ASCENTIAL

2 March 2022

Ascential plc

Audited results for the year ended 31 December 2021

Structural growth underpins Digital Commerce
Strong delivery across the Company with proforma revenue growth of 48%

London: Ascential plc (LSE: ASCL.L), the specialist information, analytics and eCommerce optimisation company, today announces results for the year ended 31 December 2021.

Duncan Painter, Chief Executive Officer, commented:

"Ascential's agility has been key to its successful transformation over the past seven years, maximising opportunities across the Company and driving value from our rapidly growing digital commerce products. This formula has helped shape our strong performance in 2021, driven by market-leading products, structural digital growth trends and strong operational execution. The pandemic has stress tested many companies' business models and I am delighted to see how well all ours have performed. This would not have been possible without the resilience, creativity and commitment of our people, who I would like to thank.

As we look forward, our top priority remains the acceleration of our Digital Commerce strategy, our largest structural growth engine that has a rare and significant growth opportunity.

2022 has started well. Digital Commerce and Product Design look set to deliver excellent levels of growth in the coming year, with Digital Commerce expected to make strong progress against its medium-term financial goals.

We expect to see a recovery in Marketing and Retail & Financial Services over the coming years as we continue to successfully navigate the ongoing impacts of the pandemic. Although Covid-19 is likely to continue to present challenges to our event products, the return of Money20/20 US has demonstrated that we can swiftly achieve full financial recovery.

The Board is confident about our prospects for future success."

Performance highlights

- Strong delivery against our plans and expectations reflecting successful strategic positioning, boosted by the first year of a cyclical recovery.

- Structural digital growth trends, market-leading positions and strong operational execution drove progress in both Digital Commerce (revenue up 33% on a proforma basis) and Product Design (up 7% on an organic basis, with subscription billings up 10%).

- Robust return of the Lions awards benchmark, held fully digitally in response to prior Covid-related travel restrictions, with the physical Cannes Lions festival scheduled to return in 2022.

- Strong return of Money20/20 particularly the US edition in October 2021 which delivered 98% of the 2019 revenue level, with further upside expected as more major clients return.

- Continued execution of M&A strategy: seven acquisitions added to our Digital Commerce capabilities and their expanded relevance to the total addressable market. Funded through disciplined portfolio management, such as the disposal of Built Environment & Policy and MediaLink supplemented by a successful equity placing.

- Commitment to diversity and governance reflected in our Board composition: 64% women and 18% of Board members ethnically diverse, exceeding the targets set by the Hampton-Alexander review (on gender) and Parker review (on ethnic diversity).

Financial highlights[1]

- Results ahead of market expectations.

- Revenue of £349.3m (2020: £229.9m)
  - Reported revenue growth up 52% (organic: 44%, proforma: 48%).
  - Digital Commerce revenue up 33% proforma.
  - Product Design growth in non-fashion products up 30%.

- Adjusted EBITDA of £88.9m (2020: £21.7m).
  - Margin 25.5% (2020: 9.4%).

- Reported continuing operating loss of £26.7m (2020: loss of £171.3m).

- Strong recovery in adjusted diluted EPS from continuing operations to 9.5p (2020: loss per share of 3.1p). Growth in total reported EPS to 53.5p reflects profit on disposal of MediaLink and non-core Built Environment & Policy segment (2020: loss of 35.0p).

- Strong cash generation
  - Operating cash flow conversion of 95% (2020: 79%).
  - Disposal proceeds of £342.4m and the £150.2m equity placing funding in-year acquisitions, investments and deferred contingent consideration of £373.6m.
  - Reduced net debt of £73.8m (2020: £229.3m) or 0.9x EBITDA at 31 December 2021.

- The Board continues to prioritise capital for investment and acquisitions to support our growth strategy and has decided not to declare a full year dividend at this time. The Board will keep capital allocation priorities, including shareholder cash returns, continually under review.

[1] 2020 restated to reflect discontinuance of MediaLink and the Built Environment & Policy segment and the new IFRIC interpretation of IAS38.

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Contacts

Ascential plc		
Duncan Painter	Chief Executive Officer	+44 (0)20 7516 5000
Mandy Gradden	Chief Financial Officer	
Rory Elliott	Investor Relations Director	
Media enquiries		
Edward Bridges	FTI Consulting LLP	+44 (0)20 3727 1000
Matt Dixon		
Jamie Ricketts		

Ascential will host a presentation for analysts and investors at 9.00am on Wednesday 2 March 2022 at The London Stock Exchange at 10 Paternoster Square, London, EC4M 7LS together with a live webcast on www.ascential.com. A recording will also be available on-demand from our website in due course.

About Ascential
Ascential delivers specialist information, analytics and eCommerce optimisation platforms to the world's leading consumer brands and their ecosystems. Our world-class businesses improve performance and solve problems for our customers by delivering immediately actionable information combined with visionary longer-term thinking across Digital Commerce, Product Design and Marketing. We also serve customers across Retail & Financial Services.

- *Digital Commerce* - measurement, optimisation and execution for digital commerce growth.
- *Product Design* - consumer product trend forecasting, data and insight to create world-class products and experiences.
- *Marketing* - services and tools to measure and optimise marketing creativity, media and platform effectiveness and efficiency.

With more than 2,800 employees across five continents, we combine local expertise with a global footprint for clients in over 120 countries. Ascential is listed on the London Stock Exchange.

Cautionary statement
Certain statements in this announcement constitute, or may be deemed to constitute, forward-looking statements, projections and information (including beliefs or opinions) relating to the Company and its subsidiaries and subsidiary undertakings (the “Group”) that are based on knowledge and information available to the Company at the date of preparation of this announcement. Any statement in this announcement that is not a statement of historical fact including, without limitation those regarding the Company’s future expectations, operations, financial performance, financial condition and business are, or may be deemed to be, forward-looking statements. Such forward looking statements are subject to risks, uncertainties and assumptions that may cause actual performance, outcomes and results to differ materially from those expressed or implied in this announcement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events stated or implied in this announcement. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. As a result, you are cautioned not to place reliance on such forward-looking statements. Except as is required by the Listing Rules, Disclosure and Transparency Rules and applicable laws, no undertaking is given to update, revise or correct the forward-looking statements contained in this announcement, whether as a result of new information, future events or otherwise.

This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ascential plc and its subsidiary undertakings when viewed as a whole.

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Financial highlights – continuing operations

	31 December 2021 £'m	31 December 2020[1] £'m	2021 Growth Reported %	2021 Growth Organic %[2]	2021 Growth Proforma %[2]
Revenue					
Digital Commerce	147.3	103.1	43%	19%	33%
Product Design	91.3	88.1	4%	7%	7%
Marketing	56.5	20.5	175%	188%	188%
Retail & Financial Services	54.2	18.2	198%	205%	205%
	349.3	**229.9**	**52%**	**44%**	**48%**
Adjusted EBITDA[2]					
Digital Commerce	31.1	22.6	37%	17%	32%
Product Design	41.3	38.0	9%	13%	13%
Marketing	25.6	(6.5)	nm	nm	nm
Retail & Financial Services	10.9	(14.3)	nm	nm	nm
Corporate Costs[3]	(20.0)	(18.1)	(10%)	(5%)	(5%)
	88.9	**21.7**	**311%**	**323%**	**248%**
Group EBITDA Margin (%)	25.5%	9.4%			
Adjusted operating profit[2]	**69.4**	1.2			
Operating (loss) / profit	**(26.7)**	(171.3)			
Loss before tax	**(39.6)**	(189.1)			
Adjusted diluted continuing earnings per share (pence)[2]	**9.5 p**	(3.1p)			
Adjusted cash generated from operations[2]	**84.0**	17.1			
Operating cash flow conversion[2] (%)	**95%**	79%			
Net debt [2]	**73.8**	229.3			

[1] Restated to reflect discontinuance of MediaLink and the Built Environment & Policy segment and the new IFRIC interpretation of IAS 38.
[2] Refer to the glossary of Alternative Performance Measures below.
[3] Including stranded overhead costs following the MediaLink disposal of £1.3m (2020: £1.2m).

Revenue by type – continuing operations

	2021 £'m	2020[1] £'m	2019[1] £'m	2021 Proforma Growth[2] %
Digital Subscriptions & Platforms	**136.2**	95.6	72.0	32%
Advisory	**11.1**	7.5	6.1	46%
Digital Commerce segment	**147.3**	103.1	78.1	**33%**
Digital Subscriptions & Platforms	**81.9**	81.3	78.4	4%
Advisory	**9.4**	6.8	7.3	42%
Product Design segment	**91.3**	88.1	85.7	**7%**
Digital Subscriptions & Platforms	**18.2**	17.0	15.8	11%
Advisory	**3.7**	1.2	1.6	211%
Benchmarking Awards	**29.3**	1.0	29.2	nm
Events	**5.3**	1.3	42.4	320%
Marketing segment	**56.5**	20.5	89.0	**188%**
Digital Subscriptions & Platforms	**10.8**	14.3	14.8	(23%)
Advisory	**2.7**	2.2	2.2	24%
Events	**40.7**	1.7	64.1	nm
Retail & Financial Services segment	**54.2**	18.2	81.1	**205%**
Events	-	-	(0.1)	-
Intersegment Sales	**-**	-	(0.1)	**-**
Digital Subscriptions & Platforms	**247.1**	208.2	181.0	**18%**
Advisory	**26.9**	17.7	17.2	**55%**
Benchmarking Awards	**29.3**	1.0	29.2	**nm**
Events	**46.0**	3.0	106.4	**nm**
Total Revenue	**349.3**	229.9	333.8	**48%**

[1] Restated to reflect discontinuance of MediaLink and the Built Environment & Policy segment.

[2] Refer to the glossary of Alternative Performance Measures below.

CHIEF EXECUTIVE'S STATEMENT

Financial Performance

All four segments grew revenue strongly in the year, not only compared to 2020, (+48% overall on a Proforma basis) but also growing 9% Proforma compared to 2019 (pre-pandemic) levels. Digital Commerce continued its extremely strong growth trajectory with its underlying momentum accelerated further by several capability enhancing acquisitions over the course of the year. Both Marketing and Retail & Financial Services recovered positively from 2020 when the performance of Lions and Money20/20 had been severely limited by restrictions imposed by the pandemic, positioning them well for further recovery. Lastly, Product Design, following the difficult trading conditions of 2020, returned to strong levels of growth, in addition to launching coverage of the consumer technology sector.

2021 highlights

2021 was a successful year - one of recovery and growth despite the continued backdrop of the pandemic. This would not have been possible without the resilience, creativity and flexibility of our people, to whom I owe a debt of gratitude and who, I'm certain, all shareholders would like to thank. As a mark of appreciation, the Board agreed to award all employees who were with the business at the end of July 2021 with 700 shares and a company-wide additional holiday - the "Ascential long weekend".

We have continued to drive strong growth in our *Digital Commerce* segment, which grew by 33% on a Proforma basis, pushing through the global supply chain uncertainty and stretching comparison to record lockdown-driven growth levels in 2020, maintaining our first-mover advantage in this space. We have significantly expanded our digital commerce capabilities, completing seven acquisitions that have extended our geographic reach and addressable market, including the number of digital marketplaces we cover, and brought on board some exceptional talent. Combined with the outstanding growth and scale achieved across Flywheel and Yimian, plus the significant product achievements in Edge, these are the cornerstones that will propel our Digital Commerce business into 2022 and beyond.

Our *Product Design* segment had an outstanding year, not only returning strongly in 2021 with record growth levels across their non-fashion orientated products, but also starting to drive a recovery into the fashion-based product lines. All of the investment made in our customer relationships through 2020 at the height of the pandemic paid back in 2021 through continued high-quality product delivery, new product innovation (for example the launch of a Consumer Tech trend forecast service), excellent service delivery, and value-added consulting services. Overall *Product Design* grew at 7%, with subscription billings up a very pleasing 10%.

Marketing saw a strong recovery in 2021. This was led by the impressive return of the Lions benchmark awards in a 100% digital format and with revenue that exceeded that of 2019, despite the absence of a physical festival. Moreover, I am incredibly proud of how we - both as a business and as individuals - adapted to the challenges of the pandemic and were creative in solving problems. Great examples from *Marketing* were how Lions created its membership offering and digitised both the Cannes Lions awards and event, and how WARC has maintained its incredible growth, developing everything from the WARC Awards for Effectiveness to an advisory offering, as well as the new WARC Data product.

The second half of 2021 saw the successful return of our market-leading events. In our *Retail & Financial Services* segment whilst Money20/20 was our most prominent and highest-profile in-person event that returned in 2021, our retail teams were also successful in the second half with their major London-based events. Putting on our live events was a real embodiment of our value of "All In" - many of our people went above and beyond expectations to ensure these events took place in a safe, secure and successful manner. More than 12,000 people attended our live events in 2021, thanks to the incredible efforts of all those involved.

We continued to streamline our operations, simplifying the focus of the Group overall and enabling accelerated investment in areas of the business with strong recurring, data-driven, revenue characteristics, such as Digital Commerce. This year, following completion of the disposal of the Built Environment & Policy businesses for £257m, we sold MediaLink, a brand within our Marketing segment, to United Talent Agency: a leading global talent, entertainment and sports company, for $125m in cash.

Finally, the results of our annual staff engagement survey showed the impact of our efforts to empower success for our diverse workforce with improved and record scores. For example, 94% of our people feel proud to work at Ascential (up 3% from 2020) and 90% feel motivated (up 5% from 2020). There is always more to do to build an innovative culture and to ensure our people are engaged and motivated, but I am pleased to report this progress.

Acceleration of Digital Commerce strategy

In the early stages of the pandemic we saw an accelerated migration of consumer purchase behaviour globally onto digital marketplaces. Digital commerce is fast becoming the primary channel of consumer choice.

Consumer brand companies now have no choice but to engage with digital marketplaces, changing their go-to-market approach to satisfy customer demand and compete successfully. These digital marketplaces have grown exponentially during Covid - and this will continue for many years as they become the key driver of sales growth. This presents our Digital Commerce business with a rare and significant growth opportunity and our top priority is to accelerate this part of our business. And the prize is significant. Our experts forecast global digital commerce end market sales to reach $6 trillion and to account for approximately 40% of total retail sales by 2026.

However, the business of digital commerce is extremely complex, with highly sophisticated marketplaces, each developing in their own way, at an unprecedented pace. Brands cannot manage this complexity, change and pace alone. They need technology solutions and digital experts to help them do this and to solve their global digital commerce challenges. Therefore, we have set out a simple mission for Digital Commerce: to provide consumer brand manufacturing companies and their agency partners with the leading technology platform and intellectual capital to drive optimised sales growth on the leading eCommerce marketplaces globally.

We are making significant progress towards achieving this mission, acquiring and building the capabilities and expertise our customers need and extending our geographical reach. If we continue to get this right the size of the prize is significant. We moved first and we know the market better than anybody, our data sets mean we can enable brands to act and win based on insight and intelligence and we have many other competitive advantages resulting in loyal and valued customers. And when you blend this with our high-quality business models and revenue streams and the network effects that we have demonstrated, the opportunity to scale is exceptional.

However, what is most exciting is that we are only just getting started. There is room for expansion in many areas - for example products, marketplaces and geographic coverage. Nevertheless, we will remain disciplined, focussing our resources on the greatest opportunities both in terms of organic innovation and product development to increase share of wallet with customers and further monetise the platform, as well as continue to pursue M&A where it expands our capabilities.

Capital Allocation and Equity Raise

In July 2021 we successfully completed a £150m (9%) equity placing which, together with the earlier disposal of the Built Environment & Policy business, raised almost £400m net.

We have used the proceeds of these transactions to further invest in our Digital Commerce capabilities acquiring Intellibrand, DZ, Perpetua, ASR, OneSpace, WhyteSpyder and 4K Miles, all of which continue to extend our capabilities and addressable market for Digital Commerce. In December, we also sold MediaLink to United Talent

Agency for $125m in cash, which we intend to use to drive further expansion of our Digital Commerce offering, with our modest leverage (0.9x EBITDA at December 2021) providing scope to continue to execute on these opportunities.

We will also continue investing in our teams so that they have the best tools available to deliver excellence. Whether this is through large scale projects such as the roll-out of the Ascential Customer Management Platform and new financial systems, which will give us a single view of the customer for sales, marketing and service across the brands, or taking individual, day to day actions, we all have a responsibility to provide high-quality service to our customers.

Board and Management

We extended our Board in 2021 with the appointments of Suzanne Baxter, Funke Ighodaro and Joanne Harris as Independent Non-Executive Directors. These appointments complemented the existing Board composition by bringing experience of leading digital commerce and consumer retail experience (Joanne Harris), and further financial expertise (Suzanne Baxter and Funke Ighodaro) to our Board. Paul Harrison moved from non-executive Audit Committee chair to his new role as Chief Operating Officer in January 2021.

