Publicis Healthcare Communications Group Limited

Annual Report and Financial Statements

for the year ended 31 December 2022

Registered Number: 01072087

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Directors and Other Information

Directors

A Von Plato
C Frijns
P Chin

Secretary

P Muwanga

Registered office

1st Floor
2 Television Centre
101 Wood Lane
London
W12 7FR

Auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Strategic Report
for the year ended 31 December 2022

Principal activity and review of the business

The principal activity of Publicis Healthcare Communications Group Limited ("the Company") continues to be the provision of marketing, medical education, public and professional relations, clinical trial expertise and experience and digital engagement to the pharmaceutical industry, charitable bodies and governmental entities, and advertising services in the healthcare sector.

The Company's key financial and other performance indicators during the year were as follows:

	2022 £'000	Restated 2021 £'000	Change %
Revenue	49,876	44,923	11%
Operating profit	2,894	6,105	(53%)
Profit after tax	2,247	4,885	(54%)
Capital and reserves	31,391	29,002	8%
Current assets as a % of current liabilities	118%	99%	19%
Average number of employees	343	314	9%

Revenue has increased by 11% due to growth in all of our businesses and the growth noted in the health market of our clients.

Profit after tax decreased by 54% despite the increase in revenue due to ongoing investments in the Company's operations to support the increased growth of the Company's activities.

Capital and reserves have increased by 8% due to the profit after tax generated during the year.

Current assets as a percentage of current liabilities has increased by 19% due to a large proportional decrease in contract liabilities compared to an increase in contract assets and also due to the settlement of amounts owed to group undertakings compared to amounts owed by group undertakings.

The total average number of employees has increased by 9% due to the continued growth in the business over the last few years. There was also an investment in more junior talent to align with future client and business needs and specialist skill sets to drive continued and future growth.

The services offered by the Company have minimal environmental impact. However, the board believes that good environmental practices support the board's strategy by enhancing the reputation of the firm.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as competitive and financial instrument risk.

Competitive risks

The Company operates in a highly competitive marketplace where margins are continually under pressure. However, the Company is well positioned to maintain its market share.

Strategic Report (continued)
for the year ended 31 December 2022

Principal risks and uncertainties (continued)

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

- *Exposure to liquidity, cash flow and credit risk*

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets.

  Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with customers and suppliers.

  Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

- *Exposure to foreign exchange risk*

  Foreign exchange risk is the risk arising from purchases and sales of goods or services denominated in foreign currencies. Our commercial dealings including intercompany activity are transacted in multiple foreign currencies and therefore expose the Company to a significant level of foreign exchange risk.

  The Company manages this risk through the use of derivatives, namely currency forward contracts and currency swaps, with the overall aim being to minimise the foreign exchange charge or gain.

  As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present significant net exposures to exchange rate risk.

Impairment of investments risk

An asset is impaired if the recoverable amount is less than the carrying value. There is a risk that a directly held entity or its subsidiary generates lower than forecasted revenue or profits, leading to an impairment of the investment to the recoverable amount.

We monitor the performance of all subsidiaries held and perform a detailed review of future cash flows to ensure any risk of impairment is identified and recorded in the financial statements.

Strategic Report (continued)
for the year ended 31 December 2022

Streamlined energy and carbon reporting

At a Groupe level and in the face of the climate emergency, we have set ambitious targets to reduce our environmental impact. We have decided to become carbon neutral by 2030. Our targets have been validated by the SBTi (Science Based Targets initiative) and are aligned with the Paris Agreement and the 1.5° scenario. To assist our clients in their own efforts to reduce their environmental footprint, we have created A.L.I.C.E (Advertising Limiting Impacts & Carbon Emissions), a calculator to assess the impact of their campaigns or projects.

For further details of how we interact with communities and the environment, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

To view the impact of the Company's environmental impact please refer to the Strategic Report of MMS UK Holdings Limited, the immediate parent company, where the UK Group's environmental impact is reported in full.

Section 172 statement

From the perspective of the Board, the matters that it is responsible for considering have been considered to an appropriate extent and the directors have acted in a way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out under Section 172 of the Companies Act 2006, in the decisions taken during the year ended 31 December 2022.

Strategy, Purpose, Culture and Values

Publicis Healthcare Communications Group Limited ("PHCG") is part of Publicis Health, the world leader in healthcare communications. Publicis Health is the largest healthcare communications network in the world. We are a part of Publicis Groupe S.A.

PHCG transforms healthcare marketing and communications into healthcare engagement.

PHCG comprises multiple brands, namely Digitas Health, Langland and Saatchi & Saatchi Wellness. Langland has four distinct disciplines. All of the brands have one purpose. This is to create a world where people are equipped and motivated to take control of their health.

PHCG agencies provide communications and consultancy services to support global pharmaceutical companies, working in partnership with them across the entire product life cycle. From clinical research and development, through to commercialisation and loss of exclusivity.

The go to market strategy for PHCG agencies for the reported year was to continue to present our 'Power of One' model to clients. This model places all of the talent in our agencies at the service of our clients, building bespoke teams to support their marketing and digital business transformation initiatives.

Our strategy and culture is aligned with that of our ultimate parent company Publicis Groupe S.A. ("Groupe"). Our go-to-market strategy for the reported year was to continue presenting our 'Power of One' model to clients, which places all of the talent within our agencies at the service of our clients, building bespoke teams to support their marketing and digital business transformation initiatives.

2022 was marked by a series of significant events, including the continuation of the Covid-19 pandemic, the war in Ukraine, and high price inflation in many countries, which have affected consumer purchasing power. Additionally, a spate of climate-related disasters, such as fires, floods, and droughts, along with a

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Strategy, Purpose, Culture and Values (continued)

decline in biodiversity, has further compounded this challenging economic and social context. Despite these challenges, many companies and activities have benefited from the post-pandemic economic rebound. The digitisation of companies and organisations has continued to accelerate, and consumers have regained certain habits while adopting new ones, particularly in the realm of e-commerce. Groupe and PHCG have been able to stay abreast of these developments by capturing the evolution of customer spending towards first-party data management, increasingly targeted media, and the creation of client-specific ecosystems.

