30 March 2023

Ebiquity plc
Final Results for the year ended 31 December 2022

Delivering a strong performance with continued opportunities for growth

Ebiquity plc ("Ebiquity", the "Company" or the "Group"), a leading global player in media investment analysis, operating in the US$930 billion global advertising market[1], announces its results for the year ended 31 December 2022.

Financial Highlights[2]

Year ended 31 December	2022	2021	Change	
	£m	£m	£m	%
Revenue	76.0	63.1	12.9	20%
Adjusted Operating Profit[2]	9.3	4.7	4.6	98%
Adjusted Operating Profit Margin %	12%	7%	-	5 pp
Adjusted Profit before Tax[2]	8.0	4.1	3.9	95%
Adjusted Earnings per Share[2]	5.4p	2.7p	2.7p	98%
Statutory Operating Loss	(5.9)	(5.1)	(0.8)	16%
Statutory Loss before Tax	(7.2)	(5.7)	(1.5)	26%
Statutory Loss per Share	(6.9)p	(8.5)p	1.6p	-

[1]Source eMarketer

[2] In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). Details of their calculation are set out in page17 of this statement.

- Revenue increased by £12.9 million (20%) to £76.0 million and organically by £5.7 million (9%)
- Adjusted operating profit increased by 98% to £9.3 million
- Adjusted operating profit margin increased by 5 percentage points to 12%
- Acquisitions in the period contributed revenue of £6.8 million
- Statutory operating loss increased by £0.8 million to £5.9 million (2021: £5.1 million) as a result of the increased level of highlighted items up by £6.1 million to £15.2 million (2020: £9.3 million)
- Highlighted items include accruals in the period of £7.9 million towards the contingent consideration for the acquisition of Digital Decisions B.V of £15.8 million, payable in 2023 (based on its strong performance in 2021 and 2022)
- Net debt of £9.1 million: cash balances of £12.4 million and bank borrowings of £21.5 million as at 31 December 2022 with undrawn bank facilities of £8.5 million
- Statutory cashflow from operations of £1.1 million (2021: £8.7 million)
- Adjusted cashflow from operations of £6.2 million (2021: £13.2 million), representing cash conversion of 67%

Strong operational performance

- Improved profitability across all regions and business units
- Significant growth from the Media performance service line
- Higher margin Digital Media Solutions revenue increased by 76% to £6.5 million
- Major new assignments won including Shell, HSBC, Philips, Pepsico

Growth outlook

- Trading in the current year has started in line with the Board's expectations, with continued growth momentum and opportunities for operational efficiencies

Retirement of Chief Financial Officer and Chief Operating Officer

- Alan Newman will be retiring at the end of June. Our search for his replacement is well advanced. He has made a significant contribution to the business and the Board wishes him all the best for the future

Nick Waters, Chief Executive Officer, said:

"We have delivered a strong performance in 2022 and made significant progress against our strategic objectives and target operating metrics. This has resulted in a significant increase in revenue, which was up 20%, including organic growth of 9% and adjusted operating profit almost doubling. It is particularly pleasing that we have also seen a strong adjusted profit margin improvement from 7% in FY21 to 12% in FY22, especially as this was achieved against a challenging economic environment.

We made three important acquisitions in 2022. The acquisition of Media Management Inc doubled the size of our business in the USA – the world's largest advertising market – and enhanced our service offering. Media Path Network, headquartered in Sweden, has brought a high-quality data management platform which will enhance our operating efficiency. The acquisition of Forde and Semple gained us entry into the Canadian market. The integration of all three companies has progressed well.

Revenue from our portfolio of Digital Media Solutions continued to grow strongly and maintained a high margin. Geographically, in addition to scaling the North America and European businesses, our Asia Pacific region continued to grow well.

Additionally, the demand for our services was strong and we won a wide range of new mandates from major clients including Shell, HSBC, Jaguar Land Rover, Philips and Pepsico, demonstrating the competitive strength of our business.

As we look to 2023, we see continued growth opportunities. The global media market is highly complex, creating significant challenges for our clients, brand marketers. Ebiquity's expanding product and service offering, breadth of geographic presence, and depth of expertise makes us well placed to fulfil advertisers' needs. Trading in the current year has started in line with expectations."

Details of presentations

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

They will also give a presentation via the Investor Meet Company platform on Monday 3 April at 09:00 BST. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 09:00 BST on the day before the meeting or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Ebiquity plc via: https://www.investormeetcompany.com/ebiquity-plc/register-investor. Investors who already follow Ebiquity plc on the Investor Meet Company platform will automatically be invited.

Market abuse regulation

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR"). Upon the publication of this announcement via a Regulatory Information Service this inside information is now considered to be in the public domain.

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

Ebiquity plc	+44 20 7650 9600
Nick Waters, CEO	
Alan Newman, CFO & COO	
Camarco	
Ben Woodford	+44 7990 653 341
Geoffrey Pelham-Lane	+44 7733 124 226
Panmure Gordon (Financial Adviser, Nomad and Broker)	+44 20 7886 2500
Dominic Morley / Dougie McLeod (Corporate Advisory)	
Mark Murphy/ Sam Elder (Corporate Broking)	

About Ebiquity plc

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

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

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

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

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

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

Chair's Statement

During 2022, we have seen the benefits resulting from our strategy of refocussing the business and of the transformation programme under way in our products, management, operational processes and technology platform. As a result, the Group is reporting a strong performance with revenue, adjusted operating profit and adjusted profit margins all increasing significantly compared to 2021. This reflects good organic revenue growth of 9% as well as the contribution from the three acquisitions made in the year.

This performance has been achieved despite evident challenges in the political and economic environment affecting our clients, many of whose businesses operate globally, including the impact of the war in Ukraine and the recent rapid increase in inflation in most economies.

The Group's statutory operating loss increased to £5.9 million. This is impacted by highlighted items of £15.2 million, a number of which will not recur in future periods.

We are also announcing today that Alan Newman our Chief Financial Officer and Chief Operating Officer, will be retiring at the end of June. Our search for his replacement is well advanced and we will provide an update on this in due course. I should like to take the opportunity, on behalf of myself and the Board, to thank Alan for his hard work and commitment to the Group over the past four years. He has made a significant contribution to the successful development and re-positioning of our business during that time. We wish him all the best for the future.

On behalf of the Board, I would also like to thank all of our employees for their hard work, creativity and commitment this year. In recognition of the cost-of-living challenges faced by our staff, the Group was pleased to make a one-off payment in October to support those who were more in need. Although the impact of the Covid pandemic generally reduced this year, we note that our staff and business in China continued to experience disruptions.

It is pleasing to report that Digital Decisions, which we acquired as an early stage start up in 2020, has more than met expectations over the last three years, both in spearheading the development of our Digital Media Solutions business line and in the revenue and profit contribution it has delivered to the Group.

During the year we made three acquisitions: Media Path Network, a global business based in Europe; Media Management LLC (MMi) in the USA and our external partner in Canada, Forde and Semple. The integration of these acquisitions is progressing well. They are already helping to transform our business and have increased our global scale and client coverage in key markets, as well as enhancing our earnings. As set out in our strategy, we will continue to explore opportunities to build further capability in key media markets.

The divestment of our shareholding in the Russian business, as previously announced, is in process, although it remains subject to Russian government approval.

As a leading global provider of media investment analysis, Ebiquity continues to ensure that it supports the needs of advertisers in navigating the fast-changing media landscape. Ebiquity's core strengths include our media expertise, independence and ability to develop innovative products as new media channels emerge. We deploy these through our international network, now present in 18 countries and our team of media specialists located across it, both of which are unmatched in our sector. We recognise that our growth also depends on our ability to deepen relationships with existing clients and

to win new mandates on the strength of our offering. Our team's focus on improving the management of key client relationships has contributed to our successful growth in the past year.

During the year, we have continued on our ESG journey. We have measured our Scope 1-3 consumption across our top six markets (81% of our business) and from this we identified the major areas to address. As expected for a professional services company, our consumption is dominated by Scope 3 emissions, which account for over 90% of our total emissions. The key categories are purchased goods and services, fuel and energy related activities, waste generation and travel. Actions being taken to reduce our consumption include having a hybrid working policy, guidance for business travel and analysis of our supply chain. During 2023 we will begin planning our pathway to net zero and prepare to report under the new UK regulations on Climate-Related disclosure in 2024.

Ebiquity's market opportunity within the global advertising market is huge as digital advertising continues to develop fast and our clients face increasingly complex challenges in managing their advertising investments. We have a clear strategy for capitalising on this opportunity and enhancing our leadership position. Our results this year demonstrate our management team's ability to deliver growth and to improve profitability. They have a comprehensive plan for further improving margins over the medium term through process efficiency, use of our technology platforms and deployment of resources in line with our global scale. While ensuring we deliver organic growth, we will also consider opportunities to make further acquisitions that benefit our business.

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

Rob Woodward
Chair

Chief Executive Officer's Review

Unique market position

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

As the world leader in media investment analysis, we count over 70 of the world's top 100 advertisers as our clients. We are entirely independent of the media supply chain, which enables us to provide clients with objective, unbiased advice. We do this through our global network of over 600 media specialists based in 18 countries, which covers some 80% of the world's advertising spend.

We operate in a very large global advertising market, which is worth over US$930 billion per year (*Source:- eMarketer).* We analyse c. US$100 billion of global media investment and contract value annually, including more than a trillion digital media impressions. Some two-thirds of this is spent through digital media channels.