Our responsibility

We have carefully considered where Ascential has and can have the greatest impact in environmental, social and governance matters. The role of business in society continues to evolve and we have given much consideration to where there is the greatest need for our particular expertise and resources and where deploying them can have the most significant impact. Consequently, we are concentrating on the twin goals of equipping young people to thrive in a digital world and ensuring that Ascential is a diverse and inclusive company to work for and do business with.

As a digital business we believe we are well placed to use our expertise to support opportunities for organisations and individuals to develop critical digital skills. To help achieve this we now have specific charity partnerships in all our core regions and are growing our Early Talent offering to increase the number of apprenticeships, internships and work experience we offer.

We also remain committed to ensuring Ascential is a diverse and inclusive company. In January 2021 we published our 10-year Diversity and Inclusion commitments and the nine actions required this year to make progress against those commitments. These actions have set the foundations for progress to our 2030 targets, improving diversity data collection and equipping colleagues across Ascential with relevant training. There is always more to do, however we are making progress, and we were included in the Bloomberg Gender Equality Index, with a 9% increase in our 2021 score (compared to 2020), again ranked number two in FTSE 250 companies for Women on Boards and in Leadership in the Hampton Alexander Review and met and exceeded the targets for ethnic diversity on boards set by the Parker Review.

We also reviewed and reinforced our sustainability goals in 2021 and completed our first report in compliance with the requirements of the Taskforce on Climate-Related Financial Disclosures as you can see in our Annual Report.

2022 Priorities and Outlook

Our top priority for growth continues to be to expand our Digital Commerce business. We remain laser focused on the following priorities:

1. Continuing our strong growth and expanding our global leadership position in Digital Commerce.
2. Continuing to build and expand on our quality partnerships with the eCommerce marketplaces.
3. Accelerating the revenue growth of our Product Design business while maintaining operating margins.
4. Maximising the opportunities from the return of our live event products.

2022 has started well. Digital Commerce and Product Design look set to deliver excellent levels of growth in the coming year, with Digital Commerce expected to make strong progress against its medium-term financial goals.

We expect to see a recovery in Marketing and Retail & Financial Services over the coming years as we continue to successfully navigate the ongoing impacts of the pandemic. Although Covid-19 is likely to continue to present challenges to our event products, the return of Money20/20 US has demonstrated that we can swiftly achieve full financial recovery.

The Board is confident about our prospects for future success.

Duncan Painter
Chief Executive
2 March 2022

SEGMENTAL REVIEW

Continuing Operations

Digital Commerce
A comprehensive, global set of technologies and services helping brand manufacturer customers optimise and accelerate their digital commerce performance. Execution: Flywheel Digital, DZ and WhyteSpyder provide managed execution services to global brands across the world's leading marketplaces. Perpetua and 4K Miles provide self-service execution to challenger brands, while ASR and OneSpace offer content optimisation. Measurement & Benchmarking: Edge and Yimian offer, primarily, digital shelf optimisation and market share insight across the key global marketplaces, while Intellibrand specialises in digital shelf services in the fast-growing Latam region.

	Year ended 31 December (£'m)		Growth (%)		
	2021	**2020**	**Reported**	**Organic**	**Proforma**
Revenue	147.3	103.1	+43%	+19%	+33%
Adjusted EBITDA	31.1	22.6	+37%	+17%	+32%
Adjusted EBITDA Margin	21%	22%			

Digital Commerce has continued to grow strongly, with revenues up 19% on an Organic basis and up 33% on a Proforma basis including the organic growth performance of the businesses acquired in the year (Intellibrand, DZ, Perpetua, ASR, OneSpace, 4K Miles and WhyteSpyder), which together now account for c.30% of Proforma Digital Commerce revenues. The strong underlying performance continues to come from a mix of new customer acquisition, individual customer growth, coverage expanding across the major digital marketplaces, new geographies, and additional market segments.

Profits also grew strongly, driven by the high level of revenue growth, offsetting investment in sales, product engineering, data collection and operations efficiency programmes. Adjusted EBITDA margin of 21% (2020: 22%) reflected ongoing investment in sales as well as transition costs for the data collection and operations efficiency programmes, the impact of the acquisition of several early-stage businesses which have higher growth but lower current levels of profitability, and currency movements.

Overall, in the year over 200 enterprise customers and more than 1,600 challenger brands were added to the customer base, while globally, customers are now served through active engagements in more than 70 countries.

<u>Execution (70% of Digital Commerce revenue)</u>
We now cover most of the world's major digital commerce marketplaces such as Amazon, Walmart, Instacart, Target, Kroger, Home Depot, Alibaba and JD. In addition, we now have access to cover over 130 individual retailer marketplaces through the major retail media networks.

Execution, which made up 70% of Digital Commerce revenues in 2021, grew extremely strongly, through a combination of new customers and expanding services for existing customers, with many now taking services across multiple major eCommerce platforms. Revenues from subscription and retainer contracts grew to 32% (2020: 20%) of revenue while variable revenues (based on either retail sales achieved, media spend or advisory) represented 68% (2020: 80%) of total revenue while media spend under management has doubled.

Across our Execution businesses we acquired 140 major new customers in the year with notable wins of several industry leaders in the Food & Beverage and Consumer Tech sectors. As an example, 2021 saw the beginning of a particularly successful engagement with a leading global toy manufacturer, where Flywheel's media execution services delivered a 433% increase in the brand's share of voice, growing their market share in the extremely competitive Toys category.

A key point in the calendar, Amazon's Prime Day held this year in June, saw a more modest growth in terms of the marketplace's overall eCommerce transactions, although Flywheel's customers have generally outperformed the market. Beyond Amazon, we have invested significantly in integrating Flywheel into Walmart and Instacart's APIs for overall improved functionality. Revenue from these non-Amazon marketplaces is now more than 20% of revenue.

Our services to enterprise customers were enhanced in 2021 by the addition of DZ in China (Alibaba's number one awarded Independent Service Vendor), of OneSpace (which curates product specific content across multiple marketplaces) and of WhyteSpyder (adding specialism in Walmart to our Execution managed services).

We also acquired three execution businesses giving us access to the challenger brand segment namely Perpetua which focuses on the fast-growing US challenger brand segment, 4K Miles which brings a focus on Chinese challenger brands trading on Amazon and ASR which specialises in connecting professional independent content to marketplace transactions.

<u>Measurement & Benchmarking (30% of Digital Commerce revenue)</u>
Overall, we acquired more than 60 new customers across Measurement & Benchmarking in the year, with notable wins including Boehringer, LG and Sony.

Continued investment in the year has improved the scalability and performance of the Digital Shelf and Market Share platforms, enhancing data operations and upgrading collection capabilities. Our strong relationships with platforms continue to develop, with Edge becoming the first measurement provider accepted to the Amazon Advertising Partner Network. This relationship allows the opportunity for API access, collaborative R&D and ultimately results in a more precise and timelier product for our customers. Through Yimian, we expanded services to brands trading on South East Asian platforms, such as Shopee and Lazada.

The addition of Intellibrand in January 2021 provides Digital Shelf services for brands on Latin American marketplaces, such as Mercado Libre, in addition to the cross-selling across Digital Commerce of its Food Service Aggregator product, that recently expanded its reach to seven new countries beyond Latam including the US market.

Product Design

WGSN, a leading global supplier of trend forecasts, market intelligence and consumer insight, helps customers understand the future demands of consumers. Information is delivered principally through digital subscriptions to over 6,300 customers in more than 90 countries. The Product Design segment also includes trend products for SMEs in the fashion market (WGSN Start and Use Fashion) and the innovative colour system Coloro.

	Year ended 31 December (£'m)		Growth (%)		
	2021	2020	Reported	Organic	Proforma
Revenue	91.3	88.1	+4%	+7%	+7%
Adjusted EBITDA	41.3	38.0	+9%	+13%	+13%
Adjusted EBITDA Margin	45%	43%			

Product Design has seen a strong return to 7% revenue growth in the year, driven by an excellent performance from its subscription base, where billings grew 10%, in addition to a significant recovery in the Mindset advisory business and expansion from Coloro. Margins remained strong and EBITDA grew by 13% as a result.

Increasing take-up of non-fashion products, such as Consumer Insight and Beauty, where billings have grown by 30% in 2021, continues to be the main driver of growth. Subscription renewal rates, which remained robust throughout the pandemic period have now returned to pre-pandemic levels, at well above 90%, with 90% of revenue overall coming from subscriptions (and the balance from advisory and Coloro). The business has also maintained the record high levels of NPS recorded in 2020, emphasising the value customers derive from its information and the persistent strength of its brand. In terms of advisory, the recovery observed at the end of 2020 has continued throughout 2021, while the smaller Coloro business grew extremely strongly, doubling revenues and seeing significant acceleration in the second half of the year.

The second half of the year has seen a number of product upgrades for WGSN customers including personalised homepages and interactive platforms that allow users to collaborate with their in-company peers, sharing ideas, data and reports. WGSN also launched its campaign "Create Better: Innovating Towards a More Sustainable Future", providing practical solutions and advice for five key industries grappling with the challenges of sustainable product design and creation.

Product Design has continued to build out its product range, bringing together comprehensive quantitative data with its trend forecasting solutions, while continued investment in decision science capabilities and collaboration with Digital Commerce underpins new offerings such as TrendCurve.

August saw the launch of the Consumer Tech product, continuing the strategy to address adjacent markets and building on recent launches such as Insight, Beauty, Food & Drink and TrendCurve. At the same time, Lifestyle & Interiors was relaunched as WGSN Interiors to more deeply support this rapidly growing market segment. The Beauty product (launched in 2019) has now exceeded 500 customers, expanding into 5 languages and growing billings above £4m. Food & Drink (launched in 2020) has now surpassed 180 customers, providing global trend insights for brands to develop the products and services that consumers will eat, drink and experience in the near future.

Marketing

Lions, through its awards and festival, as well as its subscription and advisory products, is the global benchmark for creativity in the branded communications industry, while WARC is the global authority on marketing effectiveness for brands, agencies and media platforms.

	Year ended 31 December (£'m)		Growth (%)		
	2021	2020	Reported	Organic	Proforma
Revenue	56.5	20.5	+175%	+188%	+188%
Adjusted EBITDA	25.6	(6.5)	nm	nm	nm
Adjusted EBITDA Margin	45%	nm			

Marketing saw a strong recovery in 2021. This was led by the return of the Lions benchmark awards, where revenue exceeded that of 2019, despite the absence of a physical festival. Digital revenue performance was robust, with strong growth across the Lions and WARC subscription platforms, while Cannes Lions Live in June again brought the industry's global talent together through the power of digital connectivity, in both live and on-demand formats. The segment returned to strong levels of profitability following the losses incurred in 2020.

For Lions, despite a physical Cannes event not being possible in 2021, the awards benchmark successfully returned in 2021 in a purely digital format. The awards saw over 29,000 entries from 90 countries, with trends confirming that brands continue to invest in creativity and growth in entries driven by independent agencies and production companies. In the absence of a physical event, the Cannes Lions Live digital platform also returned in June, including live broadcasting of daily Lions award shows. Access to the digital platform was delivered through the Lions Membership subscription, launched in June. In addition, the platform attracted strong sponsorship and Lions Curated revenues, confirming the brand's strength in a digital format. Lions Membership complements The Work's subscription business which saw strong growth in the year, while the Creative Transformation Advisory practice saw further strong performance, through major clients such as AB InBev and PepsiCo. Overall, Lions revenues in 2021 amounted to £40m compared to £76m in 2019.

WARC achieved strong 16% revenue growth, with renewal rates in the year in excess of 90%. June saw the launch of the WARC Awards for Effectiveness, with over 700 entries and the Grand Prix winners announced via the Cannes Lions Live platform. Development of the WARC China platform in H1, was followed by the launch of WARC Data Premium in H2, offering deeper and broader analysis and improved data visualisation for customers' insights into product advertising effectiveness. Growth in advisory, from customers such as TikTok, Spotify and Google, demonstrated engagement with the business from customers beyond its traditional agency constituency.

Retail & Financial Services

Money20/20 is the world's leading, premium content, sales and networking platform for the fintech industry. *The Retail and Financial Services segment also comprises Retail Week World Retail Congress ("RWRC"), the retail customers previously served by the Digital Commerce business and the Alternative Data team.*

	Year ended 31 December (£'m)		Growth (%)		
	2021	2020	Reported	Organic	Proforma
Revenue	54.2	18.2	+198%	+205%	+205%
Adjusted EBITDA	10.9	(14.3)	nm	nm	nm
Adjusted EBITDA Margin	20%	nm			

The fintech end market and the broader payments ecosystem which Money20/20 serves has traded robustly throughout the pandemic and remains a long-term growth sector globally with recent conditions having accelerated some key drivers, such as the migration to digital banking and growth of digital commerce transactions. Furthermore, the Fintech 2.0 report we published in June 2021 expects the end market to continue to be dynamic and fast-growing as it moves from the digital distribution of existing products and services to digitally native financial services. The underlying buoyancy of the market, and Money20/20's leading role within it, was illustrated by the successful return of both the European and US editions of the event, in September and October 2021 respectively.

Money20/20 Europe attracted more than 4,000 attendees, from 1,500 companies and more than 70 countries to Amsterdam. Money20/20 US brought in more than 8,000 attendees, from 2,800 companies to Las Vegas, with the latter achieving revenues at 98% of its 2019 level. The events were showcases for the fastest growing and most innovative fintech companies with a quarter of all attendees at C-Suite level and more than 14,000 physical meetings booked, digitally via the Money20/20 app, across the two events.

For RWRC, Retail Week Awards and Retail Week Live both ran in October 2021 while the global platform of World Retail Congress ran a series of virtual connection events across the second half with the physical event due to return in Rome in April 2022. The subscription business of Retail Week continued to experience lower revenue driven by the weak underlying UK retail environment.

Our Alternative Data business, serving the financial services industry with information delivered chiefly through digital subscriptions, grew strongly in the period, seeing over 60% revenue growth and renewal rates of over 90%. We track hundreds of digital commerce retailers and thousands of brands and products to provide data feeds of trends in pricing, discounting and product availability for uses including inflation model inputs and research on individual stocks and categories.

Price & Promotion and Retail Insights performed well with renewal rates in excess of 90% (after accounting for the sunsetting of certain unprofitable market segments). Improvements were led by new product development with a focus on retailers utilising the relationships and expertise across the Retail & Financial Services segment.

FINANCIAL REVIEW

In 2021 we demonstrated strong delivery against our strategic priorities as well as robust recovery from the challenging backdrop of 2020. Revenue and profits grew very strongly due to the excellent structural growth demonstrated by the Digital Commerce and Product Design segments as well as the first year of what we expect to be a multi-year post-Covid recovery of the Marketing and Retail & Financial Services segments.

Overview

Following the disposal of the Built Environment & Policy segment and the MediaLink business in the year, the results have been restated to classify these businesses as discontinued and the commentary within this report is focused on our continuing operations.

The results for the year are set out in the consolidated statement of profit or loss and show, for continuing operations, revenue of £349.3m (2020: £229.9m) and an operating loss of £26.7m (2020: £171.3m). Adjusted EBITDA was £88.9m (2020: £21.7m) driven in large part by the return of the Lions benchmarking awards and Money20/20 in the year. We also delivered solid cash flow performance in 2021 with free cash flow from continuing operations after tax and capex of £57.7m (2020: outflow of £2.6m), an operating cash flow conversion of 95% and a free cash flow conversion of 65%.

A core KPI and strategic goal of the Company is Organic revenue growth rate. We believe that this is the most efficient method of growth, measures the underlying health of the business and is a key driver of shareholder value creation. Organic revenue growth rate eliminates the impact of acquisitions (counting them only once they have been owned for 12 months) and disposals and that element of growth which is driven by changes in foreign exchange rates. It is an Alternative Performance Measure and is discussed in more detail in the Alternative Performance Measure section below. Proforma growth rate is measured in a similar way to Organic growth rate but assumes that the Group's acquisitions were all made on 1 January 2020 and is therefore a measure of the rate of growth of the brands owned today.

Adjusted EBITDA is also an Alternative Performance Measure and is used in the day-to-day management of the business to aid comparisons with peer companies, manage banking covenants and provide a reference point for assessing our operational cash generation. It eliminates items arising from portfolio investment and divestment decisions, and from changes to capital structure. Such items arise from events which are non-recurring or intermittent, and while they may generate substantial income statement amounts, do not relate to the ongoing operational performance that underpins long-term value generation.

