

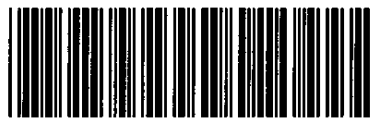
Parent company accounts for

Bray Leino Limited

Company No 01352705

(the audit exemption note is shown on pages 100-101
of the parent accounts)

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COMPANY NUMBER: 05733632

**THE MISSION GROUP
PUBLIC LIMITED
COMPANY**

**ANNUAL REPORT FOR THE YEAR ENDED 31
DECEMBER 2022**

2022

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MISSION

Annual Report
For the year ended
December 2022

MISSION is a collective of Creative and MarTech Agencies led by entrepreneurs who encourage an independent spirit. Employing 1,000 people across 30 locations and 3 continents, the Group successfully combines its diverse expertise to produce **Work That Counts™** for our Clients, whatever their ambitions. Creating real standout, sharing real innovation and delivering real growth for some of the world's biggest brands.

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**WORK
THAT
COUNTS™**

Too much work disappears.

This isn't a big secret, but it does *have* consequences.

Our approach is different.

Everything we do is designed to get to work that makes the difference. Clients

are looking for, wherever their ambition.

We call it *Work That Counts*™.

So we collaborate because it does *good*, not because it looks good.

(That means we listen, before we talk).

We provide everything our Agencies need to give their Clients an advantage with services and innovations under one roof.

We deliver Group insights that are all the stronger for not leaving off the page.

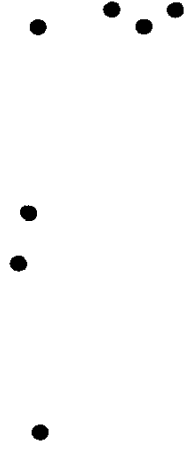
We embrace safety that becomes that kind of work is always the first to be ignored.

We create and share innovation not as a means to impress, but for the benefit of our Clients.

And we stay close to our Clients, regardless of distance and circumstance.

Our approach has helped us become the *kind of long term creative partner* that consistently delivers real, sustainable growth, and we're delighted to say that our Clients seem happy to have us around.

That counts, big time.



USA

UK

Germany

China

Malaysia

Singapore

Vietnam

A collective of Agencies that cover all touchpoints and disciplines supported by centrally developed capabilities and incremental services to widen and deepen Client relationships.

Over
1,100
people

19
Agencies

28
locations

3
Continents

Building lasting relationships

Our Agencies pride themselves on building strong, productive partnerships with Clients. In fact, with so many brands have stayed with them for years – or even decades. As well as strong track records in retention, we're also welcoming exciting new Clients. Across the year, our Agency acquisitions brought in some well-known and loved household names.

Client retention

Retention of new and renewal brands long standing (2017-22)



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The MISSION

TO be the preferred creative partner for real business growth **BY** delivering Work that Counts™



MISSION ADVANTAGE



MISSION COMMERCIAL

Our Agencies

Our Agencies are home to a rich and varied mix of talented thinkers and doers. All highly skilled in delivering hugely successful campaigns across every platform.

Bringing brands to life in the real world, through meaningful brand building and experiences.

Delivering strategic marketing for leading technology and automobile brands.

A brand-building pioneer, operating from Devon, Bristol and Asia.

Creators of world-class live experiences for over 30 years.

Growing customer engagement through audience and brand interaction.

A global commercial communications and content Agency specialising in Formula 1 and leading high-performance sports.

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A psychological insights and behavioural solutions consultancy.

A full service creative powerhouse with four UK offices.

A creative business that works hand in hand with brands and the next generation to build the future better.

A leading integrated sports, fitness and entertainment marketing Agency.

An industrial internet of things provider specialising in real-time asset intelligence.

A social media Agency dedicated to delivering results and pushing boundaries through a 'no-fluff' approach to social media marketing.

Providing market access support to pharma and medical brands.

An innovative specialist medical communications Agency.

Customer relationships built on psychological insight.

Creating effective promotions and new revenue streams through brand partnerships.

An ambitious, creative and commercially-minded PR Agency.

Award-winning integrated creative Agency in three locations. We make believers of your brand.

The UK's leading integrated property marketing Agency.

Our People

We are over 1,100 dedicated people, in 28 different locations, reaching across three continents. However, we share our primary goal: producing Work That Counts™ for each Client. Whatever their ambitions.

Our approach to our people is focused on the 8 areas set out below, with several of these also forming key parts of our ESG strategy which you can read more about in this report. Achieving sustainable progress in these ways is important to us. We're proud of the steps we've taken, and will continue to take, together.

What our People Say...

"Our team is great – everyone is so supportive and nurturing, always willing to help and teach each other. I've learnt a lot really quickly, and have built up confidence in my abilities. I love having a job where I do not do the same thing day in, day out..."

Paul, Group, Senior

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1

Growing Together

At MISSION, we are committed to creating a respectful and inclusive environment; one where our people can be themselves. We also believe in the power of personal growth; so, we listen, learn and support them in developing their skills and achieving their goals.

2

Diversity & Inclusion

We're passionate about attracting, cultivating and growing with the best talent from all backgrounds. To achieve this, we work closely with trusted diversity partners and more.

3

Community Action

We're an international Group, but we believe strongly in local action. As such, all our UK Agencies actively support local charities and communities in their towns - from fundraising and volunteering to pro-bono work, putting our communications skills to good use

4

New Talent

To foster fresh talent, our Agencies open their doors to local schools, colleges, and universities; offering internships and an Apprenticeship programme.

5

Taking Care of You

We believe that life, and being happy, is more than the job you do. To best support our people with the ups and downs of life, we have devised our Employee Assistance Programme to help with financial, family, health and wellbeing issues.

6

Flexible for All

People are at their best when their home life doesn't suffer. That's why we offer over 156 different flexible working patterns across the Group. Plus, parental return to work schemes and a supportive approach when our People need time out for life's big moments.

7

Health & Wellbeing

Our Agencies take a proactive approach to health and wellbeing, with free mental health support and educational life balance activities overseen by trained mental health first aiders.

8

Socials

"All work and no play" is a thing of the past. Therefore, each Agency maintains a busy social scene, with everything from dining events, beer fridge Fridays, summer sports days, picnics and end-of-year parties.

What Drives Us

Not values set in stone, but a living commitment to make a difference every day.

A Culture of Collaboration

At **MISSION**, we don't talk about having a set of values. Instead, we live them. Working together, exchanging ideas and doing our best at every opportunity to elevate our Clients, and each other, while supporting the communities and environment around our Agencies.

A Shared Commitment

We also don't force a rule of values on our Agencies. They're all independently minded (that's what we liked about them in the first place) and they all have their own values and personalities. But what we do share is an entrepreneurial mindset, a passion for positive sustainable growth and a commitment to **Work That Counts™**. Together, we aim to make a difference in everything we do.

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Our Purpose

"We look for solutions where others see problems. We are connected by the ambition to deliver real impact for our Clients, People and Communities. We celebrate, value and respect diversity, treating others as we wish to be treated ourselves. What we do matters, and it needs to make a positive difference."

Making a Positive Change

We believe **MISSION** should make a positive impact on the world, always.

The Way We Treat The World Around Us Counts

At **MISSION**, we want every interaction we have with people, communities and the wider environment to make a positive difference, always.

Ultimately, what we do needs to matter, and it needs to support positive change. That is absolute.

ESG in Action

In pursuit of our ambition to become the UK's leading, most respected Agency Group, we need to do just that - lead. And committing to positive change requires real action.

This is never truer than when applied to our environmental, social and governance responsibilities. That's why, at **MISSION**, we've set a series of goals spanning our environmental impact, social inclusion and diversity.

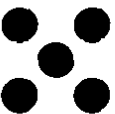
MISSION welcomes new Deputy Chair Mark Lund OBE

We are proud to announce that Mark Lund has joined the Board as a Non-Executive Director and Deputy Chair. Recognised widely as an industry leader, Mark has a real reputation for delivering serious success and growth.

With over 25 years leading and founding successful companies, he joins **MISSION** to support further innovation and growth.

Mark was President of M+Com Worldgroup UK and Europe from 2014-2022, leading a 5,000+ strong organisation across 45 countries. Before this, he co-founded two independent advertising businesses, one of which, Delaney Lund Knox Warren, became a top 10 UK agency (Mullen Lowe).

Mark has also been Chairman of the Advertising Association and served on the councils of both ISBA and the IPA, as well as Chair of the Advertising Association's Media Smart, and Children's Panel. He still sits on the Advertising Association council.



"Joining The **MISSION** Group is an exciting prospect. The Group has some terrific talent and great potential, and I look forward to working with them to deliver growth for both our Clients and the Group" Mark Lund, Deputy Chair

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MISSION acquires youth focussed creative Agency Livity

Based in Brixton, with over 20 years experience Livity is the market leader in its space.

Livity works with leading brands to help them understand youth culture and enable them to engage with the next generation. Blue-chip Clients include Nike, Google, Media Smart, Footlocker, YouTube, Spexio and MSPCC Childline. The acquisition enhances our brand, strategy, creative and content capabilities, underpinning the Gen Z marketing offering across the Group.

Livity also provides a new route to next generation talent for **MISSION**. The Agency champions early-stage careers through its own network and by running talent programmes across the creative industries.



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"This acquisition is testament to our continued strategy of focussing on opportunities that further enhance our compelling infrastructure. Our Clients are acutely aware of the growing influence of Gen Z and how they can successfully engage with a youth audience in the most meaningful way."

Julie Quinn, MISSION Group CEO and CEO

"I am incredibly proud of the journey Livity has been on. We have spent 20 years innovating in culture and driving positive change for the next generation. The **MISSION** Group focus on creativity, innovation, entrepreneurship and purpose makes it a natural fit for Livity."

Alex Green, Co-Founder, Director and Chair

MISSION acquires Influence Sports & Media and Populate Social

The **MISSION** Group continues its investment in sports marketing and social media. Our leading entertainment, sports, lifestyle and marketing Agency **Mongoose**, recently acquired **Influence Sports & Media** and **Populate Social**.

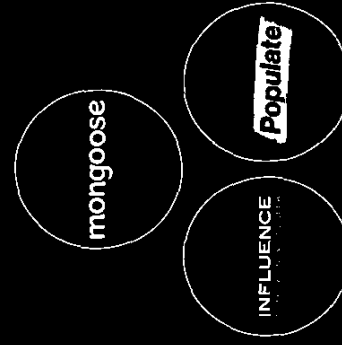
The two Agencies retain their individual brands and identities, whilst forming an integral part of the newly created **Mongoose Group**, joining **Mongoose Sports & Entertainment** and **AIM Brand Experience**.

London based **Influence Sports & Media**, with a strong presence in the US, is a specialist sports marketing agency offering strategic consultancy, communications, sales, partnership activation, PR & communications, and content creation. The team has a wealth of experience and long standing relationships in motor sport, sailing and pro cycling bringing expertise from the highest echelons of world sport to the Group – including the flagship events of Formula 1, the American's Cup and the Tour de France.

Cardiff based **Populate** has a 30+ strong team of social media experts that pride themselves on forward thinking, full transparency and data driven results. The Agency has a strong track record of pushing boundaries with paid media campaigns, organic social media management, social strategic content creation, messenger bots and 16.7k social content packages. Clients include England Rugby, Live Nation and Paris Fashion Week.

“Over the last 10 years we have continued to build our presence in sport, delivering best-in-class services for leading global brands, teams and properties. We are delighted to be joining the newly formed **Mongoose Group** to drive international opportunities.”

Abdul Wahid, Founder & CEO of Influence Sports & Media



“After seven years of growing **Populate**, I am delighted to have found the right partner in **Mongoose Group** to help elevate our offering and bring our social media expertise to a global roster of brands and rights holders.”

Dan Simmons, Founder of **Populate Social**

“**Populate** will transform our social delivery as part of our integrated Client campaigns. **Influence Sports & Media** will lead on all projects ‘on track and water’ and **Mongoose Sports & Entertainment** will continue driving on ball sports, outdoor sports, venues and charities.”

Chris O'Donoghue, CEO at **Mongoose Group**

“In challenging times, **MISSION** continues to make good progress against our strategic priorities. Our latest investment is yet another example of our commitment to developing our capabilities and client service offering, ensuring we are well placed for long-term growth.”

James Clifton, Chief Executive Officer of **MISSION Group plc**

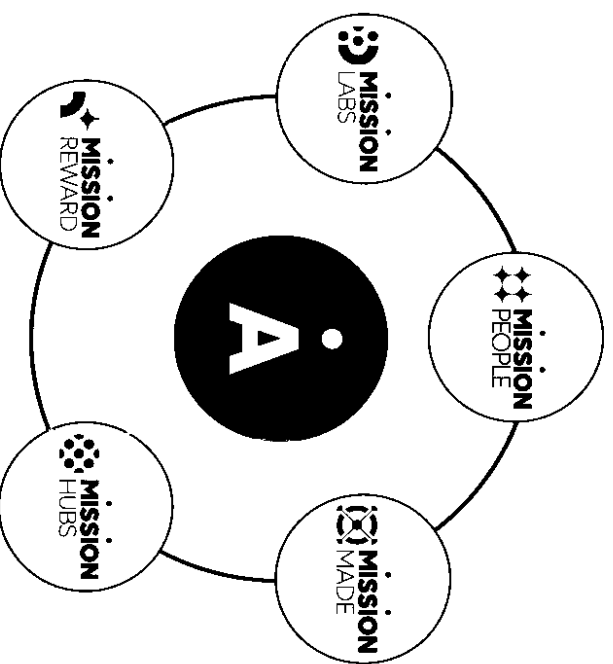
MISSION ADVANTAGE

MISSION ADVANTAGE is a portfolio of strategic services built to drive positive change and dramatically extend the scale and scope of our offer.

Comprising teams of experts in HR, global digital production, data science and research, regional expansion and promotion – our teams are positioned around the globe and ready to mobilise in support of our Agencies.

MISSION ADVANTAGE complements the strategic and creative strength of our Agencies allowing them to offer wider, deeper, and highly credible services in support of their own unique propositions and aspirations.

ADVANTAGE is built as the platform for change, operating on a cost only basis to ensure the profitability, relationships and opportunity remain with our Agencies.



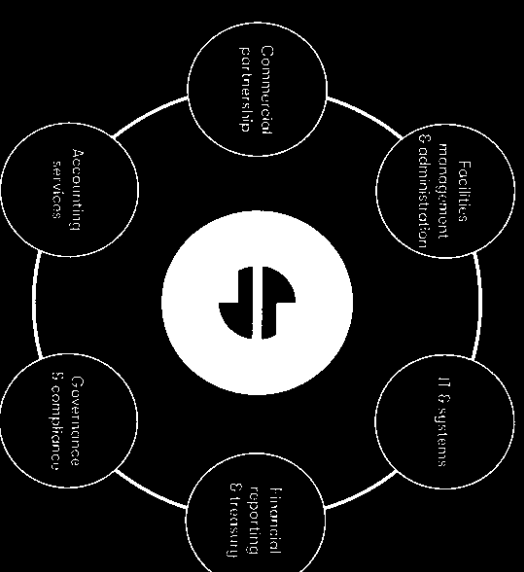
MISSION COMMERCIAL

MISSION COMMERCIAL is an agency of cost effective, shared provisions designed to deliver scalable, best-in-class support services and expertise to our Agencies.

MISSION COMMERCIAL incorporates teams across Facilities management & administration, IT & systems, Accounting services, Financial reporting, Governance & compliance and Commercial partnership. Our people are experts in their fields and are driven to provide value, safety and security across the Group.

MISSION COMMERCIAL supports the wider Group endeavour, ensuring that every Agency team is dedicated to delivering **Work that Counts™**. New Agency additions to the Group are able to quickly focus directly on growth and opportunity whilst handing off their own support services safely and securely.

By simplifying and sharing these services and creating scalable centres of excellence, the Group is well positioned to deliver sustainable margin growth as revenues rise.



In 2022 **MISSION** showcased its ability to adapt to the well documented macro-economic uncertainties, and to inflationary and wage pressures. This combination of challenges created real pressures, some out of our control, but the Group adapted quickly and continued to make progress against our strategic goals.

In a resilient performance, **MISSION** delivered 10% year on year revenue improvement with all business segments achieving growth, and in line with industry norms. Importantly we continued to build, refine and restructure the core areas of our business. Investments were made in growth sectors using a combination of 'buy and build', expanding our capabilities in data and analytics, creative and customer experience, and performance media. All this activity ensured **MISSION** remains competitive and best positioned to meet the evolving business needs of our clients.

The operational improvements made in 2021 and 2022 underpinned headline operating profit growth of 8.0% to £8.7m (2021: £8.0m). A focus on cost management in response to significant cost and wage inflationary pressures, resulted in an improvement in headline PBT to £7.8m (2021: £7.5m). Operating profit of £1.6m was significantly down (2021: £7.3m), reflecting a series of one-off adjustments relating to the strategic review of non-core operations, including the Group's Asian operations and Industrial IoT solutions business Pathfindr. Following the launch of our ESG strategy, Making a Positive Change, in 2020, we were clear that we wanted to challenge ourselves with a series of ambitious commitments to make a positive difference. Thanks to the efforts of the entire Group, I'm very pleased to be able to report good progress across a number of key areas, outlined in our first ESG Report (see page 33).

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Board

We continued to restructure our Board. In September 2022 Mark Lund joined **MISSION** as Non-Executive Director and Deputy Chair. Mark has spent over 25 years leading and founding marketing and advertising organisations, and his experience is already proving invaluable as we implement our growth plan.

Executive Director Sam Mullen retired from the Board in January 2023 but remains with the Group as Chair of Story. Andy Nash, a Non-Executive Director, retired from the Board in September.

On behalf of the Group, I would like to thank both Sue and Andy for their contribution during their respective tenures.

Dividend

In line with our progressive dividend policy, and **MISSION**'s sustained progress, the Board is recommending a final dividend of 1.67 pence per share for shareholders on the register as at 14 July 2023. Combined with the half year dividend, this brings the total dividend for the year to 2.50p, representing a 4% increase on the prior year (2021: 2.40 pence per share).

47%

Operating Profit

4%

Dividend

"Investments were made in growth sectors using a combination of 'buy and build'."

Outlook

The progress made in 2022 has renewed **MISSION** now has the right platform in place to support the next phase of our growth, delivering **Work That Counts™** as the preferred creative partner for real business growth. Our integrated strategic plan aims to deliver an operating income target of c.£100m by 2025, with higher margin performance across our areas of strength.

I would like to thank all of our colleagues across the Group for their commitment to progressing our plans for **MISSION**.

