7 May 2024

Ebiquity plc
Final Results for the year ended 31 December 2023

Positive 2023 performance despite challenging conditions
Focus on continuing transformation in 2024

Ebiquity plc ("Ebiquity", the "Company" or the "Group"), a world leader in media investment analysis, operating in the US$900 billion global advertising market (source: eMarketer May 2023), announces its results for the year ended 31 December 2023.

Financial Highlights[2]

Year ended 31 December	2023	2022	Change	
	£m	£m	£m	%
Revenue	80.2	75.1	5.1	6.8%
Adjusted Operating Profit[1]	12.0	9.2	2.8	31.1%
Adjusted Operating Profit Margin %	15.0%	12.2%	-	2.8 pp
Adjusted Profit before Tax[1]	9.7	7.9	1.8	23.4%
Adjusted Diluted Earnings per Share[1]	5.3p	4.4p	0.9p	21.1%
Statutory Operating Loss	(0.3)	(6.0)	5.7	95.7%
Statutory Loss before Tax	(2.6)	(7.3)	4.7	64.7%

1. *Adjusted numbers exclude highlighted items and are alternative performance measures ('APMs') adopted by the Group. These non-GAAP measures are considered useful in helping to explain the performance of the Group and are consistent with how business performance is measured internally by the Group. Further details of the APMs, including their reconciliation to statutory numbers, are given below.*
2 *The prior year results have been re-presented to eliminate the results of Digital Balance Australia Pty Limited which was sold in April 2023 and its results are accordingly presented within discontinued operations in both 2023 and 2022.*

Current year results include twelve months' contribution from MMi and MediaPath which were acquired in April 2022.

- Revenue increased by £5.2 million to £80.2 million (+6.8%)
- Adjusted Operating Profit increased by £2.8 million to £12.0 million (+31.1%)
- Adjusted Operating Profit margin increased by 2.8 percentage points to 15.0% (2022: 12.2%)
- Statutory Operating Loss reduced by £5.7m to £0.3m
- Net bank debt of £11.9 million with cash balances of £10.0 million and undrawn bank facilities of £7.1 million
- Adjusted cash flow conversion of £14.7 million, being 122% of adjusted operating profit (2022: £5.8 million, 65%)

Strong operational performance

- Continued revenue growth in North America following successful acquisition in 2022
- Continued traction on efficiency driving GMP365 ("GMP") transformation
- Continued expansion in relationships with clients despite challenging market conditions
- Higher margin Digital Media Solutions revenue increased by 22% to £7.8 million

Nick Waters, Chief Executive Officer, said:

"We delivered a solid performance in 2023, expanding relationships with clients, progressing our business transformation programme and continuing to build scale in the US, the world's largest advertising market.

Despite the more challenging market conditions the business has shown great resilience, increasing revenue and delivering a strong operating margin performance at 15.0%, an improvement of 2.8 percentage points from 12.2% in 2022. This reflects the operating efficiencies we have achieved so far as part of our transformation programme and cost management, as well as continuing growth in our higher margin Digital Media Solutions business.

Our successful integration of MediaPath, based in Europe and MMi in the US, both acquired in 2022, have helped to increase our global scale and client offering. Our US business was the outstanding performer during the year, increasing the scope of work from major clients including GM, Amgen and J&J, as well as adding Pepsico, Intuit and JP Morgan Chase as new clients.

We are now twelve months into a business transformation programme. Our priority has been to transition work onto the GMP platform, enabling us over time to fundamentally change the processes through which our service is delivered. Although the first year has proved both complex and challenging, we are making progress with the platform now handling US$15 billion of media transaction data. In addition, we are carrying out extensive work calibrating a new benchmarking product through testing with several clients in multiple markets and plan a measured rollout through 2024.

The outlook for the advertising industry appears slightly more positive for 2024 with our own survey of WFA members, as well as other independent studies, indicating some confidence starting to return. We have started 2024 very much as expected although we have seen some volatility in certain areas underlining the continuing fragility in some markets. 2024 will be an important year for our transformation, as we continue to enhance our use of technology, change our operating model and improve our ways of working. This will help further improve our client service, ensure greater efficiency and increase our medium and long term profitability.

We look forward to making further profitable progress in 2024."

Details of presentations

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

They will also give a presentation via the Investor Meet Company platform on Wednesday 8 May at 10:30 BST. The presentation is open to all existing and potential shareholders. Questions can be submitted in advance via the Investor Meet Company dashboard up until 09:00 BST on the day before the meeting or at any time during the live presentation. 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 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK 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 Julia Hubbard, Chief Financial Officer of the Company.

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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 four Service Lines: Media management, Media performance, Marketing effectiveness and Contract Compliance.

Ebiquity's clients are served by more than 600 media specialists, covering 80% of the global advertising market.

The Company has the most comprehensive, independent view of today's global media market, analysing over US$100bn of media spend and contract value from over 122 countries annually, including trillions of digital media impressions.

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

During 2023, we continued to show progress against the challenging political and economic environment affecting our global clients. Our main focus has been on implementing a programme to transform the business, which is already delivering some initial operational efficiencies. As a result, the Group is reporting a good performance with revenue growing by 7% to £80.2 million. Despite the statutory loss, we delivered adjusted operating profit of £12.0 million and, importantly, a big improvement in adjusted Operating Profit margin to 15.0%.

Our strategy is to refocus the business to a more globally distributed model which can best meet the needs of our clients who increasingly require a seamless service across multiple geographies. At the heart of the transformation programme is our ability to transition clients onto the GMP platform, fundamentally changing the processes by which work is delivered. Although both a challenging and complex undertaking, we are making progress with 49 Agency Selection Processes from 35 different client companies now using the platform. In addition, clients are increasingly using it to buy ValueTrack, a Media Performance service, which tracks progression of advertisers' media pricing over time. We expect further benefits and efficiencies as we continue to implement the programme over the next two years.

I am also pleased to report that the acquisitions made over the last three years are making a significant contribution to our results. During the year we made a final payment of deferred consideration for Digital Decisions (which we acquired in 2020) which totalled £16.1 million. It has been an outstanding success, not only in terms of revenue and profit growth but also in driving our Digital Media Solutions business which continues to perform well. Our successful integration of MediaPath, based in Europe and MMi in the US, both acquired in 2022, have also helped to increase our global scale and client offering, with our US business the outstanding performer during the year. In addition, we disposed of Digital Balance - a small, non-core asset in Australia while the divestment of our Russian business remains subject to Russian government approval.

As a leading global provider of media investment analysis, we maintain our position through the quality and scale of our market intelligence and our ability to innovate products that widen our appeal to clients. Expanding the scope of work we do for clients remains a key area of focus for the management team, helping to drive growth by identifying new media channels as they emerge. For instance, we developed a programme in the US to address the growing Advanced Television Market and also established a "CO2PM" metric to give clients visibility on the worst polluting elements of their activity and the opportunity to minimise these. Such innovations offer a real value proposition for our clients, helping to differentiate Ebiquity in the market and maintain our leadership position.

During the year we welcomed Julia Hubbard as Chief Financial Officer, following the retirement of Alan Newman as Chief Financial Officer and Chief Operating Officer. Alan had been with the Group since the beginning of 2019 and had acted as interim Chief Executive Officer from the end of 2019 to July 2020. We have recently announced another board change as Julie Baddeley, who joined the board in 2014, stood down on 4 April as a non-executive director and remuneration committee chair. On the same day, we welcomed Sue Farr as a non-executive director. Sue has also taken on the role of remuneration committee chair. On behalf of the Group, I should like to thank Alan for his significant contribution during his tenure and wish him well for his retirement and Julie for her valuable contribution during her time on the board.

We continue to consider board composition and succession. Richard Nichols has served on the board for many years and remained with us last year as we transitioned to a new audit firm and welcomed a new CFO. We expect that Richard will stand down from the board by the end of 2024, once we have found a suitable individual to join the board as an independent non-executive director and chair of the audit & risk committee.

We have made significant progress in our sustainability journey. During the year we have worked with McGrady Clarke, a sustainability consultant, to assess our climate related risks. The key ones have now been identified and work will continue during 2024 to integrate these risks into our overall risk management framework, along with impact assessments and mitigating actions. We have also conducted more sophisticated measurement of our carbon footprint and continue with our planned initiatives to reduce this. More details will be found in our annual report.

On behalf of the Board, I would like to thank all of our employees for their hard work and commitment, especially during a period of change and transformation, which they continue to meet with resilience and creativity.

While the economic and political environment remains challenging there are signs that the advertising market is improving. The market opportunity for Ebiquity is huge and the management team is focused on delivering a more globally distributed model that will help our clients continue to meet the increasingly complex challenges they face in making advertising investment decisions. 2024 has started very much as expected although we have seen some volatility in certain areas underlining the continuing fragility in some markets. Our focus on our transformation programme will also continue this year with the objective of delivering better process efficiency, cutting edge platform technology and wider product offerings to our clients, underpinning the ability to grow the business and further improve margins.

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

Rob Woodward
Chair

Chief Executive Officer's Review

Unique market position

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

As a world leader in media investment analysis, we count over 70 of the world's top 100 advertisers as our clients. We are entirely independent of the media supply chain, which enables us to provide clients with objective, unbiased advice. We do this through our global network of over 600 media specialists based in 18 countries, which covers some 80% of the world's advertising spend. We operate in a very large global advertising market, which is forecast to be worth US$1 trillion in 2024 (Source: eMarketer). We analyse c.US$100 billion of global media investment and contract value annually and now have over 3 trillion digital media impressions in our Media Data Vault.

Profitable growth in a challenging advertising market

I am pleased with our performance and progress during the year where we have expanded relationships with clients, progressed our business transformation programme and continued to build scale in the US, the world's largest advertising market.

Market conditions in 2023, though, were much more challenging and it has been a difficult period for the advertising industry with many global brand owners planning for the short term rather than the long term and, in some cases, cutting budgets or deferring work as a result of prevailing market conditions and trends.

Despite this backdrop our business showed great resilience with revenue growing by 7% to £80.2 million with adjusted operating profit of £12.0 million. In addition, we delivered a strong adjusted operating margin performance at 15.0%, an improvement of 2.8 percentage points from 12.2% in 2022, reflecting the operating efficiencies we have delivered as part of our transformation programme and cost management, as well as a continuing growth in our higher margin Digital Media Solutions business.

