2020

MISSION

ANNUAL REPORT

For the year ended 31 December 2020

MISSION is a collective of Creative and MarTech Agencies led by entrepreneurs who encourage an independent spirit. Employing over 1,000 people across 27 locations and 3 continents, the Group successfully combines its diverse expertise to bring about commercially effective solutions for some of the world's biggest Clients.

The alternative group for **ambitious brands.**

We're not alternative for its own sake, we just believe we've found a better way to help brands thrive. By collaborating because it does good, not because it looks good. By being close to our Clients, not the right address. By giving our Agencies freedom, not instructions. By listening, before we talk. By creating and sharing innovation not as a means to impress, but for the benefit of brands. And by treating every Client like our first.

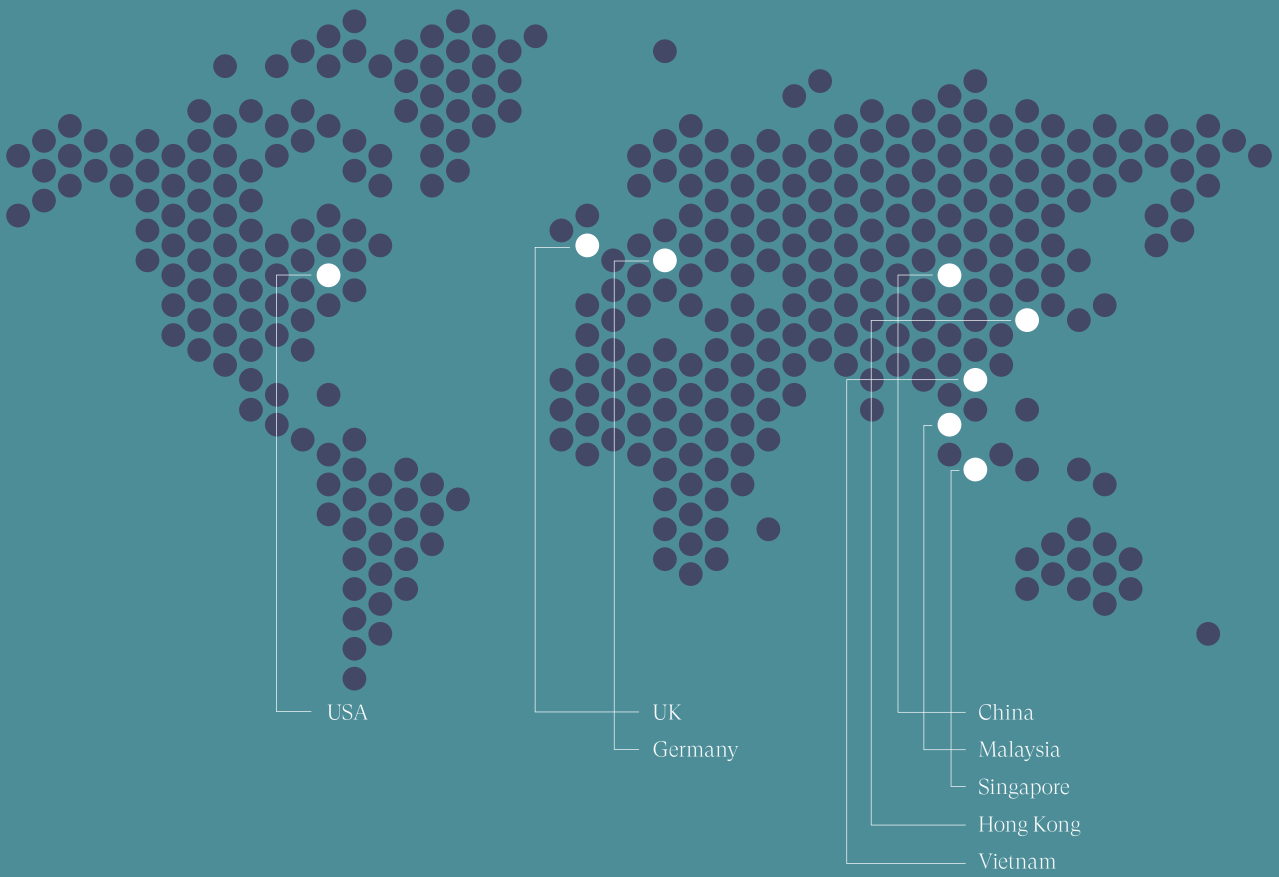
Offices in

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

27 offices

1,000 people

Alternative investment market

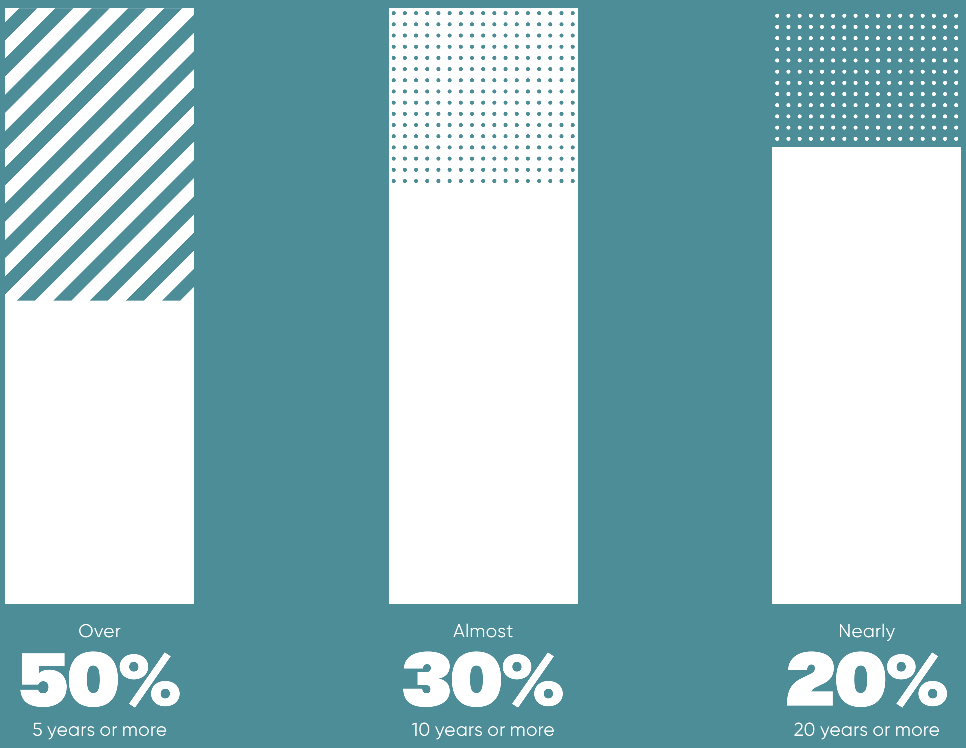


Home to household names

We're proud to work with some of the best-known and well-loved international brands. Some have been with us for years, but 2020 also brought some major new wins, including INEOS Hygienics. With a campaign reaching 26 million people, the Group made INEOS one of Amazon's fastest growing stores.

CLIENT RETENTION

Proportion of revenue earned from long-standing Clients.



A fantastic addition to an ever-growing list of bluechip Clients.

How we work: **Collective Specialists**

Collaboration drives everything we do. We curate the best possible expertise from across our Group to deliver tailored talent to meet the needs of every project and Client. To make this process even more effective, we've organised our network into distinct service areas.

MISSION INTEGRATED

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

Chapter
Large Agency expertise, small Agency agility.

Krow
A 200-strong full service creative powerhouse with four UK offices.

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

MISSION INDUSTRY

April6
Delivering strategic marketing for leading technology and mobility brands.

Mongoose
A leading integrated sports, fitness and entertainment marketing Agency.

RJW&Partners
Providing market access support to pharma and medical brands.

Solaris
An innovative specialist medical communications Agency.

ThinkBDW
The UK's leading integrated property marketing Agency.

MISSION ADVANTAGE

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

Bray Leino Events
Creators of world-class Live Experiences for over 30 years.

Ethology
Growing customer engagement through audience and brand interaction.

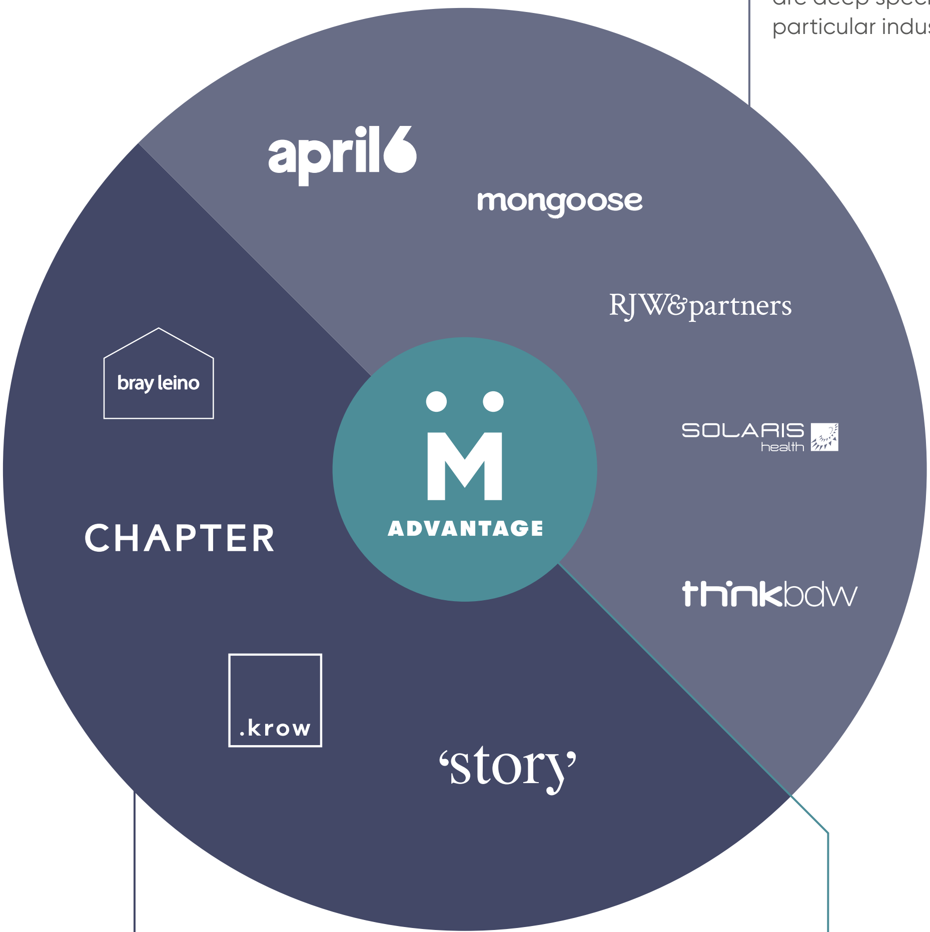
Innovationbubble
A psychological insights and behavioural solutions consultancy.

MISSION Made
The **MISSION**'s Group centralised Production, Product & Innovation Studio.

Mongoose Promotions
Bringing creative ideas to real-world promotional campaigns.

Speed
An ambitious, creative and commercially-minded PR Agency.

MISSION
INDUSTRY
are deep specialists in particular industries.



MISSION
INTEGRATED
offer a full range of creative services across all sectors.

MISSION
ADVANTAGE
enables all our Agencies to call upon specialist expertise as needed. Whilst not their core services, they give Agencies the power to deliver a flexible multi-discipline service for our Clients.

ALiVE
BRAY LEINO EVENTS
ETHOLOGY
innovation bubble
mongoose PROMOTIONS
SPEED
MISSION MADE

1 SURVIVE
2 STRIVE
3 THRIVE

Like every business, **MISSION** faced enormous challenges due to the COVID-19 pandemic. Throughout 2020, we used our collective talents to implement a proactive strategy of **SURVIVE, STRIVE and THRIVE.**

Through this approach, we are managing the business impact of COVID and laying the ground for future growth.

1 SURVIVE

At the onset of the pandemic, **MISSION** quickly took measures to support our colleagues, our network and our Clients. We prepared for the worst potential outcome by activating additional banking facilities and sharing the burden of COVID across all stakeholders. The result was strong Client retention and continued high quality output.

- Providing IT and HR support for immediate transition to home working
- Using the furlough scheme and voluntary salary reductions to help us retain more staff
- Postponing the 2019 final dividend, deferring HMRC tax payments and rescheduling acquisition consideration payments to preserve cash
- Terminating property leases to reduce costs

2 STRIVE

We also put our talents and resources to use looking for new solutions. Thinking creatively to find opportunities that could make a difference in this new environment.

We repurposed our Pathfindr in-warehouse stock locator to be used as a Safe Distancing Assistant, supporting better workplace hygiene and COVID compliance.

We developed expertise in delivering virtual events, enabling in-person events to transition and avoid being cancelled. We launched My Online Therapy, an app to assist people struggling during the pandemic and we delivered a new campaign for INEOS Hygienics sanitiser products, reaching 26 million people.

3 THRIVE

The changing landscape also saw us develop new ways to enhance our offering through acquisition and remodelling. Delivering Group-wide initiatives to support our 'Agency First' agenda of allowing each of our Agencies to focus on the commercial success and performance of their businesses.

Two new Agencies joined **MISSION** in 2020: brand strategists Alive brought their end-to-end delivery to the Group, with a service that encompasses strategy, creative and digital. Meanwhile, behavioural solutions consultancy Innovationbubble use bespoke psychology tools and techniques to provide new levels of brand insight.

What's more, we simplified and strengthened our Group operations with **MISSION** ADVANTAGE, enabling our Agencies to call upon specialist expertise to deliver a multi-discipline service for our Clients. We also launched **MISSION** Made, our remote production, product and innovation studio. It provides digital and production resources solely to **MISSION** Agencies, allowing them to enhance their offering and optimise costs.

In the face of adversity, the **MISSION** Agencies and their people responded brilliantly to the challenges set through 2020.

- David Morgan, Chairman

2020: WHAT A YEAR

If it is true that we are only as good as what adversity throws at us, then it is fair to say that the **MISSION** Agencies and their people responded brilliantly to the challenges set through 2020.

To achieve profitability* whilst at the same time reducing debt was quite an achievement and I was impressed by the speed of response, the operational cost reductions made and the ability to maintain a seamless service to our Clients albeit where for most of the year the majority of our people were working remotely.

I therefore offer my sincere thanks to our people working across **MISSION**, for their continued dedication and hard work throughout such a time. All credit to everyone concerned.

In the face of this adversity, their commitment and entrepreneurial approach has seen the Group not only continue to deliver outstanding work for Clients day-in day-out, but also to make further strategic progress against its growth plans. This has been fundamental to leveraging the strong recovery in the Group's markets in the second half of the year, reversing first half losses and enabling it to deliver a robust and profitable* FY20 performance.

The Group has taken proactive, astute and at times difficult decisions, which has meant that **MISSION** is now emerging as an even stronger business than before, better positioned to make progress against its long-term plans and strategy.

The Group has further evolved the changes made in the prior year to reposition the business. Under James Clifton's strong leadership there has been further refinement of the Group structure, putting **MISSION** at the centre as a collaborator and supporter of its Agencies. This has been supported by both organic investment and new acquisitions, strengthening the expertise and capabilities that **MISSION** provides to its global network of Clients.

BOARD

All good things come to an end and Peter Fitzwilliam has decided to stand down from the business as Chief Financial Officer after 11 years. I have nothing but admiration for the financial stewardship, expertise and input that he has brought to **MISSION** since we restructured the business in 2010. Peter has been instrumental to **MISSION**'s success during his tenure and it has been my privilege to work with him. On behalf of the Board I would like to thank him for his outstanding contribution, he leaves with our warmest of wishes.

I am delighted to report that Peter will remain available to the business in an advisory capacity and I look forward to his support and advice as we go forward.

From April 2021, Peter will be replaced as Group Chief Financial Officer by Giles Lee, who has worked closely with Peter, James and myself as **MISSION**'s Group Commercial Director for some years. Giles' undoubted financial capability coupled with his deep understanding of the sector, our Agencies and his experience centralising our back office functions, made him the unrivalled choice to succeed Peter.

Barry Cook has also informed the Board of his intention to retire to pursue his existing charitable and non-executive roles. Barry co-founded krow in 2005 which was acquired by **MISSION** in 2018 and was appointed to the Board in June 2019. We wish him well in his future endeavours.