Julian Hanson-Smith
Non-Executive Chair
March 2023

Chief Executive's review

MISSION delivered a resilient performance in 2022. Whilst the macro-economic environment has continued to pose challenges for all businesses and constrained growth across the majority of sectors and markets, we have remained focused on our strategic growth plans, building on the strong momentum achieved in the previous years.

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In these challenging times, brands expect total commitment and smart thinking from their Agencies, continuing to prioritise investment in creative partnerships that can drive real business growth. Despite the headwinds of 2022, **MISSION** has demonstrated the strong entrepreneurial culture of this business. The investments we have made in recent years across the Group to expand our capabilities and services, strengthen our teams and improve our operational practices and processes, have stood the Group in strong stead to capitalise on the opportunities available to us.

This has underpinned a robust revenue performance, with operating income of £79.8m now broadly recovered to pre pandemic levels (2019: £81.0m). Despite the significant inflationary pressures, careful management of costs has seen the Group protect margin and deliver year on year headline operating profit growth. Whilst profit at a reported level was impacted by the exceptional costs primarily associated with the strategic restructuring of our Asian operations and PwC/Andrzej business, these decisions ensure these areas of our business are best positioned for long term growth.

"We have remained focused on our strategic growth plans, building on the strong momentum achieved in the previous years."

"All business segments achieved growth over the course of the year."

operating income
£79.8M
10% growth on 2021

WORK THAT COUNTS

Work That Counts™ – evolving our business model to better support our vision

'Work That Counts,' articulates the Group's vision to be the preferred creative partner for real business growth, with a clear mission to ensure that everything we do is designed to deliver work that makes the difference our Clients are looking for, whatever their ambition.

Building on the momentum achieved across the business, in recent years, we are now evolving our strategy to better support this vision, with a focus on driving profitable growth through the expansion of an Agency Driven business model. This will see us move away from an 'Agency-First' approach to leverage our Client specialisms across Sports & Entertainment, Health & Wellness, Business & Corporate, Consumer & Lifestyle and Technology and Mobility, enhancing margin through the centralised support we can offer through **MISSION** Advantage, our portfolio of specialist services which underpin the strategic and creative strengths of our Agencies and **MISSION** Commercial which provides centralised operations, HR and business support.

Performance and Progress

All business segments achieved growth over the course of the year – testament to the underlying resilience of our business model. Our exposure to higher growth B2B sectors such as technology and Healthcare continues to underpin this performance with strong year on year growth once again from April Six (Technology) and Solaris Health (Healthcare).

New Client wins throughout the year include:

Whilst our creative Agency grew experienced a more challenging year than originally forecast, February saw the successful launch of Krow x, which better embeds CX insight into their creative process.

We also continued to see good trading recovery from our Agencies who were most exposed to sectors impacted by the pandemic including property-specialist ThinkBDW.

In May 2022, we took the decision to merge Story and Chapter to create Story Group, joining these two Agencies with similar Client relationships and cultures to offer better scale, geographic reach and broader sector experience, enhancing their collective reputation. We saw a significant uplift in new business enquiries generated by the launch of the enhanced profile over the course of H2.

Client retention has continued to be strong throughout the year, 47% of our Clients have been retained by the Group for more than 5 years and 29% for more than 10 years. It is particularly pleasing to see that the growing breadth of capabilities and services which we are able to offer our Clients through the **MISSION** family has played a critical role in growing some of these Client relationships with our expanding remit for Phihong Tech, Macmillan Cancer and SimplyHealth being important examples of this.

New Business acquisition gathered momentum over the course of the year with new client wins including Westmill Foods, BAM Clothing, McCarthy Stone and Crodo. The strength of the **MISSION** Group capability was integral to our appointment to new Client Taiwanese electrical group Phihong, now working with three of our Agencies as part of a new Group mandate.

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The entrepreneurial nature of the **MISSION** approach means that our Agencies are empowered to respond quickly to the trends they are seeing in their markets, drawing on the Group's central offering and driving cross-Agency collaboration to bring new capabilities and services to address evolving Client need and demand.

Over the course of the year this included a collaboration between Speed Communications and Bray Lane to launch a new consultancy 'Amplify! But Gray' - specifically to cater for businesses and brands seeking to engage a 50 plus audience, with subsequent new Client wins including Saga Media. In response to market trends ThinkBDW also launched Think Digital, a proposition that will better virtually showcase housing development projects to customers.

As previously announced, in the second half of the year we took the decision to fundamentally restructure our Asian operations, where performance has been impacted by the extended effect of COVID 19 on the region. Our operations are now streamlined and centred on Singapore & Malaysia. In order to support international expansion in new regions, we have created **MISSION Hubs** to sit as part of **MISSION Advantage** which will offer a more structured approach to the Group's international expansion going forward.

We have also reviewed the progress and potential of Pathfinder, the Group's industrial IoT solutions business. As announced in our trading update on the 12 January 2023, given the supply chain and wider market challenges experienced we now expect growth will be slower in the near term. We remain hopeful about the long term growth of Pathfinder but have fully impaired the value of our investment to date and deferred further investment in the short term with the team remaining focussed on realising the current live opportunities.

Investing for growth

Over the course of 2022 we have continued to make significant progress in building the Group's capabilities and service offering and have seen the benefit of the investments made both in the current and prior year. These have included:

During 2022

- The acquisition of Livity, a youth focussed creative consultancy in February, for a consideration of £0.1m satisfied in cash. Livity works with leading brands to help them understand youth culture and enable them to engage with the next generation with purpose. The acquisition enhances **MISSION's** brand, strategy, creative and content capabilities, underpinning the Generation Z marketing offering across the Group.
- The acquisition of Influence Sports & Media ("Influence") in December for an initial consideration of £1.5m. Influence works with sponsors and brands, rights holders, investors and industry Clients in both the UK and US to deliver marketing communications strategies, commercial programs, and actionable market intelligence. The acquisition strengthens and scales **MISSION's** social media and marketing capabilities across the sports and entertainment markets.
- The acquisition of social media Agency Populate in October further strengthening **MISSION's** social media capabilities.



Post Year End

- The acquisition of Mezzo Labs, a global data science and digital analytics consultancy in February, Mezzo Labs is a leading provider of innovative data services with over 16-years' experience in data strategy and architecture, web analytics, CX analytics, marketing automation, insights generation, data science, Conversion Rate Optimisation (CRO) and personalisation. The acquisition enhances the Group's capabilities within the data science and digital analytics space.
- The launch of integrated growth digital Agency Turbine in March, which specialises in earned, owned and paid media. The launch is a direct response of the growing demand for an effective solution to the challenges of multi-channel digital marketing, offering a fresh approach to digital growth marketing that focuses on generating the results that really matter to commercial success.

Making Positive Change

Following the successful launch of our inaugural Environmental, Social and Governance (ESG) manifesto 'Making Positive Change' in 2020, I am delighted that the year has seen us deliver our first ever ESG Report, demonstrating the progress we have made against our commitments. We believe the impact **MISSION** makes on the world should be positive, always. That our interaction with our People, Clients, Communities, and the wider environment needs to make a difference. Ultimately, what we do needs to matter, and it needs to support positive change.

Particular highlights in the report have included the progress we have made in reducing our carbon impact as a Group with a reduction of 40% in 2019-2021 and our commitment to improving Group Diversity and inclusion through our partnership with Creative Access, the social enterprise working Group. Full details of our progress can be found in our ESG Report which is available on our website within the Culture section under Making A Positive Change.

Outlook

Trading in 2023 has begun well and in line with the Board's expectations. Whilst revenue generation is customarily weighted towards the second half of the year we have been pleased with the positive new business momentum experienced to date.

The investments made throughout the business position us well to capitalise on the growth opportunities that continue to present themselves. Our teams are motivated and energised for the year ahead and we look forward to reporting further progress as the year continues.

James Clifton
Chief Executive
March 2023

"Our teams are motivated and energised for the year ahead and we look forward to reporting further progress as the year continues."

James Clifton, Group Chief Executive

2022 is characterised by strong revenue growth together with investment, both in our people and in new, margin-enhancing capabilities. Alongside this the Group has taken a cautious view of non-core operations as it renews its strategic focus to deliver sustainable revenue & margin growth through **Work That Counts™**.

Operating income growth in 2022 of 10%, along with the maintenance of headline operating margins at 11% (2021: 11%), ensured good headline operating profit growth of 8% to £8.7m (2021: £8.0m). A review of non-core operations primarily in relation to Asia and Pathfinder resulted in one-off charges of £5.7m (as described more fully below and set out in Note 3) and this, combined with increased borrowing costs led to a reported profit before tax of £0.7m (2021: £6.8m).

Billings and revenue

Turnover (billings) was 10% higher than the previous year, at £182.7m (2021: £165.3m), but since billings include pass-through costs (e.g. TV companies' charges for buying airtime), the Board does not consider turnover to be a key performance measure for its Agencies. Instead, the Board views operating income (turnover less third-party costs) as a more meaningful measure of activity levels. Taken as a whole, the Group's operating income (referred to as "revenue") for the year increased by 10% to £79.8m (2021: £72.5m), with growth delivered across all reported business segments.

Of this £7.3m growth in revenue, £4.5m (6%) was organic, reflecting the continued growth across a number of **MISSION** Agencies; April Six, our specialist technology and mobility Agency that grew strongly during the pandemic continued to out-perform and the Group also benefited from strong performances in our Think BDW, Solaris Health and Sport Agencies.

The remaining £2.8m of growth came in part from the benefit of a full year of Soul trading (acquired October 2021) and supplemented by the revenue impact of new **MISSION** agencies Livly (acquired February 2022) and Influence (acquired December 2022).

£m	Headline			Reported		
	2022	2021	Movement	2022	2021	Movement
Operating income (Revenue)	79.8	72.5	10%	79.8	72.5	10%
Operating profit	8.7	8.0	8%	1.6	7.3	-78%
Operating margin %	10.9%	11.1%	-0.2pts	2.0%	10.1%	-79pts
Profit before tax	7.8	7.5	4%	0.7	6.8	-90%
Earnings per share	6.7	4.5	4%	0.0	5.9	-100%
Tax rate	21%	22%	-1pt	95%	21%	74pts

The majority of our businesses have now recovered well if not fully from the disruption of COVID-19. Both our Asian operation, Bray Leino Splash, and Asset Tracking IoT investment Pathfinder were significantly affected by the continued prevalence of the pandemic in China and the region. Each business has fundamentally reviewed and restructured its operations in light of this and the Board has taken a view on the subsequent impact this alongside the short-medium term trading environment has had on the goodwill and other asset values carried by these companies.

One of the differentiating features of **MISSION** is the longevity and loyalty of its Client base. We believe this is due to the dynamic and Agency-driven culture which ensures Clients receive a boutique level of Client service but supported by the resources of a multi-national group.



Profit and margins

The Directors measure and report the Group's performance primarily by reference to headline results in order to avoid the distortions created by the one-off events and non-cash accounting adjustments relating to acquisitions that are detailed above. Headline results are therefore calculated before acquisition adjustments, exceptional items and losses from new ventures as described below and set out in Note 3.

Whilst Headline Operating profits grew, reported operating profit fell sharply this year, from £7.3m in 2021 to £1.6m in 2022, a decrease of £5.7m.

Reported profit before tax decreased by £6.0m, from £6.7m to £0.7m whilst reported profit after tax reduced by £5.3m from £6.8m to £0.0m.

Adjustments to reported profits, detailed further in Note 3, totalled £7.0m (2021: £0.7m) a significant increase on previous years. This was primarily due to one-off adjustments relating to the strategic review of two non-core operations. The first is the fundamental restructure and future valuation of Bray Leino Splash, resulting in a combined £2.4m charge. The second relates to the impairment of Pathfinder, resulting in a £2.9m charge.

In addition to this the Group invested £0.8 in new ventures (2021: £0.4m) most notably the Livly youth-motoring offer as well as early-stage foundation of performance marketing and data science capabilities to support future strategic endeavour.

Acquisition-related costs of £10.6m compared

profit in 2021. The 2022 charge consists primarily of the amortisation of intangibles recognised on acquisition of £0.5m (2021: £0.4m) as well as professional fees in support of the acquisitions such as influence made in the year. The 2021 profit was driven by a one-off £0.8m reduction in movement of fair value considered (2022: £0.6m).

The Board engaged in a significant restructuring and resulting in 2021, the resultant one-off costs associated with this restructure last year totalled £0.5m.

Adjusting for these items delivers a headline operating profit of £8.7m showing good 8% growth on 2021 (£8.0 in the year by 10% from £64.5m in 2021 to £71.2m in 2022) with the Group determined to continue to invest in its most important asset, its people and their wellbeing even as macro-economic pressures heightened. In spite of - or as a result of - this investment the Group was able to maintain operating margins in line with 2021 at 11%. Interest charges of £1.0m increased significantly on 2021 (£0.7m) driven primarily by considerable interest rate increases globally as central banks sought to curb inflationary pressures.

The resultant headline profit before tax for 2022 was £7.8m, or reasonable improvement on 2021 at £7.5m.

Taxation

The headline tax rate held steady at 21.1% (2021: 22.0%). On a reported basis in 2022 the impact of the large one-off non-deductible expenditure primarily in relation to impairment of goodwill resulted in a tax charge of £0.7m on a reported profit before tax of £0.7m, a rate of 95.2% compared to the more normal level of 21.2% reported in 2021.

The tax rate is generally expected to be consistently higher than the statutory rate (at 19.0%, unchanged from 2021) since the amortisation of acquisition-related intangibles is not deductible for tax purposes and tax rates on our US operations are substantially higher than the UK corporation tax rate.

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Chief Financial Officer's review

Earnings Per Share

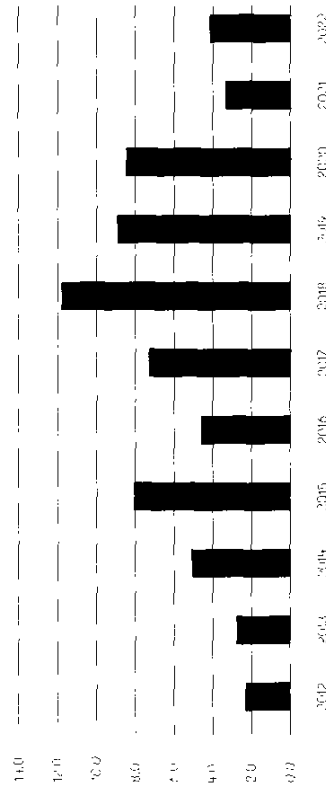
After tax, the reported profit for the year was £0.0m (2021: £5.3m profit) and EPS was 0.0pence (2021: 6.0 pence). On a diluted basis, EPS was 0.0 pence (2021: 5.9 pence).

However, after adjustments, Headline EPS was 6.8 pence (2021: 6.6 pence) and, on a diluted basis, was 6.7 pence (2021: 6.5 pence).

Chart showing the Dividend Per Share progression over time (pence)



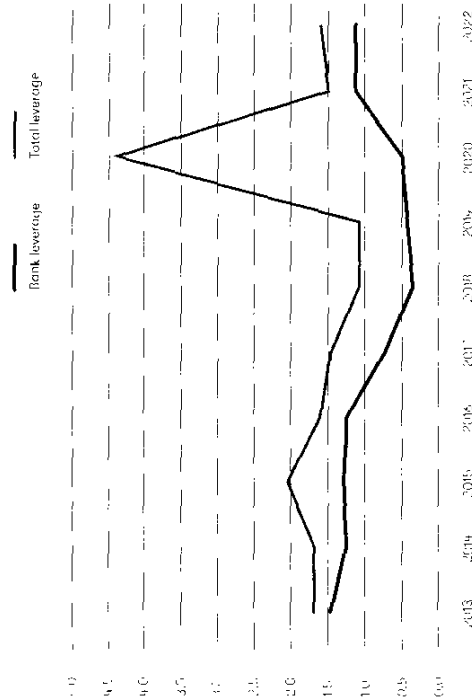
Chart showing change in total Acquisition Obligations over time



Acquisition Obligations have increased in 2022 but are still well below the levels of recent years.

At the end of the year the Group's net bank debt stood at £11.4m (2021: £10.3m). On an adjusted basis (per IFRS16) the leverage ratio of net bank debt to headline EBITDA was x1.2 at 31 December 2022 (2021: x1.2). The Group's adjusted ratio of total debt, including remaining acquisition obligations, to EBITDA at 31 December 2022 was x1.6 (2021: x1.5).

Chart tracking Debt Leverage Ratios over time



Dividend

The Board adopts a progressive dividend policy, aiming to grow dividends each year in line with earnings but always balancing the desire to reward shareholders via dividends with the need to fund the Group's growth ambitions and maintain a strong balance sheet and healthy distributable reserves (2022: £36.0m, 2021: £38.7m).

A dividend of 0.03 pence per share was paid in December 2022. The Board has proposed a resolution for a final dividend of 1.67 pence per share in its AGM Notice, bringing the total for this year to 2.10 pence per share.

This represents a 4% increase on the total dividend declared in 2021 (2.00 pence per share).

Balance sheet

In common with other media and communications groups the main features of our balance sheet are the goodwill and other intangible assets resulting from acquisitions made over the years, and the debt taken on in connection with these acquisitions.

The level of intangible assets relating to acquisitions and intangible assets increased by £0.8m in the year. This movement being primarily a function of the acquisition of Influence in December resulting off against the impairment of the Hong Kong Splash goodwill balance and partially intangible asset impairment. The level of 'total debt' (combined net bank debt and acquisition obligations) increased by £1.9m.

The Board undertakes an annual assessment of the value of all goodwill, explained further in Note 11.

At 31 December 2022 the Board concluded that, with the exception of a £7.0m write down of the Boy Luno Splash goodwill as described above, no impairment in the carrying value was required.

The Group's acquisition obligations at the end of 2022 were £4.1m (2021: £3.3m), to be satisfied by a mix of shares and cash. All of this is dependent on post-acquisition earn-out profits. £1.4m is expected to fall due for payment in cash within 12 months and a further £0.1m in cash in the subsequent 12 months.

The Directors believe that the strength of the Group's balance sheet can comfortably accommodate these obligations alongside the Group's commitments to capital expenditure (expected to run at similar levels to recent years) and dividend payments.

Consolidated Net Current Assets closed at £7.1m (2021 £10.3m). This was in part the result of the increase in acquisition obligations noted above and in part an increase in trade creditors at the year end of £3.6m in comparison to 2021.

Strategic Report

Chief Financial Officer's review

Cash flow

The closing net bank debt position for 2022 was £11.4m. This represents an increase in net debt of £1.1m on the 2021 year-end net bank debt of £10.3m.