Operational metrics

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

Key Performance Indicator	Baseline 2020	2021 actual	2022 actual	2023 actual
No. of clients buying one or more products from the new digital portfolio	10	28	55	84
Volume of digital advertising monitored (trillions of impressions)	0.1	0.6	1.4	2.7
Value of digital advertising monitored (billions of spend US$)	0.5	3.0	6.6	14.1
No. of clients buying two or more Services Lines	58	76	97	101
% of revenue from digital services	25%	29%	32%	36%

Delivering a more efficient business

A key area of focus has been creating a more efficient business. We are now twelve months into a business transformation programme with a considerable focus on increasing the use of automation to create a more efficient service and experience for our clients. Following the 2022 acquisition of MediaPath, we have a high quality data management platform which is providing us with a base from which to drive greater efficiency in the delivery of our Media Management and Media Performance services.

Our priority has been to transition client work onto the GMP platform, enabling us over time to fundamentally change the processes by which work is delivered. This is a major, time intensive undertaking for the business involving training staff, changing working practices, recalibrating some of our products and processes, and engaging with our clients and the agencies we work with on the benefits of the new approach.

The first twelve months has been a demanding and challenging period of the project and although it is at a slower rate than anticipated we are making progress. There is now US$15 billion worth of media transaction data on the platform. In 2023 we managed 49 Agency Selection Processes from 35 different client companies on GMP, and 59 clients now use it to buy ValueTrack, a Media Performance service which tracks progression of advertisers' media pricing over time. In addition, we are carrying out extensive work calibrating a new benchmarking product through testing with several clients in multiple markets and plan a measured rollout process through 2024.

Building client momentum

One of the key drivers of our growth is our ability to cross sell and up sell more solutions to more clients in more geographies. Our universe of clients buying two or more Service Lines continues to grow and pleasingly we have seen the scope of work expanding from major clients including GM, Amgen and J&J in the US; Danone and Ferrero with global projects; and Disney, Beiersdorf, Perfetti and Jaguar Land Rover in Europe. We also saw a number of encouraging wins in North America where we added Pepsico, Intuit and JP Morgan Chase. In addition, we have significantly strengthened our business in Asia adding Kung Shi Fu and Nestlé to our roster in China and expanding the relationship with L'Oreal in Southeast Asia.

Developing a global presence

The successful integration of MMi in the US has accelerated growth in North America with revenue up 33%, representing our strongest regional performance. As a result of this acquisition in 2022, we now have a single management structure in place, a unified team and a co-ordinated product portfolio offering throughout the region. This has produced greater cross selling opportunities and a more comprehensive product range which is proving successful in attracting new clients.

The UK & Ireland showed a resilient performance in the domestic market and gained momentum from the recovery, compared to the prior year, of business from international clients managed from our global hub. In the rest of Europe several larger clients reduced scope and fees in Q4 as their own businesses came under pressure. Despite this, France and Spain delivered good performances.

Our Asia Pacific business suffered from weakness in the Contract Compliance division, and a quiet year in the Agency Selection market.

We continue to review strategic acquisition opportunities and during 2023 progressed with one opportunity which ultimately we did not pursue. Incurred costs relating to this project are reflected in Highlighted items.

Product Innovation driving growth

Our ability to successfully integrate businesses into Ebiquity is reflected in the deferred consideration we paid in May 2023, following the conclusion of the earnout period for Digital Decisions, which was twice the sum expected at the time of acquisition, following its strong performance and growth. The business became our Digital Innovation Centre, making a significant contribution to Group revenue and profit growth since it was acquired in 2020. Some of its resources are now being distributed in other areas of the business as part of the transformation programme to spread digital knowledge and skills more widely.

In addition, we have made strong progress selling Digital Media Solutions, increasing the number of clients buying our products from 10 in 2021 to 84 in 2023. At the end of the year we had US$14.1 billion of Digital Media Transaction data from 2.7 trillion digital impressions in our Media Data Vault giving us unrivalled independent intelligence for our clients on the digital media market.

Complementary to our market intelligence is our ability to innovate and develop new product offerings. For instance, there are several major growth areas that we have identified in media markets which currently have limited governance. To address this gap we have developed an initial "pioneers programme" in the US to address the booming Advanced Television market. We see large sums of money flowing into this market with little governance. Our new solution has identified clear value opportunities for advertisers. In addition, we are also looking to develop a new product for Retail Media aiding governance around media buying which is now in pilot phase. Such developments underpin the growth potential of the Group and offer a real value proposition for our clients.

Outlook

The outlook for the advertising industry appears slightly more positive for 2024 with our own survey of WFA members, as well as other independent studies, indicating some confidence starting to return. We have started 2024 very much as expected although we have seen some volatility in certain areas underlining the continuing fragility in some markets. 2024 will be an important year for our transformation, as we continue to enhance the use of technology, change our operating model and improve our ways of working. This will help further improve our client service, ensure greater efficiency and increase our medium and long-term profitability.

Nick Waters
Chief Executive Officer

Chief Financial Officer Review

Summary Income Statement

	2023	2022	Change	
	£m	£m	£m	%
Revenue	**80.2**	**75.1**	**5.1**	***6.8%***
Project Related Costs	(7.4)	(7.2)	(0.2)	*(1.9)%*
Staff Costs [1]	(48.5)	(47.4)	(1.1)	*(2.3)%*
Other operating expenses [1]	(12.3)	(11.2)	(1.1)	*(9.5)%*
Adjusted Operating Profit [1]	**12.0**	**9.2**	**2.8**	***31.1%***
Net Finance Expense	(2.3)	(1.3)	(1.0)	*77.9%*
Taxation	(2.6)	(2.0)	(0.6)	*27.3%*
Adjusted Profit – Continuing Operations [1]	**7.1**	**5.8**	**1.3**	***22.1%***
Highlighted items	(11.4)	(13.3)	1.9	*(14.6)%*
Statutory Loss – Continuing Operations [1]	**(4.3)**	**(7.5)**	**3.2**	***(43.2)%***

1. Excluding Highlighted items. The commentary in this review focusses largely on alternative performance measures ("APMs") adopted by the Group. These non-GAAP measures are considered useful in helping to explain the performance of the Group and are consistent with how business performance is measured internally by the Group. Further details of the APMs, including their reconciliation to statutory numbers, are given below.

Current year results include twelve months' contribution from the MMi and MediaPath acquisitions which were completed in April 2022. These businesses were fully integrated into Ebiquity by December 2022.

In April 2023, the Group disposed of Digital Balance Australia Pty Limited, a very small, non-core Australian consultancy business. The results of this business have been disclosed as Discontinued Operations and the 2022 results have been re-presented accordingly.

Group revenues for the year ended 31 December 2023 increased by £5.1 million (6.8%) to £80.2 million, from £75.1 million in 2022 with growth across all Service Lines and driven, in particular, from the US and UK & Ireland segments.

This revenue growth was partially offset by an increase of £2.4 million in costs, resulting in an increase in Adjusted Operating Profit in 2023 of £2.8 million (31%) to £12.0 million (2022: £9.2 million). There was a corresponding improvement in adjusted operating profit margin of 2.8 percentage points to 15.0% (2022: 12.2%). Of these costs:

- Project Related Costs (which comprise external partner and production costs) and Staff Costs both increased by 2% Year on Year and, together totalled an increase of £1.3 million
- Adjusted Other Operating expenses increased by £1.1 million to £12.3 million (2022: £11.2 million) largely due to a £1.4 million swing in Foreign Exchange during 2023. The Foreign Exchange charge was £0.5 million in 2023 and a benefit of £0.8 million in 2022

Transformation status

Following the acquisition of MediaPath and MMi during April 2022, the Company committed to identifying and implementing cost savings totalling £5 million on an annualised basis by the end of 2025.

Three products have been transitioned to GMP to date – being Agency Selection, ValueTrack and, towards the end of 2023, Benchmarking. These products amount to around 60% of the Group's revenue. The key success metric of the transformation is the proportion of transitioned products to the GMP platform. In 2023, 20% of the total available product revenue (ie Agency Selection, ValueTrack and Benchmarking) was delivered on the GMP platform. Although this was twice as much as the prior year, it is still slower than we had originally anticipated. Savings are dependent on the migration to the more efficient technology platform GMP reaching a critical mass. As a result, delivery efficiency savings are slower than originally planned due to the 'dual running' of delivery teams for both legacy and GMP based products.

Cost savings are expected through firstly the reduction of Production costs, in particular data and related expenses and secondly, headcount efficiency. By the end of 2023, savings of around £1.0 million had been secured largely through savings in data and related expenses within production costs.

Due largely to the slower GMP migration in 2023 however, staff efficiency savings (after the impact of incremental GMP licence fees) are minimal. The 'dual running' of new and legacy product will reduce towards the end of 2024 and further beyond that period which will then enable the realisation of Staff Cost Transformation savings.

Revenue by service line

Service Line	2023	2022	Variance	
	£m	£m	£m	*%*
Media Performance	53.6	50.3	3.3	*7%*
Media Management	9.9	8.9	1.0	*11%*
Marketing Effectiveness	9.0	8.3	0.7	*8%*
Contract Compliance	7.7	7.6	0.1	*1%*
Total revenue from continuing operations	80.2	75.1	5.1	*7%*

Media Performance, our largest service line, comprises Benchmarking and Circle Audit services, our Digital Media Services offering and ValueTrack, all of which provide greater transparency, governance, efficiency and accountability of media investments.

Revenue from Media Performance services increased by £3.3 million or 7% to £53.6 million (2022: £50.3 million), largely derived from technology enabled products such as the portfolio of Digital Media Solutions and ValueTrack services delivered utilising the more efficient Media Performance GMP platform available following the acquisition of MediaPath. Our focus will be on increasing the take up rates of such products as well as introducing new services to further drive growth and profitability.

Media Management services enable advertisers to select the right media models, partners, operations, processes and technology and largely comprise Agency Selection services. Revenue grew by £1.0 million or 10% in 2023 to £9.9 million (2022: £8.9 million) largely due to an additional sizeable global agency selection process. Whilst the growth in Media Management in 2023 has been driven by Global Agency Selection, although less impactful, as noted during the interim results, local agency selection work was impacted by a temporary market slowdown following a covid led rebound in 2021 and 2022. Increasingly, Agency Selection projects have been delivered using the GMP platform, with around 45% delivered in that manner in 2023 (2022: 16%).

