Ebiquity plc

Interim Results for the six months ended 30 June 2024

H1 revenue impact but more positive revenue visibility into H2, strategic delivery progressing well

Ebiquity plc ("Ebiquity" or the "Group"), a world leader in media investment analysis, announces interim results for the six months ended 30 June 2024 ("H1 2024").

Group	H1 2024	H1 2023	Change	
	£m	£m	£m	%
Revenue	37.9	40.6	(2.7)	(7%)
Adjusted Operating Profit[1]	2.3	6.0	(3.7)	(61%)
Adjusted Operating Profit Margin (%)[1]	6.2%	14.7%	(8.5%)	(58%)
Adjusted Profit before Tax[1]	1.5	5.0	(3.5)	(70%)
Adjusted Earnings per Share[1]	0.84p	2.94p	(2.10p)	(71%)
Statutory Operating Profit/(Loss)	(0.1)	2.4	(2.5)	NA
Statutory Proft/(Loss) before Tax	(0.9)	1.4	(2.3)	NA
Statutory Earnings/(Loss) per Share	(0.86p)	0.44p	(1.30p)	NA
Net Debt	15.3	15.0	0.3	2%

Note 1: Throughout these interim results, management presents alternative performance measures to explain further the movements in our business. These are not statutory financial measures. Further information can be found in the Alternative Performance Measures section below.

Operational update

Short-term loss of momentum as a result of market headwinds and transformational actions

- The overall Group result reflects factors which differ region-by-region
- Significant Regional Variances:
  - **North America**: Revenue flat year-on-year with growth targets not met due to client deferrals and some price competition, these headwinds were partially offset by cost management
  - **UK & Ireland**: Revenue down 7% on prior year due to ongoing budget cuts by clients in Media and client consolidation. The 2023 level of Agency Selection work did not recur in 2024 as was expected
  - **Continental Europe:** 14% year-on-year decline in revenue is due to reduced major Agency Selection and Management business in Germany compared with a very strong H1 2023 and some price competition in France. This was partly offset by strong a performance southern Europe, this performance is expected to continue in H2
- **Transformation:** Good progress in transitioning core services to GMP365 and building sales and marketing capabilities. This will remain a continued focus through 2025 with further adoption of technology enabled products and processes following the 2024 completion of internal structural rationalisation
- **Media Performance**: A revenue decline of 6% in Ebiquity's largest service line. However, H1 has also seen accelerated migration to the GMP platform in H1 2024, with revenue from GMP-enabled services of £6.2 million in the first half being more than double that of the equivalent period in 2023
- **Media Management**: Revenue declined by 27%, impacted most significantly by a reduction in Agency Selection and Management

Current Trading and Outlook

- The Group suffered a weak H1, which reflected a continuation of poor trading conditions from Q4 2023. In response, management has worked during this period to develop a deep pipeline of revenue opportunities which will be closed and delivered in H2 to make this very much a year of two halves
- The pressure from macro conditions on clients' businesses continues to create some uncertainty in the advertising market but the Group's service lines offer clients both immediate and longer-term ROI improvements which mitigate these challenges
- The combination of the Group's new business wins, renewals and upselling opportunities is expected to outweigh continuing market headwinds in H2 leading to a mid-single-digit revenue growth for H2 vs H2 in the prior year. With one quarter left to go, the Group has secured revenue representing 88.5% of its full year expectations. The full year on a constant currency basis should see revenue growth.
- The Group's cost base is largely exacerbating the profit impact of revenue shortfalls. As revenue is expected to increase from early in H2, this operational leverage means that it will convert to profit at higher marginal rates. H2 Adjusted Operating Profit is expected to reach double-digit growth over H2 2023
- Net debt as at 30 June 2024 was £15.3 million with cash balances of £6.6 million and undrawn bank facilities of £8 million. The expectation is that net debt, having increased somewhat during the third quarter, will return to around the H1 level by year end.. The Group expects improved cash flow especially in Q4 2024 and Q1 2025 and has sufficient liquidity and headroom against its banking covenants.

Nick Waters, CEO, commented:

Following a challenging first half of the year, with a fixed cost base compounded by competitive pressure felt in Continental Europe and the UK, we believe we have turned the corner. A robust marketing and new business programme through Q2 has started to bear fruit with new wins and expanded assignments improving the outlook markedly for H2 where the Company will benefit from operational leverage as it scales up. Whilst addressing the external difficulties experienced in the first half we have continued to make progress against our broader strategy to increase the use of technology in the delivery of our core services to clients and to bring new products to market. This, combined with a continued commitment to innovation, means the Company is now well set up for success into 2025 and beyond.

Details of presentations

The Company will be hosting a webcast presentation for analysts and institutional investors at 09:30 BST today. If you would like to register, please contact alex.campbell@camarco.co.uk.

The Company will also be giving a presentation for investors via the Investor Meet Company platform on 2 October 2024 at 13.45 BST. Investors can sign up to Investor Meet Company for free and add to meet Ebiquity plc via: https://www.investormeetcompany.com/ebiquity-plc/register-investor. Investors who already follow Ebiquity plc on the Investor Meet Company platform will automatically be invited.

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Chief Executive's Review

Continued progress

Despite a disappointing H1, Ebiquity has continued to make good strategic progress during this period, preparing for improved delivery against our objectives and strengthening financial performance during the remainder of the year.

Following completion of the integration of Media Management Inc ("MMi") in the US, we look forward to revenue growth accelerating again in North America as the recent client prospecting drive is converted to new business. We are also pleased to see an increased contribution from our portfolio of technology enabled solutions providing strong revenue growth in H1 and a steadily increasing share of our overall revenue across all regions.

In what have been particularly challenging market conditions since late 2023, our performance during H1 has not met our original expectations, but we have used the period to lay the foundations for growth, having expanded relationships with clients, progressed our business transformation programme, and continued to build scale in the US, the world's largest advertising market.

Delivering the operating metrics

We continue to make progress against our operating metrics. The number of clients buying Digital Media Solutions is up over 20% vs prior year, and the number of clients buying two or more Service Lines is on track to match or exceed 2023.

As we onboard clients the data lakes in our closed environments have expanded significantly. We now have over US$50bn worth of media investment data from 114 countries within GMP365. The Media Data Vault now houses transaction data from over US$22bn of media investment, representing more than 3.5 trillion impressions.

These data lakes provide us with the deepest and widest insight into media markets globally in our sector and act as a strong moat against competition seeking to offer directly comparable services. They also offer the opportunity to train large language models on empirical data in a closed environment from which to develop new valuable services for clients.

A highly dynamic market

The threat of inflation and high interest rates appears less acute than a year ago, however the increased pressure on consumers, brand owners and marketing budgets, which they heralded, remains.

Although Ebiquity cannot claim immunity from the pressure on marketing budgets, such a volatile environment presents opportunities for us to help brand owners navigate this uncertainty and ensure they are maximising returns from their media investments.

Our role as a business intelligence partner for the global advertising industry means that we are well placed to exploit changing industry dynamics on behalf of clients. This includes transformative developments such as the shift from linear free-to-air broadcasting to advertising funded video on demand; and the implications of advertising delivered through Connected TV. Retail Media has emerged quickly as a medium attracting very significant advertising investment with brand owners re-allocating budgets from other channels.

