ebiquity

we are ebiquity

Annual report and financial statements
for the year ended 31 December 2021
Ebiquity plc
Company number 03967525

Contents

Strategic report

An overview of key actions and events in 2021 and early 2022, 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 14 and 15

Environmental, social & governance

Read more on pages 28 to 35

Financial statements

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

Highlights

£63.1m
Revenue
[illegible]

£4.7m
Underlying operating profit/(loss)[1]
2020: £(0.3)m

£4.1m
Underlying profit/(loss) before tax[1]
2020: £(1.3)m

2.7p
Underlying earnings/(loss) per share[1]
[illegible]

£(5.1)m
Statutory operating loss
[illegible]

£(5.7)m
Statutory loss before tax
[illegible]

(8.5)p
Statutory profit/(loss) per share
2020: [illegible]

- Revenue up £7.2 million (13%) to £63.1 million (2020: £55.9 million) reflecting strong business momentum across all regions and business segments
- Significant increase in revenue from higher margin digital media solutions to £3.7 million (2020: £1.0 million)
- Underlying operating profit up £5.0 million to £4.7 million (2020: loss of £0.3 million)
- Underlying operating profit margin of 7.5%
- Underlying operating costs of £50.8 million (2020: £49.8 million) a 2% increase, reflecting disciplined cost management
- Underlying earnings per share of 2.7p (2020: loss per share of 1.9p)
- Statutory loss before tax is after accruing £7.9 million towards the deferred consideration for Digital Decisions BV, payable in 2023 (based on its expected performance in 2021 and 2022)
- Underlying operating cash inflow of £13.2 million (2020: £7.3 million)
- Strong financial position at 31 December 2021 with net bank debt of £4.8 million (2020: £7.8 million) comprising cash balances of £13.1 million and bank debt of £17.9 million. The Company had undrawn bank facilities of a further £5.0 million
- Loan facility increased in March 2022 to £30 million for a three-year term, extendable for two years

1 Underlying operating profit is defined as the operating profit excluding highlighted items. These include share-based payments, amortisation of purchased intangibles and non-recurring items. Underlying profit before tax and earnings per share are calculated based on the underlying operating profit

At a glance

Our purpose

Help clients eliminate waste and create value

We are world leaders in media investment analysis. We harness the power of data to provide independent, fact-based advice, enabling brand owners to perfect media investment decisions and improve business outcomes.

Our deep and varied specialist media experience helps brands to drive efficiency and secure optimal effectiveness from their media spend, eliminating wastage and creating value. We focus our analysis and advice in five key areas:

- **Media management**
- **Media performance**
- ***Technology advisory***
- ***Contract compliance***

Ebiquity is able to provide independent, unbiased advice and solutions to brands because we have no commercial interest in any part of the supply chain. We offer no media execution or trading services, nor do we negotiate with media owners or publishers on behalf of our clients.

More than 500 media specialists operate from our 19 offices worldwide, covering 80% of the global advertising market, from Shanghai to Singapore, Sydney to New York, Paris to London.

Ebiquity has the most comprehensive, independent view of today's global media market. We analyse US$55 billion of media spend from 75 markets annually, including trillions of digital media impressions. As a result, more than 70 of the world's top 100 advertisers today choose Ebiquity as their trusted media adviser.

Our values

We Collaborate

Collaboration is the foundation on which we build our business. It runs through everything we do. It drives us forward and it's the gateway to creativity, clarity and courage.

We lead with Creativity

We're constantly looking for new ways of doing things – and new ways of thinking.

We champion Clarity

We see opportunity in the complex and the opaque. We prioritise clarity for our clients and in the way we work.

We have Courage

A bold spirit leads to great things. We have an unshakeable belief in what we're capable of together, as a team.

At a glance continued

One Ebiquity

Ebiquity has 19 offices around the world, in markets which represent 80% of the world's media investments. This means that we are best placed to advise multinational brand owners.

The Company has more than 500 media specialists. We have the largest pool of dedicated media professionals outside the agency groups.

Ebiquity local market presence
Ebiquity offices

19 offices
520 employees

Chair's statement

"2021 was a year of significant progress. Ebiquity has a clear and refreshed strategy that is delivering results."

2021 was a year of significant progress. Ebiquity has a clear and refreshed strategy that is delivering results, including more product solutions for the digital market and higher value, strategic client relationships accompanied by further operating efficiencies.

In Nick Waters' first full year as Chief Executive Officer, a great deal has been achieved. He has put in place a strong and cohesive management team and developed a coherent and focused strategy, supported by an enhanced operational structure. As a result, we have seen a good recovery in the underlying performance of the business with strong revenue growth and improving operating margins. This is a noticeable achievement given the challenges posed by the impact of Covid-19 in the previous year.

Ebiquity's central purpose is to help brand owners increase returns from their media investments to improve business performance. We are world leaders in what we do, counting over 70 of the world's top 100 advertisers as our clients. What is becoming clear is that our proposition is increasingly resonating in a vast media market that is becoming more complex and challenging for brand managers everywhere. This is seen in two areas – our ability to deepen relationships with existing clients through new products and our ability to win new mandates on the strength of our offering.

At the heart of our refreshed strategy is the drive to develop new products that can make a meaningful difference to the increasingly complex challenges that our clients face. It is therefore very pleasing to see that digital media solutions has exceeded our expectations with strong revenue and margin growth as a result of the new product suite that we have introduced. Given the continuing growth in digital advertising which is dominated by mega brands such as Amazon and Meta, we continue to see good growth opportunities in this market for these solutions.

Our new geographically led organisational structure, which was put in place in January 2021, is proving an effective platform to provide harmonised end-to-end client solutions and increase opportunities for cross-selling. All of our main regions – Asia Pacific, Continental Europe, the UK and North America – performed well and we have strengthened the management teams in the US and China with the appointment of two new Managing Directors. We will continue to look at opportunities to expand our international presence to support our clients' global needs and growth agendas.

Chair's statement continued

While the Group undoubtedly benefited from the easing of Covid-19 restrictions in some markets towards the end of the year, it is also clear that the transformation of the business that Nick and his team are implementing has played a major part. The Group's underperformance has been addressed and we now have a clearer and simplified strategic focus which is helping the business to gain momentum. Group revenue increased by 13%, representing a good recovery compared to a difficult 2020, underpinned by notable new business wins, the appeal of our wider product offering and improved performances from our all our geographies.

In my report to you last year I said that a key priority for the Board was to set out our Environmental, Social and Governance ('ESG') agenda. I am pleased to report that we have made good progress during the year. Early in 2021, two members of the Executive Leadership Team were tasked with leading our efforts and in September 2021 we formalised and launched our ESG strategy across all markets. Work is now underway to measure our environmental impacts and set targets to reduce this over time. Diversity, Equality and Inclusion continues to be a key area of focus where employees are supported in driving change throughout the business. Our culture roadmap has also progressed well during 2021 as new values have been adopted and have begun to be embedded across the organisation, particularly in employee appraisal, recognition and reward.

Throughout the year the Board has been fully engaged in the Company's response to the pandemic and our priority has been the wellbeing of our staff, ensuring a safe working environment. On behalf of the Board, I would like to thank all of our employees for their dedication and resolve during what has been a very difficult time at both a personal and professional level.

During the year we welcomed Lara Izlan to the Board. Lara brings extensive experience from across the media industry with a particular expertise in digital advertising and marketing services, having held senior strategic and commercial positions at leading media brands and we have already benefited from her contribution to our Board discussions. After seven years on the Board, Tom Alexander will be stepping down at the conclusion of this year's AGM With his international business experience and knowledge of consumer brands, Tom has brought us valuable insights into how advertisers think and operate, and I should like to thank him on behalf of the Board for his input and commitment during his term of office.

Looking ahead, the opportunity for our business is enormous. The global market is huge, digital advertising is developing fast, and the challenges our clients are facing are increasingly complex. In January 2022, we announced the acquisition of Forde and Semple, the leading Canadian media performance consultancy, which will enhance our reach in North America. The position of the business and our strengthening balance sheet now enable the Group to consider further acquisitions while continuing to drive organic growth.

Ebiquity has a small operation in Russia, which in 2021 accounted for c.£1 million of revenue. Given the horrific developments in Ukraine, the operation is currently under review.

I firmly believe that Ebiquity, as the global leader in media investment analysis, with its strengthened management team and compelling offer, is very well placed to deliver significant value for all our stakeholders.

Rob Woodward
Chair

30 March 2022

Chief Executive Officer's review

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

Purpose

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 billions 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.

We operate in a very large global advertising market, which is worth ~US$780 billion[1]. Of this, 64% is invested in digital channels, with approaching half of all advertising spend now invested via Alphabet, Meta, and Amazon[1]. We employ over 500 specialists in 14 markets, which together represent four-fifths of global advertising spend.

We are able to provide objective, unbiased advice to our clients because we are entirely independent of the media supply chain. We offer no executional or trading services, nor do we negotiate with media owners on behalf of advertisers. As the world leader in media investment analysis, we count over 70 of the world's top 100 advertisers as our clients.

2021 performance

Group revenue in the year to 31 December 2021 grew by 13% to £63.1 million, representing a strong recovery from the challenging prior year. This contributed to a return to profitability for the full year, building on the half year performance and delivery of underlying operating profit of £4.7 million, and an operating margin of 7.5%, as against a loss of £0.3 million in 2020.

This performance was also due to our tight management of operating expenses which grew by only 2% to £50.8 million (2020: £49.8 million). Our revenue growth was delivered with a slightly reduced staffing level, reflecting our cost control and efficiency improvements achieved to date.

This performance reflected the rapid growth of revenue from our new digital media solutions and the benefit of new business wins achieved over the last 18 months as well as the return of advertisers to more normal activity levels during 2021. Our Media Management service, in particular, benefited from pent-up demand from delayed agency selection processes held over from the previous year.

Ebiquity performed exceptionally well, winning major global agency selection mandates from leading advertisers including Unilever, Stellantis, Daimler, and Ferrero, as well as a significant number of national tenders from global brands including L'Oréal and Nestlé.

Ebiquity managed six of the top 10 largest global and multinational agency selection processes by billings, including three of the top five, representing US$8.4 billion out of US$11.7 billion under review. Most of this work was completed in the first half of 2021.

1 COMvergence

Chief Executive Officer's review continued

2021 performance continued

Revenue recovered from most industry verticals, except for the still troubled travel and tourism sector. There was strong support from the FMCG category, although automotive was relatively subdued, as manufacturers struggled with supply chain issues and microchip shortages.

All our regions and service lines achieved revenue growth as well as profitability improvements, with Asia Pacific and global clients growing the fastest. We saw a strong performance from Continental Europe, with North America gaining momentum, and more moderate revenue growth but significant profit increase in our large and mature UK business.

The Group made good progress realigning itself for the digital-first needs of clients. The new suite of productised digital media solutions performed above expectations, with its revenue increasing by 260% to £3.7 million and delivering an operating profit margin of 51%.

Our media contract compliance division, FirmDecisions, increased its revenue by 31%, although its onsite audit operating model continued to be hindered, especially during the first half of the year, by the ongoing closure of agency offices due to the pandemic. We are expecting further recovery in this service line in 2022

Outlook

Following a strong recovery in 2021, we see further momentum in global advertising markets in 2022.
High, single-digit growth is forecast at c.9%, although the consequences of the crisis in Ukraine may dampen this.
Almost two-thirds of all global advertising spend will be through digital channels, with Alphabet, Meta, and Amazon expected to take more than 80% of the digital total and approaching half of all advertising expenditure.

The pandemic changed consumer behaviour, accelerating digital adoption. We see this as a permanent shift, and media investments will flow to the rapidly growing Advanced TV channels and e-Retail platforms. Advertisers will need increased support to understand how to make cost-effective use of these channels.

We expect that the pandemic will not disrupt advertising markets significantly in 2022 and the increasing demand for inventory will generate media price inflation. This will vary widely, from c.2% in China to more than 20% in both the US scatter market and for premium digital inventory as a whole. Advertisers will seek independent advisers both to benchmark their own performance against price inflation and to develop strategies to mitigate it.

The recent rulings by the Belgian and Dutch Data Protection Authorities – that the IAB Europe's 'Transparency and Consent Framework' is unlawful and breaches GDPR – raises major questions over the whole European online advertising market. This follows earlier announcements from Google concerning the deprecation of third-party marketing cookies and Apple's removal of 'ID for Advertising'. Regulatory dynamics and the actions of tech platforms create greater complexity for advertisers. They will need renewed guidance on how to develop strategies that enable them to navigate and understand the effectiveness of different approaches.

As all corporates look to improve their ESG credentials, there is increased scrutiny of responsible media investment.
This includes growing efforts to eliminate spend with bad actors in the supply chain – actors who promote hate content and disinformation, conduct fraudulent activities, or are in breach of data privacy and consumer consent laws. Ebiquity offers products and services to help brand owners address these challenges. We therefore see market conditions as supportive for top-line revenue growth, digital sales acceleration, and further margin improvement.

Chief Executive Officer's review continued

Delivering the growth strategy

In late 2020, we outlined a strategy to simplify, clarify and focus the business.

We have defined ourselves as deep market specialists in the media vertical, and as the world leader in media investment analysis which helps brand owners eliminate waste and create value. We provide our services through five Service Lines: Media Management, Media Performance, Marketing Effectiveness, Technology Advisory, and Contract Compliance.

We have focused the strategy on three central elements of Clients, Product, and Operational Efficiency, and have reorganised ourselves to manage the business through four geographic regions – North America, UK & Ireland, Continental Europe, and Asia Pacific. Our objective is to increase our presence in the world's largest and fastest growing advertising markets of the US and Asia. A set of operational metrics has been published, against which we will report progress (see pages 16 and 17).

Winning new client mandates

Ebiquity's primary target market comprises the world's top 100 advertisers

Our strategy is to invest in quality client relationship management to better develop the commercial opportunity. We aim to increase the proportion of our clients that buy our full range of services across all their markets. We established a Global Client Solutions Centre to support this strategy, and identified a universe of 21 higher value, strategic clients for focused relationship development. Revenue growth from this universe significantly exceeded expectations, enabling us to invest further in the talent capable of managing and growing our business among more of the world's largest advertisers. Over the last 18 months, we have added Global Client Partners in the Netherlands, France, Germany and the US to provide dedicated relationship management to brand owners headquartered in those markets.

We have increased the number of clients buying two or more Service Lines from 58 at the end of 2020 to 76 by the end of 2021, again exceeding our targets.

A client satisfaction survey conducted in September demonstrated a strong base from which we will build. The strategy for 2022 is to continue with this programme established over the last year.

Expanding our product offering

Ebiquity's product strategy is focused on the development and deployment of a new suite of digital media solutions. These are data-led, productised, scalable, repeatable, and higher margin. To facilitate this, the Digital Decisions business – originally acquired in January 2020 – has been repurposed and now operates as Ebiquity's Digital Innovation Centre ('DIC'). Building on the success of its original Source Data Monitoring product, the DIC has now brought to market a total of seven digital media solutions.

There remains a vast amount of wastage in advertisers' digital media investments, running to tens of billions of dollars a year. Our product solutions identify where our clients' digital media spend is being wasted. In so doing, they enable advertisers to course-correct and so minimise wastage, reinvest more effectively, and create value. We typically see 15 to 30% of digital media spend being wasted which, when eliminated, creates millions of dollars in value for our clients.

Chief Executive Officer's review continued

Expanding our product offering continued
The rate at which we have onboarded clients and sold digital solutions has exceeded our expectations. The number of clients buying these services rose from 10 to 28 during 2021, accounting for over US$3 billion of digital media investment and 639 billion impressions, across 87 markets. This success demonstrates the scalability of our platform and has rapidly built a global data pool unmatched by any competitor. We have the broadest and deepest view of the digital media market of any independent company.

The product strategy for 2022 continues the programme of bringing more solutions to market, building on the momentum of revenue growth and margin enhancement.

Creating a more efficient business
In 2021, the Group focused its efforts on transferring more work from onshore country teams to our near-shore Media Operations Centre. We can be satisfied with progress, with the Centre supporting 15% more projects than the prior year, thus improving our economies of scale.

Several projects have been initiated to further standardise and harmonise ways of working across the Group and facilitate greater automation. This is a high priority for 2022, with the goal of realising further efficiency gains.

Reorganised for stronger regional performance
The Group has moved to a new organisational structure, with the business managed through four regions: North America, UK & Ireland, Continental Europe, and Asia Pacific. FirmDecisions – the contract compliance division – is the only remaining business unit managed vertically. All regions performed well in 2021 in revenue and profit terms.

We recruited new Managing Directors in the US and China, the world's two largest advertising markets where Ebiquity has historically been underweight. With stronger leadership, we see the opportunity to penetrate these critical markets better and so to scale our business. Paul Williamson (US) and Stewart Li (China) both joined the Group in January 2021 and made an immediate positive impact.

The new business performance in both markets has been strong. In the US, Ebiquity won new clients including a market leading retailer and global packaged goods advertiser, as well as additional assignments from West Coast technology companies and automotive manufacturers. Our China business won major domestic advertisers including Huawei and Meng Niu, as well as international brands, LVMH and adidas®.

During the year, we launched media performance services organically in the Indian market to add to our local contract compliance offering. This is under the leadership of Sandeep Srivastava, a highly experienced specialist, formerly with Accenture Media Management. India is one of the world's fastest growing media markets, a strategically important one to many advertisers, and extremely complex – all characteristics which support demand for Ebiquity's services

In January 2022, Ebiquity acquired Forde & Semple, Canada's leading media investment analysis business. Forde & Semple was a long-time outsourced partner, serving Ebiquity's international clients in the Canadian market. This move now extends our direct relationship with those clients, gains us access to the world's twelfth largest advertising market, and adds a roster of blue-chip Canadian advertisers to our client list. The business will be fully integrated within our North America region and rebranded as Ebiquity Canada.

Chief Executive Officer's review

[illegible]

Chief Executive Officer

30 March 2022

Chief Executive Officer's review continued

Performance review

Revenue by segment

	Revenue		Variance	
Segment	**FY21 £m**	FY20 £m	£m	%
Media	**52.8**	46.0	6.8	15%
Analytics and Tech	**10.3**	9.9	0.4	4%
Group	**63.1**	55.9	7.2	13%

Media

Revenue in the Media segment, which comprises Media Performance, Media Management and Contract Compliance services, increased by 15% from the prior year to £52.8 million. This growth was driven by a number of factors. Revenue from our digital media solutions continued to increase significantly, more than trebling compared to 2020, the year in which Digital Decisions joined the Group. Their core source data monitoring service was serving 28 clients by the year end and the new services launched during the year (such as Digital Value Index and Responsible Media Investment) also generated revenue in line with our plans.

Our other Media Performance services – which help clients to assess and optimise their media buying performance – increased revenue by 4%. Revenue from Media Management services, which includes agency selection advice, increased by 68%, reflecting the high level of tendering activity by advertisers in the year, some of which was deferred from 2020 as a result of the pandemic.

Contract Compliance (branded as FirmDecisions) increased revenue by 31%, reflecting in part that agencies began to provide easier access to their offices and data following the restrictions due to Covid-19 in 2020 and the early part of 2021.

Geographically, all regions achieved good revenue growth. APAC was up by 23%, including China where revenue increased by 27%, reflecting its new management team's success in winning domestic market share. The US increased revenue by 15% and Continental Europe by 14%, with France growing by 25% and Italy by 20%, reflecting recent client wins in these markets (such as Stellantis and Generali). UK and Ireland, our largest and most mature region, grew revenue by only 1% but more than doubled its profits. Our specialist unit responsible for multi-market media projects increased revenue by 15%, reflecting our focus on increasing the value of major global accounts.

Analytics and Tech

Total revenue from Analytics and Tech increased by 4% to £10.3 million. Within this, our Marketing Effectiveness service line grew by 13%. This applies advanced analytics and data science techniques to help brands to plan and optimise their media investment, especially in sectors such as telecoms, automotive and financial services. Our Australian-based MarTech business, Digital Balance, increased revenue by 20% for its web optimisation services.

However, revenue in our AdTech service, which helps brand owners to address the challenges of managing digital media and automated trading programmes, fell by 13% as a recently completed major project was not replaced in the short term.

Chief Executive Officer's review *continued*

Performance review continued

Operating profit by segment

	Underlying operating profit				Operating profit margin	
			Variance			
Segment	**FY21 £m**	FY20 £m	£m	%	**FY21 %**	FY20 %
Media	**10.1**	6.8	3.3	48%	**19%**	15%
Analytics and Tech	**1.4**	(0.7)	2.1	—	**14%**	(7%)
Unallocated costs	**(6.7)**	(6.4)	(0.3)	5%	**—**	—
Group	**4.7**	(0.3)	(5.1)	—	**7%**	(1%)

Media increased underlying operating profit by 48% to £10.1 million and its margin to 19%, after falling to 15% in 2020. This reflected the overall increase in revenue which was delivered while maintaining stable operating costs and staff levels, as well as the growth in higher margin digital media solutions. It also reflected the continued growth in the proportion of work undertaken by our Madrid based Media Operations Centre, which increased activity by 15%.

Analytics and Tech returned to profitability after being loss making in 2020 with both the total profit of £1.4 million and the margin of 14% now exceeding the levels achieved in 2019 prior to the pandemic. This reflects the initiatives undertaken, especially in the Analytics area, to reduce the cost of delivering projects.

Unallocated costs, which comprise corporate and support costs, increased by £0.3 million, largely due to the re-establishment of a bonus provision in the year, whereas none was paid in 2020

Business model

Ebiquity's purpose is to help brand owners increase returns from their media investments and so improve business performance.

Our assets:

The Ebiquity brand

In a complex and ever evolving media market, the Ebiquity brand is respected by both the client and agency communities for the quality of its work and the integrity of its people.

Clients

Over 70 of the world's top 100 advertisers trust the Ebiquity Group to advise them.

Data

The combination of clients and markets gives the Company access to large quantities of media data. The Group analysed over US$3 billion of digital media investment and 639 billion impressions in 2021.

People

The Company employs over 500 media specialists. There is no other player with the same depth and breadth of specialist expertise.

Why advertisers choose Ebiquity:

Geographic distribution

Ebiquity is present in 14 markets globally, representing 80% of the world's media investments.

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.

Close client relationship

The Company services 14 clients which each generate more than £1 million in revenue. All are top global advertisers, representing multiple categories, which is testament to the breadth of our client base.

Comprehensive range of products

In 2021, the Company deployed and significantly increased sales of an array of highly scalable, profitable, best-in-class digital solutions designed to help advertisers eliminate wastage and create value in their digital media investments

Strategic focus:

1 **Clients**

2 **Product**

3 **Operational efficiency**

4 **Geographic development**

Strategy

1 Clients

Although the Group has ~500 clients in total, most buy a single product from the Company. This may be an annual media benchmarking project or a contract compliance audit. These relationships can be categorised as transactional. However, the Group has a core group of higher value clients that can be categorised as strategic relationships. There is a third universe of middle value clients which have the potential for material revenue growth.

