

Chime Group Holdings Limited

Company Number 09702342

**Annual Report and Financial Statements
for the year ended 31 December 2022**



Chime Group Holdings Limited

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CHAIRMAN'S STATEMENT

2022 was another year of strong growth across both divisions, as the world finally opened up post-Covid and consumers were attracted to and sought out brand experiences that would delight and move them.

VCCP Group enjoyed another strong year of new business and growth, and continued to expand its global reach through its regional hubs. It was awarded global assignments for General Mills and Hisense. VCCP has now topped the AAR new business league for 10 of the last 11 years – with VCCP winning more than 100 new clients globally in 2022, including the account for the largest UK merger of 2021 of Virgin Media and O2, and the most high-profile UK pitch of the year. It also achieved its best year to date for industry recognition, seeing a 170% increase in Effectiveness Awards won, including the biggest effectiveness accolades in the UK: the Grand Prix at APG awards and the Grand Prix at the IPA Effectiveness Awards for Cadbury, alongside a 14% increase in creative awards secured.

To support complex changing client needs, VCCP expanded its capabilities in Customer Engagement, Data, Retail and Product & Service Design. The Data team now works for 80% of its top 20 clients; the relaunched Customer Engagement capability won prestigious clients such as Fortnum & Mason and Sage; and the Product & Service Design outfit, Bernadette, won Gold for Cadbury Worldwide Hide in the Most Effective Digital Campaign 2022. VCCP relaunched its Retail unit with a renewed focus on retail and shopper thinking coupled with CX and integrated brand, giving clients valuable insights into the modern buying experience. VCCP Business agencies also had another strong year of growth, with recent acquisition tech specialist agency, Sling & Stone, going from strength to strength.

In December 2022, VCCP acquired Cowry Consulting, one of the world's leading behavioural science consultancies. The acquisition forms part of VCCP's accelerated growth strategy, as it puts behavioural insight and data at the heart of its business model.

2022 was also a successful one for **CSM**, which sat at the heart of the Men's FIFA World Cup, Formula 1, Rugby World Cup, The Hundred, ICC Men's T20 World Cup and many more showpiece events all over the world. The team delivered a number of award-winning campaigns for clients, and several of CSM's people were granted recognition for their services to the industry.

One of those award winners was Winning Time Takes the Court – a campaign launched to celebrate the release of HBO's hit show Winning Time: The Rise of the Lakers Dynasty. With the help of non-profit group Project Backboard, an Inglewood basketball court was transformed into a "Winning Time" masterpiece that will provide an inspiring space for the next generation of basketball fans in the community for years to come. The campaign landed Best Micro-Influencer Strategy at the Shorty Awards.

The **Birmingham 2022 Commonwealth Games** inspired a nation across a spectacular summer in the UK. CSM Live was the Official Look, Wayfinding and Signage Provider of the Games – designing, producing and installing every branded element in the host city. With a key focus on legacy, the team supported a number of sustainable initiatives such as donating, re-using, repurposing and recycling 56,506 signage items after the event, and working with local charities to integrate Colour-Blind Awareness into the look of the Games.

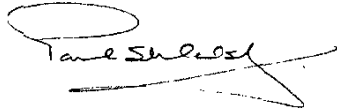
Finally, our Production team in North America helped deliver Steph Curry's **Underrated Golf Tour**; a purpose-driven endeavour with a commitment to providing equity, access and opportunity to student-athletes within the game of golf. The tour garnered national media attention as it made stops in Chicago, Phoenix, Houston and Tampa, before hosting the finale in San Francisco.

Beyond that, CSM also furthered its commitment to cricket and talent management, with the acquisition of Phoenix Management Group. Now home to a coterie of England's leading cricketers, across both the Men's and Women's teams, CSM has positioned itself as the undisputed market-leading cricket agency in the UK.

Chime Group Holdings Limited

CHAIRMAN'S STATEMENT (continued)

2023 looks set to be a challenging year from an economic perspective, but as an agile, challenger network, we are ideally placed to win market share in the markets in which we operate. These are transformative times, and the Group continues to focus on delivering a company culture that balances growth with the needs of our people and the planet.

A handwritten signature in black ink, appearing to read 'Paul S Walsh', with a stylized flourish extending from the end.

Paul S Walsh
Chairman

Chime Group Holdings Limited

STRATEGIC REPORT

1. WHAT WE DO

The Group provides services within two core areas: integrated communications (62.8% of operating income) and sport and entertainment (37.2%). We have two divisions:

Communications

VCCP

VCCP is a leading, global, integrated advertising and marketing services group, which believes “that it only works if it all works”. Its services span Communications (advertising, direct marketing, digital communication, PR), Experience (design, build and management of digital and physical brand experience) and Distribution (media planning, buying and implementation across owned, earned and paid channels), with brand strategy and data at the centre. VCCP Business is the B2B offering of the Group, with specialist and deep expertise in technology, financial services and health.

Sport and Entertainment

CSM Sport & Entertainment (CSM)

CSM is a global sport and entertainment agency, offering our clients end-to-end marketing services. We bring partnerships to life for brands, rights holders and talent, by leveraging our unrivalled relationships and expertise across the industry, and create extraordinary live experiences. Driven by performance, we deliver meaningful, memorable and measurable impact for our clients. Home to 1,100+ industry leaders across 20+ locations, we believe in the power of sport and entertainment to inspire a better world.

2. STRATEGY

Who are we?

We are the Challenger network for Challenger brands.

Why do we exist?

To transform our clients' businesses by challenging convention

We believe every brand, no matter what its size or the role it plays in customers' lives, has the ability to challenge itself to be better, and needs to remain vigilant in ever-changing market conditions. A 'Challenger' can also represent a market leader, and doesn't mean a brand is number two, three or ten in its market, or is only in its infancy. Even market leaders have their challenges.

We are at our best working with clients who are open to working in collaboration with us to challenge the status quo, test and learn through clever thinking, and who are willing to take action to try to change things for the better, right across the customer experience.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

2. STRATEGY (continued)

What do we believe in?

Our culture, our people

People buy people in our business. But our industry has been dogged by a perception (and reality) of talented, creative individuals being often difficult, superior and uncollaborative to work with.

At Chime, our Challenger culture intends to be the antithesis of that: driving open, honest, collaborative people and ways of working. "Talented people, co-operating" sounds easy, but these are a special kind of person, hard to find, extremely valuable, and in whom we massively over-index at Chime. We believe that great minds do not always think alike, and that this drives better work.

We have found this culture to be particularly attractive to entrepreneurs, who find a home here that is supportive and agile, and it has allowed several start-ups to form within the Chime Group. We are passionate about maintaining and nurturing this culture.

How do we work?

Collaboration is the key

We are a sport, entertainment and communications network, which places us in a unique position to create and effect brand experiences for our clients all over the world.

We thrive when working with other agencies, and will often take the lead strategic role in these complex relationships. For some of our larger clients, such as Virgin Media O2, we have created bespoke planning hubs, in order to ensure seamless integration across each and every communications channel and brand touchpoint.

For all of us at Chime, as change and challenge have become the norm, it's our collaborative, unprecious culture, and our integrated ways of working, that have stood us in good stead to be market leaders in delivering this solution for our clients.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

3. OUR STRATEGIC PRIORITIES

The Group's strategy is to expand through organic growth, and this is to be supported, where it makes sense to do so, by selective partnerships and acquisition. Our strategic priorities are informed by the market trends we see in our sector.

In brand and communications, we are very much focused on the areas that are central to the developing needs of our clients. These include:

- Data proficiency, with data literacy becoming essential in driving business value, demonstrated by its formal inclusion in over 80% of data and analytics strategies and change management programmes (Gartner, 2022).
- With 80% of companies having not made CX a part of their brand identity, 56% of marketing leaders say improving the experience of customers will be a top priority for supporting their company's business strategy during the next two years.
- The convergence of digital and physical retail experiences, with brand leaders (75%) saying they will invest more in delivering hybrid experiences over the next 12 months.*

*Source: Deloitte, 2022

When it comes to the **global sport sponsorship** market, it is estimated to have reached US\$77.69bn, a rise from US\$71.89bn in 2021. Meanwhile, the sector is expected to experience CAGR of 8.32%, to reach US\$116.17bn by 2027 (Business Wire, 2022). Furthermore, research shows that sponsorship continues to reflect a large proportion of marketing budget – rising from an average of 19% in 2021, to 21.3% in 2022 (Nielsen, 2022).

Looking back, 2022 saw a change to the status quo. A significant crypto crash has drained faith in what was seen as a guaranteed revenue source for rights holders. Meanwhile, the audience and demand for women's sport are ever-growing. Women's sport and its athletes are poised to dominate sport sponsorship growth in the future. Brands' sponsorship of female athletes grew 20% in 2022 – with 70% growth in social engagement. Women athletes are on track to eclipse male athletes in social engagement by 2024 (SponsorUnited, 2022).

Other notable trends to look out for in 2023 sponsorship, include the maturity of Web 3.0 "into something meaningful" and the need for strong social and ecological alignment between brands and sport's top stakeholders, to avoid reputational damage (SportsPro Media, 2022).

Our three main strategic priorities are:

i. Growing our global business

We have continued to grow our business globally, and have added five more global brands to our group portfolio: General Mills, Abbott, Hisense, Sage and Mark Anthony International.

To support this, we have continued to invest in our international footprint, and have grown our businesses in key territories and regions. North America remained a key focus for the Group, and we welcomed Native, Blizzard, SoulCycle as well as organic business growth with Google and T-Mobile.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

3. OUR STRATEGIC PRIORITIES (continued)

Following this strong growth in America, we made two significant new hires: our first-ever North American CEO at VCCP, Brett Edgar, alongside our first CMO for our office in New York. Our VCCP office in Shanghai, which we opened in 2020, has grown despite the challenges it has faced, and our VCCP Singapore office has gone from strength to strength, winning several new clients including Deliveroo, Sun Life and Telkomsel, and making a number of significant hires.

ii. Investing in digital and data services

Our commitment and focus on expanding our data and digital capabilities continue, and are at the heart of our strategic offering to clients. In 2022, the UK's leading independent customer engagement agency, Table 19, joined VCCP to extend and improve our existing customer engagement offering. The move enables us to further deliver fully integrated and creatively driven engagement programmes for clients.

In December 2022, VCCP acquired Cowry Consulting, one of the world's leading behavioural science consultancies. The acquisition forms part of VCCP's accelerated growth strategy, as it puts behavioural insight and data at the heart of its business model.

iii. Investing in our people

Our people and our culture are our biggest assets, and we have brought in some exciting new talent to the business. Average headcount increased during the year from 2,340 in 2021 to 2,699 in 2022.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

4. KEY PERFORMANCE INDICATORS (KPIs)

Financial KPIs

The Group monitors its financial performance using the following KPIs:

	2022	2021	Variance
Revenue	£626.9m	£489.1m	£137.8m
Operating income ⁽¹⁾	£323.6m	£258.0m	£65.6m
Adjusted EBITDA ⁽²⁾	£56.1m	£41.2m	£14.9m
EBITDA margin ⁽³⁾	17.3%	16.0%	1.3%
Profit before tax	£24.2m	£20.2m	£4.0m
Free cash flow ⁽⁴⁾	£41.4m	£34.9m	£6.5m

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

(2) Earnings Before Interest, Tax, Depreciation and Amortisation. Adjusted EBITDA does not reflect adoption of IFRS 16.

(3) *Adjusted EBITDA/Operating Income*

(4) Adjusted EBITDA less Capex less working capital.

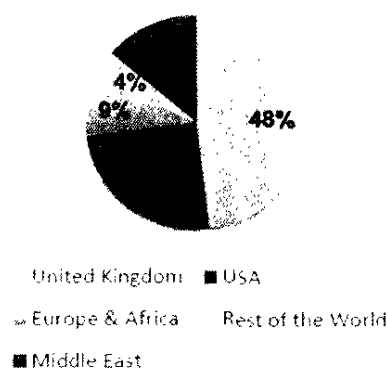
A detailed financial review, along with a reconciliation between the adjusted and statutory numbers, is contained on page 11.

Non-Financial KPIs

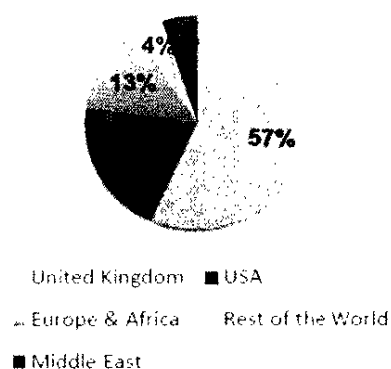
Our international performance

The Group is focused on continuing to develop its international presence, with strong growth in North America. Progress has been made in this respect in 2022, with a reduction in the proportion of revenues generated in the United Kingdom.

2022 Revenue



2021 Revenue



Chime Group Holdings Limited

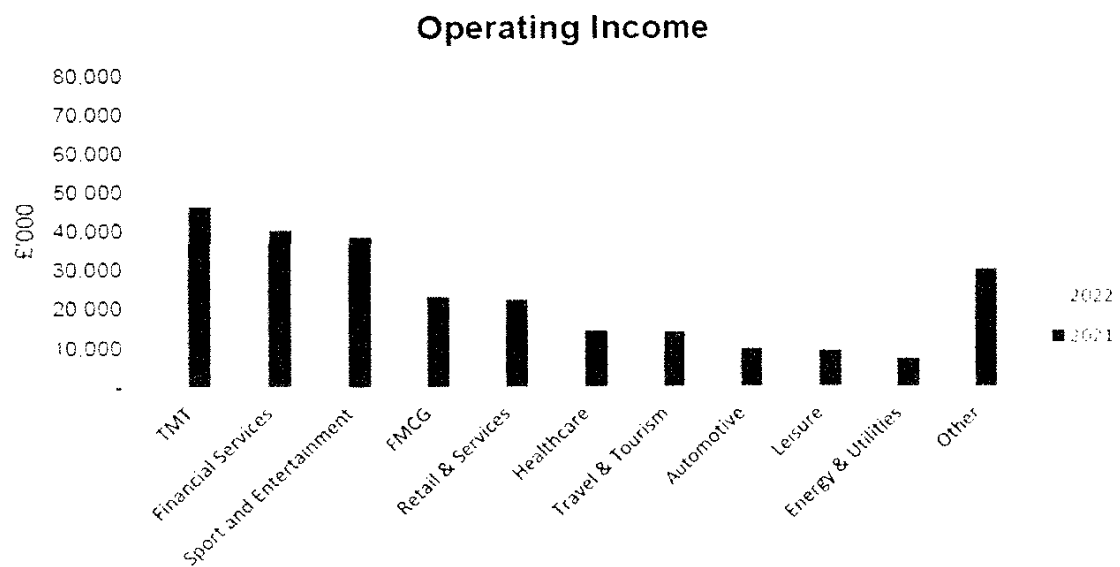
STRATEGIC REPORT (continued)

4. KEY PERFORMANCE INDICATORS (KPIs) (continued)

Non-Financial KPIs (continued)

Our sector performance

As a group we look to have a diversified client base, across sectors and in high-growth areas such as TMT.



Sport and entertainment includes governing sports bodies, sporting events and sports clubs.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

5. FINANCIAL REVIEW

The Group has performed well in 2022. Operating income and EBITDA have recovered and both divisions are now in excess of their pre-pandemic levels on both measures. In addition, conversion of EBITDA to cash was good, resulting in a strong year-end leverage and liquidity position (see net debt and liquidity section below). The Group expects continued improvements in operating income, EBITDA and leverage during 2023.

In addition to organic investment, the Group acquired Phoenix Management Group Limited in June 2022 and Cowry Consulting Limited in December 2022. Phoenix is a talent management agency for current and former cricket players. Cowry is a behavioural science consultancy.

