changes in the local health situation. Groupe has taken important operational decisions to preserve its talent. The rollout of Marcel, the Groupe's artificial intelligence platform to meet the requirements of new working methods and enable better sharing, even remotely. Marcel has acted as a way of bringing teams together and proved to be a valuable tool during such a period.

In December 2021, Groupe announced the implementation of Work Your World, a new internal mobility system to provide a sustainable response to several wishes formulated by employees in a post-Covid-19 world. Given the Groupe's international footprint with offices in almost every major city around the world, Work Your World allows the employee to work for up to six weeks from a destination of the employee's choice, giving everyone the opportunity to work from other locations in the world in a simple and flexible way.

During lockdown or restriction periods, Groupe (UK management) were involved in a vast mental health support programs across Groupe UK, involving all employees to meet their needs:

- 100 employees were trained as Mental Health First Aiders (with Mental Health First Aid England) and 15 of them received more specific training in suicide prevention. The Headline program continued in a more extensive version, always with the help of volunteers, Headline Ambassadors trained in issues related to the consequences of the pandemic;
- the offer of health care services in terms of physical and mental health remained due to the simplified access to the EAP – Employee Assistance Program and to activities: yoga, meditation, massages, sports club (including running, cycling, etc.), supplemented by a 24/7 hotline;
- the UK Executive Committee held plenary sessions to answer all employees' questions, and the internal communication plan was always accompanied government health announcements;
- these collective sessions were supplemented by Brave Space and another individual format, Ask US Anything days, organised by the Talent and DE&I teams, where each employee could meet directly with each other and ask more personal questions;
- two internal surveys dedicated to employee well-being were repeated (one per half-year), in order to monitor changes in team morale and provide rapid responses, and
- the Marcel Mentors program began allowing mentees with a professional challenge to find a voluntary mentor within the Groupe to support them; this relationship had a very positive impact for both partners, especially during the long months of working at home.

Support to clients to help them overcome the consequences of the Covid-19 pandemic crisis continues with the provision of strategic, creative, technological and commercial support. We are able to address their challenges through our strong ability to devise tailor-made solutions to maintain links with end consumers.

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our stakeholders.

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

How Stakeholder interests are considered

The directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to senior management and employees of the Company.

Action has been taken to ensure stakeholder interests are embedded within the culture and operating model of the business by various means. Senior management meet regularly to discuss agency issues and sets the agency of actions to be taken/pursued including operational issues.

As part of their induction, all directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. Directors must fully adhere to the Group code of ethics ("JANUS") which includes a defined set of internal policies, procedures and processes framework that take into account stakeholder interests. As part of this process, they must declare any potential conflicts of interest annually. For further details of JANUS, the Group structure and our corporate culture, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

Our stakeholders

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole and we are aware that this is important for the long-term success of the Company:

1. *Our People*

   People are at the heart of our business. Diversity and inclusion are deeply rooted in our strategy and recruitment policies, which bring through a diverse range of talent, crucial to our business. Our mission is to create an environment of empathy, belonging and collaboration amongst our people. For our business to succeed, it is crucial that we understand our employee's values, and what drives them. We manage our people's performance and foster their career growth with a significant focus on learning and development, whilst ensuring we operate as efficiently as possible and this is fundamental to the long-term success of the business. We also ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way.

   Engagement: The Company has a well-developed structure through which it engages with its employees. We communicate our core values, policies, and processes to all our employees via JANUS and our detailed employee handbook. Our dedicated qualified HR team are on hand to ensure compliance with JANUS and all local applicable employment laws, and are a point of contact for employees to raise queries, concerns and provide feedback on any employment matters, thus helping us to make improvements to our processes.

   A Groupe centralised whistleblowing mechanism is operational, and is designed to receive and handle internal or external alerts. Reported concerns are managed by the Groupe Secretary General and systematically followed up, with complete confidentiality and protection for whistleblowers. We also have a whistleblowing policy, managed by an independent whistleblowing services provider, where employees can report concerns confidentially. We are continuously working on wide collaborative projects relating to recruitment, career development and equal pay.

   Regular mental health and wellbeing surveys are conducted. Employees respond, giving their views on our strategic direction, the impact of recent transactions in the business and confidence in their leaders. The key takeaways from the surveys were that psychological and physical wellbeing are at the forefront

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

Our stakeholders (continued)

1. *Our People (continued)*

of our employees' minds. The results of the surveys continue to shape future business decisions, where internal culture is at the heart of discussions, so that employees' mental wellbeing and physical wellbeing is supported. This is achieved through the establishment, continued promotion and support of current initiatives that are aligned with a feedback culture through listening exercises, engagement surveys and focus groups.

