Trustpilot Group plc

19th March 2024

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 (“FY23”)

Profitability accelerated, delivering adj. EBITDA ahead of expectations at $16 million
Rapid growth in consumer and business adoption driving ARR +22% to $197 million

Financial Highlights - sustained positive momentum

- Revenue +18% year on year ("YoY") to $176 million (FY22: $149 million), (+17% at constant currency ("cc"))
- Annual recurring revenue (ARR*) +22% YoY to $197 million (FY22: $162 million), (+18% cc)
- Bookings* +18% YoY to $195 million (FY22: $165 million), (+16% cc), +22% YoY in Europe & Rest of World (RoW), +17% in the UK, and +12% in North America
- Focus on efficient growth helped deliver strong operating leverage in the year, with adj. EBITDA** of $16 million (FY22: $4 million loss) and a reported profit after tax of $7 million (FY22: $15 million loss)
- Last twelve months (“LTM”) net dollar retention rate* was resilient at 99% (FY22: 100%)
- $14 million positive adj. free cash flow in the year (FY22: $13 million outflow), resulting in a closing net cash position of $91 million (FY22: $73 million)
- Commenced share buyback programme of c.$25 million (£20 million) in January 2024, reflecting disciplined capital allocation strategy

Strategic Highlights

- Monthly unique users on the Trustpilot platform +30% to over 57 million (FY22: 44 million)
- Total cumulative reviews* +25% to 267 million (FY22: 213 million) with 54 million new reviews
- Number of reviewed domains +22% to 1.1 million (FY22: 0.9 million)
- Resilient retention and strong growth across all regions.

Outlook

We delivered a strong performance in 2023, as we accelerated our move into profitability, delivering adjusted EBITDA ahead of expectations.

The bookings growth we achieved in 2023 and the ongoing momentum in the business underpins our confidence in continuing to deliver mid-teens constant currency revenue growth, and we also expect to achieve further operating leverage in the current financial year. The Board is confident in the Company's ability to deliver sustainable growth and long-term margin improvement, as we expand to capture the significant global opportunity ahead.

Adrian Blair, CEO, commented:

“In my first six months at Trustpilot, I have witnessed first-hand just how powerful our platform is for consumers and businesses worldwide. We made strong strategic progress in 2023, building on robust foundations to grow our network of consumers and businesses and deliver profitability and positive cash flow ahead of expectations. By driving consumer adoption and delivering ever greater value to businesses through innovation, we are confident of delivering sustainable growth and long term margin improvement.”

* Key performance indicator (KPI) - further detail available on page 14
** Alternative performance measures (APM) - further detail available in note 3 on page 30

Trustpilot Group plc
Results for the year ended 31 December 2023

Financial summary

$ '000	FY23	FY22	(+/-) % actual	(+/-) % constant currency
Bookings*	194,604	165,284	18	16
LTM Net Dollar Retention Rate* %	99	100	(1)	—
Annual Recurring Revenue (ARR)*	197,253	162,237	22	18
Revenue	176,362	148,932	18	17

* Key performance indicator (KPI) - further detail available on page 14; LTM refers to last twelve months

Other key metrics

$ '000	FY23	FY22
EBITDA**	8,356	(8,632)
Operating loss	(618)	(15,990)
Adjusted EBITDA**	15,540	(4,421)
Net cash inflow/(outflow) from operating activities	20,879	(2,698)
Adjusted free cash flow***	13,780	(13,284)
Profit/(loss) after tax for the year	7,109	(14,644)
Basic EPS (cents)	1.7	(3.5)
Diluted EPS (cents)	1.6	(3.5)

** Alternative performance measures (APM) - further detail available in note 3 on page 30;
*** Please see page 11 for the definition of adjusted free cash flow

Constant currency basis

Given the Group operates in multiple currencies, Trustpilot believes illustrating period-to-period comparisons on a constant currency basis is meaningful to see differences before the impact of currency fluctuations. The Group's constant currency calculations are performed by applying the monthly average exchange rates from the last month in the most recent period to prior periods at the entity level. Further adjustment is made in the Danish entity, Trustpilot A/S, to fix the transactional impact of GBP to DKK arising from individual GBP transactions, mainly relating to UK sales. This definition has been updated for the year reflecting sales recorded in GBP transactional currency generating the majority of foreign exchange impact in the Group.

Enquiries

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Results webcast and conference call

Trustpilot will host an analyst and investor briefing at 09:00 (GMT) today, which will also be available via webcast and conference call. To register to access the webcast and presentation materials please visit https://investors.trustpilot.com. A replay of the webcast will be made available on the investor website after the event.

About Trustpilot

Trustpilot was founded in 2007 with a vision to be a universal symbol of trust.

A digital platform that brings businesses and consumers together to foster trust and inspire collaboration. We are free to use, open to everybody and built on transparency.

Trustpilot hosts reviews to help consumers shop with confidence and deliver rich insights to help businesses improve the experience they offer. The more consumers use our platform and share their own opinions; the richer the insights we offer businesses; and the more opportunities they must earn the trust of consumers, from all around the world.

Trustpilot had over 900 employees as of December 2023 and is headquartered in Copenhagen, with operations in London, Edinburgh, New York, Denver, Melbourne, Berlin, Milan, and Amsterdam.

Chief Executive's review

Summary

We help businesses build trust, grow, and improve their services. Through the Trustpilot platform, trusted by millions, businesses can reach more consumers, earn their trust and use insights from customer reviews to get better.

Growth in the adoption and usage of our platform highlights this strong B2B and B2C value proposition, with 267 million total cumulative reviews** (+25 per cent YoY), 57 million average monthly unique users (+30 per cent YoY), more than 1.1 million reviewed domains** (+22 per cent YoY) and the annualised run-rate of TrustBox impressions** now exceeding 117 billion (+13 per cent YoY).

We are pleased with our performance as we continued to manage our business to focus on efficiently supporting top-line growth. We accelerated our move to into profitability, despite an uncertain macroeconomic backdrop, delivering adjusted EBITDA* ahead of expectations and adjusted positive free cash flow***.

This reflects the value we deliver to businesses and consumers during challenging times and is demonstrated by our resilient retention rates. We see first-hand the role our platform plays in helping consumers and businesses navigate the unpredictable economic environment.

We operate a subscription software business model whereby we invest to drive bookings growth in the near term, which leads to revenue growth in subsequent periods. Due to the growth of prior-period bookings, we enjoy good visibility over future revenue at the beginning of each trading period.

Financial highlights

Bookings** increased 16 per cent at constant currency, 18 per cent on a reported basis, to $194.6 million. Reported Group revenue of $176.4 million increased 17 per cent at constant currency, or by 18 per cent YoY on a reported basis. We ended the year with annual recurring revenue (ARR*) of $197.3 million, an increase of 18 per cent at constant currency, or 22 per cent YoY on a reported basis. Profit after tax was $7.1 million as reported, including the benefit of capitalising $3.9 million of sales commissions under IFRS 15 and beginning to use our deferred tax assets with benefit of $12.3 million.

Adjusted EBITDA was $15.5 million (FY22: loss of $4.4 million), we generated positive adjusted free cash flow*** of $13.8 million, and our balance sheet strengthened to end the period with a closing net cash balance of $91.5 million on 31 December 2023 (FY22: $73.5 million).

* Alternative performance measure (APM) – further detail available in note 3 on page 30
** Key performance indicator (KPI) – further detail available on page 14
*** Please see page 11 for the definition of adjusted free cash flow

Our markets & regional performance

United Kingdom

The UK generated bookings of $77.4 million, +17 per cent at constant currency, or +17 per cent on a reported basis YoY. UK revenue grew to $70.0 million (FY22: $59.8 million), +16 per cent at constant currency, or +17 per cent reported YoY. This revenue growth reflected prior-year bookings growth and a positive foreign exchange impact on translation.

In the UK, we continued to see net dollar retention rates above the Group average and a further improvement in profitability. We have established a powerful UK consumer brand, which supports further market penetration and expansion, and we see a significant opportunity for long-term, profitable growth.

Europe & Rest of World (RoW)

Europe & RoW generated bookings of $76.3 million, +18 per cent at constant currency, or +22 per cent on a reported basis YoY. Europe & RoW revenue grew to $69.1 million (FY22: $55.1 million), +22 per cent at constant currency, or +25 per cent reported YoY. Revenue growth reflected a strong prior-year bookings performance and a positive foreign exchange impact on translation.

In Europe & RoW, we continued to see a range of net dollar retention rates in the various countries in which we operate, depending on each market's stage of development, and saw a further encouraging improvement in the overall contribution margin for the region. Our key European markets include Germany, Netherlands, France, and Italy.

North America

North America generated bookings of $40.9 million, +12 per cent on a reported basis YoY. North America revenue grew to $37.3 million (FY22: $34.0 million), +10 per cent reported YoY.

In North America, we successfully increased the net dollar retention rate throughout the year, supporting booking growth and future revenue, and saw an improvement in the contribution margin for the region.

