ASCENTIAL

30 March 2023

Ascential plc

Unaudited results for the year ended 31 December 2022

Structural growth in attractive end markets and the strong return of events.

Record revenue delivered in 2022
Organic revenue growth of 30% with double-digit revenue growth in all four segments
Implementation of strategic review underway

London: Ascential plc (LSE: ASCL.L), the specialist information, analytics and eCommerce optimisation company, today announces unaudited results for the year ended 31 December 2022.

Highlights

- Organic revenue growth of 30%

- Record levels of revenue, with double-digit growth in all segments

- Strategic Review underway to create the optimal structure for three distinct operating models, financial profiles, cultures and capital requirements to maximise shareholder value through the:

    - Sale of WGSN to return proceeds to shareholders and provide growth capital for Digital Commerce and Events businesses
    - Separation of Digital Commerce into an independent, publicly traded company listed in the U.S.
    - Creation of a premium, global Events business combining Lions (including WARC) and Money20/20

Operational highlights

- Digital Commerce delivered strong revenue growth (up 14% on a proforma basis and 10% on an organic basis) as our clear competitive advantage allowed us to outperform the more challenging market conditions as the year progressed. The business continued to extend its addressable market and enhance its capabilities by acquiring Intrepid, which grew over 40% (based in Southeast Asia, covering the Shopee and Lazada marketplaces). We continue investing in product engineering and are progressing well with our integrated Enterprise Product.

- Product Design continued its recent acceleration with revenue up 12% on an organic basis. Record retention levels and the growth of all product lines drove strong subscription billings (up 11%). Non-fashion products remain the main growth engine, accounting for 46% of subscriptions.

- Events (comprising Marketing and Retail & Financial Services) saw significant growth:

    - Marketing revenue grew 74% on an organic basis. The Cannes Lions International Festival of Creativity returned strongly in June, with revenue comfortably exceeding pre-pandemic levels, further enhanced by double-digit growth from WARC's subscription business.

    - Retail & Financial Services had an excellent year and grew very strongly (revenue up 65% on an organic basis), through the continued resurgence of Money20/20. Both editions (Europe and US) achieved revenue greater than previous, pre-pandemic highs (up 30% and 64% respectively).

Financial highlights

- Record Group Revenues of £524.4m (2021: £349.3m)
    - Reported revenue growth of £175m or 50% (organic: 30%, proforma: 29%)
    - Digital revenues (including awards) were 70% of the total revenue mix.
- Adjusted EBITDA of £121.1m (2021: £88.9m). Margin of 23.1% (2021: 25.5%).
    - Reported growth of £32m or 36% (organic: 23%, proforma: 15%).
    - Digital Commerce Adjusted EBITDA of £21.2m (2021: £31.1m).
- Operating loss of £94.2m (2021: £26.7m) on continuing operations stated after Adjusting items of £189.6m (2021: £96.1m) reflecting:
    - Amortisation and impairment of intangibles of £91.6m (2021: £31.9m) including a non-cash charge of £31.4m for the impairment of Edge Digital Shelf intangibles as reported in the first half and a £25.6m partial impairment of ASR intangibles in the second half following Amazon's deprecation of the OSP product.
    - Earnouts of £31.4m and share-based payments of £15.9m.
    - £21.6m of implementation costs for our new ERP and Salesforce systems.
    - £15.0m for costs incurred for the Strategic Review.
    - Other Non-Trading items totalling £14.1m covering acquisition transaction costs and integration costs, Edge Digital Shelf restructure expenses, disposal profits and property shutdown costs.
- Adjusted diluted EPS from continuing operations of 12.9p (2021: 9.5p) and total loss per share from continuing operations of 21.7p (2021: EPS loss of 9.3p).
- The Group continues to deliver strong operational cash flows with operating cash flow conversion of 104% (2021: 95%) and free cash flow conversion after tax and capex of 74% (2021: 65%). With new drawn borrowings, this funded the acquisitions of Sellics and Intrepid, the settlement of deferred consideration, the new ERP and Salesforce systems, and other Non-Trading items. Closing net debt at £216.7m was a leverage ratio of 1.9x EBITDA (December 2021: £73.8m and 0.9x EBITDA).

Duncan Painter, Chief Executive Officer, commented:

"Ascential delivered strong trading in 2022, with record revenues and organic revenue growth of 30%. The competitive advantage we offer our customers is reflected in double digit growth in all of our segments. This is particularly impressive in a challenging macro backdrop and is a testament to the commitment and talent of our staff.

Since our announcement in January, we have been progressing with our Strategic Review intending to engage with our shareholders later this year to seek approval on how we propose to realise our full potential. We have seen potential buyers' positive reactions to the possibility of owning WGSN and expect the full sales process to commence in April. We have made good progress optimising the operating models to create a standalone Digital Commerce company listed in the United States and the world's highest-quality events business listed in London. We are taking these actions from a position of strength and will keep you appraised of our progress over the coming months.

2023 has started well and is in line with our plans. Despite continued macro uncertainty we remain confident for the year ahead."

Financial highlights – continuing operations

	31 December		Growth		
	2022 (unaudited)	**2021**	**Reported**	**Organic[1]**	**Proforma[1]**
	£'m	**£'m**	**%**	**%**	**%**
Revenue					
Digital Commerce	226.1	147.3	54%	10%	14%
Product Design	107.1	91.3	17%	12%	12%
Events:					
Marketing	*99.2*	*56.5*	*76%*	*74%*	*74%*
Retail & Financial Services	*92.0*	*54.2*	*70%*	*65%*	*65%*
Sub total	191.2	110.7	73%	70%	70%
	524.4	349.3	50%	30%	29%
Adjusted EBITDA[1]					
Digital Commerce	21.2	31.1	(32%)	(31%)	(46%)
Product Design	49.1	41.3	19%	12%	12%
Events:					
Marketing	*40.1*	*25.6*	*56%*	*58%*	*58%*
Retail & Financial Services	*31.6*	*10.9*	*190%*	*141%*	*141%*
Sub total	71.7	36.5	96%	83%	83%
Corporate Costs	(20.9)	(20.0)	(5%)	(3%)	(3%)
	121.1	88.9	36%	23%	15%
Adjusted EBITDA Margin[1]	23.1%	25.5%			
Operating loss	(94.2)	(26.7)			
Adjusted operating profit[1]	95.4	69.4			
Loss before tax	(116.1)	(39.6)			
Diluted loss per share (pence)	(21.9p)	(9.3p)			
Adjusted diluted earnings per share (pence) [1]	12.9p	9.5p			
Adjusted cash generated from operations[1]	126.1	84.0			
Operating cash flow conversion[1] (%)	104%	95%			
Net debt[1]	216.7	73.8			
Leverage ratio[1] (x)	1.9x	0.9x			

[1] Refer to the glossary of Alternative Performance Measures

ASCENTIAL

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Ascential will host a presentation for analysts and investors at 9.00am on Thursday 30 March 2023, at the offices of Numis, 45 Gresham St, London, EC2V 7BF. This presentation will be webcast on www.ascential.com and a recording will also be available on-demand from our website in due course.

About Ascential

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

With more than 3,000 employees across six 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) with respect to the Company and its subsidiary undertakings (“the Group”). An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They include, without limitation, statements regarding the Group’s future expectations, operations, financial performance, financial condition and business. Such forward looking statements are based on current expectations and are subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from any expected future results in forward-looking statements. These risks, 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 described in this announcement.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules, Disclosure and Transparency Rules of the Financial Conduct Authority) no undertaking is given by the Group to update any forward-looking statements contained in this announcement, whether as a result of new information, future events or otherwise. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

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

Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this announcement.

CHIEF EXECUTIVE'S REVIEW

In 2022, we saw strong operational performance across the Group. All four business segments produced record revenues for the Group with overall Organic revenue growth of 30% and Adjusted Organic EBITDA growth of 23%. After Adjusting items, we recorded an operating loss of £94.2m (2021: £26.7m). We undertook a strategic review to establish the optimum structure for Ascential to deliver on its strategy and to maximise shareholder value.

2022 performance

Digital Commerce
The Digital Commerce business performed well in 2022, growing revenue by 14% (on a proforma basis) against a tough end market. Our performance demonstrates the clear competitive advantage we provide to our customer set, helping them outperform the market, with our Enterprise customer business (over 70% of revenue) growing by 15%. We were pleased to welcome our recent acquisitions Sellics and Intrepid to the company, giving us valuable additional capabilities in the Challenger customer product set and in South-East Asia. We brought more customers onto our Digital Commerce platforms, integrating our products to create the market-leading single product for Enterprise customers. We drove high growth as we scaled our Challenger customer business and expanded our total addressable market through international expansion.

Our Digital Commerce clients were particularly impacted by record inflation. To deliver business growth, they have increased prices and increased the use of traditional higher-margin channels, such as brick-and-mortar stores. This has meant they have been more controlled in their investment in the eCommerce channels. As inflation is controlled globally, we anticipate that our clients will return to achieving growth through volume, which over the past five years has been achieved through sales in digital marketplaces. We are confident this trend will continue for the long term.

The Marketplaces also implemented different operating approaches in 2022 to adapt to the macro-economic environment. Amazon specifically pulled back on products that are a direct cost to their operations which ultimately impacted the publishing-related revenues in ASR and triggered a non-cash impairment charge for intangibles as described further in the Financial Review. ASR's publishing product is our only cost-linked product with Amazon; all our other products generate revenue for Amazon, or we create revenue directly from the brands.

I am also pleased to announce the appointment, post year end, of Jeff Lupinacci as Chief Financial Officer of Digital Commerce. Jeff, who will become a Board member of the Digital Commerce business, is an experienced CFO who knows the sector extremely well, having held senior positions predominantly in the Advertising and Media industries, including most recently for Omnicom. Prior to that role, Jeff spent three years at Ascential.

Product Design
Product Design had another strong year, delivering revenue growth of 12%. This was underpinned by subscription billings, which grew 11%, which were powered by non-fashion products (such as Insight, Beauty and Consumer Tech), which grew at 23%. With retention now standing at over 95%, and customer NPS (Net Promoter Score) continuing at record highs, the enduring power of the WGSN brand has never been more evident.

Marketing
Marketing progressed strongly in 2022, as the Lions International Festival of Creativity returned to Cannes. Extremely high levels of customer engagement, through partnerships and delegate participation, as well as the awards benchmark, drove revenue comfortably above 2019 levels (the last time the Festival was held in person). Our subscription-based business WARC continued its excellent performance, with revenue growing over 20% in the year, as renewal rates exceeded 95%.

Retail & Financial Services
Money20/20's two marquee events, in the US and Europe, both delivered outstanding performances. Following their return in 2021, each event delivered substantial growth in revenue and attendees in 2022, representing all-time highs in their respective histories and together exceeding 30% growth compared to 2019. At the very end of 2022 we also completed the sale of Retail Week World Retail Congress (RWRC).

Operating Responsibly

We made good progress in 2022 with our Corporate Responsibility programme. Our work to embed corporate responsibility into our working processes continued, with the aim of capitalising on opportunities and managing our risks effectively. We continued working towards our goal of ensuring that Ascential is a diverse and inclusive company to work for and to do business with. We renewed our focus on reducing our environmental impact and empowered our brands and regions to do social impact work which was meaningful for them and their customers.

As a company, we made progress on our first set of Climate Change goals and targets, created in tandem with the completion of the Taskforce for Climate Related Financial Disclosure for the first time in 2021. In 2022 we also created the Ascential Intelligence and Events Sustainability Forum to enable brands to connect and share learnings on the risks and opportunities associated with climate change.

