Parent company accounts for

Bray Leino Productions Limited

Company No 03130514

(the audit exemption note is shown on pages 98-99 of the parent accounts)

COMPANY NUMBER: 05733632

THE MISSION GROUP PUBLIC LIMITED COMPANY

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

MISSION

Annual report

For the year ended December 2021

MISSION is a collective of Creative and MarTech Agencies led by entrepreneurs who encourage an independent spirit. Employing 1,000 people across 29 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.

Group at a glance

WORK THAT COUNTS™

Too much work disappears.

This isn't a big secret, but it does seem careless.

Our approach is different.

Everything we do is designed to get to work that makes the difference Clients are looking for, whatever 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 delve deep for insights that are all the stronger for not leaping off the page.

We eschew safety first, because 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.

Offices in

China • Germany • Hong Kong • Malaysia
Singapore • USA • UK • Vietnam

29 offices

Over **1,000** people

17 Agencies

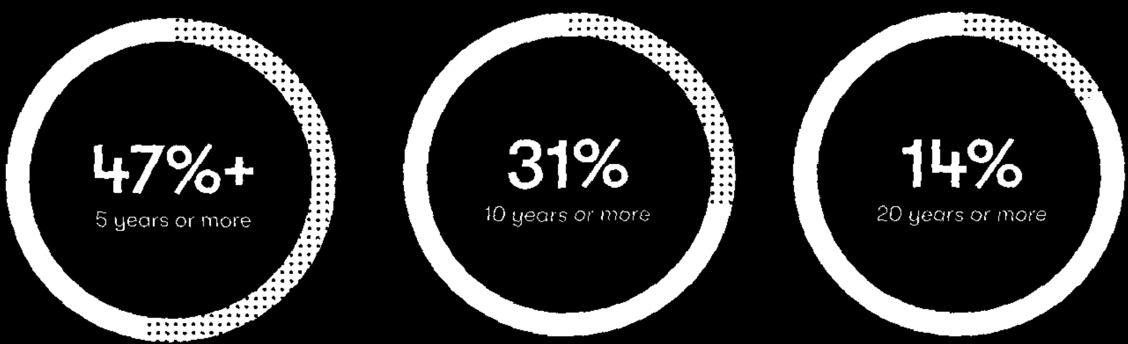
Alternative investment market

Building lasting relationships

Our Agencies pride themselves on building strong, productive partnerships with Clients. That's why 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

Proportion of revenue earned from long-standing Clients.



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How We Work: Collective Specialists

An insight driven collective of specialists with all the skills and expertise needed to deliver a flexible multi-discipline service for any Client.

Data, insight and understanding

Brand strategy, creative and content

Media, PR, promotion, events and experience

Performance, measurement and analysis

MISSION MADE

Digital production, innovation and ecommerce

Collective specialists

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.

Large Agency expertise, small Agency agility.

Growing customer engagement through audience and brand interaction.

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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.

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.

An award-winning integrated Agency working with leading consumer brands.

The UK's leading integrated property marketing Agency.

Our People

We are over 1,000 dedicated people, in 29 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 not having a job where I do the same thing day in, day out."

Tash, Bray Leino

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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 Families

People are at their best when their home life doesn't suffer. That's why we offer over 140 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 around our Agencies.

A Shared Commitment

We also don't force a code 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 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.

ESG Statement

Appointment of Dr Eliza Filby

At the start of January 2022, we were thrilled to welcome Eliza to the Group as a Non-Executive Director.

Eliza is an expert in generational intelligence and specialises in helping businesses understand generational shifts within politics, society and the workplace. Across her career, she has consulted with a large range of companies and organisations including Warner Brothers, HSBC, the Ministry of Defence and the Royal Household.

"We are very excited to have Eliza on board. She has unique specialist expertise on generational differences and trends, which is highly relevant and valuable to much of the work **MISSION** does for Clients seeking to better understand their consumers."

James Clifton, Group Chief Executive

"I am thrilled to be joining The **MISSION** Group and working with James and the team. It is a fantastic business and I look forward to supporting it through its future growth journey."

Dr Eliza Filby

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MISSION Welcomes Soul to the network

We're excited to have added Soul, a leading customer engagement Agency, to the **MISSION** Group in October 2021.

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Through working with psychologists to help businesses better understand human nature and human behaviour, Soul are able to advise their Clients on what motivates and drives customer decision making.

Soul are key to enhancing **MISSION**'s creative and customer experience expertise and it's great to have them on board.

"Soul is an innovative Agency, which has previously worked well with the **MISSION** Agency Innovation Bubble and will enable us to further expand our offering in the creative and customer experience space. Its psychology-led approach fits perfectly with our Clients need to understand their customers on a deeper level."

James Clifton, Group Chief Executive

"We are excited about joining **MISSION**. We already share many beliefs and values. The entrepreneurial spirit and culture of collaboration makes the Group a natural fit for us."

Mike Cullis, CEO and Founding Partner of Soul

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MISSION BRAND BONDING INDEX

We're thrilled to have launched the **MISSION** Brand Bonding Index (MBBI) in 2021, which is our new proprietary tool that we have created to give companies immediate and bespoke insight into their brand power. It provides them with actionable intelligence and a comparison to their competitors on a range of categories, from awareness and dependency, to ESG and purpose.

Currently, our new bi-annual index covers 120 brands, across sectors including: DIY, Fashion, Grocery, Home, Online, Retail, Technology and Utilities. It measures an impressive 330 key metrics and includes 39,600 data points, as well as 12 source categories, working with BrandWatch and YouGov.

We're incredibly proud of what we've achieved in creating the MBBI, and we believe it has the power to deliver growth and profitability for all our customers.

Visit the MBBI website here

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Chair's statement

MISSION's performance in 2021 has demonstrated the resilience, adaptability and strength of the Group. Despite the year's challenges, **MISSION** has achieved impressive growth, delivering a sustained improvement in revenues and profitability, as well as reinstating the Group's progressive dividend policy.

This would not have been possible without the continued hard-work and determination of **MISSION**'s entire team, embodying the entrepreneurial spirit that defines the Group.

A strong testament to **MISSION**'s people and the quality of their work has been the excellent Client retention demonstrated during these last two years - to have 47% of the Group's revenues generated by Clients of five years or more underpins our ability to deliver results to both Clients and to our Stakeholders.

The Group has made progress against its strategic priorities during the year, with investments in dynamic areas of our markets that have expanded **MISSION**'s creative and customer experience capabilities. We have also begun to strengthen and grow our data and analytics offering which represents a significant growth opportunity.

During the year **MISSION** underwent a brand refresh, refining our purpose and proposition to better demonstrate how we work with our Clients. **MISSION** exists to deliver Work That Counts™, aiming to become a long-term creative partner that consistently delivers real, sustainable growth for our Clients.

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Board changes

There were significant changes to the structure of the Board in 2021.

In April, Giles Lee assumed the role of Group Chief Financial Officer, following Peter Fitzwilliam's retirement.

After ten years as Executive Chairman, David Morgan retired in October but remains a significant and supportive shareholder. I took on the role of Non-Executive Chair, having acted as a Non-Executive Director of **MISSION** since 2015.

Further retirements from the Board in the year included Robert Day and Barry Cook. On behalf of the Group, I would like to thank David for his outstanding leadership of the Group, and also Peter, Robert and Barry for their significant contributions to the business.

In December we announced a new Non-Executive Director, Dr Eliza Filby. Eliza is a 'Generational Intelligence' expert who brings unique specialist expertise on generational differences and trends, which is highly relevant and valuable to much of the work **MISSION** does for its Clients.

Dr Filby replaces Non-Executive Director Andrew Nash as Chair of the Company's Remuneration Committee, with Andrew taking on the role of Senior Independent Director and Chair of **MISSION**'s Audit and Risk Committee

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Dr Eliza Filby

Dividend

The Board has taken confidence from **MISSION**'s sustained strong trading recovery and is keen to return to the pre-pandemic progressive dividend policy that balances continued investment in the Group's capabilities with the needs of Shareholders. Following the reinstatement of an H1 dividend (0.80 pence per share), the Board is proposing a final dividend of 1.60 pence per share. This brings the total dividend for the year to 2.40 pence per share.

Whilst the Board chose not to pay any dividends in 2020 due to the pandemic, the total dividend for 2021 represents a 4% increase on the total dividend declared in 2019.

47%
of Group revenue was generated from Clients of 5 years or more.

Total dividend for 2021
4%▲
on the total dividend declared in 2019.

Outlook

The Board is optimistic for 2022, notwithstanding the current macroeconomic uncertainty due to the ongoing geopolitical situation in Ukraine and the implications of increasing general, and in particular, wage inflation. During the pandemic our leadership teams have re-organized their businesses to build in greater resilience and flexibility. This positions them well to respond to opportunities and to remain relevant as employers of choice and as critical business partners for their Clients.

Trading year to date is in line with our expectations, and we continue to explore opportunities to add additional capabilities in dynamic areas of our markets.

Julian Hanson-Smith
Non-Executive Chair
29 March 2022

Chief Executive's statement

Well, that was not the year that we or anyone expected! Starting with a prolonged third lockdown in the UK in the first half of the year and the rise of the Omicron variant in the latter, we all continued to face unexpected and unprecedented challenges.

That's why I am so delighted to report that **MISSION** has delivered strong, profitable growth in 2021, even beating the City's, and indeed our own, expectations. A result of which I and the wider Leadership Team are incredibly proud.

This result was made possible by the strategic progress that the Group has made in recent years underpinning our ability to deliver against this evolving trading environment, achieving revenue (operating income) growth of 18% at £72.5m (2020: £61.5m) with headline operating profits of £8.0m (2020: £1.9m) and headline profit margin improving to 11.1% (2020: 3.1%).

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revenue growth of 18% at

£72.5M

headline operating profits

£8.0M

Profit margin improving to

11.1%

"**MISSION** has delivered strong, profitable growth in 2021, even beating the City's and indeed our own expectations"

James Clifton, Group Chief Executive

Strong Trading Recovery

The Group delivered strong year on year growth across all business segments. The vast majority of our Agencies within the Advertising & Digital segment delivered year on year growth over the course of 2021. We were delighted to see a continued strong performance from our Agencies that operate in sectors which have proven more resilient to the pandemic such as April Six, our specialist technology and mobility Agency which delivered an 14.7% increase in revenue. However it was also particularly rewarding to see strong performances from our Agencies exposed to sectors which were hardest hit by the pandemic.

ThinkBDW, our specialist property and marketing Agency, delivered a 34.1% increase in revenue following their investment in new skills and tools during 2020. Mongoose Promotions also saw a significant increase in revenues up 40.0% over the course of the year, with the Agency launching a successful rebranding in early 2022 to become SPARK Marketing Services Limited (SPARK). The move aimed at showcasing their expanding service offering and further differentiating them from Mongoose Sports & Entertainment, which also grew its revenues by 20.3% within our Public Relations segment.

Our Events segment recovered well to deliver revenue growth of 69.1% as Clients started to resume event activity with key projects during the period including the UK Pavilion at the Dubai Expo.

Over the course of the year the Group also benefitted from a full year of the now fully embedded behavioural science practice, Innovation Bubble, acquired in 2020, which now shares many new Clients with other **MISSION** Agencies.

As Julian has said, Client retention across **MISSION** remained strong, with 47% of Group revenues generated from Clients who have been with us for five years or longer. This was balanced by a number of exciting new business opportunities with new Client wins throughout the year including the following that have not been previously reported: Reckitt Benckiser, BMW/Mini, Fuji Xerox, Met Office, Moda, Leightons, California Psychics, Island Poke, LRQA and Vegetarian Express.

Finally, the collaborative culture at **MISSION** continues to underpin strong working relationships across the Group's Agencies, with all of our Agencies increasingly benefiting from the centralised support that the **MISSION** Advantage offers them. New, agile working practices which have evolved throughout the different phases of the pandemic continue to support this.

New Client wins throughout the year include:

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Chief Executive's statement

Work That Counts™

2021 saw the Group introduce a new descriptor with the goal of better reflecting **MISSION**'s vision to be the preferred creative partner for real business growth. This descriptor; 'Work That Counts™', demonstrates that everything we do is designed to make the difference our Clients are looking for and why they consider us to be a long-term creative partner that consistently delivers that real business growth.

Investment in our capabilities

2021 saw us outline and sharpen our focus on three strategic areas of opportunity, through which we intend to expand our capabilities to support our Clients.