Marketing Effectiveness services provide detailed analysis to enable advertisers to forecast and optimise investments to increase return on advertising investment. Revenue from this service grew by £0.9 million and benefited from two large three year contracts which were secured in the second quarter of 2022.

Revenue by Geographical Segment

	Revenue		Change	
	2023	**Re-presented 2022**		
	£m	**£m**	***£m***	***%***
UK & Ireland	31.2	26.3	*4.9*	*19%*
Continental Europe	23.6	26.4	*(2.9)*	*-11%*
North America	16.8	12.7	*4.1*	*33%*
APAC	8.7	9.7	*(1.0)*	*-10%*
Revenue from Continuing Operations	**80.2**	**75.1**	***5.1***	***6.8%***

Note that Geographical Segmental Revenue in 2022 was presented in that year's published accounts showing externally billed revenue only. This has now been re-presented to reflect the total revenue for those regions including intercompany revenue adjustments.

Adjusted Operating Profit by Geographical Segment

	Adjusted Operating Profit		***Adjusted Operating profit margin***	
	2023	**2022**	***2023***	***2022***
	£m	**£m**	***%***	***%***
UK & Ireland	7.7	6.6	*24.6%*	*25.3%*
Continental Europe	7.5	6.3	*32.0%*	*23.9%*
North America	2.3	0.9	*13.6%*	*7.2%*
APAC	1.6	1.8	*18.5%*	*18.9%*
Operating profit from Regional Segments	19.1	15.7	*23.8%*	*21.0%*
Unallocated Costs	(7.1)	(6.6)	*NA*	*NA*
Adjusted Profit - Continuing Operations	**12.0**	**9.2**	***15.0%***	***12.2%***

North America delivered the highest regional revenue growth, increasing revenue by £4.1 million or 33% to £16.8 million (2022: £12.7 million). Whilst some of this growth resulted from the full year effect of the MMi acquisition, completed in April 2022, the remaining growth was largely driven by the Media Performance service line which incorporates the ValueTrack product and higher margin Digital Media Services revenue. The scaling benefits of a larger business together with increasing volumes of higher margin Digital Media Services revenue delivered a 6.4 percentage point increase in the 2023 adjusted operating margin to 13.6% (2022: 7.2%).

UK & Ireland revenue increased by 19% from the prior year to £31.2 million (2022: £26.3 million) while margin remained consistent at 25%. Revenue growth in that region was driven from large global clients with multiple service lines including Digital Media Services, together with a large three year Marketing Effectiveness contract which was secured in the second quarter of 2022 and delivered from the existing resource base.

Continental Europe revenue declined to £23.6 million (2022: £26.4 million). Although recent market pressures experienced by some clients in the Italian and German markets have resulted in budget cuts and a consequent decline in revenue, Continental Europe's faster adoption of sales via the GMP platform helped to improve margin by 8 percentage points to 32% (2022: 24%).

Asia Pacific is currently the Group's smallest market. Revenue in 2023 was 10% or £1 million lower than 2022 while operating margin reduced by 0.4 percentage points to 18.5% (2022: 18.9%). The revenue reduction is largely explained by the market for local Agency Selection being lower during 2023 together with the impact of China RMB foreign exchange depreciation.

Unallocated costs, which comprise corporate and support costs, increased by £0.5 million largely due to the impact of unallocated foreign exchange movements realised on debtor and creditor balances which moved to a loss of £0.2 million in 2023 compared to a gain of £0.5 million in 2022.

Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business. These are used for the calculation of certain Alternative Performance Measures. Highlighted items after tax in the year totalled a charge of £11.2 million (2022: £13.4 million) and include the following:

	2023 £m	2022 £m
Amortisation and Impairment	6.3	3.0
Post-acquisition accruals and charges	2.1	7.9
Professional charges relating to acquisitions and aborted acquisitions	1.8	1.9
Reorganisation	1.3	1.9
Share option (credit)/charge	0.6	0.5
Subtotal before tax	**12.1**	**15.2**
Tax (credit)/charge on highlighted items	(0.9)	(1.8)
Total	**11.2**	**13.4**

Amortisation and Impairment:

- Amortisation of purchased intangibles increased to £3.4 million due to full year impact of the prior year acquisitions whose intangible assets have been included at fair value. The charge in the year relating to MediaPath and MMi was £3.0 million.
- The impairment charge of £2.9 million relates to the write down of goodwill held in the China, Italy and Russia CGUs to £nil. The impairment was calculated with reference to the value in use compared to the net book value.

Post-acquisition accruals and charges:

- Revaluation of earn out accruals of £1.8m relates to the reassessment of the earn out of the deferred consideration payable relating to the MMi acquisition in 2022.
- £0.3 million charge for post date remuneration settled in May 2023 relates to the acquisition of Digital Decisions BV, acquired in January 2020 (2022: £7.9 million)

Professional charges including acquisitions and aborted acquisitions:

- The acquisition related costs of £1.8 million relate to professional fees and incurred project costs and largely related to an aborted acquisition. £1.0 million of these fees were settled after the Balance sheet date

Reorganisation:

- Costs of £1.3 million were incurred as a part of the ongoing process to transform and integrate the product portfolio, optimise the use of newly acquired technologies, move from a regional to a global delivery model together with transforming the finance operations.
- As part of this transformation an additional cost of £0.6 million was incurred in relation to severance
- The Group has reviewed its property lease portfolio and has identified surplus offices which have been vacated. The New York office was vacated in 2022 and its lease liabilities treated as an onerous lease in that year. Following the sublease of this office in July 2023, a credit of (£0.4 million) was released to the onerous lease provision, reflecting the benefit of this income stream
- In April 2023 the Group disposed of Digital Balance Australia Pty Limited. A credit, net of tax of (£0.2 million) was incurred in relation to this disposal

Finance costs

Net finance costs increased to £2.3 million in 2023 from £1.3 million in 2022 driven largely by the higher interest rates in 2023 and increased bank borrowings from May 2023 following the settlement of the £6.5 million cash element of the Digital Decisions post date remuneration.

Taxation

The adjusted effective tax rate of 26.6% is 0.8 percentage points higher than the prior year (2022: 25.8%) largely due to the impact of UK corporation tax rates which increased to 25% from 19%. There was a corresponding increase of £0.6 million in the adjusted tax charge to £2.6 million (2022: £2.0 million).

Profit/Loss for the Year from continuing operations

The adjusted profit for the year increased by £1.3 million or 22.0% to £7.1 million (2022: £5.8 million). This increase in adjusted profit, together with a reduction in Highlighted items of £2.0 million (2023: £11.3 million; 2022: £13.3 million) resulted in a reduction in statutory loss of £3.2 million to £4.3 million (2022: £7.5 million).

Earnings per share

Adjusted profit after taxation increased by 22% to £7.1 million (2022: £5.8 million), resulting in an increase in adjusted diluted earnings per share to 5.33p at 31 December 2023, from 4.41p in the prior period. The statutory basic loss per share improved from 6.92p in the prior period to 3.36p at 31 December 2023.

Dividend

No dividend has been declared or recommended for either of the twelve months ended 31 December 2023 or 2022.

Statement of financial position and net assets

A non-statutory summary of the Group's balance sheet as at 31 December 2023 and 31 December 2022 is set out below:

	31 December 2023 £'000	31 December 2022 £'000
Goodwill and intangible assets	**49,215**	55,868
Right of use asset	**2,756**	3,308
Other non-current assets	**2,455**	3,488
Net working capital[1]	**8,414**	9,350
Lease liability	**(4,360)**	(5,983)
Other non-current liabilities	**(838)**	(2,659)
Digital Decisions post date remuneration	**-**	(15,787)
Deferred consideration (MMi)	**(3,996)**	(2,183)
Net bank debt	**(11,984)**	(9,140)
Net assets	**41,662**	36,262

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

Net assets

Net assets at 31 December 2023 were £41.7 million, an increase of £5.4 million from 31 December 2022. This is largely driven by the non-cash element of the Digital Decisions post date remuneration settlement which totalled £9.7 million and partially offset by the £2.9 million goodwill impairment to the China, Italy and Russian subsidiaries together with the reassessment of the deferred consideration for MMi of £1.8 million.

Working capital

Working capital decreased to £8.4 million, down from £9.4 million at 31 December 2022. Debtor days increased slightly from 67 to 69. Debtor days can fluctuate year-on-year depending on the billing profile of customers, with some European customers having extended credit terms.

Adjusted Cash conversion

	Year ended 31 December 2023 £m	**Year ended 31 December 2022 £m**
Statutory cash from operations	**11.5**	3.8
Add back:		
Settlement of Digital Decisions post date remuneration	**6.4**	-
Cash outflow from Discontinued Activities	**0.6**	0.1
Highlighted items: cash items	**2.5**	2.0
Adjusted cash from operations	**14.7**	5.9
Adjusted operating profit/(loss)	**12.0**	9.2
Cash Flow Conversion Ratio (as % of Adj OP)	***122%***	*65%*

Adjusted cash from operations represents the cash flows from operations excluding the impact of Highlighted items. The adjusted net cash inflow from operations during 2023 was £14.7 million (2022: £5.9 million) which represents a cash conversion ratio of 122% of adjusted operating profit.

Equity

During the year, the issued share capital increased by 17% to 140,411,766 shares (2022: 120,241,181 shares) due to the issue of 19,929,502 shares in settlement of the post date remuneration for the Digital Decisions BV acquisition and 241,083 shares issued following the exercise of share options.

Net debt and banking facilities

	31 December 2023 £'000	31 December 2022 £'000
Net cash[1]	**10,016**	12,360
Bank debt	**(22,000)**	(21,500)
Net Bank Debt	**(11,984)**	(9,140)

1 Includes restricted cash of £0.9 million held in Ebiquity Russia (2022: £1.0 million)

Bank borrowings are held jointly with Barclays and NatWest. The revolving credit facility ('RCF') as at 31 December 2023 ran for a period of three years to March 2025. On 25 April 2024, the facility was extended for a further three year period to 24 April 2027 on more favourable terms. The amended facility is for £30.0 million with no amortisation of the facility during the three year period.