A year of delivery

I am very pleased with our performance during the year. We are delivering effectively against our four key strategic objectives which are to: develop higher value strategic relationships with more clients; develop productised solutions for the digital market; improve operating efficiency; and increase scale in the US and Asia Pacific. As a result, we have delivered a strong revenue performance up 20% to £76 million, and up organically by 9%, with adjusted operating profit almost doubled to £9.3 million. It is particularly pleasing that we have also seen a strong adjusted profit margin improvement from 7% in FY21 to 12% in FY22, especially as this was achieved within a challenging economic environment.

Our performance reflected a good contribution from our largest service line, Media Performance, where revenue grew by 33%, benefiting from our three acquisitions during the year and the growth of Digital Media Solutions within it. Contract Compliance was the standout organic performer with 25% revenue growth. Marketing Effectiveness was flat year on year but its profitability improved reflecting strong discipline in declining several large but unprofitable renewals. Media Management had a more challenging year with revenue declining by 6%, reflecting lower agency selection activity in the market compared to the post-pandemic "surge" year of 2021. During the year Tech Advisory, our smallest service line, became part of Media Management within which it is a more natural fit.

Acquisitions driving growth

We made two transformative acquisitions in 2022: Media Management LLC (MMi) in the USA and Media Path Network AB (Media Path) in Europe. The US acquisition has enabled us to more than double our size in the world's biggest advertising market and significantly increased our penetration of large US advertisers. With the acquisition of Media Path we have a globally distributed business managed from Sweden, operating a high quality technology platform, which is providing us with an effective base from which to drive greater efficiency in the delivery of our services Group-wide. We have made good progress in integrating these businesses, having successfully started the process of transitioning client work to the GMP365 technology platform We also delivered synergy benefits in the year in line with our stated goal of achieving £5 million annualised benefits by 2025. Importantly, both acquisitions have contributed positively to these results. In addition, we also made the small,

tactical acquisition of Ford & Semple (now renamed Ebiquity Canada) to provide us with further scale in North America. As part of accelerating our growth we will continue to identify suitable acquisition opportunities.

Product Innovation driving growth

One of the key drivers of our growth has been the development of innovative Digital Media Solutions that meet client needs. We now have seven productised Digital Media Solutions in the market, with the global Digital Governance programme representing the core solution to which other products are often added. The demand for these products has enabled us to increase DMS revenue by 76% to £6.5 million (2021: £3.7 million) and to deliver a margin of over 50%. Underpinning this performance are the major strides we have made against the target operational metrics we set ourselves (see Table below). 55 clients now buy one or more Digital Media Solutions, up from 28 last year, and we are ahead of expectations in terms of the deep pool of data we are able to analyse. This now covers 1.4 trillion digital media impressions worth US$6.6bn annually. The number of markets to which our analysis extends now stands at 91, up from 87 last year, further demonstrating our ability to provide visibility and advice to the largest global advertisers across the entire geographical breadth of their operations. Our most recent new product development is a solution for Advanced Television, which is in a pilot stage in the USA and we also have a Retail Media solution under development.

One of the main products that we developed during the year was a Responsible Media Investment solution which supports advertisers in their efforts to improve governance of their media investments. It provides clients with visibility on whether their media spend is funding bad actors, namely publishers guilty of distributing disinformation or intellectual property theft, promoting hate speech, or aiding "Made for Advertising" websites that siphon off media investment without providing any value to the brand owner. This is not only an important landscape for our clients to navigate carefully but also one where we want to play an active role in providing a solution. We have therefore become a Signatory to the EU Code of Practice on Disinformation and are supporting the EU and its member states in reducing funding of disinformation.

In this spirit, we have also continued to lead our market in thought leadership, shaping industry debate on major topics and responding to market events. One of the major initiatives we undertook was to produce our first study using Scope3 data to measure the CO_2 impact of digital advertising. In "The Hidden Cost of Digital Advertising" we found that a sample of 116 billion impressions from US$375m spend across 43 advertisers in 11 markets generated 77,826 metric tonnes of CO_2 – an average of 670 grammes per 1,000 impressions – the equivalent of flying c. 1.35m passengers from London to Paris. This quantum of CO_2 emissions would take 3.7m trees a year to absorb. As a result of this study, we have introduced a new metric CO2PM (grams of CO_2 equivalents per 1,000 impressions) which we believe should be adopted immediately by the industry as a core metric to influence decision making and lead technology and media partners to optimise their practices to increase sustainability.

Operational metrics

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

Table 1: Operational Metrics

Key Performance Indicator	Baseline 2020	2021 actual	2022 actual
No. of clients buying one or more products from the new digital portfolio	10	28	55
Volume of digital advertising monitored (trillions of impressions)	0.1	0.6	1.4
Value of digital advertising monitored (billions of spend US$)	0.5	3.0	6.6
No. of countries served with new digital products	50	87	91
No. of clients buying two or more Services Lines	58	76	97
% of revenue from digital services	25%	29%	32%

Strong client relationships driving growth

Ebiquity's primary target market comprises the world's top 100 advertisers. Our strategy is to develop high value relationships from an increasing number of key clients. We have made good progress against this ambition with the number of clients buying two or more Service Lines rising from 76 in 2021 to 97 in 2022. The demand for our services remains strong and we have won a number of significant new clients including Philips, Upfield, Qatar Tourism and Kering.

Creating a more efficient business

An unrelenting focus on improving our operating efficiency has helped to deliver the strong improvement in adjusted operating margin in FY22. We have reduced production costs by 4% compared to the prior year and took a number of other actions to improve productivity. These included not renewing unprofitable assignments and increasing revenues from higher margin digital solutions through a better product mix. In addition, our Media Operations Centre in Madrid continues to deliver economies of scale, with 20% more productive hours delivered this year as a result of further transfer of work to it from market units. One of the primary strategic reasons for acquiring MMi was not only to increase our scale in the US, which has historically been underweight, but also for the operational efficiency it would deliver. The integration has gone well and we delivered cost synergies by the year-end in line with our plans. We have also begun the initial migration of clients to Media Path's GMP365 platform which will realise cost efficiencies through better use of automation. It is pleasing to note that we have maintained strong cost control while also being able to make a one-off cost of living relief payment to those of our staff who were most in need.

Further growth potential

Our priority is to increase scale in the USA and Asia Pacific, while also maintaining growth in Europe. Both priority markets have delivered strong performances. In the USA, the acquisition of MMi helped North America revenue to grow by 138%. Asia Pacific delivered growth of 18%, all organic, despite a challenging market in China where the zero Covid policy hindered economic activity and business

generation. Revenue in Europe which now includes Media Path also grew strongly overall as well as in organic terms.

As previously reported, we are in the process of divesting the majority stake in our small Russian operation (2021 revenue of £1 million) but this transaction is subject to approval by the Russian government. An impairment provision of £0.3 million has been made against the Russian company assets in the Group balance sheet.

Growth outlook

The global media market is highly dynamic and changing rapidly, with the long-held hegemony of the Alphabet and Meta duopoly under pressure, alongside an explosive increase of media investment into Advanced Television and Commerce Media channels. In such a rapidly evolving and complex environment, it becomes more challenging for advertisers to understand the relative effectiveness and efficiency of channel options. As the market leader, we believe demand for our services will continue to increase as independent scrutiny of the effectiveness of these investments becomes even more important. In addition, we also expect to benefit from more assignments being put out to pitch as advertisers face continued inflationary pressures.

The dynamics of the advertising market continue to offer opportunities to Ebiquity and with our increased scale in key global markets, product innovation capability and leadership position, we remain well positioned for further growth.

Nick Waters
Chief Executive Officer

Performance Review

With a strategic focus on accelerating growth in North America and Asia Pacific we are providing segmental reporting by geography as a more appropriate reflection of the way that the Group is now managed.

The three acquisitions have added further scale to Media Performance, our largest service line. Tech Advisory, the smallest service line, has now been incorporated into the Media Management service line. We will therefore deliver our offering through four service lines – Media Management, Media Performance, Marketing Effectiveness, and Contract Compliance – across four geographic business units of North America, UK & Ireland, Continental Europe and Asia Pacific. The revenue from each geographic segment and service line is shown in the tables below, as is the adjusted operating profit of each segment.

Revenue by Segment

Segment	Revenue			
	FY22	FY21	Variance	
	£m	£m	£m	%
UK & Ireland	**31.5**	**32.3**	**(0.8)**	**(3%)**
Continental Europe	**21.9**	**17.4**	**4.5**	**26%**
North America	**13.3**	**5.6**	**7.7**	**138%**
APAC	**9.3**	**7.9**	**1.4**	**18%**
Total	**76.0**	**63.1**	**12.9**	**20%**

Revenue in North America more than doubled in 2022. This was due to the contributions from MMi and Canada as well as organic growth of 73% delivered in line with our plans, including successful expansion of Digital Media Solutions and Contract Compliance services among US clients. European revenue grew by 26% including Media Path, and organically by 6%. Within the region the best performers were France and Spain, which grew by 46% and 14% respectively. APAC revenue continued to grow well at 18%, with our Singapore unit up by 80%, reflecting new business wins among regionally based clients and China up by 11%, despite the challenges posed by extended lock down periods. In UK & Ireland, our largest and most mature region, revenue from UK domestic media work increased by 6%, although revenue from international projects fell by 13% in part due to lower global agency pitch activity among its clients.

Revenue by service line

Service Line	Revenue			
	FY22	FY21	Variance	
	£m	£m	£m	%
Media Performance	**50.3**	**37.9**	**12.4**	**33%**
Media Management	**8.1**	**8.6**	**(0.5)**	**(6%)**
Contract Compliance	**7.6**	**6.1**	**1.5**	**25%**
Marketing Effectiveness	**8.3**	**8.3**	**-**	**-**
Technology Advisory	**1.7**	**2.2**	**(0.5)**	**(23%)**
Total	**76.0**	**63.1**	**12.9**	**20%**

Our Media Performance service line helps clients to assess and optimise their media buying performance through services such as savings tracking, benchmarking and Digital Media Solutions. This was already our largest service and was boosted by the three acquisitions made in 2022, most of whose revenue arises from this area. Within this, Digital Media Solutions grew by 76%, with the core digital governance monitoring solution accounting for 60% of the total, while new solutions (such as Responsible Media Investment and Digital Value Index) launched over the past two years have also grown fast.