The commentary that follows, focuses on the Group's adjusted results, which the Directors consider to provide an indication of the underlying trading performance. A reconciliation of the Adjusted to Statutory results is given below:

	Adjusted results 2022 £'000	Adjusted results 2021 £'000	Adjustments 2022 £'000	Adjustments 2021 £'000	Statutory results 2022 £'000	Statutory results 2021 £'000
Operating income	323,556	258,027	-	-	323,556	258,027
Operating costs	(267,493)	(216,848)	8,702	9,754	(258,791)	(207,094)
EBITDA⁽²⁾	56,063	41,179	8,702	9,754	64,765	50,933
Depreciation ⁽²⁾	(4,295)	(3,681)	(7,835)	(7,796)	(12,130)	(11,477)
Amortisation	(1,156)	(1,246)	(2,743)	(6,493)	(3,899)	(7,739)
Foreign exchange	-	-	2,551	(436)	2,551	(436)
Deemed remuneration	-	-	(4,106)	(4,278)	(4,106)	(4,278)
Exceptional items	-	-	(1,207)	(3,050)	(1,207)	(3,050)
M&A related costs	-	-	(5,832)	(1,279)	(5,832)	(1,279)
Disposal of fixed assets	-	-	242	(1,613)	242	(1,613)
Operating profit⁽¹⁾	50,612	36,252	(10,228)	(15,191)	40,384	21,061
EBITDA	56,063	41,179	8,702	9,754	64,765	50,933
Working capital	(6,863)	(886)	(8,702)	(9,754)	(15,565)	(10,640)
Capital expenditure	(7,783)	(5,357)	-	-	(7,783)	(5,357)
Free cash flow	41,417	34,936	-	-	41,417	34,936

(1) From continuing operations.

(2) Adjustment to EBITDA and Depreciation to reverse the impact of adopting IFRS 16.

The following amounts are excluded from the Statutory results in arriving at the Adjusted results:

- Operating costs reduction of £8.7m (2021: £9.8m) in respect of leased assets accounted for under IFRS 16
- Depreciation of £7.8m (2021: £7.8m) in respect of leased assets accounted for under IFRS 16
- Amortisation charges of £2.7m (2021: £6.5m) in respect of intangible assets recognised on acquisition.
- Foreign exchange gains of £2.6m (2021: loss £0.4m)
- Deemed remuneration charges of £4.1m (2021: £4.3m) in respect of employment-linked earn-out payments on acquisitions.
- Costs deemed to be exceptional in nature, including those relating to business restructures and non-recurring items of £1.2m (2021: £3.1m)
- Costs associated with M&A activities of £5.8m (2021: £1.3m)
- Gain on disposal of fixed assets of £0.2m (2021: loss of £1.6m)

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STRATEGIC REPORT (continued)

5. FINANCIAL REVIEW (continued)

Revenue and Cost of sales

Revenue includes both fees charged to clients for the services the Group provides (Operating income) and also recharges to clients for third-party costs incurred on clients' behalf. Such third-party costs include advertisement production costs and media purchasing costs, for example.

Revenue increased £137.8m (28.2%) to £626.9m, due to both an increase in Operating income (see below) and recharges for third-party costs, which are recorded in Cost of sales. Such costs of sales increased £72.3m (31.3%) to £303.3m (2021: £231.1m), as production activity increased due to the lessening impact of the Covid-19 pandemic.

Operating income

The Group's operating income increased £65.6m (25.4%) to £323.6m (2021: £258.0m). At a divisional level this increase was split £32.8m (37.5%) CSM and £32.7m (19.2%) Communications.

Operating costs

As a result of the increased levels of business activity, reflected in higher operating income, adjusted operating expenses increased by £50.6m (23.4%) to £267.5m (2021: £216.8m).

Personnel costs of £226.4m (2021: £186.1m) represented 69.9% of operating income (2021: 72.1%). Property costs of £14.4m (2021: £13.8m) represented 4.5% of operating income (2021: 5.4%). Other costs, including travel and entertainment, marketing, IT and professional fees, were £26.7m (2021: £16.9m) and represented 8.3% of operating income (2021: 6.5%). The increase in other costs is driven by higher travel, entertainment and marketing costs spend following the end of the pandemic.

Finance costs

Finance costs were £16.7m (2021: £14.7m), comprising interest on borrowings of £14.3m (2021: £12.1m), finance cost of deemed remuneration and deferred consideration of £0.5m (2021: £0.6m), other debt facility costs of £0.4m (2021: £0.3m), and finance cost of lease assets of £1.4m (2021: £1.7m) due to the finance cost of leased assets in accordance with IFRS 16.

The average interest rate on borrowings during the year was 6.8% (2021: 4.9%).

Tax

The Group's tax charge was £6.2m (2021: £2.8m) split between a current tax charge of £5.8m (2021: £4.2m) and a deferred tax charge of £0.4m (2021: credit £1.3m). The Group's effective tax rate was 25.7%% (2021: 14.1%). The reconciliation to the UK corporation tax rate of 19% is contained in note 9.

Exceptional items

Exceptional items are defined as one-off non-recurring costs. The Group incurred one-off non-recurring costs of £1.2m (2021: £3.1m). These include legal, excess property and office closure costs.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

5. FINANCIAL REVIEW (continued)

Balance sheet

The Group held non-current assets, mainly relating to goodwill, acquired intangible assets, and property, plant and equipment totalling £339.1m (2021: £330.3m).

Current assets, mainly trade and other receivables, and cash and cash equivalents, totalled £241.0m (2021: £190.6m).

Current liabilities, mainly trade and other payables, totalled £198.9m (2021: £160.8m).

The Group held non-current liabilities, mainly relating to bank loans, of £234.8m (2021: £237.9m).

Net debt and liquidity

The Group has a strong balance sheet, significant headroom on its financial covenants and a committed debt facility, the majority of which is secured until August 2024 with a full maturity profile shown in note 22.

At the year-end the Group had net debt of £144.3m (2021: £155.7m).

		2022	2021
		£'000	£'000
Cash and cash equivalents	20	68,262	56,896
Loan notes outstanding	21	(10)	(42)
Bank loans	22	(212,287)	(212,287)
Other borrowings	23	(225)	(225)
Net debt		(144,260)	(155,658)
EBITDA		56,063	41,179
Leverage		2.6x	3.8x

Year-end liquidity, measured as cash plus undrawn committed facilities, remained strong at £92.7m (2021: £81.4m). The Group's leverage ratio, measured as net debt divided by Adjusted EBITDA, reduced to 2.6 (2021: 3.8).

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

5. FINANCIAL REVIEW (continued)

Net debt and liquidity(continued)

		2022 £'000	2021 £'000
Total debt facilities	22	237,287	237,287
Less restricted facility		(500)	(500)
Less drawn debt	22	(212,287)	(212,287)
Add cash	20	68,262	56,896
Liquidity		92,762	81,396

Under the terms of the banking facilities agreement, the Group is required to meet a financial leverage covenant test on a quarterly basis. The Group complied with covenant requirements during the year ended 31 December 2022, with management forecasts indicating continued covenant headroom for the foreseeable future. In January 2023 the Group fully repaid its £9.2m Capex loan.

Cash flow

The Group's Adjusted EBITDA of £56.1m (2021: £41.2m) resulted in cash generated from operations of £44.5m (2021: £32.5m) after the effects of working capital movements.

The Group paid £9.8m in interest during the year (2021: £15.2m), the decrease being due to a six-month interest period roll that matured in January 2021. In addition, the Group paid £7.0m (2021: £6.4m) in tax.

The Group incurred £15.7m on investing activities (2021: £3.0m). The Group paid £3.4m (2021: £7.8m) in respect of earn-outs on past acquisitions; £4.7m (2021: £4.2m) on acquisitions including the purchase of minority interests; and generated £nil (2021: £14.4m) from the disposal of subsidiaries. The Group also invested £7.8m (2021: £5.4m) in tangible and intangible fixed assets.

After a net cash outflow from financing activities of £32k (2021: inflow £14.0m) relating to a part repayment of loan notes, the net increase in cash for the year was £12.0m (2021: decrease £6.0m).

Changes in equity

In addition to the profit for the year, the Group incurred a loss on revaluation of foreign exchange hedges of £0.2m (2021: £nil gain), exchange gains on translation of foreign operations of £6.4m (2021: £0.5m), £1.1m of retained losses after the purchase of a non-controlling interest and paid dividends to shareholders of £nil (2021: £nil).

Financial risk management

The Group's financial risk management objectives are designed to mitigate the financial risks set out on pages 18 and 19. The Group seeks to maintain an appropriate level of liquidity to ensure the business can meet the day-to-day working capital needs. In addition, the Group maintains a suitable level of headroom in respect of its leverage covenant. Both liquidity and leverage covenant compliance are monitored on a monthly basis through medium-term projections.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

6. GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons set out below.

The Directors have prepared cash flow forecasts for a period to 31 December 2024, which indicate that, taking account of reasonably possible downsides, the Group and Company will have sufficient funds to meet their trading liabilities as they fall due for that period.

In forming this opinion, the Directors have used the Group's budgets and forecasts for that period as the base case. The base case shows that the Group will continue to have a strong cash and liquidity position, and adequate headroom to meet the covenants contained in the senior debt agreement.

In addition, the Group has modelled a plausible but severe downside scenario arising from currently unforeseen events. Such a reasonable but severe downside shows that the Group will again continue to have adequate liquidity and headroom to meet its financial covenants.

In this plausible but severe downside scenario, the projections include mitigating actions that would be taken to limit the financial impact. Such financial actions include: reductions in personnel costs, including bonuses and lower salary increases and in the number of freelancers; reducing the engagement of new hires and related recruitment costs; and a reduction in travel and entertaining expenditure.

To give further assurance over the going concern assumption, the Group modelled the level of reduction in Operating income and EBITDA that would be necessary to result in a breach of covenants. Such a reduction is significantly beyond the plausible but severe case described above. In addition, even in this scenario, the Group retains adequate liquidity, and therefore would seek a temporary covenant adjustment.

At 31 December 2022, the Group had liquidity (cash plus undrawn committed debt facilities) of £92.7m and covenant headroom of 49% as part of the 2022 year-end test. Liquidity and leverage are expected to improve further by the end of 2023.

While the Group's facilities are due for repayment in August 2024, it is the Directors' expectation that these can be refinanced or extended, but as at the date of signing these accounts detailed discussions have not yet commenced, given the remaining term.

Following the assessment described above, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group faces a variety of risks which, in the event they were not properly identified and managed, could materially impact upon the operation of the business and the achievement of its long-term strategic goals. To address this, the Group has in place a risk management structure to ensure that risks are properly identified, evaluated and mitigated at the appropriate level. Reflecting the composition of the Group, risks are assessed at agency, division and Group level, with key management and appropriate expertise having input into the process.

The control and risk management procedures are designed to highlight any weaknesses and/or failures in the business to the Board at the earliest opportunity, together with detail upon action taken and/or proposed. It is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or loss. The Executive Management Team, together with the senior management team in each division, discuss and regularly review the Group's risk tolerance and appetite across a range of those principal risk categories impacting upon the Group, its clients and markets.

In addition to the general economic and competitive risks affecting businesses operating in our markets, the following are considered to be the principal risks impacting the Group.

OPERATIONAL RISKS			
Principal risk and context	Assessment	Mitigation	Appetite
Attraction and retention of talent	<p>The Group is dependent on the creative abilities and technical skills of its talent, as well as their relationships with clients.</p> <p>Across the sectors the Group operates in, and particularly in certain Geographies, the Group has encountered challenges in recruiting talent.</p> <p>If the Group were unable to attract and retain talent, the Group's performance would be adversely affected through client losses and profitability.</p>	<p>The Group aims to identify key talent and emerging talent at an early opportunity, and to implement incentive arrangements appropriate to seniority and experience.</p> <p>This is achieved by a focus on ensuring the Group remains a competitive employer, through benchmarking within the industry sectors the Group operates in, and by monitoring retention rates.</p> <p>The Group reviews the latest trends in working practices to ensure it remains an attractive place to work. Flexible and hybrid ways of working and new policies and benefits to protect the wellbeing of its people have been introduced, together with training and personal development initiatives. For further information see page 27 onwards.</p>	<p>The Group seeks to attract and retain talent at all levels, by offering remuneration and incentive terms that are competitive in the markets we operate in, while accepting that we operate in a highly mobile employment market.</p>

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STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP (continued)

OPERATIONAL RISKS (continued)			
Principal risk and context	Assessment	Mitigation	Appetite
Client dependency	The reliance by the Group on a limited number of large clients for a significant proportion of its revenues continues to be a risk.	<p>The Group strives to maintain strong relationships with clients and seeks to establish a reputation in the industry that will attract and retain further clients and talent.</p> <p>Due to the number of services provided by the Group and the drive for cross-Group working, in many instances a shared client will be secured under a number of contracts. The loss of one contract does not necessarily mean the loss of that client.</p>	The strategy of securing large-scale global mandates from key clients, and the focus on agencies collaborating in the delivery of services to those clients, will mean that client dependency continues to be a risk.
Information systems and security	<p>The failure of the Group's information systems or a breach of its security infrastructure could have a significant impact upon the operations of the Group.</p> <p>Loss of confidential information, or failure to put in place established security arrangements, could damage our relationships with clients and have a detrimental impact upon our reputation.</p>	<p>In 2019 the Group achieved ISO 27001 status in respect of its IT operations in all divisions, and has renewed and expanded this certification to cover recent acquisitions in 2021/22.</p> <p>The Group has undertaken a review of its cyber security arrangements, and implemented a strategy in response to the recommendations received following this work.</p> <p>The Group continues to take active steps to maintain and ensure continued compliance with GDPR and other data protection legislation, and has a programme of review and training in place, to ensure this continues to be a focus for all staff.</p>	<p>The Group has a low tolerance of cyber risks.</p> <p>The Group continues to seek assurance from specialists to ensure its systems and processes are adequate to address all applicable cyber risks.</p> <p>The Group has in place cyber insurance policies to address those continuing risks that cannot be mitigated.</p>

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP (continued)

FINANCIAL RISKS			
Principal risk and context	Assessment	Mitigation	Appetite
Leverage	There is a financial covenant associated with the Group's committed facility, being leverage measured as the ratio of net debt to adjusted EBITDA tested quarterly.	The Group has met its financial covenants since they were revised during the Covid pandemic. The Group's leverage ratio has consistently improved during 2022, resulting in significant headroom before covenants would be breached.	The Group monitors leverage closely to ensure that there is a comfortable level of headroom before reaching the covenant threshold.
Credit risk	The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. A provision is made for known and, based on previous experience, expected bad debts.	Trade debtors are reviewed regularly as part of financial management reviews. Where deemed necessary, finance managers will review any proposal for further commitments to a client where payments are outstanding. Where costs are incurred on behalf of clients, the Group seeks to have these pre-funded by the client, to minimise any risk to related work in progress exposure.	The creditworthiness of our customers is assessed and monitored on an ongoing basis. If necessary, credit insurance or payments in advance are sought.
Interest rate risk	The Group's borrowings incur a floating rate of interest, and therefore are exposed to the impact of interest rate fluctuations.	The Group reviews the potential impact of reasonably foreseeable movements in interest rates. Should the potential impact exceed the Group's tolerance level, then an appropriate element of the floating interest rate is fixed.	The Group seeks to maintain a balance between interest rate increase risks and the cost of implementing measures to mitigate against this.
Liquidity risk	The Group has a committed facility of £237.3m (2021: £237.3m), £203.1m (2021: £203.1m) of which matures in August 2024 and a further £34.2m (2021: £34.2m) in August 2023	The Group measures liquidity as undrawn committed debt facilities plus cash contained within its cash pools. The Group's current liquidity levels are significantly in excess of the minimum level.	The Group's treasury policy includes a minimum level of liquidity, which the Group seeks to maintain through regular monitoring.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP (continued)

FINANCIAL RISKS (continued)			
Principal risk and context	Assessment	Mitigation	Appetite
Currency risk	The Group operates globally. Fluctuations in exchange rates between currencies in which the Group operates, relative to UK sterling, may cause fluctuations in its financial results. The main foreign currencies which impact the Group's operations are the euro and US dollar.	<p>Client and supplier contracts are, where possible, denominated in local currency to alleviate risk. Additionally, supply and delivery contracts are, where possible, agreed in the same currency, to minimise foreign exchange losses on a particular project.</p> <p>Assessments of the impact of significant fluctuations in exchange rates of the main foreign currencies used by the Group are regularly performed and monitored centrally.</p>	<p>Where material client contracts exist not in the currency of the agency entity providing the service, foreign exchange forward contracts are considered and, if appropriate, put in place.</p> <p>The Group's policy is not to hedge financial reporting translation risk.</p>
Inflationary and wider economic risk	An increase in inflation could put pressure on cost base and margins.	<p>78% of Operating expenses are personnel costs, which are managed as part of the overall retention of talent risk.</p> <p>Property costs, including light and heat, represent 6% of Operating expenses.</p> <p>Prices are adjusted to reflect growing costs due to inflation.</p>	<p>The Group manages its cost base proactively and closely monitors its supply chain to ensure that costs are aligned with revenue.</p> <p>Leases are managed to ensure requirements for space are aligned to business needs.</p>

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

8. STAKEHOLDER REVIEW

In addition to our shareholders, to whom this Annual Report & Accounts is principally addressed, the Group recognises that there are other stakeholders critical to our future success. While the stakeholders of any company are potentially diverse, we focus below on our principal ones, being our people, our clients and the environment.

