



Annual Results Presentation

Full Year Ended 31 December 2021

30 March 2022

Executive Summary

- › Strong recovery from 2020
- › Revenue and profitability slightly ahead of management expectations
- › Supported by healthy new business performance, growth of existing clients, and prudent cost control
- › Digital revenue and profit contribution ahead of plan
- › Growth in all regions and business units
- › Strong financial position at December 31st
- › Two acquisitions announced today, accelerating growth and operational efficiencies

Financial Overview

Group Income Statement Summary

Summary results⁽¹⁾

	2021	2020	Change
Income statement underlying⁽²⁾			
Revenue	£63.1m	£55.9m	+£7.2m / +13%
Operating profit	£4.7m	(£0.3m)	+£5.0m
Operating margin	7.5%	(0.5%)	+8.0bps
Profit before tax	£4.1m	(£1.3m)	+£5.5m
EPS / loss per share	2.7p	(1.9p)	+4.6p
Income statement statutory⁽³⁾			
Loss before Tax	(£5.7m)	(£3.9m)	(£1.8m)
Loss per share	(8.5p)	(4.8p)	(3.7p)
Cashflow			
Operating cash	£13.2m	£7.3m	+£8.7m
Balance sheet			
Net (debt) / cash	(£4.8m)	(£7.8m)	+£3.0m

(1) Unaudited FY21 Results subject to change.

(2) Underlying operating profit excludes highlighted items, including share-based payments, amortization of purchased intangibles and non-recurring items. Underlying profit before tax and earnings per share are calculated based on the underlying operating profit.

(3) Statutory loss is after accrual for deferred consideration for Digital Decisions (£5.9m), treated as post-date remuneration charge in Income Statement.

Financial Highlights

- › Revenue up £7.2 million to £63.1 million, up 13% (FY20: £55.9 million), reflecting strong business momentum across all regions and business segments
- › Underlying operating profit of £4.7 million, with margin achieved of 7.5%
- › Underlying operating cash inflow of £13.2 million (FY20: £7.3 million)
- › Net debt of £4.8 million at 31 December 2021 (FY20: £7.8 million)

Operational Highlights

- › Won new mandates from major advertisers including Unilever, Stellantis, Daimler and Ferrero
- › Digital Media Solutions performed above expectations, with its revenue increasing by 260% to £3.7m and delivering an operating profit margin of 51%
- › Managed 6 of the top 10 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

Current Trading and Outlook

- › Trading in the current year has started in line with the Board's expectations, with a healthy pipeline and continued good momentum
- › Ebiquity has a small operation in Russia, which in FY21 accounted for c.£1.0 million of revenue and c.£300k profit. Given the developments in the Ukraine, the operation is currently under review
- › Positive outlook for FY22 with further opportunities for continued revenue growth as well as margin enhancement

Balance Sheet Summary

- › Goodwill and intangibles: reduced by £0.4m
- › Non-current assets include IFRS 16 "Right-of-use asset" of £4.5m (2020: £6.2m) reduced in line with lease period remaining
- › Net working capital includes £14.4m of net trade receivables (2020: £15.6m)
- › Debtor days increased to 61 days from 58 days due to high invoicing levels in Q4 2021
- › IFRS 16 lease liabilities of £6.4m (2020: £7.9m) also reducing in line with lease periods; £2.6m are current; £3.8m non-current
- › Net debt of £4.8m comprising £13.2m net cash, and £18m bank loan (2020: £11.1m net cash, £19m bank loan; £0.8m PPP Loan)

Balance Sheet	2021 £m	2020 £m
Goodwill	28.2	28.6
Other intangible assets	4.5	6.1
Other non-current assets	7.6	9.6
Net working capital	4.1	8.5
Other current liabilities	(3.3)	(4.3)
DD Post-date remuneration	(7.9)	-
Deferred Consideration	-	(2.0)
Other non-current liabilities	(5.4)	(7.3)
Net debt	(4.8)	(8.5)
Net assets	23.0	30.7

Cash Flow Statement

- › Cash inflow from operations of £11.8m including highlighted items
- › Underlying cash inflow from operations of £13.2m (2019: £7.3 m)
- › Investing activities include: £1.2m: Italy minority buy-out; £0.7m: Ireland deferred consideration; £0.9m: internally generated R&D
- › Financing activities include: loan repayment of £1m and lease liability payments of £2.1m

Cash Flow (includes highlighted items)	2021 £m	2020 £m
Cash generated from operations	11.8	5.8
Interest and Tax	(3.1)	(2.8)
Net cash generated from operating activities	8.7	3.0
Net cash (used in)/generated by investing activities	(3.0)	(3.4)
Net cash generated by/(used in) financing activities	(3.3)	3.2
Net increase in bank and cash	2.4	2.8
Opening balance at beginning of the period	11.1	8.2
Foreign exchange	(0.4)	0.1
Cash balance at end of period	13.1	11.1

FINANCIAL OVERVIEW

New RCF Facility in place

Liquidity	31 December 2021	31 December 2020
	£m	£m
Gross debt	(18.0)	(19.0)
Loan fee prepayments	0.1	0.1
Cash balances	13.1	11.1
Net Bank debt	(4.8)	(7.8)
Undrawn Facilities	5.0	5.0

- › New bank loan facilities agreed in March 2022 for initial 3 year period extendable for up to 2 years
- › Total RCF increased to £30 million from £24 million
- › Barclays and NatWest continue as lenders: 50% each
- › Covenants (quarterly) applying from Q2 2022: Interest cover > 4.0, Adjusted leverage < 2.5, Adjusted deferred consideration leverage < 3.5
- › Annual repayments of £1.25 million starting from Q2 2023

The 2020 figures excluded the US Paycheck Protection Programme loan of £0.7m.

