

THE MISSION GROUP plc
("MISSION", "the Group")

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Resilient Group-wide performance driven by sustained growth across Agency portfolio and progress on strategic growth priorities - 2023 trading in line with expectations

28 March 2023

The **MISSION** Group (AIM: TMG), creator of **Work That Counts**™, comprising a group of digital marketing and communications Agencies delivering real, sustainable growth for its Clients, is pleased to announce its final results for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

Year ended 31 December	2022	2021	change
• REVENUE (OPERATING INCOME)	£79.8m	£72.5m	+£7.3m
• HEADLINE OPERATING PROFIT*	£8.7m	£8.0m	+£0.7m
• HEADLINE PROFIT MARGINS	10.9%	11.1%	-0.2%
• HEADLINE PROFIT BEFORE TAX*	£7.8m	£7.5m	+£0.3m
• REPORTED PROFIT BEFORE TAX	£0.7m	£6.8m	-£6.1m
• HEADLINE EARNINGS PER SHARE*	6.8p	6.6p	+0.2p
• HEADLINE DILUTED EARNINGS PER SHARE*	6.7p	6.5p	+0.2p
• TOTAL DIVIDEND PER SHARE	2.50p	2.40p	+0.1p

*Headline results are calculated before acquisition adjustments, start-up costs and exceptional restructuring costs (as set out in Note 3).

- Strong revenue growth of 10% spanning all business segments
- Headline operating profit for full year 2022 up 8% driven by operational improvements
- Excellent Group-wide performance demonstrates resilience across the Agency portfolio
- Stable balance sheet with low level of acquisition obligations outstanding
- Debt leverage ratios remain comfortably within Board limits
- Proposed final dividend of 1.67 pence per share brings total for 2022 to 2.50 pence per share, up 4% on 2021 (2.40 pence)

BUSINESS HIGHLIGHTS

- Excellent progress against strategic priorities, with strong investment in creative, customer experience, and data and analytics to drive business development
- Strong and enduring Client retention across Agencies. New blue-chip Clients include Diageo, Disney+, ScS, Bugatti, Phihong Tech and Macmillan Cancer
- Investment for growth through acquisition of Livity (youth creative consultancy) and Influence (sports marketing)
- Board restructured to better position the Group for strategic growth plan
- Brand refresh to deliver '**Work That Counts**™' underpins our vision to be the preferred creative partner for real business growth
- Inaugural ESG Report demonstrating further progress on our 'Making Positive Change' Manifesto, including Group carbon impact reduction of 40% since 2019

OUTLOOK

- Trading in 2023 has started well and in line with Board's expectations
- Group continues to monitor and capture market opportunities - post-year end acquisition of Mezzo Labs, a global data science and digital analytics consultancy and launch of Turbine, an

integrated Growth Media agency specialising in earned, owned and paid media for consumer brands.

Julian Hanson-Smith, MISSION's Non-Executive Chair, commented: "MISSION's continued growth in 2022 highlights the resilience and strength of the Group across all of its Agencies, and our ability to deliver value for Clients in a time of economic uncertainty. This reflects MISSION's strategic growth plan and progress to drive improved performance. Trading in the year-to-date is in line with our expectations. The investments we have made as part of our plan mean MISSION is well positioned for growth in 2023 and beyond."

ENQUIRIES

James Clifton, Chief Executive Officer Giles Lee, Chief Financial Officer The MISSION Group plc	020 7462 1415
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NOTES TO EDITORS

MISSION is a group of digital marketing and communications Agencies. Employing 1,000 people across 27 locations and three continents, the Group successfully combines its diverse expertise to produce **Work That Counts**TM for our Clients, whatever their ambitions. Creating real standout, sharing real innovation and delivering real business growth for some of the world's biggest brands. www.themission.co.uk

CHAIR'S STATEMENT

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

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

The operational improvements made in 2021 and 2022 underpinned headline operating profit growth of 8.0% to £8.7m (2021: £8.0m). A focus on cost management in response to significant cost and wage inflationary pressures resulted in an improvement in headline PBT to £7.8m (2021: £7.5m). Operating profit of £1.6m was significantly down (2021: £7.3m), reflecting a series of one-off adjustments relating to the strategic review of non-core operations, including the Group's Asian operations and Industrial IoT solutions business Pathfindr.