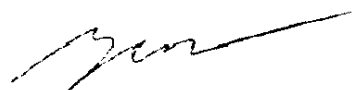
Under Section 172 of the UK Companies Act 2006 ("Section 172"), directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our Directors must have regard to stakeholders and the other matters set out in Section 172. Below is our Section 172 statement, which describes how the Directors have had regard to these matters when performing their duty.

Stakeholder	How we engaged in 2022	Considerations and outcomes
Employees	The Our Colleagues section commencing on page 27 gives full details of our interaction with our people during 2022. At an individual level, the interactions are managed at an agency and line manager level, including annual reviews, agency meetings and staff surveys.	Staff surveys are the principal way of seeking employee views and taking actions to address the areas most important to our colleagues. During 2022 there was an ongoing focus on flexible working and wellbeing, with initiatives rolled out at an agency level in response to demand in this area.
Clients	Client relationships are key to the Group's success. Many of the Group's largest clients have been with us for several years, underpinned by consistently strong work and client delivery. We regularly seek feedback from clients on the work we perform, and adapt and evolve our service offering to constantly stay ahead of the game.	2022 continued to see the evolving trend and increased focus on data and digital by clients. Following the acquisition of Greenroom in 2021, the Group acquired Cowry Consulting expanding our service offering by adding behavioural insight and data to the tools we offer to clients.
Environment	The environment, on both a local and a global level, is important to the Group and our employees. Page 27 sets out some of the initiatives through which the Group supports our colleagues to make a difference at a personal level or through work with clients. Page 33 sets out the steps the Group has taken on broader environmental matters.	The Group continues to support organisations, on a pro bono basis, that are making a positive difference to people. In 2022, the Group has focused upon the development of its Sustainability Strategy, including the path to Net Zero, and each division within the Group has submitted separate Scope 1 & 2 and Scope 3 science-based targets for validation by SBTi. In addition, initiatives continue to minimise the Group's carbon footprint.

Chime Group Holdings Limited

STRATEGIC REPORT (continued)

Approved by the Board of Directors on 31 March 2023 and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Matthew Vandrau', written in a cursive style.

Matthew Vandrau

Director

Chime Group Holdings Limited

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the consolidated and Company financial statements and auditor's report, for the year ended 31 December 2022.

Results

The Group's income statement is set out on page 48 and shows a profit for the year ended 31 December 2022 of £17.9m (2021: £17.3m profit). There have been no dividends declared during 2022 (2021: £nil).

Directors

The Directors who served throughout the year and to the date of the signed accounts were:

Paul S Walsh

Andrew Tisdale

Roderik Schlösser

Siniša Krnić (resigned 10 February 2023)

Matthew Vandrau

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries. There is no agreement in place between the Company and its Directors and employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company has purchased and maintains directors' & officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its Directors and/or officers in the execution of their duties.

Identity of private equity firm

On 31 December 2022, Chime Group Holdings Limited was wholly owned by Providence Equity Partners through its investment funds, Providence Equity Partners VII L.P., and Providence Equity Partners VII-A L.P. Providence Equity Partners is a global alternative investment firm established in 1989, focused on education, media, communications and information investments. The firm's private equity platform specialises in sector-focused buyout transactions and growth capital investments. Providence Equity Partners made its investment in the Group through PM VII S.a.r.l.

Incorporated on 24 July 2015, Chime Group Holdings Limited was the vehicle used to acquire the entire share capital of Chime Communications plc in October 2015. Chime had been listed on the London Stock Exchange since 1994 and following the acquisition, was delisted on 16 October 2015.

Statement of compliance with the Guidelines for Disclosure and Transparency in Private Equity

For the year ended 31 December 2022, the Directors consider the Annual Report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Our Board of Directors

The role of the Board

The Board of Directors is responsible for overall strategy, acquisitions, resourcing and the consideration of significant financial matters. It meets monthly, and additionally if required. It reviews the strategic direction of the Group's trading companies, their annual budgets and their progress towards achievement of agreed targets. It is also responsible for the integrity of financial information, and ensuring the financial controls and the systems of identification and management of risk, both financial and non-financial, are robust and appropriate. The Board has two committees, being the Audit Committee and the Remuneration Committee.

Composition of the Board

Director	First Appointed
Paul S Walsh, Non-Executive Chairman	29 January 2016
Andrew Tisdale*	24 July 2015
Roderik Schlösser*	22 October 2015
Siniša Krnić*	12 October 2020
Matthew Vandrau	28 February 2018

*Representatives of Providence Equity Partners

Directors' biographies

Paul S Walsh – Non-Executive Chairman

Paul Walsh is executive chairman of the McLaren Group and is also a non-executive director of FedEx Corporation and McDonald's Corporation.

Mr Walsh was chairman of Compass Group plc and was also a former chief executive of Diageo plc. Prior to that he was chief executive officer of the Pillsbury Company and has served as chairman of Ontex Group N.V., as a director of GrandMet, and also as a non-executive director of Unilever plc and Centrica plc.

Mr Walsh is chairman of the Remuneration Committee.

Andrew Tisdale – Providence Equity Partners

Andrew Tisdale is a senior managing director of Providence Equity, based in London. Mr Tisdale is currently a director of Ambassador Theatre Group, CloserStill Media, HSE24, Node4 and Superstruct Entertainment.

Roderik Schlösser – Providence Equity Partners

Roderik Schlösser is a senior adviser of Providence Equity and CEO of Superstruct Entertainment.

Mr Schlösser is chairman of the Audit Committee.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Directors' biographies (continued)

Siniša Krnić – Providence Equity Partners (resigned 10 February 2023)

Siniša Krnić is a managing director and chief operating officer, Europe, of Providence Equity, based in London.

Matthew Vandrau – Group Co-Chief Executive Officer

Matthew Vandrau graduated with a Bachelor of Commerce degree from Wits University in Johannesburg. He played professional cricket for Transvaal and Derbyshire for seven years, before co-founding Frontiers Group in 2000. As managing director, he oversaw Frontiers' organic growth from inception to one of the biggest independent sponsorship agencies in the UK, and its subsequent sale to Essentially in July 2007, where he joined the main board. He continued to assist in the growth of the business and the subsequent sale to Chime Communications, where he fulfilled the role of Group Chief Executive for Essentially. Mr Vandrau was appointed CEO of CSM at the beginning of 2017, before being appointed Co-Chief Executive Officer of Chime.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Who does what – division of responsibilities

There is a clear division of responsibility between the Non-Executive Chairman, the Non-Executive Directors and the Executive Management Team.

The Non-Executive Chairman is responsible for:

- the leadership of the Board, ensuring its effectiveness and setting its agenda; and
- facilitation of the effective contribution of Non-Executive Directors, and ensuring constructive relations between them and the Executive Management Team.

The Non-Executive Directors are responsible for:

- using their wide and varied experience to offer independent advice, scrutiny and objectivity;
- monitoring and offering objective challenge to executive management decisions where appropriate; and
- bringing specific expertise to the Board.

The Executive Management Team is collectively responsible for:

- overseeing day-to-day management of the Group, ensuring risks are appropriately managed;
- allocating decision-making and responsibility delegated by the Board;
- ensuring the successful execution of the strategic objectives agreed by the Board;
- setting the strategic direction of the Group and implementing and delivering the strategy;
- preparing annual budgets and medium-term projections for the Group and monitoring performance against these forecasts;
- preparing annual financial statements;
- effective communication with all stakeholders including shareholders, employees and clients; and
- *safeguarding the assets of the Group; and the prevention and detection of fraud.*

Audit Committee

Members

Roderik Schlösser (Chairman)
Andrew Tisdale

Role

The role of the Audit Committee is to monitor and review the Company's internal control processes; to ensure that both the internal and external audit plans are appropriate and carried out diligently; to develop and implement policies in response to matters identified through the controls process, and to oversee the response to risks and issues emanating from regulatory reporting requirements.

The Committee oversees the work carried out in identifying and managing risks within businesses, and ensures that the outcomes are dealt with in the correct manner.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Remuneration Committee

Members

Paul S Walsh (Chairman)
Andrew Tisdale
Roderik Schlösser
Matthew Vandrau (Co-CEO)

Role

The Remuneration Committee has responsibility for ensuring there is a formal, rigorous and transparent procedure for the development and implementation of policy on executive remuneration. It takes its lead from the Board on linking remuneration to achievement of both strategic and short-term goals.

The Executive Management Team

Members

Matthew Vandrau (Co-CEO)
Adrian Coleman (Co-CEO)
Joanne Parker (COO)
Stephanie Brimacombe (Group Managing Director)

Role

The Executive Management Team collectively discharges the delegated decision-making and responsibilities of the Board, and is responsible for maintenance of, and compliance with, Group operating standards.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Our Colleagues

We are a people-based business. We value the contribution made to our success by the talented staff within the Group.

Nurturing talent and providing development opportunities will encourage innovation and our drive to be the best. We believe and strive to ensure that our people should be safe and free of any form of discrimination or harassment.

A new team member joining an agency can claim membership of that agency, the division, and of the extended Chime family. While we want to encourage our brands to nurture their staff in their own way within a distinct culture, including participation in agency meetings and employee feedback questionnaires, we also promote interaction across divisions, ensuring that knowledge of the Group, its capabilities and successes is widely known to all.

We are aware that companies must embrace their responsibility to ensure that their staff reflect the markets they work in and face. Our approach to equal opportunities and the promotion and support of diversity, reflects that we see this as a potential competitive advantage, engaging people who reflect the audiences we address both directly and on behalf of our clients.

Equal opportunity

The Group is a meritocracy, where people can succeed by their talent, skills, knowledge and application. Our defining values and equal opportunity policy underpin our talent management processes.

In addition to salary and benefits, staff are further incentivised through performance-related bonus. Payments are conditional on Company performance and stretching individual targets.

Sustainability

a. Our approach to sustainability

Our Pledge:

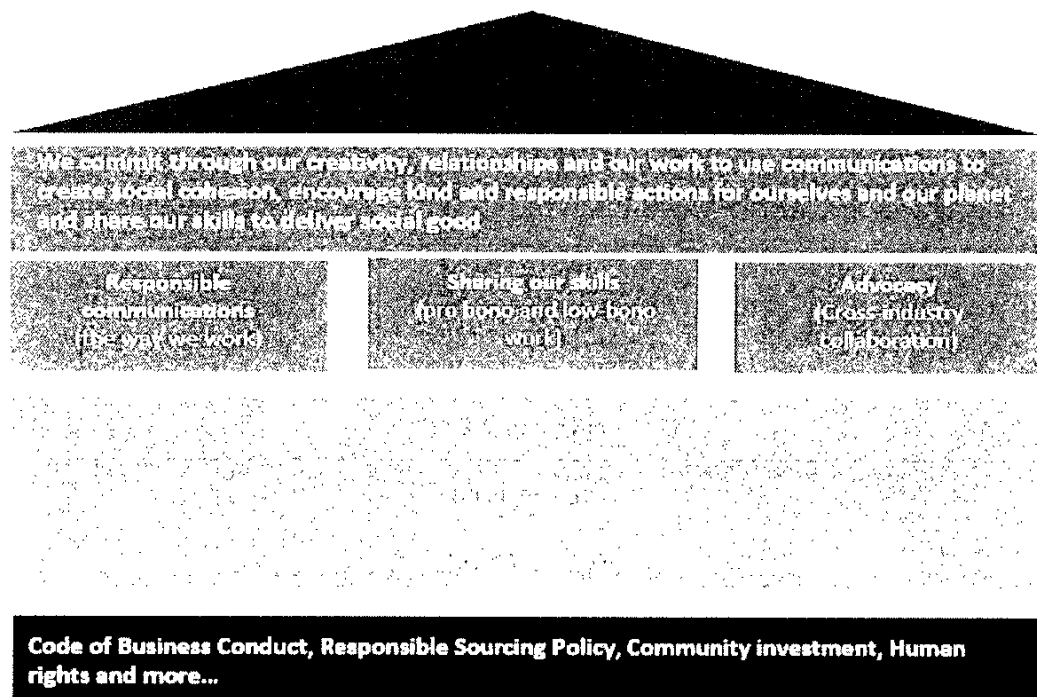
We commit through our creativity, relationships and our work to use communications to create social cohesion, encourage kind and responsible actions for ourselves and our planet and share our skills to deliver social good.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

Our Sustainability Strategy:



The Board recognises that being socially responsible is an important factor, not only in the work we do for our clients, but also in the management of our own business.

The strategy, including the Pledge, was signed off by the Board in 2020 and is being implemented at divisional level.

b. Governance

The Board of Directors oversees the development and adoption of sustainability policies and the Group's sustainability strategy. It is responsible for ensuring that the systems of identification and management of risk, both financial and non-financial, are robust and appropriate.

In relation to climate-related risks, the Audit Committee, oversees the work carried out in identifying and managing risks within our businesses, and ensures that the outcomes are dealt with in the correct manner.

The Chief Operating Officer, Joanne Parker, has responsibility on behalf of the Board for the implementation of the Group's sustainability strategy, including policy development and the establishment of key metrics, and to ensure regular reporting on performance against the strategy to the Board, through the Audit Committee.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

b. Governance (continued)

The strategy set at Group level, is implemented at a divisional level to ensure that we optimise the impact of our sustainability priorities in differing operating contexts.

c. Responsible communications

One of our most significant impacts, is through the work we undertake for our clients. We support our clients to achieve their sustainability goals, and challenge them to optimise their social and environmental impacts. Work we are particularly proud of includes:

CSM and Team Citi

On behalf of Citi, we promoted disability inclusion on a global scale, while supporting more than 30 Para athletes in pursuit of their Paralympic dreams.

Over the course of 2022, we managed Team Citi athletes as they took part in over 40 events with colleagues and clients in global markets, to change the perceptions of people with disabilities and to further the conversation around disability inclusion. In the final months of 2022, we helped to finalise the Team Citi roster of more than 30 athletes from around the world, to support each athlete on their journey to the Paris 2024 Summer Paralympics.

Good Relations (VCCP) & Celebrity Cruises

Our team helped to create The All-Inclusive Photo Project (AIPP) for Celebrity Cruises – a movement calling on travel companies to help address the lack of diversity in travel marketing. We created a campaign as well as the world's first free-to-use, "open source" travel image library, for other travel brands and companies to use to help kickstart their journeys towards more inclusive travel marketing.

The collection features models, musicians, athletes, artists, activists, refugees and more, all change-makers in their own right, from under-represented groups, with work from acclaimed photographers including Annie Leibovitz, an advocate for the LGBTQ+ community; Giles Duley, an English documentary photographer and a triple amputee; Naima Green, a Black, queer, New York-based photographer; and Jarrad Seng, an Australia-based photographer, filmmaker and creative director of Malaysian-Chinese descent.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

d. Community investment including pro/low bono

We encourage our agencies to use their services and talent as a force for good, including pro bono and low bono work. During 2022, we collated Group-wide data about our community investment activity, including pro bono, volunteering and cash donations.