2021 progress:

- Revenue from higher value strategic clients growing ahead of expectations
- Addition of three new Global Client Partners adds to bench strength of strategic customer management and broadens geographic reach – US, Paris, Amsterdam
- Media management gained major global agency selection mandates – including Unilever, Ferrero, BMW, Daimler
- Effective cross-sell into new digital product solutions

Future objectives:

- Global Client Solutions Centre progressing
- Slower growth from mid-tier and long-tail clients

2 Product

With digital now the dominant segment of media investment, we are focusing our strategy on new product solutions for the digital market. We are developing a suite of products that can help advertisers minimise and ultimately eliminate wastage, to reinvest back into the business or return to the bottom line. In doing so, Ebiquity will migrate from being a people based consultancy to a data driven solutions company.

2021 progress:

- Media Data Vault scaled infrastructure is live
- Strong revenue products launched in July – Campaign Governance and Audit Data Assessment
- Responsible Media Investment product pilot – six months' data reviewed in January 2022
- Client update of new digital solutions ahead of plan

Future objectives:

- Further products under development

Strategy continued

3
Operational efficiency

The Group aims to improve the operating margin by achieving greater operational efficiencies. The Company established a Group Scaled Delivery Centre in Spain in mid-2019, which has transitioned into the Media Operations Centre ('Media Ops'). In 2021, Media Ops increased productive hours by 38% and supported 24% of all Media Performance and Media Management projects across the Group.

2021 progress:

- Simplified management structure implemented with horizontal integration under regional management
- Clarified offering through five Service Lines
- Process automation progress in the US Media Performance business, and a solution being tested in FirmDecisions
- 38% increase in productive hours and 15% increase in Media projects supported by Media Operations Centre
- Media Ops team extended to Guatemala to support the US business in its time zone

Future objectives:

- Further process harmonisation to be developed for Media Performance

4
Geographic development

The Group is now organised and managed on a geographic basis. In 2021, the Company announced the opening of a Mumbai office and added local Media services in India to FirmDecisions' offering.

2021 progress:

- New Managing Directors recruited in January in the US and China
- Several new business wins:
  - US – Large global FMCG becomes top three client; global tech leader – including digital product solutions
  - China – Meng Niu, LVMH, plus adidas®
  - SEA – Singapore Tourism Board global mandate

Future objectives:

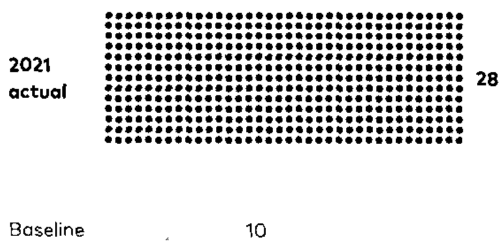
- Build Ebiquity's operations in India

Key performance indicators

In late 2020 we outlined a strategy to simplify, clarify and focus the business. A set of operational metrics has been published against which we report progress below.

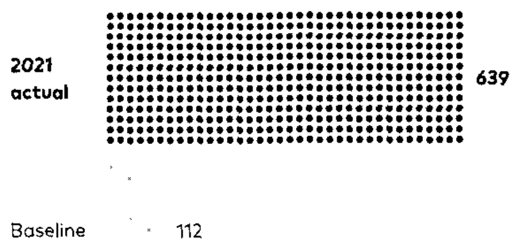
# of clients buying one or more products from the new digital portfolio

28



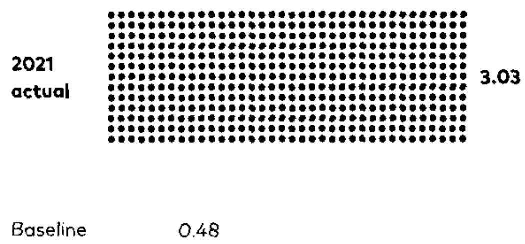
Volume of digital advertising monitored (billions of impressions)

639



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

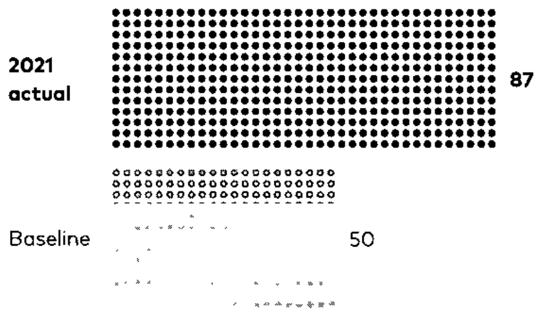
3.03



Key performance indicators continued

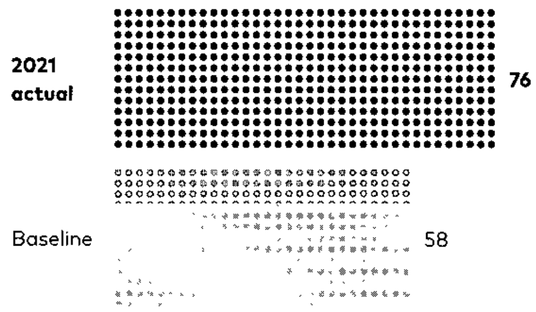
of countries served with new digital products

87



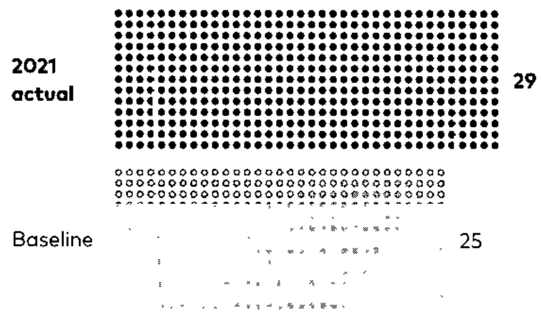
of clients buying two or more Services Lines

76



% of revenue from digital services

29



Accelerating the client engagement strategy

"We now service 14 clients who each generate more than £1m in revenue."

2021 was clearly a year of recovery and adjustment in the impact of the pandemic, but it was also one in which many advertisers faced considerable, ongoing challenges. Well documented supply chain issues – such as with semi-conductors – forced many brands and categories to reappraise how they do business. Central to this reappraisal was the role of marketing communications.

3.5x

Average revenue per client from those purchasing two Service Lines is around 3.5 times as much as those purchasing only one

In this complex environment, Ebiquity enhanced its role as a trusted adviser to many leading global advertisers. We continued our strategic focus on 21 key global clients and grew revenue among this group considerably ahead of already ambitious targets. We now service 14 clients who each generate more than £1 million in revenue. All are top global advertisers, representing multiple categories, which is testament to the breadth of our client base.

This strong performance enabled us to invest further in senior team members. We expanded both the number and geographical distribution of our team of Global Client Partners, diversifying away from our historical London bias. We can now lead client engagements from several European locations as well as London and New York, reflecting the geographical spread of our primary target customers, the top 100 global advertisers.

The success of our client engagement went beyond our 21 key clients, as the leadership of our Global Client Partners inspired and informed improved ways of working throughout the team. We now have 76 clients buying two or more Service Lines, an increase of almost a third, year on year. This is a critical measure of success for Ebiquity, because the average revenue per client from those purchasing two Service Lines is around 3.5 times as much as those purchasing only one, reflecting the changed dynamic of such engagements.

In 2022, we will be building further on the proven success of our approach to client engagement in the following ways.

- Expanding our focus client set by a third to 28 clients
- Further codifying and standardising best practices, as defined by our Global Client Partners
- Reshaping our Global Client Solutions team to create a larger and even better distributed client engagement team
- Developing strategies for the tier of the next 50 clients, by revenue

Mark Gay
Chief Client Officer

Product strategy

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

Digital solutions successes in 2021

2021 was a pivotal year for Ebiquity in terms of digital products. We deployed and significantly increased sales of an array of highly scalable, profitable, best-in-class solutions designed to help advertisers eliminate wastage and create value in their digital media investments. We structurally identify and deliver value opportunities of between 15% and 45% of their total ad spend.

With seven new solutions launched in 2021, we are ahead of target. This is reflected in our commercial performance. Revenues from the portfolio of new digital solutions quadrupled compared with 2020, and we achieved a sustainable operating profit margin of more than 50% across the portfolio. This underpins the commercial rationale for investing in a new solutions strategy and delivery model, with scalable, centralised delivery capabilities.

We now provide 28 clients with these new digital solutions – up from 10 in 2020 – most of which are top 100 global advertisers.

In 2021, we monitored over 600 billion ad impressions and US$3.3 billion in digital ad investments, across a total of 87 countries. We significantly exceeded our growth targets for the year, largely driven by an efficient sales enablement programme, proprietary certifications, and structural marketing support.

Our solutions are driven by an unparalleled, proprietary, media data infrastructure known as the Media Data Vault. As Microsoft enterprise power users, we released a customer success story about our advanced usage of the Azure, Power BI and Data Bricks cloud solutions.[1] We operate as curators and custodians of vast amounts of rich data, both from clients and from value-adding, external sources.

We will continue to expand the solutions portfolio and are focused on a global sales acceleration programme to maximise value and returns in 2022.

Responsible media investment solution launch

In an accelerated, eight month sprint of design, development, and deployment, we successfully launched a fully fledged solution for responsible media investments in 2021. Ten large advertisers participated in a paid pilot programme, allowing us to develop a first-of-its-kind, practical utility for tracking and improving responsible media investment decisions, according to several critical parameters of Environmental, Social and Governance ('ESG') best practice.

Defunding harmful disinformation – for example around racism or climate change denial – is a top priority for many advertisers. We provide them with the tools they need to make meaningful decisions and implement a strong and coherent policy. We also support clients on proactive investments in minority owned media companies, as they seek to invest in a more representative way and prevent the inadvertent exclusion of specific, frequently ignored demographics.

Ebiquity operates as the independent governing party providing structural, validated insights and advice for action. We also help advertisers report to their C-level and boards on the progress being made on responsibility. Additionally we work closely together with industry bodies and NGOs to ensure we help to lead industry-wide awareness and action.

Our next frontier is to provide accurate Scope 3 emissions measurement against investments in advertising, to help advertisers track – as well as optimise and/or offset – emissions caused by their advertising activity.

Ruben Schreurs
Group Chief Product Officer

1 See Microsoft customer story at https://bit.ly/3HsLFF5

Case study 01

Working with Nestlé to increase value throughout the year

We work as an extension of the Nestlé team to provide ongoing digital media governance

Client objectives

Nestlé need to create governance, value and efficiency from digital media spend across multiple business units, while holding agency partners accountable to targets and the Nestlé Global Digital Accountability Plan.

Ebiquity approach

Ebiquity's Digital Innovation Centre worked with the Nestlé UK media team, business units, and agency partners to:

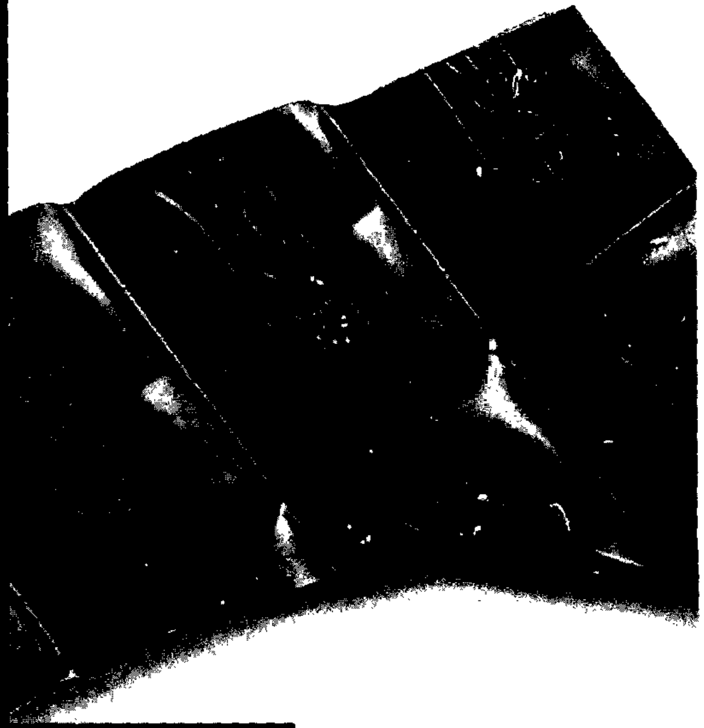
- Define and implement a multi-year Digital Media Governance Programme, designed to incentivise more efficient and best practice trading
- Provide timely, actionable insights across all business units and brands, powered by automation and source data
- Bring structured, rules based methodology for best practice digital trading with quantified recommendations and ongoing monitoring of business impact

Business impact

Nestlé's Digital Media Governance Programme governs all digital media spend, consistently driving improvements and minimising wastage.

In 2020, we identified a value opportunity of 10% of digital spend. 30% of this opportunity had already been realised in H1 2021 through effective change management – working directly with the agency teams to redirect spend to better performing placements.

To drive incremental value with Nestlé in 2022, we are evolving the digital governance programme and value levers to drive further sophistication.



30% value opportunity realised in H1 2021

Regional review

The Group is now organised and managed on a geographic basis.

North America

Ebiquity North America made significant progress in 2021 in several important areas. These included: new client acquisition; existing client relationship development; new leadership and appointments to key roles; service and product expansion; and improved financial and operational performance.

UK & Ireland

The UK and Ireland media market enjoyed a remarkable recovery from the coronavirus pandemic, with ad spend reaching record levels in 2021.

Strong performance has been in evidence across most media channels, including not only digital channels such as search, online video, and social, but also traditional channels of TV and radio.

Continental Europe

Continental Europe was significantly impacted by the pandemic in 2020, but advertisers massively reinvested in media in 2021, positively impacting our business. Our work this year has been dominated by client challenges over media inflation, finding the optimal media partners while leveraging the right technologies and adjusting communications to new consumer media behaviours.

Asia Pacific

By strengthening its management and digital capabilities, the APAC region enjoyed a successful 2021 and double-digit revenue growth.

The appointment of Stewart Li enabled our China operation to experience its best growth performance in recent years. A combination of high value multinational businesses and strong local players were identified and converted as new business wins.

Read more on pages 22 to 27 »

North America

"We enjoyed multi-service wins and US led service and geographic expansion with three of the world's top 10 biggest advertisers."

Ebiquity North America made significant progress in 2021 in several important areas. These included: new client acquisition; existing client relationship development; new leadership and appointments to key roles; service and product expansion; and improved financial and operational performance. Evidence that our engagements are driving value for some of the world's most sophisticated marketers was provided by significant, multi-service wins and US led service and geographic expansion with three of the world's top 10 biggest advertisers.

Overall, top line revenue and margin improvement was strong, as our clients returned to a more normalised level of engagement in the wake of the pandemic. Active new business opportunities also increased markedly, illustrating the US market recovery from the challenges of the 2020 environment.

Having joined the Company as MD of the North America business in January, I was able to enhance the leadership team with the appointment of several experienced practitioners. David Abramo joined in the newly created role of Director, Media Management, as well as Bronwyn Rivett, the new Finance Director for the region. The US also established its first Client Partner roles, attracting talent focused on developing strategic client relationships.

Our US client base responded positively to the new Ebiquity digital media suite of products and services, with progress accelerating throughout the year. Towards the end of 2021, we introduced new-to-market solutions for Advanced TV, a fast growing and previously underserved sector in the market.

Building on the positive momentum achieved, in 2022 we are focusing on: expanding the services we provide to large US domestic and US based multinational advertisers; continued delivery of core, market leading digital solutions, and providing further operational improvements in service delivery through greater use of automation and central resourcing of elements of our workflow. The continued significance of client spend in Advanced TV and e-Retail Media represents a sizeable opportunity for our emerging client solutions in these areas.

In January 2022, we completed the acquisition of the largest Canadian media auditing firm, Forde and Semple. This acquisition enables us to directly penetrate the Canadian market, the twelfth largest market globally by ad spend and the sixth ranked market in terms of share of digital media spend.

Paul Williamson
Managing Director – North America

Case study 02

Identifying value savings with one of the world's largest advertisers

Recommendations from this first round of work are already being implemented across multiple geographies

Client objectives

The client engaged us to create immediate impact by mobilising 15 global markets to perform detailed media cost and quality audits and AVP tracking, taking over from their prior partner. The project focused on their two lead business units representing their heaviest media investment, adding to the complexity and urgency of a rapid onboarding.

Ebiquity approach

As a global leadership team led out of North America, we quickly activated our internal and external partners across key markets in order to drive recommended local scopes tailored to market nuances and gain approvals from a decentralised matrix of global and local clients. Simultaneously, we partnered with the client's global media AOR to establish processes and ways of working to ensure readiness to begin the work. As a result, in a matter of weeks, all local clients and agency groups were onboarded and ready to begin the US work, which was completed on an expedited timeline.

Business impact

Our cumulative analysis across markets identified US$87 million in incremental value savings based on cost and quality along with additional opportunities to address premiums in four countries. With the aligned decision to conduct analyses on a semi-annual basis for more timely insights and impact on media buying, recommendations from this first round of work are already being implemented across multiple geographies.
In addition, and as importantly, our integrated delivery of this first comprehensive assignment is already creating opportunities for incremental business and expansion across business units.

US$87m in incremental value identified.

UK & Ireland

"
2021 has been a particularly noteworthy year for our work advising brands on media agency pitches."

The UK and Ireland *media market has* enjoyed a remarkable recovery from the coronavirus pandemic, with ad spend *reaching record* levels in 2021. Strong performance has been in evidence across most media channels, including not only digital channels such as search, online video, and social, but also traditional channels of TV and radio.

From Ebiquity's perspective, the region has been performing well, driven both by the retention of our longstanding clients and a very positive year for new business. Our client roster continues to be impressive and diverse, including both leading global and local brand owners across many industries. For example, our top 20 clients cover the automotive, telecommunications, financial services, retail, utilities, and technology sectors. The region also welcomed big brands including Sky and DiDi as new clients to Ebiquity.

2021 has been a particularly noteworthy year for our work *advising* brands on media agency pitches. Post-pandemic, advertisers are realigning their expectations and require even greater strategic thinking and digital and tech capabilities, in addition to cost optimisation. Brands including Lloyds *Banking Group* – as well as many others who choose to keep their pitch processes confidential – have appointed Ebiquity as their trusted partner to run their agency search process.

The last year has also seen brand owners requiring even greater accountability on how their *media investments are* performing. This has led to increased focus on marketing effectiveness and the need to link marketing investment to business outcomes. Marketers are under sustained pressure to deliver meaningful return on investment. *Many are looking* to optimise both spending and the marketing mix to deliver on their business objectives. *Increasingly, we are integrating* delivery across our service lines to help brands understand the dynamics *of within media channel*, across media channel, and campaign.

Projections for 2022 show a positive growth outlook for regional revenue and profitability. Growth will be achieved through the combination of: promotion of our digital media services, the launch of next generation media performance services, and even greater integration between our service lines. Greater operational efficiencies will be achieved through increased near-shoring and automation of appropriate tasks.

Nick Pugh
Managing Director – UK & Ireland

Continental Europe

"Advertisers have massively reinvested in media in 2021, positively impacting our business."

Continental Europe was significantly impacted by the pandemic in 2020, but advertisers have massively reinvested in media in 2021, positively impacting our business. Our work this year has been dominated by client challenges over media inflation, finding the optimal media partners while leveraging the right technologies and adjusting communications to new consumer media behaviours.

From an organic revenue perspective, the region has performed well, both in terms of renewals with key clients and winning new business. Within our top 10 clients, the automotive and beauty industries have performed strongest. Advertisers are centralising their operating models globally or regionally, contributing significantly to the revenue generated by our biggest spending clients compared with 2020. Many medium and large advertisers have reviewed media partners during the pandemic, looking for enhanced expertise, digital capabilities, and cost optimisation. In the region, brands including Daimler, Lacoste, L'Oreal, and Kärcher appointed Ebiquity to run pitch processes.

Digital ad spend grew by around 20% in Germany and France in 2021, driven by social, search and online video. This acceleration means Continental Europe is fast catching up with the US and UK in terms of share of spend dedicated to digital, thanks to both new media consumption habits and the rise of e-commerce.

Performance in 2021 was strong in most markets across the region – Germany, France, Spain, Portugal, and Russia – with a double-digit operating profit increase over 2020. Increased revenue has been bolstered by efficiencies driven by new local operational leads, responsible for optimising deliveries and outsourcing work to our Media Operations Centre in Madrid.

The international team was reinforced by the appointment of two new Client Partners to lead key, strategic accounts and build relationships in the region. Tom Van Esser, based in Amsterdam, and Emmanuel Barber, based in Paris.
The German team has been strengthened by two senior appointments – Stefan Uhl, Business Operations Director, and Andreas Weiss, Client Business Director.

There is a very positive outlook for both revenue and operating profit margin in the region in 2022. Growth priorities centre on the promotion of our digital suite of services for international clients and the acceleration of operational efficiencies via automation.

Laetitia Zinetti
Managing Director – Europe

Asia Pacific

"The APAC region enjoyed a successful 2021 and double-digit revenue growth."

By strengthening its management and digital capabilities, the APAC region enjoyed a successful 2021 and double-digit revenue growth. The appointment of Stewart Li enabled our China operation to experience its best growth performance in recent years. A combination of high value multinational businesses and strong local players were identified and converted as new business wins, including LVMH and adidas®, together with expanded remits with local players Kang Shi Fu and Meng Niu.

These successes have expanded our client base and positioned Ebiquity very strongly going into 2022 in the world's second largest advertising market. We have increased our market leadership and expect this to continue in 2022.

Other achievements include successfully testing the application of our international digital solutions in China with the aim of providing our multinational clients with a global overview of the impact of their digital media spend. We have also built the largest influencer benchmark pool in China and secured Unilever business as a direct result of this.

Sandeep Srivastava – formerly with Accenture Media Management Services – was appointed in October 2021 to launch Ebiquity India, building on the established contract compliance capabilities in the market under the FirmDecisions brand. With a digital-first focus, we have already secured two top 10 clients and we are confident of further wins in 2022.

South East Asia also grew to achieve its highest revenue since the office opened for business in 2014, with the global win of the Singapore Tourism Board. This followed the 2020 win of the republic's Economic Development Board. In addition, we expanded the service offering into creative consulting to help advertisers looking for an integrated service. This will open up major new opportunities in the region in 2022.

Australia was also successful in its local market, securing business with the New South Wales state government and Westpac, the local banking and financial services group.

