30 March 2022

Ebiquity plc
Final Audited Results for the year ended 31 December 2021

Delivering on the strategy: improved results with strong momentum

Ebiquity plc ("Ebiquity" or the "Group"), a leading global player in media investment analysis serving the US$780 billion global advertising market of which 64% is digital[1], announces its final audited results for the year ended 31 December 2021.

Highlights[2]

Year ended 31 December	**2021**	**2020**	**Change**
	£m	**£m**	**£m**
Revenue	63.1	55.9	7.2/13%
Underlying Operating Profit[2]	4.7	(0.3)	5.0
Underlying Profit/(Loss) before Tax[2]	4.1	(1.3)	5.4
Underlying Earnings/(Loss) per Share[2]	2.7p	(1.9)p	4.6p
Statutory Operating Loss	(5.1)	(2.9)	(2.2)
Statutory Loss before Tax	(5.7)	(3.9)	(1.8)
Statutory Profit/(Loss) per Share	(8.5)p	(4.8)p	(3.7)p

- 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 3-year term, extendable for 2 years

[1] *Source eMarketer*

[2] *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.*

Outlook and current trading

- High single digit global advertising growth expected in 2022, particularly in digital advertising which is expected to account for nearly half of all advertising expenditure
- Ebiquity's Digital Media Solutions expected to continue strong planned growth supported by product launches in 2021 and additional services due in 2022
- Acquisition in January 2022 of Forde and Semple Media Works, the leading Canadian media performance consultancy, which is being rebranded as Ebiquity Canada, expanded reach in North America
- Trading in the current year has started in line with the Board's expectations, with a healthy pipeline and continued good momentum

Nick Waters, Chief Executive Officer, said:

"I am pleased with our progress in 2021, both in terms of revenue growth and importantly, a return to profit after a challenging 2020. We won new mandates from major clients including Unilever, Stellantis, Daimler and Ferrero, and managed 6 of the top 10 largest global and multi-national agency selection processes by billings[3]. In terms of geographic performance, Asia Pacific grew the fastest, while North America regained momentum with strong growth. Benefiting from the ever-increasing rise in digital advertising spend, Digital Media Solutions exceeded our expectations, with strong revenue and margin improvements.

Looking at 2022, we expect further good revenue growth as well as margin enhancement. Our global market is not only massive, but also becoming increasingly complex. The accelerating consumer adoption of digital channels and focus on better management of consumer data in online advertising, and the challenges of media price inflation, present advertisers with challenges that Ebiquity, as the world leader in media investment analysis, is best placed to solve.

This, combined with our dedicated focus on delivering our strategy, should support further strong results in 2022."

[3] *Source COMvergence*

Details of presentations

The Executive Directors will be hosting a webcast presentation for analysts and investors at 09:30 BST today. If you would like to register, please contact phoebe.a.pugh@camarco.co.uk .

They will also be giving a presentation for investors via the Investor Meet Company platform on 31 March 2022 at 15:00 BST. Investors can sign up to Investor Meet Company for free and add to meet Ebiquity plc via: https://www.investormeetcompany.com/ebiquity-plc/register-investor. Investors who already follow Ebiquity plc on the Investor Meet Company platform will automatically be invited.

Market abuse regulation

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/201 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service this inside information is now considered to be in the public domain.

The person responsible for arranging release of this announcement on behalf of the Company is Alan Newman, Chief Financial Officer and Chief Operating Officer of the Company.

Ebiquity plc +44 20 7650 9600
Nick Waters, CEO
Alan Newman, CFO & COO

Camarco
Ben Woodford +44 7990 653 341
Geoffrey Pelham-Lane +44 7733 124 226

Panmure Gordon (Financial Adviser, Nomad and Broker) +44 20 7886 2500
Alina Vaskina / Harriette Johnson / Dougie McLeod (Corporate Advisory)
Charles Leigh-Pemberton / Sam Elder (Corporate Broking)

About Ebiquity plc

Ebiquity plc (LSE AIM: EBQ) is a world leader in media investment analysis. It harnesses the power of data to provide independent, fact-based advice, enabling brand owners to perfect media investment decisions and improve business outcomes. Ebiquity is able to provide independent, unbiased advice and solutions to brands because we have no commercial interest in any part of the media supply chain.

