Ebiquity plc

Interim Results for the six months ended 30 June 2023

Focused strategy, integrated acquisitions and performance enhancements support strong growth

Ebiquity plc ("Ebiquity" or the "Group"), a world leader in media investment analysis, announces interim results for the six months ended 30 June 2023 ("H1 2023").

Strong financial performance

Group	**H1 2023**	**H1 2022[2]**	**Change**	
	£m	**£m**	**£m**	**%**
Revenue	**40.6**	**36.7**	**3.9**	***11%***
Adjusted Operating Profit [1]	**6.0**	**4.9**	**1.1**	***23%***
Adjusted Operating Profit Margin (%) [1]	**14.7%**	**13.3%**	**1.4%**	***11%***
Adjusted Profit before Tax [1]	**5.0**	**4.7**	**0.4**	***8%***
Adjusted Earnings per Share [1]	**2.94p**	**2.72p**	**0.22p**	***8%***
Statutory Operating Profit/(Loss)	**2.4**	**(1.2)**	**3.5**	***NA***
Statutory Profit/(Loss) before Tax	**1.4**	**(1.4)**	**2.8**	***NA***
Statutory Earnings/(Loss) per Share	**0.44p**	**(3.43)p**	**3.87p**	***NA***

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.
Note 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 six months contribution from the MMi and Media Path acquisitions which were completed in April 2022.

- Revenue increased by £3.9 million to £40.6 million (+11%)
- Adjusted Operating Profit increased by £1.1 million to £6.0 million (+23%)
- Adjusted Operating Profit margin increased by 1.4 percentage points to 14.7% (2022: 13.3%)
- Statutory Operating Profit increased by £3.5m to £2.4m
- Net bank debt of £15.0 million with cash balances of £9.8 million and undrawn bank facilities of £4.7 million as at 30 June 2023.

Operational Momentum

- Improved profitability in H1 driven from UK and North America
- Continued strong revenue and margin performance in North America
- Three-year transformation and integration programme is progressing, with focus for 2023 on rationalising and automating products and processes
- Revenue growth of 10% from Media Performance, Ebiquity's largest service line, within which Digital Media Solutions' revenue grew by 32% to £3.7 million with an operating profit margin of over 50%
- APAC region profitability impacted by phasing of revenue delivery which is expected to largely recover in the second half

Current Trading and Outlook

- A small number of large clients have recently reduced budgets, however, the business continues to trade broadly in line with expectations for 2023.
- The pressure from macro conditions on clients' businesses is creating some uncertainty for 2024, but we do note that our business has historically been significantly less sensitive to weak conditions in the advertising market as our clients often look to us to help even more with improving marketing efficiency in such an environment.
- Strategically, the business is continuing to improve its offering and its operating model to take advantage of the attractive opportunities for revenue growth and margin enhancement.

Nick Waters, CEO, commented:

"We have delivered a good performance despite the more challenging market conditions. Revenue, profit and margins all grew driven by particularly strong momentum in the US following our successful integration of MMi and continued growth from Digital Media Solutions.

One of the key drivers of our growth is our ability to cross-sell and up-sell more solutions and encouragingly we have seen the scope of work expanding from major clients including:- GM, Amgen, J&J in the US; Danone and Ferrero with global projects; Disney and Jaguar Land Rover in Europe.

We are now six months into a three-year transformation programme which will see the transitioning of core services onto the GMP365 data management platform, fundamentally changing the process by which work is delivered. This is a major undertaking for the Group and although there is much more to do before we see the full financial benefits, we are making good progress and remain on track to achieve our objectives.

While we are seeing some major customers cutting budgets as a result of prevailing market conditions and trends, Ebiquity continues to trade broadly in line with expectations. Looking further ahead, as the market leader we remain well positioned to help our clients and see further opportunities for revenue growth and margin enhancement."

Details of presentations

The Executive Directors 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.

They will also be giving a presentation for investors via the Investor Meet Company platform on 2 October 2023 at 11:30 BST. Investors can sign up to Investor Meet Company for free and add to meet Ebiquity plc via: https://www.investormeetcompany.com/ebiquity-plc/register-investor. Investors who already follow Ebiquity plc on the Investor Meet Company platform will automatically be invited.

Market abuse regulation

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

The person responsible for arranging release of this announcement on behalf of the Company is Julia Hubbard, Chief Financial Officer of the Company.

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Chief Executive's Review

Continued progress

Ebiquity has continued to make good progress during the period, building momentum and delivering effectively against our strategic objectives.

Following last year's acquisition of Media Management Inc ("MMi") in the US, it is particularly encouraging to see revenue growth accelerating with North America our fastest growing region at 50%. We are also pleased to see continued progress from our portfolio of Digital Media Solutions with 32% revenue growth year on year. Revenue from major international clients managed by our Global Clients Solutions Centre in the UK has also recovered well from some setbacks last year.

In what has been a challenging market to date, we can be satisfied with our performance during the period, having expanded relationships with clients, progressed our three-year business transformation programme, and continued to build scale in the US, the world's largest advertising market.

A highly dynamic market

Inflation and high interest rates have continued to dominate the market discourse. While this has undoubtedly led to increased pressure on consumers and brand owners becoming more cautious with their marketing budgets, the anticipated steep downturn in advertising in the first half of 2023 did not materialise. However, the market remains highly cautious with a prevailing sense that 'things must get worse'.

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 company for the global advertising industry means that we are well placed to advise on the changing industry dynamics and trends. This includes major developments such as the shift from linear free-to-air broadcasting to advertising funded video on demand ("AVOD"); and the implications of advertising delivered through Connected TV ("CTV"), which is forecast to be the fastest growing ad format in the US, growing 21.2% to become a market worth US$25.1 billion in 2023 (Source: eMarketer April 2023).

Becoming more efficient

Against this background, we are now six months into a three-year business transformation programme (2023-2025) with a considerable focus on increasing the use of automation to create a more efficient service and experience for our clients. Following last year's 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 services Group wide.