Developments such as these, and the continuous change in consumer usage of social media and search platforms creates a difficult landscape for advertisers to maintain and improve the efficiency and effectiveness of their media investments – Enabling them to do so is Ebiquity's core expertise.

Driving Efficiency and Effectiveness

Against this background, our business transformation programme is progressing, with a considerable focus on increasing the use of automation to create a more efficient, scalable service and compelling experience for our clients. Following the 2022 acquisition of MediaPath, we employ GMP365, a high-quality data management platform licensed to us on terms which give effective exclusivity in our industry, providing us with a base from which to drive greater efficiency in the delivery of our services Group-wide.

The strategic intention is to transition the delivery of three core services on to the GMP365 platform. We have also undertaken a fundamental change in our operating model, from end-to-end work managed by in-market teams developing and delivering customised products, to globally mutualised delivery and data-management teams supporting in-market client facing teams with globally consistent products. This has concentrated the focus of local teams on winning business.

To effect these changes has required a re-design of the workflow processes for each service, and changes to the roles, responsibilities and reporting lines of approximately 60% of the Group's employees. It has also required extensive training on use of the platform for a large portion of the workforce, and considerable stakeholder management with agencies and clients. Additionally the Group has been running dual processes to ensure ongoing client service during the transition.

The planning and execution of this significant transformation over the last 12 months has drawn management time and attention to internal matters and a reduced focus on client-facing and growth activities. We are now substantially through that process and expect to have fully completed all changes to the operating model by the end of the year. We believe this will provide the strong foundations from which the Group can re-assert its externally focused and client-oriented proposition, together with a scalable operating model to drive profitable growth.

Despite the complexity of "lifting and shifting" a substantial element of the workforce, with the consequent internal disruption and distractions this brings, we have made good progress transitioning the delivery of two core services on to the platform. Our initial priorities have been Agency Selection processes (Media Management) and ValueTrack (Media Performance). We conducted 35 Agency Selection processes on the platform in H1 this year versus 31 last year, and this number continues to rise in H2. These processes have however been somewhat smaller in scope than last year with an aggregate of 130 client/country processes managed against 183 in the same period of 2023.

We have made further progress with the ValueTrack product. 50 clients have been activated in H1 across countries which equate, in aggregate, to 473 national implementations. This compares to 30 clients and 307 implementations for the same period last year. As we transition more clients, and they become familiar with the output, we will start to reduce the dual running of old and new processes paving the way for the cost reductions which will secure the financial return on this investment.

The roll out of the third service, our new Benchmarking product, has commenced but is progressing more slowly than anticipated. We are now working with 10 clients across 25 markets. Some platform modifications are required to meet client needs in national markets before onboarding. These are underway with first releases in September. The plan had been to complete the transition of Benchmarking by the end of 2025. This is now likely to be extended by 12 months, with the full transformation plan now expected to take four years rather than the initial three.

Building client partnership and coverage

With an extensive portfolio of large blue-chip clients our strategy is to cross-sell and up-sell more products and services in more geographies. The soft Q4 of last year continued into Q1 requiring a robust marketing and new business drive against existing and prospective clients through Q2. These efforts have started to bear fruit with increased scopes of work from major clients and new logos added.

A leading global entertainment business extended our relationship from Europe into their home US market for the first time in a winner-takes-all competitive tender. Our US business has also increased assignments with a global spirits brand and national insurance company, as well as adding a renowned new economy brand as a new logo globally. We are encouraged that we have re-gained competitiveness in the world's largest advertising market.

We have also started to see an improvement in Europe, winning a global remit for a large European consumer products company. At the end of 2023 we had particularly suffered from client budget cuts and reductions in scopes of work in Italy, Germany and France. We are pleased with the strong recovery in Italy which has successfully returned to growth. Our Germany business has also stabilised and replaced revenue lost last year. Our French business has found recovery more challenging, but difficulties in Media Management and Media Performance has been counter-balanced by strong growth in the Marketing Effectiveness unit.

International new business has gathered momentum in recent weeks with new wins from global alcoholic beverages, confectionery, pharmaceutical, entertainment and financial services clients that are all new to Ebiquity.

Further opportunities exist as we are currently engaged in 11 live multinational RFPs. These include five major Middle Eastern brands as we start to gain traction in that region. Our Asia Pacific management is reporting "unprecedented" demand. These international new business opportunities are supplemented with a range of national activity.

Product Innovation underpinned by unrivalled market intelligence

We have continued to progress product improvements and innovations.

The evolution of Digital Media Solutions into a Digital Governance service has been well received in the marketplace with 20 additional clients on-boarded in H1.

We have also redefined our Connected TV product into a Streaming TV product which is delivering excellent value for the first wave of clients in the US and has now been introduced in the UK. A new Retail Media product is now live with its first clients.

A unique selling point of Ebiquity is the depth and scale of our pools of media data. We have continued to build these data lakes with over US$ 20bn of digital media transaction data in the Media Data Vault, and over US$ 50bn of multi-media transaction data in GMP365. This provides the best independent view of the media markets anywhere in the world. No competitor is able to understand the market price dynamics of media across thousands of channels and multiple audiences in over 100 markets worldwide. For international and major national advertisers around the world Ebiquity is the only Company that can help improve the efficiency of media investments using such strong empirical evidence.

Artificial Intelligence

AI offers significant opportunities for Ebiquity to enhance operational efficiency and to provide richer insights to our clients.

The media ecosystem is characterized by a plethora of naming conventions across systems. In programmatic media, for example, there can be hundreds of different names for the same Exchange. To generate the most accurate and relevant insights for our clients, this type of data must be categorized and harmonized — a complex and time-consuming task. To address this, we are building AI applications that help categorize and harmonize data more rapidly and at scale, allowing our consultants to focus on providing the best insights and deliverables for our clients in a shorter timeframe

We are also exploring the use of AI-generated narratives to enrich reports and accelerate the delivery of insights to our clients. Across all our AI initiatives, we prioritize data security, such as ensuring no data retention on external systems.

Outlook

Following a challenging first half of the year we believe we have turned the corner. The effort put into a re-vitalised new business and marketing drive is bearing fruit. A large number of new assignments has been won in Q2 leading to improving revenue in H2, with further new business opportunities pending. The challenge has shifted from winning the business to delivering secured revenue and converting live opportunities. There is a risk that some of this new revenue will slip from 2024 into Q1 2025. The radical change to the operating model has now been implemented and the turbulence created is largely behind us. The re-designed organisation, with technology roll out well advanced, and a commitment to innovation means the Company is now well set for scalable growth into 2025 and beyond.

Finance review

The comparatives below show the organic performance of the Group. 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 in 2023.

Service Line	**H1 2024**	**H1 2023**	**Variance v PY**	
	£m	**£m**	**£m**	**%**
Media Performance	26.5	28.1	(1.6)	(6%)
Media Management	3.9	5.3	(1.4)	(27%)
Marketing Effectiveness	4.8	4.5	0.3	6%
Contract Compliance	2.8	2.7	0.1	3%
Total revenue from continuing operations	**37.9**	**40.6**	**(2.8)**	**(7%)**

Revenue for the six months ended 30 June 2024 of £37.9 million was £2.8 million or 7% lower than the comparable period in 2023, with flat year-on-year revenue in North America and a 7% decline in UK & Ireland and 14% decline in Continental Europe as discussed above.