Continuing operations

The results for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and summarised in the table below.

£'m	**2021**	2020*	Growth rate		
			Reported	Organic	Proforma
Revenue	**349.3**	229.9	52%	44%	48%
Adjusted EBITDA	**88.9**	21.7	311%	323%	248%
Operating loss	**(26.7)**	(171.3)	nm	nm	nm

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Segmental results

Following the sale of the Built Environment & Policy businesses in early 2021, the Group has four continuing reportable segments. These are Digital Commerce, Product Design, Marketing and Retail & Financial Services. Information regarding the results of each is included below and described in the Segmental review above.

£'m	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations
2021						
Revenue	**147.3**	**91.3**	**56.5**	**54.2**	**-**	**349.3**
Organic growth	*19%*	*7%*	*188%*	*205%*	-	*44%*
Proforma growth	*33%*	*7%*	*188%*	*205%*	-	*48%*
Adjusted EBITDA	**31.1**	**41.3**	**25.6**	**10.9**	**(20.0)**	**88.9**
Organic growth	*17%*	*13%*	*nm*	*nm*	*(5%)*	*323%*
Proforma growth	*32%*	*13%*	*nm*	*nm*	*(5%)*	*248%*
Adjusted EBITDA margin	*21%*	*45%*	*45%*	*20%*	-	*25.5%*
Depreciation and software amortisation	(10.0)	(2.9)	(3.0)	(1.8)	(1.8)	(19.5)
Adjusted operating profit	**21.1**	**38.4**	**22.6**	**9.1**	**(21.8)**	**69.4**
2020*						
Revenue	103.1	88.1	20.5	18.2	-	229.9
Adjusted EBITDA	22.6	38.0	(6.5)	(14.3)	(18.1)	21.7
Adjusted EBITDA margin	*22%*	*43%*	*nm*	*nm*	-	*9.4%*
Depreciation and software amortisation	(6.7)	(4.7)	(3.7)	(2.3)	(3.1)	(20.5)
Adjusted operating profit	**15.9**	**33.3**	**(10.2)**	**(16.6)**	**(21.2)**	**1.2**

* Restated for discontinued operations (see Note 7)

Revenue

The Company benefits from diverse revenue streams across its segments ranging from digital subscriptions to live events to advisory. Most of these revenue streams have recurring or repeat characteristics and benefit from our focus on customer retention.

(£ million)	Timing of revenue recognition	2021	Restated* 2020
Digital Subscriptions & Platforms	Over time	136.2	95.6
Advisory	Over time	11.1	7.5
Digital Commerce		**147.3**	**103.1**
Digital Subscriptions & Platforms	Over time	81.9	81.3
Advisory	Over time	9.4	6.8
Product Design		**91.3**	**88.1**
Digital Subscriptions & Platforms	Over time	18.2	17.0
Advisory	Over time	3.7	1.2
Benchmarking Awards	Point in time	29.3	1.0
Events	Point in time	5.3	1.3
Marketing		**56.5**	**20.5**
Digital Subscriptions & Platforms	Over time	10.8	14.3
Advisory	Over time	2.7	2.2
Events	Point in time	40.7	1.7
Retail & Financial Services		**54.2**	**18.2**
Digital Subscriptions & Platforms	Over time	247.1	208.2
Advisory	Over time	26.9	17.7
Benchmarking Awards	Point in time	29.3	1.0
Events	Point in time	46.0	3.0
Revenue from continuing operations		**349.3**	**229.9**

* Restated for discontinued operations (see Note 7)

Revenue from continuing operations grew to £349.3m (2020: £229.9m), an increase of £119.4m or 52%. Adjusting for currency impacts and acquisitions, revenue increased by 44% and 48% on an Organic and Proforma basis respectively. This was driven by the continued strong growth in our Digital Commerce and Product Design segments and the post-Covid recovery in the Marketing and Retail & Financial Services segments. When comparing our 2021 revenues with the 2019 pre-pandemic period on a Proforma basis, we were pleased to be able to deliver a 9% growth rate driven by the performance of our Digital Commerce business.

Adjusted EBITDA

Adjusted EBITDA from continuing operations increased by £67.2m to £88.9m (2020: £21.7m) representing growth of 248% on a Proforma basis with profits growing by double-digits in all four of our segments.

Adjusted EBITDA margin from continuing operations increased from the prior year to 25.5% (2020: 9.4%). This reflects the return of EBITDA in the Marketing and Retail & Financial Services segments while margins in the pure-play digital businesses remained stable and where, in Product Design, we continue to see the evidence of the superior margin opportunities in scaled, mature, digital subscription businesses.

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Reconciliation between Adjusted EBITDA and statutory operating profit/(loss)
Adjusted EBITDA from continuing operations is reconciled to statutory operating profit as shown in the table below:

£'m	**2021**	Restated* 2020
Adjusted EBITDA	**88.9**	21.7
Depreciation and software amortisation	**(19.5)**	(20.5)
Adjusted operating profit	**69.4**	1.2
Amortisation of acquired intangibles	**(31.9)**	(30.8)
Exceptional items	**(55.8)**	(142.8)
Share-based payments	**(8.4)**	1.1
Statutory operating loss	**(26.7)**	171.3

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Amortisation of acquired intangible assets
The amortisation charge of £31.9m (2020: £30.8m) on acquired intangible assets remained in line with the prior year as additional amortisation of newly acquired intangibles offset the impact of fully amortised assets. The Company undertakes a periodic review of the carrying value of its intangible assets of £878.9m (2020: £665.1m). No impairments were identified in the current year (2020: £31.9m).

Exceptional items
The charge for exceptional items from continuing operations in 2021 totalled £55.8m (2020: £142.8m) as set out in the table below and further explained in Note 5.

£'m	**2021**	Restated* 2020
Deferred contingent consideration	**29.9**	95.5
M&A transaction and integration costs	**9.0**	2.6
Implementation of new ERP and Salesforce systems	**16.9**	6.6
Impairment of Retail & Financial Services assets	**-**	28.4
Restructuring costs	**-**	5.1
Property impairments and onerous contracts	**-**	4.6
Exceptional items relating to continuing operations	**55.8**	142.8

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

The charge for deferred contingent consideration of £29.9m (2020: £95.5m) predominantly relates to acquisition-related contingent employment costs on the acquisitions of DZ, OneSpace and Yimian. M&A transaction and integration costs comprise professional fees and advisory services and integration costs incurred in 2021 relating primarily to the seven acquisitions made during the year.

In April 2021, the IFRIC published an agenda decision on the design and implementation costs for business systems built upon software that is contracted on a "software as a service" (SaaS) basis and hosted in a public cloud. This resulted in an amendment to the treatment of costs incurred on the Company's new ERP and Salesforce systems under IAS 38 "Intangible Assets". In response to the IFRIC decision, the Group's accounting policy on intangibles assets have been updated, resulting in the majority of implementation costs on SaaS implementations incurred to date no longer being capitalised but expensed as incurred. This change in accounting policy has been applied retrospectively (see Note 2 for further details). The Group is undertaking a multi-year programme to introduce a new ERP to replace the former Oracle system introduced in 2007 and a new instance of Salesforce, both of which are cloud-based. Costs relating to this significant and non-recurring programme totalled £16.9m in 2021 and £6.6m in 2020 and, given the scale and incidence as a once in a decade investment, have been treated as exceptional items.

Share-based payments

The charge for share-based payments from continuing operations of £8.4m (2020: £1.1m credit) increased to reflect the issuance of new awards in 2021. It contrasted with the £1.1m credit in the prior year which reflected revised expectations on the vesting of the Performance Share Plan awards due to the expected performance of the Group versus the EPS target performance conditions because of the impacts of Covid-19.

Finance costs

The Adjusted net finance cost from continuing operations for the year was £17.4m (2020: £15.7m) as set out in the table below:

£'m	**2021**	Restated* 2020
Interest income on bank deposits and vendor loan note	2.5	0.3
Interest payable on borrowings	(8.6)	(7.4)
Amortisation of loan arrangement fees	(0.9)	(0.8)
Foreign exchange	(0.6)	0.2
Derivative financial instruments	0.2	(0.3)
Revaluation of trade investments to fair value	-	1.4
Discount unwind on contingent and deferred contingent consideration	(9.0)	(7.9)
Discount unwind of lease liability	(1.0)	(1.1)
Discount unwind of property provisions	-	(0.1)
Adjusted net finance costs from continuing operations	**(17.4)**	(15.7)

Interest income is derived mainly from the vendor loan note issued to the buyer of Groundsure in January 2021 and repaid in August 2021. The interest payable on the Group's borrowings was £8.6m (2020: £7.4m) with the increase due to higher margins following the covenant amendment agreed in February 2021. Amortisation of loan arrangement fees relates to the unwind of fees capitalised in respect of the five-year multi-currency revolving credit facility ("RCF") of £450m which was agreed in January 2020.

The increase in the unwind of the discount on deferred contingent consideration totalling £9.0m (2020: £7.9m) was driven by new acquisitions partially offset by a lower unwind for Flywheel as the earnout comes to an end.

In addition to the Adjusted net finance costs set out and described above, we have also included in Adjusting items a charge of £0.8m in respect of covenant amendments agreed in February 2021 and a credit of £7.8m relating to the revaluation of our trade investment in Infosum.

Taxation

A tax charge of £8.2m (2020: credit of £2.8m) was incurred on continuing Adjusted profit before tax of £49.6m (2020: loss before tax of £14.7m) resulting in an Adjusted effective tax rate for the year of 17% (2020: 19%) which compares to the effective tax rate of 4% on reported losses as can be seen in the table below.

Analysis of tax charge (£'m)	**2021**	Restated* 2020
Adjusted profit/(loss) before tax	**49.6**	(14.7)
Tax (charge)/credit on Adjusted profit/(loss) before tax	**(8.2)**	2.8
Effective tax rate (%)	**17%**	19%
Adjusting items	**(89.2)**	(174.4)
Tax credit on Adjusting items	**9.8**	33.7
Effective tax rate on Adjusting items (%)	**11%**	19%
Reported loss before tax	**(39.6)**	(189.1)
Tax credit/(charge) on reported loss before tax	**1.6**	(36.5)
Effective tax rate on reported loss before tax (%)	**4%**	19%

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Cash tax paid was £3.3m (2020: £3.3m) reflecting taxes paid in the UK, where instalment payments were due for the prior year, as well as taxes paid outside of the UK in respect of the current year. The Group's cash flow also benefitted from the utilisation of historic US tax losses with a value of £2.2m (2020: £nil).

The Group has a total recognised net deferred tax asset of £51.2m (2020: £52.8m) relating to UK and US losses, accelerated capital allowances, US acquired intangibles, and deferred contingent consideration. This comprised a gross asset of £77.3m offset by a deferred tax liability of £26.1m on non-deductible acquired intangibles. Approximately 50% of this gross asset is expected to convert into cash savings over the next three years.

Discontinued operations

As part of its strategy to focus resources and investment on its strategic priorities, the Group disposed of its non-core segment of Built Environment & Policy, with Groundsure, DeHavilland and Glenigan being sold on 20 January 2021, 12 February 2021 and 17 March 2021 respectively. The Group also disposed of MediaLink, a brand previously within the Marketing segment, on 15 December 2021. The results of the discontinued businesses are included as a single line items within Profit After Tax and can be summarised as follows:

	Built Environment & Policy		**MediaLink**		**Total**	
£'m	**2021**	2020	**2021**	2020	**2021**	2020
Revenue	**4.8**	37.4	**44.5**	34.2	**49.3**	71.6
Adjusted EBITDA	**2.4**	21.5	**13.6**	7.3	**16.0**	28.8
Depreciation and amortisation	**-**	(1.1)	**(3.0)**	(4.4)	**(3.0)**	(5.5)
Share based payments	**-**	-	**(0.7)**	0.5	**(0.7)**	0.5
Profit on disposal of business	**226.1**	-	**33.3**	-	**259.4**	-
Deferred contingent consideration	**-**	-	**(5.2)**	(2.1)	**(5.2)**	(2.1)
Other exceptional items	**(0.8)**	(3.0)	**-**	(2.1)	**(0.8)**	(5.1)
Profit before tax	**227.7**	17.4	**38.0**	(0.8)	**265.7**	16.6
Tax	**(0.7)**	(3.9)	**(3.1)**	0.3	**(3.8)**	(3.6)
Profit after tax	**227.0**	13.5	**34.9**	(0.5)	**261.9**	13.0

Profit after tax

The Group recorded a total statutory profit after tax of £223.9m (2020: loss of £139.6m) arising from both continuing operations of £38.0m (2020: loss of £152.6m) and discontinued operations of £261.9m (2020: £13.0m).

Foreign currency translation impact

The Group's reported performance is sensitive to movements in both the Euro and US dollar against pounds sterling with significant acquisitions denominated in US Dollars and events revenues in Euro and US Dollars.

	Weighted average rate			Year-end rate		
Currency	**2021**	2020	Change	**2021**	2020	Change
Euro	**1.17**	1.13	(3.3%)	**1.19**	1.12	(6.7%)
US Dollar	**1.37**	1.29	(6.4%)	**1.35**	1.36	0.8%

When comparing 2021 and 2020, changes in currency exchange rates had an unfavourable impact on revenue and adjusted EBITDA of £8.6m and £2.0m. On a segmental basis, the unfavourable impact of changes in foreign currency exchange rates was as follows:

- Digital Commerce: £4.5m impact on revenue and £0.8m impact on Adjusted EBITDA
- Product Design: £2.7m impact on revenue and £1.5m impact on Adjusted EBITDA.
- Marketing: £1.0m impact on revenue and a £0.7m favourable impact on Adjusted EBITDA.
- Retail & Financial Services: £0.4m impact on revenue and a £0.5m favourable impact on Adjusted EBITDA.

For illustrative purposes, the table below provides details of the impact on revenue and Adjusted EBITDA if the reported results were restated for Sterling weakening by 1% against the USD and Euro in isolation.

£'m	**2021** Revenue	**2021** Adjusted EBITDA	2020 Revenue	2020 Adjusted EBITDA
Increase in revenue/ Adjusted EBITDA if, in isolation, Sterling weakens by 1% against the:				
Euro	**0.6**	**0.5**	0.3	0.2
US Dollar	**1.9**	**0.9**	1.3	0.4

Furthermore, each 1% movement in the Euro to pounds Sterling exchange rate has a £0.9m (2020: £1.5m) impact on the carrying value of borrowings. Each 1% movement in the US Dollar has a circa £0.7m impact on the carrying value of borrowings (2020: £0.9m).

Earnings per share
Continuing Adjusted diluted earnings per share were 9.5p per share (2020: loss of 3.1p per share).

Total diluted earnings per share were 53.5p (2020: loss of 35.0p) with the increase arising from the significant improvements in Adjusted EBITDA noted above as well as the significant profit realised on the disposal of the Built Environment & Policy and MediaLink businesses.

Acquisitions
We regularly assess opportunities to acquire high-growth products and capabilities to serve our key end markets and in particular Digital Commerce. In 2021 we completed the acquisition of seven companies in the Digital Commerce segment and incurred initial cash consideration (net of cash acquired) of £195.3m.

Intellibrand
In January 2021, we acquired 100% of ERA Serviços de Inteligência em Software S.A. ("Intellibrand") for an initial cash consideration of £3.5m plus estimated earnout payments payable over three years resulting in an estimated total consideration (including the initial consideration) between £5.9m and £7.9m. Total consideration payable, in the event that very stretching targets are reached, is capped at £9.1m. 30% of the earn-out is also contingent on the ongoing employment of the founders and therefore recognised in the income statement over the life of the earn-out. Intellibrand provides global brands operating in Latin America with expert local market digital shelf analytic capabilities. These services cover the major Latin America eCommerce platforms, notably Mercado Libre, as well as Food Service Aggregators, such as Just Eat and Uber Eats. The acquisition provides Ascential with an opportunity to scale its Digital Commerce operations in the fast-growing Latin-American eCommerce market. It also offers proven capability in FSA analytics: a product that is growing in demand among Ascential's global customers.

DZ
In February 2021, we acquired 100% of Hangzhou Duozhun Data Technology Co. Ltd. ("DZ") for an initial cash consideration of £11.1m plus estimated earnout payments payable over three years resulting in an estimated total consideration (including the initial consideration) between £29m and £35m. Total consideration payable, in the event that very stretching targets are reached, is capped at £55m. Half of the earn-out is additionally linked to the ongoing employment of the founders and therefore recognised in the income statement over the life of the earn-out. DZ helps multi-national and premium Chinese brands optimise their consumer targeting, media execution and content marketing strategy across the leading eCommerce platforms in China, including Alibaba and JD. The acquisition allows Ascential to extend its offering in China, with the broadest eCommerce analytics proposition for consumer product companies, while also providing the opportunity to cross-sell and enhance customer relationships with Ascential's Yimian business.