Our go-to-market strategy in the US focuses on high customer lifetime value (HCLV) vertical market segments, such as financial services, healthcare, and legal services. This strategy has supported an acceleration in bookings growth and improved customer retention through the period. We achieved greater sales effectiveness, shorter sales cycles, and increased productivity.

Driving new business and retention through innovation

We continued to invest in innovation to improve our platform. By doing so, we drove retention, new business, upsell, and further consumer engagement. For example, during the period, we introduced single sign-on for enterprise, which allows customers to use their existing corporate login (O365, Apple and Google) to access their Trustpilot account, improving user experience, reducing support requests, and increasing cybersecurity.

We introduced a new relevance sorting algorithm that includes text length, readability, and information richness to determine the quality of a review to aid prioritisation when sorting by relevance. Users of Isendu, an all-in-one shipping management platform used by eCommerce businesses to automate and manage shipping, can now send automated Trustpilot review invitations by email and WhatsApp through a new integration launched in 2023.

Our Review Insights customers can now input different parameters to forecast the range of potential outcomes for their TrustScores, based on their planned activities. We also updated our Abusive Reporting Model and introduced sentiment breakdown by topic for consumers on our iOS App.We launched a Salesforce integration during Q3 2023, now available on the Salesforce app exchange and enabling seamless review management, including consumer insights and reporting, for customers using the Salesforce platform.

Strong strategic progress

The more consumers engage with our platform through reading and posting trusted reviews, the greater the reason for businesses to use Trustpilot to engage with their customers. In this way, each side of our platform reinforces the other, supporting our strong organic growth over the long term.

We track several strategic data points that help us assess our progress in driving adoption and ensuring trust and transparency. Concerning adoption and usage, these metrics include:

- The total number of cumulative reviews
- The number of active businesses on the platform
- The number of paying customers
- The average monthly number of review invitations and TrustBox impressions

Rapid business and consumer adoption
For us to achieve our mission of 'Trustpilot everywhere', we need to succeed in being the most trusted and most used online review brand globally.

We were pleased to see consumer and business adoption of the Trustpilot platform continue to grow across all regions in 2023. By the end of the year, Trustpilot had exceeded 267 million total cumulative reviews*, an increase of 25 per cent YoY, with an average of 57 million monthly unique users and close to 20 million consumers leaving their first review on Trustpilot in the year.

We closed 2023 with 1.1 million reviewed domains* and 116 thousand active domains* on our platform, up 22 per cent and 16 per cent YoY, respectively. Active businesses help promote the Trustpilot brand, whether paying customers or users of the free tools we provide, by actively collecting reviews and displaying their TrustBox. Of these active businesses, 26 thousand are paying customers, subscribing to our software tools to help them get, manage, and derive insights from reviews.

Importantly, our strategy is to increase the revenue opportunity within our installed base, principally by focusing our direct selling into the enterprise market, typified by larger deal sizes and lower churn, whilst addressing the smaller business market via self-service channels. Therefore, we do not see growth in the absolute number of paying customers as a critical data point *per se;* instead, we believe we should focus on increasing average contract values and increasing retention over time.

During the year, our business customers sent 780 million review invitations (FY22: 697 million), an average of 65 million per month (FY22: 58 million). The Trustpilot brand continued to gain in strength, with 9.8 billion monthly TrustBox impressions, up 13 per cent YoY to 117.4 billion for the year.

Trust & transparency
We also look at a series of strategic data points to help us assess our success in ensuring the integrity of the content on our platform. These include:

- Consumer and business verification
- Our speed and accuracy in detecting fake reviews
- How many fake reviews are flagged by our community

- The number of consumer warnings and alerts we apply in the period
- Our ability to successfully use legal enforcement as a deterrent to persistent offenders

* Key performance indicator (KPI) – further detail available on page 14

During 2023, Trustpilot removed over 3.3 million fake reviews from its platform (FY22: 2.6 million) equating to 6% of reviews posted in the year – our fraud detection systems automatically eliminated approximately 79 per cent of these. 68 per cent of the fake or fraudulent reviews removed in 2023 were either 5-star or 4-star reviews (FY22: 65 per cent). In addition to those removed automatically, consumers and businesses validly flagged over 545 thousand reviews, an increase of 19 per cent YoY, of which approximately 98 per cent were flagged by businesses. We ended the year with 490 thousand verified reviewers globally (FY22: 198 thousand), a valuable additional step in promoting trust online.

In 2023, we made further progress in tackling misuse through proactive litigation and scam prevention. For example, as part of our enforcement strategy, we successfully secured our first two court orders, banning a property firm and a dental practice from buying and submitting fake reviews on our platform. We initiated legal proceedings after issuing formal cease and desist notices and placing consumer warnings on the profile pages of the businesses involved. The courts ordered both firms to pay damages and in December 2023 we donated these funds to the Citizens Advice Bureaux, as an organisation that champions consumer rights.

We also proactively engaged with regulators in our different markets to prepare for the changing regulatory landscape to help shape public policy. This activity included engaging with the UK government concerning the forthcoming Digital Markets, Consumer and Competition Bill. In the US, we contributed to the Federal Trade Commission's report on proposed new rules to prevent the use of fake and misleading reviews. We also further developed our roadmap for compliance with the EU Data and Digital Services Acts.

We are encouraged by these new regulations as they seek to support open and transparent platforms, and strengthen ability to deter bad actors through legal enforcement.

We must also ensure legitimate reviews are accessible. Hence, we prioritise our investment to enable us to protect great businesses and showcase genuine consumer experiences. This investment includes our focus on business and consumer verification, automated review collection methods and our extensive use of automated fraud detection systems, employing data science techniques to improve the speed and accuracy with which we identify suspicious activity and fake reviews.

We also actively remove or do not accept business customers that are unsuitable for our platform. For example, businesses that promote hatred or facilitate criminal activities. The steps we can take include displaying consumer warnings on business profiles, removing profiles that offer illegal or harmful services and ensuring that our sales teams do not communicate with unsuitable businesses.

Sustainability

We aim to help consumers and businesses to help each other — because when they do, people benefit, businesses benefit, and society benefits too. We know that this purpose is ambitious and challenging, but also that it is inherently worthwhile. We believe our sustainability strategy supports this purpose over the long term.

We focus on three strategic areas of sustainability with clear priorities where we can have a positive impact: being a partner for the planet, promoting trust online, and empowering everyone.

Partner for the planet

At Trustpilot, we are not in the business of manufacturing anything physical, but that does not mean we do not cause emissions. We are determined to hold ourselves accountable and work towards positive change.

We have committed to setting science-based, independently verified emissions reduction targets. We need to understand how climate change may affect our business in the future and how we can reduce any negative environmental impact we have. We are committed to driving continual improvement in our climate reporting and sustainability going forward.

In 2023, we enhanced the role of the ESG steering group, conducted a detailed review of our schedule of potential climate risks and opportunities, assessed the impact of these risks on our business and across Trustpilot's value chain, and examined how these may affect our platform, customers, consumers, employees, and broader society.

We also undertook a detailed analysis of our carbon footprint across scopes 1, 2, and 3 identifying areas where we could immediately begin work towards reducing our emissions, for example, by creating specific work streams to support the introduction of sustainable procurement and travel policies. We have introduced carbon-reduction targets in this year’s annual report, and we shall submit these to the Science Based Targets initiative (SBTi) for validation during 2024.

Promoting trust online
We do all we can to ensure Trustpilot reviews are trusted. Our guidelines encourage responsible behaviour among the Trustpilot review community. Both consumers and businesses sign up and must adhere to these guidelines when using our platform. We treat all reviews on the platform equally, regardless of who wrote them or which businesses they concern. In addition to working with regulators, we also collaborate with other leading internet businesses to tackle fake reviews and protect consumers online. In 2023, we became a founding member of the newly created Coalition for Trusted Reviews. We aim to set consistent standards, share best practices, take collective action, and work closely to inform public policy.

Empower everyone
We continue to acquire the critical skills and capabilities needed to achieve our goals. We embedded the High Performance Way, a performance management approach to give Trusties greater meaning, clarity, and accountability. We invested in training for leaders and launched the development hub, offering all Trusties support with their development needs.

In 2023, we continued to strive for an environment where Trusties feel they can belong, championed by our seven employee resource groups (ERGs), and we launched workshops to help Trusties understand their impact on diversity, equity and inclusion to ensure Trustpilot is a place where everyone feels they can be themselves.

We also published our diversity, equity and inclusion policy for the first time, detailing our responsibilities as a business, presenting our expectations of our Trusties to uphold fairness and respect, and highlighting our shared responsibility to treat everyone with respect and ensure that equal opportunities exist for all.

Outlook
We delivered a strong performance in 2023, as we accelerated our move into profitability, delivering adjusted EBITDA ahead of expectations.

The bookings growth we achieved in 2023 and the ongoing momentum in the business underpins our confidence in continuing to deliver mid-teens constant currency revenue growth, and we also expect to achieve further operating leverage in the current financial year. The Board is confident in the Company's ability to deliver sustainable growth and long-term margin improvement, as we expand to capture the significant global opportunity ahead.

