



# Ebiquity Plc Interim Results

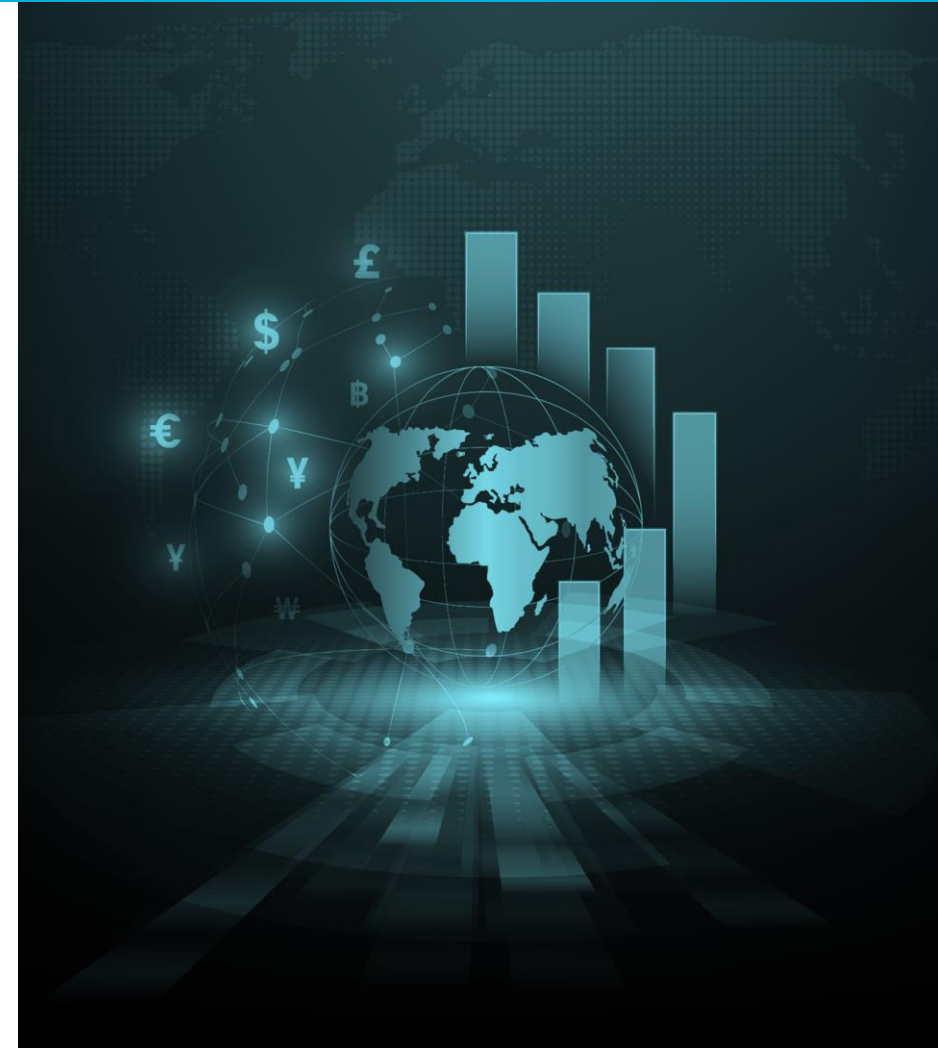
Half Year Ended 30 June 2023

29 September 2023

**ebiquity**

# Strong performance

- › Positive performance in more challenging market conditions
- › Revenue growth of **11%**
- › Operating profit of **£6.0m** and margin of **14.7%**
- › Considerable focus on transformation to re-orient ways of working, processes, and staff responsibilities to transition service provision to GMP365™ data management platform
- › Strong momentum in the US following successful integration of MMI
- › Continued progress with Digital Media Solutions
- › Cautious outlook as macro environment weighs on clients
- › Well positioned to take advantage of opportunities for revenue growth and margin enhancement



