MISSION

INTERIM REPORT

For the six months to 30 June 2021

MISSION is a collective of Creative and MarTech Agencies led by entrepreneurs who encourage an independent spirit. Employing 1,000 people across 27 locations and 3 continents, the Group successfully combines its diverse expertise to produce **Work That Counts** for our Clients, whatever their ambitions.

Contents

4 Highlights

5 Overview

8 Condensed consolidated income statement

9 Condensed consolidated statement of comprehensive income

10 Condensed consolidated balance sheet

11 Condensed consolidated cash flow statement

12 Condensed consolidated statement of changes in equity

13 Notes to the unaudited interim report

THE MISSION GROUP PLC INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2021

Financial Highlights

- Strong revenue growth combined with diligent cost control delivered a resounding return to profit for H1 2021.

Six months ended 30 June	2021	2020
• Revenue	£34.1m	£29.1m
• Operating Profit / (Loss)*	£2.0m	(£1.8m)
• Headline Profit / (Loss) Before Tax*	£1.8m	(£2.2m)
• Reported Profit / (Loss) Before Tax	£1.4m	(£2.3m)
• Earnings Per Share (pence)*	1.70	(1.92)
• Diluted Earnings Per Share (pence)*	1.68	(1.92)

- Net bank debt of £3.9m (30 June 2020: £0.9m, 31 December 2020: £1.2m). £4.5m of deferred payments (HMRC, dividend) settled in the period. Underlying cash management therefore strong against these comparators.
- Bank debt leverage ratio closed at 0.7x (30 June 2020: 0.1x, 31 December 2021 0.6x).
- Interim dividend declared at 0.80p (2020: nil), ahead of 2019 (0.77p).

*Headline results are calculated before acquisition adjustments, start-up costs and exceptional restructuring costs.

Business Highlights

- H1 performance ahead of Board's original expectations, achieved despite longer, tougher lockdown restrictions than forecast.
- Sequential recovery towards 2019 pre-COVID normality continues to accelerate.
- Eleven of thirteen eligible Agencies delivered significant H1 year on year improvement.
- Group remained at the forefront of activity across sectors that have remained resilient throughout the pandemic, with a particularly strong performance from its technology division across both the UK and North American markets.
- Sustained recovery seen across a number of sectors including events and property, reflecting growing Client confidence in economic outlook.
- New business wins included Redrow PLC, Porsche GB, Mecca and Cazoo.
- Strategic investments made last year in centralised functions continue to benefit Agencies with roll out of **MISSION** Made completed during the period.

Outlook

- The Group has a longstanding track record of delivering a considerable majority of its profit in H2 and it is confidently forecasting to do the same.
- The Board expects the Group's sequential recovery to continue in line with expectations as long as the removal of lockdown restrictions remain in place and the economy returns to a more 'business as usual' state.

Overview

We are pleased to be able to report financial results for the first half of 2021 that are ahead of the Board's original expectations. Despite the impact of a prolonged third lockdown in the first half of 2021 which had an inevitable impact on the pace of economic recovery, **MISSION** has continued to see a marked sequential quarter on quarter recovery in both revenue and profitability. This has resulted in revenues for the period of £34.1m (2020: £29.1m) and a headline operating profit of £2.0m (2020: loss of £1.8m).

Out of thirteen **MISSION** Agencies, eleven delivered a significant H1 year on year improvement in performance (excludes Pathfindr as it is not an Agency and Innovation Bubble as it was acquired in June 2020). We have continued to see particularly strong performances from our Agencies that operate in sectors more resilient to the effects of the pandemic, including our specialist technology and mobility Agency, April Six, which delivered a 10% increase in revenue, achieving growth both in the UK and North America markets. In particular, April Six trading in North America for the first half year climbed 25% ahead of the equivalent, pre-pandemic period in 2019.

As the period progressed we also started to benefit from the rebound in sectors that were significantly impacted by the pandemic. Our specialist property marketing Agency ThinkBDW delivered a 27% increase in revenue following a resurgence in activity, reflecting the rebounding UK new homes market, while brand Agency Bray Leino achieved an impressive 42% growth in revenue as Clients returned to a more business as usual footing.

The progressive removal of most Covid-19 restrictions in the UK & US and the return to more 'normal' life is giving our Clients more confidence to plan for events. This return to a more confident outlook, combined with a backlog of delayed international and nationwide events, has led to increased activity for a number of our Agencies including Bray Leino Events which is supporting on a number of forthcoming projects including the prestigious UK Pavilion at the upcoming Dubai Expo.