DIVIDEND

As outlined in our Trading Update on 20 January 2021, the improved trading performance and strong cash position underpinned the Board's decision to reinstate the deferred 2019 final dividend of 1.53 pence per share which was committed to in our 2019 Annual Report (the period before COVID-19). It was paid on 1 March 2021 to shareholders on the share register as at close of business on 12 February 2021.

Whilst the Board believes it would not be appropriate to pay any dividend in respect of FY20, we remain committed to our previously stated long term progressive dividend policy and will continue to monitor the situation as this year progresses in line with the performance of the Group.

OUTLOOK

The Board is cautiously optimistic for 2021. Whilst the economic impact from COVID-19 has run deep and its legacy is yet to be fully understood, **MISSION**'s performance so far this year has been encouraging.

We are confident that thanks to the hard work and dedication of all the Group's employees, **MISSION** remains well positioned to make further progress against its strategic priorities in 2021 and beyond.

David Morgan
Chairman
14 April 2021

* Reference to profitability is in relation to headline profit. A reconciliation of headline profit to the Group's reported loss for the year is set out in Note 3.

The extraordinary efforts of our team have ensured that **MISSION** has emerged from the pandemic an even stronger and fitter business.

- James Clifton, Group Chief Executive

EMERGING STRONGER

2020 was clearly a year like no other and I would like to congratulate our team on this robust performance in the face of incredibly challenging market conditions. Their extraordinary efforts have ensured that **MISSION** has emerged from the pandemic an even stronger and fitter business than we were before, focussed on the significant opportunities that are now presenting themselves across our markets.

COVID-19 has accelerated certain structural shifts across our industry which we are well positioned to capitalise on. Our dynamic and independent 'Agency First' culture and methodology has ensured our Agencies have remained agile throughout this difficult year, at the forefront of these changing dynamics and continually reinforcing our position as a trusted business partner to our Clients that we pride ourselves on.

SURVIVE, STRIVE, THRIVE.

We entered the pandemic in a position of strength following a strong trading performance in FY19, our ninth consecutive year of growth. Through our phased COVID-19 management strategy of 'survive, strive, thrive', we were quick to take decisive and effective measures in the first half of the year to mitigate the impact of the crisis and conserve cash. These actions provided us with strong building blocks from which to bounce back as trading began to recover in the second half of the financial year, reversing the first half losses felt at the economic height of the pandemic and delivering a profitable headline PBT performance, ahead of market expectations.

Our primary focus throughout this difficult year has been the health and wellbeing of our people and ensuring business continuity for our Clients. Whilst some of our Agencies were inevitably significantly impacted due to their respective industry focus, the diversity of our Client portfolio ensured that we were at the forefront of activity in more resilient sectors such as healthcare and technology.

Despite the incredibly challenging trading environment, the entrepreneurial and creative culture that exists throughout **MISSION** has seen us make further progress against our strategic priorities. We continue to place increasing focus on the additive value that **MISSION** can bring to our Agencies and over the course of the year we have taken significant steps to refine and strengthen the **MISSION** Advantage, enabling our Agencies to call upon specialist expertise as needed, to deliver a flexible multi-discipline service for our Clients.

Strategic investments in the **MISSION** Advantage have underpinned this momentum. In July we were delighted to announce the acquisition of the international psychological insights and behavioural solutions consultancy, Innovationbubble, which provides expert research and advice to a growing portfolio of Clients. This ranges from blue-chip companies including Asda, Aviva, HSBC and a number of leading pharmaceutical

CHIEF EXECUTIVE'S REVIEW

businesses, to high profile brands such as Diesel and SpaceNK, helping them better understand what drives the behaviour of their customers and ultimately how to improve marketing activity. Although modest in financial terms, we view the acquisition as a significant strategic advance. We have been delighted at how quickly the Innovationbubble team have integrated themselves into the Group, already working closely with a number of the Agencies, and we have been particularly pleased by the positive responses from our Clients, Group-wide, to this valuable extended capability.

In October we launched **MISSION** MADE, our new centralised 24/7 Digital Production and Innovation studio. **MISSION** MADE initially supported four Agencies across the Group but a full roll-out is now underway and expected to be completed in the next 12 months. Two hubs have been created in Norwich and Ho Chi Minh City, providing access to a range of digital production services including web and mobile development, motion graphics, digital design and technical management.

Finally, in October we also welcomed brand activation consultancy, Alive, into the Group. This small but international team, based in Singapore, offer expert advice and results-driven activation campaigns for global brands across multiple media channels and marketing platforms, expanding the range of services we can offer our Agencies even further.

PERFORMANCE OVERVIEW

Operating income ("revenue") fell by 24% to £61.5m (2019: £81.0m), with the impact of COVID-19 being felt initially in our Asian operations and then most notably in our property and events businesses.

> After an exceptionally challenging Q2, we saw a sequential recovery as the year progressed.

Margins (headline operating profit as a percentage of revenue) recovered strongly in H2 to 11.5%, reflecting careful management of costs and benefit of Government support, resulting in an H2 headline operating profit of £3.7m and £1.9m for the year (2019: £10.8m).

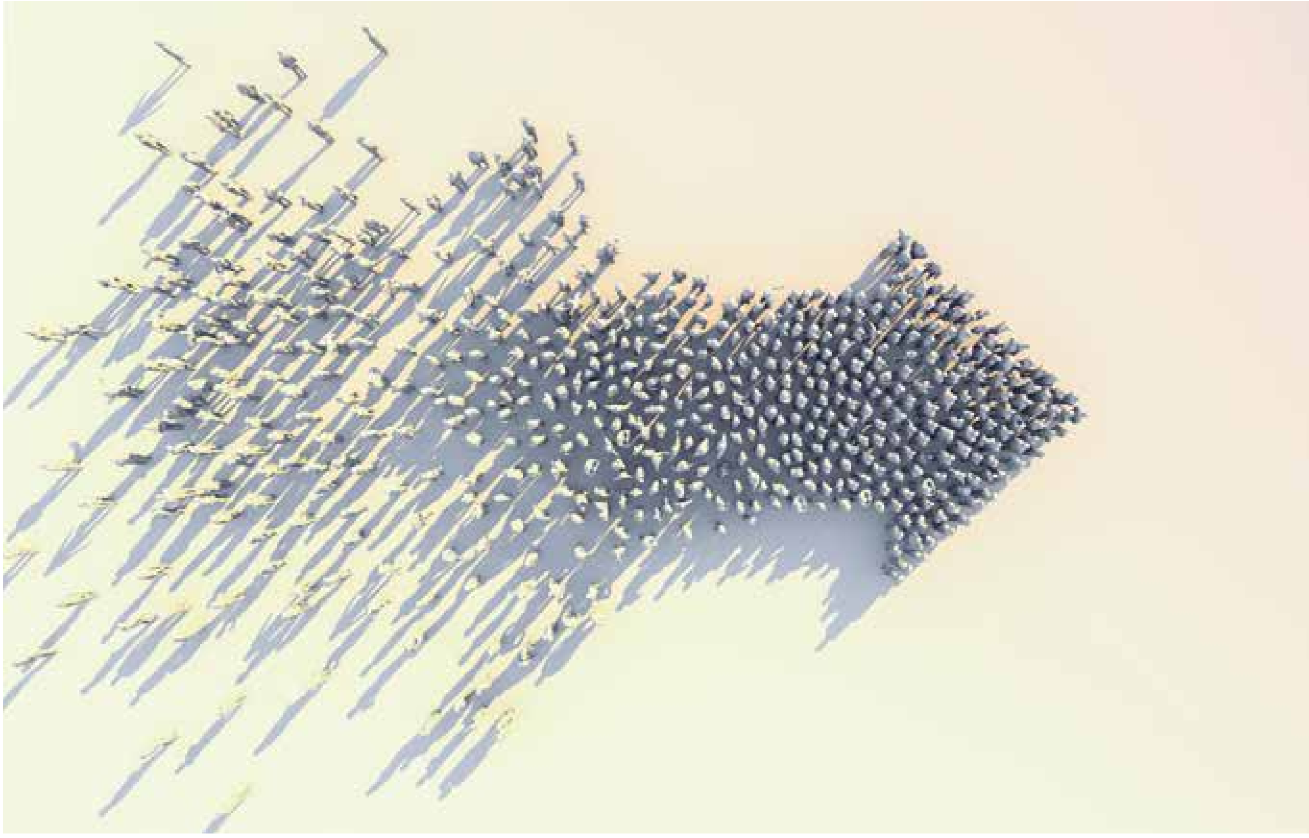
In times of adversity, opportunities inevitably present themselves and, as previously highlighted, the diversity of our portfolio has meant that we have been well placed to grasp these opportunities. Our specialist technology and mobility Agency, April Six, capitalised on the enormous growth in the use of online platforms and delivered an excellent performance, with key highlights including the successful expansion of the Agency's scope of work with Amazon Web Services. The Group also launched the chemical group INEOS' hand sanitiser range in response to the impact of the pandemic. In addition, Pathfindr, our asset tracking business, demonstrated its ability to innovate, adapting its core technology to create the Safe Distancing Assistant, a device to warn if personnel within businesses come within two metres of each other.

MAKING A POSITIVE CHANGE

> Despite the distractions of 2020, I am delighted that the year has seen us cement our commitment to Making Positive Change through the development of our inaugural Environmental, Social and Governance (ESG) manifesto. This manifesto embodies our commitment to ensuring that the impact **MISSION** makes on the world should always be positive and that our interaction with our people, Clients, communities and the wider environment makes a difference.

This manifesto has been developed through our work with advisory partners Creative Access and Green Element, and outlines an ambitious but deliverable and measurable strategy which is supported by our overall growth plans. We look forward to reporting on our progress in the coming years as we deliver this plan.

A key part of our manifesto is focused on introducing and developing talent in the industry. We work in many local communities and in several cases are a key employer in the towns where we have offices. In these areas we will continue to open our doors to local schools, colleges and universities to encourage emerging talent. As part of this we have introduced an Apprenticeship programme that has seen us take on 28 individuals, with a target to more than double this number by 2023.



OUTLOOK

Trading in the first quarter of FY21 is on track with our expectations. Whilst the lockdown restrictions implemented in January 2021 have inevitably impacted certain markets and sectors more than others, our performance remains in line with our plans.

The Government's roadmap to exiting lockdown is providing much needed clarity for UK businesses. We are encouraged by the robust and growing pipeline of new business opportunities that are presenting themselves. It is particularly pleasing to see that a growing proportion of this pipeline includes collaboration between two or more Agencies from across the Group.

Whilst our global operations have not been affected by Brexit, the removal of much of the uncertainty around negotiations opens up even more opportunities for us across our international markets.

We see significant further opportunity for **MISSION** here through our Client-led strategy and look forward to building on our market leading sector expertise in new territories.

We also plan to capitalise on the undoubted acquisition, consolidation and collaboration opportunities that will arise over the next 12 months. We aim to leverage our compelling infrastructure by adding high margin, high engagement capabilities in data, analytics and performance media, underpinning a 14% headline operating profit margin target by 2022. Finally, following its successful launch, we will also look to build out our central eCommerce capability via **MISSION** Made.

James Clifton
Group Chief Executive
14 April 2021

DEMONSTRATING RESILIENCE

TRADING PERFORMANCE

Overview

While the first half of 2020 was severely impacted by the onset of the COVID-19 pandemic, the Group recovered strongly in H2, demonstrating its resilience and the effectiveness of the decisions it took in H1 to mitigate the impact of the pandemic.

The first half of the year saw revenues decline dramatically, by as much as 80% in our particularly affected Agencies in the property, events and cinema space. Our business priorities at this time were to protect the health and wellbeing of our staff and to embrace a working from home approach that enabled us to provide seamless continuity of Client service. We are proud that, thanks to the Group's continued hard work and dedication, our Client retention remained excellent during this exceptionally challenging period.

Our financial priorities at the economic height of the pandemic were to mitigate the impact of the crisis, preserve cash and, with the continued support of our bankers, NatWest, to agree relaxations of covenants and any additional liquidity that might be required in a downside scenario. The strong relationship we have developed with NatWest during more than a decade of working closely together enabled this support to be put in place swiftly. In the event, no additional liquidity was required due to the Group's cash management activities.

The actions we took in the first half of the year ensured that we were well placed to bounce back in the second half, as trading began to recover.

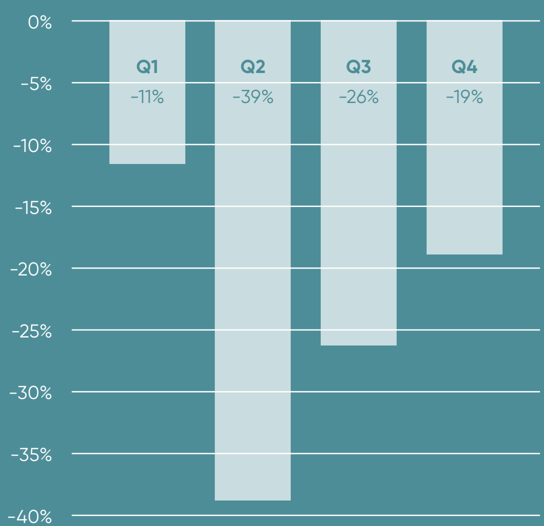
Although revenues in H2 were still well below those of 2019, we still achieved operating profit margins of 11.5% and a headline profit before tax of £3.4m in the second half, a creditable performance. Our cash conservation actions also proved highly effective, and the year ended with the lowest net debt figure in the Group's history.

Billings and revenue

Turnover (billings) was 29% lower than the previous year, at £121.9m (2019: £171.1m), 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. The exception to this is Pathfindr, the Group's embryonic asset tracking business, where turnover is a more relevant measure to gauge progress over time and against relevant competitors.

Taken as a whole, the Group's operating income (referred to as "revenue") for the year reduced by 24% to £61.5m (2019: £81.0m) but the impact of the pandemic was felt most severely in Q2 as shown in the chart below, comparing 2020 revenue with the equivalent periods in 2019.



Our cash conservation actions proved highly effective, and the year ended with the lowest net debt figure in the Group's history.

- Peter Fitzwilliam, Chief Financial Officer

CHIEF FINANCIAL OFFICER'S REPORT

There was also a wide range of variation across our different Agencies. Whilst the most significantly impacted sectors were property (ThinkBDW), events (Bray Leino Events) and cinema-related sales promotions (Mongoose), the diversity of our Client portfolio ensured that we have been at the forefront of activity in more resilient sectors such as healthcare and technology. April Six, our specialist technology and mobility Agency, performed particularly well during the period, growing Amazon Web Services (AWS) into an important Group Client.

While much of Pathfindr's Client base was subject to the same lockdown restrictions as the rest of the world, it again demonstrated its ability to adapt. It sold 24,000 units of its Safe Distancing Assistant innovation during 2020, helping Pathfindr to increase turnover by over 60% to £1.5m (2019: £0.9m).

One of the differentiating features of **MISSION** is the longevity and loyalty of its Client base. We believe this is due to the dynamic and Agency-first culture which ensures Clients feel they are receiving a boutique level of Client service but yet supported by the resources of a multi-national group. Our Client retention statistics remained strong during this exceptionally challenging year, with well over 50% of our revenues generated from Clients who have been with us for 5 years or more.

Profit and margins

The Directors measure and report the Group's performance primarily by reference to headline results, in order to avoid the distortions created by one-off events and non-cash accounting adjustments relating to acquisitions.

Headline results are calculated before acquisition adjustments, exceptional items, losses from start-up activities and investment write-offs (as set out in Note 3).

As with revenue, headline operating profit was very clearly divided into two halves. In H1, profits were hit hard by the suddenness of the drop in revenue.