Following the launch of our ESG strategy, *Making a Positive Change*, in 2020, we were clear that we wanted to challenge ourselves with a series of ambitious commitments to make a positive difference. Thanks to the efforts of the entire Group, I'm very pleased to be able to report good progress across a number of key areas, outlined in our first ESG Report.

Board

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

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

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

Dividend

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

Outlook

The progress made in 2022 has ensured **MISSION** now has the right platform in place to support the next phase of our growth, delivering **Work That Counts**TM as the preferred creative partner for real business growth. Our sharpened strategic plan aims to deliver an operating income target of c. £100m by 2025, with higher margin performance trending to 13% across our areas of strength.

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

Julian Hanson-Smith

Non-Executive Chair

CHIEF EXECUTIVE'S STATEMENT

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

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

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

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

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

Building on the momentum achieved across the business in recent years, we are now evolving our

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

Performance and Progress

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

Whilst our creative Agency krow experienced a more challenged year than originally forecast, February saw the successful launch of krow-x, which better imbeds CX insight into their creative process.

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

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

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

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

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

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

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

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

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

These have included:

During 2022

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

Post Year End

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

Making a Positive Change

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

Particular highlights in the report have included the progress we have made in reducing our carbon impact as a Group with a reduction of 41% in 2019-2021 and our commitment to improving Group Diversity and Inclusion through our partnership with Creative Access, the social enterprise working Group. Full details of our progress can be found in our ESG Report which is available on our website within the Culture section under Making A Positive Change.

Outlook

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

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

CHIEF FINANCIAL OFFICER'S REVIEW

Trading performance

Overview

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

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

Billings and revenue

Turnover (billings) was 19% higher than the previous year, at £182.7m (2021: £153.3m), but since billings include pass-through costs (e.g. TV companies' charges for buying airtime), the Board does not consider turnover to be a key performance measure for its Agencies. Instead, the Board views operating income (turnover less third-party costs) as a more meaningful measure of activity levels. Taken as a whole, the Group's operating income (referred to as 'revenue') for the year increased by 10% to £79.8m (2021: £72.5m), with growth delivered across all reported business segments.

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

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

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

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

Profit and margins

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

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

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

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

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

Acquisition-related costs of £0.6m compared to £0.2m profit in 2021. The 2022 charge consists primarily of the amortisation of intangibles recognised on acquisitions of £0.5m (2021: £0.4m) as well as professional fees in support of the acquisitions such as Influence made in the year. The 2021 profit was driven by a one-off £0.8m reduction in movement of fair value consideration (2022: £0.3m).

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

Adjusting for these items delivers a headline operating profit of £8.7m showing good, 8% growth on 2021 (£8.0m).

The headline operating expenditure base increased in the year by 10% (from £64.5m in 2021 to £71.2m in 2022) with the Group determined to continue to invest in its most important asset, its people and their wellbeing, even as macro-economic pressures heightened. In spite of - or as a result of - this investment the Group was able to maintain operating margins in line with 2021 at 11%.

Interest charges of £1.0m increased significantly on 2021 (£0.7m) driven primarily by considerable interest rate increases globally as central banks sought to curb inflationary pressures.

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

Taxation

The headline tax rate held steady at 21.1% (2021: 22.0%).

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

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

Earnings Per Share

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

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

Dividend

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

£36.0m, 2021: £38.7m).

A dividend of 0.83 pence per share was paid in December 2022. The Board has proposed a resolution for a final dividend of 1.67 pence per share in its AGM Notice, bringing the total for the year to 2.50 pence per share. This represents a 4% increase on the total dividend declared in 2021 (2.40 pence per share).

Balance sheet

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

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

The Board undertakes an annual assessment of the value of all goodwill, explained further in Note 10. At 31 December 2022 the Board concluded that, with the exception of a £2.0m write down of the Bray Leino Splash goodwill as described above, no impairment in the carrying value was required.

The Group's acquisition obligations at the end of 2022 were £4.1m (2021: £3.3m), to be satisfied by a mix of shares and cash. All of this is dependent on post-acquisition earn-out profits. £1.4m is expected to fall due for payment in cash within 12 months and a further £0.1m in cash in the subsequent 12 months. The Directors believe that the strength of the Group's balance sheet can comfortably accommodate these obligations alongside the Group's commitments to capital expenditure (expected to run at similar levels to recent years) and dividend payments.