Firstly, we are focused on further strengthening **MISSION**'s data and analytics capability, driving further enhancements to our established offering and developing the centralised support we can offer all our Agencies to support client and new business growth. One of the first initiatives successfully launched in the second half of the year has been the '**MISSION** BRAND BONDING INDEX' (MBBI), a free to use online platform using comprehensive data and a bespoke algorithm to benchmark global brands. The MBBI has been adapted to align with sector prospecting targets across all Group Agencies and is proving to be an important tool to showcase our growing expertise in this field.

The second strategic area of focus is enhancing our creative and customer experience (CX) capability. We have identified an opportunity to leverage the power of our existing CX capabilities, with meaningful creative talent, which allows us to have continued breadth and depth of expertise and services to fit today's customer challenges. We further strengthened our position in this space with the acquisition of Soul, the psychology-led customer engagement Agency whose approach fits perfectly with our Clients' need to understand their customers on a deeper level. Since the financial year end we have also launched krow.x – the creative CX agency.

The third strategic opportunity for the Group is around delivering effective ecommerce solutions. As well as focusing on creating an enhanced data and analytics capability for ecommerce with an external partner, we are continuing to build our capability within **MISSION** Made to support all Agencies in delivering effective ecommerce websites for Clients.

Making Positive Change

Following the successful launch of our inaugural Environmental, Social and Governance (ESG) manifesto '*Making Positive Change*' in 2020, I am delighted to have seen the Group make further progress against our commitments over the course of the year.

One of our key areas of focus throughout 2021 was continuing to support our people in their working environment, despite the continued disruptions to working practices which the pandemic continued to pose.

All of our offices were reopened over the course of the year with every care taken to ensure our workspaces remained safe. Resilience and Wellbeing Workshops were delivered from March to June and made available to everyone across the Group in preparation for their return to office-based work.

Over the course of the year we have also taken further strides forward as part of our commitment to being a Mindful Employer with over 40 Mental Health First Aiders now trained across the Group.

A key part of our manifesto is focused on introducing and developing talent in the industry. This is especially critical following the 'The Great Resignation' to which our Industry was not immune. That is why we are committing to investing at record levels in recruiting and retaining the best talent in 2022. The Group recognises this will have some short-term impact on its cost base, but it will ultimately underpin its ability to deliver in future years.

Outlook

Trading in 2022 has started well and in line with our expectations, though we note that, whilst we have no operations in the region, the war in Ukraine is heart-breaking and creating a level of economic uncertainty that is difficult to predict.

We remain at the forefront of opportunities across our markets and since the year end have been delighted to confirm the acquisition of Livity, the youth focused creative consultancy.

This latest acquisition is testament to our continued strategy to focus on exploring opportunities that further enhance our compelling infrastructure and builds on our strong track record of acquiring and integrating earning accretive businesses, which enhance our services, geographic reach and sector expertise. With minimal earn-out obligations due, the **MISSION**'s highly cash generative nature means we are well placed to continue to capitalise on further new opportunities that we believe 2022 will undoubtedly bring.

We are confident that **MISSION** is well positioned for future growth and will continue to make further progress against its strategy in the year ahead and beyond.

James Clifton
Group Chief Executive
29 March 2022

"We are confident that **MISSION** is well positioned for future growth and will continue to make further progress against its strategy in the year ahead and beyond."

James Clifton, Group Chief Executive

Chief Financial Officer's review

As has been described in the Chair's and Chief Executive's statements, the business has recovered very strongly from the depths of the pandemic, and this comes through powerfully in the financial performance that is detailed in the coming paragraphs.

2021 saw revenue growth of 18% and this, alongside an improvement in headline operating margins to 11% (2020: 3%), delivered an £8.8m increase in reported profit before tax (from a loss of £2.1m to a profit of £6.8m) and a £6.3m increase in adjusted, headline profit before tax from £1.2m in 2020 to £7.5m in 2021 (as set out in Note 3).

Billings and revenue

Turnover (billings) was 26% higher than the previous year, at £153.3m (2020: £121.9m), 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 18% to £72.5m (2020: £61.5m), with growth delivered across all reported business segments.

Of this £11.0m growth in revenue, £10.2m was organic, reflecting the strong recovery of those **MISSION** Agencies most effected by the pandemic across the business segments, namely those exposed to property (ThinkBDW), events (Bray Leino Events) and cinema-related sales promotions sectors (Mongoose). April Six, our specialist technology and mobility Agency that grew strongly during the pandemic continued to out-perform.

The remaining £0.8m of growth came primarily from the benefit of a full year of Innovation Bubble trading (acquired July 2020) and supplemented at the end of the year by the impact of new **MISSION** agency Soul (acquired October 2021).

Whilst the majority of our businesses were largely unaffected by the disruption of COVID-19 travel restrictions around the world, this did impact on Pathfindr somewhat with turnover down to £0.7m (2020: £1.5m). Pathfindr had adapted innovatively to the pandemic with good sales of its Safe Distancing Assistant during 2020. Unsurprisingly however, further demand for this product fell away in 2021. Whilst Pathfindr suffered somewhat from the inability to travel and deliver face to face demonstrations of new Asset Tracking products to potential Clients, it has invested confidently in developing these markets with improved products during 2021 and has already been rewarded by trials with large-scale Clients in early 2022. Pathfindr will continue to invest in product development in 2022 to capitalise on the potential demand in the marketplace with the resulting opportunities expected to be realised in 2023 and beyond.

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-first culture which ensures Clients feel they are receiving a boutique level of Client service but supported by the resources of a multi-national group.

Profit and margins

Reported operating profit recovered resoundingly this year, from a 2020 loss of £1.3m to a 2021 profit of £7.3m, an increase of £8.6m.

The revenue growth of 18% on 2020 was delivered at an impressive incremental profit margin of 55%. The headline operating expenditure base increased in the year by only 8% (from £59.6m in 2020 to £64.5m in 2021). Our commitment to our Shared Services initiative ensured that support and infrastructure costs were tightly managed whilst our Agency-first model empowered Agency CEOs to increase resources in careful response to improving revenue demand.

In 2020 the Group benefited from £3.0m of furlough receipts. We were pleased to note that in 2021 this dropped to only £0.3m as most employees returned to work to service the increased revenues. This enabled recruitment, onboarding and training costs to be reduced, improving business efficiency through the recovery, and demonstrates the success of the Coronavirus Job Retention Scheme across our business.

The Directors measure and report the Group's performance primarily by reference to headline results, in order to avoid the distortions created by one-off events and non-cash accounting adjustments relating to acquisitions. Headline results are calculated before acquisition adjustments, exceptional items and losses from start-up activities (as set out in Note 3).

Headline operating profit improved immensely on the previous year to £8.0m (2020 £1.9m), an increase of £6.1m. Furthermore, our profit margin for the year (headline operating profit as a percentage of revenue) also increased significantly to 11.1% (2020 3.1%).

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The reported profit before tax was £6.8m (2020: loss of £2.1m), an increase of £8.8m.

Adjustments to reported profits, detailed further in Note 3, totalled £0.7m (2020: £3.2m). The total value of adjustments reduced significantly in 2021. This was primarily due to adjustments relating to acquisition-related items of £0.2m profit compared to £1.9m costs in 2020. Furthermore, and specifically within this, the movement in fair value of contingent consideration for 2021 totalled £0.8m profit compared to £1.3m cost in 2020. This year-on-year correction followed a somewhat over-cautious forecast review on 2020 that crystallised and resulted in a lower consideration payment in 2021.

In addition to this, there were no COVID-19 related adjustments to profit in 2021 (2020: £1.0m).

As has already been described by my colleagues, the Board engaged in a significant restructuring and resizing in 2021. The resultant one-off costs associated with this restructure totalled £0.5m.

The final adjustment relates to losses from start-up activities of £0.4m (2020: £0.3m) as we expanded our Mongoose business into Singapore.
After these adjustments, the reported profit before tax was £6.8m (2020: loss of £2.1m).

Taxation

The headline tax rate reduced to more normal levels during 2021, being 22.0% (2020: 42.6%). In 2020 COVID-19 had a significant effect on the Group's headline tax rate with non-deductible tax losses and the temporary bias towards US-based profits pushing the headline tax rate higher.

On a reported basis, in 2020 the impact of COVID-19 described above, coupled with a large non-deductible loss on the remeasurement of contingent consideration, resulted in a tax charge of £0.2m on a reported loss before tax of £2.1m. As with the headline tax rate, the reported tax rate also returned to more normal levels in 2021 at 21.2%, largely back in line with the tax rate in 2019 of 22.5%. The tax rate is expected to be consistently higher than the statutory rate (of 19.0%, unchanged from 2020) since the amortisation of acquisition-related intangibles is not deductible for tax purposes and tax rates on our US operations are substantially higher that the UK corporation tax rate.

Chief Financial Officer's review

Earnings Per Share

After tax, the reported profit for the year was £5.3m (2020: loss of £2.2m) and EPS was 6.0 pence (2020: loss of 2.3 pence). On a diluted basis, EPS was 5.9 pence (2020: loss of 2.3 pence).

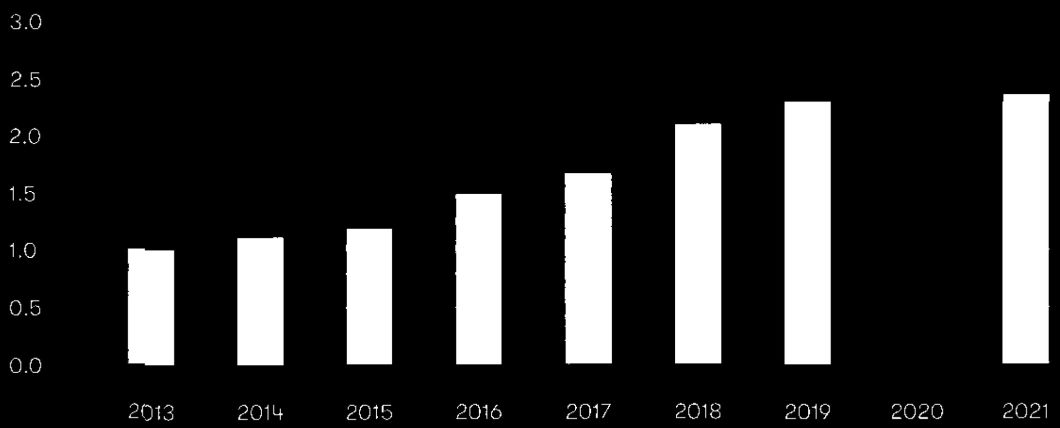
After adjustments, Headline EPS was 6.6 pence (2020: 1.0 pence) and, on a diluted basis, was 6.5 pence (2020: 1.0 pence).

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 (2021: £38.7m, 2020: £37.0m)

A dividend of 0.80 pence per share was paid in Decembe 2021. The Board has proposed a resolution for a final dividend of 1.60 pence per share in its AGM Notice, bringing the total for the year to 2.40 pence per share. No dividends were declared in 2020. The total dividend for the year of 2.40 pence per share represents a 4% increase on the total dividend declared in 2019.

DPS progression (p)



Balance sheet

In common with other marketing 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 those acquisitions.

The level of intangible assets relating to acquisitions *and internal investments increased by £2.8m in the year* following the acquisition of Soul in October. The level of 'total debt' (combined net bank debt and acquisition obligations) increased by £4.0m.

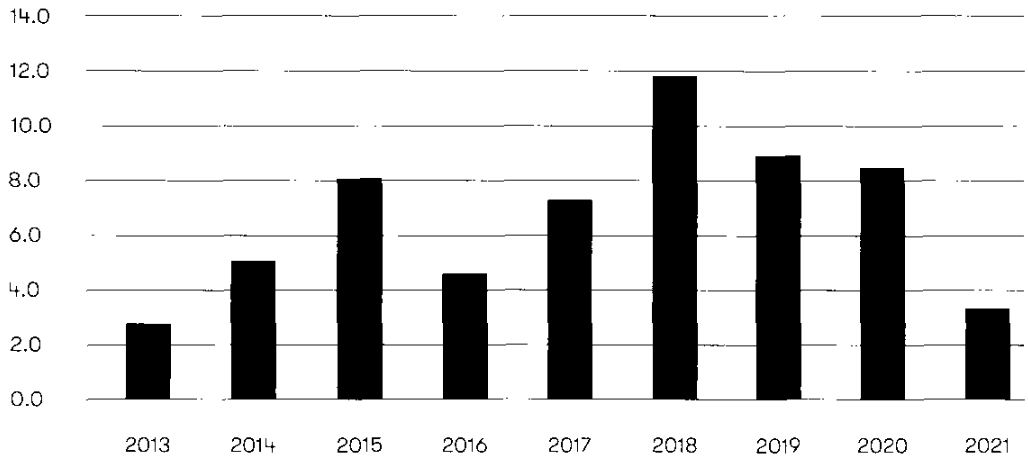
The Board undertakes an annual assessment of the value of all goodwill, explained further in Note 11, and at 31 December 2021 again concluded that no impairment in the carrying value was required.