Adrian Blair
Chief Executive Officer, Trustpilot Group plc
18 March 2024

Finance review

Overview

In 2023, we generated total bookings* of $194.6 million, +18 per cent YoY (+16 per cent at constant currency (cc)). Revenue increased to $176.4 million, +18 per cent YoY (+17 per cent cc). On 31 December, annual recurring revenue* ("ARR") had increased to $197.3 million, +22 per cent (+18 per cent cc). The Group reported a loss before tax of $1.9 million and, by beginning to recognise deferred tax assets with the benefit of $12.3 million, reported a profit for the year of $7.1 million, compared to a loss of $14.6 million a year ago.

Adjusted EBITDA** of $15.5 million was ahead of expectations even after the impact of capitalising sales commissions of $3.9 million, compared with an adjusted EBITDA loss of $4.4 million a year ago. Operating cash inflow was $20.9 million compared to an outflow of $2.7 million a year ago. At 31 December 2023, we had net cash of $91.5 million and no debt, generating $13.8 million of adjusted free cash flow[1] in the year.

Regional growth trends

The UK generated bookings of $77.4 million, +17 per cent at constant currency, or +17 per cent on a reported basis YoY. UK revenue grew to $70.0 million (FY22: $59.8 million), +16 per cent at constant currency, or +17 per cent reported YoY. This revenue growth reflected prior-year bookings growth and a positive foreign exchange impact on translation.

Europe & RoW generated bookings of $76.3 million, +18 per cent at constant currency, or +22 per cent on a reported basis YoY. Europe & RoW revenue grew to $69.1 million (FY22: $55.1 million), +22 per cent at constant currency, or +25 per cent reported YoY. Revenue growth reflected a strong prior-year bookings performance and a positive foreign exchange impact on translation.

North America generated bookings of $40.9 million, +12 per cent on a reported basis YoY. North America revenue grew to $37.3 million (FY22: $34.0 million), +10 per cent reported YoY.

$ '000	**FY23**	**FY22**	**(+/-) % actual**	**(+/-) % constant currency**
Bookings:				
UK†	77,372	66,031	17	17
North America	40,911	36,518	12	12
Europe & Rest of World	76,321	62,735	22	18
Total bookings	**194,604**	**165,284**	**18**	**16**
Revenue:				
UK†	69,951	59,803	17	16
North America	37,284	34,003	10	10
Europe & Rest of World	69,127	55,126	25	22
Total revenue	**176,362**	**148,932**	**18**	**17**

† For presentation purposes, the Isle of Man and the British Virgin Islands are included within the UK.

* Key performance indicator (KPI)- further detail available on page 14
** Alternative performance measure (APM)- further detail available in note 3 on page 30
[1] Please see page 11 for the definition of adjusted free cash flow

Net dollar retention rate

Importantly, our FY23 LTM net dollar retention rate was 99 per cent (FY22: 100 per cent), a resilient performance given the weaker economic climate, underpinned by good gross retention, the improvement in the retention rate in North America, new pricing packages and general price increases, which helped to grow the average annual contract value.

Forward visibility

We operate a subscription software business model, typically with 12 month rolling contracts. Hence, the revenue outcome in any given period primarily reflects prior-period bookings (the annual contract value of deals signed within that period) and ARR (which measures the annualised value of all subscription contracts on the final day of a reporting period).

Cost of sales

The cost of sales was $30.9 million (FY22: $26.9 million) and includes network operating costs as well as the costs incurred to onboard, support, retain and upsell customers. Cost of sales remained flat as a proportion of revenue to 18 per cent (FY22: 18 per cent) in FY23, and the gross margin also remained at 82 per cent (FY22: 82 per cent).

Sales and marketing costs

Capitalised commission

Under IFRS 15 – "Revenue from Contracts with Customers" – the Group must assess the recoverability of the incremental costs of obtaining a contract when incurred, based on the anticipated contribution from revenue to be earned under the associated contract. Incremental costs for the Group relate primarily to sales commissions paid to employees on new business.

In previous periods where we assessed recoverability, our forecasts in our respective markets did not indicate the costs incurred would be recoverable, and thus they were expensed immediately. In FY23, as a result of the Group forecasting improved profitability and operating leverage in all markets globally, our forecast supports the recovery of these costs, which has led to sales commissions being capitalised and amortised over the customer's expected useful life.

This accounting treatment is a consistent application of our policies under IFRS 15. We have not revised any previous estimates, but for 2023, the capitalisation of costs resulted in reduced sales and marketing expenses by 3.9 million.

Before the impact of capitalising sales commissions of $3.9 million, sales and marketing costs decreased YoY to $54.8 million (FY22: $58.5 million), falling to 31 per cent of revenue, versus 39 per cent in FY22. This reduction was largely driven by the absence of non-recurring consulting services fees and other expenses that were incurred in FY22, a reduced pace of hiring given the uncertain macroeconomic environment, and operating leverage due to the strong revenue growth in the year.

Technology and content costs

Technology and content costs grew to $50 million (FY22: $41 million) but remained flat as a proportion of revenue to 28 per cent (FY22: 28 per cent). We continued our investment in content integrity and expanding our technology and product teams.

General and administrative costs

General and administrative expenses increased by $5.8 million to $43.8 million, principally reflecting a higher level of depreciation and amortisation relating to capital expenditure in FY22, and an increase in the share-based compensation expense year-on-year. Despite this, the overall general and administrative expense declined as a proportion of revenue to 25 per cent (FY22: 26 per cent), reflecting lower professional services fees relating to recruitment, legal and office build-outs, compared to the prior-year, and the operating leverage resulting from revenue growth.

Our provision for losses on trade receivables — previously included in general and administrative costs — was $1.7 million (FY22: $1.2 million), remaining flat year-on-year at around 1 per cent of revenue.

Cash flow

Cash inflow from operating activities in FY23 was $20.9 million compared with a cash outflow from operations in FY22 of $2.7 million,with the improvement largely driven by revenue growth, improving operating leverage, and a higher bonus accrual within working capital. Free cash flow improved to $14 million in FY23 versus an adjusted free cash outflow of $13.3 million in FY22. There has been no impact on operating or free cash flow due to the capitalised commissions noted above under sales and marketing.

Capital expenditure primarily consists of capitalised development costs and, in FY23, decreased to $3.6 million (FY22: $7.4 million). FY22 included higher levels of capital expenditure relating to non-recurring office fit-out costs amounting to $3.7 million.

Cash flow from financing activities comprised principally of cash outflows from the principal elements of lease payments, partially offset by equity inflows from share issuances.

In 2023 we evolved our treasury strategy and as a result we increased our interest income by over $2.5 million along with diversifying our banking and counterparty exposure.

Adjusted free cash flow

Adjusted free cash flow is operating cash flow, adjusted for non-recurring transaction costs, restructuring costs, principal lease payments and capital expenditure.

$'000	FY23	FY22
Operating cash flow	20,879	(2,698)
Non-recurring items	—	—
Restructuring costs	—	—
Principal lease payments	(3,538)	(3,187)
Capital expenditure[1]	(3,561)	(7,399)
Adjusted free cash flow	13,780	(13,284)

[1] Capital expenditure consists of purchase of property, plant and equipment and payments for intangible assets development

Balance Sheet

Notable balance sheet movements primarily relate to regular lease amortisation and increased contract liabilities as the business grows. Other payables reflect bonus accruals and further labour-related accruals. The trade receivables balance increased proportionately to revenue and aligned with expected trends despite the uncertain macroeconomic environment.

As of 31 December 2023, the Group has significant tax losses available for offset against future taxable profits related to Trustpilot A/S and Trustpilot, Inc. Reflecting the improved profitability in Trustpilot A/S, we began to utilise these losses for the first time, and recognised a deferred tax assets of $12.3 million in the period.

The net cash balance on 31 December 2023 was $91.5 million, an improvement reflecting positive free cash flow during the first and second half of the year, as well as the translation effects of the strengthening of Sterling and the Euro against the US dollar during the year.

On 30 October 2023, the Group successfully refinanced its revolving credit facility (RCF) for another 3 years.

Post balance sheet events

On 11 January 2024, Trustpilot announced the commencement of a £20 million share buyback programme. The purpose of the programme is to ensure the Group is running an efficient balance sheet and returning excess capital, not required for other priorities, to shareholders. All shares repurchased as part of the programme will be cancelled.

Foreign exchange

The Group does not hedge foreign currency profit and loss translation exposures; therefore, exchange rate movements impact the statutory results. Constant currency translation illustrates underlying activity by neutralising the impact of currency fluctuations.

Capital allocation strategy

Trustpilot has a strong balance sheet, and the business is now cash flow positive. As we consider our capital allocation strategy, our priorities include:

- Continuing to invest in organic top-line growth
- Innovation to drive new business and retention
- Our people and culture
- The flexibility to engage in targeted M&A
- Returning excess capital to shareholders through a share buyback

On 11th January 2024, we were pleased to announce the launch of a share buyback programme of up to £20 million as part of our commitment to return excess capital, not required for other purposes, to shareholders.