CSM and Switch The Play

CSM embarked on a partnership with Switch The Play Foundation – a charity dedicated to supporting all sportspeople to successfully transition into life outside sport. The partnership forms part of CSM's wider Diversity and Inclusion Strategy, to support local communities. As part of the partnership, CSM has provided a range of support from mentoring Switch the Play athletes on different career pathways within the industry, to guidance on enhancing digital assets such as its website and assisting with fundraising activities for the foundation. In November, our Strategy & Consulting team hosted 16 athletes in our London HQ for an Experience Day, providing an inside look at the sport and entertainment industry. This was all part of CSM's Give Back Day initiative, where all employees get two days per year to dedicate to a cause of their choice.

Method (VCCP Business) and Encircle

For the past few years, Method has worked with Encircle in the USA – an LGBTQ+ youth and family resource centre – on a pro bono basis, providing strategic consulting services ranging from PR and marketing to operational oversight. One highlight of the work provided was a major fundraising initiative in 2021, in which the organisation set a target goal of raising \$8m. We worked with Encircle to maximise the campaign's impact. We showcased key supporters, including Apple CEO Tim Cook, Ryan Smith of Utah Jazz, and Imagine Dragons' Dan Reynolds. Beginning with a segment on Good Morning America, the PR campaign thrust Encircle into the national spotlight. Coverage continued in such publications as Billboard, NBA.com, Forbes and others. The campaign topped its goal, exceeding \$10m by the end of 2021. More recently, Method has continued the drumbeat of attention for the organisation. In addition to helping the organisation gain more visibility locally, the team ended 2022 by landing a great segment on The Kelly Clarkson Show, talking about how Encircle helped one family throughout the process of their child coming out.

We also promote and facilitate volunteering by individual members of staff or groups, including through our Give As You Earn scheme, so that they can help the causes that are important to them.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

e. Advocacy

We want to challenge the stereotypes and legacies of our industry. And one of the ways we do this, is by working in partnership with others to affect deep and lasting change in our industry. Examples include:

The Pitch Positive Pledge

2022 saw the launch of the Pitch Positive Pledge. Founded by the IPA (Julian Douglas, IPA President and Vice Chairman of VCCP) and ISBA, the Pitch Positive Pledge is designed to help both clients and agencies enhance the existing pitch process, by focusing on behaviours in a bid to improve mental health, cause less wastage and reduce costs. Pitching should not become the default option with all the associated costs to people, planet and profit.

VCCP and CSM were among the first signatories to sign up, and are joined by 275+ advertisers, agencies and partners looking to drive change, and help our industry become more sustainable.

CSM Mentoring Challenge for Women in partnership with SBJ

For the seventh year in a row, CSM Sport & Entertainment and Sports Business Journal are proud to be delivering the CSM Mentoring Challenge. The Challenge brings together ambitious women early in their careers in the sporting industry, with top-level female executives who have been recognised as Game Changers by Sports Business Journal. They embark on a year-long programme, which includes access to exclusive events and networking opportunities, regular mentoring sessions with their mentor/mentee pairing, as well as useful resources and communications. The CSM Mentoring Challenge aims to nurture the next generation of female leaders in the sports industry.

f. Diversity, Equity and Inclusion

Diverse teams are no longer "nice to haves", but are proven critical components of a productive, creative and successful business. Chime is committed to attracting and retaining the best talent, regardless of gender, age, ethnicity, religion, disability, sexual orientation or any other manner of discrimination. This includes recruitment, development, promotion and the provision of pay and benefits.

Diversity in action

The International CEO of VCCP, Julian Douglas, is a leading member of the IPA Diversity Committee, sits on the Facebook Diversity Council, and more recently co-launched an industry-wide initiative to celebrate talent in adland that is a driving force towards diversity and inclusion, named the iList.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

g. Gender

Of our 2,686 staff at 31 December 2022, 57% were female (2021: 49%), and 2% were not defined.

From 2017, certain UK companies meeting size criteria on revenue or number of employees, are required to report on the pay gap between men and women. In line with the legislation, two of our businesses (VCCP Group LLP and CSM Sport & Entertainment LLP) reported on their gender pay gap; copies of their reports can be found on their respective websites. Actions that have been identified to reduce both the gender pay gap and gender split in these businesses, and which will form the basis for further progress in this area, include:

- improvements to policies on maternity, paternity, shared parental leave and flexible working;
- unconscious bias training for managers.

h. Disability

All Group agencies give full and fair consideration to all applications for employment made by disabled people, having regard to their aptitudes, talent and abilities. Opportunities for training, career development and promotion do not disadvantage these employees or any members of staff who become disabled during their time with us. We always consider reasonable adjustments to our workspace or processes (including our recruitment process) in order to accommodate disabled staff or potential future employees.

i. Young people

We are aware of the barriers many young people face when looking for meaningful and creative employment opportunities.

Our Graduate Scheme in the UK has been running for more than ten years, and in 2019 we opened this scheme up to school leavers as well. In addition, we have offered a number of apprenticeship places in various parts of the business since 2017.

The Grassroots Programme at CSM and the Table in VCCP provide a training and development programme for all colleagues in entry-level roles, including graduates, school leavers and apprentices.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

i. Young people (continued)

CSM and Sports Biz partnership

CSM continued its partnership for the second year with Sports Biz Camps (SBC), a non-profit whose mission is to increase social mobility for students through education, while expanding diversity within the sports industry. Through this partnership, our employees can connect with students to help set them up for a successful future in sports and entertainment. This year we have been able to offer opportunities to create a pipeline of internship and full-time candidates through the SBC programme, so we can continue to diversify our workforce.

In July, CSM Production played host to nearly 40 high school students taking part in a camp session of Charlotte, NC-based Sports Biz Camps. Designed to change the lives of under-represented high school and college students through the business of sport, Sports Biz Camps were treated to a "crash course" in all things production.

VCCP and The Stoke Academy

In 2021, VCCP opened up a new office in the birthplace of the British creative industry, Stoke-on-Trent, with the aim of providing training, work experience, mentoring and paid internship schemes, and to challenge the mentality that the only way to get into our industry is to live in London. Stoke has one of the highest rates of economic deprivation, especially among Black, Asian and minority ethnic communities.

VCCP built on this momentum in 2022, opening a brand-new office, welcoming five full-time employees, hosting 200+ diverse students for work experience, and introducing a new apprenticeship scheme for eight individuals, which led to full-time work.

j. Climate Action

The Climate Emergency is one of the biggest global challenges that we face. It is imperative that we play our part in reducing carbon emissions to prevent irreversible damage to our planet. The Chime Board has committed to becoming Net Zero and to setting science-based targets.

Chime contributes to the reduction of carbon emissions in three ways:

- By reducing our own, direct carbon footprint.
- By working with our supply chain to reduce our indirect emissions.
- By influencing the environmental practices of both clients and consumers through our work.

In 2021, Chime identified the key "levers" for carbon reductions for its direct, operational emissions. Buying electricity from renewable sources and reducing business travel against the 2019 baseline were identified as immediate priorities.

In 2022, as part of the implementation of its sustainability strategy and commitment to science-based targets and a Net Zero strategy, the two divisions in the Group – VCCP and CSM – submitted separate Scope 1 & 2 and Scope 3 science-based targets for validation by SBTi. The submission by VCCP received validation in December 2022, with the validation process for CSM still ongoing.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

j. Climate Action (continued)

Also in 2022, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the divisions commenced the process of identifying and assessing risks and opportunities over different time horizons and analysing the impact of the material risks and opportunities over different climate scenarios. This process included:

- Defining appropriate short, medium and long-term horizons for each division.
- Identifying climate-related risks and opportunities over the short, medium and long term.
- Defining material climate risks/opportunities over the short, medium and long term.
- Identifying which risks and opportunities could have a material financial impact on the division.
- Understanding the impact of climate-related risks and opportunities on the Group's business activities, strategy and financial planning.
- Assessing how climate-related issues could impact the business (products, services, supply chain, investments etc), alongside broader strategy and financial planning.
- Assessing how climate-related issues could impact company finances, and their influence on financial planning.

The key risks identified from the above exercise focused on how the Group engaged with climate-related matters, both internally and on behalf of clients. Risks identified included reputational risks due to working with high-carbon clients and taking on environmentally detrimental briefs, and the misrepresentation of environmental claims (greenwashing). Opportunities identified included the development of lower-carbon services and products, and the expansion of campaigns to feature climate change.

These findings will be reflected in the Group's strategy, and will be used to ensure that climate risks are fully embedded in the organisation's existing risk management processes. As part of this, a review will be undertaken in 2023 to assess the resilience of Chime's strategy, taking into consideration different climate-related scenarios, and to further evaluate climate-related risks and opportunities impacting upon the Group.

Chime's direct environmental footprint

In compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the Chime Group reports its global energy use and emissions relating to gas, electricity and transport fuel for the year ended 31 December 2022.

This report is prepared for Chime Group Holdings Limited and reports figures for all subsidiaries within the Group, not just those subsidiaries required to disclose by the 2018 Regulations.

Reflecting its activities, the bulk of the Group's energy usage relates to office-based activities and transportation, including transportation of people, and a relatively small proportion in the transportation of finished goods.

As a people-based business, the Chime Group has elected to monitor and report on its energy efficiency using a tonnes of CO₂e per full-time equivalent intensity ratio. This is deemed the appropriate ratio, reflecting the office-based nature of most of our operations and that most transportation is for our people travelling to provide services to clients.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

j. Climate Action (continued)

GHG emissions are calculated according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and UK Government SECR guidelines.

Activity	2022		2021	
	Energy (kWh)*	Emissions (tCO ₂ e)*	Energy (kWh)*	Emissions (tCO ₂ e)*
Scope 1 Total: <i>Scope 1 emissions: direct emissions from owned or controlled sources</i>		1,605		955
Natural Gas	3,691,040	747	1,918,282	351
Company Vehicles	3,367,267	858	2,510,464	604
Scope 2 (Location-Based) Total: <i>Scope 2 emissions: indirect emissions from the generation of purchased energy</i>		1,319		1,410
Electricity (Location-Based)	3,969,581	1,260	3,437,633	1,303
District Heating	342,569	58	604,635	107
Scope 3 (Business Travel) Total: <i>Scope 3 emissions: other indirect emissions, not covered by Scope 2</i>		151		377
Hire Vehicles	495,240	151	1,582,903	377
Total	11,865,697	3,074	10,053,917	2,742
Emissions per FTE		1.12		1.22

*Tonnes carbon dioxide equivalent (tCO₂e); kilowatt hours (kWh).

Scope 3 business travel is disclosed per SECR minimum requirements, and includes emissions generated from all business travel for which the Group paid directly for the fuel. This excludes transportation where indirect payment for fuel consumption is made (for example train, plane, taxi, coach). The Group collects and monitors this data, but does not report this per the SECR guidelines.

The total emissions figure has increased from the prior year and reflects the increased activity of the business, including occupation of owned premises and travel, reflecting the recovery from the impacts of the Covid pandemic. The reduction in tonnes of CO₂e per full-time equivalent, the intensity ratio the Group has elected to monitor progress against, is a reflection of increased headcount in the year.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

j. Climate Action (continued)

The data has been assured to a limited level, in accordance to ISO14064-3. The full assurance statement can be seen at www.chimegroup.com/working-with-us/#corporate

The VCCP Group has committed to reduce absolute Scope 1 & 2 GHG emissions by 46.2% by 2030 from a 2019 base year, and also to reduce absolute Scope 3 GHG emissions 27.5% within the same timeframe. These targets have received validation by the Science Based Targets initiative (SBTi) and further details are available on its website. In 2023, this work will continue with a focus on Scope 3 emissions, including business travel. It is also anticipated that our CSM division will receive validation of its science-based targets in 2023.

As part of its wider Climate Action initiatives, the Group has strived to continually reduce its carbon footprint on a normalised basis since 2006. The Group is a participant in the CDP Climate Change programme, and has been calculating its UK carbon footprint since 2012.

Each division has a Climate Action Group, with members from across the agencies and at all levels of seniority. This enables our business to embrace the enthusiasm of our colleagues for this aspect of the sustainability strategy, and to share best practice between the agencies.

Helping our clients to achieve their environmental goals

We provide advice to and challenge our clients, to help them to achieve their own environmental goals and to influence their customers. This can be through challenging the initial brief, suggesting creative solutions to aid behaviour change, or providing direct advice.

Many of our clients will be setting science-based targets, and will want to work with their suppliers in order to reduce emissions in their supply chain. By setting science-based targets for both VCCP and CSM divisions, we are supporting our clients in the achievement of their targets.

Minimising the environmental impact of our client work

In all our client work, we look for opportunities to minimise the environmental impacts. This includes undertaking only essential travel for face-to-face meetings, using video conferencing instead, and using renewable energy sources for advertising shoots.

CSM Live: A focus on re-using and recycling

CSM is proud to be stepping up our textile recycling initiative from the Birmingham 2022 Commonwealth Games, by partnering with the Circular Textiles Foundation (CTF). CTF is a forward-thinking organisation, which works with brands and manufacturers to ensure as much clothing as possible is designed to be recycled. This is a key step in our mission of bringing environmental sustainability to the forefront of our business strategy.

The Circular Textiles Foundation aims to accelerate the textile industry's transition to circularity, by providing an independent circularity standard. Increasing traceability and connecting key players from across the supply chain, the CTF offers the technical expertise required for members to close the loop, by working collaboratively to design and scale up solutions in fibre-fibre recycling.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

Sustainability (continued)

j. Climate Action (continued)

VCCP: A focus on Green Production techniques

In 2022, VCCP doubled down on its efforts to become more carbon-neutral, by partnering with two Green Production companies across all productions.

Greenshoot mobilises the creative industries to act on environmental sustainability and climate change. It provides pre- and post-production carbon calculations, tailored advice and reduction measures for each shoot that are effective, measurable and mandated.

AdGreen is on a mission to unite the advertising industry in eliminating the negative environmental impacts of production. We utilise its training and resources to make us more sustainable-literate, and can use its carbon calculator at the creative development stage, to help steer us on what production approach to take.

k. Wellbeing

During 2022, we continued to focus on the wellbeing of our colleagues. We have undertaken wellbeing surveys, to understand how we can best support our colleagues and help them to maintain a healthy work/life balance.

Across the Group, we have sought to open up the conversation about mental health. All divisions have trained Mental Health First Aiders, who provide a point of contact for anyone with mental health concerns. In 2022, Mental Health First Aiders have proactively provided advice and strategies for dealing with the practical and emotional challenges of lockdown, facilitating opportunities for colleagues to share their concerns and provide support.

VCCP also ran its Not Alone series for the second year running. While last year focused on struggles faced when working at home during the pandemic, the 2022 series explored employee relationships with confidence and how it affects our mental health.

l. Responsible business foundations

The Group acts responsibly, and we conduct our business with honesty and integrity and in good faith. We set ourselves high standards in our business practices, and work with our value chain partners to meet the same level of business ethics, as well as being mindful of our impact on the environment.

Our divisions and agencies have set out the core values by which they work, reflecting the diverse nature of our business and operations. These values are underpinned by our Responsible Business Code and our Staff Code of Conduct, which are shared across the Group.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

I. Responsible business foundations (continued)

Responsible Business Code

The Group co-ordinates the operations of our two divisions, and in doing so establishes the framework by which each division adopts the standards that must be met and maintained by all our agencies. Each agency has adopted processes and procedures that adhere to the division standards, but within their own distinct culture.

Our Responsible Business Code summarises our approach to doing business. This is supported by policies and procedures on various aspects of our activities implemented at a division level. The Responsible Business Code can be found on our website www.chimegroup.com

Staff Code of Conduct

Our Staff Code of Conduct formalises the values and further sets out the behaviour and ethical standards expected of employees.