For 2022, the focus is: (i) to build on the successes in 2021; (ii) to increase the pace of adoption of our global digital solutions offering across the APAC region; (iii) to expand our ability to support Asian-based global advertisers; and (iv) to build our multi market processing capabilities in India. There is a meaningful opportunity for strong revenue growth as well as enhanced margin by improving operating efficiencies.

Leela Nair
Managing Director – APAC

Case study 03

Transforming Ooredoo's digital media governance

Global programme to improve digital value optimisation across markets and channels

Client objectives

Ooredoo QSC is a Qatar multinational telecommunications company headquartered in Doha. Ooredoo provides mobile, wireless, landline, and content services with a market share in domestic and international telecommunication markets, and in business and residential markets.

As part of its programme to drive excellence in digital media programme management, Ooredoo wanted to increase effectiveness and efficiency across all areas of its digital media investments.

Ebiquity approach

Ebiquity's Digital Innovation Centre worked with Ooredoo's central team, local market OPCOs, and agency partners to enhance and implement a set of global Governance Principles designed to measure and improve the optimisation value of digital media investments.

Powered by automated data extracted directly from source, covering display, social, video, search and programmatic media, Ooredoo's new robust digital governance framework generates actionable real-time insights across all markets, services and campaigns with a complete overview of digital efficiency and effectiveness across markets.

Business impact

Our future-focused digital governance solution covered an in-depth assessment of Ooredoo's digital media investments across six key markets. In Q2 2021, we delivered a Microsoft Azure-based Media Data Vault with a Power BI interface to drill down on the optimisation opportunities for all six markets using FY20 data as the baseline.

The programme uncovered a 22% optimisation opportunity in Ooredoo's digital media investments with actionable recommendations for each channel.

Ooredoo plan to roll out the digital governance programme in more markets starting in 2022.

ooredoo

22%

Digital investment value opportunity covering paid display, social, video, programmatic and search across six global markets.

Ebiquity's Environmental, Social and Governance update

"Achieving business success with integrity, without prejudice, and with a light footprint."

Nick Pugh
MD – UK & Ireland

Laetitia Zinetti
MD – Continental Europe

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.

In September 2021, we formalised and launched our ESG strategy across all markets. 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, while we also strive to set standards for the broader media industry that help advertisers make informed decisions on the media they buy.

Our ESG strategy is driven by and is 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 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. We are fully aware that this strategy will evolve and be reviewed periodically.

Ebiquity's Environmental, Social and Governance update continued

Environmental

Ebiquity is committed to reducing its consumption of the Earth's natural resources and to the safe disposal and reduction of the waste we produce. Our environmental strategy is based on the four Rs: Reduce, Recycle, Reuse, and Review. While we place significant emphasis on the workplace and related, work-based activities, we also foster a culture that informs and encourages all our team to become increasingly aware of how the actions and decisions they take outside of the workplace have an impact, too.

We focus on these five key areas, where we make the following pledges.

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

- Promote the adoption of travel alternatives, including video conferencing tools such as Zoom and Microsoft Teams that have flourished under the pandemic. This principle will be applied to business travel
- Expand 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 as environmentally friendly as possible
- Require that materials used in office refurbishment are as environmentally friendly as possible
- 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 it 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

In the wake of the pandemic, we have also implemented a global hybrid working policy. We want to provide all our employees with the flexibility and choice as to where they perform their work. This will, by design, reduce office-based energy consumption as well as the emissions generated by travelling to and from the office.

Ebiquity's Environmental, Social and Governance update continued

Environmental continued

Measure and review

It is obviously critical to measure our environmental impact across our global business, understand how to reduce emissions, and define what good looks like. We have commissioned a well-respected third party, McGrady Clarke, to support us to do this for our top six markets – representing 81% of our business – in 2021. The first report will be delivered by Q2 2022. We will be extending this initiative to all markets by the end of 2023.

We have also appointed sustainability champions in each market to act as ambassadors to coordinate between our advisers and key stakeholders such as suppliers and landlords. They will also engage with local teams to help drive the change required.

Education

Ebiquity encourages all staff to appreciate the importance of sustainable living both in and out of the office. The sustainability team investigates, suggests, and promotes green initiatives that can be applied by our colleagues at work and outside of the office. The team presents ideas, updates, and suggestions for best practices in sustainability at our regular Town Hall meetings. 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

Diversity, Equality and Inclusion ('DE&I')

Our aim, which is key to our people strategy, is to foster a fully inclusive 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 for all.

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 diversity across Ebiquity to attract and retain diverse talent.
Our current groups include: the UK Women's Group, US Women's Group, Ebiquity Black Employees, The Ethnic Minorities Group, and The Village (LGBTQ+ group). It is our ambition to expand the number and membership of these groups over the coming year.

DE&I KPI measurement framework

We continue to monitor the diversity of interview panels for recruitment and candidate long/short lists. We will prioritise diversity training for all members of the Executive Leadership Team ('ELT') by the end of April 2022, with the ambition of rolling this out to the wider organisation throughout 2022.

Developing and supporting hybrid working

We continue to review the learning and development needs of our people, considering the changing impact of the pandemic across the globe. In 2021, we have introduced four manager training modules to enable managers to lead their teams more effectively in the new hybrid working world.

Culture

In 2020, we turned our attention to better understand whether we had the right values and behaviours in place to achieve our goals, as well as attract and retain the best talent. To assess our current culture, we conducted our first Culture Audit in partnership with Brands with Values. Brands with Values has developed a survey tool to facilitate such audits.

The survey analysed a number of areas, including the values employees thought we needed both to achieve our strategy and to become an employer of choice. We also used it to provide a measure of our cultural health at the time. In 2020, our cultural health was found to be 74% healthy, enabling values, and 26% unhealthy, limiting values. We set ourselves the target of improving to 80/20 in 2021.

To help us achieve this goal, we created a global Culture Champions team who ran a series of interactive workshops in 2021 to engage our employees in further defining the desired values and culture for the Ebiquity Group. 230 people attended 21 interactive workshops, capturing 630 individual outputs on the top 10 values from the survey. The outputs from the workshops were used to update the Company's values. These refined values – Collaboration, Clarity, Creativity, Courage – were launched in June 2021.

Outputs from the workshops have also been used to inform our Culture Roadmap, a detailed plan for bringing the new values to life in all that we do. We have: enhanced our internal communication strategy, launched new recruitment and culture videos as part of building our Employer Brand, and built the values into job descriptions, performance management, and 360 feedback approaches. We have also launched new internal Ebiquity Awards that are design to recognise those who go 'above and beyond' in demonstrating our values.

Ebiquity's Environmental, Social and Governance update continued

Social continued

Culture continued
In November 2021, we ran a Culture Pulse Survey to assess our current culture, a year on from the first Culture Audit. The aim was to understand the culture people are experiencing now, measure progress since last year and identify areas to focus on moving forward. The Pulse Survey found that, in 2021, our overall cultural health improved by nine percentage points, exceeding our targets and reaching 83% healthy/17% unhealthy.

To take the next step in building the values into everything we do, we are working with a group of leaders and the Culture Champions to define the behaviours we expect to bring the values to life. We will use these behaviours to enhance our values and build them into key areas across the employee lifecycle, including: talent acquisition, employer branding, onboarding, learning & development, leadership development, and recognition.

Community
We invest in the local communities in which we work and serve. The emphasis is placed on time investment. In 2021, we introduced the 'Bridging the Gap' *volunteering day*. This involved working with a range of charities local to our offices, offering employees' time to fulfil tasks such as cooking, delivering meals and materials, and boxing up clothes and food for those in need. We saw strong engagement from our talent – 237 people contributed nearly 1,500 hours. We plan to repeat this initiative annually, and in 2022 we will also launch a new *Employer Supported Volunteering policy*. This is aimed at supporting employees to make a commitment to provide regular, ongoing, and meaningful support to charities in their local communities.

> **"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

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. We are now running a dedicated Steering Group – the Information Security Working Group – that oversees data privacy and information security initiatives. The Group continues to invest in advanced technology platforms to support our enterprise security needs, reinforcing this with an ongoing programme of employee training across all levels of the organisation, including Board members.

There is continuous collaboration with our technology partners to refine our approach and ensure our systems remain fit-for-purpose The Group is preparing for the renewal of the TISAX accreditation due in Q1 2022.

"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 which will support advertisers in making more informed decisions about their communications planning and buying. This includes totally new offerings as well as a series of services expanded to embrace the ESG agenda.

Responsible Media

In April 2021, we announced the launch of our Responsible Media Investment solution, during the World Federation of Advertisers' Global Marketer Week event, together with our commitment to help advertisers achieve principles driven growth. The Responsible Media Investment solution 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 will* help advertisers to optimise channel mix based on their partners' responsible practices, establishing a baseline that can be used to measure improvements over time. It will also foster meaningful conversations with partners about responsible media.

The first iteration of this solution came to market in May 2021, in the form of a pilot programme deployed with a close group of trusted partners. We designed it to validate our methodology and also prepare for wider market deployment in 2022.

With the same aim, the scope of the pilot programme has been limited to programmatic, open-web activities run in the US and UK markets between January 2020 and October 2021, as well as to three primary focus areas:

- *Diversity* & Equal Opportunity
- Environmental Sustainability
- Privacy by Design & Data Protection

Diversity, Equality and Inclusion: media landscape and consultancy

Our work in Diversity, Equality and Inclusion ('DE&I') is a client-driven initiative to encourage advertisers and agencies to make the process 'business as usual' in advertising. This service provides expert opinion and insight on media, while using the specialism of our partners at Brand Advance/DECA to provide a unique view into how DE&I communities feel and react to topics and advertisers. Around a quarter of the UK *population, for example*, is 'non-White-British' and has very different media consumption habits and cultural reference points.

The detail is lost in the avalanche of data generated by the remaining 75%, yet the ability to construct advertising – both from the buy/plan side and creatively – gives advertisers an *opportunity to represent all communities*.

We are limited by what data is available, and to start with we *will be focused on the* UK and US markets. The short-term goal is to discuss the DE&I perspective in all meetings in which audiences are discussed, while in the medium term we aim to generate more project consultancy work in this space. When data is made available in other markets, we will extend the service to cover them, too.

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.

Ebiquity's Environmental, Social and Governance update continued

Employee initiatives

Embedding a culture of continuous improvement and accountability
Our ESG strategy is designed to be an iterative and forward-looking process to serve our ambition.

Policy and guidance
We have set out our strategy and issued guidance with clear objectives to all team members globally. This has been supported by the distribution of one-page documents tailored to each local Ebiquity market. Policy has been designed to be dynamic and will be updated as the market evolves. This will also include new KPIs and certifications, as appropriate.

Formal updates will be communicated to the Ebiquity Board, Executive Leadership Team, and all team members on a six-monthly basis.

Governance
Clear ownership and accountabilities have been identified and issued. This includes executive sponsors for each element within ESG, plus responsibilities at the local market level.

Employee involvement
We will only be successful if our employees are also engaged with the agenda. We also want our employees to uphold strong ESG standards. We have broadened our sustainability team to be representative of all our markets while also incorporating Social and Governance elements. The team will continue to investigate and promote initiatives. They will update our workforce on a regular basis with ideas and suggestions via different communication platforms and mechanisms.

"To support the broader media industry in addressing the ESG agenda."

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 2021 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, FirmDecisions Limited and Ebiquity Russia Limited are also situated at the same site and therefore account for the same annual GHG emissions and energy usage.

Reporting period

The reporting period that this submission covers is 1 January 2021 to 31 December 2021.

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 2021 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. A declared 45 pence/mile has been used to calculate 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

Area	Metric	**1 January 2021 – 31 December 2021 UK & Offshore**	1 January 2020 – 31 December 2020 UK & Offshore
Emissions from purchased electricity (Scope 2)	Energy (MWh)	**217.58**	203.43
	Emissions (tCO_2e)	**46.20**	47.43
Emissions from business travel in expensed vehicles (Scope 3)	Energy (MWh)	**2.63**	–
	Emissions (tCO_2e)	**0.65**	–
Intensity ratio	tCO_2e/sqm	**0.03**	0.03
Intensity ratio	tCO_2e/number of UK employees	**0.21**	0.20
Total energy consumption	(MWh)	**220.20**	203.43
Total emissions	(tCO_2e)	**46.84**	47.43

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. An appropriate activity metric, tCO_2e per full time equivalent UK employees has also been provided.

Energy efficiency measures

During 2021, most of the business was operating from home offices and the majority of meetings were conducted by videoconference. Our offices at Chapter House were kept open as some staff still had to attend. The offices, having seen recent refurbishment, are designed with energy efficiency in mind with LED lighting, localised lighting control, centralised air conditioning etc. 99% of the workstations are hotdesks and therefore workstation equipment is not left on out of hours.

Staff travel has been extremely low during this period due to lockdown affecting both us and our clients.

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 at least *quarterly 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 factors

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

The likely consequences of any decision in the long term

As Ebiquity has set out on its ESG journey (described on pages 28 to 35), sustainability is one of the key matters considered by the Board on a regular basis and this affects many aspects of what the organisation does. This will continue to be factored into key decision making processes and will likely assume greater *prominence and importance* as the ESG initiatives take off.

The interests of the Company's employees

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. 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 management team can keep in touch with the views of employees and ensure these are fed back to the Board

Section 172 statement continued

Section 172 factors continued

The interests of the Company's employees continued

The CEO will note any significant issues faced by local offices, including levels of staff turnover and the reasons for this. Presentations to the Board by the regional business heads in APAC, the US and Continental Europe have also provided information about employees in each region.

During the year the Board has considered and discussed:

- Diversity, equality and inclusion initiatives – these have included collection of DEI data (including the gender pay gap) unconscious bias training and recruitment practices and the continuing development of minority interest groups within the organisation. These groups provide a safe place for staff to share concerns and allow them the opportunity to educate the rest of the organisation about their perspective on various matters. These groups have been welcomed by employees and they have shared information on Black History Month, LGBT History Month, International Women's Day and religious/cultural festivals such as Divali and Lunar New Year
- The ongoing work on culture and values in the organisation – this is described under business conduct, below. The Board noted that the Glassdoor ratings for Ebiquity had greatly improved and the culture pulse scores comparing healthy:unhealthy values in the organisation (see further below) had also improved.
- The return to work in offices after the pandemic restrictions was discussed on several occasions as the landscape changed, from opening up to more restrictions and then to opening up again. The Board was advised (in general terms) of the wellbeing initiatives which continued and the use of flexible working practices as well as the need for the policy to reflect local law and regulations as the pandemic impacted the various regions at different times during the year. The return to working in offices policy, including the use of pilot schemes and their conclusions, as well as the initiatives to retain key staff were discussed and endorsed by the Board.

In terms of meeting employees, members of the Executive Leadership Team ('ELT') joined the Board for a discussion on strategy and throughout the year all members of the ELT have attended part of a Board meeting and presented to the Board. As people return to working in offices, we expect there to be more opportunities for the Board to meet key staff.

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 an update on key business wins, clients retained and any business lost (or unsuccessful pitches), together with any high level feedback. The Chief Client Officer presented to the Board during the year on the development of key strategic client relationships and also how other client relationships could be better managed. The Chief Product Officer gave an update on the development of new products which could better serve existing clients, particularly having regard to the increasingly digital emphasis of the market, as well as attracting new ones. Their contributions during the Board strategy discussion were also key and ensured the Board had the full picture regarding clients' needs and views as decisions about the future strategy for the Group were made. The Responsible Media Investment pilot has also been developed in response to clients' needs and the Board has been kept informed of progress in this area.

Section 172 statement continued

Section 172 factors continued

The need to foster the company's business relationships with suppliers, customers and others continued

Customers continued

During the year the Board received a report on the results of a client survey, *including the NPS score, which had gone up* since the previous survey.

At a Board meeting during the summer of 2021 about key stakeholders, the Board agreed that it should meet a representative of a brand owner, an agency, a media owner and a trade body to hear their views directly. These have been added to the Board planner mentioned above.

The Board has met a representative from a brand owner, who shared their perspectives on Ebiquity and provided useful feedback about how the Company could add even greater value not only for their organisation but also for other clients. A meeting with a representative of an agency took place recently, also yielding useful feedback and the others will be added to Board meeting agendas later in the year.

Suppliers

As Ebiquity is a business services company, its suppliers are mostly those which provide utilities, office and IT supplies. Ebiquity pays its suppliers according to the agreed terms of business. As part of its ESG initiatives Ebiquity will be considering sustainability issues more as it sources these supplies.

Others

Ebiquity produces a great deal of thought leadership in terms of both written material and more recently by the CEO hosting or participating in webinars. These have all been made available to the Board by sharing links to the webinars and uploading the key white papers or other reports to the reading room in the Board portal.

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 development a global 'Bridging the Gap' day was held in 2021, further details of which can be found in the ESG report. The Board was provided with an update on this initiative and it was agreed that consideration would be given to ways in which employee volunteering could be facilitated at other times of the year which would provide greater benefit to the charitable organisations which had been supported.

Environment

During the past 12 *months the Board had* two dedicated discussions on Ebiquity's approach to ESG where Laetitia Zinetti and Nick Pugh (the two members *of the ELT who are* leading on this) as well as Kate Henwood, the Chief People Officer, attended. As well as these discussions, ESG matters are frequently considered as part of the Board's (and committees') deliberations, *for example the Remuneration* Committee has been considering when and how ESG matters might form part of the targets for executive incentive plans. As it does so, it considers how this practice is evolving in other AIM listed companies.

The Board has also discussed Ebiquity's impact on the environment and received updates on the initial measuring of Scope 1, 2 and 3 emissions.

Once data on the Environmental and Social aspects of ESG has been collected, *further consideration* will be given to setting targets and KPIs for these, which will be agreed with and reported to the Board.

Section 172 statement continued

Section 172 factors continued

The desirability of the company maintaining a reputation for high standards of business conduct

Culture and values

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. During 2021 a culture roadmap project was undertaken to gather employee feedback on the values in the organisation and whether these were healthy or unhealthy. The output from the project was reported to the Board at 74:26 healthy:unhealthy values. This was a good score but a target was set of 80:20 and both the CEO and CFO had this improvement as part of their individual strategic objectives as set by the Remuneration Committee and the score reported to the Board at the end of 2021 was 83:17.

The project also developed a new set of values for the organisation – We collaborate, we lead with creativity, we champion clarity, we have courage – which were endorsed by the Board. These values are being embedded in the organisation, particularly in appraisal, recognition and reward. Next steps in the culture roadmap are to develop a vision for the organisation which will be put to the Board for its endorsement and the identification of the behaviours which employees are expected to demonstrate to uphold the Company's values.

The Responsible Media Investment pilot also allows Ebiquity to help its clients to maintain their own reputations for high standards of business conduct and it is anticipated that this initiative will continue to develop over the coming months.

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 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 also regular cybersecurity training which was required to be undertaken by all staff. Both of these initiatives were reported to the Board.

Under the Governance aspect of ESG and as part of the risk management reporting, the Audit & Risk Committee received updates on data privacy and cybersecurity initiatives and the renewal of the TISAX and ISO 27001 accreditations.

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 59.

The Board receives feedback from investor engagement, whether during the results roadshows or from conversations on governance and remuneration matters with the Board Chair and Remuneration Committee Chair respectively.

At its AGM in 2021, the Company adopted new articles of association which made hybrid meetings much easier. Last year, shareholders were invited to participate in the AGM by videoconference, due to the ongoing practical difficulties presented by meeting in person at that time. Several shareholders attended via Zoom and were able to ask questions. Voting was conducted on a poll and shareholders were encouraged to send in their proxy forms in good time so that their votes would count. However, while some investors consider fully virtual general meetings not to be best practice in 'normal life' (ie when there are no pandemic restrictions) the Board has no plans at present to adopt such a practice.

During 2022, it is planned for Ebiquity 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 ask questions.

New KPIs were introduced in 2021, to provide information for investors on an ongoing basis on non-financial matters which show the development of the business in line with the strategy.

Financial review

Group revenues for the year ended 31 December 2021 increased by £7.2 million to £63.1 million, from £55.9 million in 2020

The underlying operating profit (statutory operating profit excluding highlighted items) of £4.7 million represented an improvement of £5.0 million from the prior year loss of £0.3 million. Project-related costs (which comprise external partner and production costs) increased by 17% to £7.5 million from £6.4 million, due to more projects in markets not served directly by Ebiquity's own offices. However, total operating expenses, including cost of sales and administrative expenses, increased by only 2% to £50.8 million from £49.8 million, largely reflecting delivery of revenue growth with stable levels of internal staff resources.

Net finance costs were £0.6 million in 2021, which was £21k lower than the prior year, due mainly to a reduction of lease liabilities in line with the expiry of lease terms.

The statutory operating loss of £5.1 million (2020: £2.9 million) is calculated after highlighted items including the accrual for the post-date remuneration relating to the acquisition of Digital Decisions BV, as detailed below.

Highlighted items

Highlighted items after tax in the period totalled a charge of £9.3 million (2020: £2.4 million) and include the following:

- £7.9 million charge to accrue for post-date remuneration payable in 2023 relating to Digital Decisions BV, acquired in January 2020
- £0.5 million charge relating to share-based payments
- £1.1 million charge for amortisation of purchased intangibles (2020: £1.1 million)
- £0.3 million charge for professional costs relating to acquisition and bank facility agreements
- £0.4 million tax credit on highlighted items

Financial review continued

Highlighted items

The contingent consideration relating to Digital Decisions BV is being accounted for as post-date remuneration as payment is dependent upon the principal vendor remaining in employment with the Group. This will be payable in 2023 and the amount due will be 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 £700,000 paid in January 2020. The current estimate of the deferred consideration payable is £12.5 million. The accrual in the 2021 accounts represents two-thirds of the total payable (less the discount to fair value) as it is being made at the end of the second of the three years between the acquisition and the end of the earn-out period. The deferred consideration 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 proportion be paid in cash.

Taxation

There was an underlying tax charge in the year of £1.7 million compared to £0.03 million in 2020. This increase reflects the profit before tax in the year. There was a total tax credit included in highlighted items of £0.5 million compared to a credit of £0.2 million in 2020.

Earnings per share

There was an underlying basic earnings per share of 2.72p compared to a loss per share of 1.92p in the prior year. There was a statutory basic loss per share of 8.51p (2020: 4.81p) due in part to the highlighted items of £9.8 million including post-date remuneration for Digital Decisions BV.

Dividend

No dividend has been declared or recommended for the 12 months ended 31 December 2021 (2020: £nil).

Cash conversion

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Reported cash from operations	**11,800**	5,827
Underlying cash from operations	**13,201**	7,300
Underlying operating profit/loss	**4,737**	(334)

Underlying cash from operations represents the cash flows from operations excluding the impact of highlighted items. The underlying net cash inflow from operations was £13.2 million during 2021 (2020: £7.3 million). This cash inflow includes an underlying working capital reduction of £4.8 million (2020: increase of £8.5 million).