Since launching the buyback programme, we have completed more than 50 per cent of the c.£20m of repurchases we targeted.

Going concern

The Group made a profit of $7.1 million in FY23 compared with a loss of $14.6 million in FY22. The Group has cash and cash equivalents of $91.5 million as of 31 December 2023 compared with a balance of $73.5 million as of 31 December 2022.

The Group has access to an undrawn revolving credit facility of up to $30 million, expiring in October 2026, but the Group is not in any way reliant on this facility. The Group has remained in compliance with all covenants throughout the period and expects to continue to do so in future periods.

Management has performed a going concern assessment for the Group by preparing monthly cash flows for 18 months and sensitising for what the Directors consider to be the most severe but plausible scenario that could arise.

Based on the assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for at least 18 months from the date of approval of the financial statements. As a result, the Directors consider it appropriate for the Group to continue to adopt the going concern basis in preparing its financial statements.

Hanno Damm
Chief Financial Officer, Trustpilot Group plc
18 March 2024

Operating metrics

Trustpilot utilises a range of key performance indicators ("KPIs") to assess its performance, and this document contains certain operating measures that are not defined or recognised under IFRS. Trustpilot considers bookings, LTM Net Dollar Retention Rate, annual recurring revenue, number of reviewed domains, number of claimed domains, number of active domains, number of reviews and ACV per customer to be the KPIs used by Trustpilot to help evaluate growth trends, establish budgets and assess operational performance and efficiencies.

Trustpilot believes that these KPIs provide alternative measures by which to assess the operating performance of the Group and, together with IFRS measures, are useful in evaluating the Group's operating performance. The KPIs used in the Financial Statements should not be considered superior to, or a substitute for, measures calculated in accordance with IFRS. The following table presents Trustpilot's KPIs for FY23 and FY22.

	FY23	**FY22**	**(+/-) % actual**	**(+/-) % constant currency**
Bookings (000's)				
UK[1]	77,372	66,031	17	17
North America	40,911	36,518	12	12
Europe & Rest of World	76,321	62,735	22	18
Total bookings[1]	**194,604**	**165,284**	**18**	**16**
LTM Net Dollar Retention Rate (per cent)[2]	99	100	(1)	—
KPIs at year end (000's)				
Annual Recurring Revenue ($)[3]	197,253	162,237	22	18
Number of reviewed domains[4]	1100	900	22	—
Number of claimed domains[5]	837	684	22	—
Number of active domains[6]	116	100	16	—
ACV per customer ($)[7]	7.6	6.6	15	—
Number of reviews[8]	266,956	213,416	25	—

[1] Bookings is defined as the annual contract value of contracts signed in a given period. Nearly all of Trustpilot's contracts with customers have a duration of 12 months, and in the event a contract length exceeds a 12 months term, the value is adjusted to the 12-month equivalent for the purpose of calculating bookings. Bookings are a leading indicator of future revenue. For presentation purposes, the Isle of Man and the British Virgin Islands are included within the UK.

[2] LTM Net Dollar Retention Rate is defined as the annual contract value of all subscription renewals in the last twelve months divided by the annual contract value of subscriptions expiring in the last twelve months. LTM Net dollar retention includes the total value of subscriptions with existing subscribing customers and includes any expansion of contract value with existing subscribing customers through upsell, cross-sell, price expansion or win back. Twelve months of data is used as nearly all subscriptions are twelve months in duration, ensuring the appropriate alignment of renewal activities.

[3] Annual recurring revenue is defined as the annual value of subscription contracts measured on the final day of a reporting period.

[4] Number of domains that have been reviewed on Trustpilot's platform as at 31 December (including domains subsequently removed from the Trustpilot consumer website).

[5] Number of claimed domains that have been reviewed on Trustpilot's platform as at 31 December (including domains subsequently removed from the Trustpilot consumer website) and have been claimed by the domain owner.

[6] Number of domains, in the months of December, that received an invited review or were the subject of a TrustBox impression during the month.

[7] Annual Contract Value (ACV) per customer defined as total annual bookings for the year to 31 December 2023 divided by the total number of subscribing customers at the year end.

[8] Number of reviews hosted on Trustpilot's platform as at 31 December (including reviews subsequently removed or deleted).

Trustpilot Group plc
Results for the year ended 31 December 2023

Consolidated statement of profit or loss

	Note	FY23 $ '000	FY22 $ '000
Revenue	4	**176,362**	**148,932**
Cost of sales		(30,914)	(26,937)
Gross profit		**145,448**	**121,995**
Sales and marketing		(50,907)	(58,462)
Technology and content		(50,029)	(41,149)
General and administrative*		(43,835)	(37,999)
Impairment losses on trade receivables*		(1,686)	(1,195)
Other operating income		391	820
Operating loss		**(618)**	**(15,990)**
Finance income	6	2,458	2,459
Finance expenses	6	(3,784)	(1,514)
Loss before tax		**(1,944)**	**(15,045)**
Income tax credit for the year	7	9,053	401
Profit/(loss) for the year		**7,109**	**(14,644)**
Earnings/(loss) per share (cents)			
Basic earnings/(loss) per share	8	1.7	(3.5)
Diluted earnings/(loss) per share	8	1.6	(3.5)

*See note 1 for details regarding the representation.

Consolidated statement of comprehensive income

	FY23	FY22
	$ '000	$ '000
Profit/(loss) for the year	**7,109**	**(14,644)**
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange rate differences on translation of foreign operations	3,187	(6,362)
Other comprehensive income/(expense) for the year, net of tax	**3,187**	**(6,362)**
Total comprehensive income/(expense) for the year	**10,296**	**(21,006)**

Consolidated balance sheet

	Note	As at 31 December 2023 $ '000	As at 31 December 2022 $ '000
Intangible assets		7,355	7,055
Property, plant and equipment		2,756	3,938
Right-of-use assets		21,021	23,569
Deferred tax assets		12,428	79
Deposits and other receivables		2,276	2,158
Total non-current assets		**45,836**	**36,799**
Trade receivables		9,820	8,275
Contract acquisition costs		3,981	—
Income tax receivables		—	962
Prepayments		4,036	3,472
Deposits and other receivables		1,235	1,816
Cash and cash equivalents		91,464	73,459
Total current assets		**110,536**	**87,984**
Total assets		**156,372**	**124,783**
Equity and liabilities			
Share capital	10	5,338	5,006
Share premium	10	68,790	64,537
Foreign currency translation reserve		5,795	6,602
Merger reserve		148,854	148,854
Accumulated losses		(165,664)	(179,163)
Total equity		**63,113**	**45,836**
Lease liabilities		18,572	21,243
Provisions		703	628
Other payables		3,043	2,858
Total non-current liabilities		**22,318**	**24,729**
Lease liabilities		4,292	3,442
Provisions		369	453
Income tax payables		899	44
Contract liabilities		37,841	32,210
Other payables		23,059	15,305
Trade payables		4,481	2,764
Total current liabilities		**70,941**	**54,218**
Total liabilities		**93,259**	**78,947**
Total equity and liabilities		**156,372**	**124,783**

The consolidated financial statements on pages 16 to 42 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Adrian Blair	Hanno Damm
Chief Executive Officer	Chief Financial Officer
18 March 2024	18 March 2024

Registered number 13184807

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Foreign currency translation reserve	Merger reserve	Accumulated losses	Total
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
As at 1 January 2023		**5,006**	**64,537**	**6,602**	**148,854**	**(179,163)**	**45,836**
Profit for the year		—	—	—	—	7,109	7,109
Other comprehensive income		—	—	3,187	—	—	3,187
Total comprehensive income/(expense) for the year		**—**	**—**	**3,187**	**—**	**7,109**	**10,296**
Transactions with owners							
Employee share scheme issues	10	44	612	—	—	—	656
Contribution of equity – transaction cost	10	—	(65)	—	—	—	(65)
Share-based payments	5	—	—	—	—	6,339	6,339
Related tax	7	—	—	—	—	51	51
Exchange difference on share capital and premium	10	288	3,706	(3,994)	—	—	—
Total transactions with owners		**332**	**4,253**	**(3,994)**	**—**	**6,390**	**6,981**
As at 31 December 2023		**5,338**	**68,790**	**5,795**	**148,854**	**(165,664)**	**63,113**

	Note	Share capital	Share premium	Foreign currency translation reserve	Merger reserve	Accumulated losses	Total
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
As at 1 January 2022		**5,576**	**70,994**	**4,648**	**148,854**	**(170,618)**	**59,454**
Loss for the year		—	—	—	—	(14,644)	(14,644)
Other comprehensive expense		—	—	(6,362)	—	—	(6,362)
Total comprehensive income/(expense) for the year		**—**	**—**	**(6,362)**	**—**	**(14,644)**	**(21,006)**
Transactions with owners							
Employee share scheme issues	10	31	1,312	—	—	—	1,343
Contribution of equity-transaction cost	10	—	(54)	—	—	—	(54)
Share-based payments	5	—	—	—	—	5,853	5,853
Related tax	7	—	—	—	—	246	246
Exchange difference on share capital and premium	10	(601)	(7,715)	8,316	—	—	—
Total transactions with owners		**(570)**	**(6,457)**	**8,316**	**—**	**6,099**	**7,388**
As at 31 December 2022		**5,006**	**64,537**	**6,602**	**148,854**	**(179,163)**	**45,836**