Our partnership with charities, including The Prince's Trust, sit at the heart of our positive contribution to the societies we operate within. As well as our fundraising goals through the Million Makers programme, we created multiple new early talent internship opportunities across the business.

From a diversity and inclusion perspective, we saw continued expansion of programmes at Lions and Money20/20 to increase diversity in the industries they serve. Work on our Inclusive Representation Content audit continued, ensuring the content we produce is representative of the societies we operate in. We were also pleased to once again be included in the Bloomberg Gender Equality Index, as well as maintaining leading positions in the FTSE Women Leaders and Parker Reviews addressing diversity on Boards.

Strategic review

Our 2022 results demonstrate that we have excellent businesses, each capitalising on the strong growth opportunity in their respective markets. Nevertheless, these businesses also have distinct operating models, financial and geographic profiles and capital requirements. After a comprehensive review process during 2022, the Board decided in early 2023 to proceed with a series of interdependent transactions and has since initiated the process to present our proposals to our shareholders over the coming months.

Sale of WGSN
Our review concluded that a sale of WGSN is the optimum way to unlock the significant value that has been created within this high-performing business over the last ten years. If successful, this transaction will enable the Group to return a significant proportion of proceeds to shareholders and will also provide growth capital for both our Digital Commerce and our Events businesses.

Separation of Digital Commerce into an independent, publicly traded company listed in the United States
The natural listing location for this business to thrive in the long-term, is in the United States. This is where the majority of Digital Commerce revenues originate. The U.S. is also home to the majority of the management team and employees. We believe a U.S. listing provides a stronger currency for any potential M&A, particularly during future industry consolidation, while also opening up incremental pools of capital. It will also enable us to attract and incentivise the best industry talent.

Creation of a premium, global Events business
This business will be among the highest quality events companies in the world with only premium, global events that are the clear market leaders in their respective industries, presently comprising Lions (including WARC) and Money20/20. This business is uniquely positioned to create or acquire other nascent events that aspire to the quality of these two flagship brands.

2023 Priorities and outlook

2023 has started well and in line with our plans, and despite continued macro uncertainty we remain confident for the year ahead. Our business-facing teams are fully focused on delivering for customers. Our clear corporate priority for 2023 will be engaging with our shareholders on our proposals resulting from the strategic review, and subject to their approval, executing these, as described above. We look forward to sharing updates on this process as we progress.

In terms of our operating businesses, our priorities are:

- *Digital Commerce*: alongside our work to prepare the business for listing on the US public market, we will be prioritising the creation of our integrated Enterprise Product. The creation of two clear teams focused on Enterprise customers and on Challenger brands (plus domestic China) has simplified our structure and allows us to focus on integrating our digital platforms, aligning them with our customer base.

- *Product Design*: our goal is to continue to drive growth in non-fashion horizontal offerings (such as Consumer Insight and Tech), to underpin fashion's growth and to accelerate our high value advisory services.

- *Events* (Marketing and Retail & Financial Services): we will double down on the successful return of our live events including preparations for our Money20/20 Asia edition, looking to grow our digital revenues, with targeted M&A to deliver an enhanced offer for customers.

I would like to take this opportunity to personally thank our people for their continued focus and hard work. Through our recent years of transformation and now post the strategic review process, our people's dedication to the core purpose of our three business units and continued delivery for our customers has been impressive. We simply could not achieve what we do as a business without the work of each and every individual in our organisation and their commitment to delivering the best possible results.

Duncan Painter
Chief Executive
30 March 2023

SEGMENTAL REVIEW

Digital Commerce

We provide a comprehensive, global set of technologies and services helping brand manufacturer customers optimise and accelerate their digital commerce performance.

Execution products (75% of revenue): *Flywheel Digital, OneSpace, WhyteSpyder, DZ and Intrepid 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 provides content optimisation services.*

Measurement & Benchmarking products (25% of revenue): *Edge and Yimian primarily offer market share insight, with digital shelf optimisation, across the key global marketplaces, while Intellibrand specialises in digital shelf services in the fast-growing Latam region.*

	Year ended 31 December (£'m)		Growth (%)		
	2022 (unaudited)	2021	Reported	Organic	Proforma
Revenue	226.1	147.3	54%	10%	14%
Adjusted EBITDA	21.2	31.1	(32%)	(31%)	(46%)
Adjusted EBITDA Margin	9%	21%			

Digital Commerce achieved revenue growth of 14% on a proforma basis and 10% on an organic basis despite the challenging backdrop, illustrating the clear competitive advantage we provide to brands trading on the marketplaces, where there remains a rare and significant growth opportunity. This robust underlying performance continues to be driven by a mix of gross new customer additions and net revenue retention*. We added over 2,600 customers in 2022 (over 270 Enterprise customers and over 2,400 Challenger customers) and delivered net revenue retention for the last 12 months of 95% reflecting the subdued rate of growth in the marketplaces.

Overall EBITDA margin for 2022 was 9% (2021: 21%), with a much-improved performance in the second half, where the margin was 15%, as the business took action in light of a softer spending environment and lower full-year revenue growth than originally expected. In current market conditions we seek to deliver annual margins that are high single digit or low double digit with the margin weighted to the second half. This of course excludes the standalone costs that will need to be established ahead of the proposed US listing.

We continued to build on our already strong marketplace partnerships, including the launch of direct integration with Amazon Marketing Cloud and Stream, (achieving multiple times the engagement of any other organisation), while also becoming the market leader for Amazon Demand Side Platform in Europe. In addition, we became a preferred partner with Walmart's Content Excellence Program. In China we were the most awarded vendor at the Alimama Marketing Awards, (with 6 awards in total) and were one of the first companies to be awarded premium vendor status with ByteDance.

Performance across the two product types of the Digital Commerce business was as follows:

- **Execution** (75% of revenue) delivered Proforma revenue growth of 18%, which demonstrates the continued robustness of our business despite the broader market challenges. We saw impressive proforma revenue growth at Perpetua/Sellics of over 40% and over 100% at 4K Miles, partially offset by a decline in revenues at ASR with the business successfully completing the repositioning of its product during 2022 following the scaling back of the Onsite Publisher Programme by Amazon. ASR returned to good growth following this repositioning but nevertheless it necessitated a £25.6m non-cash accounting charge to partially impair its intangibles. Overall, we now have 25 Challenger customers each worth over $100k in revenue, while almost a third of our Challenger revenue now originates beyond Amazon.

- **Measurement & Benchmarking** (25% of revenue) recorded flat revenues year on year on a Proforma basis in a year that was marked by a challenging trading environment in China for Yimian with significant periods of lockdown impacting end markets, customers and our own teams. As reported in the first half, we are focusing on future profitability by curtailing the collection of information of retailer sites outside of the top global marketplaces for the Edge Digital Shelf product and we have consequently incurred a one-off, non-cash, accounting charge to impair Edge intangibles of £31.4m and a £6.8m cash restructuring charge.

*Revenue from customer base in current period, compared to revenue from same customer base in the past period.

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 6,500 customers in more than 90 countries. The Product Design segment also includes trend products for SMEs in the fashion market (WGSN Start) and the innovative colour system Coloro.

	Year ended 31 December (£'m)		Growth (%)		
	2022 (unaudited)	2021	Reported	Organic	Proforma
Revenue	107.1	91.3	17%	12%	12%
Adjusted EBITDA	49.1	41.3	19%	12%	12%
Adjusted EBITDA Margin	46%	45%			

Product Design's strong growth has continued with revenues growing by 12% year on year, driven by an excellent performance from subscriptions, where billings grew 11%, augmented by a similar growth in the Mindset advisory business and very good performances in the smaller Coloro and Start businesses.

Overall, the take-up of non-fashion products such as Consumer Insight, Beauty and, more recently, Consumer Tech, continues to be the chief engine of growth, now accounting for over 46% of subscriptions. Fashion products grew 2%.

Subscription renewal rates have remained strong and continued to grow in the year building on the post pandemic recovery we saw in 2021, now standing at record levels of over 95%. The business has also continued to maintain record high levels of NPS in the last 2 years, underlining the value of the information delivered to customers and the strength of its brand.

Product innovation continues to be a key driver for the WGSN platform, with multiple new features launched in the year, including a central, personalised landing page for customers, deploying advanced technologies to locate content targeted to individual's roles, while promoting relevant content from platforms not yet included in customer's subscriptions. Reflecting our clients' needs to understand short-term tactics alongside long-term forecasts, we also launched a "Critical Issues" section to our platform, advising on topics such as supply-chain issues caused by geo-political issues and the cost-of-living crisis.

Our advanced, AI-driven, data-rich trend forecasting service, TrendCurve+, launched in April 2022. This product combines inputs from WGSN's unique proprietary data sources, applying deep machine-learning algorithms to generate trend projections across thousands of key items, silhouettes and colours, and is now being utilised by leading brands and retailers across the globe to inform their buying decisions.

Finally, there were five "WGSN Live" digital broadcasts during the year, connecting our experts with more than 10,000 individuals across the globe to learn more about topics ranging from sustainable circular product design to strategies for recession resilience.

Events

This division comprises the Marketing and Retail & Financial Services segments and the combined performance, including the results of RWRC which was sold on 30 December 2022, was as follows:

	Year ended 31 December (£'m)		Growth (%)		
	2022 (unaudited)	2021	Reported	Organic	Proforma
Revenue	191.2	110.7	73%	70%	70%
Adjusted EBITDA	71.7	36.5	96%	83%	83%
Adjusted EBITDA Margin	37%	33%			

Marketing

The Marketing segment comprises Lions and WARC. 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 (%)		
	2022 (unaudited)	2021	Reported	Organic	Proforma
Revenue	99.2	56.5	76%	74%	74%
Adjusted EBITDA	40.1	25.6	56%	58%	58%
Adjusted EBITDA Margin	40%	45%			

Marketing's strong recovery continued into 2022. Following the return of the Lions benchmark awards in 2021 in a purely digital format, the physical festival returned to Cannes in June 2022 for the first time since 2019. Record levels of customer engagement, through physical sponsorship activations and delegate participation throughout the week, resulted in Lions revenue overall exceeding 2019 levels by 8%.

The three main revenue streams within Lions revenue are Awards, Delegates and Partnerships & Digital, with each accounting for roughly a third of revenue. For Lions Awards, while entry volumes of 25,000 were lower compared to 29,000 in 2021 (which covered two years of eligibility), revenue was nevertheless robust. The engagement was particularly strong in the newly launched Creative B2B category, drawing on creativity in new disciplines and business areas, while the Creative Effectiveness Lions, the only global benchmark of the measurable impact of creativity, continued to see a strong increase in entries. For Lions regional awards (Eurobest, Dubai Lynx and Spikes Asia) the combined revenues were in line with the 2021 events, with in-person awards returning to Dubai.

In terms of delegates, while total attendees of 10,600 were down slightly compared to the 11,700 attendees at the 2019 event, it should be noted that a portion of the world's population, particularly in Asia, remained unable to travel outside their countries due to ongoing pandemic restrictions. Partnership revenues reached record levels this year, exceeding an already high comparable in 2019. Demand for onsite activations from major partners was particularly strong, including substantial programmes run by eCommerce marketplaces for the first time.

Lions subscription revenue (7% of Lions revenue) continued to grow at a good pace with annual subscription revenues growing over 20% vs 2021, bolstered by renewal rates of over 90% for The Work. Advisory, which provides insights using Lions awards intelligence and respected creative excellence training programmes, grew 4% over 2021.

Following strong levels of re-booking, booked revenues for the 2023 Festival currently stand at a more than 50% higher than at the same point last year.

Further expanding Marketing's digital subscription base, WARC saw strong full year revenue growth of 21%, with renewal rates in excess of 95%, bolstered by the launch of the new Marketing Effectiveness Platform. June also saw the launch, at the Lions Festival, of the WARC Digital Commerce product, including benchmarking tools, best practice and data points drawing on the expertise of the Digital Commerce business.

