ebiquity

Creating a Better Media World, Together.

Annual report and financial statements
for the year ended 31 December 2022
Ebiquity plc
Company number 03967525

Contents

Strategic report

An overview of key actions and events in 2022 and early 2023, together with our priorities as we move forward.

Corporate governance

This section provides information on how the Company is governed and the activities of the Board.

Our strategy

Read more on pages 15 and 16

Environmental, social & governance

Read more on pages 26 to 34

Financial statements

***This section includes our financial statements,* notes and auditors' report for the Group and Company.**

Highlights

£76.0m	**Revenue** **2021: £63.1m**
£9.3m	**Adjusted operating profit**[1] **2021: £4.7m**
£(5.9)m	**Statutory operating loss** **2021: £(5.1)m**
£(7.2)m	**Statutory loss before tax** **2021: £(5.7)m**
£8.0m	**Adjusted profit before tax**[1] **2021: £4.1m**
5.4p	**Adjusted earnings per share**[1] **2021: 2.7p**
(6.9)p	**Statutory loss per share** **2021: (8.5)p**

- *Revenue increased by £12.9 million (20%) to £76.0 million and* organically by £5.7 million (9%)
- Adjusted operating profit increased by 98% to £9.3 million
- Adjusted operating profit margin increased by 5 percentage points to 12%
- Acquisitions in the period contributed revenue of £6.8 million
- Statutory operating loss increased by £0.8 million to £5.9 million (2021: £5.1 million) as a result of the increased level of highlighted items up by £6.1 million to £15.2 million (2020: £9.3 million)
- Highlighted items include accruals in the period of £7.9 million towards the contingent consideration for the acquisition of Digital Decisions B.V of £15.8 million, payable in 2023 (based on its strong performance in 2021 and 2022)
- Net debt of £9.1 million: cash balances of £12.4 million and bank borrowings of £21.5 million as at 31 December 2022 with undrawn bank facilities of £8.5 million
- Statutory cash flow from operations of £1.2 million (2021: £8.7 million)
- Adjusted cash flow from operations of £6.2 million (2021: £13.2 million), representing cash conversion of 67%[1]

1. In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). Details of their calculation are set out on page 144

At a glance

Who we are

Ebiquity is the world leader in media investment analysis

Our vision

Creating a Better Media World, Together

Ebiquity's purpose is simple

We exist to help brand owners increase returns from their media investments and so improve business performance

Our values

- Collaboration.
- Creativity.
- Clarity.
- Courage.

In numbers

One Ebiquity

Ebiquity operates in 18 markets globally, representing 80% of the world's media investments. This means that we are best placed to advise multinational brand owners.

The Company has more than 600 media specialists. We have the largest pool of dedicated media professionals outside the agency groups.

110
markets analysed annually

US$100bn
media spend and contract value

80%
of global advertising market covered

Chair's statement

> "The Group is reporting a strong performance with revenue, adjusted operating profit and adjusted profit margins all increasing significantly compared to 2021."

During 2022, we have seen the benefits resulting from our strategy of refocusing the business and of the transformation programme under way in our products, management, operational processes and technology platform. As a result, the Group is reporting a strong performance with revenue, adjusted operating profit and adjusted profit margins all increasing significantly compared to 2021.
This reflects good organic revenue growth of 9% as well as the contribution from the three acquisitions made in the year.

This performance has been achieved despite evident challenges in the political and economic environment affecting our clients, many of whose businesses operate globally, including the impact of the war in Ukraine and the recent rapid increase in inflation in most economies.

The Group's statutory operating loss increased to £5.9 million. This is impacted by highlighted items of £15.2 million, a number of which will not recur in future periods.

We are also announcing today that Alan Newman, our Chief Financial and Operating Officer, will be retiring at the end of June. Our search for his replacement is well advanced and we will provide an update on this in due course. I should like to take the opportunity, on behalf of myself and the Board, to thank Alan for his hard work and commitment to the Group over the past four years. He has made a significant contribution to the successful development and repositioning of our business during that time. We wish him all the best for the future.

On behalf of the Board, I would also like to thank all of our employees for their hard work, creativity and commitment this year. In recognition of the cost of living challenges faced by our staff, the Group was pleased to make a one-off payment in October to support those who were more in need. Although the impact of the Covid pandemic generally reduced this year, we note that our staff and business in China continued to experience disruptions.

It is pleasing to report that Digital Decisions, which we acquired as an early stage start-up in 2020, has more than met expectations over the last three years, both in spearheading the development of our Digital Media Solutions business line and in the revenue and profit contribution it has delivered to the Group.

During the year we made three acquisitions: Media Path Network, a global business based in Europe; Media Management LLC ('MMi') in the USA and our external partner in Canada, Forde and Semple. The integration of these acquisitions is progressing well. They are already helping to transform our business and have increased our global scale and client coverage in key markets, as well as enhancing our earnings. As set out in our strategy, we will continue to explore opportunities to build further capability in key media markets.

Chair's statement continued

The divestment of our shareholding in the Russian business, as previously announced, is in process, although it remains subject to Russian government approval.

As a leading global provider of media investment analysis, Ebiquity continues to ensure that it supports the needs of advertisers in navigating the fast-changing media landscape. Ebiquity's core strengths include our media expertise, independence and ability to develop innovative products as new media channels emerge. We deploy these through our international network, now present in 18 countries and our team of media specialists located across it, both of which are unmatched in our sector. We recognise that our growth also depends on our ability to deepen relationships with existing clients and to win new mandates on the strength of our offering. Our team's focus on improving the management of key client relationships has contributed to our successful growth in the past year.

During the year, we have continued on our ESG journey. We have measured our Scope 1-3 consumption across our top six markets (81% of our business) and from this we identified the major areas to address. As expected for a professional services company, our consumption is dominated by Scope 3 emissions, which account for over 90% of our total emissions. The key categories are purchased goods and services, fuel and energy related activities, waste generation and travel. Actions being taken to reduce our consumption include having a hybrid working policy, guidance for business travel and analysis of our supply chain. During 2023 we will begin planning our pathway to net zero and prepare to report under the new UK regulations on climate-related disclosure in 2024.

Ebiquity's market opportunity within the global advertising market is huge as digital advertising continues to develop fast and our clients face increasingly complex challenges in managing their advertising investments. We have a clear strategy for capitalising on this opportunity and enhancing our leadership position. Our results this year demonstrate our management team's ability to deliver growth and to improve profitability. They have a comprehensive plan for further improving margins over the medium term through process efficiency, use of our technology platforms and deployment of resources in line with our global scale. While ensuring we deliver organic growth, we will also consider opportunities to make further acquisitions that benefit our business.

The Board and I remain confident that Ebiquity is well placed to deliver growth and value to our shareholders.

Rob Woodward
Chair

30 March 2023

Chief Executive Officer's review

> "We have delivered a strong performance in 2022 and made significant progress against our strategic objectives and target operating metrics."

Unique market position

Ebiquity's purpose is simple. We exist to help brand owners increase returns from their media investments and so improve business performance. We do this by analysing billions of dollars of advertising spend globally, as well as trillions of advertising impressions. Using this intelligence, we provide independent, fact-based advice which enables brands to drive efficiency and increase effectiveness. Our work helps to eliminate wasteful advertising spend and to create value.

As the world leader in media investment analysis, we count over 70 of the world's top 100 advertisers as our clients. We are entirely independent of the media supply chain, which enables us to provide clients with objective, unbiased advice. We do this through our global network of over 600 media specialists based in 18 countries, which covers some 80% of the world's advertising spend.

We operate in a very large global advertising market, which is worth over US$930 billion per year (Source: eMarketer). We analyse c.US$100 billion of global media investment and contract value annually, including more than a trillion digital media impressions. Some two-thirds of this is spent through digital media channels.

A year of delivery

I am very pleased with our performance during the year. We are delivering effectively against our four key strategic objectives which are to: develop higher value strategic relationships with more clients; develop productised solutions for the digital market; improve operating efficiency; and increase scale in the USA and Asia Pacific. As a result, we have delivered a strong revenue performance up 20% to £76 million, and up organically by 9%, with adjusted operating profit almost doubled to £9.3 million. It is particularly pleasing that we have also seen a strong adjusted profit margin improvement from 7% in FY21 to 12% in FY22, especially as this was achieved within a challenging economic environment.

Our performance reflected a good contribution from our largest Service Line, Media Performance, where revenue grew by 33%, benefiting from our three acquisitions during the year and the growth of Digital Media Solutions within it. Contract Compliance was the standout organic performer with 25% revenue growth. Marketing Effectiveness was flat year on year but its profitability improved, reflecting strong discipline in declining several large but unprofitable renewals.

Chief Executive Officer's review continued

A year of delivery continued

Media Management had a more challenging year with revenue declining by 6%, reflecting lower agency selection activity in the market compared to the post-pandemic "surge" year of 2021. During the year, Tech Advisory, our smallest Service Line, became part of Media Management within which it is a more natural fit.

Acquisitions driving growth

We made two transformative acquisitions in 2022: Media Management LLC ('MMi') in the USA and Media Path Network AB ('Media Path') in Europe. The US acquisition has enabled us to more than double our size in the world's biggest advertising market and significantly increased our penetration of large US advertisers. With the acquisition of Media Path we have a globally distributed business managed from Sweden, operating a high quality technology platform, which is providing us with an effective base from which to drive greater efficiency in the delivery of our services Group wide. We have made good progress in integrating these businesses, having successfully started the process of transitioning client work to the GMF 365 technology platform. We also delivered synergy benefits in the year in line with our stated goal of achieving £5 million annualised benefits by 2025. Importantly, both acquisitions have contributed positively to these results. In addition, we also made the small, tactical acquisition of Ford & Semple (now renamed Ebiquity Canada) to provide us with further scale in North America. As part of accelerating our growth we will continue to identify suitable acquisition opportunities.

Product innovation driving growth

One of the key drivers of our growth has been the development of innovative Digital Media Solutions that meet client needs. We now have seven productised Digital Media Solutions in the market, with the global Digital Governance programme representing the core solution to which other products are often added. The demand for these products has enabled us to increase DMS revenue by 76% to £6.5 million (2021: £3.7 million) and to deliver a margin of over 50%. Underpinning this performance are the major strides we have made against the target operational metrics we set ourselves (see table below). 55 clients now buy one or more Digital Media Solutions, up from 28 last year, and we are ahead of expectations in terms of the deep pool of data we are able to analyse. This now covers 1.4 trillion digital media impressions worth US$6.6 billion annually. The number of markets to which our analysis extends now stands at 91, up from 87 last year, further demonstrating our ability to provide visibility and advice to the largest global advertisers across the entire geographical breadth of their operations. Our most recent new product development is a solution for Advanced Television, which is in a pilot stage in the USA and we also have a Retail Media solution under development.

One of the main products that we developed during the year was a Responsible Media Investment solution which supports advertisers in their efforts to improve governance of their media investments. It provides clients with visibility on whether their media spend is funding bad actors, namely publishers guilty of distributing disinformation or intellectual property theft, promoting hate speech, or aiding "Made for Advertising" websites that siphon off media investment without providing any value to the brand owner. This is not only an important landscape for our clients to navigate carefully, but also one where we want to play an active role in providing a solution. We have therefore become a signatory to the EU Code of Practice on Disinformation and are supporting the EU and its member states in reducing funding of disinformation.

In this spirit, we have also continued to lead our market in thought leadership, shaping industry debate on major topics and responding to market events. One of the major initiatives we undertook was to produce our first study using Scope3 data to measure the CO_2 impact of digital advertising. In "The Hidden Cost of Digital Advertising" we found that a sample of 116 billion impressions from US$375 million spend across 43 advertisers in 11 markets generated 77,826 metric tonnes of CO_2 – an average of 670 grammes per 1,000 impressions – the equivalent of flying c.1.35 million passengers from London to Paris.

Chief Executive Officer's review continued

Product innovation driving growth continued

This quantum of CO_2 emissions would take 3.7 million trees a year to absorb. As a result of this study, we have introduced a new metric CO_2PM (grams of CO_2 equivalents per 1,000 impressions) which we believe should be adopted immediately by the industry as a core metric to influence decision making and lead technology and media partners to optimise their practices to increase sustainability.

Operational metrics

Underpinning this year's performance are the major strides we have made against the target operational metrics as shown in the table below.

Table 1: Operational metrics

Key Performance Indicator	Baseline 2020	2021 actual	**2022 actual**
No. of clients buying one or more products from the new digital portfolio	10	28	**55**
Volume of digital advertising monitored (trillions of impressions)	0.1	0.6	**1.4**
Value of digital advertising monitored (billions of spend US$)	0.5	3.0	**6.6**
No. of countries served with new digital products	50	87	**91**
No. of clients buying two or more Services Lines	58	76	**97**
% of revenue from digital services	25%	29%	**32%**

Chief Executive Officer's review continued

Strong client relationships driving growth

Ebiquity's primary target market comprises the world's top 100 advertisers. Our strategy is to develop high value relationships from an increasing number of key clients. We have made good progress against this ambition with the number of clients buying two or more Service Lines, rising from 76 in 2021 to 97 in 2022. The demand for our services remains strong and we have won a number of significant new clients including Philips, Upfield, Qatar Tourism and Kering.

Creating a more efficient business

An unrelenting focus on improving our operating efficiency has helped to deliver the strong improvement in adjusted operating margin in FY22. We have reduced production costs by 4% compared to the prior year and took a number of other actions to improve productivity. These included not renewing unprofitable assignments and increasing revenues from higher margin digital solutions through a better product mix. In addition, our Media Operations Centre in Madrid continues to deliver economies of scale, with 20% more productive hours delivered this year as a result of further transfer of work to it from market units. One of the primary strategic reasons for acquiring MMi was not only to increase our scale in the USA, which has historically been underweight, but also for the operational efficiency it would deliver.

The integration has gone well and we delivered cost synergies by the year end in line with our plans. We have also begun the initial migration of clients to Media Path's GMP365 platform which will realise cost efficiencies through better use of automation. It is pleasing to note that we have maintained strong cost control while also being able to make a one-off cost of living relief payment to those of our staff who were most in need.

Further growth potential

Our priority is to increase scale in the USA and Asia Pacific, while also maintaining growth in Europe. Both priority markets have delivered strong performances. In the USA, the acquisition of MMi helped North America revenue to grow by 138%. Asia Pacific delivered growth of 18%, all organic, despite a challenging market in China where the zero Covid policy hindered economic activity and business generation. Revenue in Europe, which now includes Media Path, also grew strongly overall as well as in organic terms.

As previously reported, we are in the process of divesting the majority stake in our small Russian operation (2021 revenue of £1 million) but this transaction is subject to approval by the Russian government. An impairment provision of £0.3 million has been made against the Russian company assets in the Group balance sheet.

Growth outlook

The global media market is highly dynamic and changing rapidly, with the long-held hegemony of the Alphabet and Meta duopoly under pressure, alongside an explosive increase of media investment into Advanced Television and Commerce Media channels. In such a rapidly evolving and complex environment, it becomes more challenging for advertisers to understand the relative effectiveness and efficiency of channel options. As the market leader, we believe demand for our services will continue to increase as independent scrutiny of the effectiveness of these investments becomes even more important. In addition, we also expect to benefit from more assignments being put out to pitch as advertisers face continued inflationary pressures.

The dynamics of the advertising market continue to offer opportunities to Ebiquity and with our increased scale in key global markets, product innovation capability and leadership position, we remain well positioned for further growth.

Nick Waters
Chief Executive Officer
30 March 2023

Chief Executive Officer's review continued

Performance review

With a strategic focus on accelerating growth in North America and Asia Pacific, we are providing segmental reporting by geography as a more appropriate reflection of the way that the Group is now managed.

The three acquisitions have added further scale to Media Performance, our largest Service Line. Tech Advisory, the smallest Service Line, has now been incorporated into the Media Management Service Line. We will therefore deliver our offering through four Service Line – Media Management, Media Performance, Marketing Effectiveness, and Contract Compliance – across four geographic business units of North America, UK & Ireland, Continental Europe and Asia Pacific. The revenue from each geographic segment and Service Line is shown in the tables below, as is the adjusted operating profit of each segment.

Revenue by segment

	Revenue			
Segment	**FY22 £m**	FY21 £m	Variance £m	Variance %
UK & Ireland	**31.5**	32.3	(0.8)	(3%)
Continental Europe	**21.9**	17.4	4.5	26%
North America	**13.3**	5.6	7.7	138%
APAC	**9.3**	7.9	1.4	18%
Total	**76.0**	63.1	12.9	20%

Revenue in North America more than doubled in 2022. This was due to the contributions from MMi and Canada as well as organic growth of 73% delivered in line with our plans, including successful expansion of Digital Media Solutions and Contract Compliance services among US clients. European revenue grew by 26%, including Media Path, and organically by 6%. Within the region the best performers were France and Spain, which grew by 46% and 14% respectively. APAC revenue continued to grow well at 18%, with our Singapore unit up by 80%, reflecting new business wins among regionally based clients and China up by 11%, despite the challenges posed by extended lock down periods. In UK & Ireland, our largest and most mature region, revenue from UK domestic media work increased by 6%, although revenue from international projects fell by 13% in part due to lower global agency pitch activity among its clients.

Revenue by Service Line

	Revenue			
Service Line	**FY22 £m**	FY21 £m	Variance £m	Variance %
Media Performance	**50.3**	37.9	12.4	33%
Media Management	**8.1**	8.6	(0.5)	(6%)
Contract Compliance	**7.6**	6.1	1.5	25%
Marketing Effectiveness	**8.3**	8.3	–	–
Technology Advisory	**1.7**	2.2	(0.5)	(23%)
Total	**76.0**	63.1	12.9	20%

Our Media Performance Service Line helps clients to assess and optimise their media buying performance through services such as savings tracking, benchmarking and Digital Media Solutions. This was already our largest service and was boosted by the three acquisitions made in 2022, most of whose revenue arises from this area. Within this, Digital Media Solutions grew by 76%, with the core digital governance monitoring solution accounting for 60% of the total, while new solutions (such as Responsible Media Investment and Digital Value Index) launched over the past two years have also grown fast.

Revenue from Media Management services, which includes agency selection advice, fell by 6% due largely to the reduction in agency tendering activity by advertisers compared to 2021, which had been a very active year. We retained a high market share of global tenders run in the market. Contract Compliance service revenue increased by 25% reflecting in particular the success of initiatives to win new clients in North America (where revenue was up by 259%) with China and India also growing well.

Our Marketing Effectiveness service uses advanced analytics to help clients to optimise their media plans and improve returns on investment from their media spend. Revenue from this was static in the year. This reflected a focus on improving margins through more robust pricing which has led to a more profitable mix of clients, including several significant wins in the year.

Within Technology Advisory, the 23% decrease in revenue was due in part to the integration of the UK AdTech service within other areas and to a 7% reduction in Digital Balance, based in Australia, which optimises website performance. From 2023 onwards, this will no longer be a separate segment.

Chief Executive Officer's review continued

Performance review continued

Adjusted opercting profit by segment

	Adjusted operating profit				Adjusted operating profit margin	
	FY22 £m	FY21 £m	Variance £m	Variance %		
UK & Ireland	**6.6**	7.1	(0.5)	(6%)	**21%**	22%
Continental Europe	**6.4**	4.1	2.7	63%	**30%**	24%
North America	**0.9**	(0.6)	1.5	—	**7%**	(11)%
APAC	**1.9**	0.8	1.1	150%	**21%**	11%
Reportable segments	**15.9**	11.4	4.5	42%	**21%**	18%
Unallocated	**(6.5)**	(6.7)	0.2	3%	**(9)%**	(11)%
Total	**9.3**	4.7	4.6	98%	**12%**	7%

UK & Ireland remained our highest profit generating region, reflecting its size, although its operating profit and margin fell slightly reflecting its revenue performance. Continental Europe increased both its operating profit (by 63%) and margin (by six percentage points) significantly in the year due in part to the contribution from Media Path as well as to increased profitability in France, Spain and Italy, reflecting revenue gains and efficiency improvements. As planned, North America successfully completed the turnaround into becoming a profitable region due in part to the MMi acquisition and delivery of initial synergy benefits as well as revenue growth in the existing business. APAC's 42% growth in operating profit and almost doubling of the margin reflects its revenue performance and focus on winning higher value clients. Central (unallocated) costs reduced slightly in the year due in part to tight cost management and to the benefit of realised foreign exchange gains which are accounted for centrally. The reduction in the percentage of Group revenue that these costs represent also indicates the scale benefits resulting from the expansion of our operations in the past year.

Business model

Driven by:

Our purpose:

To help brand owners increase returns from their media investments and so improve business performance.

Our vision:

Creating a Better Media World, Together.

Our values:

- **Collaboration.**
- **Creativity.**
- **Clarity.**
- **Courage.**

How we advise our clients:

ebiquity

Media management
Optimising media models, processes, data and technology strategies to achieve business objectives

Media performance
Greater transparency, governance, efficiency, and accountability of media investments

Marketing effectiveness
Attribute, forecast and optimise investments to increase business outcomes and ROI

Contract Compliance
Ensure financial and service delivery compliance as contractually agreed. Returning value owed

Our strategic focus:

1

Clients

Read more on page 15

2

Product

Read more on page 15

3

Operational efficiency

Read more on page 16

4

Geographic development

Read more on page 16

Business model continued

Our assets:

The Ebiquity brand

Ebiquity has positioned itself as a trusted partner in navigating the challenges and opportunities of the media landscape.
The Ebiquity brand has established a strong reputation for excellence and integrity within the complex and dynamic media market, earning respect from both clients and agencies alike. This is a testament to the quality of its work, the value of its insights, and the professionalism and ethical standards of its people.

Clients

More than 70 of the world's top 100 advertisers choose Ebiquity as a trusted independent media adviser.

Data

The combination of clients and markets gives the Company access to large quantities of media data. The Group analysed over US$6.6 billion of digital media investment and 1.4 trillion impressions in 2022.

People

600 media specialists.

Data and technology strategy

Rapid, granular media evaluation through cutting edge data and technology

We have invested heavily in our **data capabilities** to create a state of the art infrastructure

Standardised and highly automated data processes minimise disruption to our customers and the media agencies, to focus on driving improvement

Timely data insights readily available to all parties, create transparency and enable timely course corrections

Full data ownership, maintained for our customers in a highly secured environment creates peace of mind

Other Ebiquity data points

Digital Media Solutions

Data partners eg

Centrally Accessible Media Data Vault

Business model continued

Why advertisers choose Ebiquity:

Independence
Ebiquity is one of very few participants in the media market with no vested commercial interests in any part of the supply chain. This ensures advertisers can depend on our advice being fully objective.

Comprehensive range of products
In 2022, the Company further developed its comprehensive range of digital solutions to help advertisers achieve their digital media goals with maximum efficiency and effectiveness. Our highly scalable, profitable, and best-in-class digital solutions have been proven to eliminate waste and create value in our clients' investments.

Geographic distribution
Ebiquity is present in 18 markets globally, representing 80% of the world's media investments.

Value created for clients
In 2022, we identified 21% of value improvement for our clients, worth more than US$1 billion in digital spend.

Value generated for:

Shareholders
Deliver consistent financial performance, aligning corporate strategy with shareholder expectations and ensuring long-term sustainability.

Customers
Provide high quality products and services that meet clients' needs and exceed their expectations, delivering exceptional customer service and maintaining strong customer relationships.

Employees
Offer a culture of learning and development that fosters creativity, innovation, and a sense of purpose. Promote diversity, equality and inclusion leading to greater engagement and productivity.

Partners
Build strong relationships with local and global associations that promote collaboration, mutual benefit, and long-term success.

Communities
Contribute to the wellbeing of the local communities in which we operate, through social and environmental initiatives.

Environment
Commitment to sustainable business practices that reduce environmental impact. Implement green initiatives and sustainable practices to minimise negative impact and reduce carbon footprint.

Strategy

1

Clients

In 2022, the Group expanded the number of high value strategic clients to 28 and achieved 20% growth from this set. This was driven by serving more clients (+13%) and increasing the average revenue per client (+7%), with 97 clients buying two or more Service Lines, compared to 76 in 2021.

2022 progress:

- Expanded the number of high value strategic clients to 28
- Major new assignments won including Shell, HSBC, Philips and PepsiCo
- Number of clients buying two or more Service Lines up to 97

Future objectives:

- Create a technology supported sales enablement programme
- Increase revenue growth rate from high value strategic clients

2

Product

The Group further developed its comprehensive range of digital solutions to help advertisers achieve their digital media goals with maximum efficiency and effectiveness. 2022 marked the launch of the first-in-market Advanced TV solution in the US market and of the Responsible Media Investment solution, which supports advertisers in improving governance of their media investments.

2022 progress:

- Strong growth of high margin digital media solutions
- Deployment of first-in-market Advanced TV solution in the USA
- US$6.6 billion digital media spend analysed – 1.4 trillion impressions in media data vault – 55 clients buying digital media solutions across 91 countries

Future objectives:

- Deploy two new solutions: Retail Media and Measurement of Carbon Emissions from digital advertising

Strategy continued

3

Operational efficiency

The Group reduced production costs in the year by 4%, through lower use of external partners and reduction in third party data costs. The established Media Operations Centre in Madrid continued to deliver economies of scale, with 20% more productive hours delivered in 2022 due to further transfer of work from market units. As a result of the Media Path acquisitions, Media Performance and Media Management projects have begun to migrate to the GMP365 platform, supporting delivery of planned efficiency gains through increased use of automation.

2022 progress:

- Media Path has brought a high quality data management platform (GMP365) to the Group, which enhances our operating efficiency
- Clarified offering through four Service Lines
- Increased use of automation and reduced production costs

Future objectives:

- Transition more work onto GMP365 platform
- Build on success of Media Operations shared service model and develop globally managed delivery functions

4

Geographic development

The Group continues to increase scale in the USA and Asia Pacific while maintaining growth in Europe. Both priority regions delivered strong performances in 2022, with Asia Pacific being the fastest growing region organically.

2022 progress:

- North America revenue up 138% (including MMI acquisition) and 73% organically
- Asia Pacific grew revenue by 18%, including 80% revenue growth in South-East Asia unit
- Continental Europe revenue up by 26% (including Media Path acquisition) and 6% organically; stand out performance in France with 46% revenue and 28% profit growth
- UK & Ireland remains largest unit in revenue terms

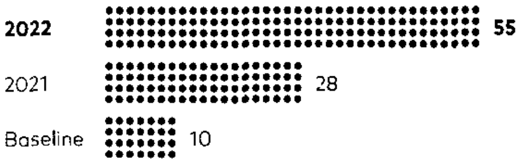
Future objectives:

- Continue to accelerate growth in North America and Asia Pacific while maintaining market leading position in Europe

Key performance indicators

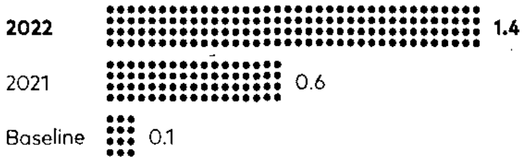
No. of clients buying one or more products from the new digital portfolio

55



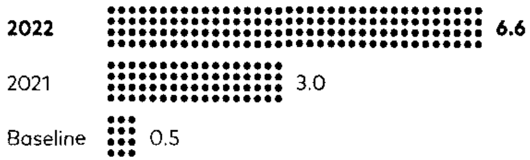
Volume of digital advertising monitored (trillions of impressions)

1.4



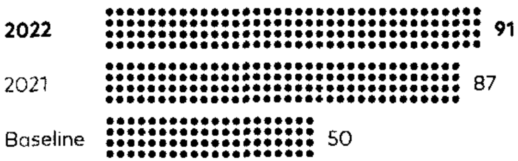
Value of digital advertising monitored (billions of spend US$bn)

6.6



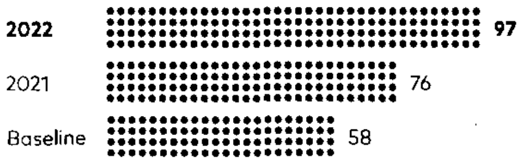
No. of countries served with new digital products

91



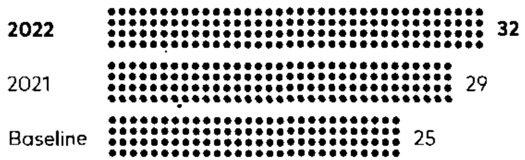
No. of clients buying two or more Services Lines

97



% of revenue from digital services

32



Creating the model for long-term success

"Transforming to a data driven and insight led approach."

Our 20% growth across the year was driven both by serving more clients (+13%) and increasing the average revenue per client (+7%). This success was fuelled by the continued commitment to strategic management of our high value clients, the relevance of our proposition locally and of course the acquisitions of MMi and Media Path. These factors have informed a more developed medium-term strategy for sales enablement at scale across the Ebiquity Group, which will transform us from a technical/product led sales team to a data driven and insight led approach.

As previously reported, going into 2022 we expanded our universe of high value strategic clients managed by a named global leader to 28 and we continued to drive growth from this set. This was achieved by having a good understanding of the challenges globally scaled advertisers face within the complex and dynamic media ecosystem and delivering appropriate solutions. Examples include providing contract compliance services to Vodafone, supporting JLR in re-evaluating their media operating model and agency partnerships to reflect their focus on the luxury automotive sector and providing digital media solutions to HSBC.

The relevance of our offering to local as well as global advertisers was demonstrated by the addition of multiple substantial new clients in each of the USA (eg Georgia-Pacific, Best Buy), Europe (eg Philips, Bosch) and APAC (eg Foxtel, Colgate-Palmolive). Our strategy of actively looking to increase clients buying two or more Service Lines also drives the local revenues, given the 3.5 revenue multiplier we see on average when clients move to a multi-solution engagement.

The acquisitions of MMi and Media Path both brought new clients such as ABInBev and Disney into the portfolio and strengthened relationships with the likes of GM and Beiersdorf who had previously purchased services from both Ebiquity and the newly acquired entities. This further highlighted the potential for geographic expansion with some globally distributed clients who may not work with us in all regions which has informed our 2023 account planning.

In 2022 we appointed our first Group Revenue and Growth Officer with a remit to create a technology facilitated sales enablement programme, scaling best practice with ease and speed across all our Client Engagements globally. The rigour and management we have been applying to our high value strategic clients will now be bought to bear across the entire client base. This approach is being rolled out across 2023 with the expectation that this will be a key driver of our future success.

Mark Gay
Chief Client Officer

Case study 01

Maximising media investment returns for JLR

Client objectives

To create a best in class global media operation, delivering high quality media schedules while maintaining ambitious savings targets. Positive management of their media partners seizing the opportunity to secure efficiency and effectiveness across all investments via:

- Identifying the right media partners for their business
- Competitive contractual commitments
- Governance to drive quality of trading, while realising cost benefits
- Best practice ways of working
- Strong media capability to stay ahead of competitors
- Recognising the growing importance of digital with a focus on a transformation to a digital-first operation.