Perpetua

In April 2021, we acquired 100% of Perpetua Labs, Inc. ("Perpetua") for initial cash consideration (net of cash acquired) of £41.9m, plus deferred contingent consideration payable over four years resulting in an estimated total consideration (including the initial consideration) between £76m and £120m. Total consideration payable, in the event that very stretching targets are reached, is capped at £185m. Approximately a quarter of the deferred contingent consideration to be paid over the four years is linked to the ongoing employment of the founders and therefore recognised in the income statement over the life of the earn-out. Perpetua provides a self-service SaaS platform that helps independent sellers, as well as agencies and some larger brands, optimise the purchase of search and display advertising on Amazon and other major marketplaces. The acquisition of Perpetua gives us access to the fast-growing Third-Party seller market (for brands that sell directly to consumers through the marketplaces).

ASR

In July 2021, we acquired a 51% majority stake in ASR Group Holdings LLC ("ASR"), a digital content optimisation business that enables brands to grow sales through eCommerce marketplaces. The acquisition was for an initial cash consideration of £89.1m. Ascential also has an option to acquire two further 24.5% stakes in the company based on a pre-determined multiple of trailing EBITDA between July 2022 and June 2025. Through its software-driven solutions, ASR helps drive higher consumer engagement rates for marketplace content and higher sales for the featured brands. ASR's expertise offers an exciting new area of expansion for the Digital Commerce Business Unit, building on our current offer by allowing us to directly connect professional independent content with brands' products at the point of purchase to enhance the impact of their advertising in the marketplaces.

OneSpace

In September 2021, we acquired 100% of OneSpace Inc. ("OneSpace") for an initial cash consideration of £21.5m plus estimated earnout payments payable over two years resulting in an estimated total consideration (including the initial consideration) of approximately £32m. Underpinned by its subscription model, OneSpace manages product specific content catalogues, enables the creation of original material and customizes content in order to drive higher sales across multiple products and marketplaces.

WhyteSpyder

In November 2021, we acquired 100% of WhyteSpyder LLC ("WhyteSpyder") for an initial cash consideration of £24.1m plus estimated earnout payments payable over three years resulting in an estimated total consideration (including the initial consideration) between £40m and £42m. Total consideration payable, in the event that very stretching targets are reached, is capped at £56m. 60% of the earn-out is additionally linked to the ongoing employment of the founders and therefore recognised in the income statement over the life of the earn-out. WhyteSpyder provides retail managed services to enterprise brands that trade on Walmart.com, utilising a mix of technology-driven search engine optimisation, retail insights, content management and rich media hosting.

4K Miles

In December 2021, we acquired 100% of Shenzhen 4KMiles Technologies, Ltd. ("4K Miles"). The acquisition was for an initial cash consideration of £13.3m plus estimated earnout payments payable over three years resulting in an estimated total consideration (including the initial consideration) between £34m and £44m. Total consideration payable, in the event that very stretching targets are reached, is capped at £87m. 50% of the earn-out is additionally linked to the ongoing employment of the founders and therefore recognised in the income statement over the life of the earn-out. Through its software-based offering, 4K Miles provides advertising execution, sales data analytics and inventory tracking to over 500 challenger brand customers based in China, trading on Amazon marketplaces including the US, major European countries, Mexico, India and Japan.

Investments

Hudson

Hudson MX is an advertising software business providing media buying and media accounting solutions through a cloud-based SaaS platform. In 2021, we made investments into Hudson totalling £44.0m (2020: £13.8m) and our share of losses recognised totalled £1.1m (2020: £nil). At 31 December we hold a total investment of £65.9m (2020: £23.0m) through a combination of common and preference stock and we have concluded that £65.4m of the Hudson preference shares held have attributes that require measurement at fair value through the profit and loss with the remaining £0.5m of the Hudson common stock investment measured using the equity method.

Hudson was treated as a trade investment in 2020 but, following our investment in 2021 which included board observer rights, we determined that we exerted significant influence and started to account for it as an associate. We have conducted an analysis under IFRS10 to confirm that we did not meet the threshold for control and consolidation as described more fully in Note 11 where we also provide sensitivity analysis around the valuation we have performed over our holding in Hudson.

Infosum

Infosum is developing the world's first decentralized data collaboration platform with the power to analyse and activate data at speed with a vision to connect the world's data without ever sharing it. The Group recorded a revaluation credit of £7.8m in adjusting items relating to its holding following the valuation from the most recent funding round.

Disposals

Built Environment & Policy

In December 2020, the Group entered into an agreement to sell Glenigan to Byggfakta Group for £74.4m in cash. Following regulatory clearance, the sale completed in March 2021. In January 2021, the Group sold Groundsure to a subsidiary of ATI Global Limited for a purchase price of £169.0m comprising an initial cash consideration of £139.0m plus a £30.0m interest-bearing vendor loan note which was subsequently repaid in August 2021. In February 2021, the Group sold DeHavilland to the alternative asset management group Bridgepoint for £14.9m in cash. The total profit on disposal of the above businesses was £226.1m.

MediaLink

In December 2021, the Group sold MediaLink, a brand within the Marketing segment, to United Talent Agency, LLC for £94.7m cash consideration, resulting in a profit on disposal of £33.3m.

Deferred contingent consideration

Ascential paid £127.0m (2020: £69.1m) in deferred contingent consideration during the year. The Company's preferred structure for acquisitions is to enter into long-term earnout arrangements with the founders of acquired companies and to link this to both the post-acquisition performance of the acquired company and the continuing employment of the founders. Accounting for the earnout is complex and requires considerable judgements to be made about the expected future performance of the acquired company at the point of acquisition – this is especially difficult in the type of high growth, early stage companies that Ascential acquires. The earnout is accounted for in three ways:

1. A liability for deferred contingent consideration is established on the balance sheet at the point of acquisition based on that element of the earnout which is not dependent on the continuing employment of the founders. Any subsequent change in estimate is recorded as an exceptional item and in 2021 we recorded a charge of £5.2m (2020: £64.1m) primarily driven by the outperformance of Yimian and Flywheel in the year. During the year we made cash payments of £87.6m (2020: £46.0m) in relation to this element of deferred contingent consideration.
2. This liability is discounted to present value with the reversal of this discount being recorded as a finance cost. This amounted to a charge of £9.0m in 2021 (2020: £7.9m).

3. Finally, that element of the deferred contingent consideration that is contingent on the continuing employment of the founders is charged to the consolidated statement of profit or loss as an exceptional item over the service life of those founders (typically three years). This amounted to a charge of £29.9m in 2021 (2020: £33.5m). During the year we made cash payments of £39.4m (2020: £23.1m) in relation to this element of deferred contingent consideration.

The liability for deferred contingent consideration amounted to £102.9m at December 2021 (2020: £136.2m). In total, when combining this liability with the future income statement charges for discount unwind and for deferred contingent consideration that is contingent on continuing employment of the founders, the Company expects to pay out deferred contingent consideration of approximately £150m over the next four years for acquisitions to date. £55m is due in 2022 for performance to date and £95m is expected to be paid between 2023 and 2025 based on the performance of the acquired businesses in the next three years.

Cash flow

Continuing operations

The Company generated Adjusted operating cash flow from continuing operations of £80.8m (2020: £17.1m), being a 95% operating cash flow conversion (2020: 79%) benefiting from strong customer collections.

An increasing feature of our cash flow is the working capital required in Digital Commerce for the purchasing of advertising media on behalf of customers where the payment terms agreed with the marketplace can differ from those agreed with customers. At the year end we had £137.4m receivable from customers and £124.1m payable to the marketplaces up from £105.3m and £93.4m respectively at the end of 2020. In order to reduce the impact of this working capital dynamic on the Group, we have arranged a facility with a bank to sell certain of the customer receivables for an attractive rate of interest that is lower than our overall cost of borrowing. The net working capital position relating to such media reimbursables of £13.3m (2020: £11.9m) benefited by £23.8m (2020: £nil) as a result of this new working capital facility.

Adjusting for the restatement of capitalised Salesforce and ERP implementation costs of £6.6m in 2020, the Group's remaining capital spend increased by £7.1m from the prior year to £23.2m (2020: £16.4m) driven by increased product development in the Digital Commerce business.

Tax paid on profits from continuing operations remained consistent with the prior year at £3.2m (2020: £3.3m) where tax liabilities continue to be sheltered by significant prior period losses and tax-deductible acquisition consideration particularly in the US.

As a result, the Company generated free cash flow from continuing operations of £57.7m (2020: outflow of £2.6m) as shown in the table below:

£'m	**2021**	Restated* 2020
Adjusted EBITDA	**88.9**	21.7
Working capital movements	**(4.9)**	(4.6)
Adjusted operating cash flow from continuing operations	**84.0**	17.1
Operating cash flow conversion (%)	**95%**	79%
Capital expenditure	**(23.1)**	(16.4)
Tax paid	**(3.2)**	(3.3)
Free cash flow from continuing operations	**57.7**	(2.6)
Free cash flow conversion (%)	**65%**	(12%)

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Discontinued operations

The Company generated free cash flow from discontinued operations of £14.3m (2020: £28.7m).

£'m	2021	Restated* 2020
Adjusted EBITDA	**16.0**	28.8
Working capital movements	**(1.5)**	0.9
Adjusted operating cash flow from discontinued operations	**14.5**	29.7
Operating cash flow conversion (%)	**91%**	103%
Capital expenditure	**(0.1)**	(1.0)
Tax paid	**(0.1)**	-
Free cash flow from discontinued operations	**14.3**	28.7
Free cash flow conversion (%)	89%	100%

* Restated for discontinued operations (see Note 7)

Total operations

The cash flow statement and net debt position are summarised as follows.

£'m	2021	Restated* 2020
Free cash flow from continuing operations	**57.7**	(2.6)
Free cash flow from discontinued operations	**14.3**	28.7
Free cash flow from total operations	**72.0**	26.1
Acquisition of businesses net of cash acquired	**(195.3)**	(2.7)
Deferred contingent consideration including contingent employment cost	**(127.0)**	(69.1)
Disposal proceeds net of cash disposed and disposal costs	**342.4**	-
Acquisition of investments and loan to associate	**(51.4)**	(16.8)
Disposal of equity-accounted investments	**-**	55.1
Exceptional costs paid	**(25.9)**	(19.2)
Cash flow before financing activities	**14.8**	(26.6)
Net (repayment of) / proceeds from borrowings	**(149.0)**	25.7
Net interest paid	**(6.4)**	(12.0)
Net lease liabilities paid	**(7.2)**	(8.9)
Proceeds of issue or sale of shares net of expenses	**150.7**	1.3
Share repurchase	**-**	(9.2)
Dividends paid to non-controlling interest	**(0.5)**	-
Net cash flow	**2.4**	(29.7)
Opening cash balance	**80.2**	111.7
FX movements	**1.5**	(1.8)
Closing cash balance	**84.1**	80.2
Borrowings	**(160.5)**	(312.7)
Capitalised arrangement fees	**2.4**	3.2
Derivative financial instruments	**0.2**	-
Net debt	**(73.8)**	(229.3)

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Equity placing
On 26 July 2021, the Company placed 35,500,000 new ordinary shares of £0.01 each at a placing price of £4.32 resulting in cash proceeds of £150.2m after expenses.

Returns to shareholders
The Board has historically targeted a dividend payout ratio of 30% of Adjusted profit after tax. Following the impact of Covid-19 on the business, no dividends were paid in 2020 and in 2021 cash flow was prioritised for acquisitions. The Board continues to prioritise capital for investment and acquisitions to support our growth strategy and has decided not to declare a full year dividend at this time. The Board will keep capital allocation priorities, including shareholder cash returns, continually under review.

Strong balance sheet and access to liquidity
Ascential manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings. The Group's policy is to borrow centrally to meet anticipated funding requirements. These borrowings, together with cash generated from the operations, are on-lent at market-based interest rates and on commercial terms and conditions or contributed as equity to subsidiaries.

In January 2020, the Group entered into a 5-year multi-currency revolving credit facility ("RCF") of £450m plus an accordion to raise further debt amounts, at the option of the lenders, of up to the greater of £120m or 150% of EBITDA. At 31 December 2021 the borrowings were subject to interest at a margin of 2.0% over LIBOR reducing to 1.2% over LIBOR in early 2022.

The facility covenants include a maximum net leverage of 3.25x with the benefit of additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually. To address the uncertain business environment and ensure maximum flexibility across a broad range of business planning scenarios, the Group agreed certain covenant amendments for 2021 with its banking group. In light of the Group's strong performance, these amendments were cancelled by the Company in December 2021 such that the original facility covenants apply as at the 31 December 2021 testing point. At 31 December 2021, the Group is well within its covenant limits with a leverage ratio of 0.9x compared to the limit of 3.25x.

Risk management
The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Ascential's business activities, performance and position, together with the factors likely to affect its future development, are set out in the Annual Report. The financial risk management objectives, policies and processes in place for assessment, management and monitoring of risks are also described in the Annual Report.

The Group is exposed to risks arising from the international nature of its operations and the financial instruments which fund them. These instruments include cash and borrowing and items such as trade receivables and trade payables which arise directly from operations. External borrowings are denominated 58% in Euros and 42% in US Dollars. The Group also reviews and protects a proportion of its exposure to interest rate rises on the cost of borrowings through use of derivatives such as interest rate caps where appropriate. Principal risks (including strategic, operational, legal and other risks) are set out in the Annual Report.

Going concern
There continues to be uncertainty surrounding the resolution of the Covid-19 outbreak and the impact to the wider global economy. The Directors have considered the most severe but plausible scenarios, including the scenario where all events are cancelled in 2022, and taken into account the strong condition of our balance sheet, our 2020 refinancing and 2021 equity placing, the recent disposal of the MediaLink business, the diversification and digital nature of many of our business models and the proactive steps taken previously to provide covenant headroom and adjust our cost base as well as further potential mitigating actions.

The Directors believe that the Company is well placed to manage its business risks successfully and have assessed the Group's prospects and viability over a three-year period. While the Group prepares a five-year plan, levels of uncertainty increase as the planning horizon extends and the Group's plans focus more closely on the next three years. After careful consideration, the Board therefore considers a period of three years to be an appropriate period over which to assess the long-term viability of the Company. The viability statement, which provides further detail of this assessment, can be found in the Annual Report.

The Board's assessment of the Group's prospects and stress test scenarios, together with its review of principal risks and the effectiveness of risk management procedures, show that the Group has adequate resources to continue in operational existence for the foreseeable future, including the period exceeding 12 months from the date when the financial statements are approved. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Mandy Gradden
Chief Financial Officer
2 March 2022

ALTERNATIVE PERFORMANCE MEASURES

Ascential aims to maximise shareholder value by optimising potential for return on capital through strategic investment and divestment, by ensuring the Company's capital structure is managed to support both strategic and operational requirements, and by delivering returns through a focus on organic growth and operational discipline. The Board considers it helpful to provide, where practicable, performance measures that distinguish between these different factors – these are also the measures that the Board uses to assess the performance of the Company, on which the strategic planning process is founded and on which management incentives are based. Accordingly, this report presents the following non-GAAP measures alongside standard accounting terms as prescribed by IFRS and the Companies Act, in order to provide this useful additional information.

Adjusted profit measures

The Group uses Adjusted profit measures to assist readers in understanding underlying operational performance from continuing operations. These measures exclude income statement items relating to items arising from portfolio investment and divestment decisions, and from changes to capital structure. Such items arise from events which are non-recurring or intermittent, and while they may generate substantial income statement amounts, do not relate to the ongoing operational performance that underpins long-term value generation. The income statement items that are excluded from Adjusted profit measures are referred to as Adjusting items.

Both Adjusted profit measures and Adjusting items are presented together with statutory measures on the face of the profit and loss statement. In addition, the Group presents a non-GAAP profit measure, Adjusted EBITDA, in order to aid comparisons with peer group companies and provide a reference point for assessing the operational cash generation of the Group. Adjusted EBITDA is defined as Adjusted Operating Profit before depreciation and amortisation. The Group measures operational profit margins with reference to Adjusted EBITDA. As Adjusted results include the benefits of portfolio investment and divestment decisions but exclude significant costs (such as amortisation of acquired intangibles and other exceptional items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its Total results. The exclusion of other Adjusting items may result in Adjusted results being materially higher or lower than Total results.

