



Creating a **Better** Media World, **Together.**



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Strategic report

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Highlights

£80.2m

Revenue
2022: £75.1m

£(2.6)m

Statutory loss before tax
2022: £(7.3)m

£12.0m

Adjusted operating profit¹
2022: £9.2m

5.3p

Adjusted diluted earnings per share¹
2022: 4.4p

£(0.3)m

Statutory operating loss
2022: £(6.0)m

(3.4)p

Statutory loss per share
2022: (6.9)p

£9.7m

Adjusted profit before tax¹
2022: £7.9m

15%

Adjusted Operating Profit Margin
2022: 12.2%

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1. In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). Details of their calculation are set out on page 126.

At a glance

ebiquity

is a world leader in media investment analysis

We exist to help brand owners increase returns from their media investments and so improve business performance.

Our vision:

Creating a **Better Media World, Together.**

Our values:



Collaboration



Creativity



Clarity



Courage

What we do



Analyse media buying data



Identify waste, inefficiency and value opportunities



Comparison to market benchmarks – multiple metrics



Select partners and track delivery



Advanced analytics

We deliver this through our four Service Lines



Media Management

Optimising media models, processes, data and technology strategies to achieve business objectives.



Media Performance

Greater transparency, governance, efficiency and accountability of media investments.



Marketing Effectiveness

Attribute, forecast and optimise investments to increase business outcomes and ROI.



Contract Compliance

Ensure financial and service delivery compliance as contractually agreed. Returning value owed.

Why Ebiquity?

Ebiquity's commitment to independence, comprehensive product range, market authority, global reach, high quality client roster and innovation are driving factors behind our progress. With tangible results, we continue to lead the way in delivering strategic guidance and impactful solutions for advertisers worldwide.



Independence:

Objective media guidance guaranteed

Ebiquity stands out as one of the few independent participants in the media market. With no vested commercial interests in the media supply chain, advertisers can depend on our advice being fully objective. This commitment ensures unbiased guidance, allowing clients to make informed decisions with confidence.



Product range:

Driving digital excellence

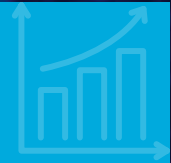
In 2023, Ebiquity enhanced its digital solutions, delivering maximum efficiency and effectiveness. Our scalable and profitable digital offerings have been proven to eliminate waste and create value for clients. Notably, our solutions identify 10-35% value creation opportunities for our clients.



Market authority:

Unmatched insights at scale

Ebiquity's data pools provide unparalleled insights into the media market. Our data management platforms contain US\$41.9 billion of transacted media data from 122 countries, of which 65% is digital and includes 3.75 trillion impressions.



Global reach:

Tailored solutions, global impact

Ebiquity is present in markets representing 80% of the world's media investments, ensuring clients have access to localised expertise. For the world's largest advertisers, our global coverage combines deep national market knowledge with consistency and efficiency of service.



Client roster:

Value creation in action

We work with over 70 of the world's largest advertisers, consistently delivering value. Our products and services empirically drive cost efficiencies in the global media markets and increase the effectiveness of brand communications. Our impact solidifies our reputation as a trusted adviser.



Innovation: Pioneering solutions for today's challenges

Ebiquity remains at the forefront of innovation, addressing critical industry challenges and new media channels. Our initiatives targeting CO₂ emissions, harmful disinformation and emerging media channels, such as Advanced Television, Retail Media and influencer marketing, offer solutions across an increasing breadth of media investments.



Chair's statement



During 2023, we continued to show progress against the challenging political and economic environment affecting our global clients."

Rob Woodward
Chair

Our main focus has been on implementing a programme to transform the business, which is already delivering some initial operational efficiencies. As a result, the Group is reporting a good performance with revenue growing by 7% to £80.2 million. Despite the statutory loss, we delivered adjusted operating profit of £12.0 million and, importantly, a big improvement in adjusted operating profit margin to 15.0%.

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

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

As a leading global provider of media investment analysis, we maintain our position through the quality and scale of our market intelligence and our ability to innovate products that widen our appeal to clients. Expanding the scope of work we do for clients remains a key area of focus for the management team, helping to drive growth by identifying new media channels as they emerge.

For instance, we developed a programme in the US to address the growing Advanced Television Market and also established a "CO₂PM" metric to give clients visibility on the worst polluting elements of their activity and the opportunity to minimise these. Such innovations offer a real value proposition for our clients, helping to differentiate Ebiquity in the market and maintain our leadership position.

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

Chair's statement continued

We continue to consider Board composition and succession. Richard Nichols has served on the Board for many years and remained with us last year as we transitioned to a new audit firm and welcomed a new CFO. We expect that Richard will stand down from the Board by the end of 2024, once we have found a suitable individual to join the Board as an independent Non Executive Director and Chair of the Audit & Risk Committee.

We have made significant progress in our sustainability journey. During the year, we have worked with McGrady Clarke, a sustainability consultant, to assess our climate related risks. The key ones have now been identified and work will continue during 2024 to integrate these risks into our overall risk management framework, along with impact assessments and mitigating actions. We have also conducted more sophisticated measurement of our carbon footprint and continue with our planned initiatives to reduce this. More details can be found on pages 15 to 29.

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

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

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



Rob Woodward
Chair

Chief Executive Officer's review



"I am pleased with our performance and progress during the year."

Nick Waters
Chief Executive Officer

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

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

Profitable growth in a challenging advertising market

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

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

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

Delivering a more efficient business

A key area of focus has been creating a more efficient business. We are now 12 months into a business transformation programme, with a considerable focus on increasing the use of automation to create a more efficient service and experience for our clients. Following the 2022 acquisition of MediaPath, we have a high quality data management platform which is providing us with a base from which to drive greater efficiency in the delivery of our Media Management and Media Performance services.

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

Chief Executive Officer's review continued

Delivering a more efficient business continued

The first 12 months has been a demanding and challenging period of the project and, although it is at a slower rate than anticipated, we are making progress. There is now US\$15 billion worth of media transaction data on the platform. In 2023, we managed 49 Agency Selection processes from 35 different client companies on GMP, and 59 clients now use it to buy ValueTrack®, a Media Performance service which tracks progression of advertisers' media pricing over time. In addition, we are carrying out extensive work calibrating a new benchmarking product through testing with several clients in multiple markets and plan a measured rollout process through 2024.

Building client momentum

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

Developing a global presence

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

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

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

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

Product innovation driving growth

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

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

Complementary to our market intelligence is our ability to innovate and develop new product offerings. For instance, there are several major growth areas that we have identified in media markets which currently have limited governance. To address this gap we have developed an initial "pioneers programme" in the US to address the booming Advanced Television market. We see large sums of money flowing into this market with little governance.

Our new solution has identified clear value opportunities for advertisers. In addition, we are also looking to develop a new product for Retail Media, aiding governance around media buying which is now in pilot phase. Such developments underpin the growth potential of the Group and offer a real value proposition for our clients.

Outlook

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



Nick Waters
Chief Executive Officer

Business model

Our assets

The Ebiq brand

Ebiq has positioned itself as a trusted partner in navigating the challenges and opportunities of the media landscape. The Ebiq brand has established a strong reputation for excellence and integrity within the complex and dynamic media market, earning respect from both clients and agencies alike. This is a testament to the quality of its work, the value of its insights, and the professionalism and ethical standards of its people.

Clients

More than 70 of the world's top 100 advertisers choose Ebiq as a trusted independent media adviser.

Data

The combination of clients and markets gives the Company access to large quantities of media data. Our data management platforms contain US\$41.9 billion of transacted media data from 122 countries, of which 65% is digital and includes 3.75 trillion impressions.

People

600 media specialists.

How we analyse media data

Data and technology strategy

Rapid, granular media evaluation through cutting edge data and technology

We have invested heavily in our **data capabilities** to create a state of the art infrastructure.



Standardised and highly automated data processes minimise disruption to our customers and the media agencies, to focus on driving improvement.



Timely data insights readily available to all parties, create transparency and enable timely course corrections.



Full data ownership, maintained for our customers in a highly secured environment, creates peace of mind.

Value generated



Shareholders

Deliver consistent financial performance, aligning corporate strategy with shareholder expectations and ensuring long term sustainability.



Customers

Provide high quality products and services that meet clients' needs and exceed their expectations, delivering exceptional customer service and maintaining strong customer relationships.



Employees

Offer a culture of learning and development that fosters creativity, innovation and a sense of purpose. Diversity, equality and inclusion leads to greater engagement and productivity.



Partners

Build strong relationships with local and global associations that promote collaboration, mutual benefit and long term success.



Communities

Contribute to the wellbeing of the local communities in which we operate, through social and environmental initiatives.



Environment

Commitment to sustainable business practices that reduce environmental impact. Implement green initiatives and sustainable practices to minimise negative impact and reduce carbon footprint.

Strategy

Clients

01

In 2023 the Group increased average revenue per client by 14.6% as we focused on creating a healthier portfolio removing lower revenue and lower margin clients. This was enabled by our ongoing ability to deepen and broaden the relationships we have with longstanding clients.

2023 progress:

- › Top ranked consultant for supporting global media agency reviews with 33% (by advertising revenue) of Media Agency Global reviews supported by Ebiquity. (Source COMvergence)
- › Major extended scopes of work included Samsung, Danone, Deliveroo, JLR and Mondelez
- › Number of clients buying two or more Service Lines up to 101

Future objectives:

- › Continue to grow our pool of high value strategic clients, increasing both in number and average revenues
- › Leverage Ebiquity market leading position to create more thought leadership for the wider industry and use such to attract new logos to our services

Operational efficiency

02

The Group reduced production costs in the year by 4%, through lower use of external partners and reduction in third party data costs. The established Media Operations Centre in Madrid continued to deliver economies of scale, with 20% more productive hours delivered in 2023 due to further transfer of work from market units.

2023 progress:

- › MediaPath has brought a high-quality data management platform (GMP365) to the Group, which enhances our operating efficiency
- › Significant improvements in Ebiquity's own automation technology (Media Data Vault) increasing speed and automation of delivery on Digital Media Solutions, reducing production costs
- › More effective operating model through well-defined specialisms, regional optimisation of resources, and clarified service offerings

Future objectives:

- › Transition more work onto GMP365 platform
- › Grow revenue of scalable and automated Digital Media Solutions
- › Build on success of new operating model

Geographic development

03

The Group continues to increase its presence in the US with the region delivering the strongest revenue growth. The UK demonstrated great resilience in a more difficult market and Continental Europe improved margin due to faster adoption of sales via the GMP platform. However the Asia Pacific region declined with lower than expected Agency Selection opportunities and weaker Contract Compliance performance.

2023 progress:

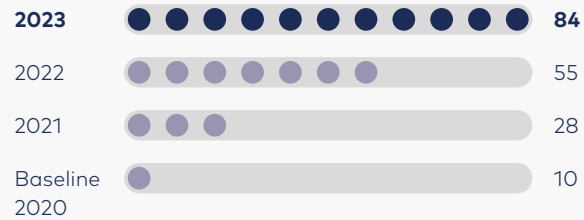
- › North America revenue up 33%
- › UK & Ireland increased revenue by 19%
- › Continental Europe saw a fall in revenue of 11%
- › In APAC (the Group's smallest market) revenue fell by 10%

Future objectives:

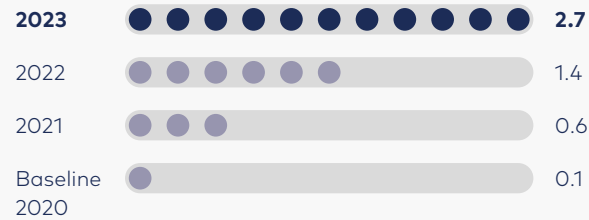
- › Continue to accelerate growth in North America and Asia Pacific while maintaining market leading position in Europe

Key performance indicators

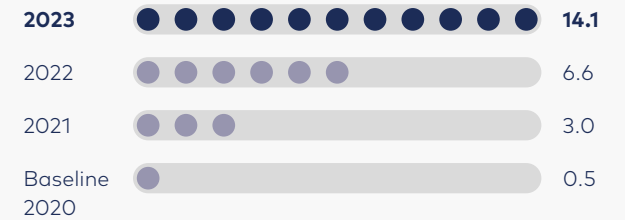
No. of clients buying one or more products from the new digital portfolio



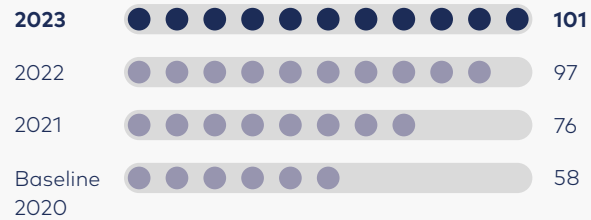
Volume of digital advertising monitored (trillions of impressions)



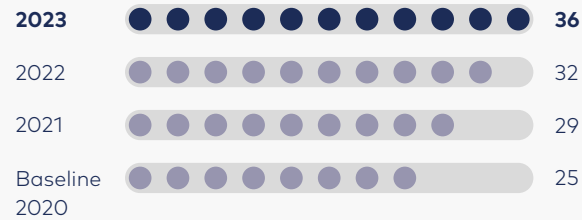
Value of digital advertising monitored (billions of spend US\$bn)



No. of clients buying two or more Services Lines



% of revenue from digital services



2023 – A year of transformation



Increasing investment in new channels, means new areas where governance and best practice advice are required."

Mark Gay
Chief Client Officer

Last year I wrote about a decision to transform from a technical/product led sales strategy to a data driven and insight led approach. Our Group Revenue and Growth Officer, Pete Hanford, was in a good place to drive a sales enablement programme, scaling best practice with ease and speed across all our client engagements globally. The benefit to the business in 2023 of this work was a 15% increase in average revenue per client, with a healthier portfolio as lower revenue, lower margin clients were removed.

Within the portfolio of centrally managed, globally distributed clients, double digit revenue growth was achieved largely through continuing to deepen and broaden the relationships we have with longstanding clients. Projects within our media management offering with HSBC, Ferrero and VW Group helped drive the success of this unit and further established our position as provider of such services for leading global advertisers. Other notable successes in terms of significantly extended scopes with longer term clients included work with Samsung, Danone, Deliveroo, JLR and Mondelez. All are testament to the value we can bring through a partnership approach with major clients. The year ended well for the international clients group with appointments by brand new logos – NEOM based in Saudi Arabia and Kaizen Gaming in Europe.

Developments within the broader media ecosystem continue to create areas where scaled global advertisers need support in advancing governance and performance management based in the expert application of data. Advanced Television and Retail Media are on the agenda of many major international advertisers. Beyond these core themes, clients are showing a strong interest in:

- › How paid search investments can be optimised given ongoing revelations of how many established best practices work in the favour of the supplier rather than the advertiser
- › How to implement actionable change based on the various data sets revealing the carbon emissions of digital advertising
- › The desired relationship between the client advertiser and their agencies. Pre pandemic the question was often "to pitch, or not to pitch", whereas now it is much more "what to pitch, and how". With media agencies potentially creating more value for clients through the intelligent application of tech and data than scaled media trading positions, assessing what good looks like is a dynamic conversation

By working with our clients across these areas, and others which will be revealed through the relentless change in the media landscape, we will continue to drive value in their businesses.

We believe demand for our services will remain consistent in 2024.

Mark Gay
Chief Client Officer

01 Case study

Driving improved media value through Pool Benchmarking

Using tech enabled solutions to deliver faster competitive outputs

Client objectives

A global FMCG client needed deeper empirical evidence to assess their media agency's buying performance to give them greater clarity on how they should set the media price goals for the following years.

This project had a short window of opportunity and required a swift and accurate turnaround to feed into their global corporate commitments.

The review was being held across their top 24 markets and required Ebiquity to assess both TV and digital investment within three months from inception to result.

Ebiquity approach

Our client was already well versed in running media performance analysis through Ebiquity's ValueTrack® solution and was also an early adopter in embracing the use of our GMP365 tool.

It was, therefore, a natural evolution to run the Pool Benchmarking review through GMP365 as well – given its ability to ingest data and report out analysis faster than any manual effort. It coincided with Ebiquity's migration of their media pools into GMP365 and so the client had the best of both worlds in that they had their TV and Pool analysis to give them a complete holistic view on how competitive they were at a market level and clear knowledge of whether their agency was hitting their commitments.

Business impact

Using our technology, we managed to provide important context to the client on the value that may be available to them going into an agency renegotiation, which resulted in driving significant additional media value.

Having all data points – from ValueTrack® and Pool Benchmarking – stored in one place allows the client to have a more holistic view of their overall performance and gives them deeper empirical evidence to set more stretching targets and track ongoing improvements. The exercise has created stronger relationships between the client, the agency and the Ebiquity team, where all parties are now collaborating better, resulting in more effective and efficient ways of working.



See more online at: [▶](#)

3 months

Delivered project success in three months – from inception to result

Unlocking an extra 13% of media value from incumbent media agency relationship

Marketing Effectiveness

2023 was a year of both strong revenue and profit growth for our Marketing Effectiveness practice, with revenues growing by 10% internationally and margins increasing by 26% across the division. This result reflected a number of major client wins, including RVU group, Direct Line Insurance and Disney (multimarket).

The Marketing Effectiveness division "Marketing Mix Modelling" offering proved particularly successful during the year with increasing demand for this product from leading advertisers concerned by the collapse of digital attribution services globally, due to the demise of the digital cookies. This is a growing area of the market where we remain well placed to benefit, differentiated by our high credibility, strong client list and independent status.

We have established strong relationships with international and national industry trade bodies, many of whom see Market Effectiveness as a priority issue. This includes the World Federation of Advertisers ('WFA') where we have collaborated and co-authored a significant report with them on current best practices in Marketing Effectiveness. Our marketing efforts have also intensified during the year with regular commentary in the media, speaking at industry events and producing a monthly 'Marketing Effectiveness Wheelhouse' publication for our website.

One of our main challenges to support growth is talent acquisition, and we have been focusing on high level graduate intake and training to increase our resources. We will also continue to focus on achieving operational improvements through increasing the automation of data inputs from clients and their agencies, enhancing the modelling platform and optimising our media planning tools.

02 Case study

Optimising media investments for world leading soluble coffee brand

Leveraging heritage and market insights to maximise media efficiency

Client objectives

The client, a world leading soluble coffee brand, faced the challenge of navigating the changing landscape of consumer habits, particularly amid the fluctuations brought about by the COVID-19 pandemic.

With a strong heritage and established brand assets, they sought to understand the efficiency of their media spending across their core established pillars and newer sub-brand introductions. The key objectives were to maximise net profit growth in the short and long term, and to develop profitable future media plans, focusing on channel choices and media laydown.

Ebiquity approach

The Ebiquity Marketing Effectiveness team combined their expertise with a deep understanding of the client's heritage and market dynamics to deliver comprehensive solutions.

The dedicated team meticulously crafted detailed econometric models tailored to the client's specific needs and analysed the halo effects across brand pillars to determine the most effective media investment strategy for enhancing overall brand sales.

These models, often referred to as marketing mix models ('MMM'), provided comprehensive insights into the efficiency of the client's media investments.

Business impact

Key improvements have been realised in:

- › Strategic budget scaling
- › Optimised media budget allocation
- › Strategic channel allocation
- › Enhanced branding strategy

Value opportunities identified were in the range of 10-20% increase of ROI. The ROI improvements from scaling and optimising the future media investments were forecasted to be in the range of 10-20%.

Regional review

North America

A strong performance resulted in 44% growth, with new client wins and expansion of our core client base. Seven of the top 10 advertisers in the region now retain Ebiquity.

Our client partnerships grew in 2023, driven by our focus on the value opportunity from Ebiquity solutions, resulting in strong client retention and growth in the number of services we provided. Extensive client account planning helped nurture higher value and more strategic client relationships. In addition to expanding work with existing clients such as General Motors, Verizon, Brown Forman, Apple, Google and Amazon, we won significant new assignments from a number of advertisers including PepsiCo, Intuit, Johnson & Johnson and JPMorgan Chase.

Product highlights included the expansion of our portfolio of solutions in both traditional and digital media. Our digital solutions in particular resonated with clients and this was reflected in the 63% growth we experienced across digital revenues.

Our Digital Governance programme, which provides advertisers with unmatched transparency into their digital media buying, continued to gain traction in North America with strong client renewals and new clients investing in the solution. 2023 also saw significant progress in the development of new solutions such as Advanced Television, enabling Ebiquity to provide analysis and counsel in North America across the fastest growing, scaled digital media channels. Our attention also turned to Retail Media, Search Advertising, and the measurement of carbon emissions from digital advertising, three important areas in need of further independent analysis and governance.

In 2023 there was a significant increase in our regional operating profit, as we improved our working practices across globally aligned specialisms, with more automation and the consolidation of our product portfolio, so our team could analyse data and scale client deliverables more efficiently.

Our outlook for 2024 is positive, as ongoing complexity in the market and the increased focus on transparency and accountability of advertising spend, creates a strong growth opportunity for us.

03 Case study

Increasing global transparency and the value of digital media

Establishing corporate standards to eliminate waste

Client objectives

As part of media operations support to their brand marketers, a global media Center of Excellence was created, aiming to increase transparency and better understand performance.

Their significant, growing digital media investment was spent across multiple trading desks, markets, platforms and publishers. To create clarity, our client was looking to gain a single source of truth across markets and digital channels – a clear way to communicate results, and a way to prioritise ongoing optimisations effectively.

Ebiquity approach

The Ebiquity team assessed Programmatic, Paid Social and Direct Digital buys against a framework of newly created corporate guidelines and Ebiquity's golden principles for best practice trading.

The Digital Governance programme brings together the best of our global digital supply chain expertise, data visualisation in Power BI, independently validated source data across platforms and our unparalleled experience in media.

More specifically, the deliverables represented the collaboration of Ebiquity's globally dispersed team of digital media experts to bring actionable insights to the client's media Center of Excellence.

Business impact

The Digital Governance programme identified 17% of media spend as a value opportunity. After monitoring best practice, that number has drastically decreased.

The client now has country level insights which increased adherence to the new, bespoke global digital media standards.

Key improvements have been realised:

- › Viewability increased by over 50% across key markets
- › Ad fraud and brand safety vs targets
- › Frequency management
- › Tighter controls on inactive hour delivery
- › Action plans to increase working media rates and transparency

Through active governance, we work together to drive, validate and track continuous value.

Regional review continued

Europe

Reflecting on the business performance in Europe for 2023, it is evident that despite the backdrop of uncertainty, the region has shown resilience and adaptability in the face of testing economic hurdles.

During 2023, the region performed well, both in terms of renewals with key clients and winning new business. Our client roster continues to be impressive and diverse, as we work with leading global and local brand owners. As the media landscape fragments, so do the questions that a client needs to answer, encouraging advertisers to subscribe to additional services to support them. However we were not completely immune to the difficult macroeconomic background, being impacted towards the year end by the late renegotiation of the scope of work and fees for a few sizeable clients based in our French, German and Italian markets. These reductions were a direct result of tough trading dynamics for those clients.

The number of agency pitch engagements which we ran achieved a double digit increase over 2022 – a very positive outcome.

We ran around 75 media consulting and agency selection processes encompassing a wide range of assignments – our largest media pitch process in 2023 covered 37 markets. While cost optimisation is important, advertisers require strategic thinking as well as digital and technology capabilities to support them during such processes.

Brand owners also required greater accountability on how their media investments were performing, demonstrated by the strong improvement in the performance of our Marketing Effectiveness Service Line. Brand owners are more focused on effectiveness and what this means for optimising the outcomes for their brand and business. We are increasingly integrating delivery across our services to help advertisers fully understand the relevant dynamics.

The region saw strong operating profit performance – France, Spain and the UK all enjoyed very healthy profit growth, with the greater use of automation and technology contributing significantly to this.

We expect both revenue and operating profit margin to continue to grow in 2024. We will focus on promoting our digital services, marketing effectiveness offering and the further acceleration of operational efficiencies.

Asia Pacific

After 24% year on year revenue growth in 2022, 2023 was a year of mixed results as China's economic slowdown impacted the region.

In line with the global strategy to become a digital first, data led media adviser, we hired a new Managing Director for ANZ – Ilda Jamison – who has brought extensive digital sales experience and is playing a pivotal role in transforming the Australian office by driving sales for our digital products. This transition led to a softer year for this market.

The Singapore team expanded its footprint north, with successful new client wins in Taiwan, South Korea and Japan. There were fewer agency selection projects in the region than previously, resulting in us securing fewer big multimarket projects. However, we enjoyed positive new business success from KFC and Lindt.