Retail & Financial Services

Money20/20 is the world's leading platform where the global fintech communities come together to do business. The Retail and Financial Services segment also comprises Retail Price & Promotion and, until its sale on 30 December 2022, Retail Week World Retail Congress ("RWRC").

	Year ended 31 December (£'m)		Growth (%)		
	2022 (unaudited)	2021	Reported	Organic	Proforma
Revenue	92.0	54.2	70%	65%	65%
Adjusted EBITDA	31.6	10.9	190%	141%	141%
Adjusted EBITDA Margin	34%	20%			

In June 2022 Money20/20 Europe, returning to its familiar slot in the industry's calendar from the September date in 2021, attracted more than 7,500 attendees, from over 2,300 companies and over 90 countries, to Amsterdam. In October 2022 Money20/20 US was held in Las Vegas, attracting more than 13,000 attendees, from over 3,500 companies and over 90 countries. Both events grew substantially, with the US growing by two-thirds vs both 2019 and 2021 and Europe more than doubling vs 2021 and up a third vs 2019.

Both events saw the volume of customer meetings booked via the Money20/20 App more than double compared to the prior year, cementing Money20/20 as the place where the industry comes together to do business. Investments made in product, technology and operations during the pandemic delivered good returns for the business in both revenue and profit and in customer satisfaction, while the strong customer engagement was illustrated by a high level of rebooking for both events. Forward bookings for the 2023 editions are strong compared to both prior years and pre-COVID comparable figures - at the date of this report on a combined basis, forward bookings were more than 30% higher than the same time last year.

The fintech end market and the broader payments ecosystem which Money20/20 serves remained robust throughout the pandemic underlining that it continues to represent a long-term global growth sector. Despite recent reductions in funding and valuations of companies in certain sub-segments of the customer base from 2021 highs, the long-term trend remains strong.

In Retail Price & Promotion, improvements were driven through new product development and shared retailer relationships and expertise across the segment.

On 30 December 2022, RWRC was sold to William Reed Ltd after both Retail Week Live and Retail Week Awards returned to the first half of the year, while the global platform of World Retail Congress (last held in 2019) also ran in Rome in April. RWRC recorded revenues of £7.4m and Adjusted EBITDA loss of £0.1m in 2022.

FINANCIAL REVIEW

Overview

The results are set out in the consolidated statement of profit or loss and show, for continuing operations, revenue of £524.4m (2021: £349.3m) and an operating loss of £94.2m (2021: £26.7m loss). Adjusted EBITDA was £121.1m (2021: £88.9m) with the improvement driven in large part by the return of the in-person Cannes Lions festival and record results of both editions of Money20/20. We delivered strong operating cash flow performance for the year with free cash flow from continuing operations after tax and capex of £90.0m (2021: £57.7m), an operating cash flow conversion of 104% (2021: 95%) and a free cash flow conversion of 74% (2021: 65%).

The £94.2m operating loss for the year is driven by the adjusting items including amortisation and impairment of acquired intangibles, share-based payments, earnout expenses and other non-trading items as set out in more detail below.

Alternative Performance Measures

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 also eliminates the impact on growth rates of changes, if any, in timing of live events and of products that are being curtailed (namely in 2022 Sellics advertising products and certain aspects of Edge Digital Shelf). It is an Alternative Performance Measure and is discussed in more detail 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 2021 and is therefore a measure of the like-for-like 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 non-trading activities, intermittent or non-recurring events, and while they may generate substantial income statement amounts, do not relate to the ongoing operational performance that underpins long-term value generation.

Further details on Alternative Performance Measures is set out below.

Continuing operations

The results for the year ended 31 December 2022 are summarised in the table below.

£'m	**2022**	2021	Growth rate		
	(unaudited)		Reported	Organic	Proforma
Revenue	**524.4**	349.3	50%	30%	29%
Adjusted EBITDA	**121.1**	88.9	36%	23%	15%
Operating loss	**(94.2)**	(26.7)	nm	nm	nm

Segmental results

The Group has four reportable segments. These are Digital Commerce, Product Design, Marketing and Retail & Financial Services. Information regarding the results of each is included below.

£'m	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations
2022 (unaudited)						
Revenue	**226.1**	**107.1**	**99.2**	**92.0**	**-**	**524.4**
Organic growth	*10%*	*12%*	*74%*	*65%*	-	*30%*
Proforma growth	*14%*	*12%*	*74%*	*65%*	-	*29%*
Adjusted EBITDA	**21.2**	**49.1**	**40.1**	**31.6**	**(20.9)**	**121.1**
Organic growth	*(31%)*	*12%*	*58%*	*140%*	*(3%)*	*23%*
Proforma growth	*(46%)*	*12%*	*58%*	*140%*	*(3%)*	*15%*
Adjusted EBITDA margin	*9%*	*46%*	*40%*	*34%*	-	*23%*
Depreciation and software amortisation	(17.8)	(3.3)	(2.6)	(0.9)	(1.1)	(25.7)
Adjusted operating profit / (loss)	**3.4**	**45.8**	**37.5**	**30.7**	**(22.0)**	**95.4**
2021						
Revenue	147.3	91.3	56.5	54.2	-	349.3
Adjusted EBITDA	31.1	41.3	25.6	10.9	(20.0)	88.9
Depreciation and software amortisation	(10.0)	(2.9)	(3.0)	(1.8)	(1.8)	(19.5)
Adjusted operating profit / (loss)	21.1	38.4	22.6	9.1	(21.8)	69.4

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 are digital and have recurring or repeat characteristics benefiting from our focus on customer retention.

£'m	**Timing of revenue recognition**	**2022 (unaudited)**	2021
Digital Subscriptions & Platforms	Over time	**213.9**	136.2
Advisory	Over time	**12.2**	11.1
Digital Commerce		**226.1**	147.3
Digital Subscriptions & Platforms	Over time	**95.9**	81.9
Advisory	Over time	**11.2**	9.4
Product Design		**107.1**	91.3
Digital Subscriptions & Platforms	Over time	**23.9**	18.2
Advisory	Over time	**5.2**	3.7
Benchmarking Awards	Point in time	**27.8**	29.3
Events	Point in time	**42.3**	5.3
Marketing		**99.2**	56.5
Digital Subscriptions & Platforms	Over time	**6.3**	10.8
Advisory	Over time	**2.3**	2.7
Events	Point in time	**83.4**	40.7
Retail & Financial Services		**92.0**	54.2
Revenue from continuing operations		**524.4**	349.3

Revenue from continuing operations grew to £524.4m (2021: £349.3m), an increase of £175.1m or 50%. Adjusting for currency impacts, acquisitions and discontinued products, revenue increased by 30% on an Organic basis or 29% on Proforma basis. This was driven by the continued structural growth of our Digital Commerce and Product Design segments as well as the full return of our live events in the Marketing and Retail & Financial Services segments.

Adjusted EBITDA

Adjusted EBITDA from continuing operations grew to £121.1m (2021: £88.9m) an increase of £32.2m or 36%. This represented Organic growth of 23% or 15% on a Proforma basis.

Adjusted EBITDA margin from continuing operations decreased slightly from the prior year to 23.1% (2021: 25.5%). This reflects lower margins in our Digital Commerce segment where in the first half of the year we maintained the pace of investment ahead of revenue growth and, to a lesser extent, by the return of physical event costs in our Marketing segment. This is partially offset by the significant live events growth in Retail & Financial Services and expanded margins in Product Design.

Reconciliation between Adjusted EBITDA and statutory operating loss

Adjusted EBITDA from continuing operations is reconciled to statutory operating loss as shown in the table below

£'m	**2022 (unaudited)**	2021
Adjusted EBITDA	**121.1**	88.9
Depreciation and software amortisation	**(25.7)**	(19.5)
Adjusted operating profit	**95.4**	69.4
Amortisation of intangibles	**(34.6)**	(31.9)
Impairment of intangibles	**(57.0)**	-
Share-based payments	**(15.9)**	(8.4)
Non-Trading items	**(82.1)**	(55.8)
Statutory operating loss	**(94.2)**	(26.7)

Impairment of acquired intangible assets

The Company undertakes a periodic review of the carrying value of its goodwill and indefinite life intangible assets and, if there is an indicator of impairment, its finite life intangible assets. In 2022, we recorded two impairments as a result:

- As reported at the half year during 2022, the decision was made to change the focus of the Edge Digital Shelf offering to our clients within the Digital Commerce segment and, as a result of this change, certain intangible assets associated with this product are no longer generating sufficient value to support the carrying value and an impairment charge of £31.4m was recorded in the first half.

- As part of our year-end impairment review process, we identified an indicator of impairment within the ASR business (which represents 6% of the revenue of the Digital Commerce segment). The indicator was triggered by ongoing action by Amazon to reduce both the media inventory and commission rate for its on-site review product (the OSP product) which generated 30% of ASR's revenue in 2022. This is the only product we offer in the Digital Commerce business where we are a cost, rather than a revenue stream, to Amazon. While our original acquisition plans accounted for the risk of a reduction in the income from Amazon for this OSP product over the period of five years, it has become increasingly evident during the second half of 2022 that the OSP product is deprecating faster than we projected. Since we acquired ASR, our focus has been building brand income led products for the business. These have grown strongly over the last 18 months and we are pleased that they now exceed 70% of the revenues of ASR.

ASR's publishing product is our only cost-linked product with Amazon; all others generate revenue for Amazon, or we create revenue directly from brands. Amazon continues to reduce its inventory and commissions for these cost-related products, directly replacing them with revenue-generating advertising products on the site.

The ASR customer base is a valuable asset within Digital Commerce and we are seeing considerable success in cross selling the services of Perpetua, 4K and Flywheel to ASR customers. We typically achieve a multiple of more than 2x the ASR revenue with cross sold products. Despite the value of the ASR customer base to other parts of the Digital Commerce business, we are unable to attribute those revenues to the ASR cash generating unit and have therefore recorded an impairment of £25.6m representing approximately 45% of the carrying value of the ASR intangibles.

We have considered and concluded that there are no other impairment triggers in the rest of the Group. See note 7 for further details. No impairments were identified in the comparative period of 2021.

Share-based payments
The charge for share-based payments of £15.9m (2021: £8.4m) was higher in 2022 than in 2021 due to the issuance of new awards in the second half of 2021 and also because 2021 was suppressed by certain Covid-driven lapses of awards.

Non-Trading items
The Company has incurred significant Non-Trading items in 2022 which have been treated on a basis consistent with our policy and with previous years as set out in the table below and further explained in Note 5.

£'m	**2022 (unaudited)**	2021
Deferred contingent consideration	**31.4**	29.9
ERP and Salesforce implementation	**21.6**	16.9
Strategic review costs	**15.0**	2.8
Transaction and integration costs	**9.4**	6.2
Costs associated with the Digital Shelf pivot	**6.8**	-
Profit on disposal of business and investment	**(6.0)**	-
Property impairments and other	**3.9**	-
Non-Trading items relating to continuing operations	**82.1**	55.8

The charge for deferred contingent consideration of £31.4m (2021: £29.9m) predominantly relates to earnouts that are contingent on continuing employment of the founders on the acquisitions of WhyteSpyder, OneSpace, 4K Miles, DZ and Perpetua as well as revaluations of the earnouts, including Sellics and Intrepid.

In 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 intangible assets was updated, resulting in the majority of implementation costs on SaaS implementations incurred to date no longer being capitalised but expensed as incurred. The Group is undertaking a multi-year programme to introduce a new ERP to replace the current 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 £21.6m

(2021: £16.9m) and, given the scale and incidence as a once in a decade investment, have been treated as non-trading items.