Headline operating profit of £8.7m (2021: £8.0m) converted into £6.8m (2021: £1.7m) of 'free cash flow' (defined as net cash inflow from operating activities less tangible and intangible capital expenditure).

Bank loans increased by £1.0m and this, coupled with the free cash flow provided funding for new acquisitions amounting to £1.9m (2021: £0.7m), the settlement of contingent obligations relating to the profits generated by previous acquisitions totalling £0.8m (2021: £6.7m) and dividends of £2.2m (2021: £2.1m). The working capital movement is defined as the aggregate movement in receivables, stock and payables and was reported as an inflow of £1.1m (2021: £1.8m outflow).

Analysis of the movement in Net Debt in 2022

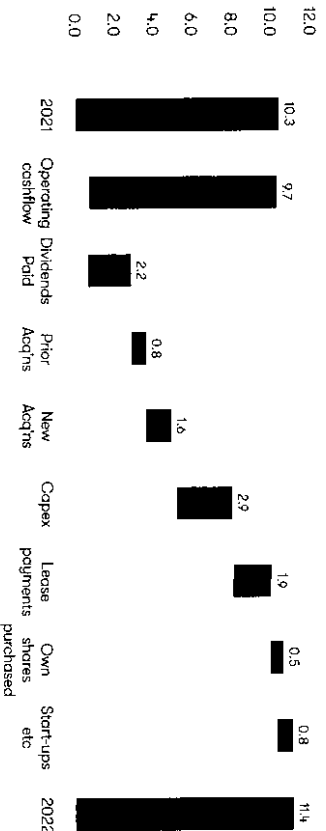


Chart showing the cash-generative nature of the business



In regard to working capital days, total debtor days decreased, work in progress days decreased very slightly and creditors days increased a small amount. Overall, the Group's total working capital days of 9.6 represents a significant improvement upon the 2021 equivalent (15.0 days).

"Headline operating profit of £8.7m converted into £6.8m of 'free cash flow'."

Giles Lee, Group Chief Financial Officer

Going concern

The Directors have considered the financial projections and cash flow projections for the Group alongside the availability of committed bank facilities of £20m (expiring 5 April 2025), the option to increase the facility by £5m, an overdraft facility of £3.0m, and the hedroom afforded



Key Performance Indicators

KPIs are designed to monitor the Group's revenue and profit growth, within a sole capital structure. Whilst COVID-19 has interrupted the Group's consistent track record of growth, the Board has reviewed and reconfirmed the Group's KPI targets as being appropriate for a post-pandemic environment.

The targets, along with the outcome for 2022 are as follows:

- Achieve organic revenue growth of at least 5% per year (delivered + 6.5%)
- Increase headline operating profit margins to 14% (delivered 11.3%)
- Grow headline profit before tax by 10% year-on-year (delivered 14.3%) and
- Maintain the ratio of net bank debt to EBITDA at or below x1.5 (delivered x1.2) and the ratio of total debt (including both bank debt and deferred acquisition consideration) to EBITDA at or below x2.0 (delivered x1.6).

EBITDA is headline operating profit before depreciation and amortisation charges.

At the individual Agency level, the Group's financial KPIs comprise revenue and controllable profitability measures, predominantly based on the achievement of the annual budget. More detailed KPIs are applied within individual Agencies. In addition to financial KPIs, the Board periodically monitors the length of Client relationships, the forward visibility of revenue and the retention of key staff.

against total Debt leverage and Bank Debt covenant tests for the coming 12 months. This has enabled the Directors to become satisfied that, taking account of reasonably possible changes in trading performance, it is appropriate to adopt the going concern basis in preparing the financial statements.

Outlook

We entered the year expecting 2023 to be another year of growth, albeit at a time of increasing global macroeconomic and political uncertainty.

The year has started well and prospects for organic growth are good. We also expect to make additional margin improvements in spite of the cost pressures impacting our sector and we anticipate reaping the benefits of our strategic review, focus on the core operation and investments made both to our talent and in new offerings and capabilities. Furthermore, as a result of the actions taken in 2022 the growth is well set to be cash efficient.

Giles Lee

Group Chief Financial Officer

28 March 2023

Aims and Ambition

Our goal remains simple: to develop **MISSION** into the UK's leading, most respected Agency group. In a complex and ever-changing marketing environment, we are constantly evolving to help our Clients navigate through their challenges and opportunities. With a wealth of specialisms and skills, as well as impartial advice, we invest and adapt to deliver the right talents in the most effective ways. *With operations in the UK, Europe, Asia and the US, we're committed to helping our Clients grow and succeed. Fundamental to our continued success is our ability to provide a rewarding, challenging and fun working environment for our staff.*

We aim to reward **MISSION's** shareholders both through capital growth and dividends. Our focus is first and foremost on organic growth, and in deploying the Group's capital we always aim to support existing management teams who have demonstrated an ability to grow their businesses and to achieve consistently high margins. We constantly strive to enhance our offer with acquisitions that add new disciplines or improved services to our Agencies, and we also target new high-growth market sectors, along with service or technology opportunities, which meet strict return on investment criteria. As well as acquisitions, we also consider launching new businesses that may require more time to become established, but which will have a smaller investment cost and lower risk profile. We continue to develop our international footprint in response to Client demand and where we see strong opportunities to leverage our well-established UK strengths elsewhere in the world. We look to maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the Group at financial risk.

The Group's principal operating risks and uncertainties are set out below. The management of risk is the responsibility of the Board, assisted where appropriate by the Audit & Risk and Remuneration Committees, as described further in the Corporate Governance Report. The Directors have carried out an assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

Principal Risks and Uncertainties

Principal Risks and Uncertainties

Adverse Economic Conditions

The risk with the greatest potential impact on the Group's financial position is a widespread and dramatic economic downturn, as seen by the impact of COVID-19 and the crisis in the Ukraine as well as the longer term impact these crises have had on the labour market and inflation. The effect is reduced revenues and tighter margins, profitability and cash flows. The entrepreneurial culture that runs through our Agencies means that, while we will inevitably feel the impact of any economic downturn, we adapt quickly to changed circumstances and also seek out opportunities that inevitably emerge in times of economic challenge.

Loss of Key Clients

The consequence of Client losses is the same as for a general economic downturn, i.e. potential reduction in revenue and profit, but to a lesser degree. Client losses are, to some degree, to be expected. The risk here is that Client losses are not replaced by new business and an agency finds all or part of its offers difficult to sell. The risk of Client loss is mitigated both by our continuous new business activity and also by a constant focus by all Agency CEOs on ensuring that the offers and services we provide to current and prospective Clients are relevant, effective and attractive.

Loss of Key People

In common with all service businesses, the Group is reliant on the quality of its people. The risk is that Agency loses good, senior talent as a result of out-of-office remuneration packages, lack of progression opportunities or workplace environment and are unable to attract replacements. Strenuous efforts are made to provide a rewarding work environment and remuneration package to attract, retain and motivate our leadership teams. Two measures of our success are that our staff retention statistics are higher than the industry average and that the vast majority of the core management of our acquired businesses remain in place today. The system of financial rewards is reviewed regularly by the Remuneration Committee and revised where appropriate. An example of this is the innovative Growth Share Scheme, designed to provide a powerful retention incentive for our key business leaders. The Group launched the second iteration of this scheme in 2021. The first scheme, launched in 2017 proved to be a success and can be measured by the fact that, when the scheme matured in April 2020, we had retained all but one of the 17 individuals.



The Board takes its Companies Act Section 172 duty to promote the success of the Group very seriously and considers the Group's various stakeholders when making decisions

Principal decisions

In 2022, the following principal decisions were taken by the Board: 1) the acquisition of Influence Sports Limited ('Influence'), 2) the fundamental restructuring of the Group's operations in SE Asia and 3) pausing the strategic investment in the Pathfinder operation.

Rationale

The Board has signalled its intent to invest in businesses that both have the potential to drive cross-sell into high-margin, contemporary offers and have attractive services. The acquisition of Influence delivered on this intent with the agency's Sports Marketing offer adding immediate scale and strength to the Group's social media and marketing capabilities across the high-growth sports and entertainment markets.

The impact of COVID-19 in China and to a lesser extent in SE Asia has caused the Group's trading in the region to recover far more slowly than has been the case in the US and UK. With the outlook for recovery in the region at best unclear, the Group has taken the hard decision to *fundamentally restructure its operations there*. In a similar vein persistent supply-chain interruptions stemming from COVID-19 related issues in China have hampered progress on the Pathfinder initiative resulting in delays to Client testing and progress.

The rationale for restructuring each operation is to ensure that Group resources can be directed to strategic investment priorities more closely associated with *each business when they arise*.

Engagement with stakeholders

Prior to the acquisition of Influence, James Clifton and Giles Lee presented the strategic and financial business case to the Bank, Board and to Agency CEOs. *Consultation* the advice and experience received from these parties and confirmed their full support before proceeding with the transaction. Care was also taken to ensure that key Influence employees were fully supportive of the transaction prior to completion. The Board also confirmed that the acquisition would help the Group deliver against its environmental targets.

Prior to the decision to restructure the Group's Asia operations James Clifton oversaw a full strategic review of the options available. This process was driven by business leaders in the region and supported by Agency CEOs in the UK. The results of this were presented to the Board where the final decision was made.

A full strategic review of the Pathfinder business was shared with the Board where once again the final decision was made. In all three cases above care is taken to ensure that the views of Clients and employees were considered wherever it was appropriate to do so.

MISSION's long established communication processes remained in place throughout 2022 to ensure effective interaction with all key stakeholders. Examples of this include the regular investor roadshows led by James Clifton and Giles Lee to accompany the full year and interim results, and also internal 'Town Hall' Q&A sessions and Senior Team meetings conducted by James Clifton and Julian Hanson-Smith to discuss major **MISSION** led initiatives.

Strategic Report Environmental, Social and Governance ("ESG") considerations

Making a Positive Change

In our ambition to become the UK's leading, most respected Agency Group, we need to do just that – lead. This is never truer than when it comes to our corporate, social and environmental responsibility. We believe the impact **MISSION** makes on the world should be positive, always. That our interaction with our People, Clients, Communities, and the wider environment needs to make a difference. Ultimately, what we do needs to matter, and it needs to support positive change.

Environment

As a collective of creative Agencies providing a range of marketing, advertising and consultative services, our direct and indirect impact on the environment is low. But we can always do better. We aim to reduce our environmental impact in the resources and energy we use, how and when we travel, the suppliers we select and how we work to create healthy operating models.

We also have a responsibility to consider not just how we operate but also to share insight and best practice across our Client base to move the brands and businesses we work with forward. Reaching millions of people through our 600 plus international Client base, that's a lot of chances to make a big difference every day.

Our People are a key part of our environmental journey driving behaviour change in our Agencies to reduce carbon impact, whether through reducing waste and energy consumption, travelling more responsibly or selecting suppliers aligned to our ambitions. Supported through training and partnerships with the likes of Green Element, ActNetZero and GreenShoot, we are accelerating change wherever we can.

Ultimately, our aim is to be sustainably profitable and to good in the world.

Our goals:

- Reduce total emissions by 21% for 2024, and 42% for 2029 across Scope 1, 2 and 3 in line with Science-Based Targets* with an aim to achieve net zero emissions by 2050
- Commit to the Business Ambition for 1.5°
- Build Environmental Management Systems and action plans across all Agencies to address carbon emission hotspots and drive emissions reduction
- Work towards ISO 14001 certification by 2023 for majority of Agencies

We have been measuring greenhouse gas (GHG) emissions since 2019 in order to understand, prioritise areas of focus and take action to reduce our impact and achieve our goals. Agencies have captured information covering all activities including our offices, travel, purchases and working from home. 2022 has seen a slight increase in emissions (3%) compared to 2021 but, we have still achieved a 40% overall decrease compared to pre pandemic levels in 2019.

In 2022, the highest sources of emissions were purchased services. If hardware, business travel by air, commuting, energy consumption and company fleet vehicles. This has not changed significantly since 2021, though a small rise in emissions related to commuting has occurred with people returning to the office more regularly. We have also added three new Agencies to our Group – Influence Sports & Media, Papprate Street and iVivid. This has added locations and seen our headcount grow by over 50 people in 2022. A focus on reporting quality has also meant that accuracy has improved, with some Agencies moving from information based on spend to consumption.

* Science based targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as 'science based' if it is developed in line with the scale of reductions required to keep global warming below 1.5°C from pre-industrial levels.

Social

Diversity & Inclusion:

It's the people in our business that make it what it is. We're powered by talented teams who value and respect difference. We're committed to making sure our people feel valued wherever their background, that they belong, and can be their authentic self at work.

Over the past few years, we've partnered with Creative Access – a social enterprise working to ensure creative businesses truly reflect society. We've introduced a Group Diversity & Inclusion Manifesta, appointed a diversity champion at Board level, put our senior leaders through inclusive leadership training, and all **MISSION** Group employees have had DEI training. In 2022, we launched **MISSION** Communities. These community groups are helping create safe spaces for people to talk, providing advice to leaders on DEI policies, and insight into different key areas such as ethnicity, sexuality, age, neurodiversity and faith.

These initiatives are helping to evolve our understanding and build an inclusive culture. But what matters is how our people feel. And so, this year we asked them through our Employee Engagement Survey. Our overall inclusion score was 74% positive across the **MISSION** Group. 85% of people answered positively about being their authentic self at work (2% above the industry average), and 79% felt they belonged at the company (15% above the industry average).

Community:

With 28 locations and over 1,100 people across the globe it's important to our team and to us that we connect and support our local communities. We are committed to helping them thrive, boosting the key foundations stones that make them healthy – arts, education, conservation, health & wellbeing and the creation of opportunities for the next generation.

Environmental, Social and Governance ("ESG") considerations

Our impact is widespread working with 27 national and local charity and community groups from RNLI and Macmillan to North Devon Hospice. We go beyond just donating and put our skills to good use with pro bono work that really makes a difference to the brand awareness of these important causes.

And we have continued to invest in the next generation, opening our doors to local schools, colleges, and universities as well as providing mentoring, work experience and paid internship opportunities.

Family:

We recognise the importance of family. 85% of our people saved us positively in supporting flexible working arrangements, and 86% said they were supported to arrange time out of work when needed.

We want our people to have the best home lives whilst pursuing their career. That's why we have over 140 different flexible working arrangements across the **MISSION** Group.

Health & wellbeing:

We create an environment where people talk about the things that matter to their health & wellbeing. It is these conversations that change the way we work to create the best environments for our people. We've combined free mental health support and educational life balance activities which are overseen by over 40 mental health first aiders. We want to change the way we all think and act about workplace mental health.

Our goals and progress to date:

- **Goal:** 18% of employees from under-represented ethnic groups by the end of 2023 and 18% by 2025.
Progress: At the end of 2022, 10.6% of our employees were from under-represented ethnic groups.
- **Goal:** 10% of employees with disabilities by the end of 2023 and 12% by 2025.
Progress: Currently 3.1% of employees have declared a disability across the Group. We are improving reporting alongside new partnerships in 2023.
- **Goal:** To have 30 apprentices by 2023 and 50 by 2025.
Progress: In 2022, we had 21 apprenticeships across the Group which is up 6 from 2021. New schemes are boosting these numbers in 2023.
- **Goal:** 17% of employees from under-represented age groups (below 20 and above 40) by 2023 and 20% by 2025.
Progress: In 2022, 15% of our employees were from under-represented age groups.
- **Goal:** An equal gender split between male and female employees whilst recognising those who identify as neither or both
Progress: Of our 1057 employees, 51% identify as female and 49% identify as male

Governance

Unlike many other groups, our Agencies, which have mainly come into the Group via acquisition, retain their original personnel, cultures and business practices, with **MISSION** providing the support infrastructure and economies of scale of a multi-national group. This sees a highly personalised and people-centric culture which has led to an expanding and loyal Client base and strong talent retention and attraction. We believe the role of the Board is not to direct these Agencies but ensure they are supported and collaborate to deliver the best work to help our Clients succeed.

The **MISSION** Board and non-executive group have a good balance of sector and financial experience alongside Agency CEOs who provide a 'front seat' view of Agency challenges, opportunities and the marketplace as a whole. The Board is responsible for the long-term success and growth of the Group, embedding effective controls which enable risks such as cyber security, data protection, supply chain fragility, market resilience, economic volatility and political instability to be assessed and managed. Held to account by independent Audit & Risk and Remuneration committees, the Board is focused on ensuring that our People, Agencies and the Group are consistently safeguarded.

We believe that corporate governance is not the poor cousin of the ESG triplet but an integral part of the Group. It is key to how we interact with our investors, employees, suppliers and other stakeholders and is focused on monitoring progress against our wider ESG commitments making sure we are driving forward positive change.

Our very existence as a marketing group is dependent upon our ability to foster strong and mutually beneficial relationships with all Stakeholders. Alongside sustainable growth, we see Client happiness, referral ratings and staff engagement levels as indicators of our collective success and are consistently measured by the Board.

Good governance is about transparency, trust and accountability. We believe all stakeholders need to be part of our journey, to share in the highs and lows; so we are committed to being open and transparent, always, on our successes but also areas for growth.

• **Goal:** Improve stakeholder advocacy across the board as shown through Client happiness levels, referral ratings and staff engagement levels.

• **Goal:** Manage risk effectively ensuring the interests of our People, Agencies, Group and Investors are protected.

We look for solutions where others see problems. We are connected by the ambition to deliver real impact for our Clients, People, Communities and the wider environment.

We celebrate, value and respect diversity, treating others as we wish to be treated ourselves. What we do matters, and it needs to make a positive difference.

Corporate Governance The Board

The following Directors represent the committee responsible for corporate governance compliance:

Julian Hanson-Smith

Non-Executive Director

Senior Independent Director

Julian is an entrepreneur and PE investor with significant experience in marketing and consulting services. In 1986 Julian co-founded T1 Consulting, one of Europe's largest business communications consultancies, and following its sale in 1999 became COO of Lighthouse Global Network. In 2001 he joined US-based PE firm Lake Capital, before co-founding Ican! Capital in 2007, investing in UK-based business services companies. He is Chair of Apollo Advisors. He joined the Board in October 2015 and was appointed Non-Executive Chair in October 2021.

Giles Lee

Group Chief Financial Officer

Giles joined Bragay Leino in 2005 as Group Finance Director following his successful role in transforming Merrydown plc from its fundamental financial restructuring in 1998 to its acquisition in 2005. Giles was appointed Executive Chair of Bragay Leino in 2013. He was appointed to the Board in March 2013 and became Commercial Director for **MISSION** in July 2018. As well as providing commercial support to the Group's Agencies, Giles has overseen many acquisitions and strategic investments and was the driving force behind the creation of **MISSION** Shared Services. Giles was appointed Group CFO in April 2021.