We are a data-driven solutions company helping brand owners drive efficiency and effectiveness from their media spend, eliminating wastage and creating value. We provide analysis and solutions through five Service Lines: Media management, Media performance, Marketing effectiveness, Technology advisory, Contract compliance.

Ebiquity's clients are served by more than 500 media specialists operating from 19 offices covering 80% of the global advertising market.

The Company has the most comprehensive, independent view of today's global media market, analysing US$55bn of media spend from 75 markets annually, including trillions of digital media impressions. Our Contract Compliance division, FirmDecisions, audits US$40bn of contract value annually.

As a result, over 70 of the world's top 100 advertisers today choose Ebiquity as their trusted independent media advisor.

For further information, please visit: www.ebiquity.com

Chair's Statement

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, 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.

While the group undoubtedly benefitted 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 benefitted 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 the 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

Chief Executive Officer's Review

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 trillions of advertising impressions. Using this intelligence, we provide independent, fact-based advice which enables brands to drive efficiency and increase effectiveness. Our work helps to eliminate wasteful advertising spend and to create value.

We operate in a very large global advertising market, which is worth ~US$780bn[4]. Of this, 64% is invested in digital channels, with approaching half of all advertising spend now invested via Alphabet, Meta, and Amazon[4]. 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, benefitted 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 Nestle.

Ebiquity managed six of the top ten largest global and multi-national agency selection processes by billings, including three of the top five, representing US$8.4bn out of US$11.7bn under review[4]. Most of this work was completed in the first half of 2021.

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.

[4] *COMvergence*

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 re-aligning 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 £3.7m 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 advisors 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.

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 Operating 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 table on p 9 below).

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.

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$3bn 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.

Table 1: Operational Metrics

Key Performance Indicator	Baseline 2020	2021 actual
# of clients buying one or more products from the new digital portfolio	10	28
Volume of digital advertising monitored (billions of impressions)	112	639
Value of digital advertising monitored (billions of spend US$)	0.48	3.03
# of countries served with new digital products	50	87
# of clients buying two or more Services Lines	58	76
% of revenue from digital services	25	29

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.

Setting the agenda

Ebiquity has continued to lead our market in thought leadership, shaping industry debate on major topics, introducing new themes, and responding to market events.

We have published a series of white papers and held webinars on a series of subject areas including Advanced TV, the deprecation of third-party cookies and its impact on online targeting, responsible media, and trust in advertising. Our joint report with Usercentrics, titled "The Current State of 3rd Party Cookies", identified the prevalence of breaches in GDPR consumer consent in the online advertising market and the transfer of data outside the EU. The paper added fuel to the debate around the targeting of online advertising and the breach of regulations. Subsequently, both the Belgian and Dutch Data Protection Authorities found IAB Europe's "Transparency and Consent Framework" to be unlawful and in contravention of GDPR.

Environmental, Social and Governance

At Ebiquity, we understand the importance of a clear approach to ESG matters. We are at an early stage in developing our policies and practices and now plan to establish appropriate baseline metrics and objectives against which we will report in future. We will continue to engage with investors and other stakeholders on ESG issues and ensure that the Board and management team review ways for Ebiquity to progress further towards becoming a more sustainable business.

Summary

The dynamics of the global media market are supportive for Ebiquity's business.

The Group serves a very large market, with advertisers spending c.US$780bn to promote their products and services to consumers. It is a highly complex market, characterised by both a fragmentation of channel choice and an ambiguity of what constitutes effectiveness.

Digital media, which now accounts for almost two-thirds of all global advertising spend, is fraught with challenges. Huge amounts of fraud, unlawful use of consumer data, and the removal of industry-standard targeting plague the industry, resulting in tens of billions of dollars wasted investment.

These are issues which we see as embedded for the long term. Advertisers therefore need independent expertise and advice to invest their budgets responsibly and to improve effectiveness. Ebiquity is well placed to meet this need.

Outlook

We believe that our refocussed strategy and the performance enhancements achieved in the last year will enable us to make further progress this year in line with our plans. The momentum achieved last year has continued across all our geographies and services in the current financial year, supported by a healthy sales pipeline and trading in the first quarter is in line with the Board's expectations.