Our India office grew its client base with a fast moving consumer goods focus and showed the strongest operating profit margin in the region.

China is now APAC's largest office by revenue and headcount, under the strong leadership of Stewart Li. The first half of 2023 was impacted by the country's economic slowdown, but we had good success in competitive RFPs and won two large new clients, strengthening our position.

The Chinese market was shaken in the fourth quarter by allegations of corruption involving one of the largest agency groups. Many advertisers sought our independent advice on how to create greater transparency in the world's second largest advertising market. This has created business momentum into 2024 with an increase in agency selection projects in the first quarter.

Locally developed services continue to resonate with advertisers in China, leveraging the team's pioneering work on influencer analysis and ecommerce. They value our unique ability to provide digital insights for domestic platforms such as Baidu, ByteDance, Alibaba and Tencent.

In 2023, we successfully divested Digital Balance in Australia to an independent integrated agency, reflecting our strategy to increase our focus on our more productised core Digital Media Services.

After a year of consolidation, we are well placed for future growth.

Sustainability

Climate related Financial Disclosures

Introduction

The actual and potential impacts of climate change are intensifying, calling for increased action by everyone, including companies and their stakeholders.

This report provides an update on our sustainability initiatives and also fulfils our reporting obligations under the Companies (Strategic Report) (Climate related Financial Disclosure) Regulations 2022 ('CFD').

It provides a comprehensive analysis of the risks and opportunities that climate change presents to our business and is our first report under the new regulations.

The CFD framework against which we are reporting consists of eight disclosure requirements focusing on governance, strategy, risk management and metrics and targets, and covers the disclosure of both physical and transition risks linked to climate change. As we review our approach to each of these elements, we are able to bolster our resilience against climate related risks, enhance our communication with our stakeholders, better inform our decision making and foster sustainability.

Governance

Board oversight

The Board of Directors and the Executive Leadership Team ('ELT') are responsible for oversight of the Group's sustainability initiatives and integrating stakeholder interests into the corporate strategy. Our sustainability governance structure is shown in the diagram opposite.

The Board is kept informed of climate related matters by members of our executive ESG Committee, who attend Board meetings twice a year to provide an update. In 2023, they reported to the Board in January and September. At these meetings, they explained our strategic progress; key next steps and milestones were outlined and the Directors had the opportunity to ask questions.



Climate related Financial Disclosures continued

Governance continued ESG Committee

As described on page 40, the Board has overall responsibility for risk management and the Audit & Risk Committee discusses the Group's risk register in detail at least annually. Climate related risks were added to the Group's risk register in 2022 but were only considered at a high level at that stage. During 2023, the ESG Committee has partnered with an external consultant (McGrady Clarke) to identify the key climate related risks and opportunities facing the Group. This collaboration will continue in 2024.

ESG Committee	Nick Pugh Managing Director Ebiquity Europe Executive Sponsor
	Julian Jeffery UK Facilities Manager Project Manager
	Emmanuel Barbet Global Client Partner Implementation Manager
	Tolu Aladejebi Group Risk Assurance Officer Risk Register Owner

The ESG Committee comprises team members from various executive and managerial positions as shown below.

Throughout 2023, the ESG Committee held meetings at least once every month, with more frequent meetings when required. It focused on a range of sustainability projects such as calculating our global carbon footprint (including Scopes 1, 2 and 3) and then producing our Carbon Reduction Plan, as well as undertaking initiatives under the Energy Savings Opportunity Scheme ('ESOS'). In between sessions with the consultant, internal meetings were held to determine and progress appropriate actions.

An extensive list of the climate related risks and opportunities for the Group was compiled, which the ESG Committee refined by evaluating the full list and identifying the most relevant and pressing risks. The next step is for these risks to be added to the risk register if appropriate and to determine the actions necessary to manage and mitigate them. The updated risk register will then be presented to the Audit & Risk Committee for its endorsement.

Engagement initiatives

Ebiquity has set up a 'Green Team', made up of volunteer sustainability champions from various departments, roles and job levels within the Group. Its diverse composition ensures that a wide range of perspectives and expertise are represented when it discusses and communicates environmental issues.

The Green Team meets monthly and dedicates its time and effort to educating employees and increasing engagement with sustainability and climate related matters within the organisation. It plays a vital role in raising awareness about globally recognised ecological issues affecting the Group and therefore helps to maintain and strengthen our commitment to sustainability. In 2023, the Green Team shared a number of updates, including news of Costa Rica's success in reversing deforestation and Ecuador voting to end oil drilling in a biodiversity hotspot, as well as articles about plastic pollution, the implementation of water bunds and the development of desalination systems.

The Green Team has previously completed the Carbon Disclosure Project ('CDP') Climate Change Questionnaire, which helped to improve transparency and accountability in our climate related disclosures.

Future plans

In 2024, the ESG Committee plans to do the following:

- › Conduct quarterly reviews to track changes in our key climate related risks and opportunities. These insights will be shared with the ELT, which meets quarterly to review the risk register and updates will be provided to the Audit & Risk Committee and the Board as appropriate. The ELT will also take the lead on recommending any action to be taken to exploit climate related opportunities. The Audit & Risk Committee will oversee the significance and monitoring of climate related risks through the risk register. This register will outline the details of each risk, including its likelihood and potential impacts on the Group, along with updates on necessary mitigating actions to reduce risk levels.
- › Present to the Board the findings from our carbon footprint assessment and our Carbon Reduction Plan which resulted from it, including how we will measure success in implementing the actions identified.
- › Set up an internal climate risk assessment team which will be led by MDs from the business, tasked with overseeing the execution of carbon reduction actions in their respective local markets, as identified in our Carbon Reduction Plan. Each MD will have their own team to aid in implementing the recommendations.

Climate related Financial Disclosures continued

Risk management – current and future

Climate change risk is included in the Group's risk register; however, we do not currently have a defined process for managing climate related risk as it is not yet fully integrated within the broader risk management process. As more work is carried out by the ESG Committee and ELT in this area, we anticipate that the climate related risk analysis will develop and become more detailed, along with plans to manage and mitigate the risks. The approach to managing the climate related risks identified will be consistent with our methods for handling non climate related risks. This involves maintaining a comprehensive risk register at both Group and regional levels, where information about the risks are systematically documented and managed.

In consultation with McGrady Clarke, who produced a full risk and opportunities list following a research exercise, the ESG Committee has conducted a materiality assessment of 37 climate related risks and 31 climate related opportunities. These risks included both transition risks, which are associated with the shift to a low carbon economy, and physical risks resulting from physical climate changes.

The opportunities identified were linked to a number of areas, including resource efficiency, energy sourcing, products and services, market potential and resilience.

The Committee evaluated the relevance and potential financial implications of each risk and opportunity, focusing on their impact on the financial and operational aspects of the Group. They were then prioritised on the basis of their significance and a refined list produced.

The assessment process involved mapping the identified risks and opportunities against three future warming scenarios for three time horizons (explained below). This approach allowed us to understand and prepare for the potential impacts under different climate change projections, ensuring that our strategy is aligned with both current realities and future possibilities.

Strategy Time horizons

We have chosen our time horizons for the climate related risks and opportunities analysis to be as presented in the table on page 19.

Time horizon	Period
Short	Present – 2030
Medium	2031 – 2050
Long	2051 – 2080

We have selected the present to 2030 as our short term time horizon because it corresponds with the urgent nature of climate impacts and policy responses. This period enables businesses to modify their strategies in response to the fast changing environmental and regulatory contexts.

Our medium term time horizon, from 2031 to 2050, has been chosen to coincide with key climate milestones, notably the UK's goal of achieving Net Zero emissions by 2050. This timeframe serves as a strategic foundation for evaluating the extensive impacts of climate pledges, assisting businesses and policymakers in monitoring advancements and refining their approaches to foster a sustainable and low carbon future.

Selecting 2051 to 2080 as our long term time horizon allows for an in depth analysis of the enduring impacts and challenges of climate change, following key policy deadlines such as the UK's 2050 Net Zero target. This extended timeframe provides crucial insights into the potential long term environmental, societal and economic shifts, guiding sustainable planning and adaptation strategies for the distant future.

Climate related Financial Disclosures continued

Strategy continued

Climate scenarios

To assess our refined climate related risks and opportunities list, we have used the following Shared Socioeconomic Pathways ('SSPs') in our qualitative scenario analysis. The SSPs were defined in the sixth assessment report by the Intergovernmental Panel on Climate Change ('IPCC') and were built through an international collaboration of climate scientists, economists and energy system modellers.

SSP1 'Sustainability'

The SSP1 envisions rapid and significant cuts in global greenhouse gas emissions to align with the Paris Agreement's goal of limiting global warming to under 2°C above pre industrial levels. To achieve this, this scenario involves the implementation of new strict climate related laws and policies, complemented with robust co-operation at local, national and international levels to maximise global sustainability efforts.

SSP3 'Regional Rivalry'

SSP3 depicts a world with strong nationalism, regional divisions, economic and social disparities and significant environmental degradation, leading to moderate greenhouse gas emissions and notable climate change impacts. In this scenario, global co-operation is limited, technological advancement is uneven, and climate change mitigation efforts are inconsistent, resulting in major environmental and societal challenges. Escalating international tensions over resource access could lead to relaxed environmental regulations and increased reliance on domestic natural resources, perpetuating fossil fuel dependence and reducing investment in renewable energy.

SSP5 'Fossil-Fuelled Development'

SSP5, considered highly improbable, depicts an extreme scenario of unchecked economic growth fuelled by fossil fuels, leading to high greenhouse gas emissions and significant environmental damage. Public support for green funding measures such as carbon taxes declines, favouring cheaper fossil fuels and prioritising urban and societal gains over environmental protection. This scenario anticipates relying on advanced technologies to address the severe environmental impacts.

Disclosure of assumptions and estimates

In our qualitative scenario analysis, we have employed SSP scenarios as the foundation for estimating the potential effects of climate change, incorporating varied possibilities in economic, environmental and societal trends. These scenarios provide a comprehensive framework to project impacts over different timeframes, aiding in our strategic planning and risk assessment. However, it is crucial to acknowledge that these estimates, grounded in current scientific understanding, involve uncertainties due to the complex and evolving nature of climate change. We have also assumed that Ebiquity's geographic presence will remain fairly constant over time.

Climate related risks and opportunities

The refined selection of climate related risks and opportunities, with their expected potential effects in the specified time horizons, are outlined in the table on page 17. Each risk was classified as a transitional risk (policy, legal, technology, market, reputation) or a physical risk (acute, chronic). Each identified climate related risk and opportunity has a possibility of having a material financial impact on the Group, as shown in that table. These risks and opportunities were chosen because they cover the widest spectrum of climate related factors considered relevant and material to our operations. However, they do not necessarily include all material climate related risks and opportunities that we may encounter.

Climate related Financial Disclosures continued

Climate related risks and opportunities			SSP1			SSP3			SSP5		
			2030	2050	2080	2030	2050	2080	2030	2050	2080
Transition risks	Market	Changing customer behaviour	Medium	Very High	High	Medium	Medium	Low	Medium	Medium	Medium
		Uncertainty in market signals	Medium	Medium	Low	Medium	Very High	Very High	Medium	High	High
		Loss of clients due to poor environmental performance	High	Very High	High	Medium	Medium	Low	Medium	Low	Low
	Policy and legal	Enhanced emissions reporting obligations	High	Very High	High	High	Medium	Low	High	Low	Medium
Physical risks	Acute	Increased severity/frequency of extreme weather events such as cyclones and floods	Low	Low	Low	Low	Medium	Medium	Low	Medium	High
	Chronic	Rising sea levels	Low	Low	Low	Low	Medium	High	Low	Medium	High
Opportunities	Market	Increased demand for services of companies that have positive environmental credentials	High	Very High	High	High	Medium	Very Low	High	Medium	Medium
		The development of new revenue streams from new/emerging environmental markets and products	High	Very High	High	High	Low	Low	Medium	Low	Low
	Products and services	Development and/or expansion of low emission goods and services	Medium	High	High	Medium	Medium	Low	Medium	Low	Low

Climate related Financial Disclosures continued

Strategy continued

Climate related risks and opportunities continued

Key to table on page 17 and also to the tables on the following pages.

Very High	It is very likely that the climate related risk/opportunity will become significant and financially material to the Group.
High	It is likely that the climate related risk/opportunity will become significant and financially material to the Group.
Medium	It is an average chance that the climate related risk/opportunity will become significant and financially material to the Group.
Low	It is unlikely that the climate related risk/opportunity will become significant and financially material to the Group.
Very Low	It is very unlikely that the climate related risk/opportunity will become significant and financially material to the Group.

Climate related transition risk: market – changing customer behaviour

This risk deals broadly with alterations in customer purchasing patterns and demand due to climate related factors. The significance of this risk is expected to be the same across our global operations, with no market experiencing the risk worse than others.

	2030	2050	2080
SSP1	Medium	Very High	High
	Leading up to the UK Government's Net Zero 2050, we expect that our clients will become more environmentally responsible and that after 2050 their approach will remain the same. If we did not keep pace with these market trends and adapt our strategies and content to our clients' evolving preferences, we could lose market share to competitors. We would have an opportunity to help our clients achieve their sustainability goals as well as providing more sustainable services for them, both of which can lead to financial growth but will require us to continue to develop appropriate products and services.		
SSP3	Medium	Medium	Low
	We would have to adapt to a world where local and national interests dominate, leading to diverse regional attitudes towards climate change and an overall shift away from sustainability. Mitigation may require additional resources for adapting marketing strategies and services to a wide range of disparate and rapidly changing client preferences, impacting both operational complexity and cost efficiency. We may face unpredictability, including in the impacts on our financial position and need to diversify our operations to cater to the differing environmental concerns and economic priorities of each region.		
SSP5	Medium	Medium	Medium
	With a focus on technology and economic growth, we would require innovative, tech focused marketing strategies that resonate with an environmentally conscious client base despite a lack of climate change legalisation. If we did not align with these market trends we could lose ground to competitors who adapt better and faster. We would need to be flexible in our operations to align marketing strategies with the dual demand for innovation and environmental responsibility.		

Climate related Financial Disclosures continued

Strategy continued

Climate related transition risk: market – uncertainty in market signals

Market signals refer to economic indicators or trends of how the market may develop in the future. In the context of climate, the uncertainty in these signals comes as businesses and investors increasingly recognise the financial risks and opportunities associated with environmental shifts, leading to changes in market demand, regulatory landscapes and investment patterns.

The risk is anticipated to be consistent throughout our international operations, affecting all markets equally without any one market facing it more severely than the others.

	2030	2050	2080
SSP1	Medium	Medium	Low
	This risk is likely to decrease due to more consistent and clear policy directions towards green investments and sustainable practices, especially as greenhouse gas emissions decrease and level out. Clients may increase spending as market signals become more certain and predictable. We should focus on agile and forward thinking strategies, maintaining the ability to adapt if necessary. We might face financial unpredictability due to rapidly evolving green market trends and need to adjust our marketing strategies accordingly.		
SSP3	Medium	Very High	Very High
	The lack of global coordination on climate change leads to unpredictable market trends and client behaviours across all regions. We can mitigate this risk by developing flexible marketing strategies and diversifying our portfolio to adapt to the varied and rapidly changing client preferences and regulatory environments across different regions. There may be financial risks associated with misinterpreting diverse regional market signals, requiring a more decentralised and adaptive operational model.		
SSP5	Medium	High	High
	In this scenario, opportunities in innovative technologies may increase, but ongoing reliance on fossil fuels and potential delays in environmental regulations could cause unpredictable market shifts and heightened financial risks from climate change. Keeping ahead of these changes and understanding the evolving mindset of our clients would be essential for us to manage this unpredictability and sustain a competitive advantage. We would have to contend with the financial implications of balancing tech driven markets with emerging environmental concerns and, therefore, be required to continuously innovate and realign our products and services to stay relevant.		

Climate related Financial Disclosures continued

Strategy continued

Climate related transition risk: market – loss of clients due to poor environmental performance

This risk is expected to be consistent throughout all our international operations.

	2030	2050	2080
SSP1	High	Very High	High
	We would have to meet emissions reduction expectations to maintain credibility and the trust of our clients. Not doing so could result in reputational harm, loss of clients, legal issues and revenue decline. We could actively enhance our sustainability practices, transparently communicate our environmental efforts, and align our services with growing client demand for eco friendly and responsible business practices.		
SSP3	Medium	Medium	Low
	While maintaining good environmental practices would be advisable, the urgency for extensive sustainability measures would be reduced. We could mitigate the risk by adopting regionally specific sustainability strategies and adapting services to meet the environmental expectations of local clients. Failure to meet those expectations could still result in client attrition and financial setbacks.		
SSP5	Medium	Low	Low
	While environmental concerns would still be acknowledged, they would often be addressed through technological solutions and the pressure for direct environmental performance would be less intense. We could integrate sustainable practices into our business model. However, we could lose clients to competitors with better environmental credentials.		

Climate related transition risk: policy and legal – enhanced emissions reporting obligations

The risk of enhanced emissions reporting obligations may vary across our global operations in the future because of different national policies and regulations. However, this analysis has been conducted on the basis that all markets experience the same policy changes.

	2030	2050	2080
SSP1	High	Very High	High
	With the emphasis on sustainability and global co-operation, the need for precise and thorough emissions reporting will significantly increase as we approach 2050. We may incur significant costs in order to meet these reporting obligations and would also need to have more robust data management and reporting systems.		
SSP3	High	Medium	Low
	The risk of stringent emissions reporting might not rise significantly or could be inconsistent. We should invest in robust emissions tracking and reporting systems tailored to varied regional regulations. This could result in increased operational complexity and the financial impact could vary by region, depending on the cost of local compliance.		
SSP5	High	Low	Medium
	The risk of strict emissions reporting may initially be lower, with economic interests taking precedence over environmental concerns. However, a shift towards more thorough emissions reporting may occur later. We may need to invest in advanced emissions tracking and analysis technologies which would have cost implications, as well as requiring us to adapt our operations to integrate the systems effectively within our business model in a high growth, tech centric environment.		

Climate related Financial Disclosures continued

Strategy continued

Climate related physical risk: acute – increased severity/frequency of extreme weather events

This risk is expected to have different impacts in each region, with certain offices potentially facing more pronounced consequences due to their specific geographical and climatic situations. Offices in Spain have changed summer opening times to accommodate the high temperatures and this is expected to worsen. Offices in Shanghai and Singapore are expected to be the most prone to future water stresses.

The increased severity and frequency of extreme weather events presents potential financial and operational risks. There may be costs from infrastructure damage and repairs, as well as potential revenue losses due to interrupted services, although we already minimise this risk with cloud based data storage and working from home arrangements where possible.

	2030	2050	2080
SSP1	Low	Low	Low
	We do not foresee significant extreme weather changes within this climate scenario. With global warming capped below 2°C through the short, medium and long term, intensity and severity of extreme weather events should remain limited.		
SSP3	Low	Medium	Medium
	The likelihood of intensified climate phenomena increases in this scenario. The fragmented response to climate change in this scenario may result in mixed levels of preparedness globally. We should retain flexible operational policies, such as home working, to ensure business continuity across different regions with varying climate challenges. We should continue our cloud based digital data storage, to ensure continuous service to our clients.		
SSP5	Low	Medium	High
	If rapid climate change leads to more frequent and severe weather events, our operations and client services could be jeopardised, even with advanced technology. To address this, we need to maintain our digital infrastructure for remote working and continue with our cloud based data storage. In the long term, depending on climate outcomes, we may need flexibility to consider moving vulnerable office locations to areas less affected by extreme weather events, although, on the whole, most of our operations are not in these areas.		

Climate related physical risk: chronic – rising sea levels

Sea levels are expected to increase over time and with each scenario, worsening from SSP1 to SSP5, increasing our exposure to this risk, which is expected to have more of an impact on our offices in low lying areas.

	2030	2050	2080
SSP1	Low	Low	Low
	In the short and medium term, the risk of rising sea levels at many of our lower lying offices is minimal, due to the control of global warming in this scenario.		
SSP3	Low	Medium	High
	The varied regional responses to climate change may require a flexible and targeted operational approach in each region towards the long term, as sea levels rise. This chronic risk of sea level rise may lead to reassessing at risk office locations, and emphasising digital and remote working to maintain business stability amid the environmental challenges.		
SSP5	Low	Medium	High
	Rising sea levels may pose risks to our business, including potential repairs or relocation away from areas at greater risk of flooding. However, due to our key offices not being in coastal locations or those with a high risk of flooding, the impact on financials may be minimal. Operationally, although we have remote working capabilities, if frequent disruptions occur, this may require us to invest in more resilient infrastructure or to move critical operations to safer areas, to ensure service continuity.		

Climate related Financial Disclosures continued

Strategy continued

Climate related opportunity: market – increased demand for services of companies that have positive environmental credentials

This opportunity is expected to be uniform across our operations.

	2030	2050	2080
SSP1	High	Very High	High
	The rise in demand for sustainability credentials, driven by global efforts to reduce carbon emissions and tackle climate change, would be expected to result in our clients preferring to do business with companies which are committed to having such credentials. We would be well positioned in such a market and could capitalise on this trend. By showcasing our commitment to sustainable practices in our operations and marketing, we can attract clients seeking sustainable business strategies.		
SSP3	High	Medium	Very Low
	In the face of increasing social and geopolitical conflicts, the focus on green initiatives may diminish, leading to less emphasis on sustainability. However, the shift towards regionalism and limited co-operation would create an opportunity for us to stand out by maintaining strong environmental credentials and give us a competitive edge in areas where environmental awareness persists, allowing us to target markets and clients which value environmental responsibility in a landscape where it would become less common.		
SSP5	High	Medium	Medium
	In a world prioritising economic growth driven by fossil fuels, the emphasis on sustainability focused companies may decrease due to the priority placed on technology and economic expansion. By offering innovative, sustainable products and services, we could attract clients for whom sustainability remained important.		

Climate related opportunity: products and services – development of new revenue streams from new/emerging environmental markets and products

This opportunity is expected to be uniform across our global operations.

	2030	2050	2080
SSP1	High	Very High	High
	New revenue streams could emerge from growing environmental markets, driven by a global commitment to sustainability. By offering appropriately targeted products and services, we could help our clients thrive in the green economy. This approach would not only generate new income opportunities, but also position us as a leader in the green market evolution. This would involve strategically investing in products and services with a focus on sustainability.		
SSP3	High	Low	Low
	Global conflicts might slow down overall growth in environmental markets by diverting resources, yet this could open up some opportunities in regional and local markets. We could use our global insights to help regional environmental companies expand, despite limited international co-operation. Financial growth would be possible by targeting region specific environmental markets, calling for a more localised operational approach, promoting region specific environmental solutions and technologies.		
SSP5	Medium	Low	Low
	A shift in focus could slow down advances in environmental technologies and markets. However, some opportunities would still exist in green sectors. We could capitalise on this by providing products and services to our clients in relevant sectors which would lead to financial benefits.		

Climate related Financial Disclosures continued

Strategy continued

Climate related opportunity: market – development and/or expansion of low emission goods and services

It is anticipated that this opportunity will have a uniform impact across all of our international markets.

	2030	2050	2080
SSP1	Medium	High	High
	The demand for low emission services is set to increase, driven by global efforts to reduce greenhouse gas emissions. In this context, we have a significant opportunity to grow as we could develop products and services that align with low emission standards and help our clients achieve their goals. The rising demand for low emission services would therefore present an opportunity for revenue growth.		
SSP3	Medium	Medium	Low
	Resource reallocation towards conflict management may slow the growth of low emission services. We might adapt by focusing on localised, low emission solutions, customised to each region's unique environmental challenges. Leveraging our global expertise, we can create distinct, environmentally conscious marketing strategies to help clients succeed in their specific local markets. The fragmented regional landscape would demand a varied financial approach and a localised operational strategy to meet specific low emission needs.		
SSP5	Medium	Low	Low
	The low emission sector may see reduced focus and investment. By aligning with the emerging environmental awareness in a tech centric market, we could attract clients keen to minimise their ecological impact within this growth focused framework. The focus on economic and technological growth would open a unique financial avenue in the low emission market, requiring us to adapt our operations to suit a market that is both high tech and environmentally aware.		