Segmental Analysis

Revenue	2021	2020	Change	
	£m	£m	£m	%
Media	52.8	46.0	6.8	15%
Analytics and Tech	10.3	9.9	0.4	4%
Total	63.1	55.9	7.2	13%

Operating Profit	2021	2020	Change		Operating Profit Margin %	
	£m	£m	£m	£m	2021	2020
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)%	-	-
Total	4.7	(0.3)	5.1	-	7.5%	(0.5%)

Progress against strategy

Media market growth opportunities

- › Strong growth in global advertising markets
- › Digital the dominant communications channel
- › New channel dynamics – strong growth in e-retail media advertising spend
- › Advanced TV reaching critical mass in the US, and establishing in several markets
- › Considerable inflationary pressures seen in broadcast media, and premium digital inventory
- › Data protection authorities rule IAB's "Transparency and Consent Framework" breaches GDPR
- › High volume of media business put out to tender

Strategy

- › Increase revenue from digital services by developing productised data solutions
- › Build higher value strategic relationships with major customers
- › Improve operational efficiency
- › Strengthen the business in North America and Asia Pacific

Product:- digital solutions performing ahead of expectations

- › Seven data-led product solutions for analysing digital media now in market
- › Revenue growth of 260% to £3.7m at 51% operating margin
- › Operational KPIs ahead of plan
 - Number of clients buying digital products up from 10 to 28
 - Over \$3bn of digital media investment analysed
 - 639bn impressions, across 87 markets
- › Strong results for clients provides case studies for marketing purposes
- › Results of Responsible Media Investment pilot prompt wider roll out
- › Several products under development for H2 2022 launch

Clients:- strong progress in development of higher value strategic clients

- › Revenue from higher value strategic clients considerably ahead of expectations
- › Addition of three new Global Client Partners adds to bench strength of strategic customer management and broadens geographic reach – NL, France, Germany, US
- › Number of clients buying 2 or more Service Lines increased from 58 to 76
- › Very strong performance gaining major agency selection mandates
 - 6 of the top 10 largest global and multi-national agency selection processes, including 3 of the top 5
- › Effective cross-sell into new digital product solutions

Operational efficiency:- continuous improvement

- › Near-shore Media Operations Centre on plan, supporting 15% more projects than prior year
- › Guatemala addition to Media Operations Centre to better service US time zone now operational
- › Improved process automation the US Media Performance business, and piloted in FirmDecisions
- › Shared service centre developing in India to improve cost efficiencies in Contract Compliance
- › Further evaluation of operating model underway and development of standardised operating processes
- › Acquisition of MediaPath and implementation of its technology platform will deliver operational efficiencies

Geographic development:- strengthening North America and Asia Pacific

- › New Managing Directors recruited in January in the US and China
- › Good new business performance
 - › US - large global FMCG becomes top 3 client; global tech leader – including digital product solutions; leading alcohol brand
 - › China - Huawei, MengNiu, Kang Shi Fu, LVMH, plus large global sports apparel brand
- › Commenced Ebiquity operations in India adding to FirmDecisions market presence
- › Acquisition of Forde & Semple, Canada's leading media auditor
- › Ebiquity has a small subsidiary in Russia which the Board is keeping under review
- › Acquisition of MMi

PROGRESS AGAINST STRATEGY

Operational metrics

		31 Dec 2020	31 Dec 2021
	# clients buying 2+ Service Lines	58	76
	# clients buying 1 or more products from the new digital solutions portfolio	10	28
	Volume of digital advertising analysed on the platform – impressions	112 bn	639
	Value of digital advertising analysed on the platform – US\$	\$0.48bn	\$3.03bn
	# countries served with the new digital solutions portfolio	50	87
	% revenue derived from digital services	25%	29%

Acquisition of a Swedish-based multi-national media consultancy

Delivering economies of scale and greater efficiencies Group-wide

Overview

- › Technology enabled multi-national media consulting company specialising in agency selection, performance measurement, and benchmarking serving multi-national advertisers
- › Founded in Stockholm 2008
- › 45 team members across 12 countries, operating remotely
- › Founder Susanne Elias has 24 years' media experience and will join the Ebiquity executive leadership team as Chief Business Integration Officer
- › International clients including:



Acquisition rationale

- › **Strategic:** Strong technology enablement facilitating greater operational efficiency; blue chip international client roster with long relationships; experienced senior managers; and geographic complementarity/cross-selling opportunities
- › **Financial:** Implementation of MediaPath's leading technology platform will deliver economies of scale and greater efficiencies of delivery Group-wide

Financial highlights⁽¹⁾

Year ended	31 Dec 2021	
Revenue	£6.3m	• Top line YoY growth c.14%
Operating profit ⁽²⁾	£1.8m	
Operating profit margin ⁽²⁾	29.1%	• Improved profitability profile YoY
Gross assets	£2.6m	

Acquisition financing

- › Total acquisition consideration of £15.5m
 - All payable upon completion
 - CASH: c.£11.6m (75% of consideration), of which c.£8.5m will be funded through the Placing, c.£1.5m from additional debt and c.£1.6m from existing cash resources
 - EQUITY: c.£3.9m (25% of consideration) in equity issued to MediaPath vendors. Consideration Shares issued will be subject to a 24-month lock-in and a further 12-month orderly market agreement
- › Conditional on GM and admission of Placing and MediaPath Consideration Shares to AIM

(1) Financial year to 31 December 2021; FX of SEK11.5. (2) Calculated on a normalised basis – adjusted primarily for minor non-recurring costs and an accounting adjustment.

Acquisition of a US-focused media audit specialist

Accelerating growth in the US, the world's largest market

Overview

- › US **media audit** company providing clients with transparency and accountability of their media investments, and agency performance validation
- › **Proprietary Circle Audit technology** enables analysis of 100% of client media buy data from all major media buy management platforms
- › Deep specialisation in US\$20bn local TV markets
- › Founded **1995** St Louis, Missouri by CEO Thomas Bridge
- › **40**-person team centered in St Louis and distributed across the US
- › CEO will stay within the business and join the N. American management team
- › High quality client roster including:



Acquisition rationale

- › **Strategic:** adds scale in the world's largest advertising market; strong automation for improved operating efficiency; complementary service offering; client roster of blue-chip American corporates
- › **Financial:** Significant cross-sell opportunities in the US and realisable cost synergies

Financial highlights⁽¹⁾

Year ended	31 Dec 2021
Revenue	£5.4m
Operating profit ⁽²⁾	£0.7m
<i>Operating profit margin⁽²⁾</i>	13.4%
Gross assets	£1.8m

- Top line YoY growth c.29%
- Improved profitability profile YoY

Acquisition financing

- › **Initial consideration element of c.£6.1m⁽³⁾ payable on completion**
 - c.£5.1m (84% of initial consideration) will be funded from existing cash resources
 - c.£1.0m (16% of initial consideration) in equity issued to vendors. Consideration Shares issued to vendors will be subject to a 18-month lock-in and a further 12-month orderly market agreement
- › **Deferred consideration element payable in 2025**
 - 1.0x of FY24 reported operating profit of combined Ebiquity US and MMi businesses – expected to be at least c.£3.0m⁽⁴⁾
 - 80% payable in cash; 20% payable in consideration shares issued to vendors
- › Conditional only on admission of MMi Consideration Shares

⁽¹⁾ Financial year to 31 December 2021; FX of \$1.375. ⁽²⁾ Calculated on a normalised basis – adjusted for owner managed costs including the salary, benefits and bonus of the founders and other non-trading expenses. ⁽³⁾ MMi initial consideration of \$8.0m; FX assumed of \$1.3157. ⁽⁴⁾ MMi deferred consideration expected to be at least \$4.0m; FX assumed of \$1.3157.

Outlook

- › Trading is currently in line with the Board's expectations
- › The geopolitical environment has not yet impacted client activity
- › The two acquisitions will accelerate the company's progress in executing our strategy
 - › Increase scale in the US
 - › Facilitate improved operating efficiency
 - › Provide access to more of the world's largest advertisers
- › Visibility for the full year is currently in line with management expectations

Summary

- › Strong recovery in 2021
- › All regions and business units returned to growth
- › Revenue growth and profit contribution from new Digital Media Solutions ahead of plan
- › Development of higher value strategic clients also ahead of plan
- › Acquisitions to accelerate transformation strategy
- › Continued complexity in media markets supports Ebiquity's purpose

“Delivering on the strategy: improved results with strong momentum”

Appendix

APPENDIX

Highlighted Items

- › £7.9m accrual for Digital Decisions post-date remuneration: calculated as 2/3rd of expected £12.5 payment due in 2023, based on 6x Digital Media Solutions average EBIT for 2021 and 2022 (less fair value discount)

Highlighted items	2021	2020
	£m	£m
Digital Decisions: post date remuneration	7.9	-
Share based payments	0.5	(1.9)
Purchased intangible asset amortisation	1.1	1.1
Professional costs incurred relating to acquisitions	0.3	0.1
Impairment of goodwill & intangibles of Stratigent & Digital Balance	-	0.8
Severance & reorganisation costs	-	1.5
Refinancing costs	-	0.1
Deferred consideration adjustment	-	0.8
Tax credit	(0.5)	(0.2)
Total	9.3	2.4