While the global economic environment and the recent outbreak of war in the Ukraine create significant uncertainties, we believe that the dynamics of the advertising market continue to offer opportunities for Ebiquity to develop its business as planned.

Nick Waters
Chief Executive Officer

Performance Review

Revenue by Segment

Segment	Revenue			
	FY21	FY20	Variance	
	£m	£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.

Operating Profit by Segment

	Underlying Operating Profit				Operating profit margin	
	FY21	FY20	Variance		FY21	FY20
	£m	£m	£m	%	%	%
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 £10.1m 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 £1.4m 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.

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 renumeration 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.

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 twelve months ended 31 December 2021 (2020: £nil).

Cash conversion

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'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).

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	31 December 2020
	£'000	£'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 RCF 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 re-introduced at > 4.0 and in December 2021 an adjusted leverage covenant was re-introduced, 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 3 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.

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
	£'000	£'000
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$1.1m 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 ("MML"), 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 this Announcement (the "MML Shares"). The deferred consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MML 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 MML 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 MML Shares to trading on AIM.

Auditors

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 group’s auditors for the year ending 31 December 2022 onwards. Following ten 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.

Alan Newman
Chief Financial and Operating Officer

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 as defined in the Annual Report are:-

- Net revenue
- Like-for-like revenue growth
- Underlying operating profit;
- Underlying operating margin;
- Underlying profit before tax;
- Underlying effective rate of tax;
- Underlying earnings per share;
- Underlying cash from operations; 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 detail of highlighted items are set out within the financial statements and the notes to the financial statements.

Consolidated income statement

for the year ended 31 December 2021

		Year ended 31 December 2021			Year ended 31 December 2020		
	Note	**Before highlighted items £'000**	**Highlighted items (note 3) £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items (note 3) £'000	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		4,737	(9,815)	(5,078)	(334)	(2,541)	(2,875)
Finance income		20	—	20	39	—	39
Finance expenses		(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	4	(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	5	—	—	—	—	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	6			(8.51)p			(4.81)p
Diluted	6			(8.51)p			(4.81)p
Earnings per share – discontinued operations							
Basic	6			—			0.27p
Diluted	6			—			0.27p

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)

Consolidated statement of financial position
as at 31 December 2021

	Note	**31 December 2021 £'000**	31 December 2020 £'000
Non-current assets			
Goodwill	7	28,172	28,563
Other intangible assets	8	4,528	6,135
Property, plant and equipment		1,512	1,962
Right-of-use assets	9	4,542	6,237
Lease receivables	9	155	280
Deferred tax asset		1,388	1,145
Total non-current assets		40,297	44,322
Current assets			
Trade and other receivables		21,934	24,318
Lease receivables	9	146	171
Cash and cash equivalents		13,134	11,121
Total current assets		35,214	35,610
Total assets		75,511	79,932
Current liabilities			
Trade and other payables		(6,525)	(6,096)
Accruals and contract liabilities		(19,350)	(9,890)
Financial liabilities	10	59	(1,912)
Current tax liabilities	4	(374)	(1,703)
Provisions		—	—
Lease liabilities	9	(2,566)	(2,338)
Deferred tax liability		(390)	(250)
Total current liabilities		(29,146)	(22,189)
Non-current liabilities			
Financial liabilities		(17,960)	(19,675)
Provisions		(493)	(412)
Lease liabilities	9	(3,825)	(5,820)
Deferred tax liability		(1,083)	(1,090)
Total non-current liabilities		(23,361)	(26,997)
Total liabilities		(52,507)	(49,186)
Total net assets		23,004	30,746
Equity			
Ordinary shares		20,682	20,646
Share premium		255	255
Other reserves		4,572	5,461
Retained earnings		(2,774)	3,942
Equity attributable to the owners of the parent		22,735	30,304
Non-controlling interests		269	442
Total equity		23,004	30,746

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Note	Ordinary shares £'000	Share premium £'000	Other reserves[2] £'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		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	11	—	—	—	—	—	(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		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

[2]Includes a credit of £3,667,000 (31 December 2020: £3,667,000) in the merger reserve, a gain of £2,395,000 (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..