To help our employees navigate the cost of living crisis and rising inflation, we implemented several measures, enhanced our free breakfast every day offering, free lunch once a week, a pinboard on Marcel called 'The Drop,' where employees can swap or borrow items, a dedicated cost of living page on Marcel called 'Groupe Living' containing useful information, tips, and money-saving hacks, and financial well-being webinars, financial planning and guidance.

The DEi team finalised an important project around the internal policies of Publicis UK Life Stage Policies. Publicis Groupe UK received the Advertising Association DEi (Diversity, Equity & Inclusion) award Charter, illustrating our commitment to DE&I and the progress made in recent years.

Groupe launched #WorkingWithCancer initiative, which aims to eradicate the stigma of cancer in the workplace, by supporting employees concerned or whose relatives are affected by the disease. Working with organisations and charities (such as Macmillan Cancer) to support the initiative, it creates a cross-industry coalition, to allow wide rallying companies to #WorkingWithCancer pledge and advocacy.

The Board recognises the importance of having the right corporate culture, which is essential for achieving our strategic goals in the right way and long-term success, while looking after the best interests of our stakeholders.

How Stakeholder interests are considered

The directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to senior management and employees of the Company.

Action is taken to ensure stakeholder interests are embedded within the culture and operating model of the business by various means. The Chief Executive Officer and/or Senior Management is a member of the board of directors of the Company and has oversight over the strategic activities delegated to employees, and provides regular updates to the other directors.

As part of their induction, all directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. Directors must fully adhere to the Groupe code of ethics ("JANUS"). Updated in May 2022, Janus provides a clear set of Publicis Groupe values and principles. A defined set of internal policies, procedures and processes framework that take into account stakeholder interests. As part of this process, they must declare any potential conflicts of interest annually.

For further details of JANUS, the group structure and our corporate culture, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

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Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our Stakeholders

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole and we are aware that this is important for the long-term success of the Company.

1. *Our People*

At the heart of our services are our people. We create an environment where employees are equipped and motivated to take control of their health, and can bring their whole selves to work. Diversity and inclusion are deeply rooted in our strategy and recruitment policy, which brings through a diverse range of talent crucial in communication and advertising. For our business to succeed, it is vital that we understand our employee's values, and what drives them. We aim to manage our people's performance and development and encourage employees to discuss training proposals with their managers, whilst ensuring we operate as efficiently as possible and this is fundamental to the long-term success of the business. We also ensure we share common values that inform and guide our behaviour, so that we achieve our goals in the right way.

Engagement: The Company has a well-developed structure through which it engages with its employees. We communicate our core values, policies and processes to all our employees via JANUS and our detailed employee handbook [and company intranet]. Our dedicated qualified Talent Teams are on hand to ensure compliance with JANUS and all local applicable employment laws, and are a point of contact for employees to raise queries, concerns and provide feedback on any employment matters. This helps us to make improvements to our processes.

In addition to a Reporting Concerns Policy, a Groupe centralised whistleblowing mechanism is operational, and is designed to receive and handle internal or external reported concerns. Reported concerns are managed by the Groupe Secretary General, and are systematically followed up, with complete confidentiality and protection for whistleblowers. Also in place, is an independent whistleblowing service provider, where employees can report concerns confidentially.

A new Reporting Ethics Concerns training was launched on Groupe Marcel platform. Training reminds employees how easy it is to report a concern confidentially, in any language and without fear of retaliation. We continuously working on wide collaborative projects relating to recruitment, career development and equal pay.

Mental health and well-being of all our employees is at the heart of everything we do. Achieved by the implementation, continued promotion and support of initiatives, aligned with a feedback culture through listening exercises, engagement surveys and focus groups. In line with our commitment to supporting the mental well-being of our employees, Groupe UK has implemented (and continue to support) a range of initiatives and programs. These include:

- **Internal Surveys** - post Covid-19 pandemic and during the economic hardship, 2 internal surveys dedicated to employee well-being to monitor the evolution of employee morale, needs and requirements are undertaken. Employees gave their views on our strategic direction, the impact of recent transactions in the business and confidence in their leaders. The results of the surveys continue to shape future business decisions were internal culture is at the heart of discussions, so that employees' wellbeing is supported.

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

1. *Our People (continued)*

- **Headline** - aims to increase awareness, destigmatise, and provide employees with the tools and skills to take control of their own wellbeing. Headline helps to organise activities for employees and has dedicated, trained mental health ambassadors available to all employees. It provides varied and informative sessions, from yoga sessions to nutrition talks and even laughing workshops to promote wellness.
- **Mental Health First Aiders** – Trained 119 employees as Mental Health First Aiders (with Mental Health First Aid England), and 15 of them receiving more specific training in suicide prevention.
- **Help@Hand** – provides employees free direct access to medical experts such as remote GP, mental health support, medical second opinions, life and financial support in one place via an app. Employees also have access to the Aviva Wellbeing application providing access to health professionals.
- **Ask-Me-Anything (AMA)** - Events are designed to provide an opportunity for leaders from across the Groupe to answer employee questions, share their insights and advice. In 2022, AMA hosted a series of events, with over 10,000 participants in 2022. These events have been instrumental in fuelling the growth journey of our employees.
- **Marcel Mentors** - Groupe collaborated with people development experts Guider to create the Marcel Mentors UK program, which allows employees to become mentors or mentees, or both, through the Guider platform. The program aims to drive development, achieve goals, and develop professional skill sets while giving back to the larger Groupe community.

We are committed to providing our employees with the tools, resources, and support necessary to succeed and grow both personally and professionally. Through a variety of initiatives, we strive to foster a culture of inclusivity, diversity, and equity that empowers individuals from all backgrounds to achieve their full potential. We implemented a range of employee initiatives (and continue to promote current initiatives) that represent interests of employees. This include:

- **Career Conversations** – Our Career Conversations process is designed to focus on more meaningful conversations throughout the year and maximise personal development opportunities with Objectives & Key Results (OKRs) for our senior leaders and Catch Ups for employees. These performance and development conversations help to ensure employees and managers are clear on priorities, growth and ongoing feedback.
- **Life Stage Policies** – We are committed to creating a working environment where anyone can thrive wherever they come from, and whatever they are going through, by introducing policies and training in support of menopause, disability and trans inclusion. Groupe UK continues its commitment to being a family friendly organisation supporting employees balancing family life and career, and has introduced family friendly policies, covering pregnancy/maternity, paternity/second parent, shared parental leave, adoption, surrogacy, pregnancy loss and fertility.
- **Agile, flexible working practices.**
- **Publicis e-Learning** – the employee training and career development platform.
- **UNUM** Lifeworks has a free 24/7 crisis support hotline to offer professional emotional support to individuals dealing with the unfolding events in Ukraine.