Resilience of our business model

Following analysis under the three climate scenarios SSP1, SSP3 and SSP5, we are satisfied that the dynamic nature and robustness of our business model makes us resilient to the climate related risks we have identified. In the short term time horizon, we are willing to adapt to environmental policies and consider mitigation opportunities. The climate scenarios present an opportunity for us to move towards more sustainable practices, potentially opening new markets and customer segments interested in eco friendly services.

For more distant time horizons, we have sufficient time to adapt and consider a number of mitigating actions. To minimise the financial and operational risk associated with acute and chronic physical climate related risks, we will continue to use cloud based services and engage in flexible home working practices, which can minimise disruption and ensure continuous service to our clients.

As we continue to integrate sustainability within the business, we expect to harness a range of climate related opportunities as well as ensuring we remain resilient to climate related risks.

Climate related Financial Disclosures continued

Metrics and targets

Global carbon footprint assessment results

Over recent years, we have collaborated with McGrady Clarke to determine our carbon footprint. The methodology used has followed Greenhouse Gas ('GHG') Protocol guidelines. Before 2022, we focused on voluntarily calculating the carbon footprint for our six largest markets, however, since 2022, we have monitored our global carbon equivalent emissions.

The table below gives details of our Scope 1, 2 and 3 emissions for 2022 and 2023, for all 18 of the markets in which we have a physical presence. The figures for 2023 were calculated slightly differently, so that they were ready in time to be included in this report. Only the UK emissions were calculated from the full 2023 dataset, with figures for the remaining markets calculated by reference to variations in the FTE employee numbers and the emissions values for 2022. The full carbon footprint assessment for 2023 is in progress and will be published on our website in due course.

Reporting period	FY 2023 tCO ₂ e			FY 2022 tCO ₂ e		
	UK ¹	Non UK	Total	UK	Non UK	Total
Scope 1						
Gas consumption	0.00	24.00	24.00	0.00	27.62	27.62
Company owned vehicles	0.00	5.31	5.31	0.00	5.68	5.68
Total Scope 1	0.00	29.30	29.30	0.00	33.30	33.30
Scope 2						
Electricity consumption (location based)	28.82	46.88	75.70	52.69	58.29	110.98
Total Scope 2	28.82	46.88	75.70	52.69	58.29	110.98
Scope 3						
Purchased goods and services	1,203.65	683.38	1,887.03	1,612.66	763.2	2,375.86
Capital goods	115.99	114.15	230.14	61.75	132.88	194.63
Fuel and energy related activities	2.46	9.40	11.86	4.82	10.61	15.43
Upstream transportation and distribution	0.17	0.30	0.47	0.06	0.44	0.49
Waste generated in operations	0.10	0.50	0.60	0.18	0.61	0.79
Business travel	134.56	160.47	295.03	45.84	177.82	223.66
Employee commuting	134.91	238.09	373.00	111.23	242.93	354.15
Upstream leased assets	2.93	41.21	44.14	24.72	49.26	73.98
Investments	0.00	0.68	0.68	0.00	0.83	0.83
Total Scope 3	1,594.77	1,248.18	2,842.95	1,861.26	1,378.58	3,239.84
Total Scopes 1-3	1,623.59	1,324.37	2,947.96	1,913.95	1,470.17	3,384.11

1. The emissions reported for the UK also includes head office costs and those related to Ebiquity plc as a listed company. In addition, some of the costs borne by Ebiquity in the UK relate to other markets and this accounting treatment therefore results in a not wholly accurate reflection of the emissions of the business in the UK.

Climate related Financial Disclosures continued

Metrics and targets continued

Net Zero target

As the holding company for the Group, Ebiqity plc, is UK based, we are committed to achieving Net Zero status by 2050 at the latest, in line with the Climate Change Act 2008. In the future, we expect to publicly disclose our Carbon Reduction Plan and our Net Zero targets.

Other key performance metrics and associated targets

We also track annually a range of metrics related to our emissions data as well as the scale of physical and transitional climate risks and opportunities, in order to monitor progress towards our targets. The details of these are explained in the table below, including our methodologies and current progress.

Metric	FY 2023	FY 2022	Risk/Opportunity covered	Target relating to metric	Target year	Methodology	Progress
Scope 1-3 emissions per client (tCO ₂ e/client)	5.27	5.58	<ul style="list-style-type: none"> › Climate related transition risk: market – changing customer behaviour › Climate related transition risk: policy and legal – emissions reporting obligations › Climate related opportunity: market – increased demand for services of companies that have positive environmental credentials 	Maintain or increase the number of clients while simultaneously reducing Scope 1-3 emissions.	Year on year reduction in intensity ratio. The aim is for this metric to stay the same or reduce each year.	These were calculated using data from our carbon footprint analyses and dividing by the number of clients to produce the intensity metric. We will continue to track this metric in future and analyse any trends.	Intensity metric decreased by 5% YOY. Client numbers decreased slightly but so did emissions.
Scope 1-3 emissions per FTE employee (tCO ₂ e/FTE employee)	7.19	7.59	<ul style="list-style-type: none"> › Climate related transition risk: policy and legal – emissions reporting obligations › Climate related transition risk: market – changing customer behaviour › Climate related opportunity: market – increased demand for services of companies that have positive environmental credentials 	See a reduction in Scope 1-3 emissions annually.	Year on year reduction to 2050.	This metric was calculated using the GHG emissions results from our global carbon footprint assessments, divided by the number of FTE employees in each market.	Intensity metric decreased by 5% YOY. FTE employees decreased slightly but so did emissions.

Climate related Financial Disclosures continued

Metrics and Targets continued

Other key performance metrics and associated targets continued

Metric	FY 2023	FY 2022	Risk/Opportunity covered	Target relating to metric	Target year	Methodology	Progress
Number of offices in at risk locations of extreme weather events	2	2	› Climate related physical risk: acute – increased severity/frequency of extreme weather events	Have zero offices globally in at risk locations of extreme weather events including tropical storms, tsunamis, extreme heat and severe drought.	2050 – due to the increased likelihood and severity.	Conducted on a case by case basis.	No change in office locations.

Future plans

We recognise the importance of tracking metrics related to sea level rise, and will endeavour to include a metric and target on this in future reporting years.

Streamlined Energy and Carbon Reporting ('SECR')

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018, we are mandated to disclose our UK energy use and associated greenhouse gas ('GHG') emissions.

As a minimum, we are required to report the GHG emissions from fuel combustion, purchased energy and transport vehicles, under Streamlined Energy and Carbon Reporting ('SECR'). Additionally, the use of an intensity ratio and an outline of implemented efficiency measures are required under the Streamlined Energy and Carbon Reporting ('SECR') Regulations.

To ensure a high level of transparency is achieved, robust and recognised reporting methods are implemented. The reporting methodology involves usage of the 2023 Department for Environment, Food and Rural Affairs ('DEFRA') emissions factors to calculate and assess our UK operational emissions.

The SECR reporting period covers Ebiquity plc's UK operations from 1 January 2023 to 31 December 2023 and our calculations are for the following scopes:

- › **Building related energy** – purchased electricity consumption (Scope 2)
- › **Transportation** – expensed business travel in employee and hire vehicles (Scope 3)

Calculation methodology

Ebiquity plc's emissions have been assessed in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with DEFRA's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements'. The DEFRA 2023 emissions conversion factors were used to quantify the emissions associated with Ebiquity plc's UK operations for the specified reporting period. Where first hand energy consumption data was unavailable, a pro rata estimation methodology has been used.

Organisational boundary

We have used the operational control approach.

Results

Reporting period		1 January 2023 – 31 December 2023	1 January 2022 – 31 December 2022
Area	Metric	UK & Offshore	UK & Offshore
Emissions from purchased electricity (Scope 2)	Energy (MWh)	139.19	272.47
	Emissions (tCO ₂ e)	28.82	52.69
Emissions from expensed business travel in employee and hire vehicles (Scope 3)	Energy (MWh)	2.65	4.35
	Emissions (tCO ₂ e)	0.64	1.07
Intensity ratio	(tCO ₂ e/sqm)	0.02	0.03
Intensity ratio	(tCO ₂ e/UK employee)	0.14	0.26
Total energy consumption	(MWh)	141.84	276.82
Total emissions	(tCO ₂ e)	29.46	53.76

Intensity metrics

The chosen intensity ratios are tCO₂e per square metre and tCO₂e per UK FTE employees. These were chosen as appropriate activity metrics considering the nature of our operations, and facilitate comparisons to previous reporting years.

Energy efficiency measures

During the reporting period, we moved operations out of one of our occupied floors within the UK office, Chapter House. This has consequently reduced our electricity consumption. Consolidating operations from one floor of office space not only reduces our carbon footprint through lower energy consumption but also leads to substantial reductions in waste generation and operational expenses, so promoting a more sustainable and cost efficient business model.

Social responsibility

2023 saw unprecedented investment in the Group's social strategy with the provision of key resources to equip employees for career success and to support the communities in which we operate.

Over the course of 2023, 149 new employees were recruited. Their onboarding was accelerated by a newly launched global induction programme that significantly shortened their time to proficiency. To further support all staff, including new hires, several key technologies were launched in 2023, including:

- › The Group's first ever global People platform, a resource that both enables self sufficiency and includes an enterprise wide organisation chart, updated in real time to provide clarity on roles and reporting lines

- › The Ebiquiteer Hub, a one stop online destination for all key employee information, is tailored to each employee's geographic location and provides a comprehensive knowledge base that will provide the foundation for an AI enabled chat bot to be deployed in the second quarter of 2024
- › A cutting edge AI enabled English language training platform that accelerates learning by customising content to fit each employee's needs and interests

A key enabler of career success is ensuring transparency of new roles, and Ebiqurity took major strides in this area in 2023, including:

- › The launch of detailed career paths for three of the five core specialisms: Engagement, Insights and Activation
- › The mapping of all roles to a global job framework that provides clarity on the scope of responsibilities for every role in the organisation
- › A renewed commitment to global mobility as evidenced in the posting of all new roles on the internal online job board and in the provision of role specific, developmental feedback to all internal candidates who apply for a new role

2023 also saw a continuation of 2022's focus on employee development, collaboration and wellbeing:

- › There were extensive opportunities for employees to participate in live or digital learning
- › The Engagement Academy and the Insights Academy were developed to foster consistency and excellence in these two key client facing specialisms
- › The Ebiqurity Café was launched to provide a virtual drop in session for employees to connect informally with colleagues around the world
- › The creation of the Leadership Forum provides senior leaders with the opportunity to partner on strategic initiatives and to facilitate top down and bottom up communication
- › Closing the business over the December year end holiday period to provide an extra week of paid time off for all employees
- › One day of paid time off to engage in Bridging the Gap community volunteer activities or, for those who do volunteer activities in their own time, to be recognised for their community contributions

In 2023 we focused on employee development, collaboration and wellbeing.

Section 172 statement

Under section 172 of the Companies Act 2006, there is a general duty on every director to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

In doing this, the directors must have regard, among other matters, to the following

- › the likely consequences of any decision in the long term
- › the interests of the company's employees
- › the need to foster the company's business relationships with suppliers, customers and others
- › the impact of the company's operations on the community and the environment
- › the desirability of the company maintaining a reputation for high standards of business conduct
- › the need to act fairly as between members of the company

This report sets out how the Board of Directors of Ebiquity plc has carried out this duty. As part of this process, the Board has identified the following as key stakeholders of the Group:

- › Employees
- › Investors
- › Customers – brand owners
- › The wider advertising industry, ie agencies, media owners and trade bodies
- › Suppliers

How the Board takes account of the factors listed in section 172 in making decisions

The Board takes account of the factors listed in section 172 when it makes decisions in two ways:

- › By having a general knowledge and understanding of the views of key stakeholders and the other factors
- › By considering any of those stakeholders and other factors specifically, when they may be directly relevant to a particular Board decision

The Board has a rolling 12 month planner detailing matters which come to it for consideration and discussion, and this is used to ensure the Board is aware of the views of the Group's various stakeholders and develops its knowledge and understanding of the other section 172 factors for the Group. The planner is regularly reviewed by the Chair, CEO and Company Secretary and included in the Board pack from time to time so that all Directors are aware of upcoming items and can suggest additional topics for discussion or individuals to meet if they wish.

Section 172 statement continued

Section 172 factors

The following sets out how the Board ensures it has sufficient knowledge and understanding of the section 172 factors on an ongoing basis.

Matter	Response
The likely consequences of any decision in the long term	Sustainability remains one of the key matters considered by the Board on a regular basis and this affects many aspects of what the organisation does, particularly as the focus on the risks and opportunities of climate change increases. The risk management processes in place also ensure the Board considers the longer term impact of its decisions. More details can be found in the Sustainability report on pages 15 to 30 and in the Risks section on pages 40 to 43.
The interests of the Company's employees	<p>The Board receives an update from the Chief People Officer at least twice a year and the CEO includes employee related matters in his report to each Board meeting. He notes any significant issues faced by local offices, including levels of staff turnover and the reasons for this. The Board receives presentations from each of the Executive Leadership Team members over the course of a year, which includes the opportunity for questions and discussion. These presentations include updates on employee related issues in the area of the business overseen by the ELT member.</p> <p>During 2023, the Board visited both the Madrid and Paris offices and met the local teams at an informal social occasion. Feedback from both the Directors and employees was positive.</p> <p>More information on employee engagement can be found on page 28 of this report.</p>

Matter	Response
The need to foster the Company's business relationships with suppliers, customers and others	<p>Customers</p> <p>One of the pillars of the business strategy is Clients and they are considered at every Board meeting as part of the CEO's report, which provides details of key business wins, clients retained and any business lost (or unsuccessful pitches), together with any high level feedback. In addition, the Chief Client Officer attends a Board meeting annually to provide an update on progress.</p> <p>Ebiquity continued to develop new products and services to meet the needs of its current and potential new clients, including Advanced Television and Retail Media solutions. The Head of Product attended a Board meeting during the year to present the product roadmap to the Board.</p> <p>Suppliers</p> <p>As Ebiquity is a business services company, its suppliers are mostly those which provide utilities, office and IT supplies and this is reflected in the modest levels of engagement necessary. Ebiquity will be considering sustainability issues more as it sources these supplies and this is noted by the Board.</p> <p>Other industry participants</p> <p>Ebiquity produces a great deal of thought leadership which is disseminated in the form of written material, videos and webinars. These are made available to the Board by sharing links to the videos and webinars and uploading the key white papers or other reports to the reading room in the Board portal.</p>

Section 172 statement continued

Section 172 factors continued

Matter	Response
The impact of the company's operations on the community and the environment	<p>Community As noted above, Ebiquity is a business services company and its operations do not have a material impact on the local communities in which it operates. However, as part of its ESG strategy, employees are given a paid day off to volunteer to support local charities.</p> <p>Environment During the past 12 months the Board had two dedicated discussions on Ebiquity's approach to sustainability with the members of the ESG Committee. As well as these discussions, sustainability matters are considered as part of the Board's (and committees') other deliberations. This year we are reporting under the UK CFD regulations for the first time and this disclosure can be found on pages 15 to 28.</p>
The desirability of the company maintaining a reputation for high standards of business conduct	<p>Business conduct One of the key ways in which the Company maintains its reputation for high standards of business conduct is the way in which all staff behave. This flows from the culture and values of the organisation, with the current values (which continue to be followed and implemented) adopted in 2021.</p>

Matter	Response
The need to act fairly as between members of the Company	<p>The ways in which the Board engages with investors is described more fully in the corporate governance report on page 47. The Board engages regularly with institutional investors and continues to make efforts to provide opportunities for retail investors to engage with the Company. Arrangements were made for the 2023 AGM to be held as a hybrid meeting, to allow shareholders to attend via video conference if they were not able to be there in person. Ebiquity has continued to use the Investor Meet Company platform, so that retail investors have the opportunity to watch a presentation by the CEO and CFO when the full and half year results are announced and to ask questions.</p>

Financial review



Group revenue for the year increased by £5.1 million (6.8%) to £80.2 million, with growth across all Service Lines."

Julia Hubbard
Chief Financial Officer

Summary income statement

Current year results include 12 months' contribution from the MMi and MediaPath acquisitions, which were completed in April 2022. These businesses were fully integrated into Ebiquity by December 2022.

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

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

This revenue growth was partially offset by an increase of £2.4 million in costs, resulting in an increase in adjusted operating profit in 2023 of £2.8 million (31%) to £12.0 million (2022: £9.2 million). There was a corresponding improvement in adjusted operating profit margin of 2.8 percentage points to 15% (2022: 12.2%).

Of these costs:

- Project related costs (which comprise external partner and production costs) and staff costs both increased by 2% year on year, and together totalled an increase of £1.3 million
- Adjusted other operating expenses increased by £1.1 million to £12.3 million (2022: £11.2 million), largely due to a £1.4 million swing in foreign exchange during 2023. The foreign exchange charge was £0.5 million in 2023 and a benefit of £0.8 million in 2022

Transformation status

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

Three products have been transitioned to GMP to date – being Agency Selection, ValueTrack® and, towards the end of 2023, Benchmarking. These products amount to around 60% of the Group's revenue. The key success metric of the transformation is the proportion of transitioned products to the GMP platform. In 2023, 20% of the total available product revenue (ie Agency Selection, ValueTrack® and Benchmarking) was delivered on the GMP platform. Although this was twice as much as the prior year, it is still slower than we had originally anticipated.

	2023 £m	2022 £m	Change	
			£m	%
Revenue	80.2	75.1	5.1	6.8%
Project related costs	(7.4)	(7.2)	(0.2)	(1.9)%
Staff costs ¹	(48.5)	(47.4)	(1.1)	(2.3)%
Other operating expenses ¹	(12.3)	(11.2)	(1.1)	(9.5)%
Adjusted operating profit¹	12.0	9.2	2.8	31.1%
Net finance expense	(2.3)	(1.3)	(1.0)	77.9%
Taxation	(2.6)	(2.0)	(0.6)	27.3%
Adjusted profit – continuing operations¹	7.1	5.8	1.3	22.1%
Highlighted items	(11.4)	(13.3)	1.9	(14.6)%
Statutory loss – continuing operations¹	(4.3)	(7.5)	3.2	(43.2)%

1. Excluding highlighted items. The commentary in this review focuses largely on alternative performance measures ('APMs') adopted by the Group. These non-GAAP measures are considered useful in helping to explain the performance of the Group and are consistent with how business performance is measured internally by the Group. Further details of the APMs, including their reconciliation to statutory numbers, are given on page 126.

Financial review continued

Summary income statement continued

Transformation status continued

Savings are dependent on the migration to the more efficient technology platform, GMP, reaching a critical mass. As a result, delivery efficiency savings are slower than originally planned due to the 'dual running' of delivery teams for both legacy and GMP based products.

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

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

Revenue by Service Line

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

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

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

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

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

Revenue by geographical segment

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

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

Financial review continued

Summary income statement continued Adjusted operating profit by geographical segment

	Adjusted operating profit		Adjusted operating profit margin	
	2023 £m	2022 £m	2023 £m	2022 £m
UK & Ireland	7.7	6.6	24.6%	25.3%
Continental Europe	7.5	6.3	32.0%	23.9%
North America	2.3	0.9	13.6%	7.2%
APAC	1.6	1.8	18.5%	18.9%
Operating profit from regional segments	19.1	15.7	23.8%	21.0%
Unallocated costs	(7.1)	(6.6)	NA	NA
Adjusted profit – continuing operations	12.0	9.2	15.0%	12.2%

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

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

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

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

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

Highlighted items

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

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

Financial review continued

Summary income statement continued

Highlighted items continued

Amortisation and impairment:

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

Post acquisition accruals and charges:

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

Professional charges including acquisitions and aborted acquisitions:

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

Reorganisation:

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

Finance costs

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

Taxation

The adjusted effective tax rate of 26.6% is 0.8 percentage points higher than the prior year (2022: 25.8%) largely due to the impact of UK corporation tax rates which increased to 25% from 19%. There was a corresponding increase of £0.6 million in the adjusted tax charge to £2.6 million (2022: £2 million).

Profit/loss for the year from continuing operations

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

Earnings per share

Adjusted profit after taxation increased by 22% to £7.1 million (2022: £5.8 million), resulting in an increase in adjusted diluted earnings per share to 5.34p at 31 December 2023, from 4.41p in the prior period. The statutory basic loss per share improved from 6.92p in the prior period to 3.36p at 31 December 2023.

Dividend

No dividend has been declared or recommended for either of the 12 months ended 31 December 2023 or 2022.

Financial review continued

Statement of financial position and net assets

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

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

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

Net assets

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

Working capital

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

Adjusted cash conversion

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

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

Equity

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

Financial review continued

Net debt and banking facilities

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

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

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

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

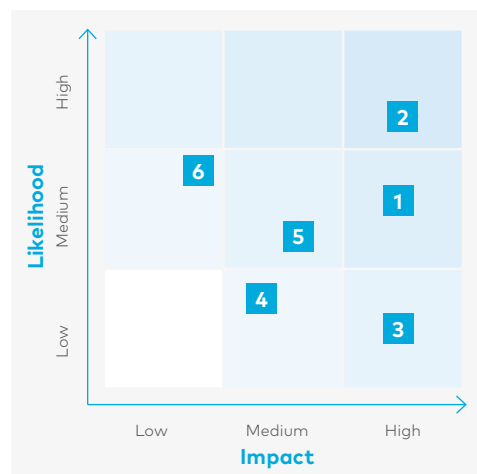
The facility will bear variable interest at Barclays Bank SONIA rate plus a margin ranging from 2.25% to 2.75%, depending on the Group's net debt to EBITDA ratio.



Julia Hubbard
Chief Financial Officer

Risks continued

Key risks impacting the Group



Key

- 1 Access to media data
- 2 Cybersecurity
- 3 Liquidity
- 4 Client loss
- 5 Geopolitical & macroeconomic factors
- 6 Business & finance operations transformation

Change in year

- ⬆ Increased
- ⬇ Decreased
- ➡ Unchanged
- ✳ New risk

The key risks impacting the business, and the mitigating actions, are as follows.

01 Access to media data

Change since 2022: ➡

Description

Our business relies on clients to provide data for analysis in order for us to deliver on our objective of driving returns on their media investments and increase their business performance. Restrictions over access to client data could lead to significant loss of revenue through non delivery of Ebiquity services.

Mitigating actions

The Group continues to develop good and transparent working relationships with the media agencies.

Ebiquity engages with media associations (eg ISBA and ANA) to influence media owners on usage terms and conditions of media data.

02 Cybersecurity

Change since 2022: ⬆

Description

Cyber threats continue to be a risk to the Group through hackers gaining access to new technologies and using artificial intelligence powered language models to increase the scope of ransomware attacks, creating new malware and increasingly convincing phishing emails. This increases the risk of data loss and the inability to deliver services to clients, business interruption and financial loss.

Mitigating actions

The Group continues to invest in information security to prevent, detect and mitigate cyber threats and attacks.

The Group's Information Security function monitors and drives the enhancement of the Group's evolving cybersecurity controls and policies in light of evolving cyber threats.

All employees must undergo regular cybersecurity training to ensure they understand and are able to identify ongoing cyber threats and what they can do to minimise the likelihood of the Group's information systems being compromised.

Regular updates on latest cyber threats are communicated to all employees.

Risks continued

Key risks impacting the Group continued

Liquidity

03

Change since 2022: 

Description

The Group relies on external financing through a revolving credit facility to support strategic and operational needs. Failure to manage liquidity could lead to breaches of banking covenants. This may impact the ability of the Group to maintain its banking facilities and to satisfy payment obligations as they fall due.

Mitigating actions

Weekly cash flow reporting and forecasting is through a newly implemented extended 13 week cash flow process reported from all Group companies. The Group cash position and cash flow forecasts are monitored weekly.

Day to day cash management is at a local reporting unit level.

Targeted reduction of net debt based on cash flow forecast review and cash availability.

Banking reporting and compliance obligations are adhered to.

Client loss

04

Change since 2022: 

Description

The market is becoming more competitive and requires Ebiquity to develop new products and services in addition to providing existing products and services. Failure to do this may result in clients reducing their business engagement with us. The loss of key clients could lead to a material impact on resourcing and revenue.

Mitigating actions

Ongoing review of current products and services based on client feedback. Development of new products and services to broaden our client offering.

No single client represented more than 5% of the Group's total revenue stream.

Geopolitical & macroeconomic factors

05

Change since 2022: 

Description

There is increased volatility in previously stable markets and the uncertainties that follow political changes. The global market continues to be challenging as a result of the rising cost of living and high interest rates.

Group performance could be adversely affected by political uncertainty. This has the potential to impact the nature and level of media investments from existing or new clients.