10+ years of partnership

Throughout our partnership, we have effectively implemented a range of expert solutions – providing:

- Hands-on consultancy and pitch management for the global, regional and local teams
- Design and management of best practice productivity measurement framework
- Structured governance to ensure the highest quality of trading and maximise value
- Advanced analytics to attribute sales and drive business outcomes
- Contract compliance to increase efficiency and recoup tangible cost savings
- Forensic channel deep-dives to maximise ROI
- Expert capability assessments to strengthen media operations

Business impact

We are a proud, long-standing strategic partner with 10+ years experience working as an extension of their media team to maintain a best in class operation, ensure continuous improvement and maximise the returns from media investments. Together, we have realised:

- A best in class media model and operation
- Competitive commitments on cost, quality and hygiene measures – new contract framework
- Over US$300 million in tangible value
- Strong relationships with the media partners
- Accelerated the digital transformation by driving digital excellence in both operating model and performance

>US$300m

tangible value realised

Product strategy

"Revenues from the portfolio of new digital solutions have quadrupled compared with 2020."

2022 has been another year of rapid growth in our highly scalable and profitable digital media solutions. We launched further innovative solutions such as Advanced TV assessments, to help our clients respond to the continuing changes in digital media which will support future revenue growth.

Our success is due to our unwavering commitment to innovation and customer-centricity. In Q4 2022, we launched our first-in-market Advanced TV solution in the US market with selected clients, which has been met with strong support. This new solution is designed to provide our clients with the most comprehensive and accurate data available for Advanced TV advertising, enabling them to make better informed decisions and optimise their advertising spend in this critical emerging channel. We are excited about its potential to drive further growth and profitability for our business.

We have also continued to expand our global data partnerships, now counting 18 in total across a wide breadth of topics, which has helped us to uncover even more value opportunities for our clients. Our data partnerships have enabled us to access unique and valuable data sets, which we have leveraged to provide our clients with deeper insights and more accurate measurement. As a result, our clients and their agencies have been able to make better informed decisions, optimise their media investments, and achieve their business objectives.

Looking ahead to 2023, we are excited to apply our primary focus on two new solutions: Retail Media and Media Emissions Measurement. Our Retail Media solution will enable our clients to capitalise on the growing trend of retailers launching their own digital media networks.

This solution will provide our clients with the tools they need to properly measure their Retail Media investments and the incremental ROI, enabling them to reach their target audiences more effectively and efficiently.

In addition, we will globally deploy our Media Emissions Measurement solution, which will provide our clients with a comprehensive understanding of their carbon footprint across media channels. This solution will enable our clients to measure, manage, and reduce their carbon emissions, while also providing them with a competitive advantage in an increasingly environmentally conscious market.

In conclusion, 2022 has been another outstanding year for Ebiquity's Digital Media Solutions. Our continued fast growth, the launch of our first-in-market Advanced TV assessment solution, the rapid expansion of our global data partnerships, and the increasing amount of value opportunities uncovered for our clients, have all contributed to our success. We are confident that our focus on innovation and customer-centricity will continue to drive growth and profitability for our business in the years to come.

Ruben Schreurs
Group Chief Product Officer

Case study 02

Increasing global visibility, while driving best practice and value improvement locally

Client objectives

As a globally distributed advertiser, Perfetti van Melle was looking to increase visibility of their digital media buying across markets, increase transparency, and improve the quality of media and trading by reducing digital wastage.

The Perfetti teams set out to create a structured governance programme across markets and business units – designed to create accountability, and maximise the value of digital investments.

Ebiquity approach

The programme initially launched in 2021 across five key markets – now expanded to 16 markets in 2022.

As strategic partner to Perfetti, we support the media team through;

- Design, roll-out and management of rules-based Golden Principles for best practice trading (value levers) – used to structurally analyse digital performance and identify the issue areas that are driving waste
- Create a robust data and insights infrastructure to provide timely and independently validated visibility of delivery and performance across markets
- Actionable insights in digital performance, quantified recommendations for value improvement and tracking of realised efficiency

Business impact

Perfetti van Melle's Governance Programme creates transparency into the buying practices across markets, and increases the returns from media investments.

In 2022, we helped Perfetti realise up to 53% of their 2021 value opportunity across markets through close collaboration and effective change management.

This year, we expanded the programme across 16 markets to further increase accountability and drive value.

We continue to work closely with the Perfetti teams and agencies to maintain a robust source of truth for their digital trading practices, helping them eliminate waste and drive further value globally.

15%
global value opportunity in 2021

up to
53%
realised across markets in 2022

Europe

"The European and UK media markets remained stable in 2022 despite a challenging economic environment."

Ebiquity was well placed to help clients meet the challenges posed by media inflation, the efficiency and effectiveness of media spends, right sizing investment levels and finding the optimal media partners. This involved leveraging the right technologies and adjusting communication strategies, enabling clients to respond more effectively to the fragmenting media consumption behaviours of consumers.

The region performed very well, both in terms of renewals with key clients and winning new business. Our client roster continues to be impressive and diverse, working with leading global and local brand owners. Our top 20 clients cover Telecommunications, Automotive, Beauty, FMCG and Retail sectors.

Our business units in France, Italy, Spain and UK delivered strong performances with double-digit operating profit increases over 2021. Improved business performance has been bolstered by significant increases in the sales of our digital media solutions. The sales performance of offline media solutions proved resilient during the year, supported by the launch of Panorama in March 2022 which transformed and updated our media auditing service into a forward facing, strategic business tool. It integrates leading thinking in both media and marketing effectiveness from across the media ecosystem.

It has also been a noteworthy year for media agency pitches. Advertisers are requiring even greater strategic thinking, digital and technology capabilities, in addition to cost optimisation. As a result, Ebiquity was well positioned to benefit from the 15% increase in the number of agency pitch engagements across the European region during the year.

We see continued opportunities for growth in the region during 2023, driven by the promotion of our digital suite of services, marketing effectiveness offering and the acceleration of operational efficiencies via automation and streamlined processes.

Nick Pugh
Managing Director – Europe

Case study 03

Increasing Marketing Effectiveness across the Virgin Media O2 portfolio

Client objectives

Following the merger of Virgin Media and O2 in June 2021 to create the UK's largest telecoms challenger, the business wanted to increase marketing effectiveness and maximise ROI across its advertising expenditure. The company needed a robust measurement framework to help inform and support decision-making across the business.

Ebiquity approach

Ebiquity's effectiveness team established a suite of econometric models which were used to identify and measure the incremental value of each of the investment levers that VMO2 has at its disposal. Ebiquity works closely with VMO2 and operates as an extension of their internal Marketing performance team to ensure that the analytics provides clear, actionable insight to decision-makers in the business.

Business impact

Our analysis was not only able to measure the ROI of advertising investment but also the factors that drive effectiveness and efficiency of marketing. Despite the combined headwinds of increasing media costs and downward pressure on margins due to the cost of living crisis, VMO2 were able to achieve an increase of 21% in brand effectiveness and 26% improvement in ROI across the total investment in the Virgin Media and O2 brands one year after they merged.

21%

increase in brand effectiveness

26%

improvement in overall media ROI across the portfolio

"We really value the learnings that Ebiquity provide with their analytics and we've seen an even greater benefit in consolidating learnings across Virgin Media O2 through one team. We can rely on them to deliver clear, actionable insight which informs our planning process and continues to drive improvement in media performance, even after working with them for so many years."

Ruth Pignal-Jacquard, Head of Planning, Insight & Effectiveness at Virgin Media O2

North America

"2022 was a transformative year for North America."

2022 was a transformative year for Ebiquity North America. A combination of strong organic growth and earnings enhancing acquisitions delivered a +133% revenue increase for the year across the region. Ebiquity now works with many of the region's leading advertisers, including 19 of the 25 largest spending US companies, as well as top Canadian brands. Our core focus remains providing independent media investment analysis and actionable insights across Television, Digital and rapidly growing channels such as Retail Media and Advanced TV.

North America is the world's largest market ranked by share of global ad spend, reported at 42% in 2022 (source: eMarketer) and is a priority region for Ebiquity. Following the January acquisition of Forde & Semple, Canada's leading media audit firm, we increased our capability in the region with the acquisition in March of Media Management Inc, the largest independent US media auditor.

The full integration of Forde & Semple and MMi into Ebiquity, and the focus on our regional growth and development strategy, has established a market leading capability in North America.

In the USA, the addition of the MMi team and the firm's capabilities opened up new areas of service for Ebiquity as well as adding further complementary core services, including Local Media, Digital and Search. MMi's proprietary Circle Audit technology has been incorporated into our portfolio, enabling the analysis of 100% of client media buying data from all major media buying platforms. The MMi team has strengthened our media, technology, data visualisation and client engagement expertise. Thomas Bridge, founder and CEO of MMi and a veteran of 30+ years in the US media industry, joined the Ebiquity North America leadership team, along with Lisa Niemeyer (Client Engagement), Mike Solomon (Operations) and Steve Vache (Data & Technology), who took up key leadership roles.

Patricia McGregor joined the Company to lead the newly established Ebiquity Canada team, integrating the Forde & Semple team, capabilities and client base. Our commitment to the Canadian market paid dividends with organic client growth and new client wins throughout the year.

Regionally we work across all sectors, with many of the region's (and world's) largest automotive, telecommunications, technology, retail, pharmaceutical, entertainment, financial services and CPG businesses leveraging Ebiquity's services. Increasingly, we are working with US headquartered multinationals, and providing services across their international business through Ebiquity's global network.

2023 and beyond will present challenges for our clients and the broader market in navigating advertising and media complexity. We feel well positioned to partner with marketers in the year ahead, identifying areas of value opportunity across the established media landscape, and developing solutions for analysis of emerging and new media.

Paul Williamson
Managing Director, Americas

Asia Pacific

"In APAC, 2022 was another strong year for organic revenue growth at 18%."

The business expanded in all markets within the region including China, Australia, India and the rest of Asia (via the Singapore office).

The China office continued its growth trajectory despite the challenges posed by the zero-Covid policy that impacted social and economic activity for much of 2022. Stewart Li, Managing Director, China noted that our business continued to expand with client wins such as Bosch, Bosideng (premium apparel), Sony Playstation and Johnson and Johnson.

As the second largest advertising market in the world, over 85% of our revenue in China is from digital media and the team continues to pioneer and evolve our services (eg Influencer analysis, ecommerce) to ensure market relevance in a country dominated by unique media players such as Baidu, ByteDance, Alibaba and Tencent. Marketing efforts in China helped to raise the Ebiquity profile with the launch of a WeChat Business Channel, Influencer white paper release and the increase in Ebiquity opinion pieces within the trade media.

The India team, led by Sandeep Srivastava, started strongly in 2022 by securing the high profile media and creative agency selection project for PepsiCo. PepsiCo India is one of the most respected and largest advertisers in the market, thus resulting in heightened market visibility for Ebiquity.
The PepsiCo India team were pleased with the work delivered, which led to an additional project in Mexico. Other big wins included multi-media benchmarking for Nestlé, PepsiCo and Colgate-Palmolive, Amazon, Mondelez, Reckitt, Beiersdorf and VISA.

The internal appointment of Sanny Manduapessy to Managing Director of South East Asia in 2022 underlines Ebiquity's commitment to develop internally, senior talent into leadership positions. Under Sanny's and Sandeep's leadership, more multi-market projects were secured including Zespri globally, Colgate-Palmolive, Johnson & Johnson, Suntory, Singapore Tourism Board and Lindt.

The Singapore team also expanded its geographical coverage by offering clients advice in Taiwan and Hong Kong. GMP365 and our digital governance solution were leveraged on a number of these projects. Greater automation and leveraging of technology partnerships drove further improvement in operational efficiency for Singapore.

We announced a change of management in Australia with the arrival of Ilda Jamison. Ilda brings a strong track record in digital sales and will lead the transformation of the Australian office in 2023.

While there was some growth in 2022 and significant wins including Johnson & Johnson and Foxtel, 2023 will be a transformative year for the office.

Asia Pacific has an excellent foundation to deliver further organic growth in 2023.

Leela Nair
Managing Director – APAC

Ebiquity's Environmental, Social and Governance update

"Creating a Better Media World, Together."

Overview

Awareness of and the desire to drive improvements that ensure environmental and social sustainability have never been higher. We all have a responsibility to continually adapt our lives, to address what and how we consume and act. This approach can help reverse effects from yesterday, prevent further damage today and ensure that we have healthy, inclusive places to live for generations to come.

While individuals must make themselves accountable, companies clearly have a major responsibility to act. After all, corporations have had and continue to have, a massive impact on the environment and broader societal issues. So, by incorporating the right ESG culture into a business, it is possible to make a significant difference. As an organisation, we at Ebiquity understand our responsibility. This is not at odds with our business goals. In fact, ESG done well should align positive business outcomes with both people and planet.

Our ambition is to be an ESG leader for media and professional services, respected inside and outside the organisation. We want our people to work in a sustainable, diverse, and safe environment. We also strive to set standards for the broader media industry and have launched (and continue to launch) a series of ESG related products and services to support ethical media investment decision making. Our vision statement "Creating a Better Media World, Together" demonstrates our drive and ambition to the wider media industry. This also applies to ESG.

Our ESG strategy is also designed to reinforce our corporate values. We will need to be **collaborative** to execute our plan, be that internally with our team members or externally with industry or local partners. We must be **courageous** and set ourselves challenging but achievable goals. It is critical that we are **creative** to ensure our solutions are innovative and sustainable. Also, we need to provide **clarity** if we are to be the voice of reason, underpinned by both impartiality and integrity.

The following sections discuss our strategy in more detail. They cover Environmental, Social and Governance issues primarily from an internal perspective. This is followed by our vision of how we intend to support the broader industry.

Ebiquity's Environmental, Social and Governance update continued

Environmental

Ebiquity continues its commitment to reducing its consumption of the Earth's natural resources and to the safe disposal and reduction of the waste we produce. While we place significant emphasis on the workplace and related work based activities, we are also fostering a culture that informs and encourages all our team members to become increasingly aware of how the actions and decisions they take outside of the workplace have an impact too.

Measure and review

We commissioned McGrady Clarke to support us on our journey in reducing our consumption of the Earth's resources. The first key step was understanding our Scope 1-3 consumption across our top six markets – representing 81% of our business. From there, we identified our major areas of production and consequently, key areas to address.

As expected, for a professional services company, our consumption is dominated by Scope 3 emissions – which account for over 90% of our total emissions. Within Scope 3, the relevant categories are purchased goods and services, fuel and energy related activities, waste generated in operations, business travel and employee commuting.

To help minimise our Scope 3 emissions we are conducting and/or implementing the following:

- Hybrid working policy: we provide all our employees with the flexibility and choice as to where they perform their work while also supporting our ambition of reducing office-based energy consumption in addition to the emissions generated by travelling to and from the office
- Business travel guidance: only essential meetings qualify for business travel. Otherwise, virtual platforms should be used. Based on 2019, ie pre-pandemic data, business travel would typically constitute c.20% of our carbon consumption and addressing this is therefore a critical component of Ebiquity's environmental strategy
- Supply chain analytics: working closely, where applicable, with our suppliers and partners to better understand their own environmental strategy and carbon reduction plans. Sustainability criteria to be included in our decision making on whether to partner with potential suppliers

We continued to measure our consumption in our main markets and we plan to extend this in 2023. During 2023, we will also prepare our plan to achieve net zero and get ready to report under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 next year.

Scope 1-3 consumption

Business travel
0.30%

Employee commuting
3.18%

Gas consumption
0.28%

Electricity consumption (location based)
4.53%

Purchased goods and services
91.72%

Ebiquity's Environmental, Social and Governance update continued

Environmental continued

Measure and review continued

Our broader environmental policy is based on the four Rs: Reduce, Recycle, Reuse, and Review. Internal guidance is provided on the following areas:

Energy and water

- Use the findings from our Energy Savings Opportunity Scheme ('ESOS') and Streamlined Energy & Carbon Reporting ('SECR') assessments to investigate where and how we can reduce the amount of energy we use, wherever possible
- Switch off lights and electrical equipment when not in use, including the widespread use of motion-sensitive lights
- Adjust heating and cooling with energy consumption in mind, again using automatic sensors and timers
- Take the energy consumption and efficiency of new products into account when purchasing
- Work with building management teams to offset or reduce our carbon emissions
- Encourage staff to reduce the amount of water they use
- Ensure energy is sourced from 100% renewables by 2025

Paper

- Reduce the amount of paper we use in the office
- Create monthly usage reports to identify hot spots of paper waste, allowing us to reduce usage further
- Aim to buy 100% recycled paper products
- Recycle paper products

Office supplies

- Recycle equipment where appropriate
- Determine the environmental impact of any new products we intend to purchase, as well as that of all associated manufacturing processes
- Favour more environmentally friendly and efficient products wherever possible
- Aim to source locally produced and manufactured products
- Break the habit of using single-use plastic items

Transportation

- As above, promote the adoption of travel alternatives, including video conferencing tools such as Zoom and Microsoft Teams
- Promote our cycle-to-work scheme – already in place – which encourages staff to use bikes to get to work

Maintenance, cleaning and office buildings

- Ensure that all cleaning materials used are environmentally friendly
- Require that materials used in office refurbishment are environmentally friendly
- Dispose of all electrical waste according to the exacting standards of the Waste Electrical and Electronic Equipment ('WEEE') Directive or equivalent national protocols
- Donate equipment that is no longer needed to companies that in turn pass it on to communities unable to afford their own equipment
- Select buildings with the highest level of sustainability and eco ratings possible – according to both availability and affordability criteria – when leasing new office space
- Work with building management teams to ensure that only licensed and appropriate organisations are used in the disposal of our waste
- Facilitate the recycling of waste created outside of work via local partnerships

Ebiquity's Environmental, Social and Governance update continued

Environmental continued

Education

Ebiquity encourages all staff to appreciate the importance of sustainable living both inside and outside the office. To help facilitate this and drive awareness throughout our organisation, we have expanded the scale and remit of our sustainability group – 'the Green Team'. The Group now includes sustainability champions from most of the markets in which we operate and educates our staff via a calendar of global environmental initiatives (eg microplastics reduction, saving water).

Communications were monthly during 2022, both Group wide and local, using webinars, emails and town hall meetings. The Group runs interactive competitions and quizzes to encourage greater engagement. It also provides input into our wider environmental policy. We also talk about our recycling and environmental policy as part of our induction for new staff joining Ebiquity. Changes to this policy are communicated to all stakeholders once implemented.

Commitment

Our environmental strategy is designed to minimise harm to the environment as much as possible and improve year on year. As part of our commitment to enhance environmental performance, we will offset our carbon footprint by purchasing voluntary carbon credits.

"To calculate our environmental impact globally, to set targets to reduce that impact progressively and to measure progress against these targets every year."

Ebiquity's Environmental, Social and Governance update continued

Social

Our aim, which is pivotal to our social strategy, is to foster a culture that values people with different backgrounds, genders, sexual preferences, caregiving status, and health. We want our workforce to be representative of society, open and supportive, free of discrimination and prejudice, promoting our values and giving a sense of belonging to all. We also want to contribute actively to the communities in which we work and serve.

Our Social strategy has two key dimensions; internal and external. Below are some of the initiatives that we have run and are running internally:

Employee Resource Groups

We continue to support employee-driven change and representation through the work of the Employee Resource Groups ('ERGs'), set up in 2020. The ERGs exchange ideas, communicate issues and input into policy and direction, with the goal of raising awareness and encouraging inclusiveness across Ebiquity to attract and retain diverse talent. Our networks include The Village (LGBTQ+), Ebiquity's Black Employees The Women's Group and Ebiquity Minorities Group

Creation of Ebiquiteers branding

To bring together colleagues from the recently acquired businesses and to recognise the importance of our entire talent ecosystem (employees, contractors, consultants and freelancers), we created the term "Ebiquiteers". All colleagues are recognised as being part of Ebiquity, regardless of their legacy brand or their employment status.

Launch of "Ask Me Anything" Platform

We launched a 24/7 Q&A platform which allows individuals to ask questions anonymously and upvote questions of particular interest so that they get answers to their most pressing questions. Responses have been given to all of the questions asked.

Transition to Agile Performance Management

We have recently adopted a more agile approach to performance management with regular manager check-ins, continuous goal setting and the termination of legacy practices such as use of numerical performance ratings. We are deploying managers' time on guiding their team's performance and addressing obstacles rather than on retrospectively assessing historical performance; this in turn will help reduce the risk of underperformance and of undesired attrition.

Payment of one-off cost of living compensation

In the markets hardest hit by rising costs, we made a one-off cost of living compensation payment to all qualifying employees.

Ebiquity's Environmental, Social and Governance update continued

Social continued

We continue to invest in our local communities with an emphasis on giving time. Below are some of the initiatives that we have run and are running externally:

'Bridging the Gap' volunteering day

For the second consecutive year, we ran our 'Bridging the Gap' day which involved Ebiquiteers working with a range of charities local to our offices. They fulfilled a range of tasks including collecting 30kg of rubbish in Singapore, clearing 1.5 tonnes of leaf mulch in the UK, painting a nursery building and preparing snacks for 100 pre-schoolers in Portugal, delivering carloads of groceries in the USA and sorting 22 full carts of donated goods in Canada.

Ebiquity supported a range of charities acting in social and ecological fields. Ebiquiteers contributed a total of 3,900 hours to our communities across the globe. Below are just some of the charities we are supporting:

Engaging with local schools

We have just started the exciting initiative of building the 'business awareness' of schoolchildren in areas local to some of our offices. For example, some UK based team members are taking part in a 'Dragons Den' type challenge across several schools in early 2023. We are also looking at a variety of other initiatives where we can benefit our local communities and will report on these in due course.

"To be a socially inclusive employer that contributes to the communities in which we work and serve."

Ebiquity's Environmental, Social and Governance update continued

Governance

Business ethics and Code of Conduct

Ebiquity sets clear standards of business conduct which are communicated to all Ebiquiteers on their induction and on an ongoing basis. Our vision, purpose and values statements describe the behaviours which we are all expected to demonstrate.

The Ebiquity Awards programme was launched to help embed the values in the business. Prizes were awarded in various categories and there had been a good spread of winners. This is now an annual event that builds on the success of the inaugural 2022 winners who were drawn from Ebiquiteers in North America, India and Singapore; these winners were recognised for their success in creating value for clients, colleagues and shareholders and served as role models for teams seeking to be similarly recognised in 2023.

Legal and regulatory compliance

- Ebiquity complies with all relevant laws and regulations and the Board signs off on various policies as required. During the year it has approved the Modern Slavery Statement and updated policies on the handling of inside information and share dealing required by the UK Market Abuse Regulation.
- The Audit & Risk Committee considers Code of Conduct matters at each meeting, including whether there have been any incidents raised under the whistleblowing policy.
- During the year, the Group Legal Team provided training on anti-bribery matters for staff and there was regular cybersecurity training which was required to be undertaken by all staff and Board members.

Risk management

Ebiquity continues to identify, assess and control financial, legal, strategic and security risks to our business through a quarterly Executive Leadership Team review of the risk register. The risk register is considered by the Audit & Risk Committee and the Board takes ultimate responsibility for risk oversight. The register designates risk owners who take responsibility and are accountable for particular risk areas. More details can be found on pages 49 to 51.

Ebiquity has also been accredited FSQS (Financial Services Qualification System) status by Hellios in November 2022. This allows businesses in the financial services sector to ensure appropriate risk management and compliance by their suppliers in an efficient and effective way.

Cybersecurity and data privacy

With the ever-evolving landscape of cyber threats, privacy, and data protection regulations, we continually strive to improve our information security and data protection policies.

Since accreditation to TISAX, the Trusted Information Exchange Security Assessment, in 2019, Ebiquity has maintained a continuous development approach to information security and data privacy issues.

Below are some of the steps we are taking:

- Dedicated steering group to oversee data privacy and information security initiatives
- Enterprise Risk Management board to review cybersecurity risks
- Investment in advanced technology platforms to support enterprise security needs – reinforced with ongoing training programmes, in which all employees have participated, as well as all members of the Ebiquity plc Board
- Work with partners to refine our approach and ensure systems are fit-for-purpose

"To manage the business to the highest standards of governance."

Ebiquity's Environmental, Social and Governance update continued

Industry initiatives

As a significant and respected player in the media industry, Ebiquity has an important role to play in driving change on ESG-related topics. We are developing a suite of products and services to support advertisers in making more informed decisions about their communications' planning and buying. These initiatives include:

Responsible Media Investment ('RMI') solution

RMI aims to create end-to-end clarity and reportability of responsible media investment at scale. In this context, Ebiquity acts as an independent steward by bringing together media investment data with deep ESG metrics on the corporate behaviour of the media and technology companies in the media supply chain. The insights provided by this solution helps advertisers to optimise channel mix based on their partners' responsible practices, establishing a baseline that can be used to measure improvements over time. It also fosters meaningful conversations with partners about responsible media.

RMI looks across five key areas:

- Diversity Equality & Inclusion
- Disinformation
- Environmental Sustainability
- Privacy & Data Protection
- Made for Advertising

After a successful pilot programme in 2021, RMI has been developed further, to include:

- 13 markets (USA, Canada, Mexico, Brazil, UK, Spain, Germany, France, Italy, Denmark, South Africa, Australia, Singapore) across six continents
- Digital direct buys (in addition to open web programmatic)
- CO2PM monitoring to help address environmental sustainability of advertising covering one of marketers' top priorities – see more below

Through enabling principles-driven digital media investment decisions, we are creating a better media world, together with our clients and their media agencies.

EU Code of Practice on Disinformation

Ebiquity has become a signatory to the EU Code of Practice on Disinformation (the 'Code'). The EU recognised that mass online disinformation campaigns are being widely used by a range of domestic and foreign actors to sow distrust and create societal tensions, with serious potential consequences for our security. Furthermore, disinformation campaigns by third countries can be part of hybrid threats to internal security, including election processes, in particular in combination with cyberattacks.

It is only by having full transparency on exactly where ads are appearing and what they are supporting that brands can take direct action against and actively stop funding disinformation. Ebiquity's involvement in this critical Code of Practice underlines our commitment to best practice governance in media investment.

The Code was strengthened in 2022, setting more ambitious commitments and establishing a set of critical commitments designed to minimise the incidence, impact and monetisation of online disinformation targets and to counter online disinformation.

Ebiquity's Environmental, Social and Governance update continued

Industry initiatives continued

EU Code of Practice on Disinformation continued

The Code sets out five commitments for signatories, covering:

- Scrutiny of ad placements
- Political and issue-based advertising
- Integrity of services
- Empowering consumers
- Empowering the research community

Disinformation undermines trust in social, political, economic, and scientific institutions and can lead to real world harm. By defunding disinformation, advertisers help fight other issues such as climate change denial, racism and discrimination.

Media agency selection: assessing sustainability targets

Ebiquity advises advertisers in their agency partner selection. Every year we run around 100 such projects. Innovation is at the heart of our service, enabling our clients to assess media agency capabilities. Recently we have been expanding our service to review agencies' planning and delivery capabilities, accounting for sustainability targets. The objective is to assess agencies' credentials by investigating their Diversity, Equality and Inclusion standards and their sustainability efforts, to ensure they are the right cultural fit for brand owners. Agencies are expected to demonstrate how they are engaged in both building profit and maintaining sustainability targets

The Hidden Cost of Digital Advertising

Ebiquity and Scope3 have conducted a joint study which demonstrates the cost of excessive supply chain waste in digital advertising and its impact on the environment. More than US$375 million of digital advertising spend was analysed across 116 billion display ad impressions from 43 brand advertisers and this showed that 15.3% of their advertising spend was wasted on inventory which generated no value to their business but did generate excessive amounts of CO_2 emissions.

Key findings from the study include:

- Carbon emissions of websites varies dramatically with CO2PM per website ranging from 55.2g to 4,782.8g. This confirms a major opportunity for brands to prioritise media partners with optimised emissions.
- The global weighted average of digital ad emissions is 670g CO2PM based on 116 billion ad impressions. According to Scope3 data, this is the equivalent of flying 1.35 million passengers from London to Paris – it would take 3.7 million fully-grown trees one year to absorb this amount of carbon.
- 'Made for Advertising' ('MFA') websites are high contributors to carbon emissions while providing no value to brands. Of all US spend analysed by Ebiquity, 15.3% was wasted on MFA inventory.
- Reallocating investment to high quality journalism can boost ad effectiveness and lower emissions. CO2PM on 'Trusted News Websites' is 52% lower than on MFA websites, creating a strong case for brands to cease wasteful MFA spend.

Ebiquity and Scope3 plan to conduct additional studies and release benchmarks in 2023 for more advertising channels, including connected TV and social media platforms.

The use of third party marketing cookies ('3MPC')

Ebiquity partnered with Cookiebot CMP to produce insights into 3MPC coverage and practices on large domains, funded by advertising. Areas of concern were highlighted, including 3MPCs being fired before users gave their consent and large-scale transfer of data to non-EU countries. Ebiquity then provided advice and guidance for brands to help them prepare for a "cookie free" marketplace and how to improve their use of 3PMCs through enhanced compliance auditing and therefore assisting advertisers to improve their media governance.

Streamlined Energy and Carbon Reporting ('SECR')

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018, we are mandated to disclose our UK energy use and associated greenhouse gas ('GHG') emissions. As a minimum, we are required to report the GHG emissions from fuel combustion, purchased energy and transport vehicles. Additionally, the use of an intensity ratio and an outline of implemented efficiency measures are required under the Streamlined Energy and Carbon Reporting ('SECR') regulations.

To ensure a high level of transparency is achieved, robust and recognised reporting methods are implemented. The reporting methodology involves usage of the 2022 DEFRA (Department for Environment, Food and Rural Affairs) emissions factors to calculate and assess our UK operational emissions.

Our calculations are for the following scopes:

- **Building-related energy** – Purchased electricity consumption (Scope 2).
- **Transportation** – Business travel in expensed vehicles (Scope 3).

Company Information

Ebiquity PLC is a public limited company, incorporated in the UK, situated at Chapter House, 16 Brunswick Place, London, England, N1 6DZ. Subsidiary companies Ebiquity Associates Limited and FirmDecisions Limited are also situated at this site and therefore contribute to the same annual overall GHG emissions and energy usage.

Reporting Period

The reporting period that this submission covers is 1 January 2022 to 31 December 2022.

Calculation Methodology

Emissions calculated are in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with DEFRA's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'. The DEFRA 2022 emission conversion factors were used to quantify the emissions associated with Ebiquity PLC's operations for the specified reporting period.

Pro-rata extrapolation has been carried out to estimate the electricity consumption for a full annual period. An average 45 pence/mile has been assumed to estimate the mileage relating to business travel in expensed vehicles.

Organisational Boundary

We have used the operational control approach.