Our staff are responsible for adhering to the Code, in addition to measures applied by their respective operating companies. Our Code covers:

- client and Company confidentiality;
- equal opportunities and the promotion of a meritocracy;
- a safe and civilised workplace;
- proper consideration of the sensitivities of potential audiences when publishing materials;
- honest business practice and integrity; and
- compliance with all laws and regulations.

The Code remains under review, in order that it may be adapted as market forces and legal requirements demand, or as additional risks are identified. While it is broad, it is designed, along with our guiding values, to be embedded within our diverse range of operating cultures.

Health & Safety

Each division has policies and procedures to ensure a safe working environment that reflects its particular business activities; this is the responsibility of the directors of each operating entity within the Group. Health & Safety matters are managed at a divisional level and reviewed by the Group through our risk management process.

Due to the nature of our work, the majority of our staff are office-based. However, our CSM Live business includes operations with manufacturing activity. We also create and manage live events and have a proportion of staff working on location. Our aim is to maximise the wellbeing of our people and those we interact with. Through the controls and management processes our operating entities have adopted, the risk and historical incidence of accidents are low. This is an ongoing process; the assessment of new developments or increases in activities with a higher level of risk is embedded into our review process.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

I. Responsible business foundations (continued)

Whistleblowing

Each division in the Group has a clear written whistleblowing policy and procedure, which any member of staff may use to report concerns they may have about unethical or unprofessional behaviour, non-adherence to division standards or concerns with applicable regulations and/or the law. Each division maintains a web-based portal maintained by a third-party supplier, in order that staff can report any concerns or perceived

shortcomings within our operations to an unbiased third party within the Group. The helpline is promoted on all policy documents and via our intranet.

Conflicts of interest

The Group has processes to identify and manage potential conflicts of interests that may exist for staff working with clients and suppliers. We believe that this is an important part of our ethical stance and acting in a transparent manner.

Anti-corruption

Maintaining appropriate and clear procedures within the Group's operations to prevent corruption is paramount. We have adopted clear guidelines to ensure our staff and our other stakeholders know how we approach such issues, and mandatory training is provided to all staff across the Group on anti-corruption and bribery measures.

Modern slavery

We do not tolerate any form of modern slavery or human trafficking in any part of our business. Our Responsible Business Code sets out our approach to doing business, and we seek to ensure this is adopted and applied within our supply chain. All operating companies are required to adhere to the Code, and its implementation by suppliers is determined at operating company level. The Group is required to prepare an annual slavery and human trafficking statement, which is available on the Group website www.chimegroup.com

Human rights

We do not engage in any business activities that could implicate the Group, directly or indirectly, in the abuse of human rights or the breach of internationally recognised labour standards.

Political contributions

The Group's policy is not to make direct donations to support political parties. During the year the Group did not make any donations deemed to be political donations.

Chime Group Holdings Limited

DIRECTORS' REPORT (continued)

I. Responsible business foundations (continued)

Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Chime Group Holdings Limited

Statement of Directors' responsibilities in respect of the Annual Report, Strategic Report, Strategic Report, Director's Report and the financial statements

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

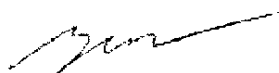
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Approved by the Board of Directors on 31 March 2023 and signed on behalf of the Board



Matthew Vandrau

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Chime Group Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet and Company Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board minutes;
- considering remuneration incentive schemes and performance targets; and
- using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that activation, branding, project and revenue from retainership is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as recoverability of WIP and accrued income, valuation of goodwill and intangibles, valuation of trade receivables and acquisition and disposal of subsidiaries accounting.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME
GROUP HOLDINGS LIMITED (continued)**

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls. We also performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific users, those posted to unusual accounts, post-close entries, unusual entries to cash account; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Firstly, the Group is subject to many other laws and regulations; we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED (continued)

anti-bribery and employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 47 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.

KPMG

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHIME GROUP HOLDINGS LIMITED (continued)**

Paul Barron

Paul Barron (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

31 March 2023

Chime Group Holdings Limited

Consolidated Income Statement

Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	626,898	489,098
Cost of sales		(303,342)	(231,071)
Operating income		323,556	258,027
Operating expenses	4	(283,172)	(236,966)
Operating profit		40,384	21,061
Share of results of associates	17	228	418
Investment income	7	254	42
Finance costs	8	(16,698)	(14,700)
Investment disposal	13	-	13,353
Profit before tax		24,168	20,174
Tax (charge)	9	(6,231)	(2,837)
Profit for the year		17,937	17,337
Attributable to:			
Equity holders of the parent		17,925	17,527
Non-controlling interests		12	(190)
		17,937	17,337

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Statement of Comprehensive Income Year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Items that may be classified subsequently to profit and loss			
Profit for the year		17,937	17,337
Fair value of foreign exchange hedges	19/21	(156)	(20)
Exchange differences on translation of foreign operations		6,416	481
		<hr/>	<hr/>
Total comprehensive expense for the year		24,197	17,798
		<hr/>	<hr/>
Attributable to:			
Equity holders of the parent		24,185	17,988
Non-controlling interest		12	(190)
		<hr/>	<hr/>
		24,197	17,798
		<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Balance Sheet
At 31 December 2022

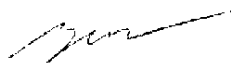
	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	11	280,333	269,550
Other intangible assets	14	14,488	16,050
Property, plant and equipment	15	32,303	30,397
Investments in associates	17	1,866	1,958
Other investments	18	480	160
Deferred tax assets	10	8,970	10,147
Other receivables		660	2,058
		339,100	330,320
Current assets			
Work in progress		14,045	12,540
Trade and other receivables	19	156,364	120,062
Current tax asset		2,365	1,055
Cash and cash equivalents	20	68,262	56,896
		241,036	190,553
Total assets		580,136	520,873
Current liabilities			
Trade and other payables	21	(178,911)	(145,739)
Current tax liability		(983)	(668)
Other borrowings	23	(8,652)	(8,469)
Provisions	25	(10,380)	(5,901)
		(198,926)	(160,777)
Total net current assets		42,110	29,776
Non-current liabilities			
Deferred tax liabilities	10	(1,619)	(3,417)
Bank loans	22	(212,287)	(212,287)
Other borrowings	23	(16,365)	(18,081)
Provisions	25	(4,526)	(4,095)
		(234,797)	(237,880)
Total liabilities		(433,723)	(398,657)
Total net assets		146,413	122,216

Chime Group Holdings Limited

Consolidated Balance Sheet (continued) At 31 December 2022

		2022	2021
	Note	£'000	£'000
Equity			
Share capital	27	12,355	12,355
Share premium account	28	215,899	215,899
Other reserve		68,892	68,892
Hedge reserve		(156)	-
Foreign currency translation reserve		3,805	(2,611)
Accumulated losses		(153,994)	(170,849)
		<hr/>	<hr/>
Equity attributable to equity holders of the parent		146,801	123,686
Non-controlling interests		(388)	(1,470)
		<hr/>	<hr/>
Total equity		146,413	122,216
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2023. They were signed on its behalf by:



Matthew Vandrau

Director

Registered Company number: 09702342

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Statement of Changes in Equity
Year ended 31 December 2022

	Share capital	Share premium	Other reserve	Hedge reserve	Translation reserves	Retained losses	Total	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	81,153	215,055	-	20	(3,092)	(188,711)	104,425	224	104,649
Total comprehensive income	-	-	-	(20)	481	17,527	17,988	(190)	17,798
Share issue	94	844	-	-	-	-	938	-	938
Share cancellation	(68,892)	-	68,892	-	-	-	-	-	-
Disposal of non-controlling interests	-	-	-	-	-	335	335	(335)	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	(1,169)	(1,169)
Balance at 1 January 2022	12,355	215,899	68,892	-	(2,611)	(170,849)	123,686	(1,470)	122,216
Total comprehensive income	-	-	-	(156)	6,416	17,925	24,185	12	24,197
Purchase of non-controlling interests	-	-	-	-	-	(1,070)	(1,070)	1,070	-
Balance at 31 December 2022	12,355	215,899	68,892	(156)	3,805	(153,994)	146,801	(388)	146,413

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Cash Flow Statement Year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Net cash from operating activities	29	27,676	10,954
Investing activities			
Interest received		212	21
Purchases of other intangible assets	14	(1,360)	(149)
Purchases of property, plant and equipment	15	(6,423)	(5,208)
Disposal of subsidiaries	13	-	14,397
Acquisition of subsidiaries (net of cash acquired)	12	(4,537)	(4,184)
Deemed remuneration and deferred consideration payments	25	(3,374)	(7,849)
Purchase of non-controlling interests		(185)	-
Net cash (outflow) from investing activities		(15,667)	(2,972)
Financing activities			
Reduction in borrowings	22	-	(13,927)
Repayment of loan notes	21	(32)	(25)
Net cash outflow from financing activities		(32)	(13,952)
Net increase/(decrease) in cash and cash equivalents		11,977	(5,970)
Cash and cash equivalents at beginning of year	20	56,896	63,679
Effect of foreign exchange rate changes		(611)	(813)
Cash and cash equivalents at end of year	20	68,262	56,896

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements Year ended 31 December 2022

1. General information

Chime Group Holdings Limited (the Group), company number 09702342, is a company incorporated in the United Kingdom on 24 July 2015 under the Companies Act 2006. The address of the registered office is 10a Greencoat Place, London SW1P 9ZP United Kingdom. The nature of the Group's operations consists principally of sports marketing, public relations, advertising, market research, direct marketing, and design and event management consultancy. Details are provided in the Strategic Report, pages 5 to 21.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2. The Group's overseas operations are principally conducted in US dollars or euros. The rates used are as follows:

	Closing rate at 31 December 2022	Average rate 2022	Closing rate at 31 December 2021	Average rate 2021
US dollar	1.209	1.237	1.351	1.376
Euro	1.129	1.173	1.191	1.163

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS). The Group has adopted all applicable standards effective for the current financial year with no material impact to the accounts.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value in accordance with the accounting policies set out below.

Critical accounting judgements

In the process of applying the Group's accounting policies, management is required to make judgements that may affect the financial statements. Management believes that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated.

Going concern

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons set out below.

The Directors have prepared cash flow forecasts for a period to 31 December 2024, which indicate that, taking account of reasonably possible downsides, the Group and Company will have sufficient funds to meet their trading liabilities as they fall due for that period.

In forming this opinion, the Directors have used the Group's budgets and forecasts for that period as the base case. The base case shows that the Group will continue to have a strong cash and liquidity position, and adequate headroom to meet the covenants contained in the senior debt agreement.

In addition, the Group has modelled a plausible but severe downside scenario arising from currently unforeseen events. Such a reasonable but severe downside shows that the Group will again continue to have adequate liquidity and headroom to meet its financial covenants.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Critical accounting judgements (continued)

In this plausible but severe downside scenario, the projections include mitigating actions that would be taken to limit the financial impact. Such financial actions include reductions in personnel costs, including bonuses and lower salary increases and in the number of freelancers; reducing the engagement of new hires and related recruitment costs; and a reduction in travel and entertaining expenditure.

To give further assurance over the going concern assumption, the Group modelled the level of reduction in Operating income and EBITDA that would be necessary to result in a breach of covenants. Such a reduction is significantly beyond the plausible but severe case described above. In addition, even in this scenario, the Group retains adequate liquidity, and therefore would seek a temporary covenant adjustment.

At 31 December 2022, the Group had liquidity (cash plus undrawn committed debt facilities) of £92.7m and covenant headroom of 49% as part of the 2022 year-end test. Liquidity and leverage are expected to improve further by the end of 2023.

While the Group's facilities are due for repayment in August 2024, it is the Directors' expectation that these can be refinanced or extended, but as at the date of signing these accounts detailed discussions have not yet commenced given the remaining term.

Following the assessment described above, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management is required to make estimations and assumptions that may affect the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are discussed below:

Revenue and cost recognition on long-term contracts

Revenue and costs are recognised on contracts, by reference to the stage of completion of activity under that contract at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues and costs to recognise under these contracts. Management is satisfied that the amounts recognised in the year are appropriate and consistent with the terms of the contracts and the stage of work completed.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Key sources of estimation uncertainty (continued)

Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable assets of a business combination, management is required to make estimates when determining fair values. This includes the use of discounted cash flows, revenue and profit before tax multiples. Asset lives are estimated based on the nature of the intangible asset acquired and range between two and 15 years.

Valuation of goodwill and other intangible assets

There are a number of assumptions management has considered in determining the 'value in use' of goodwill and intangible assets. Valuation requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the net present value. Note 11 details the assumptions that have been applied.

Accrued and deferred revenue

Revenue is recognised by reference to the satisfaction of performance obligation under that contract at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues to recognise under these contracts, as well as the recoverability of this revenue. Revenue is accrued or deferred according to the revenue recognised.

Recoverability of work in progress

Services performed for clients include related expenditure, for example production costs, which are funded by the client. On any given project there is a net work in progress balance, which the company expects to recover in full, but such recoverability includes estimation.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. The interest of non-controlling shareholders is stated as the non-controlling shareholders' proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. The results of subsidiaries disposed of during the year are included in the consolidated income statement within the financial statement as Discontinued operations.

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

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

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Revenue recognition

The Group applies the IFRS 15 '5-step model' to each of the revenue streams across the Group, enabling the identification of distinct performance obligations within a contract, as well as the method for revenue recognition; either at a point in time when the performance obligation is satisfied, or over time as the performance obligation is satisfied. Where revenue is variable, revenue recognition is constrained to the extent that it is highly probable that a significant reversal for revenue already recognised will not occur, once the uncertainty about revenue is subsequently resolved.

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. In line with IFRS 15, revenue is recognised in the income statement when the performance obligations detailed in the contract with the customer have been satisfied.

Revenue is largely derived from retainer fees and services performed subject to specific agreement. Revenue is recognised over the contract term, proportionate to the progress in overall satisfaction of the performance obligations (the services performed by the Group), measured by cost incurred to date out of total estimated costs. In certain contracts, revenue is recognised when specific milestones are reached and the performance obligation is satisfied.

Revenue from commission on sponsorship contracts and talent management is recognised at a point in time. Revenue relating to a specific event is recognised at a point in time, when the performance obligation in the contract has been satisfied.

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

Contractual arrangements are reviewed to ascertain whether the Group acts as principal or agent with regard to third-party costs. If the relationship is that of agent then the amount of commission, plus any other amounts charged to the principal or other parties, net of corresponding sub-contractor costs, is recognised as revenue.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

Foreign currencies

Sterling is the functional and presentational currency of the Group. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Net gains and losses arising on retranslation are included in the income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the presentational currency of the Group at the exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation reserve differences are recognised as income or as expenses in the period in which the operation is disposed of.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities classified as available for sale, are included in the fair value reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Finance costs

Finance costs, which include interest, losses on interest rate swaps and bank charges, are recognised in the income statement in the year in which they are incurred.

Operating profit

Operating profit is stated before the share of results of associates, impairment, investment income and finance costs.

Retirement benefit costs

The pension cost is the amount of contributions payable by the Group to the defined contribution pension scheme and to personal pension schemes of certain employees during the accounting year. These are charged as an expense as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement, because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group is committed to its Tax Strategy, which is published annually on the Chime website.

Leasing

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low-value assets, which are expensed in the income statement on a straight-line basis over the lease term.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Leasing (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease, or if this rate cannot be readily determined, using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading 'Property, plant and equipment', and the lease liability is included in the heading 'Other borrowings'.

Business Combinations and Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and tested for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For acquisitions accounted for under IFRS 3, future anticipated payments to vendors in respect of deferred consideration are based on the Directors' best estimates of the fair value of future obligations, which are dependent on the future financial performance of the interests acquired and assume the operating companies improve profits in line with Directors' estimates and are included in liabilities greater or less than one year as appropriate. Subsequent reductions in provisions for deferred consideration are recorded in the income statement through costs of acquisitions.