Mitigating actions

We undertake regular monitoring of political and other relevant developments in the markets in which we operate. We implement a rigorous appraisal of potential markets before commencing business in new areas.

The Group's geographic diversity and spread of clients among many sectors mitigates the impact of political challenges.

Risks continued

Key risks impacting the Group continued

Business & finance operations transformation 06

Change since 2022: 

Description

The programme to evolve Ebiquity's business to a global resourcing model and to migrate key Service Lines to the GMP365 platform may not progress as planned. It may run late, encounter unexpected problems and not deliver the anticipated savings.

Mitigating actions

Progress towards key milestones is constantly monitored and cost savings are tracked. Plans are in place to evaluate any delays. The need to accelerate the transition to the GMP365 platform is frequently reinforced. There are regular communications with investors, clients and other stakeholders to explain the changes and manage expectations. Forecasts of financial performance are reviewed on an ongoing basis.

Climate change risk

As described in the Sustainability section of this report on pages 15 to 30, during the year the Group has begun to analyse and assess the climate related financial risks facing the business. These will be integrated more fully into the overall risk management process and framework over the next 12 months.

Change in year

-  Increased
-  Decreased
-  Unchanged
-  New risk

Board of Directors



Rob Woodward

Non Executive Chair and
Chair of the Nomination Committee

About

Rob joined the Board as a Non Executive Director in March 2018 and was appointed Chair in May of the same year. He is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.

Experience

Rob was CEO of STV Group plc from 2007 to 2017, where he led their successful digital media group and oversaw a dramatic increase in shareholder value. Prior to STV, Rob was Commercial Director at Channel 4 Television for four years and was previously a Managing Director with UBS Corporate Finance and the lead partner for Deloitte's TMT Industry Group in Europe. He is currently Chair of the Met Office.



Nick Waters

Chief Executive Officer

About

Nick joined the Board as Chief Executive Officer in July 2020.

Experience

Nick has more than 20 years' experience in senior executive roles at leading international media, digital and advertising businesses. Prior to Ebiquity, Nick worked for 10 years at Dentsu Aegis Network (formerly Aegis Group), a multinational media and digital marketing group. Immediately prior to joining Ebiquity, Nick was Executive Chair, UK and Ireland, having previously been CEO for Asia Pacific for nine years. Prior to Dentsu Aegis Network, Nick held a number of senior roles at global media agency Mindshare for more than 10 years, which he joined from international advertising and marketing agency, Ogilvy & Mather. At Mindshare he progressed to become CEO of EMEA, having been CEO Asia Pacific and previously CEO of South East Asia. He has worked with some of the world's largest advertisers and best known brands including Ford Motor Co, Unilever, General Motors, Microsoft, HSBC and PepsiCo.



Julia Hubbard

Chief Financial Officer

About

Julia joined the Board as Chief Financial Officer in April 2023.

Experience

Julia was previously COO with Foundries.io Limited, which was set up in 2019 as a global SaaS business, providing solutions for secure management and maintenance of software to manufacturers of connected devices. Prior to this, Julia held CFO positions at 7digital Plc and Amino Technologies Plc – both AIM listed companies, in whose turnarounds she played a major part.

Julia is a qualified chartered accountant (FCA). She spent over 10 years at KPMG at the start of her career, where she worked in both audit and transaction services.



Sue Farr

Non Executive Director and
Chair of the Remuneration Committee

About

Sue joined the Board in April 2024. She is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.

Experience

Sue brings a wealth of marketing experience to the Board from her executive career, where she held a number of senior marketing and communication positions, including as the first Director of Marketing at the BBC, Corporate Affairs Director at Thames Television and Director of Communications at Vauxhall Motors.

Sue also has extensive experience in her non-executive career, with current roles at Helical plc, BAT plc and THG plc. Her previous Non Executive positions have included Dairy Crest plc, Millennium & Copthorne Hotels plc, New Look plc, Lookers plc and the Unlimited Group. Sue has also been a Trustee of the Historic Royal Palaces and is a previous Chair of both the Marketing Society and the Marketing Group of Great Britain. She has an Honorary Doctorate from the University of Bedford.

Board of Directors continued



Lara Izlan
Non Executive Director

About

Lara joined the Board in June 2021. She is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.

Experience

Lara is currently the Director of Insights at ITV plc where she is responsible for insight and analytics across ITV's media and entertainment business. Prior to this, Lara led ITV's advanced advertising data strategy, delivering addressable products and measurement solutions for connected TV advertising. Lara brings extensive experience from across the media industry with a particular expertise in advertising and marketing technology, having held senior strategic and commercial positions at leading media brands, including Auto Trader Group Plc, Telegraph Media Group Ltd and AOL. During her early career, Lara was based in the US, undertaking various analyst and research roles, including with Disney and OmniSky, a mobile internet startup. Lara holds degrees from Harvard, LSE and London Business School.



Richard Nichols
Non Executive Director and
Chair of the Audit & Risk Committee

About

Richard joined the Board in November 2008. He is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.

Experience

Richard was CEO of Instinctif Partners, the international business communications consultancy, from 2006 to 2018. He then held the role of Deputy Chair until September 2019. Richard is currently an adviser to various media and entrepreneurial businesses and is also Chair of the Harpenden Trust. Prior to joining Instinctif Partners, Richard was Chief Executive of Huntsworth plc, following the merger with Incepta Group plc, where he was the Chief Executive and formerly Group Finance Director. An Economics graduate from Cambridge University, Richard qualified as a chartered accountant with Price Waterhouse in London.



Lorraine Young
Company Secretary

About

Lorraine joined Ebiquity as Company Secretary in January 2021.

Experience

Lorraine is a chartered governance professional and accredited mediator, who provides board advisory and related consultancy services. She is a Non Executive Director of PHSC plc and a former Non Executive Director of City of London Group plc, both AIM listed companies. Lorraine is a Past President and Fellow of the Chartered Governance Institute. She has held senior governance roles at a number of FTSE 350 companies. She ran her own company secretarial and corporate governance advisory practice for 13 years, which in 2016 she merged with the cosec team at a UK top 50 law firm, where she was a partner. Since February 2019, Lorraine has been pursuing her own consultancy interests once more.

Board gender diversity



● Female | 50% ● Male | 50%

Board length of tenure



● 0-3 years | 3 ● 3-10 years | 2
● >10 years | 1

Corporate governance report



Rob Woodward
Chair

I am pleased to present the corporate governance report for the year ended 31 December 2023.

Ebiquity applies the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') when considering its corporate governance practices because this provides a robust yet sufficiently flexible framework for us as a small, growing company. For this year's annual report we have applied the 2018 version of the Code and the Board believes that the Company complies with all the principles of that Code, but this is an ongoing process, requiring regular review and action to ensure we continue to follow appropriate standards as the business develops and changes. A copy of the QCA Code is available from www.theqca.com.

The Board has agreed to adopt the 2023 version of the QCA Code going forward. We will be reviewing our governance processes during the next 12 months and expect to report against the updated QCA Code in next year's annual report.

As Chair I am responsible for the governance of the Board and its committees and ensuring that they continue to be effective. This includes having the right people in the right roles with a clear sense of purpose and an understanding of the Group's business model, strategic priorities, opportunities and risks. There have been changes to the Board in the last year, including the retirement of our CFO and COO and his replacement with a new CFO as well as the recent appointment of a new independent Non Executive Director and Remuneration Committee Chair. Details are included in the report below.

This corporate governance report describes how the Board and committees operate and the things we have done during the year. There are more detailed reports from the Audit & Risk Committee (on pages 51 and 52) and from the Remuneration Committee (on pages 53 to 57). The section 172 report (on pages 31 to 33) describes how the Board engages with stakeholders and considers their views (and other factors) when making decisions.

Rob Woodward
Chair

6 May 2024

Corporate governance report continued

This report describes how Ebiqity applies the 10 principles of the QCA corporate governance code, its corporate governance framework and key governance related developments since the last report.

Delivering growth

This section covers principles 1 to 4 of the QCA Code.

Purpose, strategy and business model

The Company's purpose, strategy and business model are set out on pages 1, 2, 7 and 8. Ebiqity generates long term value for its stakeholders as described on page 7.

In addition to the regular Board discussions, during the year the Board spent a full day considering strategy. It received presentations from members of the senior leadership team and other managers, covering a range of topics, including clients, new product development, AI and talent management. The CEO gives regular updates on progress against the strategy and further strategy sessions are planned during 2024.

Shareholder engagement

The Company communicates with shareholders through its annual report and accounts, the Annual General Meeting, face to face meetings with major shareholders and results presentations. A range of corporate information (including all regulatory announcements and annual reports and accounts) is available on the Company's website at www.ebiqity.com. The website contains details of all votes cast by shareholders at the Annual General Meeting and this is also announced after the meeting.

The Directors actively seek to build relationships with shareholders. The CEO and CFO are responsible for shareholder liaison and present to the major shareholders and analysts after the publication of both the full and half year results. As well as a presentation of the results, the meetings give shareholders the opportunity to ask any questions and discuss their needs and expectations. Once a year, the Chair invites major shareholders to meet to discuss corporate governance or other matters with him and the Company Secretary and they are both available at other times to deal with any shareholder enquiries.

The Remuneration Committee Chair consults with major shareholders before material changes are made to Executive Directors' remuneration.

The AGM is an opportunity for all shareholders to meet the Board and ask any questions. Retail investors can submit routine enquiries about their shareholdings to the Company's registrars, whose contact details are on page 130, and send any other questions via the Company Secretary (company.secretary@ebiqity.com). They can sign up to receive email notification of regulatory announcements at www.ebiqity.com. A live share price chart is also available.

The Company now offers current and potential investors the opportunity to attend presentations given by the CEO and CFO at the time of the full and half year results announcements via the Investor Meet Company platform. Details of how to sign up for these events are publicised through the regulatory news service.

Stakeholder and social responsibilities

The Company's key stakeholders (in addition to shareholders) are employees, clients, suppliers and industry participants such as agencies, media owners and trade bodies. Details of the Company's stakeholder engagement can be found in the section 172 statement on pages 31 to 33.

Our report on social responsibility on page 30 provides an overview of employee engagement during the year.

Our CFD Sustainability report on pages 15 to 28 sets out our approach to climate change, measuring our carbon footprint and the initiation of our Carbon Reduction Plan.

Risk management

The Board retains ultimate control and responsibility for the risk management of the Group. The risk management approach adopted by the Board is set out on pages 40 to 43. The Audit & Risk Committee report on pages 51 and 52 describes the activities of that Committee during the year in reviewing the Group's risk register and receiving regular updates on any changes. It also notes how the Committee considers auditor independence during the corporate reporting cycle.

Our CFD Sustainability report on pages 15 to 28 sets out our approach to climate related risks.

Maintain a dynamic management framework

This section covers principles 5 to 9 of the QCA Code.

The Board

The Board is responsible for the strategic direction of the Group and the appropriate management of its resources. The Directors are also collectively responsible for acting in the way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its shareholders as a whole. Further information on how the Directors fulfil their responsibilities and how the Board engages with the Company's key stakeholders can be found in the section 172 report on pages 31 to 33. A statement of the Directors' responsibilities in relation to the annual report and financial statements is set out on page 60.

Corporate governance report continued

Maintain a dynamic management framework continued

The Board continued

The principal matters considered by the Board include:

- › The development and execution of strategy
- › The setting and implementation of the Group's vision, purpose, values and standards
- › Ongoing performance against approved budgets and business plans, including financial and non financial KPIs
- › Financial results for the full and half year and dividend policy
- › Risk management and internal controls
- › Changes to the corporate, management or capital structure
- › Major projects
- › Board composition, Board and executive succession planning
- › Stakeholder engagement and feedback
- › Sustainability matters both internally and as part of Ebiquty's client offering
- › Corporate governance matters including approval of the remuneration policy and QCA Code compliance

As part of good corporate governance there are certain matters which are not appropriate to be delegated to management and which are reserved for consideration by the Board as a whole. The full list of such matters is available on the Company's website www.ebiquty.com.

Composition of the Board and Board roles

The Board comprises an independent Non Executive Chair, three other independent Non Executive Directors and two full time Executive Directors.

The Chair's principal role is to lead the Board in determining the Group's future direction and strategy and monitoring the achievement of its agreed goals and objectives. With assistance from the Company Secretary, the Chair is responsible for setting the agenda for, and organising the business of, the Board as well as ensuring its effectiveness.

The Chief Executive Officer is responsible for setting long term strategy, developing appropriate business plans, agreeing management KPIs and leading the Executive Directors and senior leadership team in the day to day running of the Group's business.

The Board has carried out a skills analysis and this has been regularly refreshed. During the year, the previous CFO and COO, Alan Newman retired and Julia Hubbard was appointed as CFO at the end of April 2023. Julie Baddeley has also stepped down from the Board after nine years' service and Sue Farr has joined the Board as an independent Non Executive Director and Remuneration Committee Chair. Richard Nichols has completed 15 years' service on the Board, staying on longer than would normally be the case in order to be present for the first full year audit in 2023 by Deloitte, who became auditors at the AGM in 2022 and also to provide continuity during the change of CFO. It is anticipated that another Non Executive Director and Chair of the Audit & Risk Committee will be sought in the coming months, ideally to be in place by the end of the calendar year.

The Board considers all of the Non Executive Directors to be independent.

All Non Executive Directors have letters of appointment which state their expected time commitment – around 24 days per year, including attending Board and committee meetings, the AGM and any other shareholder meetings. The Chair commits to four days per month carrying out his role. Additional time may be required during periods of heightened corporate activity.

Biographical details of the Directors, including the committees on which they serve, are on pages 44 and 45.

Attendance at Board and committee meetings in 2023

The table below sets out the Directors' attendance at Board and committee meetings during 2023.

Figures denote the number of meetings attended and the number of meetings the Director was eligible to attend.

Board member	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Rob Woodward	13/13	4/4	6/6	2/2
Julie Baddeley	12/13	3/4	6/6	1/1
Julia Hubbard ²	11/11	3 ¹	3 ¹	—
Lara Izlan	13/13	4/4	6/6	2/2
Alan Newman ³	3/3	1 ¹	2 ¹	—
Richard Nichols	13/13	4/4	6/6	2/2
Nick Waters	13/13	4 ¹	5 ¹	1 ¹

1. Attended by invitation.

2. Appointed on 28 April 2023.

3. Resigned on 30 June 2023.

4. Sue Farr was appointed on 4 April 2024, so is not included in this table for 2023.

Corporate governance report continued

Maintain a dynamic management framework continued

Remuneration

Details of the Directors' remuneration are set out in the remuneration report on pages 53 to 57. The Non Executive Directors receive fees for their services, they do not receive any performance related remuneration. The Board has recently appointed Sue Farr as Remuneration Committee Chair. This will provide the Committee with an opportunity to review the remuneration policy, ensuring it remains fit for purpose. The 2023 version of the QCA Code provides for both the remuneration policy and remuneration report to be put to a shareholder vote at the AGM. The Remuneration Committee and the Board will consider this for the AGM to be held in 2025.

Appointment, election and re-election of Directors

The Company's articles of association provide that each Director shall retire from office and be eligible for reappointment at the third annual general meeting after the one at which they were appointed or last reappointed. This year, the Board has decided that all directors will retire and offer themselves for re-election by shareholders at the AGM. This reflects the provisions of the 2023 version of the QCA Code. Following the recent Board effectiveness review, the Board is satisfied that each of the Directors continues to be effective and that they demonstrate sufficient time commitment to their roles.

Board meetings

During the year, the Board met formally on 13 occasions. During 2023, it met once in Madrid and once in Paris, where it met the local teams and had the opportunity to find out more about and discuss local market issues and to meet customers and other stakeholders.

The Board receives monthly management accounts and other relevant information as appropriate in advance of each Board meeting. This information is made available electronically via an online Board portal. Directors are able to access this information at any time, including after Board meetings. There are a number of standing agenda items reviewed by the Board at each regular Board meeting, including updates from the Chair, CEO, CFO and Company Secretary. Members of the Executive Leadership Team and other employees are invited to present to the Board from time to time. During the year the Board has received presentations from a number of the regional MDs, the CEO of FirmDecisions, the Chief Client Officer, the Chief Data & Technology Officer and the Chief People Officer as well as two members of the ESG Committee. Detailed minutes are taken of all Board meetings, which are circulated to the Board and approved at the following Board meeting.

Board committees

The Board has established several committees to support it in the performance of its functions. The principal committees are the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee. The Company Secretary acts as secretary to the committees and their terms of reference are available on the Group's website www.ebiquity.com.

Audit & Risk Committee

The Audit & Risk Committee is responsible for the overall financial reporting of the Company and Group and its report is on pages 51 and 52. The Board considers Richard Nichols to have recent and relevant financial experience as he is a qualified chartered accountant and has served as the Finance Director and Chief Executive Officer of listed and private companies. The Chief Financial Officer also attends these meetings at the invitation of the Committee Chair.

The purpose of the Audit & Risk Committee is to ensure good financial practices are present throughout the Group, to monitor that controls are in place to ensure the integrity of financial information, to review the interim and annual financial statements, to assess the adequacy and effectiveness of the Company's risk management systems and to provide a line of communication between the Board and the external auditors. The Committee has access to the external auditors as well as those responsible for preparing financial information within the Group.

Remuneration Committee

The Remuneration Committee is responsible for the Executive Directors' remuneration and other benefits and terms of employment, including performance related bonuses and share options, as well as providing general guidance on wider aspects of remuneration. The report of the Remuneration Committee is on pages 53 to 57.

The Executive Directors may attend part of the meetings at the invitation of the Committee Chair but are not present for any discussions regarding their own remuneration.

Nomination Committee

The Nomination Committee meets as necessary and has responsibility for nominating candidates to the Board for appointment as directors, bearing in mind the benefits of diversity and a broad representation of skills across the Board. It also considers Board composition and Board and committee succession planning, including any relevant output from the Board review.

Corporate governance report continued

Maintain a dynamic management framework continued

Advisers to the Board and committees

All Directors have access to the advice of the Company Secretary, who attends all Board and committee meetings. The Board consults external advisers on various matters as and when appropriate. These include the Company's nomad and broker, Financial PR, legal, tax and remuneration advisers. The Company's auditors attend meetings of the Audit & Risk Committee. Directors may take independent professional advice at the Company's expense as and when necessary to support the performance of their duties as Directors of the Company.

Board effectiveness review

The Board has recently carried out another effectiveness review, with online questionnaires supplemented by conversations between each Director and the Board Chair. The following areas were considered:

- › The role of the Board
- › Board meetings
- › Team working
- › Board development and support
- › Shareholder and stakeholder relations

In addition, there were questions on the effectiveness of Board committees, the Chair, the Executive Directors collectively, the Non Executive Directors collectively and the Company Secretary. The Chair of the Audit & Risk Committee undertook an evaluation of the Chair with the rest of the Board and the Company Secretary.

Overall, the feedback was positive and indicated that the Board continues to work well. The recommendations from this year's review are due to be considered at the next Board meeting.

Recommendations and follow up from the 2022 Board review included:

› Keep in mind the skills analysis as and when new Board members are sought, possibly finding someone with relevant marketing experience

The new Non Executive Director, Sue Farr has a strong marketing background.

› The Board to be given a demonstration of the GMP365 platform

This was done at the Board meeting in Madrid.

› The Board to be provided with more opportunities to meet and spend time with executives below Board level

During the Board visits to the Ebiquity offices in Spain and France, there was plenty of time to meet the local team both at informal events at the office and during presentations to the Board on matters of relevance to the local market and business.

It is intended to hold at least one Board site visit in 2024.

Corporate culture

The Company has recently set a new vision – "Creating a Better Media World, Together" which ties in with our purpose statement and values. The Board ensures that policies and procedures are in place to cover matters such as anti-bribery and corruption, business ethics and modern slavery. The Company has established arrangements by which individuals may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters. The Group has a code of conduct which extends to all of its business dealings and transactions everywhere that it operates.

The Company has a number of diversity working groups to ensure it functions as a diverse and inclusive organisation. There are regular 'all staff' webinars at which members of the senior management team update employees on plans and progress in the business. They also provide the opportunity for employees to ask questions on the topics under discussion.

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company Secretary keeps a register of the Directors' other interests and potential conflicts which is regularly reviewed and updated as necessary. At the beginning of each Board meeting the Directors confirm they have no conflicts of interest in relation to the matters being considered or declare any actual or potential conflicts which may arise. If necessary, they will recuse themselves from the relevant part of the meeting.

Build trust

This section covers principle 10.

Descriptions of how the Company is governed and its engagement with shareholders have been covered earlier in this report.

Audit & Risk Committee report



Richard Nichols

Audit & Risk Committee Chair

This report details the Committee's role and responsibilities and key activities during the year. Although the Board has ultimate responsibility for the Group's system of internal controls and for managing the Group's risks, the Board has delegated to the Audit & Risk Committee oversight of the Group's financial reporting and the Group's risk management process which aims to identify and mitigate significant risks.

Composition of the Audit & Risk Committee

All of the members of the Committee are independent Non Executive Directors with a combination of accounting, financial and commercial experience. The Board considers Richard Nichols, who chairs the Committee, to have recent and relevant financial experience. His biography is on page 45.

The Committee met four times during the year. The attendance of its members is set out in the table on page 48. Meetings of the Committee are also normally attended by the Group Chief Executive Officer, the Chief Financial Officer, the Company Secretary and other members of senior management, together with representatives from the external auditors Deloitte LLP ('Deloitte'), which ensures the Committee and the external auditors have access to all relevant financial and operational knowledge.

The Committee also meets with the external auditors without the Executive Directors and other senior management present to ensure it maintains an independent view and the Committee also meets alone when required.

Role and responsibilities of the Audit & Risk Committee

The Committee's terms of reference can be found on the Company's website www.ebiquity.com. The principal responsibilities of the Committee include:

- › monitoring the integrity of the Group's financial statements, including a review of significant financial reporting issues and judgements
- › considering the Group's accounting policies and practices and the application of accounting standards
- › overseeing the relationship with the Group's external auditors and reviewing their independence and objectivity, the effectiveness of the external audit process and the appointment, reappointment and removal of the external auditors
- › reviewing the Group's financial controls and other internal reporting systems
- › reviewing progress on implementing control improvements
- › keeping under review the adequacy and effectiveness of the Group's risk management systems. Further information on the Group's approach to risk is on pages 40 to 43.

Audit & Risk Committee report continued

Activities during the year

The key matters that the Committee considered during the year are listed below.

Financial statements

In relation to the full and half year financial statements, the Committee's principal activities were:

- › **the assessment of the carrying value of goodwill and intangible assets:** the Committee reviews annually the impairment test undertaken by management of the carrying value of any cash generating unit and also assesses at each half year whether there are any indicators of impairment. In its test, the Committee reviews the key assumptions in the assessment of goodwill and the sensitivity of these assumptions and impact on the carrying value of goodwill and intangible assets. On this basis the Committee makes recommendations to the Board in this regard
- › **revenue recognition:** the Committee reviewed the judgement applied by management in recognising revenue, including the calculation of revenue cut off at the year end
- › **presentation and disclosure of highlighted items:** the Committee reviewed the nature and quantum of the items proposed by management to be classified as highlighted, to ensure they were consistent with the Group's accounting policies and to ensure appropriate and balanced disclosure had been made in the financial statements
- › **capitalisation of intangibles:** the Committee reviewed the nature and quantum of the system development costs proposed by management to be capitalised, together with the period over which the capitalised items will be amortised, to ensure they are consistent with the Group's accounting policies
- › **taxation:** the Committee reviewed the significant components of the tax charge, the provision for deferred tax and the overall effective tax rate of the Group as a whole. It also approved the release of tax provisions relating to historic US tax liabilities and potential transfer pricing challenges
- › **going concern:** the Committee considered going concern and details are given in the Directors' report on page 59. Based on this, it approved and recommended to the Board the making of the going concern statement set out in the Directors' report

External auditors

Following an audit tender process carried out in 2021, Deloitte LLP were appointed as auditors to the Group in place of PricewaterhouseCoopers LLP with effect from the conclusion of the 2022 AGM. Otherwise, with regard to Ebiquity's external auditors, the Committee's principal activities were to:

- › approve their terms of engagement and fees
- › approve the annual audit plan, including the scope of the audit and the level of materiality
- › review the audit findings, management's response and the letter of representation to the auditors
- › evaluate the auditors' independence and objectivity
- › assess the effectiveness of the audit

The Committee concluded that the audit had been effective and recommended to the Board that a resolution for the reappointment of Deloitte LLP be put to shareholders at the AGM.

