Trustpilot Group plc

21st March 2023

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 ("FY22")

Annual recurring revenue +20% YoY at constant currency
Expecting positive adj. EBITDA and adj. free cash flow in FY23

Financial Highlights

- Revenue grew to $149 million, an increase of 23% at constant currency
- Annual recurring revenue (ARR*) rose 20% YoY at constant currency to $162 million
- Bookings* increased to $165 million, up 20% YoY at constant currency, driven by 28% YoY growth in Europe & Rest of World (RoW), 20% YoY growth in the UK, and 10% in North America
- Adjusted EBITDA** of $(4.4) million loss (FY21: $3.9 million profit), having achieved breakeven in the second half of the year, and a reported loss of $14.6 million (FY21: $26 million)
- Last twelve months ("LTM") net dollar retention rate of 100%, up 100 basis points YoY
- Balance sheet remains strong, with year-end net cash of $73.5 million
- Full access to liquidity including credit facility following SVB failure and no operational issues for customers.

Strategic Highlights

- Total cumulative reviews* rose 27% to 213 million, with 46 million new reviews posted in the period
- Number of active domains* reached 100K for the first time (FY21: 84K)
- Average monthly review invitations* rose 19% to 58 million (FY21: 49 million)
- Exceeded 100 billion annual TrustBox impressions* for the first time, a significant milestone and an increase of 11% YoY
- Monthly unique users on the Trustpilot platform rose to over 44 million (FY21: 41 million)
- Protecting the integrity of the content on our platform remains a priority and due to the additional measures we implemented in 2022, fewer fake reviews needed to be removed in the period

Current trading and outlook

As our business expands, we are expecting to move to adjusted EBITDA profitability and positive adjusted free cash flow in FY23. Our focus on sustainable growth, plus the impact of the investments we have made, give the Board the confidence that the business will deliver margin expansion in FY23, and it remains confident of the significant and growing long-term market opportunity.

We are continuing to take a disciplined approach to our investment into growth, which will result in customer acquisition costs expanding in line with revenue over the medium term. In the current year, we have felt the effects of the uncertain macro environment on new business and retention bookings in Q1, which will result in lower revenues from in-period bookings in FY23, and consequently we are more cautious in our outlook and expect a mid-teens percentage constant currency revenue growth rate in the current year, albeit with greater operating leverage and higher adjusted EBITDA than previously expected.

Peter Holten Mühlmann, Founder and Chief Executive Officer, commented:

Trustpilot Group plc
Results for the year ended 31 December 2022

"Our business remains strong and our financial results for 2022 are encouraging, with continued growth across all regions, adjusted EBITDA profitability in the second half of the year, and a further improvement in our retention rate. We are focused on efficient growth and made good strategic progress, with continued growth in adoption among businesses and consumers in all our markets, as well as further enhancements to our platform to ensure that we continue to lead on trust and transparency."

* Key performance indicator (KPI) - further detail available on page 17
** Alternative performance measures (APM) - further detail available in note 3

Financial summary

$ 000's	FY22	FY21	(+/-) % actual	(+/-) % constant currency
Bookings*	165,284	149,564	11	20
LTM Net Dollar Retention Rate*	100	99	1	1
ARR*	162,237	144,484	12	20
Revenue	148,932	131,443	13	23

* Key performance indicator (KPI) - further detail available on page 17; LTM refers to last twelve months

Other key metrics

$ 000's	FY22	FY21	(+/-) % actual
EBITDA**	(8,632)	(15,920)	(46)
Adjusted EBITDA**	(4,421)	3,877	(214)
Operating cash flow	(2,698)	(5,444)	(50)
Adjusted free cash flow***	(13,284)	(1,738)	664
Loss for the year	(14,644)	(25,894)	(43)
EPS (cents)	(3.5)	(6.5)	(46)

** Alternative performance measures (APM) - further detail available in note 3; EPS refers to earnings per share
***The Group introduced free cash flow (FCF) as a new APM in FY22 as an adjusted cash measure to illustrate cash generated after out-flows to support operations and maintain capital assets. Free cash flow is operating cash flow, adjusted for non-recurring transaction costs, restructuring costs, principal lease payments and capital expenditure.

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 transactional level, which provides a like-for-like comparison excluding the effect of exchange rate fluctuations.

Enquiries

Trustpilot Group plc	**Tulchan Communications**

Trustpilot Group plc
Results for the year ended 31 December 2022

Derek Brown, Head of Investor Relations
Peter Holten Mühlmann, CEO
Hanno Damm, CFO

James Macey White
Ed Cropley
Tel: +44 20 7353 4200

https://investors.trustpilot.com
investor.relations@trustpilot.com

Results webcast and conference call

Trustpilot will host a webcast and conference call for analysts and investors at 09:00 (GMT) today. 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 create an independent currency 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 2022 and is headquartered in Copenhagen, with operations in London, Edinburgh, New York, Denver, Melbourne, Berlin, Milan, and Amsterdam.