Streamlined Energy and Carbon Reporting ('SECR') continued

Results

Reporting Period	Metric	1 January 2021 – 31 December 2021	**1 January 2022 – 31 December 2022**
Area		UK & Offshore	**UK & Offshore**
Emissions from purchased electricity (Scope 2)	Energy (MWh)	217.58	**272.47**
	Emissions (tCO_2e)	46.20	**52.69**
Emissions from business travel in expensed vehicles (Scope 3)	Energy (MWh)	2.63	**4.35**
	Emissions (tCO_2e)	0.65	**1.07**
Intensity Ratio	tCO_2e/sqm	0.03	**0.03**
Intensity Ratio	tCO_2e/UK Employees	0.21	**0.26**
Total Energy Consumption	(MWh)	220.20	**276.82**
Total Emissions	(tCO_2e)	46.84	**53.76**

Our energy consumption and emissions increased from 2021 to 2022 as pandemic restrictions were removed and there was a return to more business travel and office based working.

Intensity Measurement

The chosen intensity ratios are tCO_2e per total square metres and tCO_2e per full time equivalent UK employees. The intensity ratio tCO_2e per total square metres was chosen as it is the recommended metric for mainly office-based organisations. A second intensity metric, tCO_2e per full time equivalent UK employees, has also been provided.

Energy Efficiency Measures

This year, the employee environmental group 'The Green Team' had goals to significantly increase staff awareness around environmental issues. Staff behaviour and its effects on the planet were raised and actions to reduce impacts were highlighted. In February 2022, The Green Team spread globally to include our Sydney, New York, Paris, Madrid and Hamburg offices, after previously only existing in the UK.

Regular meetings and events were held throughout the year, with each month raising awareness about a different environmental issue. Events ranged from newsletters to presentations to talks, competitions and surveys. Internationally recognised dates such as World Reef Day, World Environment Day and World Rainforest Day were promoted during events.

Section 172 statement

Under section 172 of the Companies Act 2006, there is a general duty on every director to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

In doing this, the directors must have regard, among other matters, to the following:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between members of the company.

This report sets out how the Board of Directors of Ebiquity plc has carried out this duty. As part of this process, the Board has identified the following as key stakeholders for the Group:

- Employees
- Investors
- Customers – brand owners
- Agencies
- Media owners
- Trade bodies
- Suppliers

How the Board takes account of the factors listed in section 172 in making decisions

The Board takes account of the factors listed in section 172 when it makes decisions in two ways:

- By having a general knowledge and understanding of the views of key stakeholders and the other factors
- By considering any of those stakeholders and other factors specifically, when they may be directly relevant to a particular Board decision

The Board has a rolling 12 month planner detailing matters which come to it for consideration and discussion and this is used to ensure the Board is aware of the views of the Group's various stakeholders and develops its knowledge and understanding of the other section 172 factors for the Group. The planner is regularly reviewed by the Chair, CEO and Company Secretary and included in the Board pack from time to time so that all directors are aware of upcoming items and can suggest additional topics for discussion or individuals to meet if they wish.

Section 172 statement continued

Section 172 factors

The following sets out how the Board ensures it has sufficient knowledge and understanding of the section 172 factors on an ongoing basis.

Matter	Response
The likely consequences of any decision in the long term	Sustainability remains one of the key matters considered by the Board on a regular basis and this affects many aspects of what the organisation does, particularly as the focus on ESG increases. The risk management processes in place also ensure the Board considers the longer term impact of its decisions. The Board receives an update from the Chief People Officer at least twice a year and the CEO includes employee related matters in his report to each Board meeting. He notes any significant issues faced by local offices, including levels of staff turnover and the reasons for this. The Board receives presentations from each of the Executive Leadership Team members over the course of a year which includes the opportunity for questions and discussion. These presentations include updates on employee related issues in the area of the business overseen by the ELT member.
The need to foster the Company's business relationships with suppliers, customers and others	**Customers** One of the pillars of the business strategy is Clients and they are considered at every Board meeting as part of the CEO's report, which provides details of key business wins, clients retained and any business lost (or unsuccessful pitches) together with any high level feedback. In addition, the Chief Client Officer attends a Board meeting annually to provide an update on progress. **Suppliers** As Ebiquity is a business services company, its suppliers are mostly those which provide utilities, office and IT supplies and this is reflected in the modest levels of engagement necessary. As part of its ESG initiatives, Ebiquity will be considering sustainability issues more as it sources these supplies and this is noted by the Board. **Other industry participants** Ebiquity produces a great deal of thought leadership which is disseminated in the form of written material, videos and webinars. These are made available to the Board by sharing links to the videos and webinars and uploading the key white papers or other reports to the reading room in the Board portal.

Section 172 statement continued

Matter	Response
The impact of the company's operations on the community and the environment	**Community** As noted above, Ebiquity is a business services company and its operations do not have a material impact on the local communities in which it operates. However, as part of its ESG strategy, a global volunteering day to support local charities was held in 2021 and repeated in 2022. The ESG report contains more information about this, including which charities have been supported. The Board commended the progress in increasing the focus on ESG across the organisation. It was also suggested that a longer-term commitment to supporting particular charities would probably be beneficial, rather than choosing new ones each year. **Environment** During the past 12 months the Board had two dedicated discussions on Ebiquity's approach to ESG with those in the Executive Leadership Team who had responsibility for the various areas. As well as these discussions, ESG matters are considered as part of the Board's (and committees') other deliberations, for example the Audit & Risk Committee has recently added Climate Risk to the risk register and will be considering the implications of this over the next year and beyond. The Board has discussed Ebiquity's impact on the environment and received updates on our measuring of Scope 1, 2 and 3 emissions. It was also given an update on the work of the 'Green Team' which raises awareness of environmental issues among employees.
The desirability of the company maintaining a reputation for high standards of business conduct	**Business conduct** One of the main ways in which the Company maintains its reputation for high standards of business conduct is the way in which all staff behave. This flows from the culture and values of the organisation, with new values (which continue to be followed and implemented) adopted in 2021. More details on this can be found in the Governance section of the ESG report on page 32. A practical example of this was the decision of the Board to seek to exit the Group's business in Russia because of the war in Ukraine.
The need to act fairly as between members of the Company	The ways in which the Board engages with investors is described more fully in the corporate governance report on page 61. The Board engages regularly with institutional investors and continues to make efforts to provide opportunities for retail investors to engage with the Company. The 2022 AGM was again held as a hybrid meeting, to allow shareholders to attend via videoconference if they were not able to be there in person. Ebiquity also started to use the Investor Meet Company platform, so that retail investors have the opportunity to watch a presentation by the CEO and CFO when the full and half year results are announced and to ask questions. There has recently been a review of the investor section of the Company's website and an updated version should be launched shortly. This has been refreshed to improve access for all shareholders to key information about the Company and its business as well as details about its listing, share price and announcements.

Stakeholders

Employees

	Why we engage	How we engage	Impact of engagement
Employees	During FY22 there were a lot of changes in the business following the three acquisitions and the plan to move to a new operating model. These created new reasons and opportunities for staff engagement over and above the "business as usual" ones.	The CEO continues to hold monthly calls for all staff worldwide where employees receive updates on key business initiatives and can ask questions. There are also regular local Town Hall meetings, so the CEO and members of the senior leadership team can keep in touch with the views of employees and ensure these are fed back to the Board. Various communications channels were introduced, such as the "Ask me anything" platform which allowed employees to raise concerns and find out more about planned changes.	Some employment practices have been updated, for example staff now have regular check ins with their line manager and there are many more opportunities for training and career development. Following feedback, internal communications have been refreshed with greater use of technology platforms such as Teams and Yammer to allow more employee interaction across the Group.
		The regional business heads as well as key individuals from MMi and Media Path met the Board during the year and provided updates on the various integration workstreams. Susanne Elias, the founder of Media Path, shared with the Board her first impressions of Ebiquity and the three year plan for the combined businesses. She outlined how the transition period would be handled with both clients and staff as more of the business moved to using the GMP365 system.	Following Susanne's presentation, the Board will see a demonstration of the GMP365 platform at a meeting in the first half of FY23. A new KPI has been introduced to track its implementation across the business.
		Thomas Bridge, the founder of MMi, explained the background and history of the MMi business. He gave an update on progress with integration of the businesses, including client calls and cross selling opportunities.	In the USA, a new leadership team was created from the two businesses. There is a core team with additional expertise which is brought in as and when required. The changes were positive and well received.

Stakeholders continued

	Why we engage	How we engage	Impact of engagement
Employees continued	Ebiquity aims to provide an inclusive workplace for all of its staff.	The initiatives to track D&I within the business continued and the term "Ebiquiteers" was introduced to include all talent contributing within the organisation, regardless of their employment status.	The gender pay gap report was noted at a Board meeting. The mean UK pay gap was reducing – now at 18%, down from 21% in 2021. A calculation based on the median UK pay gap gave an outcome of women being paid 11% more than men.
	The cost of living increases hit some areas and individuals particularly hard as the war in Ukraine and rising inflation continued.	There is additional information on employee initiatives in the ESG section of the annual report.	One off cost of living payments were made in the second half of FY22 to those on lower incomes in places which had been particularly hard hit by price increases.
Investors	Ebiquity's shares are traded on AIM and it aims to follow good practice in terms of investor relations and corporate governance.	The Board provides trading updates around the end of the full and half year as well as providing opportunities for both institutional and retail investors to engage with the Board at the AGM and results briefings. The Board reviews investor feedback after the full and half year results. The Chair also reports back to the Board on any engagement he has with investors.	The CEO has produced a series of videos with Edison Research to explore a number of areas of interest such as key issues for brand advertisers in 2023. These can be accessed at **www.edisongroup.com/equity/ebiquity/** The Ebiquity website has been refreshed, including the Investor section, to provide easier access to information for investors.

Stakeholders continued

	Why we engage	How we engage	Impact of engagement
Investors continued	During the year investors provided new funding via a placing to support the acquisitions.	A roadshow was held with existing and potential shareholders once the acquisitions were sufficiently well advanced to explain the rationale and seek their support. The Board uses its advisers, such as its brokers, nomad, financial PR firm and investment research firm to ensure effective engagement within the regulatory framework in which it operates. There is additional information on how the Board engages with investors in the corporate governance report on page 54.	The placing was successful and well supported, enabling the acquisitions to go ahead.
Customers (brand owners)	One of the key pillars of our strategy is Clients. In 2022 we expanded our focus to growing and strengthening our relationships with 28 key clients, up from 21 in 2021. Our aim is to continue to enhance our role as a trusted adviser to many leading global advertisers.	The Chief Client Officer and Chief Product Officer both provided insightful updates to the Board during the strategy day held in October and the Chief Client Officer also attended a Board meeting to give an update on progress with the Client strategy. There has been further strengthening of the client teams with a new focus on specialisms and standard ways of working. Following good new business wins in India, the Board met the heads of the Indian businesses to hear more about their achievements and future plans. As the business transitions to use of the GMP365 platform, there is continuing dialogue with clients to ensure their needs are met during the changeover process.	The non financial KPIs set in 2021 have almost all been achieved and new ones have been set and agreed by the Board. They can be found on page 17. In the latest client satisfaction survey, overall NPS improved from +10 (Good) to +30 (Great). Ebiquity is developing new products and services with a focus on digital solutions and ESG related products, such as Responsible Media Investment and the Hidden Cost of Digital Advertising with Scope3. These are described in more detail in the ESG section of this report. A Digital Value Index has also been launched and a number of other new products were very well received at the ISBA online conference Lessons have been learned from a few client losses.

Stakeholders continued

	Why we engage	How we engage	Impact of engagement
The wider advertising industry – ie agencies, media owners and trade bodies	Ebiquity is a regular and respected contributor to thought leadership within the advertising industry. This enhances our reputation and allows us to serve our customers better.	Representatives from an agency and a media owner attended Board meetings during the year and shared feedback on their expectations and how Ebiquity can continue to make an impact.	These sessions were very useful for the Board to understand the different perspectives in the industry and it is planned to continue to invite a range of stakeholders to Board meetings in future.
		In addition, an industry commentator and editor of a trade publication presented at the Board strategy day and facilitated discussions on a range of issues. Ebiquity continues to provide thought leadership and innovates products and services which are of value to our clients in a changing marketplace.	The discussions enable Ebiquity to gain a broader understanding of the advertising industry landscape and identify areas for development and improvement.
Suppliers	Ebiquity's suppliers comprise those that support our work for clients such as regionally based sub-contractors and data providers and providers of support services such as IT software and hardware, office premises, utilities and professional services. As we make greater efforts to reduce our environmental impact in future, we expect to engage more with our suppliers to understand what they are doing to reduce theirs.	Many of Ebiquity's key suppliers are large global businesses and relationships are managed through their account managers. The products team works closely with data partners to tailor solutions. Relationships with sub-contractors for client work are managed by the relevant client project teams who commission the work. Ebiquity pays its suppliers according to the agreed terms of business.	Good relations with suppliers enable us to obtain a higher quality service from them and where appropriate, solutions tailored to our needs. We anticipate that greater engagement with our suppliers in future will help us reduce our Scope 3 emissions.

Stakeholders continued

	Why we engage	How we engage	Impact of engagement
Community	As a business services company, Ebiquity's operations do not have a material impact on local communities. However, as part of our ESG initiatives we do engage with the communities in the areas where we are based as we wish to be a good corporate citizen and have a positive impact.	A second volunteering day – 'Bridging the Gap' – was held in 2022 when staff from local offices gave time to support local charities. More details are given in the ESG report.	Ebiquity supported a range of charities acting in social and ecological fields. Ebiquiteers contributed a total of 3,900 hours to our communities across the globe. Links with schools in some locations are also just starting.
Environment	Ebiquity has made a commitment to reducing its consumption of natural resources and the waste it produces. This is not simply to meet legal and regulatory requirements but also to ensure we have healthy and inclusive places to live for generations to come.	Our ESG strategy has been linked to the Group's values and the policy and guidance was communicated to staff on an all hands call. The 'Green Team' provide regular briefings on environmental issues, such as food and water usage and avoiding unnecessary waste. Ebiquity has also launched a number of products and services to assist its clients to understand and meet their own ESG obligations. We have described these in our ESG report.	We have worked with a third party to measure our Scope 1, 2 and 3 emissions. Once these are finalised, targets will be set to reduce our carbon footprint. A benchmarking exercise has put Ebiquity's emissions at 17% below the benchmark. To reduce emissions Ebiquity has: › Continued with a hybrid working policy › Provided business travel guidance, so that only essential meetings are held in person › Used supply chain analytics to understand the carbon reduction plans of our suppliers EcoVadis has given the Group a bronze rating which it is hoped to improve to silver.

Financial review

The commentary in this review focuses largely on alternative performance measures ('APMs') adopted by the Group. These non-GAAP measures are considered both useful and necessary in helping to explain the performance of the Group. These APMs are consistent with how business performance is measured internally by the Group. Further details of the APMs are given on page 144.

Summary Income Statement

	2022 £m	2021 £m	Change £m	Change %
Revenue	**76.0**	63.1	12.9	20%
Project Related Costs	**(7.2)**	(7.5)	0.3	(4)%
Net Revenue	**68.8**	55.6	13.2	24%
Staff Costs[1]	**(48.0)**	(38.3)	(9.7)	25%
Other operating expenses[1]	**(11.5)**	(12.5)	1.0	(8)%
Adjusted Operating Profit	**9.3**	4.7	4.6	96%
Highlighted Items (before tax)	**(15.2)**	(9.8)	(5.4)	33%
Statutory Operating Loss	**(5.9)**	(5.1)	(0.8)	16%

1. Excluding highlighted items.

Group revenues for the year ended 31 December 2022 increased by £12.9 million (20%) to £76.0 million, from £63.1 million in 2021. This included revenue of £6.8 million from companies acquired during the year. Excluding this, Group revenue grew organically by 10%.

Adjusted operating profit (statutory operating profit excluding highlighted items) for 2022 was £9.3 million, an increase of £4.6 million or 96% compared to 2021. The adjusted operating margin also increased significantly to 12% from 7% in the prior year.

Project-related costs (which comprise external partner and production costs) reduced by 4% to £7.2 million from £7.5 million, as these costs are much lower for Digital Media Solutions and the acquired businesses. Total adjusted operating expenses increased by 17% to £59.5 million, reflecting in part the expenses of the acquired businesses. Within this, staff costs increased by 25% to £48.0 million and other operating expenses reduced by 8% to £11.5 million.

Adjusted profit before tax increased by 95% to £8.0 million in 2022 (2021: profit of £4.1 million). Net finance costs increased to £1.3 million in 2022 from £0.6 million in 2021, due to higher interest rates and an increase in bank borrowings of £3.5 million due to the acquisitions.

Highlighted items before tax, including the post-date remuneration relating to the acquisition of Digital Decisions BV, increased to £15.2 million cost from £9.8 million in 2021, as detailed below. As a result, there was a statutory operating loss (after highlighted items) of £5.9 million compared to a loss of £5.1m in 2021. Reflecting this, the statutory loss before taxation increased to £7.2 million from £5.7 million.

Financial review continued

Taxation

There was a tax charge of £0.3 million in the year (2021: £1.2 million) of which £2.1 million related to the adjusted profit before taxation (2021: £1.7 million) and a £1.8 million credit (2021: £0.5 million credit) to the highlighted items. The effective tax rate on adjusted profit before tax was 21%, (excluding movements on prior year provisions) compared to 42% in 2021. The reduction in this rate is largely due to the utilisation of tax losses in USA in the current year and recognition of US and UK tax losses as a deferred tax asset. The adjusted profit after taxation increased by 149% to £5.9 million (2021: £2.4 million). The statutory loss after taxation increased to £7.5 million from £6.9 million.

Earnings per share

Adjusted basic earnings per share doubled to 5.4p from 2.7p in 2021, reflecting the increase in adjusted profit after taxation, offset by the increase in the number of shares in issue due to the equity placing in the year. The statutory basic loss per share reduced to 6.9p from 8.5p in 2021.

Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business. Highlighted items after tax in the year totalled a charge of £13.4 million (2021: £9.3 million) and include the following:

- £7.9 million charge to accrue for post-date remuneration payable in 2023 relating to the acquisition of Digital Decisions BV acquired in January 2020 (2021: £7.9 million)
- £2.7 million charge for amortisation of purchased intangibles (2021: £1.1 million)
- £1.9 million charge for professional costs relating to acquisitions and bank facility agreements (2021: £0.3 million)
- £1.2 million charge relating to onerous lease provisions
- £0.6 million charge relating to severance and reorganisation costs (2021: £0.1 million)
- £0.5 million charge relating to share-based payments (2021: £0.5 million)
- £0.3 million charge for the impairment of the assets of the Russian subsidiary
- £1.8 million tax credit on highlighted items (2021: £0.5 million credit)

The contingent consideration payable in 2023 relating to the acquisition of Digital Decisions BV has been accounted for as post-date remuneration as payment is dependent upon the principal vendor remaining in employment with the Group. The total deferred consideration payable is estimated at £15.8 million and is calculated as six times the average profit generated in the two years ended 31 December 2022 from Digital Media Solutions developed by the Digital Innovation Centre, less the initial consideration of £0.6 million paid in January 2020. It is payable in a mixture of cash and/or Ebiquity shares which the Company will determine at the time of payment, having regard to its overall capital structure, debt facilities and the vendor's option to request that a certain amount be paid in cash.

Amortisation of purchased intangibles increased to £2.7 million due to the acquisitions whose intangible assets have been included at fair value. The charge in the year relating to Media Path and MMi was £2.1 million.

The acquisition, integration, and strategic costs of £1.9 million relate to professional fees incurred for the three acquisitions in the year, the associated equity capital raise in April 2022, and the revised bank loan facility agreed in March 2022.

The onerous lease provision charge of £1.2 million relates to office space in three cities which is surplus to requirements. During the year, it was decided to vacate the New York office and part of the London office and to seek sub-tenants in the market. A charge in the year of £1.7 million has been made for these offices to reflect the impairment of the right-of-use asset. This is offset by a credit of £0.5 million relating to the Chicago office which was vacated and sub-let in 2019 and for which the headlease has now been terminated with effect from September 2023.

Financial review continued

Dividend

No dividend has been declared or recommended for either of the twelve months ended 31 December 2022 or 2021.

Cash conversion

	Year ended 31 December 2022	Year ended 31 December 2021
Reported cash from operations	**3,812**	11,800
Adjusted cash from operations	**6,188**	13,201
Adjusted operating profit	**9,270**	4,738
Adjusted cash conversion ratio	**67%**	278%

Adjusted cash from operations represents the cash flows from operations excluding the impact of highlighted items. The adjusted net cash inflow from operations during 2022 was £6.2 million (2021: £13.2 million) which represents a cash conversion ratio of 67% of adjusted operating profit.

Equity

During the year, the issued share capital increased by 14% to 120,241,181 shares (2021: 82,728,890 shares) as a result of the issue of 36,958,789 shares in connection with the acquisitions made in the year and 553,502 shares issued following the exercise of share options.

Net debt and banking facilities

	31 December 2022	31 December 2021
Net cash[1]	**12,360**	13,134
Bank debt	**(21,500)**	(18,000)
Net bank debt	**(9,140)**	(4,866)

1. Includes restricted cash of £1.2 million held in Ebiquity Russia

All bank borrowings are held jointly with Barclays and NatWest. The current revolving credit facility ('RCF') facility was agreed in March 2022 and runs for a period of three years to March 2025, extendable for up to a further two years with a total commitment of £30 million. £21.5 million had been drawn as at 31 December 2022 (2021: £18 million). Under this agreement, annual reductions in the facility of £1.25 million will apply from June 2023.
The remainder of any drawings is repayable on the maturity of the facility. The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly covenants applied from June 2022 onwards are: interest cover >4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage < 3.5x. There is no longer a minimum lending covenant.

Financial review continued

Statement of financial position and net assets

A non-statutory summary of the Group's balance sheet as at 31 December 2022 and 31 December 2021 is set out below:

	31 December 2022	31 December 2021
Goodwill and intangible assets	**56,868**	32,700
Right of use asset	**3,308**	4,542
Other non-current assets	**3,488**	3,053
Net working capital[1]	**9,350**	3,362
Lease liability	**(5,983)**	(6,390)
Other non-current liabilities	**(2,659)**	(1,477)
Digital Decisions post-date remuneration	**(15,787)**	(7,922)
Deferred consideration (MMI and Canada)	**(2,183)**	–
Net bank debt	**(9,140)**	(4,866)
Net assets	**36,262**	23,004

1 Net working capital comprises trade and other receivables, lease receivables, trade and other payables, accruals and contract liabilities (less the Digital Decisions post-date remuneration) and current tax assets and liabilities.

Net assets as at 31 December 2022 increased by £13.3 million due largely to the acquisitions made in the year and the related share capital increase offset by the statutory loss after taxation.

Working capital increased to £9.4 million from £3.4 million, a net outflow of £6.0 million with trade receivables increasing by £11 million, offset by an increase in trade and other payables of £5 million. The increase in receivables was due in part to the acquisitions and to the phasing of billings to clients towards the end of the year. Debtor days increased slightly to 67 days from 61 days.

Corporate Development Activities

On 29 January 2022, the Group acquired Forde and Semple Media Works, the leading media performance consultancy in Canada, for a total consideration of CAD$1.3 million (£0.8 million), of which CAD$1.2 million (£0.7 million) was paid on completion and CAD$0.1 million (£0.06 million) was deferred for one year. Forde and Semple had revenues of CAD$1.1 million in the financial year ended 31 January 2021 and net assets of CAD$0.4 million (£0.2 million) on completion.

On 4 April 2022, the Group acquired Media Management, LLC ('MMi'), a US-based media audit specialist, for an initial consideration of US$8.0 million (£6.1 million) with a deferred contingent consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) was paid in cash and 16% (US$1.3 million/£1.0 million), was applied by the vendors to subscribe for 1,737,261 Ebiquity ordinary shares. The contingent consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for the year ending 31 December 2024. This has been estimated to be US$4.0 million/£3.0 million. 80% of this will be payable directly in cash to the vendors and 20% will be applied by the vendors to subscribe for Ebiquity ordinary shares.

On 22 April 2022, the Group acquired Media Path Network AB ('Media Path'), a Swedish-based multi-national media consultancy, for a consideration of £15.5 million. 75% (£11,625,000) was paid in cash and 25% (£3,875,000) was paid by the issue of 6,919,642 new Ordinary Shares to the Media Path vendors. An additional cash payment of £485,000 was made in June 2022, representing working capital in the completion accounts as at 31 March 2022 in excess of the contractually agreed target amount.

Alan Newman
Chief Financial and Operating Officer
30 March 2023

Risks

The Board has overall responsibility for risk management. Our approach aims to identify and evaluate key risks and mitigate these effectively.

The Board of Directors recognises that various risks are inherent in the business. Therefore, there needs to be effective management of these risks to meet the Group's strategic objectives and create shareholder value. The Board has put in place an organisational structure with defined lines of responsibility and has adopted an enterprise risk management framework as set out opposite:

The risk assessment process is bottom-up/top-down, with the resulting corporate risk register regularly monitored by the Enterprise Risk Management Board, the Executive Leadership Team and the Audit & Risk Committee.

This register includes details of the risks, the potential impacts on the Group, and updates on the mitigating actions required to bring the risk to an acceptable level. Significant findings from the Audit & Risk Committee are reported to the Board of Directors, including those arising from the enterprise risk assessment process.

Furthermore, whistleblowing procedures are in place for individuals to report suspected breaches of laws or regulations or other malpractice. The Group also has an anti-bribery policy which applies to all Group companies.

The risk management framework

Board of Directors:
- Leadership and oversight of risk management
- Determines the strategic objectives, risk appetite and risk tolerance
- Monitors performance
- Accountable for the effectiveness of the Group's internal control and risk management processes

Audit & Risk Committee:
- Delegated responsibility from the Board to oversee risk management and internal controls, including the effectiveness of risk management processes
- Reviews risk register including assessment of key risks and adequacy of proposed mitigations

Executive Leadership Team:
- Communicates and disseminates risk policies across the Group
- Supports the business in assessing risk
- Individually accountable for managing specific risks.
- Embeds risk management in unit management processes and business activities

Enterprise Risk Management Board:
- Defines risk management roles at operational and project levels
- Oversees detailed assessment of risks and their mitigation across the business
- Continuously reviews and updates risk register
- Embeds risk management culture in each business area
- Make recommendations to ELT for key risk mitigations

Risks continued

Key risks impacting the Group

Change to risk

The macro environment during 2022 has increased certain risks such as economic uncertainty, the impact of the conflict in Ukraine and cyber security threats. Ebiquity adopts a proactive and rigorous approach to assessing and mitigating these risks. Also, Ebiquity engages with key clients to explain its approach and initiatives on Environmental, Social and Governance ('ESG') to maintain long-term alignment on economic activities.

The key risks impacting the business, and the mitigating actions, are as follows.

1 Access to Media data

Description

Ebiquity relies on clients and media agencies to provide it with data in order to carry out its work. Restrictions over access to this data could lead to significant loss of revenue if it prevents delivery of Ebiquity's services.

Mitigating actions:

Ebiquity continues to develop good and transparent working relationships with the media agencies.

Ebiquity engages with media associations (eg ISBA and ANA) to influence media owners on terms and conditions applied to media data usage.

Change since 2021:

2 Cybersecurity

Description

The Company continues to face increasing threats of cyber attacks on its information systems, which could cause loss or corruption of data and impair ability to deliver services to clients.

Mitigating actions:

There is continued investment in enhancing endpoint security, patch management automation, and multi-layer authentication for all users.

The Group's Information Security function monitors and drives the improvement of the Group's cybersecurity in light of the continually evolving threat.

All employees must undergo regular cybersecurity training to help them understand the threats and what they can do to protect the Group's information systems and data. Regular tests of our defences against cyber threats are undertaken by a third-party specialist.

Change since 2021:

Risks continued

Key risks impacting the Group continued

3 Client loss

Description

Clients may reduce their business engagements with us, or move elsewhere due to our own performance or to events beyond our control, including changes in client budgets and media investment plans.

The loss of major clients could have a material impact on resourcing and revenue.

Mitigating actions:

The Chief Client Officer and Chief Product Officer and their teams specifically focus on meeting client demands and aim to broaden the portfolio of products and services available to, and taken up by, our clients.

Consistently providing high quality work and getting regular feedback from clients helps maintain strong client relationships.

Diversification of the client portfolio including identification of new clients through active marketing and business development activities.

In 2022, no single client was responsible for a material share (i.e. more than 5%) of the Group's total revenue stream.

Change since 2021:

4 Macro economic and political environment

Description

Group performance could be adversely affected by factors beyond its control such as economic conditions or political uncertainty in key markets as well as the impact of climate change on sectors that Ebiquity serves.

Certain factors such as higher cost inflation could directly impact the Group's business. Reductions or changes in the nature and level of media investments among existing and potential clients could also materially impact demand for Ebiquity's services.

Mitigating actions:

The Group monitors macro economic developments to assess how it should respond to these.

Our geographic diversity and spread of clients among many sectors mitigates the impact of political and economic challenges in any individual country or region or of significant changes in activity in individual industry sectors.

New services are being developed to help advertisers to measure the environmental impact of their media investment activities.

Change since 2021:

5 Liquidity

Description

Failure to manage liquidity could lead to breaches of banking covenants. This would impact the ability of the Group to maintain its banking facilities and to satisfy its obligations to pay staff and suppliers as they fall due.

Mitigating actions:

Weekly cash flow reporting at Group level and regular management review of cash flow forecasts.

Day to day cash flow managed within individual units.

Credit controllers within units are given collection targets and regular debtor meetings are held.

Regular information provision to bank lenders and dialogue with them.

Change since 2021:

Board of Directors

Rob Woodward
Non-Executive Chair and
Chair of the Nomination Committee

About
Rob joined the Board as a Non-Executive Director in March 2018 and was appointed Chair in May of the same year. He is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee.

Experience
Rob was CEO of STV Group plc from 2007 to 2017, where he led their successful transformation into a pre-eminent digital media group and oversaw a dramatic increase in shareholder value. Prior to STV, Rob was Commercial Director at Channel 4 Television for four years and was previously a Managing Director with UBS Corporate Finance and the lead partner for Deloitte's TMT Industry Group in Europe. He is currently Chair of the AIM-listed data services provider Blancco Technology Group plc and Chair of the Met Office.

Nick Waters
Chief Executive Officer

About
Nick joined the Board as Chief Executive Officer in July 2020.

Experience
Nick has more than 20 years' experience in senior executive roles at leading international media, digital and advertising businesses. Prior to Ebiquity, Nick had worked for 10 years at Dentsu Aegis Network (formerly Aegis Group), a multinational media and digital marketing group. Immediately prior to joining Ebiquity, Nick was Executive Chair, UK and Ireland, having previously been CEO for Asia Pacific for nine years. Prior to Dentsu Aegis Network, Nick held a number of senior roles at global media agency Mindshare over more than 10 years, which he joined from international advertising and marketing agency Ogilvy & Mather. At Mindshare he progressed to become CEO of EMEA having been CEO Asia Pacific and previously CEO of Southeast Asia. He has worked with some of the world's largest advertisers and best known brands including Ford Motor Co, Unilever, General Motors, Microsoft, HSBC and PepsiCo.