When deferred considerations are to be settled in cash, the fair value of the consideration is obtained by discounting to the present value the amounts expected to be payable in the future. The resulting interest charge is included within finance costs of deferred consideration.

When a business is acquired from former shareholders who become employees of the Group, should their earn-out payments be dependent on continuing employment, then all payments are treated as remuneration for post-acquisition services. The charge to the income statement is included in deemed remuneration and the fair value of the liability is included as deemed remuneration in the balance sheet, classified as current or non-current liabilities as appropriate.

In accordance with IFRS, an impairment charge is required for both goodwill and other indefinite life assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining our cash-generating units we identify for impairment testing.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Other investments

Other investments represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. For unlisted securities, where market value is not available, the Group estimates relevant fair values on the basis of publicly available information from outside sources. Where this is not possible, investments are held at cost and are reviewed for impairment. Movements in the fair value of other investments designated as 'available for sale' are taken to equity.

On disposal, the cumulative gain or loss previously recognised in equity is included within the income statement for the year. Impairment losses recognised in the income statement for equity investments classified as 'available for sale' are not subsequently reversed through the income statement.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred a legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill and is included in the carrying value of the investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in the income statement in the year of acquisition.

Where a Group company transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Other intangible assets

Other intangible assets comprise acquired customer relationships, contracts, trade names and computer software. Customer relationships and corporate trade names acquired on the acquisition of a business are capitalised separately from goodwill as an intangible asset if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Contracts entered into to provide right sales have been capitalised where an intangible asset is identifiable, future economic benefits are probable and the cost can be measured reliably. Client contracts have been assessed to have indefinite useful economic lives and are measured at cost less impairment losses, if any. Instead, these are subject to an annual test for impairment. Computer software is capitalised based on the cost incurred to acquire and bring to use the specific software. Intangible assets are stated at cost net of amortisation and any provision for impairment. The costs are amortised over their estimated useful lives using the following rates:

Computer software	4 years
Customer relationships	3 to 8 years
Trade names	5 to 15 years

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is provided in equal instalments to write off the cost less residual value over the estimated useful economic lives of asset type as follows:

Short-term leasehold improvements	5 years
Motor vehicles	6 years
Fixtures, fittings and equipment	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years.

Work in progress

Work in progress is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the year-end and directly attributable overhead costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material.

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.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for expected irrecoverable amounts. An 'expected credit loss' impairment model is applied.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Financial instruments (continued)

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified either as available for sale and are measured at subsequent reporting dates at fair value, or at historical cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

Cash and cash equivalents

Cash comprises cash, overdrafts (where the Group has formal right of set-off) and cash held on short-term deposit (up to six months).

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value, and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to interest rate movements and foreign currency risk. Forward contracts are used to hedge against fluctuations in the exchange rate on specific sales contracts. The Group does not hold or issue derivative financial instruments for financial trading purposes.

At the inception of the hedge, the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and hedge strategy. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date.

Changes in fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity, and are recycled in the income statement in the periods when the hedged item is recognised in profit or loss.

Derivatives that do not qualify for hedge accounting are accounted for at fair value through the income statement, with gains and losses on revaluation being recognised immediately in the income statement.

Government grants

In 2021, Government grants related to the Coronavirus Job Retention Scheme are included within wages and salaries in which the related costs are incurred.

New and revised IFRSs in issue but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

2. Significant accounting policies (continued)

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement, although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from the start of the current period; no reclassifications are made in prior periods.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period. Where a component of the Company's business that does not represent a separate major line of business or geographical area of operations has been disposed of this is considered a disposal of subsidiary rather than a discontinued operation.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

3. Analysis of revenue

100% of revenue is classed as "income from rendering of services".

	2022	2021
	£'000	£'000
United Kingdom	302,014	277,709
USA	155,744	100,712
Europe & Africa	54,132	66,266
Middle East	87,112	25,108
Rest of the World	27,896	19,303
	626,898	489,098

4. Operating expenses

Operating profit has been arrived at after charging:

	2022	2021
	£'000	£'000
Depreciation of tangible assets (note 15)	12,130	11,477
Amortisation of other intangible assets (note 14)	3,899	7,739
Impairment loss on trade receivables	1,063	2,374
(Profit)/loss on disposal of property, plant and equipment	(242)	153
Staff costs (note 6)	226,324	186,114
Net foreign exchange (gain)/loss	(2,551)	436
Other administration costs	42,549	28,673
Total operating expenses	283,172	236,966

5. An analysis of auditors' remuneration is provided below:

	2022	2021
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	183	135
The audit of the Company's subsidiaries pursuant to legislation	442	325
Total audit fees	625	460
Taxation and audit related advisory services	10	-
Other services	-	-
Total non-audit fees	10	-
Total fees paid to Company's auditors	635	460

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Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

6. Staff costs

The average monthly number of employees for the year (including Executive Directors) was 2,699 (2021: 2,340).

	2022	2021
	£'000	£'000
Wages and salaries	195,933	160,750
Social security costs	17,416	14,361
Pension costs	8,869	6,725
Deemed remuneration (note 25)	4,106	4,278
	226,324	186,114

The Group operates a defined contribution pension scheme for the benefit of the majority of its employees. This is an independently administered fund, the assets of which are held separately from those of the Company. At 31 December 2022, contributions of £3.3m (2021: £1.7m) due in respect of the current reporting period had not been paid over to the schemes.

Wages and salaries expense above is stated net of receipts from job retention schemes.

Directors' remuneration

	2022	2021
	£'000	£'000
Short-term benefits	927	887
Pension costs	-	-
	927	887

The highest-paid Director received a salary and short-term benefits amounting to £0.8m (2021: £0.7m), and pension contributions of £nil (2021: £nil) for the year.

7. Investment income

	2022	2021
	£'000	£'000
Interest on bank deposits	126	21
Dividend from investment	42	-
Other interest received	86	21
	254	42

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2022

8. Finance costs

	2022	2021
	£'000	£'000
Interest on bank loans and overdrafts	14,400	12,098
Other debt facility costs	351	321
Finance cost of deemed remuneration	468	618
Finance cost of deferred consideration	-	5
Finance cost of lease liability	1,479	1,658
	<u>16,698</u>	<u>14,700</u>

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

9. Tax

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax at 19.0% (2021: 19.0%)	4,783	5,073
Foreign tax	833	765
Adjustments in respect of prior years	179	(1,681)
	5,795	4,157
Deferred tax:		
Current-year origination and reversal of temporary differences	979	(1,689)
Adjustments in respect of prior years	(543)	255
Adjustment for rate change	-	114
	436	(1,320)
Tax charge for the year	6,231	2,837

UK corporation tax is calculated at 19% (2021: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The effective rate for the year is 25.7% (2021: 14.1%). On 24 May 2021 a change to the future corporation tax rate was substantively enacted. The corporation tax rate remains at 19% for the tax years starting on 1 April 2021 and 1 April 2022 but will increase to 25% effective from 1 April 2023. The charge for the year can be reconciled to the loss per the income statement as follows:

	2022		2021	
	£'000	%	£'000	%
Profit before tax from continuing operations	24,168		20,174	
Tax at the UK corporation tax rate of 19.0% (2021: 19.0%)	4,592	19.0%	3,833	19.0%
Disallowable items	1,523	6.3%	1,111	5.5%
Non-taxable income	(51)	(0.2%)	(94)	(0.5%)
Remuneration expense on business combinations	1,168	4.8%	911	4.5%
Amortisation and impairment	-	0.0%	176	0.9%
Profit on disposal of investment	(1,466)	(6.1%)	(1,271)	(6.3%)
Tax assets not recognised	824	3.4%	99	0.5%
Effect of overseas tax rates	78	0.3%	(292)	(1.4%)
Impact of rate changes	(73)	(0.3%)	(210)	(1.0%)
Adjustments in respect of prior years	(364)	(1.5%)	(1,426)	(7.1%)
Tax expense and effective tax rate for the year	6,231	25.7%	2,837	14.1%

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

10. Deferred tax

	Depreciation in excess of capital allowances	Losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	1,366	-	2,930	265	4,561
Acquisition of subsidiaries	-	-	-	792	792
Disposal of subsidiaries	-	-	-	-	-
(Debit)/credit to the income statement	292	2,747	47	(1,766)	1,320
Exchange adjustments	-	-	-	57	57
At 31 December 2021	1,658	2,747	2,977	(652)	6,730
Acquisition of subsidiaries	(11)	1,774	-	(183)	1,580
Disposal of subsidiaries	-	-	-	-	-
(Debit)/credit to the income statement	34	921	(504)	(887)	(436)
Exchange adjustments	(16)	(1,394)	784	103	(523)
At 31 December 2022	1,665	4,048	3,257	(1,619)	7,351

Deferred tax assets of £12.4m (2021: £11.6m) have not been recognised due to insufficient certainty that there will be appropriate profits available in the future to utilise them. Of the unrecognised losses, £0.1m will expire in 2027, the remaining amounts will not expire.

A deferred tax asset has been recognised in respect of losses and certain fixed asset and short-term timing differences arising in the USA, as management forecasts support the recoverability of these assets against tax payable in future periods. Deferred tax assets in respect of interest deductions and foreign tax credits have not been recognised, as there is insufficient certainty regarding the timing of their reversal and overall recoverability.

No deferred tax liability is recognised on temporary differences of £0.3m (2021: £0.7m) relating to the unremitted earnings of overseas, as the Group is able to control the timing of the reversal of these temporary differences, and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2022 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas jurisdictions in which these subsidiaries operate.

The net deferred tax asset at 31 December 2022 has been calculated on rates ranging from 25% to 27%, based on the jurisdiction the deferred tax asset arises in. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantially enacted on 24 May 2021.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

11. Goodwill

	£'000
At 31 December 2020	264,940
Recognised on acquisition of subsidiaries and minority interests	4,225
Foreign exchange differences	385
At 31 December 2021	269,550
Recognised on acquisition of subsidiaries and minority interests	7,118
Foreign exchange differences	3,665
At 31 December 2022	280,333

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment was identified from the impairment review for the year ended 31 December 2022.

An additional £6.9m goodwill has been recognised on the acquisition of Cowry Consulting Limited and Phoenix Management Group Ltd. An additional £0.2m has been recognised on the acquisition of minority interest in JHE Production.

Further disclosures in accordance with IAS 36 are provided where the Group holds an individual goodwill item relating to a CGU that is significant, which the Group considers to be 10% or more of the Group's total carrying value of goodwill. The carrying value of goodwill at the reporting date for the significant CGUs is as follows:

	2022	2021
	£'000	£'000
VCCP	138,354	129,797
CSM	102,677	100,502
VCCP Business	39,302	39,251

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and has taken into consideration the risks specific to each CGU. The Group prepared cash flow forecasts based on the 2023 budget approved by the Directors and applied a number of assumptions to arrive at a two-year forecast. The budgets were prepared by local management taking into account revenues from existing clients and the resources required to service these clients. They also used their industry knowledge with regard to the marketplace and pricing when formulating the budget.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

11. Goodwill (continued)

After the initial two-year forecast period, a long-term growth rate of 2.0% has been applied to the cash flow forecasts into perpetuity. This rate does not exceed the long-term growth rate for the relevant markets and is applicable to all the CGUs.

The pre-tax rate used to discount the forecast cash flows from all CGUs is 14.6% (2021: 14.4%).

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. If forecasted cashflows decreased by 10% there would be no impairment in any CGU. If the discount rate increased by 1%, there would be no impairment in any CGU. If forecasted cashflows decreased by 10% and discount rate increased by 1%, there would be no impairment in any CGU.

12. Acquisition of subsidiaries

Phoenix Management Group Limited

In June 2022, Chime completed the purchase of Phoenix Management Group Limited, for an initial consideration of £2.1m. Further amounts may become payable depending on the future performance of the business. The fair values of the consideration and net assets acquired in the purchase of Phoenix are as detailed below:

	Book value	Adjustments	Fair value
	£'000	£'000	£'000
Property, plant and equipment	1	-	1
Debtors and other current assets	515	123	638
Cash at bank	888	-	888
Creditors and other liabilities	(286)	(4)	(290)
Net assets	1,118	119	1,237
Goodwill			340
Intangibles			482
Fair value of consideration			2,059
Fair value of initial consideration			2,059
Cash consideration			2,059
Cash acquired			(888)
Cash outflow arising on acquisition			1,171

Acquisition-related costs amounting to £37k have been expensed during the period and are included in operating expenses. The adjustments to the balance sheet are to align Phoenix's policies with that of the Group.

Phoenix will form part of the CSM CGU.

Phoenix contributed revenue of £0.4m and an operating loss of £0.2m to the results of the Group since acquisition.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

12. Acquisition of subsidiaries (continued)

Cowry Consulting Limited

In December 2022, Chime completed the purchase of Cowry Consulting Limited for an initial consideration of £4.9m, and deferred consideration of £3.5m. Further amounts may become payable depending on the future performance of the business. The fair values of the consideration and net assets acquired in the purchase of Cowry Consulting Limited are as detailed below:

	Book value	Adjustments	Fair value
	£'000	£'000	£'000
Property, plant and equipment	43	-	43
Debtors and other current assets	1,519	-	1,519
Cash at bank	1,511	-	1,511
Creditors and other liabilities	(1,328)	(2)	(1,330)
Net assets	1,745	(2)	1,743
Goodwill			6,409
Intangibles			254
Fair value of consideration			8,406
Fair value of initial consideration			4,876
Fair value of deferred consideration			3,530
Cash consideration			8,406
Cash acquired			(1,510)
Cash outflow arising on acquisition			6,896

Acquisition-related costs amounting to £0.4m have been expensed during the period and are included in operating expenses.

The adjustments to creditors and other liabilities are to align Cowry's policies with that of the Group. Cowry will form part of the VCCP CGU.

Cowry contributed revenue of £0.2m and an operating profit of £nil to the results of the Group since acquisition.

13. Disposal of subsidiaries

There have been no disposals of subsidiaries in the current year.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2022

14. Other intangible assets

	Trade names £'000	Customer relationships £'000	Client contracts £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2021	22,236	78,752	920	6,651	108,559
Acquisition	-	-	-	22	22
Additions	-	1,658	-	149	1,807
Disposals	-	-	-	(118)	(118)
Exchange differences	32	321	-	-	353
At 31 December 2021	22,268	80,731	920	6,704	110,623
Acquisition	-	735	-	-	735
Additions	-	-	574	786	1,360
Disposals	-	-	-	(1,372)	(1,372)
Exchange differences	323	3,595	-	2	3,920
At 31 December 2022	22,591	85,061	1,494	6,120	115,266
Accumulated amortisation					
At 1 January 2021	9,588	73,240	-	3,831	86,659
Charge for the year	2,461	4,032	-	1,246	7,739
Disposals	-	-	-	(118)	(118)
Exchange differences	12	281	-	-	293
At 31 December 2021	12,061	77,553	-	4,959	94,573
Charge for the year	1,482	1,261	-	1,156	3,899
Disposals	(47)	47	-	(1,276)	(1,276)
Exchange differences	168	3,475	-	(61)	3,582
At 31 December 2022	13,664	82,336	-	4,778	100,778
Net book amount					
31 December 2022	8,927	2,725	1,494	1,342	14,488
31 December 2021	10,207	3,178	920	1,745	16,050

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

15. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets.

	2022	2021
	£'000	£'000
Property, plant and equipment – owned	11,930	9,488
Right-of-use assets – leased	20,373	20,909
At 31 December 2022	32,303	30,397

Right-of-use assets

Property leases

The Group leases land and buildings for its office and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Leases are typically made for a fixed period of five years and may include extension options that provide operational flexibility.

Other leases

The Group also leases vehicles, machinery, furniture and other office equipment. The average contract duration is three years.