Consolidated Net Current Assets closed at £7.7m (2021 £10.3m). This was in part the result of the increase in Acquisition Obligations noted above and in part an increase in Trade creditors at the year end of £3.6m in comparison to 2021.

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

Cash flow

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

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

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

Bank loans increased by £1.0m and this, coupled with the free cash flow provided funding for new acquisitions amounting to £1.9m (2021: £0.7m), the settlement of contingent obligations relating to the profits generated by previous acquisitions totalling £0.8m (2021: £6.7m) and dividends of £2.2m (2021: £2.1m). The working capital movement is defined as the aggregate movement in receivables, stock and payables and was reported as an inflow of £1.1m (2021: £4.8m outflow).

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

Going concern

The Directors have considered the financial projections and cash flow projections for the Group alongside the availability of committed bank facilities of £20m (expiring 5 April 2025), the option to increase the facility by £5m, an overdraft facility of £3.0m, and the headroom afforded against Total Debt Leverage and Bank Debt Leverage covenant tests for the coming 12 months. This leads the Directors to become satisfied that, taking account of reasonably possible changes in trading performance, it is appropriate to adopt the going concern basis in preparing the financial statements.

Key performance indicators

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

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

- Achieve organic revenue growth of at least 5% per year [delivered + 6%];
- Increase headline operating profit margins to 14% [delivered 11%];
- Grow headline profit before tax by 10% year-on-year [delivered 4%]; and
- Maintain the ratio of net bank debt to EBITDA* at or below x1.5 [delivered x1.2] and the ratio of total debt (including both bank debt and deferred acquisition consideration) to EBITDA at or below x2.0 [delivered x1.6].

*EBITDA is headline operating profit before depreciation and amortisation charges.

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

Outlook

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

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

Giles Lee

Group Chief Financial Officer

Consolidated Income Statement

For the year ended 31 December 2022

	Note	Year to 31 December 2022	Year to 31 December 2021
		£'000	£'000
TURNOVER	2	182,685	153,287
Cost of sales		(102,871)	(80,792)
OPERATING INCOME	2	79,814	72,495
Headline operating expenses		(71,157)	(64,476)
HEADLINE OPERATING PROFIT		6,657	8,020

HEADLINE OPERATING PROFIT		8,657	8,019
Goodwill and business impairment	3	(5,257)	-
Start-up costs	3	(776)	(367)
Acquisition adjustments	3	(593)	156
Restructuring costs	3	(402)	(496)
OPERATING PROFIT		1,629	7,312
Share of results of associates and joint ventures		160	140
PROFIT BEFORE INTEREST AND TAXATION		1,789	7,452
Net finance costs	5	(1,046)	(701)
PROFIT BEFORE TAXATION	6	743	6,751
Taxation	7	(707)	(1,432)
PROFIT FOR THE YEAR		36	5,319

Attributable to:

Equity holders of the parent	9	5,423
Non-controlling interests	27	(104)
	36	5,319

Basic earnings per share (pence)	9	0.0	6.0
Diluted earnings per share (pence)	9	0.0	5.9
Headline basic earnings per share (pence)	9	6.8	6.6
Headline diluted earnings per share (pence)	9	6.7	6.5

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

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

Consolidated Balance Sheet

As at 31 December 2022

	Note	As at 31 December 2022	As at 31 December 2021
		£'000	£'000
FIXED ASSETS			
Intangible assets	10	99,741	98,974
Property, plant and equipment		2,090	2,102
Right of use assets		9,536	9,149
Investments, associates and joint ventures	11	437	517
		111,804	110,742

CURRENT ASSETS			
Stock		2,185	2,112
Trade and other receivables	12	41,255	40,538
Cash and short term deposits		6,153	6,066
		49,593	48,716
CURRENT LIABILITIES			
Trade and other payables	13	(39,667)	(37,338)
Corporation tax payable		(794)	(380)
Bank loans	14	(27)	-
Acquisition obligations	16.1	(1,371)	(692)
		(41,859)	(38,410)
NET CURRENT ASSETS		7,734	10,306
TOTAL ASSETS LESS CURRENT LIABILITIES		119,538	121,048
NON CURRENT LIABILITIES			
Bank loans	14	(17,488)	(16,393)
Lease liabilities	15	(8,481)	(8,077)
Acquisition obligations	16.1	(2,772)	(2,623)
Deferred tax liabilities		(622)	(483)
		(29,363)	(27,576)
NET ASSETS		90,175	93,472
CAPITAL AND RESERVES			
Called up share capital	17	9,102	9,102
Share premium account		45,928	45,928
Own shares	18	(994)	(518)
Share-based incentive reserve		1,010	868
Foreign currency translation reserve		(610)	-
Retained earnings		35,558	37,820
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		89,994	93,200
Non-controlling interests		181	272
TOTAL EQUITY		90,175	93,472