Alan Newman
Chief Financial & Operating Officer

About
Alan joined the Board as Chief Financial & Operating Officer in January 2019. He was interim CEO from November 2019 to July 2020, after which he returned to his original role.

Experience
Alan was previously CFO of YouGov plc, the AIM listed global market research and data analytics group, between 2008 and 2017. He is currently a Non-Executive Director of Future plc and a former Chair of Freud Museum London. Prior to YouGov plc, Alan was a partner at EY and previously at KPMG, where he provided Board level advisory and consulting services specialising in the media, technology and telecoms sectors. He is a chartered accountant and has an MA in Modern Languages (French and Spanish) from Cambridge University.

Julie Baddeley
Non-Executive Director and
Chair of the Remuneration Committee

About
Julie joined the Board in November 2014. She is a member of the Audit & Risk Committee, Remuneration Committee and the Nomination Committee.

Experience
Julie has served in both executive and non-executive capacities on the boards of leading companies in the FTSE 100 and FTSE 250, as well as a number of major public sector organisations. She has chaired the remuneration committees of several company boards and served as Chair of Harvey Nash plc from 2013 to 2018. She is currently a Non-Executive Director at FTSE 250 company TI Fluid Systems, Senior Independent Director of Marshall of Cambridge and Chair of Chapter Zero, a board climate forum. Julie has broad experience of businesses in professional services such as Ebiquity, and of those in the consumer industry and finance sectors, including BOC Group, Camelot, Yorkshire Building Society and Greggs.

Board of Directors continued

Lara Izlan
Non-Executive Director

About
Lara joined the Board in June 2021. She is a member of the Audit & Risk Committee the Remuneration Committee and the Nomination Committee.

Experience
Lara is currently the Director of Data Strategy at ITV plc where she is responsible for data and AI strategy and product development. Prior to this, Lara led ITV's advanced advertising data strategy, delivering addressable products and measurement solutions for connected TV advertising. Lara brings extensive experience from across the media industry with a particular expertise in advertising and marketing technology, having held senior strategic and commercial positions at leading media brands, including Auto Trader Group Plc, Telegraph Media Group Ltd and AO... During her early career, Lara was based in the US, undertaking various analyst and research roles, including with Disney and OmniSky, a mobile internet start-up. Lara holds degrees from Harvard, LSE and London Business School.

Richard Nichols
Non-Executive Director and Chair of the Audit & Risk Committee

About
Richard joined the Board in November 2008. He is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.

Experience
Richard was CEO of Instinctif Partners, the international business communications consultancy, from 2006 to 2018. He then held the role of Deputy Chair until September 2019. Richard is currently an adviser to various media and entrepreneurial businesses and is also Chair of the Harpenden Trust. Prior to joining Instinctif Partners, Richard was Chief Executive of Huntsworth plc, following the merger with Incepta Group plc, where he was the Chief Executive and formerly Group Finance Director. An Economics graduate from Cambridge University, Richard qualified as a chartered accountant with Price Waterhouse in London.

Lorraine Young
Company Secretary

About
Lorraine joined Ebiquity as Company Secretary in January 2021.

Experience
Lorraine is a chartered governance professional and accredited mediator, who provides board advisory and related consultancy services. She is a Non-Executive Director of PHSC plc and a former Non-Executive Director of City of London Group plc, both AIM listed companies. Lorraine is a Past President and Fellow of the Chartered Governance Institute. She has held senior governance roles at a number of FTSE 350 companies. She ran her own company secretarial and corporate governance advisory practice for 13 years, which in 2016 she merged with the cosec team at a UK top 50 law firm, where she was a partner. Since February 2019, Lorraine has been pursuing her own consultancy interests once more.

Corporate governance report

"As Chair I am responsible for the governance of the Board and its committees and ensuring that they continue to be effective."

I am pleased to present the corporate governance report for the year ended 31 December 2022.

Ebiquity applies the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') when considering its corporate governance practices because this provides a robust yet sufficiently flexible framework. The Board believes the Company complies with al the principles of the QCA Code, but this is an ongoing process, requiring regular review and action to ensure we continue to follow appropriate standards as the business develops and changes. A copy of the QCA Code is available from www.theqca.com.

As Chair I am responsible for the governance of the Board and its committees and ensuring that they continue to be effective. This includes having a diverse combination of people with the skills, knowledge and experience required to oversee the Group; ensuring that the Board considers and discusses a range of topics over the course of the year and receives feedback from its key stakeholders. Direct engagement is always useful and over the past year we have continued to invite various stakeholders to board meetings to share their feedback and experiences. This provides valuable third party input to the Board.

This corporate governance report describes how the Board and committees operate, the things we have done during the year, including our Board effectiveness review and how the Board interacts with shareholders. There are more detailed reports from the Audit & Risk Committee (on pages 62 and 63) and from the Remuneration Committee (on pages 64 to 69). The section 172 report (on pages 37 to 44) describes how the Board engages with stakeholders and considers their views (and other factors) when making decisions.

Rob Woodward
Chair
30 March 2023

Corporate governance report continued

QCA Code compliance

The main principles of the QCA Code are set out below, together with references to where more details about Ebiquity's compliance with them can be found.

	Deliver growth	
Principle 1	Establish a strategy and business model which promote long-term value for shareholders	Further details of the Company's business model and strategy are set out on pages 12 to 16.
Principle 2	Seek to understand and meet shareholder needs and expectations	There is regular contact between the Company's shareholders and the Board. Further details are set out on page 61.
Principle 3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Company's key stakeholders (in addition to shareholders) are employees, clients, suppliers and trade bodies. Details of the Company's stakeholder engagement can be found in the section 172 statement on pages 37 to 44.
Principle 4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board retains ultimate control and responsibility for the risk management of the Group. The risk management approach adopted by the Board is set out on pages 49 to 51.

Corporate governance report continued

QCA Code compliance continued

	Maintain a dynamic management framework	
Principle 5	Maintain the Board as a well-functioning, balanced team led by the Chair	Read more about the Board on pages 57 and 58.
Principle 6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	Biographies for each of the Directors are set out on pages 52 and 53. See also the section on Board evaluation on pages 58 and 59.
Principle 7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	A description of the most recent Board evaluation can be found on page 58.
Principle 8	Promote a corporate culture that is based on ethical values and behaviours	Read more about Ebiquity's overall governance on page 32 and in the section 172 statement on pages 37 to 44.
Principle 9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Read more throughout this corporate governance report.
	Build trust	
Principle 10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Read more on page 61 and in the section 172 statement on pages 37 to 44.

Corporate governance report continued

The Board of Directors

Role of the Board

The Board is responsible for the strategic direction of the Group and the appropriate management of its resources. The Directors are also collectively responsible for acting in the way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its shareholders as a whole. In doing so, the Directors have regard to the interests of employees and the need to foster business relationships with suppliers, customers, and other stakeholders, in addition to other relevant considerations. Further information on how the Directors fulfil their responsibilities and how the Board engages with the Company's key stakeholders can be found in the section 172 report on pages 37 to 44. A statement of the Directors' responsibilities in relation to the annual report and financial statements is set out on page 74.

The principal matters considered by the Board include:

- The development and execution of strategy
- The setting and implementation of the Group's vision, mission, values and standards
- Ongoing performance against approved budgets and business plans, including KPIs
- Risk management and internal controls
- Financial results for the full and half year and dividend policy
- Changes to the corporate, management or capital structure
- Major capital projects
- Board composition, Board and executive succession planning
- Stakeholder engagement and feedback
- Environmental, social and governance matters both internally and as part of Ebiquity's client offering
- Corporate governance matters including approval of the remuneration policy and QCA Code compliance

As part of good corporate governance there are certain matters which are not appropriate to be delegated to management and which are reserved for consideration by the Board as a whole. The full list of such matters is available on the Company's website (**www.ebiquity.com**).

Composition of the Board

The Board currently comprises an independent Non-Executive Chair, three other independent Non-Executive Directors and two full-time Executive Directors. After seven years on the Board, Tom Alexander stepped down from the Board at the conclusion of the AGM in 2022.

The Chair's principal role is to lead the Board in determining the Group's future direction and strategy and monitoring the achievement of its agreed goals and objectives.
With assistance from the Company Secretary, the Chair is responsible for setting the agenda for, and organising the business of, the Board as well as ensuring its effectiveness.

Corporate governance report continued

The Board of Directors continued

Composition of the Board continued

The Chief Executive Officer is responsible for setting long-term strategy, developing appropriate business plans, agreeing management KPIs and leading the Executive Directors and senior leadership team in the day to day running of the Group's business. He is responsible for primary shareholder communications and ongoing relationships with investors and the Chair is also actively involved in maintaining communications with investors. The Chief Executive Officer and the Chief Financial Officer & Chief Operating Officer regularly meet with investors and analysts to discuss the performance of the business and its strategy. In addition, once a year, the Chair and Company Secretary invite investors to meet them to discuss corporate governance matters.

Biographical details of the Directors including the committees on which they serve, are on pages 52 and 53.

Board evaluation

As part of this year's Board effectiveness review, the Board reviewed the skills analysis it undertook last year, as a result of which it is satisfied that, between them, the Directors have the required skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively. Particular strengths are expertise in client engagement, the advertising and media sector, international businesses, strategy and stakeholder management. Areas where there was less expertise (such as ESG and cybersecurity) are being addressed by Board updates and training and the use of appropriate advisers when and if required.

The evaluation process consisted of the Directors completing online questionnaires, which covered the following aspects of Board effectiveness:

- The role of the Board
- Board meetings
- Board reporting
- Board support and development
- Stakeholders
- Working together

In addition, there were questions on the effectiveness of Board committees, the Chair, the Executive Directors collectively, and the Non-Executive Directors collectively.

The results of the questionnaires were collated and analysed by the Company Secretary. All of the Directors and the Company Secretary also met with the Chair on a 1:1 basis to provide any more detailed feedback. The Chair of the Audit & Risk Committee undertook an evaluation of the Chair with the rest of the Board and the Company Secretary. The Board review output was considered at the next Board meeting where a number of recommendations were agreed. Overall, the feedback was positive and indicated that the board continues to work well.

Feedback on the strategy day during the year was particularly positive, directors appreciated a greater opportunity to contribute and the involvement of external stakeholders in a number of the day's sessions. The quality of Board debate was rated as excellent, with Board members feeling that their contributions were valued and that they could easily raise concerns if they had any.

The recommendations from this year's review included:

- Continue to develop the reporting on risk management and mitigation at the Board and Audit & Risk Committee. This has improved but there is an aim to have more focused discussions on key risks and mitigations, with greater monitoring of trends over time.
- Keep in mind the skills analysis as and when new Board members are sought, possibly finding someone with relevant marketing experience.
- Review the format of some of the board reports, so that they are clearer when being viewed on electronic devices via the board portal.
- Following other feedback, during 2023 it is intended that:
  - the Board will be given a demonstration of the GMP365 platform
  - more customers will be invited to meet the Board and provide feedback
  - there will be more opportunities to meet and spend time with executives below Board level

The recommendations from 2021 had included:

- **Re-evaluating how the Board and Audit & Risk Committee oversee risk, taking account of the new ERM system being implemented within the business**

  This is continuing. Risk reporting has been reviewed and continues to evolve to be more meaningful. Key risks are emphasised and trends will be observed and monitored.
- **Discussing Board and executive team succession and diversity and inclusion**

  The board considered this topic at a meeting during the year and this is a regular annual board agenda item.

Corporate governance report continued

Board evaluation continued

- **Organising opportunities for the Board to meet and get to know emerging talent**

  This has begun with more people attending board meetings throughout the year to present on various aspects of the business. As travel restrictions have eased considerably, a board site visit is planned during 2023, at which the board will meet some of the local team.

- **Some additional topics for Board discussions**

  The board agenda planner is regularly reviewed and new topics added. For example, during the strategy day there were presentations and discussions on industry perspectives with a range of stakeholders including an industry analyst and an editor from a trade publication.

- **Some suggestions for improvements to Board papers**

  Board reporting continues to be developed and feedback on board reports was sought again as part of the 2022 board review process.

Appointment, election and re-election of Directors

The Company's articles of association provide that each Director shall retire from office and be eligible for reappointment at the third annual general meeting after the one at which they were appointed or last reappointed. At this year's AGM, Rob Woodward and Richard Nichols will retire and offer themselves for re-election by shareholders. The Board is satisfied that the contributions of Rob and Richard continue to be effective and that they demonstrate sufficient time commitment to their roles. The Board also believes that all of the Non-Executive Directors are independent. The Board acknowledges that Richard Nichols reached 14 years' tenure as a Non-Executive Director in November 2022. After careful review and consideration, the Board has determined that Richard remains independent in character and judgement in his role as a Non-Executive Director.

All Non-Executive Directors have letters of appointment which state their time commitment. Non-Executive Directors are required to commit an average of 12 days per year, including attending Board and committee meetings, the AGM and any other shareholder meetings. The Chair commits to four days per month carrying out his role. Further details about the number of Board and committee meetings held during the year and attendance at those meetings are set out on page 60.

Board meetings

During the year the Board met formally on eight occasions.

The Board receives monthly management accounts and other relevant information as appropriate in advance of each Board meeting. This information is made available electronically via an online Board portal. Directors are able to access this information at any time, including after Board meetings. There are a number of standing agenda items reviewed by the Board at each regular Board meeting, including updates from the Chair, CEO, CFO and Company Secretary. Members of the Executive Leadership Team and other employees are invited to present to the Board from time to time. During the year the Board has received presentations from the regional business heads, the heads of the business in India, the CEO of FirmDecisions, the Chief Client Officer, the Chief Product Officer and the Chief People Officer as well as the senior executives who joined from MMi and Media Path. Detailed minutes are taken of all Board meetings, which are circulated to the Board and approved at the following Board meeting. The following matters were among those considered by the Board during the last year.

Gender diversity

2

Women

Men

4

Tenure

1

2

Up to 3 years

4 to 6 years

6 to 9 years

9+ years

1

2

Corporate governance report continued

Board meetings continued

Strategy

During the year the Board spent a full day discussing strategy. It received a number of presentations from both internal and external stakeholders which led to consideration of a number of topics. The CEO gives regular updates on progress against the strategy and further strategy sessions are planned during 2023.

Corporate culture

During the year, the Company set a new vision – "Creating a Better Media World, Together." This ties in with our purpose statement and values. Work on these will be refreshed in 2023, now that the acquisitions from 2022 are bedded in.

The Board ensures that policies and procedures are in place to cover matters such as anti-bribery and corruption, business ethics, and modern slavery. The Company has established arrangements by which individuals may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters. The Group has a code of conduct which extends to all of its business dealings and transactions everywhere that it operates.

The Company has a number of diversity working groups to ensure it functions as a diverse and inclusive organisation. There are regular 'all staff' webinars at which members of the senior management team update employees on plans and progress in the business. They also provide the opportunity for employees to ask questions on the topics under discussion.

Directors' conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company Secretary keeps a register of the Directors' other interests and potential conflicts which is regularly reviewed and updated as necessary. At the beginning of each Board meeting the Directors confirm they have no conflicts of interest in relation to the matters being considered.

Risk management

The Company's approach to risk is set out on pages 49 to 51.

Advisers to the Board and committees

All Directors have access to the advice of the Company Secretary, who attends all Board and committee meetings. The Board consults external advisers on various matters as and when appropriate. These include the Company's nomad and broker, Financial PR, legal, tax, and remuneration advisers. The Company's auditors attend meetings of the Audit & Risk Committee. Directors may take independent professional advice at the Company's expense as and when necessary to support the performance of their duties as directors of the Company.

Attendance at Board and committee meetings in 2022

(figures denote the number of meetings attended and the number of meetings the Director was eligible to attend)

Board member	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Rob Woodward	8/8	3/3	4/4	1/1
Nick Waters	8/8	3[1]	2[1]	1[1]
Alan Newman	8/8	3[1]	2[1]	1[1]
Tom Alexander[2]	3/3	1/1	1/2	1/1
Julie Baddeley	8/8	3/3	4/4	1/1
Lara Izlan	7/8	3/3	4/4	1/1
Richard Nichols	7/8	3/3	4/4	1/1

1. Attended by invitation.
2. Resigned on 19 May 2022

Board committees

Committee membership

Audit & Risk Committee	Nomination Committee	Remuneration Committee
Richard Nichols (Chair)	Rob Woodward (Chair)	Julie Baddeley (Chair)
Julie Baddeley	Julie Baddeley	Lara Izlan
Lara Izlan	Lara Izlan	Richard Nichols
Rob Woodward	Richard Nichols	Rob Woodward

Corporate governance report continued

Board committees continued

Committee membership continued

The Board has established several committees to support it in the performance of its functions. The principal committees are the Audit & Risk Committee, the Remuneration Committee, and the Nomination Committee. The Company Secretary acts as secretary to the committees and their terms of reference are available on the Group's website **www.ebiquity.com**.

Audit & Risk Committee

The Audit & Risk Committee is responsible for the overall financial reporting of the Company and Group and its report is on pages 62 and 63. The Board considers Richard Nichols to have recent and relevant financial experience as he is a qualified chartered accountant and has served as the Finance Director and Chief Executive Officer of listed and private companies. The Chief Financial Officer & Chief Operating Officer also attends these meetings at the invitation of the Committee Chair.

The purpose of the Audit & Risk Committee is to ensure good financial practices are in place throughout the Group, to monitor that controls are in force to ensure the integrity of financial information, to review the interim and annual financial statements, to assess the adequacy and effectiveness of the Company's risk management systems, and to provide a line of communication between the Board and the external auditors. The Committee has access to the external auditors as well as those responsible for preparing financial information within the Group.

Remuneration Committee

The Remuneration Committee is responsible for the Executive Directors' remuneration and other benefits and terms of employment, including performance-related bonuses and share options, as well as providing general guidance on wider aspects of remuneration. The report of the Remuneration Committee is on pages 64 to 69. The Executive Directors may attend part of the meetings at the invitation of the Committee Chair but are not present for any discussions regarding their own remuneration.

Nomination Committee

The Nomination Committee meets as necessary and has responsibility for nominating candidates to the Board for appointment as directors, bearing in mind the benefits of diversity and a broad representation of skills across the Board. It also considers Board composition and Board and committee succession planning, including any relevant output from the Board evaluation.

Shareholder engagement

The Company communicates with shareholders through its annual report and accounts, the Annual General Meeting, face-to-face meetings with major shareholders and results presentations. A range of corporate information (including all regulatory announcements and annual reports and accounts) is available on the Company's website at **www.ebiquity.com**. The website contains details of all votes cast by shareholders at its Annual General Meeting and this is also announced after the meeting.

As set out in this corporate governance report, the Directors actively seek to build relationships with shareholders. The CEO and CFO are responsible for shareholder liaison and present to the major shareholders and analysts after the publication of both the full and half-year results. As well as a presentation of the results, the meetings give shareholders the opportunity to ask any questions and discuss their needs and expectations. Once a year, the Chair invites major shareholders to meet to discuss corporate governance or other matters with him and the Company Secretary and they are both available at other times to deal with any shareholder enquiries.

The Remuneration Committee Chair consults with major shareholders before material changes are made to Executive Directors' remuneration. The AGM is an opportunity for all shareholders to meet the Board and ask any questions.

Retail investors can submit routine enquiries about their shareholdings to the Company's registrars, whose contact details are on page 142 and send any other questions via the Company Secretary (**CompanySecretary@ebiquity.com**). They can sign up to receive email notification of regulatory announcements at **www.ebiquity.com**. A live share price chart is also available.

During 2022 the Company offered current and potential investors the opportunity to attend presentations given by the CEO and CFO at the time of the full and half year results announcements via the Investor Meet Company platform. This initiative was well received and it is planned to continue with these presentations during 2023.

Audit & Risk Committee report

Introduction

I am pleased to present the report of the Audit & Risk Committee (the 'Committee') for the year ended 31 December 2022. This report details the Committee's role and responsibilities and key activities during the year. Although the Board has ultimate responsibility for the Group's system of internal controls and for managing the Group's risks, the Board has delegated to the Audit & Risk Committee oversight of the Group's financial reporting and the Group's risk management process which aims to identify and mitigate significant risks.

Composition of the Audit & Risk Committee

All of the members of the Committee are independent Non-Executive Directors with a combination of accounting, financial and commercial experience. The Board considers Richard Nichols, who chairs the Committee, to have recent and relevant financial experience. His biography is on page 53.

The Committee met three times during the year.
The attendance of its members is set out in the table on page 60. Meetings of the Committee are also normally attended by the Group Chief Executive Officer, the Chief Financial & Operating Officer, the Company Secretary and other members of senior management, together with representatives from the external auditors Deloitte LLP ('Deloitte'), which ensures the Committee and the external auditors have access to all relevant financial and operational knowledge.

The Committee also meets with the external auditors without the Executive Directors and other senior management present to ensure it maintains an independent view and the Committee also meets alone when required.

Role and responsibilities of the Audit & Risk Committee

The Committee's terms of reference can be found on the Company's website. The principal responsibilities of the Committee include:

- monitoring the integrity of the Group's financial statements, including a review of significant financial reporting issues and judgements;
- considering the Group's accounting policies and practices and the application of accounting standards;
- overseeing the relationship with the Group's external auditors and reviewing their independence and objectivity, the effectiveness of the external audit process and the appointment, reappointment and removal of the external auditors;
- reviewing the Group's financial controls and other internal reporting systems;
- reviewing progress on implementing control improvements; and
- keeping under review the adequacy and effectiveness of the Group's risk management systems. Further information on the Group's approach to risk is on pages 49 to 51.

Audit & Risk Committee report continued

Activities during the year
The key matters that the Committee considered during the year are listed below.

Financial statements
In relation to the full and half year financial statements, the Committee's principal activities were:

- **the assessment of the carrying value of goodwill and intangible assets:** the Committee reviews annually the impairment test undertaken by management of the carrying value of any cash-generating unit and also assesses at each half year whether there are any indicators of impairment. In its test, the Committee reviews the key assumptions in the assessment of goodwill and the sensitivity of these assumptions and impact on the carrying value of goodwill and intangible assets. On this basis the Committee makes recommendations to the Board in this regard
- **revenue recognition:** the Committee reviewed the judgement applied by management in recognising revenue including the calculation of revenue cut-off at the year end
- **presentation and disclosure of highlighted items:** the Committee reviewed the nature and quantum of the items proposed by management to be classified as highlighted, to ensure they were consistent with the Group's accounting policies and to ensure appropriate and balanced disclosure had been made in the financial statements
- **acquisitions:** the Committee reviewed the assumptions made and calculations of fair value of the purchased assets and of goodwill relating to the companies acquired during the year
- **capitalisation of intangibles:** the Committee reviewed the nature and quantum of the system development costs proposed by management to be capitalised, together with the period over which the capitalised items will be amortised, to ensure they are consistent with the Group's accounting policies
- **taxation:** the Committee reviewed the significant components of the tax charge and provision and the overall effective tax rate of the Group as a whole. It also approved the release of tax provisions relating to historic US tax liabilities and potential transfer pricing challenges
- **going concern:** the Committee considered going concern and details are given in the Directors' report on page 73. Based on this it approved and recommended to the Board, the making of the Going Concern statement set out in the Directors' Report
- **segmental analysis:** the Committee reviewed and approved the changes to the definition of reporting segments to regional operations as reflecting better the way that the Group is now managed. Details are set out in note 2 to the financial statements

External auditors
Following an audit tender process carried out in 2021, Deloitte LLP were appointed as auditors to the Group in place of PricewaterhouseCooopers LLP ('PwC') with effect from the conclusion of the 2022 AGM.

Otherwise, with regard to Ebiquity's external auditors, the Committee's principal activities were to:

- approve the terms of engagement and fees;
- approve the annual audit plan;
- review the audit findings and management's response; and
- evaluate the auditors' independence and objectivity.

Risk
With regard to risk, the Committee's principal activities were to:

- Consider the increased geopolitical risk (including sanctions' compliance) following the war in Ukraine and the ongoing efforts to divest the Russian subsidiary
- Review the risk register and approve the assessment of key risks and mitigations

Provision of non-audit services
The Committee reviews with management the engagement of the external auditors for non-audit services and the level of associated non-audit fees. Details of fees paid to the auditors during the year are outlined in note 4 to the financial statements.

Richard Nichols
Audit & Risk Committee Chair
30 March 2023

Remuneration Committee report

Introduction

I am pleased to present the report of the Remuneration Committee for the year ended 31 December 2022. This report details the Company's overall approach to pay, benefits and incentives for its executives and the remuneration arrangements that are in place for the Directors.

We have recently adopted a new long-term incentive plan as our previous one expired in 2022. As Ebiquity is a small company we shall (as before) be using a single plan to make awards to Executive Directors, the Executive Leadership Team and certain other senior managers. There is some flexibility in the rules to facilitate this and we are not changing any aspects of our remuneration policy at this time. We have taken advice from Alvarez & Marsal, our remuneration advisers, to ensure the plan is in line with current market practice and consulted with our major shareholders. The key features of the plan are outlined in the report below.

Julie Baddeley
Remuneration Committee Chair
30 March 2023

Remuneration Committee report continued

Remuneration framework

The Board recognises the need to have the right remuneration framework in place to attract and retain people with industry-leading skills, the knowledge and the experience needed to develop and grow the business, and to incentivise them to deliver the Group's strategy and promote long-term sustainable success. The Committee considers the following when setting the remuneration framework:

- the responsibility of the executive's role, their experience and performance;
- the remuneration arrangements in place for the wider workforce;
- market practice at other companies of a similar size and complexity, as well as at other companies in the sector;
- the need to attract and retain executives of the right calibre with the required skills and the need to get the right balance of short and long-term incentives and
- the need for the short and long-term incentives to be aligned with the Group's strategy

The Committee may make use of some or all of the remuneration components below.

Base salary

Base salaries are set by the Remuneration Committee each year, after taking into consideration levels of responsibility, the performance and experience of the individual, appropriate market comparators and the arrangements for the wider UK workforce.

Benefits

Benefits in kind for the Executive Directors are in line with general policies for the UK workforce and include private medical insurance, life assurance and critical illness cover. Benefits do not form part of pensionable earnings.

Pension

Executive Directors are entitled to receive employer contributions to a personal pension plan. The maximum contribution by the Company is 3% of base salary, which is in line with pension arrangements for the wider UK workforce.

Annual bonus

Annual bonuses for the Executive Directors are typically determined by reference to performance, based on Group financial targets and individual objectives, which are related to the Group's overall strategy and set at the beginning of the year. The maximum bonus potential for the Executive Directors is 100% of salary.

Long-Term Incentive Plan ('LTIP')

The Company's 2012 LTIP expired in September 2022 and cannot therefore be used to make any new long-term incentive awards. On the recommendation of the Remuneration Committee and following consultation with the remuneration advisers and communication with the Company's largest investors, the board has adopted a new LTIP ('the 2023 LTIP'). The structure is broadly similar to the previous plan, updated for current practice.

Awards under the plan are subject to continued employment and (in most cases, see below) the achievement of stretching performance conditions. These are chosen by the Remuneration Committee to support the delivery of the Company's strategy and align the interests of the Executive Directors and other participants with those of shareholders. The performance condition may vary each year depending on the financial and strategic priorities. For the time being, we expect that we will continue to use a target based on EPS growth over a three year period. We have considered and taken advice on a range of alternative measures but decided that EPS best incentivises management and aligns shareholders' and executives' interests.

Remuneration Committee report continued

Remuneration framework continued

Long-Term Incentive Plan ('LTIP') continued

Key terms of the 2023 LTIP are as follows:

- Awards may be granted to employees of the Group and are approved by the Remuneration Committee.
- Awards may be granted as options or conditional share awards.
- Awards will lapse on the tenth anniversary of the date of grant, unless they have been exercised or lapsed under the rules of the plan beforehand.
- Awards to Executive Directors and the Executive Leadership Team will normally be subject to performance conditions, set by the Remuneration Committee. Awards to other senior managers, below the Executive Leadership Team, may also be subject to a threshold target, such as a financial underpin, as determined by the Remuneration Committee.
- Participants may be entitled to receive a benefit equivalent to dividends paid on any shares subject to awards that vest if so determined by the Remuneration Committee.
- Awards may be satisfied by the issue of new shares, the transfer of shares from Treasury or the transfer of shares from the Employee Benefit Trust.
- Awards will normally be granted in the six weeks following the announcement of results for any period.
- Awards may not generally be transferred (except to a personal representative if a participant dies) and lapse immediately if a participant becomes bankrupt.
- In any 10 year period, the total number of shares which may be issued or transferred from Treasury under the plan and any other employee share plan adopted by the Company, may not exceed 10% of the issued ordinary share capital when Awards are made.
- The initial value of shares over which an Award may be granted to an individual participant in respect of any financial year, shall be limited to 150% of their salary[1].
- The Remuneration Committee may impose malus and clawback conditions on any award.
- If a participant is determined to be a 'good leaver', then, subject to the discretion of the Remuneration Committee, their Awards will vest on the normal vesting date (to the extent any performance condition has been met) and the number of shares subject to the Award will be pro rated by reference to the time from the date of grant to their leaving date, relative to the time from the date of grant to the date of vesting.
- If a participant is not determined to be a 'good leaver', unvested Awards will lapse when they leave the Company or when they give or receive notice to leave.
- If the Company is the subject of a takeover then, depending on the terms and the structure of the acquisition, the Awards may vest and become exercisable immediately (over a reduced number of shares) or they may be replaced by equivalent Awards in the new controlling entity.

Executive Directors' service contracts

The CEO and CFO both have service contracts with the Company. These agreements each provide for six months' notice by the Company and six months' notice by the executive. Under the contracts, a payment instead of notice may only be made in respect of salary and benefits.

Non-Executive Directors' fees and appointment terms

Fees for the Non-Executive Directors are determined by the Board to reflect the time commitment and responsibility, including chairing Board committees. The fees were reviewed in December 2022 and it was agreed to increase the base fee from £35,000 pa to £40,000 pa from 1 January 2023. This fee had remained the same since at least 2016. The fee for the Board Chair was increased from £85,000 pa to £95,000 pa with effect from the same date. This fee had not changed since the appointment of the current Board Chair in 2018. The fee for chairing a Board committee remains at £5,000 per year and applies to the Audit & Risk Committee Chair and the Remuneration Committee Chair. The fee for the Board Chair includes chairing the Nominations Committee.

The Non-Executive Directors have letters of appointment which provide for three months' notice by the Company and three months' notice by the Director. Fees are only payable up to the date of leaving. Appointments are for an initial period of three years and may be renewed for subsequent three year periods following review and agreement by the Board and subject to periodic reappointment by shareholders at the AGM.

