MISSION

INTERIM REPORT

For the six months to 30 June 2022

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

Contents

FINANCIAL HIGHLIGHTS

- Strong revenue performance combined with diligent cost control delivered good, profitable growth in H1 2022.

Six months ended 30 June	2022	2021	%
• Revenue	£37.5m	£34.1m	+10%
• Headline Operating Profit*	£2.2m	£2.0m	+10%
• Headline Profit Before Tax*	£1.9m	£1.8m	+5%
• Reported Profit Before Tax	£1.5m	£1.4m	+9%
• Headline Earnings Per Share (pence)*	1.71	1.70	+1%
• Headline Diluted Earnings Per Share (pence)*	1.70	1.68	+1%

- Net bank debt of £7.1m (30 June 2021: £3.9m, 31 December 2021: £10.3m).
- Bank debt leverage ratio closed at 0.8x (30 June 2021: 0.7x, 31 December 2021: 1.2x).
- Interim dividend of 0.83p declared (2021: 0.80p), an increase of 4%.

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

BUSINESS HIGHLIGHTS

- H1 performance in line with Board's expectations and achieved despite considerable macro-economic headwinds.
- Group remained at the forefront of activity across higher growth sectors with a particularly strong performance from its technology division across both the UK and North American markets.
- Sustained recovery across Agencies most impacted by the pandemic including events and property.
- New business wins included Disney+, Molson Coors and Phihong.
- Further progress against strategic areas of focus with new acquisitions and organic investment made during the period.
- Strengthening of Board continues with appointment of Mark Lund as a Non-Executive Director and Deputy Chair.

OUTLOOK

- As in previous years, the Group expects the majority of its profit to be generated in the second half of the year.
- Despite the heightened level of global macro-economic uncertainty, we currently remain on track to deliver against the Board's expectations.

OVERVIEW

The increased global macroeconomic and geo-political uncertainty coupled with rising inflation and the cost-of-living crisis that have dominated this year, are creating challenges from which no sector and few businesses are immune. However, despite this backdrop, the Group is pleased to have continued to build on the strong momentum achieved in H1 delivering robust financial results for the first half of 2022 that are in line with the Board's expectations and demonstrate growth across both revenue and profitability. This has resulted in revenues for the period of £37.5m (2021: £34.1m), a headline operating profit of £2.2m (2021: £2.0m) and a reported profit before tax of £1.5m (2021: £1.4m).

The strategic changes implemented across the business in recent years have placed us in good stead to manage the current industry headwinds. The decentralised and entrepreneurial nature of our agency model continues to be an important driver behind this resilience. Whilst rising costs are forcing Clients to focus on budgets and efficiencies, we have seen good underlying trading from our Agencies, reflecting our increasing exposure to more robust sectors and geographies. This is further underpinned by the benefits of the investments we have made in dynamic areas of our markets to expand our capabilities and services.

As a business, our own careful control of costs has remained a priority. Talent costs are one of the key variables for us and whilst wage inflation, coupled with the contraction in the employment market is clearly a challenge for the whole industry, we were quick to recognise the potential impact this would have in the current year and have managed this well, investing ahead to improve our people proposition in a competitive market. More broadly, strong cash flow and careful balance sheet management have seen us reduce total debt (net bank debt plus acquisition obligations) to £9.6m, its lowest level since 2014.

Performance and progress

We continued to see good performances from all our Agencies within the Advertising and Digital segment, with the majority delivering year on year growth on the same period in the prior year.

Our exposure to higher growth B2B sectors such as Technology and Healthcare has underpinned this resilient performance and we have seen particularly good growth in North America through April Six (our specialist technology and mobility Agency) as revenues increased by 31% on the equivalent period last year.

We continue to see a sustained recovery from our Agencies which were exposed to some of the hardest hit sectors during the pandemic. ThinkBDW (property) continues to benefit from a recovery in its markets whilst Bray Leino Events (Events) has experienced significantly increased activity year on year, resulting in revenue growth of 69% versus 2021.