Revenue from Media Performance services declined by £1.6 million or 6%. This is 60% of the overall year-on-year revenue shortfall for the Group. Within this however, the period saw a more than doubling of revenue from GMP365 enabled services and continued growth in Digital Media Solutions as more clients have migrated to these technology- enabled products. This progress is expected to continue in H2. One unintended consequence of the slower migration to these new services in UK and North America has been some dual running of costs (supporting both the legacy and the new models) during 2024 to date.

Media Management services revenue declined by £1.4 million or 27% in H1 2024 owing to lighter activity market-wide and large processes managed by Ebiquity last year not repeating.

Revenue from Marketing Effectiveness grew by £0.3 million (6%).

Adjusted operating profit (statutory operating profit excluding highlighted items) from continuing operations decreased by £3.6m to £2.3 million (2023: £6.0 million). The adjusted operating profit margin decreased to 6.2% compared to 14.7% in the prior year. £2.8m of this shortfall was the impact of lower revenues. H1 costs were also slightly higher than in H1 2023 due to the dual running of both the legacy and the technology enabled delivery models. Despite a reduction in highlighted items from £3.6m to £2.5m, there was a resulting statutory operating loss of £0.1m, compared to a statutory operating profit in the prior year of £2.4m.

Segmental Review of Performance

Revenue by geographical segment

	Served revenue		Change	
	H1 2024 £m	**H1 2023 £m**	**£m**	***%***
UK & Ireland	14.6	14.2	0.4	*3%*
Continental Europe	10.8	14.4	(3.6)	*(25%)*
North America	8.2	7.8	0.4	*6%*
APAC	4.2	4.3	(0.1)	*(2%)*
Served revenue from continuing operations	**37.9**	**40.6**	(2.8)	*(7%)*

This revenue segmentation will be the one used by the Group from 2024 onwards. It captures the region in which the work was sold. 2023 regional revenue recognition was based on where the work was performed. It is not practically possible to proforma adjust 2023 comparatives onto the new basis. During this transition, a like-for-like comparison based on External revenue (invoiced/accrued by the region) is shown below:

External Revenue by geographical segment

	External Revenue		Change	
	H1 2024 £m	**H1 2023 £m**	**£m**	***%***
UK & Ireland	14.9	15.9	(1.1)	*(7)%*
Continental Europe	11.2	13.0	(1.8)	*(14%)*
North America	7.9	7.9	0.0	*0%*
APAC	3.9	3.8	0.1	*2%*
External Revenue from continuing operations	**37.9**	**40.6**	(2.8)	*(7%)*

Adjusted Operating Profit by geographical segment

	Adjusted Operating Profit		*Adjusted Operating profit margin*	
	H1 2024	**H1 2023**	***H1 2024***	***H1 2023***
	£m	**£m**	***%***	***%***
UK & Ireland	1.3	3.7	9%	26%
Continental Europe	2.0	4.6	19%	32%
North America	1.1	1.0	13%	13%
APAC	0.6	0.4	15%	9%
Unallocated	(2.7)	(3.7)	NA	NA
Adjusted profit - continuing operations	**2.3**	**6.0**	**6.2%**	**14.7%**
Discontinued operations	**-**	**(0.1)**	**-**	**(22%)**
Adjusted profit - Total	**2.3**	**5.9**	**6.2%**	**14.6%**

The Group implemented a transformation program in UK&I and Continental Europe in May 2023 and rolled this out to the whole Group in July 2023. The transformation impacted the internal recharging within the Group - the result being we do not have like-for-like reporting by region; only at Group level. Pre-transformation, staff costs for delivery on projects by teams in other markets were booked as intercompany partner costs at an agreed fee between the markets. Post-transformation, staff costs for delivery teams are all transferred to the centre then invoiced out of the centre at a mark-up to markets based on time sheet recording and they are classified within staff costs.

Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement, where separate disclosure is considered appropriate in understanding the underlying performance of the business. These are used for the calculation of certain Alternative Performance Measures.

	30-Jun 2024 £m	30-Jun 2023 £m
Amortisation and Impairment	1.6	1.6
Post-acquisition accruals and charges	-	0.3
Professional charges relating to acquisitions and aborted acquisitions	0.1	0.7
Reorganisation	0.6	0.5
Share option charge	0.2	0.3
Subtotal before tax	**2.5**	**3.4**
Tax (credit) on highlighted items	(0.2)	(0.6)
Total highlighted items	**2.3**	**2.8**

Amortisation and Impairment:

- Amortisation of purchased intangibles decreased slightly in the period to £1.6m (2023 £1.7m) as a result of the China customer relationship becoming fully written down in January 2024. Purchased intangible assets include customer relationships of acquired entities, owned software, and MediaPath's GMP Licence asset.
- In H1 June 2023 there was a credit of £0.1m for the movement in impairment of assets in Russia.

Post-acquisition accruals and charges:

- There were no such post-acquisition accruals and charges in H1 2024. The £0.3m charge in the prior period was the final element of the contingent consideration relating to the 2020 acquisition of Digital Decisions B.V., which was settled in May 2023.

Professional charges including acquisitions and aborted acquisitions:

- The Company refinanced the loan facility in April 2024, incurring costs of £0.2m. Of this amount, £0.1m was a non-cash item being the write-off of the previous facility arrangement fee.
- Acquisition related costs total £0.5m and relate to legal and professional fees for an aborted transaction. No further costs are expected to be incurred for this project.
- A £0.6m credit has been recognised upon the re-assessment of the MMi earnout accrual.

Reorganisation:

- Costs of £0.7m were incurred as 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.
- Upon renewal the London office downsized to one floor. As part of this renewal the newly agreed settlement amount for dilapidations became less than the initial provision. This resulted in a credit of £0.1m being recognised for the excess provision.

Finance costs

Net finance costs decreased slightly from £1.0 million at 30 June 2023 to £0.8 million at 30 June 2024. This was predominantly driven by foreign exchange movements.

Taxation

The projected adjusted effective tax rate for the 2024 full year is 24.9%, which is lower than the 2023 full year adjusted effective tax rate of 26.6%, this reduction is due to the difference in the projection of where the profits are expected to be realised, which attract different tax rates around the world. The projected highlighted effective tax rate for the 2024 full year of 5.4% is a reduction on the 2023 full year rate of 7.2%, this is due to the proportionally additional disallowable expenses in the current year.

Earnings per share

Adjusted basic earnings per share decreased from 2.94p at 30 June 2023 to 0.84p as at 30 June 2024. Additionally, adjusted diluted earnings per share decreased from 2.86p in the prior period to 0.81p. There was a statutory loss per share of 0.86p (2023: profit per share of 0.44p). Diluted earnings per share also decreased to a loss of 0.86p (2023: profit per share of 0.43p).

Dividend

No dividend has been declared for the six months ended 30 June 2024 (2023: £nil).