The Group's acquisition obligations at the end of 2021 were £3.3m (2020: £8.5m), to be satisfied by a mix of shares and cash. All of this is dependent on post-acquisition earn-out profits. £0.7m is expected to fall due for payment in cash within 12 months and a further £0.4m 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 £10.3m (2020 net liabilities of £8.9m).

This was in part the result of the major reduction in Acquisition Obligations noted above and in part becaus a new three year, £20m Revolving Credit Facility was agreed in April 2021 with our longstanding bankers, NatWest. This arrangement also has an "accordion option" to increase the facility by up to £5m and by one year.

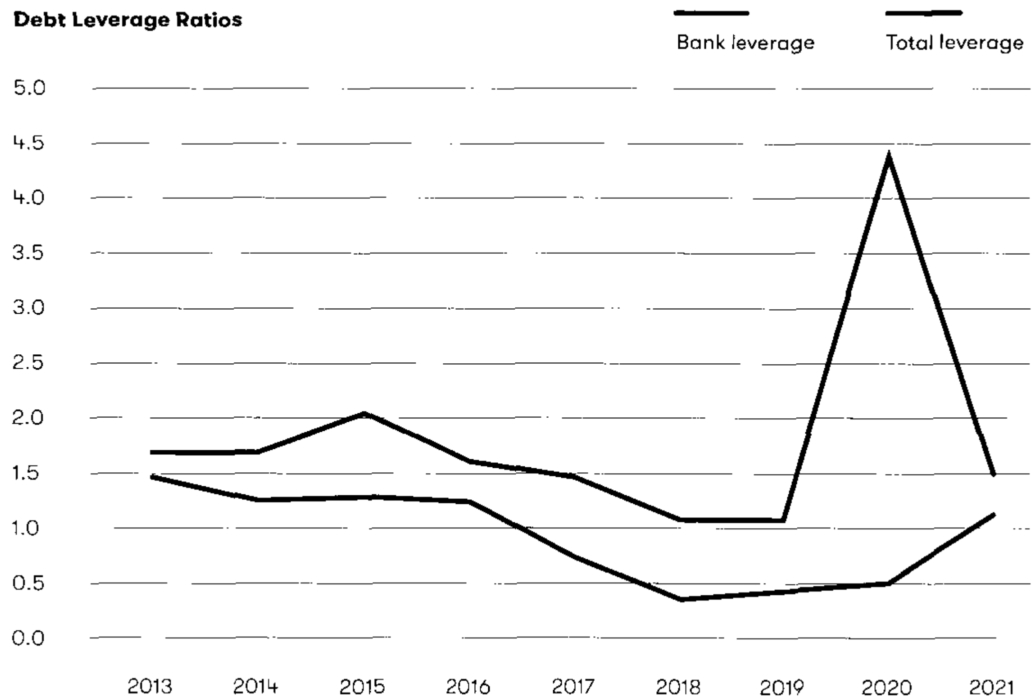
Aquisition Obligations £m



Acquisition Obligations as at 31 December 2021 are at their lowest point for many years.

At the end of the year the Group's net bank debt stood at £10.3m (2020: £1.2m). On an adjusted basis (pre IFRS16) the leverage ratio of net bank debt to headline EBITDA was x1.2 at 31 December 2021 (2020: x0.6). The Group's adjusted ratio of total debt, including remaining acquisition obligations, to EBITDA at 31 December 2021 was significantly reduced to x1.5 (2020: x4.3).

Debt Leverage Ratios



Chief Financial Officer's review

Cash flow

The underlying cash performance is strong following the settlement of a number of prior-period obligations.

The closing net bank debt position for 2021 was £10.3m. This represents an increase in net debt of £9.1m on the 2020 year-end net bank debt of £1.2m, which in itself is an historic low for the Group.

Headline profit after tax of £5.8m (2020: £0.7m) converted into £1.7m (2020: £8.9m) of 'free cash flow' (defined as net cash inflow from operating activities less tangible and intangible capital expenditure).

Bank loans increased by £11.5m and this, coupled with the free cash flow provided funding for new acquisitions amounting to £0.7m (2020: £0.2m), the settlement of contingent obligations relating to the profits generated by previous acquisitions totalling £6.7m (2020: 2.0m), dividends of £2.1m (2020: Nil) and a working capital outflow of £4.8m.

With regards to the working capital outflow, as expected, the Group's cash flow during 2021 was impacted by some unwinding of the temporary working capital movements that followed the much-reduced trading experienced in 2020 over and above those deferred payments noted above. The working capital outflow is defined as the aggregate movement in receivables, stock and payables and was reported as £4.8m (2020: £6.4m inflow).

However, if the COVID-19 related deferrals noted above are adjusted for then the underlying working capital outflow is revealed as £1.7m (2020: £3.3m inflow), with this *outflow occurring as trading activity accelerated through* the second half year. By both measures it is clear to see that the working capital movements have very much followed the trading recovery.

"The underlying cash performance is strong following the settlement of a number of prior-period obligations."

Giles Lee, Group Chief Financial Officer

Going concern

There is now widespread belief around the globe that the peak economic uncertainty of COVID-19 has passed. However, further scenario modelling has been undertaken of the Group's net debt position into the reasonably foreseeable future. This modelling included cautious assumptions about trading performance, investment plans and acquisition consideration obligations. The principal uncertainty in the projections is when and to what extent the Group's revenues will return to pre-pandemic levels. The central scenario anticipates that revenues will remain below 2019 levels until Q3 2022.

Against this scenario, the Group was demonstrated to have adequate headroom against its £20m banking facilities which has an "accordion option" to increase the facility by up to £5m. These facilities were also demonstrated to be sufficient to cater for a downside scenario whereby the Group's trading in H1 2022 repeated that seen in H1 2020, the worst in the Group's history.

Accordingly, the Board has concluded that it is appropriate to adopt the going concern basis in preparing the financial statements.

Achieve organic revenue growth of at least

5%

per year

Grow headline profit before tax by

10%

year-on-year

Increase headline operating profit margins to

14%

Key Performance Indicators

KPIs are designed to monitor the Group's revenue and profit growth, within a safe 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 2021 are as follows:

- Achieve organic revenue growth of at least 5% per year [delivered + 17%];
- Increase headline operating profit margins to 14% [delivered 11%];
- Grow headline profit before tax by 10% year-on-year; and [delivered 539%]
- 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 x1.5].
- *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.

Outlook

We entered the year expecting 2022 to be another year of growth, albeit at the time of writing the financial markets are still absorbing the shock of the invasion of Ukraine.

The year has started well and prospects for organic growth are good. We also expect to make additional margin improvements in spite of the macro-economic cost pressures impacting our sector and we anticipate reporting upon the substantial progress of Pathfindr. Furthermore, the significant reduction reported in future acquisition consideration obligations will enable this growth to be highly cash generative.

Giles Lee
Group Chief Financial Officer
29 March 2022

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. Across 29 locations 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.

Principal Risks and Uncertainties

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.

Strategic Report

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 Government lockdowns in response to COVID-19 as well as the longer term impact this crisis has had on the labour market and inflation. The effect is reduced revenues, 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 an Agency loses good, senior talent as a result of out-of-step remuneration packages, lack of progression opportunities or workplace environment. Strenuous efforts are made to provide a rewarding work environment and remuneration packages to 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.

Stakeholder Engagement

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 2020 most of the principal decisions taken by the Board during the year revolved around the tactical and strategic responses to the threats and opportunities posed by the COVID-19 pandemic crisis. It was the strength of that decision making and accompanying stakeholder engagement that enabled the Group to enter into 2021 in a sound operational and financial state and presented the path back to long-term sustainable growth evidenced by trading throughout the year.

In 2021 the two principal decisions taken by the Board were: 1) the streamlining of the Board itself including the appointment of a new Chair, a new Non-Executive Director and the merging of the Financial and Commercial Director roles and 2) the acquisition of Soul (London) Ltd.

Rationale

2021 and the beginning of the end of the COVID-19 pandemic provided a step-off point for a number of Directors who had been considering retirement for some time. There were four Directorial resignations, all of which were planned and expected. This enabled the Board to effectively plan and make decisions as to how best to structure itself moving forwards.

The Board concluded that through efficient deployment of existing resources, alongside the strength of the Agency CEO cohort that reports into the Board, it would be possible to reduce the total Board headcount from 11 in January 2021 to 8 in January 2022. We expect the structure and composition as well as the blend of individual skills and capabilities of this new Board to enable us to deliver ever greater growth and effectiveness in the coming years. The delivery of this revised structure involved three key decisions.

The decision to appoint Giles Lee to the role of Group Chief Financial Officer provided an immediate efficiency as Giles' broad experience and capability, coupled with strong direct line support from the finance team, enabled the Board to merge the previously separate Financial and Commercial Director roles.

The promotion of Julian-Hanson-Smith from Senior Independent Director to Non Executive Chair provided continuity of approach and understanding of the sector and market whilst also enabling a renewed focus on growth and efficiency.

Finally, the decision to appoint Dr Eliza Filby as Non Executive Director recognised the ever-increasing importance of employee engagement and positive social change in our business. Eliza brings with her a rich depth of experience in this area. As a highly respected expert in 'Generational Intelligence' Eliza has been helping companies and services understand generational shifts within politics, society and the workplace for many years.

The decision to acquire Soul (London) Ltd allowed the Board to fulfil a key strategic priority, namely to enhance **MISSION**'s creative and customer experience capability, enabling the Group to build on its breadth and depth of expertise to fit today's Client challenge.

Engagement with stakeholders

Ahead of Giles Lee and Julian Hanson-Smith's appointments, David Morgan, on behalf of the Nomination Committee and having worked with recruitment specialists, took soundings from Board members and key stakeholders in regard to the suitability of the candidates for the roles and to confirm their support for their appointment. Giles Lee was also introduced to a number of major shareholders and the bank ahead of his appointment.

Julian Hanson-Smith then took similar soundings from the Board to confirm their support for the appointment of Dr Eliza Filby. This appointment was then shared with all **MISSION** employees by way a Company announcement.

Prior to the acquisition of Soul, James Clifton and Giles Lee presented the strategic and financial business case to the Bank, Board and to Agency CEOs and confirmed their full support before proceeding with the transaction.

MISSION's long established communication processes remained in place throughout 2021 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 Agency roadshows (pre COVID-19) conducted by James Clifton and Giles Lee to discuss major **MISSION**-led initiatives.

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, promotional 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 are also investing in our People to increase education levels on environmental impact through training and external partnerships with the likes of Green Element and Green Screen Environmental Production. Ultimately, we want to be sustainably profitable and do good in the world.

Our goals:

- Reduce total emissions by 21% for 2024 and 42% for 2029 in line with Science Based Targets*
- Commit to the Business Ambition for 1.5°
- Deploy Environmental Management Systems and action plans across all Agencies to address carbon emission hotspots
- Work towards ISO 14001 certification by 2022 for all Agencies

* 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:

We are a people business, powered by a talented team who value and respect difference. We are committed to attracting, developing, and retaining the best talent from a diverse range of backgrounds regardless of race, ethnicity, age, gender, sexual orientation or physical ability. In turn, we will be accountable for our journey and transparent on where we could do better.

For example, we recognise that people from under-represented ethnicities backgrounds are also under-represented across our industry and within our Group. So, we need to make change happen. In partnership with Creative Access - a social enterprise working to ensure creative enterprises truly reflect society - we have taken positive steps. In 2019, we created a Group Diversity and Inclusion ("D&I") Manifesto outlining commitment from the Group CEO and a plan of action for the next 3-5 years. This has seen us appoint a diversity champion at Board level, our senior leadership team undertaking inclusive leadership training with a focus on unconscious bias and all **MISSION** employees going through Equality Diversity & Inclusion training. We will continue to invest in our People with further training on creating inclusive environments, taking on new trainees from under-represented groups via Creative Access and lending some experienced hands to their mentor scheme.