New business opportunities have continued to present themselves across the Group with new Client wins throughout the period including Porsche GB, Redrow PLC, Novo Nordisk, Mecca, Cazoo, Bottlegreen and Burts Chips.

MISSION continues to benefit from the strategic investments we made last year to support our Agencies through our centralised function, such as the acquisition of Innovation Bubble, which provides expert research and advice to our Clients both directly and through our Agencies. So far in 2021 we have also completed the rollout of **MISSION** Made, a 24/7 digital production studio, innovation hub and evolving e-commerce capability, supporting our Agencies. We remain focussed on exploring further organic and acquisitive growth opportunities to further leverage our compelling infrastructure.

The Group has just completed a brand 'refresh' with the goal of better reflecting **MISSION**'s vision to be the preferred creative partner for real business growth. Following a consultative process, we will use the descriptor, creator of '**Work That Counts**', to demonstrate that everything we do is designed to make the difference our Clients are looking for and why they consider us to be a long term creative partner that consistently delivers real growth.

As we take steps to continue this momentum and further drive growth over the next six months, we have identified three strategic areas that we intend to focus on. The first is developing our data and analytics offer, which is a major growth area in the world of marketing and advertising. We have recently appointed a new data and analytics lead and, in order to further strengthen **MISSION**'s profile in the space, we will soon be launching the '**MISSION** BRAND BONDING INDEX.' This will be a free to use online platform using comprehensive data and a bespoke algorithm to benchmark 100 global brands, and will act as a new business prospecting tool for the Group.

The second strategic area of focus is enhancing our creative and customer experience (CX) capability. We have identified an opportunity to leverage the power of our existing CX consultancy, Ethology, and psychological insights and behavioural solutions consultancy, Innovation Bubble, with meaningful creative talent, which allows us to have continued breadth and depth of expertise and services to fit today's customer challenges.

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

Finally, I am pleased to say the next few months will see more **MISSION** employees continue to return to our offices, with many Agencies trialling hybrid ways of working. All our offices are open and occupied with every care taken to ensure workspaces remain safe, and we will evolve and adapt until we find the optimum balance.

Financial performance

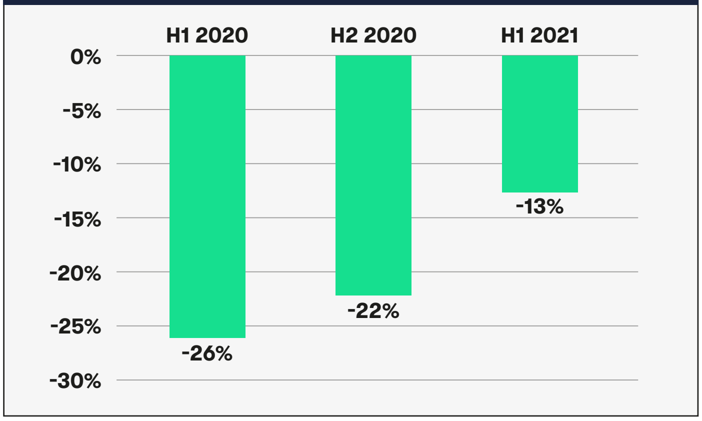
Last year when the pandemic hit, we took swift and proactive measures to mitigate the financial impact of COVID-19. This and the progress the business made towards the end of last year meant that the Group began 2021 in good financial health. Despite a longer and tougher UK lockdown than expected at the start of 2021, trading for the first half year began well and was ahead of the Board's expectations.

Billings and revenue

Turnover ("billings") for the six months ended 30 June 2021 increased by 20% to £69.5m (2020: £58.1m) while operating income ("revenue") increased by 17% to £34.1m (2020: £29.1m).

Importantly, the pattern of sequential recovery of revenue, against the equivalent periods in 2019, continues to demonstrate that the business is quickly returning to 'normality'. This is a recovery that is expected to gain further momentum through the second half of the year as lockdown restrictions continue to ease and economies re-open across the world.

THE SEQUENTIAL RECOVERY CONTINUES
Revenues compared to equivalent 2019 period



Profits, margins and earnings per share

The increased revenues, combined with firm cost control exerted throughout the pandemic alongside a continued commitment to sharing infrastructure through the MISSION Made and Shared Services initiatives, have delivered improved earnings and margins compared to the first half of 2020.