As part of our focus on ensuring all our Agencies are best positioned to support Client demand, in April we took the decision to merge Story and Chapter to create Story Group. Already sister Agencies in culture, heart and spirit, the merger unites them to offer better scale, geographic reach, broader sector experience and further enhance their collective reputation.

Whilst the new business landscape remains challenging, opportunities have continued to present themselves across the Group with Client wins throughout the period including Westmill Foods, BAM clothing, McCarthy Stone and Croda. The growing strength of the **MISSION** Group capability was also integral to our appointment to new Client Taiwanese electrical group Phihong who will be working with three of our Agencies as part of a new Group mandate.

We are also making good progress in clarifying our growth ambitions for Pathfindr, our Industrial IoT solutions business which provides customers with real-time insights into their assets and processes. Whilst supply chain logistics challenges and wider economic uncertainty have had some impact on the pace of installation, progress continues to be made with a number of trials to explore new routes to market and new product lines. Conversations regarding several potential partnerships are also progressing.

Work That Counts™

2021 saw the Group introduce a new descriptor with the goal of better reflecting **MISSION's** vision to be the preferred creative partner for real business growth. Alongside that commitment we continue to explore strategic areas of opportunity to expand our capabilities to support our customers including data and analytics, creative and customer experience (including eCommerce solutions) and performance media.

We are pleased with the momentum we are making in these areas. We continue to see the benefit of the investments made in the prior year and during the period were also pleased to announce the launch of krow.x - the creative CX Agency and the acquisition of Livity, a youth focussed creative consultancy. We have also further expanded our centralised capability **MISSION** Made, with the launch of our new 24/7 digital support hub in Vietnam.

FINANCIAL PERFORMANCE

Billings and Revenue

Turnover ("billings") for the six months ended 30 June 2022 increased by 17% to £81.2m (2021: £69.5m) while operating income ("revenue") increased by 10% to £37.5m (2021: £34.1m).

Profit, Margins and Earnings Per Share

The increased revenues, combined with firm cost control alongside a continued commitment to sharing infrastructure through the **MISSION** Made and Shared Services initiatives, have delivered improved earnings compared to the first half of 2021.

Headline operating profits increased by 10% to £2.2m (H1 2021: £2.0m). Headline operating margins held at 5.9% (H1 2021: 5.9%).

Financing costs increased to £0.4m (H1 2021: £0.3m), reflecting both a higher average level of debt in the period and an increase in interest rates payable on the debt. Headline profit before tax increased to £1.9m (H1 2021: £1.8m).

Adjustments to headline profits in the first half of 2022, at £0.3m, were slightly less than the prior year comparable period (H1 2021: £0.4m). After these adjustments, reported profit before tax was £1.5m (H1 2021: £1.4m).

The Group estimates an effective tax rate on headline profits before tax of 22% (H1 2021: 20%), resulting in an increase in headline earnings to £1.5m for the six months (H1 2021: £1.4m) and reported profit after tax of £1.2m (H1 2021: £1.1m). Fully diluted EPS increased to 1.37 pence (H1 2021: 1.34 pence), while headline diluted EPS increased to 1.70 pence (H1 2021: 1.68 pence).

Balance Sheet and Cash Flow

The key balance sheet ratio measured and monitored by the Board is the ratio of debt to headline EBITDA ("leverage ratio"). The Group started the year in a strong financial position with a net bank debt leverage ratio of x1.2 and closed the half year at x0.8 (30 June 2021: x0.7). The Board also monitors the ratio of total debt, including remaining acquisition obligations, to EBITDA and this ratio has decreased to x1.0 (30 June 2021: x1.8, 31 December 2021: x1.5).

Furthermore, a total of £0.8m of acquisition obligations from prior years were settled in the first half of the year, all of which was in cash (30 June 2021: £1.2m of which £1.2m also in cash). After adjustments to estimated future contingent consideration payments the total estimated acquisition liability at 30 June 2022 totalled £2.5m (30 June 2021: £7.3m). Of this none is due for payment in the second half of 2022.