Our commitment to D&I also runs through to our approach to pay and rewards. Through inclusion by design, we will be objective, fair and consistent, using data to ensure rewards and recognition are allocated objectively based on performance and individual contribution.

Community:

We do not work in a bubble but are part of local communities and, in many cases, are key employers in the towns where we have offices. We are committed to helping these communities grow and thrive as shown by the many partnerships with local charity and community initiatives where support goes beyond fund raising as we put our communications skills to good use.

We believe we also have a vital role to play in nurturing talent. We will continue to open our doors to local schools, colleges and universities. And with up to 28 Apprentices across the Group during 2021 and an ongoing intern programme open to all, we are seeing a new diverse talent pool growing.

Environmental, Social and Governance ("ESG") considerations

Family:

We recognise the importance of family and home life. We have over 140 different flexible working patterns across the Group on top of parental return to work support schemes and a supportive approach to helping our People with 'life moments' when time away from work is needed. We are committed to enabling our People to combine family life with pursuing their careers. To creating environments where they can be at their best without feeling that home life needs to suffer.

Health & wellbeing:

We take a holistic view to supporting our People. This focus has seen our Agencies develop progressive wellbeing initiatives and programmes, combining free mental health support and educational life balance activities overseen by over 40 mental health first aiders now trained across the Group. By creating environments where conversations on wellbeing are commonplace and support readily available, we will change the way we all think and act about workplace mental health.

Our goals and progress to date:

- 2020 Goal: 10% of employees from under-represented ethnic groups by 2021 rising to 15% in 2023

  2021 Update: In 2021 our staff base included 14.5% of employees from under-represented ethnic groups. We have increased our goal for 2023 to 16% and included a goal of 18% for 2025
- 2020 Goal: 6% of employees with disabilities by 2021 increasing to 10% by 2023

  2021 Update: In 2021 our staff base included 6% of employees with disabilities. We have held our goal for 2023 at 10%, rising to 12% by 2025
- 2020 Goal: 35 Apprenticeships in place by 2021 with number at 60 by 2023

  2021 Update: At its peak, we employed 28 Apprentices in 2021, this had dropped to 15 at the end of the year. We reduced our goal to 30 Apprentices by 2023 rising to 50 by 2025
- 2020 Goal: 17% of employees from under-represented age groups in 2021 growing to 20% by 2023

  2021 Update: In 2021 our staff base included 15% of employees from under-represented age groups in 2021. We have reduced our goal slightly to 17% by 2023, growing to 20% by 2025
- 2020 Goal: Achieve an equal gender split between male and female by 2023 while recognising those who identify as neither or both

  2021 Update: We have achieved this goal in 2021

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 Client-centric culture which has led to an expanding and loyal Client base. 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. Our Board and non-executive group have a good balance of sector and financial experience alongside Agency CEOs. Their actions are held to account by independent Audit & Risk and Remuneration committees with the Audit & Risk committee focused on ensuring that our People, Agencies and the Group are consistently safeguarded.

Our very existence is dependent upon our ability to foster strong and mutually beneficial relationships with our People, Clients, Shareholders and wider Stakeholders. Client happiness, referral ratings and staff retention levels are indicators of our collective success and are consistently measured across the Group. 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.

Our goal: improve stakeholder advocacy across the board as shown through Client happiness levels, referral ratings and staff retention levels.

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.

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

Julian Hanson-Smith

Non-Executive Chair

Julian is an entrepreneur and PE investor with significant experience in marketing and consulting services. In 1986 Julian co-founded FTI 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 Iceni Capital in 2007, investing in UK-based business services companies. He is Chair of Apella 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 Bray Leino in 2005 as Group Finance Director following his successful role in transforming Merrydown plc from its fundamental financial restructure in 1998 to its acquisition in 2005. Giles was appointed *Executive Chair of Bray 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.

Andy Nash

Senior Independent Director

Andy's career began with Cadbury Schweppes plc in marketing, ultimately managing the Typhoo brands. He has extensive board experience of FTSE companies Taunton Cider, Matthew Clark, Merrydown and Photo-Scan. He has UK & International experience with K&L Gates LLP, the global law firm and with PE backed Brand Addition, Tristar Worldwide, History Press and Pureprint Group. He also chairs Vaultex UK Ltd, the UK's leading manager of cash owned by HSBC and Barclays. He chaired Somerset CCC and has served as a Director of the England & Wales Cricket Board. Andy was appointed to the Board in August 2018 and Andy now 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 Financial 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 Pathfindr, the Group's IIoT Asset Tracking business, and chaired the Group's Integrated Agencies before being appointed Group Chief Executive in April 2019.

Dylan Bogg

Executive Director

Dylan is Chief Creative Officer of krow and oversees creative output for the Agency. He had 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.

Sue Mullen

Executive Director

Sue is Chief Executive of Story and started her advertising career in London before moving to Branns in Cirencester. In 1990 she moved to Edinburgh to head up One Agency. She left in 2002 and, alongside three colleagues, set up Story, an award-winning communications agency. Story was acquired by **MISSION** in 2007 and Sue joined the Board in June 2012.

Fiona Shepherd

Executive Director

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 in London, San Francisco, Munich and Singapore. Fiona joined the Board in April 2010 and has taken on responsibility for Group People Services in 2021.

Directors' Report - for the year ended 31 December 2021

The Directors have pleasure in presenting their report and the financial statements of The **MISSION** Group plc ("**MISSION**") for the year ended 31 December 2021. 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 2019 final dividend of 1.53 pence per share, originally due for payment in July 2020 but deferred as part of the Group's cash preservation actions during the peak of the pandemic, was paid in March 2021 due to the Group's much improved cash position at the end of 2020. The Directors approved a dividend of 0.80 pence per share, paid in December 2021, and have included a proposal for a final dividend of 1.60 pence per share, payable on 29th July 2022, 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
Barry Cook - resigned 30 April 2021
Robert Day - resigned 30 September 2021
Dr Eliza Filby - appointed 1 January 2022
Peter Fitzwilliam - resigned 30 April 2021
Julian Hanson-Smith
Giles Lee
David Morgan - resigned 30 September 2021
Sue Mullen
Andy Nash
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 2020	31 December 2021
Dylan Bogg	1,798,999	1,648,185
James Clifton	792,539	532,095
Julian Hanson-Smith	171,605	85,803
Dr Eliza Filby	-	-
Giles Lee	1,341,156	1,070,753
Sue Mullen	1,377,192	1,235,968
Andy Nash	50,000	50,000
Fiona Shepherd	1,588,874	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 7 were 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 2020	Awarded in year	31 December 2021
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
Sue Mullen	-	142,857	142,857
Andy Nash	-	72,727	72,727
Fiona Shepherd	-	240,000	240,000

The Board

Share options

The following unexercised options over shares were held by Directors:

Directors	At 1 January 2021	Exercised in year	At 31 December 2021	Expiry date
Dylan Bogg	17,333	(17,333)	-	-
James Clifton	17,333	(17,333)	-	-
Giles Lee	24,000	(24,000)	-	-
Sue Mullen	3,333	(3,333)	-	-
Fiona Shepherd	13,333	(13,333)	-	-

Substantial Shareholdings

Other than the Directors' interests disclosed above, as at 29 March 2022, notification had been received of the following interests in 3% or more of the issued share capital of the Company:

Directors	Number of shares	%
Octopus Investments Nominees Ltd	9,233,916	10.1
Herald Investment Management Ltd	5,778,239	6.3
David Morgan	4,813,053	5.3
BGF Investment Management Limited	4,713,501	5.2
Close Asset Management Ltd	4,631,647	5.1
Objectif Investissement Microcaps FCP	4,230,477	4.6

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 EU 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 2021 information given below is for The **MISSION** Group plc and Bray Leino Limited.

Directors' Report - for the year ended 31 December 2021

Energy consumption: (kWh'000s)	2021	2020
- Electricity	176	290
- Gas	214	119
- Transport fuel	70	61
- Fuel for electricity generation	-	-
Total energy consumption	**460**	**470**
Emissions (tCO2e)		
Scope 1		
Emissions from combustion of gas in buildings	45.4	21.8
Emissions from combustion of fuel for transport purposes	0.4	0.7
Scope 2		
Emissions from purchased electricity (location-based method*)	37.4	67.6
Scope 1 & 2		
Total Scope 1+2 emissions	83.2	90.1
Scope 3		
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	21.4	21.4
Emissions from upstream transport and distribution losses and excavation and transport of fuels	19.9	14.9
Total emissions for mandatory reporting	**124.5**	**126.4**
Intensity (tCO2e / FTE)		
Full Time Equivalent staff numbers	319	235
Intensity ratio: tCO2e / FTE	0.4	0.5

* 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.

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. 2021 included reporting on oil and LPG fuel used *in buildings that was not reported on during 2020.* Figures from grey fleet during 2020 have been revised based on updated data.

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 Leino 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.

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 and 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 21 June 2022 at 12 noon is enclosed with this report.

On behalf of the Board

Giles Lee

Group Chief Financial Officer

29 March 2022.

GHLee

Corporate Governance Report

The Board of The **MISSION** Group plc ("**MISSION**") is collectively accountable to the Company's shareholders for good corporate governance, under the Chairmanship of Julian Hanson-Smith. 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 page 34. The Board took time in 2021 to evaluate the skills and capabilities required to deliver the strategy and ensured that, through the previously described restructure, it enhanced those areas wherever possible. The CEOs of the Group's Agencies, most of whom are the original founders of those Agencies and who collectively represent a significant equity shareholding, are our primary interface with our Clients and consequently are well represented at Board level. Each of our Executive Directors has had a long career in marketing communications, and brings strong and up to date sector experience, with Dylan Bogg adding complementary creative insight.

Our Group Chief Financial Officer and two independent Non-Executive Directors provide 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 and has also in practice retained much of his previous responsibilities as 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 Andy Nash and Dr Eliza Filby, both independent by virtue of having no executive responsibilities within the Group. Both Andy and Eliza bring a strong independent voice to Board discussions but also with an insight into our sector.

Andy started his professional career with Cadbury Schweppes, in their marketing team. He has extensive experience across both public and private companies and currently chairs Vaultex UK, the country's leading manager of cash on behalf of the Bank of England, owned jointly by HSBC and Barclays.

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

Directors' Report - for the year ended 31 December 2021

Ministry of Defence and Royal Household.
Formal evaluations of Board effectiveness are held on a periodic basis. The most recent evaluation took place during 2018 and involved a combination of self-evaluation and one-to-one interviews with individual Board members to seek objective feedback on the balance of skills, behaviours and effectiveness of the Board as a whole, the Chair and other Board members. The next evaluation is due to take place during 2022.

The Directors are collectively responsible for the strategic direction, investment decisions and effective control of the Group. As part of its recurring business, the Board receives a financial summary of the Group's performance early in the month, comparing revenue and profit for each Agency with the prior year and budgets set at the beginning of the year and any subsequent re-forecasts. This summary is supplemented by written monthly reports from each CEO and a subsequent report from the Group CFO summarising the Group's balance sheet and working capital performance. Separate reports are received in connection with non-recurring matters, including written strategic and financial appraisals of potential acquisition opportunities. The Board is satisfied that it receives information of a quality and to a timetable that permits it to discharge its duties.

All Directors are subject to election by Shareholders at the first opportunity after their appointment and are required to seek re-election every three years. The Board has established three formal committees to deal with specific aspects of the Group's affairs.

Audit & Risk Committee

The Audit & Risk Committee consists of two Non-Executive Directors, with Andy Nash as Chair alongside me.
The Committee considers matters relating to the reporting of results, financial controls and the cost and effectiveness of the audit process. The terms of reference of the Committee can be found in the Governance section of our website. It aims to meet at least twice a year with the Group's external auditors in attendance. Other Directors attend as required. The Committee receives from the Group's auditors and considers two detailed reports: the Audit Planning Report which sets out the auditors' proposed audit approach, and the Audit Completion Report, towards the conclusion of the audit fieldwork, which highlights the main matters considered and arising from the audit work.

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 and any other matters brought to the Committee's attention by the Group's auditors. The main matters considered each year are any indications of possible goodwill and/or investment impairment, capitalisation of intangible development costs and the application of the Group's revenue recognition policies.

In 2021, the impact of COVID-19 on the Group's going concern assumptions and goodwill carrying values received additional consideration as did oversight of the use of Alternative Performance Measures.