Consolidated Cash Flow Statement
For the year ended 31 December 2022

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Operating profit	1,629	7,312
Depreciation, amortisation and impairment charges	8,701	4,029
Decrease in the fair value of contingent consideration	(334)	(761)
Loss on disposal of property, plant and equipment	10	11
Non-cash charge for share options, growth shares and shares awarded, net of awards settled in cash	73	(48)
Decrease / (increase) in receivables	149	(6,703)
Increase in stock	(73)	(918)
Increase in payables	1,056	2,798
OPERATING CASH FLOWS	11,211	5,720
Net finance costs paid	(1,002)	(781)
Tax paid	(482)	(1,355)
Net cash inflow from operating activities	9,727	3,584
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	64	72
Purchase of property, plant and equipment	(1,092)	(884)
Investment in software and product development	(1,852)	(1,024)
Acquisitions of or investments in businesses	(1,893)	(663)
Payment relating to acquisitions made in prior years	(790)	(6,714)
Cash acquired with subsidiaries	271	435
Net cash outflow from investing activities	(5,292)	(8,778)
FINANCING ACTIVITIES		
Dividends paid	(2,180)	(2,100)
Dividends paid to non-controlling interests	(40)	-
Payment of lease liabilities	(1,935)	(2,016)
Increase in bank loans	992	11,500

Purchase of own shares held in EBT	(497)	-
Net cash (outflow) / inflow from financing activities	(3,660)	7,384
Increase in cash and cash equivalents	775	2,190
Exchange differences on translation of foreign subsidiaries	(688)	70
Cash and cash equivalents at beginning of year	6,066	3,806
Cash and cash equivalents at end of year	6,153	6,066

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium	Own shares	Share-based incentive reserve	Foreign currency translation reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	9,102	45,928	(591)	642	(66)	34,842	89,857	372	90,229
Profit for the year	-	-	-	-	-	5,423	5,423	(104)	5,319
Exchange differences on translation of foreign operations	-	-	-	-	66	-	66	4	70
Total comprehensive income for the year	-	-	-	-	66	5,423	5,489	(100)	5,389
Share option charge	-	-	-	174	-	-	174	-	174
Growth share charge	-	-	-	52	-	-	52	-	52
Shares awarded and sold from own shares	-	-	73	-	-	(345)	(272)	-	(272)
Dividend paid	-	-	-	-	-	(2,100)	(2,100)	-	(2,100)
At 31 December 2021	9,102	45,928	(518)	868	-	37,820	93,200	272	93,472
Profit for the year	-	-	-	-	-	9	9	27	36
Exchange differences on translation of foreign operations	-	-	-	-	(610)	-	(610)	(78)	(688)
Total comprehensive income for the year	-	-	-	-	(610)	9	(601)	(51)	(652)
Share option charge	-	-	-	33	-	-	33	-	33
Growth share charge	-	-	-	109	-	-	109	-	109
Own shares purchased by EBT	-	-	(497)	-	-	-	(497)	-	(497)
Shares awarded and sold from own shares	-	-	21	-	-	(91)	(70)	-	(70)
Dividend paid	-	-	-	-	-	(2,180)	(2,180)	(40)	(2,220)
At 31 December 2022	9,102	45,928	(994)	1,010	(610)	35,558	89,994	181	90,175

Notes to the Consolidated Financial Statements

1. Principal Accounting Policies

Basis of preparation

The results for the year to 31 December 2022 have been extracted from the audited consolidated financial statements, which are expected to be published by 29 March 2023.

The financial information set out above does not constitute the Company's statutory accounts for the years to 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for the year ended 31 December 2021 were delivered to the Registrar of Companies following the Annual General Meeting on 21 June 2022 and the statutory accounts for 2022 are expected to be published on the Group's website (www.themission.co.uk) shortly, posted to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 20 June 2023 and, after approval at the AGM, delivered to the Registrar of Companies.

The auditors, PKF Francis Clark, have reported on the accounts for the years ended 31 December 2022 and 31 December 2021; their reports in both years were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006 in respect of those accounts.