Revenue from Media Management services, which includes agency selection advice, fell by 6% due largely to the reduction in agency tendering activity by advertisers compared to 2021, which had been a very active year. We retained a high market share of global tenders run in the market. Contract Compliance service revenue increased by 25% reflecting in particular the success of initiatives to win new clients in North America (where revenue was up by 259%) with China and India also growing well.

Our Marketing Effectiveness service uses advanced analytics to help clients to optimise their media plans and improve returns on investment from their media spend. Revenue from this was static in the year. This reflected a focus on improving margins through more robust pricing which has led to a more profitable mix of clients, including several significant wins in the year.

Within Technology Advisory, the 23% decrease in revenue was due in part to the integration of the UK AdTech service within other areas and to a 7% reduction in Digital Balance, based in Australia, which optimises website performance. From 2023 onwards, this will no longer be a separate segment.

Adjusted Operating Profit by Segment

	Adjusted Operating Profit				**Adjusted operating profit margin**	
	FY22	**FY21**	**Variance**		**FY22**	**FY21**
	£m	**£m**	**£m**	**%**	**%**	**%**
UK & Ireland	**6.6**	**7.1**	**(0.5)**	**(6%)**	**21%**	**22%**
Continental Europe	**6.4**	**4.1**	**2.7**	**63%**	**30%**	**24%**
North America	**0.9**	**(0.6)**	**1.5**	**-**	**7%**	**(11)%**
APAC	**1.9**	**0.8**	**1.1**	**150%**	**21%**	**11%**
Reportable segments	**15.9**	**11.4**	**4.5**	**42%**	**21%**	**18%**
Unallocated	**(6.5)**	**(6.7)**	**0.2**	**3%**	**(9)%**	**(11)%**
Total	**9.3**	**4.7**	**4.6**	**98%**	**12%**	**8%**

UK & Ireland remained our highest profit generating region, reflecting its size, although its operating profit and margin fell slightly reflecting its revenue performance. Continental Europe increased both its operating profit (by 63%) and margin (by 6 percentage points) significantly in the year due in part to the contribution from Media Path as well as to increased profitability in France, Spain and Italy reflecting revenue gains and efficiency improvements. As planned, North America successfully completed the turnaround into becoming a profitable region due in part to the MMi acquisition and delivery of initial synergy benefits as well as revenue growth in the existing business. APAC's 42% growth in operating profit and almost doubling of the margin reflects its revenue performance and focus on winning higher value clients. Central (unallocated) costs reduced slightly in the year due in part to tight cost management and to the benefit of realised foreign exchange gains which are accounted for centrally. The reduction in the percentage of Group revenue that these costs represent also indicates the scale benefits resulting from the expansion of our operations in the past year.

Financial Review

The commentary in this review focusses largely on alternative performance measures ('APMs') adopted by the Group. These non-GAAP measures are considered both useful and necessary in helping to explain the performance of the Group. These APMs are consistent with how business performance is measured internally by the Group. Further details of the APMs are given on page 17.

Summary Income Statement

	2022	2021	Change	
	£m	£m	£m	%
Revenue	**76.0**	**63.1**	**12.9**	**20%**
Project Related Costs	**(7.2)**	**(7.5)**	**0.3**	**(4)%**
Net Revenue	**68.8**	**55.6**	**13.2**	**24%**
Staff Costs[1]	**(48.0)**	**(38.3)**	**(9.7)**	**25%**
Other operating expenses[1]	**(11.5)**	**(12.5)**	**1.0**	**(8)%**
Adjusted Operating Profit	**9.3**	**4.7**	**4.6**	**96%**
Highlighted Items (before tax)	**(15.2)**	**(9.8)**	**(5.4)**	**33%**
Statutory Operating Loss	**(5.9)**	**(5.1)**	**(0.8)**	**16%**

1. *excluding highlighted items*

Group revenues for the year ended 31 December 2022 increased by £12.9 million (20%) to £76.0 million, from £63.1 million in 2021. This included revenue of £6.8 million from companies acquired during the year. Excluding this, Group revenue grew organically by 10%.

Adjusted operating profit (statutory operating profit excluding highlighted items) for 2022 was £9.3 million, an increase of £4.6 million or 96% compared to 2021. The adjusted operating margin also increased significantly to 12% from 7% in the prior year.

Project-related costs (which comprise external partner and production costs) reduced by 4% to £7.2 million from £7.5 million, as these costs are much lower for Digital Media Solutions and the acquired businesses. Total adjusted operating expenses increased by 17% to £59.5 million, reflecting in part the expenses of the acquired businesses. Within this, staff costs increased by 25% to £48.0 million and other operating expenses reduced by 8% to £11.5 million.

Adjusted profit before tax increased by 95% to £8.0 million in 2022 (2021: profit of £4.1 million). Net finance costs increased to £1.3 million in 2022 from £0.6 million in 2021, due to higher interest rates and an increase in bank borrowings of £3.5 million due to the acquisitions.

Highlighted items before tax, including the post-date renumeration relating to the acquisition of Digital Decisions BV, increased to £15.2 million cost from £9.8 million in 2021, as detailed below. As a result, there was a statutory operating loss (after highlighted items) of £5.9 million compared to a loss of £5.1m in 2021. Reflecting this, the statutory loss before taxation increased to £7.2 million from £5.7 million.

Taxation

There was a tax charge of £0.3 million in the year (2021: £1.2 million) of which £2.1 million related to the adjusted profit before taxation (2021: £1.7 million) and a £1.8 million credit (2021: £0.5 million credit) to the highlighted items. The effective tax rate on adjusted profit before tax was 21%, (excluding movements on prior year provisions) compared to 42% in 2021. The reduction in this rate is largely due to the utilisation of tax losses in USA in the current year and recognition of US and UK tax losses as a deferred tax asset. The adjusted profit after taxation increased by 149% to £5.9 million (2021: £2.4 million). The statutory loss after taxation increased to £7.5 million from £6.9 million.

Earnings per share

Adjusted basic earnings per share doubled to 5.4p from 2.7p in 2021, reflecting the increase in adjusted profit after taxation, offset by the increase in the number of shares in issue due to the equity placing in the year. The statutory basic loss per share reduced to 6.9p from 8.5p in 2021.

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. Highlighted items after tax in the year totalled a charge of £13.4 million (2021: £9.3 million) and include the following:

- £7.9 million charge to accrue for post-date remuneration payable in 2023 relating to the acquisition of Digital Decisions BV, acquired in January 2020 (2021: £7.9 million)
- £2.7 million charge for amortisation of purchased intangibles (2021: £1.1 million)
- £1.9 million charge for professional costs relating to acquisitions and bank facility agreements (2021: £0.3 million)
- £1.2 million charge relating to onerous lease provisions
- £0.6 million charge relating to severance and reorganisation costs (2021: £0.1 million)
- £0.5 million charge relating to share-based payments (2021: £0.5 million)
- £0.3 million charge for the impairment of the assets of the Russian subsidiary
- £1.8 million tax credit on highlighted items (2021: £0.5 million credit)

The contingent consideration payable in 2023 relating to the acquisition of Digital Decisions BV has been accounted for as post-date remuneration as payment is dependent upon the principal vendor remaining in employment with the Group. The total deferred consideration payable is estimated at £15.8 million and is calculated as six times the average profit generated in the two years ended 31 December 2022 from Digital Media Solutions developed by the Digital Innovation Centre, less the initial consideration of £700,000 paid in January 2020. It is payable in a mixture of cash and/or Ebiquity shares which the Company will determine at the time of payment, having regard to its overall capital structure, debt facilities and the vendor’s option to request that a certain amount be paid in cash.

Amortisation of purchased intangibles increased to £2.7 million due to the acquisitions whose intangible assets have been included at fair value. The charge in the year relating to Media Path and MMi was £2.1 million.

The acquisition, integration, and strategic costs of £1.9 million relate to professional fees incurred for the three acquisitions in the year, the associated equity capital raise in April 2022, and the revised bank loan facility agreed in March 2022.

The onerous lease provision charge of £1.2 million relates to office space in three cities which is surplus to requirements. During the year, it was decided to vacate the New York office and part of the London office and to seek sub-tenants in the market. A charge in the year of £1.7 million has been made for these offices to reflect the impairment of the right-of-use asset. This is offset by a credit of £0.5 million relating to the Chicago office which was vacated and sub-let in 2019 and for which the headlease has now been terminated with effect from September 2023.

Dividend

No dividend has been declared or recommended for either of the twelve months ended 31 December 2022 or 2021.

Cash conversion

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Reported cash from operations	**3,812**	11,800
Adjusted cash from operations	**6,188**	13,201
Adjusted operating profit	**9,270**	4,738
Adjusted Cash Conversion Ratio	**67%**	278%

Adjusted cash from operations represents the cash flows from operations excluding the impact of highlighted items. The adjusted net cash inflow from operations during 2022 was £6.2 million (2021: £13.2 million which represents a cash conversion ratio of 67% of adjusted operating profit.

Equity

During the year, the issued share capital increased by 14% to 120,241,181 shares (2021: 82,728,890 shares) as a result of the issue of 36,958,789 shares in connection with the acquisitions made in the year and 553,502 shares issued following the exercise of share options.