Statement of financial position and net assets

	30 June 2024 £m	31 December 2023 £m
Goodwill and intangible assets	**47.2**	49.2
Right of use asset	**3.3**	2.8
Other non-current assets	**2.9**	2.5
Net working capital[1]	**10.7**	8.4
Lease liability	**(4.1)**	(4.4)
Other non-current liabilities	**(1.4)**	(1.0)
Deferred consideration (MMi)	**(3.4)**	(4.0)
Net bank debt	**(15.3)**	(11.9)
Net assets	**40.0**	41.7

[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 30 June 2024 were £40.0 million, a decrease of £1.7 million from 31 December 2023. The key driver for this is the increase in net bank debt, which increased to £15.4 million. Loan borrowings remained the same as at 31 December 2023, however, the cash balance decreased by £3.5 million. This was a consequence of large one-off payments in highlighted items and increased contractor costs.

Working capital

Working capital increased to £10.7 million, up from £8.4 million at 31 December 2023. The decrease in net trade debtors was somewhat offset by the increase in accrued income. Accrued income is typically higher at interim reporting compared to year-end, as the structure of client contracts can result in billing upon project completion, which is often towards Q3 and Q4 for some clients. Debtor days has increased slightly from 69 days at 31 December 2023, to 72 days at 30 June 2024. 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

	6 month Period ending 30-Jun 2024 £m	6 month Period ending 30-Jun 2023 £m
Statutory cash from operations	**1.0**	(2.8)
Add back:		
Settlement of post-date Digital Decisions remuneration	-	6.4
Cash outflow from Discontinued Activities	-	0.5
Highlighted items: cash items	1.6	0.6
Adjusted cash from operations	**2.6**	4.7
Adjusted operating profit	**2.3**	6.0
Cash Flow Conversion Ratio (as % of Adj OP)	***111%***	*78%*

Adjusted cash from operations represents the cash flows from operations excluding the impact of highlighted items and discontinued businesses. The adjusted net cash inflow from operations in the 6-month period was £2.6m (2023: £4.7m), which represents a cash conversion ratio of 111% of adjusted operating profit.

Equity

During the six months to 30 June 2024, the number of ordinary shares in issue increased by 0.1 million to 140.5 million (2023: 140.4 million). The issuance of ordinary shares related solely to the exercise of employee share options.

Net debt and banking facilities

	6 month period ending 30-Jun 2024 £m	6 month period ending 30-Jun 2023 £m
Loans and borrowings	**(22.0)**	(25.0)
Prepaid loan fees	**0.1**	0.2
Less: Cash and cash equivalents net of bank overdrafts[1]	**6.6**	9.8
Net Cash/(Debt)	**(15.3)**	(15.0)

[1] Includes restricted cash of £0.9 million held in Ebiquity Russia (2023: £0.9m).

Bank borrowings are held jointly with Barclays and NatWest. On 25 April 2024, the revolving credit facility ('RCF') was extended for a further three-year period to 24 April 2027, on more favourable terms. The amended facility is for £30.0m, with no amortisation of the facility during the three-year period.

Quarterly covenants are applied, being interest cover >3.0x; adjusted leverage <2.5x; and adjusted deferred consideration leverage <3.5x. The Group does not expect to have any compliance issues based on current projections.

The facility bears variable interest at the Barclays Bank SONIA rate plus margin, ranging from 2.25% to 2.75%. The margin rate depends on the Group's net debt to EBITDA ratio.

Net Debt increased from £12.0m at 31 December 2023 to £15.3m at 30 June 2024. This was the result of lower revenues as noted above but also some one-time cash outflows during the period. These included professional fees, reorganisation costs (as shown in Highlighted Items above) and property costs as the Group rationalised its London office space. Cash flow naturally improves in Q4 and Q1 as seasonal revenues are collected. Based on current projections, no liquidity issues are anticipated.

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. Net revenue is a key management incentive metric	A1
Adjusted operating profit	Operating profit	Excludes highlighted items	Adjusted operating profit is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and is also a key management incentive metric.	A2
Adjusted operating margin	Operating profit margin	Excludes highlighted items	Adjusted operating profit margin is calculated as the operating profit excluding highlighted items divided by revenue.	A3
Adjusted profit before tax	Profit before tax	Excludes highlighted items	Adjusted profit before tax is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and allows for the consistent comparison of year-on-year performance.	A4
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. This measure is more representative of the Group's tax payable position and its ongoing tax rate.	
Adjusted profit after tax	Profit after tax	Excludes highlighted items	Adjusted profit after tax is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and allows for the consistent comparison of year-on-year performance.	A4
Adjusted earnings per share	Earnings per share	Excludes highlighted items	Adjusted earnings per share is reconciled to statutory earnings per share in note 4. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance, particularly as it adjusts for the non-recurring nature of highlighted items expenditure. Furthermore, the Long Term Incentive Plan uses a target based on EPS growth over a three year period.	Note 4

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. This is an important Group performance measure in assessment the strength of the balance sheet position, and is particularly important for the loan facility, where the variance interest rate can move depending of the Group's net debt to EBITDA ratio.	A5
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. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance.	A6
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. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance.	A6

A1: Reconciliation of net revenue

	6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Revenue	**37,854**	40,631
Project related costs	**(3,687)**	(3,739)
Net revenue	**34,167**	36,892

A2: Reconciliation of adjusted operating profit

	6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Adjusted operating profit	**2,341**	5,967
Highlighted items (note 3)	**(2,470)**	(3,589)
Operating (loss)/profit	**(129)**	2,378

A3: Reconciliation of operating profit margin

		6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Revenue		**37,854**	40,631
Adjusted operating profit	A2	**2,341**	5,967
Adjusted operating profit margin		**6.2%**	14.7%
Highlighted items		**(2,470)**	(3,589)
Operating (loss)/profit	A2	**(129)**	2,378
Operating profit margin		**(0.3%)**	5.9%

A4: Reconciliation of adjusted profit before taxation and adjusted profit after taxation

	6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Adjusted Profit/(loss) before taxation from continuing operations	**1,527**	5,011
Highlighted items	**(2,470)**	(3,589)
Profit/(loss) before taxation from continuing operations	**(943)**	1,422
Breakdown of taxation (charge)/credit - continuing operations		
Before highlighted items	**(379)**	(1,418)
Highlighted items	**152**	572
Taxation charge	**(227)**	(846)
Net (loss)/profit from discontinued operations		
Before highlighted items	**-**	(81)
Highlighted items	**-**	248
Net (loss)/profit from discontinued operations	**-**	167
Adjusted profit after tax	**1,148**	3,512
Highlighted items	**(2,318)**	(2,768)
Profit/(loss) after tax	**(1,170)**	743

A5: Reconciliation of net debt

	6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Loans and borrowings	**(22,000)**	(25,000)
Prepaid loan fees	**137**	185
Less: Cash and cash equivalents	**6,565**	9,847
Net Debt	**(15,298)**	(14,969)

A6: Reconciliation of adjusted cashflow from operations

	6 month period ending 30-Jun 2024 £'000	6 month period ending 30-Jun 2023 £'000
Cash generated from operations	**988**	(2,836)
Add Back: cash outflow from discontinuing operations	**-**	471
Eliminating cash movements for highlighted items:		
Settlement of Digital Decisions post-date remuneration	**-**	6,448
Transformation costs	**603**	678
Share option charges	**84**	34
Acquisition related costs	**669**	70
Taxation	**265**	(203)
Adjusted cash generated from operations	**2,609**	4,662
Adjusted operating profit - continuing operations	**2,341**	5,967
Adjusted operating cash flow conversion (%)	**111%**	78%