Trade and other receivables increased markedly against last year to £51.6m (30 June 2021: £36.3m) primarily because of an unusually high level of Client prepayments. Trade and other payables also increased by a similar quantum to £52.0m (30 June 2021: £35.9m) the majority of which reflects the deferral of revenue that results from these prepayments. The net change to working capital is therefore relatively low.

Consequently, the Group's net bank debt on 30 June 2022 of £7.1m compares well with the positions on 30 June 2021 (£3.9m) and 31 December 2021 (£10.3m). Total debt (being net bank debt plus acquisition obligations) of £9.6m (30 June 2021: £11.2m) now stand at its lowest level since 2014.

Dividend

As a reflection of this robust performance in the first half of the year, the Directors have declared an interim dividend of 0.83 pence per ordinary share (H1 2021: 0.80 pence), representing a 4% increase on the prior year. This will be payable on 2 December 2022 to all shareholders on the register on 4 November 2022. The ex-dividend date is 3 November 2022.

BOARD

Following significant changes to the structure of the Board in 2021 we are delighted to confirm today the appointment of Non-Executive Director Mark Lund, who joins the Board as Non-Executive Director and Deputy Chair with immediate effect. Mark has spent over 25 years leading and founding marketing and advertising organisations, as an entrepreneur and executive and his experience will be invaluable as we continue to make progress against our long-term ambitions.

At the same time, Andy Nash has informed the Board of his intention to step down. Mark Lund will assume his role as Chair of the Board's Audit and Risk Committee. On behalf of everyone at **MISSION** the Board would like to thank Andy for his significant contribution to the Group.

MAKING POSITIVE CHANGE

Over the course of the period, we are pleased to have made further progress against our Environmental, Social and Governance (ESG) commitments, outlined in our manifesto 'Making Positive Change'. An important priority has been the clarification of our Environmental journey, which has seen us benchmark and set our emissions reduction targets in line with the Paris Climate Agreement and validate these targets via the Science-Based Targets initiative (SBTi) Net-Zero Standard. We have targeted a 21% reduction in our Emissions by 2024 with an aim to achieve ISO 14001 status for the majority of our Agencies in 2023. We will be working with a number of identified partners to ensure a faster transition in line with these goals and to improve our measurement and reporting.

OUTLOOK

As in previous years, we expect the majority of Group profit to be generated in the second half of the year. Whilst we remain mindful of the current macro-economic uncertainty and are closely monitoring its impact on our markets, trading in the second half of the year to date has continued to track in line with the Board's expectations.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months to 30 June 2022 Unaudited £'000	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
TURNOVER	**2**	**81,226**	69,518	153,287
Cost of sales		**(45,712)**	(35,380)	(80,792)
OPERATING INCOME	**2**	**37,514**	34,138	72,495
Headline operating expenses		**(35,297)**	(32,126)	(64,476)
HEADLINE OPERATING PROFIT		**2,217**	2,012	8,019
Acquisition adjustments	**4**	**(346)**	(224)	156
Board restructuring costs		**-**	-	(496)
Start-up costs		**-**	(149)	(367)
OPERATING PROFIT		**1,871**	1,639	7,312
Share of results of associates and joint ventures		**75**	50	140
PROFIT BEFORE INTEREST AND TAXATION		**1,946**	1,689	7,452
Net finance costs	**5**	**(432)**	(296)	(701)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,514**	1,393	6,751
Taxation	**6**	**(358)**	(295)	(1,432)
PROFIT FOR THE PERIOD		**1,156**	1,098	5,319
Attributable to:				
Equity holders of the parent		**1,250**	1,218	5,423
Non-controlling interests		**(94)**	(120)	(104)
		1,156	1,098	5,319
Basic earnings per share (pence)	**7**	**1.38**	1.35	6.02
Diluted earnings per share (pence)	**7**	**1.37**	1.34	5.92
Headline basic earnings per share (pence)	**7**	**1.71**	1.70	6.57
Headline diluted earnings per share (pence)	**7**	**1.70**	1.68	6.47