Financial review continued

Equity

During the year to 31 December 2021, 145,636 shares were issued following the exercise of share options. As a result, the total share capital increased to 82,728,890 shares (31 December 2020: 82,583,254).

Net debt and banking facilities

	31 December 2021 £'000	31 December 2020 £'000
Net cash	**13,134**	11,121
Bank debt	**(18,000)**	(19,000)
Loan fee prepayments	**99**	120
Net bank debt	**(4,767)**	(7,759)
US PPP loan[1]	**–**	(750)
Net debt as in statement of financial position	**(4,767)**	(8,509)

1 This represents a loan received under the US Paycheck Protection Program. Loan forgiveness was granted in August 2021 and the loan was therefore credited to the income statement in 2021.

All bank borrowings are held jointly with Barclays and NatWest. The revolving credit facility agreement in place during the year totalled £24.0 million and had a maturity period of four years, expiring in September 2023 with an option for the Company to extend for one further year. As at 31 December 2021, £18.0 million was drawn from the facility (2020: £19.0 million). During the year, the Group continued to trade within the limits of its banking facilities and associated covenants as agreed with the lenders in May 2020. These required the Group to maintain minimum liquidity of at least £5.0 million, increasing to £7.0 million from September 2021, at the end of every month during that period. From September 2021, an interest cover covenant was reintroduced at >4.0 and in December 2021 an adjusted leverage covenant was reintroduced, initially at <4.0, increasing to <4.25 and again to <4.5 in March 2022.

Since the year end, on 24 March 2022, a new facility has been agreed with the lenders, increasing the total available to £30 million, initially for a period of three years, extendable for up to a further two years. Under this agreement, annual reductions in the facility of £1.25 million will apply from June 2023. The quarterly covenants to be applied from June 2022 onwards will be: interest cover >4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x. There will be no minimum lending covenant.

Financial review continued

Statement of financial position and net assets

A summary of the Group's balance sheet as at 31 December 2021 and 31 December 2020 is set out below:

	31 December 2021	31 December 2020
Goodwill and intangible assets	**32,700**	34,698
Right of use asset	**4,542**	6,237
Other non-current assets	**3,055**	3,387
Net working capital	**4,126**	8,504
Other current liabilities	**(764)**	(1,953)
Lease liability	**(6,390)**	(8,158)
Other non-current liabilities	**(1,576)**	(1,503)
Digital Decisions post-date remuneration	**(7,922)**	–
Deferred consideration	**–**	(1,957)
Net debt	**(4,767)**	(8,509)
Net assets	**23,004**	30,746

Trade receivables fell by £1.2 million to £14.4 million although debtor days increased to 61 days from 58 days as at 31 December 2020, largely due to high levels of invoicing in Q4 2021.

Net assets as at 31 December 2021 decreased by £7.7 million to £23.0 million (2020: £30.7 million) reflecting the statutory loss which arose largely due to the accrual made for the Digital Decisions post-date remuneration.

Corporate development activities

There were no corporate development activities during the year.

Events after the reporting period

On 29 January 2022, the Company agreed to acquire 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 29 March 2022, the Group entered into an agreement to acquire 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 consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) will be payable in cash on completion and 16% (US$1.3 million/£1.0 million) will be payable in cash and applied by the vendors to subscribe for Ebiquity ordinary shares and calculated by reference to the middle market quotations (rounded down to the nearest whole number) for the ordinary shares as shown by the AIM Appendix of the Daily Official List of the London Stock Exchange for the five business days prior to the date of the announcement of the transaction (the 'MMi Shares').

Financial review

[illegible]

The deferred consideration will be based on 10 times adjusted earnings before interest and tax of the combined [illegible] US and MM businesses reported for 2024 [illegible] at least [illegible] will be payable [illegible] where [illegible] the vendors to subscribe for [illegible] shares (the Earn Out shares and together with the MM Shares, the New Shares). The New Shares will be subject to an 18 month lock-in and [illegible] orderly market restriction [illegible] to which they may not, save in limited circumstances, deal or otherwise dispose of any such interests in the New Shares other than through [illegible] or such other broker appointed by the Company from time to time. Completion is conditional upon the admission of the MM Shares to trading on AIM.

An audit tender was conducted during the year by the Audit and Risk Committee. This resulted in the selection of Deloitte LLP to become the Company's auditor for the year ending 31 December 2022 onwards. Following 10 years in the role, PricewaterhouseCoopers LLP will retire at the conclusion of the forthcoming Annual General Meeting. A resolution will be proposed at that meeting to appoint Deloitte LLP in their place.

[illegible]
Chief Financial & Operating Officer
30 March 2022

Risks

There needs to be effective management of risks to meet the Group's strategic objectives and create shareholder value.

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 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

Executive Leadership Team:
- Communicates and disseminates risk policies across the Group
- Supports the business in assessing risk
- Encourages open communication on risk matters
- Appoints Risk Management Champions to co-ordinate risk management in each business area

Enterprise Risk Management Board:
- Defines risk management roles at operational and project levels
- Uses approach to risk as an explicit part of decision-making and management of external relationships
- Continuously identifies risks and mitigations and updates risk register
- Embeds risk management culture in each business area

Risks continued

Key risks impacting the Group

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

Media data

We cannot provide compliance audits, resulting in loss of revenue due to media agencies or media owners and/or others restricting the use of data by Ebiquity.

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 usage terms and conditions of media data.

Cybersecurity

The Company continues to face increasing threats of cyber attacks on its information systems, causing the loss or corruption of data.

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.

Employees must undergo regular cybersecurity training to help them understand the threats and what they can do to protect the organisation's information systems.

Client loss

Clients may reduce their business engagements with us, or move elsewhere due to events beyond our control, including issues such as macroeconomic uncertainty, redirecting expenditure elsewhere, or a reduction in budgeted expenditure.

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

Mitigating actions:

The Client and Revenue Board specifically focuses on meeting client demands and aims 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.

Presently, no single client deals contribute significantly to the overall revenue stream.

Key risks impacting the Group continued

Misappropriation of assets/fraud

Employees of the Group could commit fraudulent acts. Also, employees could request or collect financial or other material inducements from suppliers to influence business services and goods procurement.

Mitigating actions:

The Group continues to design and implement policies and procedures to ensure the segregation of duties. Anti-bribery and anti-corruption training takes place regularly and the annual external audit provides some reassurance that this sort of behaviour is not taking place.

Liquidity

Failure to manage cash and debt within banking covenants. This impacts the ability of the Group to remain a going concern due to insufficient cash to pay staff salaries and failure to fulfil other payment obligations.

Mitigating actions:

Weekly cash flow reporting at Group level.

Daily cash flow positions managed within individual units.

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

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.

Tom Alexander
Non-Executive Director

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

Experience
Following senior marketing management positions with Telia and BT Cellnet, Tom founded Virgin Mobile in 1999. He led the company's IPO in 2004 and continued as CEO of the PLC until its eventual sale to NTL in 2006 to form Virgin Media. From 2007 he was CEO of Orange, leading its turnaround and subsequent successful merger in 2010 with T Mobile to create Everything Everywhere ('EE'). After running EE for a further year, he left to pursue private equity opportunities and non-executive roles. Tom brings a wealth of international business and board experience to Ebiquity and has valuable knowledge of how major advertisers think and operate.

Board of Directors continued

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.

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 AOL. 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

"The Chair's principal role is to lead the board in determining the Group's future direction and strategy."

www.theqca.com

Rob Woodward
Chair

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 13 to 15.	»
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 59.	»
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 38 to 41.	»
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 47 to 49.	»

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 55 and 56.	»
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 50 and 51. See also the section on Board evaluation on page 56.	»
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 56.	»
Principle 8	Promote a corporate culture that is based on ethical values and behaviours	Read more about Ebiquity's culture roadmap on pages 31 and 32 and in the section 172 statement on pages 38 to 41.	»
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 59 and in the section 172 statement on pages 38 to 41.	»

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 38 to 41. A statement of the Directors' responsibilities in relation to the annual report and financial statements is set out on page 73.

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 was reviewed and updated during the year and is available on the Company's website (**www.ebiquity.com**).

Composition of the Board

The Board currently comprises an independent Non-Executive Chair, four other independent Non-Executive Directors and two full-time Executive Directors. Lara Izlan joined the Board on 1 June 2021. After seven years on the Board, Tom Alexander will step down from the Board at the conclusion of this year's AGM.

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 & 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 50 and 51.

Board evaluation

As part of this year's Board effectiveness review, the Board undertook a skills analysis, 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) will be 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 composition and structure
- Board meetings, Board packs and the Board portal
- Support for the Board
- 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.

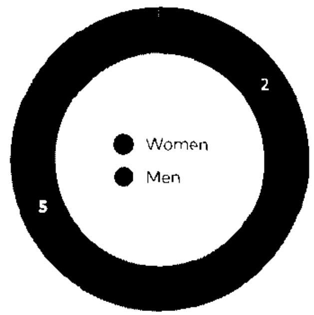
The results of the questionnaires were collated and analysed by the Company Secretary. All of the Directors and the Company Secretary also met with the Chair on a 1:1 basis to *provide any more* detailed feedback. The Board review output was considered at the next Board meeting where a number of recommendations were agreed. Overall, the feedback was very positive and showed an improvement on previous years

The recommendations included:

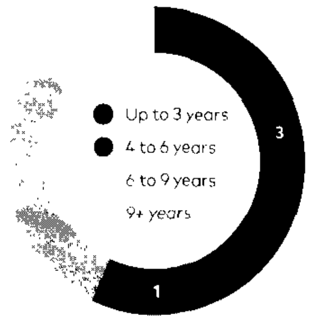
- Re-evaluating how the Board and Audit & Risk Committee oversee risk, taking account of the new ERM system being implemented within the business
- Discussing Board and executive team succession and diversity and inclusion
- Organising opportunities for the Board to meet and get *to know emerging talent*
- Some additional topics for Board discussions
- Some suggestions for improvements to Board papers

The Board will review progress with implementing the recommendations over the next 12 months.

Gender diversity



Tenure



Corporate governance report continued

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, Alan Newman will retire and offer himself for re-election by shareholders. Having been appointed to the Board since the last AGM, Lara Izlan will be subject to election by shareholders at the AGM as well. The Board is satisfied that the contributions of Alan and Lara 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 13 years' tenure as a Non-Executive Director in November 2021. 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 58.

Board meetings

During the year the Board met formally on 12 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 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 Chief Client Officer, the Chief Product Officer and the Chief People Officer. 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.

Strategy

During the year the Board received a detailed presentation on strategy as part of a regular Board meeting, following which it held a separate half day discussion on a number of proposals. At each subsequent Board meeting the CEO gave an update on progress.

Corporate culture

The Board receives regular reports on developments in corporate culture from the CEO and CPO. During the year it approved the Company's new statement of values. Further details of these initiatives can be found in the section 172 report on page 41.

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 47 to 49.

Corporate governance report continued

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 2021

(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	12/12	4/4	3/3	2/2
Nick Waters	11/12	2[1]	2[1]	2[1]
Alan Newman	12/12	4[1]	2[1]	2[1]
Tom Alexander	12/12	4/4	3/3	2/2
Julie Baddeley	12/12	3/3	3/3	2/2
Lara Izlan	4/5	2/3	0/0	0/0
Richard Nichols	12/12	4/4	1/1	2/2

1 Attended by invitation

Board committees

Committee membership

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

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 (which were reviewed and updated during the year) 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 60 and 62. 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 & Operating Officer also attends most 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.

Corporate governance report continued

Board committees continued

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 63 to 67. 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. In 2021 shareholders were invited to attend the meeting by videoconference, since meeting in person was not straightforward due to the pandemic restrictions in place, and several took advantage of this. Shareholders were also encouraged to submit questions in advance of the meeting by email and to appoint the Chair as their proxy so that their votes could be counted at the meeting.

Retail investors can submit routine enquiries about their shareholdings to the Company's registrars, whose contact details are on page 146 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.

Audit & Risk Committee report

> "This report details the Committee's role and responsibilities and key activities during the year."

Introduction

I am pleased to present the report of the Audit & Risk Committee (the 'Committee') for the year ended 31 December 2021. 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. Richard is a chartered accountant with significant financial and commercial experience in both listed and unquoted companies. His biography on page 51.

The Committee met four times during the year. The attendance of its members is set out in the table on page 58. 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, PricewaterhouseCoopers LLP ('PwC'), 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 47 to 49.

Audit & Risk Committee report continued

Activities during the year

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

In respect of the Group's financial statements and interim accounts:

- **the assessment of the carrying value of goodwill and intangible assets:** the Committee undertakes annually an impairment test 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 quantum of accrued/deferred income and the judgement applied by management in calculating revenue recognition cut-off. The Committee reviewed the quality of evidence available to support revenue recognition;
- **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 full disclosure had been made in the financial statements;
- **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; and
- **going concern:** in assessing going concern the Committee has considered the Group's latest budget, cash flow forecast and corresponding sensitivities together with potential downside scenarios. 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 2021, the Group had cash balances of £13,134,000 and undrawn bank facilities available of £5,000,000, was cash generative and within its banking covenants.

  The lenders, Barclays and NatWest Bank, have agreed to covenant waivers and modifications where required in order to negate the risk of any future covenant breaches. Modified covenants were agreed with the lenders with effect from July 2020. These required the Group to maintain minimum liquidity of at least £5 million, increasing to £7 million from September 2021, at the end of every month during that period. From September 2021, an interest cover covenant was reintroduced at >4.0 and an adjusted leverage covenant also reintroduced, initially at <4.0, increasing to <4.25 in December 2021 and again to <4.5 in March 2022, then reducing to <3.5 in June 2022.

  Since the year end, the bank facility has been increased and extended under an agreement dated 24 March 2022. This will 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. Under this agreement, annual reductions of £1.25 million will apply from June 2023. The quarterly covenants to be applied from June 2022 onwards will be: interest cover >4.0; adjusted leverage <2.5 and adjusted deferred consideration leverage <3.5. There will be no minimum liquidity covenant from June 2022.

  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 to 31 December 2023 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 2022 and management projections for the year ended 31 December 2023. The severe but plausible case assumes a downside adjustment to revenue of 6.5% with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

[illegible] Risk Committee report [illegible]

going concern: continued
The effect of the proposed acquisition of Meam Management [illegible] 29 March 2022, [illegible] the model based on management projections for the 18 months ending [illegible] [illegible] adjustment [illegible] operating costs [illegible] both of the [illegible] throughout the going concern period.

As a result of these [illegible], the Directors consider that the Group and Company will have sufficient liquidity within existing bank facilities, totalling £30 million, to meet its obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

[illegible] have been the Group's auditors since 201[illegible]. During 202[illegible] a full audit tender [illegible] 2022. The Committee recommended to the Board that [illegible] should be appointed as auditor of the Company from the conclusion of the 2022 AGM. Accordingly the Board will be recommending to shareholders a resolution to appoint [illegible] as auditors of the Company from that time.

Otherwise, with regard to the auditor's external audit, the Committee's principal duties were to:

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

The Committee [illegible] [illegible] [illegible] [illegible]

Richard [illegible]

Audit & Risk Committee Chair

[illegible] March 20[illegible]

Remuneration Committee report

> "The Committee considered remuneration packages as Covid-19 restrictions eased and business began to recover."

During the year, the Committee considered the remuneration packages for the Executive Directors and senior team as the restrictions in place for Covid-19 eased and business began to recover. In particular, we focused on LTIP awards to incentivise the team over the medium term. We agreed a stretching absolute EPS target of 75p for the year ending 31 December 202[illegible] for full vesting. Nick Waters received an LTIP award based on 150% of his salary and Alan Newman received an award based on 50% of his salary.

Last year we introduced a new bonus plan for the Executive Directors, as well as senior management and staff and I am pleased to report that the Company's positive results for 2021 mean that there will be a payout under the plan.

[illegible]
Remuneration Committee Chair
30 March 2022

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 and appropriate market comparators.

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 has an executive share option plan in place. Awards under the plan are subject to continued employment and the achievement of certain financial performance conditions, which are described below. These are chosen by the Committee to support the delivery of the Company's strategy and align the interests of the Executive Directors with those of shareholders and may vary each year depending on the financial and strategic priorities and performance.

The current plan was introduced in 2012 and will therefore come to an end in September 2022 The Committee decided to make a final award for 2022 under the current rules and will consult with shareholders about a new long-term incentive plan later in the year.

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 in lieu 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 2021 and it was agreed to increase the additional fee payable to Committee Chairs from £3,000 pa to £5,000 pa from 1 January 2022. There is no change to the basic fee level.

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.

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2021

	Salary/fees £'000	Taxable benefits £'000	Bonus £'000	**Year ended 31 December 2021 Total £'000**	Year ended 31 December 2020 Total £'000
Executive					
Nick Waters[1]	357	12	205	**574**	262
Alan Newman[2]	234	5	115	**354**	281
Non-Executive[3]					
Rob Woodward	85	–	–	**85**	81
Tom Alexander	35	–	–	**35**	33
Julie Baddeley	37	–	–	**37**	33
Lara Izlan	20	–	–	**20**	–
Richard Nichols	37	–	–	**37**	33
	805	17	320	**1,142**	723

1. Nick Waters joined the Company as CEO on 1 July 2020. His salary was set at £350,000 per annum and his bonus for 2020 was contractually agreed at the time of his appointment. He took a 20% salary cut from July to September 2020.
2. Alan Newman served as interim CEO and CFO from November 2019 and became Chief Financial & Operating Officer with a salary of £225,000 per annum from 1 July 2020. He took a 20% salary cut from April to June 2020.
3. The Non-Executive Directors took a 20% fee cut from April 2020 to June 2020.

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

Base salary
Following a review in March 2022, the Committee agreed to increase the CEO's salary to £373,100 p.a. and the CFOO's salary to £239,850 p.a. (a 4% increase for both). These increases are in line with the 4% (average) increase awarded to the wider employee population in the UK. The changes will take effect from 1 April 2022.

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

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2021 continued

Annual bonus

For 2021, the annual bonus for Executive Directors was based 75% on Group operating profit and 25% on individual strategic objectives. The Executive Directors each made strong contributions to the progress of the business in 2021. Nick Waters will receive a bonus of £205,384 and Alan Newman will receive a bonus of £115,889.

For 2022, 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 2021, 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 2020	Share options lapsed during the year	Share options exercised during the year	Share options granted during the year	**Share options outstanding at 31 December 2021**	Exercise price	Date of grant	End of performance period
Nick Waters	–	–	–	1,796,745	**1,796,745**	Nil	30/4/2021	31/12/2023
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
Total	410,000	–	–	385,017	**795,017**			

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2021 continued

Share option awards continued

The share options granted to Alan Newman in December 2019 were subject to the following performance conditions:

75% of vesting based on EPS growth

The EPS portion of the Award will vest in full if the Company achieves a 15% compound annual growth rate or higher in EPS for the financial year to 31 December 2021 compared to a reference EPS for the financial year to 31 December 2018. A minimum compound annual growth rate in EPS of 8% over this three-year period will trigger vesting of 30% of the EPS portion of the Award. There will be straight-line vesting between these points.

25% of vesting based on TSR growth

25% of the TSR portion of the Award will vest if the Company's TSR is at least equal to the TSR of the AIM Media Index over the three-year performance period to 31 December 2021. The TSR portion of the Award will vest in full if the Company's TSR is at least 8% per annum greater than the average TSR of the companies in the AIM Media Index. There will be a straight line vesting between these points. TSR will be measured based on the three month average TSR to 31 December 2021 compared to the three month average TSR to 31 December 2018.

The performance conditions for these share options to vest have not been met and they will lapse on publication of the Group's audited financial results for the year to 31 December 2021.

The share options granted to Nick Waters and Alan Newman in April 2021 are subject to an absolute EPS performance condition 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

EPS will be measured at the end of the financial year to 31 December 2023 and 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 2021	At 31 December 2020[1]
Executive		
Nick Waters	**50,000**	–
Alan Newman	**360,000**	360,000
Non-Executive		
Rob Woodward	**147,280**	105,521
Tom Alexander	**–**	–
Julie Baddeley	**15,000**	15,000
Lara Izlan	**–**	–
Richard Nichols	**200,000**	100,000

1. Or date of appointment, if later.

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Strategic Report

In accordance with the provisions of the Companies Act 2006, a Strategic Report is set out on pages 1 to 49, which incorporates the Chair's Statement, the Chief Executive's Report, 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 82. 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 2021.

Research and development

The Group continues to invest in the development of products. During the period, a total of £983,000 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 (2020: 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, Ebiquity acquired Forde and Semple Media Works, the leading media performance consultancy in Canada. Forde and Semple has a long-standing relationship with Ebiquity in support of projects covering Canadian media It had revenues of CAD$1.1 million in the financial year ended 31 January 2021. This acquisition will extend Ebiquity's geographic presence in North America and enhance the services that it offers to its US and global client base.
The total cash consideration for the acquisition 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.

On 29 March 2022, the Group entered into an agreement to acquire 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 consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) will be payable in cash on completion and 16% (US$1.3 million/ £1.0 million), will be payable in cash and applied by the vendors to subscribe for Ebiquity ordinary shares and calculated by reference to the middle market quotations (rounded down to the nearest whole number) for the ordinary shares as shown by the AIM Appendix of the Daily Official List of the London Stock Exchange for the five business days prior to the date of the announcement of the transaction (the 'MMi Shares').
The deferred consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for 2024, which is expected to be at least £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 (the 'Earn-Out Shares', and together with the MMi Shares, the 'New Shares').
The New Shares will be subject to an 18 month lock-in and ongoing orderly market restrictions pursuant to which they may not, save in limited circumstances, deal or otherwise dispose of any such interests in the New Shares other than through Panmure Gordon (or such other broker appointed by the Company from time to time). Completion is conditional upon the admission of the MMi Shares to trading on AIM.

Directors' report continued

Directors

Details of the Directors serving during the year are as follows:

Tom Alexander

Julie Baddeley

Lara Izlan (appointed 1 June 2021)

Alan Newman

Richard Nichols

Nick Waters

Rob Woodward

The Directors' biographies are set out on pages 50 and 51. Further information about the Directors' interests in Ebiquity plc shares is provided in the Remuneration Committee report on page 67.

Tom Alexander has indicated that he will not stand for re-election at this year's AGM and he will therefore cease to be a Director with effect from the end of that meeting.

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 28 to 35 and in the section 172 report on pages 38 to 41.

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.

Substantial shareholdings

At the date of this report, the Company's issued share capital consisted of 83,153,920 ordinary shares of 25p each and a total of 78,953,920 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.

Directors' report continued

Substantial shareholdings continued

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*.