Headline operating profits increased by £3.8m to £2.0m (2020: loss of £1.8m). Headline operating margins also increased strongly to 5.9% (2020: negative 6.1%).

Financing costs reduced to £0.3m (2020: £0.5m), reflecting both a lower average level of debt in the period and a reduction in interest rates payable on the debt, meaning that headline profit before tax increased to £1.8m (2020: loss of £2.2m).

Adjustments to headline profits in 2021, at £0.4m, were higher than the prior year (2020: £0.0m) due to £0.5m profit on the remeasurement of contingent acquisition consideration in 2020 (nil in 2021). After these adjustments, reported profit before tax was £1.4m (2020: loss of £2.3m).

The Group estimates an effective tax rate on headline profits before tax of 20% (2020: 20%), resulting in an increase in headline earnings to £1.4m for the six months (2020: loss of £1.8m) and reported profit after tax of £1.1m (2020: loss of £1.8m). Fully diluted EPS increased to 1.34 pence (2020: loss of 1.89 pence), while headline diluted EPS increased to 1.68 pence (2020: loss of 1.92 pence).

Balance sheet and cash flow

The key balance sheet ratio measured and monitored by the Board is the ratio of debt to headline EBITDA ("leverage ratio"). The Group started the year in a strong financial position with a net bank debt leverage ratio of 0.6 and closed the half year at 0.7. The Board also monitors the ratio of total debt, including remaining acquisition obligations, to EBITDA and this ratio has decreased to 1.8 (31 December 2020: 4.3).

That strong opening position to 2021 benefited from COVID-related payment deferrals, all of which were settled in the first half of the year. A total of £3.1m was paid in regard to the Government's tax deferral schemes along with the 2019 final dividend of £1.4m.

Furthermore, a total of £1.2m of acquisition obligations from prior years were settled in the first half of the year, all of which was in cash (2020: £1.6m of which £1.5m was in cash). After adjustments to estimated future contingent consideration payments the total estimated acquisition liability at 30 June 2021 totalled £7.3m (30 June 2020: £6.8m). Of this £6.6m is due for payment in the second half of 2021 with £6.3m of this being cash.

Consequently, the Group's net bank debt on 30 June 2021 of £3.9m compares well with the positions on 30 June 2020 (£0.9m) and 31 December 2020 (£1.2m), particularly when these deferred settlements totalling £4.5m are taken into account.

Finally, and to underline the Group's financial health, a new three year, £20m Revolving Credit Facility has been agreed with our longstanding bankers NatWest. This arrangement also has an "accordion option" to increase the facility by up to £5m.

Dividend

The Board has taken confidence from the strong trading performance in H1 as well as the wider economic recovery so is declaring an interim dividend of 0.80 pence (2020: nil). This represents a 4% increase over the 2019 equivalent. This will be payable on 3 December 2021 to all shareholders on the register on 5 November 2021. The ex-dividend date is 4 November 2021.

Board

Today's results will be the last announced under David Morgan as Executive Chairman of the Group, who is due to retire on 30 September 2021 following the Group's announcement on 15 June 2021.

David will be replaced by Julian Hanson-Smith as Non-Executive Chairman, who has served as a Non-Executive Director of **MISSION** since 2015, as part of a seamless transition that has been planned for some time.

Outlook

The Group has a long, pre-pandemic track record of delivering a considerable majority of its profit in the second half year. The Board fully expects this to be the case again this year and for the performance delivered in the second half to be underpinned by the further benefits expected from the removal of lockdowns as well as the general return to a 'business as usual' economy. The sequential recovery continues.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
TURNOVER	2	**69,518**	58,116	121,927
Cost of sales		**(35,380)**	(29,036)	(60,409)
OPERATING INCOME	2	**34,138**	29,080	61,518
Headline operating expenses		**(32,126)**	(30,862)	(59,585)
HEADLINE OPERATING PROFIT / (LOSS)		**2,012**	(1,782)	1,933
Acquisition adjustments	4	**(224)**	166	(1,891)
Exceptional restructuring costs		**-**	-	(1,004)
Start-up costs		**(149)**	(212)	(335)
OPERATING PROFIT / (LOSS)		**1,639**	(1,828)	(1,297)
Share of results of associates and joint ventures		**50**	16	56
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION		**1,689**	(1,812)	(1,241)
Net finance costs	5	**(296)**	(458)	(821)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,393**	(2,270)	(2,062)
Taxation	6	**(295)**	508	(186)
PROFIT / (LOSS) FOR THE PERIOD		**1,098**	(1,762)	(2,248)
Attributable to:				
Equity holders of the parent		**1,218**	(1,606)	(2,033)
Non-controlling interests		**(120)**	(156)	(215)
		1,098	(1,762)	(2,248)
Basic earnings per share (pence)	7	**1.35**	(1.89)	(2.30)
Diluted earnings per share (pence)	7	**1.34**	(1.89)	(2.30)
Headline basic earnings per share (pence)	7	**1.70**	(1.92)	1.00
Headline diluted earnings per share (pence)	7	**1.68**	(1.92)	0.98