A significant Non-Trading item in 2022 was the costs of the strategic review, the results of which were announced in January 2023. The costs relate to resources and professional fees for project management, tax, US GAAP conversion and audit and legal advice as well as severance and retention incentives for key personnel impacted by the proposed separation of the Group.

Transaction and integration costs comprise professional fees for diligence and legal costs as well as the costs of integrating acquisitions which is a significant workstream within Digital Commerce given the seven acquisitions made in 2021 with two further acquisitions in 2022.

As mentioned above, the change to the Digital Shelf product resulted in an impairment of the Edge intangibles in the first half. Furthermore, significant redundancy costs and supplier support costs were incurred in the second half of the year as a result of this decision resulting in a total cash cost of £6.8m.

During 2022 the Company disposed of its investment in Analytic Index and of RWRC resulting in a profit on disposal of £6.0m.

Finally, the Company has incurred costs of £3.9m relating to onerous property leases as a result of business reorganisations and changing working patterns post COVID. These costs are material and have been treated consistent with the approach adopted for similar items in 2020.

Net finance costs
The net finance cost from continuing operations for the year ended December 2022 was £18.0m (2021: £10.4m) as set out in the table below:

(£ million)	**2022 (unaudited)**	2021
Interest income on deposits, investments and vendor loan note	**3.6**	2.5
Fair value gain on derivative financial instruments	**4.3**	0.2
Foreign exchange gain	**0.5**	-
Adjusted finance income	**8.4**	2.7
Interest payable on external borrowings	**(9.6)**	(8.6)
Amortisation of arrangement fees	**(0.8)**	(0.9)
Discount unwind on contingent and deferred consideration	**(10.3)**	(9.0)
Discount unwind of lease liability	**(1.1)**	(1.0)
Foreign exchange loss	**-**	(0.6)
Adjusted finance costs	**(21.8)**	(20.1)
Adjusted net finance costs	**(13.4)**	(17.4)
Foreign exchange on deferred consideration	**(1.3)**	-
Covenant costs	**-**	(0.8)
Remeasurement of trade investment to fair value	**(4.0)**	7.8
Adjusting finance (costs) / income	**(5.3)**	7.0
Net finance costs from continuing operations	**(18.7)**	(10.4)

The Group's adjusted net finance costs have decreased from £17.4m in 2021 to £13.4m in 2022 driven mainly by the fair value gains on the Group's USD and Euro interest rate caps partly offsetting the significantly higher interest expense in the second half of the year as interest rates rose for both our USD and Euro borrowings.

The major items in interest income relate to interest receivable from Hudson MX of £3.2m (2021: £nil) and, in 2021, from the Vendor Loan Note on the sale of Built Environment & Policy of £2.5m. The unwind of the discount on deferred contingent consideration is similar to the prior period totalling £10.3m (2021: £9.0m) driven by new acquisitions being offset by final settlement of older earnout agreements.

Meanwhile Adjusting finance costs include the remeasurement of trade investments to fair value relates to the downwards revaluation of the investment held in Infosum of £4.0m (2021: upwards £7.8m) together with foreign exchange on deferred consideration.

Taxation

A tax charge of £21.0m (2021: £8.2m) was incurred on Adjusted profit before tax of £80.1m (2021: £49.6m) resulting in an Adjusted effective tax rate for the year of 26% (2021: 17%) which compares to the effective tax rate of 10% (2021: 4%) on reported losses as can be seen in the table below.

Analysis of tax charge (£'m)	**2022 (unaudited)**	2021
Adjusted profit before tax	**79.4**	49.6
Tax charge on Adjusted profit before tax	**(21.0)**	(8.2)
Effective tax rate (%)	**26%**	17%
Adjusting items	**(195.5)**	(89.2)
Tax credit on Adjusting items	**32.3**	9.8
Effective tax rate on Adjusting items (%)	**17%**	11%
Reported loss before tax	**(116.1)**	(39.6)
Tax credit on reported loss before tax	**11.3**	1.6
Effective tax rate on reported loss before tax (%)	**10%**	4%

The effective tax rate on Adjusted PBT has increased from 17% to 26% because the prior period benefitted from discrete credits relating to the revaluation of a net deferred tax asset for the forthcoming change in UK tax rates. The low effective tax rate on Adjusting items reflects the non-deductible nature of many of these items.

The Group has a total recognised net deferred tax asset of £51.7m (2021: £51.2m) comprising a £29.4m (2021: £26.1m) deferred tax liability on non-deductible intangibles and an asset of £81.1m (2021: £77.3m) relating to UK and US losses, accelerated capital allowances and US acquired intangibles. The gross asset is expected to be realised in cash over the next 10 years with the majority recovered in the next 5 years. When considering the net deferred tax balance by entity this is presented as a gross asset of £60.3m offset by a deferred tax liability of £8.6m.

Discontinued operations

For the year ended 31 December 2022, there are no entities or segments disclosed as discontinued operations. Costs of £0.9m were incurred during the year in relation to finalisation of a small number of transactions from the prior year disposals of the Built Environment & Policy segment and of MediaLink.

Profit after tax

The Group recorded a total statutory loss after tax of £105.7m (2021: profit of £223.9m) arising from a loss on continuing operations of £104.8m (2021: loss of £38.0m) and a loss on discontinued operations of £0.9m (2021: profit of £261.9m).

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. The Dollar / Sterling exchange rate has been especially volatile, particularly in the fourth quarter, which has benefitted our reported financial performance as set out below.

	Weighted average rate			Year-end rate		
Currency	**2022 (unaudited)**	2021	Change	**2022 (unaudited)**	2021	Change
Euro	**1.17**	1.17	(0.3%)	**1.13**	1.19	5.0%
US Dollar	**1.18**	1.37	13.5%	**1.21**	1.35	10.6%

When comparing 2022 and 2021, changes in currency exchange rates had a favourable impact on revenue and adjusted EBITDA of £22.8m and £9.4m. On a segmental basis, the impact of changes in foreign currency exchange rates was as follows:

- Digital Commerce: £12.5m impact on revenue and £5.1m impact on Adjusted EBITDA
- Product Design: £4.2m impact on revenue and £2.7m impact on Adjusted EBITDA.
- Marketing: £0.4m impact on revenue and a (£0.1m) impact on Adjusted EBITDA.
- Retail & Financial Services: £5.7m impact on revenue and £2.2m on Adjusted EBITDA.

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

	2022 (unaudited)		2021	
£'m	**Revenue**	**Adjusted EBITDA**	Revenue	Adjusted EBITDA
Increase in revenue/ Adjusted EBITDA if, in isolation, Sterling weakens by 1% against the:				
Euro	**1.3**	**1.0**	0.6	0.5
US Dollar	**2.8**	**1.2**	1.9	0.9

Furthermore, each 1% movement in the Euro to pounds Sterling exchange rate has a £1.1m (2021: £0.9m) impact on the carrying value of borrowings. Each 1% movement in the US Dollar has a circa £1.9m (2021: £0.7m) impact on the carrying value of borrowings.

Earnings per share

Continuing Adjusted diluted earnings per share were 12.9p per share (2021: 9.5p).

Total diluted loss per share was 21.7p (2021: earnings of 53.5p) with the prior year benefitting from the significant profit realised on the disposal of the Built Environment & Policy 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 the year we completed the acquisition of two companies in the Digital Commerce segment and paid initial cash consideration (net of cash acquired) of £64.0m plus contingent consideration payable in 2023-2026 of £12.9m.

<u>Sellics</u>

In April 2022, the Group acquired 100% of Sellics Marketplace Analytics GmbH ("Sellics") for an initial cash consideration of £17.2m, plus estimated earnout payments payable over 4 years, resulting in an estimated total consideration (including the initial consideration) of approximately £20.0m. Sellics provides a mix of advertising spend optimisation, campaign automation and profit analytics, through a suite of software solutions, to challenger brands that trade on Amazon across the US and Europe. Sellics has been integrated into challenger brand specialist Perpetua within Digital Commerce.

Intrepid

In June 2022, the Group acquired 100% of Intrepid E-Commerce Services Pte. Ltd. ("Intrepid") for an initial cash consideration of £46.9m, plus estimated earnout payments payable over 4 years resulting in an estimated total consideration (including the initial consideration) of approximately £60.0m. Intrepid provides eCommerce execution, backed by proprietary software solutions to enterprise brands that trade on major Southeast Asia platforms.

From the dates of the acquisitions, Sellics and Intrepid contributed £14.1m revenue and an adjusted EBITDA loss of £4.5m. If the acquisitions had occurred at the beginning of the year, the acquired companies would have contributed an additional £8.9m of revenue and adjusted EBITDA loss of £3.5m.

Investments

The Group continues to hold a £73.8m (2021: £65.9m) equity investment in Hudson MX, an advertising software business providing media buying and media accounting solutions through a cloud-based SaaS platform. The investment is through a combination of preference stock measured at fair value through profit and loss and common stock accounted for as an equity investment measured using the equity method. We also made loans totalling £30.6m (2021: £7.3m) to Hudson which are recorded as Other Debtors.

In 2022, we recorded our share of the losses of the Hudson businesses totalling £2.7m (2021: £1.1m). There has been no change in the accounting of the investment from that disclosed in the 2021 Annual Report and Accounts and the Group continues to exercise significant influence over Hudson. Further details are given in Note 8.

Deferred contingent consideration

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 the post-acquisition performance of the acquired company and for certain elements make this contingent on 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 both the point of acquisition and at each reporting date. 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 a Non-Trading item and in 2022 we recorded a loss of £1.0m (2021: £5.2m). During the year we made cash payments of £37.9m (2021: £87.6m) 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 £10.3m for the year (2021: £9.0m).

3. Finally, that element of the deferred contingent consideration that is also contingent on the continuing employment of the founders is charged to the consolidated statement of profit or loss as a Non-Trading item over the service life of those founders (typically three years). This amounted to a charge of £30.5m (2021: £29.9m). During the year we made cash payments of £19.5m (2021: £39.4m) in relation to this element of deferred contingent consideration.

The liability for deferred contingent consideration amounted to £108.1m at 31 December 2022 (2021: £102.9m). 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 £146m over the next four years for acquisitions to date. £45m is due in 2023 for performance in 2022 and c.£101m is expected to be paid between 2024 and 2026 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 £126.1m (2021: £84.0m), being a 104% operating cash flow conversion benefiting from strong forward bookings and collections particularly relating to our events and Product Design.

A 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 31 December 2022 we had £194.6m receivable from customers and £193.7m payable to the marketplaces up from £137.4m and £124.1m respectively at 31 December 2021 with the balances recorded in Other Debtors and Other Creditors respectively. In order to reduce the impact of this working capital dynamic on the Group, we have 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. Drawings under this facility are broadly unchanged and amounted to £28.5m (2021: £23.8m) at the period end. The resultant net working capital position relating to such media reimbursables of a net receivable of £0.9m (2021: £13.3m) therefore do not have a significant overall impact on the Group's balance sheet.

The Group's capital spend increased by £12.8m from the prior year to £35.9m (2021: £23.1m) driven by increased product development in the Digital Commerce business. Tax paid on profits was £0.2m in the current year (2021: £3.2m). 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 £90.0m (2021: £57.7m) as shown in the table below:

£'m	**2022 (unaudited)**	2021
Adjusted EBITDA	**121.1**	88.9
Working capital movements	**5.0**	(4.9)
Adjusted operating cash flow from continuing operations	**126.1**	84.0
Operating cash flow conversion (%)	**104%**	95%
Capital expenditure	**(35.9)**	(23.1)
Tax paid	**(0.2)**	(3.2)
Free cash flow from continuing operations	**90.0**	57.7
Free cash flow conversion (%)	**74%**	65%

Discontinued operations

The Company generated free cash flow from discontinued operations of £0.9m outflow (2021: £14.3m inflow).