Quarterly covenants will be applied from June 2024 onwards, being interest cover >3.0x; adjusted leverage <2.5x; and adjusted deferred consideration leverage <3.5x.

The facility will bear variable interest Barclays Bank SONIA rate plus a margin ranging from 2.25% to 2.75%, depending on the Group's net debt to EBITDA ratio.

Julia Hubbard
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

		31 December 2023			31 December 2022 Re-presented [1]		
	Note	**Adjusted results £'000**	**Highlighted items (note 3) £'000**	**Statutory results £'000**	**Adjusted results** £'000	Highlighted items (note 3) £'000	**Statutory results** £'000
Revenue	2	**80,196**		**80,196**	75,055		75,055
Project-related costs		**(7,355)**	**—**	**(7,355)**	(7,219)	—	(7,219)
Net revenue		**72,841**	**—**	**72,841**	67,836	—	67,836
Staff costs[1]		**(48,526)**	**(1,800)**	**(50,326)**	(47,439)	(584)	(48,023)
Other operating expenses[1]		**(12,300)**	**(10,472)**	**(22,772)**	(11,235)	(14,542)	(25,777)
Operating profit/(loss)		**12,015**	**(12,272)**	**(257)**	9,162	(15,126)	(5,964)
Finance income		**85**	**—**	**85**	80	—	80
Finance expenses		**(2,230)**	**—**	**(2,230)**	(1,427)	—	(1,427)
Foreign exchange		**(164)**	**—**	**(164)**	50	—	50
Net finance costs		**(2,309)**	**—**	**(2,309)**	(1,297)	—	(1,297)
Profit/(loss) before taxation		**9,706**	**(12,272)**	**(2,566)**	7,865	(15,126)	(7,261)
Taxation (charge)/credit	4	**(2,582)**	**884**	**(1,698)**	(2,028)	1,788	(240)
Profit/(loss) for the period – continuing operations		**7,124**	**(11,388)**	**(4,264)**	5,837	(13,338)	(7,501)
Net (loss)/profit from discontinued operations		**(28)**	**189**	**161**	70	(31)	39
Profit/(loss) for the period		**7,096**	**(11,199)**	**(4,103)**	5,907	(13,369)	(7,462)
Attributable to:							
Equity holders of the parent		**7,045**	**(11,199)**	**(4,154)**	5,874	(13,369)	(7,495)
Non-controlling interests		**51**	**—**	**51**	33	—	33
		7,096	**(11,199)**	**(4,103)**	5,907	(13,369)	(7,462)
Earnings/(loss) per share – continuing operations							
Basic	6	**5.50p**		**(3.36)p**	5.33p		(6.92)p
Diluted	6	**5.34p**		**(3.36)p**	4.41p		(6.92)p
(Loss)/earnings per share – discontinued operations							
Basic	6	**(0.02)p**		**0.13p**	0.06p		0.04p
Diluted	6	**(0.02)p**		**0.13p**	0.05p		0.04p

[1] *The prior year results have been re-presented to eliminate the results of Digital Balance Australia Pty Limited. Its results have instead been presented within discontinued operations in both 2023 and 2022, as it was sold in April 2023.*

The notes below are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss for the year	**(4,103)**	(7,462)
Other comprehensive (expense)/income:		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**(750)**	252
Total other comprehensive (expense)/income for the year	**(750)**	252
Total comprehensive expense for the year	**(4,853)**	(7,210)
Attributable to:		
Equity holders of the parent	**(4,904)**	(7,243)
Non-controlling interests	**51**	33
	(4,853)	(7,210)

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	**31 December 2023 £'000**	31 December 2022 £'000
Non-current assets			
Goodwill	7	**39,688**	43,091
Other intangible assets	8	**9,527**	12,776
Property, plant and equipment		**911**	1,289
Right-of-use assets	9	**2,756**	3,308
Lease receivables	9	**269**	—
Deferred tax assets		**1,274**	2,199
Total non-current assets		**54,425**	62,663
Current assets			
Trade and other receivables	10	**29,761**	33,163
Lease receivables	9	**205**	141
Corporation tax asset	4	**723**	845
Cash and cash equivalents		**10,016**	12,360
Total current assets		**40,705**	46,509
Total assets		**95,130**	109,172
Current liabilities			
Trade and other payables	11	**(9,247)**	(10,049)
Accruals and contract liabilities	12	**(10,804)**	(29,399)
Financial liabilities	13	—	(61)
Current tax liabilities	4	**(1,774)**	(1,121)
Provisions		**(450)**	(17)
Lease liabilities	9	**(1,682)**	(1,328)
Total current liabilities		**(23,957)**	(41,975)
Non-current liabilities			
Financial liabilities	13	**(25,871)**	(23,357)
Provisions		**(80)**	(446)
Lease liabilities	9	**(2,678)**	(4,654)
Deferred tax liability		**(882)**	(2,478)
Total non-current liabilities		**(29,511)**	(30,935)
Total liabilities		**(53,468)**	(72,910)
Total net assets		**41,662**	36,262
Equity			
Ordinary shares		**35,103**	30,060
Share premium		**15,552**	10,863
Other reserves		**4,074**	4,824
Accumulated losses		**(13,420)**	(9,787)
Equity attributable to the owners of the parent		**41,309**	35,960
Non-controlling interests		**353**	302
Total equity		**41,662**	36,262

The notes are an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 6 May 2024 and were signed on its behalf by:

Julia Hubbard
Chief Financial Officer

Ebiquity plc. Registered No. 03967525

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

1.

	Note	Ordinary shares £'000	Share premium £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
31 December 2021		20,682	255	4,572	(2,774)	22,735	269	23,004
(Loss)/profit for the year 2022		—	—	—	(7,495)	(7,495)	33	(7,462)
Other comprehensive income		—	—	252	—	252	—	252
Total comprehensive income/(expense) for the year		—	—	252	(7,495)	(7,243)	33	(7,210)
Shares issued for cash		9,240	10,608	—	(39)	19,809	—	19,809
Share options charge	3	138	—	—	521	659	—	659
Acquisitions		—	—	—	—	—	—	—
Dividends paid to non-controlling interests		—	—	—	—	—	—	—
31 December 2022		30,060	10,863	4,824	(9,787)	35,960	302	36,262
(Loss)/profit for the year 2023		**—**	**—**	**—**	**(4,154)**	**(4,154)**	**51**	**(4,103)**
Other comprehensive expense		**—**	**—**	**(750)**	**—**	**(750)**	**—**	**(750)**
Total comprehensive (expense)/income for the year		**—**	**—**	**(750)**	**(4,154)**	**(4,904)**	**51**	**(4,853)**
Shares issued for cash		**4,983**	**4,689**	**—**	**(47)**	**9,625**	**—**	**9,625**
Share options charge	3	**60**	**—**	**—**	**568**	**628**	**—**	**628**
Dividends paid to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**
31 December 2023		**35,103**	**15,552**	**4,074**	**(13,420)**	**41,309**	**353**	**41,662**

1. Includes a credit of £3,667,000 (31 December 2022: £3,667,000) in the merger reserve, a gain of £1,830,000 (31 December 2022: £2,635,000) recognised in the translation reserve, partially offset by a debit balance of £1,478,000 (31 December 2022: £1,478,000) in the ESOP reserve.

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	**31 December 2023 £'000**	31 December 2022 £'000
Cash flows from operating activities			
Cash generated from operations	15	**11,525**	3,812
Post date remuneration paid		**(6,448)**	—
Finance expenses paid		**(1,765)**	(830)
Finance income received		**61**	62
Income taxes paid		**(1,621)**	(1,871)
Net cash generated by operating activities		**1,752**	1,173
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**21**	(17,020)
Disposal of subsidiaries	16	**353**	—
Purchase of property, plant and equipment		**(355)**	(274)
Purchase of intangible assets	8	**(1,591)**	(175)
Net cash used in investing activities		**(1,572)**	(17,469)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		**13**	14,374
Proceeds from bank borrowings	13	**5,000**	4,500
Repayment of bank borrowings	13	**(4,500)**	(1,000)
Bank loan fees paid	13	—	(300)
Repayment of lease liabilities	9	**(2,529)**	(2,616)
Dividends paid to non-controlling interests		—	—
Net cash flow (used in)/generated by financing activities		**(2,016)**	14,958
Net decrease in cash, cash equivalents and bank overdrafts		**(1,836)**	(1,338)
Cash, cash equivalents and bank overdraft at beginning of year		**12,360**	13,134
Effects of exchange rate changes on cash and cash equivalents		**(508)**	564
Group cash and cash equivalents at the end of the year		**10,016**	12,360

The notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

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 22 offices located in 18 countries across Europe, Asia and North America.

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

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

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

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

Non-cash highlighted items, which do not represent cash transactions in the year, include share option charges, amortisation of purchased intangibles, movements in tax and onerous lease provisions. Other items include the costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and disposals and their subsequent integration into the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges and restructuring costs. Transformation costs have also been incurred as part of a planned transformation and integration programme.

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 13 to the financial statements. As at 31 December 2023, the Group had cash balances of 10,016,000 (including restricted cash of £861,000) and undrawn bank facilities available of £7,063,000 and was cash generative and within its banking covenants.

Since the year end, this facility has been extended under an agreement dated 25 April 2024. The facility will provide a total available of £30 million for a period of three years to 24 April 2027. The quarterly covenants to be applied from March 2024 onwards will be: interest cover >3.0x (reduced from the current level of interest cover <4.0x, contingent upon the Group delivering a revised financial model within 30 days of the effective date of the amendment and restatement, in form and substance satisfactory to the Agent); adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x. Details of the facility terms and covenants applying are set out in note 13 below.

In assessing the going concern status of the Group and Company, the Directors have considered the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the Group's cash flows, liquidity and bank facilities. The Directors have prepared a model to forecast covenant compliance and liquidity for the next 12 months that includes a base case and scenarios to form a severe but plausible downside case. For the purposes of this model, the terms of the new facility, including its covenant tests, have been applied with effect from the quarter ending 31 March 2024.

The base case assumes growth in revenue and EBITDA based on the Group's budget for the year ended 31 December 2024 and management projections for the year ended 31 December 2025. The severe but plausible case assumes a downside adjustment to revenue of 10% throughout the period with only a 3% reduction in operating costs. Under this, management is satisfied of covenant compliance through the going concern period.