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months to 30 June 2022 **Unaudited** **£'000**	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
PROFIT FOR THE PERIOD	**1,156**	1,098	5,319
Other comprehensive income – items that may be reclassified separately to profit or loss:			
Exchange differences on translation of foreign operations	**189**	(38)	70
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,345**	1,060	5,389
Attributable to:			
Equity holders of the parent	**1,526**	1,194	5,489
Non-controlling interests	**(181)**	(134)	(100)
	1,345	1,060	5,389

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022

	Note	As at 30 June 2022 Unaudited £'000	As at 30 June 2021 Unaudited £'000	As at 31 December 2021 Audited £'000
FIXED ASSETS				
Intangible assets	**8**	**99,639**	95,859	98,974
Property, plant and equipment		**2,045**	2,154	2,102
Right of use assets	**9**	**8,746**	9,898	9,149
Investments, associates and joint ventures		**592**	427	517
Deferred tax assets		**-**	15	-
		111,022	108,353	110,742
CURRENT ASSETS				
Stock		**2,457**	1,228	2,112
Trade and other receivables		**51,607**	36,314	40,538
Cash and short term deposits		**7,847**	5,914	6,066
		61,911	43,456	48,716
CURRENT LIABILITIES				
Trade and other payables		**(51,993)**	(35,904)	(37,338)
Corporation tax payable		**(819)**	(42)	(380)
Acquisition obligations	**11**	**(405)**	(6,709)	(692)
		(53,217)	(42,655)	(38,410)
NET CURRENT ASSETS		**8,694**	801	10,306
TOTAL ASSETS LESS CURRENT LIABILITIES		**119,716**	109,154	121,048
NON CURRENT LIABILITIES				
Bank loans	**10**	**(14,917)**	(9,862)	(16,393)
Lease liabilities	**9**	**(7,700)**	(8,648)	(8,077)
Acquisition obligations	**11**	**(2,120)**	(580)	(2,623)
Deferred tax liabilities		**(412)**	(328)	(483)
		(25,149)	(19,418)	(27,576)
NET ASSETS		**94,567**	89,736	93,472
CAPITAL AND RESERVES				
Called up share capital		**9,102**	9,102	9,102
Share premium account		**45,928**	45,928	45,928
Own shares		**(759)**	(538)	(518)
Share-based incentive reserve		**944**	703	868
Foreign currency translation reserve		**276**	(90)	-
Retained earnings		**38,998**	34,393	37,820
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**94,489**	89,498	93,200
Non-controlling interests		**78**	238	272
TOTAL EQUITY		**94,567**	89,736	93,472

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months to 30 June 2022 Unaudited £'000	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Operating profit	**1,871**	1,639	7,312
Depreciation and amortisation charges	**2,123**	2,080	4,029
Movements in the fair value of contingent consideration	**-**	-	(761)
Loss on disposal of fixed assets	**10**	4	11
Non cash charge for share options, growth shares and shares awarded	**26**	80	(48)
Increase in receivables	**(10,917)**	(3,060)	(6,703)
Increase in stock	**(345)**	(34)	(918)
Increase in payables	**13,793**	1,822	2,798
OPERATING CASH FLOW	**6,561**	2,531	5,720
Net finance costs	**(412)**	(412)	(781)
Tax refund / (paid)	**40**	(645)	(1,355)
Net cash inflow from operating activities	**6,189**	1,474	3,584
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	**-**	11	72
Purchase of property, plant and equipment	**(535)**	(320)	(884)
Investment in software development	**(469)**	(153)	(1,024)
Acquisition of or investments in businesses	**(100)**	-	(663)
Payment relating to acquisitions made in prior periods	**(790)**	(1,196)	(6,714)
Cash acquired with subsidiaries	**84**	-	435
Net cash outflow from investing activities	**(1,810)**	(1,658)	(8,778)
FINANCING ACTIVITIES			
Dividends paid	**-**	(1,379)	(2,100)
Dividends paid to non-controlling interests	**(13)**	-	-
Repayment of lease liabilities	**(1,012)**	(1,037)	(2,016)
(Repayment of) / increase in bank loans	**(1,500)**	5,000	11,500
Purchase of own shares held in EBT	**(262)**	(254)	-
Net cash (outflow) / inflow from financing activities	**(2,787)**	2,330	7,384
Increase in cash/equivalents	**1,592**	2,146	2,190
Exchange differences on translation of foreign subsidiaries	**189**	(38)	70
Cash/cash equivalents at beginning of period	**6,066**	3,806	3,806
Cash and cash equivalents at end of period	**7,847**	5,914	6,066