Provision of non audit services

The Company has a policy on engagement of the auditors for non audit services and the levels of approvals required depending on the value of the work.

Details of fees paid to the auditors during the year are outlined in note 4 to the financial statements.

Risk

With regard to risk, the Committee's principal activities were to review the risk register and approve the assessment of key risks and mitigations. The Committee holds an in depth discussion on the risk register at least annually where it also receives a report on management's assessment of the likelihood and impact of the key risks facing the business. At its other meetings during the year, the Committee receives an update on any changes to the risks for the Group since the previous meeting.



Richard Nichols
Audit & Risk Committee Chair

6 May 2024

Remuneration Committee report

The Remuneration Committee presents its report for the year ended 31 December 2023. This report details the Company's overall approach to pay, benefits and incentives for its executives and the remuneration arrangements that are in place for the Directors.

Remuneration framework

The Board recognises the need to have the right remuneration framework in place to attract and retain people with industry leading skills, the knowledge and experience needed to develop and grow the business, and to incentivise them to deliver the Group's strategy and promote long term sustainable success. The Committee considers the following when setting the remuneration framework:

- › the responsibility of the executive's role, their experience and performance
- › the remuneration arrangements in place for the wider workforce
- › market practice at other companies of a similar size and complexity, as well as at other companies in the sector
- › the need to attract and retain executives of the right calibre with the required skills and the need to get the right balance of short and long term incentives
- › the need for the short and long term incentives to be aligned with the Group's strategy

The Committee may make use of some or all of the remuneration components below.

Base salary

Base salaries are set by the Remuneration Committee each year, after taking into consideration levels of responsibility, the performance and experience of the individual, appropriate market comparators and the arrangements for the wider UK workforce.

Benefits

Benefits in kind for the Executive Directors are in line with general policies for the UK workforce and include private medical insurance, life assurance and critical illness cover. Benefits do not form part of pensionable earnings.

Pension

Executive Directors are entitled to receive employer contributions to a personal pension plan. The maximum contribution by the Company is 3% of base salary, which is in line with pension arrangements for the wider UK workforce.

Annual bonus

Annual bonuses for the Executive Directors are typically determined by reference to performance, based on Group financial targets and individual objectives, which are related to the Group's overall strategy and set at the beginning of the year. The maximum bonus potential for the Executive Directors is 100% of salary.

Long Term Incentive Plan ('LTIP')

The Company's 2012 LTIP expired in September 2022 and cannot therefore be used to make any new long term incentive awards. Last year, on the recommendation of the Remuneration Committee and following consultation with the remuneration advisers and communication with the Company's largest investors, the Board adopted a new LTIP (the '2023 LTIP'). The structure is broadly similar to the previous plan, updated for current practice.

Awards under the plan are subject to continued employment and (in most cases) the achievement of stretching performance conditions. These are chosen by the Remuneration Committee to support the delivery of the Company's strategy and align the interests of the Executive Directors and other participants with those of shareholders. The performance condition may vary each year depending on the financial and strategic priorities. For the time being, we expect that we will continue to use a target based on EPS growth over a three year period. We have considered and taken advice on a range of alternative measures but decided that EPS best incentivises management and aligns shareholders' and executives' interests.

Executive Directors' service contracts

The CEO and CFO both have service contracts with the Company. These agreements each provide for six months' notice by the Company and six months' notice by the executive. Under the contracts, a payment instead of notice may only be made in respect of salary and benefits.

Non Executive Directors' fees and appointment terms

Fees for the Non Executive Directors are determined by the Board to reflect the time commitment and responsibility, including chairing Board committees. The fees are reviewed (but not necessarily increased) annually and at the latest review it was agreed to increase the base fee from £40,000 pa to £41,500 pa from 1 April 2024. The fee for the Board Chair was increased from £95,000 pa to £98,000 pa with effect from the same date. The fee for chairing a Board committee remains at £5,000 pa and applies to the Audit & Risk Committee Chair and the Remuneration Committee Chair. The fee for the Board Chair includes chairing the Nomination Committee.

The Non Executive Directors have letters of appointment which provide for three months' notice by the Company and three months' notice by the Director. Fees are only payable up to the date of leaving. Appointments are for an initial period of three years and may be renewed for subsequent three year periods following review and agreement by the Board and subject to periodic reappointment by shareholders at the AGM.

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2023

	Salary/ fees £'000	Taxable benefits £'000	Pension £'000	Other ⁴ £'000	Bonus £'000	LTIP £'000	Year ended 31 December 2023 Total £'000	Year ended 31 December 2022 Total £'000
Executive								
Nick Waters	387	7	4	—	—	466	864	538
Julia Hubbard ¹	154	3	1	—	—	—	158	—
Alan Newman ²	127	4	—	20	—	72	223	343
Non Executive								
Rob Woodward	95	—	—	—	—	—	95	85
Julie Baddeley	45	—	—	—	—	—	45	40
Lara Izlan	40	—	—	—	—	—	40	35
Richard Nichols	45	—	—	—	—	—	45	40
Tom Alexander ³	—	—	—	—	—	—	—	15
	893	14	5	20	—	538	1,470	1,096

1. Appointed on 28 April 2023.

2. Resigned on 30 June 2023.

3. Resigned on 19 May 2022.

4. Other costs are fees for project related work and were paid in respect of the period from July to November 2023.

Remuneration Committee report continued

Directors' remuneration in the year ended 31 December 2023 continued

Payments to past Directors

Alan Newman resigned as a director on 30 June 2023. He received payments in relation to project work as disclosed above. Alan retained his entitlement to a bonus payment in respect of 2023 which would have been calculated on a time pro rated basis. However, as the financial performance targets for the Group were not met in 2023, no payment was due. Alan was a good leaver under the Company's share option plan. As such, he will be entitled to receive shares from his awards, to the extent that the performance targets are met and pro rated to reflect the time he was employed, compared to the time up to the awards vesting. Therefore, in respect of the 2021 awards, Alan will receive 211,332 shares. The performance targets for the 2022 awards will be measured early in 2025, in respect of the financial year ending 31 December 2024.

Base salary

The Committee has carried out a benchmarking exercise for the Executive Directors' remuneration. Following the change of Remuneration Committee Chair the Committee agreed to defer consideration of the Executive Directors' salaries until a meeting later in the year, however any increases awarded will take effect from 1 April 2024.

Share option awards

At 31 December 2023, the interests of the Executive Directors in share option awards under the Ebiquity 2012 Executive Share Option Plan were as follows:

	Share options outstanding at 31 December 2022	Share options lapsed during the year	Share options exercised during the year	Share options granted during the year	Share options outstanding at 31 December 2023	Exercise price	Date of grant	End of performance period
Nick Waters	1,796,745	—	—	—	1,796,745	nil	30/4/2021	31/12/23
Nick Waters	916,257	—	—	—	916,257	nil	29/9/2022	31/12/24
Total	2,713,002	—	—	—	2,713,002			

Pensions

None of the Directors were members of a Company pension scheme during the year (2022: nil). Contributions totalling £4,000 (2022: £4,000) were made to Nick Waters' private pension scheme during the year and contributions totalling £550 (2022: £nil) were made to Julia Hubbard's private pension scheme during the year.

Annual bonus

For 2023, the annual bonus opportunity for Executive Directors was based 75% on Group operating profit and 25% on individual strategic objectives. The Executive Directors continued to make strong contributions to the progress of the business in 2023, however, as the financial targets were not met, there were no bonus payments in respect of the 2023 financial year.

For 2024, the annual bonus for Executive Directors will again be based on a combination of financial targets and individual strategic objectives. The maximum bonus opportunity for each of them remains at 100% of base salary.

Remuneration Committee report continued

2021 awards

The share options granted to Nick Waters in April 2021 were subject to an absolute EPS performance condition. The targets were set before the allotment of new shares in 2023 in respect of the final consideration payment for the acquisition of Digital Decisions BV in 2020. Therefore, during 2023, the Remuneration Committee reassessed the performance targets, following the issue of the new shares, and agreed that the targets should be adjusted to reflect the impact of the increase in share capital on EPS. The revised targets are noted in the table below.

Original target EPS 2023	Revised target EPS 2023	% vesting
4.5p	3.9p	20
5.0p	4.35p	30
5.5p	4.8p	50
6.0p	5.25p	75
6.5p	5.7p	80
7.0p	6.1p	90
7.5p	6.5p	100

On the basis of the audited financial statements for the year to 31 December 2023, the EPS for the year was 5.34p and the 2021 LTIP awards therefore vest at 76%.

2022 awards

The share options granted to Nick Waters in September 2022 are subject to a performance condition based on EPS growth over three years, which will be measured at the end of the financial year to 31 December 2024. The awards will vest as follows:

EPS 2024	% vesting
6.77p	30
8.53p	100

The awards will vest on a straight line basis in between these points.

2023 awards

On 14 March 2024, LTIP awards were made to the Executive Directors as below. These awards were in respect of 2023 but were not made until 2024 in order to comply with the Market Abuse Regulation. It is anticipated that LTIP awards in respect of 2024 will be granted in due course.

	No. of share options granted	Exercise price	End of performance period
Nick Waters	1,094,288	nil	31/12/25
Julia Hubbard	481,844	nil	31/12/25

These share options are subject to a performance condition based on EPS growth over three years, which will be measured at the end of the financial year to 31 December 2025. The awards will vest as follows:

EPS 2025	% vesting
Below 5.65p	0
5.65p	30
6.05p	50
6.46p	90
6.89p	95
7.34p	100

The awards will vest on a straight line basis in between these points.

For all of the LTIP awards, EPS is defined as the adjusted diluted earnings per share of the Company, subject to such adjustments as may be determined by the Board from time to time (including any adjustments made to reflect structural changes in the Company such as significant disposals).

Remuneration Committee report continued

Directors' interests in the shares of Ebiquity plc

	At 31 December 2023	At 31 December 2022
Executive		
Nick Waters	68,868	68,868
Julia Hubbard	—	—
Non Executive		
Rob Woodward	185,016	185,016
Julie Baddeley	15,000	15,000
Lara Izlan	—	—
Richard Nichols	250,000	250,000

Approved by the Remuneration Committee and signed on its behalf by



Lorraine Young
Company Secretary

6 May 2024

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2023.

Strategic report

In accordance with the provisions of the Companies Act 2006, a strategic report is set out on the inside front cover to page 43, which incorporates the Chair's statement, the Chief Executive Officer's review, the financial review and business model. It includes details of expected future developments in the Group's business and the key performance indicators used by management. The strategic report has been prepared to provide the Company's shareholders with a fair review of the Company's business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Results and dividends

The audited financial statements are set out from page 69. The future plans for the business are set out in the Chief Executive Officer's review. No dividend is being paid or proposed in respect of the year to 31 December 2023.

Research and development

The Group continues to invest in the development of products. During the period, a total of £1,685,000 (2022: £276,000) was capitalised in relation to such projects.

This has resulted in the development of a number of new products and services.

Political donations and political expenditure

It is the Company's policy not to make political donations and, accordingly, no political donations were made and no political expenditure was incurred in the period (2022: £nil).

Modern Slavery Act

Ebiquity's statement regarding the Modern Slavery Act 2015 can be viewed on its website (www.ebiquity.com).

Share capital

At 31 December 2023, there were 140,411,766 ordinary shares of 25p each in issue. 4,200,000 of these shares were held in an Employee Benefit Trust ('EBT') and the Trustee has undertaken not to vote the shares held by the EBT. There are no shares held in treasury. Therefore, as at 31 December 2023, the total voting rights were 136,211,766.

Details of changes to the share capital during the year are given in note 22 on page 106.

Directors

The Directors who served throughout the year were:

Julie Baddeley
Lara Izlan
Richard Nichols
Nick Waters
Rob Woodward

Julia Hubbard was appointed as a director on 28 April 2023.

Alan Newman resigned as a director on 30 June 2023.

Sue Farr was appointed as a director on 4 April 2024.

The Directors' biographies are set out on pages 44 and 45. Further information about the Directors' interests in Ebiquity plc shares is provided in the Remuneration Committee report on page 57.

Directors' third party indemnity provisions

The Company purchased and maintained throughout the period, and up to the date of this report, Directors' and Officers' liability insurance in respect of its Directors and Officers and those of its subsidiaries, and deeds of indemnity are in place between the Company and each of the Directors.

Employees

Ebiquity is committed to the continuous development of its employees. The Group's employees are integral to the success of the business and as a result, the Group pursues employment practices which are designed to attract, retain and develop this talent to ensure the Group retains its market leading position with motivated and satisfied employees.

Further details of engagement with employees are set out in the Social responsibility report on page 30 and in the section 172 report on pages 31 to 33.

The Group seeks to recruit, develop and employ throughout the organisation suitably qualified, capable and experienced people, irrespective of sex, age, race, disability, religion or belief, marital or civil partnership status, or sexual orientation. The Group gives full and fair consideration to all applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Stakeholder engagement

Details of stakeholder engagement are given in the section 172 report on pages 31 to 33.

Financial instruments

The Group's principal financial instruments comprise bank loans and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The operations of the Group generate cash and the planned growth of activities is cash generative. Full details of financial instruments are included in note 25 to the financial statements.

Directors' report continued

Substantial shareholdings

Name of shareholder	No. of shares held	% of issued share capital	% of voting rights
Canaccord Genuity Wealth Management	21,543,566	15.34	15.82
BGF Investments	19,075,969	13.59	14.00
Artemis Investment Management	11,135,085	7.93	8.17
Ruben Schreurs	9,604,381	6.84	7.05
FIL Investment International	9,108,254	6.49	6.69
Cosimo Capital (Europe)	8,806,389	6.27	6.47
JO Hambro Capital Management	8,225,000	5.86	6.04
Franklin Templeton Investments	6,001,400	4.27	4.41
Herald Investment Management	5,818,483	4.14	4.27
Chelverton Asset Management	5,250,000	3.74	3.85

At the date of this report, the shareholders in the above table had notified the Company that they held 3% or more of the Company's ordinary share capital. Apart from the shares held by the EBT, no other person has reported an interest of 3% or more in the Company's ordinary shares.

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 2023, the Group had cash balances of 10,016,000 (including restricted cash of £861,000) and undrawn bank facilities available of £7,063,000 and was cash generative and within its banking covenants.

Since the year end, this facility has been extended under an agreement dated 25 April 2024. The facility will provide a total available of £30 million for a period of three years to 24 April 2027.

The quarterly covenants to be applied from March 2024 onwards will be: interest cover >3.0x (reduced from the current level of interest cover <4.0x, contingent upon the Group delivering a revised financial model within 30 days of the effective date of the amendment and restatement, in form and substance satisfactory to the Agent); adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x. Details of the facility terms and covenants applying are set out in note 19.

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

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

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

Independent auditors and disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Deloitte LLP have indicated their willingness to continue in office and therefore a resolution for their reappointment will be proposed at the AGM.

Annual General Meeting

The Notice of the Company's Annual General Meeting accompanies this document and is also available on the Company's website at www.ebiquity.com.

By order of the Board



Lorraine Young
Company Secretary

6 May 2024

Statement of Directors' responsibilities

in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- › select suitable accounting policies and then apply them consistently
- › state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- › make judgements and accounting estimates that are reasonable and prudent
- › prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- › so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware
- › they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information
- › this confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors' report

to the members of Ebiquity plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- › the financial statements of Ebiquity plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- › the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- › the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- › the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- › the consolidated income statement;
- › the consolidated statement of comprehensive income;
- › the consolidated and Company statements of financial position;
- › the consolidated and Company statements of changes in equity;
- › the consolidated statement of cash flows; and
- › the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none">› Impairment of goodwill and intangible assets› Revenue recognition <p>Within this report, key audit matters are identified as follows:</p> <table><tr><td>ⓘ Newly identified</td><td>⊕ Similar level of risk</td></tr><tr><td>Ⓢ Increased level of risk</td><td>Ⓣ Decreased level of risk</td></tr></table>	ⓘ Newly identified	⊕ Similar level of risk	Ⓢ Increased level of risk	Ⓣ Decreased level of risk
ⓘ Newly identified	⊕ Similar level of risk				
Ⓢ Increased level of risk	Ⓣ Decreased level of risk				
Materiality	<p>The materiality that we used for the Group financial statements was £800,000 which was determined on the basis of revenue.</p>				
Scoping	<p>We focused our audit work on 11 components, three of which were subject to full audit scope and eight were subject to specified audit procedures. Components in scope account for 74% of Group revenue.</p>				
Significant changes in our approach	<p>There were no changes to the key audit matters identified. We increased the number of components which we performed procedures on, principally to obtain sufficient coverage of audit testing of cash held in the Group.</p>				

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- › Evaluating management's method and testing the arithmetic accuracy and integrity of the model;
- › Assessing the reasonableness of the key assumptions adopted in preparing the forecasts and assessing whether the underlying data is consistent with our understanding of the entity and audit work;
- › Performing a retrospective analysis of management assumptions to assess management forecasting accuracy;
- › Evaluating the consistency of the forecasts used for the going concern model with the forecasts used in the goodwill model;
- › Inspecting the Group's new financing agreement and understanding its associated covenants;
- › For the covenants existing in 2023, assessing the company's compliance with these covenants;
- › Considering the sensitivity scenarios and the impact on the liquidity and covenants over the period;
- › Evaluating the likelihood of the downside scenarios transpiring and the feasibility of management's mitigating actions; and
- › Assessing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of goodwill and intangible assets

Key audit matter description The Group has goodwill of £39.7m (FY22: £43.1m) and intangible assets of £9.5m (FY22: £12.8m) for a total of £49.2m (FY23: £55.9m) monitored across 12 cash generating units ('CGUs') in total (FY22: 14 CGUs). An impairment charge of £2.9m was recognised in the year (FY22: nil) predominantly in respect of the China (£2.5m) and Italy (£0.4m) CGUs, where the entire goodwill balance for each has been impaired.

Management's assessment of the carrying value of goodwill and intangibles involves significant judgment. The most judgemental area within management's goodwill impairment assessment is the forecast cash flow, specifically the EBITDA growth.

After performing sensitivity analysis and risk assessment, we focused our work on three CGUs which had lower headroom than the others, or which had historically underperformed against budgets. These were Firm Decisions (goodwill and intangible assets of £3m, FY22: £3m), Australia (goodwill and intangible assets of £2.5m, FY22: £2m) and MediaPath (goodwill and intangible assets of £4.2m, FY22: £12.1m). In particular, we focused our work on the appropriateness of management's assumptions around the EBITDA forecasts which was deemed to be the area of significant judgement.

We also reviewed management's assumption in respect of EBITDA to cash flow conversion and we assessed the discount rate and the long-term growth rates included in the value in use ('VIU') calculation.

The relevant accounting policy for the Group is presented in note 1 on page 81 and further details, including sensitivity analysis required by IAS 36 Impairment of Assets, is in note 10 to the financial statements on pages 94 to 95.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Impairment of goodwill and intangible assets continued

How the scope of our audit responded to the key audit matter

We obtained an understanding of relevant controls over the ViU calculation performed by management.

We challenged the key assumptions utilised in the cash flow forecasts for all CGUs with reference to historical trading performance, the impact of the current economic environment on future cash flows, market expectations and our understanding of the Group's strategic initiatives.

With the assistance of our valuation specialists, we independently recalculated a range of discount and assessed growth rates based on market data at 31 December 2023 and assessed this against the values adopted in the impairment model. In addition we compared the long-term growth rate against various sources of long-term real GDP forecasts.

We assessed the disclosures made in the financial statements against the requirements of IAS 36. We have assessed the adequacy of management's sensitivity analysis in relation to key assumptions to understand the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired.

Key observations

We concluded that the assumptions applied in arriving at the ViU are reasonable and the valuation method adopted by management is appropriate. We concur with management's conclusion to impair the China and Italy CGUs and are satisfied that no other impairment is required. We are satisfied with the sensitivity disclosure made in note 10 of the financial statements, being for the Firm Decisions and Italy CGUs.

5.2. Revenue recognition

Key audit matter description

Revenue is generated through the sales of five different services across the Group and is recognised over time for the majority of contracts. Revenue for the year was £80.2m (FY22: £76.0m).

In line with IFRS 15 Revenue from Contracts with Customers, management's policy is to use an output method to measure progress of performance obligations. Output methods are based on the assignment of amounts to the performance obligations set out in the contract and revenue is recognised based on the number of deliverables sent to the customer as a proportion to the total number of deliverables expected to be delivered. If the output method is not possible to measure progress for certain contracts, for example where there is one overall deliverable to be provided to the customer, then management estimates the measure of progress by reference to the time incurred to date as a proportion of the total time expected to be incurred for the project.

We focused our work on the contracts where the determination of the actual stage of completion is deemed more complex and judgmental and there is therefore a risk of management manipulation or bias. In particular, we focused on contracts open at year-end where there is still a significant portion of revenue to earn and there is a risk that revenue is recognised too early or too late, before or after the performance obligation has been met.

The Group accounting policy is presented in note 1 on page 76 and the Audit Committee's consideration of this matter is included on page 52.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

5. Key audit matters continued

5.2. Revenue recognition continued

How the scope of our audit responded to the key audit matter

We obtained an understanding of relevant controls in respect of revenue recognition.

We profiled all contracts in the year and selected a sample of projects which we determined to be the most susceptible to management bias. We focused our testing on contracts which were open at year end and, in particular those which had a significant portion of revenue still to earn.

For each of these projects we performed the following procedures

- › Obtained the contract and understood the services provided to evaluate whether the IFRS 15 criteria were met in respect of recognising revenue over time;
- › Obtained evidence of work performed to date, including the number of deliverables completed compared to the total number of deliverables expected to be delivered. We corroborated this evidence by performing inquiries of project managers to obtain deliverables and, where relevant, understand whether the time incurred against each deliverable was consistent with the stage of completion calculated;
- › Recalculated revenue based on the contract value and our assessment of the stage of completion and compared against management's figures.

Key observations

We did not identify any significant issues in our work and are satisfied that the recorded revenue is appropriate.

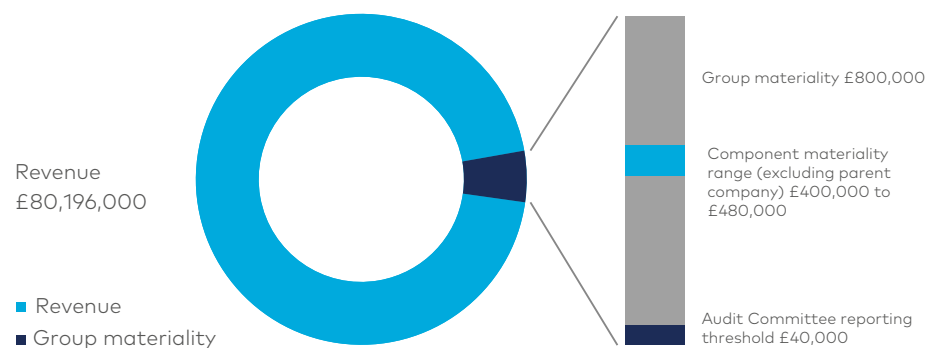
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£800,000 (2022: £750,000)	£244,000 (2022: £206,000)
Basis for determining materiality	1% of revenue This is consistent with prior year.	0.6% of net assets In the prior year 1% of net assets was used.
Rationale for the benchmark applied	Revenue is a key focus of management as it reflects the growth of the Group through expansion of productions and services.	The Parent company is a holding company, and net assets is indicative of the company's ability to support its subsidiaries.



Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Materiality	65% (2022: 70%) of Group materiality	65% (2022: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none">a. The entity's business has been expanding, primarily through acquisitions and expansion into new lines of business;b. There were several significant control deficiencies identified in the prior year audit; andc. There was a high level of both corrected and uncorrected misstatements in the prior year.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £40,000 (2022: £37,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

In selecting the components that are in scope each year, we obtained an understanding of the Group and its environment, including an understanding of the Group's system of internal controls, and assessing the risks of material misstatement at the Group level. The components were also selected to provide an appropriate basis on which to undertake audit work to address the identified risks of material misstatement.

Such audit work represents a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible. Based on our assessment, we focused our audit work on 11 components (FY22: eight), three (FY22: six) of which were subject to full audit scope and eight (FY22: two) were subject to specified audit procedures. Our procedures on full audit scope components provided coverage of 52% (FY22: 69%) of the Group's consolidated revenue, with a further 22% (FY22: 3%) coverage through specified audit procedures.