# Financial overview

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Increased revenue and enhanced operational efficiency

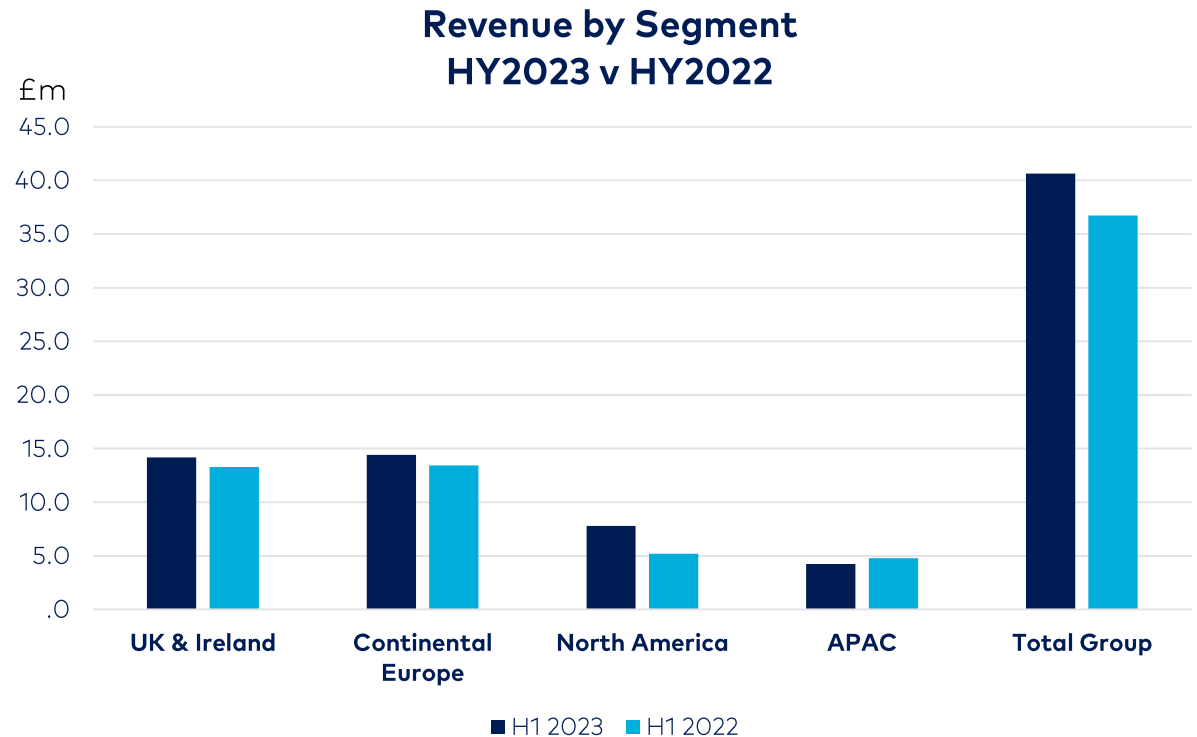
Income Statement	6 months to June 2023	6 months to June 2022 (re-presented)*	Change	
	£m	£m	£m	%
Revenue	40.6	36.7	3.9	11%
Operating Expenses	(34.6)	(31.8)	(2.8)	9%
Adjusted Operating Profit	6.0	4.9	1.1	23%
<i>Operating Margin</i>	14.7%	13.3%	--	1.4%
Finance Costs	(1.0)	(0.2)	(0.8)	340%
Adjusted Profit before Tax	5.0	4.7	0.4	8%
Adjusted Earnings per Share (p)	2.94p	2.72p	0.22p	8%
Highlighted Items (before tax)	(3.6)	(6.0)	2.4	-
Statutory Operating Profit/(Loss)	2.4	(1.2)	3.5	-

\*The prior year results have been re-presented to eliminate the results of Digital Balance Australia Pty Limited which was sold in April 2023 and its results are accordingly presented within discontinued operations in both 2023 and 2022.