	Property £'000	Motor vehicles £'000	Fixtures, fittings and computers £'000	Total £'000
Balance at 1 January 2021	35,900	53	174	36,127
Additions	4,845	288	113	5,246
Depreciation charge for the year	(7,571)	(106)	(119)	(7,796)
Disposals	(12,517)		(2)	(12,519)
Exchange differences	(136)	(13)	-	(149)
Balance at 31 December 2021	20,521	222	166	20,909
Additions	6,537	136	-	6,673
Depreciation charge for the year	(7,593)	(127)	(115)	(7,835)
Exchange differences	613	10	3	626
Balance at 31 December 2022	20,078	241	54	20,373

Other lease disclosures

A maturity analysis of lease liabilities is shown in note 23.

The Group incurred interest expense of lease liabilities of £1.4m (2021 £1.7m). The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant. The total cash outflow for leases amounted to £8.7m (2021 £12.3m).

There are no significant lease commitments for leases not commenced at year-end.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2022

15. Property, plant and equipment (continued)

Owned assets

	Short-term leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and computers £'000	Total £'000
Cost				
At 1 January 2021	3,844	1,644	5,089	10,577
Acquisitions	149	-	84	233
Additions	2,357	397	2,454	5,208
Disposals	(185)	(354)	(42)	(581)
Exchange differences	40	55	31	126
At 31 December 2021	6,205	1,742	7,616	15,563
Acquisitions	-	-	44	44
Additions	2,593	714	3,072	6,379
Disposals	(427)	(413)	(1,261)	(2,101)
Exchange differences	574	647	890	2,111
At 31 December 2022	8,945	2,690	10,361	21,996
Accumulated depreciation				
At 1 January 2021	1,493	110	1,233	2,836
Charge for the year	579	780	2,322	3,681
Disposals	(185)	(328)	(16)	(529)
Exchange differences	30	30	27	87
At 31 December 2021	1,917	592	3,566	6,075
Charge for the year	1,565	439	2,291	4,295
Disposals	(426)	(457)	(1,460)	(2,343)
Exchange differences	620	660	759	2,039
At 31 December 2022	3,676	1,234	5,156	10,066
Net book amount				
31 December 2022	5,269	1,456	5,205	11,930
31 December 2021	4,288	1,150	4,050	9,488

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

16. Subsidiaries and associates

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and associates and the effective percentage of equity owned included in these consolidated financial statements at 31 December 2022, is disclosed in appendix 1.

17. Investments in associates

	£'000
At 1 January 2021	1,540
Profit for the year	418
At 31 December 2021	1,958
Profit for the year	228
Reclassification	(320)
At 31 December 2022	1,866

A list of the investments in associates, including the name, country of incorporation and proportion of ownership interest, is given in appendix 1. None of the associates are individually material.

18. Other investments

	Historic cost £'000	Total £'000
At 31 December 2021	160	160
Reclassification	320	320
At 31 December 2022	480	480

During the year, there was a dilution in the ownership of an associate as a result of a capital reorganisation. As a result, the Group no longer has significant influence over this associate. It has been reclassified in the current year as an investment.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

19. Trade and other receivables

	2022	2021
	£'000	£'000
<i>Amounts receivable from provision of services</i>	111,251	86,261
Other receivables	11,866	7,815
Prepayments	8,106	7,602
Accrued income	25,141	18,384
	156,364	120,062

The Group's trade receivables are stated after allowances of £4.9m (2021: £5.9m) for bad and doubtful debt.

Other receivables includes £2.1m (2021: £1.4m) of capitalised borrowing costs. A further £0.6m (2021: 2.1m) of capitalised borrowing costs is included in Non-current assets Other receivables.

20. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at year-end as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2022	2021
	£'000	£'000
Consolidated statement of financial position	68,262	56,896
Consolidated statement of cash flows	68,262	56,896

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

21. Trade and other payables

	2022	2021
	£'000	£'000
Trade creditors	30,934	22,930
Other creditors	5,462	5,492
Work in progress	51,812	52,985
Accruals	39,455	25,758
Deferred income	38,417	27,978
Other taxation and social security	12,665	10,554
Loan notes	10	42
Forward exchange contracts used for hedging	156	-
	178,911	145,739

The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Loan notes

Loan notes totalling £10k (2021: £42k) are outstanding, representing payment of deemed remuneration due on the purchase of WARL Group Limited. The loan notes are unsecured, and repayable on demand. The loan notes carry interest at a rate per annum equivalent to the Bank of England's base rate, and are redeemable at the option of the noteholders on 60 days' written notice expiring on quarterly periods.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

22. Bank loans

	2022	2021
	£'000	£'000
Bank loans and overdrafts	212,287	212,287
The borrowings are repayable as follows:		
Within one year	9,172	-
Within one to two years	203,115	9,172
Within two to five years	-	203,115
Total	212,287	212,287

Cash deposits and bank loans are held either at variable rates of interest or at rates fixed for periods of no longer than six months. The facilities are provided by a syndicate of banks including but not limited to *AIG, BNP, Cheyne Capital, CVC, Hayfin, HSBC, ING, Natixis, NatWest and The Royal Bank of Canada*.

The principal features of the Group's borrowings are as follows:

- i. A committed facility (Facility B) of £203.1m (2021: £203.1m). The term of the facility is until 11 August 2024.
- ii. A committed facility (Capex Facility) of £9.2m (2021: £9.2m). The loan was repaid in full on 13 January 2023.
- iii. A committed facility (RCF Facility) of £25.0m (2021: £25.0m). The term of the facility is until 11 August 2023. £3.0m has been carved out for ancillary facilities, which include a rolling overdraft facility of £2.5m and a Bonds Guarantees facility of £0.5m.
- iv. The committed facilities incurred interest at a margin of between 3.25% and 4.25% (Capex Facility and RCF Facility) and of between 4.25% and 4.75% above SONIA. There is a ratchet clause applicable to margins as follows:

	RCF, Capex margin	B margin
Leverage ratio		
> 4.00:1	4.25%	4.75%
between 4.00:1 and 3.50:1	4.00%	4.50%
between 3.50:1 and 3.25:1	3.75%	4.25%
between 3.25:1 and 2.75:1	3.50%	4.25%
< 2.75:1	3.25%	4.25%

- v. A cross-guarantee exists between the majority of wholly owned subsidiaries and the parent Company. The bank syndicate holds debentures over the assets of the Company and the subsidiaries in respect of the bank loans.

At 31 December 2022, the Group had drawn down £212.3m (2021: £212.3m) of the available borrowing facility £237.3m (2021: £237.3m), leaving £25m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group had utilised £nil (2021: £nil) of the overdraft facility at year-end. The weighted average interest rate applied in the year is 4.60% (2021: 4.89%). See note 8 for interest incurred during the year. The fair values of bank overdrafts and loans are determined by considering the maturity dates.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

23. Other borrowings

	2022	2021
	£'000	£'000
The borrowings are repayable as follows:		
Within one year	8,652	8,469
Within two to five years	14,847	16,661
After five years	1,518	1,420
Total	25,017	26,550

Other borrowings include £24.8m (2021: £26.3m) lease liabilities and £0.2m (2021: £0.2m) borrowings.

24. Operating lease arrangements

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2022	2021
	£'000	£'000
Within one year	868	1,307
Between one and two years	411	1,512
	1,279	2,819

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

25. Provisions

	Deferred consideration	Deemed remuneration	Vacant property	Other provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	571	9,848	-	1,233	11,652
Increase/(decrease) in provision	-	4,278	589	(81)	4,786
Acquisition	1,301			35	1,336
Discounting charge	5	618	-	-	623
Payments	(575)	(7,274)	-	(592)	(8,441)
Foreign exchange movements	(1)	40	-	1	40
At 31 December 2021	1,301	7,510	589	596	9,996
Increase/(decrease) in provision	-	4,106	(254)	52	3,904
Acquisition	3,530	-	-	-	3,530
Discounting charge	-	468	-	-	468
Payments	(1,381)	(1,993)	-	(132)	(3,506)
Foreign exchange movements	80	416	-	18	514
At 31 December 2022	3,530	10,507	335	534	14,906
Included in current liabilities	-	9,511	335	534	10,380
Included in non-current liabilities	3,530	996	-	-	4,526
	3,530	10,507	335	534	14,906

Deferred consideration

Deferred consideration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired, as set out in the relevant sale and purchase agreements. The timings of payments of deferred consideration are also set out in the relevant sale and purchase agreements. Further details of the deferred consideration are shown in note 26.

Deemed remuneration

Deemed remuneration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired along with specified performance obligations of certain employees, as set out in the relevant sale and purchase agreements. The timings of payments of deemed remuneration are also set out in the relevant sale and purchase agreements. Further details of the deemed remuneration are shown in note 26.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

25. Provisions (continued)

Vacant property

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of each of the provisions has been determined based on management's best estimate, and is dependent on the Group's ability to exit the leases early or to sublet the properties. In general, property costs are expected to be incurred over periods for which individual properties remain vacant or, where occupied, to the termination of the leases in question.

Other provisions

Other provisions include all other risks where the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material.

26. Contingent liabilities and commitments

Deferred and contingent consideration

In addition to the £3.5m (2021: £1.3m) deferred consideration provision (note 25), there was a maximum undiscounted financial commitment of £0.6m (2021: £nil) in respect of unprovided deferred consideration payable in respect of acquisitions of subsidiary undertakings. The calculation of the deferred consideration liability requires estimates to be made regarding the future financial performance of these businesses for the earn-out period. The unprovided deferred consideration would become payable in 2023 until 2026 and would be payable in cash/loan notes.

Deemed remuneration

In addition to the £10.5m (2021: £7.5m) deemed remuneration provision (note 25), £13m (2021: £12.1m) will be expensed over the period of service based on the current fair value. The calculation of the deemed remuneration liability requires estimates to be made regarding the future financial performance of these businesses for the period of service. The unprovided deemed remuneration would become payable over periods from 2023 to 2026 and would be payable in cash/loan notes.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

27. Share capital

Class	Number	Nominal value	31 December 2022	31 December 2021
			£'000	£'000
A Ordinary	789,742	£0.10	79	79
B Ordinary	10,258	£0.10	1	1
C Ordinary	200,000	£0.10	20	20
Z Ordinary	65,808,529	£0.10	6,581	6,581
Preference shares	56,739,966	£0.10	5,674	5,674
			<hr/> 12,355	<hr/> 12,355

The Company has five classes of shares:

£0.10 A Ordinary shares with one vote per share, and no right to fixed income.

£0.10 B Ordinary shares with one vote per share, and no right to fixed income.

£0.10 C Ordinary shares with no voting rights, and no right to fixed income.

£0.10 Z Ordinary shares with one vote per share, and no right to fixed income.

£0.10 Preference shares with no voting rights, and no right to fixed income.

28. Share premium and other reserves

Share premium

Share premium arises from capital raised in an issue of shares, net of costs, to the extent that exceeds the nominal value of the shares.

Other reserve

Other reserve arose from cancellation of £68.9m share capital in 2021 due to a restructure of the share classes.

Hedge reserve

The hedge reserve relates to the fair value of forward contracts taken out to hedge against fluctuations in the exchange rate on specific sales contracts.

Foreign translation reserve

The foreign currency translation reserve relates to exchange differences arising on consolidation of overseas operations.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

29. Notes to the cash flow statement

	Note	2022 £'000	2021 £'000
Operating profit		40,384	21,061
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	15	12,130	11,477
Amortisation of intangible fixed assets	14	3,899	7,739
(Profit)/loss on disposal of property, plant and equipment		(242)	153
Lease payments		(8,702)	(12,309)
Increase in deemed remuneration provision	25	4,106	4,278
Translation differences		(34)	496
(Decrease)/increase in provisions	25	(202)	508
Operating cash flows before movements in working capital		51,339	33,403
(Increase)/decrease in work in progress		(3,891)	12,305
Increase in receivables		(29,959)	(23,920)
Increase in payables		26,987	10,729
Cash generated from operations		44,476	32,517
Income taxes paid		(7,045)	(6,366)
Interest paid		(9,755)	(15,197)
Net cash from operating activities		27,676	10,954

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note (details of subsidiaries are included in appendix 1). Transactions between the Group and its associates are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

2022				
	Sale of services	Purchase of services	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Associates				
StratAgile Limited	-	774	-	2,749
Other				
JHE Holdings LLC	-	527	-	-
2021				
	Sale of services	Purchase of services	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Associates				
StratAgile Limited	-	425	-	2,080
Other				
JHE Holdings LLC	-	413	-	-

Sales of goods to related parties were made on an arm's length basis and in the normal course of business. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

The key management personnel of the Group comprise the Board members and the Executive Directors. The remuneration of the Executive Directors and Board members is set out in note 6, for each of the categories specified in IAS 24 Related Party Disclosures.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

31. Financial instruments

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

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk, externally imposed capital requirement risk, market price risk, credit risk and capital management risk. The policy for managing these risks is reviewed and agreed with the Board.

Interest rate risk

The Group holds variable rate financial debt. The interest rates paid by the Group on financial debt are disclosed in note 22. The Group assesses its borrowing requirements by monitoring short and medium-term cash flow forecasts and interest rate risks are assessed through sensitivity analysis. Since September 2019, the Group has not used any financial instrument to mitigate the risk of changing interest rates.

Liquidity risk

The Group has a committed facility of £237.3m (2021: £237.3m) with a syndicate of banks. £34.2m matures in August 2023 and £203.1m matures in August 2024. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2022, the Group had borrowings net of cash of £169m (2021: £169.5m) and the undrawn committed facility was £25.0m (2021: £25.0m).

Externally imposed capital requirement risk

The Group has committed to adhering to the capital requirement set out by the syndicate of banks providing the loan facility, commencing 4 August 2017. The capital requirement is a maximum leverage. The Group was not in breach of the requirement at any time since it came into force. The capital requirement at 31 December 2022 was as follows:

Leverage: Group Net Debt/Group EBITDA	Maximum Ratio	5.00
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Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Market price risk

The Group's exposure to market price risk comprises interest rate risk and currency rate risk. The Group regularly monitors these exposures which, setting aside the interrelationships between such rates and their wider impact on the economy, are not considered to have a significant impact on the Group.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

31. Financial instruments (continued)

Foreign currency risk

The Group has overseas operations (branches and subsidiaries) which trade in Europe, the USA, the Far East, the Middle East, South America, Australasia and Africa. The sterling value of the net monetary assets held in the principal foreign currencies held by the Group is as follows:

	2022	2021
	£'000	£'000
Net monetary assets/(liabilities)		
Euros	4,176	4,915
US dollars	17,558	10,380
UAE dirham	4,675	2,143

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of subsidiaries. Where appropriate the foreign currency income and expense are netted off to mitigate foreign exchange exposure.

In 2022 the Group entered into forward exchange contracts to cover a substantial contracted foreign currency exposure within the business to 2024. Such contracts are designated as cash flow hedges, and hedge accounting has been applied in line with IFRS 9.

Credit risk

The Group considers its maximum exposure to credit risk to be as follows:

	2022	2021
	£'000	£'000
Trade receivables	111,251	86,261
Accrued income	25,141	18,384

The Group trades only with recognised, creditworthy third parties. Customers who wish to trade on credit terms are generally subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts has not been significant.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated.