Our audit work at the components is carried out using a component materiality set by the Group audit team.

For all remaining components, we have performed centralised analytical procedures at component materiality.

The range of component materialities (excluding the parent company) we have used are from £400,000 to £480,000.

Two components were audited by local Deloitte offices, the rest of the components were audited by the Group team.

7.2. Our consideration of the control environment

We identified one relevant IT System, which is the main accounting system. We obtained an understanding of the relevant IT general as part of our understanding and assessing of the control environment. We identified some deficiencies in this testing and as such did not rely on IT controls, instead extending the scope of our substantive work in response to the identified deficiencies.

We also obtained an understanding of the relevant controls associated with the revenue process, the financial reporting process and the process for making certain accounting estimates. We identified some deficiencies in respect of those areas which meant we did not rely on these controls but instead changed the nature, time and extent of the substantive audit procedures performed.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

7. An overview of the scope of our audit continued

7.3. Our consideration of climate-related risks

As set out in the Environmental, Social and Governance update, the Group has undertaken a number of sustainability initiatives in order to mitigate climate-related risks.

The Group has also reported under UK Climate-related Financial Disclosures (UK CFD) guidance in the current year, which is the first year it has been required to do so. Please refer to pages 15 to 28 of the annual report.

As part of our audit, we have obtained an understanding of management's process and controls in considering the impact of climate risks and assessed whether the risks identified by the entity are complete and consistent with our understanding of the entity. Management have detailed their assessment of the impact of climate related risks on the financial statements in note 25. We involved our Environmental Social and Governance ('ESG') specialist in reviewing the UK CFD against the recommendations of the UK CFD requirements.

7.4. Working with other auditors

Our audit work in Germany and Sweden has been executed by Deloitte component auditors in those respective countries.

The audit work on the key audit matter "Impairment of goodwill and intangible assets" has been carried out by the Group audit team. The audit work on the Revenue key audit matter has been led by the Group team but supplemented by procedures performed at local level by the component auditors to test the appropriateness of the revenue recognition. The component auditors' work has been directed, supervised and reviewed remotely by the Group team for the Swedish and German components in the current year and, where necessary, component auditors carried out further testing at the Group engagement team's request. The other components are audited directly by the Group audit team.

At the Group level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

All component audit partners were included in our team briefing where their risk assessment is discussed and there was frequent two-way communication between the Group and component teams.

In the current year, we performed specific risk assessment procedures on revenue for both the Swedish and German components and informed the component teams of the projects that we deemed to be more complex or judgemental and hence the projects that their procedures should be focused on. We then directly reviewed the testing workpapers prepared by the component teams so that the level of challenge was appropriate and aligned to the work performed by the Group engagement team on other components.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- › the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- › results of our enquiries of management, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;

- › any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - › identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - › detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - › the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- › the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, IT, ESG and valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, specifically on larger open projects are year-end where estimating the stage of completion was deemed to be more judgemental. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, AIM Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the group's compliance with Global Data Protection Regulations and compliance with UK sanctions.

As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

Independent auditors' report continued

to the members of Ebiquity plc

Report on the audit of the financial statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.2. Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- › reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- › enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- › performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- › reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC and IRS; and
- › In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- › the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- › the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- › we have not received all the information and explanations we require for our audit; or
- › adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- › the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter McDermott (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom

6 May 2024

Consolidated income statement

for the year ended 31 December 2023

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

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

The notes on pages 74 to 114 are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

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

The notes on pages 74 to 114 are an integral part of these financial statements.

Consolidated statement of financial position

as at 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Non-current assets			
Goodwill	10	39,688	43,091
Other intangible assets	11	9,527	12,776
Property, plant and equipment	12	911	1,289
Right-of-use assets	13	2,756	3,308
Lease receivables	13	269	—
Deferred tax assets	21	1,274	2,199
Total non-current assets		54,425	62,663
Current assets			
Trade and other receivables	15	29,761	33,163
Lease receivables	13	205	141
Corporation tax asset	7	723	845
Cash and cash equivalents	16	10,016	12,360
Total current assets		40,705	46,509
Total assets		95,130	109,172
Current liabilities			
Trade and other payables	17	(9,247)	(10,049)
Accruals and contract liabilities	18	(10,804)	(29,399)
Financial liabilities	19	—	(61)
Current tax liabilities	7	(1,774)	(1,121)
Provisions	20	(450)	(17)
Lease liabilities	13	(1,682)	(1,328)
Total current liabilities		(23,957)	(41,975)

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Non-current liabilities			
Financial liabilities	19	(25,871)	(23,357)
Provisions	20	(80)	(446)
Lease liabilities	13	(2,678)	(4,654)
Deferred tax liability	21	(882)	(2,478)
Total non-current liabilities		(29,511)	(30,935)
Total liabilities		(53,468)	(72,910)
Total net assets		41,662	36,262
Equity			
Ordinary shares	22	35,103	30,060
Share premium	23	15,552	10,863
Other reserves	23	4,074	4,824
Accumulated losses	23	(13,420)	(9,787)
Equity attributable to the owners of the parent		41,309	35,960
Non-controlling interests		353	302
Total equity		41,662	36,262

The notes on pages 74 to 114 are an integral part of these financial statements. The financial statements on pages 69 to 73 were approved and authorised for issue by the Board of Directors on 6 May 2024 and were signed on its behalf by:



Julia Hubbard
Chief Financial Officer

Ebiquity plc. Registered No. 03967525
6 May 2024

Consolidated statement of changes in equity

for the year ended 31 December 2023

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

1. Includes a credit of £3,667,000 (31 December 2022: £3,667,000) in the merger reserve, a gain of £1,885,000 (31 December 2022: £2,635,000) recognised in the translation reserve, partially offset by a debit balance of £1,478,000 (31 December 2022: £1,478,000) in the ESOP reserve. Refer to note 23 for further details.

The notes on pages 74 to 114 are an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Cash flows from operating activities			
Cash generated from operations	27	11,525	3,812
Post date remuneration paid		(6,448)	—
Finance expenses paid		(1,765)	(830)
Finance income received		61	62
Income taxes paid		(1,621)	(1,871)
Net cash generated by operating activities		1,752	1,173
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		21	(17,020)
Disposal of subsidiaries	28	353	—
Purchase of property, plant and equipment	12	(355)	(274)
Purchase of intangible assets	11	(1,591)	(175)
Net cash used in investing activities		(1,572)	(17,469)

	Note	31 December 2023 £'000	31 December 2022 £'000
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		13	14,374
Proceeds from bank borrowings	19	5,000	4,500
Repayment of bank borrowings	19	(4,500)	(1,000)
Bank loan fees paid	19	—	(300)
Repayment of lease liabilities	13	(2,529)	(2,616)
Dividends paid to non-controlling interests		—	—
Net cash flow (used in)/generated by financing activities		(2,016)	14,958
Net decrease in cash, cash equivalents and bank overdrafts		(1,836)	(1,338)
Cash, cash equivalents and bank overdraft at beginning of year	16	12,360	13,134
Effects of exchange rate changes on cash and cash equivalents		(508)	564
Group cash and cash equivalents at the end of the year	16	10,016	12,360

The notes on pages 74 to 114 are an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2023

1. Accounting policies

General information

Ebiquity plc (the 'Company') and its subsidiaries (together, the 'Group') exists to help brands optimise return on investment from their marketing spend, working with many of the world's leading advertisers to improve marketing outcomes and enhance business performance. The Group has 22 offices located in 18 countries across Europe, Asia and North America.

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

Basis of preparation

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

Alternative Performance Measures ('APMs')

In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). The Group includes these non-GAAP measures as they consider them to be useful to the readers of the financial statements to help understand the performance of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies and therefore should be considered in addition to IFRS measures. The APMs are consistent with how business performance is measured internally by the Group. Details of the APMs and their calculation are set out on pages 126 to 129.

Highlighted items

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

Non-cash highlighted items, which do not represent cash transactions in the year, include share option charges, amortisation of purchased intangibles, movements in tax and onerous lease provisions. Other items include the costs associated with potential acquisitions (where formal discussion is undertaken), completed acquisitions and disposals and their subsequent integration into the Group, adjustments to the estimates of contingent consideration on acquired entities, asset impairment charges and restructuring costs. Transformation costs have also been incurred as part of a planned 3-year transformation and integration programme.

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its cash reserves and borrowings, described in note 19 to the financial statements. As at 31 December 2023, the Group had cash balances of £10,016,000 (including restricted cash of £861,000) and undrawn bank facilities available of £7,063,000 and was cash generative and within its banking covenants.

Since the year end, this facility has been extended under an agreement dated 25 April 2024. The facility will provide a total available of £30 million for a period of three years to 24 April 2027. The quarterly covenants to be applied from March 2024 onwards will be: interest cover >3.0x (reduced from the current level of interest cover <4.0x, contingent upon the Group delivering a revised financial model within 30 days of the effective date of the amendment and restatement, in form and substance satisfactory to the Agent); adjusted leverage <2.5x and adjusted deferred consideration leverage <3.5x. Details of the facility terms and covenants applying are set out in note 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 12 months that includes a base case and scenarios to form a severe but plausible downside case. For the purposes of this model, the terms of the new facility, including its covenant tests, have been applied with effect from the quarter ending 31 March 2024.

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Russian operation

Following the Russian invasion of Ukraine, the Group has been reviewing the future of its subsidiary in Russia (Ebiqity Russia OOO) and has been in negotiations with a view to divesting its 75.01% shareholding in it. Although this subsidiary remains part of the Group for these financial statements, given the uncertainty regarding this operation, an impairment provision of £495,000 has been made against the value of its assets in the Group balance sheet. Its cash balances are also deemed to be restricted cash. Details are provided in notes 3 and 16.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Revenue recognition

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

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

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

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

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

Deferred and accrued income

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

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

Project-related costs

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

Staff costs

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

Other operating expenses

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

Finance income and expenses

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

Foreign currencies

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Foreign currencies continued

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Other intangible assets

Internally generated intangible assets – capitalised development costs

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

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

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

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

Purchased intangible assets

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

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

Computer software

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

Impairment

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

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

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

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

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

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

Leases

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Leases continued

Right-of-use assets

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

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

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

Lease liabilities

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

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

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

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

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

Subleases

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

Onerous leases

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

Cash and cash equivalents

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

Financial instruments

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Financial instruments continued

Financial assets

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

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

Financial liabilities

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

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

Share capital

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

Employee Benefit Trust ('EBT')

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

Share-based payments

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

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

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

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

Provisions

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

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

Retirement benefits

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Dividend distribution

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Revenue recognition

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

Deferred tax assets on losses

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

Contingent consideration

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

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

Carrying value of goodwill and other intangible assets

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

Further details, including a sensitivity analysis, are included in note 10.

Adoption of new standards and interpretations

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2023:

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

1. Accounting policies continued

Adoption of new standards and interpretations continued

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

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

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

2. Segmental reporting

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

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

The Group's chief operating decision maker assess the performance of the operating segments based on revenue and adjusted operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and purchased intangible amortisation. The measure also excludes the effects of recurring expenditure recorded to highlighted items such as equity-settled share-based payments, purchased intangible amortisation and transformation related costs. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment information provided to the Executive Directors for the reportable segments for the years ended 31 December 2023 and 31 December 2022 are as follows:

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

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

1. The 2022 segmental revenue has been re-presented to include the impact of intercompany revenues and costs. This is to provide a clearer understanding of the margin performance of each segment. 2022 has also been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

The table below represents revenue by Service Line:

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Segmental reporting continued

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

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

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

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

2. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

3. These are head office staff costs.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Segmental reporting continued

Unsatisfied long term contracts

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

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

Significant changes in contract assets and liabilities

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

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

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Segmental reporting continued

Significant changes in contract assets and liabilities continued

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

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

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

3. Highlighted items

Highlighted items comprise charges and credits which are highlighted in the income statement because separate disclosure is considered relevant in understanding the underlying performance of the business. These are used for the calculation of certain Alternative Performance Measures. For further information and reconciliations please see pages 126 to 129. Cash items are defined as items for which a cash transaction has occurred in the year. All other items are defined as non cash.

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

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

3. Highlighted items continued

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

An impairment charge of £2,884,000 (2022: £78,000) has been made to write down the goodwill balances in China, Italy and Russia to £nil. See note 10 for further details. The remaining credit adjustment of £21,000 (2022: a charge of £184,000) is an adjustment against the Group's share (75%) in Ebiqity Russia OOO's total assets excluding cash due to the planned divestment of the Group's majority stake for a nominal value.

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

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

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

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

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

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

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

The total tax credit of £884,000 (2022: credit of £1,788,000) comprises a current tax credit of £307,000 (2022: a credit of £883,000) and a deferred tax credit of £577,000 (2022: a credit of £905,000). Refer to note 7 for more detail.

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

4. Operating profit

Operating loss is stated after charging/(crediting):

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Operating lease rentals	264	22
Depreciation and amortisation (notes 11, 12 and 13)	7,028	6,795
Impairment of goodwill (note 10)	2,884	78
Impairment of current assets	(22)	179
Impairment of right-of-use assets (note 13)	(101)	1,741
Contingent consideration revaluations (note 3)	1,813	—
Loss on disposal of fixed assets	—	5
Research costs – expensed	1,091	401
Foreign exchange loss/(gain)	689	(890)

Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	490	405
Fees payable to the Company's auditors and its associates for other services:		
– other audit related assurance services	19	19
– other assurance services	80	42
– tax compliance services	10	10
	599	476

5. Employee information

The monthly average number of employees employed by the Group during the year, including Executive Directors, was as follows:

	Year ended 31 December 2023 Number	Re-presented Year ended 31 December 2022 ¹ Number
UK & Ireland	215	229
Continental Europe	259	269
North America	71	67
Asia Pacific	84	79
Number of employees – continuing operations	629	644
Number of employees – discontinued operations	2	8
Number of employees	631	652

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

At 31 December 2023, the total number of employees of the Group was 612 (31 December 2022: 659 (including seven from the discontinued operation)).

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 ² £'000
Wages and salaries ¹	38,382	38,254
Social security costs	5,284	5,278
Other pension costs	1,139	975
Share options charge (note 24)	579	519
Total staff costs – continuing operations	45,384	45,026
Total staff costs – discontinued operations	96	523
Total staff costs	45,480	45,549

1. Excludes payments to freelancers.

2. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

5. Employee information continued

Directors' remuneration

Total Directors' remuneration was £932,000, including £398,000 to the highest paid Director (31 December 2022: £1,095,000, including £538,000 to the highest paid Director). Directors are eligible for cash bonuses as a percentage of base salary, dependent on individual and Company performance against established financial targets. No performance bonuses were payable during the year (31 December 2022: £258,000) to the Executive Directors. No retention bonuses were payable to any Directors in 2023 or 2022.

One Director was a member of a Company pension scheme as at 31 December 2023 (31 December 2022: none), contributions totalling £1,000 (31 December 2022: £nil) were made in the year. Contributions totalling £4,000 (31 December 2022: £4,000) were made to Directors' private pension schemes during the year, including £4,000 to the highest paid Director (31 December 2022: £4,000).

No Directors exercised share options during the year or the prior year.

During the year, nil (31 December 2022: 1,151,866) share options were granted to Directors under the Group's Executive Incentive Plan scheme. Subsequent to the year end, 1,576,132 share options were granted to Directors under the Group's Executive Incentive Plan scheme. Vesting is subject to the satisfaction of certain performance criteria. See note 24 for further details.

Further details on Directors' remuneration can be found in the Remuneration Committee report on pages 53 to 57.

6. Finance income and expenses

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 ¹ £'000
Finance income		
Bank interest	66	72
Lease receivables interest	19	8
Finance income – continuing operations	85	80
Finance income – discontinued operations	–	5
Total finance income	85	85
Finance expenses		
Bank loans and overdraft interest	(1,906)	(1,069)
Loan fee amortisation	(140)	(134)
Lease liabilities' interest	(184)	(224)
Finance expenses – continuing operations	(2,230)	(1,427)
Finance expenses – discontinued operations	(4)	(10)
Total finance expenses	(2,234)	(1,437)

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

7. Taxation charge/(credit)

	Year ended 31 December 2023			Re-presented Year ended 31 December 2022 ¹		
	Before highlighted items £'000	Highlighted items £'000	Total £'000	Before highlighted items £'000	Highlighted items £'000	Total £'000
UK tax						
Current year	178	1,015	1,193	114	(101)	13
Adjustment in respect of prior years	(92)	—	(92)	386	—	386
	86	1,015	1,101	500	(101)	399
Foreign tax						
Current year	2,735	(1,322)	1,413	1,973	(295)	1,678
Adjustment in respect of prior years	(17)	—	(17)	(33)	(487)	(520)
	2,718	(1,322)	1,396	1,940	(782)	1,158
Total current tax	2,804	(307)	2,497	2,440	(883)	1,557
Deferred tax						
Origination and reversal of temporary differences (note 21)	(459)	(77)	(536)	(380)	(916)	(1,296)
Adjustment in respect of prior years (note 21)	237	(500)	(263)	—	—	—
Total tax charge – continuing operations	2,582	(884)	1,698	2,028	(1,788)	240
Total tax charge – discontinued operations	—	69	69	—	—	—
Total tax charge/(credit)	2,582	(815)	1,767	2,028	(1,788)	240

1. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

7. Taxation charge/(credit) continued

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

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

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

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

	£'000
At 31 December 2021	374
Corporation tax payments	(2,183)
Corporation tax refunds	314
Withholding tax	(39)
Under-provision in relation to prior years	(134)
Provision for the year ended 31 December 2022	1,691
Foreign exchange and other	266
At 31 December 2022	290
Corporation tax payments	(2,198)
Corporation tax refunds	577
Withholding tax	—
Under-provision in relation to prior years	(110)
Provision for the year ended 31 December 2023	2,526
At 31 December 2023¹	1,085

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

8. Discontinued operations

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

8. Discontinued operations continued

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

9. Earnings per share

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

	Year ended 31 December 2023			Re-presented Year ended 31 December 2022 ²		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Earnings for the purpose of basic earnings per share, being net (loss)/profit attributable to equity holders of the parent	(4,315)	161	(4,154)	(7,534)	39	(7,495)
Adjustments:						
Impact of highlighted items (net of tax) ¹	11,388	(189)	(11,199)	13,338	31	13,369
Earnings for the purpose of underlying earnings per share	7,073	(28)	7,045	5,804	70	5,874
Number of shares:						
Weighted average number of shares during the year						
– basic	128,569,723	128,569,723	128,569,723	108,951,516	108,951,516	108,951,516
– dilutive effect of share options	4,182,333	4,182,333	4,182,333	22,771,365	22,771,365	22,771,365
– diluted	132,752,056	132,752,056	132,752,056	131,722,881	131,722,881	131,722,881
Basic (loss)/earnings per share	(3.36)	0.13	(3.23)	(6.92)	0.04	(6.88)
Diluted (loss)/earnings per share	(3.36)	0.13	(3.23)	(6.92)	0.04	(6.88)
Underlying basic earnings per share	5.50	(0.02)	5.48	5.33	0.06	5.39
Underlying diluted earnings per share	5.34	(0.02)	5.32	4.41	0.05	4.46

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

2. 2022 has been re-presented to separate out Digital Balance Australia Pty Limited, which was disposed of during the year and which has therefore been reclassified as a discontinued operation. See note 8 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

10. Goodwill

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

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

10. Goodwill continued

An impairment of £2,884,000 of goodwill was recognised in the year ended 31 December 2023 in relation to the China, Central and Eastern Europe and Italy CGUs. Both China and Central and Eastern Europe were written down in full, whilst the Italy CGU was partially impaired. This was determined on reviewing the value in use for each of these CGUs in turn and comparing it to the calculated carrying values. In each of these three cases the goodwill carrying value was in excess of the calculated values in use.

Value in use calculations

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

Budgeted operating profit assumptions

To calculate future expected cash flows, management has taken the Board approved budgeted earnings before interest, tax, depreciation and amortisation ('EBITDA') for each of the CGUs for the 2024 financial year. For the 2025 and 2026 financial years, the forecast EBITDA is based on management's plans and market expectations. The forecast 2026 balances are taken to perpetuity in the model. The forecasts for 2025 and 2026 use certain assumptions to forecast revenue and operating costs within the Group's operating segments.

Discount rate assumptions

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

Growth rate assumptions

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

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

Sensitivity analysis

The Group's calculations of value in use for its respective CGUs are sensitive to a number of key assumptions. Other than disclosed below, management does not consider a reasonable possible change, in isolation, of any of the key assumptions to cause the carrying value of any CGU to exceed its value in use. The considerations underpinning why management believes no impairment is required in respect of FirmDecisions are supported by the below, the table below shows the % point change in each key assumption that would result in an impairment demonstrating adequate headroom. The headroom for FirmDecisions is £2.1 million.

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

11. Other intangible assets

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets ¹ £'000	Total intangible assets £'000
Cost				
At 1 January 2022	4,899	2,521	16,263	23,683
Additions	276	11	—	287
Acquisitions	4,260	—	10,689	14,949
Disposals	—	(30)	—	(30)
Foreign exchange differences	54	29	445	528
At 31 December 2022	9,489	2,531	27,397	39,417
Additions	1,685	45	—	1,730
Impairment	—	3	—	3
Disposals	—	—	(420)	(420)
Foreign exchange differences	(74)	(16)	(352)	(442)
At 31 December 2023	11,100	2,563	26,625	40,288

	Capitalised development costs £'000	Computer software £'000	Purchased intangible assets ¹ £'000	Total intangible assets £'000
Amortisation and impairment²				
At 1 January 2022	(2,022)	(2,325)	(14,808)	(19,155)
Charge for the year – continuing operations ³	(1,089)	(195)	(2,697)	(3,981)
Charge for the year – discontinued operations ⁴	—	—	(42)	(42)
Acquisitions	(3,041)	—	—	(3,041)
Impairment	—	14	—	14
Disposals	—	31	—	31
Foreign exchange differences	(35)	(27)	(404)	(466)
At 31 December 2022	(6,187)	(2,502)	(17,952)	(26,641)
Charge for the year – continuing operations ³	(1,344)	(25)	(3,394)	(4,763)
Charge for the year – discontinued operations ⁴	—	—	(10)	(10)
Impairment	—	(1)	—	(1)
Disposals	—	—	248	248
Foreign exchange differences	60	15	331	406
At 31 December 2023	(7,471)	(2,513)	(20,777)	(30,761)
Net book value				
At 31 December 2023	3,629	50	5,848	9,527
At 31 December 2022	3,302	29	9,445	12,777

1. Purchased intangible assets consist principally of customer relationships with a typical useful life of three to 10 years, acquired software and the GMP licence asset.

2. The impairment adjustment in the year relates to the revision to the impairment of Ebiquty Russia OOO's assets.

3. Amortisation is charged within other operating expenses so as to write off the cost of the intangible assets over their estimated useful lives. The amortisation of purchased intangible assets is included as a highlighted expense.

4. The charge for the year for Digital Balance Australia Pty Limited has been split out from the charge for the year for the continuing operation.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

12. Property, plant and equipment

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Leasehold land and buildings improvement £'000	Total £'000
Cost					
At 1 January 2022	21	915	1,963	2,004	4,903
Acquisitions	—	82	186	58	326
Additions	—	101	187	32	320
Disposals	—	(88)	(138)	(45)	(271)
Foreign exchange differences	1	41	124	48	215
At 31 December 2022	22	1,051	2,322	2,097	5,492
Additions	—	10	331	—	341
Transfers	—	53	—	(53)	—
Disposals	(22)	(4)	(102)	—	(128)
Foreign exchange differences	—	(27)	(69)	(1)	(97)
At 31 December 2023	—	1,083	2,482	2,043	5,608

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

12. Property, plant and equipment continued

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Leasehold land and buildings improvement £'000	Total £'000
Accumulated depreciation					
At 1 January 2022	(1)	(713)	(1,500)	(1,177)	(3,391)
Acquisitions	—	(70)	(128)	(8)	(206)
Charge for the year – continuing operations ¹	(5)	(86)	(277)	(321)	(689)
Charge for the year – discontinued operations ¹	—	(1)	(4)	—	(5)
Disposals	—	86	110	39	235
Foreign exchange differences	(2)	(38)	(60)	(47)	(147)
At 31 December 2022	(8)	(822)	(1,859)	(1,514)	(4,203)
Charge for the year – continuing operations ¹	(4)	(87)	(300)	(330)	(721)
Charge for the year – discontinued operations ¹	—	—	(1)	—	(1)
Impairment	—	—	1	—	1
Disposals	12	2	122	—	136
Foreign exchange differences	—	23	33	35	91
At 31 December 2023	—	(884)	(2,004)	(1,809)	(4,697)
Net book value					
At 31 December 2023	—	199	479	233	911
At 31 December 2022	14	229	463	583	1,289

1. The charge for the year for Digital Balance Australia Pty Limited has been split out from the charge for the year for the continuing operation.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

13. Right-of-use assets and lease liabilities

Right-of-use assets

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

Lease liabilities

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

13. Right-of-use assets and lease liabilities continued

Lease liabilities continued

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

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

Lease receivables

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

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

Following the pandemic, the New York office, situated at William Street, is no longer being occupied and is being marketed. An onerous lease provision was established in the prior year for the remaining period of the lease until June 2025. This resulted in a charge of £1,357,000 in the year for the impairment of the right-of-use asset. During 2023 a sublease was entered into relating to the New York office, accordingly a lease receivable was recognised, being the equivalent of the lease receivables over the lease term which runs through to April 2026. The amount due within one year is presented within current assets and the amount due after one year is presented within non-current assets.