# Financial overview

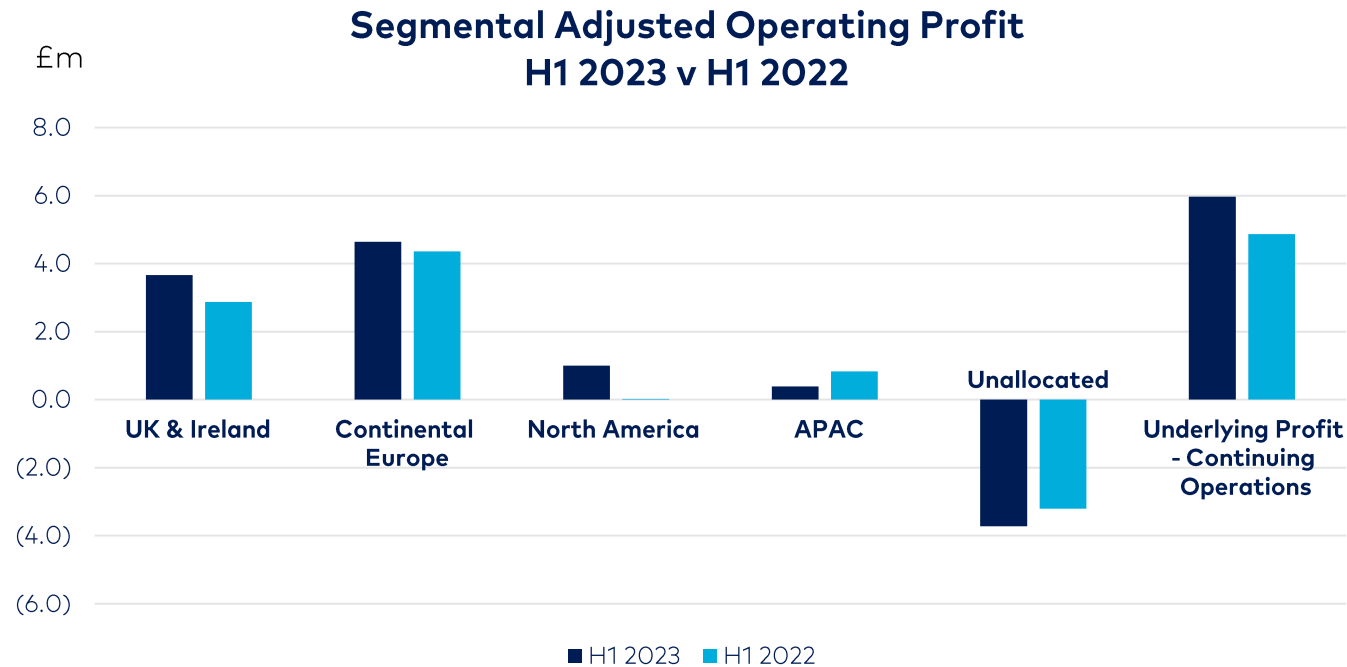
## Revenue by segment – positive impact of acquisitions

- › Continued operational momentum with total group revenue growth of 11%
- › Strong revenue growth in North America, up 50% year on year, driven by successful integration of MMi
- › Steady growth in UK & Ireland and Continental Europe, both up 7%
- › Reduction in APAC revenue of 11%, reflecting the impact of back-weighted Contract Compliance business and the temporary slowdown in the local agency selection market



# Financial overview

## Adjusted operating profit by segment



Segment	Adjusted operating profit margin	
	H1 2023	H1 2022
	%	%
UK & Ireland	26%	22%
Continental Europe	32%	32%
North America	13%	0%
APAC	9%	17%
Unallocated	(9%)	(9%)
Adjusted profit – Continuing Operations	15%	13%