Shareholders	No of issued shares	% of issued share capital	% of total voting rights
Canaccord Genuity Wealth Management	16,188,380	19.47	20.50
Artemis Investment Management	10,949,284	13.17	13.87
BGF Investment Management Limited	10,501,141	12.63	13.30
Pendal Group Limited/JO Hambro Capital Management	7,500,000	9.02	9.50
Herald Investment Management	4,341,125	5.22	5.50
FIL	4,124,793	4.96	5.22
CRUX Asset Management	4,020,000	4.83	5.09
River and Mercantile Asset Management	3,478,020	4.18	4.41
Chelverton Asset Management	2,501,080	3.01	3.17

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 2021, the Group had cash balances of £13,134,000 and undrawn bank facilities available of £5,000,000, was cash generative and within its banking covenants.

The lenders, Barclays and NatWest Bank, have agreed to covenant waivers and modifications where required in order to negate the risk of any future covenant breaches.

During the year, the Group continued to trade within the limits of its banking facilities and associated covenants. Modified covenants were agreed with the lenders with effect from July 2020. These required the Group to maintain minimum liquidity of at least £5 million, increasing to £7 million from September 2021, at the end of every month during that period. From September 2021, an interest cover covenant was re-introduced at >4.0 and an adjusted leverage covenant also re-introduced, initially at <4.0, increasing to <4 25 in December 2021 and again to <4.5 in March 2022, then reducing to <3.5 in June 2022.

Since the year end, this facility has been increased and extended under an agreement dated 24 March 2022. This facility will 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. Under this agreement, annual reductions of £1.25 million will apply from June 2023. The quarterly covenants to be applied from June 2022 onwards will be: interest cover >4.0; adjusted leverage <2.5 and adjusted deferred consideration leverage <3.5. There will be no minimum liquidity covenant from June 2022.

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 to 31 December 2023 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 2022 and management projections for the year ended 31 December 2023. The severe but plausible case assumes a downside adjustment to revenue of 6.5% with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

The effect of the proposed acquisition of Media Management Inc, conditionally agreed on 29 March 2022, has also been considered in the model, based on management projections for the 18 months ending 31 December 2023 and on a severe but plausible case which assumes a downside revenue adjustment of 5% with only a 1% reduction 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 its obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

Directors' report [illegible]

[illegible]

All of the [illegible] Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the [illegible] 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.

During the year the auditors were put out to tender. As a result the Audit & Risk Committee recommended to the Board that [illegible] be appointed auditors of the Company. Deloitte LLP have indicated their willingness to take office and therefore a resolution to their appointment will be proposed at the AGM.

[illegible]

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

Company Secretary

30 March 2022

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

Opinion

In our opinion:

- Ebiquity plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2021; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

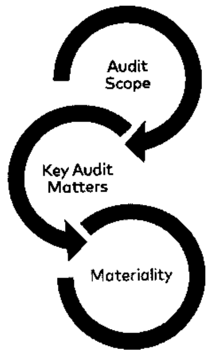
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Seven reporting units were audited as full scope entities. These units were located in the UK, Germany, France, USA and Italy
- The USA and Italy entities in scope were audited by the group engagement team
- The components in Germany and France were audited by local audit teams

- Impairment of goodwill and intangible assets (group)
- Accounting for contract revenue recognition (group)
- Impairment of investments (parent)

- Overall group materiality: £600,000 (2020: £200,000) based on 1% of the Group's revenue for the year (2020. on 5% of 3 years weighted average of profit before tax and highlighted items).
- Overall company materiality: £570,000 (2020: £820,000) based on 1% of total assets (capped at 95% of Group overall materiality).
- Performance materiality: £450,000 (2020: £150,000) (group) and £427,500 (2020: £615,000) (company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

This is not a complete list of all risks identified by our audit.

Prior year misstatement (group), Going concern (group and parent) and Impact of Covid-19 (group and parent), which were key audit matters last year, are no longer included because there is no prior year misstatement identified in the current year, a reduction in uncertainty in relation to the potential impact of Covid-19 on the group and there is increased covenant headroom observed in management's base case and downside case cash flow forecasts. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets (group) We focused on this area because management's assessment of the carrying value of goodwill and intangible assets involves subjective assumptions about the future results of the business. The key assumptions applied by management were future revenue growth, cost assumptions and the discount rate used as set out in note 10 to the group financial statements. We focused on those Cash Generating Units (CGUs) we considered to carry more judgement because of current year losses or historical underperformance against budgets, or for which management's impairment model gave lower headroom relative to other CGUs. The Value In Use (VIU) calculations in relation to the group's China CGU (goodwill and intangible assets of £2,710k), Media America CGU (goodwill and intangible assets of £604k) and Firm Decisions CGU (goodwill and intangible assets of £3,117k) were most sensitive to changes in key assumptions.	We have evaluated management's future cash flow forecasts, which were prepared to a sufficiently detailed level, including comparing them to the latest Board approved budgets, testing the integrity of the underlying calculations and assessing how both internal and external drivers of performance were incorporated into the projections. We also challenged the discount rates used by independently recalculating the cost of capital and are satisfied that the rates used are appropriate. Discount rates were benchmarked using data provided by our valuations experts. In respect of the China, Media America and Firm Decisions CGUs, we have assessed each of the assumptions that have been applied to the impairment model and agree that they are reasonable. The Media America business is recovering from the impact of Covid-19 and under new management, a revised strategic plan has been developed and approved by the Board, resulting in a significantly improved performance in 2021. The growth rates in management's impairment model for this CGU assume a continuation of significant growth in future years For all three CGUs, we compared the 2021 financial performance to budget and understood the reasons for the differences from the forecasts prepared for the impairment assessment in the prior year. We also performed sensitivity analysis over the key drivers of the cash flow forecasts, in particular the revenue growth, cost assumptions and discount rate. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill and intangible assets to be impaired, we considered the likelihood of such movement arising in those key assumptions. Therefore, we also examined the disclosures made in the financial statements and concluded that they are appropriate given the sensitivity of the China, Media America and Firm Decisions CGU to changes in assumptions that would give rise to impairment.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Accounting for contract revenue recognition (group) Income is recognised in accordance with the stage of completion of the contract activity for the Media, Analytics & Tech businesses. The stage of completion is determined relative to the total number of hours expected to complete the work or provision of services. Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as contract asset and where recorded revenue is less than amounts invoiced to clients, the difference is classified as contract liability. Where services are performed by an indeterminate number of acts over a specific period, revenue is recognised on a straight line basis over the specific period unless there is evidence that some other method better represents the stage of completion. If the outcome of a contract cannot be estimated reliably, the contract revenue is recognised to the extent of contract costs incurred that it is probable would be recoverable. Costs are recognised as an expense in the period in which they are incurred. Careful consideration needs to be given to projects open at year end requiring significant judgement in respect of the stage of completion and the associated *revenue and profit to be* recognised. The total amount of revenue and profit to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as: › *variations to the original contract terms* › cost overruns › scope changes that require further negotiation and settlement. Variations can arise from *changing client specifications, changes to the job based on unforeseen circumstances* (e.g. macroeconomic factors), as well as from inefficiencies on the part of either party. There can be some uncertainties, therefore, in determining the amounts to be recovered from any additional work performed. The risk is, therefore, that contract revenue is not recognised in the correct period.	We understood management's policies and their controls for recording revenue. We performed detailed end-to-end walkthroughs of the finance and operational processes, utilising our understanding from prior years to reassess the design effectiveness of the key internal controls and identify changes, if any. We reviewed a sample of the terms and conditions attached to revenue contracts and evaluated management's judgements used to determine the timing of recognition of revenue. We selected a number of contracts to audit, including those with significant revenue recognised in the year or with significant contract assets and a further sample on a random basis. To assess whether revenue and profit is accurately recorded, we tested the hours completed on a sample of contracts by obtaining an understanding from project managers as to the budgeted hours, challenging the assumptions, evaluating the *outturn of* previous estimates and agreeing the actual hours incurred post-year end to the forecast for the period. *We also* assessed how the project managers determined that the stage of completion was correctly calculated by obtaining their calculations and agreeing the inputs to supporting evidence and correspondence with customers. We found that revenue was recorded appropriately. To test the timing of contract revenue, we challenged management's judgements on the completeness of work for our sample of contracts by checking original contracts, amendments to contracts, where applicable (e.g. due to agreed changes in scope), *and checking that the contractual milestones had been reached.* No significant issues were noted from our work.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Impairment of investments (parent) The investment in subsidiary companies is a material balance within the company balance sheet and there is risk of impairment if the carrying values are deemed to be in excess of the recoverable amount. Management have undertaken an assessment of the carrying values as compared to the recoverable amount and concluded that no impairment is required.	We have reviewed investments for indicators of impairment. Where indicators of impairment exist, for example where the investment's carrying value is in excess of its net assets, we have obtained management's impairment assessment. We have audited management's assumptions in the impairment assessment and the conclusions reached, noting no issues from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The following matters are considered when determining the scope of the audit by component:

- We identify components which are financially significant to the group;
- We identify components considered likely to include a significant risk of material misstatement to the Group financial statements;
- We consider the findings from prior year audits and assess whether it would provide further insight to the Group to revisit certain territories to provide an update; and.
- We consider if there are any other components that contribute a significant amount to key income statement and balance sheet measures and ensure sufficient coverage of each material line item in the financial statements is obtained through components in scope.
- We also considered locations visited and those out of scope in the prior three years. The scoping calculation is based upon obtaining sufficient coverage of each financial statement line item, which varies depending on the risk assessment.
- The group operates through subsidiaries in the US, Australia, China, UK, France, Germany and other European countries. There are three financially significant components being: Ebiquity plc, Ebiquity Associates Ltd and Ebiquity Germany GmbH; for the purpose of obtaining required coverage over the Group balances, we have also included in our scope Ebiquity Inc. and FirmDecisions ASJP LLC (both incorporated in USA), Ebiquity SAS (incorporated in France) and Ebiquity Italia S.r. . (incorporated in Italy). Specified procedures had been performed in respect of China Media (Shanghai) Management Consulting Company Limited and Ebiquity Iberia S.L.U. using the group materiality. The scoping calculation is based upon obtaining sufficient coverage of each financial statement line item, which varies depending on the risk assessment. We also considered locations visited and those out of scope in the prior three years. The scoping calculation is based upon obtaining sufficient coverage of each financial statement line item, which varies depending on the risk assessment. The Group audit is performed in the UK by the same engagement leader and team as audited components incorporated in the UK; the German component has been audited by another PwC network firm; the French component has been audited by BDO France, the local statutory auditor. As part of our audit procedures we have obtained access to the audit files of the components not directly audited by PwC UK and have reviewed the work performed. In the current year we attended the clearance meetings by conference call in Germany and France

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

Our audit approach continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements – group	Financial statements – company
Overall materiality	£600,000 (2020: £200,000).	£570,000 (2020: £820,000).
How we determined it	1% of the Group's revenue for the year (2020: on 5% of 3 years weighted average of profit before tax and highlighted items)	1% of total assets (2021: capped at 95% of Group overall materiality, 2020: capped at 95% of group overall materiality)
Rationale for benchmark applied	As the Group emerges from the impact of Covid-19, a key focus of management is revenue growth through expansion of products and services that are offered, particularly in the Digital market. As a result, we have determined that revenue is a more appropriate benchmark and have therefore applied this in the current year	Based on total assets as the entity holds all of the group's subsidiary investments and is not a profit generating entity.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £110,000 and £570,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £450,000 (2020: £150,000) for the group financial statements and £427,500 (2020: £615,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £30,000 (group audit) (2020: £10,000) and £28,500 (company audit) (2020: £10,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements (continued)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the appropriateness of the group's cash flow, liquidity and covenant forecasts in the context of the group's 2021 financial position. We considered external advertising spend outlook reports and economic growth forecasts from a variety of sources, as these were good indicators of forecast revenue growth;
- Understanding and assessing the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside case, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Corroborating key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas, including the impact of potential acquisitions as noted in note 32;
- Obtaining and reviewing documents confirming the change in covenants and amended financing agreement;
- Testing the mathematical accuracy of management's cash flow models;
- Validating a sample of secured revenue items within management's forecast analysis;
- Considering the historical accuracy of management's forecasting and note while there have been significant deviations between the original 2021 budget compared to the 2021 actuals the reforecasting performed by management has been predominantly accurate; and
- Reviewing the disclosures provided relating to the going concern basis of preparation

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 the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report

Independent auditors' report *continued*

to the members of Ebiquity plc

Report on the audit of the financial statements continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to GDPR, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax, employment legislation (including Health & Safety) and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve reported revenue and potential management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work

Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of management and the in-house legal team to understand internal processes with regards to compliance with laws and regulations and to understand whether there have been any instances of non-compliance, including discussions and review of legal advice obtained by management in respect of the group's adherence to sanctions in Russia;
- Review of minutes of board meetings for identification of risks and potential non-compliance;
- Review of legal expenses incurred in the year and testing of a sample of legal expenses to underlying invoices to understand the nature of the expense;
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identification of journal entries considered to be unusual e.g. postings to unusual account combinations or unusual entry description and testing of these journals to supporting documentation; and
- Addressing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (due to the risk of management bias) and evaluating the business rationale of significant transactions outside of the normal course of business.

Independent auditors' report

to the members of Ebiquity plc

Responsibilities for the financial statements and the audit continued

Companies Act 2006 exception reporting

for and on behalf of PricewaterhouseCoopers LLP

Consolidated income statement

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 Before highlighted items £'000	Year ended 31 December 2021 Highlighted items (note 3) £'000	Year ended 31 December 2021 Total £'000	Year ended 31 December 2020 Before highlighted items £'000	Year ended 31 December 2020 Highlighted items (note 3) £'000	Year ended 31 December 2020 Total £'000
Revenue	2	**63,091**	**–**	**63,091**	55,907	–	55,907
Project-related costs		**(7,525)**	**–**	**(7,525)**	(6,436)	–	(6,436)
Net revenue		**55,566**	**–**	**55,566**	49,471	–	49,471
Cost of sales		**(25,127)**	**–**	**(25,127)**	(24,784)	–	(24,784)
Gross profit		**30,439**	**–**	**30,439**	24,687	–	24,687
Administrative expenses		**(25,855)**	**(9,815)**	**(35,670)**	(25,172)	(2,541)	(27,713)
Other operating income		**153**	**–**	**153**	151	–	151
Operating (loss)/profit	4	**4,737**	**(9,815)**	**(5,078)**	(334)	(2,541)	(2,875)
Finance income	6	**20**	**–**	**20**	39	–	39
Finance expenses	6	**(882)**	**–**	**(882)**	(914)	–	(914)
Foreign exchange		**229**	**–**	**229**	(137)	–	(137)
Net finance costs		**(633)**	**–**	**(633)**	(1,012)	–	(1,012)
Profit/(loss) before taxation from continuing operations		**4,104**	**(9,815)**	**(5,711)**	(1,346)	(2,541)	(3,887)
Taxation (charge)/credit – continuing operations	7	**(1,737)**	**531**	**(1,206)**	(26)	176	150
Profit/(loss) for the year – continuing operations		**2,367**	**(9,284)**	**(6,917)**	(1,372)	(2,365)	(3,737)
Net profit/(loss) from discontinued operations	8	**–**	**–**	**–**	–	220	220
Profit/(loss) for the year		**2,367**	**(9,284)**	**(6,917)**	(1,372)	(2,145)	(3,517)
Attributable to:							
Equity holders of the parent		**2,250**	**(9,282)**	**(7,032)**	(1,569)	(2,134)	(3,703)
Non-controlling interests		**117**	**(2)**	**115**	197	(11)	186
		2,367	**(9,284)**	**(6,917)**	(1,372)	(2,145)	(3,517)
Earnings per share – continuing operations							
Basic	9			**(8.51)p**			(4.81)p
Diluted	9			**(8.51)p**			(4.81)p
Earnings per share – discontinued operations							
Basic	9			**–**			0.27p
Diluted	9			**–**			0.27p

The notes on pages 87 to 131 are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss for the year	**(6,917)**	(3,517)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**(889)**	1,033
Total other comprehensive income/(expense) for the year	**(889)**	1,033
Total comprehensive expense for the year	**(7,806)**	(2,484)
Attributable to:		
Equity holders of the parent	**(7,921)**	(2,670)
Non-controlling interests	**115**	186
	(7,806)	(2,484)

The notes on pages 87 to 131 are an integral part of these financial statements.

Consolidated statement of financial position
as at 31 December 2021

	Note	31 December 2021 £'000	[illegible]
Non-current assets			
Goodwill	[illegible]	28,172	[illegible]
Other intangible assets	11	4,528	[illegible]
Property, plant and equipment	[illegible]	1,512	[illegible]
Right-of-use assets	[illegible]	4,542	[illegible]
Lease receivables	[illegible]	155	[illegible]
Deferred tax asset	[illegible]	1,388	[illegible]
Total non-current assets		40,297	[illegible]
Current assets			
Trade and other receivables	[illegible]	21,934	[illegible]
Lease receivables	[illegible]	146	[illegible]
Cash and cash equivalents	[illegible]	13,134	[illegible]
Total current assets		35,214	[illegible]
Total assets		75,511	[illegible]
Current liabilities			
Trade and other payables	[illegible]	(6,525)	[illegible]
Accruals and contract liabilities	[illegible]	(19,350)	[illegible]
Financial liabilities	19	59	[illegible]
Current tax liabilities	[illegible]	(374)	[illegible]
[illegible]	[illegible]	—	
Lease liabilities	13	(2,566)	[illegible]
Deferred tax liability	[illegible]	(390)	[illegible]
Total current liabilities		(29,146)	[illegible]

	Note	31 December 2021 £'000	[illegible]
Non-current liabilities			
Financial liabilities	[illegible]	(17,960)	[illegible]
Provisions	[illegible]	(493)	[illegible]
Lease liabilities	[illegible]	(3,825)	[illegible]
Deferred tax liability	[illegible]	(1,083)	[illegible]
Total non-current liabilities		(23,361)	[illegible]
Total liabilities		(52,507)	[illegible]
Total net assets		23,004	[illegible]
Equity			
Ordinary shares	[illegible]	20,682	[illegible]
Share premium	[illegible]	255	[illegible]
Other reserves	[illegible]	4,572	[illegible]
Retained earnings	[illegible]	(2,774)	[illegible]
Equity attributable to the owners of the parent		22,735	[illegible]
Non-controlling interests		269	[illegible]
Total equity		23,004	[illegible]

The notes on pages [illegible] form part of these financial statements. The financial statements on pages [illegible] were approved and authorised for issue by the Board of Directors on [illegible] March 2022 and were signed on its behalf by:

[illegible]
Chief Financial and Operating Officer
[illegible] Registered No. [illegible]
[illegible] March 2022

Consolidated statement of changes in equity

for the year ended 31 December 2021

	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 2019 (as restated)		20,029	46	4,428	12,210	36,713	1,179	37,892
(Loss)/profit for the year 2020 (as reported)		–	–	–	(3,703)	(3,703)	186	(3,517)
Other comprehensive expense		–	–	1,033	–	1,033	–	1,033
Total comprehensive (expense)/income for the year		–	–	1,033	(3,703)	(2,670)	186	(2,484)
Shares issued for cash	22	8	–	–	(8)	–	–	–
Share options credit	3	–	–	–	(1,845)	(1,845)	–	(1,845)
Acquisition of non-controlling interest		609	209	–	(2,712)	(1,894)	(779)	(2,673)
Dividends paid to non-controlling interests		–	–	–	–	–	(144)	(144)
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**

1 Includes a credit of £3,667,000 (31 December 2020: £3,667,000) in the merger reserve, a gain of £2,383,000 (31 December 2020: £3,272,000) recognised in the translation reserve, and is partially offset by a debit balance of £1,478,000 (31 December 2020 £1,478,000) in the ESOP reserve. Refer to note 23 for further details.

The notes on pages 87 to 131 are an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
Cash flows from operating activities			
Cash generated from operations	27	**11,800**	5,827
Finance expenses paid		**(626)**	(563)
Finance income received		**7**	13
Income taxes paid		**(2,492)**	(2,285)
Net cash generated by operating activities		**8,689**	2,992
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**–**	(597)
Disposal of subsidiaries	8	**–**	18
Payments to acquire non-controlling interest	29	**(1,291)**	(1,539)
Payments in respect of contingent consideration	19	**(680)**	–
Purchase of property, plant and equipment	12	**(217)**	(87)
Purchase of intangible assets	11	**(849)**	(1,230)
Net cash (used in)/generated by investing activities		**(3,037)**	(3,435)

	Note	31 December 2021 £'000	31 December 2020 £'000
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		**34**	–
Proceeds from bank borrowings	19	**–**	5,000
Repayment of bank borrowings	19	**(1,000)**	–
Proceeds from government borrowings	19	**–**	806
Bank loan fees paid		**(36)**	(21)
Repayment of lease liabilities	13	**(2,108)**	(2,130)
Dilapidations payments		**–**	(300)
Dividends paid to shareholders	26	**–**	–
Dividends paid to non-controlling interests		**(157)**	(144)
Net cash flow generated by/(used in) financing activities		**(3,267)**	3,211
Net increase in cash, cash equivalents and bank overdrafts		**2,385**	2,768
Cash, cash equivalents and bank overdraft at beginning of year	16	**11,121**	8,236
Effects of exchange rate changes on cash and cash equivalents		**(372)**	117
Group cash and cash equivalents at the end of the year	16	**13,134**	11,121

The notes on pages 87 to 131 are an integral part of these financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2021

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 19 offices.

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 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

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 2021, the Group had cash balances of £13,134,000 and undrawn bank facilities available of £5,000,000 and was cash generative and within its banking covenants.

The lenders, Barclays and NatWest Bank, have agreed to covenant waivers and modifications where required in order to negate the risk of any future covenant breaches.

During the year, the Group continued to trade within the limits of its banking facilities and associated covenants. Modified covenants were agreed with the lenders with effect from July 2020. These required the Group to maintain minimum liquidity of at least £5 million, increasing to £7 million from September 2021, at the end of every month during that period. From September 2021, an interest cover covenant was reintroduced at >4.0 and an adjusted leverage covenant also reintroduced, initially at <4.0, increasing to <4.25 in December 2021 and again to <4.5 in March 2022, then reducing to <3.5 in June 2022.

Since the year end, this facility has been increased and extended under an agreement dated 24 March 2022. This facility will provide a total available amount of £30 million, initially for a period of three years to March 2025 and extendable for up to a further two years. Under this agreement, annual reductions of £1.25 million will apply from June 2023.

The quarterly covenants to be applied from June 2022 onwards will be: interest cover >4.0; adjusted leverage <2.5 and adjusted deferred consideration leverage <3.5. There will be no minimum liquidity covenant from June 2022.