Net debt and banking facilities

	31 December 2022 £'000	31 December 2021 £'000
Net cash[1]	**12,360**	13,134
Bank debt	**(21,500)**	(18,000)
Net Bank Debt	**(9,140)**	(4,866)

1 Includes restricted cash of £1.2 million held in Ebiquity Russia

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 3 years to March 2025, extendable for up to a further two years with a total commitment of £30 million. £21.5 million had been drawn as at 31 December 2022 (2021: £18 million). Under this agreement, annual reductions in the facility of £1.25 million will apply from June 2023. The remainder of any drawings is repayable on the maturity of the facility. The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly

covenants applied from June 2022 onwards are: interest cover > 4.0x; adjusted leverage < 2.5x and adjusted deferred consideration leverage < 3.5x. There is no longer a minimum lending covenant.

Statement of financial position and net assets

A non-statutory summary of the Group's balance sheet as at 31 December 2022 and 31 December 2021 is set out below:

	31 December 2022 £'000	31 December 2021 £'000
Goodwill and intangible assets	**56,868**	32,700
Right of use asset	**3,308**	4,542
Other non-current assets	**3,488**	3,053
Net working capital[1]	**9,350**	3,362
Lease liability	**(5,983)**	(6,390)
Other non-current liabilities	**(2,659)**	(1,477)
Digital Decisions post-date remuneration	**(15,787)**	(7,922)
Deferred consideration (MMI and Canada)	**(2,183)**	-
Net bank debt	**(9,140)**	(4,866)
Net assets	**36,262**	23,004

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

Net assets as at 31 December 2022 increased by £13.3 million due largely to the acquisitions made in the year and the related share capital increase offset by the statutory loss after taxation.

Working capital increased to £9.4 million from £3.4 million, a net outflow of £6.0 million with trade receivables increasing by £11 million, offset by an increase in trade and other payables of £5 million. The increase in receivables was due in part to the acquisitions and to the phasing of billings to clients towards the end of the year. Debtor days increased slightly to 67 days from 61 days.

Corporate Development Activities

On 29 January 2022, the Group acquired Forde and Semple Media Works, the leading media performance consultancy in Canada, for a total consideration of CAD$1.3 million (£0.8 million), of which CAD$1.2 million (£0.7 million) was paid on completion and CAD$0.1 million (£0.06 million) was deferred for one year. Forde and Semple had revenues of CAD$1.1m in the financial year ended 31 January 2021 and net assets of CAD$0.4 million (£0.2 million) on completion.

On 4 April 2022, the Group acquired Media Management, LLC ("MMi"), a US-based media audit specialist, for an initial consideration of US$8.0 million (£6.1 million) with a deferred contingent consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) was paid in cash and 16% (US$1.3 million /£1.0 million), was applied by the vendors to subscribe for 1,737,261 Ebiquity ordinary shares. The contingent consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for the year ending 31 December 2024. This has been estimated to be US4.0 million /£3.0 million. 80% of this will be payable directly in cash to the vendors and 20% will be applied by the vendors to subscribe for Ebiquity ordinary shares.

On 22 April 2022, the Group acquired Media Path Network AB ("Media Path"), a Swedish-based multi-national media consultancy, for a consideration of £15.5 million. 75% (£11,625,000) was paid in cash and 25% (£3,875,000) was paid by the issue of 6,919,642 new Ordinary Shares to the Media Path vendors. An additional cash payment of £485,000 was made in June 2022 representing working capital in the completion accounts as at 31 March 2022 in excess of the contractually agreed target amount.

Alan Newman
Chief Financial and Operating Officer

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:

- Net revenue
- Organic revenue 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, and
- Adjusted operating cash flow conversion.

Net revenue is the revenue after deducting external production costs and is reconciled on the face of the income statement.

Organic revenue growth is defined as revenue growth in the existing business excluding the revenue contribution in the year from acquisitions made during it.

Adjusted operating profit, adjusted profit before taxation and adjusted profit after taxation are reconciled to their statutory equivalents on the face of the consolidated income statement. Adjusted earnings per share is reconciled to statutory earnings per share in Note 9.

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. The rate for the current year is calculated as follows:

		£’000	£’000
Adjusted Profit before Taxation	A		7,967
UK Tax Current Year		114	
Foreign Tax Current Year Taxation		1,973	
Deferred Tax		(380)	
Adjusted Taxation	B		1,707
Effective Tax Rate (A / B)			21%

Taxation figures are taken from Note 7 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 the year is set out below:

	Year ended 31 December 2022 £’000	Year ended 31 December 2021 £’000
Cash generated from operations	3,812	11,800
Add: Highlighted Items: cash items	2,514	(471)
Movement in working capital relating to highlighted items	(138)	1,872
Adjusted cash generated from operations	6,188	13,201

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. The rate for the current year is calculated as follows:

	£’000
Adjusted cash generated from operations	6,188
Adjusted operating profit	9,270
Cash Conversion Ratio	67%

Consolidated income statement
for the year ended 31 December 2022

	Note	31 December 2022 Before highlighted items £'000	31 December 2022 Highlighted items (note 3) £'000	31 December 2022 Total £'000	31 December 2021 Before highlighted items £'000	31 December 2021 Highlighted items (note 3) £'000	31 December 2021 Total £'000
Revenue	2	**75,973**	**—**	**75,973**	63,091	—	63,091
Project-related costs		**(7,220)**	**—**	**(7,220)**	(7,525)	—	(7,525)
Net revenue		**68,753**	**—**	**68,753**	55,566	—	55,566
Staff costs [1]		**(47,977)**	**—**	**(47,977)**	(38,312)	—	(38,312)
Other operating expenses[1]		**(11,506)**	**(15,168)**	**(26,674)**	(12,517)	(9,815)	(22,331)
Operating profit/(loss)		**9,270**	**(15,168)**	**(5,898)**	4,737	(9,815)	(5,078)
Finance income		**70**	**—**	**70**	20	—	20
Finance expenses		**(1,422)**	**—**	**(1,422)**	(882)	—	(882)
Foreign exchange		**49**	**—**	**49**	229	—	229
Net finance costs		**(1,303)**	**—**	**(1,303)**	(633)	—	(633)
Profit/(loss) before taxation		**7,967**	**(15,168)**	**(7,201)**	4,104	(9,815)	(5,711)
Taxation (charge)/credit	4	**(2,060)**	**1,799**	**(261)**	(1,737)	531	(1,206)
Profit/(loss) for the period		**5,907**	**(13,369)**	**(7,462)**	2,367	(9,284)	(6,917)
Attributable to:							
Equity holders of the parent		**5,874**	**(13,369))**	**(7,495)**	2,250	(9,282)	(7,032)
Non-controlling interests		**33**	**—**	**33**	117	(2)	115
		5,907	**(13,369)**	**(7,462)**	2,367	(9,284)	(6,917)
Earnings/(Loss) per share							
Basic	5	**5.39p**		**(6.88)p**	2.72p		(8.51)p
Diluted	5	**4.46p**		**(6.88)p**	2.67p		(8.51)p

[1] The cost categories reported in the income statement have been changed to reflect the Group's internal reporting. The prior year comparatives have been re-classified in the same way and there is no change in the total costs reported. Details of each cost category are set out in Note 1.

The notes on pages 23 to 50 are an integral part of these financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss for the year	**(7,462)**	(6,917)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**252**	(889)
Total other comprehensive income/(expense) for the year	**252**	(889)
Total comprehensive expense for the year	**(7,210)**	(7,806)
Attributable to:		
Equity holders of the parent	**(7,243)**	(7,921)
Non-controlling interests	**33**	115
	(7,210)	(7,806)

The notes on pages 23 to 50 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December 2022

	Note	**31 December 2022 £'000**	Restated 31 December 2021 £'000
Non-current assets			
Goodwill	7	**43,091**	28,172
Other intangible assets	8	**12,776**	4,528
Property, plant and equipment		**1,289**	1,512
Right-of-use assets	9	**3,308**	4,542
Lease receivables	9	**—**	155
Deferred tax asset		**2,199**	1,388
Total non-current assets		**62,663**	40,297
Current assets			
Trade and other receivables	10	**33,163**	21,934
Lease receivables	9	**141**	146
Corporation tax asset		**845**	1,268
Cash and cash equivalents		**12,360**	13,134
Total current assets		**46,509**	36,482
Total assets		**109,172**	76,779
Current liabilities			
Trade and other payables	11	**(10,049)**	(6,915)
Accruals and contract liabilities	12	**(29,399)**	(19,350)
Financial liabilities	13	**(61)**	—
Current tax liabilities		**(1,121)**	(1,642)
Provisions		**(17)**	—
Lease liabilities	9	**(1,328)**	(2,566)
Total current liabilities		**(41,975)**	(30,473)
Non-current liabilities			
Financial liabilities	13	**(23,357)**	(17,901)
Provisions		**(446)**	(493)
Lease liabilities	9	**(4,654)**	(3,825)
Deferred tax liability		**(2,478)**	(1,083)
Total non-current liabilities		**(30,935)**	(23,302)
Total liabilities		**(72,910)**	(53,775)
Total net assets		**36,262**	23,004
Equity			
Ordinary shares		**30,060**	20,682
Share premium		**10,863**	255
Other reserves		**4,824**	4,572
Accumulated losses		**(9,787)**	(2,774)
Equity attributable to the owners of the parent		**33,889**	35,960
Non-controlling interests		**302**	269
Total equity		**36,262**	23,004

The prior year balance sheet has been restated to correct the presentation of current tax asset and current tax liability. See Note 1 for details.