- › UK & Ireland: operating profit grew by £0.8m to £3.7m; margin strengthened to 26%
- › Continental Europe: consistently strong operating profit margin of 32%; increased profitability in the Nordics, France and Spain
- › North America: operating profit margin up 13 percentage points, reflecting scaling benefits of a larger business together with increased volumes from higher margin Digital Media Services
- › Asia Pacific: operating profit margin down 8 percentage points, reflecting the impact of lower revenue in the Group's smallest market, expected to normalise in H2

# Financial overview

## Robust balance sheet

- › Net assets increased by £9.2m, largely due to share issue of c£10m in partial settlement of Digital Decisions earn out
- › Net working capital of £8.5m, similar to Dec 22 balance, up from £8.0m
- › Deferred consideration – MMi £2.4m and Digital Decisions £15.8m (Dec 22 only)
- › Other non-current liabilities' reduction of £2.0m largely due to regular lease liability payments in H1 2023
- › Net debt of £15.0m analysed on slide 9

Balance Sheet Summary	June 2023	December 2022
	£m	£m
Goodwill	42.3	43.1
Other intangible assets	11.0	12.8
Non-current assets	6.6	6.8
Net working capital	8.5	8.0
Deferred consideration	(2.4)	(18.0)
Other non-current liabilities	(5.6)	(7.6)
Net debt	(15.0)	(8.9)
<b>Net assets</b>	<b>45.5</b>	<b>36.3</b>

# Financial overview

## Cash flow

- › Adjusted Cash inflow from operations of £4.7m (2022: outflow of £1.6m)
- › Highlighted items largely represents :
  - Cash portion of Digital Decisions earn out of £6.4m settled in May 2023
  - Cash from discontinued operations of £0.5m
  - 2022 was largely project costs incurred for the acquisition of Media Path and MMI
- › Investing activities include:
  - £0.4m R&D
  - £0.3m fixed asset additions
  - £0.5m inflow for the sale proceeds on the DBA sale
- › Financing activities include:
  - £3.5m increase in bank borrowings
  - Regular Lease payments of £1.3m

Cash Flow (including highlighted items)	June 2023	June 2022
	£m	£m
Adjusted Cash generated from/(used by) Continuing operations	4.7	(1.6)
Highlighted items: cash items / Discontinued operations	(7.6)	(1.8)
<b>Total Cash (used in) Operations</b>	<b>(2.8)</b>	<b>(3.4)</b>
Interest and Tax	(1.2)	(1.1)
Net cash (used in) operating activities	(4.0)	(4.5)
Net cash (used in) investing activities	(0.1)	(16.8)
Net cash generated by financing activities	2.3	16.8
Net (decrease) in bank and cash	(1.9)	(4.5)
Opening cash balances	12.4	13.1
Foreign exchange variance	(0.6)	0.7
<b>Cash balances at end of period</b>	<b>9.8</b>	<b>9.3</b>



# Group net debt summary

Our financial position remains strong

Liquidity	June 2023	December 2022	June 2022
	£m	£m	£m
Gross Debt	25.0	21.5	22.5
Cash Balances	9.8	12.4	9.3
Loan fee prepayments	0.2	0.3	0.3
Net Bank Debt	15.0	8.9	12.9
Undrawn Facilities	4.7	8.5	7.5

Bank facility totals £30 million until March 2025, renewable for further 2 years

Covenants under bank facility applying:

- › Interest cover at > 4.0
- › Adjusted leverage < 2.5
- › Adjusted deferred consideration leverage < 3.5

# Market context

# Complex and dynamic market provides opportunities



Scaled, complex and dynamic market



**US\$897bn** global media market (Source: eMarketer)



World's top 100 advertisers spend ~ **US\$100bn**. Our primary target customer, plus large national advertisers



**91%** of marketers agree industry has become increasingly complex (Source: eMarketer)

- › Increased media channels
- › Increase in transaction methods of buying media
- › "Walled Gardens" and transparency

# Complex and dynamic market provides opportunities

Twitter to become 'accurate data source' in bid to woo advertisers, says new boss Yaccarino

The Telegraph June 2023

Retail media ad revenue forecast to surpass TV by 2028

REUTERS June 2023

Apple Is Stepping Into the Metaverse. Will Anyone Care?