Mark Lund

Non-Executive Deputy Chair

Marketing both as entrepreneur and corporate executive. He co-founded independent Top 10 agency D.K.W. (now Mullen Lowe), was President of McCann UK and Europe and ran the UK Government's marketing centre, the COI. Mark is Non-Executive Chair of Smart Energy GB and of Asbof which funds the UK's self-regulation system for Advertising. Mark was appointed to the Board in October 2022 and Chairs the Audit & Risk Committee.

Eliza Filby

Non-Executive Director

Eliza joined **MISSION** in January 2022 as a Non-Executive Director. A writer, speaker, consultant and podcast host, she is a highly respected expert in 'Generational Intelligence'. She has been helping companies and services understand generational shifts within politics, society and the workplace, working with organisations from VICE Media and Warner Brothers to the UK's Ministry of Defence and Royal Household. As well as speaking at the EU's Human Rights Forum, the Finance at Times CEO Forum and the UK's House of Lord's Select Committee, she has authored books and written for the Financial Times, Times and City AM. Eliza was appointed to the Board in January 2021 and Chairs the Remuneration Committee.

Each of our Executive Directors has had a long career in marketing communications:

James Clifton

Group Chief Executive

James started out Client-side before working for various agencies in the UK and internationally, within Omnicom and WPP. He created balloon dog in 2008, having led an MBO of Fox Murphy. Balloon dog was acquired by **MISSION** and James was appointed to the Board in October 2012. He became CEO of bigdog following the merger of balloon dog with fellow **MISSION** Agency Big Communications, founded Padhrind, the Group's first Asset Tracking business, and chaired the Group's Integrated Agencies before being appointed Group Chief Executive in April 2019.

Fiona Shepherd

Chief Operating Officer

Fiona is Chief Executive of April Six and has worked in the technology industry for over 20 years, holding both Client and agency positions, with some of the world's largest technology brands. Fiona was a founder of April Six and has been instrumental in expanding the Agency from its UK origins to its current position as a well-respected global technology and mobility Agency with offices across the world. Fiona joined the Board in April 2010 and has taken on responsibility for **MISSION** Advantage in 2022. Fiona was appointed COO in March 2023.

Dylan Bogg

Chief Creative Officer

Dylan is Chief Creative Officer of Krow and oversees creative output for the Agency. He has built a successful business by the age of 24 and this was used as the bedrock for the launch of Big Communications in 1996 which was acquired by **MISSION** in 2006. Dylan is a multi-award-winning creative and was appointed to the Board in April 2010. He also chairs the Group-wide Creative Directors' Forum. Dylan was appointed COO in March 2023.

Directors' Report – for the year ended 31 December 2022

The Directors have pleasure in presenting their report and the financial statements of The **MISSION** Group plc ("**MISSION**") for the year ended 31 December 2022. The Directors provide a separate Corporate Governance Report, which forms part of this Report of the Directors.

Results and Dividends

The Consolidated Income Statement shows the results for the year. The Directors approved a dividend of 0.83 pence per share, paid in December 2022, and have included a proposal for a final dividend of 1.67 pence per share, payable on 28th July 2023, in the Notice of Annual General Meeting.

Risks and Uncertainties

The Strategic Report sets out the Group's principal operating risks and uncertainties. As a communications agency group, the main financial risks that arise from day-to-day activities are credit and currency risk. Further details on the Group's capital and financial risk management are set out in Note 26.

Directors

The following Directors held office during the year:

Dylan Bogg
James Clifton
Dr Eliza Filby
Julian Hanson-Smith
Giles Lee
Mark Lund – appointed 1 October 2022
Sue Mullen – resigned 12 January 2023
Andy Nash – resigned 30 September 2022
Fiona Shepherd

Directors' Interests in Shares and Options

The interests of the Directors and their families in the shares of the Company were as follows:
Number of ordinary shares of 10p each.

	31 December 2021	31 December 2022
Dylan Bogg	1,648,185	1,648,185
James Clifton	532,095	555,834
Dr Eliza Filby	-	-
Julian Hanson-Smith	85,803	85,803
Giles Lee	1,070,753	1,071,066
Mark Lund	-	-
Fiona Shepherd	1,309,932	1,309,932

Growth Share Scheme

A Growth Share Scheme was implemented on 25 June 2021, giving participants the opportunity to subscribe for Ordinary B shares in The **MISSION** Marketing Holdings Limited (the "growth shares") at a nominal value. These growth shares can, subject to continued employment, be exchanged for an equivalent number of **MISSION** Ordinary Shares if **MISSION**'s share price were to equal or exceed 150p for at least 15 days during the period from subscription up to 60 days from the announcement of the Group's financial results for the year ending 31 December 2023; if not, they would have no value.

At the time the scheme was introduced, achieving the target share price of 150p would have resulted in dilution to existing shareholders of less than 4% but would also have represented an increase in market capitalisation of over 105%. A total of 27 individuals were invited to participate in the scheme, of which 5 are board members.

Details of growth shares held by the Directors are as follows:

Number of Ordinary B shares in The **MISSION** Marketing Holdings Limited of 0.01p each.

	31 December 2021	Awarded in year	31 December 2022
Dylan Bogg	72,727	-	72,727
James Clifton	240,000	-	240,000
Julian Hanson-Smith	100,000	-	100,000
Giles Lee	240,000	-	240,000
Fiona Shepherd	240,000	-	240,000

Share options

There were no unexercised options over shares held by Directors:

Substantial Shareholdings

Other than the Directors' interests disclosed above, as at 28 March 2023, notification had been received of the following interests in 3% or more of the issued share capital of the Company:

Director	Number of shares
Océopus Investments Nominees Ltd	8,883,916 9.8
Harold Investment Management Ltd	5,778,239 6.3
David Morgan	4,813,053 5.3
BCF Investment Management Limited	4,713,501 5.2
Close Asset Management Ltd	4,631,647 5.1
Obiectiv Investments, Mercurius FCP	4,230,417 4.6
Stellar Asset Management Ltd	2,736,320 3.0

Share Capital

The issued share capital of the Company at the date of this report is 91,015,897 Ordinary shares. The total number of voting rights in the Company is 91,015,897.

Directors' indemnity insurance

The Company purchases insurance to cover its Directors and Officers against costs they may incur in defending themselves in legal proceedings instigated against them as a direct result of duties carried out on behalf of the Company.

Directors' Responsibilities

The Directors are responsible for preparing the Annual 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. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law). Under company law the Directors must not approve the financial statements

unless they are satisfied that they give a true and fair view of affairs of the Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent
- State whether applicable IFRSs as adopted by the UK have been followed by the Group and FRS 102 by the Parent Company, 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position, performance, business model and strategy.

Auditors

PKF Francis Clark have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 2006, it is proposed that they be re-appointed auditors to the Company for the ensuing year.

Disclosure of information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Each of the Directors has taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Events Since the End of the Financial Year

There were no material post balance sheet events.

Stakeholder Engagement

The Company's Section 172 statement and other details of stakeholder and employee engagement are set out in the Stakeholder Engagement report.

Streamlined Energy and Carbon Reporting ("SECR")

SECR is a sustainability regulation that came into force on 1 April 2019. It requires organisations to publicly report on carbon emissions and energy use, including UK energy use, associated greenhouse gas emissions, and an appropriate intensity ratio. SECR is applicable to all quoted companies and large UK incorporated unquoted companies with at least 250 employees or annual turnover greater than £36m and annual balance sheet total greater than £18m (two criteria or more must apply). Accordingly, the 2022 information given below is for The MISSION Group plc and Bray Leno Limited.

Corporate Governance
Corporate Governance Report

The Board of The **MISSION** Group plc ("**MISSION**") is collectively accountable to the Company's shareholders for good corporate governance, under Julian Hanson-Smith as Chair. As an AIM-listed company, **MISSION** has chosen to apply the Quoted Companies Alliance ("**QCA**") Corporate Governance Code for Small and Mid-Size Quoted Companies ("**the QCA Code**").

MISSION is a collective of creative Agencies led by entrepreneurs who encourage an independent spirit. Our aims and ambitions are set out in the Strategic Report. Unlike many other groups, our Agencies, which have mainly come into the Group via acquisition, retain their original leaders, cultures and business practices. **MISSION** provides them with the support infrastructure and economies of scale of a multi-national group. We strongly believe that this results in a highly personalised and Client-centric culture which in turn leads to an expanding and loyal Client base. The role of the Board in establishing good corporate governance in the context of this strategy requires making sure not only that individual Agencies are targeted, monitored and supported but, equally importantly, that Agencies cooperate and collaborate with each other to ensure we are providing the best possible range of services to help our Clients succeed. Indeed, it is this sense of cooperation and collaboration which defines the culture of **MISSION** and much of our time as a Board of Directors is devoted to exploring how this collaboration is optimised.

Board of Directors
The Board has a balance of sector, financial and public markets skills and experience. Brief profiles of each member of the Board are set out on pages 36 and 37. Each of our Executive Directors has had a long career in marketing communications, and brings strong and up to date sector experience.

Our Group Chief Financial Officer and two independent Non-Executive Directors provide industry, financial and public market skills and experience and, together with me, represent the committee responsible for corporate governance compliance and ensuring that a strong independent voice is present during Board discussions. The roles of Chair and Chief Executive are separate, with James Clifton, as Group Chief Executive, having responsibility for implementing the Group's strategy, driving growth, building our brand and delivering sustainable shareholder value. Giles Lee was appointed Group Chief Financial Officer in 2021 and has also in practice retained much of his previous responsibilities as Group Commercial Director. In accordance with the QCA Code recommendation, the company secretary is not also an Executive Director, with Michael Langford being appointed to the role. Michael is the Group's Financial Controller. He is a Chartered Accountant with suitable training and has previously assisted the Finance Director in company secretarial matters. Our Non-Executive Directors are Mark Lund and Dr Eliza Filby, both independent by virtue of having no executive responsibilities within the Group. Both Mark and Eliza bring a strong independent voice to Board discussions but also with an insight into our sector. Mark has enjoyed a long career in Advertising and Marketing both as entrepreneur and corporate executive. He co-founded independent Top 10 agency DLKW (now Mullen Lowe), was President of McCann UK and Europe and ran the UK Government's marketing centre, the COI. Eliza is a writer, speaker, consultant and podcast host, she is a highly respected expert in 'Generational Intelligence'. She has been helping companies and services understand generational shifts within politics, society and the workplace, working with organisations from VICE Media and Warner Brothers to the UK's Ministry of Defence and Royal Household.

The computations above have been calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK and the methodology used is in accordance with the GHG Protocol Corporate Accounting and Reporting Standard 2014. Employees now work across 11 sites, therefore energy consumption from an additional 7 office sites was included compared to 2021. We see SECR as a wonderful opportunity and not just another compliance exercise. It gives us the chance to assess our current emissions and find ways to reduce them. In 2020 we calculated our carbon footprint for the first time and certified Bray Laine as ISO 14001 compliant. All **MISSION** companies are signed up to Sustainability. Solved (a coaching platform to enable organisations to implement their own environmental management systems) and additional **MISSION** companies have the aim of achieving ISO 14001 compliance. We will continue to comply with environmental legislation and to monitor and measure our consumption data with a view to reducing our intensity ratio.

Energy consumption: (kWh Gbbs)		2022	2021
Electricity		253	176
Gas		207	215
Transport fuel		129	0
Fuel for site electricity generation			
Total energy consumption		589	440
Emissions (tCO2e)			
Scope 1			
Business from combustion of gas in buildings		95.2	95.4
Emissions from combustion of fuel for transport purposes		1.4	0.4
Scope 2			
Emissions from purchased electricity (the above based method)		98.8	174
Scope 1 & 2			
Total Scope 1 & 2 emissions		195.4	170.2
Scope 3			
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel		30.9	21.4
Emissions from upstream transport and distribution (overseas Level 1 work and transport of tools)		12.2	19.9
Total emissions for mandatory reporting		158.5	124.5
Intensity (tCO2e / FTE)			
Full time equivalent staff headcount		428	392
Intensity ratio (tCO2e / FTE)		0.5	0.4

* location-based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Slavery and Human Trafficking Statement
The Group supports the aims of The Modern Slavery Act 2015 ("the Act") and will never knowingly deal with any organisation which is connected to slavery or human trafficking. Given the nature of the services we provide and our high standard of employment practices, we consider that we are at low risk of exposure to slavery or human trafficking. We are not aware of any areas of our operations and supply chain likely to lead to a breach of the Act.

Annual General Meeting
A notice convening the Annual General Meeting to be held on Tuesday 20 June 2023 at 12 noon is enclosed with this report.

On behalf of the Board
Giles Lee
Group Chief Financial Officer
28 March 2023.

...established three formal committees to deal with specific aspects of the Group's affairs. The Board

The main meeting of the Committee each year reviews the financial results and disclosures in the annual report. This meeting is held shortly before the annual results are published and considers in detail with the Group's auditors the principal areas of subjective judgement, by the Group's auditors. The main matters considered each year are any indications of the Committee's attention for investment impairment, capitalisation of intangible development costs and the application of the Group's revenue recognition policies.

The Committee is satisfied that the Group's auditors, PKF Francis Clark, have been objective and independent of the Group. The Group's auditors performed non-audit services for the Group as outlined in Note 4. The nature of this work was again predominantly corporate finance advice and financial due diligence in relation to Prospective acquisitions and not related to areas of significant judgement in the accounts. The work was not carried by the audit team, the value of this work was not carried in relation to the size of this work was not carried out as contingent on outcome. As a consequence no fees were charged and that the audit was not impaired.

relationships and quality of staff are key factors in the success of **MISSION**, and strenuous efforts are made to retain and motivate our leadership talents. The Board maintains a policy of providing executive salaries, the compensation packages that will attract, motivate and retain the Group's growth strategists and to reward them for enhancing shareholder value. The Remuneration Committee consists of two independent Non-Executive Directors, with Eiza Fily taking the role of Chair in January 2022, alongside me. The Committee determines the remuneration of the Executive Directors and makes recommendations to the Board with regard to remuneration policy and related matters.

The Committee meets us and when required and its terms of reference can be found in the Governance section of our website. The remuneration and terms are determined by appointment of the Non-Executive Directors in setting his or her own remuneration.

The Committee reviews the components of each Executive Director's remuneration package annually. During the year, these packages consisted of four elements:

- basic salary and benefits;
- performance related bonus linked to the delivery of profit targets;
- share-based incentives; and
- termination payments, and

Executive Directors involved in the process of reviewing the time commitment required from our Non-Executive Directors is roughly 3 days per month.

Directors' Report - for the year ended 31 December 2022

	Board Meetings		Remuneration Committee		Audit Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Julian Hanson-Smith	7	6	n/a	n/a	n/a	n/a
James Clifton	7	7	n/a	n/a	n/a	n/a
James Clifton	7	7	1	1	n/a	n/a
James Clifton	7	7	3	3	3	3
Julian Hanson-Smith	7	7	n/a	n/a	n/a	n/a
Gillian Lee	7	7	n/a	n/a	1	1
Mark Lund	1	1	n/a	n/a	1	1
Steve Walker	7	6	n/a	n/a	n/a	n/a
Archie Bush	6	6	1	1	2	2
Edward Shepherd	7	7	n/a	n/a	n/a	n/a

Shareholder Communication

We engage in a dialogue with our shareholders and prospective shareholders via formal meetings and informal telephone and email contact. In addition, we provide comprehensive information to investors on our website, including contact information and answers to frequently asked questions.

Formal meetings with institutional fund managers and wealth managers take place throughout the year but are concentrated on the periods following our interim and full year results announcements. We receive collated feedback from these meetings via our NOMAD, Share Capital. In addition, I speak to representatives of our larger institutional investors between these formal set pieces to make sure the dialogue continues and that we understand their expectations. Private investors don't have the benefit of regular formal meetings, but we make sure we are available to meet shareholders at our Annual General Meeting and we often continue a dialogue with them via email. The results of proxy votes cast at Annual General Meetings can be found in the Investors section of our website.

James Clifton, Giles Lee and I are, between us, the first point of contact for any queries raised by shareholders but, should we fail to resolve any queries, the Senior Independent Director, Mark Lund, is available to meet shareholders. I am encouraged to note that, to date, no such request has been received.

Corporate Culture

The Group has established a statement of corporate values in order to establish clearly for all stakeholders what we stand for and how we behave. These values are: invested, accountable, connected, progressive and human. However, culture is defined as the internal expression of brand purpose. In the same document we stated our brand purpose as Vision as "the preferred creative partner for real business growth." This was supported by a summary of our personality: "We are a challenger brand. So we try harder. We look for solutions where others see problems. We are connected by the ambition to deliver amazing results for our Clients. We are driven by the entrepreneurial spirit that runs through our veins. We celebrate diversity and treat others how we would wish to be treated ourselves." This is the culture to which we aspire.

Risk Management

Whilst the Directors are collectively responsible for the effective control of the Group, the Audit & Risk Committee has primary responsibility for the oversight of risk. The principal risks and uncertainties facing the Group are set out in more detail in the Strategic Report and the Non-Executive Directors periodically consider whether or not this remains up to date.

Clients and staff represent the key resources and relationships on which our business relies. Primary responsibility for maintaining strong Client relationships and retaining key staff lies with the Agency CEOs and this is monitored via written monthly reports and interaction with the Group CEO. Their day to day involvement with Clients provides the Board with strong and up to date feedback from this vital stakeholder group, including lessons to be learnt from unsuccessful new business pitches. Periodically, a new service is developed as a result of this feedback loop. It has also been through Client feedback that we have embarked on our international expansion - going where our Clients want us to be.

Potential acquisitions and changes in incentive and rewards systems, designed to motivate and retain key staff, are considered by the full Board when it meets in person, or via regular informal contact between meetings.

The Board is responsible for ensuring that the Group maintains a system of internal financial controls.

The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is timely and reliable. Any such system can only provide reasonable, but not absolute, assurance against material loss or misstatement.

All day to day operational decisions are taken initially by the Executive Directors, in accordance with the Group's strategy. The Executive Directors are also responsible for initiating commercial transactions and approving payments, save for those relating to their own employment.

The formal matters reserved for the Board include certain key internal controls; the specific levels of delegated authority and the segregation of duties; the prior approval of all acquisitions; the review of pertinent commercial, financial and other information by the Board on a regular basis; the prior approval of all significant strategic decisions; and maintaining a formal strategy for business activities.