We have implemented new employee initiatives (as well as continue to promote current initiatives) that represent interests of employees throughout the year, including:

- Mental Health & Wellbeing policy;
- Agile, flexible working practices;
- Trained mental health first aiders and people managers to understand workplace pressures and build resilience with the aim of reducing employee turnover;
- Publicis e-Learning – the employee training and career development platform;
- Career Conversations – an online portal for annual performance reviews and goal setting for employees;
- HEADLINE – a mental health and wellbeing initiative which has a whole programme of activities, resources and tools to support employees and ensure they have more good days at work. UNUM Lifeworks opened a free 24/7 crisis support hotline to offer professional emotional support to individuals dealing with the unfolding events in Ukraine;
- The Groupe Diversity Equity & Inclusion charter. In 2021, extensive work was done to develop inclusive and progressive policies around the expression of concerns at work; and
- Business Resource Groups (BRGs) employee-led groups join together around common interests, backgrounds or demographic factors to help build an engaging and inclusive work environment for all:
    - **VivaWomen** – regularly offer free events and training for developing and encouraging confidence in female leaders;
    - **Egalite** – is Groupe's BRG for lesbian, gay, bisexual, transgender and queer (LGBTQ+) professionals and their allies. The group is committed to enhancing the Company's reputation as an employer of choice for LGBTQ+ employees and their allies by promoting equality in the workplace, supporting the LGBTQ+ community, and helping to develop leaders who can elevate our clients' brands within the hearts and minds of the LGBTQ+ community;
    - **Embrace** – established for BAME (Black, Asian, minority ethnic people) and their allies. The group is committed to support the unique issues and challenges facing ethnic minorities and their allies, and to foster a more informed and inclusive community where Black, Asian and people from ethnic minorities and their allies can live, develop and work authentically. Embrace aims to help steer Publicis Groupe to become a reflection of the brands and communities we serve; and

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

Our stakeholders (continued)

1. *Our People (continued)*

    - **Enable** – established to enable colleagues with a disability (visible and non-visible) to thrive within Publicis Groupe, and to attract, support and retain more disabled talent in the business. We do this by championing the needs of colleagues with disabilities and promoting dialogue and action to foster a more disability confident culture.

We use various methods to engage and communicate with our employees, driven by senior management (on a global and local level) including:

- Bi-weekly team meeting – each team provides updates and it's also an opportunity for employees to engage with each other.
- EU All Hands & Global All Hands – each held on a quarterly basis, to provide business updates.
- Wins - opportunity for individuals or teams across the business to showcase significant achievements or wins each quarter.
- Regular email updates and announcements from business leads.
- Ad-hoc surveys.

Employees are encouraged to put forward their questions about the business prior to any All Hands meetings so they can be addressed. Employees are also encouraged to share comments, feedback and ideas are consulted regularly on a wide range of matters affecting their current and future interests.

2. *Business Relationships (our clients and suppliers)*

a. *Clients*

Our client strategy prioritises growth, driven by responsible marketing which is at the core of what we want for our client's brands and products; we also need to respond to consumers' expectation about climate change and our social impact as this is driving the consumer's choice. Data protection is another vital requirement, as we need to keep consumer's trust in our digital world; citizens-consumers need to keep their freedom to share data or not, and their ability to express their choices. This all ensures we are bringing new clients into the Group and maintaining strong client relationships.

Engagement: We engage with our clients on a regular basis across all levels. Our model is to drive business outcomes for our clients through data, technology and creativity. Our client's success is our success and we strive to understand our clients business and goals and how to deliver on them.

We operate in a way that allows us to stay close to our clients, and actively seek feedback to build relationships and inform them of ongoing improvements. We have fully dedicated client teams that have increased engagements with clients throughout the year, to gain insight from clients to assist with innovation and improvements in our processes. For further details of how we work with our clients, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

Our stakeholders (continued)

2. *Business Relationships (our clients and suppliers) (continued)*

   b. *Suppliers*

In line with our current strategy, we practice responsible procurement. We value all of our suppliers and create and maintain relationships to ensure that they are compliant with applicable law and our processes. We aim to ensure all suppliers are paid promptly.