The notes on pages 23 to 50 are an integral part of these financial statements. The financial statements on pages 19 to 22 were approved and authorised for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Alan Newman
Chief Financial and Operating Officer
Ebiquity plc. Registered No 03967525

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Ordinary shares £'000	Share premium £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
31 December 2020	20,646	255	5,461	3,942	30,304	442	30,746
(Loss)/profit for the year 2021	—	—	—	(7,032)	(7,032)	115	(6,917)
Other comprehensive income	—	—	(889)	—	(889)	—	(889)
Total comprehensive income/(expense) for the year	**—**	**—**	**(889)**	**(7,032)**	**(7,921)**	**115**	**(7,806)**
Shares issued for cash	36	—	—	(3)	33	—	33
Share options charge	—	—	—	319	319	—	319
Dividends paid to non-controlling interests	—	—	—	—	—	(288)	(288)
31 December 2021	**20,682**	**255**	**4,572**	**(2,774)**	**22,735**	**269**	**23,004**
(Loss)/profit for the year 2022	—	—	—	(7,495)	(7,495)	33	(7,462)
Other comprehensive income	—	—	252	—	252	—	252
Total comprehensive income/(expense) for the year	**—**	**—**	252	(7,495)	(7,243)	33	(7,210)
Shares issued for cash	9,240	10,608	—	(39)	19,809	—	19,809
Share options charge	138	—	—	521	659	—	659
Acquisitions	—	—	—	—	—	—	—
Dividends paid to non-controlling interests	—	—	—		—	—	—
31 December 2022	**30,060**	**10,863**	**4,824**	**(9,787)**	**35,960**	**302**	**36,262**

1. Includes a credit of £3,667,000 (31 December 2021: £3,667,000) in the merger reserve, a gain of £2,638,000 (31 December 2021: £2,383,000) recognised in the translation reserve, partially offset by a debit balance of £1,478,000 (31 December 2021: £1,478,000) in the ESOP reserve. Refer to note 23 for further details.

The notes on pages 23 to 50 are an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	Note	**31 December 2022 £'000**	31 December 2021 £'000
Cash flows from operating activities			
Cash generated from operations	15	**3,812**	11,800
Finance expenses paid		**(830)**	(626)
Finance income received		**62**	7
Income taxes paid		**(1,871)**	(2,492)
Net cash generated by operating activities		**1,173**	8,689
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**(17,020)**	—
Payments to acquire non-controlling interest		**—**	(1,291)
Payments in respect of contingent consideration		**—**	(680)
Purchase of property, plant and equipment		**(274)**	(217)
Purchase of intangible assets	8	**(175)**	(849)
Net cash (used in) investing activities		**(17,469)**	(3,037)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		**14,374**	34
Proceeds from bank borrowings	13	**4,500**	—
Repayment of bank borrowings	13	**(1,000)**	(1,000)
Bank loan fees paid	13	**(300)**	—
Proceeds from government borrowings		**—**	(36)
Repayment of lease liabilities	9	**(2,616)**	(2,108)
Dividends paid to non-controlling interests		**—**	(157)
Net cash flow generated by/(used in) financing activities		**14,958**	(3,267)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(1,338)**	2,385
Cash, cash equivalents and bank overdraft at beginning of year		**13,134**	11,121
Effects of exchange rate changes on cash and cash equivalents		**564**	(372)
Group cash and cash equivalents at the end of the year		**12,360**	13,134

The notes on pages 23 to 50 are an integral part of these financial statements.

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Notes to the consolidated financial statements
for the year ended 31 December 2022

1. Accounting policies

General information

Ebiquity plc (the 'Company') and its subsidiaries (together, the 'Group') exists to help brands optimise return on investment from their marketing spend, working with many of the world's leading advertisers to improve marketing outcomes and enhance business performance. The Group has 20 offices located in 18 countries across Europe, Asia and North America.

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

Basis of preparation

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

Prior year restatement

The prior year statement of financial position has been restated to reflect the correct presentation of the company's current tax assets and current tax liabilities which relate to tax due from/to tax authorities in various jurisdictions. The restatement has the effect of reclassifying the 2021 current assets of £1,268k which were initially presented net of the company's current tax liabilities to a separate line on the statement of financial position.

	2021 Reported	2021 Adjustment	**2021 Restated**
	£'000	£'000	**£'000**
Statement of financial position			
Current tax asset	-	£1,268	**£1,268**
Current tax liabilities	(£374)	(£1,268)	**(£1,642)**

Alternative Performance Measures ("APMs")

In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). The Group includes these non-GAAP measures as they consider them to be 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 17.

Highlighted items

Highlighted items comprise charges and credits which are highlighted in the consolidated income statement as separate disclosure is considered by the Directors to be relevant in understanding the

adjusted performance of the business. These may be income or cost items. Further details are included in note 3.

Non-cash highlighted items, which do not represent cash transactions in the year, include share option charges, amortisation of purchased intangibles, accruals for post-date remuneration and movements in tax and onerous lease provisions. Other items include the costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and disposals and their subsequent integration into the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges and restructuring costs.

Reclassification of cost categories reported in income statement

The cost categories reported in the income statement have been changed to: project-related costs, staff costs and other operating expenses to reflect the Group's internal reporting. The prior year comparatives have been re-classified in the same way and there is no change in the total costs reported. Details of each cost category are set out later in this note.

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its cash reserves and borrowings, described in note 19 to the financial statements. As at 31 December 2022, the Group had cash balances of £12,360,000 (including restricted cash of £1,049,000) and undrawn bank facilities available of £8,500,000 and was cash generative and within its banking covenants.

During the year, the Group continued to trade within the limits of its banking facility and associated covenants. In March 2022, this facility was increased and extended to provide a total available of £30 million, initially for a period of 3 years to March 2025 and extendable for up to a further two years. Details of the facility terms and covenants applying are set out in note 19 below.

In assessing the going concern status of the Group and Company, the Directors have considered the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the Group's cash flows, liquidity, and bank facilities. The Directors have prepared a model to forecast covenant compliance and liquidity for the next twelve months that includes a base case and scenarios to form a severe but plausible downside case. For the purposes of this model, the terms of the new facility including its covenant tests have been applied with effect from the quarter ending 30 June 2022.

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 10% throughout the period with no reductions in operating costs. Under both of these cases, there is headroom on covenant compliance throughout the going concern period.

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

Russian operation

Following the Russian invasion of Ukraine, the Group has been reviewing the future of its subsidiary in Russia (Ebiquity Russia OOO) and has been in negotiations with a view to divesting its 75.01% shareholding in it. Although this subsidiary remains part of the Group for these financial statements, given the uncertainty regarding this operation, an impairment provision of £257,000 has been made against the value of its assets in the Group balance sheet. Its cash balances are also deemed to be restricted cash. Details are provided in note 3.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The consolidated financial statements are presented in pounds sterling and rounded to the nearest thousand.

The principal accounting policies adopted in these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of each subsidiary are included from the date that control is transferred to the Group until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of the results and net assets in subsidiaries that is not held by the Group.

Business combinations and goodwill

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

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

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

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

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

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

Revenue recognition

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

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

For fixed-price contracts, which represent the majority of cases, revenue is recognised based on the actual service provided during the reporting period, calculated as an appropriate proportion of the total services to be provided under the contract. This reflects the fact that the customer receives and uses the benefits of the service simultaneously. An input method or an output method is used to measure progress of performance obligations depending on the nature of the specific contract and project arrangements. Input methods are typically based on costs incurred to date, relative to the total expected costs for the project as substantially all work performed is primarily represented by labour. Where appropriate, revenue may be recognised evenly in line with the value delivered to the client, based on assignment of amounts to the project milestones set out in the contract.

Where project fees are based on the labour hours spent and other expenses incurred, revenue is recognised in line with the labour hours spent.

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

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

Deferred and accrued income

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

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

Project-related costs

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

Staff costs

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

Other operating expenses

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

Finance income and expenses

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

Foreign currencies

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

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

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

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

Taxation

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

Other intangible assets

Internally generated intangible assets – capitalised development costs

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

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

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

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

Purchased intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Executive Share Option Plan ('ESOP')
As the Company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the Group financial statements. The ESOP's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Company's shares is deducted from shareholders' equity in the Group statement of financial position as if they were treasury shares.

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

Where there are modifications to share-based payments that are beneficial to the employee, then as well as continuing to recognise the original share-based payment charge, the incremental fair value of the modified share options as identified at the date of the modification is also charged to the income statement over the remaining vesting period. Where the Group cancels share options and identifies replacement options, this arrangement is also accounted for as a modification.

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

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

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

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

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

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

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

Identification of acquired intangible assets
As part of accounting for acquisitions under IFRS3, the Group must identify and value the intangible assets it has acquired such as customer relationships, intellectual property, brand names and software. Their identification of these intangibles requires judgement following an assessment of the acquired business. This involves reviewing the past performance of the acquiree and future forecasts to ascertain the intangible assets to which the purchase price should be allocated and their fair value. See note 16 for details.

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

Contingent consideration
The Group has recorded liabilities for contingent consideration on acquisitions made in the current and prior periods. The calculation of the contingent consideration liability requires estimates to be made regarding the forecast future performance of these businesses for the earn-out period. See note 16 for details.