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 to 31 December 2023 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 2022 and management projections for the year ended 31 December 2023. The severe but plausible case assumes a downside adjustment to revenue of 6.5% with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

The effect of the proposed acquisition of Media Management Inc, conditionally agreed on 29 March 2022, has also been considered in the model, based on management projections for the 18 months ending 31 December 2023 and on a severe but plausible case which assumes a downside revenue adjustment of 5% with only a 1% reduction 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 its obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

1. Accounting policies continued

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.

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 administrative 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'.

The revenue and profits recognised in any 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 (so 'point-in-time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts as outlined below:

- identify the contract(s) with a customer;
- identify the performance obligation(s) in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

1. Accounting policies continued

Revenue recognition continued

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 pays the fixed amount based on a payment schedule.

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.

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.

Highlighted items

Highlighted items comprise non-cash charges and non-recurring items which are highlighted in the consolidated income statement as separate disclosure is considered by the Directors to be relevant in understanding the underlying performance of the business. The non-cash charges include share option charges and amortisation of purchased intangibles.

The non-recurring items include the costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and disposals, and their subsequent integration into/separation from the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges, management restructuring and other significant one-off items. Costs associated with ongoing market landscaping, acquisition identification and early stage discussions with acquisition targets are reported in underlying administrative expenses.

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 period, 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 estimatable. 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 period 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 2021

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

Taxation has been allocated to the discontinued operation by taking each element in turn and attributing the appropriate portion accordingly. This includes the allocation of adjustments to profit before tax to determine the profits chargeable to corporation tax and then applying the taxation charge from each jurisdiction respectively. For deferred taxation, each asset and liability was reviewed and the AdIntel related items were carved out from the Group items.

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. During the year, the Group generated £970,000 of internally generated intangible assets (2020: £1,226,000).

An internally generated intangible asset arising from the Group's development expenditure is recognised only if all of 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 administrative 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 2021

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 within the administrative expenses line 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 are customer relationships, which are amortised on a straight-line basis over a typical useful life of 10 years.

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 2021

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.

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.

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 administrative expenses in the income statement. 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 2021

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 2021

1. Accounting policies continued

Critical accounting estimates and judgements

In preparing the consolidated financial statements, the Directors have made certain estimates and judgements relating to the reporting of results of operations and the financial position of the Group. Actual results may significantly differ from those estimates, often as a result of the need to make assumptions about matters which are uncertain. The estimates and judgements discussed below are considered by the Directors to be those that have a critical accounting impact to the Group's financial statements.

Critical accounting estimates include the terminal growth rate used in impairment assessments, inputs to share option accounting fair value models and amounts to capitalise as intangible assets. These estimates are reached with reference to historical experience, supporting detailed analysis and, in the case of impairment assessments and share option accounting, external economic factors.

Critical accounting judgements include the treatment of events after the reporting period as adjusting or non-adjusting and the determination of segments for segmental reporting, based on the reports reviewed by the Executive Directors that are used to make strategic decisions. These judgements are determined at a Board level based on the status of strategic initiatives of the Group.

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 notes 10 and 11 to the financial statements.

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 judgements to be made regarding the forecast future performance of these businesses for the earn-out period.

Any changes to the fair value of the contingent consideration after the measurement period are recognised in the income statement within administrative expenses as a highlighted item In calculating the post-date remuneration in respect of Digital Decisions, management have estimated the expected pay out under the agreement based on certain assumptions that could give rise to a material difference should those assumptions change within the next 12 months.

Taxation

The Group is subject to income taxes in all the territories in which it operates, and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement, unless the tax relates to an item charged to equity, in which case the changes in the tax estimates will also be reflected in equity. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Provisions

The Group provides for certain costs of reorganisation that has occurred due to the Group's acquisition and disposal activity. When the final amount payable is uncertain, these are classified as provisions. These provisions are based on the best estimates of management.

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 2021:

- 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; and
- Covid-19-related Rent Concessions – amendments to IFRS 16

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

1. Accounting policies continued

Adoption of new standards and interpretations continued

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.

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; and
- 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 Group's operating segments are based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

Certain operating segments have been aggregated to form two reportable segments: Media and Analytics & Tech:

- Media includes our media performance, media management and contract compliance services; and
- Analytics & Tech consists of our Advanced Analytics, MarTech and AdTech services.

The Executive Directors are the Group's chief operating decision-maker. They assess the performance of the operating segments based on 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 2021

2. Segmental reporting
The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2021 is as follows.

Year ended/as at 31 December 2021

	Media £'000	Analytics & Tech £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	**52,841**	**10,250**	**63,091**	**–**	**63,091**
Operating profit/(loss) before highlighted items	**10,083**	**1,391**	**11,474**	**(6,737)**	**4,737**
Total assets	**62,829**	**9,799**	**72,628**	**2,883**	**75,511**

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December 2021	**1,070**	866

It is expected that 95% of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised during the next reporting period (31 December 2020: 94%); the remaining 5% will be recognised in the 2022 financial year (31 December 2020: 6% to be recognised in 2021).

Significant changes in contract assets and liabilities
Contract assets have decreased from £6,563,000 to £5,172,000 and contract liabilities have increased from £4,498,000 to £5,307,000 from 31 December 2020 to 31 December 2021. The reduced contract assets is a result of clients paying more in advance; this is reflected in an increase in contract liabilities.

Year ended/as at 31 December 2020

	Media £'000	Analytics & Tech £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	46,042	9,865	55,907	–	55,907
Operating profit/(loss) before highlighted items	6,770	(692)	6,078	(6,412)	(334)
Total assets	67,659	9,838	77,497	2,435	79,932

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

2. Segmental reporting continued
A reconciliation of segment operating profit before highlighted items to total profit before tax is provided below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Reportable segment operating profit before highlighted items	**11,474**	6,078
Unallocated (costs)/income[1]:		
Staff costs	**(3,805)**	(3,480)
Property costs	**(1,457)**	(1,595)
Exchange rate movements	**(22)**	181
Other administrative expenses	**(1,453)**	(1,518)
Operating (loss)/profit before highlighted items	**4,737**	(334)
Highlighted items (note 3)	**(9,815)**	(2,541)
Operating loss	**(5,078)**	(2,875)
Net finance costs	**(633)**	(1,012)
Loss before tax	**(5,711)**	(3,887)

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 2021

2. Segmental reporting continued

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Total assets for reportable segments	**72,628**	77,497
Unallocated amounts:		
Other intangible assets	**187**	388
Other receivables	**964**	1,291
Cash and cash equivalents	**1,147**	420
Deferred tax asset	**585**	336
Total assets	**75,511**	79,932

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

	Year ended/as at 31 December 2021		Year ended/as at 31 December 2020	
	Revenue by location of customers £'000	Non-current assets £'000	Revenue by location of customers £'000	Non-current assets £'000
United Kingdom	**31,532**	**19,922**	29,083	21,684
Rest of Europe	**18,102**	**10,797**	15,999	12,424
North America	**5,565**	**2,342**	4,671	2,721
Rest of world	**7,892**	**5,848**	6,154	6,348
	63,091	**38,909**	55,907	43,177
Deferred tax assets	**–**	**1,388**	–	1,145
Total	**63,091**	**40,297**	55,907	44,322

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 2021

3. Highlighted items

Highlighted items comprise items which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business.

	Year ended 31 December 2021			Year ended 31 December 2020		
	Cash £'000	Non-cash £'000	Total £'000	Cash £'000	Non-cash £'000	Total £'000
Administrative expenses						
Share option charge/(credit)	**140**	**319**	**459**	(61)	(1,845)	(1,906)
Amortisation of purchased intangibles	**–**	**1,065**	**1,065**	–	1,122	1,122
Impairment of goodwill	**–**	**–**	**–**	–	817	817
Severance and reorganisation costs	**87**	**–**	**87**	1,194	315	1,509
Acquisition, integration and strategic/(income)	**308**	**7,896**	**8,204**	809	190	999
Total highlighted items before tax	**535**	**9,280**	**9,815**	1,942	599	2,541
Taxation (credit)/charge	**(64)**	**(467)**	**(531)**	(289)	113	(176)
Total highlighted items after tax – continuing operations	**471**	**8,813**	**9,284**	1,653	712	2,365
Highlighted items – discontinued operations	**–**	**–**	**–**	(220)	–	(220)
Total highlighted items	**471**	**8,813**	**9,284**	1,433	712	2,145

Share option charges include the non-cash IFRS 2 charge of £319,000 (31 December 2020: credit of £1,845,000) along with the cash element in relation to the exercising of share options, a charge of £140,000 (31 December 2020: credit of £61,000). The IFRS 2 credit arose in the prior period predominantly due to the lapse of 4,200,000 options awarded under the Executive Incentive Plan in 2010 as the current share price was below the exercise price.

Amortisation of purchased intangibles relates to acquisitions made in the current financial year of £nil and to acquisitions made in prior years of £1,065,000 (31 December 2020: £nil in the current financial year and £1,122,000 in prior years). Separate disclosure is considered relevant because amortisation of purchased intangibles has no correlation to underlying profitability of the Group.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

3. Highlighted items continued

Impairment of goodwill and intangibles of £nil (31 December 2020: £817,000) has been recognised in the year. The impairment in the prior year is in relation to the impairment of goodwill in Digital Balance Australia Pty Limited. The impairment was determined by the excess of the carrying value of goodwill and purchased intangibles over and above the calculated value-in-use.

Total severance and reorganisation costs of £87,000 (31 December 2020: £1,509,000) were recognised during the year, relating to severances in the UK as part of management restructure. Separate disclosure is considered relevant as these charges are non-recurring and not reflective of the underlying operating costs of the business.

Total acquisition, integration and strategic costs of £8,204,000 (31 December 2020: £999,000) were recognised during the year. These predominantly relate to an accrual for post-date remuneration of £7,922,000 (31 December 2020: £nil) payable in 2023, relating to the acquisition of Digital Decisions BV in 2020. Costs of £112,000 (31 December 2020: £56,000) were also recognised in relation to acquisitions. A £110,000 severance cost was incurred relating to the previous directors of Ebiquity Italy Media Advisor S.r.l.

A further £44,000 (31 December 2020: £80,000) was incurred in relation to financing restructuring. In addition, £15,000 (31 December 2020: £791,000) was incurred relating to the upward revision of the amounts payable on prior year acquisitions and adjustment to the fair value of contingent consideration to the latest prevailing exchange rates.

In the prior year, costs of £72,000 were recognised in relation to the Chicago sublease arrangement. Separate disclosure is considered relevant as these charges are non-recurring and not reflective of the underlying operating costs of the business.

Current tax arising on the highlighted items is included as a cash item, while deferred tax on highlighted items is included as a non-cash item. Refer to note 7 for more detail.

As at 31 December 2021, £397,000 of the £535,000 cash highlighted items had been settled (31 December 2020: £1,314,000 of the £1,942,000 cash highlighted items had been settled).

4. Operating loss after highlighted items

Operating loss after highlighted items is stated after charging/(crediting):

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating lease rentals		
– other	**48**	38
– land and buildings	**–**	35
Depreciation and amortisation (notes 11, 12 and 13)	**5,104**	4,848
Impairment of goodwill (note 10)	**–**	817
Impairment of intangibles (note 11)	**–**	–
Contingent consideration revaluations (note 3)	**84**	791
Income on transitional services agreement	**–**	(223)
Write down of accrued income	**–**	284
(Gain)/loss on disposal of fixed assets	**3**	(3)
Research costs – expensed	**238**	173
Foreign exchange loss	**652**	64

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4. Operating loss after highlighted items continued

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 2021 £'000	Year ended 31 December 2020 £'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**330**	350
Fees payable to the Company's auditors and its associates for other services:		
– other audit-related assurance services	**50**	50
– other assurance services	**8**	–
– tax compliance services	**23**	22
	411	422

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 2021 Number	Year ended 31 December 2020 Number
Media	**337**	322
Analytics & Tech	**92**	133
IT development and support	**28**	23
Administration	**80**	75
Directors	**7**	7
	544	560

At 31 December 2021, the total number of employees of the Group was 553 (31 December 2020: 550).

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**32,503**	31,494
Social security costs	**4,570**	3,704
Other pension costs	**1,015**	1,124
Share options charge/(credit) (note 24)	**319**	(1,845)
Total staff costs	**38,407**	34,477

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

5. Employee information continued

Directors' remuneration

Total Directors' remuneration was £1,142,000, including £574,000 to the highest paid Director (31 December 2020: £723,000 including £262,000 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. £100,000 performance bonuses were paid during the year (31 December 2020: £nil) No retention bonuses were payable to any Directors (31 December 2020: £nil).

No Directors were a member of a Company pension scheme as at 31 December 2021 (31 December 2020: none). Contributions totalling £6,000 (31 December 2020: £nil) were made to Directors' private pension schemes during the year, including £6,000 to the highest paid Director (31 December 2020: £nil).

No Directors exercised share options during the year (31 December 2020. nil). The highest paid Director exercised no share options (31 December 2020: nil).

During the year, nil (31 December 2020: 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 63 to 67.

6. Finance income and expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Finance income		
Bank interest	**7**	13
Lease receivables interest	**13**	26
Finance income	**20**	39
Finance expenses		
Bank loans and overdraft interest	**(603)**	(582)
Loan fee amortisation	**(57)**	(48)
Lease liabilities' interest	**(222)**	(284)
Finance expenses	**(882)**	(914)

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

7. Taxation charge/(credit)

	Year ended 31 December 2021			Year ended 31 December 2020		
	Before highlighted items £'000	**Highlighted items £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	**(30)**	**(42)**	**(72)**	(20)	(82)	(102)
Adjustment in respect of prior years	**52**	**–**	**52**	(309)	–	(309)
	22	**(42)**	**(20)**	(329)	(82)	(411)
Foreign tax						
Current year	**1,363**	**(22)**	**1,341**	686	(207)	479
Adjustment in respect of prior years	**(9)**	**–**	**(9)**	(77)	–	(78)
	1,354	**(22)**	**1,332**	609	(207)	401
Total current tax	**1,376**	**(64)**	**1,312**	280	(289)	(10)
Deferred tax						
Origination and reversal of temporary differences (note 21)	**376**	**(467)**	**(91)**	(186)	113	(73)
Adjustment in respect of prior years	**(15)**	**–**	**(15)**	(68)	–	(67)
Total tax charge/(credit)	**1,737**	**(531)**	**1,206**	26	(176)	(150)

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss before tax	**(5,711)**	(3,887)
Corporation tax at 19.00% (31 December 2020: 19.00%)	**(1,085)**	(739)
Non-deductible taxable expenses	**3,598**	1,605
Overseas tax rate differential	**354**	117
Overseas (gains)/losses not recognised	**(1,340)**	(460)
Losses utilised not previously recognised	**(349)**	1
Adjustment in respect of prior years	**28**	(674)
Total tax (credit)/charge	**1,206**	(150)

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

7. Taxation charge/(credit) continued
Following the Budget on 31 March 2021, the corporation tax rate effective from 1 April 2021 and 1 April 2022 will remain at 19%. This supersedes the announcement on 6 September 2016 which detailed a reduction to 17% from 1 April 2020. The 2021 Budget detailed an increase in the corporation tax rate from 1 April 2023 to 25%, this was substantially enacted on 10 June 2021.

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

	£'000
At 1 January 2020	4,152
Corporation tax payments	(2,476)
Corporation tax refunds	191
Withholding tax	(25)
Under-provision in relation to prior years	(220)
Provision for the year ended 31 December 2020	(10)
Foreign exchange	91
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**

8. Discontinued operations
No operations were discontinued in the year to 31 December 2021.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

9. Earnings per share

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

	Year ended 31 December 2021			Year ended 31 December 2020		
	Continuing £'000	**Discontinued £'000**	**Total £'000**	Continuing £'000	Discontinued £'000	Total £'000
Earnings for the purpose of basic earnings per share, being net (loss)/profit attributable to equity holders of the parent	**(7,032)**	**–**	**(7,032)**	(3,923)	220	(3,703)
Adjustments:						
Impact of highlighted items (net of tax)[1]	**9,284**	**–**	**9,284**	2,354	(220)	2,134
Earnings for the purpose of underlying earnings per share	**2,252**	**–**	**2,252**	(1,569)	–	(1,569)
Number of shares:						
Weighted average number of shares during the year						
– basic	**82,627,526**	**–**	**82,627,526**	81,571,242	81,571,242	81 571,242
– dilutive effect of share options	**2,483,339**	**–**	**2,483,339**	528,254	528,254	528,254
– diluted	**85,110,865**	**–**	**85,110,865**	82,099,496	82,099,496	82,099,496
Basic (loss)/earnings per share	**(8.51)p**	**–**	**(8.51)p**	(4.81)p	0.27p	(4.54)p
Diluted (loss)/earnings per share	**(8.51)p**	**–**	**(8.51)p**	(4.81)p	0.27p	(4.54)p
Underlying basic earnings per share	**2.72p**	**–**	**2.72p**	(1.92)p	–	(1.92)p
Underlying diluted earnings per share	**2.67p**	**–**	**2.67p**	(1.92)p	–	(1.92)p

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

10. Goodwill

	£'000
Cost	
At 1 January 2020	36,749
Acquisitions	484
Foreign exchange differences	518
At 31 December 2020	37,751
Acquisitions	**–**
Foreign exchange differences	**(447)**
At 31 December 2021	**37,304**
Accumulated impairment	
At 1 January 2020	(8,340)
Impairment	(817)
Foreign exchange differences	(31)
At 31 December 2020	(9,188)
Impairment	**–**
Foreign exchange differences	**56**
At 31 December 2021	**(9,132)**
Net book value	
At 31 December 2021	**28,172**
At 31 December 2020	28,563

Goodwill has been allocated to the following segments:

	31 December 2021 £'000	31 December 2020 £'000
Media	**26,464**	26,855
Analytics & Tech	**1,708**	1,708
	28,172	28,563

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 2021 £'000**	31 December 2020 £'000
Media UK and International	Media	**9,232**	9,261
Digital Decisions	Media	**477**	507
Media Germany	Media	**4,316**	4,327
Media Value Group	Media/Analytics & Tech	**2,994**	3,187
FirmDecisions	Media	**2,981**	2,981
Media Australia	Media	**2,304**	2,422
China	Media	**2,287**	2,256
Effectiveness	Analytics & Tech	**1,678**	1,678
Digital Balance	Analytics & Tech	**30**	30
Media America	Media	**604**	604
Media France	Media	**556**	571
Media Italy	Media	**376**	401
Russia	Media	**337**	337
		28,172	28,563

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

10. Goodwill continued

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 2022 financial year.

For the 2023 and 2024 financial years, the forecast EBIT is as per management and market expectations. The forecast 2024 balances are taken to perpetuity in the model. The forecast for 2023 and 2024 uses certain assumptions to forecast revenue and operating costs within the Group's operating segments beyond the 2022 budget.

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 three-year pre-tax cash flow forecasts have been discounted at between 10% and 13% (31 December 2020: between 10% and 11%).

Growth rate assumptions

Cash flows beyond the three-year period are extrapolated at a rate of 2.00% (31 December 2020: 2.00%) for all CGUs with the exception of China where a rate of 2.60% has been applied, which does not exceed the long-term average growth rate in any of the markets in which the Group operates.

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, with the exception of the China and Media America CGUs.

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. The considerations underpinning why management believes no impairment is required in respect of China, Media America and FirmDecisions are as follows, specifically what change in key assumptions would result in an impairment:

	China		Media America		FirmDecisions	
	Current % (2022/2023/2024)	% change leading to impairment	Current % (2022/2023/2024)	% change leading to impairment	Current % (2022/2023/2024)	% change leading to impairment
Budgeted revenue growth	17%/10%/5%	(5)%/(5)%/(7)%	45%/25%/15%	(9)%/(13)%/(13)%	31%/7%/5%	(6)%/(7)%/(8)%
Budgeted cost growth	10%/5%/5%	6%/5%/7%	35%/7%/5%	11%/13%/14%	6%/5%/2%	7%/3%/8%
Pre-tax discount rate	11%/11%/11%	3%	12%/12%/12%	18%	12%/12%/12%	15%

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2021

11. Other intangible assets

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets[1] £'000	Total intangible assets £'000
Cost				
At 1 January 2020	4,034	2,525	16,165	22,724
Additions	1,226	4	–	1,230
Acquisitions	–	–	70	70
Disposals[1]	(460)	(10)	–	(470)
Foreign exchange differences	91	23	346	460
At 31 December 2020	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**

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets[1] £'000	Total intangible assets £'000
Amortisation and impairment[2]				
At 1 January 2020	(1,471)	(1,853)	(12,637)	(15,961)
Charge for the year[3]	(685)	(280)	(1,122)	(2,087)
Disposals	460	10	–	470
Foreign exchange differences	(49)	(24)	(228)	(301)
At 31 December 2020	(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)**
Net book value				
At 31 December 2021	**2,877**	**196**	**1,455**	**4,528**
At 31 December 2020[4]	3,146	395	2,594	6,135

1. Purchased intangible assets consist principally of customer relationships with a typical useful life of eight to 10 years.
2. No impairment charge has been recognised in the current year (year ended 31 December 2020: £nil following management's review of the carrying value of other intangible assets).
3. Amortisation is charged within administrative 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 administrative expense.
4. Of the net book value of capitalised development costs, £2,165,000 remains in development at 31 December 2021.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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 2020	36	1,016	1,834	2,047	4,933
Additions	—	13	98	—	111
Acquisitions[1]	—	12	7	—	19
Allocations	—	30	(2)	(28)	—
Disposals	(17)	(84)	(115)	—	(216)
Foreign exchange differences	1	35	66	27	129
At 31 December 2020	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**

1 Certain assets were acquired as part of the Digital Decisions acquisition.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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 2020	(15)	(564)	(1,204)	(587)	(2,370)
Charge for the year	(5)	(157)	(254)	(319)	(735)
Acquisitions	—	(2)	(1)	—	(3)
Allocation	—	(1)	—	1	—
Disposals	5	36	151	—	192
Foreign exchange differences	—	(22)	(57)	(19)	(98)
At 31 December 2020	(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)**
Net book value					
At 31 December 2021	**20**	**202**	**464**	**827**	**1,512**
At 31 December 2020	5	312	523	1,122	1,962

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

13. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2020	10,317	200	59	10,576
Additions	568	22	115	705
Disposals	(331)	(10)	(12)	(353)
Allocations	324	—	—	324
Reclassification to lease receivables	(1,113)	—	—	(1,113)
Foreign exchange	24	17	(9)	32
At 31 December 2020	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**