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

1. *Our People (continued)*

- **FUSE** is our initiative to champion, equality, diversity and inclusion with the Company, working with our employees and Business Resources Groups to create an equal, diverse and inclusive work culture across of UK business.

Employee Action Groups ("EAGs") led groups provide a platform for individuals to join together around common interests, backgrounds or demographic factors to help build an engaging and inclusive work environment for all.

- **VivaWomen** – Publicis network for women and their allies. Exists to inspire and empower women to achieve their potential at Publicis Groupe around 4 pillars: Mentoring, Professional Development, Leadership and Work/Life Integration.
- **Egalite** – Publicis network for LGBTQ+ employees and their allies. The group is committed to enhancing the company's reputation as an employer of choice for LGBTQ+ employees and their allies by promoting equality and inclusivity in the workplace, through education, advocacy, community outreach and business development. Helping to develop leaders who can elevate our clients' brands within the hearts and minds of the LGBTQ+ community.
- **Embrace** – open to all and advocates for People of Colour (PoC) and their allies. The group is committed to support the unique issues and challenges facing PoC and their allies, and to foster a more informed and inclusive community, and creates events for people of all backgrounds to foster a culture of diversity and opportunity to learn about the experience of others. Embrace aims to help steer Publicis Groupe to become a reflection of the brands and communities we serve.
- **Enable** - established to enABLE colleagues with a disability (visible and invisible) to thrive within Publicis Groupe UK, and to attract more, support and retain more disabled talent into the business. We do this by championing the needs of colleagues with disabilities and promoting dialogue and action to foster a more disability confident culture.
- **Learning & Development UK ("L&D")** - established to create a learning culture, to connect the dots and the Power of One, to inspire and embrace the new world of work and diverse workers and to grow employees, our clients and the business.
- **Open Up** - is a series of workshops to help support colleagues at different levels of the organisation to embed inclusion into everything that we do. Each aspect of the programme is practical, research-based and covers a wide range of Diversity, Equity and Inclusion (DEI).
- **Diversity, Equity & Inclusion ("DEI")** - Inclusion @ Publicis Groupe UK is a dedicated resource to provide important information on all aspects of employee work on diversity and inclusion – including (but not limited to) policies and procedures, values and behaviours, employee benefits, key initiatives, EAGs as well as highlighting important awareness days and events for all UK Groupe employees.
    - Several programs were rolled out in 2022, such as setting up Ecumenical rooms in a few buildings and rest rooms. A series of webinars addressing professional and personal topics allowed employees to discuss topics (such as multicultural intelligence, understanding people with neurodiversity disorder, understand micro aggressions, fight against all forms of racism, men and patriarchy and self-confidence) with experts.

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

1. *Our People (continued)*

    - The DEi team orchestrated various actions throughout the year such as Race Equality Week, National Inclusion Week, women's rights and a strong action in favour of the fight against stereotypes around menopause with Break the Bias on Menopause. These activities were deployed with the support of expert organisations such as Stonewall's Global Diversity Champions program and its sessions on mobilising allies around LBTQI+ people, the Business Disability Forum and the Black British Network, Catalyst.

Two new EAGs groups have been created. Divergent Minds around people who are different in terms of neurodiversity, and Ecological in order to accelerate changes in practices to limit environmental impacts.

Various meetings and events were held during the year for our employees, driven by senior management (on a global and local level), including:

- Employee representative forums where employees are encouraged to put forward their comments, questions and ideas about the business to their representatives (from across the business);
- Town Hall Meetings – held regularly for all employees to learn more about key achievements; and
- Company social events and various fundraising events.

These meetings were an opportunity for employees to engage with each other or to provide feedback to senior management to help improve our processes, and for senior management to listen to employee concerns and inform them of any key strategic changes and transactions happening in the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

We use various other methods to engage and communicate with our employees, including:

- Regular email update, notifications and announcements from business leads;
- Quarterly business updates from our CEO and other key executives;
- Communication from other leadership team members on business changes and ad-hoc matters;
- Regular capability group and industry team meetings and webinars; and
- Quarterly industry webinars.

2. *Business Relationships (our clients and suppliers)*

    a. *Clients*

    Our client strategy prioritises growth, driven by responsible marketing which is at the core of what we want for our client’s brands and products; we also need to respond to consumers’ expectation about climate change and our social impact as this is driving the

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

2. *Business Relationships (our clients and suppliers) (continued)*

    a. *Clients (continued)*

    consumer's choice. Data protection is another vital requirement, as we need to keep consumer's trust in our digital world; citizens-consumers need to keep their freedom to share data or not, and their ability to express their choices. This all ensures we are bringing new clients into the Group and maintaining strong client relationships.

    Engagement: We engage with our clients on a regular basis. We set up and communicate key performance indicators (KPIs) with our clients from the outset and have regular meetings with the clients, to discuss their needs, progress with the monthly KPIs, any concerns or feedback.

    We operate in a way that allows us to stay close to our clients, and actively seek feedback to build relationships and inform them of ongoing improvements. We have fully dedicated client teams that have increased engagement with clients throughout the year, in order to gain insight from clients to assist with innovation and improvements in our processes. For further details of how we work with our clients, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

    b. *Suppliers*

    In line with our current strategy, we practice responsible procurement. We value all of our suppliers and create and maintain relationships to ensure that they are compliant with applicable law and our processes. We aim to ensure all suppliers are paid promptly.