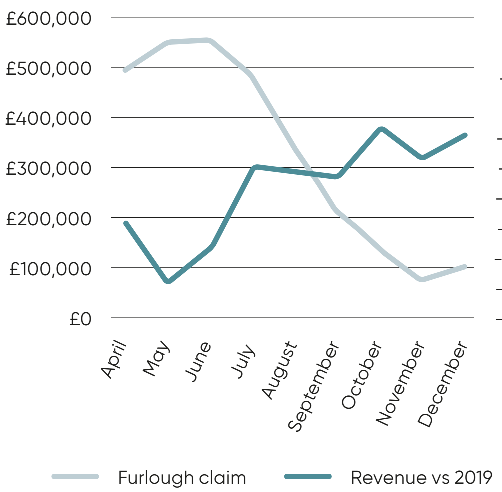
As an "Agency first" group, each Agency CEO was empowered to take cost reduction actions appropriate to their own circumstances but with the benefit of central coordination and support. Each Board member immediately and voluntarily reduced their own salary by 20% and this approach was widely adopted across the Group. Additionally, many staff in those Agencies most impacted by COVID-19 agreed to be furloughed in order to preserve jobs; at its peak, one third of the Group's workforce was furloughed.

Despite these mitigating actions, the revenue decline was so severe that the Group reported an H1 loss of £1.8m. Regrettably, due to the sustained reduction in levels of revenue in some businesses, right-sizing in H2 resulted in 10% of our workforce being made redundant. We also took the decision to exit two of our London offices in order to reduce our cost base further. The costs of these one-off COVID-related restructuring events have been excluded from headline results.

Due to these actions, and despite H2 revenues being 22% lower than in 2019, our margin (headline operating profit as a percentage of revenue) recovered strongly in H2, to 11.5%, resulting in an H2 headline operating profit of £3.7m and £1.9m for the year (2019: £10.8m).

The Government's Coronavirus Job Retention Scheme was of significant benefit in 2020, without which many more jobs would have been lost as we reacted to sharply reduced revenues. Instead, the Scheme allowed continued employment until revenues started to improve and we were able to bring staff back off furlough.

During the year, the Group benefitted from £3.0m of furlough receipts, which have been netted off gross employment costs within headline operating expenses. Introduced at the end of March, the Group received assistance of £1.6m in Q2, after which furlough claims tailed off as demonstrated in the chart below.



After £0.1m of profits from joint ventures (2019: £0.1m) and financing costs of £0.8m (2019: £0.7m), headline profit before tax was £1.2m (2019: £10.2m). Considering the very dramatic impact of COVID-19 on the Group, we were pleased to deliver this profitable result, which was ahead of market expectations.

Adjustments to reported profits, detailed further in Note 3, totalled £3.2m (2019: £1.9m), comprising acquisition-related items of £1.9m (2019: £1.3m), reflecting the strong performance of krow during 2020, COVID-related restructuring costs of £1.0m (2019: nil) and losses from start-up activities of £0.3m (2019: £0.4m). After these adjustments, the reported loss before tax was £2.1m (2019: profit of £8.3m).

Taxation

COVID-19 has had a significant effect on the Group's headline tax rate. Whilst most territories experienced reduced revenues and profits, the exception was the US (predominantly April Six's West Coast activities), where tax rates are much higher than in the UK. This factor, coupled with losses in Asia and Germany which were unable to be utilised elsewhere, resulted in an unusually high headline tax rate of 42.6% (2019: 20.5%). The headline tax rate is expected to reduce to more normal levels during 2021.

On a reported basis, because amortisation of acquisition-related intangibles and adjustments to contingent consideration are not deductible for tax purposes, this has a significant effect on the Group's reported tax rate, resulting in a charge of £0.2m on reported losses before tax of £2.1m (2019: tax rate of 22.5% on reported profits before tax of £8.3m). The tax rate is expected to be consistently higher than the statutory rate (of 19.0%, unchanged from 2019) but the sizeable reduction in profits as a result of COVID and the relative size of non-deductible acquisition-related items results in a highly distorted outcome in 2020 which is not expected to be repeated in future years.

CHIEF FINANCIAL OFFICER'S REPORT

Earnings Per Share

Headline EPS was 1.0 pence (2019: 9.5 pence) and, on a diluted basis, was also 1.0 pence (2019: 9.0 pence).

After tax, the reported loss for the year was £2.2m (2019: profit of £6.4m) and EPS was a loss of 2.3 pence (2019: profit of 7.5 pence). On a diluted basis, EPS was also a loss of 2.3 pence (2019: profit of 7.1 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.

In view of the modest profit reported in 2020 and the fact that the Group accessed The Government's Coronavirus Job Retention Scheme, the Board did not pay an interim dividend and does not propose a final dividend. However, in view of the very significantly better than expected net debt position at 31 December 2020, the Board has, subsequent to the year-end, reinstated and paid the 2019 final dividend that was deferred at the economic height of the pandemic. We remain committed to our previously stated long term progressive dividend policy and will continue to monitor the situation as 2021 progresses.

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 bank debt leverage ratio of less than x0.5 and committed bank facilities of £15m.

As a precautionary measure, these facilities were increased to £20m in Q1 and, as the impact of the pandemic started to be felt, a number of scenarios were modelled for the possible severity and duration of COVID-19. Sharing these scenarios with our bankers, NatWest, we secured their support for relaxations of covenants in both 2020 and 2021 and additional liquidity that might be required under our downside scenario.

At the same time, we implemented a series of cash-conservation measures. As well as the salary reduction and furlough actions mentioned earlier, all non-essential capital expenditure was put on hold, we took advantage of the Government's Time To Pay scheme, we reached agreement with vendors of acquired businesses for delayed payment terms, and we deferred the 2019 final dividend, due for payment in July 2020.

These decisive actions helped to reduce the Group's net bank debt position at the half year to £0.9m (2019: £5.1m) and the continuing focus on cash preservation in H2 resulted in year-end net bank debt of £1.2m, an historic low (2019: £4.9m).

At the height of uncertainty in Q2, the Group deferred roughly £6m of VAT, PAYE and National Insurance taxes. All deferred PAYE and National Insurance was repaid in Q3 and all deferred VAT has been repaid in Q1 2021.

Cash payments of £0.1m were settled for acquisitions totalling £0.6m made in the year and £2.2m of acquisition obligations from prior years were settled, of which £2.0m was in cash (2019: £3.3m, of which £2.7m was settled in cash). Amounts settled in the year were both paid later in the year and lower than the £3.4m expected at the end of 2019 as a result of reaching agreement with vendors to defer payments due to COVID-19 uncertainties. After increases of £1.3m in estimated future contingent consideration payments, the estimated acquisition liability at 31 December 2020 totalled £8.5m (2019: £8.9m). The large majority of this relates to post-acquisition earn-out profits for periods which have now ended and, as a consequence, £7.5m is expected to be settled in cash within the coming 12 months.

Together with the short term nature of the Group's bank debt, due to its maturity in September 2021, the Group reported net current liabilities of £8.9m at the end of 2020. However, with new long term bank facilities agreed since year-end (referred to further below and in Note 19) and with acquisition liabilities due to be settled during 2021, the Group expects to report net current assets at the end of 2021.

COVID-19 had a significant impact on the profits of many of the Group's Agencies in 2020 but none has been mortally wounded. The Board expects levels of trading to return to pre-pandemic levels during H2 2021 and, accordingly, has concluded that any impairment in the value of goodwill at 31 December 2020 from the pandemic is only temporary. Details of the Board's annual assessment of the value of goodwill are set out in Note 11.

At the end of the year, the Group's leverage ratio of net bank debt to headline EBITDA (on an adjusted basis, pre-IFRS 16), was x0.6 (2019: x0.4) but, due to the depressed levels of EBITDA, its ratio of total debt, including remaining acquisition obligations, to EBITDA had increased to x4.3 (2019: x1.1). In the first half of 2021, while profits recover from the impact of COVID-19, these leverage ratios are expected to exceed the Board's KPI targets but are expected to return to more normal levels in H2.

GOING CONCERN

The positive progress being made around the world with a vaccination programme suggests that the peak economic uncertainty of COVID-19 has passed.

However, further scenario modelling has been undertaken of the Group's net debt position into the reasonably foreseeable future.

This modelling included cautious assumptions about trading performance, investment plans and acquisition consideration obligations. The principal uncertainty in the projections is when and to what extent the Group's revenues will return to pre-pandemic levels. The central scenario anticipates that revenues will remain below 2019 levels until Q3 2021. Against this scenario, the Group was demonstrated to have adequate headroom against its pre-existing £20m banking facilities. These facilities were also demonstrated to be sufficient to cater for a downside scenario whereby the Group's trading in H1 2021 repeated that seen in H1 2020, the worst in the Group's history.This headroom has been further enhanced by a new three year £20m Revolving Credit Facility with NatWest which has an "accordion option" to increase the facility by up to £5m.

Accordingly, the Board has concluded that 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 are as follows:

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

*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.

Peter Fitzwilliam
Chief Financial Officer
14 April 2021

AIMS AND AMBITION

Our goal remains simple: to develop **MISSION** into the UK's leading, most respected Agency group. In a complex and ever-changing marketing environment, we are constantly evolving to help our Clients navigate through their challenges and opportunities. With a wealth of specialisms and skills, as well as impartial advice, we invest and adapt to deliver the right talents in the most effective ways. Across 27 locations in the UK, Europe, Asia and the US, we're committed to helping our Clients grow and succeed. Fundamental to our continued success is our ability to provide a rewarding, challenging and fun working environment for our staff.

We aim to reward **MISSION**'s shareholders both through capital growth and dividends. Our focus is first and foremost on organic growth, and in deploying the Group's capital we always aim to support existing management teams who have demonstrated an ability to grow their businesses and to achieve consistently high margins. We constantly strive to enhance our offer with acquisitions that add new disciplines or improved services to our Agencies, and we also target new high-growth market sectors, along with service or technology opportunities, which meet strict return on investment criteria.

As well as acquisitions, we also consider launching new businesses that may require more time to become established but which will have a smaller investment cost and lower risk profile.

We continue to develop our international footprint in response to Client demand and where we see strong opportunities to leverage our well-established UK strengths elsewhere in the world.

We look to maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the Group at financial risk.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Adverse Economic Conditions

The risk with the greatest potential impact on the Group's financial position is a widespread and dramatic economic downturn, as seen by the impact of Government lockdowns in response to COVID-19. The effect is reduced revenues, profitability and cash flows.

The entrepreneurial culture that runs through our Agencies means that, while we will inevitably feel the impact of any economic downturn, we adapt quickly to changed circumstances and also seek out opportunities that inevitably emerge in times of economic challenge.

COVID-19

The immediate impact of COVID-19 during 2020 was a swift and sharp reduction in revenues in our Agencies operating in specific areas, particularly property and events, which were seriously affected by the UK Government's first lockdown. The more general effect was created by the huge uncertainty around the economic shock of COVID-19, which resulted in many of our Clients pausing or deferring marketing expenditure. Whilst this was the general effect, parts of our Group operating in other specific areas, particularly technology, delivered stronger results in 2020 than in the previous year.

Being primarily a provider of services, we had no material supply chain challenges and we benefitted from the investment in systems, relationships and wellness initiatives that enabled our workforce to work effectively from home when required and maintain social distancing, thereby ensuring we remained open for business and minimised any disruption for our Clients.

With the worst of COVID-19 now appearing to have passed, the remaining uncertainty is whether there will be further lockdowns and at what point economic activity will return to pre-pandemic levels. Although this remains difficult to predict, 2020 has demonstrated that we have the resilience to weather the effects of the pandemic.

Brexit

Whilst the uncertainty surrounding the economic impact of the UK's departure from the EU represented a risk at the end of 2019, the trade deal agreed shortly before the end of 2020 has removed most of this uncertainty and there are no indications of our international Clients changing their behaviour. We no longer consider this economic uncertainty to represent a significant risk.

Loss of Key Clients

The consequence of Client losses is the same as for a general economic downturn, i.e. potential reduction in revenue and profit, but to a lesser degree. The risk of Client loss is mitigated both by our continuous new business activity and also by the efforts of dedicated account teams, who strive to ensure the quality of our work meets or exceeds our Clients' expectations at all times and who modify our approach when necessary. One measure of our success is our Client retention performance. In 2020, over 50% of our revenue was again from Clients that have been with us for 5 years or more and almost 20% from Clients of 20 years or more. Indeed, for those of our Agencies that have been in existence for 20 years or more, the proportion of revenue from Clients that have been with us for 20 years or more was over 30%. The risk is further mitigated by the Group's broad spread of Clients, with no individual Client representing more than 10% of Group revenue.

Loss of Key People

In common with all service businesses, the Group is reliant on the quality of its people. Strenuous efforts are made to provide a rewarding work environment and remuneration packages to retain and motivate our leadership teams. Two measures of our success are that our staff retention statistics are higher than the industry average and that the vast majority of the core management of our acquired businesses remain in place today.

The system of financial rewards is reviewed regularly by the Remuneration Committee and revised where appropriate. An example of this was the 2017 Growth Share Scheme, designed to provide a powerful retention incentive for our key business leaders. A measure of our success was that, when the scheme matured in April 2020, we had retained all but one of the 17 individuals.

Underperformance of Acquired Businesses

Potential acquisitions are carefully considered by the Board as part of its recurring business, and appropriate legal, commercial and financial due diligence is carried out on all acquisitions. The Directors consider that the main risk is overpaying for the level of profits subsequently generated and so, wherever possible, agree payment terms for acquisitions in a way that results in the majority of consideration being conditional on the post-acquisition profitability of the acquired business. In this way, if the business underperforms against expectations set at the time of the acquisition, the total amount paid will reduce correspondingly. Examples of this approach to risk management can be found in the Group's three most recent acquisitions, where the initial outlay in each case was less than one third of the estimated total consideration.

STAKEHOLDER ENGAGEMENT

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

Principal decisions

Most of the principal decisions taken by the Board during the year revolved, predictably, around the tactical and strategic responses to the threats and opportunities posed by the COVID-19 pandemic crisis. These decisions were taken with a view to safeguarding the welfare of all employees; ensuring the operational and financial stability of the Group; and presenting a path to long-term sustainable growth once the crisis has passed.

The primary decisions taken in this regard were:

1: increasing the Group's banking facilities,

2: postponing the 2019 final dividend payment,

3: rescheduling vendor consideration payments,

4: consulting with employees regarding short-term pay-reductions, furlough arrangements and redundancies,

5: accessing Government support initiatives,

6: terminating surplus office leases,

7: committing to significant, positive Environmental and social change.

Details of the financial impact of items 1-6 are dealt with in the CFO's Report.

Rationale

The rationale behind these decisions goes to the fundamentals of business management: to first survive and then to thrive.

The impact of the pandemic, as explained elsewhere in the Strategic Report, was felt in different ways in each Agency around **MISSION**. Decisions needed to be made that enabled Agencies to be sufficiently funded and resourced to be able to continue to operate to their fullest potential, and deliver for our Clients throughout the crisis and beyond without interruption.

A fine balance needed to be struck to ensure that no single stakeholder set was bearing too much of this burden. Each decision listed above centred on support to be provided by a different, specific stakeholder set. This enabled the Board to clearly demonstrate a plan that would deliver this balanced approach.

As importantly, the engagement with each stakeholder set needed to be able to convey this message clearly and effectively.

Ultimately the successful execution of each decision, coupled with a sturdy starting point, placed **MISSION** in a strong position to see out the crisis, position itself for future growth and safeguard the welfare of its workforce.

Engagement

In the early days and weeks of the crisis, the Board met regularly and often to review the latest management information and understand the potential risks this presented to the Group and its stakeholders. The Board focused on funding, and specific KPIs reviewed included Client spending levels, adherence to payment terms, contractual commitments, Government support packages and banking headroom over the coming twelve months.

The **MISSION** Board and Senior Management Teams have worked diligently in recent years to lay the sound foundations that would ultimately enable the Board to swiftly debate, agree and implement informed decisions during the crisis.

Taking each primary decision in turn, the engagement strategies were as follows, led by the principal relationship-holder in each case:

1: increasing the banking facilities

MISSION enjoys a strong relationship with the Group's bankers, NatWest, built upon years of trust and credibility. These foundations ensured a swift, positive response to our request to increase banking facilities. The Board also secured bank approval in principle for CLBILS emergency funding in the event that the impact of COVID-19 became more severe. With our cash position being stronger than our downside scenario, this additional facility was not required.

2: postponing the 2019 final dividend payment

A programme of engagement with major shareholders and industry commentators by **MISSION**'s CEO James Clifton and CFO Peter Fitzwilliam ensured early buy-in to this decision. The Board maintained a process of continuous review of trading performance indicators throughout 2020 and, coupled with a year-end net debt position that was significantly better than forecast, was satisfied that indicators had improved sufficiently to allow this dividend to be paid in full.