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

Russian operation
Following the Russian invasion of Ukraine, the Group has been reviewing the future of its subsidiary in Russia (Ebiquity Russia OOO) and has been in negotiations with a view to divesting its 75.01% shareholding in it. Although this subsidiary remains part of the Group for these financial statements, given the uncertainty regarding this operation, an impairment provision of £495,000 has been made against the value of its assets in the Group balance sheet. Its cash balances are also deemed to be restricted cash. Details are provided in note 3.

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.

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

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

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

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

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

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

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

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

For fixed-price contracts, which represent the majority of cases, revenue is recognised based on the actual service provided during the reporting period, calculated as an appropriate proportion of the total services to be provided under the contract. This reflects the fact that the customer receives and uses the benefits of the service simultaneously. The output method is used to measure progress of performance obligations depending on the nature of the specific contract and project arrangements. Where appropriate, revenue may be recognised evenly in line with the value delivered to the client, based on assignment of amounts to the project milestones set out in the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- it is technically feasible to develop the asset so that it will be available for use or sale;
- adequate resources are available to complete the development and to use or sell the asset;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Where there are modifications to share-based payments that are beneficial to the employee, as well as continuing to recognise the original share-based payment charge, the incremental fair value of the modified share options as identified at the date of the modification is also charged to the income statement over the remaining vesting period.

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

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

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

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

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

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

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

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

Revenue recognition
Revenue from the provision of contracts is recognised as a performance obligation satisfied over time. Revenue is recognised based on stage of completion of the contract. Determination of the stage of completion requires the use of estimates for the revenue recognised for every open contract incurred up to the balance sheet date.

Deferred tax assets on losses
Determining certain income tax provisions involves judgement on the future performance of the business. The management review the forecast future performance and tax provisions are set up accordingly. Deferred tax assets are recognised for tax losses not yet used. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Projections have prepared for 2024-2026 based upon management's plans and market expectations to support the deferred tax assets recognised.

Contingent consideration
The Group has recorded liabilities for contingent consideration on acquisitions made in the current and prior periods. The calculation of the contingent consideration liability requires estimates to be made regarding the forecast future performance of these businesses for the earn out period. See note 3 for details.

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

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

Further details, including a sensitivity analysis, are included in note 7.

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 2023:

- Amendments to IAS 12 relating to Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 1 Presentation of Financial Instruments, classification of liabilities as current or non-current; and
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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.

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

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective on or after 1 January 2024

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, effective on or after 1 January 2024
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7, effective on or after 1 January 2024
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related disclosures, effective on or after 1 January 2024. The implementation of these standards are subject to local regulation.

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

2. Segmental reporting

In accordance with IFRS 8, the Executive Directors have identified the operating segments based on the reports they review as the chief operating decision maker ('CODM') to make strategic decisions, assess performance and allocate resources. The definition of these segments is the regional operations.

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

The Group's chief operating decision makers assess the performance of the operating segments based on revenue and adjusted operating profit. 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 recurring expenditure recorded to highlighted items such as equity-settled share-based payments, purchased intangible amortisation and transformation related costs. 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 years ended 31 December 2023 and 31 December 2022 are as follows:

Note that the below table shows served revenue for both years. Served revenue comprises external revenue of each segment plus intercompany revenue less intercompany partner costs.

	Served revenue		***Change***	
	Year ended 31 December 2023	**Re-presented Year ended 31 December 2022 [1]**		
	£'000	**£'000**	***£'000***	***%***
UK & Ireland	31,179	26,262	*4,917*	*19%*
Continental Europe	23,551	26,461	*(2,910)*	*-11%*
North America	16,793	12,662	*4,131*	*33%*
APAC	8,673	9,670	*(998)*	*-10%*
Served revenue from continuing operations	**80,196**	**75,055**	***5,141***	***7%***
Served revenue from discontinued operations	111	918	*(807)*	*-88%*
Served revenue - Total	**80,307**	**75,973**	***4,334***	***6%***

[1] *The 2022 Segmental revenue has been re-presented to include the impact of intercompany revenues and costs. This is to provide a clearer understanding of the margin performance of each segment. 2022 has also been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

The table below represents revenue by Service Line:

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 [1] £'000
Media Performance	**53,635**	50,281
Media Management	**9,846**	8,884
Marketing Effectiveness	**9,047**	8,265
Contract Compliance	**7,668**	7,625
Total revenue from continuing operations	**80,196**	75,055
Total revenue from discontinuing operations	**111**	918
Total revenue	**80,307**	75,973

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See below for further details.*

	Adjusted operating profit		***Adjusted operating profit margin***	
	Year ended 31 December 2023 £'000	**Re-presented Year ended 31 December 2022 [1] £'000**	***2023 %***	***2022 %***
UK & Ireland	7,679	6,552	*25%*	*25%*
Continental Europe	7,527	6,449	*32%*	*24%*
North America	2,288	913	*14%*	*7%*
APAC	1,583	1,835	*18%*	*19%*
Unallocated	(7,062)	(6,587)	*NA*	*NA*
Adjusted profit - continuing operations	**12,015**	**9,162**	***15%***	***12%***
Adjusted profit - discontinued operations	(24)	108	*-22%*	*12%*
Adjusted profit - Total	**11,991**	**9,270**	***15%***	***12%***

[1] 2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.

	Total assets		***Change***	
	31 December 2023 £'000	**Re-presented 31 December 2022 [1] £'000**	***£'000***	***%***
UK & Ireland	27,096	32,963	*(5,293)*	*-16%*
Continental Europe	38,377	43,604	*(4,723)*	*-11%*
North America	20,532	17,757	*2,992*	*17%*
APAC	7,890	11,218	*(1,200)*	*-11%*
Unallocated	1,235	2,937	*(1,703)*	*-58%*
Total assets from continuing operations	**95,130**	**108,479**	***(9,927)***	***-9%***
Total assets from discontinued operations	—	693	*(693)*	*-100%*
Total assets	**95,130**	**109,172**	***(10,620)***	***-10%***

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

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

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 [2] £'000
Reportable segment adjusted operating profit	**19,076**	15,749
Unallocated (costs)/income[1]:		
Staff costs [3]	**(3,742)**	(3,816)
Property costs	**(1,102)**	(949)
Exchange rate movements	**(233)**	541
Other operating expenses	**(1,984)**	(2,363)
Adjusted Operating profit	**12,015**	9,162
Highlighted items (note 3)	**(12,272)**	(15,126)
Operating loss	**(257)**	(5,964)
Net finance costs	**(2,309)**	(1,297)
Loss before tax – continuing operations	**(2,566)**	(7,261)
Profit before tax – discontinued operations	**230**	61
Loss before tax – continuing operations	**(2,336)**	(7,200)

[1] *Unallocated (costs)/income comprise central costs that are not considered attributable to the segments.*
[2] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*
[3] *These are head office staff costs.*

Unsatisfied long term contracts

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

	31 December 2023 £'000	31 December 2022 £'000
Aggregate amount of the transaction price allocated to long term contracts that are partially or fully unsatisfied as at 31 December 2023:		
Within one year	**19,222**	21,573
Within more than one year	**1,104**	1,580

Significant changes in contract assets and liabilities

Contract assets have increased from £6,464,000 to £7,384,000 and contract liabilities have reduced from £8,083,000 to £6,535,000 from 31 December 2022 to 31 December 2023. This movement reflects the timing of open projects at the year end which vary year on year.

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

	31 December 2023 £'000	Re-presented 31 December 2022 [1] £'000
Total assets for reportable segments	**93,895**	105,541
Unallocated amounts:		
Property, plant and equipment	**(2)**	(3)
Other intangible assets	**21**	3
Other receivables	**902**	1,596
Cash and cash equivalents	**314**	543
Deferred tax asset	**—**	799
Total assets from continuing operations	**95,130**	108,479
Total assets from discontinuing operations	**—**	693
Total assets	**95,130**	109,172

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

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

	31 December 2023 Non-current assets £'000	Re-presented 31 December 2022 [1] Non-current assets £'000
UK & Ireland	**15,526**	16,511
Continental Europe	**23,797**	26,709
North America	**11,039**	11,538
Asia Pacific	**2,799**	5,295
	53,151	60,053
Deferred tax assets	**1,274**	2,199
Total non-current assets from continuing operations	**54,425**	62,252
Total non-current assets from discontinued operations	**—**	411
Total non-current assets	**54,425**	62,663

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

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

3. Highlighted items

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

	31 December 2023 Total £'000	Re-presented 31 December 2022 [1] Total £'000
Other operating expenses		
Share option charge	**579**	553
Amortisation of purchased intangibles	**3,394**	2,697
Post date remuneration for Digital Decisions	**333**	7,866
Impairment of goodwill and current assets	**2,863**	262
Severance and reorganisation costs	**599**	584
Onerous lease provision movement	**(407)**	1,272
Revaluation of earn out accruals	**1,813**	—
Acquisition related costs	**1,754**	1,892
Transformation costs	**1,344**	—
Total highlighted items before tax	**12,272**	15,126
Taxation (credit)	**(884)**	(1,788)
Total highlighted items – continuing operations	**11,388**	13,338
Highlighted items – discontinued operations	**(189)**	31
Total highlighted items	**11,199**	13,369

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details*.

The share option charge reflects the expense for the period arising from the cost of share options granted at fair value, recognised over the vesting period. For the period ended 31 December 2023, a charge of £579,000 (2022: £553,000) was recorded.

The amortisation charge for purchased intangible assets increased in the year to £3,394,000 (2022: £2,697,000) due to the full year impact of the prior year addition of intangible assets through the acquisitions of MMi and MediaPath. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and MediaPath's GMP licence asset.

A final accrual of £333,000 (2022: £7,866,000) was made for post date remuneration which was settled in May 2023 relating to the acquisition of Digital Decisions BV in 2020. The total amount paid was £16.1 million.

An impairment charge of £2,884,000 (2022: £78,000) has been made to write down the goodwill balances in China, Italy and Russia to £nil. See note 7 for further details. The remaining credit adjustment of £21,000 (2022: a charge of £184,000) is an adjustment against the Group's share (75%) in Ebiquity Russia OOO's total assets excluding cash due to the planned divestment of the Group's majority stake for a nominal value.