Assurance over risk management is obtained from the establishment of management policies and controls, regular review of individual Agency financial performance, and the external audit process. The Board does not consider it necessary to have a separate internal audit function at the present time; the internal audit of internal financial controls forms part of the responsibilities of the Group's finance function.

On behalf of the board

Julian Hanson-Smith

Chair

28 March 2023

Independent Auditor's Report to the Members of The MISSION Group plc

Opinion

We have audited the financial statements of The **MISSION** Group plc (the "Group") for the year ended 31 December 2022, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; 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 Group 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An Overview of the Scope of our Audit

We planned and performed our audit by obtaining an understanding of the Group and its environment, including the accounting processes and controls, and the industry in which it operates.

The Group comprises the following trading companies:

- 18 UK subsidiary companies;
- 1 wholly owned US based subsidiary;
- 1 wholly owned Germany based subsidiary;
- 3 wholly owned Asian subsidiaries;
- A 70% owned Asian sub group comprising 5 locally incorporated companies; and
- 2 UK holding companies.

Of the Group's 30 (2021: 26) reporting components, we subjected 3 to full scope audits and 6 to specific audit procedures. The remaining components were subject to analytical review procedures. All of the work was carried out by the Group audit team. Those components subject to audit and specific audit procedures cover 75% (2021: 78%) of the Group's consolidated operating income and 79% (2021: 80%) of the Group's headline absolute operating result (absolute result does not distinguish between profit or loss at subsidiary level). Our audit work at the component level is executed at levels of materiality appropriate for such components, which range from 11% to 52% of Group materiality.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

REVENUE RECOGNITION

The Group's primary income streams are outlined in the accounting policies section. We identified that the revenue recognition risk relates particularly to the correct treatment of project fees, where the service spans the year end. Assessing the timing of recognition and valuation of such work involves estimates and can be complex.

Our audit work included:

- Assessing and challenging the revenue recognition policies adopted by the Group to confirm they are appropriate in the context of the business and in accordance with IFRS15.
 - Reviewing a sample of open jobs at the year end across the Group and testing accuracy, completeness and cut off.
 - Reconciling open job reports at the year end to revenue and profit recognised.
 - Assessing and challenging on a sample basis whether revenue and profit recognised on open jobs is complete and appropriately valued.
 - Evaluating the accuracy of accrued income in the previous year against actual outcomes to determine whether management's estimations have been reliable.
- As a result of the procedures performed, we are satisfied that revenue has been correctly recorded.

GOODWILL IMPAIRMENT

The impairment review of the Group's carrying value of Goodwill arising on consolidation is one of the main areas of estimation. At 31 December 2022, the carrying value of goodwill in the Group balance sheet was £96m (2021: £95m). We identified that the audit risk relates to ensuring that management's impairment review is robust and reliable in identifying potential impairment, and that the assumptions made are reasonable.

Our audit work included:

- Assessing and challenging the key assumptions and calculations applied by management in their impairment reviews.
 - Benchmarking the short and long term growth rates to independent market data to confirm it is appropriate.
 - Reviewing the detailed components of the WACC calculation.
 - Assessing and challenging management's sensitivity analysis on key assumptions and calculations.
 - Performing our own sensitivity analysis on short term growth forecasts and challenging where this results in no or limited headroom on value in use against carrying value.
 - Where there is limited headroom, comparing actual results against post forecasts used in impairment reviews to assess the reliability of the forecasts.
 - Assessing the disclosures surrounding impairment made in the financial statements, specifically CGUs that are significantly underperforming against forecast.
- As a result of the procedures performed, we are satisfied that goodwill held on the balance sheet is not further impaired.

Financial Statements Independent Auditor's Report

Our Application of Materiality
Misstatements, including omissions, are considered to be material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments

in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

MATERIALITY RELEVANT

GROUP

Overall materiality

€388,000 (2021: €273,000)
€291,000 (2021: €280,000)

Performance materiality

Overall materiality has been set at 5% of Headline profit before tax (2021: 5% Headline profit before tax). We have considered headline profit before tax to be the most appropriate measure for materiality as it best reflects the Group's underlying trading profitability and is a key metric used by both management and other stakeholders in assessing the Group's performance.

Performance materiality is set at 75% of overall materiality.

€12,000 (2021: €11,000)

Misstatements reported to the audit committee

€14,000 (2021: €14,000) - €231,000

Range of materiality at components subject to full scope audits / risk specific procedures: €44,000 - €231,000

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. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Reviewing and challenging management's assessment of going concern and key assumptions (including assessment of the planning stage of the audit process);
- Our work included assessing the timing and amount of turnover and related cashflows in the forecast models. We also tested the integrity and mathematical accuracy of the models used.
- Reviewing and assessing the appropriateness of management's sensitivity analysis including changes in turnover and related cashflows.

- Assessing the amount of bank facilities and expected headroom based on the forecast over the next 12 months.
 - Evaluating the reliability of the forecast through discussion with management, review of past year and trading and considering the historic reliability of forecasts compared to actual results.
 - Reviewing going concern related disclosures in the financial statements to ensure they are 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 group'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 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information 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 this gives rise to a material misstatement in the financial statements themselves. 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 the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any 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;
- 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 Directors' responsibilities statement set out on pages 40 and 41, 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 the 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 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 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 if 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 resulting from irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates. We identified the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety and General Data Protection Regulation. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as financial reporting legislation (including the Companies Act 2006) and taxation legislation. We considered the extent to which any non-compliance with these laws and regulations may have a negative impact on the group's ability to continue trading and the risk of a material misstatement in the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to the misstatement of the result for the year, goodwill impairment and revenue recognition.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- Both goodwill impairment and revenue recognition were assessed as Key Audit Matters and our work in respect of them is detailed above.
- We made enquiries of senior management as to their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of material fraud, of which there were none.
- We identified the individuals with responsibility for ensuring compliance with laws and regulations and discussed with them the procedures and policies in place.
- We reviewed minutes of meetings of Senior Management and those charged with governance.
- We challenged the assumptions and judgements made by management in its significant accounting estimates.
- We audited the risk of management override of controls, including through substantively testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

Use of our Report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an audit 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 shareholders as a body for our audit work, for this report, or for the opinions we have formed.

Duncan Leslie FCA
(Senior Statutory Auditor)
PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE
28 March 2023

Financial Statements

Consolidated Financial Statements & Notes

Consolidated Income Statement

For the year ended 31 December 2022

		Year to 31 December 2022	Year to 31 December 2021
	Note	£'000	£'000
TURNOVER	2	182,085	153,287
Cost of sales		(102,871)	(80,792)
OPERATING INCOME	2	79,814	72,495
Headline operating expenses		(71,157)	(64,476)
HEADLINE OPERATING PROFIT		8,657	8,019
Goodwill and business impairment	3	(5,257)	-
Start-up costs	3	(776)	(367)
Acquisition adjustments	3	(593)	156
Restructuring costs	3	(402)	(496)
OPERATING PROFIT		1,629	7,312
Share of results of associates and joint ventures		160	140
PROFIT BEFORE INTEREST AND TAXATION		1,789	7,452
Net finance costs	5	(1,046)	(701)
PROFIT BEFORE TAXATION	6	743	6,751
Taxation	8	(707)	(1,432)
PROFIT FOR THE YEAR		36	5,319
Attributable to:			
Equity holders of the parent		9	5,423
Non-controlling interests		27	(104)
		36	5,319
Basic earnings per share (pence)	10	0.0	6.0
Diluted earnings per share (pence)	10	0.0	5.9
Headline basic earnings per share (pence)	10	6.8	6.6
Headline diluted earnings per share (pence)	10	6.7	6.5

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
PROFIT FOR THE YEAR	36	5,319
Other comprehensive (loss) / income – items that may be reclassified separately to profit or loss		
Exchange differences on translation of foreign operations	(688)	70
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(652)	5,389
Attributable to:		
Equity holders of the parent	(601)	5,489
Non-controlling interests	(51)	(100)
	(652)	5,389

Consolidated Financial Statements & Notes

Consolidated Balance Sheet
As at 31 December 2022

	Note	As at 31 December 2022	As at 31 December 2021
FIXED ASSETS		£'000	£'000
Intangible assets	11	99,741	98,974
Property, plant and equipment	13	2,090	2,102
Right of use assets	14	9,536	9,149
Investments, associates and joint ventures	15	437	517
		111,804	110,742
CURRENT ASSETS			
Stock		2,185	2,112
Trade and other receivables	16	41,255	40,538
Cash and short term deposits	17	6,153	6,066
		49,593	48,716
CURRENT LIABILITIES			
Trade and other payables	18	(39,667)	(37,338)
Corporation tax payable		(794)	(380)
Bank loans	19	(27)	-
Acquisition obligations	21.1	(1,371)	(692)
		(41,859)	(38,410)
NET CURRENT ASSETS		7,734	10,306
TOTAL ASSETS LESS CURRENT LIABILITIES		119,538	121,048
NON CURRENT LIABILITIES			
Bank loans	19	(17,488)	(16,393)
Lease liabilities	20	(8,481)	(8,077)
Acquisition obligations	21.1	(2,772)	(2,623)
Deferred tax liabilities		(622)	(463)
		(29,363)	(27,556)
NET ASSETS		90,175	93,492
CAPITAL AND RESERVES			
Called up share capital	22	9,102	9,102
Share premium account		45,928	45,928
Own shares	23	(994)	(518)
Share-based incentive reserve		1,010	868
Foreign currency translation reserve	24	(610)	-
Retained earnings		35,558	37,820
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		89,994	93,200
Non-controlling interests		181	272
TOTAL EQUITY		90,175	93,492

The financial statements were approved and authorised for issue on 28 March 2023 by the Board of Directors.
They were signed on its behalf by:

Giles Lee, Group Chief Financial Officer
Company registration number: 05733632


Consolidated Cash Flow Statement
For the year ended 31 December 2022

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Operating profit	1,629	7,312
Depreciation, amortisation and impairment charges	8,701	4,029
Decrease in the fair value of contingent consideration	(334)	(761)
Loss on disposal of property, plant and equipment	10	11
Non-cash charge for share options, growth shares and shares awarded, net of awards settled in cash	73	(48)
Decrease / (increase) in receivables	146	(6,703)
Increase in stock	(73)	(918)
Increase in payables	1,056	2,798
OPERATING CASH FLOWS	11,211	5,720
Net finance costs paid	(1,002)	(781)
Tax paid	(482)	(1,355)
Net cash inflow from operating activities	9,727	3,584
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	64	72
Purchase of property, plant and equipment	(1,092)	(884)
Investment in software and product development	(1,852)	(1,024)
Acquisitions of or investments in businesses	(1,893)	(643)
Payment relating to acquisitions made in prior years	(790)	(6,714)
Cash acquired with subsidiaries	271	435
Net cash outflow from investing activities	(5,292)	(8,778)
FINANCING ACTIVITIES		
Dividends paid	(2,180)	(2,100)
Dividends paid to non-controlling interests	(40)	-
Payment of lease liabilities	(1,935)	(2,016)
Increase in bank loans	992	11,500
Purchase of own shares held in EBT	(497)	-
Net cash (outflow) / inflow from financing activities	(3,660)	7,384
Increase in cash and cash equivalents	775	2,190
Exchange differences on translation of foreign subsidiaries	(688)	70
Cash and cash equivalents at beginning of year	6,066	3,806
Cash and cash equivalents at end of year	6,153	6,066

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium	Own shares	Share-based incentive reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interest	Total equity
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	9,102	45,928	(597)	642	(64)	34,842	89,857	372	90,229
Profit for the year	-	-	-	-	-	5,123	5,123	(104)	5,319
Exchange differences on translation of foreign operations	-	-	-	-	66	-	66	4	70
Total comprehensive income for the year	-	-	-	-	66	5,123	5,489	(100)	5,389
Share option charge	-	-	-	174	-	-	174	-	174
Growth share charge	-	-	-	52	-	-	52	-	52
Shares awarded and sold from own shares	-	-	73	-	-	(345)	(272)	-	(272)
Dividend paid	-	-	-	-	-	(2,100)	(2,100)	-	(2,100)
At 31 December 2021	9,102	45,928	(518)	868	-	37,820	93,200	272	93,472
Profit for the year	-	-	-	-	-	9	9	27	36
Exchange differences on translation of foreign operations	-	-	-	-	(410)	-	(410)	(78)	(688)
Total comprehensive income for the year	-	-	-	-	(410)	9	(401)	(51)	(652)
Share option charge	-	-	-	33	-	-	33	-	33
Growth share charge	-	-	-	109	-	-	109	-	109
Own shares purchased by EBT	-	-	(497)	-	-	-	(497)	-	(497)
Shares awarded and sold from own shares	-	-	21	-	-	(91)	(70)	-	(70)
Dividend paid	-	-	-	-	-	(2,180)	(2,180)	(40)	(2,220)
At 31 December 2022	9,102	45,928	(994)	1,010	(610)	35,558	89,994	181	90,175

Notes to the Consolidated Financial Statements

1. Principal Accounting Policies

Basis of preparation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. They have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the United Kingdom and on the historical cost basis. The functional currency of the Group is Pounds Sterling and the level of rounding applied is £'000.

Basis of consolidation

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Company's available banking facilities provide headroom against the Group's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Turnover and revenue recognition policy

The Group's operating subsidiaries carry out a range of different activities. The following policies apply consistently across subsidiaries.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Where there are contracts with a variety of performance obligations that are distinct, an element of the transaction price is allocated to each performance obligation and recognised as revenue as and when that performance obligation is satisfied. Revenue is allocated to each of the performance obligations based on relative standalone selling prices. Typically, performance obligations are satisfied over time as services are rendered. The nature of the work is almost always such

that it relates to facts and circumstances that are specific to the Client, with the result that the work performed does not create an asset with alternative use to the Group. Therefore, in accordance with IFRS 15, even if the Client will receive the benefits of the Group's performance only when the Client receives the piece of work, the performance obligation is regarded as being satisfied over time. The Group is generally entitled to payment for work performed to date.

Contracts are typically short-term in nature and do not include any significant financing components. The Group is generally paid in arrears for its services and invoices are typically payable within 30 to 60 days.

Where performance obligations have been satisfied and the recorded turnover exceeds amounts invoiced to Clients, the excess is classified as accrued income (within Trade and other receivables). Accrued income is a contract asset and is transferred to trade receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. Where amounts invoiced to Clients exceed recorded turnover, because performance obligations have not yet been satisfied, the excess is classified as deferred income (within Trade and other payables). These balances are considered contract liabilities.

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied or partially unsatisfied as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

The amount of revenue recognised depends on whether the Group acts as principal or agent. Third party costs are included in revenue when the Group acts as principal with respect to the goods or services provided to the Client and are excluded when the Group acts as agent, by reference to whether or not the Group controls the relevant good or service before it is transferred to the Client.

The Group has not recognised any significant costs incurred to obtain or fulfil a Client contract as assets on the balance sheet. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short term in nature. Turnover represents fees, commissions, rechargeable expenses and sales of materials performed subject to specific contracts.

Consolidated Financial Statements & Notes

Further details on revenue recognition are detailed by activity below:

(i) Advertising and ad hoc marketing campaigns

This typically involves fees for strategic planning and creative concepts through to execution and delivery of final campaigns. Revenue may consist of various arrangements, but typically comprises retainer fees or fixed price contracts, both of which are recognised over time. Retainer fees are recognised on a straight-line basis over the term of the contract. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is typically determined based on third party costs incurred to date and actual labour hours devoted to date relative to the total expected costs and labour hours.

(ii) Website, portal or application design and build (Digital)

The Group derives revenue from designing and building websites, portals and applications under fixed price contracts. Revenue is typically recognised over time, determined by applying the hours devoted to date as a percentage of total hours expected.

(iii) Software development (Digital)

This revenue stream involves the supply of software licences and after-sales support. If billed as a single fixed price fee, each of these services is accounted for as a separate performance obligation, the transaction price allocated to each being determined by the labour hours and cost required to supply each service. Revenue attributable to the provision of the software is recognised at a point in time when the software licence is made available for use by the Client. Revenue attributable to the after-sales support is recognised monthly on a straight-line basis over the period support is to be provided. In some cases, the contract might also cover the provision of data migration and training services, but each of these is separately billed, the revenue being recognised over time, determined by applying the hours devoted to date as a percentage of total hours expected.

(iv) Media buying

Revenue is derived from identifying the Client's media requirements and managing and placing orders for the appropriate media. Revenue is typically recognised at the point in time the media is aired or on the date of publication.

v) Exhibitions, events and conferences

Revenue is derived from the design, planning and supply of exhibition stands, events and conferences. Revenue is typically recognised over time based on third party costs

incurred to date and actual labour hours devoted to date relative to the total expected costs and labour hours.

(vi) Learning and training

Revenue is in the form of fixed price fees from planning and designing training courses and from performing training courses. Specific training is recognised at a point in time on the date the training takes place. If the service provided includes planning and designing the training course and material, then revenue would be attributed to this performance obligation and recognised over time based on third party costs incurred to date and actual labour hours devoted to date relative to the total expected costs and labour hours.

(vii) Public Relations

PR revenue is typically derived from retainer fees and fixed price fees for services to be performed subject to specific agreement. Revenue under these arrangements is earned over time, in accordance with the terms of the contractual arrangement. Retainer fee revenue is recognised on a straight-line basis over the period covered by the fee. For ad hoc fixed price projects, the Group generally applies the hours devoted to date as a percentage of total hours as the basis for recognising revenue.

Goodwill and other intangible assets

Goodwill

Goodwill arising from the purchase of subsidiary undertakings and trade acquisitions represents the excess of the total cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. The total cost of acquisition represents both the unconditional payments made in cash and shares on acquisition and an estimate of future contingent consideration payments to vendors in respect of earn-outs.

Goodwill is not amortised but is reviewed annually for impairment. Goodwill impairment is assessed by comparing the carrying value of goodwill for each cash-generating unit to the future cash flows, discounted to their net present value using an appropriate discount rate, derived from the relevant underlying assets. Where the net present value of future cash flows is below the carrying value of goodwill, an impairment adjustment is recognised in profit or loss and is not subsequently reversed.

Other intangible assets

Other intangible assets separately identified as part of an acquisition are amortised over periods of between 3 and 10 years, except certain brand names which are

considered to have an indefinite useful life. The value of such brand names is not amortised, but rather an annual impairment test is applied and any shortfall in the present value of future cash flows derived from the brand name versus the carrying value is recognised in profit and loss. Amortisation and impairment charges are excluded from headline profit.