Consolidated cash flow statement

	Note	FY23 $ '000	FY22 $ '000
Profit/(loss) for the year		**7,109**	**(14,644)**
Adjustments to operating cash flows	11	7,606	11,865
Changes in net working capital	11	7,372	902
Interest received[1]		2,458	14
Interest paid		(2,413)	(1,514)
Income tax (paid)/received		(1,253)	679
Net cash inflow/(outflow) from operating activities		**20,879**	**(2,698)**
Purchase of property, plant and equipment		(329)	(3,703)
Payments for intangible assets development		(3,232)	(3,696)
Net cash outflow from investing activities		**(3,561)**	**(7,399)**
Principal elements of lease payments		(3,538)	(3,187)
Proceeds from borrowings		30,000	—
Repayment of borrowings		(30,000)	—
Proceeds from share issue		591	1,289
Net cash outflow from financing activities		**(2,947)**	**(1,898)**
Net cash flow for the year		**14,371**	**(11,995)**
Cash and cash equivalents, beginning of the year		73,459	93,177
Effects of exchange rate changes on cash and cash equivalents		3,634	(7,723)
Cash and cash equivalents at end of the year		**91,464**	**73,459**

1 Interest received includes interest income of $1,026 thousand (FY22: $14 thousand) and other similar income of $1,432 thousand (FY22: nil), refer to note 6.

1. General Information and basis of the preparation

Trustpilot Group plc (the "**Company**") is a public company limited by shares, incorporated on 8 February 2021, domiciled in the United Kingdom and registered in England & Wales with company number 13184807, and having its registered office at 5th Floor, The Minster Building, 21 Mincing Lane, London EC3R 7AG, United Kingdom.

The activity of the Company and its subsidiaries (together, the "**Group**") consists of developing and hosting an online review platform that helps consumers make purchasing decisions and businesses showcase and improve their service. Revenue is generated from selling its software as a service ("SaaS").

The annual financial information presented in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022 but is based on, and consistent with, that in the audited financial statements for the year ended 31 December 2023, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on those financial statements was unmodified, did not contain an emphasis of the matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The preliminary financial report for the year ended 31 December 2023 follows the same accounting policies as the 2022 Annual Report. This preliminary financial report does not include all of the notes of the type normally included in an annual financial report and should therefore be read in conjunction with the Trustpilot Group plc 2022 Annual Report.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, except for money market funds that have been measured at fair value through profit or loss.

The consolidated financial statements are presented in US Dollars ("USD"). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements are not materially impacted by seasonality due to revenue recognition amortisation over subscription term.

Under IFRS 15- "Revenue from Contracts with Customers"- the Group is required to assess the recoverability of the incremental costs of obtaining a contract at the time they are incurred, based on the anticipated contribution from revenue to be earned under the associated contract. Incremental costs for the Group relate largely to sales commissions paid to employees on new business. In previous periods, where recoverability has been assessed, our forecasts in our respective markets did not indicate the costs incurred would be recoverable and therefore they were immediately expensed. In FY23, as a result of the Group now forecasting improved profitability and operating leverage in all markets globally, our forecast supports the recovery of these costs, which has led to sales commissions being capitalised and amortised over the customers' expected useful life. This represents a consistent application of our policies under IFRS 15 and we have not revised any previous estimates made, but the capitalisation of costs has reduced sales and marketing costs by $3,981 thousand in the year.

Going Concern

The directors of the Company (the “Directors”), in their detailed consideration of going concern, have performed a going concern assessment for the Group by preparing monthly cash flows for an 18 month period and then sensitising for what the Directors consider to be the most severe but plausible scenario that could arise. The assessment was tied to specific risks identified in the principal risk and uncertainty section including ‘confidence in our commitment to trust and transparency’, ‘misuse of platform’, ‘changing and varied regulatory landscape’, ‘litigation and disputes’ and ‘macroeconomic environment’.

As at 31 December 2023, the Group has a cash and cash equivalents balance of $91,464 thousand (FY22: $73,459 thousand) with zero debt on the balance sheet. In addition to cash on the balance sheet, the Group has access to a revolving credit facility for up to $30,000 thousand (FY22: $30,000 thousand), available in multiple currencies, which has not been considered as part of headroom when considering going concern. The revolving credit facility is subject to balance sheet covenants, which are considered in the course of scenario planning.

Additionally, the Directors have evaluated the impact of a reverse stress test over a three year period meant to illustrate what would need to happen for the Group to exhaust its liquidity.

Having considered the severe but plausible downside scenario, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for at least 18 months from the date of signing these financial statements. As a result, they continue to adopt the going concern basis in preparing the consolidated financial statements, in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of consolidation

The consolidated financial statements include the parent company, Trustpilot Group plc, and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Climate-related risks

When preparing the consolidated financial statements, management considers climate-related risks, where these could have a potentially material impact on the reported amounts or where climate-related risks could have an impact on items in the statement of profit and loss or on balance sheet.

In the preparation of the consolidated financial statement, it is management’s assessment that climate-related risks have not had a material impact on the reported amounts for the year ended 31 December 2023.

Specifically, we have considered the following areas:

- The physical and transition risks associated with climate change; and
- The actions the Group is taking to ensure it meets carbon reduction and net zero targets.

As a result, the Group has assessed the impacts of climate change on the consolidated financial statements, and in particular, on the following areas:

- The carrying value of the Group's assets, in particular the recoverable amounts of intangible assets and property, plant and equipment; and

- Any changes to our estimates of the useful economic lives of intangible assets and property, plant and equipment.

Management are committed to reducing the Group's carbon emissions and target achieving net zero by 2050. Keeping this target in mind, the Group selects its suppliers, shares knowledge, technology and support its customers with the effort of being the driving force for change.

Representation of impairment loss on trade receivables

Impairment losses on trade receivables have been shown separately in accordance with IAS 1 'Presentation of Financial Statements'; previously these were presented within general and administrative expenses. There is no difference to the operating loss for the year ended 31 December 2022.

	FY22 As reported $ '000	**FY22** Reclassification $ '000	**FY22** Represented $ '000
General and administrative	(39,194)	1,195	(37,999)
Impairment losses on trade receivables	–	(1,195)	(1,195)

New standards and interpretations

(a) New standards and amendments – applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- **Definition of Accounting Estimates - Amendments to IAS 8 –** The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

- **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 –** The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12 –** The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impacts on the Group's consolidated financial statements.

- **International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12 -** The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
  - A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception- the use of which is required to be disclosed- applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements.

The Group did not have to change its accounting policies or make retrospective adjustments as a results of adopting these standards. There has been no material impact on the adoption of new standards during the year.

(b) New and revised IFRS Standards in issue but not yet effective

Certain new accounting standards and amendments are effective for annual reporting periods beginning after 1 January 2024, though not mandatory for annual reporting periods ending on 31 December 2023. Earlier application is permitted, however, the new or amended standards have not been early adopted by the Group. The amended standards are as follows:

- **Amendments to IFRS 16: Lease Liability in the Sale and Leaseback –** In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- **Amendments to IAS 1: Classification of Liabilities as Current or Non-current –** In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

◦ What is meant by a right to defer settlement

◦ That a right to defer must exist at the end of the reporting period

◦ That classification is unaffected by the likelihood that an entity will exercise its deferral right

◦ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

- **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 –** In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting period beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

The other amended standards and improvements are not mandatory for 31 December 2023 reporting period. The Group expects to adopt the new standards, improvements, and amendments when they become mandatory.

Financial instruments

There are no changes in the business or economic circumstances that affect the fair value of the Group's financial assets and liabilities. There are no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments. The Group does not hold any level three financial instruments. There are no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

Contract balances

We consider that all our contract lives are within our normal operating cycle and therefore all our contract assets and liabilities are presented as current within the consolidated balance sheet.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and also money market funds with a maturity of three months or less, that are held for the purpose of meeting short term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

The Group looks to the fund unit to establish whether the unit qualifies as cash equivalents (that is, it is short term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value). The Group considers if the policies and controls in combination mean that the investment in the fund unit itself meets all of the criteria, including ensuring low credit and interest rate risk exposure. The Group assesses the fund, policies and controls to ensure that the portfolio comprises investments in high-quality (and, typically, short-term) assets and is highly diversified. Although from time-to-time issuers may hold more than 10% in the fund, the Group has considered a balanced position of the above factors. Having considered the fund at the reporting point, the Group is satisfied the money market funds held meet the IAS 7 'Statement of Cash Flows' criteria for cash equivalents.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The judgements, estimates as well as the related assumptions made are based on historical experience and other factors that management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. Actual results may differ from these estimates.

2.1 Critical accounting estimates

Critical accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical trends or reasonable expectations. The assumptions may change to adapt to the market conditions and changes in economic factors etc. The Group believe that the estimates are the most likely outcome of future events.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 5.