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £'000**	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Cash generated from operations	12	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		—	18
Payments to acquire non-controlling interest	10	(1,291)	(1,539)
Payments in respect of contingent consideration	10	(680)	—
Purchase of property, plant and equipment		(217)	(87)
Purchase of intangible assets	8		(1,230)
Net cash (used in)/generated by investing activities		(3,037)	(3,435)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		34	—
Proceeds from bank borrowings	10	—	5,000
Repayment of bank borrowings	10	(1,000)	—
Proceeds from government borrowings	10	—	806
Bank loan fees paid		(36)	(21)
Repayment of lease liabilities	9	(2,108)	(2,130)
Dilapidations payments		—	(300)
Dividends paid to shareholders	11	—	—
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		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		13,134	11,121

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 Alternative Investment Market 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') 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 require 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 3 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 > 4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage < 3.5x. 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 projection and the sensitivity analysis shows that the Group will remain within its covenants and that there is adequate headroom against each covenant.

The base case assumes growth in revenue and EBITDA based on the Group's budget for the year ending 31 December 2022 and management projections for the year ending 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.

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.

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 'overtime' 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.

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.

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 7 and 8 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.

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 estimable. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the 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.

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.

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.
- 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.

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 standard has been published that is mandatory to the Group's future accounting periods but has not been adopted early in these financial statements:

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

The adoption of the standard listing 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.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2020 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 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

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.

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

	31 December 2021 £'000	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:

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

	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	—	1,188	—	1,145
Total	63,091	40,297	55,907	44,322

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	—	0	—	—	817	817
Severance and reorganisation costs	87	0	87	1,194	315	1,509
Acquisition, integration and strategic/(income)	308	7,896	8204	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.

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 B.V. 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.

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. 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	**(23)**	**1,332**	609	(207)	401
Total current tax	1,376	(64)	1,312	280	(289)	(10)
Deferred tax						
Origination and reversal of temporary differences	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 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)

Following the Budget on 31st 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 Budget 2021 detailed an increase in the corporation tax 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	1,269
Foreign exchange	(97)
At 31 December 2021	**379**

5. Discontinued operations

No operations were discontinued in the year to 31 December 2021

6. Earnings per share

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

	Year ended 31 December 2021			Restated 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 earnings per share	(8.51)p	—	(8.51)p	(4.81)p	0.27p	(4.54)p
Diluted 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.

7. 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 Balance1	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.

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 10.0% 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%/8%/8%
Pre-tax discount rate	11%/11%/11%	3%	12%/12%/12%	18%	12%/12%/12%	15%

8. 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	(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
Amortisation and impairment[3]				
At 1 January 2020	(1,471)	(1,853)	(12,637)	(15,961)
Charge for the year[2]	(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[2]	(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. 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.
3. 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).
4. Of the net book value of capitalised development costs, £2,165,000 remains in development at 31 December 2021.

9. Right-of-use assets and lease liabilities

	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
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

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.

10. 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.*

	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, comprises 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 million, initially for a period of 3 years to March 2025 and extendable for up to a further two years.

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 B.V. ('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.

11. Dividends

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.

12. 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	2,609	2,761
Amortisation	2,495	2,087
(Gain)/loss on disposal	3	(3)
Impairment of right-of-use assets	—	24
Impairment of goodwill	—	817
Unrealised foreign exchange loss	70	35
Share option (credits)/charges	319	(1,845)
Finance income	(20)	(39)
Finance expenses	882	915
US PPP release	(720)	—
Contingent consideration revaluations	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

13. Acquisitions

Digital Decisions B.V.

On 8 January 2020, the Group completed the purchase of Digital Decisions B.V. ('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.

As discussed in note 10, the deferred payments constitute post-date remuneration and therefore will be accrued according to the period they relate.

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) was made during the year ended 31 December 2021 and has been recognised within highlighted items. Refer to note 3 for further details.

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.

14. Disposals

There were no disposals in the year.

15. Financial Information

The financial information included in this report does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and financial statements for the period ended 31 December 2021, on which an unqualified report has been made by the Company's auditors, PricewaterhouseCoopers LLP. Financial statements for the period ended 31 December 2021 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.