Total severance and reorganisation costs of £599,000 (31 December 2022: £584,000) were recognised during the year, relating to nine senior roles across the Group which were eliminated during the year.

Onerous lease provision costs in the year totalled £(407,000) (2022: £1,272,000). During 2023 the New York office was sublet with a brokers' fee of £32,000 incurred. The agreement commenced in August 2023 and runs through to April 2026. The lease receivable for the New York office, representing the present value of the minimum lease payments calculated as £(509,000), has also been recognised within highlighted items as a credit. The Chicago office was vacated in 2019 and sublet until September 2023, when the break clause on the head lease (which runs until 2026) can be exercised. The break clause has now been exercised and the professional fees incurred on doing so were £70,000.

Revaluation to earn out accruals of £1,813,000 represents the adjustment to the calculated deferred consideration payable relating to the 2022 acquisition of Media Management LLC. The earn out is due to be settled in 2025 and is based upon the 2024 operating profit achieved of the combined North America business.

Acquisition related costs of £1,754,000 (2022: £1,892,000) relate to the legal and professional fees associated with acquisitions.

The remaining costs of £1,344,000 within the continuing business are transformation costs. As previously communicated, the Group is in the process of undertaking a transformation and integration programme to firstly, rationalise its product portfolio and optimise the use of newly acquired technologies and secondly, move from a regional to a global delivery model. In addition, the integration, alignment and streamlining of delivery and planning methodologies throughout the organisation are in progress. This follows the acquisition of MMi and MediaPath in April 2022.

Significant workstreams are underway to support this transformation. Whilst these workstreams involve a large number of the employees throughout the organisation, there are a number of core individuals who are fundamental in delivering specific workstreams. These individuals have largely been taken out of their regional delivery and management roles to focus on the transformation workstreams and will return to a newly created role within the new global specialisms that they have been responsible for implementing. The costs highlighted are therefore not "one-off" in nature, though the workstreams are. We have determined to separate through highlighted items the proportionate costs of individuals who are spending the majority of their time on these transformation workstreams and in 2023, this was 10 employees with a total cost of £1,008,000. We have also enlisted the help of contractors for the transformation project, with their costs in 2023 amounting to £159,000. In addition, training and events costs to brief and educate employees of their new roles within the new global specialisms totalled £177,000. These transformation costs, in total £1,344,000, have been classified as highlighted items.

As previously communicated, this has been planned as a transformation programme scheduled to run to the end of 2025, with the majority of costs incurred in 2023 and 2024. Savings are expected to commence during the second half of 2024 and operating efficiency savings totalling £5 million on an annualised basis are expected to be delivered by the end of 2025.

The total tax credit of £884,000 (2022: credit of £1,788,000) comprises a current tax credit of £307,000 (2022: a credit of £883,000) and a deferred tax credit of £577,000 (2022: a credit of £905,000). Refer to note 4 for more detail.

The costs within discontinued operations represents the highlighted items after tax for the disposal of the Digital Balance Australia Pty Limited. Included within this balance is the profit on disposal of £268,000, amortisation of intangibles of £10,000 (2022: £42,000) and tax on the profit on disposal of £69,000 (2022: credit of £11,000 on the movement in the deferred tax on intangibles).

4. Taxation charge/(credit)

	Year ended 31 December 2023			Re-presented Year ended 31 December 2022 [1]		
	Before highlighted items £'000	**Highlighted items £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	**178**	**1,015**	**1,193**	114	(101)	13
Adjustment in respect of prior years	**(92)**	**—**	**(92)**	386	—	386
	86	**1,015**	**1,101**	500	(101)	399
Foreign tax						
Current year	**2,735**	**(1,322)**	**1,413**	1,973	(295)	1,678
Adjustment in respect of prior years	**(17)**	**—**	**(17)**	(33)	(487)	(520)
	2,718	**(1,322)**	**1,396**	1,940	(782)	1,158
Total current tax	**2,804**	**(307)**	**2,497**	2,440	(883)	1,557
Deferred tax						
Origination and reversal of temporary differences	**(459)**	**(77)**	**(536)**	(380)	(916)	(1,296)
Adjustment in respect of prior years	**237**	**(500)**	**(263)**	—	—	—
Total tax charge/(credit) – continuing operations	**2,582**	**(884)**	**1,698**	2,028	(1,788)	240
Total tax charge – discontinued operations	**—**	**69**	**69**	—	—	—
Total tax charge/(credit)	**2,582**	**(815)**	**1,767**	2,028	(1,788)	240

[1] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss before tax	**(2,566)**	(7,201)
Corporation tax at 23.5% (31 December 2022: 19.0%)	**(603)**	(1,368)
Non deductible taxable expenses	**2,968**	1,570
Deferred tax not previously recognised	**(411)**	—
Overseas tax rate differential	**73**	549
Overseas losses not recognised	**44**	97
Losses utilised not previously recognised	**—**	(453)
Adjustment in respect of prior years	**(373)**	(134)
Total tax charge – continuing operations	**1,698**	261
Total tax charge – discontinued operations	**69**	—
Total tax charge	**1,767**	261

Following the Finance Act 2021 (enacted on 10 June 2021), the UK corporation tax rate effective from 1 April 2023 increased to 25% from 19%.

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

	£'000
At 31 December 2021	374
Corporation tax payments	(2,183)
Corporation tax refunds	314
Withholding tax	(39)
Under-provision in relation to prior years	(134)
Provision for the year ended 31 December 2022	1,691
Foreign exchange and other	266
At 31 December 2022	290
Corporation tax payments	**(2,198)**
Corporation tax refunds	**577**
Withholding tax	**—**
Under-provision in relation to prior years	**(110)**
Provision for the year ended 31 December 2023	**2,526**
At 31 December 2023[1]	**1,085**

1. *Tax liability excludes £35,000 recoverable withholding tax (2022: £12,000).*

5. Discontinued operations

During the period, the Group agreed to dispose of its marketing analytics subsidiary Digital Decisions Australia Pty Limited to Spinach Advertising Pty Limited for gross consideration of A$850,000 (£454,000). This disposal was completed on 6 April 2023. A$750,000 (£401,000) of the consideration was payable upfront with the residual A$100,000 (£53,000) payable in February 2024. A profit on disposal of £268,000 was recognised on disposal. The results of this division have been presented within discontinued operations as appropriate.

The table below summarises the income statement for the discontinued business for both the current and the prior year:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue	**111**	918
Project-related costs	**—**	—
Net revenue	**111**	918
Staff costs	**(97)**	(526)
Other operating expenses	**(38)**	(284)
Operating (loss)/profit	**(24)**	108
Finance income	**—**	5
Finance expenses	**(4)**	(10)
Net finance costs	**(4)**	(5)
(Loss)/profit before highlighted items	**(28)**	103
Highlighted items	**258**	(42)
Profit before tax	**230**	61
Tax	**(69)**	(22)
Net profit from discontinued operations	**161**	39

Below is a table summarising the cash flows from continuing and discontinued operations:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash generated from operations – continuing operations	**2,390**	1,334
Cash used in operations – discontinued operations	**(638)**	(161)
Total cash generated from operations	**1,752**	1,173
Cash used in investment activities – continuing operations	**(1,925)**	(17,469)
Cash generated by investment activities – discontinued operations	**353**	—
Total cash used in investment activities	**(1,572)**	(17,469)
Cash (used in)/generated by financing activities – continuing operations	**(2,016)**	14,958
Cash generated by financing activities – discontinued operations	**—**	—
Total cash (used in)/generated by financing activities	**(2,016)**	14,958
Net decrease in cash and cash equivalents – continuing operations	**(1,551)**	(1,177)
Net decrease in cash and cash equivalents – discontinued operations	**(285)**	(161)
Net decrease in cash and cash equivalents	**(1,836)**	(1,338)

Below is a table summarising the details of the sale of the discontinued operation:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash received or receivable:		
Cash	**454**	—
Decrease of consideration	**—**	—
Total disposal consideration	**454**	—
Carrying amount of net assets sold	**(85)**	—
Costs to sell – current year	**(101)**	—
Total	**(186)**	—
Gain on sale before income tax	**268**	—
Income tax charge on gain	**(69)**	—
Gain on sale after income tax	**199**	—

6. Earnings per share

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

	Year ended 31 December 2023			Re-presented Year ended 31 December 2022 [2]		
	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	**(4,315)**	**161**	**(4,154)**	(7,534)	39	(7,495)
Adjustments:						
Impact of highlighted items (net of tax)[1]	**11,388**	**(189)**	**(11,199)**	13,338	31	13,369
Earnings for the purpose of underlying earnings per share	**7,073**	**(28)**	**7,045**	5,804	70	5,874
Number of shares:						
Weighted average number of shares during the year						
– basic	**128,569,723**	**128,569,723**	**128,569,723**	108,951,516	108,951,516	108,951,516
– dilutive effect of share options	**4,182,333**	**4,182,333**	**4,182,333**	22,771,365	22,771,365	22,771,365
– diluted	**132,752,056**	**132,752,056**	**132,752,056**	131,722,881	131,722,881	131,722,881
Basic (loss)/earnings per share	**(3.36)**	**0.13**	**(3.23)**	(6.92)	0.04	(6.88)
Diluted (loss)/ earnings per share	**(3.36)**	**0.13**	**(3.23)**	(6.92)	0.04	(6.88)
Underlying basic earnings per share	**5.50**	**(0.02)**	**5.48**	5.33	0.06	5.39
Underlying diluted earnings per share	**5.34**	**(0.02)**	**5.32**	4.41	0.05	4.46

[1] *Highlighted items attributable to equity holders of the parent (see note 3), stated net of their total tax impact.*
[2.] *2022 has been re-presented to separate out Digital Decisions Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 5 for further details.*

7. Goodwill

	£'000
Cost	
At 1 January 2022	37,304
Acquisitions	14,561
Foreign exchange differences	1,100
At 31 December 2022	52,965
Acquisitions	**(143)**
Disposals	**(1,752)**
Foreign exchange differences	**(873)**
At 31 December 2023	**50,197**
Accumulated impairment	
At 1 January 2022	(9,132)
Impairment	(78)
Foreign exchange differences	(664)
At 31 December 2022	(9,874)
Impairment	**(2,884)**
Disposals	**1,722**
Foreign exchange differences	**527**
At 31 December 2023	**(10,509)**
Net book value	
At 31 December 2023	**39,688**
At 31 December 2022	43,091

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 2023 £'000**	31 December 2022 £'000
Media UK and International	UK and Ireland	**12,120**	9,257
Effectiveness	UK and Ireland	**1,678**	1,678
Digital Decisions [1]	Europe	—	502
Germany	Europe	**5,030**	4,325
Media Value Group (Iberia)	Europe	**3,552**	3,157
France	Europe	**916**	569
Italy	Europe	417	397
Central and Eastern Europe	Europe	—	260
MediaPath Network	Europe	**1,216**	7,608
North America (including MMi and Canada)	North America	**9,258**	7,557
Australia	APAC	**2,516**	2,413
China	APAC	—	2,358
Digital Balance	APAC	—	30
FirmDecisions	Included in all segments	**2,985**	2,981
		39,688	43,091

[1] *The goodwill of Digital Decisions has been allocated out since its revenue now sits in the local markets, and therefore, this entity now operates as a cost centre. The goodwill was allocated in line with where the revenue is now projected to be recognised.*

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.