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 6. 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 out by the audit team, the value of this work was not significant in relation to the size of the audit fee, the basis for charging was based on hourly involvement and no fees were contingent on outcome. As a consequence, the Committee is satisfied that the auditors' objectivity and independence was not impaired by their non-audit services.

Remuneration Committee

As outlined in the Strategic Report, strong Client relationships and quality of staff are key factors in the success of **MISSION**, and strenuous efforts are made to retain and motivate our leadership teams. The Board maintains a policy of providing executive remuneration packages that will attract, motivate and retain Directors and senior executives of the calibre necessary to deliver the Group's growth strategy and to reward them for enhancing shareholder value. The Remuneration Committee consists of two independent Non-Executive Directors, with Eliza Filby 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 as and when required and its terms of reference can be found in the Governance section of our website. The remuneration and terms and conditions of appointment of the Non-Executive Directors are determined by the Board. No Director is involved 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 packages to outgoing Directors.

With regard to remuneration policy, the Committee gives specific consideration each year to the nature and quantum of incentive arrangements to ensure they remain relevant and effective for the retention of key staff, including not just Executive Directors but also senior staff within the Group's Agencies. This includes setting the profit targets which trigger annual performance-related cash bonuses and approving the allocation of incentives to individuals. The Committee undertook a detailed review of the Group's incentives during 2018, implementing various changes as a result and no further refinements were considered necessary in 2021.

The Remuneration Committee approved the latest Growth Share Scheme in June 2021.

The Committee reviews annually whether or not profit targets have been met to trigger performance-related bonuses to Directors and the senior management in individual Agencies. This evaluation considers both the Group's financial performance and individual Agency performance, and takes place alongside the finalisation of the annual results. Details of Directors' remuneration are included in Note 7.

Nomination Committee

The Nomination Committee consists of me, as the Committee Chairman, and the two Non-Executive Directors. The Committee is responsible for reviewing and making proposals to the Board on the appointment of Directors and meets as necessary. The terms of reference of the Committee are available on request. The Committee had an active 2021 and first considered the replacement of Peter Fitzwilliam as Finance Director and also the possible combination of that role with the role of Commercial Director. The committee felt that combining the roles was a suitable solution and so invited Giles Lee to take on the role of Group Chief Financial Officer. The Committee also welcomed the appointment of Michael Langford to the role of Company Secretary.

The committee then took time to consider whether the vacancies created by the resignations of Barry Cook and Robert Day should be filled and concluded that they did not. The Committee also deliberated the replacement of David Morgan as Chair and subsequently invited Julian Hanson-Smith to take on the role. This in turn created a vacancy for a Senior Independent Director and Chair of the Audit and Risk Committee. Andy Nash was invited to take on this role. Finally, the Committee also considered the vacancy this created for an additional Non-Executive Director and Chair of the Remuneration Committee and invited Dr Eliza Filby to join the Board on this basis.

Summary of Directors' Attendance

Executive Directors are expected to make a full-time commitment to the Group, whilst Non-Executive Directors are generally expected to be available to participate in person at Board meetings and meetings of the Remuneration, Audit and Nomination Committees. In addition, they are expected to be available to discuss matters between these formal meetings. Where diary clashes or Client commitments conflict with formal meeting dates, the matters to be addressed during meetings are discussed with the relevant Director both before and after the relevant meeting. We estimate that the time commitment required from our Non-Executive Directors is roughly 3 days per month.

Directors' Report - for the year ended 31 December 2021

	Board Meetings		Remuneration Committee		Audit Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Dylan Bogg	10	10	n/a	n/a	n/a	n/a
James Clifton	10	10	n/a	n/a	n/a	n/a
Barry Cook	3	3	n/a	n/a	n/a	n/a
Robert Day	7	6	n/a	n/a	n/a	n/a
Peter Fitzwilliam	3	3	n/a	n/a	n/a	n/a
Julian Hanson-Smith	10	9	4	4	3	3
Giles Lee	10	10	n/a	n/a	n/a	n/a
David Morgan	7	6	n/a	n/a	n/a	n/a
Sue Mullen	10	9	n/a	n/a	n/a	n/a
Andy Nash	10	9	4	4	3	3
Fiona Shepherd	10	10	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, Shore 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, COVID-19 restrictions permitting, 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, or where a Non-Executive Director is more appropriate, the Senior Independent Director, Andy Nash, 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 or 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 Board attendance. 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 from 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

29 March 2022

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 2021, 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 UK adopted international accounting standards

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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:*

- 15 UK subsidiary companies (13 wholly owned);
- 1 wholly owned US based subsidiary;
- 1 wholly owned Germany based subsidiary;
- 2 wholly owned Asian subsidiaries;
- A 70% owned Asian sub group comprising 5 locally incorporated companies subject to local audit requirements; and
- 2 UK holding companies.

Of the Group's 26 reporting components, we subjected 8 to full scope audits, of which 5 (the Asian sub-groups companies) were performed by component auditors, and 6 to specific audit procedures. The remaining components were subject to analytical review procedures, carried out by the Group audit team. Those components subject to audit and specific audit procedures cover 78% (2020: 76%) of the Group's consolidated operating income and 80% (2020: 79%) 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 4% to 68% of Group materiality.

Subsidiaries where component auditors were in post covered 3% of the Group's consolidated operating income and 3% of the Group's absolute operating loss. The Group team issued specific instructions to component auditors covering the significant risks identified at Group level, as detailed below, and approved materiality. The Group audit team communicated with the component auditors throughout the audit process and reviewed documentation produced.

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	RESPONSE AND CONCLUSION
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 2021, the carrying value of goodwill in the Group balance sheet was £95m (2020: £92m). 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. The key assumptions used by management in assessing value in use are:: • Budgets and forecasts for the next 4 years. • The discount rate applied (the Group's weighted average cost of capital - WACC). • Revised long-term growth rate	**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 past forecasts used in impairment reviews to assess the reliability of the forecasts. • Assessing and challenging management's plan where one cash generating unit's value in use calculation requires performance in excess of that achieved over the last 4 years. • Assessing completeness of disclosure in light of the above.
INTANGIBLES – DEVELOPMENT COSTS The Group, where conditions of IAS38 are considered to have been met, capitalise development costs. As described within Note 11 of the financial statements, intangible assets with a net book value of £1.2m are held in relation to development costs specific to Pathfindr products. The recognition of development costs is considered a key judgment by management.	**Our audit work included:** • Assessing and challenging management's judgements in how the criteria of IAS38 have been met. • Inquiries of management directly involved in the development of activities to gain an understanding of the products. • Reviewing development plans to ensure the group has intention and sufficient resource to complete the development. • A review of potential opportunities / customer base to assess whether future economic benefit would be generated by the development costs. • For additions during the year, critically evaluating costs incurred, including internal salaries, an assessing whether they were directly attributable to the development costs. • Assessing completeness of disclosure in light of the above. As a result of the procedures performed, we are satisfied that development costs have been recognised in line with IAS38.

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 MEASURE	GROUP
Overall materiality	£373,000 (2020: £388,000)
Performance materiality	£280,000 (2020: £288,000)
Basis for determination	Overall materiality has been set as 5% of Headline profit before tax (2020: 0.6% of operating income (turnover less third-party costs)). 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. This differs from the approach taken in the previous year. Due to the impact of COVID19 on the 2020 underlying performance of the business we determined that greater focus would be placed by the users of the accounts on the levels of income generated, therefore we calculated materiality based on operating income (0.6%) in 2020. Performance materiality is set as 75% of overall materiality.
Misstatements reported to the audit committee	£11,000 (2020: £12,000)

Range of materiality at components subject to full scope audits / risk specific procedures: £12,000 - £252,000

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 at 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 post year end 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 38 and 39, 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 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 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 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.

Independent Auditor's Report

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, revenue recognition and development costs 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
(Senior Statutory Auditor)

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

29 March 2022

Consolidated Financial Statements & Notes

Consolidated Income Statement
For the year ended 31 December 2021

	Note	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
TURNOVER	2	**153,287**	121,927
Cost of sales		**(80,792)**	(60,409)
OPERATING INCOME	2	**72,495**	61,518
Headline operating expenses		**(64,476)**	(59,585)
HEADLINE OPERATING PROFIT		**8,019**	1,933
Acquisition adjustments	3	**156**	(1,891)
COVID-19 restructuring costs	3	**-**	(1,004)
Board restructuring costs	3	**(496)**	-
Start-up costs	3	**(367)**	(335)
OPERATING PROFIT / (LOSS)		**7,312**	(1,297)
Share of results of associates and joint ventures		**140**	56
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION		**7,452**	(1,241)
Net finance costs	5	**(701)**	(821)
PROFIT / (LOSS) BEFORE TAXATION	6	**6,751**	(2,062)
Taxation	8	**(1,432)**	(186)
PROFIT / (LOSS) FOR THE YEAR		**5,319**	(2,248)
Attributable to:			
Equity holders of the parent		**5,423**	(2,033)
Non-controlling interests		**(104)**	(215)
		5,319	(2,248)
Basic earnings per share (pence)	10	**6.0**	(2.3)
Diluted earnings per share (pence)	10	**5.9**	(2.3)
Headline basic earnings per share (pence)	10	**6.6**	1.0
Headline diluted earnings per share (pence)	10	**6.5**	1.0

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	Year to 31 December 2021	Year to 31 December 2020
	£'000	**£'000**
PROFIT / (LOSS) FOR THE YEAR	**5,319**	(2,248)
Other comprehensive income – items that may be reclassified separately to profit or loss: Exchange differences on translation of foreign operations	**70**	(173)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**5,389**	(2,421)
Attributable to:		
Equity holders of the parent	**5,489**	(2,187)
Non-controlling interests	**(100)**	(234)
	5,389	(2,421)

Consolidated Financial Statements & Notes

Consolidated Balance Sheet
As at 31 December 2021

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
FIXED ASSETS			
Intangible assets	11	**98,974**	96,186
Property, plant and equipment	13	**2,102**	2,394
Right of use assets	14	**9,149**	10,729
Investments, associates and joint ventures	15	**517**	317
		110,742	109,626
CURRENT ASSETS			
Stock		**2,112**	1,194
Trade and other receivables	16	**40,538**	33,314
Cash and short term deposits	17	**6,066**	3,806
		48,716	38,314
CURRENT LIABILITIES			
Trade and other payables	18	**(37,338)**	(34,138)
Corporation tax payable		**(380)**	(359)
Bank loans	19	**-**	(4,969)
Acquisition obligations	21.1	**(692)**	(7,765)
		(38,410)	(47,231)
NET CURRENT ASSETS / (LIABILITIES)		**10,306**	(8,917)
TOTAL ASSETS LESS CURRENT LIABILITIES		**121,048**	100,709
NON CURRENT LIABILITIES			
Bank loans	19	**(16,393)**	-
Lease liabilities	20	**(8,077)**	(9,414)
Acquisition obligations	21.1	**(2,623)**	(720)
Deferred tax liabilities		**(483)**	(346)
		(27,576)	(10,480)
NET ASSETS		**93,472**	90,229
CAPITAL AND RESERVES			
Called up share capital	22	**9,102**	9,102
Share premium account		**45,928**	45,928
Own shares	23	**(518)**	(591)
Share-based incentive reserve	24	**868**	642
Foreign currency translation reserve		**-**	(66)
Retained earnings		**37,820**	34,842
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**93,200**	89,857
Non-controlling interests		**272**	372
TOTAL EQUITY		**93,472**	90,229

The financial statements were approved and authorised for issue on 29 March 2022 by the Board of Directors.
They were signed on its behalf by:

Giles Lee, Group Chief Financial Officer

GLee

Company registration number: 05733632

Consolidated Cash Flow Statement
For the year ended 31 December 2021

	Year to 31 December 2021	Year to 31 December 2020
	£'000	**£'000**
Operating profit / (loss)	**7,312**	(1,297)
Depreciation and amortisation charges	**4,029**	4,836
Movements in the fair value of contingent consideration	**(761)**	1,276
Loss on disposal of property, plant and equipment	**11**	35
Non-cash charge for share options, growth shares and shares awarded, net of awards settled in cash	**(48)**	183
(Increase) / decrease in receivables	**(6,703)**	7,684
Increase in stock	**(918)**	(103)
Increase / (decrease) in payables	**2,798**	(1,175)
OPERATING CASH FLOWS	**5,720**	11,439
Net finance costs paid	**(781)**	(763)
Tax paid	**(1,355)**	(640)
Net cash inflow from operating activities	**3,584**	10,036
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**72**	3
Purchase of property, plant and equipment	**(884)**	(421)
Investment in software and product development	**(1,024)**	(696)
Acquisitions of or investments in businesses	**(663)**	(184)
Payment relating to acquisitions made in prior years	**(6,714)**	(2,018)
Cash acquired with subsidiaries	**435**	-
Net cash outflow from investing activities	**(8,778)**	(3,316)
FINANCING ACTIVITIES		
Dividends paid	**(2,100)**	-
Payment of lease liabilities	**(2,016)**	(2,769)
Increase in / (repayment of) bank loans	**11,500**	(5,000)
Net cash inflow / (outflow) from financing activities	**7,384**	(7,769)
Increase / (decrease) in cash and cash equivalents	**2,190**	(1,049)
Exchange differences on translation of foreign subsidiaries	**70**	(173)
Cash and cash equivalents at beginning of year	**3,806**	5,028
Cash and cash equivalents at end of year	**6,066**	3,806

Consolidated Financial Statements & Notes

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	Share premium	Own shares	Share-based incentive reserve	Foreign currency translation reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	**8,530**	**43,015**	**(659)**	**700**	**88**	**40,021**	**91,695**	**606**	**92,301**
Loss for the year	-	-	-	-	-	(2,033)	(2,033)	(215)	(2,248)
Exchange differences on translation of foreign operations	-	-	-	-	(154)	-	(154)	(19)	(173)
Total comprehensive loss for the year	-	-	-	-	(154)	(2,033)	(2,187)	(234)	(2,421)
New shares issued	28	135	-	-	-	-	163	-	163
Share option charge	-	-	-	179	-	-	179	-	179
Growth share charge	-	-	-	34	-	-	34	-	34
Settlement of growth shares	544	2,778	-	(271)	-	(3,051)	-	-	-
Shares awarded and sold from own shares	-	-	68	-	-	(95)	(27)	-	(27)
At 31 December 2020	**9,102**	**45,928**	**(591)**	**642**	**(66)**	**34,842**	**89,857**	**372**	**90,229**
Profit for the year	-	-	-	-	-	**5,423**	**5,423**	**(104)**	**5,319**
Exchange differences on translation of foreign operations	-	-	-	-	**66**	-	**66**	**4**	**70**
Total comprehensive income for the year	-	-	-	-	**66**	**5,423**	**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**

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.

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 aftersales 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 aftersales 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:

i. Assessment of proportion of employees' time spent on product development.

ii. Period of amortisation – the length of time between the creation of the asset and it being consumed in the sales of the products created.

Share-based payment transactions

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

The fair value of nil-cost share options is measured by use of a Black Scholes model on the grounds that there are no market-related vesting conditions. The fair value of Growth Shares is measured by use of a Monte Carlo simulation model on the grounds that they are subject to market-based conditions (the future share price of the Company).

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies arising from normal trading activities are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are reflected in the profit or loss accordingly.

The income statements of overseas subsidiary undertakings are translated at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets are reported in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold improvements	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Stock

Stock is stated at the lower of cost and net realisable value and includes the costs of direct materials and purchases, and the costs of direct labour. Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments. Financial liabilities are released to income when the liability is extinguished.

Leases

The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

The lease liability is presented as a separate line in the Consolidated Balance Sheet. The lease liability is initially measured at the present value of all future lease payments, discounted at the rate implicit in the lease, or if this rate is not readily determined, the incremental borrowing rate of the Group. Lease payments included in the measurement of the lease liability include:

- fixed and variable lease payments, less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount by any lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right of use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease

in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group has applied the practical expedient that allows lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19.

The right of use assets are presented as a separate line in the Consolidated Balance Sheet. The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day of the lease and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right of use asset.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, unless a lease transfers ownership of the underlying asset or the cost of the right of use assets reflects that the Group expects to exercise a purchase option, in which case the right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at commencement of the lease.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Where material intangible assets are recognised on acquisition which will be amortised over their useful lives, a deferred tax liability is also recognised and released against income over the corresponding period.

Government COVID-19 Support

The Group has recognised a reduction in operating expenses where government schemes to assist companies during the COVID-19 pandemic have resulted in grants or subsidies that will never have to be repaid. Details of such amounts are included in Note 7. Where the government assistance only involves the deferral of certain tax payments, these are charged to the income statement as normal in the period they are incurred and a liability is recognised in the balance sheet for any payments deferred at the balance sheet date.

New standards, interpretations and amendments to existing standards

There are no new or amended standards or interpretations that impact the Group's financial statements.

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group. No new standards in issue but not yet effective are expected to have a material impact on the Group.

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 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

	Advertising & Digital	Media Buying	Events	Public Relations	Total
Year to 31 December 2020	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	87,418	18,546	8,738	7,225	121,927
Operating income	50,022	2,286	3,248	5,962	61,518

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 2021	Year to 31 December 2020
	£'000	£'000
UK	**63,160**	53,077
USA	**6,425**	5,972
Asia	**2,720**	2,353
Rest of Europe	**190**	116
	72,495	61,518

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 2021		Year ended 31 December 2020	
	PBT £'000	**PAT £'000**	PBT £'000	PAT £'000
Headline profit	**7,458**	**5,819**	1,168	670
Acquisition-related items (Note 4)	**156**	**243**	(1,891)	(1,806)
COVID-19 restructuring costs	-	-	(1,004)	(834)
Board restructuring costs	**(496)**	**(402)**	-	-
Start-up costs	**(367)**	**(341)**	(335)	(278)
Reported profit / (loss)	**6,751**	**5,319**	(2,062)	(2,248)

Board restructuring costs in 2021 comprised leaving packages payable to former Directors Robert Day, Peter Fitzwilliam and David Morgan following their resignations. COVID-19 restructuring costs in 2020 related to redundancy and property closure costs in response to the COVID-19 pandemic.

Start-up costs derive from organically started businesses 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 2021 relate to the launch of Mongoose Sports' new venture in Birmingham and the venture Alive, launched in Asia in 2021. Start-up costs in 2020 related to Story's new venture in Leeds, April Six's new venture in Germany and the launch of Alive in Asia.

4. Acquisition Adjustments

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Movement in fair value of contingent consideration	**761**	(1,276)
Amortisation of other intangibles recognised on acquisitions	**(446)**	(505)
Acquisition transaction costs expensed	**(159)**	(110)
	156	(1,891)

The movement in fair value of contingent consideration relates to a net downward (2020: upward) 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 2021	Year to 31 December 2020
	£'000	£'000
Interest on bank loans and overdrafts, net of interest on bank deposits	**(283)**	(329)
Amortisation of bank debt arrangement fees	**(67)**	(42)
Interest expense on lease liabilities	**(351)**	(450)
Net finance costs	**(701)**	(821)

6. Profit or Loss Before Taxation

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

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Depreciation of owned tangible fixed assets	**1,094**	1,214
Depreciation expense on right of use assets	**1,995**	2,645
Amortisation of intangible assets recognised on acquisitions	**446**	505
Amortisation of other intangible assets	**494**	472
Expense relating to short term leases	**521**	77
Expense relating to low value leases	**17**	15
Income from subleasing right of use assets	-	(4)
Staff costs before furlough grants (Note 7)	**49,870**	47,954
Furlough grants received (Note 7)	**(347)**	(2,966)
Bad debts and net movement in provision for bad debts	**177**	53
Auditors' remuneration	**179**	234
Loss on foreign exchange	**51**	62

Auditors' remuneration may be analysed by:

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Audit of Group's annual report and financial statements	**45**	42
Audit of subsidiaries	**111**	104
Audit related assurance services	**5**	5
Tax services	-	27
Corporate finance	**18**	56
	179	234

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 2021	Year to 31 December 2020
	£'000	£'000
Advertising & Digital	760	821
Media Buying	57	48
Events	78	66
Public Relations	84	94
Central	5	6
	984	1,035

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

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Wages and salaries	42,522	41,301
Social security costs	5,075	4,527
Pension costs	1,806	1,913
Share based payment expense	226	213
Total employee costs before furlough grants	49,629	47,954
Furlough grants received	(347)	(2,966)
Net employee costs after furlough grants	49,282	44,988

The Group operates twenty (2020: 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 £275,000 (2020: £164,000).

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	Remuneration arising from Board restructuring **	Gain on exercise of share options *	Growth share benefit	Total 2021	Total 2020
As Board Directors									
Julian Hanson-Smith (Chair)	54	-	-	-	-	-	9	63	42
James Clifton (Chief Executive)	275	113	6	6	-	15	22	437	237
Giles Lee (Chief Financial Officer)	191	63	5	17	-	21	22	319	181
Andy Nash (Non-Executive)	37	-	-	2	-	-	6	45	34
Total	**557**	**176**	**11**	**25**	**-**	**36**	**59**	**864**	**494**
As Agency Directors									
Dylan Bogg	145	-	14	-	-	15	6	180	152
Sue Mullen	145	-	2	13	-	3	13	176	153
Fiona Shepherd	200	-	6	20	-	11	22	259	205
Former Directors									
Barry Cook (to 30 April 2021)	8	-	2	-	-	-	-	10	58
Robert Day (to 30 September 2021)	159	50	-	-	200	13	-	422	250
Peter Fitzwilliam (to 30 April 2021)	57	26	2	-	85	7	-	177	204
David Morgan (to 30 September 2021)	104	-	27	-	200	7	-	338	143
Total	**1,375**	**252**	**64**	**58**	**485**	**92**	**100**	**2,426**	**1,659**

Notes:

* The gain on exercise of share options is calculated as the difference between the market price of the shares on the date of exercise and the price paid for the shares.

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

8. Taxation

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Current tax:-		
UK corporation tax at 19.00% (2020: 19.00%)	**1,133**	15
Adjustment for prior periods	**(64)**	(178)
Foreign tax on profits of the period	**226**	402
	1,295	239
Deferred tax:-		
Current year originating temporary differences	**137**	(53)
Tax charge for the year	**1,432**	186

Factors Affecting the Tax Charge for the Current Year:

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Profit / (loss) before taxation	**6,751**	(2,062)
Profit / (loss) on ordinary activities before tax at the standard rate of corporation tax of 19.00% (2020: 19.00%)	**1,283**	(392)
Effect of:		
Rate changes	**119**	-
Non-deductible expenses / income not taxable	**(42)**	210
Depreciation (lower than) / in excess of capital allowances	**(32)**	210
Losses not utilised	**36**	174
Higher rates on overseas earnings	**160**	151
Adjustments in respect of prior periods	**(64)**	(178)
Other differences	**(28)**	11
Actual tax charge for the year	**1,432**	186

9. Dividends

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of 0.80 pence (2020: nil) per share	**721**	-
Deferred 2019 final dividend of 1.53 pence (2020: nil) per share	**1,379**	-
	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 1.60 pence per share is to be paid in July 2022 should it be approved by shareholders at the AGM. In accordance with IFRS this final dividend will be recognised in the 2022 accounts

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 2021	Year to 31 December 2020
	£'000	£'000
Earnings		
Reported profit for the year		
Attributable to:		
Equity holders of the parent	**5,423**	(2,033)
Non-controlling interests	**(104)**	(215)
	5,319	(2,248)
Headline earnings (Note 3)		
Attributable to:		
Equity holders of the parent	**5,923**	885
Non-controlling interests	**(104)**	(215)
	5,819	670
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**90,134,211**	88,341,383
Dilutive effect of securities:		
Employee share options	**1,414,543**	2,360,072
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**91,548,754**	90,701,455
Reported basis		
Basic earnings per share (pence)	**6.0**	(2.3)
Diluted earnings per share (pence)	**5.9**	(2.3)
Headline basis:		
Basic earnings per share (pence)	**6.6**	1.0
Diluted earnings per share (pence)	**6.5**	1.0

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 2021	31 December 2020
	£'000	£'000
Goodwill	**94,604**	92,160
Other intangible assets	**4,370**	4,026
	98,974	96,186

Goodwill	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
Cost		
At 1 January	**96,433**	96,025
Recognised on acquisition of subsidiary	**2,444**	408
At 31 December	**98,877**	96,433
Impairment adjustment		
At 1 January and 31 December	**4,273**	4,273
Net book value at 31 December	**94,604**	92,160

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, and 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. For one CGU the underlying value in use calculations requires performance in year one that is in excess of that achieved for the last 4 years, in part as a result of the market disruption caused by the COVID-19 pandemic. Management is confident that performance will continue to recover through 2022 to the point that no impairment would be required on future review.