Interim Consolidated Income Statement
for the six months ended 30 June 2024

	Note	**Unaudited 6 months ended 30 June 2024**			Unaudited 6 months ended 30 June 2023		
	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	**37,854**	**—**	**37,854**	40,631	—	40,631
Project-related costs		**(3,687)**	**—**	**(3,687)**	(3,739)	—	(3,739)
Net revenue		**34,167**	**—**	**34,167**	36,892	—	36,892
Staff costs		**(25,329)**	**(682)**	**(26,011)**	(24,529)	(526)	(25,055)
Other operating expenses		**(6,497)**	**(1,788)**	**(8,285)**	(6,396)	(3,063)	(9,459)
Operating profit/(loss)		**2,341**	**(2,470)**	**(129)**	5,967	(3,589)	2,378
Finance income		**47**	**—**	**47**	36	—	36
Finance expenses		**(1,057)**	**—**	**(1,057)**	(1,013)	—	(1,013)
Foreign exchange		**196**	**—**	**196**	21	—	21
Net finance costs		**(814)**	**—**	**(814)**	(956)	—	(956)
Profit/(loss) before taxation		**1,527**	**(2,470)**	**(943)**	5,011	(3,589)	1,422
Taxation (charge)/credit		**(379)**	**152**	**(227)**	(1,418)	572	(846)
Profit/(loss) for the period – continuing operations		**1,148**	**(2,318)**	**(1,170)**	3,593	(3,017)	576
Profit/(loss) for the period – discontinued operations	5	**—**	**—**	**—**	(81)	248	167
Profit/(loss) for the period		**1,148**	**(2,318)**	**(1,170)**	3,512	(2,769)	743
Attributable to:							
Equity holders of the parent		**1,149**	**(2,318)**	**(1,169)**	3,470	(2,769)	701
Non-controlling interests		**(1)**	**—**	**(1)**	42	-	42
		1,148	**(2,318)**	**(1,170)**	3,512	(2,769)	743

	Note						
Earnings/(loss) per share- continuing operations							
Basic	4	**0.84p**		**(0.86)p**	2.94p		0.44p
Diluted	4	**0.81p**		**(0.86)p**	2.86p		0.43p
(Loss)/earnings per share- Discontinued operations							
Basic	4	—		—	(0.07)p		0.14p
Diluted	4	—		—	(0.07)p		0.13p

Interim Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2024

	Unaudited 6 months ended 30 June 2024 £'000	Unaudited 6 months ended 30 June 2023 £'000
(Loss)/profit for the period	**(1,170)**	743
Other comprehensive (expense):		
Items that may be reclassified subsequently to profit or loss statement:		
Exchange differences on translation of overseas subsidiaries	**(635)**	(1,465)
Total other comprehensive (expense) for the period	**(635)**	(1,465)
Total comprehensive (expense) for the period	**(1,805)**	(722)
Attributable to:		
Equity holders of the parent	**(1,804)**	(764)
Non-controlling interests	**(1)**	42
	(1,805)	(722)

Interim Consolidated Statement of Financial Position
as at 30 June 2024

	Note	Unaudited as at 30 June 2024 £'000	Audited as at 31 December 2023 £'000
Non-current assets			
Goodwill	6	39,558	39,688
Other intangible assets	7	7,678	9,527
Property, plant and equipment		919	911
Right-of use-assets		3,346	2,756
Lease receivables		170	269
Deferred tax asset		1,825	1,274
Total non-current assets		**53,496**	**54,425**
Current assets			
Trade and other receivables		28,573	29,761
Lease receivables		201	205
Corporation tax asset		1,077	723
Cash and cash equivalents	8	6,565	10,016
Total current assets		**36,416**	**40,705**
Total assets		**89,912**	**95,130**
Current liabilities			
Trade and other payables		(6,182)	(9,247)
Accruals and contract liabilities	9	(11,259)	(10,804)
Current tax liabilities		(1,365)	(1,774)
Provisions		(332)	(450)
Lease liabilities		(1,138)	(1,682)
Total current liabilities		**(20,276)**	**(23,957)**
Non-current liabilities			
Financial liabilities	10	(25,291)	(25,871)
Provisions		(241)	(80)
Lease liabilities		(2,938)	(2,678)
Deferred tax liability		(1,207)	(882)
Total non-current liabilities		**(29,677)**	**(29,511)**
Total liabilities		**(49,953)**	**(53,468)**
Total net assets		**39,959**	**41,662**
Equity			
Ordinary shares	13	35,122	35,103
Share premium		15,552	15,552
Other reserves		3,439	4,074
Accumulated losses		(14,506)	(13,420)
Equity attributable to the owners of the parent		**39,607**	**41,309**
Non-controlling interests		352	353
Total equity		**39,959**	**41,662**

Interim Consolidated Statement of Changes in Equity
for the six months ended 30 June 2024

	Ordinary shares	Share premium	Other reserves	Accumulated Losses	Total	Non— controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2022	**30,060**	**10,863**	**4,824**	**(9,787)**	**35,960**	**302**	**36,262**
Profit for the period	—	—	—	701	701	42	743
Other comprehensive expense	—	—	(1,465)	—	(1,465)	—	(1,465)
Total comprehensive (expense)/income for the period	**—**	**—**	**(1,465)**	**701**	**(763)**	**42**	**(721)**
Shares issued for cash	4,983	4,689	—	(46)	9,626	—	9,626
Share options charge	59	—	—	273	332	—	332
30 June 2023 (unaudited)	**35,102**	**15,552**	**3,359**	**(8,859)**	**45,154**	**344**	**45,498**
(Loss)/profit for the period	—	—	—	(4,855)	(4,855)	9	(4,846)
Other comprehensive income	—	—	715	—	715	—	715
Total comprehensive income/(expense) for the period	**—**	**—**	**715**	**(4,855)**	**(4,140)**	**9**	**(4,131)**
Shares issued for cash	—	—	—	(1)	(1)	—	(1)
Share options charge	1	—	—	295	295	—	295
31 December 2023	**35,103**	**15,552**	**4,074**	**(13,420)**	**41,309**	**353**	**41,662**
Loss for the period	—	—	—	(1,169)	(1,169)	(1)	(1,170)
Other comprehensive (expense)	—	—	(635)	—	(635)	—	(635)
Total comprehensive (expense) for the period	**—**	**—**	**(635)**	**(1,169)**	**(1,804)**	**(1)**	**(1,805)**
Share options charge	19	—	—	83	102	—	102
30 June 2024 (unaudited)	**35,122**	**15,552**	**3,439**	**(14,506)**	**39,607**	**352**	**39,959**

Interim Consolidated Cash Flow Statement
for the six months ended 30 June 2024

	Note	Unaudited 6 months ended 30 June 2024 £'000s	Unaudited 6 months ended 30 June 2023 £'000s
Cash flows from operating activities			
Cash generated/(used by) operations	12	988	(2,836)
Finance expenses paid		(1,023)	(741)
Finance income received		28	36
Income taxes paid		(1,212)	(536)
Net cash from operating activities		**(1,219)**	**(4,077)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		—	82
Disposals of subsidiaries		—	502
Purchase of property, plant and equipment		(297)	(292)
Purchase of intangible assets		(544)	(437)
Net cash flow from investing activities		**(841)**	**(145)**
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		4	80
Proceeds from bank borrowings		—	5,000
Repayment of bank borrowings		—	(1,500)
Bank loan fees paid		(150)	—
Payments of lease liabilities		(1,195)	(1,258)
Dividends paid to non—controlling interests		—	—
Net cash flow from financing activities		**(1,341)**	**2,322**
Net (decrease) in cash, cash equivalents and bank overdrafts		**(3,401)**	**(1,900)**
Cash, cash equivalents and bank overdrafts at beginning of period		**10,016**	**12,360**
Effect of exchange rate changes on cash and cash equivalents		(50)	(613)
Cash, cash equivalents and bank overdrafts at end of period	8	**6,565**	**9,847**