Our priority has been to transition client work onto the GMP365 platform, which is central to our transformation plan, 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 product and processes, and engaging with our clients and the agencies we work with on the benefits of the new approach.

The process requires some additional investment in people's time as we transition each area of the business starting with agency selection processes (Media Management) followed by ValueTrack (Media Performance) and concluding with benchmarking (Media Performance). Although there is much more to do before we see the financial benefits of the transformation process, I am pleased with progress to date with c.30% of Ebiquity staff having undergone training, 78 agency selection processes managed on the platform in the first half of the year, and five of our ten largest ValueTrack clients transferred. Benchmarking is currently in the testing and planning phase with the transition to the new process and methodology expected to commence in early 2024 with a measured roll-out.

We have taken an additional step to streamline the business by folding our small Technology Advisory offering into the Media Management Service Line.

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; Disney and Jaguar Land Rover in Europe. We have also seen new business wins from major brand owners including:- Mercedes Benz and Lenovo in China; L'Oreal in Latin America; Dubai Holdings in the Middle East.

Developing our global presence

The successful integration of last year's MMi acquisition in the US has accelerated growth in North America with revenue up 50%, representing our strongest regional performance. UK&I has experienced a good recovery from the international clients managed from this market, with the UK domestic business showing resilience in difficult market conditions.

Following the lifting of zero-Covid restrictions, the Chinese economy has not recovered at the rate most commentators forecast; nonetheless, our business continues to progress and is expected to deliver growth in China. The Asia Pacific performance overall has been impacted by a slow first half in the Contract Compliance service line, with revenue back-weighted to Q4.

France and Spain were our strongest performers in Continental Europe, while conditions were more challenging in Italy and Germany. We have also established a new operation in the Nordics following the acquisition of MediaPath to manage a number of clients in that region.

Product Innovation underpinned by unrivalled market intelligence

Our ability to successfully integrate businesses into Ebiquity is reflected by the deferred consideration we paid out in May of this year, concluding the earnout period for Digital Decisions, which was twice the sum expected at the time of acquisition, reflecting its strong performance. 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 distribute digital knowledge and skills more widely.

One of our great strengths is our unrivalled independent intelligence on the digital media market generated from data processed and stored in our Media Data Vault. This competitive advantage underpins our strong progress in selling the Digital Media Solutions portfolio which also provides high levels of renewable revenue with only one client not renewing since inception.

The nature of the media market provides ample opportunity to innovate new solutions and during the period we brought two new initiatives to market. A partnership with Scope3 enables us to measure the quantum of CO_2 and equivalent emissions resulting from digital media activity. We now offer our clients a "CO2PM" metric to give them visibility of the worst polluting elements of their activity and the opportunity to minimise these. With large publicly listed companies required to publish plans to reduce emissions we believe this product innovation should have a receptive market. We have also developed an initial "pioneers programme" in the US to address the booming Connected TV market. We see large sums of money flowing into this market with little governance and believe our new solution represents a significant benefit to advertisers. Both of these developments are demonstrating interesting results and offer a real value proposition for our clients.

Artificial Intelligence

Artificial Intelligence became the new hot topic in the first half of the year. This is being seen as both a threat and an opportunity by different players in the media industry. While still in its early stages, advertising agencies are expressing excitement at its potential for almost limitless low cost content creation, while publishers see a significant threat if engaging content can be produced by anyone, and a potential risk to their intellectual property. It seems clear that a regulatory framework needs to be drawn up as a matter of some urgency.

We are assessing the potential impact of AI on our business from both an internal and external perspective. Internal applications are likely to include enhancement to workflows of data management and analysis, and the production of our solutions. For external use, we will explore new client interface opportunities, productisation of first line account management, and providing greater value to the long tail of smaller clients without the cost of additional human input.

Generative AI needs to be trained on data. The quality of that data is a determinant in the quality and therefore value of the output. One competitive advantage of Ebiquity is our vast and growing lake of data from the global media industry that can be trusted. It is actual data from billions of pounds/Euros/dollars of bought media activity. A challenge faced by Generative AI applications that require training on open-source data is the quality of that information. As we know, the information available on the internet can be flawed, misleading, or fake. Reliance on this opensource information can undermine the accuracy and therefore value of the output.

A significant advantage for Ebiquity therefore is the trusted data we manage in our proprietary closed environment. As such, we believe Generative AI represents more of an opportunity than a threat for Ebiquity.

Outlook

The global advertising market remains cautious and risk averse with many global brand owners planning for the short term rather than the long term. As a result, we are seeing some delays to client commitments and deferred work. In recent weeks, we have started to see business challenges impact some major clients leading to increased pressure on projects and fees, and some budget cuts. Although inflation statistics have started to moderate there remains some upward pressure on staff costs. This notwithstanding, the business overall continues to trade broadly in line with expectations for 2023.

As the market leader we remain well positioned to help our clients and firmly believe our product and service offering has resilience as media and marketing budgets come under more pressure and the efficiency and effectiveness of advertising investments comes under increased scrutiny.

While the global economic environment is weighing on brand owners' businesses and there is more uncertainty about the outlook heading into 2024, the business is well positioned to take advantage of continued opportunities for revenue growth and margin enhancement.

CFO's review

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.

Service Line	2023	2022	Variance v PY	
	£m	£m	£m	%
Media Performance	28.1	25.6	2.5	10
Media Management	4.8	4.2	0.6	14
Technology Advisory	0.5	0.6	(0.1)	(17)
Marketing Effectiveness	4.5	3.6	0.9	25
Contract Compliance	2.7	2.7	-	-
Total	**40.6**	**36.7**	**3.9**	**11**

Current year results include six months contribution from the MMi and Media Path acquisitions which were completed in April 2022. As both of these acquisitions have been fully integrated into the enlarged business, it is not possible to fully determine the impact from those acquisitions on the results in the period.