The resulting pre-tax cash flow forecasts were discounted using a rate of 8.75%, the average of the Weighted Average Cost of Capital ("WACC") over the 10 years from 2012, when the current methodology of calculating WACC was first adopted (2020: 8.20%, the average WACC over the 9 years from 2012).

The reason for using this average rather than the WACC at 31 December 2021 (the "2021 WACC") was to avoid any distortion that may have been caused by the exceptional circumstances of COVID-19. Over the pre-COVID-19 8 years from 2012 to 2019, the Group's WACC was consistently within a range of 7.4% to 8.5% and the Directors felt it inappropriate to discount cash flows that stretch into the indefinite future by using a potentially COVID-19 affected 2021 WACC.

11. Intangible Assets - *continued*

The conclusion from using the above methodology was that no impairment in goodwill was required. No change to this conclusion is reached as a result of the following independent changes in assumptions: nil growth in 2022 and a one year delay in the achievement of 2022 budgets caused by COVID-19; any reduction in short term growth rates beyond 2022; 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 3.5%, which management do not believe is a reasonably possible change in key assumption.

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

	31 December 2021	31 December 2020
	£'000	£'000
April Six Ltd and April Six (Mobility) Ltd	**14,832**	14,832
Bray Leino Ltd	**27,761**	27,761
Chapter Agency Ltd	**3,440**	3,440
Krow Agency Ltd and Krow Communications Ltd	**18,327**	18,327
Mongoose Sports & Entertainment Ltd	**931**	931
RJW & Partners Ltd	**4,962**	4,962
Solaris Healthcare Network Ltd	**1,058**	1,058
Soul (London) Ltd	**2,444**	-
Speed Communications Agency Ltd	**3,085**	3,085
Bray Leino Splash Pte. Ltd	**2,356**	2,356
Story UK Ltd	**7,516**	7,516
ThinkBDW Ltd	**6,283**	6,283
Other smaller acquisitions	**1,609**	1,609
	94,604	92,160

Other intangible assets	Software and product development	Trade names	Customer relationships	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	**2,463**	**1,781**	**5,871**	**10,115**
Additions	696	77	123	896
Disposals	(190)	-	-	(190)
At 31 December 2020	**2,969**	**1,858**	**5,994**	**10,821**
Additions	1,024	100	160	1,284
Disposals	(165)	-	-	(165)
At 31 December 2021	**3,828**	**1,958**	**6,154**	**11,940**
Amortisation and impairment				
At 1 January 2020	**1,183**	**381**	**4,444**	**6,008**
Charge for the year	472	81	424	977
Disposals	(190)	-	-	(190)
At 31 December 2020	**1,465**	**462**	**4,868**	**6,795**
Charge for the year	494	91	355	940
Disposals	(165)	-	-	(165)
At 31 December 2021	**1,794**	**553**	**5,223**	**7,570**
Net book value at 31 December 2021	**2,034**	**1,405**	**931**	**4,370**
Net book value at 31December 2020	**1,504**	**1,396**	**1,126**	**4,026**

Additions of £1,024,000 (2020: £696,000) 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 (2020: £783,000) relating to trade names of businesses acquired, which are deemed to have indefinite useful lives. These trade names have attained 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 £1,202,000 (2020: £630,000) relating to product development costs in Pathfindr. The resulting improvement in products has already resulted in good sales of the Safe Distancing Assistant and further product development has been rewarded by trials with large-scale Clients in early 2022 which are expected to lead to sales and improved profitability over the coming years. Pathfindr will continue to invest in product development in 2022 in order to capitalise on the potential demand in the marketplace. These capitalised costs are amortised over a 5 year period.

Also included is an amount of £468,000 (2020: £543,000) 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 6 years (2020: 7 years). In addition an amount of £708,000 (2020: £1,022,000) is included relating to krow customer relationships. krow has developed a base of customers to whom the Group would expect to continue selling in the future. The remaining useful life of these customer relationships is deemed to be 2 years (2020: 3 years) and the value will be amortised over this period.

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 Mongoose Promotions Ltd which is 75% owned, Pathfindr 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 2021 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
Chapter Agency Ltd	Marketing communications
Krow Agency Ltd	Marketing communications
Krow Communications Ltd	Marketing communications
Mongoose Promotions Ltd	Sales promotion
Mongoose Sports & Entertainment Ltd	Sports, fitness and entertainment marketing
Pathfindr Ltd	Creator of IIoT 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
Speed Communications Agency Ltd	Public relations
Bray Leino Splash Pte. Ltd	Digital marketing
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 2020	**2,269**	**3,104**	**3,682**	**72**	**9,127**
Transfer between categories	-	63	(63)	-	-
Additions	51	55	315	-	421
Disposals	(40)	(184)	(286)	(13)	(523)
At 31 December 2020	**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	**2,299**	**2,381**	**3,974**	**119**	**8,773**
Depreciation					
At 1 January 2020	1,491	1,826	2,533	52	5,902
Transfer between categories	-	55	(55)	-	-
Charge for the year	193	432	582	7	1,214
Disposals	(32)	(160)	(280)	(13)	(485)
At 31 December 2020	**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**
Net book value at 31 December 2021	**508**	**568**	**970**	**56**	**2,102**
Net book value at 31 December 2020	**628**	**885**	**868**	**13**	**2,394**

14. Right of Use Assets

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

	Property	Fixtures & fittings and office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Net carrying amount					
At 31 December 2020	10,331	41	13	344	10,729
At 31 December 2021	8,815	24	8	302	9,149
Depreciation expense					
Year to 31 December 2020	2,269	38	5	333	2,645
Year to 31 December 2021	1,700	18	5	272	1,995
Additions					
Year to 31 December 2020	5,224	-	-	15	5,239
Year to 31 December 2021	184	2	4	225	415

15. Investments, Associates and Joint Ventures

	Year to 31 December 2021	Year to 31 December 2020
	£'000	£'000
At 1 January	317	177
Profit / (loss) during the year	140	56
Additions	60	84
At 31 December	517	317

In 2019 the Group transferred its Learning activities into an established company, Fenturi Limited, in exchange for a 25% shareholding in that company. In 2020 and 2021 the Group invested further in Fenturi. Fenturi is a Bristol-based digital learning agency with historical, positive previous associations with Bray Leino.

16. Trade and Other Receivables

	31 December 2021	31 December 2020
	£'000	£'000
Trade receivables	**25,727**	22,296
Accrued income	**11,551**	7,923
Prepayments	**2,154**	2,180
Other receivables	**1,106**	915
	40,538	33,314

An allowance has been made for estimated irrecoverable amounts from the provision of services of £225,000 (2020: £97,000). The estimated irrecoverable amount is arrived at by considering the historic loss rate and adjusting for current expectations, Client base and economic conditions, including the potential impact of COVID-19 which has resulted in an increase in the estimated loss rate in 2021. Both historic 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 2021	31 December 2020
	£'000	£'000
Gross trade receivables	**25,952**	22,393
Gross accrued income	**11,551**	7,923
Total trade receivables and accrued income	**37,503**	30,316
Expected loss rate	**0.6%**	0.3%
Provision for doubtful debts	**225**	97

Trade receivables include £7.4m that is past due but not impaired, of which £1.1m is greater than 3 months past due.

Accrued income has increased by £3,628,000 as a result of an increase in the volume of work taking place just prior to the 2021 year end, particularly on the events and sponsorship sides of the business, where the work has been performed prior to year end, but the customer will only be invoiced and pay in 2022.

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 2021 (2020: 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 2021	31 December 2020
	£'000	£'000
Trade creditors	**10,807**	9,622
Deferred income	**9,128**	8,636
Other creditors and accruals	**11,196**	8,102
Other tax and social security payable	**4,611**	5,918
Lease liabilities (Note 20)	**1,596**	1,860
	37,338	34,138

Trade creditors, deferred income and other creditors and accruals have all increased as a result of the increased level of trading in 2021.

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

19. Bank Overdrafts, Loans and Net Bank Debt

	31 December 2021	31 December 2020
	£'000	£'000
Bank loan outstanding	**16,500**	5,000
Unamortised bank debt arrangement fees	**(107)**	(31)
Carrying value of loan outstanding	**16,393**	4,969
Less: Cash and short term deposits	**(6,066)**	(3,806)
Net bank debt	**10,327**	1,163
The borrowings are repayable as follows:		
Less than one year	**-**	5,000
In one to two years	**-**	-
In two to three years	**16,500**	-
	16,500	5,000
Unamortised bank debt arrangement fees	**(107)**	(31)
	16,393	4,969
Less: Amount due for settlement within 12 months (shown under current liabilities)	**-**	(4,969)
Amount due for settlement after 12 months	**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.

At 31 December 2021, the Group's committed bank facilities comprised a new 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.

In addition to its committed facilities, the Group has 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 2021, 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.

20. Lease Liabilities

Obligations under leases are due as follows:

	31 December 2021	31 December 2020
	£'000	£'000
In one year or less (shown in trade and other payables)	**1,596**	1,860
In more than one year	**8,077**	9,414
	9,673	11,274

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 2021			31 December 2020		
	Cash	**Shares**	**Total**	Cash	Shares	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Less than one year	**692**	**-**	**692**	7,461	304	7,765
Between one and two years	**430**	**-**	**430**	140	-	140
In more than two years but less than three years	**300**	**-**	**300**	280	-	280
In more than three years but less than four years	**1,893**	**-**	**1,893**	300	-	300
	3,315	**-**	**3,315**	8,181	304	8,485

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

	Cash	***Shares***	***Total***
	£'000	**£'000**	**£'000**
At 31 December 2020	8,181	304	8,485
Obligations settled in the period	(6,714)	-	(6,714)
Adjustments to estimates of obligations	(457)	(304)	(761)
New acquisitions	2,305	-	2,305
At 31 December 2021	**3,315**	**-**	**3,315**

21. Acquisitions - *continued*

21.2 Acquisition of Soul (London) Ltd

On 14 October 2021, the Group acquired the entire issued share capital of Soul (London) Ltd ("Soul"), a full-service customer engagement Agency based in London that works with psychologists to help businesses better understand human nature and human behaviour. The fair value of the consideration given for the acquisition was £2,968,000, comprising initial cash consideration and deferred contingent cash consideration. Costs relating to the acquisition amounted to £72,000 and were expensed.

Maximum contingent consideration of £6,600,000 is dependent on Soul achieving a profit target over the period 1 January 2021 to 31 December 2024. The Group has provided for contingent consideration of £2,305,000 to date.

The fair value of the net identifiable assets acquired was £264,000 resulting in goodwill and previously unrecognised other intangible assets of £2,704,000. 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 Soul.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired:			
Fixed assets	1	-	1
Trade and other receivables	579	-	579
Cash and cash equivalents	435	-	435
Trade and other payables	(751)	-	(751)
	264	-	264
Other intangibles recognised at acquisition	-	260	260
	264	260	524
Goodwill			2,444
Total consideration			2,968
Satisfied by:			
Cash			663
Deferred contingent consideration			2,305
			2,968

Soul contributed turnover of £370,000, operating income of £370,000 and headline operating profit of £100,000 to the results of the Group in 2021.

21.3 Pro-forma results including acquisitions

The Directors estimate that the turnover, operating income and headline operating profit of the Group would have been approximately £154.4m, £73.6m and £8.3m had the Group consolidated the results of the acquisitions made during the year, from the beginning of the year.

22. Share Capital

	31 December 2021	31 December 2020
	£'000	£'000
Allotted and called up:		
91,015,897 Ordinary shares of 10p each (2020: 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	1,197,827	-	-	(486,616)	711,211
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, 486,616 options were exercised at an average share price of 83.6p and at the end of the year 321,859 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 new 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 2019	**1,076,743**	**659**
Awarded or sold during the year	**(178,929)**	**(68)**
At 31 December 2020	**897,814**	**591**
Awarded or sold during the year	**(179,676)**	**(73)**
At 31 December 2021	**718,138**	**518**

Shares are held in an Employee Benefit Trust to meet certain requirements of the Long Term Incentive Plan.

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 the year. The key inputs are:

	2021	2020
Share price	n/a	55.0p
Risk free rate	n/a	0.1%

The weighted average share price over the three years ending 31 December 2021 was 73.5p and the weighted average remaining contractual life of the share options outstanding at 31 December 2021 was 3.2 years.