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

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

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

Adoption of new standards and interpretations

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2022:

- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 9 and IFRS 7 and IFRS as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

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

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

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

2. Segmental reporting

In accordance with IFRS 8, the Executive Directors have identified the operating segments based on the reports they review as the chief operating decision-maker ('CODM') to make strategic decisions, assess performance and allocate resources. The definition of these segments has been changed this year 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 2021 has been re-stated 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 from the operating segments such as restructuring costs and purchased intangible amortization. The measure also excludes the effects of equity-settled share-based payments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Year ended/as at 31 December 2022

	UK & Ireland £'000	Continental Europe £'000	North America £'000	APAC £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	**31,528**	**21,855**	**13,310**	**9,280**	**75,973**	**—**	**75,973**
Operating profit/(loss) before highlighted items	**6,552**	**6,449**	**913**	**1,943**	**15,857**	**(6,587)**	**9,270**
Total assets	**32,963**	**43,604**	**17,757**	**11,911**	**106,235**	**2,937**	**109,172**

Year ended/as at 31 December 2021 (re-stated)

	UK & Ireland £'000	Continental Europe £'000	North America £'000	APAC £'000	Reportable segments £'000	Unallocated £'000	Total £'000
Revenue	**32,279**	**17,354**	**5,565**	**7,893**	**63,091**	**—**	**63,091**
Operating profit/(loss) before highlighted items	**7,095**	**4,142**	**(598)**	**836**	**11,474**	**(6,737)**	**4,737**
Total assets	**33,062**	**21,199**	**6,051**	**12,316**	**72,628**	**2,883**	**75,511**

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Reportable segment operating profit before highlighted items	**15,857**	11,474
Unallocated (costs)/income[1]:		
Staff costs	**(3,816)**	(3,805)
Property costs	**(949)**	(1,457)
Exchange rate movements	**541**	(22)
Other operating expenses	**(2,363)**	(1,453)
Operating (loss)/profit before highlighted items	**9,270**	4,737
Highlighted items (note 3)	**(15,168)**	(9,815)
Operating loss	**(5,898)**	(5,078)
Net finance costs	**(1,303)**	(633)
Loss before tax	**(7,201)**	(5,711)

1. Unallocated (costs)/income comprise central costs that are not considered attributable to the segments.

Unsatisfied long-term contracts

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

	Year ended	Year ended 31 December 2021

	31 December 2022 £'000	£'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December 2022:		
Within one year	**21,573**	21,732
Within more than one year	**1,580**	1,070

Prior year figures have been restated to reflect the above categorisation

Significant changes in contract assets and liabilities

Contract assets have increased from £5,172,000 to £6,464,000 and contract liabilities have increased from £5,307,000 to £8,083,000 from 31 December 2021 to 31 December 2022. This increase is due in part to the addition of contract assets and liabilities arising in the businesses acquired during the year.

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total assets for reportable segments	**106,235**	72,628
Unallocated amounts:		—
Property, plant and equipment	**3**	—
Other intangible assets	**1,593**	187
Other receivables	**542**	964
Cash and cash equivalents	**799**	1,147
Deferred tax asset	**—**	585
Total assets	**109,172**	75,511

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

	Year ended 31 December 2022 £'000 Non-current assets £'000	Year ended 31 December 2021 £'000 Non-current assets £'000
UK & Ireland	**16,511**	19,922
Continental Europe	**26,709**	10,797
North America	**11,538**	2,342
Asia Pacific	**5,706**	5,848
	60,464	38,909
Deferred tax assets	**2,199**	1,388
Total	**62,663**	40,297

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

3. Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business. These are used for the calculation of certain Alternative Performance Measures. For further information and reconciliation please see page 17.

	31 December 2022 Total £'000	31 December 2021 Total £'000
Other operating expenses		
Share option charge	**553**	459
Amortisation of purchased intangibles	**2,739**	1,065

Post-date remuneration for Digital Decisions	**7,866**	7,922
Impairment of goodwill and current assets	**262**	—
Severance and reorganisation costs	**584**	87
Onerous Lease Provision movement	**1,272**	—
Acquisition related costs	**1,892**	282
Total highlighted items before tax	**15,168**	9,815
Taxation charge/(credit)	**(1,799)**	(531)
Total highlighted items	**13,369**	9,284

The share option charge reflects the expense for the period arising from the cost of share options granted at fair value, recognised over the vesting period. For the period ended 31 December 2022, a charge of £553,000 (2021: £459,000) was recorded.

The amortisation charge for purchased intangible assets increased significantly in the year to £2,739,000 (2021: £1,065,000) due to the addition of intangible assets through the acquisitions of MMi and Media Path. These assets include customer relationships of acquired entities, owned software (MMi's Circle Audit system) and Media Path's GMP licence asset.

A final accrual of £7,866,000 (2021: £7,922,000) has been made for post-date remuneration due to be paid in 2023 relating to the acquisition of Digital Decisions B.V. in 2020. The total amount to be paid is estimated at £15.8 million.

An impairment charge of £257,000 has been made to reflect the planned divestment of the Group's majority stake in Ebiquity Russia OOO for a nominal value. This comprises a provision of £179,000 against the Group's share (75%) of the total assets excluding cash and goodwill impairment of £78,000 and £5,000 in respect of other assets..

Total severance and reorganisation costs of £584,000 (31 December 2021: £87,000) were recognised during the year, relating to seven senior roles across the Group which were eliminated during the year.

The onerous lease provision charge of £1,225,000 relates to office space in three cities which is surplus to requirements. During the year, it was decided to vacate the New York office and part of the London office and to seek sub-tenants for these. A charge in the year of £1,741,000 has been made for these offices to reflect the impairment of the right-of-use asset. This is offset by a credit of £516,000, which reflects the reduction in the lease liability relating to the Chicago office which was vacated and sub-let in 2019 and for which the head-lease has now been terminated with effect from September 2023.

Three acquisitions were made in 2022 and an equity fundraise was arranged and the banking facility was increased and extended to finance these. The charge of £1,892,000 (2021: £282,000) relates to the professional and related costs incurred in undertaking these transactions. The charge comprises the following:

	£000
Acquisition of Media Path	**489**
Acquisition of MMi (Media Management LLC)	**308**
Equity placing	**764**
Renegotiation of Bank Facility Agreement	**317**
Acquisition of Forde & Semple (Canada)	**14**
Total	**1,892**

The total tax credit of £1,799,000 (2021: credit of £531,000) comprises a current tax credit of £883,000 and a deferred tax credit of £916,000. The current tax credit includes a credit of £216,000 for the partial release of a provision set up in 2018 relating to an IRS enquiry into Ebiquity Inc's tax assessments for 2015 and 2016, which was determined during the year. It also includes a credit of £487,000 for the release of a provision made in 2013 for tax risks relating to intra-Group management charges and royalties which is no longer considered necessary. Details of other tax items are set out in note 4.

4. Taxation charge/(credit)

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

	Year ended 31 December 2022			Year ended 31 December 2021		
	Before highlighted items £'000	**Highlighted items £'000**	**Total £'000**	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	**114**	**(101)**	**13**	(30)	(42)	(72)
Adjustment in respect of prior years	**386**	**—**	**386**	52	—	52
	500	**(101)**	**399**	22	(42)	(20)
Foreign tax						
Current year	**1,973**	**(295)**	**1,678**	1,363	(22)	1,341
Adjustment in respect of prior years	**(33)**	**(487)**	**(520)**	(9)	—	(9)
	1,940	**(782)**	**1,158**	1,354	(22)	1,332
Total current tax	**2,440**	**(883)**	**1,557**	1,376	(64)	1,312
Deferred tax						
Origination and reversal of temporary differences (note 21)	**(380)**	**(916)**	**(1,296)**	376	(467)	(91)
Adjustment in respect of prior years	**—**	**—**	**—**	(15)	—	(15)
Total tax charge/(credit)	**2,060**	**(1,799)**	**261**	1,737	(531)	1,206

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss before tax	**(7,201)**	(5,711)
Corporation tax at 19% (31 December 2021: 19.%)	**(1,368)**	(1,085)
Non-deductible taxable expenses	**1,570**	3,598
Overseas tax rate differential	**549**	354
Overseas losses not recognised	**97**	(1,340)
Losses utilised not previously recognised	**(453)**	(349)
Adjustment in respect of prior years	**(134)**	28
Total tax charge	**261**	1,206

Following the Finance Act 2021 (enacted as at 10 June 2021), the corporation tax rate effect from 1 April 2023 will increase to 25% from 19%. The rate change increase relates to the Finance Act 2021 not the latest Budget.

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

	£'000
At 31 December 2020	1,703
Corporation tax payments	(2,616)
Corporation tax refunds	124
Withholding tax	(47)
Under-provision in relation to prior years	43
Provision for the year ended 31 December 2021	1,264
Foreign exchange	(97)
At 31 December 2021	374
Corporation tax payments	**(2,183)**
Corporation tax refunds	**314**
Withholding tax	**(39)**
Under-provision in relation to prior years	**(134)**
Provision for the year ended 31 December 2022	**1,691**
Foreign exchange and other	**266**
At 31 December 2022[1]	**290**

[1] Tax liability excludes £14k recoverable withholding tax.