An impairment of £2,884,000 of goodwill was recognised in the year ended 31 December 2023 in relation to the China, Central and Eastern Europe and Italy CGUs . Both China and Central and Eastern Europe were written down in full, whilst the Italy CGU was partially impaired. This was determined on reviewing the value in use for each of these CGUs in turn and comparing it to the calculated carrying values. In each of these three cases the goodwill carrying value was in excess of the calculated values 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 earnings before interest, tax, depreciation and amortisation ('EBITDA') for each of the CGUs for the 2024 financial year. For the 2025 and 2026 financial years, the forecast EBITDA is based on management's plans and market expectations. The forecast 2026 balances are taken to perpetuity in the model. The forecasts for 2025 and 2026 use certain assumptions to forecast revenue and operating costs within the Group's operating segments.

Discount rate assumptions

The Directors estimate discount rates using rates that reflect current market assessments of the time value of money and risk specific to the CGUs. The factors considered in calculating the discount rate include the risk-free rate (based on government bond yields), the equity risk premium, the Group's Beta and a smaller quoted company premium. The three year pre-tax cash flow forecasts have been discounted at 15.0% for China, 13.9% for the US and at 13.7% for all other markets (31 December 2022: 13.0%).

Growth rate assumptions

For cash flows beyond the three year period, a growth rate of 2.0% (2022: 2.0%) has been assumed for all CGUs. This rate is based on factors such as economists' estimates of long term economic growth in the markets in which the Group operates.

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

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 FirmDecisions are supported by the below, the table below shows the % point change in each key assumption that would result in an impairment demonstrating adequate headroom. The headroom for FirmDecisions is £2.1 million.

	FirmDecisions		Italy	
	Current % 2024/2025/2026	% point change leading to impairment	Current % 2024/2025/2026	% point change leading to impairment
Budgeted revenue growth	22% / 5% / 5%	(3)% / (3)% / (4)%	1% / 5% / 5%	(4%) / (2%) / (3%)
Budgeted cost growth	17% / 5% / 5%	4% / 4% / 4%	(3%) / 5% / 5%	3% / 2% / 2%
Pre-tax discount rate	13.7%	6%	13.7%	2%

8. Other intangible assets

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets [1] £'000	Total intangible assets £'000
Cost				
At 1 January 2022	4,899	2,521	16,263	23,683
Additions	276	11	—	287
Acquisitions	4,260	—	10,689	14,949
Disposals	—	(30)	—	(30)
Foreign exchange differences	54	29	445	528
At 31 December 2022	9,489	2,531	27,397	39,417
Additions	**1,685**	**45**	**—**	**1,730**
Impairment	**—**	**3**	**—**	**3**
Disposals	**—**	**—**	**(420)**	**(420)**
Foreign exchange differences	**(74)**	**(16)**	**(352)**	**(442)**
At 31 December 2023	**11,100**	**2,563**	**26,625**	**40,288**
Amortisation and impairment[2]				
At 1 January 2022	(2,022)	(2,325)	(14,808)	(19,155)
Charge for the year – continuing operations[3]	(1,089)	(195)	(2,697)	(3,981)
Charge for the year – discontinued operations [4]	—	—	(42)	(42)
Acquisitions	(3,041)	—	—	(3,041)
Impairment	—	14	—	14
Disposals	—	31	—	31
Foreign exchange differences	(35)	(27)	(404)	(466)
At 31 December 2022	(6,187)	(2,502)	(17,952)	(26,641)
Charge for the year – continuing operations [3]	**(1,344)**	**(25)**	**(3,394)**	**(4,763)**
Charge for the year – discontinued operations [4]	**—**	**—**	**(10)**	**(10)**
Impairment	**—**	**(1)**	**—**	**(1)**
Disposals	**—**	**—**	**248**	**248**
Foreign exchange differences	**60**	**15**	**331**	**406**
At 31 December 2023	**(7,471)**	**(2,513)**	**(20,777)**	**(30,761)**
Net book value				
At 31 December 2023	**3,629**	**50**	**5,848**	**9,527**
At 31 December 2022	3,302	29	9,445	12,777

[1]Purchased intangible assets consist principally of customer relationships with a typical useful life of three to ten years, acquired software and the GMP licence asset.
[2] The impairment adjustment in the year relates to the revision to the impairment of Ebiquity Russia OOO's assets.
[3]Amortisation is charged within other operating expenses so as to write off the cost of the intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted expense.
[4]The charge for the year for Digital Balance Australia Pty Limited has been split out from the charge for the year for the continuing operation.

9. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2022	9,886	196	166	10,248
Additions	2,358	—	—	2,358
Impairment for the year	(4,044)	—	—	(4,044)
Foreign exchange	472	9	8	489
At 31 December 2022	8,672	205	174	9,051
Additions	**921**	**58**	**96**	**1,075**
Reallocation	**(11)**	**10**	**1**	—
Disposals	**(1,352)**	**(156)**	**(62)**	**(1,570)**
Foreign exchange	**(157)**	**(4)**	**(3)**	**(164)**
At 31 December 2023	**8,073**	**113**	**206**	**8,392**
Accumulated depreciation				
At 1 January 2022	(5,509)	(117)	(80)	(5,706)
Charge for the year	(1,998)	(42)	(39)	(2,079)
Impairment for the year	2,303	—	—	2,303
Foreign exchange	(252)	(5)	(4)	(261)
At 31 December 2022	(5,456)	(164)	(123)	(5,743)
Charge for the year	**(1,438)**	**(52)**	**(54)**	**(1,544)**
Reallocation	**10**	**(9)**	**(1)**	—
Disposals	**1,257**	**156**	**62**	**1,475**
Impairment for the year	**101**	—	—	**101**
Foreign exchange	**71**	**2**	**2**	**80**
At 31 December 2023	**(5,455)**	**(67)**	**(114)**	**(5,636)**
Net book value				
At 31 December 2023	**2,618**	**46**	**92**	**2,756**
At 31 December 2022	3,216	41	51	3,308

Lease liabilities

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2022	6,211	87	93	6,391
Additions	1,842	—	—	1,842
Cash payments in the year	(2,717)	(47)	(40)	(2,804)
Interest charge in the year	219	2	2	223
Foreign exchange	322	4	5	331
At 31 December 2022	5,877	46	60	5,983
Additions	**921**	58	**96**	**1,075**
Reallocations	**6**	—	**(6)**	—
Cash payments in the year	**(2,582)**	**(60)**	**(61)**	**(2,703)**
Interest charge in the year	**173**	**3**	**5**	**181**
Foreign exchange	**(171)**	**(2)**	**(3)**	**(176)**
At 31 December 2023	**4,224**	**45**	**91**	**4,360**
Current	**1,630**	**17**	**35**	**1,682**
Non-current	**2,594**	**28**	**56**	**2,678**

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

	Minimum lease payments	
	31 December 2023	31 December 2022
	£'000	£'000
Amounts due:		
Within one year	**1,688**	2,580
Between one and two years	**968**	1,258
Between two and three years	**635**	774
Between three and four years	**131**	653
Between four and five years	**137**	—
Later than five years	**802**	—
	4,361	5,265

Lease receivables

	31 December 2023	31 December 2022
	£'000	£'000
Lease receivables	**474**	141
Current	**205**	141
Non-current	**269**	—

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

Following the pandemic, the New York office, situated at William Street, is no longer being occupied and is being marketed. An onerous lease provision was established in the prior year for the remaining period of the lease until June 2025. This resulted in a charge of £1,357,000 in the year for the impairment of the right-of-use asset. During 2023 a sublease was entered into relating to the New York office, accordingly a lease receivable was recognised, being the equivalent of the lease receivables over the lease term which runs through to April 2026. 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 permitted short term exemption has been taken for certain leases in the Group where the lease is for a period of less than one year.

10. Trade and other receivables

	31 December 2023	31 December 2022
	£'000	£'000
Trade and other receivables due within one year		
Net trade receivables	**19,815**	23,332
Other receivables	**1,238**	2,177
Prepayments	**1,324**	1,190
Contract assets	**7,384**	6,464
	29,761	33,163

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

Trade and other receivables represents management's best estimate of the amount expected to be recovered by the Group through the completion accounts and expected loss model. The provision for receivables impairment is determined using an expected credit loss model by reference to historical bad debt rates. No further disclosure is made due to the immaterial level of the provision for impairment of receivables.

The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet.

11. Trade and other payables

	31 December 2023 £'000	31 December 2022 £'000
Trade payables	**5,791**	6,171
Other taxation and social security	**2,266**	2,949
Deferred tax – current	**141**	276
Other payables	**1,049**	653
	9,247	10,049

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

12. Accruals and contract liabilities

	31 December 2023 £'000	31 December 2022 £'000
Accruals	**4,319**	5,526
Post date remuneration[1]	—	15,790
Contract liabilities[2]	**6,485**	8,083
Total accruals and contract liabilities	**10,804**	29,399

[1]Post date remuneration relates to the acquisition of Digital Decisions BV payable in May 2023. See note 3.

[2]Contract liabilities are amounts invoiced in advance from customers prior to satisfaction of performance obligations.