Estimates are also undertaken regarding expected forfeiture rates of unvested shares as well as performance estimates under LTIP program. Estimates only impact phasing of expenses as all actual forfeitures and performance is ultimately trued-up in reporting.

Incremental cost of obtaining customers' contracts

The Group has assessed incremental costs and determined that they are recoverable based on management's estimate of future profitability under the contracts for the first time in 2023. The Group has recognised $3,981 thousand (FY22: nil) incremental costs of obtaining contracts with customers. The incremental costs of obtaining a contract relate to sales commission paid to employees and are recognised as contract assets at the time of signing contracts with customers. The capitalised costs of obtaining a contract are amortised on a straight line basis over the period of the customer life, typically three years.

Previously, incremental costs of obtaining a contract were expensed in full within sales and marketing expenses at the time of signing contracts with customers based on these costs not previously being deemed recoverable.

If the customer useful life is changed to be two or four years, the impact is not sensitive and the difference is immaterial. Amortisation of cost to obtaining contracts is reported within sales and marketing.

Recognition of deferred tax assets

As of 31 December 2023, the Group has recognised tax assets of $12,428 thousand with a tax value of $56,491 thousand (FY22: tax assets of $79 thousand with a tax value of $359 thousand) and unrecognised tax assets of $23,975 thousand with a tax value of $110,000 thousand (FY22: $38,551 thousand – tax value over $177,000 thousand) that relates to tax loss carry-forward amounts primarily to Trustpilot A/S and its immediate subsidiaries, Trustpilot, Inc. and Trustpilot Ltd. Trustpilot A/S and the US and UK subsidiaries have incurred the losses over the previous years as a consequence of expanding the Group and its operations. Of the $110,000 thousand, $69,000 thousand (FY22: $136,000 thousand) of the losses can be carried forward indefinitely with no expiration date while $41,000 thousand (FY22: $41,000 thousand) is subject to a finite utilisation period with expirations beginning as soon as 2033.

Deferred tax assets are reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of the asset being recovered within a reasonably foreseeable timeframe considering the future expected profit profile and business model of each relevant country, as well as any restrictions on use. As the Group has a history of making taxable losses, IAS 12 Income Taxes further requires that convincing evidence is available to support Management's assessment that sufficient taxable profits will be available in the future. Reflecting the improving forecasts and expectation of using tax losses in the Danish entity, the Group has recognised a deferred tax asset of $12,347 thousand (FY22: $0) which has been based on a risk adjusted forecast. Current forecasts indicate that the recognised losses will be utilised over the next 5 years.

For Trustpilot, Inc. and Trustpilot Ltd, even though the Group's approved budgets shows that they should be able to generate taxable profits in the foreseeable future, management has concluded that it will not be able to meet the strict criteria in IAS 12 to provide 'convincing evidence', as the budget are sensitive to the timing and level of investments in the Trustpilot-platform and similar factors. Consequently, no additional deferred tax assets have been recognised for the Group's tax loss carry-forwards.

2.2 Critical accounting judgements

Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made by the Group that can have a significant impact in the financial results.

Determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options are included in a number of property leases across the Group. Management applies judgement in evaluating whether it is reasonably certain or not to exercise the options to extend and/or terminate the leases. When determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers factors including historical lease durations; and the costs and business disruption required to replace the asset. Most extension options have not been included in the lease liability, because the Group could replace the asset (the offices) without significant cost or business disruption.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

3. Alternative performance measures

The Group utilises a range of alternative performance measures ("APMs") to assess its performance and this document contains certain measures that are not defined or recognised under IFRS. The Group considers EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to be APMs that provide meaningful, additional measures of Group performance.

EBITDA

EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment. Depreciation and amortisation includes any non-cash impairment charges functioning as accelerated depreciation or amortisation. Trustpilot believes EBITDA is meaningful as a profitability measure before non-cash activity, financing and tax impacts.

	FY23	FY22
	$ '000	$ '000
Operating loss	**(618)**	**(15,990)**
Depreciation, amortisation and impairment	8,974	7,358
EBITDA	**8,356**	**(8,632)**

Adjusted EBITDA

The Group measures the overall performance by reference to Adjusted EBITDA which is a non-IFRS measure. The Group believes Adjusted EBITDA is a meaningful representation of core operating profit as it adjusts for certain non-cash items. While some non-cash items such as depreciation, amortisation and share-based compensation are recurring, management finds the exclusion of these costs from Adjusted EBITDA to be meaningful given their non-cash nature, consistent with similar firms within our sector. The following definition of Adjusted EBITDA was also determined based on what management believes provides the best comparability to the same metric provided by similar firms in our sector.

Adjusted EBITDA is defined as EBITDA (earnings before interest, tax, depreciation, amortisation) adjusted to exclude share-based compensation including associated cash settled social security costs.

Adjusted EBITDA margin is defined as adjusted EBITDA (as described above) to a percentage of total revenue.

Adjusted EBITDA

$ '000 other than per cent	FY23	FY22
Operating loss	**(618)**	**(15,990)**
Depreciation, amortisation and impairment	8,974	7,358
EBITDA	**8,356**	**(8,632)**
Share-based compensation, including associated social security costs	7,184	4,211
Adjusted EBITDA	**15,540**	**(4,421)**
Adjusted EBITDA margin (per cent)	**9**	**(3)**

Adjusted EBITDA increased from $(4,421) thousand in FY22 to $15,540 thousand in FY23. Adjusted EBITDA margin increased from (3) per cent in FY22 to 9 per cent in FY23. The increase in Adjusted EBITDA and Adjusted EBITDA margin were driven by revenue growth, lower non-recurring consulting services partially offset by investments across the Group. Included in the FY23 share-based payments is a non-cash charge of $6,339 thousand (FY22: $5,853 thousand) and associated social security costs of $845 thousand (FY22: $(1,642) thousand).

Functional distribution of adjustments

FY23

$ '000	Group	Sales and marketing	Technology and content	General and administrative
Operating loss	**(618)**			
Depreciation, amortisation and impairment	8,974	—	3,310	5,664
Share-based compensation, including associated social security costs	7,184	—	—	7,184
Adjusted EBITDA	**15,540**			

FY22

$ '000	Group	Sales and marketing	Technology and content	General and administrative
Operating loss	**(15,990)**			
Depreciation, amortisation and impairment	7,358	—	2,637	4,721
Share-based compensation, including associated social security costs	4,211	—	—	4,211
Adjusted EBITDA	**(4,421)**			

4. Operating segments

For management purposes and based on internal reporting information, the Group is organised in only one operating segment, as the information reported includes operating results at a consolidated group level only. The costs related to the main nature of the business, being the Group´s online review platform which serves the Group's customers, are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment, comprising the entire Group, are shown in the consolidated statement of comprehensive income. These represent a single business segment for the sale of company subscription plans, generally for a period of twelve months, where the invoicing varies from monthly to annually.

The Executive Leadership Team is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas, responsible for the strategic decision making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment.

Whilst Group operations are distributed globally with a large presence in Denmark and shares are listed on the London Stock Exchange, the UK and North America are the Group's primary markets where revenue generated consists of approximately 40% and 21% (FY22: UK: approx. 40% and North America: approx. 23%), respectively. Other geographical locations besides the UK and North America are defined as 'Europe and Rest of World' where no individual country exceeded more than 6% of the consolidated revenue in FY23 (FY22: 6%).

Trustpilot has customers in many regions around the world but is organised globally from an operation perspective. For this reason, while operating assets may be recorded in Denmark for example, they will be supporting customers around the world. Therefore, a single operating segment is reported with revenue disclosed by region based on the location of the customer. Non-current operating assets are similarly based on geographic location.

The following table displays external revenue (based on customer location) and non-current operating assets by geographic area:

	FY23 $ '000	**FY22** $ '000
Revenue		
UK[1]	69,951	59,803
North America	37,284	34,003
Europe and Rest of World	69,127	55,126
Total revenue	**176,362**	**148,932**
Non-current operating assets		
UK[1]	12,678	13,867
North America	11,149	13,453
Europe and Rest of World	9,581	9,400
Total	**33,408**	**36,720**

1 For presentation purposes, the Isle of Man and the British Virgin Islands are included within the UK.

Non-current operating assets consist of intangible assets, property, plant and equipment, right-of-use assets and deposits.

5. Share-based payment plans

The Group currently operates three share schemes: Employee Warrants, Long Term Incentive Plan and Restricted Share Plan.

For the financial year ended 31 December 2023, the Group has recognised the following share-based payment expense in the consolidated statement of profit or loss.

	FY23	FY22
	$ '000	$ '000
Employee Warrants	598	2,250
Long Term Incentive Plan	1,430	676
Restricted Share Plan	4,311	2,927
	6,339	**5,853**
Current tax	51	261
Deferred tax	—	(15)
	6,390	**6,099**

Employee Warrants
The fair value at grant date is determined using a Black-Scholes model that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the term of the warrant (the expected maturity). Settlement of any vested portion of the awards is expected to be satisfied by the issue of new ordinary shares in the Company upon vesting date.