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
PROFIT / (LOSS) FOR THE PERIOD	**1,098**	(1,762)	(2,248)
Other comprehensive income - items that may be reclassified separately to profit or loss:			
Exchange differences on translation of foreign operations	**(38)**	132	(173)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**1,060**	(1,630)	(2,421)
Attributable to:			
Equity holders of the parent	**1,194**	(1,466)	(2,187)
Non-controlling interests	**(134)**	(164)	(234)
	1,060	(1,630)	(2,421)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

	Note	As at 30 June 2021 Unaudited £'000	As at 30 June 2020 Unaudited £'000	As at 31 December 2020 Audited £'000
FIXED ASSETS				
Intangible assets	**8**	**95,859**	95,466	96,186
Property, plant and equipment		**2,154**	2,826	2,394
Right of use assets	**9**	**9,898**	12,005	10,729
Investments, associates and joint ventures		**427**	265	317
Deferred tax assets		**15**	19	-
		108,353	110,581	109,626
CURRENT ASSETS				
Stock		**1,228**	1,406	1,194
Trade and other receivables		**36,314**	30,177	33,314
Cash and short term deposits		**5,914**	4,011	3,806
		43,456	35,594	38,314
CURRENT LIABILITIES				
Trade and other payables		**(35,904)**	(32,798)	(34,138)
Corporation tax payable		**(42)**	(62)	(359)
Bank loans	**10**	**-**	-	(4,969)
Acquisition obligations	**11**	**(6,709)**	(6,487)	(7,765)
		(42,655)	(39,347)	(47,231)
NET CURRENT ASSETS / (LIABILITIES)		**801**	(3,753)	(8,917)
TOTAL ASSETS LESS CURRENT LIABILITIES		**109,154**	106,828	100,709
NON CURRENT LIABILITIES				
Bank loans	**10**	**(9,862)**	(4,948)	-
Lease liabilities	**9**	**(8,648)**	(10,274)	(9,414)
Acquisition obligations	**11**	**(580)**	(300)	(720)
Deferred tax liabilities		**(328)**	(384)	(346)
		(19,418)	(15,906)	(10,480)
NET ASSETS		**89,736**	90,922	90,229
CAPITAL AND RESERVES				
Called up share capital		**9,102**	9,102	9,102
Share premium account		**45,928**	45,928	45,928
Own shares		**(538)**	(646)	(591)
Share-based incentive reserve		**703**	528	642
Foreign currency translation reserve		**(90)**	228	(66)
Retained earnings		**34,393**	35,340	34,842
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**89,498**	90,480	89,857
Non-controlling interests		**238**	442	372
TOTAL EQUITY		**89,736**	90,922	90,229