Revenue for the six months ended 30 June 2023 of £40.6 million was £3.9 million or 11% higher than the comparable period in 2022, with growth driven from the US in particular, but also across the UK and Europe.

Revenue from Media Performance services increased by £2.5 million or 10%, which was largely derived from technology enabled products such as the portfolio of Digital Media Solutions and services delivered utilising the more efficient Media Performance GMP365 platform following last year's acquisition of MediaPath. The progress of Digital Media Solutions sales to new clients continued in H1 and is expected to continue in the second half.

Media Management services revenue grew by £0.6 million or 14% in H1 2023. This service line delivered £1.5 million incremental revenue with the agency selection processes increasingly using the GMP365 platform. There has been a significant slowdown in local agency selection work which we expect to be temporary. In 2021 and 2022, this market was extremely buoyant due to the bounce back after covid and, as a result, the local Agency Selection market is suffering much lower business levels in 2023. The Group has seen a corresponding decline in demand for this product and revenue in the period is £0.7 million lower. This market decline is expected to be temporary and is likely to return to more normal levels in 2024.

Revenue from Marketing Effectiveness grew by £0.9 million and benefited from a large 3-year contract which was secured in the second quarter of 2022.

Adjusted operating profit (statutory operating profit excluding highlighted items) from continuing operations increased by 23% to £6.0 million (2022: £4.8 million). The adjusted operating profit margin improved to 14.7% compared to 13.3% in the prior year.

Segmental Review of Performance

Revenue Analysis

	Revenue		**Change**	
	H1 2023 £m	**H1 2022 £m**	**£m**	**%**
UK & Ireland	14.2	13.3	0.9	*7%*
Continental Europe	14.4	13.4	1.0	*7%*
North America	7.8	5.2	2.6	*50%*
APAC	4.3	4.8	(0.5)	*(11%)*
Total Revenue from Continuing Operations	**40.6**	**36.7**	**3.9**	***11%***

Adjusted Operating Profit Analysis

	Adjusted Operating Profit		***Adjusted Operating profit margin***	
	H1 2023	**H1 2022**	***H1 2023***	***H1 2022***
	£m	**£m**	***%***	***%***
UK & Ireland	3.7	2.9	*25.9%*	*21.6%*
Continental Europe	4.6	4.4	*32.2%*	*32.4%*
North America	1.0	0.0	*12.8%*	*0.3%*
APAC	0.4	0.8	*9.1%*	*17.4%*
Unallocated	(3.7)	(3.2)	*(9.2%)*	*(8.8%)*
Adjusted Profit - Continuing Operations	**6.0**	**4.9**	***14.7%***	***13.3%***

North America delivered the highest regional revenue growth, increasing revenue by £2.6 million or 50% year on year to £7.8 million (2022: £5.2 million). Whilst some of this growth resulted from the full half year effect of the MMi acquisition, completed in April 2022, the remaining growth was largely driven by the Media Performance service line which incorporates 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 13 percentage point increase in H1 adjusted operating margin (H1 2023: 13%; H1 2022: 0%).

UK & Ireland revenue increased by 7% from the prior year to £14.2 million (2022: £13.3 million) while margin strengthened by 4 percentage points to 26% (2022: 22%). Revenue and margin growth in that region was driven from a large 3-year Marketing Effectiveness contract which was secured in the second quarter of 2022 and delivered from the existing resource base.

Continental Europe has delivered 7% revenue growth to £14.4 million (2022: £13.4 million) at a consistently strong margin of 32%. Revenue growth across the countries within this region has however been mixed with growth delivered in The Nordics, France and Spain 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 during the first half.

Asia Pacific is currently the Group's smallest market. Revenue in H1 2023 was 11% or £0.5 million lower than H1 2022 while operating margin reduced by 8 percentage points to 9% (H1 2022: 17%). The region has been impacted by two main factors. Firstly, as for all regions, the results from the Contract Compliance business are included in the appropriate regional results. This business is traditionally weighted into the second half of the year and in 2023 this back weighting is even more pronounced. As a result, the APAC Contract Compliance business contributed less revenue and higher losses in the first half and impacted margin in this smaller region more significantly. Secondly, agency selection revenue (as discussed above) was lower in H1 2023 due to the temporary slowdown in the local agency selection market.

Unallocated costs, which comprise corporate and support costs, increased by £0.5 million largely due to the impact of foreign exchange gains realised on debtor and creditor balances.

Project related costs (which comprise external partner and production costs) increased by 6% to £3.7 million from £3.5 million. These costs now also include the costs of the GMP365 platform which, over time will provide a more efficient way of providing benchmarking services to clients. Significant work is underway to integrate this platform into the product base and this transformation, together with the globalisation of the delivery resource are expected to generate efficiency savings from H2 2024. The GMP365 costs have increased at a lower rate than revenue, demonstrating the benefits of scale.

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 before tax in the period totalled a charge of £3.6 million (2022: £6.0 million on a re-presented basis) and include:

- £0.7 million relating to transformation costs (2022: £- million)
- £1.0 million for acquisition integration and strategic costs (2022: £5.1 million)
- £1.6 million for purchased intangible assets amortisation (2022: £0.7 million)

As previously communicated, the Group is in the process of undertaking a three-year transformation and integration programme to rationalise its product portfolio, optimise the use of newly acquired technologies and move from a regional to a global delivery model. The transformation programme follows the acquisition of MMi and MediaPath in April 2022 and is scheduled to run to the end of 2025, with the majority of costs incurred in 2023 and 2024. Operating efficiency savings are expected to commence during the second half of 2024 and total savings totalling £5 million (including the original acquisition synergy benefits) on an annualised basis are expected to be delivered by the end of 2025.

Significant workstreams are underway to support this transformation. A core number of individuals who are fundamental in delivering specific workstreams 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 H1 2023, this was nine employees with a total cost of £0.5 million. In addition, training and events costs to brief and educate employees about their new roles within the new global specialisms totalled £0.2 million. These transformation costs, totalling £0.7 million, have been classified as highlighted items.