5. Earnings per share

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Earnings for the purpose of basic earnings per share, being net loss attributable to equity holders of the parent	**(7,495)**	(7,032)
Adjustments:		
Impact of highlighted items (net of tax)[1]	**13,369**	9,284
Earnings for the purpose of adjusted earnings per share	**5,874**	2,252
Number of shares:		
Weighted average number of shares during the year		
– basic	**108,951,516**	82,627,526
– dilutive effect of share options & contingently issuable shares	22,771,365	2,483,339
– diluted	**131,722,881**	85,110,865
Basic (loss) per share	**(6.88)p**	(8.51)p
Diluted (loss) per share	**(6.88)p**	(8.51)p
Adjusted basic earnings per share	**5.39p**	2.72p
Adjusted diluted earnings per share	**4.46p**	2.67p

1. Highlighted items attributable to equity holders of the parent (see note 3), stated net of their total tax impact.

7. Goodwill

	£'000
Cost	

At 1 January 2021	37,751
Acquisitions	—
Foreign exchange differences	(447)
At 31 December 2021	37,304
Acquisitions	14,561
Foreign exchange differences	1,100
At 31 December 2022	52,965
Accumulated impairment	
At 1 January 2021	(9,188)
Impairment	—
Foreign exchange differences	56
At 31 December 2021	(9,132)
Impairment	**(78)**
Foreign exchange differences	**(664)**
At 31 December 2022	**(9,874)**
Net book value	
At 31 December 2022	**43,091**
At 31 December 2021	28,172

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be potentially impaired. Goodwill is allocated to the Group's cash-generating units ('CGUs') in order to carry out impairment tests. The Group's remaining carrying value of goodwill by CGU at 31 December was as follows:

Cash-generating unit	Reporting segment	**31 December 2022 £'000**	31 December 2021 £'000
Media UK and International	UK and Ireland	**9,257**	9,232
Effectiveness	UK and Ireland	**1,678**	1,678
Digital Decisions	Europe	**502**	477
Germany	Europe	**4,325**	4,316
Media Value Group (Iberia)	Europe	**3,157**	2,994
France	Europe	**569**	556
Italy	Europe	**397**	376
Central and Eastern Europe	Europe	**260**	337
Media Path Network	Europe	**7,608**	-
North America (including MMi and Canada)	North America	**7,557**	604
Australia	APAC	**2,413**	2,304
China	APAC	**2,358**	2,287
Digital Balance	APAC	**30**	30
FirmDecisions	Included in all segments	**2,981**	2,981
		43,091	28,172

The impairment test involves comparing the carrying value of the CGU to which the goodwill has been allocated to the recoverable amount. The recoverable amount of all CGUs has been determined based on value-in-use calculations.

Under IFRS, an impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount, defined as the higher of fair value less costs to sell and value-in-use.

Value-in-use calculations

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

Budgeted operating profit assumptions

To calculate future expected cash flows, management has taken the Board-approved budgeted operating profit ('EBIT') for each of the CGUs for the 2023 financial year. For the 2024 and 2025 financial years, the forecast EBIT is based on management's plans and market expectations. The forecast 2025 balances are taken to perpetuity in the model. The forecasts for 2024 and 2025 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 of the risk-free rate (based on government bond yields), the equity risk premium, the Group's Beta and a smaller quoted company premium. The three-year pre-tax cash flow forecasts have been discounted at 13% (31 December 2021: between 10% and 13%).

Growth rate assumptions
For cash flows beyond the three-year period a growth rate of 2% (2021: 2%) has been assumed for all CGUs. This rate is based on factors such as economists' estimates of long-term economic growth in the markets in which the Group operates. In 2021 a rate of 2.6% was applied to China

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

Sensitivity analysis
The Group's calculations of value-in-use for its respective CGUs are sensitive to a number of key assumptions. Other than disclosed below, management does not consider a reasonable possible change, in isolation, of any of the key assumptions to cause the carrying value of any CGU to exceed its value-in-use. For North America, the 2023 budgeted revenue and cost growth reflect the inclusion of MMi and Media Path respectively for a full year compared to a partial year in 2022. The considerations underpinning why management believes no impairment is required in respect of China and North America are set out below, showing the % points change in each key assumption that would result in an impairment. The headroom for North America is £9.2 million and for China is £1.4 million.

	China		**North America**	
	Current % (2023/2024/2025)	% point change leading to impairment	Current % (2023/2024/2025)	% point change leading to impairment
Budgeted revenue growth	1%/8%/5%	(7)%/(7)%/(8)%	31%/6%/5%	(9)%/(10)%/(11)%
Budgeted cost growth	1%/3%/3%	8%/9%10%	25%/3%/3%	12%/12%/14%
Pre-tax discount rate	13%/13%/13%	6%	13%/13%/13%	9%

8. Other intangible assets

	Capitalised development costs £'000	Computer software £'000	Purchased intangible Assets £'000	Total intangible assets £'000
Cost				
At 1 January 2021	4,891	2,542	16,581	24,014
Additions	970	13	—	983
Acquisitions	—	—	—	—
Disposals	(902)	—	—	(902)
Foreign exchange differences	(60)	(34)	(318)	(412)
At 31 December 2021	4,899	2,521	16,263	23,683
Additions	**276**	**11**	**—**	**287**
Acquisitions (see note 28)	**4,260**	**—**	**10,689**	**14,949**
Disposals	**—**	**(30)**	**—**	**(30)**
Foreign exchange differences	**54**	**29**	**445**	**528**
At 31 December 2022	**9,489**	**2,531**	**27,397**	**39,417**
Amortisation and impairment[2]				
At 1 January 2021	(1,745)	(2,147)	(13,987)	(17,879)
Charge for the year[3]	(1,218)	(211)	(1,065)	(2,494)
Disposals	902	—	—	902
Foreign exchange differences	39	33	244	316
At 31 December 2021	(2,022)	(2,325)	(14,808)	(19,155)
Charge for the year[3]	**(1,089)**	**(195)**	**(2,739)**	**(4,023)**
Acquisitions (see note 28)	**(3,041)**	**—**	**—**	**(3,041)**
Impairment	**—**	**14**	**—**	**14**
Disposals	**—**	**31**	**—**	**31**
Foreign exchange differences	**(35)**	**(27)**	**(404)**	**(466)**
At 31 December 2022	**(6,187)**	**(2,502)**	**(17,952)**	**(26,640)**
Net book value				
At 31 December 2022	**3,302**	**29**	**9,445**	**12,777**
At 31 December 2021	2,877	196	1,455	4,528

1. Purchased intangible assets consist principally of customer relationships with a typical useful life of three to ten years.
2. No impairment charge has been recognised in the current year (year ended 31 December 2021: £nil following management's review of the carrying value of other intangible assets).
3. Amortisation is charged within other operating expenses so as to write off the cost of the intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted expense.

9. Right-of-use assets and lease liabilities

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2021	9,789	229	153	10,171
Additions	474	—	—	474
Disposals	(210)	—	—	(210)
Foreign exchange	(167)	(33)	13	(187)
At 31 December 2021	9,886	196	166	10,248
Additions	**2,358**	—	—	**2,358**
Impairment for the year	**(4,044)**	—	—	**(4,044)**
Foreign exchange	**472**	**9**	**8**	**489**
At 31 December 2022	**8,672**	**205**	**174**	**9,051**
Accumulated depreciation				
At 1 January 2021	(3,805)	(99)	(30)	(3,934)
Charge for the year	(1,865)	(42)	(47)	(1,954)
Disposals	96	—	—	96
Foreign exchange	65	24	(3)	86
At 31 December 2021	(5,509)	(117)	(80)	(5,706)

Charge for the year	**(1,998)**	**(42)**	**(39)**	**(2,079)**
Impairment for the year	**2,303**	—	—	**2,303**
Foreign exchange	**(252)**	**(5)**	**(4)**	**(261)**
At 31 December 2022	**(5,456)**	**(164)**	**(123)**	**(5,743)**
Net book value				
At 31 December 2022	**3,216**	**41**	**51**	**3,308**
At 31 December 2021	**4,377**	**79**	**86**	**4,542**

Lease liabilities

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2021	7,858	174	126	8,158
Additions	412	—	—	412
Cash payments in the year	(2,180)	(49)	(45)	(2,274)
Interest charge in the year	216	3	3	222
Foreign exchange	(95)	(41)	9	(127)
At 31 December 2021	6,211	87	93	6,391
Additions	**1,842**	**—**	**—**	**1,842**
Cash payments in the year	**(2,717)**	**(47)**	**(40)**	**(2,804)**
Interest charge in the year	**219**	**2**	**2**	**223**
Foreign exchange	**322**	**4**	**5**	**331**
At 31 December 2022	**5,877**	**46**	**60**	**5,983**
Current	**1,304**	**10**	**14**	**1,328**
Non-current	**4,573**	**36**	**46**	**4,655**

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

	Minimum lease payments	
	31 December 2022 £'000	31 December 2021 £'000
Amounts due:		
Within one year	**2,580**	2,722
Between one and two years	**1,258**	2,038
Between two and three years	**774**	913
Between three and four years	**653**	597
Between four and five years	—	446
Later than five years	—	—
	5,265	6,716

Lease receivables

	31 December 2022 £'000	31 December 2021 £'000
Lease receivables	**141**	301
Current	141	146
Non-current	—	155

In 2019 a sublease was entered into relating to the Chicago office, which had been vacated. Accordingly, the right-of-use asset was de-recognised and a lease receivable was recognised, being the equivalent of the remaining lease receivables over the lease term. The amount due within one year is presented within current assets and the amount due after one year is presented within

non-current assets. The sublease expires in September 2023 at the same time as the head lease to which it relates.

Due to the reduced occupancy of the London office following the pandemic, one of the three floors is now considered surplus to requirements and tenants are being sought to take a sub-lease until July 2024 when the main lease can be terminated. It was decided in December 2022 to vacate the fourth floor while the space is being marketed. An onerous lease provision has therefore been established for the remaining term of the lease from January 2023 until July 2024. This resulted in a charge of £384,000 in the year for the impairment of the right-of-use asset.

Following the pandemic, the New York office, situated at William Street, is no longer being occupied and is being marketed. An onerous lease provision has been established for the remaining period of the lease until June 2025. This resulted in a charge of £1,357,000 in the year for the impairment of the right-of-use asset.

10. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Trade and other receivables due within one year		
Net trade receivables	**23,332**	14,406
Other receivables	2,177	1,688
Prepayments	1,190	668
Contract assets	**6,464**	5,172
	33,163	21,934

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

Trade and other receivables represent management's best estimate of the amount expected to be recovered by the Group through the completion accounts and expected loss model. The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet.

11. Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	**6,171**	3,290
Other taxation and social security	**2,949**	2,287
Deferred tax - current	**276**	390
Other payables	**654**	948
	10,049	6,915

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

12. Accruals and contract liabilities

	31 December 2022 £'000	31 December 2021 £'000
Accruals	**5,526**	6,120
Post-date remuneration[1]	**15,790**	7,922
Contract liabilities[2]	**8,083**	5,308
Total accruals and contract liabilities	**29,399**	19,350

[1]Post-date remuneration relates to the acquisition of Digital Decisions BV payable in May 2023. See note 3. [2]Contract liabilities are receipts in advance from customers prior to satisfaction of performance obligations.

13. Financial liabilities

	31 December 2022 £'000	31 December 2021 £'000
Current		
Deferred consideration[2]	**61**	—
Non-current		
Bank borrowings	**21,500**	18,000
Government borrowings	—	—
Loan fees[1]	**(265)**	(99)
Contingent consideration[3]	**2,122**	—
	23,357	17,901
Total financial liabilities	**23,418**	17,901

[1] Loan fees were payable on amending the banking facility and are being recognised in the income statement on a straight-line basis until the maturity date of the facility in September 2025. Non-current loan fees includes current fees. [2] Deferred consideration relates to the acquisition of Forde and Semple and was payable in January 2023. [3] Contingent consideration relates to the acquisition of MMi and is payable in 2025.

	Bank borrowings £'000	**Government borrowings £'000**	**Contingent consideration £'000**	**Total £'000**
At 1 January 2021	18,880	750	1,957	21,587
Paid	(1,036)	—	(1,971)	(3,007)
Charged to the income statement	57	(723)	41	(625)
Discounting charged to the income statement	—	—	45	45
Borrowings	—	—	—	—
Foreign exchange recognised in the translation reserve	—	(27)	—	(27)
Foreign exchange released to the income statement	—	—	(72)	(72)
At 31 December 2021	17,901	—	—	17,901
Paid	**(1,300)**	—	—	**(1,300)**
Recognised on acquisition	—	—	**2,183**	**2,183**
Charged to the income statement	**134**	**—**	**—**	**134**
Borrowings	**4,500**	**—**	**—**	**4,500**
At 31 December 2022	**21,235**	**—**	**2,183**	**23,418**

A currency analysis for the bank borrowings is shown below:

	31 December 2022 £'000	31 December 2021 £'000
Pounds sterling	**21,235**	17,901
Total bank borrowings	**21,235**	17,901

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 3 years to March 2025, extendable for up to a further two years with a total commitment of £30 million. £21.5 million had been drawn as at 31 December 2022 (2021: £18 million). Under this agreement, annual reductions in the facility of £1.25 million will apply from June 2023. The remainder of any drawings is repayable on the maturity of the facility. The facility may be used for deferred consideration payments on past acquisitions, to fund future potential acquisitions, and for general working capital requirements. The quarterly covenants applied since June 2022 are: interest cover > 4.0x; adjusted leverage <2.5x and adjusted deferred consideration leverage < 3.5x.

The previous facility which was in place up to March 2022 comprised a revolving credit facility ('RCF') of £23 million plus £1 million available as an overdraft for working capital purposes. The covenants applying to it in the three months to 31 March 2022 were interest cover > 4.0, adjusted leverage covenant initially at < 4.0, increasing to < 4.25 and again to < 4.5 in March 2022.

Loan arrangement fees accrued in the period of £264,000 (2021: £99,000) are offset against the term loan and are being amortised over the period of the loan. £159,000 of loan arrangement fees has been included within creditors due within one year and the balancing amount of £105,000 has been included within creditors due after more than one year.

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%

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.

14. Dividends

No dividends were paid or declared during the current and prior financial years.

15. Cash generated from operations

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss) before taxation	**(7,201)**	(5,711)
Adjustments for:		
Depreciation (notes 12 and 13)	**2,772**	2,609
Amortisation (note 11)	**4,023**	2,495
(Gain)/loss on disposal	**5**	3
Impairment of goodwill and current assets	**257**	—
Unrealised foreign exchange loss	**(70)**	70
Onerous lease provision (release)/booked	**1,272**	—
Share option (credits)/charges	**521**	319
Finance income (note 6)	**(70)**	(20)
Finance expenses (note 6)	**1,422**	882
US PPP release	—	(720)
Contingent consideration revaluations (note 3)	**7,866**	7,397
	10,797	7,324
(Increase)/decrease in trade and other receivables	**(8,772)**	2,250
Increase/(decrease) in trade and other payables	**1,817**	2,226
Movement in provisions	**(29)**	—
Cash generated from operations	**3,812**	11,800

16. Acquisitions

On 29 January 2022, the Group acquired 100% shares of Forde and Semple Media Works, the leading media performance consultancy in Canada, for a total consideration of CAD$1.3 million (£0.8 million), of which CAD$1.2 million (£0.7 million) was paid on completion and CAD$0.1 million (£0.06 million) was deferred for one year. Forde and Semple had revenues of CAD$1.1m in the financial year ended 31 January 2021 and net assets of CAD$0.4 million (£0.2 million) on completion. The company has been renamed Ebiquity Canada Inc and contribute revenue of £0.3 million in the year and operating profit of £0.2 million.

On 4 April 2022, the Group acquired 100% shares of Media Management, LLC ("MMi"), a US-based media audit specialist, for an initial consideration of US $8.0 million (£6.1 million) with a deferred contingent consideration element payable in 2025. 84% of the initial consideration (US$6.7 million/£5.1 million) was paid in cash and 16% (US$1.3 million /£1.0 million), was applied by the vendors to subscribe for 1,737,261 Ebiquity ordinary shares. The contingent consideration will be based on 1.0 times adjusted earnings before interest and tax of the combined Ebiquity US and MMi businesses reported for the year ending 31 December 2024. This has been estimated to be US4.0 million /£3.0 million. 80% of this will be payable directly in cash to the vendors and 20% will be applied by the vendors to subscribe for Ebiquity ordinary shares. MMi contributed revenue of £3.4 million to the Group since its acquisition. Its business has been integrated fully within the North America unit and therefore it is not possible to report a separate profit figure for it.

On 22 April 2022, the Group acquired 100% shares of Media Path Network AB (“Media Path”), a Swedish-based multi-national media consultancy, for a consideration of £15.5 million. 75% (£11,625,000) was paid in cash and 25% (£3,875,000) was paid by the issue of 6,919,642 new Ordinary Shares to the Media Path vendors. An additional cash payment of £485,000 was made in June 2022 representing working capital in the completion accounts as at 31 March 2022 in excess of the contractually agreed target amount. Media Path contributed revenue of £3.4 million to the Group since its acquisition and an operating profit of £0.8 million.

An assessment of fair value of the acquired net assets of each company has been made as at 31 December 2022 as follows:

Forde and Semple Media Works

The fair value of the purchase consideration for the acquisition of Forde and Semple is as follows:

	£’000
Cash	703
Deferred Consideration	64
	767

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are:

	Carrying Value £'000	FV adjustment £'000	Fair value £'000
Property, plant and equipment	3	—	3

Trade and other receivables	245	—	245
Cash and cash equivalents	59	—	59
Trade and other payables	(246)	—	(246)
Deferred tax liabilities	—	—	—
Net assets acquired	61	—	61
Goodwill arising from the acquisition	—	—	706
Total purchase consideration			**767**

The goodwill arising reflects Forde and Semple's market leading position in Canada and the benefits to the Group of retaining profits on projects previously outsourced to the company.

Media Management LLC ("MMi")

The fair value of the purchase consideration for the acquisition of Media Management LLC is as follows:

	£'000
Cash	5,126
Shares	976
Contingent Consideration	2,121
	8,223

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are as follows:

	Carrying value	**FV adjustment**	**Fair value**
	£'000	**£'000**	**£'000**
Customer contracts and relationships	—	1,442	1,442
Technology - acquired software	973	687	1,660
Property, plant and equipment	63	—	63
Trade and other receivables	976	—	976
Bank overdraft	(35)	—	(35)
Trade and other payables	(2,131)	—	(2,131)
Deferred tax liabilities	—	—	—
Net assets acquired	(154)	2,129	1,975
Goodwill arising on acquisition			6,248
Total purchase consideration			**8,223**

Goodwill reflects the benefits of MMI's customer base in USA and its Circle Audit technology and the scale benefits expected from combining its business with Ebiquity's 's existing US business.

Media Path Network AB

The fair value of the purchase consideration for the acquisition of Media Path Network is as follows:

	£'000
Cash	12,110
Shares	3,875
	15,985

The carrying value and the provisional fair value of the net assets recognised at the date of acquisition are as follows:

	Carrying value £'000	FV adjustment £'000	Fair value £'000
Customer contracts and relationships	—	6,107	6,107
License Agreement	—	2,453	2,453
Property, plant and equipment	8	—	8
Cash and cash equivalents	824	—	824
Trade and other receivables	2,068	—	2,068
Trade and other payables	(1,320)	—	(1,320)
Deferred tax liabilities	—	(1,763)	(1,763)
Net assets acquired	1,580	6,797	8,377
Goodwill arising on acquisition			7,608
Total purchase consideration			**15,985**

Goodwill reflects Media Path's global market position and customer base as well as its licence over the GMP technology platform and benefits this offers.

17. Financial Information

The financial information included in this report does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and financial statements for the period ended 31 December 2022, on which an unqualified report has been made by the Company's auditors, Deloitte LLP. Financial statements for the period ended 31 December 2021 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.