3: rescheduling vendor deferred consideration payments,

MISSION's Chairman David Morgan engaged directly with Vendors and, through sharing a clear understanding of the issues faced by both sides, a sensible deferral programme was swiftly agreed.

4: consulting with employees regarding short-term pay-reductions, furlough arrangements and redundancies

At the start of the crisis, each Board member immediately and voluntarily reduced their own salary by 20%. **MISSION** has at its heart an 'Agency First' culture, complemented by central support via **MISSION** Advantage wherever relevant. As a result, Agency CEOs are empowered to take the lead on employee engagement and agreed optimal solutions with their workforces through appropriate local consultation alongside the expertise provided by the **MISSION** People team. This ensured that decisions and communications were both correct for that business and also that policies were consistently applied across the Group.

This process was overlaid by periodic communications from James Clifton to all **MISSION** employees, the purpose of which was to give clarity, context and support to the decisions being made at a local Agency level. The Board is aware that there is a time and a place for 'all-staff' communications and, given **MISSION**'s 'Agency First' culture, there was a deliberate step back from too much Group communication, with Agency CEOs instead responsible for the engagement with their workforces.

5: accessing Government support initiatives

Peter Fitzwilliam worked alongside the expertise across the Agencies and the centralised Accounting and People functions to ensure compliance with all support schemes was maintained, most notably the UK Government's CJRS and PAYE and VAT Time To Pay arrangements. All PAYE and VAT deferred from the second quarter of 2020 has now been paid.

6: terminating office leases in Central London and Richmond

MISSION's Commercial Director Giles Lee, in collaboration with Agency CEOs, presented the business case to the Board to support this decision and consequently negotiated satisfactory exits with landlords.

7: committing to significant, positive Environmental and Social change

The Board believes that the impact **MISSION** makes on the world should be positive, always, and so, in spite of the potential distractions arising through the pandemic, committed to Making Positive Change through the development of our inaugural Environmental, Social and Governance (ESG) manifesto. The manifesto was developed in collaboration with employees across **MISSION** as well as alongside key partners Creative Access and Green Element.

Whilst much of the engagement strategy in 2020 centered around the COVID-19 crisis, **MISSION**'s long established communication processes remained in place throughout 2020 to ensure effective interaction with all key stakeholders.

Examples of this include the regular Investor roadshows led by James Clifton and Peter Fitzwilliam to accompany the full year and interim results, and also an internal Agency roadshow (pre COVID-19) conducted by James Clifton and Giles Lee to discuss major initiatives such as the new Group positioning, **MISSION**'s Shared Services project and IGNITION, a Group-wide competition designed to showcase and support truly innovative ideas.

Environmental, Social and Governance ("ESG") considerations

MAKING A POSITIVE CHANGE

In our ambition to become the UK's leading, most respected Agency Group, we need to do just that – lead. This is never truer than when it comes to our corporate, social and environmental responsibility.

We believe the impact **MISSION** makes on the world should be positive, always. That our interaction with our People, Clients, Communities, and the wider environment needs to make a difference. Ultimately, what we do needs to matter, and it needs to support positive change.

ENVIRONMENT

As a collective of creative Agencies providing a range of marketing, advertising, promotional and consultative services, our direct and indirect impact on the environment is low. But we can always do better. We aim to reduce our environmental impact in the resources and energy we use, how and when we travel, the suppliers we select and how we work to create healthy operating models. We are also investing in our People to increase education levels on environmental impact through training and external partnerships with the likes of Green Element and Green Screen Environmental Production. Ultimately, we want to be sustainably profitable and do good in the world.

Our goal:

We believe that in order to be able to set sustainable, specific and deliverable KPIs, we need to fully equip ourselves with environmental impact data that represents our entire Group.

Consequently in 2021 we will work towards emissions reductions that are in line with Science-Based Targets (an emissions reduction target is defined as 'science-based' if it is developed in line with the scale of reductions required to keep global warming below 1.5C from pre-industrial levels.) This will result in a set of goals for future years that our external specialist partners will help us to develop and will provide a clear route to reduce greenhouse gas emissions.

SOCIAL

Diversity & Inclusion:

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

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

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

Community:

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

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

Family:

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

Health & wellbeing:

We take a holistic view to supporting our People. This focus has seen our Agencies develop progressive wellbeing initiatives and programmes, combining free mental health support and educational life balance activities overseen by our 36 trained mental health first aiders. By creating environments where conversations on wellbeing are commonplace and support readily available, we will change the way we all think and act about workplace mental health.

Goal	Measure	2020 position	2021 target	2023 target
Improve ethnic diversity of workforce	% employees from under-represented ethnicities	8%	10%	15%
Focus on increased representation of employees with disabilities	% employees with disabilities	4%	6%	10%
Focus on investment in learning and opportunity for young people	Number of apprenticeships in place	28	35	60
Improve age diversity across the Group	% employees from under-represented age-groups	13%	17%	20%
Achieve gender equality across the Group	Gender ratio (Female:Male)	48F:52M	49:51	50:50
Achieve gender pay gap equality in top quartile	Gender ratio (Female:Male)	39F:61M	45:55	50:50

GOVERNANCE

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

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

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

All stakeholders need to be part of our journey, to share in the highs and lows, so we are committed to being open and transparent, always.

Our goal:

2021 improve stakeholder advocacy across the board as shown through Client happiness levels, referral ratings and staff retention levels.

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

THE BOARD

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

DAVID MORGAN

Chairman

David founded Bray Leino, one of the UK's first truly integrated Agencies, in 1974 and was its CEO until 2008. He became Non-Executive Chairman of Bray Leino in 2008 and was appointed Chairman of **MISSION** in April 2010. Before founding Bray Leino he worked in a number of London advertising agencies, including Dorlands.

PETER FITZWILLIAM

Chief Financial Officer And Company Secretary

Peter is a Chartered Accountant with over 30 years' financial and management advisory experience in private and quoted companies across a range of industry sectors. Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999-2006, he helped take it into the FTSE 250. Peter supported **MISSION** through its refinancing in April 2010 and joined the Board in September 2010.

JULIAN HANSON-SMITH

Senior Independent Non-Executive Director

Julian is an entrepreneur and PE investor with significant experience in marketing and consulting services.
In 1986 Julian co-founded FTI Consulting, one of Europe's largest business communications consultancies, and following its sale in 1999 became COO of Lighthouse Global Network. In 2001 he joined US-based PE firm Lake Capital, before co-founding Iceni Capital in 2007, investing in UK-based business services companies.
He is Chair of Apella Advisors. He joined the Board in October 2015 and Chairs the Audit & Risk Committee.

ANDY NASH

Non-Executive Director

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

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

JAMES CLIFTON

Group Chief Executive

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

DYLAN BOGG

Executive Director

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

BARRY COOK

Executive Director

Barry is Chairman of krow which he co-founded in 2005. Prior to that he was Chairman of the London office of Leo Burnett and, previously, Managing Director at D'Arcy during which tenure the agency won multiple creative awards at Cannes, D&AD, British Television as well as several APG and IPA Effectiveness Awards. krow was acquired by **MISSION** in 2018 and Barry was appointed to the Board in June 2019.

ROBERT DAY

Deputy Chairman

Robert is Executive Chairman of ThinkBDW, a company he founded as Robert Day Associates in 1987 at the age of 22. Re-branding as ThinkBDW in 2004, Robert has led the company to its position as the leading property marketing specialist in the UK. The business was acquired by **MISSION** in March 2007 and Robert joined the Board in April 2010. He was appointed Deputy Chairman of **MISSION** in 2018.

GILES LEE

Commercial Director

Giles joined Bray Leino in 2005 as Group Finance Director following his successful role in transforming Merrydown plc from its fundamental financial restructure in 1998 to its acquisition in 2005. Giles was appointed CFO/COO of Bray Leino in 2011 and Executive Chairman in 2013. He was appointed to the Board in March 2013 and became Commercial Director for **MISSION** in July 2018. As well as providing commercial support to the Group's Agencies, Giles has overseen many acquisitions and strategic investments and was the driving force behind the creation of **MISSION** Shared Services, which he runs today.

SUE MULLEN

Executive Director

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

FIONA SHEPHERD

Executive Director

Fiona is Chief Executive of April Six and has worked in the technology industry for over 20 years, holding both Client and agency positions, with some of the world's largest technology brands. Fiona was a founder of April Six and has been instrumental in expanding the Agency from its UK origins to its current position as a well-respected global technology and mobility Agency with offices in London, San Francisco, Munich and Singapore. Fiona joined the Board in April 2010.

DIRECTORS' REPORT - for the year ended 31 December 2020

The Directors have pleasure in presenting their report and the financial statements of The **MISSION** Group plc ("**MISSION**") for the year ended 31 December 2020. The Directors provide a separate Corporate Governance Report, which forms part of this Report of the Directors.

Results and Dividends

The Consolidated Income Statement shows the results for the year. In view of the impact of COVID-19 on the business, no dividends have been paid nor proposed in relation to 2020. The 2019 final dividend of 1.53 pence per share, originally due for payment in July 2020 but deferred as part of the Group's cash preservation actions during the peak of the pandemic, has been paid in March 2021 due to the Group's much improved cash position at the end of 2020.

Risks and Uncertainties

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

Directors

The following Directors held office during the year:

Dylan Bogg
James Clifton
Barry Cook
Robert Day
Peter Fitzwilliam
Julian Hanson-Smith
Giles Lee
David Morgan
Sue Mullen
Andy Nash
Fiona Shepherd

Directors' Interests in Shares and Options

The interests of the Directors and their families in the shares of the Company were as follows:

Number of ordinary shares of 10p each

	31 December 2019	31 December 2020
Dylan Bogg	1,512,990	1,798,999
James Clifton	199,524	792,539
Barry Cook	156,667	214,189
Robert Day	5,153,524	5,725,541
Peter Fitzwilliam	712,209	1,318,676
Julian Hanson-Smith	–	171,605
Giles Lee	769,139	1,341,156
David Morgan	6,153,104	6,725,121
Sue Mullen	1,091,183	1,377,192
Andy Nash	50,000	50,000
Fiona Shepherd	1,016,857	1,588,874

Growth Share Scheme

A Growth Share Scheme was implemented on 21 February 2017, giving participants the opportunity to subscribe for Ordinary A shares in The Mission Marketing Holdings Limited (the "growth shares") at a nominal value. These could, subject to continued employment, be exchanged for an equivalent number of **MISSION** Ordinary Shares if **MISSION**'s share price were to equal or exceed 75p for at least 15 days during the period from subscription up to 60 days from the announcement of the Group's financial results for the year ending 31 December 2019; if not, they would have no value.

At the time the scheme was introduced, achieving the target share price of 75p would have resulted in dilution to existing shareholders of less than 7% but would also have represented an increase in market capitalisation of over 80%. A total of 17 individuals were invited to participate in the scheme, of which 10 were Board members. The performance condition attached to the scheme was met in June 2019 and, accordingly, holders of growth shares were able to exchange shares following the announcement of **MISSION**'s 2019 results.

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

Number of Ordinary A shares in The Mission Marketing Holdings Limited of 0.01p each

	31 December 2019	Exchanged in year	31 December 2020
Dylan Bogg	286,009	(286,009)	–
James Clifton	572,017	(572,017)	–
Robert Day	572,017	(572,017)	–
Peter Fitzwilliam	572,017	(572,017)	–
Julian Hanson-Smith	171,605	(171,605)	–
Giles Lee	572,017	(572,017)	–
David Morgan	572,017	(572,017)	–
Sue Mullen	286,009	(286,009)	–
Fiona Shepherd	572,017	(572,017)	–

Share Options

The following unexercised options over shares were held by Directors:

Directors	At 1 January 2020	Exercised in year	At 31 December 2020	Expiry date
Dylan Bogg	17,333	-	17,333	March 2025
James Clifton	17,333	-	17,333	March 2025
Robert Day	15,556	-	15,556	March 2025
Peter Fitzwilliam	8,333	-	8,333	March 2025
Giles Lee	24,000	-	24,000	March 2025
David Morgan	8,333	-	8,333	March 2025
Sue Mullen	3,333	-	3,333	March 2025
Fiona Shepherd	13,333	-	13,333	March 2025

All unexercised share options at 31 December 2020 are nil-cost options granted in 2015 under the Company's Long Term Incentive Plan, vesting in equal instalments in April 2020 and April 2021 subject only to continuing employment. None of the Directors exercised their entitlement to exercise options during the year. Following the introduction of the Growth Share Scheme in February 2017, no nil-cost options have subsequently been awarded to Directors.

Substantial Shareholdings

Other than the Directors' interests disclosed above, as at 14 April 2021, notification had been received of the following interests in 3% or more of the issued share capital of the Company:

	Number of shares	%
Herald Investment Management Ltd	5,778,239	6.8
BGF Investment Management Limited	4,713,501	5.5
Close Asset Management Ltd	4,631,647	5.1
Objectif Investissement Microcaps FCP	4,230,477	5.0
Octopus Investments Nominees Ltd	2,825,916	3.1

Share Capital

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

Directors' Indemnity Insurance

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

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the UK and

Republic of Ireland and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRSs as adopted by the EU have been followed by the Group and FRS 102 by the Parent Company, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Auditors

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

Disclosure of Information to Auditors

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

Events Since the End of the Financial Year

On 6 April 2021, the Group agreed a new revolving credit facility of £20m, expiring on 5 April 2024, with an option to increase the facility by £5m and by one year. Further details are provided in Note 19.

Stakeholder Engagement

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

Streamlined Energy and Carbon Reporting ("SECR")

SECR is a sustainability regulation that came into force on 1 April 2019. It requires organisations to publicly report on carbon emissions and energy use, including UK energy use, associated greenhouse gas emissions, and an appropriate intensity ratio. SECR is applicable to all quoted companies and large UK incorporated unquoted companies with at least 250 employees or annual turnover greater than £36m and annual balance sheet total greater than £18m (two criteria or more must apply). Accordingly, the 2020 information given below is for The **MISSION** Group plc and Bray Leino Limited.

DIRECTORS' REPORT - for the year ended 31 December 2020

Energy consumption: (kWh'000s)	
- Electricity	290
- Gas	119
- Transport fuel	814
- Fuel for electricity generation	-
Total energy consumption	**1,223**
Emissions (tCO2e)	
Scope 1	
Emissions from combustion of gas in buildings	21.84
Emissions from combustion of fuel for transport purposes	0.75
Scope 2	
Emissions from purchased electricity (location-based method*)	67.60
Scope 1 & 2	
Total Scope 1+2 emissions	90.19
Scope 3	
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	196.94
Emissions from upstream transport and distribution losses and excavation and transport of fuels	12.86
Total emissions for mandatory reporting	**299.99**
Intensity (tCO2e / FTE)	
Full Time Equivalent staff numbers	234.50
Intensity ratio: tCO2e / FTE	1.28

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

The computations above have been calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK and the methodology used is in accordance with the GHG Protocol Corporate Accounting and Reporting Standard 2014.

We see SECR as a wonderful opportunity and not just another compliance exercise. It gives us the chance to assess our current emissions and find ways to reduce them. In 2020 we calculated our carbon footprint for the first time and certified Bray Leino as ISO 14001 compliant. All **MISSION** companies are signed up to Sustainability Solved (a coaching platform to enable organisations to implement their own environmental management systems) and additional **MISSION** companies have the aim of achieving ISO 14001 compliance. We will continue to comply with environmental legislation and to monitor and measure our consumption data with a view to reducing our intensity ratio.

Slavery and Human Trafficking Statement

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

Annual General Meeting

A notice convening the Annual General Meeting to be held on Monday 14 June 2021 at 12 noon is enclosed with this report.

On behalf of the Board
Peter Fitzwilliam

Chief Financial Officer and Company Secretary

14 April 2021

CORPORATE GOVERNANCE REPORT

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

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

Board of Directors

The Board has a balance of sector, financial and public markets skills and experience. Brief profiles of each member of the Board are set out on page 30. The CEOs of the Group's Agencies, most of whom are the original founders of those Agencies and who collectively represent a significant equity shareholding, are our primary interface with our Clients and consequently are strongly represented at Board level. Each of our Executive Directors has had a long career in marketing communications, and brings strong and up to date sector experience, with Dylan Bogg adding complementary creative insight. Giles Lee, who has both an operational and financial background, adds further skills in the role of Commercial Director, with responsibility for the **MISSION** Shared Services initiative.