The Group recognised an expense of £174,000 in 2021 (2020: £179,000).

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 during the year was 9.0p per share at measurement date. No growth shares were issued in 2020. 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 2021 was 73.3p and the weighted average remaining contractual life of the growth shares outstanding at 31 December 2021 was 2.3 years

The Group recognised an expense of £52,000 in 2021 (2020: £34,000).

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-IFRS 16 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 2021	31 December 2020
	£'000	£'000
Cash at bank maturing in less than one year or on demand	6,066	3,806

Financial liabilities	Bank loan and overdraft	Lease liabilities	Acquisition obligations	Total
	£'000	£'000	£'000	£'000
At 31 December 2021				
Interest analysis:				
Subject to floating rates	16,500	-	-	16,500
Subject to fixed rates	-	9,673	3,315	12,988
	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
At 31 December 2020				
Interest analysis:				
Subject to floating rates	5,000	-	-	5,000
Subject to fixed rates	-	11,274	8,485	19,759
	5,000	11,274	8,485	24,759
Maturity analysis:				
One year or less, or on demand	5,000	1,860	7,765	14,625
In one to two years	-	1,488	140	1,628
In two to three years	-	1,117	280	1,397
In three to four years	-	974	300	1,274
In four to five years	-	874	-	874
In more than five years	-	4,961	-	4,961
	5,000	11,274	8,485	24,759

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.

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 2021	Year to 31 December
	£'000	£'000
Short-term employee benefits	1,666	1,530
Post-employment benefits	58	63
Share-based payments	217	66
Remuneration arising from Board restructuring	485	-
	2,426	1,659

Bray Leino Ltd rents property from entities under the control of David Morgan, 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 (2020: £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 (2020: £74,000) was paid and no amount was outstanding at the balance sheet date.

During the year, loans totalling £75,549 granted to nine Directors in 2017 in respect of the personal tax payable on a growth share award were all repaid from the proceeds of a share sale on 22 February 2021. Subsequently, seven Directors received loans totalling £46,045 in respect of the personal tax payable on the new 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.

James Clifton, the Group Chief Executive, owns a 5% (2020: 5%) holding in Pathfindr Ltd.

30. Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2021 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 21 June 2022 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.

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

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 2021, 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 2021 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.

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.

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.

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 £186,500 (2020: £194,000), performance materiality of £140,000 (2020: £144,000). Individual errors above £6,000 (2020: £6,000) were reported to the audit committee.

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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 in 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 38 and 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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/auditorsresponsibilities. 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, for this report, or for the opinions we have formed.

Duncan Leslie
(Senior Statutory Auditor)

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

Date: 29 March 2022

Company Financial Statements & Notes

Company Balance Sheet
As at 31 December 2021

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
NON-CURRENT ASSETS			
Intangible assets	32	1,430	1,039
Investments	33	114,596	114,596
Property, plant and equipment		851	622
		116,877	116,257
CURRENT ASSETS			
Debtors	34	9,952	7,248
		9,952	7,248
CREDITORS: Amounts falling due within one year	35	(12,654)	(27,691)
NET CURRENT LIABILITIES		(2,702)	(20,443)
TOTAL ASSETS LESS CURRENT LIABILITIES		114,175	95,814
CREDITORS: Amounts falling due after more than one year	36	(16,988)	(603)
NET ASSETS		97,187	95,211
CAPITAL AND RESERVES			
Called up share capital	38	9,102	9,102
Share premium account	38	45,928	45,928
Own shares	38	(518)	(591)
Share-based incentive reserve		828	582
Profit and loss account		41,847	40,190
SHAREHOLDER'S FUNDS		97,187	95,211

The financial statements were approved and authorised for issue on 29 March 2022 by the Board of Directors.
They were signed on its behalf by:

Giles Lee, *Group Chief Financial Officer* GDLee

Company registration number: 05733632

Company Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	Share premium	Own shares	Share-based incentive reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	**8,530**	**43,015**	**(659)**	**531**	**37,327**	**88,744**
Profit for the year	-	-	-	-	2,880	2,880
New shares issued	28	135	-	-	-	163
Share option charge	-	-	-	119	-	119
Growth share charge	-	-	-	13	-	13
Settlement of growth shares	544	2,778	-	(81)	81	3,322
Shares awarded and sold from own shares	-	-	68	-	(98)	(30)
At 31 December 2020	**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**

Notes to the Company Financial Statements

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 103. 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 £4.1m for the year (2020: £2.9m).

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 any 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**
Cost				
At 1 January 2020	**280**	**61**	**-**	**341**
Additions	222	-	608	830
At 31 December 2020	**502**	**61**	**608**	**1,171**
Additions	231	-	289	520
At 31 December 2021	**733**	**61**	**897**	**1,691**
Amortisation and impairment				
At 1 January 2020	**15**	**60**	**-**	**75**
Charge for the year	56	1	-	57
At 31 December 2020	**71**	**61**	**-**	**132**
Charge for the year	129	-	-	129
At 31 December 2021	**200**	**61**	**-**	**261**
Net book value at 31 December 2021	**533**	**-**	**897**	**1,430**
Net book value at 31 December 2020	**431**	**-**	**608**	**1,039**

Additions of £231,000 (2020: £222,000) 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
Cost	
At 1 January 2020	**117,439**
Additions	3,322
Adjustment to purchase consideration	2,278
At 31 December 2020	**123,039**
Additions	-
Adjustment to purchase consideration	-
At 31 December 2021	**123,039**
Impairment	
At 1 January 2020	**(8,443)**
Impairment	-
At 31 December 2020	**(8,443)**
Impairment	-
At 31 December 2021	**(8,443)**
Net book value at 31 December 2021	**114,596**
Net book value at 31 December 2020	**114,596**

A list of the principal trading companies in the Group at 31 December 2021 can be found in Note 12 to the Consolidated Financial Statements and a complete list can be found in Note 42.

Notes to the Company Financial Statements

34. Debtors

	31 December 2021	31 December 2020
	£'000	£'000
Trade debtors	**326**	269
Amounts due from subsidiary undertakings	**7,138**	5,239
Corporation tax	**639**	405
Prepayments	**1,770**	1,259
Other debtors	**79**	76
	9,952	7,248

35. Creditors: Amounts Falling Due Within One Year

	31 December 2021	31 December 2020
	£'000	£'000
Trade creditors	**885**	591
Bank overdraft	**1,400**	3,713
Amounts due to subsidiary undertakings	**8,550**	9,236
Accruals	**1,223**	794
Acquisition obligations	**280**	7,977
Bank loan (see Note 37)	-	4,969
Other creditors	**316**	411
	12,654	27,691

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

	31 December 2021	31 December 2020
	£'000	£'000
Bank loan (see Note 37)	**16,393**	-
Acquisition obligations	**430**	508
Deferred tax liability	**165**	95
	16,988	603

37. Borrowings

	31 December 2021	31 December 2020
	£'000	£'000
Bank loan outstanding	16,500	5,000
Adjustment to amortised cost	(107)	(31)
Carrying value of loan outstanding	16,393	4,969
The borrowings are repayable as follows:		
Less than one year	-	5,000
In one to two years	-	-
In more than two years but less than three years	16,500	-
	16,500	5,000
Adjustment to amortised cost	(107)	(31)
	16,393	4,969
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	(4,969)
Amount due for settlement after 12 months	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 2021, net assets of the Group were £93,472,000 (2020: £90,229,000) and net borrowings under this Group arrangement amounted to £10,327,000 (2020: £1,163,000).

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 (2020: 5,720,332) and at 31 December 2021, the number of shares in issue was 91,015,897 (2020: 91,015,897).

39. Unrealised Reserves

Included in reserves at 31 December is unrealised profit, which is non-distributable, of £3,165,000 (2020: £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:

	31 December 2021		31 December 2020	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Less than one year	**178**	**6**	32	11
Between one and two years	**80**	**1**	82	7
In more than two years but less than three years	**48**	**-**	68	-
In more than three years but less than four years	**306**	**7**	182	18

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 Fenturi Ltd (25%), treated as an associate company, and an indirect interest in Destination CMS Ltd (50%), both treated as joint ventures. Unless otherwise stated, the registered office of all companies is The Old Sawmills, Filleigh, Barnstaple, EX32 0RN.

Subsidiary undertaking	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	78B Tras Street, Singapore 079017
Balloon Dog Ltd		
Bastin Day Westley Ltd		
Big Communications Ltd		
Bray Leino Ltd **		
Bray Leino Productions Ltd **		

42. Group Companies - *continued*

Subsidiary undertaking	Country of Incorporation	Registered office
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
Bray Leino Singapore Pte. Ltd	Singapore	#73 Ubi Road 1, #07-49/50 Oxley Bizhub, Singapore 408733
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 Pixel Red, Singapore - 533941
Bray Leino Splash Sdn. Bhd. *	Malaysia	No. 308, Block A (3rd Floor), Kelana Business Centre, No. 97, Jalan 557/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Chapter Agency Ltd **		
Fox Murphy Ltd		
Fuse Digital Ltd		
Jellyfish Ltd		
Krow Agency Ltd **		
Krow Communications Ltd **		
MISSION Marketing Ltd		
Mongoose Promotions Ltd (75% owned) **		
Mongoose Sports & Entertainment Ltd **		
Pathfindr Ltd (80% owned) **		
RJW & Partners Ltd **		
Robson Brown Ltd		
Solaris Healthcare Network Ltd **		
Soul (London) Ltd **		
Speed Communications Agency Ltd **		
Splash Interactive Ltd *	Vietnam	Floor 5, SAM Building, 152/11B Dien Bien Phu str, Ward 25, Binh Thanh Dist, Ho Chi Minh City, Vietnam
Splash Interactive *	China	Room 1801, Hong Kong Metropolis Building, 733 Fuxing Road East, Huangpu District, Shanghai, China, 200233
Story UK Ltd **		1-4, Atholl Crescent, Edinburgh, Scotland EH3 8HA
The **MISSION** Ltd		
The Splash Partnership Ltd **		
ThinkBDW 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.

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 21 June 2022 at the offices of krow Communications ("krow"), 80 Goswell Road, London, EC1V 7DB to transact the business set out below.

We are keen to welcome shareholders in person to our 2022 AGM subject to prevailing COVID-19 legislation on the day. Should circumstances change such that we consider it is no longer possible for shareholders to attend the meeting, we will notify shareholders through the Company's website (www.themission.co.uk) and, where appropriate, by a Regulatory News Service announcement.

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 2021.

Dividend

2. To approve a final dividend of 1.6 pence per share for the year ended 31 December 2021 to shareholders on the register at the close of business on 15 July 2022, payable on 29 July 2022.

Directors

3. To elect Eliza Filby as a Director.
4. To re-elect Dylan Bogg as a Director.
5. To re-elect James Clifton as a Director.
6. To re-elect Giles Lee as a Director.
7. To re-elect Sue Mullen as a Director.
8. To re-elect Andy Nash as a Director.
9. To re-elect Fiona Shepherd as a Director.

Auditors

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

Authority to allot shares

12. 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

13. THAT (subject to the passing of the resolution numbered 12 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 12 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 £910,158.97 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 12 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

14. 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 2023 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 14 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
29 March 2022

GLee

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 an 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 17 June 2022. 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 6p.m. on Friday 17 June 2022 have the right to attend and vote at the meeting.

Advisors

Company Registration Number:	05733632
Registered Office:	The Old Sawmills Filleigh, Barnstaple Devon, EX32 0RN
Nominated Advisor:	**Shore Capital and Corporate Limited** Cassini House 57 St James's Street London, SW1A 1LD
Stockbroker:	**Shore Capital Stockbrokers Limited** Cassini House 57 St James's Street London, SW1A 1LD
Auditors:	**PKF Francis Clark** Statutory Auditor Centenary House Peninsula Park Rydon Lane Exeter, EX2 7XE
Lawyers:	**Browne Jacobson LLP** Victoria Square House Victoria Square Birmingham, B2 4BU
Registrars:	**Neville Registrars** Neville House Steelpark Road Halesowen, B62 8HD
Company Secretary:	**Michael Langford** The Old Sawmills Filleigh, Barnstaple Devon, EX32 0RN
Bankers:	**NatWest Corporate & Commercial Banking** 250 Bishopsgate London, EC2M 4AA

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Barnstaple, Devon, EX32 0RN
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