Total operations

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

£'m	2022 (unaudited)	2021
Free cash flow from continuing operations	**90.0**	57.7
Free cash flow from discontinued operations	**(0.9)**	14.3
Free cash flow from total operations	**89.1**	72.0
Acquisition of businesses net of cash acquired	**(60.8)**	(195.3)
Deferred contingent consideration including contingent employment cost	**(57.4)**	(127.0)
Disposal proceeds net of cash disposed and disposal costs	**5.9**	342.4
Acquisition of investments and loan to associate	**(34.6)**	(51.4)
Non-Trading costs paid	**(52.3)**	(25.9)
Cash flow before financing activities	**(110.1)**	14.8
Proceeds from external borrowings	**176.8**	180.7
Repayment of external borrowings	**(53.8)**	(329.7)
Net interest paid	**(9.0)**	(6.4)
Net lease liabilities paid	**(7.3)**	(7.2)
Share purchases	**(3.7)**	-
Proceeds of issue or sale of shares net of expenses	**0.3**	150.7
Dividends paid to non-controlling interest	**(2.8)**	(0.5)
Net cash flow	**(9.6)**	2.4
Opening cash balance	**84.1**	80.2
FX movements	**5.5**	1.5
Closing cash balance	**80.0**	84.1
Borrowings	**(302.8)**	(160.5)
Capitalised arrangement fees	**1.6**	2.4
Derivative financial instruments	**4.5**	0.2
Net debt	**(216.7)**	(73.8)

Returns to shareholders

Following the impact of Covid-19 on the business, no dividends were paid in 2020 or 2021 and in 2022 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 2022 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.

We have performed our assessment based on the Group as it is currently constituted and do not consider the potential separation of our Digital Commerce assets into an independent, publicly traded company listed in the

US and sale of WGSN as having a detrimental impact on the consolidated financial statements prepared being prepared on a going concern basis.

Going concern

After considering the current financial projections and the bank facilities available and then applying a severe but plausible sensitivity, 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 require judgement to determine the impact of future economic conditions on the Group, including the impact of downward recessionary pressures. 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 provided by a syndicate of 12 lending banks. These facilities provide ample liquidity when judged against the net debt of the Company of £216.7m at 31 December 2022.

Covenants

The more sensitive aspects of the Company’s financing are the application of certain covenant limit tests to these facilities and the most sensitive covenant limit is Net Debt Leverage (broadly, the ratio of Net Debt to Adjusted pre-IFRS 16 EBITDA). The facility covenants are tested semi-annually and include (i) a maximum Net Debt leverage of 3.25x with the benefit of additional 0.5x leverage spikes for relevant acquisitions and, (ii) a minimum interest cover of 3.00x.

At 31 December 2022, our leverage ratio was 1.9x (or 2.05x on a covenant basis compared to the limit of 3.25x), and therefore 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 cancellation of a major event at short notice. This scenario is not a forecast of the Company and is designed to stress test liquidity and covenant compliance. The key assumption is that Money 20/20 US is cancelled in 2023 with minimal notice due to an unforeseen event. This scenario results in a 0.8x increase to our leverage ratio the 31 December 2023 testing point.

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

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

Mandy Gradden
Chief Financial Officer
30 March 2023

ALTERNATIVE PERFORMANCE MEASURES

Ascential aims to maximise shareholder value by optimising the 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, additional performance measures that distinguish between these different factors – these are also the measures that the Board uses itself 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 and additional information.

Adjusted profit measures

The Group uses Adjusted profit measures to assist readers in understanding underlying operational performance. 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 Non-Trading 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 4 to the financial statements. The basis for treating these items as Adjusting is as follows:

Non-Trading items

Non-Trading items are recorded in accordance with the Group's policy set out in Note 4 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 outside the course of ordinary operating activities, (e.g. deferred consideration, integration costs and professional fees on acquisitions). 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 Covid-related 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, for consistency, 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. 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	**2022 (unaudited)**	2021
Cash generated from operations	**53.4**	33.2
Less: cash outflow/(generated) from discontinued operations	**0.9**	(12.0)
Add back: acquisition-related contingent consideration cash flow	**19.5**	39.4
Add back: other non-trading cash flow	**52.3**	23.4
Adjusted cash generated from operations	**126.1**	84.0
Adjusted EBITDA	**121.1**	88.9
Operating cash conversion	**104%**	95%
Net cash generated from operating activities	**53.2**	29.9
Cash: cash outflow/(generated) from discontinued operations	**0.9**	(12.0)
Less: capital expenditure	**(35.9)**	(23.1)
Add back: tax paid by discontinued operations	**-**	0.1
Add back: acquisition-related contingent consideration cash flow	**19.5**	39.4
Add back: other non-trading cash flow	**52.3**	23.4
Free cash flow	**90.0**	57.7
Adjusted EBITDA	**121.1**	88.9
Free cash flow conversion	**74%**	65%

Leverage
The ratio of net debt to EBITDA is calculated as follows:

£'m	**2022 (unaudited)**
Adjusted EBITDA	**121.1**
Less: Rent expense	**(7.0)**
Adjusted EBITDA (pre-IFRS16)	**114.1**
Net debt	**216.7**
Leverage ratio	**1.9x**

The Group also monitors leverage using definitions included in the Group's banking covenants which are subject to proforma adjustments for acquisitions including the pre-acquisition losses of both Sellics and Intrepid. Using these covenant definitions, the leverage ratio at the end of December 2022 was 2.0x.

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;
- discontinuation or curtailment of products or the move of event products between different periods; 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;
- results are normalised for events that move between H1 and H2 (for example Money20/20 Europe which was held in June in 2022 and September in 2021);
- results of specific product lines are excluded if are being wholly or partly discontinued; and
- prior year and current year consolidated results are restated at constant currency for non-sterling businesses.

Organic growth is calculated as follows:

2022 (unaudited) £'m	**Digital Commerce**	**Product Design**	**Marketing**	**Retail & Financial Services**	**Corporate Costs**	**Total – continuing operations**
Revenue						
2022 - reported	226.1	107.1	99.2	92.0	-	524.4
Acquisitions	(50.4)	-	-	-	-	*(50.4)*
Other adjustments*	*(13.5)*	-	-	-	-	*(13.5)*
2022 – Organic basis	162.2	107.1	99.2	92.0	-	460.5
Organic revenue growth	*10%*	*12%*	*74%*	65%	*nm*	30%
2021	147.3	91.3	56.5	54.2	-	349.3
Other adjustments*	(17.1)	-	-	-	-	(17.1)
Transfers**	4.1	-	-	(4.1)	-	-
Currency adjustment	12.5	4.2	0.4	5.7		22.8
2021 – Organic basis	146.8	95.5	56.9	55.8	-	355.0
Adjusted EBITDA						
2022 – reported	21.2	49.1	40.1	31.6	(20.9)	121.1
Acquisitions	0.6	-	-	-	-	0.6
*Other adjustments**	*7.0*	-	-	-	-	*7.0*
2022 – Organic basis	28.8	49.1	40.1	31.6	(20.9)	128.7
Organic EBITDA growth	*(31%)*	*12%*	58%	*140%*	*(3%)*	23%
2021	31.1	41.3	25.6	10.9	(20.0)	88.9
Other adjustments*	6.4	-	-	-	-	6.4
Transfers**	0.1	(0.1)	(0.2)	0.1	0.1	-
Currency adjustment	5.1	2.7	(0.1)	2.2	(0.5)	9.4
2021 – Organic basis	42.7	43.9	25.3	13.2	(20.4)	104.7

* Other adjustments relate to Edge Digital Shelf and Sellics Non-Advertising discontinued products
** Transfers relate to moving AAD and Retail Insight into Digital Commerce from RFS and Marketing respectively, and the transfer of lease property costs from Product Design to the Corporate segment

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:

2022 (unaudited) £'m	**Digital Commerce**	**Product Design**	**Marketing**	**Retail & Financial Services**	**Corporate Costs**	**Total – Continuing Operations**
Revenue						
2022 - reported	226.1	107.1	99.2	92.0	-	524.4
Acquisitions	8.8	-	-	-	-	8.8
Other adjustments*	*(14.2)*	-	-	-	-	*(14.2)*
2022 – Proforma basis	220.7	107.1	99.2	92.0	-	519.0
Proforma revenue growth	*14%*	*12%*	*74%*	65%	*nm*	29%
2021	147.3	91.3	56.5	54.2	-	349.3
Acquisitions	44.8	-	-	-	-	44.8
Other adjustments*	(18.9)	-	-	-	-	(18.9)
Transfers**	4.1	-	-	(4.1)	-	-
Currency adjustment	15.7	4.2	0.4	5.8	-	26.1
2021 – Proforma basis	193.0	95.5	56.9	55.9	-	401.3
Adjusted EBITDA						
2022 - reported	21.2	49.1	40.1	31.6	(20.9)	121.1
Acquisitions	*(3.6)*	-	-	-	-	*(3.6)*
*Other adjustments**	*7.8*	-	-	-	-	*7.8*
2022 – Proforma basis	25.4	49.1	40.1	31.6	(20.9)	125.3
Proforma EBITDA growth	*(46%)*	*12%*	58%	*140%*	*(3%)*	*15%*
2021	31.1	41.3	25.6	10.9	(20.0)	88.9
Acquisitions	2.8	-	-	-	-	2.8
Other adjustments*	7.0	-	-	-	-	7.0
Transfers**	0.1	(0.1)	(0.2)	0.1	0.1	-
Currency adjustment	6.0	2.7	(0.1)	2.2	(0.5)	10.3
2021 – Proforma basis	47.0	43.9	25.3	13.2	(20.4)	109.0

* Other adjustments relate to Edge Digital Shelf and Sellics Non-Advertising discontinued products

** Transfers relate to moving AAD and Retail Insight into Digital Commerce from RFS and Marketing respectively, and the transfer of lease property costs from Product Design to the Corporate segment

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
Non-Trading items	Items within Operating profit / (loss) separately identified in accordance with Group accounting policies
Adjusting items	Non-trading items (e.g. deferred consideration, integration and restructuring costs), 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 non-trading 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 non-trading 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 2022 (unaudited)