    Engagement: We communicate our core values, policies and processes to all our suppliers via our supplier code of conduct, which they must all adhere to. We engage with key suppliers on a regular basis through our dedicated financial operations and procurement teams who have regular calls with major suppliers (dependent on their classification i.e. business critical or high revenue) to discuss payment concerns and provide feedback. We have in place a vendor management system (RVIC), where suppliers can raise queries and complaints, helping to make adjustments to our payment processes and we continue to engage with our platform user and monitor supplier satisfaction.

    On a Groupe level, we carry out a CSR assessment program (using the EcoVadis platform) for our main providers, and from 2020 this was extended to local providers through a proprietary tool called PASS (Publicis Groupe Platform for Providers for a (self) Assessment on Sustainability in the Supply-chain). For further details of how we work with our suppliers, please see our modern slavery statement and supplier code of conduct: https://www.publicishealth.com/legal.

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

3. *Wider society*

   a. *Community*

   Corporate social responsibility continues to remain an integral part of the Company's business and long term strategic aspirations. What we believe in inspires what we support. Climate change is the shift for the future and is starting now and we all need to reduce our impact on the environment, without exception. Our approach, which prioritises corporate social responsibility specific to the environment and communities in which we work, is set out in JANUS, communicated and embedded within the business as part of our groups' overarching strategic objectives.

   The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us and as such have collaborated with various charities and foundations.

   Engagement: The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. We encourage our employees to volunteer (through paid leave) for local projects to support the communities in which they live and work and have in the past raised donations for various charitable causes.

   b. *Environment*

   We carry out multiple activities to improve the overall environmental conditions of our office building by cutting down the amount of waste produced by recycling used water and recycling 98% of waste. We have installed PV solar panels, which store solar energy and are currently using heat from the earth to heat the building thereby being more energy efficient.

   We have installed a building management system to monitor energy usage and temperature control at our main site as well as programmable lighting systems, (including PIR), to reduce usage at non-occupied times and LED lights in 100% of areas.

   We also encourage our key suppliers to sign up to our group CSR Procurement Guidelines and their actions and commitment to CSR is tracked through the Ecovadis platform. Only suppliers who have conducted the self-assessment may progress to the next step, which is the selection process. For further on our commitment to corporate social responsibility and details of how we interact with communities and the environment, please see: https://www.publicisgroupe.com/en/the-groupe/corporate-social-responsibility/csr-strategy.

   Finally, the Group is emerging from this pandemic both stronger and ever more committed, as evidenced by the progress recorded this year in terms of ESG, which is reflected in the obtaining of first place, in our sector, in the rankings of 8 of the 10 major rating agencies.

Strategic Report (continued)
for the year ended 31 December 2022

Section 172 statement (continued)

Our stakeholders (continued)

4. *Shareholders*

   The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue with all shareholders. It is important to us that shareholders understand strategy and objectives.

   The board throughout the year reviews the stakeholder interests set out in s.172 by information provided from the Company Secretary and senior management, who have direct engagement with the stakeholders. This year, the board have reviewed and approved reports, policies and processes on gender gap reporting, modern slavery and human trafficking, and payment practices, which affect the interests of various stakeholders (including employees and suppliers). For further details on these policies, please see: https://www.publicishealth.com/legal.

   The board recognises the need to review and regularly challenge the identity of our stakeholders as it makes decisions, as well as how we can improve engagement. This is something we will continue to review throughout 2023.

This report was approved by the board and signed on its behalf by:

P Chin
Director

30 June 2023

Directors' Report
for the year ended 31 December 2022

The directors present their report and the audited financial statements of Publicis Healthcare Communications Group Limited ("the Company") for the year ended 31 December 2022.

Results and dividends

The Company recorded a profit after tax for the year of £2,247,000 (2021: £4,885,000). No dividends were declared nor paid during the year (2021: £32,088,000).

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report on pages 2 to 12. These matters relate to the principal activity and financial risks.

Future developments

The directors do not foresee any material changes to the nature of the business in the foreseeable future.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were:

A King	(resigned 5 April 2023)
A von Plato	
C Frijns	(appointed 11 April 2023)
P Chin	

Directors' indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any directors of the Company, as defined by Section 236 of the Companies Act 2006, either by the Company or by any other party, was in force at the time of the signing of the report, and that no such provision had been in force at any time in the year.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees' engagement

The Company places considerable value on its engagement with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors

Directors' Report (continued)

for the year ended 31 December 2022

Employees' engagement (continued)

affecting the performance of the Company through electronic communication. Employees are consulted regularly on a wide range of matters affecting their current and future interests. See the s172 Statement in the Strategic Report on pages 4 to 12 for further information.

Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations as they fall due for the foreseeable future being a period of at least twelve months from signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:

P Chin
Director

30 June 2023

Statement of Directors' Responsibilities
for the year ended 31 December 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the members of Publicis Healthcare Communications Group Limited

for the year ended 31 December 2022

Opinion

We have audited the financial statements of Publics Healthcare Communications Group Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

Independent Auditor’s Report to the members of Publicis Healthcare Communications Group Limited (continued)
for the year ended 31 December 2022

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors’ Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the members of Publicis Healthcare Communications Group Limited (continued)
for the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation, employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates in particular in relation to revenue recognition, which we pointed to cut-off, impairment of goodwill and significant one-off or unusual transactions. .

Independent Auditor's Report to the members of Publicis Healthcare Communications Group Limited (continued)

for the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of our report

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

Rachel Lawton

Rachel Lawton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

30 June 2023

Statement of Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	3	49,876	44,923
Administrative expenses		(46,982)	(38,818)
Operating profit	4	2,894	6,105
Interest receivable and similar income	7	40	-
Interest payable and similar charges	8	(3)	(21)
Profit before taxation		2,931	6,084
Taxation	9	(684)	(1,199)
Profit after taxation		2,247	4,885
Other comprehensive income		-	-
Total comprehensive income for the year		2,247	4,885

The Company's revenue and operating profit all relate to continuing operations.

The notes on pages 23 to 44 form part of these financial statements.