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months to 30 June 2021	Six months to 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Operating profit / (loss)	**1,639**	(1,828)	(1,297)
Depreciation and amortisation charges	**2,080**	2,453	4,836
Movements in the fair value of contingent consideration	**-**	(469)	1,276
Loss on disposal of fixed assets	**4**	-	35
Non cash charge for share options, growth shares and shares awarded	**80**	101	183
(Increase) / decrease in receivables	**(3,060)**	10,821	7,684
Increase in stock	**(34)**	(315)	(103)
Increase / (decrease) in payables	**1,822**	(2,902)	(1,175)
OPERATING CASH FLOW	**2,531**	7,861	11,439
Net finance costs	**(412)**	(424)	(763)
Tax paid	**(645)**	(224)	(640)
Net cash inflow from operating activities	**1,474**	7,213	10,036
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	**11**	2	3
Purchase of property, plant and equipment	**(320)**	(230)	(421)
Investment in software development	**(153)**	(109)	(696)
Acquisition of or investments in businesses	**-**	(72)	(184)
Payment relating to acquisitions made in prior periods	**(1,196)**	(1,463)	(2,018)
Net cash outflow from investing activities	**(1,658)**	(1,872)	(3,316)
FINANCING ACTIVITIES			
Dividends paid	**(1,379)**	-	-
Repayment of lease liabilities	**(1,037)**	(1,477)	(2,769)
Increase in / (repayment of) bank loans	**5,000**	(5,000)	(5,000)
Purchase of own shares held in EBT	**(254)**	(13)	-
Net cash inflow / (outflow) from financing activities	**2,330**	(6,490)	(7,769)
Increase / (decrease) in cash/equivalents	**2,146**	(1,149)	(1,049)
Exchange differences on translation of foreign subsidiaries	**(38)**	132	(173)
Cash/cash equivalents at beginning of period	**3,806**	5,028	5,028
Cash and cash equivalents at end of period	**5,914**	4,011	3,806

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital £'000	Share premium £'000	Own shares £'000	Share-based incentive reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2020	**8,530**	**43,015**	**(659)**	**700**	**88**	**40,021**	**91,695**	**606**	**92,301**
Loss for period	–	–	–	–	–	(1,606)	(1,606)	(156)	(1,762)
Exchange differences on translation of foreign operations	–	–	–	–	140	–	140	(8)	132
Total comprehensive loss for period		–	–	–	140	(1,606)	(1,466)	(164)	(1,630)
New shares issued	28	135	–	–	–	–	163	–	163
Share option charge	–	–	–	64	–	–	64	–	64
Growth share charge	–	–	–	35	–	–	35	–	35
Settlement of growth shares	544	2,788	–	(271)	–	(3,051)	–	–	–
Own shares purchased by EBT	–	–	(13)	–	–	–	(13)	–	(13)
Shares awarded and sold from own shares	–	–	26	–	–	(24)	2	–	2
At 30 June 2020	**9,102**	**45,928**	**(646)**	**528**	**228**	**35,340**	**90,480**	**442**	**90,922**
Loss for period	–	–	–	–	–	(427)	(427)	(59)	(486)
Exchange differences on translation of foreign operations	–	–	–	–	(294)	–	(294)	(11)	(305)
Total comprehensive loss for period	–	–	–	–	(294)	(427)	(721)	(70)	(791)
Share option charge	–	–	–	114	–	–	114	–	114
Shares awarded and sold from own shares	–	–	55	–	–	(71)	(16)	–	(16)
At 31 December 2020	**9,102**	**45,928**	**(591)**	**642**	**(66)**	**34,842**	**89,857**	**372**	**90,229**
Profit for period	–	–	–	–	–	1,218	1,218	(120)	1,098
Exchange differences on translation of foreign operations	–	–	–	–	(24)	–	(24)	(14)	(38)
Total comprehensive income for period	–	–	–	–	(24)	1,218	1,194	(134)	1,060
Share option charge	–	–	–	61	–	–	61	–	61
Own shares purchased by EBT	–	–	(254)	–	–	–	(254)	–	(254)
Shares awarded and sold from own shares	–	–	307	–	–	(288)	19	–	19
Dividend paid	–	–	–	–	–	(1,379)	(1,379)	–	(1,379)
At 30 June 2021	**9,102**	**45,928**	**(538)**	**703**	**(90)**	**34,393**	**89,498**	**238**	**89,736**

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the IAS 34 "Interim Financial Reporting" and the Group's accounting policies.

The Group's accounting policies are in accordance with International Financial Reporting Standards as adopted by the European Union and are set out in the Group's Annual Report and Accounts 2020 on pages 53-57. These are consistent with the accounting policies which the Group expects to adopt in its 2021 Annual Report. The Group has not early-adopted any Standard, Interpretation or Amendment that has been issued but is not yet effective.

The information relating to the six months ended 30 June 2021 and 30 June 2020 is unaudited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2020 have been extracted from the Group's Annual Report and Accounts 2020, on which the auditors gave an unqualified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The Group Annual Report and Accounts for the year ended 31 December 2020 have been filed with the Registrar of Companies.