The acquisition, integration, and strategic costs of £1.0 million (2022: £1.6 million) largely comprise £0.3 million acquisition related costs incurred during the period and a revision to the discounting of the deferred consideration payable for the MMi earnout of £0.2 million payable in 2025. The final post-date remuneration for Digital Decisions B.V. was settled in May 2023 and resulted in an additional accrual of £0.3 million (2022: £3.4 million).

The amortisation charge for purchased intangible assets increased significantly in the period to £1.7 million (2022: £0.4 million) due to the addition of intangible assets through the acquisitions of MMi and MediaPath which completed in Q2 2022. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and MediaPath's GMP licence asset.

Taxation

The adjusted tax rate for the period is 28.3% (H1 2022: 42.5%) which is higher than the full year 2022 tax rate of 25.9%, largely due to increasing tax rates in the UK, together with a higher proportion of profits delivered in the period in overseas jurisdictions with higher tax rates (ranging from 25% to 33%). The tax credit of £0.6 million for the loss arising on highlighted items is restricted to a tax rate of 15.9% (2022: 11.9%) due to the significant level of disallowable expenses such as acquisition expenses and amortisation of purchased intangibles within highlighted items.

Earnings per share

Adjusted basic earnings per share increased by 8% to 2.94p compared to 2.72p in the prior period. Adjusted diluted earnings per share in the current period increased by 7% to 2.86p from 2.68p. There was a statutory basic profit per share of 0.44p (2022: loss per share of 3.43p). The diluted earnings per share increased to 0.43p (2022: loss per share of 3.43p).

Dividend

No dividend has been declared for the six months ended 30 June 2023 (2022: £nil).

Equity

During the six months to 30 June 2023, the number of ordinary shares in issue increased by 20.2 million to 140.4 million (2022: 120.2 million). 19.9 million shares were issued to the previous owners of Digital Decisions B.V. as partial settlement of the post-date remuneration. A further 0.2 million shares were issued upon the exercise of employee share options.

Cash conversion

	Six months ended 30 June 2023	**Six months ended 30 June 2022**
	£'m	**£'m**
Statutory cash from operations	**(2.8)**	(3.4)
Add back		
Settlement of post-date Digital Decisions remuneration	**6.4**	-
Cash outflow from Discontinued Activities	**0.5**	-
Highlighted items: cash items	**0.6**	1.8
Adjusted cash from operations	**4.7**	(1.6)
Adjusted operating profit/(loss)	**6.0**	4.9
Cash Flow Conversion Ratio (as % of Adj OP)	***78%***	*(33%)*

Adjusted cash from operations represents the cash flows from operations excluding the impact of cash from highlighted items and discontinued businesses. There was an adjusted net cash inflow from operations of £4.7 million in the period (2022: £1.6 million outflow) which reflects a cashflow conversion rate of 78% (2022: (23%)).

Net debt and banking facilities	**As at 30 June 2023**	**As at 30 June 2022**
	£m	**£m**
Cash and cash equivalents net of bank overdrafts[1]	**9.8**	12.4
Bank debt	**(25.0)**	(21.5)
Prepaid loan arrangement fees	**0.2**	0.3
Net bank debt	**(15.0)**	(8.9)

[1] Includes restricted cash of £0.9 million held in Ebiquity Russia.

Statement of financial position and net assets

Net assets at 30 June 2023 were £45.5 million, an increase of £9.2 million since 31 December 2022, largely due to the settlement in May 2023 of the post-date remuneration relating to the 2020 acquisition of Digital Decisions B.V. which totalled £16.1 million. Of this balance, £6.4 million was settled in cash and £9.7 million was settled by the issue of new shares.

Net current assets at 30 June 2023 totalled £18.4 million, an increase of £13.8 million from 31 December 2022 which again is largely due to the Digital Decisions post-date remuneration settlement noted above.

Debtor days at 30 June 2023 of 74 days has improved year on year by 7 days (June 2022: 81 days) due to stronger collections in the UK market. Debtor days have, however, increased by 13 days compared to the December 2022 position of 61 days due to the billing profile of customers predominantly in Europe with extended credit terms.

Alternative Performance Measures

In these results we refer to 'adjusted' and 'statutory' results, as well as other non-GAAP Alternative Performance Measures ("APMs"). Adjusted results are not intended to replace statutory results but remove the impact of highlighted items in order to provide an understanding of the underlying performance of the business. The APMs are consistent with how business performance is measured internally by the Group. Those Alternative Performance Measures relating to the income statement are shown on the face of that Primary Statement.

Alternative Performance Measures used by the Group as defined in the Interim Statement are:

- Net revenue
- Organic growth
- Adjusted operating profit
- Adjusted operating margin
- Adjusted profit before tax
- Adjusted effective rate of tax
- Adjusted earnings per share
- Adjusted cash generated from operations
- Adjusted operating cash flow conversion, and
- Net bank Debt

Net revenue is the revenue after deducting external production costs.

Adjusted profit is not recognised under IFRS and may not be comparable with underlying profit measures used by other companies. Adjusted operating profit is defined as the operating profit excluding highlighted items. Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit. These are reconciled on the face of the Profit and Loss Account.

Highlighted items comprise non-cash charges and non-recurring items which are highlighted in the consolidated income statement as their separate disclosure is considered by the directors to be relevant in understanding the performance of the business. The non-cash charges include share option charges, amortisation of purchased intangibles and asset impairment charges. The non-recurring items include the costs associated with potential and completed acquisitions and disposals, adjustments to the estimates of contingent consideration on acquired entities, management restructuring and other significant one-off items. Costs associated with acquisition identification and early-stage discussions with acquisition targets are reported in administrative expenses. Further details of highlighted items are set out within the financial statements and the notes to the financial statements.

Adjusted cash generated from operations is defined as the cash generated from operations excluding the cash movements relating to the highlighted items. The calculation for this period is set out on page 10.