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Own shares £'000	Share-based incentive reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2021	**9,102**	**45,928**	**(591)**	**642**	**(66)**	**34,842**	**89,857**	**372**	**90,229**
Profit for period	-	-	-	-	-	1,218	1,218	(120)	1,098
Exchange differences on translation of foreign operations	-	-	-	-	(24)	-	(24)	(14)	(38)
Total comprehensive income for period	-	-	-	-	(24)	1,218	1,194	(134)	1,060
Share option charge	-	-	-	61	-	-	61	-	61
Own shares purchased by EBT	-	-	(254)	-	-	-	(254)	-	(254)
Shares awarded and sold from own shares	-	-	307	-	-	(288)	19	-	19
Dividend paid	-	-	-	-	-	(1,379)	(1,379)	-	(1,379)
At 30 June 2021	**9,102**	**45,928**	**(538)**	**703**	**(90)**	**34,393**	**89,498**	**238**	**89,736**
Profit for period	-	-	-	-	-	4,205	4,205	16	4,221
Exchange differences on translation of foreign operations	-	-	-	-	90	-	90	18	108
Total comprehensive income for period	-	-	-	-	90	4,205	4,295	34	4,329
Share option charge	-	-	-	113	-	-	113	-	113
Growth share charge	-	-	-	52	-	-	52	-	52
Own shares purchased by EBT	-	-	254	-	-	-	254	-	254
Shares awarded and sold from own shares	-	-	(234)	-	-	(57)	(291)	-	(291)
Dividend paid	-	-	-	-	-	(721)	(721)	-	(721)
At 31 December 2021	**9,102**	**45,928**	**(518)**	**868**	**-**	**37,820**	**93,200**	**272**	**93,472**
Profit for period	-	-	-	-	-	1,250	1,250	(94)	1,156
Exchange differences on translation of foreign operations	-	-	-	-	276	-	276	(87)	189
Total comprehensive income for period	-	-	-	-	276	1,250	1,526	(181)	1,345
Share option charge	-	-	-	17	-	-	17	-	17
Growth share charge	-	-	-	59	-	-	59	-	59
Own shares purchased by EBT	-	-	(262)	-	-	-	(262)	-	(262)
Shares awarded and sold from own shares	-	-	21	-	-	(72)	(51)	-	(51)
Dividend paid	-	-	-	-	-	-	-	(13)	(13)
At 30 June 2022	**9,102**	**45,928**	**(759)**	**944**	**276**	**38,998**	**94,489**	**78**	**94,567**

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the IAS 34 "Interim Financial Reporting" and the Group's accounting policies.

The Group's accounting policies are in accordance with International Financial Reporting Standards as adopted by the European Union and are set out in the Group's Annual Report and Accounts 2021 on pages 57-61. These are consistent with the accounting policies which the Group expects to adopt in its 2022 Annual Report. The Group has not early-adopted any Standard, Interpretation or Amendment that has been issued but is not yet effective.

The information relating to the six months ended 30 June 2022 and 30 June 2021 is unaudited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2021 have been extracted from the Group's Annual Report and Accounts 2021, on which the auditors gave an unqualified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The Group Annual Report and Accounts for the year ended 31 December 2021 have been filed with the Registrar of Companies.