Other intangible assets also include costs associated with the development of identifiable software and other products. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources available to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Development expenditure includes all directly related costs, including internal staff costs and an element of directly attributable overheads. Expenditure on research and sales related activities is recognised in profit or loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

These assets are carried at cost less accumulated amortisation and are amortised over periods of between 3 and 5 years. Impairments are recognized if the carrying amount of an asset exceeds the recoverable amount. Amortisation of software and product development costs is included within operating expenses.

Contingent consideration payments

The Directors manage the financial risk associated with making business acquisitions by structuring the terms of the acquisition, wherever possible, to include an element of the total consideration payable for the business which is contingent on its future profitability (i.e. earn-out). Contingent consideration is initially recognised at its estimated fair value based on a reasonable estimate of the amounts expected to be paid. Changes in the fair value of the contingent consideration that arise from additional information obtained during the first twelve months from the acquisition date, about facts and circumstances that existed at the acquisition date, are adjusted retrospectively, with corresponding adjustments against goodwill. The fair value of contingent consideration is reviewed annually and subsequent changes in the fair value are recognised in profit or loss but excluded from headline profits.

Accounting estimates and judgements

The Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the

financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of goodwill

The potential impairment of goodwill is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial three-year period and assumptions about growth thereafter, discussed in more detail in Note 11.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Revenue recognition policies in respect of contracts which straddle the year end

Estimates of revenue to be recognised on contracts which straddle the year end are typically based on the amount of time so far committed to those contracts by reference to timesheets in relation to the total estimated time to complete them.

Valuation of intangible assets on acquisitions

Determining the separate components of intangible assets acquired on acquisitions is a matter of judgement exercised by the Directors. Brand names, customer relationships and intellectual property rights are the most frequently identified intangible assets. When considering the valuation of intangible assets on acquisitions, a range of methods is undertaken both for identifying intangibles and placing valuations on them. The valuation of each element is assessed by reference to commonly used techniques, such as "relief from royalty" and "excess earnings" and to industry leaders and competitors. Estimating the length of Client retention is the principal uncertainty and draws on historic experience.

Intangible development costs

The Group capitalises development costs within intangible fixed assets. The key sources of estimation uncertainty involved in this are:

- Assessment of proportion of employees' time spent on product development.
- Period of amortisation – the length of time between the creation of the asset and it being consumed in the sales of the products created.

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2. Segmental Information

IFRS 15: Revenue from Contracts with Customers requires the disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Board has considered how the Group's revenue might be disaggregated in order to meet the requirements of IFRS 15 and has concluded that the activity and geographical segmentation disclosures set out below represent the most appropriate categories of disaggregation. The Board considers that neither differences between types of Clients, sales channels and markets nor differences between contract duration and the timing of transfer of goods or services are sufficiently significant to require further disaggregation.

For management purposes the Group monitored the performance of its separate operating units, each of which carries out a range of activities, as a single business segment. However, since different activities have different revenue characteristics, the Group's turnover and operating income has been disaggregated below to provide additional benefit to readers of these financial statements.

Following the implementation of a Shared Services function from the start of 2018 and the resulting transfer of certain Agency-specific contracts onto centrally-managed arrangements, a significant portion of the total operating costs are now centrally managed and segment information is therefore now only presented down to the operating income level.

	Advertising & Digital	Media Buying	Events	Public Relations	Total
Year to 31 December 2022	£'000	£'000	£'000	£'000	£'000
Turnover	109,406	39,008	25,440	8,631	182,485
Operating income	62,045	4,335	6,255	7,179	79,814

	Advertising & Digital	Media Buying	Events	Public Relations	Total
Year to 31 December 2021	£'000	£'000	£'000	£'000	£'000
Turnover	103,062	28,878	13,081	8,266	153,287
Operating income	56,725	3,305	5,492	6,973	72,495

As contracts typically have an original expected duration of less than one year, the full amount of the accrued income balance at the beginning of the year is recognised in revenue during the year. All media buying turnover is recognised at a point in time. Virtually all other turnover from continuing operations is recognised over time.

Assets and liabilities are not split between activities.

Geographical segmentation

The following table provides an analysis of the Group's operating income by region of activity:

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
UK	67,766	63,160
USA	9,156	6,425
Asia	2,637	2,720
Rest of Europe	225	190
	79,814	72,495

3. Reconciliation of Headline Profit to Reported Profit

The Board believes that headline profits, which eliminate certain amounts from the reported figures, provide a better understanding of the underlying trading of the Group. The adjustments to reported profits generally fall into three categories: acquisition-related items, exceptional restructuring costs and start-up costs.

	Year ended 31 December 2022	Year ended 31 December 2021
	PBT £'000	PAT £'000
Headline profit	7,771	6,130
Goodwill and business impairment	(5,257)	(4,677)
Start-up costs	(776)	(629)
Acquisition-related items (Note 1)	(593)	(443)
Restructuring costs	(402)	(325)
Reported profit	743	36

Goodwill and business impairment costs relate to the impairment of Splash goodwill and the impairment of Pathfinder fixed assets and stock, following a review of the valuation of these cash generating units and assets, and the loss on disposal of the Fanturi investment in associate and write-off of intercompany balance.

Start-up costs derive from organically started businesses or loss-making businesses acquired and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2022 relate to the trading losses of the new Livty youth-marketing offer as well as costs associated with the early-stage foundation of performance marketing and data science capex initiatives. Start-up costs in 2021 related to the launch of a Mongoose Sports venture in Birmingham and the venture Alive, launched in Asia in 2021. Restructuring costs in 2022 comprised the costs associated with the major fundamental restructuring of the Splash business. Board restructuring costs in 2021 comprised leaving packages payable to former MISSION directors Robert Day, Peter Fitzwilliam and David Morgan following their resignations.

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4. Acquisition Adjustments

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Decrease in fair value of contingent consideration	334	761
Amortisation of other intangibles recognised on acquisitions	(519)	(446)
Acquisition transaction costs expensed	(408)	(159)
	(593)	156

The decrease in fair value of contingent consideration relates to a net downward (2021: downward) revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to professional fees in connection with acquisitions made or contemplated.

5. Net Finance Costs

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Interest on bank loans and overdrafts, net of interest on bank deposits	(655)	(283)
Amortisation of bank debt arrangement fees	(48)	(27)
Interest expense on lease liabilities	(342)	(351)
Net finance costs	(1,045)	(701)

6. Profit Before Taxation

Profit or loss on ordinary activities before taxation is stated after charging / (crediting):

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Depreciation of owned tangible fixed assets	1,068	1,094
Depreciation expense on right of use assets	1,918	1,995
Amortisation of intangible assets recognised on acquisitions	519	446
Amortisation of other intangible assets	337	494
Expense relating to short term leases	376	521
Expense relating to low value leases	12	17
Income from subleasing right of use assets	(194)	-
Staff costs before furlough grants (Note 7)	55,032	49,629
Furlough grants received (Note 7)	-	(347)
Bad debts and net movement in provision for bad debts	386	177
Auditors' remuneration	238	179
(Profit) / loss on foreign exchange	(411)	51

Auditors' remuneration may be analysed by:

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Audit of Group's annual report and financial statements	56	45
Audit of subsidiaries	128	111
Audit related assurance services	5	5
Corporate finance	49	18
	238	179

Consolidated Financial Statements & Notes

7. Employee Information

The average number of Directors and staff employed by the Group during the year analysed by segment, was as follows:

	Year to 31 December 2022	Year to 31 December 2021
Advertising & Digital	878	760
Media Buying	48	57
Events	69	78
Public Relations	86	84
Central	6	5
	1,087	984

The aggregate employee costs of these persons included in operating expenses were as follows:

	Year to 31 December 2022	Year to 31 December 2021
Wages and salaries	£'000	£'000
Social security costs	47,593	42,522
Pension costs	5,453	5,075
Share based payment expense	1,844	1,806
	142	226
Total employee costs before furlough grants	55,032	49,629
Furlough grants received	-	(347)
Net employee costs after furlough grants	55,032	49,282

The Group operates twenty six (2021: twenty) defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Group to the schemes. At the end of the financial year outstanding contributions amounted to £279,000 (2021: £275,000).

Directors' Remuneration

Directors' remuneration is derived from their role as either a Board member of **MISSION** or as an Executive Director of one of the Group's Agencies. Remuneration for the year was as follows (all amounts in £'000):

	Salary / Fees	Performance related payments	Benefits	Pension	Total 2022	Total 2021
As Board Directors						
Julian Hanson-Smith (Chair)	80	-	1	-	81	63
James Clifton (Chief Executive)	310	156	10	4	480	437
Eliza Filby (Non-Executive from 1 January 2022)	45	-	1	-	46	-
Mark Lund (Non-Executive from 1 October 2022)	25	-	-	-	25	-
Giles Lee (Chief Financial Officer)	222	101	5	22	350	319
Andy Nash (Non-Executive to 30 September 2022)	34	-	-	2	36	45
Total	716	257	17	28	1,018	864
As Agency Directors						
Dylan Bogg	161	2	11	10	174	180
Sue Mullen	127	4	1	11	143	176
Fiona Shepherd	221	111	5	20	357	259
Former Directors						
Barry Cook (to 30 April 2021)	-	-	-	-	-	10
Robert Day (to 30 September 2021)	-	-	-	-	-	422*
Peter Fitzwilliam (to 30 April 2021)	-	-	-	-	-	177*
David Morgan (to 30 September 2021)	-	-	-	-	-	338*
Total	1,215	374	34	69	1,692	2,428*

Notes:

* During 2021 costs were incurred relating to former Directors as part of restructuring the Board. These costs have been treated as headline adjustments (see Note 3).

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8. Taxation

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	380	1,133
Adjustment for prior periods	(36)	(64)
Foreign tax on profits of the period	364	226
	708	1,295
Deferred tax:		
Current year originating temporary differences	(1)	137
Tax charge for the year	707	1,432

Factors affecting the Tax Charge for the Current Year:

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK.

The differences are:

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Profit before taxation	743	6,751
Profit on ordinary activities before tax at the standard rate of corporation tax of 19.00% (2021: 19.00%)	141	1,283
Effect of:		
Rate changes	(97)	119
Non-deductible expenses / income not taxable	562	(42)
Depreciation (lower than) / in excess of capital allowances	(76)	(32)
Losses not utilised	-	36
Higher rates on overseas earnings	190	160
Adjustments in respect of prior periods	(86)	(64)
Other differences	25	(28)
Actual tax charge for the year	707	1,432

9. Dividends

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of 0.83 pence (2021: 0.80 pence) per share	743	721
Final dividend of 1.60 pence (2021: deferred 2019 final dividend of 1.53 pence) per share	1,437	1,379
	2,180	2,100

The 2019 final dividend of 1.53 pence per share was proposed in the 2019 annual report and accounts but subsequently deferred due to the priority to preserve cash during the pandemic. Following the much-improved net debt position at 31 December 2020, this dividend was paid in March 2021 and, in accordance with IFRS, recognised in the 2021 accounts. A final dividend of 1.67 pence per share is to be paid in July 2023 should it be approved by shareholders at the AGM. In accordance with IFRS this final dividend will be recognised in the 2023 accounts.

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10. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS 33: Earnings Per Share.

	Year to 31 December 2022	Year to 31 December 2021
Earnings	£'000	£'000
Reported profit for the year		
Attributable to:		
Equity holders of the parent	9	5,423
Non-controlling interests	27	(104)
	36	5,319
Headline earnings (Note 3)		
Attributable to:		
Equity holders of the parent	6,103	5,923
Non-controlling interests	27	(104)
	6,130	5,819
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	89,906,999	90,394,211
Dilutive effect of securities:		
Employee share options	617,992	1,414,543
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	90,524,991	91,808,754
Reported basis		
Basic earnings per share (pence)	0.0	6.0
Diluted earnings per share (pence)	0.0	5.9
Headline basis:		
Basic earnings per share (pence)	6.8	6.6
Diluted earnings per share (pence)	6.7	6.5

A reconciliation of the profit after tax on a reported basis and the headline basis is given in Note 3.

11. Intangible Assets

	31 December 2022	31 December 2021
Goodwill	£'000	£'000
	96,213	94,604
Other intangible assets	3,528	4,370
	99,741	98,974

Goodwill	Year to 31 December 2022	Year to 31 December 2021
Cost	£'000	£'000
At 1 January	98,877	96,433
Recognised on acquisition of subsidiaries	3,609	2,444
At 31 December	102,486	98,877
Impairment adjustment		
At 1 January and 31 December	4,273	4,273
Impairment during the year	2,000	-
At 31 December	6,273	4,273
Net book value at 31 December	96,213	94,604

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill. The review performed assesses whether the carrying value of goodwill is supported by the net present value of projected cash flows derived from the underlying assets for each cash-generating unit ("CGU"), discounted using an appropriate discount rate. It is the Directors' judgement that each distinct Agency represents a CGU. The initial projection period of four years includes the annual budget for each CGU, based on insight into Clients' planned marketing expenditure and targets for net new business growth derived from historical experience, on 1 extrapolations of the budget in subsequent years based on known factors and estimated trends. The key assumptions used by each CGU concern revenue growth and staffing levels and different assumptions are made by different CGUs based on their individual circumstances. Beyond this initial projection period, a generic long term growth rate of 2.0% is assumed for all units based on information published by market analysts. The resulting pre-tax cash flow forecasts were discounted using the Group's estimated pre-tax Weighted Average Cost of Capital ("WACC"), which is 8.36% (2021: 8.75%, the average of the WACC over the 10 years from 2012 to 2021).

As a result of the performance and restructuring of the operations of Bray Laine Splash Pte Ltd, the Directors considered it prudent to impair £2.0m of goodwill relating to this CGU. No other impairments in goodwill were required. No change to this conclusion is reached as a result of the following independent changes in assumption is: nil growth in 2023 and a one-year delay in the achievement of 2023 budgets; any reduction in short term growth rates beyond 2024; nil long term growth rates; a 1% increase in discount rate. The only change in assumptions that would result in a material impairment in the carrying value of the Group's goodwill is an increase in discount rate of 1%, which management do not believe is a reasonably possible change in key assumption.

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11. Intangible Assets – continued

Goodwill arose from the acquisition of the following subsidiary companies and trade assets and is comprised of the following substantial components:

	31 December 2022	31 December 2021
April Six Ltd and April Six (Mobility) Ltd	£7,000	£7,000
Bray Lano Ltd	14,832	14,832
Influence Sports Ltd	27,761	27,761
Krow Agency Ltd and Krow Communications Ltd	2,834	-
Mongocase Sports & Entertainment Ltd	18,327	18,327
RAW & Partners Ltd	931	931
Schmitt Healthcare Network Ltd	4,962	4,962
Soul (London) Ltd	1,058	1,058
Speed Communications Agency Ltd	2,444	2,444
Bray Lano Splash Pte. Ltd	3,085	3,085
Starg Agency Ltd (formerly Chopster Agency Ltd)	386	2,350
Starg UK Ltd	3,440	3,440
ThinkBDW Ltd	7,516	7,516
Other smaller acquisitions	6,283	6,283
	2,384	1,609
	96,213	96,604

Other intangible assets	Software and product development	Trade names	Customer relationships	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	2,699	1,858	5,894	10,451
Additions	1,024	100	160	1,284
Disposals	(165)	-	-	(165)
At 31 December 2021	3,558	1,958	6,054	11,570
Additions	1,852	150	614	2,616
Transfers to PPE	(103)	-	-	(103)
Disposals	(3)	-	-	(3)
Impairment	(2,875)	-	-	(2,875)
At 31 December 2022	2,699	2,108	6,768	11,575
Amortisation and impairment				
At 1 January 2021	1,465	462	4,868	6,795
Charge for the year	404	91	355	850
Disposals	(165)	-	-	(165)
At 31 December 2021	1,704	553	5,223	7,480
Charge for the year	337	110	407	854
Transfers to PPE	(103)	-	-	(103)
Disposals	(2)	-	-	(2)
Impairment	(277)	-	-	(277)
At 31 December 2022	1,752	663	5,632	8,047
Net book value at 31 December 2022	947	1,445	1,136	3,528
Net book value at 31 December 2021	2,054	1,405	931	4,370

Additions of £1,852,000 (2021: £1,024,000) in the year include costs associated with the development of identifiable software and other products that are expected to generate economic benefits in excess of the costs of development. Included within the value of intangible assets is an amount of £783,000 (2021: £783,000) relating to trade names of businesses acquired, which are deemed to have indefinite useful lives. These trade names have obtained recognition in the marketplace and the companies acquired will continue to operate under the relevant trade names, which will play a role in developing and sustaining customer relationships for the foreseeable future. As such, it is the Directors' judgement that the useful life of these trade names is considered to be indefinite.

Intangible assets include an amount of nil (2021: £1,202,000) relating to product development costs in Potlfinder. At the end of 2022 it was decided that the full value of capitalised product development costs in Potlfinder should be impaired as the sales and improved profitability that was expected from these products was believed to be unlikely to materialise in the short-term.

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11. Intangible Assets – continued

Also included is an amount of £393,000 (2021: £468,000) relating to the Krow trade name, which has attained recognition in the marketplace and plays a role in attracting and retaining Clients. This value will be amortised over the next 5 years (2021: 6 years). In addition there are amounts of £393,000 (2021: £708,000) and £473,000 (2021: nil) included relating to Krow customer relationships and influence customer relationships respectively. Krow and Influence have developed a base of customers to whom the Group would expect to continue selling in the future. The remaining useful life of the Krow customer relationships is deemed to be 1 year (2021: 2 years), and of the Influence customer relationships is deemed to be 3 years. The values will be amortised over these periods.

12. Subsidiaries

The Group's principal trading subsidiaries are listed below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, except for Spark Marketing Services Ltd which is 75% owned, Patfindr Ltd which is 80% owned, and Bray Leino Splash Pte. Ltd which is 70% owned and incorporated in Singapore. A full list of all Group companies at 31 December 2022 can be found in Note 42 to the Company Financial Statements.