Interim Consolidated Income Statement
for the six months ended 30 June 2023

	Note	**Unaudited 6 months ended 30 June 2023**			Unaudited 6 months ended 30 June 2022 (re-presented) [1]		
		Before highlighted items	**Highlighted items (note 3)**	**Total**	Before highlighted items	Highlighted items (note 3)	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	2	**40,631**	—	**40,631**	36,719	—	36,719
Project-related costs		**(3,739)**	—	**(3,739)**	(3,520)	—	(3,520)
Net revenue		**36,892**	—	**36,892**	33,199	—	33,199
Staff costs		**(24,529)**	—	**(24,529)**	(22,891)	—	(22,891)
Other operating expenses		**(6,396)**	**(3,589)**	**(9,985)**	(5,441)	(6,022)	(11,463)
Operating profit/(loss)		**5,967**	**(3,589)**	**2,378**	4,867	(6,022)	(1,155)
Finance income		**36**	—	**36**	40	—	40
Finance expenses		**(1,013)**	—	**(1,013)**	(503)	—	(503)
Foreign exchange		**21**	—	**21**	246	—	246
Net finance costs		**(956)**	—	**(956)**	(217)	—	(217)
Profit/(loss) before taxation from continuing operations		**5,011**	**(3,589)**	**1,422**	4,650	(6,022)	(1,372)
Taxation (charge)/credit – continuing operations		**(1,418)**	**572**	**(846)**	(1,977)	23	(1,954)
Profit/(loss) for the period – continuing operations		**3,593**	**(3,017)**	**576**	2,673	(5,999)	(3,326)
Profit/(loss) for the period – discontinued operations	5	**(81)**	**248**	**167**	63	(16)	47
Profit/(loss) for the period		**3,512**	**(2,769)**	**743**	2,736	(6,015)	(3,279)
Attributable to:					-	-	-
Equity holders of the parent		**3,470**	**(2,769)**	**701**	2,715	(6,015)	(3,300)
Non-controlling interests		**42**	**-**	**42**	21	-	21
		3,512	**(2,769)**	**743**	2,736	(6,015)	(3,279)

[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.

	Note						
Earnings per share- continuing operations							
Basic	4	**2.94p**		**0.44p**	2.72p		(3.43)p
Diluted	4	**2.86p**		**0.43p**	2.68p		(3.43)p
Earnings per share- Discontinued operations							
Basic	4	**(0.07)p**		**0.14p**	0.06p		0.05p
Diluted	4	**(0.07)p**		**0.13p**	0.06p		0.05p

Interim Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2023

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000
Profit/(loss) for the period	**743**	(3,279)
Other comprehensive (expense):		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**(1,465)**	(418)
Total other comprehensive (expense) for the period	**(1,465)**	(418)
Total comprehensive expense for the period	**(722)**	(3,697)
Attributable to:		
Equity holders of the parent	**(764)**	(3,718)
Non-controlling interests	**42**	21
	(722)	(3,697)

Interim Consolidated Statement of Financial Position
as at 30 June 2023

	Note	Unaudited as at 30 June 2023 £'000	Audited as at 31 December 2022 £'000
Non-current assets			
Goodwill	6	42,331	43,091
Other intangible assets	7	11,024	12,776
Property, plant and equipment		1,188	1,289
Right of use assets		3,203	3,308
Deferred tax asset		2,233	2,199
Total non-current assets		**59,979**	**62,663**
Current assets			
Trade and other receivables		29,595	33,163
Lease receivables		45	141
Corporation tax asset		145	845
Cash and cash equivalents	8	9,847	12,360
Total current assets		**39,632**	**46,509**
Total assets		**99,611**	**109,172**
Current liabilities			
Trade and other payables		(8,091)	(10,049)
Accruals and contract liabilities	9	(9,993)	(29,399)
Financial liabilities	10	-	(61)
Current tax liabilities		(949)	(1,121)
Provisions		-	(17)
Lease liabilities		(2,220)	(1,328)
Total current liabilities		(21,253)	(41,975)
Non-current liabilities			
Financial liabilities	10	(27,219)	(23,357)
Provisions		(502)	(446)
Lease liabilities		(3,039)	(4,654)
Deferred tax liability		(2,100)	(2,478)
Total non-current liabilities		**(32,860)**	**(30,935)**
Total liabilities		**(54,113)**	**(72,910)**
Total net assets		**45,498**	**36,262**
Equity			
Ordinary shares	13	35,102	30,060
Share premium		15,552	10,863
Other reserves		3,359	4,824
Accumulated losses		(8,859)	(9,787)
Equity attributable to the owners of the parent		**45,154**	**35,960**
Non-controlling interests		344	302
Total equity		**45,498**	**36,262**

Interim Consolidated Statement of Changes in Equity
for the six months ended 30 June 2023

	Ordinary shares	Share premium	Other reserves	Accumulated Losses	Total	Non—controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2021	**20,682**	**255**	**4,572**	**(2,774)**	**22,735**	**269**	**23,004**
(Loss)/profit for the period	-	-	-	(3,300)	(3,300)	21	(3,279)
Other comprehensive income	-	-	418	-	418	-	418
Total comprehensive income/(expense) for the period	**-**	**-**	**418**	**(3,300)**	**(2,882)**	**21**	**(2,861)**
Shares issued for cash	9,240	10,608	-	(30)	19,818	-	19,818
Share options credit	117	-	-	207	324	-	324
Acquisitions	-	-	1,576	-	1,576	-	1,576
30 June 2022 (unaudited)	**30,039**	**10,863**	**6,566**	**(5,897)**	**41,571**	**290**	**41,861**
(Loss)/profit for the period				(4,195)	(4,195)	12	(4,183)
Other comprehensive expense			(166)		(166)		(166)
Total comprehensive (expense)/income for the period	**-**	**-**	**(166)**	**(4,195)**	**(4,362)**	**12**	**(4,350)**
Shares issued for cash	-	-	-	(9)	(9)	-	(9)
Share options credit	21	-	-	314	335	-	335
Acquisitions			(1,576)	-	(1,576)		(1,576)
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**