1 Awards are not generally granted at the maximum level

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2022

	Salary/fees £'000	Taxable benefits £'000	Bonus £'000	**Year ended 31 December 2022 Total £'000**	Year ended 31 December 2021 Total £'000
Executive					
Nick Waters	370	11	157	**538**	574
Alan Newman	238	4	101	**343**	354
Non-Executive					
Rob Woodward	85	—	—	**85**	85
Tom Alexander[1]	15	—	—	**15**	35
Julie Baddeley	40	—	—	**40**	37
Lara Izlan	35	—	—	**35**	20
Richard Nichols	40	—	—	**40**	37
	822	15	258	**1,096**	1,142

1 Resigned on 19 May 2022

Payments to past Directors
No payments were made to past Directors during the year.

Base salary
Following a review in March 2023, the Committee agreed to increase the CEO's salary to £391,755 pa a 5% increase which is in line with the budgeted salary increase for the wider UK workforce. This change will take effect from 1 April 2023.

Pensions
No Director was a member of a Company pension scheme during the year (2021: nil). Contributions totalling £4,000 (2021: 6,000) were made to Nick Waters' private pension scheme during the year. Of the payment made in 2021, £4,000 related to 2021 and £2,000 related to 2020.

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2022 continued

Annual bonus

For 2022, the annual bonus for Executive Directors was based 75% on Group operating profit and 25% on individual strategic objectives. The Executive Directors continued to make strong contributions to the progress of the business in 2022. Nick Waters will receive a bonus of £156,702 and Alan Newman will receive a bonus of £100,737 in respect of that year. In each case, this is 42% of their annual salary.

For 2023, the annual bonus for Executive Directors will again be based on a combination of financial targets and individual strategic objectives. The maximum bonus opportunity for each of them remains at 100% of base salary.

Share option awards

At 31 December 2022, the interests of the Executive Directors in share option awards under the Ebiquity 2012 Executive Share Option Plan were as follows:

	Share options outstanding at 31 December 2021	Share options lapsed during the year	Share options exercised during the year	Share options granted during the year	**Share options outstanding at 31 December 2022**	Exercise price	Date of grant	End of performance period
Nick Waters	1,796,745	–	–	–	**1,796,745**	Nil	30/4/2021	31/12/2023
Nick Waters	–	–	–	916,257	**916,257**	Nil	29/9/2022	31/12/2024
Total	1,796,745	–	–	916,257	**2,713,002**			
Alan Newman	410,000	410,000	–	–	**–**	Nil	4/12/2019	31/12/2021
Alan Newman	385,017	–	–	–	**385,017**	Nil	30/4/2021	31/12/2023
Alan Newman	–	–	–	235,609	**235,609**	Nil	29/9/2022	31/12/2024
Total	795,017	410,000	–	235,609	**620,626**			

The performance conditions for the options granted to Alan Newman in 2019 were not met as a result of which these options lapsed.

No outstanding awards to Executive Directors were due to vest by reference to the year ended 31 December 2022.

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2022 continued

Share option awards continued

The share options granted to Nick Waters and Alan Newman in April 2021 are subject to an absolute EPS performance condition, which will be measured at the end of the financial year to 31 December 2023 and will vest as follows:

EPS	% vesting
4.5p	20
5.0p	30
5.5p	50
6.0p	75
6.5p	80
7.0p	90
7.5p	100

The share options granted to Nick Waters and Alan Newman in September 2022 are subject to a performance condition based on EPS growth over three years, which will be measured at the end of the financial year to 31 December 2024. The awards will vest as follows:

EPS	% vesting
6.77p	30
8.53p	100

The awards will vest on a straight line basis in between these points.

For both the 2021 and 2022 awards, EPS is defined as the adjusted diluted earnings per share of the Company, subject to such adjustments as may be determined by the Board from time to time (including any adjustments made to reflect structural changes in the Company such as significant disposals).

Directors' interests in the shares of Ebiquity plc

	At 31 December 2022	At 31 December 2021
Executive		
Nick Waters	**68,868**	50,000
Alan Newman	**397,736**	360,000
Non-Executive		
Rob Woodward	**185,016**	147,280
Julie Baddeley	**15,000**	15,000
Lara Izlan	**—**	—
Richard Nichols	**250,000**	200,000

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2022.

Strategic Report

In accordance with the provisions of the Companies Act 2006, a Strategic Report is set out on pages 1 to 51, which incorporates the Chair's Statement, the Chief Executive's Review, the Financial Review and Business Model. It includes details of expected future developments in the Group's business and the key performance indicators used by management. The Strategic Report has been prepared to provide the Company's shareholders with a fair review of the Company's business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Results and Dividends

The audited financial statements are set out from page 84. The future plans for the business are set out in the Chief Executive's Review. No dividend is being paid or proposed in respect of the year to 31 December 2022.

Research and development

The Group continues to invest in the development of products. During the period, a total of £276,000 was capitalised in relation to such projects. This has resulted in the development of a number of new products and services.

Political donations and political expenditure

It is the Company's policy not to make political donations and, accordingly, no political donations were made and no political expenditure was incurred in the period (2021: nil).

Modern Slavery Act

Ebiquity's statement regarding the Modern Slavery Act 2015 can be viewed on its website (**www.ebiquity.com**).

Acquisitions

On 29 January 2022, the Group acquired Forde and Semple Media Works, the leading media performance consultancy in Canada. Forde and Semple had a longstanding relationship with the Group in support of projects covering Canadian media. The total consideration was CAD$1.3 million (£0.8 million), of which CAD$1.2 million (£0.7 million) was paid on completion and CAD$0.1 million (£0.06 million) was deferred for one year. Forde and Semple had revenues of CAD$1.1 million in the financial year ended 31 January 2021 and net assets of CAD$0.4 million (£0.2 million) on completion. It has now been renamed Ebiquity Canada Inc.

On 4 April 2022, the Group acquired Media Management LLC ('MMi'), a US-based media audit specialist, for an initial consideration of US$8.0 million (£6.1 million) with a deferred contingent consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) was paid in cash and 16% (US$1.3 million/£1.0 million), was applied by the vendors to subscribe for 1,737,261 Ebiquity ordinary shares. The contingent consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for the year ending 31 December 2024. This has been estimated to be US$4.0 million/£3.0 million. 80% of this will be payable directly in cash to the vendors and 20% will be applied by the vendors to subscribe for Ebiquity ordinary shares.

On 22 April 2022, the Group acquired Media Path Network AB ('Media Path'), a Swedish-based multinational media consultancy, for a consideration of £15.5 million. 75% (£11,625,000) was paid in cash and 25% (£3,875,000) was paid by the issue of 6,919,642 new Ordinary Shares to the Media Path vendors. An additional cash payment of £485,000 was made in June 2022 representing working capital in the completion accounts as at 31 March 2022 in excess of the contractually agreed target amount.

Directors' report continued

Directors

The Directors who served throughout the year were:

Julie Baddeley
Lara Izlan
Alan Newman
Richard Nichols
Nick Waters
Rob Woodward

Tom Alexander resigned on 19 May 2022.

The Directors' biographies are set out on pages 52 and 53. Further information about the Directors' interests in Ebiquity plc shares is provided in the Remuneration Committee report on page 69.

Directors' third-party indemnity provisions

The Company purchased and maintained throughout the period, and up to the date of this report, Directors' and Officers' liability insurance in respect of its Directors and Officers and those of its subsidiaries and deeds of indemnity are in place between the Company and each of the Directors.

Employees

Ebiquity is committed to the continuous development of its employees. The Group's employees are integral to the success of the business and as a result the Group pursues employment practices which are designed to attract, retain and develop this talent to ensure the Group retains its market leading position with motivated and satisfied employees. Further details of engagement with employees are set out in the ESG report on pages 26 to 36 and in the section 172 report on pages 37 to 44.

The Group seeks to recruit, develop and employ throughout the organisation suitably qualified, capable and experienced people, irrespective of sex, age, race, disability, religion or belief, marital or civil partnership status, or sexual orientation. The Group gives full and fair consideration to all applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Financial instruments

The Group's principal financial instruments comprise bank loans and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The operations of the Group generate cash and the planned growth of activities is cash generative. Full details of financial instruments are included in note 25 to the financial statements.

Directors' report continued

Substantial shareholdings

At the date of this report, the Company's issued share capital consisted of 120,359,791 ordinary shares of 25p each and a total of 116,159,791 voting rights. The Ebiquity plc 2010 Employee Benefit Trust (the 'EBT') held 4,200,000 issued ordinary shares to satisfy awards under the Company's share option plan. The trustee has agreed not to vote the ordinary shares which it holds and therefore 4,200,000 ordinary shares are treated as not carrying voting rights.

At the date of this report, the following had notified the Company that they held 3% or more of the Company's ordinary share capital. Apart from the shares held by the EBT, no other person has reported an interest of 3% or more in the Company's ordinary shares.

Name of shareholder	No of shares held	% of issued share capital	% of voting rights
Canaccord Genuity Wealth Management	22,042,198	18.31	18.98
BGF Investments	14,075,969	11.69	12.12
Artemis Investment Management	11,135,085	9.25	9.59
JO Hambro Capital Management	9,750,000	8.10	8.39
FIL Investment International	6,281,274	5.22	5.41
Franklin Templeton Investments	6,115,000	5.08	5.26
Herald Investment Management	5,818,483	4.83	5.01
Chelverton Asset Management	5,000,000	4.15	4.30
CRUX Asset Management	4,813,396	4.00	4.14
SEB Enskilda	3,736,538	3.10	3.22

Directors' report continued

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day to day working capital requirements through its cash reserves and borrowings, described in note 19 to the financial statements. As at 31 December 2022, the Group had cash balances of £12,360,000 (including restricted cash of £1,049,000) and undrawn bank facilities available of £8,500,000, was cash generative and within its banking covenants.

During the year, the Group continued to trade within the limits of its banking facility and associated covenants.

In March 2022, this facility was increased and extended to provide a total available of £30 million, initially for a period of three years to March 2025 and extendable for up to a further two years. Annual reductions to the facility of £1.25 million will apply from June 2023. Details of the facility terms and covenants applying are set out in note 19 to the financial statements.

In assessing the going concern status of the Group and Company, the Directors have considered the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the Group's cash flows, liquidity, and bank facilities. The Directors have prepared a model to forecast covenant compliance and liquidity for the next 12 months that includes a base case and scenarios to form a severe but plausible downside case.

The base case assumes growth in revenue and EBITDA based on the Group's budget for the year ended 31 December 2023 and management projections for the year ended 31 December 2024. The severe but plausible case assumes a downside adjustment to revenue of 10% throughout the period with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

The Directors consider that the Group and Company will have sufficient liquidity within existing bank facilities, totalling £30 million, to meet their obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

Independent auditors and disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Deloitte LLP were appointed auditors of the Company at the AGM in 2022. Deloitte LLP have indicated their willingness to continue in office and therefore a resolution for their reappointment will be proposed at the AGM.

Annual General Meeting

The Notice of the Company's Annual General Meeting accompanies this document and is also available on the Company's website at **www.ebiquity.com**.

By order of the Board

Lorraine Young
Company Secretary

30 March 2023

Statement of Directors' responsibilities

in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent auditors' report

to the members of Ebiquity plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ebiquity plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Company statements of financial position;
- the consolidated and Company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. 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 auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: ❯ Impairment of goodwill ❯ Revenue recognition Within this report, key audit matters are identified as follows: Newly identified — Similar level of risk Increased level of risk — Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £750,000 which was determined on the basis of revenue.
Scoping	We focused our audit work on eight components, six of which were subject to full audit scope, and two were subject to specified audit procedures. Components in scope account for 72% of Group revenue.
Significant changes in our approach	This is our first year audit. In undertaking our risk assessment, we did not determine the impairment risk in Ebiquity plc (parent company) to be a key audit matter.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

4. 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.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method and testing the arithmetic accuracy and integrity of the model;
- Assessing the reasonableness of the key assumptions adopted in preparing the forecasts and assessed whether the underlying data is consistent with our understanding of the entity and audit work;
- Performing a retrospective analysis of management assumptions to assess management forecasting accuracy;
- Evaluating consistency of the forecasts used for the going concern model with the forecasts used in the goodwill model;
- Considering the sensitivity scenarios and the impact on the liquidity and covenants over the period;
- Evaluating the likelihood of the downside scenarios transpiring and feasibility of mitigating actions; and
- Assessing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of goodwill and intangible assets

Key audit matter description	The Group has goodwill (FY22: £44m, FY21: £28m) and intangible assets (FY22: £12m, FY21: £5m) for a total of £56m (FY21: £33m). No impairment was recognised in the year (FY21: nil). There are 14 CGUs in total (FY21: 13 CGUs). Management's assessment of the carrying value of goodwill and intangibles involves significant judgement around the future results of the business. The most judgemental area within management's goodwill impairment assessment is the forecast cash flow, specifically the EBITDA growth. We specifically focused our work on two cash-generating units ('CGUs') which had relatively lower headroom and had historically underperformed against budgets. These were North America (goodwill and intangible assets of £10m, FY21: £2.4m) and China (goodwill and intangible assets of £2.8m, FY21: £2.9m). In particular, we focused our work on the appropriateness of management's assumptions around the EBITDA forecasts, the discount rate and the long-term growth rates included in the value-in-use ('ViU') calculation. The relevant accounting policy for the Group is presented in note 1 and further details, including sensitivity analysis required by IAS 36, is in note 10 to the financial statements.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Impairment of goodwill and intangible assets continued

How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the ViU calculation performed by management. We have challenged the key assumptions utilised in the cash flow forecasts with reference to historical trading performance, impacts of the current economic environment on future cash flows, market expectations and our understanding of the Group's strategic initiatives. In particular, the North America CGU has a history of losses but has made a profit in 2022 and we challenged the growth assumptions in this CGU. With the assistance of our valuation specialists, we independently recalculated a range of discount and growth rates based on market data at 31 December 2022 and assessed this against the values adopted in the impairment model. In addition we compared the long-term growth rate against various sources of long-term real GDP forecasts. We have assessed the disclosures made in the financial statements against the requirements of IAS 36. We have challenged the adequacy of management's sensitivity analysis in relation to key assumptions to consider the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired.
Key observations	We concluded that the assumptions applied in arriving at the ViU are reasonable and the valuation method adopted by management is appropriate. We concur with management's conclusion that no impairment is required.

5.2. Revenue recognition

Key audit matter description	Revenue is made up of five different products across the Group and is recognised over time for the majority of contracts. Revenue for the year is £76.0m (FY21: £63.1m). In line with IFRS 15: Revenue from contracts with customers, management's policy is to use an input or output method to measure progress of performance obligations. Input methods are typically based on costs incurred to date based on time, relative to the total expected costs. Output methods are based on assignment of amounts to the performance obligations set out in the contract. We focused our work on the contracts where the determination of the actual percentage of completion is deemed more complex and judgemental and there is therefore a risk of management manipulation or bias. In particular, we focused on contracts open at year end where there is still a significant portion of revenue to earn. The Group's accounting policy is presented in note 1.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

5. Key audit matters continued

5.2. Revenue recognition continued

How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls in respect of revenue recognition. We profiled all contracts in the year and selected a sample of projects which we determined to be the most susceptible to management bias. We focused our testing on contracts which were open at year end and, in particular, those which had a significant portion of revenue still to earn. For each of these projects we performed the following procedures: › Obtained the contract and understood the services provided to evaluate whether IFRS 15 criteria was met in respect of recognising revenue over time; › Performed inquiries of project managers and management to understand the effort incurred across the project to date and challenged assumptions taken by management where effort was deemed to be consistent across the period. We corroborated these inquiries by obtaining evidence of the work performed to date, including reviewing deliverables and assessing time sheet data, where available; › Recalculated revenue based on the contract value and our assessment of the stage of completion and compared against management's figures.
Key observations	We did not identify any significant issues in our work and are satisfied that the recorded revenue is appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£750,000 (2021: £600,000)	£206,000 (2021: £570,000)
Basis for determining materiality	1% of revenue This is consistent with the prior year.	1% of net assets In the prior year, the predecessor auditors used 1% of total assets.
Rationale for the benchmark applied	Revenue is a key focus of management as it reflects the growth of the Group through expansion of productions and services.	The Parent company is a holding company, and net assets is indicative of the Company's ability to support its subsidiaries.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.1. Materiality

Group materiality £750,000

Revenue
£75,973,305

Component materiality range (excluding parent company) £375,000 to £450,000

Revenue
Group materiality

Audit Committee reporting threshold £37,500

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 75%) of Group materiality	70% (2021: 75%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. We considered whether we were able to rely on controls; b. From review of predecessor auditors' files, there was a low level of uncorrected misstatements in the previous audit; and c. This was a first-year audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £37,500 (2021: £30,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

In selecting the components that are in scope each year, we obtained an understanding of the Group and its environment, including an understanding of the Group's system of internal controls, and assessing the risks of material misstatement at the Group level. The components were also selected to provide an appropriate basis on which to undertake audit work to address the identified risks of material misstatement.

Such audit work represents a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible. Based on our assessment, we focused our audit work on eight components, six of which were subject to full audit scope, and two were subject to specified audit procedures. Our procedures on full audit scope components provided coverage of 69% of the Group's consolidated revenue, with a further 3% coverage through specified procedures.

- Our audit work at the components is carried out using a component materiality set by the Group audit team. Two components were audited by local Deloitte offices, the rest of the components were audited by the Group team.
- For all remaining components, we have performed centralised analytical procedures at component materiality.
- The range of component materialities we have used are from £375,000 to £450,000.

Two components were audited by local Deloitte offices, the rest of the components were audited by the Group team.

7.2. Our consideration of the control environment

We identified one relevant IT System, which is the main accounting system. We obtained an understanding of the relevant IT general controls as part of our assessment of the control environment. We identified some deficiencies in this testing and as such did not rely on IT controls, instead extending the scope of our substantive work in response to the identified deficiencies.

We also obtained an understanding of the relevant controls associated with the revenue process, the financial reporting process and the process for making certain accounting estimates. We identified some deficiencies in respect of those areas which meant we did not rely on these controls but instead changed the nature, time and extent of the substantive audit procedures performed.

7.3. Our consideration of climate-related risks

As set out in the Environmental, Social and Governance update, the Group has undertaken a number of sustainability initiatives in order to mitigate climate-related risks.

As part of our audit, we have obtained an understanding of management's process and controls in considering the impact of climate risks and assessed whether the risks identified by the entity are complete and consistent with our understanding of the entity.

7.4. Working with other auditors

Our audit work in Germany and Sweden has been executed by Deloitte component auditors in those respective countries.

The audit work on the key audit matter 'Impairment of goodwill and intangible assets' has been carried out by the Group audit team. The audit work on the Revenue key audit matter has been led by the Group team but supplemented by procedures performed at local level by the component auditors to test the appropriateness of the revenue recognition. The component auditors' work has been directed, supervised, and reviewed remotely by the Group team for the Swedish and German components in the current year and, where necessary, component auditors carried out further testing at the Group engagement team's request. The other components are audited directly by the Group audit team.

At the Group level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

All component audit partners are included in our team briefing where their risk assessment is discussed and there is frequent two-way communication between the Group and component teams.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance, including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1. Identifying and assessing potential risks related to irregularities continued

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, IT and valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, AIM Listing Rules, sanctions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's compliance with GDPR.

11.2. Audit response to risks identified

As a result of performing the above, we identified Revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC and IRS; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditors' report continued

to the members of Ebiquity plc

Report on other legal and regulatory requirements

12. 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.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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 auditors' 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.

Peter McDermott (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 March 2023

Consolidated income statement

for the year ended 31 December 2022

	Note	31 December 2022 Before highlighted items £'000	Highlighted items (note 3) £'000	Total £'000	31 December 2021 Before highlighted items £'000	Highlighted items (note 3) £'000	Total £'000
Revenue	2	**75,973**	**–**	**75,973**	63,091	–	63,091
Project-related costs		**(7,220)**	**–**	**(7,220)**	(7,525)	–	(7,525)
Net revenue		**68,753**	**–**	**68,753**	55,566	–	55,566
Staff costs[1]		**(47,977)**	**–**	**(47,977)**	(38,312)	–	(38,312)
Other operating expenses[1]		**(11,506)**	**(15,168)**	**(26,674)**	(12,517)	(9,815)	(22,331)
Operating profit/(loss)	4	**9,270**	**(15,168)**	**(5,898)**	4,737	(9,815)	(5,078)
Finance income	6	**70**	**–**	**70**	20	–	20
Finance expenses	6	**(1,422)**	**–**	**(1,422)**	(882)	–	(882)
Foreign exchange		**49**	**–**	**49**	229	–	229
Net finance costs		**(1,303)**	**–**	**(1,303)**	(633)	–	(633)
Profit/(loss) before taxation		**7,967**	**(15,168)**	**(7,201)**	4,104	(9,815)	(5,711)
Taxation (charge)/credit	7	**(2,060)**	**1,799**	**(261)**	(1,737)	531	(1,206)
Profit/(loss) for the period		**5,907**	**(13,369)**	**(7,462)**	2,367	(9,284)	(6,917)
Attributable to:							
Equity holders of the parent		**5,874**	**(13,369)**	**(7,495)**	2,250	(9,282)	(7,032)
Non-controlling interests		**33**	**–**	**33**	117	(2)	115
		5,907	**(13,369)**	**(7,462)**	2,367	(9,284)	(6,917)
Earnings/(loss) per share							
Basic	9	**5.39p**		**(6.88)p**	2.72p		(8.51)p
Diluted	9	**4.46p**		**(6.88)p**	2.67p		(8.51)p

1 The cost categories reported in the income statement have been changed to reflect the Group's internal reporting. The prior year comparatives have been re-classified in the same way and there is no change in the total costs reported. Details of each cost category are set out on page 92.

The notes on pages 89 to 130 are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss for the year	**(7,462)**	(6,917)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**252**	(889)
Total other comprehensive income/(expense) for the year	**252**	(889)
Total comprehensive expense for the year	**(7,210)**	(7,806)
Attributable to:		
Equity holders of the parent	**(7,243)**	(7,921)
Non-controlling interests	**33**	115
	(7,210)	(7,806)

The notes on pages 89 to 130 are an integral part of these financial statements.

Consolidated statement of financial position

as at 31 December 2022

	Note	31 December 2022 £'000	Restated 31 December 2021 £'000
Non-current assets			
Goodwill	10	**43,091**	28,172
Other intangible assets	11	**12,776**	4,528
Property, plant and equipment	12	**1,289**	1,512
Right-of-use assets	13	**3,308**	4,542
Lease receivables	13	**–**	155
Deferred tax asset	21	**2,199**	1,388
Total non-current assets		**62,663**	40,297
Current assets			
Trade and other receivables	15	**33,163**	21,934
Lease receivables	13	**141**	146
Corporation tax asset		**845**	1,268
Cash and cash equivalents	16	**12,360**	13,134
Total current assets		**46,509**	36,482
Total assets		**109,172**	76,779
Current liabilities			
Trade and other payables	17	**(10,049)**	(6,915)
Accruals and contract liabilities	18	**(29,399)**	(19,350)
Financial liabilities	19	**(61)**	–
Current tax liabilities	7	**(1,121)**	(1,642)
Provisions	20	**(17)**	–
Lease liabilities	13	**(1,328)**	(2,566)
Total current liabilities		**(41,975)**	(30,473)

	Note	31 December 2022 £'000	Restated 31 December 2021 £'000
Non-current liabilities			
Financial liabilities	19	**(23,357)**	(17,901)
Provisions	20	**(446)**	(493)
Lease liabilities	13	**(4,654)**	(3,825)
Deferred tax liability	21	**(2,478)**	(1,083)
Total non-current liabilities		**(30,935)**	(23,302)
Total liabilities		**(72,910)**	(53,775)
Total net assets		**36,262**	23,004
Equity			
Ordinary shares	22	**30,060**	20,682
Share premium	23	**10,863**	255
Other reserves	23	**4,824**	4,572
Accumulated losses	23	**(9,787)**	(2,774)
Equity attributable to the owners of the parent		**35,960**	22,735
Non-controlling interests		**302**	269
Total equity		**36,262**	23,004

The prior year balance sheet has been restated to correct the presentation of current tax asset and current tax liability. See note 1 for details.

The notes on pages 89 to 130 are an integral part of these financial statements. The financial statements on pages 84 to 87 were approved and authorised for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Alan Newman
Chief Financial and Operating Officer

Ebiquity plc. Registered No. 03967525
30 March 2023

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Note	Ordinary shares £'000	Share premium £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
31 December 2020		20,646	255	5,461	3,942	30,304	442	30,746
(Loss)/profit for the year 2021		–	–	–	(7,032)	(7,032)	115	(6,917)
Other comprehensive income		–	–	(889)	–	(889)	–	(889)
Total comprehensive income/(expense) for the year		–	–	(889)	(7,032)	(7,921)	115	(7,806)
Shares issued for cash	22	36	–	–	(3)	33	–	33
Share options charge	3	–	–	–	319	319	–	319
Dividends paid to non-controlling interests		–	–	–	–	–	(288)	(288)
31 December 2021		20,682	255	4,572	(2,774)	22,735	269	23,004
(Loss)/profit for the year 2022		**–**	**–**	**–**	**(7,495)**	**(7,495)**	**33**	**(7,462)**
Other comprehensive income		**–**	**–**	**252**	**–**	**252**	**–**	**252**
Total comprehensive income/(expense) for the year		**–**	**–**	**252**	**(7,495)**	**(7,243)**	**33**	**(7,210)**
Shares issued for cash	22	**9,240**	**10,608**	**–**	**(39)**	**19,809**	**–**	**19,809**
Share options charge	3	**138**	**–**	**–**	**521**	**659**	**–**	**659**
Acquisitions		**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid to non-controlling interests		**–**	**–**	**–**		**–**	**–**	**–**
31 December 2022		**30,060**	**10,863**	**4,824**	**(9,787)**	**35,960**	**302**	**36,262**

1 Includes a credit of £3,667,000 (31 December 2021 £3,667,000) in the merger reserve, a gain of £2,635,000 (31 December 2021. £2,383,000) recognised in the translation reserve, partially offset by a debit balance of £1,478,000 (31 December 2021 £1,478,000) in the ESOP reserve. Refer to note 23 for further details

The notes on pages 89 to 130 are an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

	Note	**31 December 2022 £'000**	31 December 2021 £'000
Cash flows from operating activities			
Cash generated from operations	27	**3,812**	11,800
Finance expenses paid		**(830)**	(626)
Finance income received		**62**	7
Income taxes paid		**(1,871)**	(2,492)
Net cash generated by operating activities		**1,173**	8,689
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	28	**(17,020)**	–
Payments to acquire non-controlling interest		**–**	(1,291)
Payments in respect of contingent consideration	19	**–**	(680)
Purchase of property, plant and equipment	12	**(274)**	(217)
Purchase of intangible assets	11	**(175)**	(849)
Net cash (used in) investing activities		**(17,469)**	(3,037)

	Note	**31 December 2022 £'000**	31 December 2021 £'000
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		**14,374**	34
Proceeds from bank borrowings	19	**4,500**	–
Repayment of bank borrowings	19	**(1,000)**	(1,000)
Bank loan fees paid	19	**(300)**	–
Proceeds from government borrowings		**–**	(36)
Repayment of lease liabilities	13	**(2,616)**	(2,108)
Dividends paid to non-controlling interests		**–**	(157)
Net cash flow generated by/(used in) financing activities		**14,958**	(3,267)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(1,338)**	2,385
Cash, cash equivalents and bank overdraft at beginning of year	16	**13,134**	11,121
Effects of exchange rate changes on cash and cash equivalents		**564**	(372)
Group cash and cash equivalents at the end of the year	16	**12,360**	13,134

The notes on pages 89 to 130 are an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2022

1. Accounting policies

General information

Ebiquity plc (the 'Company') and its subsidiaries (together, the 'Group') exists to help brands optimise return on investment from their marketing spend, working with many of the world's leading advertisers to improve marketing outcomes and enhance business performance. The Group has 20 offices located in 18 countries across Europe, Asia and North America.

The Company is a public limited company, which is listed on the London Stock Exchange's AIM and is limited by shares. The Company is incorporated and domiciled in the UK. The address of its registered office is Chapter House, 16 Brunswick Place, London N1 6DZ.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards ('IFRS') in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006.

Prior year restatement

The prior year statement of financial position has been restated to reflect the correct presentation of the Company's current tax assets and current tax liabilities which relate to tax due from/to tax authorities in various jurisdictions. The restatement has the effect of reclassifying the 2021 current assets of £1,268,000 which was initially presented net of the Company's current tax liabilities to a separate line on the statement of financial position.

	2021 Reported £'000	2021 Adjustment £'000	**2021 Restated £'000**
Statement of financial position			
Current tax assets	–	1,268	**1,268**
Current tax liabilities	(374)	(1,268)	**(1,642)**

Alternative Performance Measures ('APMs')

In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). The Group includes these non-GAAP measures as they consider them to be both useful and necessary to the readers of the financial statements to help understand the performance of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies and therefore should be considered in addition to IFRS measures. The APMs are consistent with how business performance is measured internally by the Group. Details of the APMs and their calculation are set out on page 144.

Highlighted items

Highlighted items comprise charges and credits which are highlighted in the consolidated income statement as separate disclosure is considered by the Directors to be relevant in understanding the adjusted performance of the business. These may be income or cost items. Further details are included in note 3.

Non-cash highlighted items, which do not represent cash transactions in the year, include share option charges, amortisation of purchased intangibles, accruals for post-date remuneration and movements in tax and onerous lease provisions. Other items include the costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and disposals and their subsequent integration into the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges and restructuring costs.

Reclassification of cost categories reported in income statement

The cost categories reported in the income statement have been changed to: project-related costs, staff costs and other operating expenses to reflect the Group's internal reporting. The prior year comparatives have been re-classified in the same way and there is no change in the total costs reported. Details of each cost category are set out later in this note.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its cash reserves and borrowings, described in note 19 to the financial statements. As at 31 December 2022, the Group had cash balances of £12,360,000 (including restricted cash of £1,049,000) and undrawn bank facilities available of £8,500,000 and was cash generative and within its banking covenants.

During the year, the Group continued to trade within the limits of its banking facility and associated covenants. In March 2022, this facility was increased and extended to provide a total available of £30 million, initially for a period of three years to March 2025 and extendable for up to a further two years. Details of the facility terms and covenants applying are set out in note 19 below.

In assessing the going concern status of the Group and Company, the Directors have considered the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the Group's cash flows, liquidity, and bank facilities. The Directors have prepared a model to forecast covenant compliance and liquidity for the next 12 months that includes a base case and scenarios to form a severe but plausible downside case. For the purposes of this model, the terms of the new facility, including its covenant tests, have been applied with effect from the quarter ending 30 June 2022.