Interest in the futuristic, immersive digital world is fading just as Apple plans to debut a virtual reality device.

The New York Times June 2023

Brands increase TikTok spending despite threat of US ban

Digital advertising on the Chinese-owned video app grew by 11% in March

FINANCIAL TIMES April 2023

Netflix Password Sharing Crackdown Could Drive Ad-Supported Subs

VIDEOWEEK May 2023

AI WILL IMPACT AT LEAST HALF OF ALL AD REVENUE IN 2023, GROUPM PREDICTS

AdAge June 2023

Litigation | Attorney Analysis | Data Privacy

U.S. data privacy laws to enter new era in 2023

REUTERS January 2023

Instagram's Threads: 'Almost every influencer will be hopping on it'

NEWS June 2023

Transparency woes mount, just as Google's antitrust pressures start to intensify.

DIGIDAY June 2023

Advertising industry seeks refunds over YouTube skippable ads

FINANCIAL TIMES June 2023

Top brands are abandoning Twitter advertising because they fear a public backlash, claims UK media boss

This is MONEY February 2023

# Market context and Ebiquity's role



Scale, complexity and dynamism creates **opportunity** for Ebiquity

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Our purpose is to help brand owners **increase returns** from media investments and so improve **business performance**

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**Eliminate wasteful spend** and create value by analysing US\$ billions of media spend and trillions of digital media impressions from across the market

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A data analysis company providing **actionable intelligence** and consultancy services for the global media and marketing industry

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# How we support clients

## Services provided through four Service Lines



### Media Management

- › The right media models, partners, operations, processes and technology to achieve objectives



### Media Performance

- › Greater transparency, governance, efficiency and accountability of media investments



### Marketing Effectiveness

- › Attributed, forecast, and optimise investments to improve business outcomes and increase ROI



### Contract Compliance

- › Provided through the FirmDecisions brand
- › Ensuring agency compliance with contractual terms, delivering transparency and insights, and returning value owed

# Progress against strategy

# Strategic objectives

**Geography** – accelerate growth in North America and Asia Pacific

**Product** – productized digital services, innovation for newly critical channels, diversify service offering

**Clients** – develop higher value strategic relationships

**Operating efficiency** – increase automation, transform operating model





# Accelerating growth in North America

The world's largest advertising market – 39% of global ad spend



- Our fastest growing region – revenue growth of **50%**
- Successful integration of MMi and Forde & Semple
- Focus on selling Digital Media Solutions
- 19 of the 25 largest advertisers in the US are clients
- Significant growth potential – more than 200 advertisers spend over US\$100m annually

# H1 new business - expanding relationships with major clients

- › Our objective is to develop higher value strategic relationships with more major clients in more territories
- › Significant additional assignments gained in H1:

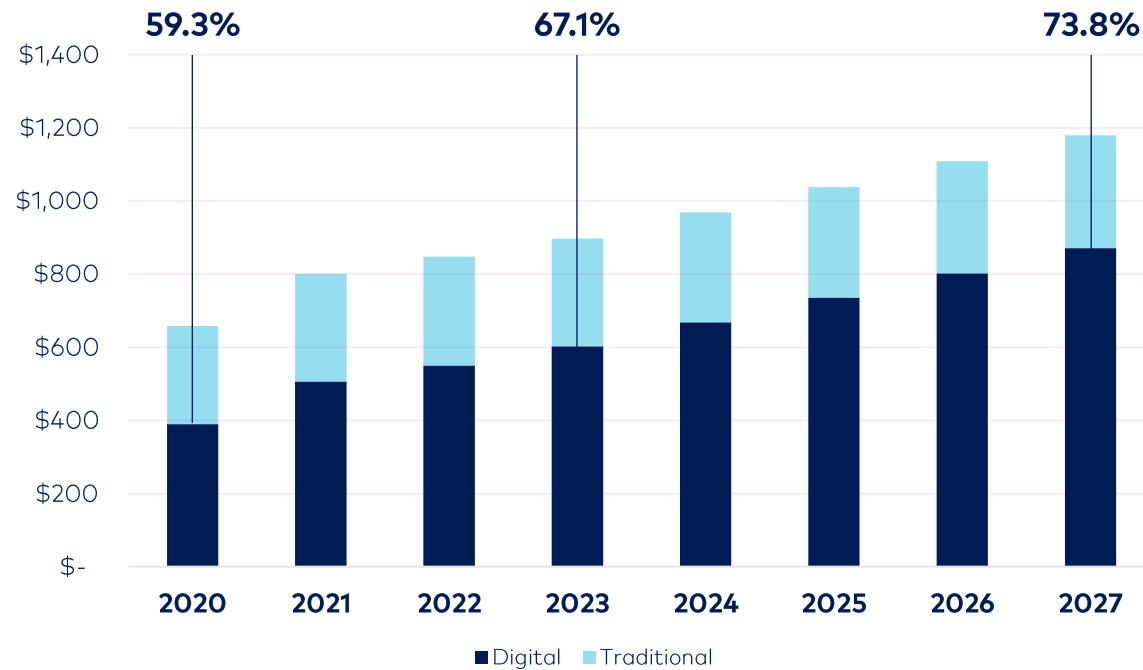
US	Europe
 	  
China	Global
 	 

- › Global client revenue growth solid during H1 but some pressure in H2

# Priority has been to address the digital media market

## Digital Media Growth

Global Digital and Traditional ad spending (bn of USD)



Source: eMarketer

➤ Digital increasingly a priority for brands vs linear media

➤ High relative complexity and wastage in digital

Priority for clients to establish **efficient and effective** digital media investment processes globally

# Productised Digital Media Solutions

- › Digital Decisions (acquired Jan 2020) became the Digital Innovation Centre and the engine of solution development
- › Successful acquisition with final payment of deferred compensation made in May
  - Three founders remain in the business
- › Productised solutions to help advertisers eliminate waste from their digital supply chain
- › Very strong value proposition - value opportunity identified for clients now over US\$ 1bn since inception
- › Continued client uptake and 32% revenue growth YoY
- › Now at 9% of group revenue; high margin; repeatable revenue