Interim Consolidated Cash Flow Statement
for the six months ended 30 June 2023

	Note	Unaudited 6 months ended 30 June 2023 £'000s	Unaudited 6 months ended 30 June 2022 £'000s
Cash flows from operating activities			
Cash (used by) operations	12	(2,836)	(3,415)
Finance expenses paid		(741)	(232)
Finance income received		36	35
Income taxes paid		(536)	(915)
Net cash from operating activities		**(4,077)**	**(4,527)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		82	(16,525)
Disposals of subsidiaries		502	-
Purchase of property, plant and equipment		(292)	(194)
Purchase of intangible assets		(437)	(93)
Net cash flow from investing activities		**(145)**	**(16,812)**
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		80	14,360
Proceeds from bank borrowings		5,000	4,500
Repayment of bank borrowings		(1,500)	-
Bank loan fees paid		-	(300)
Payments of lease liabilities		(1,258)	(1,607)
Dividends paid to non—controlling interests		-	(138)
Net cash flow from financing activities		**2,322**	**16,815**
Net (decrease) in cash, cash equivalents and bank overdrafts		**(1,900)**	**(4,524)**
Cash, cash equivalents and bank overdrafts at beginning of period		12,360	13,134
Effect of exchange rate changes on cash and cash equivalents		(613)	662
Cash, cash equivalents and bank overdrafts at end of period	8	**9,847**	**9,273**

Notes to the interim financial statements for the six months ended 30 June 2023

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2023 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 2022, 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. The Group meets its day-to-day working capital requirements through its cash reserves and borrowings, described in notes 8 and 9. As at 30 June 2023, the Group had cash balances of £9,847,000, (including restricted cash of £903,000) and undrawn bank facilities available of £4,688,000, and was within its banking covenants.

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 2024 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 budget for the year ended 31 December 2023 and management projections for the year ended 31 December 2024. The severe but plausible case assumes a downside adjustment to revenue of 12.5% throughout the period with only a 3% 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 at the 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 7.

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 calculation are set out on page 12.

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 was changed for reporting for 31 December 2022 and the operating segments are now deemed to be the regional operations instead of the two global practices reported on in previous years. The comparative segmental reporting for 30 June 2022 has been re-presented to reflect this change.

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 operating profit before highlighted items. This measurement basis excludes the effects of non-recurring expenditure recorded to highlighted items 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 2023 is as follows:

Revenue

The FY22 Segmental Revenue has been re-presented to include the impact of intercompany revenues. This is to provide a clearer understanding of the margin performance of each segment.

	Revenue		**Change**		**Revenue Re-presented**
	H1 2023 £m	**H1 2022 £m**	**£m**	***%***	**FY 2022 £m**
UK & Ireland	14.2	13.3	0.9	*7%*	26.3
Continental Europe	14.4	13.4	1.0	*7%*	26.4
North America	7.8	5.2	2.6	*50%*	12.7
APAC	4.3	4.8	(0.5)	*(11%)*	9.7
Total Revenue from Continuing Operations	**40.6**	**36.7**	**3.9**	***11%***	**75.1**

Operating Profit and Operating Margin

	Adjusted Operating Profit		*Adjusted Operating margin*			Adjusted Operating Profit	*Adjusted Operating margin*
	H1 2023	H1 2022	*H1 2023*	*H1 2022*		FY 2022	FY 2022
	£m	£m	*%*	*%*		£m	*%*
UK & Ireland	3.7	2.9	*26%*	*22%*		6.6	*25%*
Continental Europe	4.6	4.4	*32%*	*32%*		6.3	*24%*
North America	1.0	0.0	*13%*	*-%*		0.9	*7%*
APAC	0.4	0.8	*9%*	*17%*		1.8	*19%*
Unallocated	(3.7)	(3.2)	*(9%)*	*(9%)*		(6.5)	*(9%)*
Adjusted Profit - Continuing Operations (1)	**6.0**	**4.9**	***14.7%***	***13.2%***		**9.1**	***12%***
Discontinued operations	(0.1)	0.1				0.1	
Total Group	**5.9**	**5.0**	***14.6%***	***13.5%***		**9.3**	***12%***

[1] Operating profit/(loss) before highlighted items means adjusted operating profit/(loss)

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

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022 (re-presented)
	£'000	£'000
Reportable segment operating profit before highlighted items	**9,607**	8,091
Unallocated costs:		
Staff costs	**(2,315)**	(2,134)
Property costs	**(356)**	(560)
Exchange rate movements	**(266)**	309
Other administrative expenses	**(703)**	(839)
Operating profit before highlighted items	**5,967**	4,867
Highlighted items (note 3)	**(3,589)**	(6,022)
Operating profit/(loss)	**2,378**	(1,155)
Net finance costs	**(956)**	(217)
Profit/(loss) before tax – continuing operations	**1,422**	(1,372)
Profit before tax - discontinued operations (note 5)	**175**	70
Profit/(loss) before tax	**1,597**	(1,302)

3. Highlighted items

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

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022 (re-presented)
	£'000	£'000
Share option charge	**307**	190
Amortisation of purchased intangibles	**1,701**	373
Impairment of Ebiquity Russia OOO	**(53)**	365
Post-acquisition remuneration charges contingent on performance	**333**	3,436
Acquisition, integration, and strategic costs	**623**	1,657
Transformation costs	**678**	-
Total highlighted items before tax	**3,589**	6,022
Taxation (credit)	**(572)**	(23)
Total highlighted items after tax – continuing operations	**3,017**	5,999
Highlighted items – discontinued operations	**(248)**	16
Total highlighted items	**2,769**	6,015

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 2023, a charge of £307,000 (30 June 2022: £190,000) was recorded.