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Accumulated depreciation				
At 1 January 2020	(2,209)	(15)	(13)	(2,237)
Charge for the year	(1,942)	(50)	(34)	(2,026)
Disposals	136	10	12	158
Allocations	(324)	—	—	(324)
Reclassification to lease receivables	558	—	—	558
Impairment for the year	(24)	—	—	(24)
Foreign exchange	—	(44)	5	(39)
At 31 December 2020	(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)**
Net book value				
At 31 December 2021	**4,377**	**79**	**86**	**4,542**
At 31 December 2020	5,984	130	123	6,237

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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

Lease liabilities

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2020	9,380	169	41	9,590
Additions	568	22	115	705
Disposals	(131)	–	–	(131)
Cash payments in the year	(2,192)	(58)	(19)	(2,269)
Interest charge in the year	277	6	1	284
Foreign exchange	(44)	35	(12)	(21)
At 31 December 2020	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**
Current	2,486	43	37	2,566
Non-current	3,725	44	56	3,825

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

	Minimum lease payments 31 December 2021 £'000	31 December 2020 £'000
Amounts due:		
Within one year	**2,722**	2,556
Between one and two years	**2,038**	2,219
Between two and three years	**913**	1,946
Between three and four years	**597**	917
Between four and five years	**446**	609
Later than five years	**–**	454
	6,716	8,701

Lease receivables

	31 December 2021 £'000	31 December 2020 £'000
Lease receivables	**301**	451
Current	**146**	171
Non-current	**155**	280

In the prior year a sublease arrangement was entered into relating to the Chicago office lease. Accordingly, the right-of-use asset was derecognised and instead 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 arrangement expires in September 2023.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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	100%[1]	UK	Non-trading
AMMO Limited	100%[1]	UK	Non-trading
Axiology Limited	100%[1]	UK	Non-trading
Barsby Rowe Limited	100%[1]	UK	Non-trading
BCMG Acquisitions Limited	100%[1]	UK	Non-trading
BCMG Limited	100%	UK	Holding company
Billetts Consulting Limited	100%[1]	UK	Non-trading
Billetts International Limited	100%[1]	UK	Non-trading
Billetts Limited	100%[1]	UK	Non-trading
Billetts Marketing Investment Management Limited	100%[1]	UK	Non-trading
Billetts Marketing Sciences Limited	100%[1]	UK	Non-trading
Billetts Media Consulting Limited	100%[1]	UK	Non-trading
Brief Information Limited	100%[1]	UK	Non-trading
Checking Advertising Services Limited	100%	UK	Non-trading
China Media (Shanghai) Management Consulting Company Limited[2]	100%[1]	China	Media consultancy
China Media Consulting Group Limited	100%[1]	Hong Kong	Holding company
Data Management Services Group Limited	100%[1]	UK	Non-trading
Digital Balance Australia Pty Limited[2]	100%[1]	Australia	Multi-channel analytics
Digireels Limited	100%[1]	UK	Non-trading
Digital Decisions BV[2]	100%[1]	The Netherlands	Media consultancy

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Ebiquity Asia Pacific Limited	100%[1]	UK	Holding company
Ebiquity Associates Limited[2]	100%	UK	Media consultancy
Ebiquity Germany GmbH[2]	100%[1]	Germany	Media consultancy
Ebiquity Holdings Inc.	100%	US	Holding company
Ebiquity Iberia S.L.U.[2]	100%[1]	Spain	Media consultancy
Ebiquity Inc.[2]	100%[1]	US	Media consultancy
Ebiquity India Pvt Limited[3]	100%[1]	India	Media consultancy
Ebiquity Italy Media Advisor S.r.l.[2,4]	100%[1]	Italy	Media consultancy
Ebiquity Marsh Limited[2]	100%[1]	Ireland	Media consultancy
Ebiquity Pte. Limited[2]	100%[1]	Singapore	Media consultancy
Ebiquity Pty Limited[2]	100%[1]	Australia	Media consultancy
Ebiquity Russia Limited[2,5]	75.05%[1]	UK	Media consultancy
Ebiquity Russia OOO[2,5]	75.05%[1]	Russia	Media consultancy
Ebiquity SAS[2]	100%[1]	France	Media consultancy
Ebiquity US Financing Limited	100%	UK	Non-trading
Ebiquity US Holdings Limited	100%[1]	UK	Holding company
Ebiquity US Holdings LLC	100%[1]	US	Holding company
Ebiquity UK Holdings Limited	100%	UK	Holding company
Ebiquity UK Limited	100%[1]	UK	Non-trading
Fairbrother Lenz Eley Limited	100%[1]	UK	Non-trading
Faulkner Group Pty Limited	100%[1]	Australia	Non-trading
FirmDecisions ASJP Germany GmbH[2]	100%[1]	Germany	Media consultancy
FirmDecisions China Limited[2]	100%[1]	China	Media consultancy

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

14. Subsidiaries continued

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
FirmDecisions DMCC[3]	100%[1]	UAE	Media consultancy
FirmDecisions Group Limited	100%	UK	Holding company
FirmDecisions ASJP LLC[7]	100%[1]	US	Media consultancy
FirmDecisions Pty Limited[2]	100%[1]	Australia	Media consultancy
FirmDecisions Iberia S.L.U.[2]	100%[1]	Spain	Media consultancy
FirmDecisions Limited[2]	100%[1]	UK	Media consultancy
FLE Holdings Limited	100%	UK	Holding company
Fouberts Place Subsidiary No. 4 Limited	100%[1]	UK	Non-trading
Freshcorp Limited	100%[1]	UK	Non-trading
Mediaadvantage Consulting L.d.a.[2]	100%[1]	Portugal	Media consultancy
Nova Vision Europe S.A.	100%[1]	Belgium	Non-trading
Prominent Pages Limited	100%[1]	UK	Non-trading
Shots Limited	100%[1]	UK	Non-trading
Stratigent LLC	100%[1]	US	Multi-channel analytics
Telefoto Monitoring Services Limited	100%[1]	UK	Non-trading
The Billett Consultancy Limited	100%[1]	UK	Non-trading
The Communication Trading Company Limited	100%[1]	UK	Non-trading
The Press Advertising Register Limited	100%[1]	UK	Non-trading
The Register Group Limited	100%[1]	UK	Non-trading
Worldwide Media Management Limited	100%[1]	UK	Non-trading
Xtreme Information Limited	100%[1]	UK	Non-trading
Xtreme Information Services (Australia) Pty Limited	100%[1]	Australia	Non-trading
Xtreme Information Services Limited	100%	UK	Holding company
Xtreme Information Services SPRL	100%[1]	Belgium	Non-trading
Xtreme Information (USA) Limited	100%[1]	UK	Non-trading

1 Shares held by an intermediate holding company
2 Principal trading entity
3 Ebiquity India Pvt Limited became part of the Group in December 2020
4 In February 2020 the Group acquired the outstanding 49% interest in Ebiquity Italy Media Advisor S.r.l. from the minority shareholder
5 In December 2020 the Group acquired a further 24.95% interest in Ebiquity Russia Limited and Ebiquity Russia OOO from one of the minority shareholders

15. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade and other receivables due within one year		
Net trade receivables (note 25)	**14,406**	15,594
Other receivables	**1,688**	795
Prepayments	**668**	1,366
Contract assets	**5,172**	6,563
	21,934	24,318

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 2021

16. Cash and cash equivalents

	31 December 2021 £'000	31 December 2020 £'000
Cash and cash equivalents	**13,134**	11,121

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

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	31 December 2021 £'000	31 December 2020 £'000
Cash and cash equivalents	**13,134**	11,121
Bank overdrafts (note 19)	**–**	–
Cash, cash equivalents and bank overdrafts	**13,134**	11,121

17. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	**3,290**	2,047
Other taxation and social security	**2,287**	3,269
Other payables	**948**	780
	6,525	6,096

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 2021 £'000	31 December 2020 £'000
Accruals	**14,042**	5,392
Contract liabilities	**5,308**	4,498
	19,350	9,890

Accruals include £7,922,000 for the post-date remuneration payable in 2023 relating to the acquisition of Digital Decisions BV. See note 3.

19. Financial liabilities

	31 December 2021 £'000	31 December 2020 £'000
Current		
Loan fees[1]	**(59)**	(45)
Contingent consideration	**–**	1,957
	(59)	1,912
Non-current		
Bank borrowings	**18,000**	19,000
Government borrowings	**–**	750
Loan fees[1]	**(40)**	(75)
	17,960	19,675
Total financial liabilities	**17,901**	21,587

1. Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight-line basis to the maturity date of the facility, this being September 2023

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

19. Financial liabilities

	Bank overdrafts £'000	Bank borrowings £'000	Government borrowings £'000	Contingent consideration £'000	Total £'000
At 1 January 2020	–	13,832	–	14	13,846
Recognised on revaluation	–	–	–	3,086	3,086
Paid	–	–	–	(1,934)	(1,934)
Charged to the income statement	–	48	–	625	673
Discounting charged to the income statement	–	–	–	(44)	(44)
Borrowings	–	5,000	750	–	5,750
Foreign exchange released to the income statement	–	–	–	210	210
At 31 December 2020	–	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**

A currency analysis for the bank borrowings is shown below:

	31 December 2021 £'000	31 December 2020 £'000
Pounds sterling	**17,901**	18,880
Total bank borrowings	**17,901**	18,880

All bank borrowings are held jointly with Barclays and NatWest. The committed facility as at 31 December 2021 totalled £24,000,000, comprising a revolving credit facility ('RCF') of £23,000,000 (of which £18,000,000 was drawn as at 31 December 2021 (31 December 2020: £19,000,000)) and £1,000,000 available as an overdraft for working capital purposes. The RCF had a maturity date of 20 September 2023. Since the year end, the facility has been increased and extended under an agreement dated 24 March 2022. This increased the total available to £30,000,000, initially for a period of three years to March 2025 and extendable for up to a further two years.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

19. Financial liabilities continued

Early repayments will begin from June 2023 onwards at a rate of £1.25 million per annum. Apart from this, the drawn RCF and any further drawings under the RCF are repayable on 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.

Loan arrangement fees of £99,000 (31 December 2020: £120,000) are offset against the term loan and are being amortised over the period of the loan. £59,000 of loan arrangement fees have been included within creditors due within one year and the balancing £40,000 have been included within creditors due after more than one year.

The facility bears variable interest of SONIA plus a margin of 2.5%. The margin rate is able to be lowered each quarter end depending on the Group's net debt to EBITDA ratio.

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, US, Germany and Australia.

Contingent consideration represents additional amounts that are expected to be payable for acquisitions made by the Group and is held at fair value at the statement of financial position date. All amounts were fully paid in April 2021.

It has been determined that the deferred payments in relation to the acquisition of Digital Decisions BV ('Digital Decisions') should be treated as post-date remuneration. IFRS 3 (revised) provides guidance for situations where contingent consideration may be considered to be remuneration for post-acquisition employment. Taken in aggregate, these guidelines indicate that the contingent payments to the seller (who remains an employee) constitute post-date remuneration and they are therefore being accounted for as such.

20. Provisions

	Dilapidations[1] £'000	Total £'000
At 1 January 2020	687	687
Discounting charged to the income statement	25	25
Utilisation of provision	(300)	(300)
At 31 December 2020	412	412
Discounting charged to the income statement	**88**	**88**
Utilisation of provision	**(7)**	**(7)**
At 31 December 2021	**493**	**493**
Current	–	–
Non-current	493	493

1. The dilapidations provision relates to the expected costs of vacating various properties. The amount recognised in the prior year relates to the newly occupied London office. The provision is expected to be fully utilised by June 2024.

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2021

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 2020	404	(1,036)	101	447	(238)	(322)
Credit/(charge) to income	169	(42)	(58)	(3)	74	140
Recognised on acquisition (note 28)	–	(13)	–	–	–	(13)
At 31 December 2020	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)**

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 2021 £'000	31 December 2020 £'000
Deferred tax assets – *non*-current	**1,388**	1,145
Deferred tax liabilities – current	**(390)**	(250)
Deferred tax liabilities – non-current	**(1,083)**	(1,090)
	(85)	(195)

At the year end, the Group had tax losses *of* £1,574,000 (31 December 2020: £2,117,000) available for offset against future profits. A *deferred tax asset* of £341,000 (31 December 2020 £444,000) has been recognised in *respect of* such losses.

The Group has unrecognised tax losses of £7,054,000 (31 December 2020: £2,420,000) and unrecognised deferred tax assets of £1,475,000 (31 December 2020: £511,000) in relation to tax losses.

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 2021

22. Ordinary shares

	Number of shares	Nominal value £'000
At 1 January 2020 – ordinary shares of 25p	80,115,626	20,029
Shares issued	2,437,628	609
Share options exercised	30,000	8
At 31 December 2020 – 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**

Ordinary shares carry voting rights and are entitled to share in the profits of the Company (dividends). At the year end, 7,326,129 share options were held by the ESOP (31 December 2020: 1,970,375). The Company does not have a limited amount of authorised capital.

23. Reserves
Share premium
The share premium reserve of £255,000 (31 December 2020: £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 2020: £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 2020: £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 £2,383,000 (31 December 2020: £3,272,000) 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 2021

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 2021:

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 – 27 September 2012	10 years	September 2013 – September 2022	97.5	97.5	85,002
Executive Share Option Plan – 23 May 2013	10 years	April 2016 – May 2023	25.0	25.0	45,788
Executive Share Option Plan – 17 January 2014	10 years	April 2016 – January 2024	25.0	25.0	82,418
Executive Share Option Plan– 15 May 2014	10 years	April 2017 – May 2024	25.0	25.0	69,365
Executive Share Option Plan– 1 October 2015	10 years	April 2018 – October 2025	25.0	25.0	420,000
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	270,000
Executive Share Option Plan – 13 February 2018	10 years	April 2021 – February 2028	25.0	25.0	508,000
Executive Share Option Plan – 24 May 2018	10 years	December 2020 – May 2028	nil – 25.0	16.9	405,000
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	260,000
Executive Share Option Plan – 4 December 2019	10 years	April 2022 – December 2029	nil	0.0	721,667
Executive Share Option Plan – 30 April 2021	10 years	April 2024 – April 2031	nil	nil	4,030,395
					7,327,636

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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.

Options had not been granted to the Executive team between October 2015 and February 2018 due to many of them being involved in the sale of the Advertising Intelligence business and therefore possessing price-sensitive information. 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%.

The options awarded in respect of the years ending 31 December 2018 and 31 December 2019 have the same performance conditions other than that EPS growth rates of between 8% and 15% are required for vesting.

4,030,395 share options (2020: nil) were granted to employees under the ESOP in the year ended 31 December 2021.

Movements in outstanding ordinary share options:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	**5,006,233**	**28.8**	10,889,463	28.8
Granted during the year	**4,030,395**	**–**	–	–
Exercised during the year	**(145,636)**	**22**	(30,000)	–
Lapsed during the year	**(943,716)**	**–**	(5,853,230)	–
Performance criteria not expected to be met	**(620,000)**	**22**	–	–
Outstanding at the end of the year	**7,327,636**	**23**	5,006,233	17.7
Exercisable at the end of the year	**1,607,571**	**18**	1,619,065	23.5

Notes to the consolidated financial statements continued

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24. Share-based payments continued

Executive Share Option Plan ('ESOP') continued

During the year, 4,030,395 share options were granted (2020: nil) with a weighted average fair value of 48.5p. These fair values were calculated using the Black-Scholes model with the following inputs:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Weighted average share price	**–**	–
Exercise price	**nil**	–
Expected volatility[1]	**50.45%**	–
Vesting period	**3 years**	–
Risk-free interest rates	**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 145,636 shares (31 December 2020: 30,000 shares) being issued at a weighted average price of 22p each (31 December 2020: nil). The weighted average share price on the dates of exercise for options exercised during the year was 18p (31 December 2020: 25.0p).

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.4 years (31 December 2020: 1.3 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 £319,000 (31 December 2020: a credit of £1,845,498).

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 2021 £'000	31 December 2020 £'000
Financial assets:		
Cash and cash equivalents	**13,134**	11,121
Financial liabilities held at amortised cost:		
Bank overdraft	**–**	–
Bank borrowings	**(17,901)**	(18,880)
Government borrowings	**–**	(750)
Net debt	**(4,767)**	(8,509)
Equity	**(23,004)**	(30,746)
Capital	**(27,771)**	(39,255)

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

25. Capital and financial risk management continued

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.

Financial assets past due but not impaired

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 2021	**2,821**	**1,275**	**1,546**
At 31 December 2020	3,631	2,225	1,406

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

25. Capital and financial risk management continued
Credit risk continued

Financial assets past due but not impaired

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

	31 December 2021			31 December 2020		
	Gross value £'000	**Provision £'000**	**Carrying value £'000**	Gross value £'000	Provision £'000	Carrying value £'000
Trade receivables	**14,517**	**(111)**	**14,406**	15,895	(301)	15,594

The Group records impairment losses on its trade receivables separately from the gross amounts receivable Impaired receivables are provided against based on expected recoverability

The movements on this allowance during the year are summarised below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening balance	**301**	75
Increase in provision	**83**	266
Written off against provision	**(199)**	(1)
Recovered amount reversed	**(68)**	(37)
Foreign exchange	**(6)**	(2)
Closing balance	**111**	301

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).

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 £49,956.67 (2020: £72,000).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

25. Capital and financial risk management continued

Market risk continued

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 2021		31 December 2020	
	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	**(98)**	**1,877**	111	2,069
10% strengthening of euro	**592**	**1,335**	172	1,281
10% strengthening of Australian dollar	**(40)**	**532**	(12)	631

1 An equal weakening of any currency would broadly have the opposite effect.

The currency profile of the financial assets at 31 December 2021 is as follows.

	Cash and cash equivalents		Net trade receivables	
	31 December 2021 £'000	31 December 2020 £'000	**31 December 2021 £'000**	31 December 2020 £'000
Pounds sterling	**4,237**	1,999	**4,314**	4,518
US dollar	**1,029**	1,752	**2,173**	4,060
Euro	**4,782**	4,570	**6,334**	5,990
Australian dollar	**1,563**	1,223	**347**	395
Russian rouble	**310**	280	**288**	198
Singapore dollar	**50**	174	**102**	47
Chinese renminbi	**1,082**	950	**535**	119
Indian rupee	**81**	40	**80**	60
New Zealand dollar	**—**	8	**47**	9
South African rand	**—**	—	**—**	—
United Arab Emirate dirham	**—**	125	**116**	103
Chilean peso	**—**	—	**68**	5
Swiss franc	**—**	—	**2**	90
	13,134	11,121	**14,406**	15,594

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 2021

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 2021, £5,000,000 (31 December 2020: £4,000,000) of the revolving credit facility was undrawn and the £1,000,000 overdraft remains available. The facility expires in September 2023, at which point drawn-down 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 2021 £'000	31 December 2020 £'000
Current financial assets		
Amortised cost:		
Trade and other receivables[1] (note 15)	**16,094**	16,389
Lease receivables (note 13)	**146**	171
Cash and cash equivalents (note 16)	**13,134**	11,121
	29,374	27,681

1. Trade and other receivables includes net trade receivables and other receivables and excludes prepayments and contract assets.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

25. Capital and financial risk management continued

Financial liabilities

	31 December 2021 £'000	31 December 2020 £'000
Current financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables[1]	**4,238**	2,827
Accruals	**14,043**	5,392
Loans and borrowings	**(59)**	(45)
Lease liabilities[2]	**2,566**	2,338
Liabilities at fair value through profit and loss:		
Contingent consideration	**–**	1,957
	20,788	12,469
Non-current financial liabilities		
Other financial liabilities at amortised cost:		
Bank loans and borrowings	**17,960**	18,925
Government borrowings	**–**	750
Lease liabilities[2]	**3,825**	5,820
	21,785	25,495
Total financial liabilities	**42,573**	37,964

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.

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 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**
At 31 December 2020			
Trade and other payables	2,827	–	2,827
Accruals	5,392	–	5,392
Bank loans and overdrafts	515	19,905	20,420
Government borrowings	–	750	750
Lease liabilities[1]	2,548	6,109	8,657
Contingent consideration	1,957	–	1,957
Undiscounted cash flows	13,239	26,763	40,002
Less: finance charges allocated to future periods	(770)	(1,269)	(2,039)
Present value	12,469	25,495	37,964

1 Lease liabilities are those recognised in accordance with IFRS 16

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

25. Capital and financial risk management continued

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 2021				
Financial liabilities				
Contingent consideration	–	–	–	–
	–	–	–	–
At 31 December 2020				
Financial liabilities				
Contingent consideration	–	–	1,957	1,957
	–	–	1,957	1,957

Refer to note 19 for a reconciliation of movements during the year.

The fair value of the contingent consideration is £nil (31 December 2020: £1,957,000)

26. Dividends

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Dividend in respect of the prior year	–	–
Total dividend paid	–	–

No dividends were paid during the current financial year (2020: £nil). 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 2021

27. Cash generated from operations

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
(Loss) before taxation	**(5,711)**	(3,887)
Adjustments for:		
Depreciation (notes 12 and 13)	**2,609**	2,761
Amortisation (note 11)	**2,495**	2,087
(Gain)/loss on disposal	**3**	(3)
Impairment of right-of-use assets (note 13)	**–**	24
Impairment of goodwill (note 10)	**–**	817
Unrealised foreign exchange loss	**70**	35
Share option (credits)/charges (note 3)	**319**	(1,845)
Finance income (note 6)	**(20)**	(39)
Finance expenses (note 6)	**882**	915
US PPP release	**(720)**	–
Contingent consideration revaluations (note 3)	**7,397**	791
	7,324	1,656
Decrease in trade and other receivables	**2,250**	2,457
Increase/(decrease) in trade and other payables	**2,226**	1,714
Movement in provisions	**–**	–
Cash generated from operations	**11,800**	5,827

28. Acquisitions

Digital Decisions BV

On 8 January 2020, the Group completed the purchase of Digital Decisions BV ('Digital Decisions'). The acquisition was for an initial cash consideration of €700,000 (£597,000) with further consideration payable in a mix of cash and Ebiquity plc shares. The first deferred payment was based on performance in the year to 31 December 2020, for which the threshold was not met and there was no payment.

The second will be based on the average performance for the two years ending 31 December 2022. Due to the integration of the Digital Decisions service with the Group's overall digital media products, the basis of the revenue included in the performance calculation for the two years ended 31 December 2022 was amended to include the contribution from all digital media solutions developed by the Digital Innovation Centre. The multiple applied in calculating the contingent consideration was reduced from eight times to six times the average of the relevant profits generated in 2021 and 2022.