# New product innovation

CTV product launched in US



Initial solution piloted for US market



Strong findings, clear value proposition

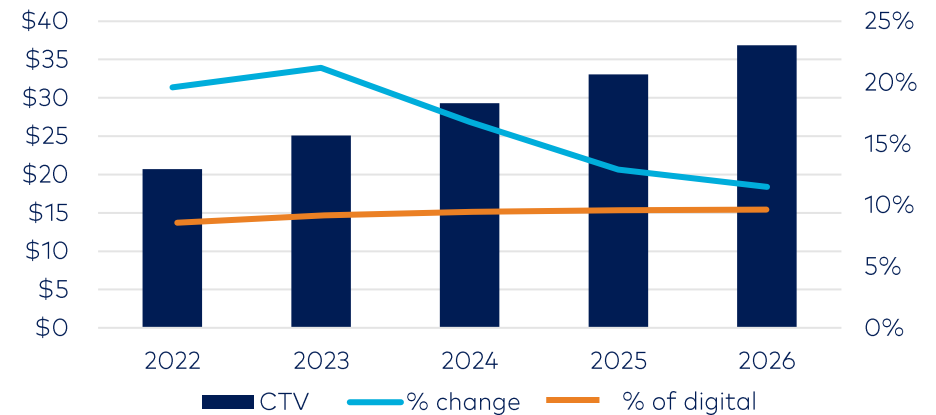


Repeat purchase, increased number of brands



Develop scalability

### U.S. CTV Media Digital Ad Spend: \$bn



**+21%** CTV spend, fastest-growing in 2023

**hulu** **YouTube** **Roku**

# New product innovation



Measurement solution for CO<sub>2</sub> emissions from digital advertising



NPD for Retail Media and Influencer Marketing in progress



Early stage thinking for application of Generative AI



# Generative AI



- › **Internal applications** for efficiency gains
  - production of digital media solutions, data processing and analysis, workflow management, HR, legal
- › **Product and Service** enhancement
- › Ebiquity has large **data lakes** in a closed environment
- › Train AI on **proprietary** and **secure** curriculum
- › Potential for **productised** first line client management, self-serve applications, new client interface opportunities, **faster** client service
- › **Opportunities** appear greater than threats

# Major three year transformation programme initiative









- › Strategic objective to improve efficiency of core business through improved use of automation
- › Aim to transition the processing of core services on to the GMP365 data management platform over three years
- › Very significant internal transformation work undertaken during H1
  - Change of workflow processes, development of specialisms, job specifications, mutualisation of resources, staff training, re-calibration of core products, client and agency relationship management
- › Transition of agency selection (Media Management) work is well advanced
  - 78 processes managed on the platform in H1
- › Transition of the ValueTrack service (Media Performance) is progressing with c 50% migrated
- › Core benchmarking service (Media Performance) yet to start transitioning
  - Intensive work re-calibrating the product for global adoption using GMP365
- › Majority of transformation costs in 2023, 2024; annualised operating efficiency savings expected by end 2025



# Summary

# Progress against operating metrics

		2020a	2021a	2022a	H1 2023
	# clients buying 2+ service lines	58	76	97	On target
	# clients buying Digital Media Solutions	10	28	55	Ahead of target
	Volume of digital impressions analysed in Media Data Vault - trillions	0.1	0.6	1.4	On target
	Value of digital advertising analysed in Media Data Vault	\$0.5bn	\$3.0bn	\$6.6bn	Ahead of target
	# clients activated in GMP365	-	55*	74	Ahead of target
	% revenue derived from digital services	25%	29%	32%	On target

\* At time of acquisition April 2022

# Summary

- › A more difficult market in H1 but continued growth
- › Very significant 3 year internal transformation programme initiated to improve efficiencies and adopt automation
- › Continued progress of productised digital services and innovation
- › Encouraging momentum in the US
- › While some clients have reduced budgets due to market conditions, indicating less buoyant near term outlook, opportunities remain for continued revenue growth and margin enhancement
- › Building a world leader in business intelligence and consulting services for the highly complex global media and marketing industry



# Ebiquity is the world leader in media investment analysis

We deliver data-driven solutions that **create value and eliminate waste**, enabling brand owners to **increase returns** from their media investments and **improve business outcomes**

Our independent, fact-based advice is delivered through four service lines:

› **Media Management**

› **Media Performance**

› **Marketing Effectiveness**

› **Contract Compliance**

We stand out because we do things differently:

## Independent advice

We can provide independent advice and solutions because we have no commercial interest in any part of the media supply chain

## Unparalleled data expertise

We analyse c.\$100bn of media spend and contract value from 110 countries annually, including trillions of digital impressions

## Innovating for the future

Solutions for the challenges of today and tomorrow, including CO2 emissions, disinformation, diversity, and rapidly emerging channels

## Global reach and expertise

We cover 80% of the global advertising market providing us with the most comprehensive, independent view of the world's media investments

More than 70 of the world's top 100 advertisers today choose Ebiquity as their trusted independent media advisor

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

Ebiquity plc; London Stock Exchange – AIM:EBQ

[ebiquity.com](https://www.ebiquity.com)