Our Chief Financial Officer and two independent Non-Executive Directors provide financial and public market skills and experience and, together with myself, represent the committee responsible for corporate governance compliance and ensuring that a strong independent voice is present during Board discussions. The roles of Chair and Chief Executive are separate, with James Clifton, as Group Chief Executive, having responsibility for implementing the Group's strategy, driving growth, building our brand and delivering sustainable shareholder value.

As well as fulfilling the role of CFO, Peter Fitzwilliam was also the Company Secretary during the year. Whilst the QCA Code recommends that the company secretary is not also an Executive Director, Peter's strong background in governance and independence of character and judgement meant that we saw no need to separate the roles. However, during 2021, Peter will be succeeded as Company Secretary by Michael Langford, the Group's Financial Controller, who is a Chartered Accountant with suitable training and who has previously assisted Peter in company secretarial matters.

CORPORATE GOVERNANCE REPORT

Our Non-Executive Directors are Julian Hanson-Smith and Andy Nash, both independent by virtue of having no executive responsibilities within the Group. Both Julian and Andy bring a strong independent voice to Board discussions but also with an insight into our sector, having worked in it previously. Julian, who is also the Senior Independent Non-Executive Director, has significant business experience, both in marketing services, having co-founded Financial Dynamics (now FTI Consulting) in 1986, and also as a private equity investor, having co-founded Iceni Capital, specialising in UK-based business services companies. Andy started his professional career with Cadbury Schweppes, in their marketing team. He has extensive experience across both public and private companies and currently chairs Vaultex UK, the country's leading manager of cash on behalf of the Bank of England, owned jointly by HSBC and Barclays.

Formal evaluations of Board effectiveness are held on a periodic basis. The most recent evaluation took place during 2018 and involved a combination of self-evaluation and one-to-one interviews with individual Board members to seek objective feedback on the balance of skills, behaviours and effectiveness of the Board as a whole, the Chair and other Board members. The next evaluation is due to take place during 2021.

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

All Directors are subject to election by Shareholders at the first opportunity after their appointment and are required to seek re-election every three years.

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

Audit & Risk Committee

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

The main meeting of the Committee each year reviews the financial results and disclosures in the annual report. This meeting is held shortly before the annual results are published and considers in detail with the Group's auditors the principal areas of subjective judgement and any other matters brought to the Committee's attention by the Group's auditors. The main matters considered each year are any indications of possible goodwill and/or investment impairment and the application of the Group's revenue recognition policies.

In 2020, the impact of COVID-19 on the Group's going concern assumptions and goodwill carrying values received additional consideration. In view of the significant uncertainty created by COVID-19, additional disclosures have been provided in the Directors' Report and the Notes to the financial statements where appropriate.

The Committee is satisfied that the Group's auditors, PKF Francis Clark, have been objective and independent of the Group. The Group's auditors performed non-audit services for the Group as outlined in Note 6. The nature of this work was again predominantly corporate finance advice and financial due diligence in relation to prospective acquisitions and not related to areas of significant judgement in the accounts. The work was not carried out by the audit team, the value of this work was not significant in relation to the size of the audit fee, the basis for charging was based on hourly involvement and no fees were contingent on outcome. As a consequence, the Committee is satisfied that the auditors' objectivity and independence was not impaired by their non-audit services.

Remuneration Committee

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

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

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

With regard to remuneration policy, the Committee gives specific consideration each year to the nature and quantum of incentive arrangements to ensure they remain relevant and effective for the retention of key staff, including not just Executive Directors but also senior staff within the Group's Agencies. This includes setting the profit targets which trigger annual performance-related cash bonuses and approving the allocation of incentives to individuals. The Committee undertook a detailed review of the Group's incentives during 2018, implementing various changes as a result (as set out in last year's annual report) and no further refinements were considered necessary in 2020. The Remuneration Committee is actively considering an appropriate incentive and retention arrangement to introduce following the maturity of the 2017 Growth Share Scheme in April 2020.

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

Details of Directors' remuneration are included in Note 7.

Nomination Committee

The Nomination Committee consists of me, as the Committee Chairman, and the two Non-Executive Directors. The Committee is responsible for reviewing and making proposals to the Board on the appointment of Directors and meets as necessary. The terms of reference of the Committee are available on request. The Committee did not meet during 2020.

CORPORATE GOVERNANCE REPORT

Summary of Directors' Attendance

Executive Directors are expected to make a full-time commitment to the Group, whilst Non-Executive Directors are generally expected to be available to participate in person at Board meetings and meetings of the Remuneration, Audit and Nomination Committees. In addition, they are expected to be available to discuss matters between these formal meetings.

Where diary clashes or Client commitments conflict with formal meeting dates, the matters to be addressed during meetings are discussed with the relevant Director both before and after the relevant meeting. We estimate that the time commitment required from our Non-Executive Directors is roughly 3 days per month.

	Board Meetings		Remuneration Committee		Audit Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Dylan Bogg	9	8	n/a	n/a	n/a	n/a
James Clifton	9	9	n/a	n/a	n/a	n/a
Barry Cook	9	9	n/a	n/a	n/a	n/a
Robert Day	9	6	n/a	n/a	n/a	n/a
Peter Fitzwilliam	9	9	n/a	n/a	n/a	n/a
Julian Hanson-Smith	9	9	2	2	3	3
Giles Lee	9	9	n/a	n/a	n/a	n/a
David Morgan	9	9	n/a	n/a	n/a	n/a
Sue Mullen	9	7	n/a	n/a	n/a	n/a
Andy Nash	9	9	2	2	3	3
Fiona Shepherd	9	9	n/a	n/a	n/a	n/a

Shareholder Communication

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

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

James Clifton, Peter Fitzwilliam and I are, between us, the first point of contact for any queries raised by shareholders but, should we fail to resolve any queries, or where a Non-Executive Director is more appropriate, the Senior Independent Director, Julian Hanson-Smith, is available to meet shareholders. I am encouraged to note that, to date, no such request has been received.

Corporate Culture

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

Risk Management

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

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

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

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

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

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

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

On behalf of the board
David Morgan
Chairman
14 April 2021

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

OPINION

We have audited the financial statements of The **MISSION** Group plc (the "Group") for the year ended 31 December 2020, which comprise the Consolidated Statements of Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statementsis appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Understanding the impact of COVID-19 on the group.
- Reviewing and challenging management's assessment of going concern and key assumptions (including assessment at the planning stage of the audit process). Our work included assessing the timing and amount of turnover and related cashflows in the forecast models. We also tested the integrity and mathematical accuracy of the models used.
- Reviewing and assessing the appropriateness of management's sensitivity analysis including changes in turnover and related cashflows.
- Assessing the amount of bank facilities and expected headroom based on the forecast over the next 12 months.
- Evaluating the reliability of the forecast through discussion with management, review of post year end trading and considering the historic reliability of forecasts compared to actual results.
- Reviewing going concern related disclosures in the financial statements to ensure they are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KEY AUDIT MATTERS

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

Key Audit Matter

Revenue Recognition

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

Response And Conclusion

Our audit work included:

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

As a result of the procedures performed, we are satisfied that revenue has been correctly recorded.

Key Audit Matter

Goodwill Impairment

The impairment review of the Group's carrying value of Goodwill arising on consolidation is one of the main areas of estimation. At 31 December 2020, the carrying value of goodwill in the Group balance sheet was £92m (2019: £92m). We identified that the audit risk relates to ensuring that management's impairment review is robust and reliable in identifying potential impairment, and that the assumptions made are reasonable.

The key assumptions used by management in assessing value in use are:

- Budgets and forecasts for the next 4 years.
- The discount rate applied (the Group's weighted average cost of capital - WACC).
- Revised long-term growth rate.

INDEPENDENT AUDITOR'S REPORT

Response And Conclusion

Our audit work included:

- Assessing and challenging the key assumptions and calculations applied by management in their impairment reviews.
- Benchmarking the revised long term growth rate to independent market data to confirm it is appropriate.
- Reviewing the detailed components of the WACC calculation.
- Assessing and challenging management's sensitivity analysis on key assumptions and calculations.
- Performing our own sensitivity analysis on short term growth forecasts and challenging where this results in no or limited headroom on value in use against carrying value.
- Where there is limited headroom, comparing actual results against past forecasts used in impairment reviews to assess the reliability of the forecasts.

OUR APPLICATION OF MATERIALITY

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

MATERIALITY MEASURE	GROUP
Overall materiality **Performance materiality**	£388,000 (2019: £511,000) £288,000 (2019: £383,000)
Basis for determination	Overall materiality has been set as 0.6% of operating income (turnover less third-party costs). In previous periods, we have considered headline profit before tax to be the most appropriate measure for materiality as it best reflects the Group's underlying trading profitability and is a key metric used by both management and other stakeholders in assessing the Group's performance. However, due to the impact of COVID-19 on the underlying performance of the business it was felt that greater focus would be placed by the users of the accounts on the levels of income generated. We have used a consistent percentage of operating income as that in the prior year to calculate materiality. This therefore reflects the impact of COVID-19 on the business. Performance materiality is set as 75% of overall materiality.
Misstatements reported to the audit committee	£12,000

Range of materiality at 9 components subject to full scope audits:
£76,000 - £263,000

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

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

Of the Group's 27 reporting components, we subjected 9 to full scope audits, of which 5 were performed by component auditors, and 3 to specific audit procedures. The remaining components were subject to analytical review procedures, carried out by the Group audit team. Those components subject to audit and specific audit procedures cover 76% of the Group'sconsolidated operating income and 79% of the Group's absolute operating result (absolute result does not distinguish between profit or loss at subsidiary level). Our audit work at the component level is executed at levels of materiality appropriate for such components, which range from 26% to 68% of Group materiality.

Subsidiaries where component auditors were used provided 3% and 6% of the Group's consolidated operating income and absolute operating loss respectively. The Group team issued specific instructions to component auditors covering the significant risks identified at Group level, as detailed above, and approved materiality. The Group audit team communicated with the component auditors throughout the audit process and reviewed documentation produced.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

INDEPENDENT AUDITOR'S REPORT

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on pages 34 and 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guaranteethat an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individuallyor in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

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

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

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

USE OF OUR REPORT

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body for our audit work, for this report, or for the opinions we have formed.

Glenn Nicol (Senior Statutory Auditor)

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

14 April 2021

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

Consolidated Income Statement
For the year ended 31 December 2020

	Note	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
TURNOVER	2	**121,927**	171,091
Cost of sales		**(60,409)**	(90,119)
OPERATING INCOME	2	**61,518**	80,972
Headline operating expenses		**(59,585)**	(70,219)
HEADLINE OPERATING PROFIT		**1,933**	10,753
Acquisition adjustments	3	**(1,891)**	(1,320)
Exceptional restructuring costs	3	**(1,004)**	-
Start-up costs	3	**(335)**	(431)
Loss on investments	3	**-**	(109)
OPERATING (LOSS) / PROFIT		**(1,297)**	8,893
Share of results of associates and joint ventures		**56**	69
(LOSS) / PROFIT BEFORE INTEREST AND TAXATION		**(1,241)**	8,962
Net finance costs	5	**(821)**	(668)
(LOSS) / PROFIT BEFORE TAXATION	6	**(2,062)**	8,294
Taxation	8	**(186)**	(1,868)
(LOSS) / PROFIT FOR THE YEAR		**(2,248)**	6,426
Attributable to:			
Equity holders of the parent		**(2,033)**	6,314
Non-controlling interests		**(215)**	112
		(2,248)	6,426
Basic earnings per share (pence)	10	**(2.3)**	7.5
Diluted earnings per share (pence)	10	**(2.3)**	7.1
Headline basic earnings per share (pence)	10	**1.0**	9.5
Headline diluted earnings per share (pence)	10	**1.0**	9.0

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
(LOSS) / PROFIT FOR THE YEAR	**(2,248)**	6,426
Other comprehensive income – items that may be reclassified separately to profit or loss:		
Exchange differences on translation of foreign operations	**(173)**	(50)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	**(2,421)**	6,376
Attributable to:		
Equity holders of the parent	**(2,187)**	6,285
Non-controlling interests	**(234)**	91
	(2,421)	6,376

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

Consolidated Balance Sheet
As at 31 December 2020

	Note	As at 31 December 2020 £'000	As at 31 December 2019 £'000
FIXED ASSETS			
Intangible assets	11	**96,186**	95,859
Property, plant and equipment	13	**2,394**	3,225
Right of use assets	14	**10,729**	8,135
Investments, associates and joint ventures	15	**317**	177
		109,626	107,396
CURRENT ASSETS			
Stock		**1,194**	1,091
Trade and other receivables	16	**33,314**	40,998
Cash and short term deposits	17	**3,806**	5,028
		38,314	47,117
CURRENT LIABILITIES			
Trade and other payables	18	**(34,138)**	(36,015)
Corporation tax payable		**(359)**	(742)
Bank loans	19	**(4,969)**	-
Acquisition obligations	21.1	**(7,765)**	(3,424)
		(47,231)	(40,181)
NET CURRENT (LIABILITIES) / ASSETS		**(8,917)**	6,936
TOTAL ASSETS LESS CURRENT LIABILITIES		**100,709**	114,332
NON CURRENT LIABILITIES			
Bank loans	19	**-**	(9,927)
Lease liabilities	20	**(9,414)**	(6,229)
Acquisition obligations	21.1	**(720)**	(5,458)
Deferred tax liabilities		**(346)**	(417)
		(10,480)	(22,031)
NET ASSETS		**90,229**	92,301
CAPITAL AND RESERVES			
Called up share capital	22	**9,102**	8,530
Share premium account		**45,928**	43,015
Own shares	23	**(591)**	(659)
Share-based incentive reserve	24	**642**	700
Foreign currency translation reserve		**(66)**	88
Retained earnings		**34,842**	40,021
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**89,857**	91,695
Non-controlling interests		**372**	606
TOTAL EQUITY		**90,229**	92,301

The financial statements were approved and authorised for issue on 14 April 2021 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam, Chief Financial Officer

Company registration number: 05733632

Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Operating (loss) / profit	**(1,297)**	8,893
Depreciation and amortisation charges	**4,836**	4,832
Movements in the fair value of contingent consideration	**1,276**	433
Profit / (loss) on disposal of property, plant and equipment	**35**	(49)
Non cash charge for share options, growth shares and shares awarded	**183**	215
Decrease / (increase) in receivables	**7,684**	(1,271)
Increase in stock	**(103)**	(241)
Decrease in payables	**(1,175)**	(1,106)
OPERATING CASH FLOWS	**11,439**	11,706
Net finance costs paid	**(763)**	(626)
Tax paid	**(640)**	(1,805)
Net cash inflow from operating activities	**10,036**	9,275
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**3**	151
Purchase of property, plant and equipment	**(421)**	(1,472)
Investment in software development	**(696)**	(848)
Acquisitions of or investments in businesses	**(184)**	(108)
Payment relating to acquisitions made in prior years	**(2,018)**	(2,731)
Net cash outflow from investing activities	**(3,316)**	(5,008)
FINANCING ACTIVITIES		
Dividends paid	**-**	(1,831)
Payment of lease liabilities	**(2,769)**	(2,579)
Repayment of bank loans	**(5,000)**	-
Issue of shares to minority interests	**-**	3
Purchase of own shares held in EBT	**-**	(681)
Net cash outflow from financing activities	**(7,769)**	(5,088)
Decrease in cash and cash equivalents	**(1,049)**	(821)
Exchange differences on translation of foreign subsidiaries	**(173)**	(50)
Cash and cash equivalents at beginning of year	**5,028**	5,899
Cash and cash equivalents at end of year	**3,806**	5,028

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	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 2019	**8,436**	**42,506**	**(299)**	**498**	**117**	**35,826**	**87,084**	**512**	**87,596**
Profit for the year	-	-	-	-	-	6,314	6,314	112	6,426
Exchange differences on translation of foreign operations	-	-	-	-	(29)	-	(29)	(21)	(50)
Total comprehensive income for the year	-	-	-	-	(29)	6,314	6,285	91	6,376
New shares issued	94	509	-	-	-	-	603	3	606
Share option charge	-	-	-	127	-	-	127	-	127
Growth share charge	-	-	-	75	-	-	75	-	75
Own shares purchased	-	-	(681)	-	-	-	(681)	-	(681)
Shares awarded and sold from own shares	-	-	321	-	-	(288)	33	-	33
Dividend paid	-	-	-	-	-	(1,831)	(1,831)	-	(1,831)
At 31 December 2019	**8,530**	**43,015**	**(659)**	**700**	**88**	**40,021**	**91,695**	**606**	**92,301**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,033)**	**(2,033)**	**(215)**	**(2,248)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**(154)**	**-**	**(154)**	**(19)**	**(173)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(154)**	**(2,033)**	**(2,187)**	**(234)**	**(2,421)**
New shares issued	**28**	**135**	**-**	**-**	**-**	**-**	**163**	**-**	**163**
Share option charge	**-**	**-**	**-**	**179**	**-**	**-**	**179**	**-**	**179**
Growth share charge	**-**	**-**	**-**	**34**	**-**	**-**	**34**	**-**	**34**
Settlement of growth shares	**544**	**2,778**	**-**	**(271)**	**-**	**(3,051)**	**-**	**-**	**-**
Shares awarded and sold from own shares	**-**	**-**	**68**	**-**	**-**	**(95)**	**(27)**	**-**	**(27)**
At 31 December 2020	**9,102**	**45,928**	**(591)**	**642**	**(66)**	**34,842**	**89,857**	**372**	**90,229**

Notes to the Consolidated Financial Statements

1. Principal Accounting Policies

Basis of preparation

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

Basis of consolidation

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

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

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

Going concern

The Company's available banking facilities provide headroom against the Group's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements. Further information concerning the impact of COVID-19 is provided in the Chief Financial Officer's Report.