Engagement: We communicate our core values, policies and processes to all our suppliers via our supplier code of conduct, which they must all adhere to. We engage with key suppliers on a regular basis through our dedicated financial operations and procurement teams who have monthly or quarterly calls with major suppliers (dependent on their classification i.e. business critical or high revenue) to discuss payment concerns and provide feedback. We have in place a vendor management system (RVIC), where suppliers can raise queries and complaints, helping to make adjustments to our payment processes and we continue to engage with our platform user and monitor supplier satisfaction.

On a Groupe level, we carry out a CSR assessment program (using the EcoVadis platform) for our main providers, and from 2020 this was extended to local providers through a proprietary tool called PASS (Publicis Groupe Platform for Providers for a (self) Assessment on Sustainability in the Supply-chain). For further details of how we work with our suppliers, please see our modern slavery statement and supplier code of conduct: https://www.epsilon.com.

3. *Wider society*

   a. *Community*

Corporate social responsibility continues to remain an integral part of the Company's business and long term strategic aspirations. What we believe in inspires what we support. Climate change is the shift for the future and is starting now and we all need to reduce our impact on the environment, without exception. Our approach, which prioritises corporate social responsibility specific to the environment and communities in which we work, is set out in JANUS, communicated and embedded within the business as part of our Groups' overarching strategic objectives.

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us and as such have collaborated with various charities and foundations.

Engagement: The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. We encourage our employees to volunteer (through paid leave) for local projects to support the communities in which they live and work, and have in the past raised donations for various charitable causes.

Strategic Report (continued)
for the year ended 31 December 2021

Section 172(1) statement (continued)

Our stakeholders (continued)

3. *Wider society (continued)*

   b. *Environment*

   We carry out multiple activities to improve the overall environmental conditions of our office building by cutting down the amount of waste produced by recycling used water and recycling 98% of waste. We have installed PV solar panels, which store solar energy and are currently using heat from the earth to heat the building thereby being more energy efficient.

   We have installed a building management system to monitor energy usage and temperature control at our main site as well as programmable lighting systems, (including PIR), to reduce usage at non-occupied times and LED lights in 100% of areas.

   We also encourage our key suppliers to sign up to our Group CSR Procurement Guidelines and their actions and commitment to CSR is tracked through our internal platform 'EcoVadis'. Only suppliers who have conducted the self-assessment may progress to the next step, which is the selection process. We aim to expand our commitment to corporate social responsibility further in 2021. For further details of how we interact with communities and the environment, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy

4. *Shareholders*

   The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue with all shareholders. It is important to us those shareholders understand strategy and objectives.

   The board throughout the year reviews the stakeholder interests set out in s.172 by information provided from the Company Secretary and senior management, who have direct engagement with the stakeholders.

   The board recognises the need to review and regularly challenge the identity of our stakeholders as it makes decisions, as well as how we can improve engagement. This is something we will continue to review throughout 2022.

This report was approved by the board of directors and signed on its behalf by:

Paul Dundon (Sep 27, 2022 08:40 EDT)

P Dundon
Director

27 September 2022

Directors' Report
for the year ended 31 December 2021

The directors present their report and the audited financial statements of Epsilon International UK Ltd ("the Company") for the year ended 31 December 2021.

Results and dividends

The Company recorded a profit after tax for the year of £4,786,000 (2020 restated: loss of £8,149,000). No dividends were declared and paid during the year (2020: £Nil).

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 10. These matters relate to the principal activity and financial risks.

Future developments

The directors do not foresee any material changes in the continuing operations of the business.

Directors

The directors of the Company who served during the year and up to date of signing the financial statements were:

A King	
B Kennedy	(resigned 22 November 2021)
J Giuliani	(appointed 22 November 2021)
P Dundon	

Directors' indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any directors of the Company, as defined by Section 236 of the Companies Act 2006, either by the Company or by any other party, was in force at the time of the signing of the report, and that no such provision had been in force at any time in the year.