Adjusting items are not a defined term under IFRS, so may not be comparable to similar terminology used in other companies' financial statements and should not be viewed in isolation but as supplementary information. Details of the charges and credits presented as Adjusting items are set out in Note 5 to the financial statements. The basis for treating these items as Adjusting is as follows:

Exceptional items

Exceptional items are recorded in accordance with the Group's policy set out in Note 5 to the financial statements. They arise from portfolio investment and divestment decisions, from changes to the Group's capital structure, as well as material events that are expected to be non-recurring and outside the course of ordinary operating activities. They do not reflect underlying operational performance.

Amortisation of intangible assets acquired through business combinations

Charges for amortisation of acquired intangibles arise from the purchase consideration of a number of separate acquisitions. These acquisitions are portfolio investment decisions that took place at different times over many years, so the associated amortisation does not reflect current operational performance.

Share-based payments

Ascential operates several employee share schemes. Income statement charges or credits relating to such schemes are a significant non-cash charge or credit and are driven by a valuation model which references the Ascential share price and future performance expectations. The income statement charge or credit is consequently subject to volatility and does not fully reflect current operational performance.

Gains and losses on disposal
Gains and losses on disposal of businesses arise from divestment decisions that are part of strategic portfolio management and do not reflect current operational performance.

Finance costs
As part of the Group's early refinancing of its 2016 debt facility in 2020, unamortised arrangement fees relating to the previous facility were written off and fees for subsequent covenant amendments were incurred. These one-off items do not reflect the current operational performance of the Group.

Tax related to Adjusting items
The elements of the overall Group tax charge relating to the Adjusting items are also treated as Adjusting. These elements of the tax charge are calculated with reference to the specific tax treatment of each Adjusting item, taking into account its tax deductibility, the tax jurisdiction concerned, and any previously recognised tax assets or liabilities.

Adjusted cash flow measures
The Group uses Adjusted cash flow measures for the same purpose as Adjusted profit measures, in order to assist readers of the accounts in understanding the ongoing operational performance of the Group from continuing operations. The two measures used are Adjusted Cash Generated from operations, and Free Cash Flow. The Group monitors its operational efficiency with reference to operational cash conversion. These are reconciled to IFRS measures as follows:

£'m	**2021**	Restated* 2020
Cash generated from operations	33.2	4.5
Less: cash generated from discontinued operations	(12.0)	(28.5)
Add back: acquisition-related contingent consideration cash flow	39.4	23.1
Add back: other exceptional cash flow	23.4	18.0
Adjusted cash generated from operations	**84.0**	**17.1**
Adjusted EBITDA	88.9	21.7
Operating cash conversion	**95%**	**79%**
Net cash generated from operating activities	29.9	1.2
Less: cash generated from discontinued operations	(12.0)	(28.5)
Less: capital expenditure	(23.1)	(16.4)
Add back: tax paid by discontinued operations	0.1	-
Add back: acquisition-related contingent consideration cash flow	39.4	23.1
Add back: other exceptional cash flow	23.4	18.0
Free cash flow	**57.7**	**(2.6)**
Adjusted EBITDA	88.9	21.7
Free cash flow conversion	**65%**	**(12%)**

* Restated for discontinued operations (see Note 7)

Leverage
The Group monitors leverage using definitions included in the Group's banking covenants. The ratio of net debt to EBITDA is calculated as follows:

£'m	**2021**
Adjusted EBITDA	88.9
Less: Rent expense	(4.9)
Adjusted EBITDA (pre-IFRS16)	84.0
Net debt	73.8
Leverage ratio	**0.9x**

Organic growth measures
To assess whether the Company is achieving its strategic goal of driving organic growth, it is helpful to compare like-for-like operational results between periods. Income statement measures, both Adjusted and Reported, can be significantly affected by the following factors which mask like-for-like comparability:

- acquisitions and disposals of businesses lead to a lack of comparability between periods due to consolidation of only part of a year's results for these companies; and
- changes in exchange rates used to record the results of non-sterling businesses result in a lack of comparability between periods as equivalent local currency amounts are recorded at different sterling amounts in different periods.

Ascential therefore defines Organic growth measures, which are calculated with the following adjustments:

- results of acquired and disposed businesses are excluded where the consolidated results include only part-year results in either current or prior periods; and
- prior year and current year consolidated results are restated at constant currency for non-sterling businesses.

Organic growth is calculated as follows:

2021 **£'m**	**Digital Commerce**	**Product Design**	**Marketing**	**Retail & Financial Services**	**Corporate Costs**	**Total – continuing operations**
Revenue						
2021 - restated	147.3	91.3	56.5	54.2	-	**349.3**
Exclude acquisitions	(29.2)	-	-	-	-	(29.2)
2021 – Organic basis	118.1	91.3	56.5	54.2	-	**320.1**
Organic revenue growth	*19%*	*7%*	*188%*	205%	*nm*	44.4%
2020 – as restated*	103.1	88.1	20.5	18.2	-	229.9
Include acquisitions	0.4	-	-	-	-	0.4
Currency adjustment	(4.5)	(2.7)	(1.0)	(0.4)	-	(8.6)
2020 – Organic basis	99.0	85.4	19.5	17.8	-	221.7
Adjusted EBITDA						
2021 – restated	31.1	41.3	25.6	10.9	(20.0)	**88.9**
Exclude acquisitions	(5.4)	-	-	-	-	(5.4)
2021 – Organic basis	25.7	41.3	25.6	10.9	(20.0)	**83.5**
Organic EBITDA growth	*17%*	*13%*	*nm*	*nm*	(5%)	323.2%
2020 – as restated*	22.6	38.0	(6.5)	(14.3)	(18.1)	21.7
Include acquisitions	0.1	-	0	0	-	0.1
Currency adjustment	(0.8)	(1.5)	0.7	0.5	(0.9)	(2.0)
2020 – Organic basis	21.9	36.5	(5.8)	(13.8)	(19.0)	19.8

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Proforma growth measures

Proforma growth is measured in a similar way to Organic growth but assumes that the Company's acquisitions or disposals were all made on the first day of the comparative accounting period and is a measure of the rate of growth of the brands owned today. Proforma growth is calculated as follows:

2021 **£'m**	**Digital Commerce**	**Product Design**	**Marketing**	**Retail & Financial Services**	**Corporate Costs**	**Total – Continuing Operations**
Revenue						
2021 - restated	147.3	91.3	56.5	54.2	-	**349.3**
Include acquisitions	26.7	-	-	-	-	26.7
2021 – Proforma basis	174.0	91.3	56.5	54.2	-	**376.0**
Proforma revenue growth	*33%*	*7%*	*188%*	*205%*		*48.1%*
2020 – as restated	103.1	88.1	20.5	18.2	-	229.9
Include acquisitions	34.1	-	-	-	-	34.1
Currency adjustment	(6.2)	(2.7)	(1.0)	(0.4)	-	(10.3)
2020 – Proforma basis	131.0	85.4	19.5	17.8	-	253.7
Adjusted EBITDA						
2021 – reported	31.1	41.3	25.6	10.9	(20.0)	**88.9**
Include acquisitions	8.4	-	-	-	-	8.4
2021 – Proforma basis	39.5	41.3	25.6	10.9	(20.0)	**97.3**
Proforma EBITDA growth	*32%*	*13%*	*nm*	*nm*	*(5%)*	*247.7%*
2020 – as restated	22.6	38.0	(6.5)	(14.3)	(18.1)	21.7
Include acquisitions	9.0	-	-	-	-	9.0
Currency adjustment	(1.5)	(1.5)	0.7	0.5	(0.9)	(2.7)
2020 – Proforma basis	30.1	36.5	(5.8)	(13.8)	(19.0)	28.0

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2).

Glossary of alternative performance measures

Term	Description
Organic revenue growth	Revenue growth on a like-for-like basis
Organic EBITDA growth	Adjusted EBITDA growth on a like-for-like basis
Proforma revenue growth	Revenue growth on a like-for-like basis assuming the Company's acquisitions or disposals were all made on the first day of the comparative accounting period
Proforma EBITDA growth	Adjusted EBITDA growth on a like-for-like basis assuming the Company's acquisitions or disposals were all made on the first day of the comparative accounting period
Exceptional items	Items within Operating profit / (loss) separately identified in accordance with Group accounting policies
Adjusting items	Exceptional items, Amortisation of intangible assets acquired through business combinations, Share-based payments, Gains and losses on disposal, Write-off of unamortised arrangement fees on re-financing, Covenant amendment fees and Tax related thereto
Adjusted operating profit / (loss)	Operating profit / (loss) excluding Adjusting items
Adjusted EBITDA	Adjusted operating profit / (loss) excluding depreciation and amortisation
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of Revenue
Adjusted profit / (loss) before tax	Profit / (loss) before tax excluding Adjusting items
Adjusted tax charge	Tax charge excluding Adjusting items
Adjusted effective tax rate	Adjusted tax charge expressed as a percentage of Adjusted profit before tax
Adjusted EPS	EPS calculated with reference to Adjusted Profit / (loss) for the year
Adjusted cash generated from operations	Cash generated from operations with cash generated from discontinued operations, acquisition related contingent consideration and other exceptional cash flows excluded
Operating cash conversion	Adjusted cash generated from operations expressed as a percentage of Adjusted EBITDA
Free cash flow	Net cash generated from operating activities including capital expenditure. Net cash generated from discontinued operations, acquisition-related contingent consideration and other exceptional cash flow are excluded
Leverage	The ratio of Net debt to Adjusted EBITDA before, in both cases, accounting for the impact of IFRS 16
Net debt	Net debt comprises external borrowings net of arrangement fees, cash and cash equivalents and derivative financial instruments. Net debt excludes lease liabilities in line with how net debt is considered for the Group's banking covenants

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

		2021			Restated* 2020		
(£ million)	Note	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Continuing operations							
Revenue	4	349.3	-	349.3	229.9	-	229.9
Cost of sales		(127.6)	-	(127.6)	(88.3)	-	(88.3)
Sales, marketing and administrative expenses		(152.3)	(96.1)	(248.4)	(140.4)	(172.5)	(312.9)
Operating profit/(loss)		**69.4**	**(96.1)**	**(26.7)**	**1.2**	**(172.5)**	**(171.3)**
Adjusted EBITDA	4	88.9	-	88.9	21.7	-	21.7
Depreciation and amortisation	4	(19.5)	(31.9)	(51.4)	(20.5)	(30.8)	(51.3)
Exceptional items	5	-	(55.8)	(55.8)	-	(142.8)	(142.8)
Share-based payments	5	-	(8.4)	(8.4)	-	1.1	1.1
Operating profit/(loss)		**69.4**	**(96.1)**	**(26.7)**	**1.2**	**(172.5)**	**(171.3)**
Share of the loss of joint ventures and associates		(2.4)	(0.1)	(2.5)	(0.2)	-	(0.2)
Finance costs		(20.1)	-	(20.1)	(17.6)	(1.9)	(19.5)
Finance income		2.7	7.0	9.7	1.9	-	1.9
Profit/(loss) before taxation		**49.6**	**(89.2)**	**(39.6)**	**(14.7)**	**(174.4)**	**(189.1)**
Taxation	6	(8.2)	9.8	1.6	2.8	33.7	36.5
Profit/(loss) from continuing operations		**41.4**	**(79.4)**	**(38.0)**	**(11.9)**	**(140.7)**	**(152.6)**
Discontinued operations							
Profit/(loss) from discontinued operations, net of tax	7	11.5	250.4	261.9	21.0	(8.0)	13.0
Profit/(loss) for the year		**52.9**	**171.0**	**223.9**	**9.1**	**(148.7)**	**(139.6)**
Profit/(loss) attributable to:							
Owners of the Company		**51.1**	**172.0**	**223.1**	**8.4**	**(148.7)**	**(140.3)**
Non-controlling interest		1.8	(1.0)	0.8	0.7	-	0.7
Earnings/(loss) per share (basic and diluted, pence)							
Continuing operations	8	**9.5**	**(18.8)**	**(9.3)**	(3.1)	(35.1)	(38.2)
Discontinued operations	8	**2.8**	**60.0**	**62.8**	5.2	(2.0)	3.2
Total operations	8	**12.3**	**41.2**	**53.5**	2.1	(37.1)	(35.0)

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2021

				Restated*		
		2021			2020	
(£ million)	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit/(loss) for the from year continuing operations	41.4	(79.4)	(38.0)	(11.9)	(140.7)	(152.6)
Profit/(loss) for the year from discontinued operations	11.5	250.4	261.9	21.0	(8.0)	13.0
Profit/(loss) for the year	52.9	171.0	223.9	9.1	(148.7)	(139.6)
Other comprehensive expense						
Items that have been or may be reclassified subsequently to profit or loss:						
Foreign exchange translation differences:						
- recognised in equity from continuing operations	18.5	-	18.5	(10.5)	-	(10.5)
- transferred from equity for disposed of entities	6.7	-	6.7	-	-	-
Other comprehensive income/(expense), net of tax	25.2	-	25.2	(10.5)	-	(10.5)
Total comprehensive income/(expense) for the year	**78.1**	**171.0**	**249.1**	**(1.4)**	**(148.7)**	**(150.1)**
Total comprehensive income/(expense) attributable to:						
Owners of the Company	**76.3**	**172.0**	**248.3**	**(2.1)**	**(148.7)**	**(150.8)**
Non-controlling interest	**1.8**	**(1.0)**	**0.8**	0.7	-	0.7

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Consolidated Statement of Financial Position

As at 31 December 2021

(£ million)	Note	2021	Restated* 2020
Assets			
Non-current assets			
Goodwill	9	**603.6**	467.4
Intangible assets	9	**275.3**	197.7
Property, plant and equipment		**5.4**	5.5
Right of use assets		**21.8**	15.4
Investments	11	**82.2**	32.4
Investment property		**0.6**	0.8
Deferred tax assets	6	**57.7**	57.4
Other receivables		**-**	0.7
		1,046.6	777.3
Current assets			
Inventories		**1.9**	2.1
Trade and other receivables		**272.6**	197.9
Assets classified as held for sale		**-**	40.2
Cash and cash equivalents		**84.1**	78.2
		358.6	318.4
Total assets		**1,405.2**	1,095.7
Liabilities			
Current liabilities			
Trade and other payables		**198.4**	137.3
Deferred income		**100.3**	91.2
Deferred and contingent consideration	12	**52.6**	113.5
Lease liabilities		**7.0**	6.7
Liabilities classified as held for sale		**-**	13.3
Current tax liabilities		**3.6**	2.4
Provisions		**2.9**	7.4
		364.8	371.8
Non-current liabilities			
Deferred income		**0.7**	0.6
Deferred and contingent consideration	12	**50.3**	22.7
Lease liabilities		**18.2**	13.7
External borrowings	13	**158.1**	309.5
Deferred tax liabilities	6	**6.5**	4.6
Provisions		**1.0**	1.6
		234.8	352.7
Total liabilities		**599.6**	724.5
Net assets		**805.6**	371.2
Equity			
Share capital		**4.4**	4.0
Share premium		**153.3**	3.0
Translation reserve		**(20.5)**	(45.7)
Other reserves		**167.0**	167.0
Retained earnings		**471.7**	241.6
Non-controlling interest		**29.7**	1.3
Total equity		**805.6**	371.2

* Restated for the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company						
(£ million)	**Share capital**	**Share premium**	**Translation reserve**	**Other reserves**	**Retained earnings***	**Non-controlling interest**	**Total equity**
At 1 January 2020	**4.0**	**1.7**	**(35.2)**	**167.0**	**394.0**	**0.6**	**532.1**
Adjustment for IFRIC interpretation on IAS 38	-	-	-	-	(2.4)	-	(2.4)
Restated balance at 1 January 2020	**4.0**	**1.7**	**(35.2)**	**167.0**	**391.6**	**0.6**	**529.7**
Restated profit/(loss) for the year*	-	-	-	-	(140.3)	0.7	**(139.6)**
Other comprehensive expense	-	-	(10.5)	-	-	-	**(10.5)**
Total comprehensive (expense)/income	-	-	(10.5)	-	(140.3)	0.7	**(150.1)**
Issue of shares	-	0.7	-	-	-	-	**0.7**
Share repurchase	-	-	-	-	(9.2)	-	**(9.2)**
Treasury shares sold	-	0.6	-	-	-	-	**0.6**
Share-based payments	-	-	-	-	(1.4)	-	**(1.4)**
Taxation on share-based payments	-	-	-	-	0.9	-	**0.9**
Restated balance at 31 December 2020	**4.0**	**3.0**	**(45.7)**	**167.0**	**241.6**	**1.3**	**371.2**
Profit for the year	-	-	-	-	**223.1**	0.8	**223.9**
Other comprehensive income	-	-	18.5	-	-	-	**18.5**
Transferred to the income statement	-	-	6.7	-	-	-	**6.7**
Total comprehensive income	-	-	**25.2**	-	**223.1**	**0.8**	**249.1**
Issue of shares	0.4	150.3	-	-	-	-	**150.7**
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	28.3	**28.3**
Foreign exchange movements						0.7	**0.7**
Share-based payments	-	-	-	-	8.4	-	**8.4**
Taxation on share-based payments	-	-	-	-	(1.4)	-	**(1.4)**
Dividends paid	-	-	-	-	-	(1.4)	**(1.4)**
At 31 December 2021	**4.4**	**153.3**	**(20.5)**	**167.0**	**471.7**	**29.7**	**805.6**