Going concern

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

Accounting estimates and judgements

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

- Potential impairment of goodwill;
- Contingent payments in respect of acquisitions;
- Revenue recognition policies in respect of contracts which straddle the period end;
- Valuation of intangible assets on acquisitions; and
- Intangible development costs.

2. Segmental Information

Business segmentation

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

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

Six months to 30 June 2022	Advertising & Digital £'000	Media Buying £'000	Events £'000	Public Relations £'000	Total £'000
Turnover	47,635	16,140	13,242	4,209	81,226
Operating income	28,956	1,916	3,153	3,489	37,514

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

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

Geographical segmentation

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

	Six months to 30 June 2022 Unaudited £'000	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
UK	**32,124**	29,681	63,160
USA	**4,144**	3,163	6,425
Asia	**1,148**	1,196	2,720
Rest of Europe	**98**	98	190
	37,514	34,138	72,495

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

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

	Six months to 30 June 2022		Six months to 30 June 2021		Year ended 31 December 2021	
		Unaudited		Unaudited		Audited
	PBT	**PAT**	PBT	PAT	PBT	PAT
	£'000	**£'000**	£'000	£'000	£'000	£'000
Headline profit	**1,860**	**1,451**	1,766	1,413	7,458	5,819
Acquisition-related items (Note 4)	**(346)**	**(295)**	(224)	(191)	156	243
Board restructuring costs	**-**	**-**	-	-	(496)	(402)
Start-up costs	**-**	**-**	(149)	(124)	(367)	(341)
Reported profit	**1,514**	**1,156**	1,393	1,098	6,751	5,319

Board restructuring costs in 2021 comprised leaving packages payable to former directors Robert Day, Peter Fitzwilliam and David Morgan following their resignations.

Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2021 related to the launch of Mongoose Sports' new venture in Birmingham and the venture Alive, launched in Asia in 2021.

4. Acquisition Adjustments

	Six months to 30 June 2022	Six months to 30 June 2021	Year ended 31 December 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Amortisation of intangible assets recognised on acquisitions	**(259)**	(224)	(446)
Movement in fair value of contingent consideration	**-**	-	761
Acquisition transaction costs expensed	**(87)**	-	(159)
	(346)	(224)	156

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

5. Net Finance Costs

	Six months to 30 June 2022	Six months to 30 June 2021	Year ended 31 December 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Net interest on bank loans, overdrafts and deposits	**(235)**	(82)	(283)
Amortisation of bank debt arrangement fees	**(24)**	(31)	(67)
Interest expense on leases liabilities	**(173)**	(183)	(351)
Net finance costs	**(432)**	(296)	(701)

The increase in net interest on bank loans, overdrafts and deposits in the period is driven by an increase in the average level of bank debt, caused predominantly by COVID-19 related deferred payments made during 2021, including government tax deferral schemes, acquisition payments and dividend payments, and an increase in the interest rate payable on the bank debt following general increases in interest rates by the BOE. The decrease in interest expense on lease liabilities in the period primarily relates to the decrease in Right of Use Assets and Lease Liabilities following the natural maturation of property lease terms as referred to in Note 9.

6. Taxation

The taxation charge for the period ended 30 June 2022 has been based on an estimated effective tax rate on headline profit on ordinary activities of 22% (30 June 2021: 20%).