Balance Sheet
At 31 December 2022

	Notes	2022 £'000	Restated 2021 £'000
Non-current assets			
Deferred tax	9	348	332
Intangible assets	10	28,003	28,003
Property, plant and equipment	11	85	211
Right of use assets	12	-	998
Investments	13	-	563
		28,436	30,107
Current assets			
Work in progress		412	610
Trade and other receivables	14	18,754	50,955
Derivative assets	19	13	20
		19,179	51,585
Current liabilities			
Trade and other payables	15	(16,211)	(51,704)
Short-term lease liabilities	12	-	(335)
Derivative liabilities	19	(13)	(5)
		(16,224)	(52,044)
Net current assets / (liabilities)		2,955	(459)
Total assets less current liabilities		31,391	29,648
Non-current liabilities			
Long-term lease liabilities	12	-	(646)
		-	(646)
Net assets		31,391	29,002
Capital and reserves			
Share capital	16	140	140
Share premium	17	9	9
Capital reserve	17	10	10
Retained earnings	17	31,232	28,843
Total equity		31,391	29,002

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P Chin
Director

30 June 2023

The notes on pages 23 to 44 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Capital reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021 as previously reported	140	9	10	55,215	55,374
Prior year adjustment	-	-	-	735	735
At 1 January 2021 (restated)	140	9	10	55,950	56,109
Profit for the year	-	-	-	4,885	4,885
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,885	4,885
Share-based payments (see Note 18)	-	-	-	96	96
Dividends paid	-	-	-	(32,088)	(32,088)
At 31 December 2021 (restated)	140	9	10	28,843	29,002
Profit for the year	-	-	-	2,247	2,247
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,247	2,247
Share-based payments (see Note 18)	-	-	-	142	142
At 31 December 2022	140	9	10	31,232	31,391

The notes on pages 23 to 44 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies

1.1. Basis of preparation

Publicis Healthcare Communications Group Limited ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is 1st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR. These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006.

Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value. The Company's functional and presentational currency is Pound Sterling.

Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by Publicis Groupe S.A., the ultimate parent undertaking, incorporated in France and are available from the address set out in Note 22. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The directors have prepared detailed budgets and financial forecasts taking into account expected future trading performance. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations as they fall due for the foreseeable future being a period of at least twelve months from signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing as permitted by FRS 101:

(i) The requirements of IFRS 2 'Share-based Payment' paragraphs 45(b) and 46 to 52 relating to certain disclosure requirements on share-based payments;

(ii) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(iii) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';

(iv) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases';

(v) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 38(118)(e));

(vi) The requirements of IAS 1 'Presentation of Financial Statements' paragraph 16, the requirement to make an explicit and unreserved statement of compliance with IFRS;

(vii) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;

(viii) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(ix) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d) and 111 relating to the presentation of a Cash Flow Statement;

(x) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective;

(xi) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 and 18(a) relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group; and

(xii) The requirements of IAS 36 'Impairment of Assets' paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) relating to certain disclosure requirements of impairment testing.

For the disclosure exemptions listed in points (i) to (ii) and (xi), the equivalent disclosures are included in the consolidated financial statements of the group, Publicis Groupe S.A. which the Company is consolidated into.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.1. Basis of preparation (continued)

Changes in accounting policies

New and amended standards and interpretations adopted

The following standards and interpretations have been adopted by the Company as they are mandatory for the year ended 31 December 2022:

	UK effective date Periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use (Issued May 2020)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

1.2. Accounting principles

Revenue recognition

The Company's revenue stems from contracts with clients to provide creative and production services, direct and digital marketing, CRM (Customer Relationship Management), sales promotion and point of sales marketing, public relations, event management, institutional and financial communication as well as digital business transformation consulting.

Revenue recognised from contracts with clients comprises fees, commission, performance-based bonuses, and reimbursement of third-party costs incurred on behalf of clients and is stated exclusive of VAT, sales taxes and trade discounts. Fees are usually calculated on the basis of an hourly rate plus overheads and a margin. Contracts are short-term in nature, generally under one year, and the Company typically has right to payment to the end of the contract or as a minimum for the work performed to date.

Performance obligations

Revenue is recognised when a performance obligation is satisfied in accordance with the terms of the contractual arrangement. Generally, the promised services in a contract are not considered distinct and are accounted for as a single performance obligation. The promised services are only distinct if the client can benefit from the services on its own and if the Company's promise to transfer these services is separately identifiable from other promises in the contract. As such, these services are recognised as separate performance obligations.

In creative advertising, there are two performance obligations, one for creative advisory services and the second for production, with the revenue being allocated for each performance obligation based on the stand-alone selling price as defined in the contract.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Revenue recognition (continued)

Variable considerations of the transaction price

Some contracts include incentives that are subject to qualitative or quantitative performance criteria. These variable components are only included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance-based incentives are typically only recognised when the performance criteria specified in the contract have been met and the client has confirmed its agreement.

Revenue recognition

Almost all the Company's revenue is recognised over time because the client simultaneously receives and consumes the benefit of the services or an asset is generated with no alternative use and for which the Company is entitled to payment for the work done to date.

For the majority of fee arrangements, revenue is recognised over time based on internal measurement which best describes the level of effort spent on the project, usually calculated using an input method on the basis of hours worked and direct external costs incurred on the project to date. For retainer arrangements with a dedicated team, the Company considers that its performance obligation is to be ready at all times to make resources available to the client. In this instance, revenue is recognised on a straight-line basis over the term of the contract.

"Agent" vs. "Principal" Considerations

When third party suppliers are involved in providing services to clients, the Company considers that it is acting as "Principal" if at least one of the following criteria is satisfied:

- The Company obtains control of the asset or service before transferring it to the client;
- The Company has the ability to direct the supplier(s);
- The Company incorporates or combines the work of suppliers to deliver the promised goods or services to the client.

When the Company acts as "Principal", the revenue is recognised for the gross amount invoiced to the client. When the Company acts as "Agent", revenue is recognised net of the pass through costs to clients, which means that revenue recorded is solely comprised of fees or commission. In any case, out of pocket expenses reimbursed by clients (transport, hotels, meals, etc.) are always recognised in revenue.

Contract modifications

On occasion, the client may ask for changes to the scope of the services in the course of the contract. These changes are generally negotiated as new contracts encompassing the additional needs with the related compensation.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. All differences arising are recognised in the Statement of Comprehensive Income. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the Statement of Comprehensive Income.