Post balance sheet events

Since the year ended 31 December 2021, the United Kingdom, the European Union, the United States of America and other Western nations have imposed economic sanctions on Russia and Russian interests worldwide in response to Russian forces entering Ukraine on 24 February 2022. The directors have considered the impact of the Company's ultimate parent undertaking Publicis Groupe S.A. subsequent announcement on 15 March 2022 that it has ceased all trading activities in Russia with immediate effect and the wider global impact of the economic sanctions imposed on the Company's activities and operations. Whilst it is too early to assess the full financial impact on the Company, a decline in activity may give rise to future impairment of assets and may create additional liabilities which cannot be quantified at this stage. As such, the directors have treated this as a non-adjusting post balance sheet event.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy

Directors' Report (continued)
for the year ended 31 December 2021

Disabled employees (continued)

of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees' engagement

The Company places considerable value on its engagement with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company through electronic communication. Employees are consulted regularly on a wide range of matters affecting their current and future interests. See the s172 Statement in the Strategic Report on pages 2 to 10 for further information.

Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance, including the prolonged impact of the Covid-19 pandemic and the impact on global economic activity of the economic sanctions imposed by the United Kingdom, the European Union, the United States of America and other Western nations on Russia and Russian interests in response to Russia entering Ukraine on 24 February 2022. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations as they fall due for the foreseeable future being a period of at least twelve months from signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:

Paul Dundon (Sep 27, 2022 08:40 EDT)

P Dundon
Director

27 September 2022

Statement of Directors' Responsibilities
for the year ended 31 December 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Epsilon International UK Ltd
for the year ended 31 December 2021

Opinion

We have audited the financial statements of Epsilon International UK Ltd (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 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.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a

Other information (continued)

material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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

Independent auditor's report to the members of Epsilon International UK Ltd (continued)
for the year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

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 the 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. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, 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.

We evaluated the directors' and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent auditor's report to the members of Epsilon International UK Ltd (continued)

for the year ended 31 December 2021

Use of our report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

David Herbinet (Sep 27, 2022 19:12 GMT+1)

David Herbinet (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

27 September 2022

Statement of Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £'000	Restated 2020 £'000
Revenue	3	38,998	11,999
Cost of sales		(9,170)	(41)
Gross profit		29,828	11,958
Administrative expenses		(23,706)	(19,638)
Operating profit / (loss)	4	6,122	(7,680)
Interest payable and similar charges	8	(79)	(146)
Profit / (loss) on ordinary activities before taxation		6,043	(7,826)
Taxation	9	(1,257)	(323)
Profit / (loss) for the year		4,786	(8,149)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		4,786	(8,149)

The Company's revenue and operating profit / (loss) all relate to continuing operations.

The notes on pages 22 to 40 form part of these financial statements.

Balance Sheet
at 31 December 2021

	Notes	2021 £'000	Restated 2020 £'000
Non-current assets			
Deferred tax	9	172	32
Property, plant and equipment	10	60	75
Investments	11	90	-
		322	107
Current assets			
Trade and other receivables	12	54,161	6,863
Derivatives – Assets	17	59	-
Cash and cash equivalents		-	4,241
		54,220	11,104
Current liabilities			
Trade and other payables	13	(50,483)	(4,867)
Derivatives – Liabilities	17	(407)	-
Corporation tax		(3,305)	(337)
		(54,195)	(5,204)
Net current assets		25	5,900
Total current assets less current liabilities		347	6,007
Non-current liabilities			
Trade and other payables	14	-	(10,718)
Net assets / (liabilities)		347	(4,711)
Capital and reserves			
Called-up share capital	15	478	478
Retained earnings		(131)	(5,189)
Total equity		347	(4,711)

Balance Sheet
at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by.

Paul Dundon (Sep 27, 2022 08:40 EDT)

P Dundon
Director

27 September 2022

The notes on pages 22 to 40 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020 (as restated)	**478**	**2,933**	**3,411**
Loss for the year (as restated)	-	(8,149)	(8,149)
Other comprehensive income	-	-	-
Total comprehensive loss for the year (restated)	-	**(8,149)**	**(8,149)**
Share-based payments (see Note 16)	-	27	27
At 31 December 2020	**478**	**(5,189)**	**(4,711)**
Profit for the year	-	4,786	4,786
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**4,786**	**4,786**
Share-based payments (see Note 16)	-	272	272
At 31 December 2021	**478**	**(131)**	**347**

The notes on pages 22 to 40 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies

1.1. Basis of preparation

Epsilon International UK Ltd ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is 1st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR. These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value. The Company's functional and presentational currency is Pound Sterling.

Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by Publicis Groupe S.A., the ultimate parent undertaking, incorporated in France and are available from the address set out in Note 19. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance, including the prolonged impact of the Covid-19 pandemic and the impact on global economic activity of the economic sanctions imposed by the United Kingdom, the European Union, the United States of America and other Western nations on Russia and Russian interests in response to Russia entering Ukraine on 24 February 2022. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations as they fall due for the foreseeable future being a period of at least twelve months from signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

(i) The requirements of IFRS 2 'Share-based Payment' paragraphs 45(b) and 46 to 52 relating to certain disclosure requirements on share-based payments;

(ii) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(iii) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'

(iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 38(118)(e));

(v) The requirements of IAS 1 'Presentation of Financial Statements' paragraph 16, the requirement to make an explicit and unreserved statement of compliance with IFRS;

(vi) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;

(vii) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives

(viii) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d) and 111 relating to the presentation of a Cash Flow Statement;

(ix) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective;

(x) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 and 18(a) relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group; and

(xi) The requirements of IAS 36 'Impairment of Assets' paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) relating to certain disclosure requirements of impairment testing.

For the disclosure exemptions listed in points (i) to (ii) and (x), the equivalent disclosures are included in the consolidated financial statements of the group, Publicis Groupe S.A. which the Company is consolidated into.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Changes in accounting policies

New and amended standards and interpretations adopted

The following standards and interpretations have been adopted by the Company as they are mandatory for the year ended 31 December 2021:

	UK effective date Periods beginning on or after
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current	1 January 2021

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

1.2. Accounting principles

Revenue recognition

The Company's revenue stems from contracts with clients to provide direct and digital marketing, CRM (Customer Relationship Management), sales promotion and point of sales marketing, public relations, event management, institutional and financial communication as well as digital business transformation consulting.

Revenue recognised from contracts with clients comprises fees, commission, performance-based bonuses, and reimbursement of third-party costs incurred on behalf of clients and is stated exclusive of VAT, sales taxes and trade discounts. Fees are usually calculated on the basis of an hourly rate plus overheads and a margin. Contracts are short-term in nature, generally under one year, and the Company typically has right to payment to the end of the contract or as a minimum for the work performed to date.

Performance obligations

Revenue is recognised when a performance obligation is satisfied in accordance with the terms of the contractual arrangement. Generally, the promised services in a contract are not considered distinct and are accounted for as a single performance obligation. The promised services are only distinct if the client can benefit from the services on its own and if the Company's promise to transfer these services is separately identifiable from other promises in the contract. As such, these services are recognised as separate performance obligations.

Variable considerations of the transaction price

Some contracts include incentives that are subject to qualitative or quantitative performance criteria. These variable components are only included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance-based incentives are typically only recognised when the performance criteria specified in the contract have been met and the client has confirmed its agreement.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Revenue recognition (continued)

Revenue recognition

Almost all the Company's revenue is recognised over time because the client simultaneously receives and consumes the benefit of the services or an asset is generated with no alternative use and for which the Company is entitled to payment for the work done to date.

For the majority of fee arrangements, revenue is recognised over time based on internal measurement which best describes the level of effort spent on the project, usually calculated using an input method on the basis of hours worked and direct external costs incurred on the project to date. For retainer arrangements with a dedicated team, the Company considers that its performance obligation is to be ready at all times to make resources available to the client. In this instance, revenue is recognised on a straight-line basis over the term of the contract.

"Agent" vs. "Principal" Considerations

When third party suppliers are involved in providing services to clients, the Company considers that it is acting as "Principal" if at least one of the following criteria is satisfied:

- The Company obtains control of the asset or service before transferring it to the client;
- The Company has the ability to direct the supplier(s);
- The Company incorporates or combines the work of suppliers to deliver the promised goods or services to the client.

When the Company acts as "Principal", the revenue is recognised for the gross amount invoiced to the client. When the Company acts as "Agent", revenue is recognised net of the pass-through costs to clients, which means that revenue recorded is solely comprised of fees or commission. In any case, out of pocket expenses reimbursed by clients (transport, hotels, meals, etc.) are always recognised in revenue.

Contract modifications

On occasion, the client may ask for changes to the scope of the services in the course of the contract. These changes are generally negotiated as new contracts encompassing the additional needs with the related compensation.

Effect of foreign currency

Transactions denominated in foreign currencies are translated into sterling at the actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the Statement of Comprehensive Income. The Company uses derivatives such as foreign currency hedges to hedge its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Pension

The Company operates a defined contribution scheme for its employees. Contributions to defined contribution schemes are recognised in the Statement of Comprehensive Income in the period in which they become payable.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Interest income and expense

Interest income arises from balances with group undertakings. Interest expense arises from financing activities. Interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest method.