Turnover and revenue recognition policy

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

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Where there are contracts with a variety of performance obligations that are distinct, an element of the transaction price is allocated to each performance obligation and recognised as revenue as and when that performance obligation is satisfied. Revenue is allocated to each of the performance obligations based on relative standalone selling prices. Typically, performance obligations are satisfied over time as services are rendered. The nature of the work is almost always such that it relates to facts and circumstances that are specific to the Client, with the result that the work performed does not create an asset with alternative use to the Group. Therefore, in accordance with IFRS 15, even if the Client will receive the benefits of the Group's performance only when the Client receives the piece of work, the performance obligation is regarded as being satisfied over time. The Group is generally entitled to payment for work performed to date.

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

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

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

The amount of revenue recognised depends on whether the Group acts as principal or agent.

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

The Group has not recognised any significant costs incurred to obtain or fulfil a Client contract as assets on the balance sheet. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short term in nature.

Turnover represents fees, commissions, rechargeable expenses and sales of materials performed subject to specific contracts.

Further details on revenue recognition are detailed by activity below:

(i) Advertising and ad hoc marketing campaigns

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

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

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

(iii) Software development (Digital)

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

(iv) Media buying

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

(v) Exhibitions, events and conferences

Revenue is derived from the design, planning and supply of exhibition stands, events and conferences. Revenue is typically recognised over time based on third party costs incurred to date and actual labour hours devoted to date relative to the total expected costs and labour hours.

(vi) Learning and training

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

(vii) Public Relations

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

Goodwill and other intangible assets

Goodwill

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

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

Other intangible assets

Costs associated with the development of identifiable software products where it is probable that the economic benefits will exceed the costs of development are recognised as intangible assets. These assets are carried at cost less accumulated amortisation and are amortised over periods of between 3 and 5 years. Amortisation of software development costs is included within operating expenses.

Other intangible assets separately identified as part of an acquisition are amortised over periods of between 3 and 10 years, except certain brand names which are considered to have an indefinite useful life. The value of such brand names is not amortised, but rather an annual impairment test is applied and any shortfall in the present value of future cash flows derived from the brand name versus the carrying value is recognised in profit and loss. Amortisation and impairment charges are excluded from headline profit.

Contingent consideration payments

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

Accounting estimates and judgements

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

Potential impairment of goodwill

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

Contingent payments in respect of acquisitions

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

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

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

Valuation of intangible assets on acquisitions

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

Share-based payment transactions

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

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

Foreign currencies

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

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

Property, plant and equipment

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

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

Financial instruments

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

Leases

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

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

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

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

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

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

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

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

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

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

Deferred taxation

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

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

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

Government COVID-19 Support

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

New standards, interpretations and amendments to existing standards

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

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

2. Segmental Information

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

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

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

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

	Advertising & Digital	Media Buying	Exhibitions & Learning	Public Relations	Total
Year to 31 December 2019	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	109,421	30,855	20,162	10,653	171,091
Operating income	64,510	3,694	5,226	7,542	80,972

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

Assets and liabilities are not split between activities.

Geographical segmentation

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

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
UK	**53,077**	72,228
USA	**5,972**	4,618
Asia	**2,353**	4,103
Rest of Europe	**116**	23
	61,518	80,972

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, start-up costs and profit / loss on investments.

	Year ended 31 December 2020		Year ended 31 December 2019	
	PBT	**PAT**	PBT	PAT
	£'000	**£'000**	£'000	£'000
Headline profit	**1,168**	**670**	10,154	8,075
Acquisition-related items (Note 4)	**(1,891)**	**(1,806)**	(1,320)	(1,200)
Exceptional restructuring costs	**(1,004)**	**(834)**	-	-
Start-up costs	**(335)**	**(278)**	(431)	(358)
Write off of investments and associates	**-**	**-**	(109)	(91)
Reported (loss) / profit	**(2,062)**	**(2,248)**	8,294	6,426

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

Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2020 relate to Story's new venture in Leeds, April Six's new venture in Germany and the launch of Alive in Asia. Start-up costs in 2019 related to the Leeds and Germany ventures, and trading losses at April Six's China operation.

4. Acquisition Adjustments

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Movement in fair value of contingent consideration	**(1,276)**	(433)
Amortisation of other intangibles recognised on acquisitions	**(505)**	(870)
Acquisition transaction costs expensed	**(110)**	(17)
	(1,891)	(1,320)

The movement in fair value of contingent consideration relates to a net upward (2019: upward) revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to professional fees in connection with acquisitions made or contemplated.

5. Net Finance Costs

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Interest on bank loans and overdrafts, net of interest on bank deposits	**(329)**	(351)
Amortisation of bank debt arrangement fees	**(42)**	(41)
Interest expense on lease liabilities	**(450)**	(276)
Net finance costs	**(821)**	(668)

6. Profit or Loss Before Taxation

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

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Depreciation of owned tangible fixed assets	**1,214**	1,270
Depreciation expense on right of use assets	**2,645**	2,452
Amortisation of intangible assets recognised on acquisitions	**505**	870
Amortisation of other intangible assets	**472**	240
Expense relating to short term leases	**77**	77
Expense relating to low value leases	**15**	23
Income from subleasing right of use assets	**(4)**	(30)
Staff costs before furlough grants (Note 7)	**47,954**	52,931
Furlough grants received (Note 7)	**(2,966)**	-
Bad debts and net movement in provision for bad debts	**53**	(3)
Auditors' remuneration	**234**	205
Loss on foreign exchange	**62**	160

Auditors' remuneration may be analysed by:

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Audit of Group's annual report and financial statements	**42**	42
Audit of subsidiaries	**104**	110
Audit related assurance services	**5**	5
Tax services	**27**	26
Corporate finance	**56**	16
Other services	**-**	6
	234	205

7. Employee Information

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

	Year to 31 December 2020	Year to 31 December 2019
	Number	Number
Advertising & Digital	821	866
Media Buying	48	44
Exhibitions & Learning	66	82
Public Relations	94	100
Central	6	5
	1,035	1,097

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

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Wages and salaries	41,301	45,576
Social security costs	4,527	5,003
Pension costs	1,913	2,150
Share based payment expense	213	202
Total employee costs before furlough grants	47,954	52,931
Furlough grants received	(2,966)	-
Net employee costs after furlough grants	44,988	52,931

The Group operates twenty (2019: nineteen) defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Group to the schemes. At the end of the financial year outstanding contributions amounted to £164,000 (2019: £150,000).

Directors' Remuneration

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

	Salary / Fees	Performance -related payments	Benefits	Pension	Total 2020	Total 2019
As Board Directors						
David Morgan (Chairman)	131	–	12	–	143	161
James Clifton (Chief Executive)	231	–	6	–	237	267
Peter Fitzwilliam (Chief Financial Officer)	159	41*	4	–	204	185
Giles Lee (Commercial Director)	161	–	5	15	181	252
Julian Hanson-Smith (Non-Executive)	42	–	–	–	42	45
Andy Nash (Non-Executive)	33	–	–	1	34	36
Total	**757**	**41**	**27**	**16**	**841**	**946**
As Agency Directors						
Dylan Bogg	129	–	13	10	152	182
Robert Day	190	50*	6	4	250	399
Sue Mullen	138	–	2	13	153	171
Barry Cook (from 17 June 2019)	48	–	10	–	58	51
Fiona Shepherd	181	–	5	19	205	224
Former Directors						
Mike Rose (to 17 June 2019)	–	–	–	–	–	21
	1,443	**91**	**63**	**62**	**1,659**	**1,994**

Notes:

* The performance related payments to Peter Fitzwilliam and Robert Day were for the achievement of performance conditions in 2018 and 2019 respectively and were further conditional on certain criteria which were satisfied in 2020.

8. Taxation

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Current tax:-		
UK corporation tax at 19.00% (2019: 19.00%)	15	1,693
Adjustment for prior periods	(178)	(64)
Foreign tax on profits of the period	402	290
	239	1,919
Deferred tax:-		
Current year originating temporary differences	(53)	(51)
Tax charge for the year	186	1,868

Factors Affecting the Tax Charge for the Current Year:

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
(Loss) / profit before taxation	(2,062)	8,294
(Loss) / profit on ordinary activities before tax at the standard rate of corporation tax of 19.00% (2019: 19.00%)	(392)	1,576
Effect of:		
Non-deductible expenses	210	180
Depreciation in excess of capital allowances	210	(72)
Losses not utilised	174	157
Higher rates on overseas earnings	151	39
Adjustments in respect of prior periods	(178)	(43)
Other differences	11	31
Actual tax charge for the year	186	1,868

9. Dividends

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of nil (2019: 0.77 pence) per share	-	648
Prior year final dividend of nil (2019: 1.4 pence) per share	-	1,183
	-	1,831

In view of the trading performance during 2020, affected substantially by COVID-19, no interim dividend was paid during 2020 and no final dividend is proposed. 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. In accordance with IFRS this dividend will be recognised in the 2021 accounts.

10. Earnings Per Share

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

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Earnings		
Reported profit for the year		
Attributable to:		
Equity holders of the parent	**(2,033)**	6,314
Non-controlling interests	**(215)**	112
	(2,248)	6,426
Headline earnings (Note 3)		
Attributable to:		
Equity holders of the parent	**885**	7,963
Non-controlling interests	**(215)**	112
	670	8,075
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**88,341,383**	84,056,636
Dilutive effect of securities:		
Employee share options	**2,360,072**	4,426,774
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**90,701,455**	88,483,410
Reported basis		
Basic earnings per share (pence)	**(2.3)**	7.5
Diluted earnings per share (pence)	**(2.3)**	7.1
Headline basis:		
Basic earnings per share (pence)	**1.0**	9.5
Diluted earnings per share (pence)	**1.0**	9.0

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

11. Intangible Assets

	31 December 2020	31 December 2019
	£'000	£'000
Goodwill	**92,160**	91,752
Other intangible assets	**4,026**	4,107
	96,186	95,859

Goodwill	**Year to 31 December 2020**	Year to 31 December 2019
	£'000	£'000
Cost		
At 1 January	**96,025**	96,025
Recognised on acquisition of trade assets	**408**	-
At 31 December	**96,433**	96,025
Impairment adjustment		
At 1 January and 31 December	**4,273**	4,273
Net book value at 31 December	**92,160**	91,752

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 is assumed.

The forecasting of future cash flows was more challenging in 2020 given the heightened level of uncertainty created by COVID-19. The main assumptions adopted were that economic activity would remain subdued in the first half of 2021 but that revenues would return to pre-pandemic levels in the second half, from which point the Group would resume more normal levels of growth. Long term annual growth assumptions of 2% beyond 2024 were based on information published by market analysts.

The resulting pre-tax cash flow forecasts were discounted using a rate of 8.20%, the average of the Weighted Average Cost of Capital ("WACC") over the 9 years from 2012, when the current methodology of calculating WACC was first adopted (2019: 8.07%, the WACC at 31 December 2019).

The reason for using this average rather than the WACC at 31 December 2020 (the "2020 WACC") was to avoid any distortion that may have been caused by the exceptional circumstances of COVID-19. Over the previous 8 years, the Group's WACC was consistently within a range of 7.5% to 8.5% and the Directors felt it inappropriate to discount cash flows that stretch into the indefinite future by using a potentially COVID-affected 2020 WACC.

11. Intangible Assets - *continued*

The conclusion from using the above methodology was that no impairment in goodwill was required and is consistent with the Directors' assessment that any impairment that might have been caused by COVID-19 is only temporary in nature since all Agencies are predicting to return to pre-pandemic levels within the foreseeable future. No change to this conclusion is reached as a result of the following independent changes in assumptions: a one year delay in the achievement of 2021 budgets caused by COVID-19; any reduction in short term growth rates beyond 2021; nil long term growth rates; a 1% increase in discount rate. The only change in assumptions that would result in a material impairment in the carrying value of the Group's goodwill is an increase in discount rate of 3.5%, which management do not believe is a reasonably possible change in key assumption.

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

	31 December 2020	31 December 2019
	£'000	£'000
April Six Ltd*	**9,987**	9,411
April Six (Mobility) Ltd (formerly RLA Group Ltd)	**4,845**	4,845
April Six Proof Ltd*	**-**	576
Bray Leino Ltd	**27,761**	27,761
Chapter Agency Ltd	**3,440**	3,440
Krow Agency Ltd	**11,366**	11,366
Krow Communications Ltd	**6,961**	6,961
Mongoose Sports & Entertainment Ltd	**931**	931
RJW & Partners Ltd	**4,962**	4,962
Solaris Healthcare Network Ltd	**1,058**	1,058
Speed Communications Agency Ltd	**3,085**	3,085
Bray Leino Splash Pte. Ltd (formerly Splash Interactive Pte. Ltd)	**2,356**	2,356
Story UK Ltd	**7,516**	7,516
ThinkBDW Ltd	**6,283**	6,283
Other smaller acquisitions	**1,609**	1,201
	92,160	91,752

*In 2020, the operations of April Six Proof Ltd were transferred into April Six Ltd. The goodwill of April Six Proof Ltd has therefore been transferred into April Six Ltd.

Other intangible assets	Software development and licences	Trade names	Customer relationships	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	**1,737**	**1,781**	**5,871**	**9,389**
Additions	848	–	–	848
Disposals	(122)	–	–	(122)
At 31 December 2019	**2,463**	**1,781**	**5,871**	**10,115**
Additions	696	77	123	896
Disposals	(190)	–	–	(190)
At 31 December 2020	**2,969**	**1,858**	**5,994**	**10,821**
Amortisation and impairment				
At 1 January 2019	**1,065**	**306**	**3,649**	**5,020**
Charge for the year	240	75	795	1,110
Disposals	(122)	–	–	(122)
At 31 December 2019	**1,183**	**381**	**4,444**	**6,008**
Charge for the year	472	81	424	977
Disposals	(190)	–	–	(190)
At 31 December 2020	**1,465**	**462**	**4,868**	**6,795**
Net book value at 31 December 2020	**1,504**	**1,396**	**1,126**	**4,026**
Net book value at 31 December 2019	**1,280**	**1,400**	**1,427**	**4,107**

Additions of £696,000 (2019: £848,000) in the year include costs associated with the development of identifiable software products that are expected to generate economic benefits in excess of the costs of development.

Included within the value of intangible assets is an amount of £783,000 (2019: £783,000) relating to trade names of businesses acquired, which are deemed to have indefinite useful lives. These trade names have attained recognition in the marketplace and the companies acquired will continue to operate under the relevant trade names, which will play a role in developing and sustaining customer relationships for the foreseeable future. As such, it is the Directors' judgement that the useful life of these trade names is considered to be indefinite and, as such, are considered as part of the annual impairment review.