The amortisation charge for purchased intangible assets increased significantly in the period to £1,701,000 (30 June 2022: £373,000) due to the addition of intangible assets through the acquisitions of Media Management, LLC (MMi) and Media-Path which completed in Q2 2022. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and Media-Path's GMP licence asset.

An impairment credit of £53,000 (30 June 2022: charge of £365,000) has been made to reflect the adjustment to the planned divestment of the Group's majority stake in Ebiquity Russia OOO for a nominal value. This comprises a credit adjustment of £96,000 against the Group's share (75%) of the total assets excluding cash partially offset by a charge to further impair goodwill by £43,000.

A final accrual of £333,000 (30 June 2022: £3,436,000) has been made for post-date remuneration which was settled in May 2023 relating to the acquisition of Digital Decisions B.V. in 2020. The total amount paid was £16.1 million.

The acquisition, integration, and strategic costs of £623,000 (30 June 2022: £1,657,000) comprise a revision to the discounting of the deferred contingent consideration payable for the MMi earn out payable in 2025 of £218,000, project costs of £335,000, and onerous lease costs of £70,000 relating to a charge payable to terminate the Chicago lease early in September 2023.

The remaining costs of £678,000 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 Media-Path 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 H1 2023, this was 9 employees with a total cost of £526,000. In addition, training and events costs to brief and educate employees of their new roles within the new global specialisms totalled £152,000. These transformation costs, in total £678,000, have been classified as highlighted items.

As previously communicated this has been planned as a three year 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 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 £213,000, amortisation of intangibles of £10,000 (30 June 2022: £21,000) and movement in deferred tax on the purchased intangibles attributable to the discontinued operation of £(45,000) (30 June 2022: £(5,000).

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 2023			Unaudited 6 months ended 30 June 2022 (re-presented)		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Earnings for the purpose of basic earnings per share, being net profit attributable to equity holders of the parent	**534**	**167**	**701**	(3,347)	47	(3,300)
Adjustments:						
Impact of highlighted items (net of tax) [1]	**3,015**	**(248)**	**2,768**	5,999	16	6,015
Earnings for the purpose of adjusted earnings per share [2]	**3,549**	**(81)**	**3,469**	2,652	63	2,715
Number of shares:						
The weighted average number of shares during the period						
– basic	**120,801,928**	**120,801,928**	**120,801,928**	97,616,982	97,616,982	97,616,982
– dilutive effect of share options	**3,450,356**	**3,450,356**	**3,450,356**	1,247,599	1,247,599	1,247,599
– diluted	**124,252,284**	**124,252,284**	**124,252,284**	98,864,580	98,864,580	98,864,580
Basic earnings/(loss) per share	**0.44p**	**0.14p**	**0.58p**	(3.43)p	0.05p	(3.38)p
Diluted earnings/(loss) per share	**0.43p**	**0.13p**	**0.56p**	(3.43)p	0.05p	(3.38)p
Adjusted basic earnings/(loss) per share [2]	**2.94p**	**(0.07)p**	**2.87p**	2.72p	0.06p	2.78p
Adjusted diluted earnings/(loss) per share [2]	**2.86p**	**(0.07)p**	**2.79p**	2.68p	0.06p	2.75p

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

[2] Adjusted means before highlighted items.

5. Discontinued Operations

During the period, the Group agreed to dispose of its subsidiary Digital Decisions Australia Pty Limited for gross consideration of A$891,000 (£502,000). This disposal was completed on 6 April 2023. 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 2023 £'000	6 months ended 30 June 2022 £'000
Revenue	**113**	526
Project-related costs	**-**	-
Net Revenue	**113**	526
Staff costs	**(100)**	(310)
Other operating expenses	**(37)**	(122)
Operating (loss)/profit	**(24)**	94
Finance income	**-**	-
Finance expenses	**(4)**	(3)
Net finance costs	**(4)**	(3)
(Loss) profit before highlighted items	**(28)**	91
Highlighted items	**203**	(21)
Profit before tax	**175**	70
Tax	**(8)**	(23)
Net profit from discontinued operations	**167**	47

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

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Net cash from operating activities – continuing operations	**(3,606)**	(4,556)
Net cash from operating activities – discontinued operations	**(471)**	29
Total net cash generated from operating activities	**(4,077)**	(4,527)
Net cash used in investment activities – continuing operations	**(647)**	(16,812)
Net cash generated from investment activities – discontinued operations	**502**	—
Total net cash used in investment activities	**(145)**	(16,812)
Net cash generated by financing activities – continuing operations	**2,322**	16,815
Net cash generated by financing activities – discontinued operations	**—**	—
Total net cash generated by financing activities	**2,322**	16,815
Net decrease in cash and cash equivalents – continuing operations	**(1,931)**	(4,553)
Net increase in cash and cash equivalents – discontinued operations	**31**	29
Net decrease in cash and cash equivalents	**(1,900)**	(4,524)

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

	Period ended 30-Jun-23	Period ended 30-Jun-22
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**	—
Costs to sell – prior year	—	—
Gain on sale after income tax – total	**205**	**—**

6. Goodwill

	£'000
Cost	
At 1 January 2023	52,965
Acquisitions [1]	(143)
Disposals	(1,752)
Foreign exchange differences	(1,062)
At 30 June 2023	**50,008**
Accumulated impairment	
At 1 January 2023	(9,874)
Impairment	(44)
Disposals	1,722
Foreign exchange differences	519
At 30 June 2023	**(7,677)**
Net book value	
At 30 June 2023	**42,331**
At 31 December 2022	43,091

[1] An adjustment of £143,000 was made to the goodwill balance on finalisation of the acquisition accounting of MMi which was provisional at the time of the December 2022 financial statements.