Notes to the interim financial statements for the six months ended 30 June 2024

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'. These interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2023, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

The condensed consolidated interim financial statements have been prepared on a going concern basis. Whilst the Group has incurred a statutory loss for the 6 months to 30 June 2024, the Group continued to have sufficient headroom on all its covenants and projects that this will continue for the foreseeable future. The Group meets its day-to-day working capital requirements through its cash reserves and borrowings, described in notes 8 and 10. As at 30 June 2024, the Group had cash balances of £6,565,000, (including restricted cash of £941,000) and undrawn bank facilities available of £8,000,000.

In assessing the going concern status of the Group and Company, the Directors have considered the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the Group's cash flows, liquidity, and bank facilities. The Directors have prepared a model to forecast covenant compliance and liquidity to 31 December 2025 that includes a base case and scenarios to form a severe but plausible downside case.

The base case assumes growth in revenue and EBITDA based on the Group's reforecast 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 2% reduction in operating costs. Under this scenario, management is satisfied of covenant compliance throughout the going concern period.

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

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. In view of the uncertainty regarding this operation, an impairment provision was made in the previous year-end against the value of its assets in the Group balance sheet. Its cash balances are also deemed to be restricted cash and totalled £0.9m at the end of the period. Details are provided in notes 3 and 8.

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

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 acquisition related costs. 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 period ended 30 June 2024 are as follows:

Revenue

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

	Served revenue		**Change**	
	H1 2024 £m	**H1 2023 £m**	**£m**	**%**
UK & Ireland	14.6	14.2	0.4	*3%*
Continental Europe	10.8	14.4	(3.6)	*(25)%*
North America	8.2	7.8	0.4	*6%*
APAC	4.2	4.3	(0.1)	*(2)%*
Served revenue from continuing operations	**37.9**	**40.6**	(2.8)	***(7)%***

This revenue segmentation will be the one used by the Group from 2024 onwards. It captures the region in which the work was sold. 2023 regional revenue recognition was based on where the work was performed. It is not practically possible to proforma adjust 2023 comparatives onto the new basis. During this transition, a like-for-like comparison based on External revenue (invoiced/accrued by the region) is shown below:

External Revenue by geographical segment

	Served revenue		**Change**	
	H1 2024 £m	**H1 2023 £m**	**£m**	**%**
UK & Ireland	14.9	15.9	(1.1)	*(7)%*
Continental Europe	11.2	13.0	(1.8)	*(14%)*
North America	7.9	7.9	0.0	*0%*
APAC	3.9	3.8	0.1	*2%*
External Revenue from continuing operations	**37.9**	**40.6**	(2.8)	*(7%)*

Adjusted operating Profit and Operating Margin

	Adjusted Operating Profit		*Adjusted Operating profit margin*	
	H1 2024	H1 2023	*H1 2024*	*H1 2023*
	£m	£m	*%*	*%*
UK & Ireland	1.3	3.7	*9%*	*26%*
Continental Europe	2.0	4.6	*19%*	*32%*
North America	1.1	1.0	*13%*	*13%*
APAC	0.6	0.4	*15%*	*9%*
Unallocated	(2.7)	(3.7)	—	—
Adjusted Profit - continuing operations	**2.3**	**6.0**	***6%***	***15%***
Discontinued operations	—	(0.1)	—	—
Adjusted profit - Total	**2.3**	**5.9**	***6%***	***15%***

The Group implemented a transformation program in UK&I and CE Europe in May 2023 and rolled this out to the whole Group in July 2023. The transformation impacted the internal recharging within the Group - the result being we do not have like-for-like reporting by region; only at Group level. Pre-transformation, staff costs for delivery on projects by teams in other markets were booked as intercompany partner costs at an agreed fee between the markets. Post-transformation, staff costs for delivery teams are all transferred to the centre then invoiced out of the centre at a mark-up to markets based on time sheet recording and they are classified within staff costs.

A reconciliation of segment adjusted operating profit to total (loss)/profit before tax is provided below:

	Unaudited 6 months ended 30 June 2024 £'000	Re-presented Unaudited 6 months ended 30 June 2023 [1] £'000
Reportable segment adjusted operating profit	**5,083**	9,607
Unallocated (costs)/income:		
Central staff costs	**(2,086)**	(2,032)
Delivery staff costs [2]	**913**	(283)
Property costs	**(503)**	(356)
Exchange rate movements	**(26)**	(266)
Other administrative expenses	**(1,040)**	(703)
Adjusted operating profit	**2,341**	5,967
Highlighted items (note 3)	**(2,470)**	(3,589)
Operating (loss)/profit	**(129)**	2,378
Net finance costs	**(814)**	(956)
(Loss)/profit before tax – continuing operations	**(943)**	1,422
Profit before tax - discontinued operations (note 5)	**—**	175
(Loss)/profit before tax - Total	**(943)**	1,597

[1] Note that the staff costs line of this reconciliation has been broken out into two lines this year with the comparative re-presented accordingly. This indicates that the year-on-year movement is derived from the delivery staff costs which arise from the transformation recharges in place.

[2] The local regions recharge relevant costs to the centre where a calculation is performed, and then the regions are now being charged back a marked up amount which gives rise to a profit in the centre. This eliminates at Group level.

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 reconciliations please see the Alternative Performance Measures section above. Cash items are defined as items for which a cash transaction has occurred in the period. All other items are defined as non cash.

	Unaudited 6 months ended 30 June 2024	Re-presented Unaudited 6 months ended 30 June 2023 [1]
	£'000	£'000
Share option charge	**182**	307
Amortisation of purchased intangibles	**1,603**	1,701
Impairment of goodwill and current assets	**—**	(53)
Post-date remuneration for Digital Decisions	**—**	333
Dilapidations provision release	**(114)**	—
Revaluation of earn out accruals	**(596)**	217
Acquisition related costs	**713**	406
Transformation costs	**682**	678
Total highlighted items before tax	**2,470**	3,589
Taxation (credit)	**(152)**	(572)
Total highlighted items – continuing operations	**2,318**	3,017
Highlighted items – discontinued operations	**—**	(248)
Total highlighted items	**2,318**	2,769

[1] Note that in the prior year interim statement there was one line for acquisition, integration and strategic costs which totalled £623,000. This year, this line has been broken out into two lines; revaluation of earn out accruals and acquisition related costs, with the comparative re-presented accordingly.

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 30 June 2024, a charge of £182,000 (30 June 2023: £307,000) was recorded.

The amortisation charge for purchased intangible assets decreased slightly in the period to £1,603,000 (30 June 2023: £1,701,000) due to certain intangible assets becoming fully amortised in January 2024. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and MediaPath's GMP licence asset.