		2022 (unaudited)			2021		
(£ million)	Note	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Continuing operations							
Revenue	4	**524.4**	**-**	**524.4**	349.3	-	349.3
Cost of sales		**(212.0)**	**-**	**(212.0)**	(127.6)	-	(127.6)
Sales, marketing and administrative expenses		**(210.4)**	**(189.6)**	**(400.0)**	(150.5)	(96.1)	(246.6)
Impairment loss on trade receivables and contract assets		**(6.6)**	**-**	**(6.6)**	(1.8)	-	(1.8)
Operating profit / (loss)		**95.4**	**(189.6)**	**(94.2)**	69.4	(96.1)	(26.7)
Adjusted EBITDA	4	**121.1**	**-**	**121.1**	88.9	-	88.9
Depreciation, amortisation and impairment	4	**(25.7)**	**(91.6)**	**(117.3)**	(19.5)	(31.9)	(51.4)
Non-trading items	5	**-**	**(82.1)**	**(82.1)**	-	(55.8)	(55.8)
Share-based payments		**-**	**(15.9)**	**(15.9)**	-	(8.4)	(8.4)
Operating profit/(loss)		**95.4**	**(189.6)**	**(94.2)**	69.4	(96.1)	(26.7)
Share of the loss of associates	7	**(2.6)**	**(0.6)**	**(3.2)**	(2.4)	(0.1)	(2.5)
Finance costs	6	**(21.8)**	**(5.3)**	**(27.1)**	(20.1)	-	(20.1)
Finance income	6	**8.4**	**-**	**8.4**	2.7	7.0	9.7
Profit/(loss) before taxation		**79.4**	**(195.5)**	**(116.1)**	49.6	(89.2)	(39.6)
Taxation (charge)/credit		**(21.0)**	**32.3**	**11.3**	(8.2)	9.8	1.6
Profit/(loss) from continuing operations		**58.4**	**(163.2)**	**(104.8)**	41.4	(79.4)	(38.0)
Discontinued operations							
(Loss)/profit from discontinued operations, net of tax		**-**	**(0.9)**	**(0.9)**	11.5	250.4	261.9
Profit/(loss) for the year		**58.4**	**(164.1)**	**(105.7)**	52.9	171.0	223.9
Profit/(loss) attributable to:							
Owners of the Company		**56.6**	**(153.0)**	**(96.4)**	51.1	172.0	223.1
Non-controlling interests		**1.8**	**(11.1)**	**(9.3)**	1.8	(1.0)	0.8
Earnings/(loss) per share (basic and diluted, pence)							
Continuing operations		**12.9**	**(34.6)**	**(21.7)**	9.5	(18.8)	(9.3)
Discontinued operations		**-**	**(0.2)**	**(0.2)**	2.8	60.0	62.8
Total operations		**12.9**	**(34.8)**	**(21.9)**	12.3	41.2	53.5

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022 (unaudited)

	2022 (unaudited)			2021		
(£ million)	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Profit/(loss) for the year from:						
Continuing operations	**58.4**	**(163.2)**	**(104.8)**	41.4	(79.4)	(38.0)
Discontinued operations	**-**	**(0.9)**	**(0.9)**	11.5	250.4	261.9
Profit/(loss) for the year	**58.4**	**(164.1)**	**(105.7)**	52.9	171.0	223.9
Other comprehensive income						
Items that have been or may be reclassified subsequently to profit or loss:						
Exchange translation differences:						
- recognised in equity on translation of foreign operations, net of tax	**40.2**	**-**	**40.2**	18.5	-	18.5
- transferred from equity for disposed entities	**-**	**-**	**-**	6.7	-	6.7
Other comprehensive income, net of tax	**40.2**	**-**	**40.2**	25.2	-	25.2
Total comprehensive income/(expense) for the year	**98.6**	**(164.1)**	**(65.5)**	78.1	171.0	249.1
Total comprehensive income/(expense) attributable to:						
Owners of the Company	**96.8**	**(153.0)**	**(56.2)**	76.3	172.0	248.3
Non-controlling interests	**1.8**	**(11.1)**	**(9.3)**	1.8	(1.0)	0.8

Consolidated Statement of Financial Position

As at 31 December 2022 (unaudited)

(£ million)	Note	2022 (unaudited)	2021
Assets			
Non-current assets			
Goodwill		**711.1**	603.6
Intangible assets		**242.4**	275.3
Property, plant and equipment		**5.7**	5.4
Right-of-use assets		**20.7**	22.4
Investments	7	**88.5**	82.2
Other Receivables		**42.7**	-
Deferred tax assets		**60.3**	57.7
		1,171.4	1,046.6
Current assets			
Inventories		**3.3**	1.9
Trade and other receivables		**344.9**	272.6
Derivatives		**4.5**	-
Cash and cash equivalents		**80.0**	84.1
		432.7	358.6
Total assets		**1,604.1**	1,405.2
Liabilities			
Current liabilities			
Trade and other payables		**277.6**	198.4
Deferred income		**116.3**	100.3
Deferred and contingent consideration		**43.2**	52.6
Lease liabilities		**7.3**	7.0
Current tax liabilities		**8.6**	3.6
Provisions		**2.0**	2.9
		455.0	364.8
Non-current liabilities			
Deferred income		**1.0**	0.7
Deferred and contingent consideration	8	**64.9**	50.3
Lease liabilities		**19.5**	18.2
External borrowings		**301.2**	158.1
Deferred tax liabilities		**8.6**	6.5
Provisions		**2.0**	1.0
		397.2	234.8
Total liabilities		**852.2**	599.6
Net assets		**751.9**	805.6
Equity			
Share capital		**4.4**	4.4
Share premium		**153.6**	153.3
Translation reserve		**19.7**	(20.5)
Other reserves		**166.0**	167.0
Retained earnings		**386.5**	471.7
Shareholders' equity		**730.2**	**775.9**
Non-controlling interests		**21.7**	29.7
Total equity		**751.9**	805.6
Total liabilities and equity		**1,604.1**	**1,405.2**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022 (unaudited)

(£ million)	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
At 1 January 2021	4.0	3.0	(45.7)	167.0	241.6	369.9	1.3	371.2
Profit for the year	-	-	-	-	223.1	223.1	0.8	223.9
Other comprehensive Income	-	-	18.5	-	-	18.5	-	18.5
Transferred to the income statement	-	-	6.7	-	-	6.7	-	6.7
Total comprehensive income	-	-	25.2	-	223.1	248.3	0.8	249.1
Issue of shares	0.4	150.3	-	-	-	150.7	-	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	-	8.4
Taxation on share-based payments	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1.4)	(1.4)
At 31 December 2021	**4.4**	**153.3**	**(20.5)**	**167.0**	**471.7**	**775.9**	**29.7**	**805.6**
Loss for the year	**-**	**-**	**-**	**-**	**(96.4)**	**(96.4)**	**(9.3)**	**(105.7)**
Other comprehensive income	**-**	**-**	**40.2**	**-**	**-**	**40.2**	**-**	**40.2**
Total comprehensive income	**-**	**-**	**40.2**	**-**	**(96.4)**	**(56.2)**	**(9.3)**	**(65.5)**
Issue of shares	**-**	**0.3**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Share purchases	**-**	**-**	**-**	**(3.7)**	**-**	**(3.7)**	**-**	**(3.7)**
Shares issued to employees	**-**	**-**	**-**	**2.7**	**(2.7)**	**-**	**-**	**-**
Foreign exchange movements	**-**	**-**	**-**	**-**	**-**	**-**	**3.4**	**3.4**
Share-based payments	**-**	**-**	**-**	**-**	**16.7**	**16.7**	**-**	**16.7**
Taxation on share-based payments	**-**	**-**	**-**	**-**	**(2.8)**	**(2.8)**	**-**	**(2.8)**
Dividends paid to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(2.1)**	**(2.1)**
At 31 December 2022 (unaudited)	**4.4**	**153.6**	**19.7**	**166.0**	**386.5**	**730.2**	**21.7**	**751.9**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(£ million)	Note	2022 (unaudited)	2021
Cash flow from operating activities			
Loss before taxation on continuing operations		**(116.1)**	(39.6)
(Loss)/profit before taxation on discontinued operations		**(0.9)**	265.7
Adjustments for:			
Depreciation and amortisation		**60.3**	54.4
Impairment of assets		**59.9**	-
Deferred and contingent consideration: revaluation and contingent employment costs	8	**31.5**	35.1
Gain on disposal of businesses		**(6.0)**	(259.4)
Share-based payments		**15.9**	9.1
Share of the loss of equity-accounted investees, net of tax		**3.2**	2.5
Net finance costs	6	**18.7**	10.4
Cash generated from operations before changes in working capital, provisions and deferred and contingent consideration		**66.5**	78.2
Cash outflows for acquisition-related contingent employment costs*	8	**(19.5)**	(39.4)
Changes in:			
Inventories		**(1.2)**	0.1
Trade and other receivables		**(50.7)**	(65.7)
Trade and other payables		**58.2**	65.5
Provisions		**0.1**	(5.5)
Cash generated from operations		**53.4**	33.2
Adjusted cash generated from operations		**126.1**	84.0
Cash inflows for discontinued operations		**(0.9)**	12.0
Cash outflows for acquisition-related contingent employment costs*	8	**(19.5)**	(39.4)
Cash outflows for other non-trading items	5	**(52.3)**	(23.4)
Cash generated from operations		**53.4**	33.2
Tax paid		**(0.2)**	(3.3)
Net cash generated from operating activities		**53.2**	29.9
Cash flow from investing activities			
Acquisition of businesses, net of cash acquired		**(60.8)**	(195.3)
Deferred and contingent consideration paid*	8	**(37.9)**	(87.6)
Acquisition of investments	7	**(4.0)**	(44.0)
Proceeds from sale of equity-accounted investments	7	**5.3**	-
Loan to associate		**(30.6)**	(7.3)
Acquisition of software intangibles and property, plant and equipment		**(35.9)**	(23.3)
Disposal of businesses, net of cash disposed		**0.6**	342.4
Net cash used in investing activities		**(163.3)**	(15.1)
Cash flow from financing activities			
Proceeds from external borrowings**	9	**176.8**	180.7
Repayment of external borrowings**	9	**(53.8)**	(329.7)
Proceeds from issue of shares		**0.3**	150.7
Share repurchase		**(3.7)**	-
Interest and arrangement fees paid		**(9.0)**	(6.4)
Lease liabilities paid		**(7.3)**	(7.2)
Dividends paid to non-controlling interests		**(2.8)**	(0.5)
Net cash generated from/(used in) financing activities		**100.5**	(12.4)
Net (decrease)/increase in cash and cash equivalents		**(9.6)**	2.4
Cash and cash equivalents at 1 January		**84.1**	80.2
Effect of exchange rate changes		**5.5**	1.5
Cash and cash equivalents at 31 December		**80.0**	84.1

* 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.

**The cashflow comparatives have been represented to show cash flow movements for the RCF on a gross basis.

Notes to the Financial Statements

For the year ended 31 December 2022 (unaudited)

1. Basis of preparation

These consolidated financial statements of Ascential plc (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with Companies Act 2006 and UK-adopted international accounting standards ("UK-adopted IFRS").

Ascential plc is a public company, which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The registered office is located at 33 Kingsway, London, WC2B 6UF. The Company is principally engaged in the provision of industry-specific business intelligence, insights and forecasting through data and digital subscription tools and events. 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. We have performed our assessment based on the Group as it is currently constituted and do not consider the potential separation of our Digital Commerce assets into an independent, publicly traded company listed in the US and sale of WGSN as having a detrimental impact on the consolidated financial statements being prepared on a going concern basis.

The financial information set out above does not constitute the company's statutory accounts for the year ended 31 December 2022. The financial information for the year ended 31 December 2021 is derived from the statutory accounts for 2021 which have been delivered to the registrar of companies. The auditor has reported on the 2021 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2022 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

Going concern

After considering the current financial projections and the bank facilities available and then applying a severe but plausible sensitivity, 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 require judgement to determine the impact of future economic conditions on the Group, including the impact of any downward recessionary pressures. 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 new 5-year multi-currency revolving credit facility ("RCF") of £450m. These facilities provide ample liquidity when judged against the net debt of the Company of £216.7m at 31 December 2022.

Covenants

The more sensitive aspects of the Group's financing are the application of certain covenant limit tests to these facilities and the most sensitive covenant limit is Net Debt Leverage (broadly, the ratio of Net Debt to Adjusted pre-IFRS 16 EBITDA). The facility covenants are tested semi-annually and include (i) a maximum Net Debt leverage of 3.25x with the benefit of additional 0.5x leverage spikes for relevant acquisitions and, (ii) a minimum interest cover of 3.00x.

At 31 December 2022, our leverage ratio was 1.9x (or 2.04x on a covenant basis compared to the limit of 3.25x), and therefore 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 cancellation of a major event at short notice. This scenario is not a forecast of the Company and is designed to stress test liquidity and covenant compliance. The key assumption is that Money20/20 US is cancelled in 2023 with minimal notice due to an unforeseen event. This scenario results in a 0.8x increases to our leverage ratio at the 31 December 2023 testing point.