* Restated for the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(£ million)	Note	2021	Restated* 2020
Cash flow from operating activities			
Loss before taxation on continuing operations		(39.6)	(189.1)
Profit before taxation on discontinued operations	7	265.7	16.6
Adjustments for:			
Depreciation and amortisation		54.4	56.8
Impairment of assets		-	31.9
Deferred and contingent consideration: revaluation and contingent employment costs	12	35.1	97.6
Gain on disposal of business operations	10	(259.4)	-
Share-based payments		9.1	(1.6)
Share of the loss in equity-accounted investees, net of tax		2.5	0.2
Net finance costs		10.4	17.6
Cash generated from operations before changes in working capital, provisions and deferred and contingent consideration		**78.2**	**30.0**
Deferred and contingent consideration paid	12	(39.4)	(23.1)
Changes in:			
Inventories		0.1	2.2
Trade and other receivables		(65.7)	(71.3)
Trade and other payables		65.5	61.0
Provisions		(5.5)	5.7
Cash generated from operations		**33.2**	**4.5**
Cash generated from continuing operations before exceptional operating items		84.0	17.1
Cash inflows for discontinued operations		12.0	28.5
Cash outflows for acquisition-related contingent employment costs	12	(39.4)	(23.1)
Cash outflows for other exceptional operating items from continuing operations		(23.4)	(18.0)
Cash generated from operations		**33.2**	**4.5**
Tax paid		(3.3)	(3.3)
Net cash generated from operating activities		**29.9**	**1.2**
Cash flow from investing activities			
Acquisition of businesses, net of cash acquired	9	(195.3)	(2.7)
Deferred and contingent consideration paid**	12	(87.6)	(46.0)
Acquisition of investments	11	(44.0)	(16.8)
Disposal of equity-accounted investments	11	-	55.1
Loan to associate		(7.3)	-
Acquisition of software intangibles and property, plant and equipment		(23.3)	(17.4)
Disposal of businesses, net of cash disposed		342.4	-
Net cash used in investing activities		**(15.1)**	**(27.8)**
Cash flow from financing activities			
Proceeds from external borrowings	13	-	311.5
Repayment of external borrowings	13	(149.0)	(285.8)
Proceeds from issue of shares and sale of shares		150.7	1.3
Share repurchase		-	(9.2)
Interest and arrangement fees paid		(6.4)	(12.0)
Lease liabilities paid		(7.2)	(8.9)
Dividends paid to non-controlling interest		(0.5)	-
Net cash used in financing activities		**(12.4)**	**(3.1)**
Net decrease in cash and cash equivalents		2.4	(29.7)
Cash and cash equivalents at 1 January		80.2	111.7
Effect of exchange rate changes		1.5	(1.8)
Cash and cash equivalents at 31 December* **		**84.1**	**80.2**

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)
** Includes payments for both deferred and contingent consideration recognised on initial acquisition as well as any subsequent remeasurements. Payments linked to ongoing employment as well as business performance are shown within cash generated from operations
*** Includes £nil (2020: £2.0m) cash and cash equivalents classified as held for sale

Notes to the Financial Statements

For the year ended 31 December 2021

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with applicable law and UK-adopted international accounting standards.

Ascential plc (the "Company") is a public company, which is listed on the London Stock Exchange and incorporated in the United Kingdom. The registered office is located at The Prow, 1 Wilder Walk, London W1B 5AP. The Company principally provides information services which provide industry-specific business intelligence, insights and forecasting through data and digital subscription tools. The principal activities are information services for digital commerce, product design, marketing, and retail & financial services.

The consolidated financial statements are presented in pounds sterling ("GBP"), which is the Company's functional currency, and have been rounded to millions to the nearest one decimal place except where otherwise indicated.

The consolidated financial statements have been prepared on a going concern basis (see further details below) and under the historical cost convention, with the exception of items that are required by IFRS to be measured at fair value, principally certain financial instruments.

Going concern
After considering the current financial projections and the bank facilities available and then applying severe but plausible sensitivities, the Directors of the Company are satisfied that the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months from the date of approving these financial statements. The process and key judgements in coming to this conclusion are set out below.

The Board is required to assess going concern at each reporting period. These assessments are significantly more difficult currently given the uncertainties about the impact of Covid-19, the extent and duration of Covid-related restrictions and the impact on the economies in which we operate. The Directors have considered three main factors in reaching their conclusions on going concern – liquidity, covenants and scenario planning – as set out below.

Liquidity
In January 2020, the Group entered into a 5-year multi-currency revolving credit facility ("RCF") of £450m plus an accordion to raise further debt amounts, at the option of the lenders, of up to the greater of £120m or 150% of EBITDA. At 31 December 2021 the borrowings were subject to interest at a margin of 2.0% over LIBOR. These facilities provide ample liquidity when judged against the net debt of the Company of £73.8m at 31 December 2021.

Covenants
The more sensitive aspects of the Company's financing are the application of covenant tests to these facilities and the most sensitive covenant is Net Debt Leverage (broadly, the ratio of Net Debt to Adjusted pre-IFRS16 EBITDA). The facility covenants include a maximum net leverage of 3.25x with the benefit of additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually. To address the uncertain business environment and ensure maximum flexibility in the medium term, across a broad range of business planning scenarios, the Group had previously agreed covenant amendments with its banking group but following the strong performance of live events in 2021, this amendment was cancelled in December 2021.

At 31 December 2021, our leverage ratio was 0.9x compared to the limit of 3.25x and thus well within our banking covenants.

Scenario planning
In assessing going concern, the Directors considered the most severe but plausible scenario that could impact the business to be the reinstatement of significant Covid-19 restrictions resulting in the cancelation of live events and restrictions on certain client spend. This scenario does include certain cost control mitigations that would be reasonably applied by the Group. This scenario is not a forecast of the Company and is designed to stress test liquidity and covenant compliance. The key assumption is that restrictions arising from the Covid-19 pandemic result in the cancellation of all physical events in 2022 with a normal events roster resuming in 2023. This scenario results in 1.6x to 2.5x increases to our leverage at each of the two testing points in 2022.

In their review of the downside scenario, the Directors have considered a number of mitigations that would reduce the leverage ratio further and are at their discretion, including but not limited to: future dividend policy, the use of equity to meet deferred consideration obligations, and further restructuring and cost cutting measures.

In this downside scenario there is sufficient headroom against all banking covenants test. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

2. Accounting policies

The principal accounting policies in the preparation of the consolidated financial statements have been applied consistently to both periods presented.

Restatement of capitalisation of costs incurred in the implementation of business systems built upon public cloud "software as a service" (SaaS)
In April 2021, IFRIC issued an agenda decision on configuration and customisation costs in a cloud computing arrangement relating to IAS 38 "Intangible Assets". In response the Group's accounting policy on intangible assets has been updated, specifically to expense costs incurred in the implementation of business systems built upon software that is contracted on a "software as a service" (SaaS) basis and hosted in a public cloud where these do not give rise to an identifiable intangible asset that the Group control. In limited circumstances, configuration and customisation costs may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the entity. This change in accounting policy is applied retrospectively. The Group is mid-way through the implementation of new Salesforce and ERP systems which are significant, once in a decade investments and the impact of expensing such implementation costs in the year of spend is material. As such, these costs, which form part of our continuing operations, have been treated as an exceptional item.

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Group. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity and assumptions or estimation are set out below and in more detail in the related notes. Significant updates to these judgements and estimations are detailed where relevant in the related notes and in Note 1 above on going concern.

Critical accounting judgements

Alternative Performance Measures

The Group uses alternative performance measures which are not defined or specified under IFRS and removes adjusting items to present an adjusted result. Adjusting items include amortisation and impairment of acquired intangibles, share-based payments, one-off financing costs and exceptional items. The classification of exceptional items requires significant management judgement to determine the nature and presentation of such transactions. Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as a separate column on the face of the income statement but within their relevant income statement caption. The Board view this as a relevant analysis to assist the reader in their understanding of the underlying performance and financial results of the Group. Note 5 provides an analysis of exceptional items.

Costs incurred in the implementation of 'software as a service' (SaaS) (Note 2)

When the Group incurs configuration and customisation costs as part of a SaaS agreement significant judgement is required in assessing whether the Group has control over the resources defined in the agreement. The Group has reviewed its service agreements in respect of its new ERP system and Salesforce system to align its accounting policy with the IFRS Interpretations Committee (IFRIC) agenda decision in April 2021 on the clarification of accounting in relation to 'Configuration and Customisation Costs in a Cloud Computing Arrangement'. Given that this agenda decision is relatively recent, the Group considers this to be a key judgement to determine. The Group has considered several factors to conclude on the appropriate accounting treatment for configuration and customisation costs. These factors include the nature and key terms of licence arrangements, ownership of intellectual property rights, ability to restrict access to systems, ability to remove software applications from the cloud environment and run them within the Group's own IT environment instead, ability to determine when upgrades are applied and whether associated applications are distinct from the software. Having considered these factors the Group concluded that it did not have the required level of control over all aspects of the ERP and Salesforce systems and has therefore determined that these previously capitalised implementation costs should be expensed. Further details of the prior year restatement to reflect this change in accounting policy can be found in Note 2.

Recognition of associates (Note 11)
The Group has a material investment in Hudson MX a software business providing media buying and media accounting solutions through a SaaS platform. At 31 December 2021, the Group has a total investment of £65.9m representing 8% of the common stock and 84% of the preference shares of the Company. The assessment of whether the Group has control or significant influence over the investment is considered a critical accounting judgement. Consideration has been given in determining if the nature of the relationship, rights under the terms of the preference and common stock investments or other factors would indicate that Ascential has control over the business. Management have considered the requirements under IFRS 10 "Consolidated Financial Statements" and has concluded that although the Group has exposure to the variable returns from the investment, it does not have actual or potential rights to demonstrate power over Hudson and therefore it does not meet the definition of control as at 31 December 2021. It was concluded that the equity and preference instruments do not give power over Hudson MX and that the potential voting rights from the call option agreement were not substantive at the balance sheet date.

An assessment of the requirements under IAS 28 "Investments in Associates and Joint Ventures" has also been performed and management have concluded that the Group does have significant influence over Hudson MX, primarily demonstrated by the rights to Board observer seats and the level of funding provided. The Group therefore accounts for Hudson as an associate. The common stock is accounted for by applying equity accounting, including recording its share of the results of Hudson MX in proportion to the common stock holding. The carrying amount of this investment is £0.5m at 31 December 2021.

The Group recognises that attributes of a class of preference stock meet the attributes of a financial instrument measured at fair value through profit and loss and the fair value will be assessed at each reporting date, with any revaluation recorded through the consolidated income statement. These preference shares form part of the long-term investment in Hudson and these are recorded at £65.4m at 31 December 2021.

An assessment of the fair value of the preference shares and the carrying amount of the investment is considered a significant estimate due to the life-cycle of the business and limited readily available market information or comparable companies. The revenue growth rates and discount rates used in the assessment of the valuation are considered a significant estimates in the preparation of the accounts. See Note 11 for details.

Key sources of estimation
Initial recognition of goodwill and intangible assets in business combinations (Note 9)
Accounting for a business acquisition requires an assessment of the existence, fair value and expected useful economic lives of separable intangible assets such as brands, customer relationships and technology assets at the date of acquisition. The fair value of identifiable assets acquired and liabilities assumed on acquisition is based on a number of estimates, including estimates of future performance of related businesses and the determined weighted average cost of capital.

Acquired brands and certain technology assets are valued using the relief-from-royalty method which requires estimation of future revenues and estimation of a royalty rate that an acquirer would pay in an arm's length licencing arrangement to secure access to the same rights. The theoretical royalty payments are discounted to obtain the cash flows to determine the asset value, which also requires estimation of an appropriate discount rate. A tax amortisation benefit is then applied.

Acquired customer relationships are valued using the multi-period excess earnings method which starts with the total expected income streams for a business or group of assets as a whole and then deducts charges for all the other assets used to generate income. Residual income streams are discounted and a tax amortisation benefit is applied. The method requires estimation of future revenue growth and an appropriate discount rate.

Content and certain technology assets are valued using a depreciated replacement cost method, which requires an estimate of all the costs a typical market participant would incur to generate an exact replica of the intangible asset in the context of the acquired business. The depreciated replacement cost method takes into account factors including economic and technological obsolescence.

In establishing the fair value and useful economic lives, the Group considers, for each acquisition and each asset or liability, the complexity of the calculations, the sources of estimation uncertainty including customer attrition rates and the risk of such estimations resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Note 9 explains the impact of these estimates on the assets recognised.

Valuation of contingent consideration and acquisition-related employment costs (Note 12)
Where an acquisition agreement provides for an adjustment to the consideration, contingent on future performance over the contractual earn-out period, the Group accrues the fair value, based on the estimated additional consideration payable as a liability at acquisition date. To the extent that deferred contingent consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate discount rate and carried at net present value in the consolidated balance sheet. The liability is measured against the contractually agreed performance targets at each subsequent reporting date with any adjustments recognised in the consolidated income statement.

Acquisition-related employment costs are contingent on future performance of the acquired business against the contractually agreed performance targets over the earn-out period but are also dependent on the continued employment of the founders over the contractual earn-out period. Consequently, they are treated as a remuneration expense in the consolidated income statement.

The estimation of the liability requires the Group to make judgements concerning the future performance of related business over the deferred contingent consideration period. The estimation uncertainty risk of payments greater than 1 year is higher to due to the forecast nature of the inputs.

4. Operating Segments

The Group has four reportable segments that are used to present information to the Board (Chief Operating Decision Maker) on a monthly basis. End market risks and opportunities vary and capital allocation decisions are made on the basis of those four reportable segments, namely Digital Commerce, Product Design, Marketing and Retail & Financial Services. The reportable segments offer different products and services and are managed separately as a result of different capabilities, technology, marketing strategies and end market risks and opportunities. The following summary describes the continuing operations in each of the Group's reportable segments:

- Digital Commerce: measurement, optimisation and execution for digital commerce growth
- Product Design: consumer product trend forecasting, data and insight to create world-class products and experiences
- Marketing: services and tools to measure and optimise marketing creativity, media and platform effectiveness and efficiency
- Retail & Financial Services: events, data and tools to improve performance and drive innovation in retail and financial services

Information regarding the results of each reportable segment is included below and restated for prior periods to enhance comparability. The results of the disposed MediaLink business, which was previously included in the Marketing segment, are presented within discontinued operations (refer to Note 7). Reportable segment profits are measured at an Adjusted operating profit level, representing reportable segment Adjusted EBITDA, less depreciation costs and amortisation in respect of software intangibles, without allocation of Corporate costs as reported in the internal management reports that are reviewed by the Board. Reportable segment Adjusted EBITDA and reportable segment Adjusted operating profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of the reportable segments relative to other comparable entities. Total assets and liabilities for each reportable segment are not disclosed because they are not provided to the Board on a regular basis. Total assets and liabilities are internally reviewed on a Group basis.