Subsidiary undertaking	Nature of business
April Six Ltd	Marketing communications, specialising in the technology sector
April Six (Mobility) Ltd (formerly RLA Group Ltd)	Marketing communications, specialising in the automotive sector
Bray Leino Ltd	Advertising, media buying, digital marketing, events and training
Bray Leino Splash Pte. Ltd	Digital marketing
Influence Sports Ltd	Sports and entertainment marketing
Krow Agency Ltd	Marketing communications
Krow Communications Ltd	Marketing communications
Mongoose Sports & Entertainment Ltd	Sports, fitness and entertainment marketing
Patfindr Ltd	Creator of IoT solutions
RJW & Partners Ltd	Pricing and market access in the healthcare sector
Soul (London) Ltd	Marketing communications
Solaris Healthcare Network Ltd	Marketing communications, specialising in the medical sector
Spark Marketing Services (formerly Mongoose Promotions Ltd)	Sales promotion
Speed Communications Agency Ltd	Public relations
Story Agency Ltd (formerly Chapter Agency Ltd)	Marketing communications
Story UK Ltd	Marketing communications
ThinkBDW Ltd	Marketing communications, specialising in the property sector

13. Property, Plant and Equipment

	Property	Fixtures & fittings and office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2021	2,280	3,038	3,648	59	9,025
Acquisition of subsidiaries	-	-	1	-	1
Additions	42	118	663	61	884
Disposals	(23)	(775)	(338)	(1)	(1,137)
At 31 December 2021	2,295	2,381	3,974	119	8,773
Acquisition of subsidiaries	14	7	34	-	55
Additions	111	256	725	-	1,092
Transfers between categories and from other intangible assets	(4)	275	(168)	-	103
Disposals	(169)	(150)	(403)	(17)	(739)
Impairment	-	(62)	-	-	(62)
At 31 December 2022	2,251	2,707	4,162	102	9,222
Depreciation					
At 1 January 2021	1,652	2,153	2,780	46	6,631
Charge for the year	140	388	549	17	1,094
Disposals	(1)	(728)	(325)	-	(1,054)
At 31 December 2021	1,791	1,813	3,004	63	6,671
Charge for the year	144	284	618	22	1,068
Transfers between categories and from other intangible assets	-	268	(168)	-	100
Disposals	(148)	(103)	(398)	(17)	(666)
Impairment	-	(41)	-	-	(41)
At 31 December 2022	1,787	2,221	3,056	68	7,132
Net book value at 31 December 2022	464	486	1,106	34	2,090
Net book value at 31 December 2021	508	568	970	56	2,102

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14. Right of Use Assets

The Group leases several assets including property, office equipment, computer equipment and motor vehicles.

	Property	Furniture & fittings and office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Net carrying amount					
At 31 December 2021	8,815	24	8	302	9,149
At 31 December 2022	9,004	22	4	506	9,536
Depreciation expense					
Year to 31 December 2021	1,700	18	5	272	1,995
Year to 31 December 2022	1,638	2	5	273	1,918
Additions					
Year to 31 December 2021	184	2	4	225	415
Year to 31 December 2022	1,705	3	8	467	2,183

15. Investments, Associates and Joint Ventures

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
At 1 January	517	317
Profit during the year	160	140
Additions	-	60
Disposal of Fenturi	(240)	-
At 31 December	437	517

In 2022 Fenturi was disposed of.

16. Trade and Other Receivables

	31 December 2022	31 December 2021
	£'000	£'000
Trade receivables	25,052	25,727
Accrued income	13,273	11,551
Prepayments	2,051	2,154
Other receivables	879	1,106
	41,255	40,538

An allowance has been made for estimated irrecoverable amounts from the provision of services of £228,000 (2021: £225,000). The estimated irrecoverable amount is arrived at by considering the historical loss rate and adjusting for current expectations. Client base and economic conditions. Both historical losses and expected future losses being very low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables and accrued income. Accrued income relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	31 December 2022	31 December 2021
	£'000	£'000
Gross trade receivables	25,280	25,952
Gross accrued income	13,273	11,551
Total trade receivables and accrued income	38,553	37,503
Expected loss rate	0.6%	0.6%
Provision for doubtful debts	228	225

Trade receivables include £0.5m (2021: £7.1m) that is past due but not impaired, of which £1.0m (2021: £1.1m) is greater than 3 months past due.

Accrued income has increased by £1,722,000 as a result of an increase in the volume of work taking place just prior to the 2022 year end, including two large campaigns from new clients, where the work has been performed prior to year end, but the customer will only be invoiced and pay in 2023.

16. Trade and Other Receivables – continued**Credit risk**

The Group's principal financial assets are trade receivables, accrued income and bank balances, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables and accrued income. The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The majority of the Group's trade receivables and accrued income is due from large national or multinational companies where the risk of default is considered low. In order to mitigate this risk further, the Group has arranged credit insurance on certain of its trade receivables as deemed appropriate. Where credit insurance is not considered cost effective, the Group monitors credit-worthiness closely and mitigates risk, where appropriate, through payment plans.

There can be no assurance that any of the Group's Clients will continue to utilise the Group's services to the same extent, or at all, in the future. The loss of, or a significant reduction in advertising and marketing spending by, the Group's largest Clients, if not replaced by new Client accounts or an increase in business from existing Clients, would adversely affect the Group's prospects, business, financial condition and results of operations. The impact would however be limited as only three Clients represented more than 3% of total operating income in 2022 (2021: three Clients).

17. Cash and Short Term Deposits

Cash and short term deposits comprise cash held by the Group and short term bank deposits.

18. Trade and Other Payables

	31 December 2022	31 December 2021
	£'000	£'000
Trade creditors	14,454	10,807
Deferred income	8,903	9,128
Other creditors and accruals	10,771	11,196
Other tax and social security payable	3,957	4,611
Lease liabilities (Note 20)	1,582	1,566
	39,667	37,338

Trade creditors increased as a result of the increased level of trading towards the end of 2022 versus 2021, accompanied by slightly slower payment of creditors as evidenced by an increase in trade creditors days.

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

19. Bank Overdrafts, Loans and Net Bank Deb:

	31 December 2022	31 December 2021
	£'000	£'000
Bank loan outstanding	17,575	16,500
Unamortised bank debt arrangement fees	(60)	(107)
Carrying value of loan outstanding	17,515	16,393
Less: Cash and short term deposits	(6,153)	(6,066)
Net bank debt	11,362	10,327
The borrowings are repayable as follows:		
Less than one year	27	-
In one to two years	17,521	-
In two to three years	22	16,500
In three to four years	5	-
	17,575	16,500

Unamortised bank debt arrangement fees	(60)	(107)
Less: Amount due for settlement within 12 months (shown under current liabilities)	17,515	16,393
Amount due for settlement after 12 months	27	-
	17,468	16,393

Bank debt arrangement fees, where they can be amortised over the life of the loan facility, are included in finance costs. The unamortised portion is reported as a reduction in bank loans outstanding.

Included in the above is £75,000 of bank loans owing by Populate Social Ltd, one of the companies acquired during the year. These borrowings are repayable over a four year period.

At 31 December 2022, the Group's committed bank facilities comprised a revolving credit facility of £20m, expiring on 5 April 2024, with an option to increase the facility by £5m and by one year. Interest on the new facility is based on SONIA (sterling overnight index average) plus a margin of between 1.50% and 2.25% depending on the Group's debt leverage ratio, payable in cash on loan rollover dates. On 8 March 2023 the option to extend the facility by one year was exercised, extending the facility expiration date to 5 April 2025.

In addition to its committed facilities, at 31 December 2022 the Group had available an overdraft facility of up to £3.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 2.25%.

At 31 December 2022, there was a cross guarantee structure in place with the Group's bankers by means of a fixed and floating charge over all of the assets of the Group companies in favour of National Westminster Bank plc.

All borrowings are in sterling.

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20. Lease Liabilities

Obligations under leases are due as follows:

	31 December 2022	31 December 2021
In one year or less (shown in trade and other payables)	£700	£700
	1,582	1,556
In more than one year	8,481	8,077
	10,063	9,673

The fair values of the Group's lease obligations approximate their carrying amount.

The Group's obligations under leases are secured by the lessor's charge over the leased assets.

21. Acquisitions

21.1 Acquisition Obligations

The terms of an acquisition provide that the value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company. The Directors estimate that the liability for contingent consideration payments is as follows:

	31 December 2022		31 December 2021	
	Cash	Shares	Cash	Shares
	£'000	£'000	£'000	£'000
Less than one year	1,371	-	1,371	692
Between one and two years	53	-	53	430
In more than two years but less than three years	1,820	-	1,820	300
In more than three years but less than four years	899	-	899	1,893
	4,143	-	4,143	3,315

A reconciliation of acquisition obligations during the period is as follows:

	Cash	Shares	Total
	£'000	£'000	£'000
At 31 December 2021	3,315	-	3,315
Obligations settled in the period	(790)	-	(790)
Adjustments to estimates of obligations	(334)	-	(334)
New acquisitions	1,952	-	1,952
At 31 December 2022	4,143	-	4,143

21. Acquisitions – continued

21.2 Acquisition of Influence Sports Ltd

On 7 December 2022, the Group acquired the entire issued share capital of Influence Sports Ltd ("Influence"). Headquartered in London and with a strong presence in the US, Influence works with sponsors and brands, rights holders, investors and industry Clients to deliver marketing communications strategies, commercial programs, and actionable market intelligence. The fair value of the consideration given for the acquisition was £3,337,000, comprising initial cash consideration and deferred contingent consideration. The deferred contingent consideration is to be satisfied by the issue of new ordinary shares up to a maximum of 40% of MISSION's discretion, with the balance payable in cash. Costs relating to the acquisition amounted to £128,000 and were expensed.

Maximum contingent consideration of £3,500,000 is dependent on Influence achieving a profit target over the period 1 January 2023 to 31 December 2025. The Group has provided for contingent consideration of £1,780,000 to date.

The fair value of the net identifiable assets acquired was £73,000 resulting in goodwill and previously unrecognised other intangible assets of £3,204,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction. Management concluded that both a brand name and customer relationships were acquired and attributed a value to each of these by applying commonly accepted valuation methodologies. The goodwill arising on the acquisition is attributable to the anticipated profitability of Influence.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired:			
Fixed assets	9	-	9
Trade and other receivables	440	-	440
Cash and cash equivalents	89	-	89
Trade and other payables	(483)	-	(483)
Deferred tax	(2)	-	(2)
	73	-	73
Other intangibles recognised at acquisition	-	573	573
Deferred tax adjustment	-	(43)	(43)
	73	430	503
Goodwill			2,834
Total consideration			3,337
Satisfied by:			
Cash			1,557
Deferred contingent consideration			1,780
			3,337

Influence contributed turnover of £489,000, operating income of £329,000 and headline operating profit of £222,000 to the results of the Group in 2022.

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21. Acquisitions – continued**21.3 Other Acquisitions**

A total of £508,000 was invested in other acquisitions during the year, comprising initial cash consideration of £336,000 and deferred contingent consideration of £172,000.

21.4 Pro-forma results including acquisitions

The Directors estimate that the turnover, operating income and headline operating profit of the Group would have been approximately £185.2m, £80.8m and £9.0m had the Group consolidated the results of the acquisitions made during the year, from the beginning of the year.

22. Share Capital

	31 December 2022	31 December 2021
	£'000	£'000
Allotted and called up:		
91,015,897 Ordinary shares of 10p each		
(2021: 91,015,897 Ordinary shares of 10p each)	9,102	9,102

Share-based Incentives

The Group has the following share-based incentives in issue:

	At start of year	Granted/ acquired	Waived/ lapsed	Exercised	At end of year
TMMG Long Term Incentive Plan	711,211	-	(145,628)	(171,362)	393,221
Growth Share Scheme	3,200,000	-	-	-	3,200,000

The TMMG Long Term Incentive Plan ("LTIP") was created to incentivise senior employees across the Group. Nil-cost options are awarded at the discretion of, and vest based on criteria established by, the Remuneration Committee. During the year, 171,362 options were exercised at an average share price of 59.7p and at the end of the year 271,859 of the outstanding options are exercisable.

Shares held in an Employee Benefit Trust (see Note 23) will be used to satisfy share options exercised under the Long Term Incentive Plan.

A Growth Share Scheme was implemented in June 2021. Participants in the scheme subscribed for Ordinary B shares in The Mission Marketing Holdings Limited (the "growth shares") at a nominal value. These growth shares can be exchanged for an equivalent number of Ordinary Shares in **MISSION** if **MISSION**'s share price equals or exceeds 150p for at least 15 consecutive days during the period ending on the date the Company's financial results for the year ended 31st December 2023 are announced; if not, they will have no value.

23. Own Shares

	No. of shares	£'000
At 31 December 2020	897,814	591
Awarded or sold during the year	(179,676)	(73)
At 31 December 2021	718,138	518
Own shares purchased	827,937	497
Awarded or sold during the year	(50,537)	(21)
At 31 December 2022	1,495,538	994

Shares are held in an Employee Benefit Trust to meet certain requirements of the Long Term Incentive Plan. During the year, 827,937 (2021: nil) shares were purchased at an average share price of 60.0p. This represents 0.9% of the total issued share capital.

24. Share-Based Incentive Reserve

The share-based incentive reserve represents charges to the profit or loss required by IFRS 2 to reflect the cost of the nil-cost share options and growth shares issued to the Directors and employees.

25. Share-Based Payments**Nil-cost share options**

Details of the relevant option schemes are given in Note 22. Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year-end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. No options were issued during 2022 or 2021.

The weighted average share price over the three years ending 31 December 2022 was 69.7p and the weighted average remaining contractual life of the share options outstanding at 31 December 2022 was 4.0 years.

The Group recognised an expense of £33,000 in 2022 (2021: £174,000).

Growth Shares

Details of the Growth Share scheme are given in Note 22. The fair value of growth shares was measured by use of a Monte Carlo simulation model, which uses probability analysis to calculate the value of options. The fair value of the growth shares issued in 2021 was 9.0p per share at measurement date. No growth shares were issued in 2022. The key inputs for the valuation of the growth shares issued in 2021 are:

Share price at grant	75.0p
Risk free rate	0.2%
Dividend yield	3.0%
Expected volatility	33.0%

Volatility is based on the historical volatility of the share price over a 3 year trading period. The weighted average share price from inception of the scheme until 31 December 2022 was 65.4p and the weighted average remaining contractual life of the growth shares outstanding at 31 December 2022 was 1.3 years.

The Group recognised an expense of £109,000 in 2022 (2021: £52,000).

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26. Financial Assets and Liabilities

Capital management

The Group defines "capital" as being debt plus equity. Net bank debt comprises short and long term borrowings net of cash, cash equivalents and the unamortised balance of bank renegotiation fees as analysed in Note 19. In addition, the Group treats its commitment to future consideration payments under acquisition agreements as another component of debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the balance sheet and in the Consolidated Statement of Changes in Equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants. The principal measures by which the Directors monitor capital risk are the ratios of net bank debt to EBITDA and total debt (including both net bank debt and estimated acquisition consideration payable) to EBITDA. (Note that, since acquisition consideration is dependent on future levels of profitability in the acquired business, which are inevitably uncertain, the Directors calculate this ratio by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability.) The Directors have set targets, of remaining below x1.5 and x2.0 for these ratios respectively (calculated on a pre-IPRs to basis).

Financial risk management

The Group's policy is to *eliminate financial risk* where it is cost-effective, including the use of credit insurance and currency hedges, and to mitigate it where not, including close monitoring of credit-worthiness and the use of Client payment plans if possible. The Group's policy is not to use any financial instruments for speculating.

The Group's principal financial instruments comprise cash and various forms of borrowings.

Substantially all the Group's activities continue to take place in the United Kingdom. Where revenue is generated in one currency and costs are incurred in another, the Group aims to agree pricing at the outset of a piece of work, and then hedge its foreign currency exposure, if considered significant, through the use of forward exchange contracts. There was no material foreign currency exposure at the year end.

The main purpose of the Group's use of financial instruments is for day-to-day working capital and as part of the funding for past acquisitions. The Group's financial policy and risk management objective is to achieve the best interest rates available whilst maintaining flexibility and minimising risk. The main risks arising from the Group's use of financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The operations of the Group generate cash and it funds acquisitions through a combination of retained profits, equity issues and borrowings. The Group's financial liabilities comprise floating rate instruments. The bank loan's interest rate is reset from time to time and accordingly is not deemed a fixed rate financial liability.

Interest on the Group's revolving credit facility is payable by reference to SONIA (sterling overnight index average), subject to downward or upward ratchets depending on certain ratios of debt to EBITDA on a quarterly basis. The Directors have considered again the relative merits of the use of hedging instruments to limit the exposure to interest rate risk. Since the sensitivity of profits to a 1% change in interest rates is less than £0.2m, they have decided not to enter into any hedging arrangements.

Liquidity risk

The Group's financial instruments include a mixture of short and long-term borrowings. The Group seeks to ensure sufficient liquidity is available to meet working capital needs and the repayment terms of the Group's financial instruments as they mature.

Financial assets	31 December 2022	31 December 2021
	£'000	£'000
Cash at bank maturing in less than one year or on demand	6,153	6,006

Financial liabilities	Bank loan and overdraft	Lease liabilities	Acquisition obligations	Total
	£'000	£'000	£'000	£'000

At 31 December 2022

Interest analysis:

Subject to floating rates	17,575	-	-	17,575
Subject to fixed rates	-	10,063	4,143	14,206
	17,575	10,063	4,143	31,781

Maturity analysis:

One year or less, or on demand	-	1,592	1,371	2,963
In one to two years	17,575	1,346	53	18,974
In two to three years	-	1,170	1,820	2,990
In three to four years	-	998	899	1,897
In four to five years	-	717	-	717
In more than five years	-	4,250	-	4,250
	17,575	10,063	4,143	31,781

At 31 December 2021

Interest analysis:

Subject to floating rates	16,500	-	-	16,500
Subject to fixed rates	-	9,673	3,315	12,888
	16,500	9,673	3,315	29,488

Maturity analysis:

One year or less, or on demand	-	1,596	692	2,288
In one to two years	-	1,209	430	1,639
In two to three years	16,500	1,032	300	17,832
In three to four years	-	875	1,893	2,768
In four to five years	-	782	-	782
In more than five years	-	4,179	-	4,179
	16,500	9,673	3,315	29,488

The Group's bank loans and overdraft facility are floating rate borrowings and all facilities are secured by a fixed and floating charge over the assets of all Group companies.

The fair value of the Group's financial assets and liabilities is not considered to be materially different from their book values.

Independent Auditor's Report
to the Members of The MISSION Group plc

27. Leave Pay Accrual

The Group has a policy of not allowing days to be carried forward from one year to the next, unless in exceptional circumstances. In addition, no payment is made in lieu of untaken leave which is not carried forward. There is no material liability relating to untaken leave at year end.

28. Post Balance Sheet Events

There have been no material post balance sheet events.

29. Related Party Transactions

The Directors consider that the Directors of the Company represent the Group's key management personnel for the purposes of disclosing related party transactions. Directors' remuneration is disclosed in detail in Note 7. The total compensation payable to key management personnel is detailed below.