There was no impairment for goodwill and intangible assets in the 6 months to 30 June 2024 (30 June 2023: credit of £53,000). The credit in the prior period reflected an adjustment against the Group's share (75%) in Ebiquity Russia OOO's total asset excluding cash due to the planned divestment of the Group's majority stake for a nominal value.

In the prior period to 30 June 2023 a final accrual of £333,000 was made for the final element of the contingent consideration of the 2020 acquisition of Digital Decisions B.V., which was settled in May 2023. There is no such equivalent charge in the period to 30 June 2024.

In the current period there is a credit of £114,000 arising on the dilapidations settlement being agreed upon for the London property, this credit represents the excess amount that the provision was over and above the final settled amount.

Revaluation to earn out accruals of a credit of £596,000 (30 June 2023: charge of £217,000) 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 £713,000 (30 June 2023: £406,000) relate to the legal and professional fees associated with corporate transactions, whether successful or unsuccessful.

The remaining costs of £682,000 (30 June 2023: 678,000) 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 Media Path in April 2022.

The transformation project had originally been planned as a three year transformation programme, is now scheduled to run to the end of 2026, 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 will continue to grow through 2025 and 2026.

4. Earnings per share

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

	Unaudited 6 months ended 30 June 2024			Unaudited 6 months ended 30 June 2023		
	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	**(1,169)**	—	**(1,169)**	534	167	701
Adjustments:		—				
Impact of highlighted items (net of tax) [1]	**2,318**	—	**2,318**	3,015	(248)	2,768
Earnings for the purpose of adjusted earnings per share	**1,149**	—	**1,149**	3,549	(81)	3,469
Number of shares:						
The weighted average number of shares during the period						
– basic	**136,545,726**		**136,545,726**	120,801,928	120,801,928	120,801,928
– dilutive effect of share options	**4,553,276**		**4,553,276**	3,450,356	3,450,356	3,450,356
– diluted	**141,099,002**		**141,099,002**	124,252,284	124,252,284	124,252,284
Basic (loss)/earnings per share	**(0.86)**		**(0.86)**	0.44p	0.14p	0.58p
Diluted (loss)/earnings per share	**(0.86)**		**(0.86)**	0.43p	0.13p	0.56p
Adjusted basic earnings/(loss) per share	**0.84**		**0.84**	2.94p	(0.07)p	2.87p
Adjusted diluted earnings/(loss) per share [2]	**0.81**		**0.81**	2.86p	(0.07)p	2.79p

[1] Highlighted items (see note 3), stated net of their total tax and non-controlling interest impact.

5. Discontinued Operations

During the prior period, the Group agreed to dispose of its marketing analytics subsidiary Digital Balance Australia Pty Limited to Spinach Advertising Pty Limited for gross consideration of A$850,000 (£454,000). The 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. The results of this division have been presented within discontinued operations as appropriate.

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

	6 months ended 30 June 2024	6 months ended 30 June 2023
	£'000	£'000
Revenue	—	113
Project-related costs	—	—
Net Revenue	—	113
Staff costs	—	(100)
Other operating expenses	—	(37)
Operating (loss)	—	(24)
Finance income	—	—
Finance expenses	—	(4)
Net finance costs	—	(4)
(Loss) before highlighted items	—	(28)
Highlighted items	—	203
Profit before tax	—	175
Tax	—	(8)
Net profit from discontinued operations	—	167

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

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Net cash from operating activities – continuing operations	**(1,219)**	(3,606)
Net cash from operating activities – discontinued operations	**—**	(471)
Total net cash from operating activities	**(1,219)**	(4,077)
Net cash used in investment activities – continuing operations	**(841)**	(647)
Net cash generated from investment activities – discontinued operations	**—**	502
Total net cash used in investment activities	**(841)**	(145)
Net cash generated by financing activities – continuing operations	**(1,341)**	2,322
Net cash generated by financing activities – discontinued operations	**—**	—
Total net cash generated by financing activities	**(1,341)**	2,322
Net decrease in cash and cash equivalents – continuing operations	**(3,401)**	(1,931)
Net increase in cash and cash equivalents – discontinued operations	**—**	31
Net decrease in cash and cash equivalents	**(3,401)**	(1,900)

Below is a table summarising the details of the sale of the subsidiary:

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Cash received or receivable:		
Cash	—	502
Decease of consideration	—	—
Total disposal consideration	**—**	**502**
Carrying amount of net assets sold	—	30
Costs to sell – current year	—	259
Total	**—**	**289**
Gain on sale before income tax	—	213
Income tax charge on gain	—	(8)
Gain on sale after income tax	**—**	**205**

6. Goodwill

	£'000
Cost	
At 1 January 2024	50,197
Foreign exchange differences	(195)
At 30 June 2024	**50,002**
Accumulated impairment	
At 1 January 2024	(10,509)
Foreign exchange differences	65
At 30 June 2024	**(10,444)**
Net book value	
At 30 June 2024	**39,558**
At 31 December 2023	39,688

The Group tests goodwill for impairment annually, as well as whenever there is an indication of potential impairment. With H1 2024 Group performance coming in below budget, management has deemed it appropriate and necessary to test for the potential impairment of goodwill as at 30 June 2024.

Goodwill is allocated to the Group's cash generating units ('CGUs') in order to carry out tests of impairment. In the 30 June 2024 period, the Group has altered its approach to monitoring goodwill to align with the way in which the business is managed. Where the Group is managed on a regional basis, the 13 underlying CGUs have been aggregated into 4 Regional CGUs: North America, United Kingdom, Europe, and APAC.

The impairment test involves comparing the carrying value of the regional CGU to which the goodwill has been allocated to the recoverable amount. The recoverable amount of all regional 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. As at 30 June 2024 the Group has not recognised an impairment charge, with the value in use for all Regional CGUs exceeding the carrying value.

Value in use calculations

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

Budgeted operating profit assumptions

To calculate future expected cash flows, management has taken the earnings before interest, tax, depreciation and amortisation ('EBITDA') for each of the Regional CGUs for the 2024 financial year as per the Board approved 2024 6+6 forecast. For the 2025 and 2026 financial periods, the forecast EBITDA is based on management's plans and market expectations. The projected 2026 balances are subsequently 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 Beta and a smaller quoted company premium. The three-year pre-tax cash flow forecasts have been discounted at the following rates:

Regional CGU	**Adjusted pre-tax discount rate**
North America	13.47%
United Kingdom	14.38%
APAC	13.97%
Europe	13.42%

Growth rate assumptions

For cash flows beyond the three-year period, a growth rate of 2.0% (2023: 2.0%) has been assumed for all regional CGUs. This rate is based on factors such as economists' estimates of long-term economic growth in the markets in which the Group operates.