Pensions

The Company operates a defined contribution scheme for its employees. Contributions to the defined contribution scheme are recognised in the Statement of Comprehensive Income in the period in which they become payable.

Interest income and expense

Interest income arises from balances with group undertakings. Interest expense arises from financing activities. Interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest method.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to an item of income or expense recognised as other comprehensive income or to an item directly recognised in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet date except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities of businesses acquired. Goodwill is allocated to a cash-generating unit(s) which the Company considers to be each brand or group of brands.

Goodwill allocated to a cash generating unit are subject to impairment tests on at least an annual basis. The carrying value of a cash generating unit is compared to the recoverable amount, defined as the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows.

Any impairment is recognised immediately in the Statement of Comprehensive Income and is not subsequently reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated present value future costs of dismantling and removing the items.

Depreciation is provided at rates calculated to write off the cost of assets on a straight-line basis over its estimated useful life, as follows:

Leasehold improvements	-	over the shorter of the lease term and the useful economic life of the asset
Furniture, fittings and equipment	-	5 to 10 years
Computer equipment	-	3 to 4 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the Statement of Comprehensive Income.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right of use asset and a lease liability at the lease commencement date except for short term leases with a lease term of 12 months or less or leases of low value assets. For these leases, the Company recognises the lease payments in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The right of use asset is initially measured based on the initial amount of the lease liability adjusted

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Leases (continued)

for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The asset is depreciated over the term of the lease using the straight-line method.

At each reporting date, the Company assesses whether there is any indication of impairment. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest expensed using the effective interest method and reducing the carrying amount for lease payments made. Lease modifications result in remeasurement of the lease liability.

Investments

Investments are stated at cost less provision for impairment. At each reporting date, the Company assesses whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is determined which is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

Work in progress

This mainly includes work in progress linked to the advertising business, i.e. the technical work involved in the creation and production of advertisements for print, TV, radio, publishing, etc. for which the client is ultimately liable but has not yet been invoiced. They are recognised on the basis of costs incurred and a provision is recorded when their net realisable amount is lower than cost. Un-billable work or costs incurred relating to new client development activities are not recognised as assets, except for tendering expenses which may be re-invoiced to the client under the terms of the contract. In order to assess the net realisable amount work in progress is reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of commercial disputes with the client.

Trade and other receivables

Trade receivables are recognised at the initial amount of the invoice, except for longer-term debtors explained below. Trade receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor. Due to the nature of the Company's activities, trade receivables are of a short-term nature and are measured at amortised cost using the effective interest method. Nevertheless, any trade and other receivables of a longer-term nature will be recognised at their discounted value.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Contract assets

Contract assets consist of revenue recorded when a performance obligation has been satisfied but not yet invoiced. Contract assets are transferred to trade receivables when the right to consideration becomes unconditional and the service is invoiced to the client in accordance with the terms of the contract.

Trade and other payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services. These payables are generally due within less than one year. Financial liabilities are measured at amortised cost using the effective interest method.

Contract liabilities

Contract liabilities correspond to deferred income. These are considerations received or invoiced to clients for which the Company has an obligation to provide goods or services.

Contract liabilities do not include client advances for external costs incurred on behalf of clients and that are directly pass-through to the clients when the Company acts as "Agent". Such advances are recorded under Trade payables.

Financial liabilities carried at fair value

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign exchange risk exposures.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

1.2. Accounting principles (continued)

Financial liabilities carried at fair value

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign exchange risk exposures.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivatives are recognised initially at fair value determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date. Attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred. Subsequently, derivatives are measured at fair value with any gain or loss resulting from changes in their value being recognised in the Statement of Comprehensive Income.

Share-based payments

The Publicis Group operates various share plans whereby certain employees are awarded equity-settled shares by the ultimate parent company Publicis Groupe S.A. for services to the Company. The Company has no obligation to settle the awards.

The fair value of the equity-settled share-based payments at the date of grant is expensed to the Statement of Comprehensive Income over the vesting period with a corresponding entry in retained earnings. Fair value on grant date is determined by an independent expert and is either equal to the market price on the grant date adjusted to reflect the expected loss of dividend(s) during the vesting period or through the use of the Black Scholes model. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of shares that will eventually vest. Non-vesting and market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also expensed to the Statement of Comprehensive Income over the remaining vesting period.

Dividends paid

Dividends are recognised when they become legally payable. Interim dividends to equity shareholders are recognised when paid. Final dividends to equity shareholders are recognised when approved by the shareholders at the annual general meeting.

Notes to the financial statements
for the year ended 31 December 2022

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires of the use of certain critical accounting judgements and estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting judgements

Revenue recognition

Revenue is recognised on the basis of the satisfaction of performance obligations and the stage of completion of projects ongoing at the year-end. Judgement is required to determine the satisfaction of performance obligations and the value and timing of recognition. Variable revenue is only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur. Revenue from projects ongoing at the year-end is recognised on an internal measurement which best describes the level of effort spent on the project, usually calculated using an input method on the basis of hours worked and direct external costs incurred on the project to date. Due to the subjective nature of these judgements, changes could materially affect the timing and extent of revenue and contract assets recognised in these financial statements.

Impairment of investments and goodwill

An assessment is performed for any indication that the carrying value of investments in subsidiaries and goodwill has suffered an impairment loss by comparing this carrying value to the expected value in use of the underlying investment and cash generating unit. The value in use calculation takes into account estimated future cash flows which are discounted to their present value using a pre-tax discount rate considering 5-year forecasts into perpetuity. During the year, an impairment charge of £563,000 (2021: £Nil) has been recognised and at 31 December 2022 the carrying value of investments in subsidiaries is £Nil (2021: £563,000).During the year, an impairment charge of £Nil (2021: £Nil) has been recognised in relation to goodwill and at 31 December 2022 the carrying value of goodwill is £28,003,000 (2021: £28,003,000).

Key sources of estimation uncertainty

Share-based payments

In determining the fair value of equity-settled share-based awards and the related expense to the Statement of Comprehensive Income, the Company makes assumptions about future events and market conditions. In particular, the Company has to as assess the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined by an independent expert using a valuation model which is dependent on a number of assumptions, including the ultimate parent company's future dividend policy and the future volatility in the share price of the ultimate parent company's shares. These assumptions are inherently uncertain and could result in a material difference to the reported value of share-based payment expense. The total expense recognised for share-based payments in respect of employee services received during the year to 31 December 2022 is £142,000 (2021: £96,000).