Income tax

UK corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated net of accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of the asset on a straight line basis over their estimated useful lives as follows:

Leasehold improvements	-	over the shorter of 10 years or remaining lease term
Furniture and equipment	-	5 years
Computer equipment	-	3 years

Residual value is calculated on prices prevailing at the date of acquisition. The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Property, plant and equipment (continued)

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the Statement of Comprehensive Income.

Investments

Investments are shown at cost less provision for impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other receivables

Trade receivables are recognised at the initial amount of the invoice, except for longer-term debtors explained below. Trade receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor. Due to the nature of the Company's activities, trade receivables are of a short-term nature and are measured at amortised cost using the effective interest method. Nevertheless, any trade and other receivables of a longer-term nature will be recognised at their discounted value.

Contract assets

Contract assets consist of revenue recorded when a performance obligation has been satisfied but not yet invoiced. Contract assets are transferred to Trade receivables when the right to consideration becomes unconditional and the service is invoiced to the client in accordance with the terms of the contract.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade and other payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services. These payables are generally due within less than one year. Financial liabilities are measured at amortised cost using the effective interest method.

Contract liabilities

Contract liabilities correspond to deferred income. These are considerations received or invoiced to clients for which the Company has an obligation to provide goods or services.

Contract liabilities do not include client advances for external costs incurred on behalf of clients and that are directly pass-through to the clients when the Company acts as "Agent". Such advances are recorded under Trade payables.

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Financial liabilities carried at fair value

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign exchange risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described in Note 17.

Equity and reserves

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement is a cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income,

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Share-based payments (continued)

Equity-settled transactions (continued)

with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires of the use of certain critical accounting judgements and estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about critical accounting judgements and key sources of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the relevant notes highlighted below:

- revenue recognition on client projects;
- impairment of investments;
- fair-value measurement of stock options awarded under Publicis Groupe S.A.'s stock option plans.

Detailed disclosures concerning these matters are provided in Notes 1.2, 11 and 16.

Notes to the financial statements
for the year ended 31 December 2021

3. Revenue

The activities of the Company during the year were principally related to the provision of a comprehensive service to clients covering advertising, marketing and allied services. The directors believe that such activities comprise a unified class of business which cannot be further analysed into segments.

An analysis of revenue by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	28,991	8,605
Europe	3,403	2,010
Asia	3,354	707
Rest of World	3,250	677
	38,998	11,999

4. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2021 £'000	2020 £'000
Loss on transactions denominated in foreign currency	95	64
Depreciation of property, plant and equipment (Note 10)	49	59
Impairment of goodwill	-	8,600
Auditor's remuneration (Note 5)	72	14
Staff costs (Note 6)	14,887	7,107

5. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	2021 £'000	2020 £'000
Audit of the financial statements - Company	72	14

Notes to the financial statements
for the year ended 31 December 2021

6. Employees

Staff costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	12,958	6,166
Social security costs	1,511	659
Defined contribution pension scheme costs	418	282
	14,887	7,107

Included in total staff costs is a total expense for share-based payments of £272,000 (2020: £27,000) arising from transactions accounted for as equity-settled share-based payment transactions (see Note 16).

The average monthly number of persons employed by the Company during the year was:

	2021 No.	2020 No.
Selling	40	31
Administration	113	42
	153	73

7. Directors' remuneration

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments.

8. Interest payable and similar charges

	2021 £'000	2020 £'000
Bank interest payable	79	146

Notes to the financial statements
for the year ended 31 December 2021

9. Taxation

(a) Analysis of charge for year

	2021 £'000	2020 £'000
Current tax:		
Corporation tax	1,269	340
Adjustment in respect of previous periods	-	(15)
Total current tax	1,269	325
Deferred tax:		
Origination and reversal of temporary difference	(43)	(2)
Adjustment in respect of previous periods	71	-
Effects of change in tax rate	(40)	-
Total deferred tax (see Note 9(c))	(12)	(2)
Tax on profit / (loss) on ordinary activities (see Note 9(b))	1,257	323

(b) Factors affecting tax charge for the year

The tax assessed on the profit / (loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are reconciled below:

	2021 £'000	Restated 2020 £'000
Profit / (loss) on ordinary activities before taxation	6,043	(7,826)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,148	(1,487)
Expenses not deductible for tax purposes	24	23
Adjustment in respect of previous periods	71	(15)
Goodwill impairment	-	1,751
Investment impairment	54	-
Change in tax rate previously recognised deferred tax	(40)	-
Other timing differences	-	51
Total tax (see Note 9(a))	1,257	323

Notes to the financial statements
for the year ended 31 December 2021

9. Taxation (continued)

(c) Deferred taxation

	Accelerated capital allowances £000	Other temporary differences £000	Total £000
At 1 January 2020	30	-	30
Credit to profit and loss	2	-	2
At 31 December 2020	32	-	32
(Debit) / credit to profit and loss	(9)	52	43
Deferred tax in respect of prior periods	(71)	-	(71)
Transfer from associated company	128	-	128
Change in tax rates	24	16	40
At 31 December 2021	104	68	172

Analysis of deferred tax balances for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax assets	172	32

(d) Factors that may affect future tax charges

The UK Government has announced plans to increase the standard rate of corporation tax from 19% to 25% from 1 April 2023. This change has been substantively enacted by the year end and therefore has been reflected in the calculation of deferred tax above.

Notes to the financial statements
for the year ended 31 December 2021

10. Property, plant and equipment

	Leasehold improvements £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost:				
At 1 January 2021	267	188	361	816
Acquisition from fellow group undertaking	-	23	205	228
At 31 December 2021	267	211	566	1,044
Depreciation:				
At 1 January 2021	259	172	310	741
Charge for the year	3	17	29	49
Acquisition from fellow group undertaking	-	16	178	194
At 31 December 2021	262	205	517	984
Net book value:				
At 31 December 2021	5	6	49	60
At 31 December 2020	8	16	51	75

Notes to the financial statements
for the year ended 31 December 2021

11. Investments

	Investments in subsidiaries £'000
Cost:	
At 1 January 2021	-
Acquisition from fellow group undertaking	1,135
Disposal	(1,043)
At 31 December 2021	90
Provision for impairment	
At 1 January and 31 December 2021	-
Net book value:	
At 31 December 2021	90
At 31 December 2020	-

On 1 August 2021, Conversant Europe Ltd transferred its trade and assets to the Company resulting in an increase in revenue of £28,996,000 and an increase in operating profit of £4,338,000. The assets were transferred at net book value on that date which amounted to £14,152,000.

On 30 September 2021, the Company disposed the entire share capital of Conversant Deutschland GmbH for consideration of £855,000.

The Company has investments in the following subsidiary undertakings at the year-end:

Name	*Direct %*	*Country of Incorporation*	*Activities*	*Registered office*
Mediaplex Shanghai Advertising Co Limited	100	China	Non-trading	Hambleden House, 19/26 Pembroke Street Lower, Dublin 2

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12. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	12,712	1,672
Amounts owed by group undertakings	6,670	3,508
Other receivables	27,630	647
Prepayments	359	138
Contract assets	6,790	898
	54,161	6,863

13. Trade and other payables: amounts falling due within one year

	2021 £'000	2020 £'000
Bank overdraft	109	-
Trade payables	338	312
Amounts owed to group undertakings	29,152	2,459
Other taxation and social security costs	408	64
Accruals	12,969	1,385
Contract liabilities	992	39
Payments on account	4,432	-
Other payables	2,083	608
	50,483	4,867

14. Trade and other payables: amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	-	10,718

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15. Authorised and issued share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
477,600 (2020: 477,600) ordinary shares of £1 each	478	478

16. Share-based payments

The total expense recognised for share-based payments in respect of employee services received during the year to 31 December 2021 is £272,000 (2020: £27,000). The total expense arose from equity-settled share-based payment transactions.

Free share plans (senior employees)

Free shares are granted to senior employees of the Company at the discretion of the Management Board of the ultimate parent company Publicis Groupe S.A.. The free share plans outstanding at 31 December 2021 have the following characteristics:

Epsilon Replacement Plan (July 2019)

Certain Epsilon employees were granted Publicis Groupe shares, 20% being subject to continued employment and 80% to performance conditions, split into three tranches:

- A first tranche that will actually be awarded by the Management Board in March 2020, subject to targets set for 2019, and deliverable in March 2020;
- A second tranche that will actually be awarded by the Management Board in March 2020, subject to targets set for 2020, and deliverable in March 2021;
- A third tranche that will actually be awarded by the Management Board in March 2021, subject to targets set for 2021 and deliverable in March 2022.