Sensitivity analysis

The Group's calculations of value in use for the regional 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 key assumptions to cause the carrying value of any regional CGU to exceed its value in use. In the goodwill impairment model we identified the APAC region as having the lowest headroom at £0.9 million. Below we have demonstrated the percentage point change in each key assumption that would result in the carrying value exceeding value in use for the APAC regional CGU:

	APAC Regional CGU	
	Current % 2025 / 2026	% point change leading to impairment
Projected net revenue growth	5% / 5%	(2%) / (2%)
Pre-tax discount rate	13.97%	3.35%

7. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets [1] £'000s	Total intangible assets £'000s
Cost				
At 1 January 2024	11,100	2,563	26,625	40,288
Additions	595	1	—	596
Impairment	—	—	—	—
Disposals	—	—	—	—
Foreign exchange	(3)	(10)	(117)	(130)
At 30 June 2024	**11,692**	**2,554**	**26,508**	**40,754**
Amortisation				
At 1 January 2024	(7,471)	(2,513)	(20,777)	(30,761)
Charge for the period [2]	(822)	(11)	(1,603)	(2,436)
Impairment	—	—	—	—
Disposals	—	—	—	—
Foreign exchange	—	9	112	121
At 30 June 2024	**(8,293)**	**(2,515)**	**(22,268)**	**(33,076)**
Net book value				
At 30 June 2024	**3,399**	**39**	**4,240**	**7,678**
At 31 December 2023	**3,629**	**50**	**5,848**	**9,527**

[1] Purchased intangible assets consist principally of customer relationships with a typical useful life of three to 10 years.

[2] Amortisation is charged within administrative expenses to write off the cost of the intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted administrative expense.

8. Cash, cash equivalents, bank overdrafts and restricted cash

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

	30 June 2024 £'000	31 December 2023 £'000
Cash and cash equivalents	**5,624**	9,155
Restricted cash [1]	**941**	861
Cash, cash equivalents and bank overdrafts	**6,565**	10,016

[1] Cash and cash equivalents of £941,000 (31 December 2023 - £861,000) are held in Ebiquity Russia OOO with restrictions on remittances to certain countries. These balances may not be readily available to the wider Group but can be used to meet Ebiquity Russia OOO's obligations within Russia as they fall due.

9. Accruals and Contract liabilities

	30 June 2024 £'000	31 December 2023 £'000
Accruals	**4,944**	4,319
Contract liabilities	**6,315**	6,485
Accruals and Contract liabilities	**11,259**	10,804

10. Financial liabilities

	30 June 2024 £'000	31 December 2023 £'000
Current		
Loan Fees [1]	**—**	—
Deferred contingent consideration [2]	**—**	—
	—	—
Non-Current		
Bank borrowings	**22,000**	22,000
Loan Fees [1]	**(137)**	(125)
Deferred contingent consideration [2]	**3,428**	3,996
	25,291	25,871
Total financial liabilities	**25,291**	25,871

[1] Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight-line basis to the maturity date of the facility, this being April 2027
[2] Deferred contingent consideration relates to the acquisition of MMi and is payable in 2025.

	Bank borrowings £'000	Deferred contingent Consideration £'000	Total £'000
At 1 January 2024	21,875	3,996	**25,871**
Paid	—	—	—
Unwinding of discount	—	215	**215**
Charged to income statement	(12)	—	**(12)**
Change in estimate [1]	—	(816)	**(816)**
Foreign exchange recognised in the income statement	—	5	**5**
Foreign exchange recognised in the translation reserve	—	28	**28**
At 30 June 2024	21,863	3,428	**25,291**

[1] The change in estimate in the table above represents the reassessment of the expected deferred contingent consideration to be based upon the latest forecast information available. This resulted in a reduction to the expected amount payable in 2025 of £816,000.

All bank borrowings are held jointly with Barclays and NatWest. During the period the facility has been extended under an agreement dated 25 April 2024. The revolving credit facility ('RCF') as at 30 June 2024 runs for a period of three years to April 2027, with a total commitment of £30.0 million, with £1.0 million of this available as an overdraft for working capital purposes. £22.0 million had been drawn as at 30 June 2024 (31 December 2023: £22.0 million). The drawings are repayable on the maturity of the facility.

The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly covenants applied from April 2024 are; interest cover 3.0x; adjusted leverage <2.5x; and adjusted deferred consideration leverage <3.5x.

Loan arrangement fees accrued in the period of £137,000 (31 December 2023: £125,000) 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 2.25% to 2.75%, depending on the Group's net debt to EBITDA ratio.

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

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

11. Dividends

No dividend was paid in respect of the year ending 31 December 2023. No dividend is being declared for the six months ended 30 June 2024. Dividends were paid to non-controlling interests as shown in the consolidated statement of changes in equity.

12. Cash generated from operations

	Unaudited 6 months ended 30 June 2024	Unaudited 6 months ended 30 June 2023
	£'000	£'000
(Loss)/profit before taxation	**(943)**	1,422
Adjustments for:		
Depreciation	**900**	1,109
Amortisation (note 7)	**2,436**	2,293
Settlement of post-date remuneration	—	(6,448)
Loan fees written off	**100**	—
Unrealised foreign exchange gain	**11**	45
Impairment of goodwill & Intangibles	—	(53)
Share option charges	**98**	273
Finance income	**(47)**	(36)
Finance expenses	**1,057**	1,009
Contingent consideration revaluations	**(601)**	550
	3,011	164
Decrease in trade and other receivables	**527**	2,982
(Decrease) in trade and other payables (including accruals and contract liabilities)	**(2,592)**	(5,546)
Movement in provisions	**42**	35
Cash generated from operations – continuing operations	**988**	(2,365)
Cash generated from operations – discontinued operations	—	(471)
Cash generated from operations	**988**	(2,836)

13. Share Capital

	Number of shares	**Nominal value £'000**
Allotted, called up, and fully paid		
At 31 December 2022 – ordinary shares of 25p	120,241,181	30,060
Shares issued	19,929,502	4,982
Share options exercised	241,083	61
At 31 December 2023 – ordinary shares of 25p	140,411,766	35,103
Share options exercised	75,356	19
At 30 June 2024 – ordinary shares of 25p	140,487,122	35,122

As at 30 June 2024, the Company's issued share capital consisted of 140,487,122 Ordinary Shares, carrying one vote each. The Company's Employee Benefit Trust holds 3,879,703 issued ordinary shares to satisfy awards under the Company's share option scheme and the trustee has agreed not to vote the ordinary shares held by it. As such, 3,879,703 Ordinary Shares are treated as not carrying voting rights. Therefore, the total voting rights in the Company as at that date were 136,602,419.

During the prior period, 19,929,502 shares were issued to the previous owners of Digital Decisions BV as partial settlement of the post-date remuneration.

14. Related party transactions

The Group has a related party relationship with its subsidiaries and key management personnel, including Directors and Executive Committee members.

Transactions between the Company and its subsidiaries, or between subsidiaries, have been eliminated on consolidation and are not disclosed in this note.

Transactions with companies related to key management personnel

During the period the Group entered into trading transactions with GMP Systems AB. In the period the Group incurred development fees, which were capitalised to Research and Development intangibles assets amounting to £143,000 (30 June 2023: £nil). The Group also incurred subscription fees for GMP 365, which were expensed to the profit and loss account, to the amount of £679,000 (30 June 2023: £384,000). GMP Systems AB is a related party through the Group's Chief Delivery Officer, Susanne Elias.

INDEPENDENT REVIEW REPORT TO EBIQUITY PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the interim results announcement for the for six months ended 30 June 2024 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 14.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results announcement for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the AIM Rules of the London Stock Exchange.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this interim results announcement has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the interim results announcement for the six months in accordance with the AIM rules of the London Stock Exchange.

In preparing the interim results, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the interim results announcement, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
25 September 2024