Going concern

The Directors have considered the financial projections of the Group, including cash flow forecasts, the availability of committed bank facilities and the headroom against covenant tests for the coming 12 months. They are satisfied that the Group has adequate resources for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

Accounting estimates and judgements

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

- Potential impairment of goodwill and other assets as a result of the impact of COVID-19;
- Contingent deferred payments in respect of acquisitions; and
- Revenue recognition policies in respect of contracts which straddle the period end.

2. Segmental Information

Business segmentation

For management purposes the Board monitors 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.

Six months to 30 June 2021	Advertising & Digital £'000	Media Buying £'000	Exhibitions & Learning £'000	Public Relations £'000	Group £'000
Turnover	47,573	14,114	3,886	3,945	69,518
Operating income	27,410	1,592	1,865	3,271	34,138

Six months to 30 June 2020	Advertising & Digital £'000	Media Buying £'000	Exhibitions & Learning £'000	Public Relations £'000	Group £'000
Turnover	35,604	12,517	5,933	4,062	58,116
Operating income	22,933	1,475	1,839	2,833	29,080

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

Geographical segmentation

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

	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
UK	**29,681**	24,977	53,077
USA	**3,163**	3,090	5,972
Asia	**1,196**	961	2,353
Rest of Europe	**98**	52	116
	34,138	29,080	61,518

3. Reconciliation of Reported Profit / (Loss) to Headline Profit / (Loss)

In order to provide a clearer understanding of underlying profitability, headline results exclude exceptional items, acquisition-related items, and start-up costs. Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable.

	Six months to 30 June 2021		Six months to 30 June 2020		Year ended 31 December 2020	
		Unaudited		Unaudited		Audited
	PBT	**PAT**	PBT	PAT	PBT	PAT
	£'000	**£'000**	£'000	£'000	£'000	£'000
Headline profit / (loss)	**1,766**	**1,413**	(2,224)	(1,789)	1,168	670
Acquisition-related items (Note 4)	**(224)**	**(191)**	166	203	(1,891)	(1,806)
Exceptional restructuring costs	**-**	**-**	–	–	(1,004)	(834)
Start-up costs	**(149)**	**(124)**	(212)	(176)	(335)	(278)
Reported profit / (loss)	**1,393**	**1,098**	(2,270)	(1,762)	(2,062)	(2,248)

Exceptional restructuring costs in 2020 consisted of redundancy and property closure costs in response to the COVID-19 pandemic.

Start-up costs in 2021 relate to the launch of Alive in Asia and a new Birmingham-based venture under the Mongoose Sport & Entertainment brand. Start-up costs in 2020 related to Story's new venture in Leeds, April Six's new venture in Germany and the launch of Alive in Asia.

4. Acquisition Adjustments

	Six months to 30 June 2021 **Unaudited** **£'000**	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Amortisation of intangible assets recognised on acquisitions	**(224)**	(278)	(505)
Movement in fair value of contingent consideration	**-**	469	(1,276)
Acquisition transaction costs expensed	**-**	(25)	(110)
	(224)	166	(1,891)

The movement in fair value of contingent consideration relates to a revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to professional fees associated with the acquisitions.

5. Net Finance Costs

	Six months to 30 June 2021 **Unaudited** **£'000**	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Net interest on bank loans, overdrafts and deposits	**(82)**	(185)	(329)
Amortisation of bank debt arrangement fees	**(31)**	(21)	(42)
Interest expense on leases liabilities	**(183)**	(252)	(450)
Net finance costs	**(296)**	(458)	(821)

The decrease in net interest on bank loans, overdrafts and deposits in the period is driven by a reduced average level of bank debt and a reduction in the interest rate payable on the bank debt. The decrease in interest expense on lease liabilities in the period primarily relates to the decrease in Right of Use Assets and Lease Liabilities following the natural maturation of property lease terms as referred to in Note 9.

6. Taxation

The taxation charge for the period ended 30 June 2021 has been based on an estimated effective tax rate on headline profit on ordinary activities of 20% (30 June 2020: 20%).

7. 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".