The base case assumes growth in revenue and EBITDA based on the Group's budget for the year ended 31 December 2023 and management projections for the year ended 31 December 2024. The severe but plausible case assumes a downside adjustment to revenue of 10% throughout the period with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

The Directors consider that the Group and Company will have sufficient liquidity within existing bank facilities, totalling £30 million, to meet their obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

Russian operation

Following the Russian invasion of Ukraine, the Group has been reviewing the future of its subsidiary in Russia (Ebiquity Russia OOO) and has been in negotiations with a view to divesting its 75.01% shareholding in it. Although this subsidiary remains part of the Group for these financial statements, given the uncertainty regarding this operation, an impairment provision of £257,000 has been made against the value of its assets in the Group balance sheet. Its cash balances are also deemed to be restricted cash. Details are provided in notes 3 and 16.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The consolidated financial statements are presented in pounds sterling and rounded to the nearest thousand.

The principal accounting policies adopted in these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of each subsidiary are included from the date that control is transferred to the Group until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of the results and net assets in subsidiaries that is not held by the Group.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised initially at their fair value at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. The determination of the fair values of acquired assets and liabilities is based on judgement, and the Directors have 12 months from the date of the business combination to finalise the allocation of the purchase price.

Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually or whenever there is evidence that it may be required. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on the acquisition of the Group's interest in an associate, being the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate, is included within the carrying amount of the investment. The non-controlling shareholders' interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where transactions with non-controlling parties do not result in a change in control, the difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted, is recognised in equity.

Where the consideration for the acquisition includes a contingent consideration arrangement, this is measured at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration are adjusted against the cost of the acquisition if they occur within the measurement period and only if the changes relate to conditions existing at the acquisition date. Any subsequent changes to the fair value of the contingent consideration after the measurement period are recognised in the income statement within other operating expenses as a highlighted item. The carrying value of contingent consideration at the statement of financial position date represents management's best estimate of the future payment at that date, based on historical results and future forecasts.

All costs directly attributable to the business combination are expensed as incurred and recorded in the income statement within highlighted items.

Revenue recognition

Revenue is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. Net revenue is the revenue after deducting external production costs as shown in the income statement.

Revenue from providing services is recognised in the accounting period in which the services are rendered. The revenue and profits recognised in the period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed (thus a 'point-in-time' recognition) or over the time period during which control of the performance obligation is transferred to the customer.

For fixed-price contracts, which represent the majority of cases, revenue is recognised based on the actual service provided during the reporting period, calculated as an appropriate proportion of the total services to be provided under the contract. This reflects the fact that the customer receives and uses the benefits of the service simultaneously. An input method or an output method is used to measure progress of performance obligations depending on the nature of the specific contract and project arrangements. Input methods are typically based on costs incurred to date, relative to the total expected costs for the project as substantially all work performed is primarily represented by labour. Where appropriate, revenue may be recognised evenly in line with the value delivered to the client, based on assignment of amounts to the project milestones set out in the contract.

Where project fees are based on the labour hours spent and other expenses incurred, revenue is recognised in line with the labour hours spent.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer is billed for the fixed amounts based on a billing schedule agreed as part of the contract.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Deferred and accrued income

The Group's customer contracts include a diverse range of payment schedules which are often agreed at the inception of the contracts under which it receives payments throughout the term of the arrangement. Payments for goods and services transferred at a point in time may be at the delivery date, in arrears or part payment in advance.

Where payments made to date are greater than the revenue recognised up to the reporting date, the Group recognises a deferred income 'contract liability' for this difference. Where payments made are less than the revenue recognised up to the reporting date, the Group recognises an accrued income 'contract asset' for this difference.

Project-related costs

Project-related costs comprise fees payable to external sub-contractors ('partners') who may undertake services in markets where the Group does not have its own operations; costs of third-party data (e.g. audience measurement data) used in projects; and, other out-of-pocket expenses (e.g. billable travel) directly incurred in performance of services.

Staff costs

Staff costs comprise salaries payable to staff, employer social taxes, healthcare, pension and other benefits, holiday pay, variable bonus expense and freelancer costs.

Other operating expenses

Other operating expenses comprise all other costs incurred in operating the business including sales and marketing, property, IT, non-client travel, audit, legal and professional, staff recruitment and training, depreciation and amortisation.

Finance income and expenses

Finance income and expense represents interest receivable and payable. Finance income and expense is recognised on an accruals basis, based on the interest rate applicable to each bank or loan account.

Foreign currencies

For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each year-end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year-end date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the year-end date. Income and expense items are translated at the average exchange rate for the period, which approximates to the rate applicable at the dates of the transactions.

The exchange differences arising from the retranslation of the year-end amounts of foreign subsidiaries and the difference on translation of the results of those subsidiaries into the presentational currency of the Group are recognised in the translation reserve. All other exchange differences are dealt with through the consolidated income statement.

Taxation

The tax expense included in the consolidated income statement comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the year-end date.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the year in which the final determination is made.

Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Taxation continued

Using the liability method, deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The recognition of deferred tax assets is reviewed at each year-end date.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the year-end date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful economic lives. The rates applied are as follows:

Motor vehicles	Eight years straight-line
Fixtures, fittings, and equipment	Three to nine years straight-line
Computer equipment	Two to four years straight-line
Right-of-use assets – leasehold improvements	Period of the lease

Other intangible assets

Internally generated intangible assets – capitalised development costs

Internally generated intangible assets relate to bespoke computer software and technology developed by the Group's internal software development team.

An internally generated intangible asset arising from the Group's development expenditure is recognised only if all the following conditions are met:

- it is technically feasible to develop the asset so that it will be available for use or sale;
- adequate resources are available to complete the development and to use or sell the asset;
- there is an intention to complete the asset for use or sale;
- the Group is able to use or sell the intangible asset;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Amortisation commences when the asset is available for use and useful lives range from three to five years. The amortisation expense is included within other operating expenses. Where an internally generated intangible asset cannot be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

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

1. Accounting policies continued
Other intangible assets continued
Purchased intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives, which vary from three to 10 years. The amortisation expense is included as a highlighted item in the income statement.

Intangible assets recognised on business combinations are recorded at fair value at the acquisition date using appropriate valuation techniques where they are separable from the acquired entity or give rise to other contractual/legal rights. The significant intangibles recognised by the Group include customer relationships, intellectual property, brand names and software.

Computer software
Purchased computer software intangible assets are amortised on a straight-line basis over their useful lives, which vary from three to five years.

Impairment
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

For the purpose of impairment testing, goodwill is grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the cash flows of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a pre-tax discount rate appropriate to the specific asset or cash-generating unit.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in highlighted items in the income statement.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases
The Group has various lease arrangements for buildings, cars, and IT equipment. Lease terms are negotiated on an individual basis locally. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group then recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. Lease-related assets and liabilities are measured on a present value basis. Lease-related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such an event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the time of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

Right-of-use assets
Right-of-use assets include the net present value of the following components:

- the initial measurement of the lease liability;
- lease payments made before the commencement date of the lease;
- initial direct costs; and
- costs to restore.

The right-of-use assets are reduced for lease incentives relating to the lease. The right-of-use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right-of-use asset is impaired for the part which has become onerous.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Leases continued

Lease liabilities

Lease liabilities include the net present value of the following components:

- fixed payments excluding lease incentive receivables;
- future contractually agreed fixed increases; and
- payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different to the local functional currency are subjected to periodic foreign currency revaluations which are recognised in the income statement in net finance costs.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made

Where a lease is not captured by IFRS 16 'Leases', the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Subleases

The Group acts as a lessor where premises have been sublet to an external third party. Accordingly, the right-of-use asset has been derecognised and instead a lease receivable recognised determined with reference to the net present value of the future lease payments receivable from the tenant. Finance income is then recognised over the lease term.

Onerous Leases

When an office space is considered surplus to requirements is vacated and marketed, an onerous lease provision is recognised to reflect the impairment of the right-of-use asset for the remaining period of the lease. Charges or credits relating to the provision are treated as highlighted items. Details of onerous lease provisions established in the year are given in note 3.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits. Cash and cash equivalents and bank overdrafts are offset when there is a legally enforceable right to offset. Restricted cash is included in cash and cash equivalent but identified separately. Where cash balances are not available for general use by the Group, for example due to legal restrictions, they are identified and disclosed as restricted cash.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

For financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

The amendments have no material impact on the Group's financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial assets

They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within other operating expenses. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Financial instruments continued

Financial liabilities

Borrowings consisting of interest-bearing secured and unsecured loans and overdrafts are initially recognised at fair value net of directly attributable transaction costs incurred and subsequently measured at amortised cost using the effective interest method. The difference between the proceeds received net of transaction costs and the redemption amount is amortised over the period of the borrowings to which they relate. The revolving credit facility is considered to be a long-term loan.

Trade and other payables are initially recognised at their nominal value, which is usually the original invoiced amount.

Share capital

Equity instruments issued by the Group are recorded at the amount of the proceeds received, net of direct issuance costs.

Executive Share Option Plan ('ESOP')

As the Company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the Group financial statements. The ESOP's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Company's shares is deducted from shareholders' equity in the Group statement of financial position as if they were treasury shares.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period with a corresponding increase recognised in retained earnings. Fair value is measured using an appropriate valuation model. Non-market vesting conditions are taken into account by adjusting the number of equity investments expected to vest at each year-end date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. A charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where there are modifications to share-based payments that are beneficial to the employee then as well as continuing to recognise the original share-based payment charge, the incremental fair value of the modified share options as identified at the date of the modification is also charged to the income statement over the remaining vesting period. Where the Group cancels share options and identifies replacement options, this arrangement is also accounted for as a modification.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution.

The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity financial statements.

Provisions

Provisions, including provisions for onerous lease costs, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the year-end date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

Retirement benefits

For defined contribution pension schemes, the Group pays contributions to privately administered pension plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are charged to the income statement in the year to which they relate.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

In preparing the consolidated financial statements, the Directors have made critical accounting judgements in applying the Group's accounting policies. This year the key judgement related to the identification of acquired intangible assets.

Identification of acquired intangible assets

As part of accounting for acquisitions under IFRS 3, the Group must identify and value the intangible assets it has acquired such as customer relationships, intellectual property, brand names and software. Their identification of these intangibles requires judgement following an assessment of the acquired business. This involves reviewing the past performance of the acquiree and future forecasts to ascertain the intangible assets to which the purchase price should be allocated and their fair value. See note 28 for details.

The Directors have also made critical accounting estimates due to the need to make assumptions about matters which are often uncertain. Actual results may significantly differ from those estimates. These estimates include determination of contingent consideration, the inputs used in impairment assessments, inputs to share option accounting fair value models and amounts to capitalise as intangible assets. They are arrived at with reference to historical experience, supporting detailed analysis and, in the case of impairment assessments and share option accounting, external economic factors.

Contingent consideration

The Group has recorded liabilities for contingent consideration on acquisitions made in the current and prior periods. The calculation of the contingent consideration liability requires estimates to be made regarding the forecast future performance of these businesses for the earn-out period. See note 28 for details.

Any changes to the fair value of the contingent consideration after the measurement period are recognised in the income statement as a highlighted item.

Carrying value of goodwill and other intangible assets

Impairment testing requires management to estimate the value-in-use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise from the cash-generating unit and the application of a suitable discount rate in order to calculate present value. The sensitivity around the selection of particular assumptions including growth forecasts and the pre-tax discount rate used in management's cash flow projections could significantly affect the Group's impairment evaluation and therefore the Group's reported assets and results.

Further details, including a sensitivity analysis, are included in note 10.

Adoption of new standards and interpretations

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2022:

- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 9 and IFRS 7 and IFRS as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

For financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

The amendments have no material impact on the Group's financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

1. Accounting policies continued

Adoption of new standards and interpretations continued

The following new standards have been published that are mandatory to the Group's future accounting periods but have not been adopted early in these financial statements:

- Property, Plant and Equipment: Proceeds before intended use – amendments to IAS 16
- Onerous Contracts Cost of Fulfilling a Contract – amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020 Cycle effective on or after 1 January 2022
- Classification of Liabilities as Current or Non-current –Amendments to IAS 1 1 January 2023 (deferred from 1 January 2022)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 effective on or after 1 January 2023
- Definition of Accounting Estimates – Amendments to IAS 8 effective on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 effective on or after 1 January 2023
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 effective on or after 1 January 2023

The adoption of the standards listed above is not expected to significantly affect future periods.

2. Segmental reporting

In accordance with IFRS 8, the Executive Directors have identified the operating segments based on the reports they review as the chief operating decision-maker ('CODM') to make strategic decisions, assess performance and allocate resources. The definition of these segments has been changed this year and the operating segments are now deemed to be the regional operations instead of the two global practices reported on in previous years. The comparative segmental reporting for 2021 has been re-stated to reflect this change.

Certain operating segments have been aggregated to form four reportable segments: UK & Ireland ('UK&I'), Continental Europe, North America and Asia Pacific ('APAC').

The Group's chief operating decision-makers assess the performance of the operating segments based on revenue and operating profit before highlighted items. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and purchased intangible amortisation. The measure also excludes the effects of equity-settled share-based payments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Segmental reporting continued

Year ended/as at 31 December 2022

	UK & Ireland £'000	Continental Europe £'000	North America £'000	APAC £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	**31,528**	**21,855**	**13,310**	**9,280**	**75,973**	**–**	**75,973**
Operating profit/(loss) before highlighted items	**6,552**	**6,449**	**913**	**1,943**	**15,857**	**(6,587)**	**9,270**
Total assets	**32,963**	**43,604**	**17,757**	**11,911**	**106,235**	**2,937**	**109,172**

Year ended/as at 31 December 2021 (re-stated)

	UK & Ireland £'000	Continental Europe £'000	North America £'000	APAC £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	32,279	17,354	5,565	7,893	63,091	–	63,091
Operating profit/(loss) before highlighted items	7,095	4,142	(598)	836	11,474	(6,737)	4,737
Total assets	33,062	21,199	6,051	12,316	72,628	2,883	75,511

A reconciliation of segment operating profit before highlighted items to total profit before tax is provided below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Reportable segment operating profit before highlighted items	**15,857**	11,474
Unallocated (costs)/income[1]:		
Staff costs	**(3,816)**	(3,805)
Property costs	**(949)**	(1,457)
Exchange rate movements	**541**	(22)
Other operating expenses	**(2,363)**	(1,453)
Operating profit before highlighted items	**9,270**	4,737
Highlighted items (note 3)	**(15,168)**	(9,815)
Operating loss	**(5,898)**	(5,078)
Net finance costs	**(1,303)**	(633)
Loss before tax	**(7,201)**	(5,711)

1 Unallocated (costs)/income comprise central costs that are not considered attributable to the segments

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Segmental reporting continued

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations results from long-term contracts:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December 2022:		
Within one year	**21,573**	21,732
Within more than one year	**1,580**	1,070

Prior year figures have been restated to reflect the above categorisation.

Significant changes in contract assets and liabilities

Contract assets have increased from £5,172,000 to £6,464,000 and contract liabilities have increased from £5,307,000 to £8,083,000 from 31 December 2021 to 31 December 2022. This increase is due in part to the addition of contract assets and liabilities arising in the businesses acquired during the year.

A reconciliation of segment total assets to total consolidated assets is provided below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total assets for reportable segments	**106,235**	72,628
Unallocated amounts:		–
Property, plant and equipment	**3**	–
Other intangible assets	**1,593**	187
Other receivables	**542**	964
Cash and cash equivalents	**799**	1,147
Deferred tax asset	**–**	585
Total assets	**109,172**	75,511

The table below presents non-current assets by geographical location:

	Year ended 31 December 2022 Non-current assets £'000	Year ended 31 December 2021 Non-current assets £'000
UK & Ireland	**16,511**	19,922
Continental Europe	**26,709**	10,797
North America	**11,538**	2,342
Asia Pacific	**5,706**	5,848
	60,464	38,909
Deferred tax assets	**2,199**	1,388
Total	**62,663**	40,297

No single customer (or group of related customers) contributes 10% or more of revenue.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business. These are used for the calculation of certain Alternative Performance Measures. For further information and reconciliation please see page 144. Cash items are defined as items for which a cash transaction has occurred in the year. All other items are defined as non-cash.

	31 December 2022 Total £'000	31 December 2021 Total £'000
Other operating expenses		
Share option charge	**553**	459
Amortisation of purchased intangibles	**2,739**	1,065
Post-date remuneration for Digital Decisions	**7,866**	7,922
Impairment of goodwill and current assets	**262**	–
Severance and reorganisation costs	**584**	87
Onerous Lease Provision movement	**1,272**	–
Acquisition related costs	**1,892**	282
Total highlighted items before tax	**15,168**	9,815
Taxation (credit)	**(1,799)**	(531)
Total highlighted items	**13,369**	9,284

The share option charge reflects the expense for the period arising from the cost of share options granted at fair value, recognised over the vesting period. For the period ended 31 December 2022, a charge of £553 000 (2021: £459,000) was recorded.

The amortisation charge for purchased intangible assets increased significantly in the year to £2,739,000 (2021: £1,065,000) due to the addition of intangible assets through the acquisitions of MMi and Media Path. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and Media Path's GMP licence asset.

A final accrual of £7,866,000 (2021: £7,922,000) has been made for post-date remuneration due to be paid in 2023 relating to the acquisition of Digital Decisions B.V. in 2020. The total amount to be paid is estimated at £15.8 million.

An impairment charge of £257,000 has been made to reflect the planned divestment of the Group's majority stake in Ebiquity Russia OOO for a nominal value. This comprises a provision of £179,000 against the Group's share (75%) of the total assets excluding cash and goodwill impairment of £78,000 and £5,000 in respect of other assets.

Total severance and reorganisation costs of £584,000 (31 December 2021: £87,000) were recognised during the year, relating to seven senior roles across the Group which were eliminated during the year.

The onerous lease provision charge of £1,225,000 relates to office space in three cities which is surplus to requirements. During the year, it was decided to vacate the New York office and part of the London office and to seek sub-tenants for these. A charge in the year of £1,741,000 has been made for these offices to reflect the impairment of the right-of-use asset. This is offset by a credit of £516,000, which reflects the reduction in the lease liability relating to the Chicago office which was vacated and sub-let in 2019 and for which the head-lease has now been terminated with effect from September 2023.

Three acquisitions were made in 2022 and an equity fundraise was arranged, the banking facility was increased and extended to finance these. The charge of £1,892,000 (2021: £282,000) relates to the professional and related costs incurred in undertaking these transactions. The charge comprises the following:

	£'000
Acquisition of Media Path	**489**
Acquisition of MMi (Media Management LLC)	**308**
Equity placing	**764**
Renegotiation of Bank Facility Agreement	**317**
Acquisition of Forde & Semple (Canada)	**14**
Total	**1,892**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Highlighted items continued

The total tax credit of £1,799,000 (2021: credit of £531,000) comprises a current tax credit of £883,000 and a deferred tax credit of £916,000. The current tax credit includes a credit of £216,000 for the partial release of a provision set up in 2018 relating to an IRS enquiry into Ebiquity Inc's tax assessments for 2015 and 2016, which was determined during the year. It also includes a credit of £487,000 for the release of a provision made in 2013 for tax risks relating to intra-group management charges and royalties which is no longer considered necessary. Details of other tax items are set out in note 7.

4. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating lease rentals	**22**	48
Depreciation and amortisation (notes 11, 12 and 13)	**6,795**	5,104
Impairment of goodwill (note 10)	**78**	–
Impairment of current assets	**179**	–
Impairment of right-of-use asset (notes 13)	**1,741**	–
Contingent consideration revaluations (note 3)	**–**	84
Loss on disposal of fixed assets	**5**	3
Research costs – expensed	**401**	238
Foreign exchange (gain)/loss	**(890)**	652

Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**405**	330
Fees payable to the Company's auditors and its associates for other services:		
– other audit-related assurance services	**19**	50
– other assurance services	**42**	8
– tax compliance services	**10**	23
	476	411

5. Employee information

The monthly average number of employees employed by the Group during the year, including Executive Directors, was as follows:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
UK & Ireland	**229**	229
Continental Europe	**269**	206
North America	**67**	33
Asia Pacific	**87**	76
Number of employees	**652**	544

At 31 December 2022, the total number of employees of the Group was 659 (31 December 2021: 553).

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

5. Employee information continued
Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries[1]	**38,716**	32,503
Social security costs	**5,292**	4,570
Other pension costs	**1,022**	1,015
Share options charge (note 24)	**519**	319
Total staff costs	**45,549**	38,407

1 Excludes payments to freelancers.

Directors' remuneration
Total Directors' remuneration was £1,158,000, including £538,000 to the highest paid Director (31 December 2021: £1,142,000 including £574,000 to the highest paid Director). Directors are eligible for cash bonuses as a percentage of base salary, dependent on individual and Company performance against established financial targets. Performance bonuses totalling £258,000 were payable during the year (31 December 2021: £320,000) to the Executive Directors. No retention bonuses were payable to any Directors in 2022 or 2021.

No Directors were a member of a Company pension scheme as at 31 December 2022 or 31 December 2021. Contributions totalling £4,000 (31 December 2021: £6,000) were made to the private pension scheme for the highest paid Director.

No Directors exercised share options during the year or the prior year. During the year, 1,151,866 (31 December 2021: nil) share options were granted to Directors under the Group's Executive Incentive Plan scheme. Vesting is subject to the satisfaction of certain performance criteria. See note 24 for further details.

Further details on Directors' remuneration can be found in the Remuneration Committee report on pages 64 to 69.

6. Finance income and expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Finance income		
Bank interest	**62**	7
Lease receivables interest	**8**	13
Finance income	**70**	20
Finance expenses		
Bank loans and overdraft interest	**(1,064)**	(603)
Loan fee amortisation	**(134)**	(57)
Lease liabilities' interest	**(224)**	(222)
Finance expenses	**(1,422)**	(882)

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

7. Taxation charge/(credit)

	Year ended 31 December 2022			Year ended 31 December 2021		
	Before highlighted items £'000	**Highlighted items £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	**114**	**(101)**	**13**	(30)	(42)	(72)
Adjustment in respect of prior years	**386**	**–**	**386**	52	–	52
	500	**(101)**	**399**	22	(42)	(20)
Foreign tax						
Current year	**1,973**	**(295)**	**1,678**	1,363	(22)	1,341
Adjustment in respect of prior years	**(33)**	**(487)**	**(520)**	(9)	–	(9)
	1,940	**(782)**	**1,158**	1,354	(22)	1,332
Total current tax	**2,440**	**(883)**	**1,557**	1,376	(64)	1,312
Deferred tax						
Origination and reversal of temporary differences (note 21)	**(380)**	**(916)**	**(1,296)**	376	(467)	(91)
Adjustment in respect of prior years	**–**	**–**	**–**	(15)	–	(15)
Total tax charge/(credit)	**2,060**	**(1,799)**	**261**	1,737	(531)	1,206

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

7. Taxation charge/(credit) continued

The difference between tax as charged/(credited) in the financial statements and tax at the nominal rate is explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss before tax	**(7,201)**	(5,711)
Corporation tax at 19% (31 December 2021: 19%)	**(1,368)**	(1,085)
Non-deductible taxable expenses	**1,570**	3,598
Overseas tax rate differential	**549**	354
Overseas losses not recognised	**97**	(1,340)
Losses utilised not previously recognised	**(453)**	(349)
Adjustment in respect of prior years	**(134)**	28
Total tax charge	**261**	1,206

Following the Finance Act 2021 (enacted as at 10 June 2021), the corporation tax rate effect from 1 April 2023 will increase to 25% from 19%. The rate change increase relates to the Finance Act 2021 not the latest Budget.

The table below shows a reconciliation of the current tax liability for each year end:

	£'000
At 31 December 2020	1,703
Corporation tax payments	(2,616)
Corporation tax refunds	124
Withholding tax	(47)
Under-provision in relation to prior years	43
Provision for the year ended 31 December 2021	1,264
Foreign exchange	(97)
At 31 December 2021	374
Corporation tax payments	**(2,183)**
Corporation tax refunds	**314**
Withholding tax	**(39)**
Under-provision in relation to prior years	**(134)**
Provision for the year ended 31 December 2022	**1,691**
Foreign exchange and other	**266**
At 31 December 2022[1]	**290**

1. Tax liability excludes £14k recoverable withholding tax.

8. Discontinued operations

No operations were discontinued in the year to 31 December 2022.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Earnings for the purpose of basic earnings per share, being net loss attributable to equity holders of the parent	**(7,495)**	(7,032)
Adjustments:		
Impact of highlighted items (net of tax)[1]	**13,369**	9,284
Earnings for the purpose of adjusted earnings per share	**5,874**	2,252
Number of shares:		
Weighted average number of shares during the year		
– basic	**108,951,516**	82,627,526
– dilutive effect of share options & contingently issuable shares	**22,771,365**	2,483,339
– diluted	**131,722,881**	85,110,865
Basic (loss) per share	**(6.88)p**	(8.51)p
Diluted (loss) per share	**(6.88)p**	(8.51)p
Adjusted basic earnings per share	**5.39p**	2.72p
Adjusted diluted earnings per share	**4.46p**	2.67p

1 Highlighted items attributable to equity holders of the parent (see note 3), stated net of their total tax impact

10. Goodwill

	£'000
Cost	
At 1 January 2021	37,751
Acquisitions	–
Foreign exchange differences	(447)
At 31 December 2021	37,304
Acquisitions	**14,561**
Foreign exchange differences	**1,100**
At 31 December 2022	**52,965**
Accumulated impairment	
At 1 January 2021	(9,188)
Impairment	–
Foreign exchange differences	56
At 31 December 2021	(9,132)
Impairment	**(78)**
Foreign exchange differences	**(664)**
At 31 December 2022	**(9,874)**
Net book value	
At 31 December 2022	**43,091**
At 31 December 2021	28,172

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

10. Goodwill continued

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be potentially impaired. Goodwill is allocated to the Group's cash-generating units ('CGUs') in order to carry out impairment tests. The Group's remaining carrying value of goodwill by CGU at 31 December was as follows:

Cash-generating unit	Reporting segment	**31 December 2022 £'000**	31 December 2021 £'000
Media UK and International	UK and Ireland	**9,257**	9,232
Effectiveness	UK and Ireland	**1,678**	1,678
Digital Decisions	Europe	**502**	477
Germany	Europe	**4,325**	4,316
Media Value Group (Iberia)	Europe	**3,157**	2,994
France	Europe	**569**	556
Italy	Europe	**397**	376
Central and Eastern Europe	Europe	**260**	337
Media Path Network	Europe	**7,608**	–
North America (including MMi and Canada)	North America	**7,557**	604
Australia	APAC	**2,413**	2,304
China	APAC	**2,358**	2,287
Digital Balance	APAC	**30**	30
FirmDecisions	Included in all segments	**2,981**	2,981
		43,091	28,172

The impairment test involves comparing the carrying value of the CGU to which the goodwill has been allocated to the recoverable amount. The recoverable amount of all CGUs has been determined based on value-in-use calculations.

Under IFRS, an impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount, defined as the higher of fair value less costs to sell and value-in-use.

Value-in-use calculations

The key assumptions used in management's value-in-use calculations are budgeted operating profit, pre-tax discount rate and the long-term growth rate.

Budgeted operating profit assumptions

To calculate future expected cash flows, management has taken the Board-approved budgeted operating profit ('EBIT') for each of the CGUs for the 2023 financial year. For the 2024 and 2025 financial years, the forecast EBIT is based on management's plans and market expectations. The forecast 2025 balances are taken to perpetuity in the model. The forecasts for 2024 and 2025 use certain assumptions to forecast revenue and operating costs within the Group's operating segments.

Discount rate assumptions

The Directors estimate discount rates using rates that reflect current market assessments of the time value of money and risk specific to the CGUs. The factors considered in calculating the discount rate include of the risk-free rate (based on government bond yields), the equity risk premium, the Group's Beta and a smaller quoted company premium. The three-year pre-tax cash flow forecasts have been discounted at 13% (31 December 2021: between 10% and 13%).

Growth rate assumptions

For cash flows beyond the three-year period, a growth rate of 2% (2021: 2%) has been assumed for all CGUs. This rate is based on factors such as economists' estimates of long-term economic growth in the markets in which the Group operates. In 2021 a rate of 2.6% was applied to China.

The excess of the value-in-use to the goodwill carrying values for each CGU gives the level of headroom in each CGU. The estimated recoverable amounts of the Group's operations in all CGUs significantly exceed their carrying values, except for the China and North America CGUs.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

10. Goodwill continued

Sensitivity analysis

The Group's calculations of value-in-use for its respective CGUs are sensitive to a number of key assumptions. Other than disclosed below, management does not consider a reasonable possible change, in isolation, of any of the key assumptions to cause the carrying value of any CGU to exceed its value-in-use. For North America, the 2023 budgeted revenue and cost growth reflect the inclusion of MMi and Media Path respectively for a full year compared to a partial year in 2022. The considerations underpinning why management believes no impairment is required in respect of China and North America are set out below, showing the % points change in each key assumption that would result in an impairment. The headroom for North America is £9.2 million and for China is £1.4 million.