13. Financial liabilities

	31 December 2023 £'000	31 December 2022 £'000
Current		
Deferred consideration[2]	—	61
	—	61
Non-current		
Bank borrowings	**22,000**	21,500
Loan fees[1]	**(125)**	(265)
Contingent consideration[2]	**3,996**	2,122
	25,871	23,357
Total financial liabilities	**25,871**	23,418

[1] *Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight line basis until the maturity date of the facility in September 2025. Non-current loan fees includes current fees.*
[2] *Contingent consideration relates to the acquisition of MMi and is payable in 2025. The increase in the year is due to the contingent consideration being revised to now being based upon the 2024 Budgeted operating profit of the North America business.*

	Bank borrowings £'000	Contingent consideration £'000	Total £'000
At 1 January 2022	17,901	**—**	17,901
Paid	(1,300)	—	(1,300)
Recognised on acquisition	—	2,183	2,183
Charged to the income statement	134	—	134
Borrowings	4,500	—	4,500
At 31 December 2022	21,235	2,183	23,418
Paid	**(4,500)**	**(60)**	**(4,560)**
Charged to the income statement	**140**	**1,274**	**1,414**
Borrowings	**5,000**	—	**5,000**
Discounting charged to the income statement	—	**524**	**524**
Foreign exchange released to the income statement	—	**13**	**13**
Foreign exchange recognised in the translation reserve	—	**62**	**62**
At 31 December 2023	**21,875**	**3,996**	**25,871**

A currency analysis for the bank borrowings is shown below:

	31 December 2023 £'000	31 December 2022 £'000
Pound sterling	**21,875**	21,235
Total bank borrowings	**21,875**	21,235

All bank borrowings are held jointly with Barclays and NatWest. The revolving credit facility ('RCF') as at 31 December 2023 runs for a period of three years to March 2025, extendable for up to a further two years with a total commitment of £30.0 million. £22.0 million had been drawn as at 31 December 2023 (2022: £21.5 million). Under this agreement, annual reductions in the facility of £1.25 million applied from June 2023, meaning the available facility as at 31 December 2023 was a total of £29.1 million (reduced from £30.0 million). The remainder of any drawings is repayable on the maturity of the facility.

The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly covenants applied up to and including December 2023 are; interest cover >4.0x; adjusted leverage <2.5x; and adjusted deferred consideration leverage <3.5x.

Loan arrangement fees accrued in the period of £125,000 (2022: £265,000) are offset against the term loan and are being amortised over the period of the loan.

The facility bears variable interest at Barclays Bank SONIA rate plus a margin ranging from 2.60% to 3.00%, depending on the Group's net debt to EBITDA ratio.

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.

Since the year end the facility has been extended under an agreement dated 25 April 2024. The revised facility is for £30.0 million, for a period of three years to 24 April 2027. There are no annual reductions in the facility.

The quarterly covenants to be applied from March 2024 onwards will be: interest cover >3.0x (reduced from the current level of interest cover <4.0x, contingent upon the Group delivering a revised financial model within 30 days of the effective date of the amendment and restatement, in form and substance satisfactory to the Agent); adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x.

The facility will bear variable interest Barclays Bank SONIA rate plus a margin ranging from 2.25% to 2.75%, depending on the Group's adjusted deferred consideration leverage ratio. During the first six months of the facility, the margin is fixed at 2.50%.

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, Australia, Germany, Denmark and Sweden.

14. Dividends

No dividends were paid or declared during the current and prior financial years. Dividends were paid to non-controlling interests as shown in the consolidated statement of changes in equity.

15. Cash generated from operations

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 £'000
Loss before taxation	**(2,566)**	(7,261)
Adjustments for:		
Depreciation	**2,164**	2,768
Amortisation (note 8)	**4,763**	3,981
Loss on disposal	—	5
Impairment of goodwill and current assets (note 3)	**2,863**	257
Unrealised foreign exchange loss/(gain)	**34**	(70)
Onerous lease provision (released)/booked	**(509)**	1,271
Write-off of credit balances in receivables	**(106)**	—
Share option charges	**568**	521
Finance income	**(85)**	(80)
Finance expenses	**2,230**	1,427
Contingent consideration revaluations	**2,361**	7,866
	11,716	10,685
Decrease/(increase) in trade and other receivables	**3,474**	(8,848)
(Decrease)/increase in trade and other payables	**(3,090)**	2,165
Movement in provisions	**63**	(29)
Cash generated from operations – continuing operations	12,163	3,973
Cash generated from operations – discontinued operations	(638)	(161)
Cash generated from operations	11,525	3,812

16. Disposals

During the period, the Group agreed to dispose of its marketing analytics subsidiary, Digital Decisions Australia Pty Limited, to Spinach Advertising for gross consideration of A$850,000 (£454,000). This disposal was completed on 6 April 2023. A$750,000 of the consideration was payable upfront with the residual A$100,000 payable in February 2024. Professional costs incurred relating to the sale totalled A$189,000 (£101,000) resulting in a net cash inflow of A$661,000 (£353,000). A profit on disposal of £268,000 was recognised on disposal. The results of this division have been presented within discontinued operations as appropriate.

17. 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 2023, on which an unqualified report has been made by the Company's auditors, Deloitte LLP. Financial statements for the period ended 31 December 2022 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.

Alternative performance measures

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

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

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

Alternative Performance Measures used by the Group are detailed in the table below:

APM	Relevant IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose	Reference
Profit and loss measures				
Net revenue	Revenue	Excludes project related costs as shown in the consolidated income statement	Net revenue is the revenue after deducting external production costs and is reconciled on the face of the income statement.	A1
Served revenue	Revenue	Includes revenue from discontinued operations	Served revenue is the total revenue in the period including revenue from discontinued operations. On the face of the income statement the performance of discontinued operations is disclosed separately in the 'Net (Loss)/profit from discontinued operations' line.	A2
Adjusted operating profit	Operating profit	Excludes exceptional items	Adjusted operating profit is reconciled to its statutory equivalents on the face of the consolidated income	A3
Adjusted operating margin	Operating profit margin	Excludes exceptional items	Adjusted operating profit margin is calculated as the operating profit excluding highlighted items divided by revenue.	A4
Adjusted profit before tax	Profit before tax	Excludes exceptional items	Adjusted profit before tax is reconciled to its statutory equivalents on the face of the consolidated income	A5
Adjusted effective rate of tax	Effective rate of tax		Adjusted effective tax rate is calculated by comparing the current and deferred tax charge for the current year, excluding prior year provision movements to the adjusted profit before taxation.	
Adjusted profit after tax	Profit after tax	Excludes exceptional items	Adjusted profit after tax is reconciled to its statutory equivalents on the face of the consolidated income	A5
Adjusted earnings per share	Earnings per share	Excludes exceptional items	Adjusted earnings per share is reconciled to statutory earnings per share in note 9.	Note 9
Balance sheet measures				
Net debt	None	Reconciliation of net debt	Net debt comprises total loans and borrowings, including prepaid loan fees, less cash and cash equivalents.	A6
Cash flow measures				
Adjusted cash generated from operations	Cash flow from operations	Cash movements relating to highlighted items excluded.	Adjusted cash generated from operations is defined as the cash generated from operations excluding the cash movements relating to the highlighted items.	A7
Adjusted operating cash flow conversion	Operating cash flow conversion	Cash movements relating to highlighted items excluded.	Adjusted operating cash flow conversion is the ratio of the adjusted cash generated from operations divided by the adjusted operating profit, expressed as a percentage.	A7

A1: Reconciliation of net revenue

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Revenue	**80,196**	75,055
Project related costs	**(7,355)**	(7,219)
Net revenue	**72,841**	67,836

A2: Reconciliation of served revenue

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Revenue	**80,196**	75,055
Intercompany revenue	**10,622**	15,730
Intercompany partner costs	**(10,622)**	(15,730)
Revenue from discontinued operations	**111**	918
Served revenue	**80,307**	75,973

A3: Reconciliation of adjusted operating profit

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Adjusted operating profit	**12,015**	9,162
Highlighted items	**(12,272)**	(15,126)
Operating profit/(loss)	**(257)**	(5,964)

A4: Reconciliation of operating profit margin

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Revenue	**80,196**	75,055
Adjusted operating profit	**12,015**	9,162
Adjusted operating profit margin	**15.0%**	12.2%
Highlighted items	**(12,272)**	(15,126)
Operating profit/(loss)	**(257)**	(5,964)
Operating profit margin	**(0.3)%**	-7.9%

A5: Reconciliation of adjusted profit before taxation and adjusted profit after taxation

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Adjusted profit before taxation from continuing operations	**9,706**	7,865
Highlighted items	**(12,272)**	(15,126)
Profit/(loss) before taxation from continuing operations	**(257)**	(7,261)
Breakdown of taxation (charge)/credit - continuing operations		
Before highlighted items	**(2,582)**	(2,028)
Highlighted items	**884**	1,788
Taxation charge	**(1,698)**	(240)
Net (loss)/profit from discontinued operations		
Before highlighted items	**(28)**	70
Highlighted items	**189**	(31)
Net profit from discontinued operations	**161**	39
Adjusted profit after tax	**7,096**	5,907
Highlighted items	**(11,199)**	(13,369)
Loss after tax	**(4,103)**	(7,462)

A6: Reconciliation of net debt

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Loans and borrowings	**(22,000)**	(21,500)
Prepaid loan fees	**125**	265
Less: cash and cash equivalents	**10,016**	12,360
Net Debt	**(11,859)**	(8,875)

A7: Reconciliation of adjusted cashflow from operations

	Year ended 31-Dec 2023 £'000	Year ended 31-Dec 2022 £'000
Cash generated from operations	**5,077**	3,812
Add back: cash outflow from discontinuing operations	**638**	161
Eliminating cash movements for highlighted items:		
Severance	**363**	584
Post date remuneration charges	**333**	-
Settlement of post date remuneration	**6,448**	-
Onerous lease provision booked	**102**	289
Transformation costs	**1,322**	-
Share option charges	**11**	28
Revaluation of earn out accruals	**1,813**	**-**
Acquisition related costs	**(1,144)**	1,942
Taxation	**(307)**	(883)
Adjusted cash generated from operations	**14,655**	5,933
Adjusted operating profit - continuing operations	**12,015**	9,162
Adjusted operating cash flow conversion (%)	**122%**	65%