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

In this downside scenario there is sufficient headroom against all banking covenant tests. 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.

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 significant degree of judgement or estimation are set out below and in more detail in the related notes.

Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of associates (Note 7)

The Group has a material investment in Hudson MX Inc. ('Hudson'), a software business providing media buying and media accounting solutions through a SaaS platform. At 31 December 2022, the Group has a total investment of £73.8m representing 8% of the common stock and 86% of the preference stock of the Company. The Group equity accounts for the common stock investment and accounts for the preference stock investment at fair value through profit and loss. The assessment of whether the Group has control or significant influence over Hudson is considered a critical accounting judgement.

Assessment of Control

We have considered whether the nature of the relationship with Hudson, rights under the terms of the common and preference stock investments or any other factors would indicate that Ascential has control over Hudson. We have considered the requirements under IFRS 10 "Consolidated Financial Statements" to assess if the Group exercises control over Hudson during the reporting period and at the reporting date and concluded:

- Power over the investee

We have assessed that Ascential cannot exercise power over Hudson due to the lack of ability to direct the relevant activities of Hudson via the limited rights of its passive, non-voting, board observer seats.

We have assessed that the 10 members of Ascential staff seconded to Hudson in 2022, that supplement the 400 strong team of employees and outsourced contractors, to support the development of Hudson's enterprise-level engagement model do not have the ability to direct the relevant activities of Hudson as they report directly or indirectly to the CEO or management committee of Hudson.

We have assessed that our customary protective veto rights over significant changes to Hudson, including actions which could change the credit risk of the business such as; changes to capital structure, asset disposals, dividend declaration and attraction of external funding are protective in nature and relate to fundamental changes to Hudson that only apply in exceptional circumstances.

In January 2022 we allowed the out-of-money buy-out option Ascential held to acquire Hudson to lapse and we have concluded that the potential rights associated with this option were not substantive and did not give rise to Ascential having power over Hudson.

- Exposure or rights to variable returns from its involvement with the investee

We have assessed that the Group is exposed to variable returns, primarily through the common and preference stock equity instruments held during the reporting period.

- The ability to use its power over the investee to affect the amount of the investor's returns

We have concluded that although the Group has exposure to the variable returns from the investment, it does not have actual or potential rights to direct the relevant activities of Hudson and therefore the Group does not have power over the investment.

In 2022, we increased loan note funding to Hudson to £42.7m (including accrued interest) accounted as a financial asset in other receivables. The loan notes were provided on an arm's length basis, without conversion or equity rights, repayable on a fixed term and at a market rate of interest. The increase in funding does not change our determination of control under IFRS 10 as the terms are comparable to those that Hudson would be able to obtain from an institutional lender given the risk profile and life cycle of the business. Our continued funding in 2022 to Hudson has helped protect the underlying investment in the business.

We have therefore concluded that Ascential's investment in Hudson does not meet the definition of control as at 31 December 2022.

Assessment of Significant Influence

We have considered the requirements of IAS 28 "Investments in Associates and Joint Ventures" to determine whether Hudson should be treated as an equity-accounted associate or as a trade investment. This decision is determined by our assessment of ability (or otherwise) to participate in the financial and operating policy decisions of Hudson.

Ascential hold 8% of the common stock of Hudson and has limited voting rights (restricted to 19.9% over the appointment of preference holder board representatives only), which are below the 20% voting threshold set out in IAS 28. We have assessed the other factors that demonstrate our ability to participate in the financial and operating policy decisions of Hudson that, in our judgement, demonstrate that we had significant influence in the year. These include:

(i) Our right for up to two passive board observer seats to attend the Hudson board;
(ii) Our protective veto rights over certain activities including dividends and future debt funding;
(iii) The presence of material funding between Ascential and Hudson including the provision of secured and un-secured loan note funding totalling £42.7m that provides financial support to further the development of the Hudson MX platform and continues to protect Ascential's investment; and
(iv) The presence of ten secondees, including two holding senior management positions, that report directly to the Hudson CEO or management committee.

We have concluded that Ascential's common stock investment therefore meets the requirements to equity account for our holding in Hudson as at 31 December 2022. If it were to be determined that Ascential did not hold significant influence over Hudson the impact would be to reverse the previously recognised losses and hold the common stock at fair value. We determine this would result in a £3.8m increase to both the results of Ascential and the investment held on the balance sheet and the Directors are satisfied this is not material to the financial statements.

Key sources of estimation uncertainty

Initial recognition of goodwill and intangible assets in business combinations
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. Accounting for a business combination requires a valuation of identifiable intangible assets such as brands, customer relationships and technology assets for purchase price allocation purposes. It is based on a number of estimates, as follows:

- Acquired brands and certain technology assets are valued using the relief-from-royalty method. It assumes an estimation of future revenues generated by the business during the economical life of the asset and evaluation of a royalty rate that an acquirer would pay in an arm's length licensing arrangement to secure access to the same rights. The theoretical royalty payments are discounted with tax amortisation benefit applied to obtain the cash flows used to determine the asset value. Forecasted revenue and royalty rate are subject to significant level of estimation uncertainty.

- Acquired customer relationships are valued using the multi-period excess earnings method. It starts with the total expected income streams for a business, or a 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 an estimation of revenue to be generated by acquired business, customers attrition and discount rates. Forecasted revenue and customers attrition rate are subject to significant level of estimation uncertainty.

- Content and certain technology assets are valued using a depreciated replacement cost method. It requires an estimation of all costs a 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, the Group considers, for each acquisition and each asset or liability, the complexity of the calculations, the sources of estimation uncertainty and the risk of such estimations resulting in a material adjustment to the carrying amounts of assets and liabilities in the following reporting period. Note 7 explains the impact these estimates have on the assets recognised under business combinations made in 2022.

Measurement of associates
Investment in Hudson comprises common stock and preference shares. The common stock we own is accounted for by applying equity accounting under IAS 28 ("Investments in Associates and Joint Ventures"), including recording our share of the results of Hudson in proportion to our common stockholding. The carrying value of our equity-accounted balance has been reduced to nil (31 December 2021: £0.5m) as a result of our 8% share of Hudson losses in 2022, totalling £2.7m. All further losses over and above those taken to reduce the carrying value of the common stock portion to nil are recorded against the value of preference stock.

The attributes of the preference stock we hold meet the attributes of a financial instrument measured at fair value through profit and loss under IFRS 9 ("Financial Instruments"). The fair value is assessed at each reporting date, with any revaluation recorded through the consolidated income statement. This preference stock forms part of the long-term investment in Hudson and total £73.8m at 31 December 2022.

Valuation of investment in Hudson preference shares is subject to an estimation and informed by unobservable data points, including the external market evidence and Hudson's shareholding restructuring taking place in February 2023 on an arm's length basis with a market participant. An assessment of the sensitivity of the valuation indicated that a 5% increase / decrease in the equity valuation of Hudson would not materially affect the value of our investment on 31 December 2022. Further information on the accounting for Hudson investment is available in the Note 7.

Valuation of deferred and contingent consideration and acquisition-related employment costs
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 statement of financial position. 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 and recognised as such in the consolidated income statement.

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

Further information on the magnitude of the estimation uncertainty attached to the valuation of deferred and contingent consideration and acquisition-related employment costs is available in Note 8.

Goodwill and acquired intangibles recoverable amount
The Group has £711.1m (2021: £603.6m) of goodwill and £201.0m (£242.2m) of acquired intangible assets. Goodwill, Indefinite useful life intangible assets and intangible assets not yet available for use are tested annually for impairment and more frequently when indicators of impairment arise. Finite life intangible assets are assessed for impairment triggers and where an indicator exists a test for impairment is performed. Recoverable amount is the higher of value-in-use or fair value less costs of disposal. Determination of these amounts is based upon multiple estimates, including a forecast of future cash flows, the appropriate discount rates to apply and terminal growth rates.

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: events, 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.

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 2022 (unaudited)

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations	Discontinued operations	Total
Revenue	**226.1**	**107.1**	**99.2**	**92.0**	**-**	**524.4**	**-**	**524.4**
Adjusted EBITDA	**21.2**	**49.1**	**40.1**	**31.6**	**(20.9)**	**121.1**	**-**	**121.1**
Depreciation and software amortisation	**(17.8)**	**(3.3)**	**(2.6)**	**(0.9)**	**(1.1)**	**(25.7)**	**-**	**(25.7)**
Adjusted operating profit/(loss)	**3.4**	**45.8**	**37.5**	**30.7**	**(22.0)**	**95.4**	**-**	**95.4**
Amortisation of acquired intangible assets and impairment						**(91.6)**	**-**	**(91.6)**
Profit on disposal of business						**6.0**	**-**	**6.0**
Non-trading items						**(88.1)**	**(0.9)**	**(89.0)**
Share-based payments						**(15.9)**	**-**	**(15.9)**
Operating loss						**(94.2)**	**(0.9)**	**(95.1)**
Share of the loss of associates						**(3.2)**	**-**	**(3.2)**
Finance costs						**(27.1)**	**-**	**(27.1)**
Finance income						**8.4**	**-**	**8.4**
Loss before tax						**(116.1)**	**(0.9)**	**(117.0)**

Year ended 31 December 2021

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Corporate costs	Continuing operations	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 and impairment						(31.9)	(2.7)	(34.6)
Profit on disposal of business						-	259.4	259.4
Non-trading 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 the loss of associates						(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

Non-trading items within continuing operations of £88.1m (2021: £55.8m) include £51.1m (2021: £36.6m), £nil (2021: £0.1m), £nil (2021: £nil), £nil (2021: £nil) and £37.0m (2021: £19.1m) 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 provide a greater insight into the Group's financial performance. 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. Adjusting items aim to facilitate a comparative understanding of the Group's financial performance from period to period by removing the effect of share-based payment charges, amortisation of intangibles acquired through business combinations and non-trading items such as costs incurred for acquisitions and disposals, integration, impairment, non-recurring business restructuring and capital restructuring. The tax effect of Adjusting items is also included within Adjusting items.

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

(£ million)	Note	**2022 (unaudited)**	2021
Revaluation of deferred contingent consideration	8	**1.0**	5.2
Acquisition–related employment costs recognised in the period	8	**30.4**	24.7
Deferred consideration costs		**31.4**	29.9
ERP and Salesforce implementation		**21.6**	16.9
Strategic review costs		**15.0**	2.8
Transaction and integration costs		**9.4**	6.2
Costs associated with the Digital Shelf pivot		**6.8**	-
Profit on disposal of businesses		**(6.0)**	-
Property impairments and provisions		**3.9**	-
Non-trading items		**82.1**	55.8
Amortisation of acquired intangible assets	7	**34.6**	31.9
Impairment of Edge Digital Shelf & ASR	7	**57.0**	-
Share-based payments		**15.9**	8.4
Adjusting items in operating profit/(loss)		**189.6**	96.1
Remeasurement of trade investments to fair value	6	**4.0**	(7.8)
Covenant amendment costs		**-**	0.8
Foreign exchange on deferred consideration		**1.3**	-
Share of the loss of joint ventures		**0.6**	0.1
Adjusting items in profit/(loss) before tax from continuing operations		**195.5**	89.2

The revaluation of deferred contingent consideration in the year relates to updates to actual or expected performance for all recent acquisitions with deferred consideration. Acquisition-related employment costs incurred in the year of £30.4m (2021: costs £24.7m) relate primarily to that element of the purchase consideration for acquisitions. 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 revaluation of deferred consideration of £1.0m relates to the upwards revaluation of £16.4m in relation to five earnouts, offset by the downwards revaluation of five of the deferred consideration arrangements of £15.4m, based on the current and future expected performance of the businesses. Foreign exchange on deferred consideration of £1.3m (2021: £nil) has been included as an adjusting item. The related net tax impact is a credit of £5.8m in 2022. The cash impact of the related deferred contingent consideration charges is explained in Note 8.