	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year to 31 December 2020 Audited £'000
Earnings			
Reported profit for the year			
Attributable to:			
Equity holders of the parent	**1,218**	(1,606)	(2,033)
Non-controlling interests	**(120)**	(156)	(215)
	1,098	(1,762)	(2,248)
Headline earnings (Note 3)			
Attributable to:			
Equity holders of the parent	**1,533**	(1,633)	885
Non-controlling interests	**(120)**	(156)	(215)
	1,413	(1,789)	670
Number of shares			
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**90,133,831**	84,943,138	88,341,383
Dilutive effect of securities: Employee share options	**1,020,235**	4,085,346	2,360,072
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**91,154,066**	89,028,484	90,701,455
Reported basis:			
Basic earnings per share (pence)	**1.35**	(1.89)	(2.30)
Diluted earnings per share (pence)	**1.34**	(1.89)	(2.30)
Headline basis:			
Basic earnings per share (pence)	**1.70**	(1.92)	1.00
Diluted earnings per share (pence)	**1.68**	(1.92)	0.98

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

8. Intangible Assets

	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Goodwill	**92,160**	91,752	92,160
Other intangible assets	**3,699**	3,714	4,026
	95,859	95,466	96,186

Goodwill	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Cost			
At 1 January	**96,433**	96,025	96,025
Recognised on acquisition of trade assets	**-**	–	408
At 30 June / 31 December	**96,433**	96,025	96,433
Impairment adjustment			
At beginning and end of period	**4,273**	4,273	4,273
Net book value	**92,160**	91,752	92,160

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill, unless there is an indication that one of the cash generating units has become impaired during the year, in which case an impairment test is applied to the relevant asset. The next impairment test will be undertaken at 31 December 2021.

Other Intangible Assets	Six months to 30 June 2021 Unaudited £'000	Six months to 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Cost			
At 1 January	**10,821**	10,115	10,115
Additions	**153**	109	896
Disposals	**(233)**	(202)	(190)
At 30 June / 31 December	**10,741**	10,022	10,821
Amortisation and impairment			
At 1 January	**6,795**	6,008	6,008
Amortisation charge for the period	**480**	502	977
Disposals	**(233)**	(202)	(190)
At 30 June / 31 December	**7,042**	6,308	6,795
Net book value	**3,699**	3,714	4,026

Other intangible assets consist of Client relationships, trade names and software development and licences.

9. Right of Use Assets and Lease Liabilities

The Group leases several assets, the overwhelming majority of which are the office premises from which it operates. Under IFRS 16, the Group recognises Right of Use Assets and Lease Liabilities in relation to these leases. Assets and liabilities reduce over the period of the lease and increase when a lease is renewed, or a new lease entered into. The decrease in Right of Use Assets and Lease Liabilities in the period relates primarily to the natural reduction in the average remaining lives of the leases.

10. Bank Loans and Net Bank Debt

	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Bank loan outstanding	**10,000**	5,000	5,000
Adjustment to amortised cost	**(138)**	(52)	(31)
Carrying value of loan outstanding	**9,862**	4,948	4,969
Less: Cash and short term deposits	**(5,914)**	(4,011)	(3,806)
Net bank debt	**3,948**	937	1,163
The borrowings are repayable as follows:			
Less than one year	**-**	-	5,000
In one to two years	**-**	5,000	-
In more than two years but less than three years	**10,000**	-	-
	10,000	5,000	5,000
Adjustment to amortised cost	**(138)**	(52)	(31)
	9,862	4,948	4,969
Less: Amount due for settlement within 12 months (shown under current liabilities)	**-**	-	(4,969)
Amount due for settlement after 12 months	**9,862**	4,948	-

At 30 June 2021, the Group's committed bank facilities comprised a revolving credit facility of £20.0m, expiring on 5 April 2024, with an option to increase the facility by £5.0m and by one year. Interest on the facility is based on SONIA (sterling overnight index average) plus a margin of between 1.50% and 2.25% depending on the Group's debt leverage ratio, payable in cash on loan rollover dates.

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

11. Acquisition Obligations

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares or other securities 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 payments that may be due is as follows:

	Cash £'000	Shares £'000	Total £'000
30 June 2021			
Less than one year	6,405	304	6,709
In more than three but less than four years	580	-	580
	6,985	**304**	**7,289**

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

	Cash £'000	Shares £'000	Total £'000
At 31 December 2020	8,181	304	8,485
Obligations settled in the period	(1,196)	-	(1,196)
At 30 June 2021	**6,985**	**304**	**7,289**

12. Post balance sheet events

There have been no material post balance sheet events.

MISSION

The Old Sawmills, Filleigh, Devon EX32 0RN

T: +44 (0)207 462 1415

themission.co.uk