2. Segmental Information

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

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

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

Year to 31 December 2022	Advertising & Digital £'000	Media Buying £'000	Events £'000	Public Relations £'000	Total £'000
Turnover	109,406	39,008	25,440	8,831	182,685
Operating income	62,045	4,335	6,255	7,179	79,814

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

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

Geographical segmentation

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

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
UK	67,766	63,160
USA	9,156	6,425
Asia	2,667	2,720
Rest of Europe	225	190
	79,814	72,495

3. Reconciliation of Headline Profit to Reported Profit

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000		
	PBT £'000	PAT £'000	PBT £'000	PAT £'000
Headline profit	7,771	6,130	7,458	5,819
Goodwill and business impairment	(5,257)	(4,697)	-	-
Start-up costs	(776)	(629)	(367)	(341)
Acquisition-related items (Note 4)	(593)	(443)	156	243
Restructuring costs	(402)	(325)	(496)	(402)
Reported profit	743	36	6,751	5,319

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

Start-up costs derive from organically started businesses or loss-making businesses acquired and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2022 relate to the trading losses of the new Livity youth-marketing offer as well as costs associated with the early-stage foundation of performance marketing and data science capabilities. Start-up costs in 2021 related to the launch of a Mongoose Sports venture in Birmingham and the venture Alive, launched in Asia in 2021.

Restructuring costs in 2022 comprised the costs associated with the major fundamental restructuring of the Splash business. Board restructuring costs in 2021 comprised leaving packages payable to former **MISSION** directors Robert Day, Peter Fitzwilliam and David Morgan following their resignations.

4. Acquisition Adjustments

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

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

5. Net Finance Costs

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Interest on bank loans and overdrafts, net of interest on bank deposits	(656)	(283)
Amortisation of bank debt arrangement fees	(48)	(67)
Interest expense on lease liabilities	(342)	(351)
Net finance costs	(1,046)	(701)

6. Profit Before Taxation

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

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

7. Taxation

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

Factors Affecting the Tax Charge for the Current Year:

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

The differences are:

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
Profit before taxation	743	6,751
Profit on ordinary activities before tax at the standard rate of corporation tax of 19.00% (2021: 19.00%)	141	1,283

Effect of:		
Rate changes	(99)	119
Non-deductible expenses / income not taxable	562	(42)
Depreciation (lower than) capital allowances	(76)	(32)
Losses not utilized	-	36
Higher rates on overseas earnings	190	160
Adjustments in respect of prior periods	(36)	(64)
Other differences	25	(28)
Actual tax charge for the year	707	1,432

8. Dividends

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

The 2019 final dividend of 1.53 pence per share was proposed in the 2019 annual report and accounts but subsequently deferred due to the priority to preserve cash during the pandemic. Following the much-improved net debt position at 31 December 2020, this dividend was paid in March 2021 and, in accordance with IFRS, recognised in the 2021 accounts.

A final dividend of 1.67 pence per share is to be paid in July 2023 should it be approved by shareholders at the AGM. In accordance with IFRS this final dividend will be recognised in the 2023 accounts.

9. Earnings Per Share

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

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Earnings		
Reported profit for the year		
Attributable to:		
Equity holders of the parent	9	5,423
Non-controlling interests	27	(104)
	36	5,319
Headline earnings (Note 3)		
Attributable to:		
Equity holders of the parent	6,103	5,923
Non-controlling interests	27	(104)
	6,130	5,819
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	89,906,999	90,134,211
Dilutive effect of securities:		
Employee share options	617,992	1,414,543
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	90,524,991	91,548,754
Reported basis		
Basic earnings per share (pence)	0.0	6.0
Diluted earnings per share (pence)	0.0	5.9

Headline basis:

Basic earnings per share (pence)	6.8	6.6
Diluted earnings per share (pence)	6.7	6.5

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

10. Intangible Assets

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

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

As a result of the performance and restructuring of the operations of Bray Leino Splash Pte Ltd, the Directors considered it prudent to impair £2.0m of goodwill relating to this CGU. No other impairments in goodwill were required. No change to this conclusion is reached as a result of the following independent changes in assumptions: nil growth in 2023 and a one-year delay in the achievement of 2023 budgets; any reduction in short term growth rates beyond 2024; nil long term growth rates; a 1% increase in discount rate. The only change in assumptions that would result in a material impairment in the carrying value of the Group's goodwill is an increase in discount rate of 4%, which management do not believe is a reasonably possible change in key assumption.