Notes to the financial statements
for the year ended 31 December 2022

3. Revenue

The activities of the Company during the year were principally related to the provision of marketing, medical education, public and professional relations, clinical expertise and experience and digital engagement to the pharmaceutical industry, charitable bodies and governmental entities, and advertising services in the healthcare sector. The directors believe that such activities comprise a unified class of business which cannot be further analysed into segments.

An analysis of revenue by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	6,484	4,413
Europe	27,432	25,859
USA	15,960	14,651
	49,876	44,923

4. Operating profit

The operating profit is stated after charging:

	2022 £'000	2021 £'000
Loss on transactions denominated in foreign currency	19	44
Loss on disposal of property, plant and equipment	195	232
Depreciation of property, plant and equipment (see Note 11)	19	94
Depreciation of right of use assets (see Note 12)	35	410
Impairment of investments (see Note 13)	563	-
Auditor's remuneration	22	32

5. Employees

Staff costs were as follows:

	2022 £'000	2021 £'000
Wages and salaries	21,565	18,732
Social security costs	2,772	2,425
Pension costs	1,034	844
	25,371	22,001

Included in total staff costs is a total expense for share-based payments of £142,000 (2021: £96,000) arising from transactions accounted for as equity-settled share-based payment transactions (see Note 18).

Notes to the financial statements
for the year ended 31 December 2022

5. Employees (continued)

The average monthly number of persons employed by the Company during the year was:

	2022 No.	2021 No.
Advertising	292	262
Administration	51	52
	343	314

6. Directors' remuneration

Several of the directors are also directors of a number of subsidiaries of the ultimate parent undertaking and are directly remunerated for services provided by fellow subsidiaries of the ultimate parent undertaking. The below represents the amount allocated to the Company for the services these directors have provided to the Company as directors and amounts paid to directors remunerated directly by the Company.

	2022 £'000	2021 £'000
Emoluments	367	293
Defined contribution pension costs	-	1
	367	294

There were No (2021: 1) directors who were members of a money purchase pension scheme during the year.

There was 1 (2021: 2) director who was granted share options and 2 (2021: None) directors who exercised options during the current year.

The above amounts for remuneration include the following in respect of the highest paid director:

	2022 £'000	2021 £'000
Emoluments	237	208
Defined contribution pension costs	-	1
	237	209

The highest paid director exercised share options in the year (2021: Did not exercise) and received shares under a long term incentive scheme.

Notes to the financial statements
for the year ended 31 December 2022

7. Interest receivable and similar income

	2022 £'000	2021 £'000
Intercompany interest receivable	40	-

8. Interest payable and similar charges

	2022 £'000	2021 £'000
Intercompany interest payable	2	-
Interest on lease liabilities	1	21
	3	21

9. Taxation

(a) Analysis of charge for the year

	2022 £'000	2021 £'000
Current tax		
Corporation tax	700	1,202
Adjustment in respect of previous periods	-	50
Total current tax	700	1,252
Deferred tax		
Origination and reversal of temporary differences	(23)	(13)
Adjustment in respect of previous periods	90	40
Change in tax rate	(83)	(80)
Total deferred tax (see Note 9(c))	(16)	(53)
Tax on profit on ordinary activities (see Note 9(b))	684	1,199

Notes to the financial statements
for the year ended 31 December 2022

9. Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are reconciled below:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	2,931	6,084
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	557	1,156
Expenses not deductible for tax purposes	18	33
Impairment of investment	107	-
Accelerated capital allowances	(5)	-
Adjustment in respect of previous periods	90	90
Remeasurement of deferred tax for changes in tax rates	(83)	(80)
Total tax charge (see Note 9(a))	684	1,199

(c) Deferred taxation

	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 January 2021	166	113	279
Credit / (debit) to profit and loss	27	(14)	13
Deferred tax in respect of prior year	(40)	-	(40)
Changes in tax rates	49	31	80
At 31 December 2021	202	130	332
(Debit) / credit to profit and loss	(31)	54	23
Deferred tax in respect of prior year	(58)	(32)	(90)
Changes in tax rates	35	48	83
At 31 December 2022	148	200	348

Analysis of deferred tax balance for financial reporting purposes:

	2022 £'000	2021 £'000
Deferred tax assets	348	332

Notes to the financial statements
for the year ended 31 December 2022

9. Taxation (continued)

(d) Factors that may affect future tax charges

The UK Government announced plans to increase the standard rate of corporation tax from 19% to 25% from 1 April 2023. This change was substantively enacted by the year end and therefore has been reflected in the calculation of deferred tax above.

10. Intangible assets

	Goodwill £'000
Cost	
At 1 January and 31 December 2022	30,505
Amortisation	
At 1 January and 31 December 2022	2,502
Net book value	
At 31 December 2022	28,003
At 31 December 2021	28,003

11. Property, plant and equipment

	Leasehold improvements £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2022	1,613	558	725	2,896
Additions	-	64	24	88
Disposals	(1,598)	(119)	(78)	(1,795)
At 31 December 2022	15	503	671	1,189
Depreciation				
At 1 January 2022	1,412	549	724	2,685
Charge for the year	6	11	2	19
Disposals	(1,403)	(119)	(78)	(1,600)
At 31 December 2022	15	441	648	1,104
Net book value				
At 31 December 2022	-	62	23	85
At 31 December 2021	201	9	1	211

Notes to the financial statements
for the year ended 31 December 2022

12. Leases

(a) Right of use assets

	Property £'000	Other	Property £'000
Cost			
At 1 January 2022	2,608	36	2,644
Transfer to fellow group undertaking	(2,608)	(36)	(2,644)
At 31 December 2022	-	-	-
Depreciation			
At 1 January 2022	1,622	24	1,646
Charge for the year	34	1	35
Transfer to fellow group undertaking	(1,656)	(25)	(1,681)
At 31 December 2022	-	-	-
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	986	12	998