	China		North America	
	Current % (2023/2024/2025)	% point change leading to impairment	Current % (2023/2024/2025)	% point change leading to impairment
Budgeted revenue growth	1%/8%/5%	(7)%/(7)%/(8)%	31%/6%/5%	(9)%/(10)%/(11)%
Budgeted cost growth	1%/3%/3%	8%/9%10%	25%/3%/3%	12%/12%/14%
Pre-tax discount rate	13%/13%/13%	6%	13%/13%/13%	9%

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

11. Other intangible assets

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets[1] £'000	Total intangible assets £'000
Cost				
At 1 January 2021	4,891	2,542	16,581	24,014
Additions	970	13	–	983
Acquisitions	–	–	–	–
Disposals	(902)	–	–	(902)
Foreign exchange differences	(60)	(34)	(318)	(412)
At 31 December 2021	4,899	2,521	16,263	23,683
Additions	**276**	**11**	**–**	**287**
Acquisitions (see note 28)	**4,260**	**–**	**10,689**	**14,949**
Disposals	**–**	**(30)**	**–**	**(30)**
Foreign exchange differences	**54**	**29**	**445**	**528**
At 31 December 2022	**9,489**	**2,531**	**27,397**	**39,417**

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets[1] £'000	Total intangible assets £'000
Amortisation and impairment[2]				
At 1 January 2021	(1,745)	(2,147)	(13,987)	(17,879)
Charge for the year[3]	(1,218)	(211)	(1,065)	(2,494)
Disposals	902	–	–	902
Foreign exchange differences	39	33	244	316
At 31 December 2021	(2,022)	(2,325)	(14,808)	(19,155)
Charge for the year[3]	**(1,089)**	**(195)**	**(2,739)**	**(4,023)**
Acquisitions (see note 16)	**(3,041)**	**–**	**–**	**(3,041)**
Impairment	**–**	**14**	**–**	**14**
Disposals	**–**	**31**	**–**	**31**
Foreign exchange differences	**(35)**	**(27)**	**(404)**	**(466)**
At 31 December 2022	**(6,187)**	**(2,502)**	**(17,952)**	**(26,640)**
Net book value				
At 31 December 2022	**3,302**	**29**	**9,445**	**12,777**
At 31 December 2021	2,877	196	1,455	4,528

1. Purchased intangible assets consist principally of customer relationships with a typical useful life of three to ten years, acquired software and the GMP licence asset.
2. No impairment charge has been recognised in the current year (year ended 31 December 2021 £nil following management's review of the carrying value of other intangible assets)
3. Amortisation is charged within other operating expenses so as to write off the cost of the intangible assets over their estimated useful lives The amortisation of purchased intangible assets is included as a highlighted expense

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

12. Property, plant and equipment

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Leasehold land and buildings improvements £'000	Total £'000
Cost					
At 1 January 2021	20	1,022	1,888	2,046	4,976
Additions	21	7	192	13	233
Disposals	(18)	(69)	(52)	(25)	(164)
Foreign exchange differences	(2)	(45)	(65)	(30)	(142)
At 31 December 2021	21	915	1,963	2,004	4,903
Acquisitions	**–**	**82**	**186**	**58**	**326**
Additions	**–**	**101**	**187**	**32**	**320**
Disposals	**–**	**(88)**	**(138)**	**(45)**	**(271)**
Foreign exchange differences	**1**	**41**	**124**	**48**	**215**
At 31 December 2022	**22**	**1,051**	**2,322**	**2,097**	**5,492**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

12. Property, plant and equipment continued

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Leasehold land and buildings improvements £'000	Total £'000
Accumulated depreciation					
At 1 January 2021	(15)	(710)	(1,365)	(924)	(3,014)
Charge for the year	(3)	(115)	(234)	(303)	(655)
Disposals	15	67	42	25	149
Foreign exchange differences	2	45	57	25	129
At 31 December 2021	(1)	(713)	(1,500)	(1,177)	(3,391)
Acquisitions	**—**	**(70)**	**(128)**	**(8)**	**(206)**
Charge for the year	**(5)**	**(87)**	**(281)**	**(321)**	**(694)**
Disposals	**—**	**86**	**110**	**39**	**235**
Foreign exchange differences	**(2)**	**(38)**	**(60)**	**(47)**	**(147)**
At 31 December 2022	**(8)**	**(822)**	**(1,859)**	**(1,514)**	**(4,203)**
Net book value					
At 31 December 2022	**14**	**229**	**463**	**583**	**1,289**
At 31 December 2021	20	202	464	827	1,512

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

13. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2021	9,789	229	153	10,171
Additions	474	–	–	474
Disposals	(210)	–	–	(210)
Foreign exchange	(167)	(33)	13	(187)
At 31 December 2021	9,886	196	166	10,248
Additions	**2,358**	**–**	**–**	**2,358**
Impairment for the year	**(4,044)**	**–**	**–**	**(4,044)**
Foreign exchange	**472**	**9**	**8**	**489**
At 31 December 2022	**8,672**	**205**	**174**	**9,051**
Accumulated depreciation				
At 1 January 2021	(3,805)	(99)	(30)	(3,934)
Charge for the year	(1,865)	(42)	(47)	(1,954)
Disposals	96	–	–	96
Foreign exchange	65	24	(3)	86
At 31 December 2021	(5,509)	(117)	(80)	(5,706)
Charge for the year	**(1,998)**	**(42)**	**(39)**	**(2,079)**
Impairment for the year	**2,303**	–	**–**	**2,303**
Foreign exchange	**(252)**	**(5)**	**(4)**	**(261)**
At 31 December 2022	**(5,456)**	**(164)**	**(123)**	**(5,743)**
Net book value				
At 31 December 2022	**3,216**	**41**	**51**	**3,308**
At 31 December 2021	4,377	79	86	4,542

Lease liabilities

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2021	7,858	174	126	8,158
Additions	412	–	–	412
Cash payments in the year	(2,180)	(49)	(45)	(2,274)
Interest charge in the year	216	3	3	222
Foreign exchange	(95)	(41)	9	(127)
At 31 December 2021	6,211	87	93	6,391
Additions	**1,842**	**–**	**–**	**1,842**
Cash payments in the year	**(2,717)**	**(47)**	**(40)**	**(2,804)**
Interest charge in the year	**219**	**2**	**2**	**223**
Foreign exchange	**322**	**4**	**5**	**331**
At 31 December 2022	**5,877**	**46**	**60**	**5,983**
Current	**1,304**	**10**	**14**	**1,328**
Non-current	**4,573**	**36**	**46**	**4,655**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

13. Right-of-use assets and lease liabilities continued

Lease liabilities continued

The future value of the minimum lease payments are as follows:

	Minimum lease payments	
	31 December 2022 £'000	31 December 2021 £'000
Amounts due:		
Within one year	**2,580**	2,722
Between one and two years	**1,258**	2,038
Between two and three years	**774**	913
Between three and four years	**653**	597
Between four and five years	**–**	446
Later than five years	**–**	–
	5,265	6,716

Lease receivables

	31 December 2022 £'000	31 December 2021 £'000
Lease receivables	**141**	301
Current	**141**	146
Non-current	**–**	155

In 2019 a sublease was entered into relating to the Chicago office, which had been vacated. Accordingly, the right-of-use asset was derecognised and a lease receivable was recognised, being the equivalent of the remaining lease receivables over the lease term. The amount due within one year is presented within current assets and the amount due after one year is presented within non-current assets. The sublease expires in September 2023 at the same time as the head lease to which it relates.

Due to the reduced occupancy of the London office following the pandemic, one of the three floors is now considered surplus to requirements and tenants are being sought to take a sublease until July 2024 when the main lease can be terminated. It was decided in December 2022 to vacate the fourth floor while the space is being marketed. An onerous lease provision has therefore been established for the remaining term of the lease from January 2023 until July 2024. This resulted in a charge of £384,000 in the year for the impairment of the right-of-use asset.

Following the pandemic, the New York office, situated at William Street, is no longer being occupied and is being marketed. An onerous lease provision has been established for the remaining period of the lease until June 2025. This resulted in a charge of £1,357,000 in the year for the impairment of the right-of-use asset.

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

14. Subsidiaries
Details of the Company's subsidiaries are set out below.

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Adtrack Limited[1]	100%	UK	Non-trading
AMMO Limited[1]	100%	UK	Non-trading
Axiology Limited[1]	100%	UK	Non-trading
Barsby Rowe Limited[1]	100%	UK	Non-trading
BCMG Acquisitions Limited[1]	100%	UK	Non-trading
BCMG Limited	100%	UK	Holding company
Billetts Consulting Limited[1]	100%	UK	Non-trading
Billetts International Limited[1]	100%	UK	Non-trading
Billetts Limited[1]	100%	UK	Non-trading
Billetts Marketing Investment Management Limited[1]	100%	UK	Non-trading
Billetts Marketing Sciences Limited[1]	100%	UK	Non-trading
Billetts Media Consulting Limited[1]	100%	UK	Non-trading
Brief Information Limited[1]	100%	UK	Non-trading
Checking Advertising Services Limited	100%	UK	Non-trading
China Media (Shanghai) Management Consulting Company Limited[1,2]	100%	China	Media consultancy
China Media Consulting Group Limited[1]	100%	Hong Kong	Holding company
Data Management Services Group Limited[1]	100%	UK	Non-trading
Digital Balance Australia Pty Limited[1,2]	100%	Australia	Analytics
Digital Decisions BV[1,2]	100%	Netherlands	Media consultancy
Digireels Limited[1]	100%	UK	Non-trading
Ebiquity Asia Pacific Limited[1]	100%	UK	Holding company
Ebiquity Associates Limited[2]	100%	UK	Media consultancy
Ebiquity Bulgaria Limited[1,2]	100%	Bulgaria	Media consultancy
Ebiquity Canada Inc[1,2]	100%	Canada	Media consultancy
Ebiquity CEE Limited[1,2]	75.05%	UK	Media consultancy
Ebiquity Denmark Aps[1,2]	100%	Denmark	Media consultancy
Ebiquity Germany GmbH[1,2]	100%	Germany	Media consultancy
Ebiquity Holdings Inc.	100%	US	Holding company
Ebiquity Iberia S.L.U.[1,2]	100%	Spain	Media consultancy
Ebiquity Inc.[1,2]	100%	US	Media consultancy
Ebiquity India Pvt Limited[1,2]	100%	India	Media consultancy
Ebiquity Italy Media Advisor S.r.l.[1,2]	100%	Italy	Media consultancy
Ebiquity Marsh Limited[1,2]	100%	Ireland	Media consultancy
Ebiquity Pte. Limited[1,2]	100%	Singapore	Media consultancy
Ebiquity Pty Limited[1,2]	100%	Australia	Media consultancy
Ebiquity Russia OOO[1,2]	75.05%	Russia	Media consultancy
Ebiquity SAS[1,2]	100%	France	Media consultancy
Ebiquity Sweden AB[1,2]	100%	Sweden	Media consultancy
Ebiquity US Financing Limited	100%	UK	Non-trading

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

14. Subsidiaries continued

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Ebiquity US Holdings Limited[1]	100%	UK	Holding company
Ebiquity US Holdings LLC[1]	100%	US	Holding company
Ebiquity UK Holdings Limited	100%	UK	Holding company
Ebiquity UK Limited[1]	100%	UK	Non-trading
Fairbrother Lenz Eley Limited[1]	100%	UK	Non-trading
Faulkner Group Pty Limited[1]	100%	Australia	Non-trading
FirmDecisions ASJP Germany GmbH[1,2]	100%	Germany	Media consultancy
FirmDecisions China Limited[1,2]	100%	China	Media consultancy
FirmDecisions DMCC[1,2]	100%	UAE	Media consultancy
FirmDecisions Group Limited	100%	UK	Holding company
FirmDecisions ASJP LLC[1,2]	100%	US	Media consultancy
FirmDecisions Pty Limited[1,2]	100%	Australia	Media consultancy
FirmDecisions Iberia S.L.U.[1,2]	100%	Spain	Media consultancy
FirmDecisions Limited[1,2]	100%	UK	Media consultancy
FLE Holdings Limited	100%	UK	Holding company
Fouberts Place Subsidiary No. 4 Limited[1]	100%	UK	Non-trading
Freshcorp Limited[1]	100%	UK	Non-trading
Mediaadvantage Consulting L.d.a.[1,2]	100%	Portugal	Media consultancy
Media Management LLC[1]	100%	US	Media consultancy
Media Path Network AB[1,2]	100%	Sweden	Media consultancy
Media Path Network Ltd[1]	100%	UK	Non-trading
Media Path Spain S.L.[1]	100%	Spain	Non-trading
Nova Vision Europe S.A.[1]	100%	Belgium	Non-trading
Prominent Pages Limited[1]	100%	UK	Non-trading
Shots Limited[1]	100%	UK	Non-trading
Stratigent LLC[1]	100%	US	Non-trading
Telefoto Monitoring Services Limited[1]	100%	UK	Non-trading
The Billett Consultancy Limited[1]	100%	UK	Non-trading
The Communication Trading Company Limited[1]	100%	UK	Non-trading
The Press Advertising Register Limited[1]	100%	UK	Non-trading
The Register Group Limited[1]	100%	UK	Non-trading
Worldwide Media Management Limited[1]	100%	UK	Non-trading
Xtreme Information Limited[1]	100%	UK	Non-trading
Xtreme Information Services (Australia) Pty Limited[1]	100%	Australia	Non-trading
Xtreme Information Services Limited	100%	UK	Holding company
Xtreme Information Services SPRL[1]	100%	Belgium	Non-trading
Xtreme Information (USA) Limited[1]	100%	UK	Non-trading

1. Shares held by an intermediate holding company
2. Principal trading entity

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

15. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Trade and other receivables due within one year		
Net trade receivables	**23,332**	14,406
Other receivables	**2,177**	1,688
Prepayments	**1,190**	668
Contract assets	**6,464**	5,172
	33,163	21,934

Contract assets are assets from performance obligations that have been satisfied but not yet billed.

Trade and other receivables represents management's best estimate of the amount expected to be recovered by the Group through the completion accounts and expected loss model.

The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet. See note 25 for details of the analysis of trade receivables that were not impaired at 31 December 2022.

16. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash and cash equivalents	**11,311**	13,134
Restricted cash[1]	**1,049**	—
Cash and cash equivalents	**12,360**	13,134

Cash and cash equivalents earn interest at between (0.05%) and 2.5%.

1 Cash and cash equivalents of £1,049,000 million are held in Ebiquity Russia OOO with restrictions on remittances to certain countries. These balances may not be readily available to the wider Group but can be used to meet Ebiquity Russia OOO's obligations within Russia as they fall due.

17. Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	**6,171**	3,290
Other taxation and social security	**2,949**	2,287
Deferred tax – current	**276**	390
Other payables	**653**	948
	10,049	6,915

The Directors consider that the carrying amounts of trade and other payables are reasonable approximations of their fair value.

18. Accruals and contract liabilities

	31 December 2022 £'000	31 December 2021 £'000
Accruals	**5,526**	6,120
Post-date remuneration[1]	**15,790**	7,922
Contract liabilities[2]	**8,083**	5,308
Total accruals and contract liabilities	**29,399**	19,350

1. Post-date remuneration relates to the acquisition of Digital Decisions BV payable in May 2023. See note 3
2. Contract liabilities are receipts in advance from customers prior to satisfaction of performance obligations.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

19. Financial liabilities

	31 December 2022 £'000	31 December 2021 £'000
Current		
Loan fees[1]	–	–
Deferred consideration[2]	**61**	–
	61	–
Non-current		
Bank borrowings	**21,500**	18,000
Government borrowings	–	–
Loan fees[1]	**(265)**	(99)
Contingent consideration[3]	**2,122**	–
	23,357	17,901
Total financial liabilities	**23,418**	17,901

1 Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight-line basis until the maturity date of the facility in September 2025. Non-current loan fees includes current fees

2 Deferred consideration relates to the acquisition of Forde and Semple and was payable in January 2023

3 Contingent consideration relates to the acquisition of MMi and is payable in 2025

	Bank borrowings £'000	Government borrowings £'000	Contingent consideration £'000	Total £'000
At 1 January 2021	18,880	750	1,957	21,587
Paid	(1,036)	–	(1,971)	(3,007)
Charged to the income statement	57	(723)	41	(625)
Discounting charged to the income statement	–	–	45	45
Borrowings	–	–	–	–
Foreign exchange recognised in the translation reserve	–	(27)	–	(27)
Foreign exchange released to the income statement	–	–	(72)	(72)
At 31 December 2021	17,901	–	–	17,901
Paid	**(1,300)**	**–**	**–**	**(1,300)**
Recognised on acquisition	**–**	**–**	**2,183**	**2,183**
Charged to the income statement	**134**	**–**	**–**	**134**
Borrowings	**4,500**	**–**	**–**	**4,500**
At 31 December 2022	**21,235**	**–**	**2,183**	**23,418**

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

19. Financial liabilities continued

A currency analysis for the bank borrowings is shown below:

	31 December 2022 £'000	31 December 2021 £'000
Pounds sterling	**21,235**	17,901
Total bank borrowings	**21,235**	17,901

All bank borrowings are held jointly with Barclays and NatWest. The current revolving credit facility ('RCF') facility was agreed in March 2022 and runs for a period of three years to March 2025, extendable for up to a further two years with a total commitment of £30 million. £21.5 million had been drawn as at 31 December 2022 (2021: £18 million). Under this agreement, annual reductions in the facility of £1.25 million will apply from June 2023. The remainder of any drawings is repayable on the maturity of the facility. The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly covenants applied since June 2022 are: interest cover >4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x.

The previous facility which was in place up to March 2022 comprised a revolving credit facility ('RCF') of £23 million plus £1 million available as an overdraft for working capital purposes. The covenants applying to it in the three months to 31 March 2022 were interest cover >4.0, adjusted leverage covenant initially at <4.0, increasing to <4.25 and again to <4.5 in March 2022.

Loan arrangement fees accrued in the period of £265,000 (2021: £99,000) are offset against the term loan and are being amortised over the period of the loan.

The facility bears variable interest at Barclays Bank SONIA rate plus a margin ranging from 2.60% to 3.00%, depending on the Group's net debt to EBITDA ratio. During the first six months of the facility, the margin is fixed at 3.0%

The undrawn amount of the revolving credit facility is liable to a fee of 40% of the prevailing margin. The Group may elect to prepay all or part of the outstanding loan subject to a break fee, by giving five business days' notice.

All amounts owing to the bank are guaranteed by way of fixed and floating charges over the current and future assets of the Group. As such, a composite guarantee has been given by all significant subsidiary companies in the UK, USA, Australia, Germany, Denmark and Sweden.

20. Provisions

	Dilapidations[1] £'000	Total £'000
At 1 January 2021	412	412
Discounting charged to the income statement	88	88
Utilisation of provision	(7)	(7)
At 31 December 2021	493	493
Discounting charged to the income statement	**17**	**17**
Utilisation of provision	**(47)**	**(47)**
At 31 December 2022	**463**	**463**
Current	17	17
Non-current	446	445

1. The dilapidations provision relates to the expected costs of vacating various properties. The provision is expected to be fully utilised by June 2024.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

21. Deferred tax

	Tangible assets £'000	Intangible assets £'000	Share-based payments £'000	Tax losses £'000	Other timing differences £'000	Total £'000
At 1 January 2021	573	(1,091)	43	444	(164)	(195)
Credit/(charge) to income	32	8	338	(102)	(166)	110
Recognised on acquisition (note 28)	–	–	–	–	–	–
At 31 December 2021	605	(1,083)	381	342	(330)	(85)
Credit/(charge) to income	**184**	**472**	**31**	**490**	**120**	**1,297**
Recognised on acquisition (note 28)	**–**	**(1,761)**	**–**	**–**	**–**	**(1,761)**
At 31 December 2022	**789**	**(2,372)**	**412**	**832**	**(210)**	**(549)**

Certain non-current deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance (after offset) for financial reporting purposes:

	31 December 2022 £'000	31 December 2021 £'000
Deferred tax assets – non-current	**2,199**	1,388
Deferred tax liabilities – current	**(271)**	(390)
Deferred tax liabilities – non-current	**(2,477)**	(1,083)
	(549)	(85)

At the year end, the Group had tax losses of £3,634,000 (31 December 2021: £1,574,000) available for offset against future profits. A deferred tax asset of £832,000 (31 December 2021: £341,000) has been recognised in respect of such losses.

The Group has unrecognised tax losses of £7,695,000 (31 December 2021: £9,413,000) and unrecognised deferred tax assets of £1,616,000 (31 December 2021: £2,065,000) in relation to tax losses in the US (2021: mainly in relation to tax losses in the US and UK).

Deferred tax on unremitted earnings has not been recognised as management do not intend to pay dividends from jurisdictions where a tax charge would be incurred, and dividends received are not taxed in the UK.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

22. Ordinary shares

	Number of shares	Nominal value £'000
At 1 January 2021 – ordinary shares of 25p	82,583,254	20,646
Shares issued	–	–
Share options exercised	145,636	36
At 31 December 2021 – ordinary shares of 25p	82,728,890	20,682
Shares issued	**36,958,789**	**9,240**
Share options exercised	**553,502**	**138**
At 31 December 2022 – ordinary shares of 25p	**120,241,181**	**30,060**

Ordinary shares carry voting rights and are entitled to share in the profits of the Company (dividends). The share issues during the year were made in connection with the acquisitions of Media Management LLC and Medic Path Network AB. 28,301,856 shares were issued as a result of the placing in April 2022 and 8,656,933 shares were issued directly to the vendors.

At the year end, 7,702,515 share options were held by the ESOP (31 December 2021: 7,326,129). The Company does not have a limited amount of authorised capital.

23. Reserves

Share premium

The share premium reserve of £10,853,000 (31 December 2021: £255,000) shows the amount subscribed for share capital in excess of the nominal value.

Other reserves

Other reserves consists of the merger reserve, ESOP reserve and translation reserve.

Merger reserve

The merger reserve of £3,667,000 (31 December 2021: £3,667,000) arose on the issuance of shares at a premium on a Group restructure, where the premium on issue qualified for merger relief. There has been no movement in the year.

ESOP reserve

The ESOP reserve of £1,478,000 debit (31 December 2021: £1,478,000 debit) represents the cost of own shares acquired in the Company by the Employee Benefit Trust ('EBT'). The purpose of the EBT is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them in accordance with employee share schemes. The EBT may operate in conjunction with the Company's existing share option schemes and other schemes that may apply from time to time.

Translation reserve

The translation reserve of £2,635,000 (31 December 2021: £2,383,000) arises on the translation into sterling of the net assets of the Group's foreign operations, offset by any changes in fair value of financial instruments used to hedge this exposure. At this time there are no hedges in place.

Retained earnings

The retained earnings reserve shows the cumulative net gains and losses recognised in the consolidated income statement.

For detailed movements on each of the above reserves, refer to the consolidated statement of changes in equity.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

24. Share-based payments

The Group operates a number of equity-settled share incentive schemes used to award employees of the Group. A charge based on the fair value of the award on the grant date is taken to the consolidated income statement over the vesting period to recognise the cost of these.

Options outstanding at 31 December 2022:

Name of share option scheme and grant date	Life of option	Exercise period	Exercise price (pence)	Weighted average exercise price (pence)	Number
Executive Share Option Plan – 23 May 2013	10 years	April 2016 – May 2023	25.0	25.0	45,788
Executive Share Option Plan – 15 May 2014	10 years	April 2017 – May 2024	25.0	25.0	20,651
Executive Share Option Plan – 01 October 2015	10 years	April 2018 – October 2025	25.0	25.0	90,000
Executive Incentive Plan – 27 January 2016	10 years	June 2016 – January 2026	25.0	25.0	200,000
Executive Share Option Plan – 24 July 2017	10 years	December 2018 – July 2027	nil	nil	240,000
Executive Share Option Plan – 24 May 2018	10 years	December 2020 – May 2028	nil – 25.0	16.9	230,000
Executive Share Option Plan – 11 July 2018	10 years	April 2023 – July 2028	25.0	25.0	230,000
Executive Share Option Plan – 11 November 2019	10 years	December 2021 – November 2029	nil	0.0	140,000
Executive Share Option Plan – 30 April 2021	10 years	April 2024 – April 2031	nil	nil	3,763,390
Executive Share Option Plan – 16 August 2022	10 years	December 2024 – August 2032	nil	nil	870,000
Executive Share Option Plan – 29 September 2022	10 years	December 2024 – September 2032	nil	nil	1,872,686
					7,702,515

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

24. Share-based payments continued

Executive Share Option Plan ('ESOP')

This is a discretionary scheme, comprised of an HMRC-approved schedule and an unapproved schedule. The ESOP provides a lock-in incentive to Executive Directors and key management. Vesting of these options is subject to the satisfaction of certain performance criteria and typically around the rate of growth of diluted adjusted earnings per share over a three-year period. Rights to ESOP options lapse if the employee leaves the Company.

In 2018 options were granted in respect of the years ending 31 December 2016, 2017 and 2018. The options awarded in respect of the years ended 31 December 2016 and 31 December 2017 vest based on a sliding scale of compound growth of adjusted diluted EPS over a five-year period of between 4% and 10%.

2,866,609 share options (2021: 4,030,395) were granted to employees under the ESOP in the year ended 31 December 2022.

Movements in outstanding ordinary share options:

	Year ended 31 December 2022		Year ended 31 December 2022	
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	**7,327,636**	**23**	5,006,233	28.8
Granted during the year	**2,866,609**	**–**	4,030,395	–
Exercised during the year	**(553,502)**	**19**	(145,636)	22
Lapsed during the year	**(1,938,226)**	**–**	(943,716)	–
Performance criteria not expected to be met	**–**	**–**	(620,000)	22
Outstanding at the end of the year	**7,702,515**	**13**	7,327,636	23
Exercisable at the end of the year	**881,439**	**10**	1,607,571	18

During the year, 2,866,609 share options were granted (2021: 4,030,395) with a weighted average fair value of 50.5p (2021: 54.0p). These fair values were calculated using the Black-Scholes model with the following inputs:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Weighted average share price	**–**	–
Exercise price	**nil**	Nil
Expected volatility[1]	**50.09%**	50.45%
Vesting period	**3 years**	3 years
Risk-free interest rates	**3.18%**	0.08% to 0.16%

1 Expected volatility is based on historical volatility of the Company over the period commensurate with the expected life of the options

Options exercised in the period resulted in 553,502 shares (31 December 2021: 145,636 shares) being issued at a weighted average price of 19p each (31 December 2021: 22p). The weighted average share price on the dates of exercise for options exercised during the year was 57p (31 December 2021: 18p).

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.4 years (31 December 2021: 1.4 years), with a range of exercise prices being between nil and 25p.

The total charge in respect of share option schemes recognised in the consolidated income statement during the period amounted to a charge of £525,000 (31 December 2021: a charge of £319,000).

Notes to the consolidated financial statements continued

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25. Capital and financial risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Board has overall responsibility for the determination of the Group's risk management policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating the processes that ensure the effective implementation of the financial risk management objectives and policies, to the Group's finance function. The Board receives monthly reports from the Group's finance function through which it monitors the effectiveness of the processes put in place and the appropriateness of the policies it sets.

Capital and other reserves

The Group considers its capital to comprise of its cash and cash equivalents, borrowings, ordinary share capital, share premium, non-controlling interests, reserves and accumulated retained earnings.

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern so that it can continue to invest in the growth of the business and ultimately to provide an adequate return to its shareholders. The Directors believe the Group has sufficient capital to continue trading in the foreseeable future.

The following table summarises the capital of the Group:

	31 December 2022 £'000	31 December 2021 £'000
Financial assets:		
Cash and cash equivalents	**12,360**	13,134
Financial liabilities held at amortised cost:		
Bank overdraft	**–**	–
Bank borrowings	**(21,235)**	(17,901)
Net debt	**(8,875)**	(4,767)
Equity	**(36,262)**	(23,004)
Capital	**(45,137)**	(27,771)

Financial risk management

The Group is exposed to risks that arise from its use of financial instruments. The Group's objectives, policies and processes for managing those risks and the methods used to measure them are described below. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The Group is exposed through its operations to a variety of financial risks: credit risk; market risk (including interest rate and currency risk); and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables

The Group operates in an industry where most of its customers are reputable and well-established multinational or large national businesses. When the creditworthiness of a new customer is in doubt, credit limits and payment terms are established and authorised by the Territory Finance Director. The Group will suspend the services provided to customers who fail to meet the terms and conditions specified in their contract where it is deemed necessary.

There is no concentration of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by the carrying values as at the year end.

The credit control function of the Group monitors outstanding debts of the Group. Debtor reports are reviewed and analysed on a regular basis. Trade receivables are analysed by the ageing and value of the debts. Customers with any overdue debts are contacted for payment and progress is tracked on a credit control report. Based on these procedures, management assessed the credit quality of those receivables that are neither past due nor impaired as low risk. There have been no significant changes to the composition of receivables counterparties within the Group that indicate this would change in the future.

The Directors consider that the carrying amounts of trade and other receivables are reasonable approximations of their fair value.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25. Capital and financial risk management continued

Credit risk continued

Trade receivables continued

The following is an analysis of the Group's trade receivables identifying the totals of trade receivables which are past due but not impaired:

	Total £'000	Past due + 30 days £'000	Past due + 60 days £'000
At 31 December 2022	**6,380**	**3,027**	**3,353**
At 31 December 2021	2,821	1,275	1,546

Financial assets past due but not impaired

The following is an analysis of the Group's provision against trade receivables:

	31 December 2022			31 December 2021		
	Gross value £'000	**Provision £'000**	**Carrying value £'000**	Gross value £'000	Provision £'000	Carrying value £'000
Trade receivables	**23,569**	**(84)**	**23,485**	14,517	(111)	14,406

The Group records impairment losses on its trade receivables separately from the gross amount receivable. £153,000 impairment reported during the year. Impaired receivables are provided against based on expected recoverability. The movements on this provision during the year are summarised below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Opening balance	**111**	301
Increase in provision	**–**	83
Written off against provision	**(13)**	(199)
Recovered amount reversed	**(17)**	(68)
Foreign exchange	**3**	(6)
Closing balance	**84**	111

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. There is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25. Capital and financial risk management continued

Market risk continued

Interest rate risk

The Group is exposed to interest rate risk from bank loans and a revolving credit facility.

To illustrate the Group's exposure to interest rate risk, a 0.5% increase/decrease in the rate applied to the Group's borrowings would have resulted in a post-tax movement of £151,654 (2021: £49,957).

Currency risk

The Group is exposed to currency risk on foreign currency trading and intercompany balances, and also on the foreign currency bank accounts which it holds. These risks are offset by the holding of certain foreign currency bank borrowings. The translation of the assets and liabilities of the Group's overseas subsidiaries represents a risk to the Group's equity balances.

The Group's exposure to currency risk at the year end can be illustrated by the following:

	31 December 2022		31 December 2021	
	Increase in profit before tax[1] £'000	**Increase in equity[1] £'000**	Increase in profit before tax[1] £'000	Increase in equity[1] £'000
10% strengthening of US dollar	**(853)**	**1,707**	(98)	1,877
10% strengthening of euro	**613**	**1,254**	592	1,335
10% strengthening of Australian dollar	**50**	**516**	(40)	532

1. An equal weakening of any currency would broadly have the opposite effect

The currency profile of the financial assets at 31 December 2022 is as follows:

	Cash and cash equivalents		Net trade receivables	
	31 December 2022 £'000	31 December 2021 £'000	**31 December 2022 £'000**	31 December 2021 £'000
Pounds sterling	**2,583**	4,237	**9,376**	4,314
US dollar	**2,120**	1,029	**3,570**	2,173
Euro	**4,446**	4,782	**6,694**	6,334
Australian dollar	**689**	1,563	**296**	347
Russian rouble	**710**	310	**51**	288
Singapore dollar	**276**	50	**144**	102
Chinese renminbi	**951**	1,082	**892**	535
Indian rupee	**140**	81	**154**	80
New Zealand dollar	**–**	–	**90**	47
United Arab Emirate dirham	**–**	–	**116**	116
Chilean peso	**50**	–	**–**	66
Swiss franc	**–**	–	**–**	2
Indonesian Rupiah	**–**	–	**–**	–
Bulgarian Leva	**27**	–	**16**	–
Danish Krone	**51**	–	**170**	–
Canadian Dollars	**123**	–	**1,417**	–
Swedish Krona	**194**	–	**346**	–
	12,360	13,134	**23,332**	14,406

Other price risks

The Group does not have any material exposure to other price risks.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25. Capital and financial risk management continued

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments, the risk being that the Group may not meet its financial obligations as they fall due.