7. Other intangible assets

	Capitalised development costs £'000s	Computer software £'000s	Purchased intangible assets [1] £'000s	Total intangible assets £'000s
Cost				
At 1 January 2023	9,489	2,531	27,397	39,417
Additions	460	337	—	**797**
Impairment	—	3	—	**3**
Disposals	—	—	(420)	**(420)**
Foreign exchange	(273)	(21)	(443)	**(737)**
At 30 June 2023	**9,676**	**2,850**	**26,534**	**39,060**
Amortisation				
At 1 January 2023	(6,187)	(2,502)	(17,952)	(26,641)
Charge for the period - continuing operations [2]	(575)	(17)	(1,701)	**(2,293)**
Charge for the period - discontinued operations	—	—	(10)	**(10)**
Impairment	—	(2)	—	**(2)**
Disposals	—	—	248	**248**
Foreign exchange	223	20	419	**662**
At 30 June 2023	**(6,539)**	**(2,501)**	**(18,996)**	**(28,036)**
Net book value				
At 30 June 2023	**3,137**	**349**	**7,538**	**11,024**
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 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 2023 £'000	31 December 2022 £'000
Cash and cash equivalents	**8,944**	11,311
Restricted cash [1]	**903**	1,049
Cash, cash equivalents and bank overdrafts [2]	**9,847**	12,360

1 Cash and cash equivalents of £903,000 (31 December 2022 - £1,049,000) 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.

2 The main contributors leading to the reduction in the bank balance in the period are due to the cash element of the post-date remuneration paid in May 2023 relating to the 2020 acquisition of Digital Decisions BV and also due to the loan repayment of £1,500,000 in June 2023.

9. Accruals and Contract liabilities

	30 June 2023 £'000	31 December 2022 £'000
Accruals [1]	**4,352**	21,316
Contract liabilities	**5,641**	8,083
Accruals and Contract liabilities	**9,993**	29,399

[1] The significant reduction in the accruals balance in the period is chiefly due to the settlement of the Digital Decisions BV post-date remuneration in May 2023. The final amount settled amounted to £16.1m, being settled in a combination of cash and shares.

10. Financial liabilities

	30 June 2023 £'000	31 December 2022 £'000
Current		
Loan Fees[1]	—	—
Deferred contingent consideration[2]	—	61
	—	61
Non-Current		
Bank borrowings	**25,000**	21,500
Loan Fees[1]	**(185)**	(265)
Deferred contingent consideration[2]	**2,404**	2,122
	27,219	23,357
Total financial liabilities	**27,219**	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 March 2025.
[2] Deferred contingent consideration relates to the acquisition of MMi.

	Bank borrowings £'000	Deferred contingent Consideration £'000	Total £'000
At 1 January 2023	21,235	2,183	**23,418**
Paid	(1,500)	(60)	**(1,560)**
Discounting charged to the income statement	—	218	**218**
Charged to income statement	80	—	**80**
Borrowings	5,000	—	**5,000**
Foreign exchange recognised in the translation reserve	—	63	**63**
At 30 June 2023	24,815	2,404	**27,219**

All bank borrowings are held jointly with Barclays and NatWest. The current revolving credit facility ("RCF") facility was agreed in March 2022 and runs for a period of three years to March 2025, extendable for up to a further two years with a total commitment of £30 million. £25.0 million had been drawn as at 30 June 2023 (30 June 2022: £21.5 million). Under this agreement, annual reductions in the facility of £1.25 million will apply in quarterly instalments from June 2023, therefore the available facility as at 30 June 2023 is reduced from £30.0 million to £29.7 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 to be applied since June 2022 are: interest cover > 4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage < 3.5x.

Loan arrangement fees accrued in the period of £185,000 (30 June 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. During the first six months of the facility, the margin was fixed at 3.0%, it was reduced to 2.8% effective March 2023 as a result of the covenant assessment for December 2022.

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

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

Deferred contingent consideration represents additional amounts that are expected to be payable for acquisitions made by the Group and is held at fair value at the statement of financial position date. All amounts are expected to be fully paid by April 2025. The consideration payable is determined with reference to the performance of the North American business for the year ended 31 December 2024.

11. Dividends

No dividend was paid in respect of the year ending 31 December 2022. No dividend is being declared for the six months ended 30 June 2023. 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 2023	Unaudited 6 months ended 30 June 2022 (re-presented)
	£'000	£'000
Profit/(loss) before taxation	**1,422**	(1,372)
Adjustments for:		
Depreciation	**1,109**	1,367
Amortisation (note 6)	**2,293**	944
Gain on disposal	**-**	4
Settlement of post-date remuneration	**(6,448)**	-
Unrealised foreign exchange gain	**45**	(37)
Impairment of goodwill & Intangibles	**(53)**	365
Share option charge	**273**	207
Finance income	**(36)**	(35)
Finance expenses	**1,009**	503
Contingent consideration revaluations	**550**	3,436
	164	5,382
Decrease/(increase) in trade and other receivables	**2,982**	(6,062)
(Decrease) in trade and other payables (including accruals and contract liabilities)	**(5,546)**	(2,754)
Movement in provisions	**35**	(10)
Cash generated from operations – continuing operations	**(2,365)**	(3,444)
Cash generated from operations – discontinued operations	**(471)**	29
Cash generated from operations	**(2,836)**	(3,415)

13. Share Capital

	Number of shares	**Nominal value £'000**
Allotted, called up, and fully paid		
At 31 December 2021 – ordinary shares of 25p	82,728,890	20,682
Shares issued	36,958,789	9,240
Share options exercised	553,502	138
At 31 December 2022 – ordinary shares of 25p	120,241,181	30,060
Shares issued	19,929,502	4,983
Share options exercised	236,083	59
At 30 June 2023 – ordinary shares of 25p	140,406,766	35,102

As at 30 June 2023, the Company's issued share capital consisted of 140,406,766 Ordinary Shares, carrying one vote each. The Company's Employee Benefit Trust holds 4,200,000 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, 4,200,000 Ordinary Shares are treated as not carrying voting rights. Therefore, the total voting rights in the Company as at that date were 136,206,766.

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

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 2023 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 13.

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 2023 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 interim results announcement. 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
28 September 2023