The fair value of the initial purchase consideration for the acquisition of Digital Decisions is as follows:

	£'000
Cash	**597**

As discussed in note 19, the deferred payments constitute post-date remuneration and therefore will be accrued in accordance to the period they relate.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

28. Acquisitions

Digital Decisions BV continued

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are as follows:

	Carrying value £'000	Fair value adjustment £'000[1]	Fair value £'000
Brands	–	70	70
Property, plant and equipment	16	–	16
Trade and other receivables	127	–	127
Cash and cash equivalents	10	–	10
Trade and other payables	(97)	–	(97)
Deferred tax liabilities	–	(13)	(13)
Net assets acquired	**56**	**57**	**113**
Goodwill arising on acquisition[2]			484
***Purchase consideration recognised* on acquisition**			**597**

1 The fair value adjustments relate to the finalisation of the allocation of the purchase consideration accounting for intangible assets (brands) and deferred tax liabilities.

2 The goodwill recognised of £484,000 is attributable to the assembled workforce, expected synergies and other intangible assets, which do not qualify for separate recognition. None of the goodwill arising from the acquisition is expected to be tax deductible.

On 8 January 2020, the Group completed the purchase of Digital Decisions BV ('Digital Decisions'). The acquisition was for an initial cash consideration of €700,000 (£597,000) with further consideration payable in a mix of cash and Ebiquity plc shares. The first deferred payment was based on performance in the year to 31 December 2020, for which the threshold was not met and there was no payment.

The second will be based on the average performance for the two years ended 31 December 2022. Due to the integration of the Digital Decisions service with the Group's overall digital media products, the basis of the revenue included in the performance calculation for the two years ended 31 December 2022 was amended to include the contribution from all digital media solutions developed by the Digital Innovation Centre. The multiple applied in calculating the contingent consideration was reduced from 8 times to 6 times the average of the relevant profits generated in 2021 and 2022. On this basis, total consideration expected to be payable is £13 million, of which £0.6 million was paid in 2020 and £12.4 million will be payable in 2023.

The deferred payments constitute post-date remuneration and therefore will be accrued according to the period they relate (see note 10).

Digital Decisions contributed £3.7 million to revenue and £1.9 million profit before tax for the year ended 31 December 2021. An accrual for post-date remuneration of £7,922,000 (31 December 2020: £nil), being two-thirds of the expected payment in 2023, was made during the year ended 31 December 2021 and has been recognised within highlighted items (see note 3).

Ebiquity Italy Media Advisor S.r.l.

On 3 February 2020, the Group agreed to acquire the remaining 49% interest in its subsidiary, Ebiquity Italy Media Advisor S.r.l. ('Ebiquity Italy'), from the founders and minority shareholders Arcangelo DiNieri and Maria Gabrielli. The transaction completed on 28 May 2020, following the approval of the Group's audited financial statements. The total consideration of €3,648,000 (£3,086,000) was payable in a combination of cash and Ebiquity plc shares. All the consideration payments were paid by 1 March 2021

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

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

On 29 January 2022, the Company agreed to acquire 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.

Ebiquity has a small operation in Russia, which in 2021 accounted for approximately £1 million of revenue. Given the recent developments in the Ukraine since February 2022, the operation is currently under review.

On 29 March 2022, the Group entered into an agreement to acquire Media Management, LLC ('MMi'), a US based media audit specialist, for an initial consideration of US$8 million (£6.1 million) with a deferred consideration element payable in 2025. 84% of the initial consideration (US$6.72 million/£5.1 million) will be payable in cash on completion and 16% (US$1.28 million/£1.0 million) will be payable in cash and applied by the vendors to subscribe for Ebiquity ordinary shares rounded down to the nearest whole number and calculated by reference to the middle market quotations for the ordinary shares as shown by the AIM Appendix of the Daily Official List of the London Stock Exchange for the five business days prior to the date of the announcement of the transaction (the 'MMi Shares'). The deferred consideration will be based on 1.0 times the adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for 2024, which is expected to be at least £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 (the 'Earn-Out Shares', and together with the MMi Shares, the 'New Shares'. The New Shares will be subject to an 18 month lock-in and ongoing orderly market restrictions pursuant to which they may not, save in limited circumstances, deal or otherwise dispose of any such interests in the New Shares other than through Panmure Gordon (or such other broker appointed by the Company from time to time). Completion is conditional upon the admission of the MMi Shares to trading on AIM.

[illegible]
as at 31 December 2021

	Note	31 December 2021 £'000	[illegible]
Fixed assets			
Intangible assets	[illegible]	2,894	[illegible]
Right-of-use assets	[illegible]	2,097	[illegible]
Investments in subsidiaries	[illegible]	48,864	[illegible]
Deferred tax asset	[illegible]	216	[illegible]
Total fixed assets		54,071	[illegible]
Current assets			
Trade and other receivables	[illegible]	27,080	[illegible]
Cash at bank and in hand		1,097	[illegible]
Total current assets		28,177	[illegible]
Creditors: amounts *falling* due within *one year*	[illegible]	(33,643)	[illegible]
Net current liabilities		(5,466)	[illegible]
Total assets less current liabilities		48,605	[illegible]
Creditors: amounts falling due after more than one year	[illegible]	(19,916)	[illegible]
Net assets		28,689	[illegible]
Equity			
Called up share capital	[illegible]	20,682	[illegible]
Share premium account	1	255	[illegible]
Other reserves	[illegible]	(733)	[illegible]
Retained earnings	[illegible]	8,485	[illegible]
Total shareholders' funds		28,689	[illegible]

[illegible]

[illegible]
Chief Financial and Operating Officer
[illegible]
30 March 2022

Company statement of changes in equity

for the year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2020		20,029	46	(733)	(4,189)	15,153
Profit for the year		–	–	–	17,936	17,936
Other comprehensive result for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	17,936	17,936
Proceeds from shares issued	14	617	209	–	(8)	818
Share-based payments credit		–	–	–	(1,570)	(1,570)
Capital contribution relating to share-based payments		–	–	–	(276)	(276)
Dividends to shareholders	14	–	–	–	–	–
At 31 December 2020		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**

The notes on pages 134 to 145 are an integral part of the financial statements of the Company.

Notes to the Company financial statements continued

for the year ended 31 December 2021

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 2021 whilst the comparatives represent the results for the year ended 31 December 2020.

The financial statements present information about the Company as an individual undertaking and not about its Group.

2. Basis of preparation

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. As at 31 December 2021, the Company has undrawn bank facilities available of £5,000,000.

The lenders, Barclays and NatWest Bank, have agreed to covenant waivers and modifications where required in order to negate the risk of any future covenant breaches.

The existing covenants remained in place for the 12 months to March 2020 and June 2020 and were achieved. In response to the disruption caused by the Covid-19 pandemic, modified covenants were agreed with the lenders in May 2020 which applied from July 2020 to 30 November 2021. These require the Group to maintain minimum liquidity of at least £5 million at the end of every month during that period. In March 2021, a further covenant amendment was agreed with the lenders. With effect from September 2021, the minimum liquidity covenant was increased to £7.0 million and will be in place until June 2022. In addition, with effect from September 2021, an interest cover covenant was reintroduced at >4.0 and an adjusted leverage covenant was also reintroduced initially at <4.0, increasing to <4.25 in December 2021 and to <4.5 in March 2022, then reducing to <3.5 in June 2022.

Since the year end, this facility has been increased and extended in contemplation of the two acquisitions currently under negotiation. The new facility, for which the legal agreements will be completed in March 2022, prior to the approval of the 2021 accounts, will provide a total available amount of £30 million, initially for a period of three years to March 2025, extendable for up to a further two years. Under this agreement, annual reductions of £1.25 million will apply from June 2023. The quarterly covenants to be applied from June 2022 onwards will be interest cover >4.0; adjusted leverage <2.5 and adjusted deferred consideration leverage <3.5. There will be no minimum lending covenant. The margins on the facility have also been slightly increased compared to the previous one.

The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. In addition to the committed repayments under the new facility, surplus cash will be used to pay down the drawn facility, thus reducing interest payments.

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.

For the purposes of this going concern review, the terms of the new facility, including the covenant tests, have been applied with effect from the quarter ending 30 June 2022 to determine whether the Group will remain in compliance with its bank obligations during the period to December 2023.

The base case projection and the sensitivity analysis shows that the Group will remain within its covenants and that there is adequate headroom against each covenant. Specifically, the Directors have prepared a model to forecast covenant compliance and liquidity to 31 December 2023 that includes a base case and scenarios to form a severe but plausible downside case.

The base case assumes growth in revenue and EBITDA when compared to the outturn of FY20 and assumes that trading will exceed 2019 levels by 31 December 2022. The severe but plausible case assumes a downside adjustment to revenue of 7%, offset by mitigating factors within the control of the Directors. Under both of these cases, there is headroom on covenant compliance and liquidity throughout the going concern period

Notes to the Company financial statements continued

for the year ended 31 December 2021

2. Basis of preparation continued

The Directors have also considered a scenario that leads to a breach in covenants; a form of reverse stress test. Actual trading in FY21 and the proportion of secured revenue at this time, is ahead of last year and whilst there is inherent uncertainty in trading for the second half of FY21 and into FY22, trading levels would need to significantly reduce to a level that is consistent with FY20 for there to be a breach in covenants. This scenario is not deemed plausible by the Directors

In addition, the downside assumptions that are applied to the base case are different from those modelled at the half year. The Directors are satisfied that based on the current trading performance of the Group and Company, the proven ability of the Group and Company to work remotely and still serve clients during the pandemic and the current vaccine roll outs, the prior downside assumptions are no longer plausible.

The Directors consider that the Group and Company will have sufficient liquidity within existing bank facilities, totalling £24,000,000 to meet its obligations during the next 12 months and hence consider it appropriate to prepare the financial statements on a going concern basis.

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.

Summary of significant accounting policies

The principal accounting policies adopted 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.

Notes to the Company financial statements continued
for the year ended 31 December 2021

2. Basis of preparation continued

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.

Share-based payments

The Company issues equity-settled share-based payments to its employees and employees of subsidiaries using the Company's equity instruments. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding credit is recorded in equity.

For share options without performance conditions, fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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.

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.

Intangible assets

Computer software

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

Internally generated intangible assets – development expenditure

Internally generated intangible assets relate to bespoke computer software and technology developed by the Group's internal software development team. During the year, the Company generated £909,000 of internally generated intangible assets (2020: £1,053,000).

An internally generated intangible asset arising from the Group's development expenditure is recognised only if all of 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 one to five years. The amortisation expense is included within administrative 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 Company financial statements continued

for the year ended 31 December 2021

2. Basis of preparation continued

Leases

The Company has a lease arrangement for buildings. At the inception of a lease contract, the Company 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 Company 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.

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.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Share capital

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

Deferred taxation

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.

Notes to the Company financial statements continued

for the year ended 31 December 2021

2. Basis of preparation continued

Financial instruments

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

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured, at fair value through profit or loss ('FVPL'), *amortised cost, or fair value through other comprehensive* income ('FVOCI').

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI Criterion').

Financial assets are initially measured at their fair value plus, for those financial assets not at fair value through profit or loss, transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, being the date that the Company commits to purchase or sell the asset.

For the purposes of subsequent measurement, all of the Company's financial assets are classified as financial assets at amortised cost. Financial assets at amortised cost comprise of assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI Criterion. This category includes the Company's trade and other receivables and cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses, and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company has not classified any assets as being financial assets at FVOCI or FVPL.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value *through profit or loss, loans and borrowings,* or as payables, as appropriate

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs

The Company's financial liabilities comprise of trade and other payables and borrowings.

The Company's payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised

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.

Executive Share Option Plan ('ESOP')

The ESOP's investment in the Company's shares is deducted from shareholders' equity in the statement of financial position as if they were treasury shares, except that profits on the sale of ESOP shares are not credited to the share premium account.

Notes to the Company financial statements continued

for the year ended 31 December 2021

2. Basis of preparation continued

Critical accounting estimates and judgements

In preparing the financial statements, the Directors have made certain estimates and judgements relating to the reporting of results of operations and the financial position of the Company. Actual results may significantly differ from those estimates, often as the result of the need to make assumptions about matters which are uncertain. The estimates and judgements discussed below are considered by the Directors to be those that have a critical accounting impact to the financial statements.

Critical accounting estimates include the terminal growth rate used in impairment assessments, inputs to share option accounting fair value models and amounts to capitalise as intangible assets. These estimates are reached with reference to historical experience, supporting detailed analysis and, in the case of impairment assessments and share option accounting, external economic factors.

Critical accounting judgements include the treatment of events after the reporting period determined to be adjusting or non-adjusting events and the terminal growth rate used in impairment assessments.

Investments

The Company has recorded an asset for investment in subsidiary companies. The Directors believe the carrying value of these investments is supported by their underlying net assets. Any changes to the carrying value of investments after the measurement period are recognised in the income statement.

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 £3,724,000 (2020: profit for the year of £17,936,000).

4. Operating profit

Auditors' remuneration

Fees for the audit of the Company were £3,000 (2020: £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:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
IT development and support	**12**	16
Administration	**19**	19
Directors	**7**	6
	38	41

At 31 December 2021, the total number of employees of the Company was 38 (31 December 2020: 40).

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**2,660**	2,567
Social security costs	**394**	413
Other pension costs	**67**	88
Share options (credit)/charge	**262**	(1,570)
Total staff costs	**3,383**	1,498

Notes to the Company financial statements continued

for the year ended 31 December 2021

6. Tax on profit/(loss)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
The tax charge is made up as follows:		
Current tax	**18**	19
Deferred tax		
Origination and reversal of timing differences	**(15)**	(110)
Taxation	**–**	–
Total tax charge/(credit)	**3**	(91)

The tax assessment for the year differs (2020: differs) to the standard rate of corporation tax in the UK of 19.00% (31 December 2020: 19.00%).

The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit/(loss) before taxation	**(3,721)**	17,844
Profit/(loss) at the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	**(707)**	3,390
Effects of:		
(Income) not taxable/expenses not deductible	**(160)**	(3,972)
Additions to intangibles	**24**	20
Relieved to other Group companies	**843**	562
Adjustments to tax credit in respect of prior years	**18**	19
Withholding tax suffered	**–**	–
Deferred tax	**(15)**	(110)
Tax credit/(charge) for the year	**3**	(91)

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 2021	3,305	1,576	4,881
Additions	**1,538**	**–**	**1,538**
Disposals	**(902)**	**–**	**(902)**
At 31 December 2021	**3,941**	**1,576**	**5,517**
Amortisation			
At 1 January 2021	(899)	(1,188)	(2,087)
Disposals	**902**	**–**	**902**
Charge for the year	**(1,237)**	**(201)**	**(1,438)**
At 31 December 2021	**(1,234)**	**(1,389)**	**(2,623)**
Net book value			
At 31 December 2021	**2,707**	**187**	**2,894**
At 31 December 2020	2,406	388	2,794

Notes to the Company financial statements continued

for the year ended 31 December 2021

8. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Total £'000
Cost		
At 1 January 2020	5,001	5,001
Disposals	(65)	(65)
At 31 December 2020	4,936	4,936
Disposals	**(89)**	**(89)**
At 31 December 2021	**4,847**	**4,847**
Accumulated depreciation		
At 1 January 2020	(976)	(976)
Charge for the year	(1,007)	(1,007)
Impairment for the year	101	101
At 1 January 2021	(1,882)	(1,882)
Charge for the year	**(969)**	**(969)**
Impairment for the year	**101**	**101**
At 31 December 2021	**(2,750)**	**(2,750)**
Net book value		
At 31 December 2021	**2,097**	**2,097**
At 31 December 2020	3,054	3,054

Lease liabilities

	Buildings £'000	Total £'000
Cost		
At 1 January 2020	4,720	4,720
Cash payments in the year	(966)	(966)
Interest charge in the year	130	130
At 31 December 2020	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**
Current	1,504	1,504
Non-current	1,541	1,541

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

	Minimum lease payments	
	31 December 2021 £'000	31 December 2020 £'000
Amounts due:		
Within one year	**1,574**	1,259
Between one and two years	**1,259**	1,259
Between two and three years	**315**	1,259
Between three and four years	**—**	315
Between four and five years	**—**	—
Later than five years	**—**	—
	3,148	4,092

Notes to the Company financial statements continued

for the year ended 31 December 2021

9. Investments in subsidiaries

	£'000
Cost and net book value	
At 1 January 2020	49,082
Disposals	(275)
At 31 December 2020	48,807
Additions	**57**
At 31 December 2021	**48,864**

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 underlying net assets, based on the impairment assessment carried out, as described in note 10 to the consolidated financial statements.

The additions in the year relates to the allocation of £57,000 of the share option charge, being the portion attributable to staff employed by subsidiaries of the Company.

10. Deferred tax asset

	Tangible assets £'000	Total £'000
At 1 January 2020	91	91
Credit to income	110	110
At 31 December 2020	201	201
Credit to income	**15**	**(37)**
At 31 December 2021	**216**	**164**

The following is the analysis of the deferred tax balance for financial reporting purposes:

	31 December 2021 £'000	31 December 2020 £'000
Deferred tax assets – non-current	**216**	201
Deferred tax liabilities – current	**–**	–
Deferred tax liabilities – non-current	**–**	–
	216	201

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.

11. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	**240**	–
Amounts owed by Group undertakings	**25,715**	26,205
Other receivables	**722**	319
Other taxation and social security	**161**	122
Prepayments	**242**	666
	27,080	27,312

Amounts owed by Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

Notes to the Company financial statements continued

for the year ended 31 December 2021

12. Creditors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Bank loans and overdrafts	**(59)**	(45)
Trade creditors	**1,123**	823
Amounts owed to Group undertakings	**28,712**	24,217
Corporation tax	**–**	–
Lease liabilities (note 8)	**1,504**	1,152
Other taxation and social security	**–**	–
Accruals	**2,363**	1,944
	33,643	28,091

Included within amounts owed to Group undertakings is an amount which is unsecured, incurs interest at 5.5% plus Bank of England base rate, has no fixed date of repayment and is repayable on demand. The residual amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: amounts falling due after more than one year

	31 December 2021 £'000	31 December 2020 £'000
Bank loans – between two and five years	**17,960**	18,925
Provisions	**416**	412
Lease liabilities (note 8)	**1,541**	2,732
	19,917	22,069

All bank borrowings are held jointly with Barclays and NatWest. The new committed facility, totalling £24,000,000, comprises a revolving credit facility ('RCF') of £23,000,000 (of which £18,000,000 was drawn down at 31 December 2021 (31 December 2020: £19,000,000)) and £1,000,000 available as an overdraft for working capital purposes. The RCF has a maturity date of 20 September 2023. The drawn RCF and any further drawings under the RCF are repayable on 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.

Loan arrangement fees of £120,000 (31 December 2020: £120,000) are offset against the term loan and are being amortised over the period of the loan. £45,000 of loan arrangement fees have been included within creditors due within one year and the balancing £75,000 has been included within creditors due after more than one year.

The facility bears variable interest of SONIA plus a margin of 2.25%. The margin rate is able to be lowered each quarter end depending on the Group's net debt to EBITDA ratio.

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, US, Germany and Australia.

The provision represents the expected costs of vacating the London property. The provision is expected to be fully utilised by December 2024.

The lease liabilities were recognised in the prior year on the signing of the lease agreement during the year in accordance with IFRS 16.

Notes to the Company financial statements *continued*

for the year ended 31 December 2021

14. Called up share capital

	Number of shares	Nominal value £'000
Allotted, called up and fully paid		
At 1 January 2020 – ordinary shares of 25p	80,115,626	20,029
Shares issued	2,437,628	609
Share options exercised	30,000	8
At 31 December 2020 – 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**

Ordinary shares carry voting rights which are entitled to share in the profits of the Company. No dividend was paid in the current year (2020: nil per share, a total of £nil) to shareholders.

15. Reserves

Share premium

The share premium reserve 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 2020: £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 2020: 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 2020: 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 £8,485,000 (31 December 2020: £11,893,000).

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).

Notes to the Company financial statements continued

for the year ended 31 December 2021

17. Commitments

Capital commitments contracted but not provided for by the Company amount to £nil (31 December 2020: £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 2021 by virtue of s479C of the Act.

Name	Registered number
BCMG Limited	3013406
Checking Advertising Services Limited	3580727
Ebiquity Asia Pacific Limited	3528287
Ebiquity Russia 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 2021 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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Chartered Accountants and Statutory Auditors
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Nominated adviser and broker
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Registrars
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London EC4N 6AE

Shareholder information

Country of incorporation
Ebiquity plc is registered and incorporated in England and Wales with registered number 03967525.

Registered office
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Company Secretary
Lorraine Young
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Shareholders can sign up to receive emails when the Company makes regulatory announcements. Details are on the investor section of the Company's website **www.ebiquity.com**

Glossary

AdIntel	Advertising Intelligence
AIM	Alternative Investment Market
Board	the Board of Directors of Ebiquity plc
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGUs	cash-generating units
Digital Decisions	Digital Decisions BV
Ebiquity Italy	Ebiquity Italy Media Advisor S.r.l.
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
Highlighted items	highlighted items comprise non-cash charges and non-recurring items which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business
IFRS	International Financial Reporting Standards
ISBA	Incorporated Society of British Advertisers
KPIs	key performance indicators
Like-for-like	prior year results are adjusted to include the results of recent acquisitions as if they had been owned for the same period in the prior year
LTIP	Long-Term Incentive Plan
Net debt	long-term borrowings, short-term borrowings less cash and cash equivalents
PwC	PricewaterhouseCoopers LLP
QCA Code	Quoted Companies Alliance Corporate Governance Code
RCF	revolving credit facility
SONIA	Sterling Overnight Index Average
TSR	total shareholder return
Underlying performance	underlying performance refers to the results of operations before highlighted items

Alternative performance measures

In these results we refer to 'underlying' and 'statutory' results, as well as other non-GAAP alternative performance measures.

Alternative performance measures ('APMs') used by the Group are:

- net revenue;
- like-for-like revenue growth;
- underlying operating profit;
- underlying operating margin;
- underlying profit before tax;
- underlying earnings per share; and
- underlying operating cash flow conversion.

Net revenue is the result when project-related costs, comprising external production costs, are deducted from revenue.

Underlying results are not intended to replace statutory results but remove the impact of highlighted items in order to provide a better understanding of the underlying performance of the business. The above APMs are consistent with how business performance is measured internally by the Group.

Underlying profit is not recognised under IFRS and may not be comparable with underlying profit measures used by other companies.

Highlighted items comprise non-cash charges and non-recurring items which are highlighted in the consolidated income statement as their separate disclosure is considered by the Directors to be relevant in understanding the underlying performance of the business. The non-cash charges include share option charges and amortisation of purchased intangibles.

The non-recurring items include the costs associated with potential and completed acquisitions and disposals, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges, management restructuring and other significant one-off items. Costs associated with acquisition identification and early stage discussions with acquisition targets are reported in underlying administrative expenses

Further details of highlighted items are set out within the financial statements and the notes to the financial statements.

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