Year ended 31 December 2021

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations total	Discontinued operations	Total
Revenue	147.3	91.3	56.5	54.2	-	349.3	49.3	398.6
Adjusted EBITDA	31.1	41.3	25.6	10.9	(20.0)	88.9	16.0	104.9
Depreciation and software amortisation	(10.0)	(2.9)	(3.0)	(1.8)	(1.8)	(19.5)	(0.3)	(19.8)
Adjusted operating profit/(loss)	**21.1**	**38.4**	**22.6**	**9.1**	**(21.8)**	**69.4**	**15.7**	**85.1**
Amortisation of acquired intangible assets						(31.9)	(2.7)	(34.6)
Profit on disposal of business						-	259.4	259.4
Exceptional items						(55.8)	(6.0)	(61.8)
Share-based payments						(8.4)	(0.7)	(9.1)
Operating profit/(loss)						**(26.7)**	**265.7**	**239.0**
Share of net loss in equity-accounted investee						(2.5)	-	(2.5)
Finance costs						(20.1)	-	(20.1)
Finance income						9.7	-	9.7
Profit/(loss) before tax						**(39.6)**	**265.7**	**226.1**

Year ended 31 December 2020*

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations total	Discontinued operations	Total
Revenue	103.1	88.1	20.5	18.2	-	229.9	71.6	301.5
Adjusted EBITDA	22.6	38.0	(6.5)	(14.3)	(18.1)	21.7	28.8	50.5
Depreciation and software amortisation	(6.7)	(4.7)	(3.7)	(2.3)	(3.1)	(20.5)	(2.3)	(22.8)
Adjusted operating profit/(loss)	**15.9**	**33.3**	**(10.2)**	**(16.6)**	**(21.2)**	**1.2**	**26.5**	**27.7**
Amortisation of acquired intangible assets						(30.8)	(3.2)	(34.0)
Exceptional items						(142.8)	(7.2)	(150.0)
Share-based payments						1.1	0.5	1.6
Operating profit/(loss)						**(171.3)**	**16.6**	**(154.7)**
Share of net loss in equity-accounted investee						(0.2)	-	(0.2)
Finance costs						(19.5)	-	(19.5)
Finance income						1.9	-	1.9
Profit/(loss) before tax						**(189.1)**	**16.6**	**(172.5)**

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April

2021 (see Note 2)

Exceptional items within continuing operations of £55.8m (2020 restated: £142.8m) include £36.6m (2020: £98.5m), £0.1m (2020: £1.2m), £nil (2020 restated: £0.7m), £nil (2020: £29.3m) and £19.1m (2020 restated: £13.1m) which are attributable to Digital Commerce, Product Design, Marketing, Retail & Financial Services and Corporate costs respectively. Finance costs, finance income, share of net profit in equity accounted investees and share-based payments are not allocated to segments, as these types of activity are driven by the Group corporate function.

5. Adjusting items

Adjusting items are those which are considered significant by virtue of their nature, size or incidence and are presented separately in the consolidated statement of profit and loss to enable a full understanding of the Group's financial performance. Adjusting items is not a defined term under IFRS and include share-based payment charges, amortisation of intangibles acquired through business combinations and exceptional items such as costs incurred for acquisitions and disposals, integration, non-recurring business restructuring and capital restructuring. The tax effect of Adjusting items is also included within Adjusting items (see Note 6).

Adjusting items included in continuing operating profit/(loss) are:

(£ million)	Note	2021	Restated* 2020
Revaluation of contingent consideration	12	5.2	63.8
Acquisition–related employment costs accrued in the period	12	24.7	31.7
Total deferred consideration costs		**29.9**	**95.5**
Implementation of new ERP and Salesforce instance		16.9	6.6
Transaction and integration costs		9.0	2.6
Impairment of Retail & Financial Services assets		-	28.4
Restructuring costs		-	5.1
Property impairments and onerous contracts		-	4.6
Exceptional items		**55.8**	**142.8**
Amortisation of acquired intangible assets		31.9	30.8
Share-based payments		8.4	(1.1)
Adjusting items in operating profit/(loss)		**96.1**	**172.5**
Finance (income)/costs		(7.0)	1.9
Share of the loss of joint ventures		0.1	-
Adjusting items in profit/(loss) before tax from continuing operations		**89.2**	**174.4**

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

The revaluation of contingent consideration in the year relates to updates to actual or expected performance for Flywheel and Yimian. Acquisition-related employment costs incurred in the year of £24.7m relate primarily to that element of the purchase consideration for the acquisitions of DZ, OneSpace, Yimian and Perpetua which, absent the link to continued employment, would have been treated as consideration. Under the sale and purchase agreements, between 25% and 100% of deferred payments are contingent on not only the results of the business in the post-acquisition period but also the continued employment of the founders.

The Group is undertaking a multi-year programme to introduce a new ERP to replace the former Oracle system introduced in 2007 and a new instance of Salesforce, both of which are cloud-based and the implementation costs are subject to the new IFRIC agenda decision relating to IAS 38 and accordingly are now expensed (see note 2). Costs relating to this programme totalled £16.9m in 2021 (2020: £6.6m) have therefore been expensed and given the materiality and once-in-a-decade nature have been recorded as exceptional items.

Property impairments and onerous contracts in 2020 of £4.6m reflected impairments of right of use assets and leasehold improvements and the creation of provisions for operating expenses that were onerous following a reassessment of the Group's property requirements.

As part of the overall strategy of managing the Group's portfolio, we consider the costs incurred as part of the acquisition and integration of acquired businesses to be Adjusting items. Acquisition transaction costs include directly linked transaction costs such as legal and diligence fees as well as stamp duty where applicable. Integration spend includes the costs of transferring acquired businesses onto the Group's processes, IT and revenue platforms, merging of products and rebranding.

The share-based payments charge of £8.4m (2020: credit £1.1m) increased to reflect the issuance of new awards in 2021. It contrasted with the £1.1m credit in the prior year which reflected revised expectations on the vesting of the Performance Share Plan awards due to the expected performance of the Group versus the EPS target performance conditions because of the impacts of Covid-19.

Finance income of £7.0m relates to the upward remeasurement of trade investments to fair value of £7.8m, net of a £0.8m fee for covenant amendments of the Group's debt facility.

6. Taxation

A. Current tax

The tax charge for the year on continuing operations comprises:

(£ million)	2021	Restated* 2020
Current tax		
UK current tax credit on income for the year	(0.2)	(3.8)
Overseas current tax charge on income for the year	2.8	0.1
Adjustments in respect of prior years	1.2	(0.9)
Total current tax charge/(credit)	3.8	(4.6)
Deferred tax		
Current year	(2.3)	(32.6)
Adjustments in respect of prior years	(3.3)	0.2
Impact of rate changes on opening balances	0.2	0.5
Total deferred tax credit	**(5.4)**	(31.9)
Total tax credit from continuing operations	**(1.6)**	(36.5)
Total effective tax rate	**4.0%**	19.0%

* Restated for discontinued operations (see Note 17) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

The difference between the tax as credited in the consolidated income statement and tax at the UK standard rate on continuing operations is reconciled below:

					Restated*	
		2021			2020	
(£ million)	**Adjusted profit/tax**	**Adjusting items/tax**	**Total profit/tax**	Adjusted profit/tax	Adjusting items/tax	Total profit/tax
Profit/(loss) before tax	49.6	(89.2)	**(39.6)**	(14.7)	(174.4)	(189.1)
Expected tax charge/(credit) at the UK standard rate of 19.0%	9.4	(16.9)	**(7.5)**	(2.8)	(33.1)	(35.9)
Principal differences due to:						
Higher overseas tax rates	1.7	0.8	**2.5**	1.2	(6.5)	(5.3)
Trading losses not recognised for deferred tax purposes	0.8	-	**0.8**	0.6	-	0.6
Write off of previously recognised tax losses	0.5	-	**0.5**	-	-	-
Non-deductible impairment of goodwill	-	-	**-**	-	2.8	2.8
Non-deductible expenditure	1.3	5.1	**6.4**	0.5	1.3	1.8
UK enhanced capital allowances	(0.3)	-	**(0.3)**	-	-	-
Non-taxable income	(0.1)	(2.0)	**(2.1)**	-	-	-
Rates changes	(3.0)	3.2	**0.2**	(1.3)	1.4	0.1
Adjustments in respect of prior years	(2.1)	-	**(2.1)**	(1.0)	0.4	(0.6)
Total tax charge/(credit) for the year	8.2	(9.8)	**(1.6)**	(2.8)	(33.7)	(36.5)
Effective tax rate	17%	11%	**4%**	19%	19%	19%

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

B. Deferred tax

The deferred tax balances shown in the consolidated balance sheet are analysed as follows:

(£ million)	2021	Restated* 2020
Deferred tax assets	57.7	57.4
Deferred tax liabilities	(6.5)	(4.6)
Total	**51.2**	52. 8

* Restated for discontinued operations (see Note 17) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

The major deferred tax assets and liabilities recognised by the Group, and the movements in the year, are set out below:

(£ million)	Non-deductible intangible assets	US deductibl e intangibl e assets	Share-based payment s	Property, plant and equipment	Tax losses	Other*	Total
At 1 January 2020	(22.9)	17.3	2.3	6.5	14.3	2.9	**20.4**
Credit/(charge) to the consolidated income statement for the year	5.4	12.3	(1.1)	(0.2)	14.0	3.5	**33.9**
Credit to equity	-	-	0.9	-	-	-	**0.9**
Impact of rate changes	(2.1)	-	0.3	0.7	0.6	-	**(0.5)**
Adjustments in respect of prior years	-	(0.5)	-	-	0.3	-	**(0.2)**
Transfer to balance sheet	-	-	-	-	-	(0.4)	**(0.4)**
Foreign exchange movements	-	-	(0.1)	(0.3)	-	-	**(0.4)**
Discontinued operations	0.1	(0.5)	-	-	(0.3)	(0.2)	**(0.9)**
At 1 January 2021	**(19.5)**	**28.6**	**2.3**	**6.6**	**28.9**	**5.8**	**52.8**
Credit/(charge) to the consolidated income statement for the year	3.1	0.2	1.2	(1.4)	(1.4)	(1.6)	**0.1**
Charge to equity	-	-	(1.4)	-	-	-	**(1.4)**
Impact of rate changes	(3.6)	-	0.4	0.7	2.4	(0.1)	**(0.2)**
Adjustments in respect of prior years	-	-	-	0.4	2.4	0.5	**3.3**
Foreign exchange movements	(0.1)	(0.1)	-	(0.1)	(0.1)	-	**(0.4)**
Acquisitions	(6.1)	-	-	-	1.3	-	**(4.8)**
Discontinued operations	0.1	2.2	-	-	-	(0.5)	**1.8**
At 31 December 2021	(26.1)	30.9	2.5	6.3	33.5	4.1	**51.2**

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

The above deferred tax balances are expected to reverse as follows:

(£ million)	Non-deductible intangible assets	US deductible intangible assets	Share-based payments	Property plant and equipment	Tax losses	Other	Total
Within 12 months	(3.1)	5.7	0.5	5.6	9.1	-	17.8
After 12 months	(23.0)	25.2	2.0	0.7	24.4	4.1	33.4
Total	**(26.1)**	**30.9**	**2.5**	**6.3**	**33.5**	**4.1**	**51.2**

In presenting its deferred tax balances, the Group offset assets and liabilities to the extent is has a legally enforceable right to set off the arising current tax liabilities and assets when those deferred tax balances reverse.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures as, where tax would arise on the realisation of those temporary differences, the Group is in a position to control the timing of their reversal and it is probable that such differences will not reverse in the foreseeable future.

The UK Government enacted changes to the UK tax rate during the year which will result in the UK tax rate increasing to 25% from 1 April 2023. As a result, we have revalued our UK deferred tax assets and liabilities to 25% to the extent they are forecast to unwind after this date. This has resulted in a net charge to the consolidated income statement of £0.2m, comprising an increase in the value of the deferred tax liability on consolidated intangibles of £3.6m offset by an increase in the value of deferred tax assets of £3.4m.

US deductible intangible assets represent the value of deferred tax assets on US tax deductible intangibles and deferred consideration. These deferred tax assets are recognised at a blended US Federal and State tax rate of 26%. Any increase in the US Federal rate could have a material impact on our US deferred tax balances. Each 1% increase in the rate of Federal tax would increase our US deferred tax assets by £1.8m.

Non-deductible intangibles represent the value of the deferred tax liability which arises on the fair value of acquired intangibles which are not deductible for tax purposes. The liability is valued at the tax rate applicable to the jurisdiction where the intangibles are located.

Deferred tax assets have been recognised on the basis that sufficient taxable profits are forecast to be available in the future to enable them to be utilised. Whilst the group has reported a net loss before tax on continuing operations for this year and the previous year, this has been driven in the main by the impact of the pandemic. The group expects a return to profits in the future such that we are confident in recognition of the deferred tax assets.

At 31 December 2021, the Group has the following tax losses:

(£ million)	**Recognised 2021**	Recognised 2020	**Unrecognised 2021**	Unrecognised 2020	**Total 2021**	Total 2020
US net operating losses	**69.8**	95.5	**3.6**	53.3	**73.4**	148.8
UK net operating losses	**58.9**	30.0	**-**	-	**58.9**	30.0
UK capital losses	**-**	-	**114.9**	114.9	**114.9**	114.9
Other Rest of World losses	**1.3**	-	**13.1**	9.5	**14.4**	9.5
Total	**130.0**	125.5	**131.6**	177.7	**261.6**	303.2

The above losses represent the following value at tax rates applicable at the balance sheet date:

(£ million)	**Recognised 2021**	Recognised 2020	**Unrecognised 2021**	Unrecognised 2020	**Total 2021**	Total 2020
US net operating losses	**19.7**	23.3	**0.7**	11.2	**20.4**	34.5
UK net operating losses	**13.7**	5.7	**-**	-	**13.7**	5.7
UK capital losses	**-**	-	**21.8**	21.8	**21.8**	21.8
Other Rest of World losses	**0.1**	-	**3.6**	2.6	**3.7**	2.6
Total	**33.5**	29.0	**26.1**	35.6	**59.6**	64.6

The Group has tax losses in the US totalling £73.4m (2020: £148.8m). During the year, £67m of historic losses, subject to a 20 year expiry limit, expired. This results in a significant reduction in the amount of losses unrecognised for US purposes. Of the amounts now carried forward, £4m are subject to expiry in the next 2 years, £18m between 2026 and 2033 and the remaining £51m are not subject to expiry. Our ability to utilise losses in future years is driven by the level of taxable profits arising in the relevant taxing jurisdictions. In particular, we do not expect to make gains in the future against which our UK capital losses could be utilised as the Group does not typically hold assets which would give rise to UK capital gains.

For UK tax purposes, the Group benefits from the substantial shareholdings exemption such that no tax is payable on the gain on disposal of the Built Environment & Policy segment. The disposal of MediaLink gives rise to a taxable gain for US purposes of £39.5m. For Federal tax purposes, this is fully offset by brought forward tax losses, which were recognised in the current year and utilised against the taxable gain. These tax losses were not previously recognised for deferred tax purposes as the Group did not expect to have sufficient profits to utilise them before their expiry on 31 December 2021. As such, there is no tax recognised (in respect of Federal taxes) in the above taxation amount. The Group recognised a tax charge of £0.7m from US State taxes for the disposal of MediaLink where brought forward losses are not fully available. This charge is recognised within the taxation credit on adjusting profits from discontinued operations.

We are closely monitoring the Organisation for Economic Co-operation and Development's Two Pillar Solution to Address the Tax Challenges arising from the Digitalisation of the Economy, which are expected to be enacted in 2022 with application from 1 January 2023. The accounting implications under IAS 12 "Income Taxes" will be determined when the relevant legislation is available.

7. Discontinued operations

As part of its growth strategy to focus resources and investment on its strategic priorities, the Group disposed of its non-core segment of Built Environment & Policy, with Groundsure, DeHavilland and Glenigan sold on 20 January 2021, 12 February 2021 and 17 March 2021 respectively. For the year ended 31 December 2020, these assets were classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" and the results of the Built Environment & Policy segment were disclosed within discontinued operations. Subsequent to this the Group disposed of MediaLink, a brand previously within the Marketing segment, on 15 December 2021.

The results of the Built Environment & Policy segment and the MediaLink business have been presented as discontinued operations within the consolidated income statement.

	2021			2020		
(£ million)	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Revenue	49.3	-	49.3	71.6	-	71.6
Cost of sales	(24.1)	-	(24.1)	(31.7)	-	(31.7)
Sales, marketing and administrative expenses	(9.5)	250.0	240.5	(13.4)	(9.9)	(23.3)
Operating profit/(loss)	**15.7**	**250.0**	**265.7**	**26.5**	**(9.9)**	**16.6**
Adjusted EBITDA	16.0	-	16.0	28.8	-	28.8
Depreciation and amortisation	(0.3)	(2.7)	(3.0)	(2.3)	(3.2)	(5.5)
Profit on disposal of business	-	259.4	259.4	-	-	-
Exceptional items	-	(6.0)	(6.0)	-	(7.2)	(7.2)
Share-based payments	-	(0.7)	(0.7)	-	0.5	0.5
Operating profit/(loss)	**15.7**	**250.0**	**265.7**	**26.5**	**(9.9)**	**16.6**
Profit/(loss) from discontinued operations	**15.7**	**250.0**	**265.7**	**26.5**	**(9.9)**	**16.6**
Taxation	(4.2)	0.4	(3.8)	(5.5)	1.9	(3.6)
Profit from discontinued operations, net of tax	**11.5**	**250.4**	**261.9**	**21.0**	**(8.0)**	**13.0**
Earnings/(loss) per share (basic and diluted, pence)	2.8	60.0	62.8	5.2	(2.0)	3.2

Exceptional items in discontinued operations include the gain on disposal of the Built Environment & Policy segment of £226.1m and the gain on disposal of MediaLink of £33.3m, offset by separation costs totalling £0.8m (2020: £3.3m) and deferred consideration classified as acquisition–related employment costs of £5.2m (2020: £2.2m).