	Year to	
	31 December 2022	31 December 2021
	£'000	£'000
Short-term employee benefits	1,593	1,666
Post-employment benefits	69	58
Share-based payments	30	217
Remuneration arising from Board restructuring	-	485
	1,692	2,426

Bray Leinc Ltd rents property from entities under the control of David Morgan, significant shareholder and Chairman of The MISSION Group plc until retirement on 30 September 2021, and members of his close family. During the year the Company paid annual rental and property fees totalling £75,000 (2021: £75,000). There were no amounts owed at the balance sheet date to these entities.

Krow Agency Ltd is contracted to pay annual rent to four individuals, including Dylan Bogg (Executive Director). During the year, total rental of £74,000 (2021: £74,000) was paid and no amount was outstanding at the balance sheet date.

During 2021 seven directors received loans totalling £46,045 in respect of the personal tax payable on a growth share award, as follows: Dylan Bogg £3,061; James Clifton £10,000; Julian Hanson-Smith £4,269; Giles Lee £10,000; Sue Mullen £5,970; Andy Nash £2,746; Fiona Shepherd £10,000. All loans are repayable from the proceeds of the growth share scheme or on termination of employment. No interest is being charged and all loans remain outstanding at the year end.

Mark Lund, a Non-Executive Director, is also a director of Smart Energy GB, a company which is a Client of Livity Ltd. Sales from Livity Ltd to Smart Energy GB at arms length subsequent to Mark becoming a director on 1 October 2022 amounted to £31,853. Included within trade debtors is £38,224 due from Smart Energy GB.

James Clifton, the Group Chief Executive, owns a 5% (2021: 5%) holding in Pathfinder Ltd.

30. Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2022 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 20 June 2023 and, after approval at the AGM, will be delivered to the Registrar of Companies. Further copies will be available from the Company's registered office and on the Group's website, www.themission.co.uk

Report on the parent company financial statements

Opinion

We have audited the financial statements of The MISSION Group plc (the 'Company') for the year ended 31 December 2022, which comprise the Company Balance Sheet, Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 2022 and of its profit for the year 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 as applied to listed entities, 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.

An overview of the scope of our audit

We planned and performed our audit by obtaining an understanding of the Company and its environment, including the accounting processes and controls, and the industry in which it operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter identified for the company related to the carrying value of its investments, given the company holds material investments in subsidiary undertakings. The company receives dividend income from its trading subsidiaries. We reviewed and considered the level of dividend income received from subsidiary companies along with the ongoing ability for subsidiary companies to generate distributable profits. Further detailed work in respect of goodwill impairment in respect of the group's cash generating units is set out in our group audit report.

Our application of materiality

Misstatements, including omissions, are considered to be material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the company financial statements should be based on gross assets as it is a holding company. This was restricted to 50% of group materiality to give overall company materiality of £194,000 (2021: £186,500), performance materiality of £146,000 (2021: £140,000). Individual errors above £6,000 (2021: £6,000) were reported to the audit committee.

Financial Statements

Independent Auditor's Report: Company

Conclusions relating to going concern

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

Based on the work we have performed (as set out in the group audit report), 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 financial statements is materially inconsistent with the audit or otherwise or our knowledge obtained in 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 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.

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

Matters on which we are required to report by exception

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

- We have nothing to report in respect of the following matters where 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 parent company 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 pages W0 and W1, 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

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 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:

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We identified the principal risks of non-compliance with laws and regulations as relating to breaches around GDPR. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as financial reporting legislation (including The Companies Act 2006), distributable profits legislation and taxation legislation.

We considered the extent to which any non-compliance with these laws and regulations may have on the company's ability to continue trading and the risk of a material misstatement in the financial statements. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to the misstatement of the result for the year and impairment of assets.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- We made enquiries of senior management as to their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of material fraud, of which there were none.
- We identified the individuals with responsibility for ensuring compliance with laws and regulations and discussed with them the procedures and policies in place.
- We reviewed minutes of meetings of Senior Management and those charged with governance.
- We challenged the assumptions and judgements made by management in its significant accounting estimates.
- We audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorresponsibilities.

This description forms part of our auditor's report.

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, or for the opinions we have formed.

Duncan Leslie FCA
(Senior Statutory Auditor)

PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

28 March 2023

Company Balance Sheet
As at 31 December 2022

	Note	As at 31 December 2022	As at 31 December 2021
NON-CURRENT ASSETS			
Intangible assets	32	1,296	1,430
Investments	33	114,596	114,596
Property, plant and equipment		945	851
		116,837	116,877
CURRENT ASSETS			
Debtors	34	10,653	9,952
		10,653	9,952
CREDITORS: Amounts falling due within one year	35	(11,695)	(12,654)
NET CURRENT LIABILITIES		(1,002)	(2,702)
TOTAL ASSETS LESS CURRENT LIABILITIES		115,855	114,175
CREDITORS: Amounts falling due after more than one year	36	(17,640)	(16,989)
NET ASSETS		98,215	97,187
CAPITAL AND RESERVES			
Called up share capital	38	9,102	9,102
Share premium account	38	45,928	45,928
Own shares	38	(994)	(518)
Share-based incentive reserve		886	828
Profit and loss account		43,293	41,847
SHAREHOLDER'S FUNDS		98,215	97,187

The company made a profit of £3,717,000 for the year (2021: £4,103,000).
The financial statements were approved and authorised for issue on 28 March 2023 by the Board of Directors.
They were signed on its behalf by:

Giles Lee, Group Chief Financial Officer
Company registration number: 05733632

G. Lee

Company Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital	Share premium	Own shares	Share- based incentive reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	9,102	45,928	(591)	582	40,190	95,211
Profit for the year	-	-	-	-	4,103	4,103
Share option charge	-	-	-	234	-	234
Growth share charge	-	-	-	12	-	12
Shares awarded and sold from own shares	-	-	73	-	(346)	(273)
Dividend paid	-	-	-	-	(2,100)	(2,100)
At 31 December 2021	9,102	45,928	(518)	828	41,847	97,187
Profit for the year	-	-	-	-	3,717	3,717
Share option charge	-	-	-	33	-	33
Growth share charge	-	-	-	25	-	25
Own shares purchased	-	-	(497)	-	-	(497)
Shares awarded and sold from own shares	-	-	21	-	(91)	(70)
Dividend paid	-	-	-	-	(2,180)	(2,180)
At 31 December 2022	9,102	45,928	(994)	886	43,293	98,215

31. Principal Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The **MISSION** Group plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 105. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 11.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Reduced disclosure exemptions

The **MISSION** Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the presentation of a statement of comprehensive income, cash flow statement, financial instruments, share-based payment, share capital and remuneration of key management personnel. The company made a profit of £3.7m for the year (2021: £4.1m).

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or event that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recoverable. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is only contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value. Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions to be classified as basic instruments are subsequently measured at amortised cost using the effective interest method.

Basic debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Financial liabilities are released to the profit and loss account when the liability is extinguished.

Contingent consideration payments

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company. The amounts recognised in the financial statements represent a reasonable estimate at the balance sheet date of the amounts expected to be paid and has been classified in the balance sheet in accordance with the substance of the transaction. Revisions to estimated consideration payable year on year are reflected in the value of the corresponding investment. Where the agreement gives rise to an obligation that may be settled by the delivery of a variable number of shares to meet a defined monetary liability, these amounts are disclosed as debt.

Investments

In the Company's financial statements, investments in subsidiary and associate undertakings are stated at cost less provision for any impairment in value.

Accounting estimates and judgements

The Company makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of investments

The potential impairment of investments is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial four year period and assumptions about growth thereafter.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Lease commitments

Rental costs under operating leases are charged against profits as incurred.

Profit of parent company

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these accounts.

Notes to the Company Financial Statements

32. Intangible Assets

Other intangible assets	Software development and licences			Customer relationships		Goodwill	Total
	£'000	£'000	£'000	£'000	£'000		
Cost							£'000
At 1 January 2021	502	61	608				1,171
Additions	231	-	289				520
At 31 December 2021	733	61	897				1,691
Additions	86	-	-				86
Adjustments to purchase consideration	-	-	(34)				(34)
At 31 December 2022	819	61	863				1,743
Amortisation and Impairment							
At 1 January 2021	71	61	-				132
Charge for the year	129	-	-				129
At 31 December 2021	200	61	-				261
Charge for the year	186	-	-				186
At 31 December 2022	386	61	-				447
Net book value at 31 December 2022	433	-	863				1,296
Net book value at 31 December 2021	533	-	897				1,430

Additions of £86,000 (2021: £231,000) in the year include costs associated with the development of identifiable software products that are expected to generate economic benefits in excess of the costs of development.

33. Investments

		Shares in subsidiary undertakings	
		£'000	£'000
Cost			
At 1 January 2021			123,039
Additions			-
Adjustment to purchase consideration			-
At 31 December 2021			123,039
Additions			-
Adjustment to purchase consideration			-
At 31 December 2022			123,039
Impairment			
At 1 January 2021			(8,443)
Impairment			-
At 31 December 2021			(8,443)
Impairment			-
At 31 December 2022			(8,443)
Net book value at 31 December 2022			114,596
Net book value at 31 December 2021			114,596

A list of the principal trading companies in the Group at 31 December 2022 can be found in Note 12 to the Consolidated Financial Statements and a complete list can be found in Note 42.

Financial Statements

Notes to the Company Financial Statements

34. Debtors

	31 December 2022	31 December 2021
Trade debtors	£'000	£'000
Amounts due from subsidiary undertakings	652	326
Corporation tax	4,310	7,138
Prepayments	1,499	639
Accrued income	1,483	1,355
Other debtors	485	415
	54	79
	10,653	9,952

35. Creditors: Amounts Falling Due Within One Year

	31 December 2022	31 December 2021
Trade creditors	£'000	£'000
Bank overdraft	831	885
Amounts due to subsidiary undertakings	326	1,400
Accruals	9,003	8,550
Acquisition obligations	834	1,223
Other creditors	371	280
	290	316
	11,655	12,654

36. Creditors: Amounts Falling Due After More Than One Year

	31 December 2022	31 December 2021
Bank loan (see Note 37)	£'000	£'000
Acquisition obligations	17,440	16,303
Deferred tax liability	200	165
	17,640	16,988

37. Borrowings

	31 December 2022	31 December 2021
Bank loan outstanding	£'000	£'000
Adjustment to amortised cost	17,500	16,500
Carrying value of loan outstanding	(40)	(107)
	17,440	16,393
The borrowings are repayable as follows:		
Less than one year	-	-
One to two years	17,500	-
More than two years but less than three years	-	16,500
	17,500	16,500
Adjustment to amortised cost	(40)	(107)
	17,440	16,393
Least Amount due for settlement within 12 months (shown under current liabilities)	-	-
Amount due for settlement after 12 months	17,440	16,393

Details of the Company's borrowing facilities and interest rates are set out in Note 19 and not therefore repeated here. All borrowings are in sterling.

As at 31 December 2022, net assets of the Group were £90,175,000 (2021: £93,472,000) and net borrowings under this Group arrangement amounted to £11,362,000 (2021: £10,327,000).

38. Share Capital and Own Shares

The movements on these items are disclosed within the Consolidated Financial Statements.

A description of Own Shares is disclosed in Note 23. During the year, the Company did not issue any new Ordinary shares of 10p each (2021: no shares were issued) and at 31 December 2022, the number of shares in issue was 91,015,897 (2021: 91,015,897).

39. Unrealised Reserves

Included in reserves at 31 December is unrealised profit, which is non-distributable, of £3,165,000 (2021: £3,165,000).

Notes to the Company Financial Statements

40. Operating Lease Commitments

The total minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	Leasehold buildings	Other	Other
	£'000	£'000	£'000	£'000
Within one year	286	12	178	6
Between two and five years	899	35	80	1
In more than five years	581	-	148	-
	1,766	47	306	7

41. Related Party Transactions

Details of related party transactions are disclosed in Note 29 of the Consolidated Financial Statements.

42. Group Companies

Below is a list of all companies in the Group. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, unless otherwise indicated. In addition, the Company holds an indirect interest in Destination CMS Ltd (50%), treated as a joint venture. Unless otherwise stated, the registered office of all companies is The Old Sawmills, Filleigh, Barnstaple, EX32 0RN.

Subsidiary	Country of Incorporation	Registered office
Held directly:		
The Mission Marketing Holdings Ltd **		
Held indirectly:		
April Six GmbH	Germany	1/F, Rosental 7, Munich 80331, Germany
April Six Inc.	USA	900 Kearny Street, Suite 700, San Francisco, CA 94133, United States of America
April Six Ltd **		
April Six (Mobility) Ltd **		
April Six Proof Ltd **		
April Six Pte. Ltd	Singapore	176 Orchard Road #05 - 05, The Centrepoint, Singapore 238843
Balloon Dog Ltd		
Bastin Day Westley Ltd		
Big Communications Ltd		
Bray Leino Ltd **		
Bray Leino Productions Ltd **		
Bray Leino Sdn. Bhd. *	Malaysia	100.6.04, 129 Offices, Block J, Jaya One, No. 72A, Jalan Universiti 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

42. Group Companies – continued

Subsidiary undertaking	Country of Incorporation	Registered office
Bray Leino Splash Ltd *	Hong Kong	Unit 1101, 11/F, Tower 1, Cheung Sha Wan Plaza, 833 Cheung, Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong
Bray Leino Splash Pte. Ltd	Singapore	51 Tai Seng Ave, #04-04, Pnai Red, Singapore - 533041
Bray Leino Splash Sdn. Bhd. *	Malaysia	No. 308, Block A (3rd Floor), Kelana Business Centre, No. 97, Jalan 55/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Fox Murphy Ltd		
Fuse Digital Ltd		
Influence Sports Ltd **		
Jellyfish Ltd		
Joluxon Holdings Ltd **		
Krow Agency Ltd **		
Krow Communications Ltd **		
Livify Ltd **		
Mongoose Sports & Entertainment Ltd **		
Potfinder Ltd (80% owned) **		
Populate Social Ltd **		
RJW & Partners Ltd **		
Robson Brown Ltd		
Solaris Healthcare Network Ltd **		
Soul (London) Ltd **		
Spark Marketing Services Ltd		
(formerly Mongoose Promotions Ltd (75% owned) **		
Speed Communications Agency Ltd **		
Splash Interactive Ltd *	Vietnam	Suite 13-01 Pearl Plaza Offices 561A Dien Bien Phu Ward 25, Binh Thanh District, HCMC, Vietnam
Splash Interactive *	China	Room 1723, Raffles City Shanghai, 268 Middle Xizang Road, Huangpu District, Shanghai, China
Story Agency Ltd (formerly Chapter Agency Ltd) **		
Story UK Ltd **		
The Mission Ltd		
The Splash Partnership Ltd **		
ThinkBDW Ltd **		
TMGPLC Asia Pte Ltd (formerly Bray Leino Singapore Pte. Ltd)	Singapore	176 Orchard Road #05 - 05, The Centrepoint, Singapore 238843
ThinkBDW Ltd **		
Zone Ltd (formerly Mission Marketing Ltd)		

* These subsidiaries are 100% owned by Bray Leino Splash Pte. Ltd, which is 70% owned by The MISSION Group plc.

** These subsidiaries are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as The MISSION Group plc has guaranteed the subsidiary company under Section 479C of the Act.

Additional information
Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting ("AGM") of The **MISSION** Group plc (the "Company") will be held at 12 noon on Tuesday 20 June 2023 at the offices of **MISSION**, 196 Tottenham Ct Rd, London W1T 7LQ to transact the business set out below.

The following resolutions will be proposed as ordinary resolutions:

Report and Accounts

1. To receive the financial statements and the reports of the Directors and the auditors for the year ended 31 December 2022.

Dividend

2. To approve a final dividend of 1.67 pence per share for the year ended 31 December 2022 to shareholders on the register at the close of business on 14 July 2023, payable on 28 July 2023.

Directors

3. To elect Mark Lund as a Director.

Auditors

4. To re-appoint PKF Francis Clark as auditors of the Company.
5. To authorise the Directors to fix the remuneration of PKF Francis Clark.

Authority to allot shares

6. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £3,033,863 being one third of the issued share capital of the Company, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make an offer

or agreement before the expiry of such authority which would or might require shares to be allotted or any such rights to be granted, after such expiry and the Directors shall be entitled to allot shares or grant any such rights pursuant to any such offer or agreement as if this authority had not expired and all unexercised authorities previously granted to the Directors to allot shares or grant any such rights be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot shares or grant any such rights in pursuance of any offer or agreement entered into prior to the date of this resolution.

The following resolutions will be proposed as special resolutions:

Authority to dis-apply pre-emption rights

7. THAT (subject to the passing of the resolution numbered 6 above) the Directors be and are hereby empowered pursuant to Section 570, Section 571 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury

shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

- ii. the allotment (other than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal value of £710,158.97 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 6 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot equity securities be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot equity securities in pursuance of any offer or agreement entered into prior to the date of this resolution.

Authority to purchase own shares

8. THAT pursuant to section 701 of the Act and subject to, and in accordance with, the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of the Company provided that:
 - i. the maximum number of ordinary shares hereby authorised to be acquired is 13,652,384 being 15% of the issued share capital; and
 - ii. the minimum price which may be paid for an ordinary share is the nominal value of such share; and
 - iii. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such ordinary share is contracted to be purchased; and

- iv. the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2024 or 18 months from the date of this resolution (whichever is earlier); and
- v. the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and
- vi. all ordinary shares purchased pursuant to the authority conferred by this resolution 8 shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed 10 per cent of the issued share capital of the Company at any time).

By Order of the Board

Giles Lee

28 March 2023

Notice of Annual General Meeting

Note to the Notice of Annual General Meeting

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote on his or her behalf. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to different shares. To appoint as your proxy a person other than the chair of the meeting, insert their full name in the box on the Form of Proxy accompanying the annual report. If you sign and return the proxy form with no name inserted in the box, the chair of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chair, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any commitments on your behalf, you will need to appoint someone other than the chair, and give them relevant instructions directly. In order to be valid on appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. The closing time for lodging proxies is 12 noon on Friday 16 June 2023. For the purposes of determining which persons are entitled to attend or vote at the meeting, members entered on the Company's register of members at 5p.m. on Friday 16 June 2023 have the right to attend and vote at the meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST manual.

CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA1) no later than 12 noon on Friday 16 June 2023. Normal system timings and limitations will apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system, and where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Advisors

Company Registration Number:

Registered Office:

Nominated Advisor:

Stockbroker:

Auditors:

Lawyers:

Registrars:

Company Secretary:

Bankers:

05733632

The Old Sawmills
Filleigh, Barnstaple
Devon, EX32 0RN

Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London, SW1A 1LD

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Statutory Auditor
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Neville Registrars
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