Intangible assets include an amount of £543,000 (2019: £617,000) relating to the krow trade name, which has attained recognition in the marketplace and plays a role in attracting and retaining Clients. This value will be amortised over the next 7 years (2019: 8 years). Also included is an amount of £1,022,000 (2019: £1,336,000) relating to krow customer relationships. krow has developed a base of customers to whom the Group would expect to continue selling in the future. The remaining useful life of these customer relationships is deemed to be 3 years (2019: 4 years) and the value will be amortised over this period.

12. Subsidiaries

The Group's principal trading subsidiaries are listed below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, except for Pathfindr Ltd, which is 80% owned, Mongoose Promotions Ltd, which is 75% owned, and Bray Leino Splash Pte. Ltd, which is 70% owned and incorporated in Singapore. A full list of all Group companies at 31 December 2020 can be found in Note 42 to the Company Financial Statements.

Subsidiary undertaking	Nature of business
April Six Ltd	Marketing communications, specialising in the technology sector
April Six (Mobility) Ltd (formerly RLA Group Ltd)	Marketing communications, specialising in the automotive sector
Bray Leino Ltd	Advertising, media buying, digital marketing, events and training
Chapter Agency Ltd	Marketing communications
Krow Agency Ltd	Marketing communications
Krow Communications Ltd	Marketing communications
Mongoose Promotions Ltd	Sales promotion
Mongoose Sports & Entertainment Ltd	Sports, fitness and entertainment marketing
Pathfindr Ltd	Creator of IIoT solutions
RJW & Partners Ltd	Pricing and market access in the healthcare sector
Solaris Healthcare Network Ltd	Marketing communications, specialising in the medical sector
Speed Communications Agency Ltd	Public relations
Bray Leino Splash Pte. Ltd	Digital marketing
Story UK Ltd	Brand development and creative direct communication
ThinkBDW Ltd	Property marketing, providing advertising, media, brochures, signage, exhibitions, CGI, animation, intranet, photography

13. Property, Plant and Equipment

	Property	Fixtures & fittings and office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2019	**2,224**	**3,881**	**3,168**	**123**	**9,396**
Additions	463	311	678	20	1,472
Disposals	(418)	(1,088)	(164)	(71)	(1,741)
At 31 December 2019	**2,269**	**3,104**	**3,682**	**72**	**9,127**
Transfer between categories	-	63	(63)	-	-
Additions	51	55	315	-	421
Disposals	(40)	(184)	(286)	(13)	(523)
At 31 December 2020	**2,280**	**3,038**	**3,648**	**59**	**9,025**
Depreciation					
At 1 January 2019	**1,679**	**2,402**	**2,076**	**114**	**6,271**
Charge for the year	183	478	602	7	1,270
Disposals	(371)	(1,054)	(145)	(69)	(1,639)
At 31 December 2019	**1,491**	**1,826**	**2,533**	**52**	**5,902**
Transfer between categories	-	55	(55)	-	-
Charge for the year	193	432	582	7	1,214
Disposals	(32)	(160)	(280)	(13)	(485)
At 31 December 2020	**1,652**	**2,153**	**2,780**	**46**	**6,631**
Net book value at 31 December 2020	**628**	**885**	**868**	**13**	**2,394**
Net book value at 31 December 2019	**778**	**1,278**	**1,149**	**20**	**3,225**

14. Right of Use Assets

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

	Property	Fixtures & fittings and office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Net carrying amount					
At 31 December 2019	7,376	80	18	661	8,135
At 31 December 2020	10,331	41	13	344	10,729
Depreciation expense					
Year to 31 December 2019	1,978	61	5	408	2,452
Year to 31 December 2020	2,269	38	5	333	2,645
Additions					
Year to 31 December 2019	2,582	3	3	266	2,854
Year to 31 December 2020	5,224	-	-	15	5,239

15. Investments, Associates and Joint Ventures

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
At 1 January	**177**	-
Profit during the year	**56**	69
Additions	**84**	108
At 31 December	**317**	177

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

16. Trade and Other Receivables

	31 December 2020	31 December 2019
	£'000	£'000
Trade receivables	22,296	27,451
Accrued income	7,923	9,779
Prepayments	2,180	2,759
Other receivables	915	1,009
	33,314	40,998

An allowance has been made for estimated irrecoverable amounts from the provision of services of £97,000 (2019: £82,000). The estimated irrecoverable amount is arrived at by considering the historic loss rate and adjusting for current expectations, Client base and economic conditions, including the potential impact of COVID-19 which has resulted in an increase in the estimated loss rate in 2020. Both historic losses and expected future losses being very low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables and accrued income. Accrued income relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	31 December 2020	31 December 2019
	£'000	£'000
Gross trade receivables	22,393	27,533
Gross accrued income	7,923	9,779
Total trade receivables and accrued income	30,316	37,312
Expected loss rate	0.3%	0.2%
Provision for doubtful debts	97	82

Credit risk

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

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

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

16. Trade and Other Receivables - *continued*

There can be no assurance that any of the Group's Clients will continue to utilise the Group's services to the same extent, or at all, in the future. The loss of, or a significant reduction in advertising and marketing spending by, the Group's largest Clients, if not replaced by new Client accounts or an increase in business from existing Clients, would adversely affect the Group's prospects, business, financial condition and results of operations. The impact would however be limited as only three Clients represented more than 3% of total operating income in 2020 (2019: two Clients).

17. Cash and Short Term Deposits

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

18. Trade and Other Payables

	31 December 2020	31 December 2019
	£'000	£'000
Trade creditors	**9,622**	14,050
Deferred income	**8,636**	5,754
Other creditors and accruals	**8,102**	9,333
Other tax and social security payable	**5,918**	4,303
Lease liabilities (Note 20)	**1,860**	2,575
	34,138	36,015

Deferred income has increased by £2,882,000 predominantly as a result of a number of Clients making payments on account shortly before year end.

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

19. Bank Overdrafts, Loans and Net Bank Debt

	31 December 2020	31 December 2019
	£'000	£'000
Bank loan outstanding	**5,000**	10,000
Unamortised bank debt arrangement fees	**(31)**	(73)
Carrying value of loan outstanding	**4,969**	9,927
Less: Cash and short term deposits	**(3,806)**	(5,028)
Net bank debt	**1,163**	4,899
The borrowings are repayable as follows:		
Less than one year	**5,000**	-
In one to two years	**-**	10,000
	5,000	10,000
Unamortised bank debt arrangement fees	**(31)**	(73)
	4,969	9,927
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(4,969)**	-
Amount due for settlement after 12 months	**-**	9,927

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

At 31 December 2020, the Group's committed bank facilities comprised a revolving credit facility of £20.0m, expiring on 28 September 2021, with an option to extend the facility by one year. Interest on the facility is based on LIBOR plus a margin of between 1.25% and 2.00% depending on the Group's debt leverage ratio. On 6 April 2021, the Group agreed a new revolving credit facility of £20m, expiring on 5 April 2024, with an option to increase the facility by £5m and by one year. Interest on the new facility is based on SONIA (sterling overnight index average) plus a margin of between 1.50% and 2.25% depending on the Group's debt leverage ratio, payable in cash on loan rollover dates.

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

At 31 December 2020, 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. This security arrangement has been replicated in the Group's new banking facilities.

20. Lease Liabilities

Obligations under leases are due as follows:

	31 December 2020	31 December 2019
	£'000	£'000
In one year or less (shown in trade and other payables)	1,860	2,575
In more than one year	9,414	6,229
	11,274	8,804

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

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

21. Acquisitions

21.1 Acquisition Obligations

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

	31 December 2020			31 December 2019		
	Cash	Shares	Total	Cash	Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	7,461	304	7,765	3,261	163	3,424
Between one and two years	140	-	140	3,690	160	3,850
In more than two years but less than three years	280	-	280	-	-	-
In more than three years but less than four years	300	-	300	1,552	56	1,608
	8,181	304	8,485	8,503	379	8,882

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

	Cash	Shares	Total
	£'000	£'000	£'000
At 31 December 2019	8,503	379	8,882
Obligations settled in the period	(2,018)	(163)	(2,181)
Adjustments to estimates of obligations	1,188	88	1,276
New acquisitions	508	-	508
At 31 December 2020	**8,181**	**304**	**8,485**

21. Acquisitions - *continued*

21.2 Acquisitions during the year

A total of £608,000 was invested in acquisitions during the year, comprising initial cash consideration of £100,000 and deferred contingent consideration of £508,000. Had the Group consolidated the results of acquisitions made during the year, from the beginning of the year, the Directors estimate that the turnover, operating income and headline operating profit of the Group would not have been materially different to the numbers presented in the consolidated income statement.

22. Share Capital

	31 December 2020	31 December 2019
	£'000	£'000
Allotted and called up:		
91,015,897 Ordinary shares of 10p each (2019: 85,295,565 Ordinary shares of 10p each)	**9,102**	8,530

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	890,262	553,364	(22,500)	(223,299)	1,197,827
Growth Share Scheme	5,434,162	-	-	(5,434,162)	-

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, 223,299 options granted in 2015 and 2017 were exercised at an average share price of 61.9p and at the end of the year 225,921 of the outstanding options are exercisable. Certain individuals received performance awards in the early part of 2020 as a result of the financial performance of their Agency in 2019 and a proportion of these awards were in grants of nil-cost options over a total of 553,364 shares, vesting over a 3 year period to 2023.

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

A Growth Share Scheme was implemented on 21 February 2017. Participants in the scheme subscribed for Ordinary A shares in The Mission Marketing Holdings Limited (the "growth shares") at a nominal value. The performance condition attaching to these growth shares was met during 2019 and the shares could be exchanged for an equivalent number of Ordinary Shares in **MISSION** during the period up to 60 days from the announcement of the Group's financial results for the year ending 31 December 2019, subject only to continued employment. During the year the 5,434,162 growth shares were exchanged for 5,434,162 Ordinary Shares.

23. Own Shares

	No. of shares	£'000
At 31 December 2018	**741,367**	**299**
Own shares purchased during the year	**623,570**	**681**
Awarded or sold during the year	**(288,194)**	**(321)**
At 31 December 2019	**1,076,743**	**659**
Awarded or sold during the year	**(178,929)**	**(68)**
At 31 December 2020	**897,814**	**591**

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

24. Share-Based Incentive Reserve

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

25. Share-Based Payments

Nil-cost share options

Details of the relevant option schemes are given in Note 22. Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year-end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. The fair value of options issued during the year was 55.0p per option at measurement date. The key inputs are:

	2020	2019
Share price	55.0p	n/a
Risk free rate	0.1%	n/a

The weighted average share price over the three years ending 31 December 2020 was 65.4p and the weighted average remaining contractual life of the share options outstanding at 31 December 2020 was 4.4 years.

The Group recognised an expense of £179,000 in 2020 (2019: £127,000).

Growth Shares

Details of the Growth Share scheme are given in Note 22. The fair value of growth shares was measured by use of a Monte Carlo simulation model, which uses probability analysis to calculate the value of options. The fair value of the growth shares issued in 2017 was 5.0p per share at measurement date. No growth shares were issued in 2018, 2019 or 2020. The key inputs for the valuation of the growth shares issued in 2017 were:

25. Share-Based Payments - *continued*

Share price at grant	41.0p
Risk free rate	0.1%
Dividend yield	3.7%
Expected volatility	30%

Volatility is based on the historical volatility of the share price over a 3 year trading period. During 2020 all of the growth shares were exchanged for Ordinary shares, resulting in no outstanding growth shares at 31 December 2020.

The Group recognised an expense of £34,000 in 2020 (2019: £75,000).

26. Financial Assets and Liabilities

Capital management

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants. The principal measures by which the Directors monitor capital risk are the ratios of net bank debt to EBITDA and total debt (including both net bank debt and estimated acquisition consideration payable) to EBITDA. (Note that, since acquisition consideration is dependent on future levels of profitability in the acquired business, which are inevitably uncertain, the Directors calculate this ratio by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability.) The Directors have set targets, of remaining below x1.5 and x2.0 for these ratios respectively (calculated on a pre-IFRS 16 basis).

Financial risk management

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

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

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

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

26. Financial Assets and Liabilities - *continued*

Interest rate risk

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

Interest on the Group's revolving credit facility is payable by reference to LIBOR, subject to downward or upward ratchets depending on certain ratios of debt to EBITDA on a quarterly basis. The Directors have considered again the relative merits of the use of hedging instruments to limit the exposure to interest rate risk. Since the sensitivity of profits to a 1% change in interest rates is less than £0.1m, they have decided not to enter into any hedging arrangements.

Liquidity risk

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

Financial assets	31 December 2020	31 December 2019
	£'000	£'000
Cash at bank maturing in less than one year or on demand	3,806	5,028

Financial liabilities	Bank loan and overdraft	Lease liabilities	Acquisition obligations	Total
	£'000	£'000	£'000	£'000
At 31 December 2020				
Interest analysis:				
Subject to floating rates	5,000	–	–	5,000
Subject to fixed rates	–	11,274	8,485	19,759
	5,000	11,274	8,485	24,759
Maturity analysis:				
One year or less, or on demand	5,000	1,860	7,765	14,625
In one to two years	–	1,488	140	1,628
In two to three years	–	1,117	280	1,397
In three to four years	–	974	300	1,274
In four to five years	–	874	–	874
In more than five years	–	4,961	–	4,961
At 31 December 2019	5,000	11,274	8,485	24,759
Interest analysis:				
Subject to floating rates	10,000	–	–	10,000
Subject to fixed rates	–	8,804	8,882	17,686
	10,000	8,804	8,882	27,686
Maturity analysis:				
One year or less, or on demand	–	2,575	3,424	5,999
In one to two years	10,000	1,869	3,850	15,719
In two to three years	–	1,468	–	1,468
In three to four years	–	1,023	1,608	2,631
In four to five years	–	746	–	746
In more than five years	–	1,123	–	1,123
	10,000	8,804	8,882	27,686

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

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

27. Leave Pay Accrual

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

28. Post Balance Sheet Events

On 6 April 2021, the Group agreed a new revolving credit facility of £20m, expiring on 5 April 2024, with an option to increase the facility by £5m and by one year. Further details are provided in Note 19.

29. Related Party Transactions

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

	Year to 31 December 2020	Year to 31 December 2019
	£'000	£'000
Short-term employee benefits	**1,530**	1,752
Post-employment benefits	**63**	67
Share-based payments	**66**	175
	1,659	1,994

Bray Leino Ltd rents property from entities under the control of David Morgan, Chairman of The **MISSION** Group plc, and members of his close family. During the year the Company paid annual rental and property fees totalling £75,000 (2019: £75,250). There were no amounts owed at the balance sheet date to these entities.

ThinkBDW Ltd was contracted to pay annual rent to Robert Day Associates Ltd, a company controlled by Mrs K Day (wife of Robert Day, Executive Director), until the business premises being rented were sold by Robert Day Associates Ltd to an unrelated third party on 17 January 2020. The lease commenced on 1 October 2019 at a rent of £375,000 per year following the surrender of the previous lease (£235,000 per year under the previous lease agreement). Aggregate rent paid in the year to Robert Day Associates Ltd was £93,750 (2019: £328,000).

In addition, ThinkBDW Ltd purchased energy generated by a photovoltaic array owned by Robert Day Associates Ltd at a discounted commercial rate. The right to receive income from the array passed to the new landlord at the same time the freehold interest was transferred. The cost to the Group in 2020 up to the date of sale was nil (2019: £15,964).

Krow Agency Ltd is contracted to pay annual rent to four individuals, including Dylan Bogg (Executive Director). During the year, total rental of £74,000 (2019: £74,000) was paid and no amount was outstanding at the balance sheet date.

During the year Solaris Healthcare Network Ltd made sales of nil (2019: £9,555) to Viramal Limited, a company in which Peter Fitzwilliam (Executive Director) is a director and shareholder. There were no amounts due as at the beginning or end of the financial year.

During 2017 nine directors received loans totalling £75,549 in respect of the personal tax payable on a growth share award, as follows: Dylan Bogg £6,667; James Clifton £10,000; Robert Day £10,000; Julian Hanson-Smith £2,174; Peter Fitzwilliam £10,000; Giles Lee £10,000; David Morgan £10,000; Sue Mullen £6,708; Fiona Shepherd £10,000. No interest is being charged and all loans remain outstanding at the year end. All loans are repayable from the proceeds of the share sale on 22 February 2021.

30. Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2020 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 14 June 2021 and, after approval at the AGM, will be delivered to the Registrar of Companies. Further copies will be available from the Company's registered office and on the Group's website, www.themission.co.uk.

Independent Auditor's Report: Company

Opinion

We have audited the financial statements of The **MISSION** Group plc (the 'Company') for the year ended 31 December 2020, which comprise the Company Balance Sheet, Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed (as set out in the group audit report), we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

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

The key audit matter identified for the company related to the carrying value of its investments, given the company holds material investments in subsidiary undertakings and in light of the known and potential economic impact of the COVID-19 pandemic. The company receives dividend income from its trading subsidiaries. We reviewed and considered the level of dividend income received from subsidiary companies along with the ongoing ability for subsidiary companies to generate distributable profits. Further detailed work in respect of goodwill impairment in respect of the group's cash generating units is set out in our group audit report.

INDEPENDENT AUDITOR'S REPORT: COMPANY

Our application of materiality

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

Based on our professional judgement, we determined materiality for the company financial statements should be based on gross assets as it is a holding company. This was then restricted to 50% of group materiality to give overall company materiality of £194,000, performance materiality of £144,000 and individual errors above £6,000 were reported to the audit committee.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 34 and 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We identified the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety and GDPR. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as financial reporting legislation (including The Companies Act 2006), distributable profits legislation, taxation legislation and Coronavirus Job Retention Scheme (CJRS) legislation. We considered the extent to which any non-compliance with these laws and regulations may have on the company's ability to continue trading and the risk of a material misstatement in the financial statements.

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter,EX2 7XE

Date: 14 April 2021

COMPANY FINANCIAL STATEMENTS & NOTES

Company Balance Sheet
As at 31 December 2020

	Note	As at 31 December 2020 £'000	As at 31 December 2019 £'000
NON-CURRENT ASSETS			
Intangible assets	32	1,039	266
Investments	33	114,596	108,996
Property, plant and equipment		622	635
		116,257	109,897
CURRENT ASSETS			
Debtors	34	7,248	7,135
		7,248	7,135
CREDITORS: Amounts falling due within one year	35	(27,691)	(13,896)
NET CURRENT LIABILITIES		(20,443)	(6,761)
TOTAL ASSETS LESS CURRENT LIABILITIES		95,814	103,136
CREDITORS: Amounts falling due after more than one year	36	(603)	(14,392)
NET ASSETS		95,211	88,744
CAPITAL AND RESERVES			
Called up share capital	38	9,102	8,530
Share premium account	38	45,928	43,015
Own shares	38	(591)	(659)
Share-based incentive reserve		582	531
Profit and loss account		40,190	37,327
SHAREHOLDER'S FUNDS		95,211	88,744

The financial statements were approved and authorised for issue on 14 April 2021 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam, Chief Financial Officer
Company registration number: 05733632

Company Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital	Share premium	Own shares	Share-based incentive reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	**8,436**	**42,506**	**(299)**	**373**	**40,304**	**91,320**
Loss for the year	–	–	–	–	(850)	(850)
New shares issued	94	509	–	–	–	603
Share option charge	–	–	–	127	–	127
Growth share charge	–	–	–	31	–	31
Own shares purchased	–	–	(681)	–	–	(681)
Shares awarded and sold from own shares	–	–	321	–	(296)	25
Dividend paid	–	–	–	–	(1,831)	(1,831)
At 31 December 2019	**8,530**	**43,015**	**(659)**	**531**	**37,327**	**88,744**
Profit for the year	–	–	–	–	2,880	2,880
New shares issued	28	135	–	–	–	163
Share option charge	–	–	–	119	–	119
Growth share charge	–	–	–	13	–	13
Settlement of growth shares	544	2,778	–	(81)	81	3,322
Shares awarded and sold from own shares	–	–	68	–	(98)	(30)
At 31 December 2020	**9,102**	**45,928**	**(591)**	**582**	**40,190**	**95,211**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31. Principal Accounting Policies

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

General information and basis of accounting

The **MISSION** Group plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 99. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 4 to 9.

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

Reduced disclosure exemptions

The **MISSION** Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, share-based payment, share capital and remuneration of key management personnel.

Deferred taxation

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

Financial instruments

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Basic debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial liabilities are released to the profit and loss account when the liability is extinguished.

Contingent consideration payments

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

Investments

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

Accounting estimates and judgements

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

Potential impairment of investments

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

Contingent payments in respect of acquisitions

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

Lease commitments

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

Profit of parent company

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

32. Intangible Assets

Other intangible assets	Software development and licences	Customer relationships	Goodwill	Total
	£'000	£'000		£'000
Cost				
At 1 January 2019	**43**	**61**	**-**	**104**
Additions	237	–	–	237
At 31 December 2019	**280**	**61**	**-**	**341**
Additions	222	–	608	830
At 31 December 2020	**502**	**61**	**608**	**1,171**
Amortisation and impairment				
At 1 January 2019	**1**	**54**	**-**	**55**
Charge for the year	14	6	–	20
At 31 December 2019	**15**	**60**	**-**	**75**
Charge for the year	56	1	–	57
At 31 December 2020	**71**	**61**	**-**	**132**
Net book value at 31 December 2020	**431**	**-**	**608**	**1,039**
Net book value at 31 December 2019	**265**	**1**	**-**	**266**

Additions of £222,000 (2019: £237,000) in the year include costs associated with the development of identifiable software products that are expected to generate economic benefits in excess of the costs of development.

During the year, the Innovation Bubble business was acquired and hived up into the operations of The **MISSION** Group plc giving rise to goodwill of £608,000.

33. Investments

	Shares in subsidiary undertakings
	£'000
Cost	
At 1 January 2019	**115,027**
Adjustment to purchase consideration	2,412
At 31 December 2019	**117,439**
Additions	3,322
Adjustment to purchase consideration	2,278
At 31 December 2020	**123,039**
Impairment	
At 1 January 2019	**(8,443)**
Impairment	-
At 31 December 2019	**(8,443)**
Impairment	-
At 31 December 2020	**(8,443)**
Net book amount at 31 December 2020	**114,596**
Net book amount at 31 December 2019	**108,996**

Additions in the year represent the value of shares issued to holders of A Ordinary shares in The Mission Marketing Holdings Ltd ("Growth shares") following the vesting and exercise of the Growth Share Scheme.

A list of the principal trading companies in the Group at 31 December 2020 can be found in Note 12 to the Consolidated Financial Statements and a complete list can be found in Note 42.

34. Debtors

	31 December 2020	31 December 2019
	£'000	£'000
Trade debtors	**269**	-
Amounts due from subsidiary undertakings	**5,239**	5,028
Corporation tax	**405**	487
Prepayments	**1,259**	1,427
Other debtors	**76**	193
	7,248	7,135

NOTES TO THE COMPANY FINANCIAL STATEMENTS

35. Creditors: Amounts Falling Due Within One Year

	31 December 2020	31 December 2019
	£'000	£'000
Trade creditors	591	640
Bank overdraft	3,713	2,413
Amounts due to subsidiary undertakings	9,236	6,655
Accruals	794	588
Acquisition obligations	7,977	3,423
Bank loan (see Note 37)	4,969	-
Other creditors	411	177
	27,691	13,896

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

	31 December 2020	31 December 2019
	£'000	£'000
Bank loan (see Note 37)	-	9,927
Acquisition obligations	508	4,380
Deferred tax liability	95	85
	603	14,392

37. Borrowings

	31 December 2020	31 December 2019
	£'000	£'000
Bank loan outstanding	**5,000**	10,000
Adjustment to amortised cost	**(31)**	(73)
Carrying value of loan outstanding	**4,969**	9,927
The borrowings are repayable as follows:		
Less than one year	**5,000**	-
In one to two years	**-**	10,000
In more than two years but less than three years	**-**	-
	5,000	10,000
Adjustment to amortised cost	**(31)**	(73)
	4,969	9,927
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(4,969)**	-
Amount due for settlement after 12 months	**-**	9,927

Details of the Company's borrowing facilities and interest rates are set out in Note 19.
All borrowings are in sterling.

As at 31 December 2020, net assets of the Group were £90,229,000 (2019: £92,301,000) and net borrowings under this Group arrangement amounted to £1,163,000 (2019: £4,899,000).

38. Share Capital and Own Shares

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

A description of Own Shares is disclosed in Note 23. During the year, the Company issued 5,720,332 Ordinary shares of 10p each (2019: 938,214) and at 31 December 2020, the number of shares in issue was 91,015,897 (2019: 85,295,565).

39. Unrealised Reserves

Included in reserves at 31 December is unrealised profit, which is non-distributable, of £3,165,000 (2019: £3,165,000).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

40. Operating Lease Commitments

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

	31 December 2020		31 December 2019	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Within one year	**32**	**11**	140	13
Between two and five years	**82**	**7**	94	18
In more than five years	**68**	**-**	88	-
	182	**18**	322	31

41. Related Party Transactions

Details of related party transactions are disclosed in Note 29 of the Consolidated Financial Statements. Exemptions allowed under FRS 102 have been taken from reporting transactions and balances with group companies.

42. Group companies

Below is a list of all companies in the Group. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, unless otherwise indicated. In addition, the Company holds indirect interests in Watchable Ltd (25%) and Fenturi Ltd (25%), both treated as associated companies, and indirect interests in European Exhibit Services SRO (60% and incorporated in the Czech Republic), Destination CMS Ltd (50%) and Vivactis Global Health Ltd (50%), all treated as joint ventures. Unless otherwise stated, the registered office of all companies is The Old Sawmills, Filleigh, Barnstaple, EX32 0RN.

Subsidiary undertaking	Country of Incorporation	Registered office
Held directly:		
The Mission Marketing Holdings Ltd**		
Krow Communications Ltd		
Held indirectly:		
April Six Inc.	USA	847 Sansome Street, Suite 100, San Francisco, CA 94111, United States of America
April Six Ltd **		
April Six (Mobility) Ltd (formerly RLA Group Ltd) **		
April Six Proof Ltd **		
April Six Pte. Ltd	Singapore	40A Tras Street, Singapore 078979
Balloon Dog Ltd		
Bastin Day Westley Ltd		
Big Communications Ltd		

42. Group companies - *continued*

Subsidiary undertaking	Country of Incorporation	Registered office
Bray Leino Ltd **		
Bray Leino Productions Ltd **		
Bray Leino Sdn. Bhd. *	Malaysia	100.6.047, 129 Offices, Block J, Jaya One. No. 72A, Jalan Universiti 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Bray Leino Singapore Pte. Ltd	Singapore	#73 Ubi Road 1, #07-49/50 Oxley Bizhub, Singapore 408733
Bray Leino Splash Ltd *	Hong Kong	Unit 1101, 11/F, Tower 1, Cheung Sha Wan Plaza, 833 Cheung, Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong
Bray Leino Splash Pte. Ltd	Singapore	51 Tai Seng Ave, #04-04 Pixel Red, Singapore - 533941
Bray Leino Splash Sdn. Bhd. (formerly Splash Interactive Sdn. Bhd.) *	Malaysia	100.6.047, 129 Offices, Block J, Jaya One. No. 72A, Jalan Universiti 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Chapter Agency Ltd **		
Fox Murphy Ltd		
Fuse Digital Ltd		
Jellyfish Ltd		
Krow Agency Ltd **		
Mission Marketing Ltd		
Mongoose Promotions Ltd (75% owned) **		
Mongoose Sports & Entertainment Ltd **		
Pathfindr Ltd (80% owned) **		
RJW & Partners Ltd **		
Robson Brown Ltd		
Solaris Healthcare Network Ltd **		
Speed Communications Agency Ltd **		
Splash Interactive Ltd *	Vietnam	Floor 5, SAM Building, 152/11B Dien Bien Phu str, Ward 25, Binh Thanh Dist, Ho Chi Minh City, Vietnam
Splash Interactive *	China	Room 1801, Hong Kong Metropolis Building, 733 Fuxing Road East, Huangpu District, Shanghai, China, 200233
Story UK Ltd **		1-4, Atholl Crescent, Edinburgh, Scotland EH3 8HA
The Mission Ltd		
The Splash Partnership Ltd **		
ThinkBDW Ltd **		

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting ("AGM") of The **MISSION** Group plc (the "**Company**") will be held at 12 noon on Monday 14 June 2021 at the offices of krow Communications ("krow"), 80 Goswell Road, London, EC1V 7DB to transact the business set out below.

We are keen to welcome shareholders in person to our 2021 AGM within safety constraints and in accordance with government guidelines, particularly given the circumstances we faced in 2020 due to COVID-19 which resulted in us holding a closed meeting. At present, a limited number of people in attendance is possible under government guidelines and we are therefore proposing to go ahead with an open meeting at krow's offices. We will restrict the number of Board members attending in person to enable a greater number of shareholders to attend, but we will ask other Board members to join the AGM by video conference to enable shareholders to engage directly with the Company in the normal way. Shareholders intending to attend the AGM are asked to register their intention as soon as possible by emailing contact@themission.co.uk.

Given the constantly evolving nature of the situation, should circumstances change such that we consider it is no longer possible for shareholders to attend the meeting, we will notify shareholders through the Company's website (www.themission.co.uk) and, where appropriate, by a Regulatory News Service announcement. For the same reason of uncertainty, we encourage all shareholders to exercise their votes by submitting their proxy by post and are encouraged to appoint the chairman of the meeting as their proxy. In order to be valid an appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than 12 noon on Thursday 10 June 2021.

Irrespective of the guidelines in place at the time of the 2021 AGM, we understand that some shareholders may not wish to travel but may still wish to ask questions of the Board. Any questions should be emailed to contact@themission.co.uk in advance and we will endeavour to add a synopsis of all questions and answers to our website shortly after the meeting.

The following resolutions will be proposed as ordinary resolutions:

Report and Accounts

1. To receive the financial statements and the reports of the Directors and the auditors for the year ended 31 December 2020.

Directors

2. To re-elect Julian Hanson-Smith as a Director.

Auditors

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

Authority to allot shares

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

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

The following resolutions will be proposed as special resolutions:

Authority to dis-apply pre-emption rights

6. THAT (subject to the passing of the resolution numbered 5 above) the Directors be and are hereby empowered pursuant to Section 570, Section 571 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

   i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

   ii. the allotment (other than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal value of £910,158.97 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 5 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot equity securities be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot equity securities in pursuance of any offer or agreement entered into prior to the date of this resolution.

Authority to purchase own shares

7. THAT pursuant to section 701 of the Act and subject to, and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of the Company provided that:

   i. the maximum number of ordinary shares hereby authorised to be acquired is 13,652,384 being 15% of the issued share capital; and

   ii. the minimum price which may be paid for an ordinary share is the nominal value of such share; and

   iii. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such ordinary share is contracted to be purchased; and

NOTICE OF ANNUAL GENERAL MEETING

iv. the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2022 or 18 months from the date of this resolution (whichever is earlier); and

v. the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and

vi. all ordinary shares purchased pursuant to the authority conferred by this resolution 7 shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed 10 per cent of the issued share capital of the Company at any time).

By Order of the Board
Peter Fitzwilliam
14 April 2021

Note to the Notice of Annual General Meeting

1. Shareholders wishing to attend the AGM are asked to register their intention as soon as possible by emailing contact@themission.co.uk. Rules around capacity at the AGM venue and changes in health and safety requirements may mean shareholders cannot ultimately attend the meeting.

2. A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote on his or her behalf. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to different shares. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box on the Form of Proxy accompanying the annual report. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any commitments on your behalf, you will need to appoint someone other the chairman, and give them relevant instructions directly.

3. Given the uncertainty around whether shareholders will be able to attend the AGM, whether because the capacity at the venue does not allow for safety reasons related to COVID-19 restrictions or due to a change in the situation with the COVID-19 pandemic, we recommend that all shareholders appoint the chairman of the meeting to speak and vote on your behalf.

4. If you sign and return the proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy.

5. In order to be valid an appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. The closing time for lodging proxies is 12 noon on Thursday 10 June 2021. For the purposes of determining which persons are entitled to attend or vote at the meeting, members entered on the Company's register of members at 6p.m. on Thursday 10 June have the right to attend and vote at the meeting.

ADVISORS

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

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Barnstaple, Devon, EX32 0RN
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