The permitted short term exemption has been taken for certain leases in the Group where the lease is for a period of less than one year.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

14. Subsidiaries

Details of the Company's subsidiaries are set out below.

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Adtrack Limited ¹	100%	UK	Non-trading
AMMO Limited ¹	100%	UK	Non-trading
Axiology Limited ¹	100%	UK	Non-trading
Barsby Rowe Limited ¹	100%	UK	Non-trading
BCMG Acquisitions Limited ¹	100%	UK	Non-trading
BCMG Limited	100%	UK	Holding company
Billett Consulting Limited ¹	100%	UK	Non-trading
Billetts International Limited ¹	100%	UK	Non-trading
Billetts Limited ¹	100%	UK	Non-trading
Billetts Marketing Investment Management Limited ¹	100%	UK	Non-trading
Billetts Marketing Sciences Limited ¹	100%	UK	Non-trading
Billetts Media Consulting Limited ¹	100%	UK	Non-trading
Brief Information Limited ¹	100%	UK	Non-trading
Checking Advertising Services Limited	100%	UK	Non-trading
China Media (Shanghai) Management Consulting Company Limited ^{1,2}	100%	China	Media consultancy
China Media Consulting Group Limited ¹	100%	Hong Kong	Holding company
Data Management Services Group Limited ¹	100%	UK	Non-trading
Digital Decisions BV ^{1,2}	100%	Netherlands	Media consultancy
Digireels Limited ¹	100%	UK	Non-trading
Ebiquity Asia Pacific Limited ¹	100%	UK	Holding company
Ebiquity Associates Limited ²	100%	UK	Media consultancy

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Ebiquity Bulgaria Limited ^{1,2}	100%	Bulgaria	Media consultancy
Ebiquity Canada Inc ^{1,2}	100%	Canada	Media consultancy
Ebiquity CEE Limited ^{1,2}	75.05%	UK	Media consultancy
Ebiquity Denmark Aps ^{1,2}	100%	Denmark	Media consultancy
Ebiquity Germany GmbH ^{1,2}	100%	Germany	Media consultancy
Ebiquity Holdings Inc.	100%	US	Holding company
Ebiquity Iberia S.L.U. ^{1,2}	100%	Spain	Media consultancy
Ebiquity Inc. ^{1,2}	100%	US	Media consultancy
Ebiquity India Pvt Limited ^{1,2}	100%	India	Media consultancy
Ebiquity Italy Media Advisor S.r.l. ^{1,2}	100%	Italy	Media consultancy
Ebiquity Marsh Limited ^{1,2}	100%	Ireland	Media consultancy
Ebiquity Pte. Limited ^{1,2}	100%	Singapore	Media consultancy
Ebiquity Pty Limited ^{1,2}	100%	Australia	Media consultancy
Ebiquity Russia OOO ^{1,2}	75.05%	Russia	Media consultancy
Ebiquity SAS ^{1,2}	100%	France	Media consultancy
Ebiquity Sweden AB ^{1,2}	100%	Sweden	Media consultancy
Ebiquity US Financing Limited	100%	UK	Non-trading
Ebiquity US Holdings Limited ¹	100%	UK	Holding company
Ebiquity US Holdings LLC ¹	100%	US	Holding company
Ebiquity UK Holdings Limited	100%	UK	Holding company
Ebiquity UK Limited ¹	100%	UK	Non-trading
Fairbrother Lenz Eley Limited ¹	100%	UK	Non-trading
Faulkner Group Pty Limited ¹	100%	Australia	Non-trading
FirmDecisions ASJP Germany GmbH ^{1,2}	100%	Germany	Media consultancy
FirmDecisions ASJP LLC ^{1,2}	100%	US	Media consultancy

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

14. Subsidiaries continued

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
FirmDecisions China Limited ^{1,2}	100%	China	Media consultancy
FirmDecisions DMCC ^{1,2}	100%	UAE	Media consultancy
FirmDecisions Group Limited	100%	UK	Holding company
FirmDecisions Pty Limited ^{1,2}	100%	Australia	Media consultancy
FLE Holdings Limited	100%	UK	Holding company
Fouberts Place Subsidiary No. 4 Limited ¹	100%	UK	Non-trading
Freshcorp Limited ¹	100%	UK	Non-trading
Mediaadvantage Consulting L.d.a. ^{1,2}	100%	Portugal	Media consultancy
Media Management LLC ¹	100%	US	Media consultancy
Media Path Network AB ^{1,2}	100%	Sweden	Media consultancy
Media Path Network Ltd ¹	100%	UK	Non-trading
Media Path Spain S.L. ¹	100%	Spain	Non-trading
Nova Vision Europe S.A. ¹	100%	Belgium	Non-trading
Prominent Pages Limited ¹	100%	UK	Non-trading
Shots Limited ¹	100%	UK	Non-trading
Stratigent LLC ¹	100%	US	Non-trading
Telefoto Monitoring Services Limited ¹	100%	UK	Non-trading
The Billett Consultancy Limited ¹	100%	UK	Non-trading
The Communication Trading Company Limited ¹	100%	UK	Non-trading
The Press Advertising Register Limited ¹	100%	UK	Non-trading
The Register Group Limited ¹	100%	UK	Non-trading
Worldwide Media Management Limited ¹	100%	UK	Non-trading

Subsidiary undertaking	Proportion of nominal value of issued ordinary shares held	Country of incorporation	Nature of business
Xtreme Information Limited ¹	100%	UK	Non-trading
Xtreme Information Services (Australia) Pty Limited ¹	100%	Australia	Non-trading
Xtreme Information Services Limited	100%	UK	Holding company
Xtreme Information Services SPRL ¹	100%	Belgium	Non-trading
Xtreme Information (USA) Limited ¹	100%	UK	Non-trading

1. Shares held by an intermediate holding company.

2. Principal trading entity.

15. Trade and other receivables

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

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

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

The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet. See note 25 for details of the analysis of trade receivables that were not impaired at 31 December 2023.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

16. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Cash and cash equivalents	9,155	11,311
Restricted cash ¹	861	1,049
Cash and cash equivalents	10,016	12,360

Cash and cash equivalents earn interest at between (0.05%) and 2.5%.

1. Cash and cash equivalents of £861,000 (2022: £1,049,000) are held in Ebiqity Russia OOO, with restrictions on remittances to certain countries. These balances may not be readily available to the wider Group but can be used to meet Ebiqity Russia OOO's obligations within Russia as they fall due.

17. Trade and other payables

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

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

18. Accruals and contract liabilities

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

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

19. Financial liabilities

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

19. Financial liabilities continued

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

A currency analysis for the bank borrowings is shown below:

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

20. Provisions

	Dilapidations ¹ £'000	Total £'000
At 1 January 2022	493	493
Discounting charged to the income statement	17	17
Utilisation of provision	(47)	(47)
At 31 December 2022	463	463
Discounting charged to the income statement	67	67
At 31 December 2023	530	530
Current	450	450
Non-current	80	80

1. The dilapidations provision relates to the expected costs of vacating various properties. The provision is expected to be fully utilised by December 2026.

21. Deferred tax

	Tangible assets £'000	Intangible assets £'000	Share-based payments £'000	Tax losses £'000	Other timings differences £'000	Total £'000
At 1 January 2022	605	(1,083)	381	342	(330)	(85)
Credit to income	184	472	31	490	120	1,297
Recognised on acquisition	—	(1,761)	—	—	—	(1,761)
At 31 December 2022	789	(2,372)	412	832	(210)	(549)
(Charge)/credit to income	(440)	1,062	(23)	29	171	799
At 31 December 2023	349	(1,310)	389	861	(39)	250

Certain non-current deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance (after offset) for financial reporting purposes:

	31 December 2023 £'000	31 December 2022 £'000
Deferred tax assets – non-current	1,273	2,199
Deferred tax liabilities – current	(141)	(271)
Deferred tax liabilities – non-current	(882)	(2,477)
	250	(549)

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

21. Deferred tax continued

At the year end, the Group had tax losses of £3,989,000 (31 December 2022: £3,634,000) available for offset against future profits. A deferred tax asset of £861,000 (31 December 2022: £832,000) has been recognised in respect of such losses.

The Group has unrecognised tax losses of £5,473,000 (31 December 2022: £8,108,000) and unrecognised deferred tax assets of £1,165,000 (31 December 2022: £1,616,000), mainly in relation to tax losses in the US and Australia (2022: mainly in relation to tax losses in the US). US tax losses of £1,530,000 (31 December 2022: £2,177,000) are subject to expiry in 2037.

Deferred tax on unremitted earnings has not been recognised as management do not intend to pay dividends from jurisdictions where a tax charge would be incurred, and dividends received are not taxed in the UK.

22. Ordinary shares

	Number of shares	Nominal value £'000
At 1 January 2022 – ordinary shares of 25p	82,728,890	20,682
Shares issued	36,958,789	9,240
Share options exercised	553,502	138
At 31 December 2022 – ordinary shares of 25p	120,241,181	30,060
Shares issued	19,929,502	4,982
Share options exercised	241,083	61
At 31 December 2023 – ordinary shares of 25p	140,411,766	35,103

Ordinary shares carry voting rights and are entitled to share in the profits of the Company (dividends). The shares issued during the year of 19,929,502 were in connection with the partial settlement of the post date remuneration due relating to the acquisition of Digital Decisions BV in 2020.

At the year end, 6,746,430 share options were outstanding (31 December 2022: 7,702,515).

23. Reserves

Share premium

The share premium reserve of £15,552,000 (31 December 2022: £10,863,000) shows the amount subscribed for share capital in excess of the nominal value. The movement in the year relates to the issue of shares in connection with the partial settlement of the post date remuneration due relating to the acquisition of Digital Decisions BV in 2020.

Other reserves

Other reserves consists of the merger reserve, ESOP reserve and translation reserve.

Merger reserve

The merger reserve of £3,667,000 (31 December 2022: £3,667,000) arose between 2006 and 2010 on the issuance of shares at a premium on a Group restructure, where the premium on issue qualified for merger relief. There has been no movement in the year.

ESOP reserve

The ESOP reserve of £1,478,000 debit (31 December 2022: £1,478,000 debit) represents the cost of the Company's own shares acquired by the Employee Benefit Trust ('EBT'). The purpose of the EBT is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them to satisfy awards which vest under employee share schemes. The EBT may operate in conjunction with the Company's existing share option schemes and other schemes that may apply from time to time.

Translation reserve

The translation reserve of £1,885,000 (31 December 2022: £2,635,000) arises on the translation into sterling of the net assets of the Group's foreign operations.

Retained earnings

The retained earnings reserve shows the cumulative net gains and losses recognised in the consolidated income statement.

For detailed movements on each of the above reserves, refer to the consolidated statement of changes in equity.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

24. Share-based payments

The Group operates a long term equity-settled share incentive schemes used to reward and retain key employees of the Group. A charge based on the fair value of the award on the grant date is taken to the consolidated income statement over the vesting period to recognise the cost of these.

Options outstanding at 31 December 2023:

Name of share option scheme and grant date	Life of option	Exercise period	Exercise price (pence)	Weighted average exercise price (pence)	Number
Executive Share Option Plan – 15 May 2014	10 years	April 2017 – May 2024	25.0	25.0	15,356
Executive Share Option Plan – 01 October 2015	10 years	April 2018 – October 2025	25.0	25.0	90,000
Executive Share Option Plan – 24 July 2017	10 years	December 2018 – July 2027	nil	nil	150,000
Executive Share Option Plan – 24 May 2018	10 years	December 2020 – May 2028	nil	nil	95,000
Executive Share Option Plan – 11 November 2019	10 years	December 2021 – November 2029	nil	nil	90,000
Executive Share Option Plan – 30 April 2021	10 years	April 2024 – April 2031	nil	nil	3,628,390
Executive Share Option Plan – 16 August 2022	10 years	December 2024 – August 2032	nil	nil	805,000
Executive Share Option Plan – 29 September 2022	10 years	December 2024 – September 2032	nil	nil	1,872,645
					6,746,430

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

24. Share-based payments continued

2012 Executive Share Option Plan ('ESOP')

This is a discretionary scheme, comprised of an HMRC approved schedule and an unapproved schedule. The ESOP provides a lock-in incentive to Executive Directors and key management. Vesting of these options is subject to the satisfaction of certain performance criteria and typically around the rate of growth of diluted adjusted earnings per share over a three year period. Rights to ESOP options normally lapse if the employee leaves the Company. The 2012 ESOP expired in 2022 and no new awards will be made under that plan. The 2023 LTIP was adopted in 2023 and will be used for any future share option grants.

Movements in outstanding ordinary share options:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of the year	7,702,515	13	7,327,636	23
Granted during the year	—	—	2,866,609	—
Exercised during the year	(241,083)	5	(553,502)	19
Lapsed during the year	(400,000)	(13)	(1,938,226)	—
Performance criteria not expected to be met	(315,002)	—	—	—
Outstanding at the end of the year	6,746,430	6	7,702,515	13
Exercisable at the end of the year	440,356	6	881,439	10

During the year, no share options were granted. In the prior year, 2,866,609 were granted with a weighted average fair value of 50.5p. Subsequent to the year end, 3,825,952 share options were granted relating to 2023.

These fair values were calculated using the Black-Scholes model with the following inputs:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Weighted average share price	—	—
Exercise price	—	nil
Expected volatility ¹	—	50.09%
Vesting period	—	3 years
Risk-free interest rates	—	3.18%

1. Expected volatility is based on historical volatility of the Company over the period commensurate with the expected life of the options.

Options exercised in the period resulted in 241,083 shares (31 December 2022: 553,502 shares) being issued at a weighted average price of 5p each (31 December 2022: 19p). The weighted average share price on the dates of exercise for options exercised during the year was 53p (31 December 2022: 57p).

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.6 years (31 December 2022: 1.4 years), with an exercise prices of nil (31 December 2022: a range of exercise prices between nil and 25p).

The total charge in respect of share option schemes recognised in the consolidated income statement during the period amounted to a charge of £682,000 (31 December 2022: a charge of £525,000).

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

25. Capital and financial risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Board has overall responsibility for the determination of the Group's risk management policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating the processes that ensure the effective implementation of the financial risk management objectives and policies, to the Group's finance function. The Board receives monthly reports from the Group's finance function through which it monitors the effectiveness of the processes put in place and the appropriateness of the policies it sets.

Capital and other reserves

The Group considers its capital to comprise of its cash and cash equivalents, borrowings, ordinary share capital, share premium, non-controlling interests, reserves and accumulated retained earnings.

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern so that it can continue to invest in the growth of the business and ultimately to provide an adequate return to its shareholders. The Directors believe the Group has sufficient capital to continue trading in the foreseeable future.

The following table summarises the capital of the Group:

	31 December 2023 £'000	31 December 2022 £'000
Financial assets:		
Cash and cash equivalents	10,016	12,360
Financial liabilities held at amortised cost:		
Bank overdraft	—	—
Bank borrowings	(21,875)	(21,235)
Net debt	(11,859)	(8,875)
Equity	(41,662)	(36,262)
Capital	(53,521)	(45,137)

Financial risk management

The Group is exposed to risks that arise from its use of financial instruments. The Group's objectives, policies and processes for managing those risks and the methods used to measure them are described below. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The Group is exposed through its operations to a variety of financial risks: credit risk; market risk (including interest rate and currency risk); and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables

The Group operates in an industry where most of its customers are reputable and well-established multinational or large national businesses. When the creditworthiness of a new customer is in doubt, credit limits and payment terms are established and authorised by the Territory Finance Director. The Group will suspend the services provided to customers who fail to meet the terms and conditions specified in their contract where it is deemed necessary.

There is no concentration of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by the carrying values as at the year end.

The credit control function of the Group monitors outstanding debts of the Group. Debtor reports are reviewed and analysed on a regular basis. Trade receivables are analysed by the ageing and value of the debts. Customers with any overdue debts are contacted for payment and progress is tracked on a credit control report. Based on these procedures, management assessed the credit quality of those receivables that are neither past due nor impaired as low risk. There have been no significant changes to the composition of receivables counterparties within the Group that indicate this would change in the future.

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

25. Capital and financial risk management continued

Credit risk continued

Trade receivables continued

The following is an analysis of the Group's trade receivables identifying the totals of trade receivables which are past due but not impaired:

	Total £'000	Past due +30 days £'000	Past due +60 days £'000
At 31 December 2023	1,291	742	549
At 31 December 2022	6,380	3,027	3,353

Financial assets past due but not impaired

The following is an analysis of the Group's provision against trade receivables:

	31 December 2023			31 December 2022		
	Gross value £'000	Provision £'000	Carrying value £'000	Gross value £'000	Provision £'000	Carrying value £'000
Trade receivables	19,880	(65)	19,815	23,569	(84)	23,485

The Group records impairment losses on its trade receivables separately from the gross amount receivable. There is an impairment against trade receivables of £124,000 at the year end. Impaired receivables are provided against based on expected recoverability. The movements on this provision during the year are summarised below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Opening balance	84	111
Increase in provision	—	—
Written off against provision	(15)	(13)
Recovered amount reversed	—	(17)
Foreign exchange	(5)	3
Closing balance	65	84

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

25. Capital and financial risk management continued

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. There is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to interest rate risk from bank loans and a revolving credit facility.

To illustrate the Group's exposure to interest rate risk, a 0.5% increase/decrease in the rate applied to the Group's borrowings would have resulted in a post tax movement of £147,000 (2022: £152,000).

Currency risk

The Group is exposed to currency risk on foreign currency trading and intercompany balances, and also on the foreign currency bank accounts which it holds. These risks are offset by the holding of certain foreign currency bank borrowings. The translation of the assets and liabilities of the Group's overseas subsidiaries represents a risk to the Group's equity balances.

The Group's exposure to currency risk at the year end can be illustrated by the following:

	31 December 2023		31 December 2022	
	Increase in profit before tax ¹ £'000	Increase in equity ¹ £'000	Increase in profit before tax ¹ £'000	Increase in equity ¹ £'000
10% strengthening of US dollar	(161)	1,454	(853)	1,707
10% strengthening of euro	388	1,734	613	1,254
10% strengthening of Australian dollar	10	519	50	516

1. An equal weakening of any currency would broadly have the opposite effect.

The currency profile of the financial assets at 31 December 2023 is as follows:

	Cash and cash equivalents		Net trade receivables	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
Pound sterling	1,562	2,583	6,386	9,376
US dollar	1,854	2,120	5,785	3,570
Euro	3,847	4,446	5,723	6,694
Australian dollar	533	689	273	296
Russian rouble	604	710	166	51
Singapore dollar	188	276	151	144
Chinese renminbi	643	951	649	892
Indian rupee	44	140	190	154
New Zealand dollar	—	—	6	90
United Arab Emirate dirham	118	—	46	116
Chilean peso	—	50	—	—
Swiss franc	136	—	—	—
Bulgarian lev	31	27	4	16
Danish krone	267	51	198	170
Canadian dollars	70	123	154	1,417
Swedish krona	119	194	80	346
Thai baht	—	—	4	—
	10,016	12,360	19,815	23,332

Other price risks

The Group does not have any material exposure to other price risks.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

25. Capital and financial risk management continued

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments, the risk being that the Group may not meet its financial obligations as they fall due.

The liquidity risk of each Group company is managed centrally by the Group. All surplus cash in the UK is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used, and its maturity date, will depend on the Group's forecast cash requirements. Throughout the year, the Group maintained a revolving credit facility with Barclays and NatWest (see note 19) to manage any short term cash requirements.

At 31 December 2023, £7,063,000 (31 December 2022: £8,500,000) of the revolving credit facility was undrawn. The facility expires in March 2025, at which point drawdown amounts will be repayable.

It is a condition of the borrowings that the Group passes various covenant tests on a quarterly basis and the Group finance team regularly monitors the Group forecasts to ensure they are not breached.

Categories of financial assets and liabilities

The following tables set out the categories of financial instruments held by the Group. All of the Group's financial assets and liabilities are measured at amortised cost.

Financial assets

	31 December 2023 £'000	31 December 2022 £'000
Current financial assets		
Amortised cost:		
Trade and other receivables ¹	21,053	25,509
Lease receivables (note 13)	205	141
Cash and cash equivalents (note 16)	10,016	12,360
	31,274	38,010

1. Trade and other receivables includes net trade receivables and other receivables and excludes prepayments and contract assets.

Financial liabilities

	31 December 2023 £'000	31 December 2022 £'000
Current financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables ¹	6,840	6,824
Accruals	4,318	21,316
Lease liabilities ²	1,682	1,328
Liabilities at fair value through profit and loss:		
Deferred consideration	—	61
	12,840	29,529
Non-current financial liabilities		
Other financial liabilities at amortised cost:		
Bank loans and borrowings	21,875	21,235
Deferred contingent liability	3,996	2,122
Lease liabilities ²	2,678	4,654
	28,549	28,011
Total financial liabilities	41,389	57,540

1. Trade and other payables includes trade payables and other payables and excludes other taxation and social security and contract liabilities.

2. Lease liabilities are those recognised in accordance with IFRS 16.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

25. Capital and financial risk management continued

Categories of financial assets and liabilities continued

Financial liabilities continued

The following table illustrates the contractual maturity analysis of the Group's financial liabilities:

	Within one year £'000	One to five years £'000	Total £'000
At 31 December 2023			
Trade and other payables	6,840	—	6,840
Accruals	4,318	—	4,318
Bank loans and overdrafts	1,787	23,340	25,127
Deferred consideration	—	3,996	3,996
Lease liabilities ¹	1,803	2,875	4,678
Undiscounted cash flows	14,748	30,211	44,959
Less: finance charges allocated to future periods	(1,908)	(1,662)	(3,570)
Present value	12,840	28,549	41,389
At 31 December 2022			
Trade and other payables	6,824	—	6,824
Accruals	21,316	—	21,316
Bank loans and overdrafts	1,886	22,850	24,736
Deferred consideration	—	2,122	2,122
Deferred contingent consideration	61	—	61
Lease liabilities ¹	1,471	4,906	6,377
Undiscounted cash flows	31,559	29,877	61,436
Less: finance charges allocated to future periods	(2,029)	(1,867)	(3,896)
Present value	29,529	28,011	57,540

1. Lease liabilities are those recognised in accordance with IFRS 16.

Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- › Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
- › Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- › Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 December 2023				
Financial liabilities				
Contingent consideration	—	—	3,996	3,996
	—	—	3,996	3,996
At 31 December 2022				
Financial liabilities				
Contingent consideration	—	—	2,122	2,122
	—	—	2,122	2,122

Refer to note 19 for a reconciliation of movements during the year.

The fair value of the contingent consideration is £3,996,000 (31 December 2022: £2,122,000).

Climate-related risk

The risk of adverse climate change impacts is considered when assessing the carrying value of goodwill, particularly potential impacts on revenue and cost growth rates across the regions. Due to the nature of the Group's business activities, we have not identified any specific climate-related risks that may impact the cash generating units.

The Group does not consider there to be a high risk of potential climate change implications negatively impacting the assumptions around revenue recognition or contingent consideration.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

26. Dividends

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

Dividends were paid to non-controlling interests as shown in the consolidated statement of changes in equity.