The Group is undertaking a multi-year programme to implement a new ERP to replace the current Oracle system introduced in 2007 and a new instance of Salesforce, both of which are cloud-based. The implementation costs are subject to the recent IFRIC agenda decision relating to IAS 38 and accordingly are now required to be expensed. Costs relating to this programme totalling £21.6m (31 December 2021: £16.9m) have been expensed and, given the materiality and once-in-a-decade nature, have been recorded as non-trading items. These expenses are deductible for tax purposes and generate a net tax credit of £4.1m. The programme is anticipated to be completed in 2023. The cash impact of these costs is an outflow of £22.4m.

A significant Non-Trading item in 2022 was the costs of the strategic review totalling £15.0m (31 December 2021: £2.8m), the results of which were announced in January 2023. The costs relate to resources and professional fees for project management, tax, US GAAP Conversion and audit, and legal advice as well as severance and retention incentives for key personnel impacted by the proposed separation of the Group. The related net tax impact is a credit of £0.9m. The cash impact of these costs is an outflow of £11.8m.

Transaction and integration costs totalling £9.4m (2021: £6.2m) comprise professional fees for diligence and legal costs as well as the costs of integrating acquisitions which is a significant workstream within Digital Commerce given the seven acquisitions made in 2021 with two further acquisitions in 2022. Transaction costs are generally non-deductible for tax purposes, whilst integration costs give rise to a tax credit of £1.0m. The cash impact of these costs is an outflow of £11.5m.

The profit on disposal of businesses of £6.0m (2021: £nil within continuing operations) includes the profit on disposal of Ascential's investment in Analytic Index (accounted for as an associate) of £5.0m and Retail Week World Retail Congress ("RWRC") of £1.0m. Profit on disposals of BEP and Medialink in 2021, totalling £226.1m and £33.3m respectively, were classified within discontinued operations at 31 December 2021. The Group received net cash inflows of £5.9m in relation to these items.

Costs in relation to property impairments and provisions in 2022 of £3.9m (2021: £nil) reflect 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. These costs are non-deductible for tax accounting purposes and had no cash impact on the Group in 2022.

Impairment charges totalling £57.0m have been recorded in 2022 driven by an impairment charge of £31.4m (31 December 2021: £nil) recognised in Edge and an impairment charge of £25.6m (31 December 2021: £ nil) recognised in the ASR CGU.

The impairment charge in Edge is driven by the decline in profitability of the Digital Shelf offering and the announcement of the Digital Shelf Pivot. These impairment costs give rise to a deferred tax credit of £2.9m for tax accounting purposes and had no cash impact on the Group.

As part of our year-end impairment review process, we identified an indicator of impairment within the ASR business. The indicator was triggered by ongoing action by Amazon to reduce both the media inventory and commission rate for its on-site review product (the OSP product). This is the only product that ASR offers in the Digital Commerce business where Ascential is a cost, rather than a revenue stream, to Amazon. While our original acquisition plans accounted for the risk of a reduction in the income from Amazon for this OSP product over the period of five years, it has become increasingly evident during the second half of 2022 that the OSP product is deprecating faster than we originally projected. These impairment costs give rise to a deferred tax credit of £6.7m for tax accounting purposes and had no cash impact on the Group.

The charge for share-based payments of £15.9m (2021: £8.4m) incorporates the Share Incentive Plan, the SAYE and the Performance Share Plan. As explained in the Alternative Performance Measures section, the Group treats share-based payments as an Adjusting item because they are a significant non-cash charge driven by a valuation model that references Ascential's share price and so is subject to volatility rather than referencing operational activity. Share-based payment expenses give rise to a tax credit of £2.1m to income statement net of a £2.8m charge through equity. The cash impact of share schemes on the Group is nil.

Remeasurement of trade investments to fair value of £4.0m (2021: £7.0m income) relate to the revaluation of the investment in Infosum (Note 7). These costs give rise to a deferred tax credit of £1.0m for tax accounting purposes and do not give rise to a cash impact on the Group.

Covenant amendment costs of £nil (2021: £0.8m) related to a fee for Covid-related covenant amendments of the Group's debt facility (Note 6).

6. Finance costs and finance income

(£ million)	Note	**2022 (unaudited)**	2021
Interest on deposits and investments		**3.6**	2.5
Fair value gain on derivative financial instruments		**4.3**	0.2
Foreign exchange gain		**0.5**	-
Adjusted finance income		**8.4**	2.7
Interest payable on external borrowings		**(9.6)**	(8.6)
Amortisation of arrangement fees		**(0.8)**	(0.9)
Discounting of contingent and deferred consideration	8	**(10.3)**	(9.0)
Discount unwind of lease liability	9	**(1.1)**	(1.0)
Foreign exchange loss		**-**	(0.6)
Adjusted finance costs		**(21.8)**	(20.1)
Foreign exchange on deferred consideration		**(1.3)**	-
Covenant amendment costs		**-**	(0.8)
Remeasurement of trade investments to fair value	7	**(4.0)**	7.8
Adjusting finance (costs) / income		**(5.3)**	7.0
Net finance costs from continuing operations		**(18.7)**	(10.4)

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7. Investments

(£ million)	Note	**2022 (unaudited)**	2021
At 1 January		**82.2**	32.4
Acquisition of investments		**4.0**	44.0
Remeasurement of trade investments to fair value		**(4.0)**	7.8
Share of the loss of associates		**(3.2)**	(2.5)
Reclassification as a subsidiary		**-**	(0.7)
Disposal of investments		**(0.4)**	-
Movements in exchange rates		**9.9**	1.2
At 31 December		**88.5**	82.2

Investments as at 31 December 2022 were made up as follows:

(£ million)	**2022 (unaudited)**	2021
Trade investments and preference shares measured at fair value through profit or loss	**85.1**	78.1
Associates accounted for using the equity method	**3.4**	4.1
At 31 December 2022	**88.5**	82.2

8. 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
At 1 January 2021		136.2
Additions		49.7
Acquisition–related employment costs accrued in the year	5	29.9
Revaluation of contingent consideration recognised	5	5.2
Discounting of contingent and deferred consideration	6	9.0
Acquisition–related employment costs cash paid in year		(39.4)
Deferred and contingent consideration cash paid in the year		(87.6)
Movements in exchange rates		(0.1)
At 1 January 2022		**102.9**
Additions		**12.3**
Acquisition–related employment costs accrued in the year*	5	**30.5**
Revaluation of contingent consideration recognised	5	**1.0**
Discounting of contingent and deferred consideration	6	**10.3**
Acquisition–related employment costs cash paid in year		**(19.5)**
Deferred and contingent consideration cash paid in the year		**(37.9)**
Movements in exchange rates		**8.5**
At 31 December 2022 (unaudited)		**108.1**

* Includes £0.1m (2021: £5.2m employment costs recorded in discontinued operations)

9. Borrowings

The Group has a multi-currency revolving credit facility (RCF) of £450m with a syndicate of lenders, plus an accordion to raise further debt amounts, at the options of the lenders, of up to the greater of £120m or 150% of EBTIDA. This facility is available until January 2025 and the RCF can be drawn in tranches for each interest rate period. These tranches of debt can be rolled over at the end of the interest period subject to covenant compliance on the request date. The Group expects that it will be able to continue to rollover its debt at the end of each interest period over the remaining life of the facility. This reflects that even in downside stress scenarios that it can take mitigating actions to maintain compliance with these conditions. As the Group has the ability and the intent to roll-over the drawn RCF when due, it is appropriate to classify these borrowings as a non-current liability.

At 31 December 2022 the borrowings were subject to interest at a margin of 1.60% over IBOR. 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.

At 31 December 2022 the maturity profile of the Group's borrowings, which consists entirely of the RCF, was as follows:

(£ million)	**2022 (unaudited)**	2021
Non-current		
Two to five years	**301.2**	158.1
Total borrowings	**301.2**	158.1

Borrowings are shown net of unamortised issue costs of £1.6m (2021: £2.4m). The carrying amounts of borrowings approximate their fair value. The Group's borrowings at 31 December 2022 were denominated in US dollars and Euros amounting to $233.0 million and €124.5 million respectively (2021: $92.0m and €110.0m).

Reconciliation of movement in net debt

(£ million)	Cash	Cash in transit	Short-term deposits	Derivatives - interest rate cap	Borrowings	Net debt*
At 1 January 2021	51.0	0.5	28.7	-	(309.5)	(229.3)
Exchange differences	2.1	-	-	-	4.4	6.5
Proceeds from external borrowings	-	-	-	-	180.7	180.7
Repayment of external borrowings	-	-	-	-	(329.7)	(329.7)
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 1 January 2022	**55.7**	**0.4**	**28.0**	**0.2**	**(158.1)**	**(73.8)**
Exchange differences	**5.5**	**-**	**-**	**-**	**(19.3)**	**(13.8)**
Proceeds from external borrowings	**-**	**-**	**-**	**-**	**176.8**	**176.8**
Repayment of external borrowings	**-**	**-**	**-**	**-**	**(53.8)**	**(53.8)**
Fair value movement	**-**	**-**	**-**	**4.3**	**-**	**4.3**
Amortisation of debt arrangement fees	**-**	**-**	**-**	**-**	**(0.8)**	**(0.8)**
Net cash movement	**(2.2)**	**0.5**	**(7.9)**	**-**	**-**	**(9.6)**
At 31 December 2022 (unaudited)	**59.0**	**0.9**	**20.1**	**4.5**	**(301.2)**	**(216.7)**

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

10. Events after the reporting date

Strategic review of the Group's organisational and capital structure

In January 2023, the Board announced the conclusion of a strategic review announced in April 2022 to evaluate and decide on the best structure to successfully deliver its strategy. Subject to shareholder approvals, the Board plans to execute two interdependent transactions:

- pursue the sale of WGSN
- to separate the Group's Digital Commerce assets into an independent, publicly traded company listed in the United States

It is the Board's intention that the Company will remain a listed company in the United Kingdom consisting of its market leading events businesses. Costs incurred relating to this strategic review are detailed in Note 5.

Investment in Hudson

In February 2023 Hudson completed a new financing round and restructuring of its capital structure. It resulted in MT II Holdings, LP ('Investor') becoming the majority shareholder in Hudson, holding 51.0% of the fully diluted common equity and the Group holding 36.5%. Hudson management team members and existing shareholders hold the remaining 12.5%. The Group received US$30.0m in cash from the Investor for part of its investment at the existing valuation, as reflected in the carrying amounts held on the Group's balance sheet at 31 December 2022.

The Group has agreed on arrangements that provide a potential path to a majority stake in the future. These arrangements include granting a put option to the Investor, exercisable from 1 April 2024 to 31 December 2025 and subject to a maximum consideration payable by Ascential of US$52m. If exercised, this put option would result in Ascential holding a 79% common equity interest in Hudson. In addition, Ascential will be able to call the remaining equity shares held by the Investor at any time in the subsequent two years.

The Group has also agreed put and call options between Ascential and Hudson management (including other existing investors) between February 2026 and December 2028, subject to a maximum consideration of US$40m. If exercised in full this would result in the Group holding a 49% equity interest in Hudson.

The Investor and the Group will also provide fresh funding of up to, in aggregate, US$51.5m to Hudson through non-voting preference stock pro-rata to their common equity shareholdings. Ascential shall provide up to US$21.5m of the US$51.5m.