During the year discontinued operations generated cash of £6.3m (2020: £25.0m), in respect of operating activities, used £12.9m (2020: £12.1m) in respect of investing activities and used £0.2m (2020: £1.3m) in respect of financing activities.

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Earnings per share has been calculated with respect to total net profit or loss for the year for the Group, continuing operations and discontinued operations (see Note 7).

The weighted average number of ordinary shares in issue during the year, excluding those held by Employee Benefit Trusts, was 417.3m (2020: 400.8m). There is no dilutive impact from potential ordinary shares as potential ordinary shares can only be considered dilutive when their inclusion would decrease earnings or increase loss per share.

	2021			Restated* 2020		
	Adjusted results	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Profit/(loss) for the year attributable to owners of the Company (£ million)						
Profit/(loss) for the year – continuing operations	39.6	(78.4)	(38.8)	(12.6)	(140.7)	(153.3)
Profit/(loss) for the year – discontinued operations	11.5	250.4	261.9	21.0	(8.0)	13.0
Profit/(loss) for the year	**51.1**	**172.0**	**223.1**	8.4	(148.7)	(140.3)
Share number (million)						
Basic weighted average number of shares	417.3	417.3	417.3	400.8	400.8	400.8
Diluted weighted average number of shares	417.3	417.3	417.3	400.8	400.8	400.8
Earnings/(loss) per share (basic and diluted, pence)						
Continuing operations	9.5	(18.8)	(9.3)	(3.1)	(35.1)	(38.2)
Discontinued operations	2.8	60.0	62.8	5.2	(2.0)	3.2
Total operations	12.3	41.2	53.5	2.1	(37.1)	(35.0)

* Restated for discontinued operations (see Note 7) and the IFRIC agenda decision on cloud configuration and customisation costs in April 2021 (see Note 2)

9. **Business combinations**

The Group has made the following acquisitions in 2021, all of which are included within the results for the Digital Commerce segment.

The fair values of the identifiable assets purchased and liabilities assumed of the seven acquired companies as at the date of acquisition were as follows:

(£ million)	Perpetua*	ASR*	Other*	**Total**
Customer relationships	2.5	50.5	38.4	91.4
Brands	2.5	0.6	5.1	8.2
Technology	4.4	0.3	7.7	12.4
Software	-	1.3	-	1.3
Property, plant and equipment	0.1	-	0.4	0.5
Trade and other receivables	4.8	4.4	14.1	23.3
Cash	2.9	1.2	4.5	8.6
Investments	-	0.1	0.1	0.2
Trade and other payables	(3.8)	(0.7)	(17.5)	(22.0)
Deferred tax asset	1.2	-	-	1.2
Deferred tax liability	(2.4)	-	(3.7)	(6.1)
Total identifiable net assets at fair value	**12.2**	**57.7**	**49.1**	**119.0**
Initial cash consideration	41.9	89.1	73.5	204.5
Working capital adjustment	0.1	-	-	0.1
Non-controlling interest	-	28.3	-	28.3
Contingent consideration payable	26.6	-	23.1	49.7
Total consideration	**68.6**	**117.4**	**96.6**	**282.6**
Goodwill on acquisition	**56.4**	**59.7**	**47.5**	**163.6**
Acquisition of businesses (net of cash acquired)**	**39.0**	**87.9**	**69.0**	**195.9**

*The fair values provided for ASR, OneSpace, WhyteSpyder and 4K Miles are provisional figures, being the best estimates currently available due to the proximity of acquisition dates to year end. Perpetua remains draft due until the finalisation of the purchase price adjustments. The draft purchase price allocation exercise for 4K Miles is currently ongoing and draft figures are based on the accumulated knowledge of prior acquisitions.

**Acquisition of businesses (net of cash acquired) includes a £0.6m investment in Perpetua made in 2020.

The goodwill of £163.6m arising on acquisitions is attributable to workforce in place, know-how within the business and synergies expected with other Digital Commerce brands. Of the £163.6m (2020: £1.7m) of goodwill acquired during the period, £82.1m of goodwill (2020: £0.2m) is expected to be deductible for tax purposes.

Of the intangibles acquired, the customer relationship balances for DZ, ASR and WhyteSpyder are especially sensitive to changes in assumptions around customer attrition rates. A 2.5% change in the customer attrition rate results in a £10.1m change in the valuation.

From the date of acquisition, the acquired companies contributed £29.2m of revenue and £5.4m of Adjusted EBITDA. If the acquisitions had occurred at the beginning of the year, the acquired companies would have contributed an additional £26.7m of revenue and £8.4m of Adjusted EBITDA.

The details of the prior year acquisitions are set out in the 2020 Annual Report.

10. Disposal of business operations

In the year ended 31 December 2021, the Group disposed of its Built Environment & Policy Segment and the MediaLink business which was formerly within the Marketing segment. The Group has recognised a total gain on disposal of £259.4m presented as an exceptional item within discontinued operations. Exceptional items in discontinued operations include the gain on disposal of the Built Environment & Policy segment of £226.1m and the gain on disposal of MediaLink of £33.3m, offset by separation costs totalling £0.8m (2020: £3.3m) (see Note 7) and deferred consideration disclosed as acquisition–related employment costs of £5.2m.

(£ million)	**Built Environment & Policy**	**MediaLink**	**2021**
Gross proceeds	257.4	94.7	352.1
Working capital adjustment	0.9	-	0.9
Cash and cash equivalents disposed of	(3.4)	(1.5)	(4.9)
Total proceeds	**254.9**	**93.2**	**348.1**
Net assets disposed of	(23.1)	(52.0)	(75.1)
Disposal costs	(5.7)	(1.2)	(6.9)
Recycling of deferred foreign exchange losses	-	(6.7)	(6.7)
Gain on disposal from discontinued operations	**226.1**	**33.3**	**259.4**

The assets and liabilities disposed of are as follows:

(£ million)	**Built Environment & Policy**	**MediaLink**	**2021**
Goodwill	25.1	33.4	**58.5**
Brands, customer relationships and databases	0.5	13.8	**14.3**
Right of use assets	0.4	1.0	**1.4**
Tangible fixed assets including software	2.5	0.1	**2.6**
Trade and other receivables	10.0	15.1	**25.1**
Trade and other payables	(15.8)	(8.5)	**(24.3)**
Lease liabilities	-	(1.2)	**(1.2)**
Deferred tax asset/(liability)	0.4	(1.7)	**(1.3)**
Net assets and liabilities disposed	**23.1**	**52.0**	**75.1**

The net inflow of cash in respect of the disposal of businesses is as follows:

(£ million)	**2021**
Cash proceeds received for current year disposals (net of cash disposed of)	348.1
Disposal costs paid	(5.7)
Net cash inflow	**342.4**

11. Investments

(£ million)	2021	2020
At 1 January 2021	32.4	67.9
Acquisition of investments	44.0	16.8
Remeasurement of trade investments to fair value	7.8	1.4
Share of the loss of joint ventures and associates	(2.5)	(0.2)
Reclassification as a subsidiary	(0.7)	-
Disposal of investments	-	(56.7)
Movements in exchange rates	1.2	3.2
At 31 December 2021	**82.2**	**32.4**

Investments as at 31 December 2021 were made up as follows:

(£ million)	2021	2020
Trade investments and preference shares measured at fair value through profit or loss	78.1	28.5
Associates and joint ventures accounted for using the equity method	4.1	3.9
At 31 December 2021	**82.2**	32.4

In January 2021, the Group signed an investment agreement with Hudson MX ("Hudson") which included an option to invest further amounts. From that date, the Group was deemed to have gained significant influence over Hudson and the investment was classified as an equity-accounted associate. After the initial recognition, the consolidated financial statements include the Group's 8% share of the profit or loss and other comprehensive income of the investee.

In the year ended 31 December 2021, the Group made investments into Hudson totalling £44.0m (202: £13.8m) and the Group's share of losses recognised totalled £1.1m (2020: £nil). At 31 December the Group holds a total long-term interest investment in Hudson of £65.9m (2020: trade investment of £23.0m). In the prior year the Group accounted for it's investment in Hudson as an investment under IFRS 9 "Financial Instruments" as the investment did not meet the threshold requirements of IAS 28 "Investments in Associates and Joint Ventures".

The Group has assessed that £65.4m of the preference stock held in Hudson has attributes that require measurement at fair value through the profit and loss, and there is also an equity-accounted investment of £0.5m. Both the valuation of the preference stock, and the estimation of the recoverable amount of the equity-accounted investment involve significant estimation uncertainty at 31 December 2021 due to the life-cycle of the business. The recoverable amount has been estimated based upon the fair value less cost of disposal.

Consideration has been given to the different data points available to management in forming a view on the valuation. These include reference to the valuation of the prior funding rounds, viability of Hudson's future and potential cash flows from their three year forecasts and limited market comparative information. An assessment of the discounted cash flows has been performed using the three year forecasts which have been extrapolated beyond the plan period over a nine year horizon due to the early-stage nature of the business and a terminal value calculated using a long term growth rate of 3%. Due to the lifecycle of the business, forecast cash flows over this period have been discounted, taking account of the weighted average cost of capital risk adjusted for the sector and market in which it operates and the early-stage nature of the business. A discount factor of 18.3% has been applied when determining the valuation.

Management's assessment supports the carrying value of the equity-accounted associate balance £0.5m and that the carrying value of the preference shares of £65.4m is a reasonable approximation of fair value.

An assessment of the sensitivity of the certain inputs to the valuation calculation has been performed using reasonably possible changes in the discount rates and other inputs. The revenue growth rates and discount rates used in the assessment of the valuation are considered significant estimates in the preparation of the accounts. The results of this analysis are outlined below.

- A 1% increase / decrease in terminal long term growth rates would increase / decrease the valuation by £4.1m / £3.6m
- A 2% increase / decrease in the Weighted Average Cost of Capital applied would decrease / increase the valuation by £15.4m / £6.8m
- A 20% increase / decrease in the revenue growth rate would increase / decrease the valuation by £4.5m / £11.9m

These sensitivities show that valuation of the preference shares is a source of significant estimation uncertainty and an impairment could be recognised under certain scenarios and we therefore draw attention to the judgemental nature of the valuation.

Summarised financial information for the Hudson entity for the year ended 31 December 2021 is as follows. The balance sheet includes current assets of £6.2m, non-current assets of £47.7m and current liabilities of £15.2m. Included in these amounts are cash and cash equivalents of £5.1m and current financial liabilities of £7.5m. The income statement includes a loss from operations (all continuing) of £21.8m resulting in an other comprehensive expense of £21.8m. Included in these amounts are depreciation and amortisation of £4.2m and interest expense of £4.4m. Hudson also holds £79.2m of series D to Seed preference shares as equity. The Group treats its share of these investments as debt items under IFRS 9 “Financial Instruments”. No dividends were received from Hudson in the year to 31 December 2021.

12. Deferred and contingent consideration

The Group has liabilities in respect of deferred and contingent consideration payments under various business acquisition contracts as set out in the table below:

(£ million)	Note	Total	Level 3
At 1 January 2020		**103.2**	**72.4**
Additions	9	1.6	0.7
Acquisition–related employment costs accrued in the year	5	33.5	-
Revaluation of contingent consideration recognised in the consolidated income statement	5	64.1	64.1
Discount unwind on contingent and deferred consideration		7.9	7.9
Acquisition–related employment cash paid in year		(23.1)	-
Deferred and contingent consideration cash paid in the year		(46.0)	(44.8)
Movements in exchange rates		(4.7)	(3.8)
Transfer to liabilities held for sale		(0.3)	-
At 1 January 2021		**136.2**	**96.5**
Additions	9	49.7	47.2
Acquisition–related employment costs accrued in the year	5	29.9	-
Revaluation of contingent consideration recognised in the consolidated income statement	5	5.2	5.2
Discount unwind on contingent and deferred consideration		9.0	9.0
Acquisition–related employment cash paid in year		(39.4)	-
Deferred and contingent consideration cash paid in the year		(87.6)	(85.6)
Movements in exchange rates		(0.1)	(0.3)
At 31 December 2021		**102.9**	**72.0**

(£ million)	2021	2020
Current	**52.6**	113.5
Non-current	**50.3**	22.7
Total	**102.9**	136.2

The total deferred and contingent consideration balance of £102.9m (2020: £136.2m) includes £72.0m (2020: £96.5m) which is categorised as Level 3 in the fair value hierarchy of financial instruments. However, the current portion of the total deferred and contingent consideration balance of £52.6m is either not contingent or relates to payments contingent on results of 2021 due to be paid out in 2022, for which there is a high degree of certainty.

The significant unobservable inputs used in the fair value measurements are the determined weighted average cost of capital and the forecast future profits, billings or revenue of the acquired businesses. The Group plan used to forecast future profits is approved by the board and assessed against market consensus on a regular basis. For details of deferred and contingent consideration on acquisitions within the year refer to Note 9.

The Directors consider that the carrying amount of deferred and contingent consideration of £102.9m (2020: £136.2m) approximates its fair value.

Both contingent consideration and acquisition-related employment costs are based on the future performance of the acquired business to which they relate. Performance is assessed using forecast profits and the current five-year plan which is updated annually. Forecasts are inherently a source of management estimation, resulting in a range of outcomes, The estimation uncertainty risk of payments greater than 1 year is higher to due to the forecast nature of the inputs. The Perpetua earnout is the largest earnout payment with uncertainty and therefore most relevant when considering the sensitivity to fluctuations in performance. The payment due in 2022 is based on 2021 results and hence is no longer subject to such uncertainty. A 10% increase in results in 2022 to 2024 would result in total additional payments of approximately £7.2m in 2023 to 2025. DZ is the next largest earnout where sensitivity has been applied where a 10% increase in results in 2022 to 2023 would result in additional payments of £5.7m in 2023 to 2024.

13. Borrowings

In January 2020, the Group entered into a 5-year multi-currency revolving credit facility ("RCF") of £450m plus an accordion to raise further debt amounts, at the option of the lenders, of up to the greater of £120m or 150% of EBITDA. At 31 December 2021 the borrowings were subject to interest at a margin of 2.0% over LIBOR.

The facility covenants include a maximum net leverage of 3.25x with the benefit of additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually.

The maturity profile of the Group's borrowings, consisting entirely of drawdowns from the RCF for the year ended 31 December 2021, was as follows:

(£ million)	**2021**	2020
Non-current		
Two to five years	**158.1**	309.5
Total borrowings	**158.1**	309.5

Borrowings are shown net of unamortised issue costs of £2.4m (2020: £3.2m). The carrying amounts of borrowings approximate their fair value. The Group's borrowings at 31 December 2021 were denominated in US Dollars and Euros amounting to $92m and €110m respectively.

Reconciliation of movement in net debt

(£ million)	**Cash***	**Cash in transit**	**Short-term deposits**	**Interest rate cap**	**Borrowings**	**Net debt****
At 1 January 2020	**79.0**	**1.2**	**31.5**	**0.3**	**(282.6)**	**(170.6)**
Exchange differences	(1.8)	-	-	-	(3.1)	(4.9)
Term loan debt repayment	-	-	-	-	285.8	285.8
Net RCF debt cash flow drawdown	-	-	-	-	(311.5)	(311.5)
Fair value movement	-	-	-	(0.3)	-	(0.3)
Write off, capitalisation and amortisation of debt arrangement fees	-	-	-	-	1.9	1.9
Net cash movement	(26.2)	(0.7)	(2.8)	-	-	(29.7)
At 1 January 2021	**51.0**	**0.5**	**28.7**	**-**	**(309.5)**	**(229.3)**
Exchange differences	2.1	-	-	-	4.4	6.5
Net RCF debt cash flow repayment	-	-	-	-	149.0	149.0
Acquisition of subsidiary	-	-	-	-	(1.3)	(1.3)
Fair value movement	-	-	-	0.2	-	0.2
Amortisation of debt arrangement fees	-	-	-	-	(0.7)	(0.7)
Net cash movement	2.6	(0.1)	(0.7)	-	-	1.8
At 31 December 2021	**55.7**	**0.4**	**28.0**	**0.2**	**(158.1)**	**(73.8)**

*Includes £2.0m of cash classified as held for sale as at 31 December 2020

** Refer to the Glossary of Alternative Performance Measures for the definition of Net Debt

14. Events after the reporting date

There were no reportable events after 31 December 2021.