11. Investments, Associates and Joint Ventures

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

12. Trade and Other Receivables

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

An allowance has been made for estimated irrecoverable amounts from the provision of services of £228,000 (2021: £225,000). The estimated irrecoverable amount is arrived at by considering the historical loss rate and adjusting for current expectations, Client base and economic conditions. Both historical losses and expected future losses being very low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables and accrued income.

Accrued income relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts.

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

Trade receivables include £6.5m (2021: £7.4m) that is past due but not impaired, of which £1.0m (2021: £1.1m) is greater than 3 months past due.

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

13. Trade and Other Payables

	31 December 2022 £'000	31 December 2021 £'000
Trade creditors	14,454	10,807
Deferred income	8,903	9,128
Other creditors and accruals	10,771	11,196
Other tax and social security payable	3,957	4,611
Lease liabilities (Note 15)	1,582	1,596
39,667	37,338	

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

14. Bank Overdrafts, Loans and Net Bank Debt

	31 December 2022 £'000	31 December 2021 £'000
Bank loan outstanding	17,575	16,500
Unamortised bank debt arrangement fees	(60)	(107)
Carrying value of loan outstanding	17,515	16,393
Less: Cash and short term deposits	(6,153)	(6,066)
Net bank debt	11,362	10,327
The borrowings are repayable as follows:		
Less than one year	27	-
In one to two years	17,521	-
In two to three years	22	16,500
In three to four years	5	-
	17,575	16,500
Unamortised bank debt arrangement fees	(60)	(107)
	17,515	16,393
Less: Amount due for settlement within 12 months (shown under current liabilities)	(27)	-
Amount due for settlement after 12 months	17,488	16,393

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

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

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

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

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

All borrowings are in sterling.

15. Lease Liabilities

Obligations under leases are due as follows:

	31 December 2022	31 December 2021
	£'000	£'000
In one year or less (shown in trade and other payables)	1,582	1,596
In more than one year	8,481	8,077
	<hr/> 10,063	<hr/> 9,673

16. Acquisitions

16.1 Acquisition Obligations

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

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

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

	Cash £'000	Shares £'000	Total £'000
At 31 December 2021	3,315	-	3,315
Obligations settled in the period	(790)	-	(790)

During the period	1	2	3
Adjustments to estimates of obligations	(334)	-	(334)
New acquisitions	1,952	-	1,952
At 31 December 2022	4,143	-	4,143

16.2 Acquisition of Influence Sports Ltd

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

Maximum contingent consideration of £6,500,000 is dependent on Influence achieving a profit target over the period 1 January 2023 to 31 December 2025. The Group has provided for contingent consideration of £1,780,000 to date.

The fair value of the net identifiable assets acquired was £73,000 resulting in goodwill and previously unrecognised other intangible assets of £3,264,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction. Management concluded that both a brand name and customer relationships were acquired and attributed a value to each of these by applying commonly accepted valuation methodologies. The goodwill arising on the acquisition is attributable to the anticipated profitability of Influence.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired:			
Fixed assets	9	-	9
Trade and other receivables	460	-	460
Cash and cash equivalents	89	-	89
Trade and other payables	(483)	-	(483)
Deferred tax	(2)	-	(2)
	73	-	73
Other intangibles recognised at acquisition	-	573	573
Deferred tax adjustment	-	(143)	(143)
	73	430	503
Goodwill			2,834
Total consideration			3,337
Satisfied by:			
Cash			1,557
Deferred contingent consideration			1,780
			3,337

Influence contributed turnover of £439,000, operating income of £329,000 and headline operating profit of £222,000 to the results of the Group in 2022.

16.3 Other Acquisitions

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

16.4 Pro-forma results including acquisitions

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

17. Share Capital

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

Share-based incentives

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

	At start of year	Granted/ acquired	Waived/ lapsed	Exercised	At end of year
TMMG Long Term Incentive Plan	711,211	-	(146,628)	(171,362)	393,221
Growth Share Scheme	3,200,000	-	-	-	3,200,000

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

Shares held in an Employee Benefit Trust (see Note 18) will be used to satisfy share options exercised under the Long Term Incentive Plan.

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

18. Own Shares

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

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

19. Post Balance Sheet Events

There have been no material post balance sheet events.

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