Movements in the number of share options outstanding and their related weighted average exercise prices in the financial year ended 31 December 2023 are as follow:

Total movement in employee warrants

	FY23		FY22	
	Number of warrants	Weighted avg exercise price	Number of warrants	Weighted avg exercise price
	No. '000	$ '000	No. '000	$ '000
Opening Balance	30,590	0.68	35,041	0.78
Granted	—	—	—	—
Exercised	(1,681)	0.37	(2,202)	0.48
Forfeited	(1,133)	1.55	(2,249)	0.88
Expired	(36)	0.28	—	—
Closing Balance	**27,740**	**0.70**	**30,590**	**0.68**
Number of warrants exercisable at 31 December	**21,472**	**—**	**17,264**	**—**

As at 31 December 2023, employee warrants contributed $598 thousand to the share-based compensation expense (FY22: $2,250 thousand). Employee warrants have exercise prices ranging from $0.12 to $1.68 with a weighted average of $0.70 (FY22: prices ranging from $0.09 to $1.34 with a weighted average of $0.68). The weighted average remaining contractual life of warrants outstanding as at 31 December 2023 was 5.27 years (FY22: 6.01 years).

Long Term Incentive Plan

A Long Term Incentive Plan (**"**LTIP**"**) ensures the alignment of incentives for management and the performance of the Group. Incentives are established across three complementary measures of shareholder return performance, revenue growth and trust to ensure balanced priorities for management for the long term advancement of the Group. In FY23, conditional awards over 5,796 thousand (FY22: 2,366 thousand) ordinary shares in the Company were granted to management under the LTIP.

The LTIP is administered at the discretion of the remuneration committee of the Board (the **"**Remuneration Committee**"**) and no individual has a contractual right to participate. The LTIP awards granted in FY23 will ordinarily vest on 24 March 2026 and 19 September 2026, subject in each case to the award recipient's continued service and the Remuneration Committee's assessment of the extent to which the award's performance measures are satisfied. Settlement of any vested portion of the awards is expected to be satisfied by the issue of new ordinary shares in the Company upon the vesting date.

Executive Directors of the Company are subject to a two year post-vesting holding period for the shares they receive (net of shares equal to any tax liability and nominal cost of acquisition). Targets for each of the three performance measures are set with a lower bound and upper bound. If performance falls below the lower bound there will be no vesting. If performance meets or exceeds the upper bound it will result in 100% vesting. Performance between the lower and upper bounds will result in vesting between 25% and 100% on a straight-line basis, as further detailed below.

Total shareholder return ("TSR") performance measure
The vesting of 75% (the **"**TSR Part**"**) of the LTIP awards granted in FY23 is subject to the Group's TSR performance over a three year period that commenced on 24 March 2023 relative to the TSR performance over the same period of the constituents of the FTSE 250 Index (excluding investment trusts and the Group) as at 24 March 2023. 25% of the TSR Part will vest for median ranking performance, rising on a straight-line basis up to 100% vesting of the TSR Part for upper quartile ranking (or better) relative TSR performance.

Trust performance measure
The vesting of 25% (the **"**Trust Measure Part**"**) of the LTIP awards granted in FY23 is subject to targets set for the average of Trustpilot's own TrustScores (i.e. the star ratings of reviews gathered for Trustpilot on the Trustpilot platform) taken at the end of 2023, 2024 and 2025 respectively. The TrustScore Part target will be stepped between an average TrustScore of 4.0 and 4.4 rising on a straight-line basis up to 100% vesting for an average TrustScore of 4.4 (or better).

As an additional condition, no part of such LTIP awards will vest unless the Remuneration Committee is satisfied as to overall Group performance over the period until vesting – and, as required by the UK Corporate Governance Code, the Remuneration Committee will retain a power to moderate the vesting levels from awards if this is appropriate in all of the circumstances, including consideration of shareholder experience.Settlement of vested awards is expected to be satisfied by the issue of new ordinary shares in the Group. LTIP awards contributed $1,430 thousand to the share-based compensation expense in the FY23 financials (FY22: $676 thousand). Targets and fair value treatment are summarised as follows:

Measure	Fair Value Method	Weighted Avg Fair Value	Lower Bound	Upper Bound
TSR	Stochastic Model	0.50	Equal to Median	Upper Quartile or Greater
Trust	Black-Scholes	0.85	Average Trust Measure of 4.0	Average Trust Measure of 4.40 or Greater

Fair Value Factors	March 23 grant	Additional Chaffe March 23 (Executive Director)	September 23 grant	Additional Chaffe September 23 (Executive Director)
Closing share price on date of grant (pence)	84.70	84.70	96.45	96.45
Price (pence)	1.00	1.00	1.00	1.00
Expected term	3.00 yrs	+2.00 years holding period	3.00 yrs	+2.00 years holding period
Risk-free interest rate	3.19 %	3.18 %	4.47 %	4.54 %
Expected dividend yield	— %	— %	— %	— %
Expected volatility	35.47 %	33.61 %	32.46 %	33.25 %

Note: Chaffe model used to fair value the impact of the two year holding period for Executive Directors

Total movement in LTIP

	FY23	FY22
	No. '000	No. '000
Opening Balance	3,338	1,101
Granted	5,796	2,366
Exercised	—	—
Forfeited	(1,432)	(129)
Closing Balance	**7,702**	**3,338**
Number of LTIPs exercisable at 31 December	**—**	**—**

Restricted Share Plan

The Restricted Share Plan ("RSP") is offered to selected employees and aligns the interest of award recipients with shareholders and serves to help retain employees over the vesting periods. Vesting periods are subject to the condition of continued service only rather than performance measures.

In FY23, conditional awards over 6,015 thousand (FY22: 5,765 thousand) ordinary shares in the Company were issued to employees under the RSP. Vesting typically takes place over a three year period with settlement of each vested portion of the awards expected to be satisfied by the issue of new ordinary shares in the Company upon the vesting date. In special cases awards with a different vesting period can occur and in FY23 an award was granted with a 2-year vesting period.

The RSP is administered at the discretion of the Remuneration Committee and no individual has a contractual right to participate. The cost of acquisition of the awards when vested is 1 pence per each share, equal to the nominal share value, and the fair value is determined using a Black-Scholes model. RSP awards contributed $4,311 thousand to the share-based compensation expense in the FY23 financials (FY22: $2,927 thousand).

Fair Value Factors	**April 2023 Grant**	**October 2023 Grant**
Closing share price on date of grant (pence)	88.50	92.95
Price (pence)	1.00	1.00
Weighted average contractual life	1.82	1.88
Risk-free interest rate	3.62%-4.51%	4.51%-4.94%
Expected dividend yield	— %	— %
Expected volatility	35.47 %	32.46 %

Total movement in RSP

	FY23	**FY22**
	No '000	No '000
Opening Balance	5,808	814
Granted	6,015	5,765
Exercised	(1,861)	(292)
Forfeited	(1,118)	(479)
Closing Balance	**8,844**	**5,808**
Number of RSPs exercisable at 31 December	—	—

6. Finance income and expenses

	FY23	**FY22**
	$ '000	$ '000
Foreign exchange rate gains	—	2,445
Interest income	1,026	14
Other similar income[1]	1,432	—
Finance income	**2,458**	**2,459**

	FY23	**FY22**
	$ '000	$ '000
Foreign exchange rate losses	(1,371)	—
Financing costs	—	(19)
Interest expense[2]	(803)	(485)
Provisions: unwinding of discount	(38)	—
Lease interest expense	(1,572)	(1,010)
Finance expenses	**(3,784)**	**(1,514)**

[1] Other similar income relates to income earned on money market funds which are held at fair value through profit or loss.
[2] Interest expense includes $527 thousand (FY22: $480 thousand) of fees for the undrawn revolving cash facility.

7. Income tax

	FY23 $ '000	FY22 $ '000
Current tax		
Current tax on UK profit for the year	(50)	(265)
Current tax (charge)/credit on overseas profits for the year	(948)	690
Adjustments in respect of prior periods[1]	(2,128)	194
Total current tax (charge)/credit	**(3,126)**	**619**
Deferred tax		
Origination and reversal of temporary differences	(1,759)	29
Recognition of deductible temporary differences	13,936	—
Adjustments in respect of prior periods	—	(245)
Change in tax rate	2	(2)
Total deferred tax credit/(charge)	**12,179**	**(218)**
Total tax credit in the statement of profit or loss	**9,053**	**401**

Reconciliation of effective tax rate	**FY23** $ '000	**FY22** $ '000
Factors affecting the tax credit for the year:		
Loss before tax	(1,944)	(15,045)
Current tax credit using the Danish corporation tax rate of 22% (FY22: 22%)	428	3,310
Effects of:		
Items not deductible	(652)	(884)
Share options	(1,393)	(701)
Research and development tax credit	4	1,238
Adjustments in respect of prior periods	(2,129)	(51)
Differences between overseas tax rates	(4)	11
Movements in temporary differences recognised/(not recognised)	12,326	(2,704)
Utilisation of tax losses not recognised	473	182
Total tax credit	**9,053**	**401**

1 Adjustments in respect of prior periods relate to Danish tax credits.

The Danish corporate income tax rate of 22 per cent (FY22: 22 per cent) is used in the tax reconciliation for the Trustpilot Group as the majority of recognised tax arises in Denmark. Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The Group's tax charge will continue to be influenced by the profile of profits earned in the different countries in which the Group's subsidiaries operate. The Group could be affected by changes in tax law in the future, as we expect countries to amend legislation in respect of international tax.