The liquidity risk of each Group company is managed centrally by the Group. All surplus cash in the UK is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used, and its maturity date, will depend on the Group's forecast cash requirements. Throughout the year the Group maintained a revolving credit facility with Barclays and NatWest (see note 19) to manage any short-term cash requirements.

At 31 December 2022, £8,500,000 (31 December 2021: £5,000,000) of the revolving credit facility was undrawn. The facility expires in March 2025, extendable for up to a further two years, at which point drawndown amounts will be repayable.

It is a condition of the borrowings that the Group passes various covenant tests on a quarterly basis and the Group finance team regularly monitors the Group forecasts to ensure they are not breached.

Categories of financial assets and liabilities

The following tables set out the categories of financial instruments held by the Group. All of the Group's financial assets and liabilities are measured at amortised cost.

Financial assets

	31 December 2022 £'000	31 December 2021 £'000
Current financial assets		
Amortised cost:		
Trade and other receivables[1]	**25,509**	16,094
Lease receivables (note 13)	**141**	146
Cash and cash equivalents (note 16)	**12,360**	13,134
	38,010	29,374

1 Trade and other receivables includes net trade receivables and other receivables and excludes prepayments and contract assets

Financial liabilities

	31 December 2022 £'000	31 December 2021 £'000
Current financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables[1]	**6,824**	4,238
Accruals	**21,316**	14,043
Lease liabilities[2]	**1,328**	2,566
Liabilities at fair value through profit and loss:		
Deferred consideration	**61**	–
	29,529	20,847
Non-current financial liabilities		
Other financial liabilities at amortised cost:		
Bank loans and borrowings	**21,235**	17,901
Deferred contingent liability	**2,122**	–
Lease liabilities[2]	**4,654**	3,825
	28,011	21,726
Total financial liabilities	**57,540**	42,573

1 Trade and other payables includes trade payables and other payables and excludes other taxation and social security and contract liabilities

2 Lease liabilities are those recognised in accordance with IFRS 16.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25. Capital and financial risk management continued

Financial liabilities continued

The following table illustrates the contractual maturity analysis of the Group's financial liabilities:

	Within one year £'000	One to five years £'000	Total £'000
At 31 December 2022			
Trade and other payables	**6,824**	**–**	**6,824**
Accruals	**21,316**	**–**	**21,316**
Bank loans and overdrafts	**1,886**	**22,850**	**24,736**
Deferred consideration	**–**	**2,122**	**2,122**
Deferred contingent consideration	**61**	**–**	**61**
Lease liabilities[1]	**1,471**	**4,906**	**6,377**
Undiscounted cash flows	**31,559**	**29,877**	**61,436**
Less: finance charges allocated to future periods	**(2,029)**	**(1,867)**	**(3,896)**
Present value	**29,529**	**28,011**	**57,540**
At 31 December 2021			
Trade and other payables	4,238	–	4,238
Accruals	14,043	–	14,043
Bank loans and overdrafts	568	18,424	18,992
Lease liabilities[1]	2,724	3,918	6,642
Undiscounted cash flows	21,573	22,342	43,915
Less: finance charges allocated to future periods	(785)	(557)	(1,342)
Present value	20,788	21,785	42,573

1 Lease liabilities are those recognised in accordance with IFRS 16

Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 December 2022				
Financial liabilities				
Contingent consideration	**–**	**–**	**2,122**	**2,122**
	–	**–**	**2,122**	**2,122**
At 31 December 2021				
Financial liabilities				
Contingent consideration	–	–	–	–
	–	–	–	–

Refer to note 19 for a reconciliation of movements during the year.

The fair value of the contingent consideration is £2,122,000 (31 December 2021: £nil).

26. Dividends

No dividends were paid or declared during the current and prior financial years. Dividends were paid to non-controlling interests as shown in the consolidated statement of changes in equity.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

27. Cash generated from operations

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss) before taxation	**(7,201)**	(5,711)
Adjustments for:		
Depreciation (notes 12 and 13)	**2,772**	2,609
Amortisation (note 11)	**4,023**	2,495
Loss on disposal	**5**	3
Impairment of goodwill and current assets	**257**	–
Unrealised foreign exchange (gain)/loss	**(70)**	70
Onerous lease provision booked	**1,272**	–
Share option charges	**521**	319
Finance income (note 6)	**(70)**	(20)
Finance expenses (note 6)	**1,422**	882
US PPP release	**–**	(720)
Contingent consideration revaluations (note 3)	**7,866**	7,397
	10,797	7,324
(Increase)/decrease in trade and other receivables	**(8,772)**	2,250
Increase/(decrease) in trade and other payables	**1,817**	2,226
Movement in provisions	**(29)**	–
Cash generated from operations	**3,812**	11,800

28. Acquisitions

On 29 January 2022, the Group acquired 100% shares of Forde and Semple Media Works, the leading media performance consultancy in Canada, for a total consideration of CAD$1.3 million (£0.8 million), of which CAD$1.2 million (£0.7 million) was paid on completion and CAD$0.1 million (£0.06 million) was deferred for one year. Forde and Semple had revenues of CAD$1.1m in the financial year ended 31 January 2021 and net assets of CAD$0.4 million (£0.2 million) on completion. The Company has been renamed Ebiquity Canada Inc and contribute revenue of £0.3 million in the year and operating profit of £0.2 million.

On 4 April 2022, the Group acquired 100% shares of Media Management, LLC ('MMi'), a US-based media audit specialist, for an initial consideration of US$8.0 million (£6.1 million) with a deferred contingent consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) was paid in cash and 16% (US$1.3 million/ £1.0 million), was applied by the vendors to subscribe for 1,737,261 Ebiquity ordinary shares. The contingent consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for the year ending 31 December 2024. This has been estimated to be US$4.0 million/£3.0 million. 80% of this will be payable directly in cash to the vendors and 20% will be applied by the vendors to subscribe for Ebiquity ordinary shares. MMi contributed revenue of £3.4 million to the Group since its acquisition. Its business has been integrated fully within the North America unit and therefore it is not possible to report a separate profit figure for it.

On 22 April 2022, the Group acquired 100% shares of Media Path Network AB ('Media Path'), a Swedish-based multi-national media consultancy, for a consideration of £15.5 million. 75% (£11,625,000) was paid in cash and 25% (£3,875,000) was paid by the issue of 6,919,642 new Ordinary Shares to the Media Path vendors. An additional cash payment of £485,000 was made in June 2022, representing working capital in the completion accounts as at 31 March 2022 in excess of the contractually agreed target amount. Media Path contributed revenue of £3.4 million to the Group since its acquisition and an operating profit of £0.8 million.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

28. Acquisitions continued

An assessment of fair value of the acquired net assets of each company has been made as at 31 December 2022 as follows:

Forde and Semple Media Works

The fair value of the purchase consideration for the acquisition of Forde and Semple is as follows:

	£'000
Cash	703
Deferred Consideration	64
	767

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are:

	Carrying value £'000	FV adjustment £'000	Fair value £'000
Property, plant and equipment	3	–	3
Trade and other receivables	245	–	245
Cash and cash equivalents	59	–	59
Trade and other payables	(246)	–	(246)
Deferred tax liabilities	–	–	–
Net assets acquired	61	–	61
Goodwill arising from the acquisition	–	–	706
Total purchase consideration			767

The goodwill arising reflects Forde and Semple's market leading position in Canada and the benefits to the Group of retaining profits on projects previously outsourced to the Company.

Media Management LLC ('MMi')

The fair value of the purchase consideration for the acquisition of Media Management LLC is as follows:

	£'000
Cash	5,126
Shares	976
Contingent Consideration	2,121
	8,223

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are as follows:

	Carrying value £'000	FV adjustment £'000	Fair value £'000
Customer contracts and relationships	–	1,442	1,442
Technology – acquired software	973	687	1,660
Property, plant and equipment	63	–	63
Trade and other receivables	976	–	976
Bank overdraft	(35)	–	(35)
Trade and other payables	(2,131)	–	(2,131)
Deferred tax liabilities	–	–	–
Net assets acquired	(154)	2,129	1,975
Goodwill arising on acquisition			6,248
Total purchase consideration			8,223

Goodwill reflects the benefits of MMI's customer base in USA and its Circle Audit technology and the scale benefits expected from combining its business with Ebiquity's existing US business.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

28. Acquisitions continued

Media Path Network AB

The fair value of the purchase consideration for the acquisition of Media Path Network is as follows:

	£'000
Cash	12,110
Shares	3,875
	15,985

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are as follows:

	Carrying value £'000	FV adjustment £'000	Fair value £'000
Customer contracts and relationships	–	6,107	6,107
License Agreement	–	2,453	2,453
Property, plant and equipment	8	–	8
Cash and cash equivalents	824	–	824
Trade and other receivables	2,068	–	2,068
Trade and other payables	(1,320)	–	(1,320)
Deferred tax liabilities	–	(1,763)	(1,763)
Net assets acquired	1,580	6,797	8,377
Goodwill arising on acquisition			7,608
Total purchase consideration			15,985

Goodwill reflects Media Path's global market position and customer base as well as its licence over the GMP technology platform and the benefits this offers.

29. Disposals

There were no disposals in the year.

30. Contingent liabilities

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice. There were no such liabilities as at 31 December 2022.

31. Related party transactions

The Group has a related party relationship with its subsidiaries (refer to note 14) and key management personnel including Directors and Executive Committee members.

Transactions between the Company and its subsidiaries, or between subsidiaries, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The remuneration of the Directors, who are considered to be the key management personnel of the Group, is set out in note 5. There were no post-employment or other long-term benefits other than contributions to private pension schemes.

Transactions with companies related to key management personnel

There were no such transactions in the year.

32. Events after the reporting period

There have been no events after the reporting period.

Company statement of financial position

as at 31 December 2022

	Note	**31 December 2022 £'000**	Restated[1] 31 December 2021 £'000
Non-current assets			
Intangible assets	7	**2,202**	2,894
Right-of-use assets	8	**770**	2,097
Investments in subsidiaries	9	**48,840**	48,864
Amounts owed by group undertakings	11	**42,247**	20,267
Deferred tax asset	10	**159**	216
Total non-current assets		**94,218**	74,338
Current assets			
Trade and other receivables	11	**10,441**	6,813
Cash at bank and in hand		**522**	1,097
Total current assets		**10,963**	7,910
Creditors: amounts falling due within one year	12	**(36,969)**	(33,643)
Net current liabilities		**(26,006)**	(25,733)
Total assets less current liabilities		**68,212**	48,605
Creditors: amounts falling due after more than one year	13	**(23,309)**	(19,916)
Net assets		**44,903**	28,689
Equity			
Called up share capital	14	**30,060**	20,682
Share premium account	15	**10,863**	255
Other reserves	15	**(733)**	(733)
Retained earnings	15	**4,713**	8,485
Total shareholders' funds		**44,903**	28,689

1 Refer to note 2 for further details.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present its own income statement in these financial statements.

The movement in reserves of the Company includes a loss for the year of £4,256,000 (2021: loss for the year of £3,724,000).

The notes on pages 133 to 141 are an integral part of the financial statements of the Company. The financial statements on 131 and 132 were approved and authorised for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Alan Newman
Chief Financial and Operating Officer

Ebiquity plc. Registered No. 03967525

30 March 2023

Company statement of changes in equity

for the year ended 31 December 2022

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2021		20,646	255	(733)	11,893	32,060
Loss for the year		–	–	–	(3,724)	(3,724)
Other comprehensive result for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	(3,724)	(3,724)
Proceeds from shares issued	14	36	–	–	(3)	33
Share-based payments credit		–	–	–	262	262
Capital contribution relating to share-based payments		–	–	–	57	57
Dividends to shareholders	14	–	–	–	–	–
At 31 December 2021		20,682	255	(733)	8,485	28,689
Profit for the year		**–**	**–**	**–**	**(4,256)**	**(4,256)**
Other comprehensive result for the year		**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**(4,256)**	**(4,256)**
Proceeds from shares issued	14	**9,378**	**10,608**	**–**	**(36)**	**19,950**
Share-based payments credit		**–**	**–**	**–**	**545**	**545**
Capital contribution relating to share-based payments		**–**	**–**	**–**	**(25)**	**(25)**
Dividends to shareholders	14	**–**	**–**	**–**	**–**	**–**
At 31 December 2022		**30,060**	**10,863**	**(733)**	**4,713**	**44,903**

The notes on pages 133 to 141 are an integral part of the financial statements of the Company.

Notes to the Company financial statements

as at 31 December 2022

1. General information

Ebiquity plc (the 'Company') acts as a holding company and is incorporated and domiciled in the UK. The Company is a public limited company and is limited by shares. The address of its registered office is Chapter House, 16 Brunswick Place, London N1 6DZ.

The financial statements of the Company represent the results for the year ended 31 December 2022 whilst the comparatives represent the results for the year ended 31 December 2021.

The financial statements present information about the Company as an individual undertaking and not about its Group.

2. Basis of preparation

This note sets out details of the basis of preparation and accounting policies that are applicable specifically to the Company financial statements. The Group accounting policies set out on pages 89 to 98 also apply to the Company financial statements.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis. The Company meets its day-to-day working capital requirements through its cash reserves and borrowings, described in note 19 to the consolidated financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. the requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number of weighted-average exercise prices of share options, and how the fair value of goods and services received was determined);

b. the requirements of IFRS 7 'Financial Instruments: Disclosures';

c. the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for 'fair value measurement' of assets and liabilities);

d. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

   I. paragraph 79(a)(iv) of IAS 1;

   II. paragraph 73(E) of IAS 16 'Property, Plant and Equipment';

   III. paragraph 118(E) of IAS 38 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period);

   The following paragraphs of IAS 1 'Presentation of Financial Statements':

   I. 10D (statement of cash flows);

   II. 16 (statement of compliance with all IFRS);

   III. 38A (requirement for minimum of two primary statements, including cash flow statements);

   IV. 38B-D (additional comparative information);

   V. 111 (cash flow statement information); and

   VI. 134–136 (capital management disclosures).

e. IAS 7 'Statement of Cash Flows';

f. paragraphs 30 and 31 of IAS 8 'Accounting Policies', changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);

g. paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and

h. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the Company financial statements continued

for the year ended 31 December 2022

2. Basis of preparation continued

Prior year restatement

The prior year statement of financial position has been restated to reflect a reclassification of balances owed by Group undertakings.

The restatement has the effect of reclassifying balances from current assets and to non-current assets based upon the expected timing of realisation of the balances owed.

	2021 Reported £'000	2021 Adjustment £'000	**2021 Restated £'000**
Statement of financial position			
Non-current assets:			
Amounts owed by Group undertakings	–	20,267	**20,267**
Current assets:			
Trade and other receivables	27,080	(20,267)	**6,813**

Summary of significant accounting policies

The principal accounting policies adopted for the Company financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Finance income and expenses

Finance income and expenses represents interest receivable and payable. Finance income and expense is recognised on an accruals basis, based on the interest rate applicable to each bank or loan account.

Foreign currency transactions

The results and financial position of the Company are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the Company financial statements.

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period.

All transactions involving foreign exchange gains and losses are dealt with through the income statement as and when they arise.

Retirement benefits

For defined contribution pension schemes, the Company pays contributions to privately administered pension plans on a voluntary basis. The Company has no further payment obligations once the contributions have been paid. Contributions are charged to the income statement in the period to which they relate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Directors believe the carrying value of these investments is supported by their adjusted net assets. Any changes to the carrying value of investments after the measurement period are recognised in the income statement.

Where the purchase consideration for the acquisition of an interest in a subsidiary is contingent on one or more future events, the cost of investment includes a reasonable estimate of the fair value of the amounts of consideration that are expected to be payable in the future. The cost of investment and the contingent consideration liability is adjusted until the ultimate payable is known.

Share capital

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of direct issuance costs.

Notes to the Company financial statements continued

for the year ended 31 December 2022

3. Company results for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present its own income statement in these financial statements.

The movement in reserves of the Company includes a loss for the year of £4,256,000 (2021: loss for the year of £3,724,000).

4. Operating profit

Auditors' remuneration

Fees for the audit of the Company were £5,000 (2021: £3,000). Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed in note 4 to the consolidated financial statements.

Directors' remuneration

Fees paid to the Company's Directors are disclosed in note 5 to the consolidated financial statements.

5. Employee information

The monthly average number of employees employed by the Company during the year, including Executive Directors, was as follows:

	31 December 2022 £'000	31 December 2021 £'000
Directors	**7**	7
Other staff	**32**	31
Total	**39**	38

At 31 December 2022, the total number of employees of the Company was 41 (31 December 2021: 38).

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**3,226**	2,660
Social security costs	**377**	394
Other pension costs	**62**	67
Share options charge	**545**	262
Total staff costs	**4,210**	3,383

6. Tax on profit/(loss)

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
The tax charge is made up as follows:		
Current tax	**25**	18
Deferred tax		
Origination and reversal of timing differences	**57**	(15)
Taxation	**—**	—
Total tax charge	**82**	3

The tax assessment for the year differs (2021: differs) to the standard rate of corporation tax in the UK of 19.00% (31 December 2021: 19.00%).

Notes to the Company financial statements continued

for the year ended 31 December 2022

6. Tax on profit/(loss) continued

The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss) before taxation	**(4,174)**	(3,721)
(Loss) at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	**(793)**	(707)
Effects of:		
Expenses not deductible/(income) not taxable	**303**	(160)
Depreciation in excess of capital allowances	**(2)**	–
Additions to intangibles	**–**	24
Relieved to other Group companies	**620**	843
Adjustments to tax credit in respect of prior years	**13**	18
Withholding tax suffered	**(116)**	–
Deferred tax	**57**	(15)
Tax charge for the year	**82**	3

Deferred tax on unremitted earnings has not been recognised as management does not intend to pay dividends from jurisdictions where a tax charge would be incurred and dividends received are not taxed in the UK.

7. Intangible assets

	Research and development £'000	Computer software £'000	Total £'000
At 1 January 2022	3,941	1,576	5,517
Additions	**248**	**–**	**248**
Disposals	**–**	**(2)**	**(2)**
At 31 December 2022	**4,189**	**1,574**	**5,763**
Amortisation			
At 1 January 2022	(1,234)	(1,389)	(2,623)
Additions	**(1)**	**–**	**(1)**
Disposals	**–**	**2**	**2**
Charge for the year	**(757)**	**(182)**	**(939)**
At 31 December 2022	**(1,992)**	**(1,569)**	**(3,561)**
Net book value			
At 31 December 2022	**2,197**	**5**	**2,202**
At 31 December 2021	2,707	187	2,894

Notes to the Company financial statements continued

for the year ended 31 December 2022

8. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Total £'000
Cost		
At 1 January 2021	4,936	4,936
Disposals	(89)	(89)
At 31 December 2021	4,847	4,847
Impairment for the year	**(1,392)**	**(1,392)**
At 31 December 2022	**3,455**	**3,455**
Accumulated depreciation		
At 1 January 2021	(1,882)	(1,882)
Charge for the year	(969)	(969)
Impairment for the year	101	101
At 1 January 2022	(2,750)	(2,750)
Charge for the year	**(953)**	**(953)**
Impairment for the year	**917**	**917**
At 31 December 2022	**(2,685)**	**(2,685)**
Net book value		
At 31 December 2022	**770**	**770**
At 31 December 2021	2,097	2,097

Lease liabilities

	Buildings £'000	Total £'000
Cost		
At 1 January 2021	3,884	3,884
Cash payments in the year	(944)	(944)
Interest charge in the year	105	105
At 31 December 2021	3,045	3,045
Cash payments in the year	**(1,259)**	**(1,259)**
Interest charge in the year	**70**	**70**
At 31 December 2022	**1,856**	**1,854**
Current	313	313
Non-current	1,543	1,543

The future value of the minimum lease payments is as follows:

	Minimum lease payments	
	31 December 2022 £'000	31 December 2021 £'000
Amounts due:		
Within one year	**905**	1,574
Between one and two years	**453**	1,259
Between two and three years	**–**	315
Between three and four years	**–**	–
Between four and five years	**–**	–
Later than five years	**–**	–
	1,358	3,148

Notes to the Company financial statements continued

for the year ended 31 December 2022

9. Investments in subsidiaries

	£'000
Cost and net book value	
At 1 January 2021	48,807
Additions	57
At 31 December 2021	48,864
Disposals	**(24)**
At 31 December 2022	**48,840**

The Company's principal trading subsidiaries and associated undertakings are listed in note 14 to the consolidated financial statements.

The Directors believe that the carrying value of the investments is supported by their adjusted net assets, based on the impairment assessment carried out, as described in note 10 to the consolidated financial statements.

The disposals in the year relates to the allocation of £24,000 of the share option credit, being the portion attributable to staff employed by subsidiaries of the Company.

10. Deferred tax asset

	Tangible assets £'000	Total £'000
At 1 January 2021	201	201
Credit to income	15	15
At 31 December 2021	216	216
Debit to income	**(57)**	**(57)**
At 31 December 2022	**159**	**159**

The following is the analysis of the deferred tax balance for financial reporting purposes:

	31 December 2022 £'000	31 December 2021 £'000
Deferred tax assets – non-current	**159**	216
Deferred tax liabilities – current	**–**	–
Deferred tax liabilities – non-current	**–**	–
	159	216

Deferred tax relates to the timing differences arising on adoption of IFRS 16. A deferred tax asset has arisen since the depreciation of the right-of-use asset exceeds the lease cash payments made.

There are no unrecognised deferred tax assets.

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

11. Trade and other receivables

	31 December 2022 £'000	Restated 31 December 2021 £'000
Trade and other receivables due within one year		
Trade receivables	**292**	240
Amounts owed by Group undertakings	**8,243**	5,448
Other receivables	**178**	722
Other taxation and social security	**499**	161
Prepayments	**1,229**	242
	10,441	6,813
Other debtors due after more than one year		
Amounts owed by Group undertakings	**42,247**	20,267

12. Creditors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Bank loans and overdrafts	**(159)**	(59)
Trade creditors	**3,234**	1,123
Amounts owed to Group undertakings	**32,561**	28,712
Corporation tax	**12**	–
Lease liabilities (note 8)	**313**	1,504
Other taxation and social security	**–**	–
Accruals	**1,008**	2,363
	36,969	33,643

13. Creditors: amounts falling due after more than one year

	31 December 2022 £'000	31 December 2021 £'000
Bank loans – between two and five years	**21,395**	17,960
Amounts owed to Group undertakings	**–**	–
Provisions	**373**	416
Lease liabilities (note 8)	**1,543**	1,541
	23,309	19,917

Notes to the Company financial statements continued

for the year ended 31 December 2022

14. Called up share capital

	Number of shares £'000	Nominal value £'000
Allotted, called up and fully paid		
At 1 January 2C21 – ordinary shares of 25p	82,583,254	20,646
Shares issued	–	–
Share options exercised	145,636	36
At 31 December 2021 – ordinary shares of 25p	82,728,890	20,682
Shares issued	**36,958,789**	**9,240**
Share options exercised	**553,502**	**138**
At 31 December 2022 – ordinary shares of 25p	**120,241,181**	**30,060**

Ordinary shares carry voting rights which are entitled to share in the profits of the Company. No dividend was paid in the current year (2021: nil per share, a total of £nil) to shareholders. The share issues during the year were made in connection with the acquisitions of Media Management LLC and Media Path Network AB. 28,301,856 shares were issued as a result of the placing in April 2022 and 8,656,933 shares were issued directly to the vendors.

15. Reserves

Share premium

The share premium reserve of £10,863,000 (31 December 2021: £255,000) shows the amount subscribed for share capital in excess of the nominal value.

Other reserves

Other reserves consists of the merger reserve and ESOP reserve.

Merger reserve

The merger reserve arose on the issuance of shares at a premium on a Group restructure, where the premium on issue qualified for merger relief. There has been no movement in the year.

ESOP reserve

The ESOP reserve represents the cost of own shares acquired in the Company by the Employee Benefit Trust ('EBT'). The purpose of the EBT is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them in accordance with employee share schemes. The EBT may operate in conjunction with the Company's existing share option schemes and other schemes that may apply from time to time.

The ESOP trusts were created to award shares to certain employees at less than market value. The trusts in aggregate hold unallocated shares costing £1,471,000 (31 December 2021: £1,471,000) funded by the Company. The sponsoring company is responsible for the administration and maintenance of the trust. The number of shares held by the trust is 4,201,504 (31 December 2021: 4,201,504), all of which are under option to the employees of the Group. As at the statement of financial position date, all of the shares in the ESOP had vested (31 December 2021: all had vested).

Retained earnings

The retained earnings reserve shows the cumulative net gains and losses recognised in the income statement. For detailed movements on each of the above reserves, refer to the statement of changes in equity.

The distributable reserves of the Company total £4,713,000 (31 December 2021: £8,485,000).

Notes to the Company financial statements continued

for the year ended 31 December 2022

16. Share-based payments

Full disclosure of share-based payments is included in the consolidated financial statements (see note 24 to the consolidated financial statements).

17. Commitments

Capital commitments contracted but not provided for by the Company amount to £nil (31 December 2021: £nil).

18. Contingent liabilities

The Company is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

19. Related party transactions

Under FRS 101.8(k), the Company is exempt from the requirement to disclose transactions with entities that are part of the Ebiquity plc Group, or investees of the Group qualifying as related parties, as all of the Company's voting rights are controlled within the Group. The Company has no other material related parties. Related party transactions are detailed in note 31 to the consolidated financial statements.

Transactions with key management personnel

FRS 101.8(j) exempts entities from the disclosures in respect of the compensation of key management personnel.

20. Audit exemption of subsidiaries

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts in the year ending 31 December 2022 by virtue of s479C of the Act.

Name	Registered number
BCMG Limited	3013406
Checking Advertising Services Limited	3580727
Ebiquity Asia Pacific Limited	3528287
Ebiquity Associates Limited	3300123
Ebiquity CEE Limited	3723076
Ebiquity UK Limited	2454455
Ebiquity US Financing Limited	8633401
Ebiquity US Holdings Limited	8632518
Fairbrother Lenz Eley Limited	2548073
FLE Holdings Limited	5819100
FirmDecisions Group Limited	6283975
FirmDecisions Limited	6283647
The Register Group Limited	1658972
Xtreme Information Services Limited	4244794

The outstanding liabilities as at 31 December 2022 of the above-named subsidiaries have been guaranteed by Ebiquity plc (registered company number 03967525) pursuant to s479A to s479C of the Act. In the opinion of the Directors, the possibility of the guarantee being called upon is remote.

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Shareholder information

Information and contact details for shareholders
Ebiquity plc is registered in England and Wales with registered number 03967525

Registered office:
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16 Brunswick Place
London N1 6DZ

Company Secretary
Lorraine Young
companysecretary@ebiquity.com

Shareholders can sign up to receive emails when the Company makes regulatory announcements. Details are in the investor section of the Company's website, **www.ebiquity.com**.

Investor relations queries and notifications of changes to major shareholdings for the purposes of the Disclosure Guidance and Transparency Rules should be sent to the Company Secretary as above.

Shareholders can also contact the registrars for any questions about their shareholding at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Telephone helpline: 0370 707 1345

Or go to **www.investorcentre.co.uk** to use the online Investor Centre service

Analyst coverage and research
Johnathan Barrett – Panmure Gordon –
www.panmure.com/solutions/research/
Roddy Davidson – Shore Capital –
www.sharecapmarkets.co.uk
Fiona Orford Williams – Edison Group –
www.edisongroup.com/company/ebiquity/

Investor Meet Company
Ebiquity shares presentations of its full and half-year results via the Investor Meet Company platform. Anyone can register on the platform and receive invitations to these presentations, which are given by the CEO and CFO. There is the opportunity for investors and potential investors to ask questions at the end of the presentation.

To register with Investor Meet Company please visit **www.investormeetcompany.com/**

Glossary

AIM	Alternative Investment Market
Board	the Board of Directors of Ebiquity plc
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGUs	cash-generating units
Ebiquity or the Company	Ebiquity plc
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
EBT	Employee Benefit Trust
EPS	earnings per share
ESOP	Executive Share Option Plan
FMCG	fast-moving consumer goods
FRS 101	Financial Reporting Standard 101 'Reduced Disclosure Framework'
FVOCI	fair value through other comprehensive income
FVPL	fair value through profit or loss
the Group	Ebiquity plc and its subsidiaries
IFRS	International Financial Reporting Standards
ISBA	Incorporated Society of British Advertisers
KPIs	key performance indicators
LTIP	Long-Term Incentive Plan
Net debt	long-term borrowings, short-term borrowings less cash and cash equivalents
QCA Code	Quoted Companies Alliance Corporate Governance Code
RCF	revolving credit facility
SONIA	Sterling Overnight Index Average
TSR	total shareholder return

Alternative performance measures

In these results we refer to 'adjusted' and 'reported' results, as well as other non-GAAP alternative performance measures.

Further details of highlighted items are set out within the financial statements and the notes to the financial statements.

In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). The Group includes these non-GAAP measures as they consider them to be both useful and necessary to the readers of the financial statements to help understand the performance of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies and therefore should be considered in addition to IFRS measures. The APMs are consistent with how business performance is measured internally by the Group.

Alternative Performance Measures used by the Group are:

- Net revenue
- Organic revenue growth
- Adjusted operating profit
- Adjusted operating margin
- Adjusted profit before tax
- Adjusted effective rate of tax
- Adjusted earnings per share
- Adjusted cash generated from operations, and
- Adjusted operating cash flow conversion.

Net revenue is the revenue after deducting external production costs and is reconciled on the face of the income statement.

Organic revenue growth is defined as revenue growth in the existing business excluding the revenue contribution in the year from acquisitions made during it.

Adjusted operating profit, adjusted profit before taxation and adjusted profit after taxation are reconciled to their statutory equivalents on the face of the consolidated income statement. Adjusted earnings per share is reconciled to statutory earnings per share in note 9.

Adjusted effective tax rate is calculated by comparing the current and deferred tax charge for the current year, excluding prior year provision movements to the adjusted profit before taxation. The rate for the current year is calculated as follows:

		£'000	£'000
Adjusted profit before taxation	A		7,967
UK tax current year		114	
Foreign tax current year taxation		1,973	
Deferred tax current year		(380)	
Adjusted taxation	B		1,707
Effective tax rate (A/B)			21%

Taxation figures are taken from note 7 to the consolidated financial statements.

Alternative performance measures continued

Adjusted cash generated from operations is defined as the cash generated from operations excluding the cash movements relating to the highlighted items. The calculation for the year is set out below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash generated from operations	**3,812**	11,800
Add: Highlighted items: cash items	**2,514**	(471)
Movement in working capital relating to highlighted items	**(138)**	1,872
Adjusted cash generated from operations	**6,188**	13,201

Adjusted operating cash flow conversion is the ratio of the adjusted cash generated from operations divided by the adjusted operating profit, expressed as a percentage. The rate for the current year is calculated as follows:

	£'000
Adjusted cash generated from operations	6,188
Adjusted operating profit	9,270
Cash conversion ratio	67%

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