7. Earnings Per Share

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

	Six months to 30 June 2022 **Unaudited** **£'000**	Six months to 30 June 2021 Unaudited £'000	Year to 31 December 2021 Audited £'000
Earnings			
Reported profit for the year			
Attributable to:			
Equity holders of the parent	**1,250**	1,218	5,423
Non-controlling interests	**(94)**	(120)	(104)
	1,156	1,098	5,319
Headline earnings (Note 3)			
Attributable to:			
Equity holders of the parent	**1,545**	1,533	5,923
Non-controlling interests	**(94)**	(120)	(104)
	1,451	1,413	5,819
Number of shares			
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**90,310,055**	90,133,831	90,134,211
Dilutive effect of securities: Employee share options	**662,043**	1,020,235	1,414,543
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**90,972,098**	91,154,066	91,548,754
Reported basis:			
Basic earnings per share (pence)	**1.38**	1.35	6.02
Diluted earnings per share (pence)	**1.37**	1.34	5.92
Headline basis:			
Basic earnings per share (pence)	**1.71**	1.70	6.57
Diluted earnings per share (pence)	**1.70**	1.68	6.47

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

8. Intangible Assets

	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Goodwill	95,412	92,160	94,604
Other intangible assets	4,227	3,699	4,370
	99,639	95,859	98,974

Goodwill	**Six months to 30 June 2022 Unaudited £'000**	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Cost			
At 1 January	**98,877**	96,433	96,433
Recognised on acquisition of subsidiary	**808**	-	2,444
At 30 June / 31 December	**99,685**	96,433	98,877
Impairment adjustment			
At beginning and end of period	**4,273**	4,273	4,273
Net book value	**95,412**	92,160	94,604

The increase in goodwill during the period relates to the acquisition of Livity Ltd.

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill, unless there is an indication that one of the cash generating units has become impaired during the year, in which case an impairment test is applied to the relevant asset. The next impairment test will be undertaken at 31 December 2022.

Other Intangible Assets	**Six months to 30 June 2022 Unaudited £'000**	Six months to 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Cost			
At 1 January	**11,940**	10,821	10,821
Additions	**469**	153	1,284
Disposals	**-**	(233)	(165)
At 30 June / 31 December	**12,409**	10,741	11,940
Amortisation and impairment			
At 1 January	**7,570**	6,795	6,795
Amortisation charge for the period	**612**	480	940
Disposals	**-**	(233)	(165)
At 30 June / 31 December	**8,182**	7,042	7,570
Net book value	**4,227**	3,699	4,370

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

9. Right of Use Assets and Lease Liabilities

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

10. Bank Loans and Net Bank Debt

	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Bank loan outstanding	**15,000**	10,000	16,500
Adjustment to amortised cost	**(83)**	(138)	(107)
Carrying value of loan outstanding	**14,917**	9,862	16,393
Less: Cash and short term deposits	**(7,847)**	(5,914)	(6,066)
Net bank debt	**7,070**	3,948	10,327
The borrowings are repayable as follows:			
Less than one year	**-**	-	-
In one to two years	**15,000**	-	-
In more than two years but less than three years	**-**	10,000	16,500
	15,000	10,000	16,500
Adjustment to amortised cost	**(83)**	(138)	(107)
	14,917	9,862	16,393
Less: Amount due for settlement within 12 months (shown under current liabilities)	**-**	-	-
Amount due for settlement after 12 months	**14,917**	9,862	16,393

At 30 June 2022, the Group's committed bank facilities comprised a revolving credit facility of £20.0m, expiring on 5 April 2024, with an option to increase the facility by £5.0m and by one year. Interest on the facility is based on SONIA (sterling overnight index average) plus a margin of between 1.50% and 2.25% depending on the Group's debt leverage ratio, payable in cash on loan rollover dates.

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

11. Acquisitions

11.1 Acquisition Obligations

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

	Cash £'000	Shares £'000	Total £'000
30 June 2022			
Less than one year	405	-	405
In more than three but less than four years	2,120	-	2,120
	2,525	**-**	**2,525**

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

	Cash £'000	Shares £'000	Total £'000
At 31 December 2021	3,315	-	3,315
Obligations settled in the period	(790)	-	(790)
At 30 June 2022	**2,525**	**-**	**2,525**

11.2 Acquisitions During the Period

During the period Livity Ltd was acquired for a total consideration of £100,000, all payable up front. Had the Group consolidated the results of Livity from the beginning of the period, 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.

12. Post balance sheet events

There have been no material post balance sheet events.

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