27. Cash generated from operations

	Year ended 31 December 2023 £'000	Re-presented Year ended 31 December 2022 £'000
Loss before taxation	(2,566)	(7,261)
Adjustments for:		
Depreciation (notes 12 and 13)	2,164	2,768
Amortisation (note 11)	4,763	3,981
Loss on disposal	—	5
Impairment of goodwill and current assets (note 3)	2,863	257
Unrealised foreign exchange loss/(gain)	34	(70)
Onerous lease provision (released)/booked	(509)	1,271
Write off of credit balances in receivables	(106)	—
Share option charges	568	521
Finance income (note 6)	(85)	(80)
Finance expenses (note 6)	2,230	1,427
Contingent consideration revaluations	2,361	7,866
	11,716	10,685
Decrease/(increase) in trade and other receivables	3,474	(8,848)
(Decrease)/increase in trade and other payables	(3,090)	2,165
Movement in provisions	63	(29)
Cash generated from operations – continuing operations	12,163	3,973
Cash generated from operations – discontinued operations	(638)	(161)
Cash generated from operations	11,525	3,812

28. Disposals

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

29. Contingent liabilities

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice. There were no such liabilities as at 31 December 2023.

30. Related party transactions

The Group has a related party relationship with its subsidiaries (refer to note 14) and key management personnel, including Directors and Executive Committee members.

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

Compensation of key management personnel

The remuneration of the Directors, who are considered to be the key management personnel of the Group, is set out in note 5. There were no post employment or other long term benefits other than contributions to private pension schemes.

Transactions with companies related to key management personnel

During the year the Group entered into trading transactions with GMP Systems AB. In the period the Group incurred development fees, which were capitalised to Research and Development intangibles assets amounting to £676,000 (2022: £nil). The Group also incurred subscription fees for GMP365, which were expensed to the profit and loss account, to the amount of £1,203,000 (2022: £725,000). GMP Systems AB is a related party through the Group's Chief Delivery Officer, Susanne Elias.

31. Events after the reporting period

There have been no events after the reporting period.

Company statement of financial position

as at 31 December 2023

	Note	31 December 2023 £'000	Restated 31 December 2022 £'000
Non-current assets			
Intangible assets	6	3,631	2,202
Right-of-use assets	7	121	770
Investments in subsidiaries	8	44,521	48,840
Amounts owed by group undertakings	9	41,416	42,247
Total non-current assets		89,689	94,059
Current assets			
Trade and other receivables	9	9,983	10,441
Cash at bank and in hand		276	522
Total current assets		10,259	10,963
Creditors: amounts falling due within one year	10	(33,121)	(36,969)
Net current liabilities		(22,862)	(26,006)
Total assets less current liabilities		66,827	68,053
Creditors: amounts falling due after more than one year	11	(21,875)	(23,309)
Deferred tax liability	12	(156)	(153)
Net assets		44,796	44,591
Equity			
Called up share capital	13	35,103	30,060
Share premium account	14	15,552	10,863
Other reserves	14	(733)	(733)
Retained earnings		(5,126)	4,401
Total shareholders' funds		44,796	44,591

The prior year Company balance sheet has been restated to reflect the correct disclosure of deferred tax balances, as detailed in note 20.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present its own income statement in these financial statements.

The movement in reserves of the Company includes a loss for the year of £10,162,000 (2022 restated: loss for the year of £4,568,000).

The notes on pages 117 to 125 are an integral part of the financial statements of the Company. The financial statements on pages 115 and 116 were approved and authorised for issue by the Board of Directors on 6 May 2024 and were signed on its behalf by:



Julia Hubbard
Chief Financial Officer

Ebiquity plc. Registered No. 03967525

6 May 2024

Company statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2022		20,682	255	(733)	8,485	28,689
Loss for the year		—	—	—	(4,256)	(4,256)
Other comprehensive result for the year		—	—	—	—	—
Total comprehensive expense for the year		—	—	—	(4,256)	(4,256)
Proceeds from shares issued	13	9,378	10,863	—	(36)	19,950
Share-based payment credit		—	—	—	545	545
Capital contribution relating to share-based payments		—	—	—	(25)	(25)
Dividends to shareholders	13	—	—	—	—	—
At 31 December 2022 as previously reported		30,060	10,863	(733)	4,713	44,903
Restated loss adjustment	12	—	—	—	(312)	(312)
Restated 31 December 2022 position		30,060	10,863	(733)	4,401	44,591
Loss for the year		—	—	—	(10,162)	(10,162)
Other comprehensive result for the year		—	—	—	—	—
Total comprehensive expense for the year		—	—	—	(10,162)	(10,162)
Proceeds from shares issued	13	4,983	4,689	—	(47)	9,625
Share-based payment credit		60	—	—	455	515
Capital contribution relating to share-based payments		—	—	—	227	227
Dividends to shareholders	13	—	—	—	—	—
At 31 December 2023		35,103	15,552	(733)	(5,126)	44,796

The notes on pages 117 to 125 are an integral part of the financial statements of the Company.

Notes to the Company financial statements

for the year ended 31 December 2023

1. General information

Ebiquity plc (the 'Company') acts as a holding company and is incorporated and domiciled in the UK. The Company is a public limited company and is limited by shares. The address of its registered office is Chapter House, 16 Brunswick Place, London N1 6DZ.

The financial statements of the Company represent the results for the year ended 31 December 2023 whilst the comparatives represent the results for the year ended 31 December 2022.

The financial statements present information about the Company as an individual undertaking and not about its Group.

2. Basis of preparation

This note sets out details of the basis of preparation and accounting policies that are applicable specifically to the Company financial statements. The Group accounting policies set out on pages 74 to 82 also apply to the Company financial statements.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis. The Company meets its day to day working capital requirements through its cash reserves and borrowings, described in note 19 to the consolidated financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number of weighted average exercise prices of share options, and how the fair value of goods and services received was determined);
- b. the requirements of IFRS 7 'Financial Instruments: Disclosures';
- c. the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for 'fair value measurement' of assets and liabilities);
- d. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - I. paragraph 79(a)(iv) of IAS 1;
 - II. paragraph 73(E) of IAS 16 'Property, Plant and Equipment';
 - III. paragraph 118(E) of IAS 38 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period);The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - I. 10D (statement of cash flows);
 - II. 16 (statement of compliance with all IFRS);
 - III. 38A (requirement for minimum of two primary statements, including cash flow statements);
 - IV. 38B-D (additional comparative information);
 - V. 111 (cash flow statement information); and
 - VI. 134-136 (capital management disclosures).
- e. IAS 7 'Statement of Cash Flows';
- f. paragraphs 30 and 31 of IAS 8 'Accounting Policies', changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- g. paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- h. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the Company financial statements continued

for the year ended 31 December 2023

2. Basis of preparation continued

Summary of significant accounting policies

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

Finance income and expenses

Finance income and expenses 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 currency transactions

The results and financial position of the Company are expressed in pound sterling, which is the functional currency of the Company and the presentation currency for the Company financial statements.

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period.

All transactions involving foreign exchange gains and losses are dealt with through the income statement as and when they arise.

Retirement benefits

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distribution

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

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Directors believe the carrying value of these investments is supported by their adjusted net assets. Any changes to the carrying value of investments after the measurement period are recognised in the income statement.

Where the purchase consideration for the acquisition of an interest in a subsidiary is contingent on one or more future events, the cost of investment includes a reasonable estimate of the fair value of the amounts of consideration that are expected to be payable in the future. The cost of investment and the contingent consideration liability is adjusted until the ultimate payable is known.

Share capital

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

3. Company results for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present its own income statement in these financial statements.

The movement in reserves of the Company includes a loss for the year of £10,162,000 (2022 restated: loss for the year of £4,568,000).

4. Operating profit

Auditors' remuneration

Fees for the audit of the Company were £5,000 (2022: £5,000). Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed in note 4 to the consolidated financial statements.

Directors' remuneration

Fees paid to the Company's Directors are disclosed in note 5 to the consolidated financial statements.

Notes to the Company financial statements continued

for the year ended 31 December 2023

5. Employee information

The monthly average number of employees employed by the Company during the year, including Executive Directors, was as follows:

	31 December 2023 £'000	31 December 2022 £'000
Directors	6	7
Other staff	33	32
Total	39	39

At 31 December 2023, the total number of employees of the Company was 40 (31 December 2022: 41).

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	3,163	3,226
Social security costs	543	377
Other pension costs	61	62
Share options charge	456	545
Total staff costs	4,223	4,210

6. Intangible assets

	Capitalised development costs £'000	Computer software £'000	Total £'000
At 1 January 2023	4,189	1,574	5,763
Additions	1,149	24	1,174
Transfers	5,667	—	5,667
At 31 December 2023	11,006	1,598	12,604
Amortisation			
At 1 January 2023	(1,992)	(1,569)	(3,561)
Transfers	(4,479)	—	(4,479)
Charge for the year	(925)	(8)	(933)
At 31 December 2023	(7,396)	(1,577)	(8,973)
Net book value			
At 31 December 2023	3,610	21	3,631
At 31 December 2022	2,197	5	2,202

Notes to the Company financial statements continued

for the year ended 31 December 2023

7. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings £'000	Total £'000
Cost		
At 1 January 2022	4,847	4,847
Impairment for the year	(1,392)	(1,392)
At 31 December 2022	3,455	3,455
Impairment for the year	(93)	(93)
At 31 December 2023	3,362	3,362
Accumulated depreciation		
At 1 January 2022	(2,750)	(2,750)
Charge for the year	(953)	(953)
Impairment for the year	917	917
At 1 January 2023	(2,685)	(2,685)
Charge for the year	(655)	(655)
Impairment for the year	99	99
At 31 December 2023	(3,241)	(3,241)
Net book value		
At 31 December 2023	121	121
At 31 December 2022	770	770

Lease liabilities

	Buildings £'000	Total £'000
Cost		
At 1 January 2022	3,045	3,045
Cash payments in the year	(1,259)	(1,259)
Interest charge in the year	70	70
At 31 December 2022	1,856	1,856
Cash payments in the year	(1,259)	(1,259)
Interest charge in the year	31	31
At 31 December 2023	628	628
Current	628	628
Non-current	—	—

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

	Minimum lease payments	
	31 December 2023 £'000	31 December 2022 £'000
Amounts due:		
Within one year	628	905
Between one and two years	—	453
Total	628	1,358

Notes to the Company financial statements continued

for the year ended 31 December 2023

8. Investments in subsidiaries

	£'000
Cost and net book value	
At 1 January 2022	48,864
Additions	(24)
At 31 December 2022	48,840
Additions	227
Impairment	(4,546)
At 31 December 2023	44,521

The Company's principal trading subsidiaries and associated undertakings are listed in note 14 to the consolidated financial statements.

An impairment of £4,546,000 was recognised in relation to the investment held in FirmDecisions Group Limited, resulting in the carrying value being adjusted to be in line with the value in use.

The Directors believe that the carrying value of the investments is supported by their value in use, based on the impairment assessment carried out, as described in note 10 to the consolidated financial statements.

The additions in the year relates to the allocation of £227,000 of the share option charge, being the portion attributable to staff employed by subsidiaries of the Company.

9. Trade and other receivables

	31 December 2023 £'000	31 December 2022 £'000
Trade and other receivables due within one year		
Trade receivables	231	292
Amounts owed by Group undertakings	8,226	8,243
Other receivables	42	178
Other taxation and social security	241	499
Prepayments	1,243	1,229
	9,983	10,441
Other debtors due after more than one year		
Amounts owed by Group undertakings	41,416	42,247

Amounts owed by Group undertakings that are due within one year consist of current account balances that are interest free and repayable on demand.

Amounts owed by Group undertakings that are due after more than one year consist of current account balances that are interest free, as well as intercompany loans, of which only the loan with Ebiquity Asia Pacific Limited bears interest at the rate of 2.65% plus SONIA rate.

Notes to the Company financial statements continued

for the year ended 31 December 2023

10. Creditors: amounts falling due within one year

	31 December 2023 £'000	31 December 2022 £'000
Bank loans and overdrafts	—	(159)
Trade creditors	3,537	3,234
Amounts owed to Group undertakings	27,546	32,561
Corporation tax	19	12
Lease liabilities (note 7)	628	313
Other taxation and social security	—	—
Other creditors	12	—
Provisions	450	—
Accruals	929	1,008
	33,121	36,969

Current amounts owed to Group undertakings consist of current account balances that are interest free and repayable on demand, as well as intercompany loans, of which only a loan balance with Ebiquity Associates Limited bears interest at 5.5% plus the Bank of England base rate.

11. Creditors: amounts falling due after more than one year

	31 December 2023 £'000	31 December 2022 £'000
Bank loans – between two and five years	21,875	21,395
Amounts owed to Group undertakings	—	—
Provisions	—	373
Lease liabilities (note 7)	—	1,543
	21,875	23,309

Notes to the Company financial statements continued

for the year ended 31 December 2023

12. Deferred tax liability

	Tangible assets £'000	Intangible assets £'000	Share-based payments £'000	Other timing differences £'000	Losses £'000	Total £'000
At 1 January 2022	216	—	—	—	—	216
Credit to income	(57)	—	—	—	—	(57)
At 31 December 2022 as previously reported	159	—	—	—	—	159
Restatement adjustment	—	(826)	206	40	268	(312)
Restated 31 December 2022	159	(826)	206	40	268	(153)
Credit to income	(173)	462	3	(27)	(268)	(3)
At 31 December 2023	(14)	(364)	209	13	—	(156)

The Company has unrecognised tax losses of £53,000 (2022: £53,000) and an unrecognised deferred tax asset of £13,000 (2022: £13,000).

13. Called up share capital

	Number of shares £'000	Nominal value £'000
Allotted, called up and fully paid		
At 1 January 2022 – ordinary shares of 25p	82,728,890	20,682
Shares issued	36,958,789	9,240
Share options exercised	553,502	138
At 31 December 2022 – ordinary shares of 25p	120,241,181	30,060
Shares issued	19,929,502	4,982
Share options exercised	241,083	60
At 31 December 2023 – ordinary shares of 25p	140,411,766	35,103

Ordinary shares carry voting rights which are entitled to share in the profits of the Company. No dividend was paid in the current year (2022: nil per share, a total of £nil) to shareholders. The shares issued during the year of 19,929,502 were made in connection with the partial settlement of the post date remuneration due relating to the acquisition of Digital Decisions BV in 2020.

Notes to the Company financial statements continued

for the year ended 31 December 2023

14. Reserves

Share premium

The share premium reserve of £15,552,000 (31 December 2022: £10,863,000) shows the amount subscribed for share capital in excess of the nominal value. The movement in the year relates to the issue of shares in connection with the partial settlement of the post date remuneration due relating to the acquisition of Digital Decisions BV in 2020.

Other reserves

Other reserves consists of the merger reserve and ESOP reserve.

Merger reserve

The merger reserve arose on the issuance of shares at a premium on a Group restructure, where the premium on issue qualified for merger relief. There has been no movement in the year.

ESOP reserve

The ESOP reserve represents the cost of the Company's own shares acquired by the Employee Benefit Trust ('EBT'). The purpose of the EBT is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them to satisfy vesting awards under employee share schemes. The EBT may operate in conjunction with the Company's existing share option schemes and other schemes that may apply from time to time.

The EBTs were created to award shares to certain employees at less than market value. The trusts in aggregate hold unallocated shares costing £1,471,000 (31 December 2022: £1,471,000) funded by the Company. The sponsoring company is responsible for the administration and maintenance of the trust. The number of shares held by the trust is 4,201,504 (31 December 2022: 4,201,504), all of which are under option to the employees of the Group.

Retained earnings

The retained earnings reserve shows the cumulative net gains and losses recognised in the income statement. For detailed movements on each of the above reserves, refer to the statement of changes in equity.

The distributable reserves of the Company total £(5,126,000) (31 December 2022: £4,713,000).

15. Share-based payments

Full disclosure of share-based payments is included in the consolidated financial statements (see note 24 to the consolidated financial statements).

16. Commitments

Capital commitments contracted but not provided for by the Company amount to £nil (31 December 2022: £nil).

17. Contingent liabilities

The Company is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

18. Related party transactions

Under FRS 101.8(k), the Company is exempt from the requirement to disclose transactions with entities that are part of the Ebiquity plc Group, or investees of the Group qualifying as related parties, as all of the Company's voting rights are controlled within the Group. The Company has no other material related parties. Related party transactions are detailed in note 31 to the consolidated financial statements.

Transactions with key management personnel

FRS 101.8(j) exempts entities from the disclosures in respect of the compensation of key management personnel.

Notes to the Company financial statements continued

for the year ended 31 December 2023

19. Audit exemption of subsidiaries

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts in the year ended 31 December 2023 by virtue of s479C of the Act.

Name	Registered number
BCMG Limited	3013406
Checking Advertising Services Limited	3580727
Ebiquity Asia Pacific Limited	3528287
Ebiquity Associates Limited	3300123
Ebiquity CEE Limited	3723076
Ebiquity UK Limited	2454455
Ebiquity US Financing Limited	8633401
Ebiquity US Holdings Limited	8632518
Fairbrother Lenz Eley Limited	2548073
FLE Holdings Limited	5819100
FirmDecisions Group Limited	6283975
FirmDecisions Limited	6283647
Media Path Network Limited	8635131
The Register Group Limited	1658972
Xtreme Information Services Limited	4244794

The outstanding liabilities as at 31 December 2023 of the above-named subsidiaries have been guaranteed by Ebiquity plc (registered company number 03967525) pursuant to s479A to s479C of the Act. In the opinion of the Directors, the possibility of the guarantee being called upon is remote.

20. Prior year restatement

The prior year statement of financial position has been restated to reflect the correct disclosure of deferred tax balances. In prior year the net deferred tax liability was not appropriately recorded in the balance sheet. The 31 December 2022 comparatives have therefore been restated, with the impact of increasing liabilities by £312,000 and decreasing retained earnings by £312,000. The restatements are reflected below:

	2022 Reported £'000	2022 Adjustment £'000	2022 Restated £'000
Statement of financial position			
Deferred tax asset/(liability)	159	(312)	(153)
Retained earnings	4,713	(312)	4,401

Alternative performance measures

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

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

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

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

APM	Relevant IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose	Reference
Profit and loss measures				
Net revenue	Revenue	Excludes project related costs as shown in the consolidated income statement	Net revenue is the revenue after deducting external production costs and is reconciled on the face of the consolidated income statement. Net revenue is a key management incentive metric.	A1
Adjusted operating profit	Operating profit	Excludes highlighted items	Adjusted operating profit is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and is also a key management incentive metric.	A2
Adjusted operating margin	Operating profit margin	Excludes highlighted items	Adjusted operating profit margin is calculated as the operating profit excluding highlighted items divided by revenue.	A3
Adjusted profit before tax	Profit before tax	Excludes highlighted items	Adjusted profit before tax is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and allows for the consistent comparison of year-on-year performance.	A4
Adjusted effective rate of tax	Effective rate of tax		Adjusted effective tax rate is calculated by comparing the current and deferred tax charge for the current year, excluding prior year provision movements to the adjusted profit before taxation. This measure is more representative of the Group's tax payable position and its ongoing tax rate.	
Adjusted profit after tax	Profit after tax	Excludes highlighted items	Adjusted profit after tax is reconciled to its statutory equivalents on the face of the consolidated income statement. This is an important Group performance measure used by the Board, and allows for the consistent comparison of year-on-year performance.	A4
Adjusted earnings per share	Earnings per share	Excludes highlighted items	Adjusted earnings per share is reconciled to statutory earnings per share in note 9. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance, particularly as it adjusts for the non-recurring nature of highlighted items expenditure. Furthermore, the Long Term Incentive Plan uses a target based on EPS growth over a three year period.	Note 9

Alternative performance measures continued

APM	Relevant IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose	Reference
Balance sheet measures				
Net debt	None	Reconciliation of net debt	Net debt comprises total loans and borrowings, including prepaid loan fees, less cash and cash equivalents. This is an important Group performance measure in assessing the strength of the balance sheet position, and is particularly important for the loan facility, where the variable interest rate can move depending on the Group's net debt to EBITDA ratio.	A5
Cash flow measures				
Adjusted cash generated from operations	Cash flow from operations	Cash movements relating to highlighted items excluded.	Adjusted cash generated from operations is defined as the cash generated from operations excluding the cash movements relating to the highlighted items. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance.	A6
Adjusted operating cash flow conversion	Operating cash flow conversion	Cash movements relating to highlighted items excluded.	Adjusted operating cash flow conversion is the ratio of the adjusted cash generated from operations divided by the adjusted operating profit, expressed as a percentage. This is an important Group performance measure, and allows for the consistent comparison of year-on-year performance.	A6

A1: Reconciliation of net revenue

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

A2: Reconciliation of adjusted operating profit

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

Alternative performance measures continued

A3: Reconciliation of operating profit margin

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue	80,196	75,055
Adjusted operating profit (A2)	12,015	9,162
Adjusted operating profit margin	15.0%	12.2%
Highlighted items	(12,272)	(15,126)
Operating profit/(loss) (A2)	(257)	(5,964)
Operating profit margin	(0.3)%	(7.9)%

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Adjusted profit before taxation from continuing operations	9,706	7,865
Highlighted items	(12,272)	(15,126)
Loss before taxation from continuing operations	(2,566)	(7,261)
Breakdown of taxation (charge)/credit – continuing operations		
Before highlighted items	(2,582)	(2,028)
Highlighted items	884	1,788
Taxation charge	(1,698)	(240)
Net (loss)/profit from discontinued operations		
Before highlighted items	(28)	70
Highlighted items	189	(31)
Net profit from discontinued operations	161	39
Adjusted profit after tax	7,096	5,907
Highlighted items	(11,199)	(13,369)
Loss after tax	(4,103)	(7,462)

Alternative performance measures continued

A5: Reconciliation of net debt

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

A6: Reconciliation of adjusted cashflow from operations

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash generated from operations	11,525	3,812
Add back: cash outflow from discontinuing operations	638	161
Eliminating cash movements for highlighted items:		
Severance	363	584
Post date remuneration charges	333	—
Onerous lease provision booked	102	289
Transformation costs	1,322	—
Share option charges	11	28
Revaluation of earn out accruals	1,813	—
Acquisition related costs	(1,144)	1,942
Taxation	(307)	(883)
Adjusted cash generated from operations	14,655	5,933
Adjusted operating profit – continuing operations	12,015	9,162
Adjusted operating cash flow conversion (%)	122%	65%

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Company Secretary

Lorraine Young

companysecretary@ebiquity.com

Shareholders can sign up to receive emails when the Company makes regulatory announcements. Details are in the investor section of the Company's website, www.ebiquity.com.

Investor relations queries and notifications of changes to major shareholdings for the purposes of the Disclosure Guidance and Transparency Rules should be sent to the Company Secretary as above.

Shareholders can also contact the registrars for any questions about their shareholding at:

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Telephone helpline: 0370 707 1345

Or go to www.investorcentre.co.uk to use the online Investor Centre service

Analyst coverage and research

Johnathan Barrett – Panmure Gordon – www.panmure.com/solutions/research/

Roddy Davidson – Shore Capital – www.shorecapmarkets.co.uk

Investor Meet Company

Ebiquity shares presentations of its full and half year results are available via the Investor Meet Company platform. Anyone can register on the platform and receive invitations to these presentations, which are given by the CEO and CFO. There is the opportunity for investors and potential investors to ask questions at the end of the presentation.

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Glossary

AIM	Alternative Investment Market	the Group	Ebiquity plc and its subsidiaries
Board	the Board of Directors of Ebiquity plc	IFRS	International Financial Reporting Standards
CEO	Chief Executive Officer	ISBA	Incorporated Society of British Advertisers
CFO	Chief Financial Officer	KPIs	key performance indicators
CGUs	cash generating units	LTIP	Long Term Incentive Plan
Ebiquity or the Company	Ebiquity plc	Net debt	long term borrowings, short term borrowings less cash and cash equivalents
EBIT	earnings before interest and tax	QCA Code	Quoted Companies Alliance Corporate Governance Code
EBITDA	earnings before interest, tax, depreciation and amortisation	RCF	revolving credit facility
EBT	Employee Benefit Trust	SONIA	Sterling Overnight Index Average
ELT	Executive Leadership Team	TSR	total shareholder return
EPS	earnings per share	UK CFD regulations	The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022
ESOP	Executive Share Option Plan		
FMCG	fast moving consumer goods		
FRS 101	Financial Reporting Standard 101 'Reduced Disclosure Framework'		
FVOCI	fair value through other comprehensive income		
FVPL	fair value through profit or loss		



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Printed by an FSC® and ISO 14001 certified company.

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