(b) Lease liability

Analysis of maturities of lease liabilities:

	2022 £'000	2021 £'000
Less than one year	-	335
After one year but not more than five years	-	646
	-	981

Notes to the financial statements
for the year ended 31 December 2022

13. Investments

	Subsidiaries £'000
Cost	
At 1 January and 31 December 2022	12,711
Provision for impairment	
At 1 January 2022	12,148
Charge for the year	563
At 31 December 2022	12,711
Net book value	
At 31 December 2022	-
At 31 December 2021	563

The Company has investments in the following subsidiary undertakings at the year-end:

Name	Direct %	Country of Incorporation	Activities	Registered office
Langland Advertising Design and Marketing Limited	100	England & Wales	Dormant	1

1. 1st Floor, 2 Television Centre, 101 Wood Lane, London W12 7FR, United Kingdom

14. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	11,029	14,061
Amounts owed by group undertakings	4,621	34,444
Prepayments	62	158
Contract assets	3,000	2,271
Other receivables	42	21
	18,754	50,955

Notes to the financial statements
for the year ended 31 December 2022

15. Trade and other payables

	2022 £'000	Restated 2021 £'000
Trade payables	1,491	2,141
Amounts owed to group undertakings	2,324	34,221
Other taxation and social security costs	882	1,186
Accruals	5,483	5,168
Contract liabilities	5,907	8,706
Payments on account	121	91
Other payables	3	191
	16,211	51,704

16. Share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
139,510 (2021: 139,510) ordinary shares of £1 each	140	140

17. Reserves

Share premium

This represents the difference between the issue price and the nominal value of the shares issued.

Capital reserve

Capital reserve represents the amount arising from the purchase of own share capital.

Retained earnings

This reserve represents the cumulative profits and losses of the Company less amounts distributed to shareholders.

18. Share-based payments

The total expense recognised for share-based payments in respect of employee services received during the year to 31 December 2022 is £142,000 (2021: £96,000). The total expense arose from equity-settled share-based payment transactions.

Free share plans (senior employees)

Free shares are granted to senior employees of the Company at the discretion of the Management Board of the ultimate parent company Publicis Groupe S.A.. The free share plans outstanding at 31 December 2022 have the following characteristics:

Notes to the financial statements
for the year ended 31 December 2022

18. Share-based payments (continued)

Long Term Incentive Plan (LTIP) 2021

Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:

- a continued presence condition, during the three-year vesting period;
- conditions for achieving the Group's revenue growth and profitability targets for the year 2021;
- conditions based on progress made on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2021, the percentage of women in key management positions as well as the percentage of change of integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in March 2024.

Long Term Incentive Plan (LTIP) 2022

Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:

- a continued presence condition, during the three-year vesting period;
- conditions for achieving the Group's revenue growth and profitability targets for the year 2022, compared to a reference group including the other three main global communications groups (Omnicom, WPP and IPG);
- conditions based on progress made on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2022, the percentage of women in key management positions as well as the percentage of change of integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, i.e. in March 2025.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

No other features of options grant were incorporated into the measurement of fair value.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Notes to the financial statements
for the year ended 31 December 2022

19. Financial instruments

The derivatives, which have a three month life, are valued based on a discounted cash flow, using quoted forward rates (an observable input) and discounted at a rate that takes into account credit risk.

Categories of financial instruments held at fair value

	2022 £'000	2021 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	13	20
Financial liabilities at fair value through profit and loss		
Derivative instruments – Liabilities	13	5

Fair value hierarchy

The table below breaks down financial instruments recognised at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable data other than quoted prices for identical assets or liabilities in active markets;
- Level 3: Unobservable data.

Derivative financial instruments valued using level 2 valuation techniques.

Changes in the value of financial instruments at fair value

Profit for the year has been arrived after charging/ (crediting):

	2022 £'000	2021 £'000
Financial assets at fair value through profit and loss		
Derivative instruments – Assets	8	2
Financial liabilities at fair value through profit and loss		
Derivative instruments – Liabilities	(4)	(1)

Notes to the financial statements
for the year ended 31 December 2022

20. Related party transactions

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with Group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year ended 31 December 2022 the Company had the following transactions with other subsidiaries of Publicis Groupe S.A. that are not 100% owned.

	Payables		Receivables		Services		Billings	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
MMS Communications Vietnam Company Ltd	-	-	-	-	-	-	(1)	-

21. Prior year restatement

A prior year restatement of the financial statements has been recognised due to:

- A difference has been noted on historical intercompany balances with a fellow group undertaking which was incorrectly included in the Company's financial statements. Therefore, an adjustment has been processed to correctly present the Amounts owed to group undertakings and Retained earnings as at 31 December 2021 and 31 December 2020;
- A number of reclassification adjustments have been recognised in respect to Accruals and Amounts owed to group undertakings as at 31 December 2021, accruals and contract liabilities as at 31 December 2021, corporation tax and amounts owed to group undertakings at 31 December 2021 and trade payables and other taxation and social security at 31 December 2021. These reclassifications aid comparability for readers of the financial statements and there is no impact on the reported profit after tax or net assets in the prior year.

The impact of the above restatements on the financial statements has been summarised below:

	Previously reported £'000	Adjustment £'000	After restatement £'000
Balance Sheet at 1 January 2021			
Amounts owed to group undertakings	(2,451)	735	(1,716)
Retained earnings	55,215	735	55,950
Balance Sheet at 31 December 2021			
Corporation tax	(2,299)	2,299	-
Trade payables	(2,134)	(7)	(2,141)
Amounts owed to group undertakings	(32,531)	(1,690)	(34,221)
Other taxation and social security	(1,193)	7	(1,186)
Accruals	(5,327)	159	(5,168)
Contract liabilities	(8,673)	(33)	(8,706)
Retained earnings	28,110	733	28,843

Notes to the financial statements
for the year ended 31 December 2022

22. Ultimate parent undertaking and controlling party

The immediate parent undertaking is MMS UK Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking, controlling party and the parent undertaking of the largest and smallest group to include the Company in its group financial statements is Publicis Groupe S.A., incorporated in France. Copies of its consolidated financial statements are available from 133 Avenue des Champs Elysees, 75008 Paris, France.