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

31. Financial instruments (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Maturity profile	Within 1	1-2 years	2-5 years	5+ years	Total	Carrying
	year					amount
	£'000	£'000	£'000	£'000	£'000	£'000
2022						
Bank loans	(9,172)	(203,115)	-	-	(212,287)	(212,287)
Other borrowings	-	(8,652)	(14,847)	(1,518)	(25,017)	(25,017)
Trade and other payables	(178,911)	-	-	-	(178,911)	(178,911)
Deferred consideration	-	(3,530)	-	-	(3,530)	(3,530)
Deemed remuneration	(9,511)	(996)	-	-	(10,507)	(10,507)
2021						
Bank loans	-	(9,172)	(203,115)	-	(212,287)	(212,287)
Other borrowings	(9,895)	(8,089)	(10,570)	(1,571)	(30,125)	(26,550)
Trade and other payables	(145,739)	-	-	-	(145,739)	(145,739)
Deferred consideration	(1,301)	-	-	-	(1,301)	(1,301)
Deemed remuneration	(3,415)	(4,095)	-	-	(7,510)	(7,510)

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

31. Financial instruments (continued)

Fair values of financial assets and financial liabilities

Fair value is the amount at which a financial instrument can be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale. The following table provides a comparison of the book values and the fair value of the Group's financial liabilities and assets as at 31 December 2022:

	2022		2021	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial liabilities				
Bank loans	(212,287)	(212,287)	(212,287)	(212,287)
Other borrowings	(25,017)	(25,017)	(26,550)	(26,550)
Trade and other payables	(178,911)	(178,911)	(145,739)	(145,739)
Deferred consideration	(3,530)	(3,530)	(1,301)	(1,301)
Deemed remuneration	(10,507)	(10,507)	(7,510)	(7,510)
	(430,252)	(430,252)	(393,387)	(393,387)
Financial assets				
Cash and bank balances	68,262	68,262	56,896	56,896
Trade and other receivables	156,364	156,364	120,062	120,062
	224,626	224,626	176,958	176,958

There were no transfers between fair value levels during 2022.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Chime Group Holdings Limited

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2022

31. Financial instruments (continued)

	Fair value 2022 £'000	Fair value 2021 £'000	Fair value hierarchy
Contingent consideration in a business combination (note 26)	(575)	(15)	Level 3
Foreign exchange forward contract	(156)	-	Level 2

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives comprise forward exchange contracts. Foreign exchange forward contracts are fair valued using foreign exchange forward rates.

Valuation techniques used to derive Level 3 fair values

Contingent consideration liabilities are valued using a discounted cash flow methodology. The liability is based on the acquired business's forecast future financial performance for the earn-out period as set out in the sale and purchase agreements. The significant unobservable inputs to this valuation include forecast financial performance and discount rate applied. The fair value of the liability is the maximum financial commitment as set out in the relevant sale and purchase agreements, therefore sensitivity analysis is not applicable.

32. Ultimate parent company and parent company of larger group

The Group is a subsidiary undertaking of PM VII S.a.r.l., which is the ultimate parent Company incorporated in Luxembourg. The ultimate controlling party is PM VII S.a.r.l.

Copies of its financial statements are available from the Luxembourg registry.

33. Company information

Chime Group Holdings Limited is a private company. The company registration number is 09702342.

Registered Office: 10a Greencoat Place, London SW1P 9ZP, United Kingdom

Bankers: NatWest Group, 250 Regent Street, London W1B 3BN
HSBC Bank, 8 Canada Square, London E14 5HQ

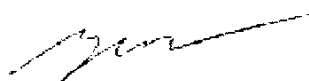
Auditor: KPMG LLP, Chartered Accountants and Statutory Auditors,
15 Canada Square, London E14 5GL

Chime Group Holdings Limited

Company Balance Sheet
At 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investment in subsidiaries	2	302,163	302,163
		302,163	302,163
Current assets			
Other debtors	3	99	99
		99	99
Current liabilities			
Intercompany payables	3	(4,891)	(4,891)
Other borrowings	4	(225)	(225)
		(5,116)	(5,116)
Net assets		297,146	297,146
Equity			
Share capital		12,355	12,355
Share premium account		215,899	215,899
Other reserves		68,892	68,892
Total equity		297,146	297,146

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2023 and were signed on its behalf by:



Matthew Vandrau

Director

Registered Company number: 09702342

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Company Statement of Changes in Equity
Year ended 31 December 2022

	Share capital	Share premium	Other reserve	Total
	£'000	£'000	£'000	£'000
Balance 31 December 2020	81,153	215,055	-	296,208
Share issue	94	844	-	938
Share cancellation	(68,892)	-	68,892	-
Balance at 31 December 2021	12,355	215,899	68,892	297,146
Balance at 31 December 2022	12,355	215,899	68,892	297,146

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Notes to the Company Financial Statements Year ended 31 December 2022

1. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

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

Going concern

The financial statements have been prepared on the going concern basis, details of which can be found on pages 15 and 54.

2. Investments in subsidiaries

	£'000
At 31 December 2020	300,723
Additions	1,440
At 31 December 2021	302,163
At 31 December 2022	302,163

See appendix 1 for details of subsidiary undertakings.

Chime Group Holdings Limited

Notes to the Company Financial Statements Year ended 31 December 2022

3. Debtors

	2022	2021
	£'000	£'000
Other debtors	99	99
	<u>99</u>	<u>99</u>

4. Creditors

	2022	2021
	£'000	£'000
Amounts owed to Group undertakings	4,891	4,891
	<u>4,891</u>	<u>4,891</u>

Amounts owed by Group undertakings are unsecured, payable on demand and interest-free.

5. Other borrowings

	2022	2021
	£'000	£'000
The borrowings are repayable as follows:		
Within one year	225	225
Total	<u>225</u>	<u>225</u>

Chime Group Holdings Limited

Notes to the Company Financial Statements Year ended 31 December 2022

6. Statements of share capital, share premium and reserves

Share capital

Class	Number	Nominal value	31 December 2022	31 December 2021
			£'000	£'000
Ordinary shares	81,152,858	£1.00	-	-
A Ordinary	789,742	£0.10	79	79
B Ordinary	10,258	£0.10	1	1
C Ordinary	200,000	£0.10	20	20
Z Ordinary	65,808,529	£0.10	6,581	6,581
Preference shares	56,739,966	£0.10	5,674	5,674
			<hr/> 12,355	<hr/> 12,355

The Company has five classes of shares:

£0.10 A Ordinary shares with one vote per share, and no right to fixed income.

£0.10 B Ordinary shares with one vote per share, and no right to fixed income.

£0.10 C Ordinary shares with no voting rights, and no right to fixed income.

£0.10 Z Ordinary shares with one vote per share, and no right to fixed income.

£0.10 Preference shares with no voting rights, and no right to fixed income.

In 2020, the Company had one class of ordinary shares which carried no right to fixed income.

Share premium

Share premium arises from capital raised in an issue of shares, net of costs, to the extent that exceeds the nominal value of the shares.

7. Subsidiaries, associates and joint ventures

The Company's trading subsidiaries and associated undertakings are listed in appendix 1 of the consolidated financial statements.

Appendix 1 – Subsidiaries, Associates & Investments

The Group's subsidiaries and associated undertakings in 2022 are listed below:

Subsidiaries	Audit exemption	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Brand Cloudlines Limited	*	Branding and design	100%	United Kingdom
Boostr Limited	*	Sports marketing consultancy	100%	United Kingdom
C2S Acquisitions LLC		Sports marketing consultancy	100%	USA
Chime Limited	*	Holding company	100%	United Kingdom
Chime 360 Limited	*	Advertising and marketing	100%	United Kingdom
Chime Atlantic Limited	*	Treasury	100%	United Kingdom
Chime Australia Pty Limited		Digital research	100%	Australia
Chime Communications Limited	*	Head office activities	100%	United Kingdom
Chime Finance Limited	*	Head office activities	100%	United Kingdom
Chime Group Limited	*	Holding company	100%	United Kingdom
Chime Holdco Limited	*+	Head office activities	94%	United Kingdom
Chime Midco Limited	*	Head office activities	100%	United Kingdom
Chime Sport and Entertainment Middle East FZ-LLC		Sports marketing consultancy	100%	Dubai
CSM Advisory Group LLC		Sports marketing consultancy	100%	USA
CSM Live LLC		Sports marketing consultancy	100%	USA
CSM Live For Advertising W.L.L.		Sports marketing consultancy	100%	Qatar
CSM Marketing LLC		Sports marketing consultancy	100%	USA
CSM Motorsports Inc		Sports marketing and sponsorship	100%	USA
CSM Motorsports Limited	*	Sports marketing and sponsorship	100%	United Kingdom
CSM North America LLC		Holding company	100%	USA

Appendix 1 – Subsidiaries, Associates & Investments

Subsidiaries	Audit exemption	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
CSM Properties Inc		Sports marketing consultancy	100%	USA
CSM Soccer Inc		Sports marketing and sponsorship	100%	USA
CSM Sport and Entertainment Australia Pty Ltd		Athletes management and sports marketing	100%	Australia
CSM Sport and Entertainment Espana S.L.		Sports marketing consultancy	81%	Spain
CSM Sport and Entertainment France Limited	*	Athletes management and sports consultancy	100%	United Kingdom
CSM Sport and Entertainment Germany GmbH		Sports marketing consultancy	100%	Germany
CSM Sport and Entertainment Holdings Limited	*	Holding company	100%	United Kingdom
CSM Sport and Entertainment International Limited	*	Holding company	100%	United Kingdom
CSM Sport and Entertainment Middle East FZ LLC		Sports marketing consultancy	100%	Abu Dhabi
CSM Sport and Entertainment, Inc.		Sports marketing and sponsorship	100%	USA
Cowry Consulting Limited	*	Advertising and marketing	100%	United Kingdom
Curb Group Limited	*	Sports marketing consultancy	100%	United Kingdom
Deutsche Chime GmbH		Holding company	100%	Germany
Facts International Limited	*	Research	100%	United Kingdom
Fast Track Hong Kong Limited		Sports marketing consultancy	100%	Hong Kong
FIL Market Research Limited	*	Research	100%	United Kingdom
Girl & Bear Limited	*	Advertising and marketing	100%	United Kingdom
Good Relations Limited	*	Public relations	100%	United Kingdom
Greenroom International Limited	*	Sports marketing consultancy	100%	United Kingdom

Appendix 1 – Subsidiaries, Associates & Investments

Subsidiaries	Audit exemption	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
GRP Public Relations Limited	*	Public relations	100%	United Kingdom
Harvard Public Relations Limited	*	Public relations	100%	United Kingdom
Heresy IMS Group Limited	*	Holding company	100%	United Kingdom
ICON Prolab Events Organising LLC		Sports marketing consultancy	50%	Abu Dhabi
InEvidence Limited	*	Public relations	100%	United Kingdom
JHE Production LLC		Sports marketing consultancy	60%	USA
Method Communications LLC		Public relations	100%	USA
M/H VCCP, LLC		Advertising and marketing	100%	USA
One Step Beyond Promotions Limited	*	Sports marketing consultancy	100%	United Kingdom
Opinion Leader Research Limited	*	Market research	100%	United Kingdom
Phoenix Management Group Limited	*	Sports marketing consultancy	100%	United Kingdom
Prolab Digital 2 LLC		Sports marketing consultancy	100%	Dubai
Prolab Digital LLC		Sports marketing consultancy	100%	Dubai
Sling & Stone Pty Ltd		Public relations	100%	Australia
Sling & Stone LLC		Public relations	100%	USA
Sling & Stone Limited		Public relations	100%	New Zealand
Sling & Stone Pte. Ltd		Public relations	100%	Singapore
Snap London Limited	*	Advertising and marketing	100%	United Kingdom
SomeOneNewYork, LLC		Branding and design	100%	USA
SomeOneNewYork Holdings, Inc.		Holding company	100%	USA
Teamspirit Corporate and Business Limited	*	Financial services advertising and marketing	100%	United Kingdom

Appendix 1 – Subsidiaries, Associates & Investments

Subsidiaries	Audit exemption	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Teamspirit Limited	*	Financial services advertising and marketing	100%	United Kingdom
The Agency of Someone Limited	*	Branding and design	100%	United Kingdom
The Agency of Someone Pty Ltd		Branding and design	100%	Australia
The Blaze Agency Pty Limited		Athletes management and sports consultancy	100%	Australia
The Complete Leisure Group Limited	*	Sports marketing consultancy	99%	United Kingdom
VCCP Business Limited	*	Advertising and marketing	100%	United Kingdom
VCCP Business LLC		Advertising and marketing	100%	USA
VCCP GmbH		Advertising and marketing	100%	Germany
VCCP North America, Inc.		Holding company	100%	USA
VCCP Pty Ltd		Advertising and marketing	100%	Australia
VCCP Singapore Pte Ltd		Advertising and marketing	100%	Singapore
VCCP s.r.o.		Advertising and marketing	100%	Czech Republic
VCCP Health Limited	*	Advertising and marketing	100%	United Kingdom
VCCP Holdings Limited	*	Holding company	100%	United Kingdom
VCCP Overseas Limited	*	Holding company	100%	United Kingdom
VCCP Spain SL		Advertising and marketing	100%	Spain
VCCP USA, LLC		Advertising and marketing	100%	USA
WARL Group Limited	*	Advertising and marketing	100%	United Kingdom
Watermelon Research Limited	*	Digital research	100%	United Kingdom

Appendix 1 – Subsidiaries, Associates & Investments

Dormant

Subsidiaries (Dormant)	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
ABC Sports Management Limited	Dormant	100%	United Kingdom
AdConnection Holdings Limited	Dormant	100%	United Kingdom
AdConnection Limited	Dormant	100%	United Kingdom
Brass Tacks Publishing Group Limited	Dormant	100%	United Kingdom
Caucusworld Limited	Dormant	75%	United Kingdom
CSM Sports and Entertainment LLC	Dormant	100%	Oman
CSM Sport and Entertainment (Shanghai) Co., Ltd.	Dormant	100%	China
CSM Sport and Entertainment South Africa (Pty) Limited	Dormant	100%	South Africa
CSM Sport and Entertainment SG Pte Ltd.	Dormant	100%	Singapore
CSM Sports Company	Dormant	100%	Saudi Arabia
Curb Media Limited	Dormant	100%	United Kingdom
Fast Track Agency Limited	Dormant	100%	United Kingdom
Good Broadcast Limited	Dormant	100%	United Kingdom
Harvard Marketing Services Limited	Dormant	100%	United Kingdom
HW Sport and Entertainment Limited	Dormant	100%	United Kingdom
iLuka Limited	Dormant	100%	United Kingdom
ICON Beta Limited	Dormant	100%	United Kingdom
ICON Display Limited	Dormant	100%	United Kingdom
InEvidence LLC	Dormant	100%	USA
Insight Public Relations Limited	Dormant	100%	United Kingdom
Just Marketing International Limited	Dormant	100%	United Kingdom
Lighthouse Communications Limited	Dormant	100%	United Kingdom
Pelham Bell Pottinger (Trustees) Limited	Dormant	100%	United Kingdom

Appendix 1 – Subsidiaries, Associates & Investments

Subsidiaries (Dormant)	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
People Marketing Sport and Entertainment Hong Kong Limited	Dormant	100%	Hong Kong
People Marketing UK Limited	Dormant	100%	United Kingdom
Pure Digital Media Limited	Dormant	100%	United Kingdom
Pure Media Group Limited	Dormant	100%	United Kingdom
Roose and Partners Advertising Limited	Dormant	100%	United Kingdom
Roose Holdings Limited	Dormant	100%	United Kingdom
Roose Trustees (UK) Limited	Dormant	100%	United Kingdom
Sebastian Coe Limited	Dormant	100%	United Kingdom
SPS Etech Limited	Dormant	100%	United Kingdom
Stuart Higgins Communications Limited	Dormant	100%	United Kingdom
Teamspirit, Inc., (formerly Harvard Public Relations, Inc.,)	Dormant	100%	USA
Teamspirit Brand Limited	Dormant	100%	United Kingdom
The Quentin Bell Organisation Limited	Dormant	100%	United Kingdom
VCCP Bratislava	Dormant	100%	Slovakia

Limited Liability Partnerships

Limited Liability Partnerships	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
CSM Sport and Entertainment LLP	Sports marketing consultancy	100%	United Kingdom
VCCP Group LLP	Advertising and marketing	100%	United Kingdom

Appendix 1 – Subsidiaries, Associates & Investments

Associates & Investments

Associates & Investments	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Doublet CSM Live SAS	Sports marketing consultancy	60%	France
StratAgile Limited	Data analytics	40%	Singapore
Enigma Code Limited	Sports marketing consultancy	19%	United Kingdom
MESHH Limited	Sports marketing consultancy	10%	United Kingdom
Visual Creative Limited	Advertising and marketing	10%	United Kingdom

+ Direct subsidiary/associate of Chime Group Holdings Limited.

* This company has taken advantage of the S479a exemption from audit.