In line with the requirements of IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income with the same taxation authority.

Deferred tax assets are reviewed at each reporting date. In considering the recoverability, the Group assesses the likelihood of the asset being recovered within a reasonably foreseeable timeframe considering the future expected profit profile and the business model of each relevant country, as well as any restrictions on use. Reflecting the improving forecasts and expectation of using tax losses in the Danish entity, the Group has recognised a deferred tax asset of $12,428 thousand (FY22: $0) at year end. Current forecasts indicate that the losses will be utilised over the next five years.

Certain losses arising in the year have been sold to the Danish tax authorities allowing a realisation of an associated tax credit of $0 (FY22: $779 thousand).

Recognised directly in equity	**FY23**	**FY22**
	$ '000	$ '000
Current tax		
Excess tax deductions related to share-based payments	51	261
Total current tax credit	**51**	**261**
Deferred tax		
Adjustments in respect of prior periods	—	(15)
Total deferred tax charge	**—**	**(15)**
Total tax credit in equity	**51**	**246**

No amounts of current or deferred tax (FY22: nil) are recognised in other comprehensive income.

8. Earnings/(loss) per share

"**EPS**" for the Group is calculated in accordance with IAS 33. The following types of EPS are reported:

i. **Basic earnings per share**
Group earnings or losses after taxes, divided by the weighted average number of ordinary shares outstanding for the period.

ii. **Diluted earnings per share**
Group earnings or losses after taxes, divided by the weighted average number of ordinary shares outstanding for the period as well as all potentially convertible securities. The impact of potentially dilutive ordinary shares is excluded when they would be anti-dilutive.

	FY23	**FY22**
	$ '000	$ '000
Profit/(loss) for the year	7,109	(14,644)
Earnings/(loss) per share (cents)		
Basic	1.7	(3.5)
Diluted	1.6	(3.5)

The weighted average number of shares used as the denominator for FY22 was 415,086 thousand. Due to there being a profit after tax in 2023, a reconciliation of weighted average number of shares used as the denominator is included below:

	FY23
Weighted average number of shares used as the denominator (000s):	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**417,797**
Adjustments for calculation for diluted earnings per share:	
Employee warrants and restricted share options	21,938
Weighted average number of shares and potential ordinary shares used as the denominator in calculating earnings per share	**439,735**

Given the Group incurred losses in FY22, the impact of potentially dilutive ordinary shares have been excluded as they would otherwise be anti-dilutive in accordance with IAS 33.

Information concerning the classification of securities
Options granted to employees under the warrants, LTIP and RSP Option Plans are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance conditions would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. Details relating to the warrants and options are set out in note 5.

A total of 15,889 thousand warrants and restricted share options have not been included in the calculation of diluted earnings per share, because they are antidilutive for the year ended 31 December 2023. These options could potentially dilute basic earnings per share in the future.

As of 31 December 2023, the number of dilutive vested warrants amounted to 11,590 thousand (FY22: 9,341 thousand) and zero vested (FY22: zero) restricted stock units.

9. Related parties

During FY23 and FY22, there were no material transactions with related parties.

10. Share capital

Authorised, allotted and fully paid:	31 December 2023 Number of shares	31 December 2023 Nominal value ($ '000)	31 December 2022 Number of shares	31 December 2022 Nominal value ($ '000)
Ordinary shares	419,783,461	5,338	416,241,641	5,006
Total shares	**419,783,461**	**5,338**	**416,241,641**	**5,006**

The share capital of the Company as of 31 December 2023 consists of a single class of ordinary shares, each share having a nominal value of GBP 0.01. The ordinary shares carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Number of Shares	Share Capital Nominal value ($ '000)	Share Premium Nominal value ($ '000)
Changes in share capital			
Opening balance at 1 January 2023	416,241,641	5,006	64,537
Employee share scheme issues[1]	3,541,820	44	612
Contribution of equity - transaction cost	—	—	(65)
Exchange difference on items recognised directly in equity	—	288	3,706
Ending Balance 31 December 2023	**419,783,461**	**5,338**	**68,790**

[1] From 1 January 2023 to 31 December 2023 (inclusive), 3,541,820 ordinary shares were issued in the Company to satisfy the exercise of warrants and vesting of restricted stock units in the Company, resulting in a share capital increase by $44 thousand and share premium increase of $547 thousand. Further detail related to these schemes is disclosed in note 5.

	Number of Shares	Share Capital Nominal value ($ '000)	Share Premium Nominal value ($ '000)
Changes in share capital			
Opening balance at 1 January 2022	413,747,356	5,576	70,994
Employee share scheme issues[1]	2,494,285	31	1,312
Contribution of equity - transaction cost	—	—	(54)
Exchange difference on items recognised directly in equity	—	(601)	(7,715)
Ending Balance 31 December 2022	**416,241,641**	**5,006**	**64,537**

[1] From 1 January 2022 to 31 December 2022 (inclusive), 2,494,285 ordinary shares were issued in the Company to satisfy the exercise of warrants and vesting of restricted stock units in the Company, resulting in a share capital increase by $31 thousand and share premium increase of $1,258 thousand. Further detail related to these schemes is disclosed in note 5.

11. Reconciliation to operating cash flows

	FY23 $ '000	FY22 $ '000
Changes to net working capital		
Increase in trade receivables	(1,286)	(2,412)
Decrease in other assets	608	899
Increase in prepayments	(423)	(711)
Increase in trade payables	1,640	930
Decrease in provisions	(64)	(14)
Increase/(decrease) in other payables	6,195	(3,810)
Increase in contract acquisition costs	(3,940)	—
Increase in contract liabilities	4,642	6,020
Total	**7,372**	**902**
Adjustments to operating cash flows		
Income tax credit	(9,053)	(401)
Amortisation and impairment of intangible assets	3,171	2,617
Depreciation of property, plant and equipment and right-of-use assets	5,803	4,741
Loss on disposal of property, plant and equipment	20	—
Finance expense/(income)	1,326	(945)
Share-based compensation	6,339	5,853
Total	**7,606**	**11,865**

12. Commitments and contingent liabilities

Pledges and security

In connection with a revolving credit facility of $30,000 thousand, the Company, Trustpilot A/S, Trustpilot, Inc. and Trustpilot Ltd have granted security over all of their assets and undertaking, including bank accounts, trademarks and shares (excluding the Company).

No security has been provided for the Group's leaseholds.

Capital commitments

As at 31 December 2023, the Group had contractual capital commitments of $154 thousand (FY22: $13 thousand) in relation to the acquisition of property, plant and equipment. The capital commitments relating to intangible assets are immaterial during FY23 (FY22: immaterial).

Contingent liabilities

Subsidiaries of Trustpilot Group plc are parties to various litigation claims from time to time. The outcome of claims pending is not expected to constitute risk for economic outflow of material importance to the Group's financial position.

13. List of group companies

	Legal entity registered office	Status	Place of incorporation	Ownership interest 2023	Ownership interest 2022	Business activities
Trustpilot A/S	Pilestræde 58, 5, 1112 København K	Trading	Denmark	100%	100%	Provision of global review platform
Trustpilot, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Trading	US	100%	100%	Provision of global review platform
Trustpilot Ltd	5th Floor, The Minster Building, 21 Mincing Lane, London EC3R 7AG, United Kingdom	Trading	England & Wales	100%	100%	Provision of global review platform
Trustpilot GmbH	c/o Dantax Steuerberatungs GmbH, Am Oxer 7, 24955 Harrislee, Germany	Trading	Germany	100%	100%	Provision of global review platform
Trpilot Pty Limited	Suite 3, 61 Porter Street, Prahran, 3181 VIC, Australia	Trading	Australia	100%	100%	Provision of global review platform
Trustpilot UAB	Vito Gerulaičio g. 1, 3rd floor, Vilnius, Lithuania	Trading	Lithuania	100%	100%	Provision of global review platform
Trustpilot S.r.l.	Corso Vercelli 40, Milan, CAP 20145, Italy	Trading	Italy	100%	100%	Provision of global review platform
Trustpilot B.V.	Herikerbergweg 238, Luna ArenA, 1101 CM Amsterdam, The Netherlands	Trading	Netherlands	100%	100%	Provision of global review platform

14. Post balance sheet events

On 11 January 2024, Trustpilot announced the commencement of a £20 million share buyback programme. The purpose of the programme is to ensure the Group is running an efficient balance sheet and returning excess capital, not required for other priorities, to shareholders. All shares repurchased as part of the programme will be cancelled.