Long-term Incentive Plan known as the "LTI Epsilon 2020 Plan"

The plan set up for the exclusive benefit of Publicis Epsilon managers and employees is composed of three tranches subject to a continued employment condition for 20% and performance conditions for 80% and breaks down as follows:

- A first tranche awarded by the Management Board in July 2020, subject to targets set for 2020, deliverable in March 2021;
- A second tranche that will actually be awarded by the Management Board in March 2021, subject to targets set for 2021, and deliverable in March 2022;
- A third tranche that will actually be awarded by the Management Board in March 2022, subject to targets set for 2022 and deliverable in March 2023.

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16. Share-based payments (continued)

Free share plans (senior employees) (continued)

Long-Term Incentive Plan known as the "LTI Epsilon 2021 Plan"

The plan, set up for the exclusive benefit of Publicis Epsilon executives and employees, includes three tranches subject to a continued presence condition for 20% and financial performance conditions in respect of 2021 for 80%. They are deliverable in March 2022 (30% of shares), March 2023 (30% of shares) and March 2024 (40% of shares).

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

No other features of options grant were incorporated into the measurement of fair value.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

17. Financial instruments

The derivatives, which have a three month life, are valued based on a discounted cash flow, using quoted forward rates (an observable input) and discounted at a rate that takes into account credit risk.

Categories of financial instruments held at fair value

	2021 £'000	2020 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	59	-
Financial assets at fair value through profit and loss		
Derivative instruments – Liabilities	(407)	-

Fair value hierarchy

The table below breaks down financial instruments recognised at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable data other than quoted prices for identical assets or liabilities in active markets;
- Level 3: Unobservable data.

Derivative financial instruments valued using level 2 valuation techniques.

Notes to the financial statements
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17. Financial instruments (continued)

Changes in the value of financial instruments at fair value

Profit for the year has been arrived after (crediting) / charging

	2021 £'000	2020 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	(8)	-
Financial assets at fair value through profit and loss		
Derivative instruments – Liabilities	3	-

18. Related party transactions

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year ended 31 December 2021 the Company had the following transactions with other subsidiaries of Publicis Groupe S.A. that are not 100% owned.

	Payables		Receivables		Services		Billings	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
MMS Communications South Africa (Pty) Ltd	2	-	-	-	-	-	12	-

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19. Prior year restatement

On 31 October 2019, the Company acquired the trade and assets of the UK branch of Epsilon Data Interactive Inc and subsequently recognised goodwill of £8,600,000 subject to the completion of the purchase price allocation under IFRS 3 which was due to be completed in 2020. Subsequently, the purchase price allocation was completed in 2020 but was not correctly reflected in the 2020 financial statements. The updated goodwill balance was recalculated to be £9,214,000 for the year ended 31 December 2019. In 2020, this balance was impaired in full and has resulted in the following updated balances:

	Previously reported 2020 £'000	Adjustment 2020 £'000	After restatement 2020 £'000
Statement of Comprehensive Income			
Administrative expenses	(19,024)	(614)	(19,638)
Loss for the year	(7,535)	(614)	(8,149)
Balance Sheet			
Goodwill at 1 January 2020	8,600	614	9,214
Impairment of goodwill at 31 December 2020	(8,600)	(614)	(9,214)
Retained earnings at 1 January 2020	2,319	614	2,933

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking is MMS UK Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking, controlling party and the parent undertaking of the largest and smallest group to include the Company in its group financial statements is Publicis Groupe S.A., incorporated in France. Copies of its consolidated financial statements are available from 133 Avenue des Champs Elysees, 75008 Paris, France.

21. Post balance sheet events

Since the year ended 31 December 2021, the United Kingdom, the European Union, the United States of America and other Western nations have imposed economic sanctions on Russia and Russian interests worldwide in response to Russian forces entering Ukraine on 24 February 2022. The directors have considered the impact of the Company's ultimate parent undertaking Publicis Groupe S.A. subsequent announcement on 15 March 2022 that it has ceased all trading activities in Russia with immediate effect and the wider global impact of the economic sanctions imposed on the Company's activities and operations. Whilst it is too early to assess the full financial impact on the Company, a decline in activity may give rise to future impairment of assets and may create additional liabilities which cannot be quantified at this stage. As such, the directors have treated this as a non-adjusting post balance sheet event.