Chief Executive's Review

Our financial results for 2022 are encouraging, with continued growth across all regions, adjusted EBITDA profitability in the second half of the year, and a further improvement in our retention rate. During the year, we took deliberate action to proactively manage our business to increase operational leverage and profitability, focusing on efficient growth. We believe that these results demonstrate the continued strength and resilience of our business from a financial and strategic perspective.

Furthermore, this strong financial result has been achieved against an uncertain macroeconomic backdrop and cost-of-living crisis. In this environment the value of independent Trustpilot reviews has been magnified. With consumers' purchasing power curtailed and the need for businesses to demonstrate that they are trustworthy never greater, Trustpilot can play a crucial role for both.

Our strategy is working, and we are seeing first-hand the role reviews are playing in helping consumers and businesses navigate these unpredictable times. Consumer sentiment is changing, particularly toward those sectors of the economy where the cost-of-living pressures are most pronounced. Businesses therefore have an opportunity by using Trustpilot to showcase that they help consumers facing these pressures, for example through responding to reviews, or by gaining valuable insights into how they might improve their services.

Financial highlights

In 2022, bookings* increased 20 per cent at constant currency, 11 per cent on a reported basis, to $165 million. Reported Group revenue was $149 million, up 23 per cent at constant currency, an increase of 13 per cent YoY on a reported basis after significant foreign exchange headwinds. Annual recurring revenue (ARR*) increased 20 per cent at constant currency to $162 million, up 12 per cent YoY on a reported basis. We reported an operating loss of $16.0 million (FY21: loss of $24.2 million) resulting in a loss before tax of $15.0 million (FY21: loss of $26.6 million).

With greater focus on managing our business for profitability, we are pleased to report an adjusted EBITDA result ahead of consensus expectations, reflecting operating leverage and a YoY reduction in general & administrative expenses. For the year, at the adjusted EBITDA level we reported a loss of $4.4 million compared to a profit of $3.9 million in FY21. This increased loss YoY was a consequence of our continued investment in growth, and some additional discretionary brand marketing investment which has increased our understanding of how to drive efficiencies in customer acquisition.

Our shift in emphasis towards sustainable, profitable growth, in response to the changing economic climate, resulted in the business delivering positive adjusted EBITDA in the second half. We maintained our strong balance sheet position, ending the year with $73.5 million of cash (30 June 2022 unaudited : $73.5 million) and no debt.

We operate a subscription business model and benefit from high retention rates and new bookings growth, both of which give us significant revenue visibility. Our LTM net dollar retention rate* rose to 100 per cent in the period, compared to 99 per cent a year ago. This reflects the value we deliver to our customers and by expanding their use of our modular software tools through cross-sell and upselling.

Our markets & regional performance

With reviews posted in over 200 countries and territories around the world, Trustpilot's reach is global. This differentiates us from other smaller review platforms which have only a local presence or a presence in specific niche markets.

Furthermore, we believe that Trustpilot is relevant to all businesses, both online and offline - from retail and healthcare to financials and travel. Our broad appeal to a wide range of merchants means that we support them in collecting the type of feedback most relevant to their business, be it reviews based on the service they provide, products they offer, or the locations they serve. Other online reviews platforms may specialise around certain industry verticals such as hotels and restaurants, or just product reviews, Trustpilot is uniquely differentiated and diversified resulting in a more defensive and scaleable business.

United Kingdom

The UK remains the largest contributor at 40 per cent of total bookings, at $66 million, representing growth of 20 per cent at constant currency or 8 per cent actual YoY. UK revenue grew to $59.8 million (FY21: $53.1 million) an increase of 26 per cent at constant currency or 13 per cent actual YoY. This revenue growth reflected prior-year bookings growth but also the negative impact of foreign exchange on translation to our US dollar reporting currency.

In the UK, we continued to see net dollar retention rates above group average as well as a further improvement in the contribution margin for the region.

The UK remains the most developed of our regional markets, where the viral network effect has taken hold and enabled us to achieve highly attractive unit economics. Due to the viral nature of our business, we see the success we have already had in establishing a powerful UK consumer brand as a powerful enabler for further market penetration and expansion.

Europe & Rest of World (RoW)

Our bookings growth was notably strong in Europe & RoW segment at $63 million, up by 28 per cent at constant currency or 13 per cent actual YoY; Europe & RoW represents 38 per cent of total bookings and, despite a developing presence in Australasia, is principally driven by certain countries in continental Europe, including Denmark, Netherlands, France, Italy, Germany and Sweden. Revenue for the Europe & RoW region increased by 30 per cent at constant currency, or 15 per cent actual YoY, to $55.1 million (FY21: $47.8 million).

Efficiently growing in new and developing markets is central to our ability to capitalise on our global market opportunity. Whilst we do not need to invest in marketing in order to enter and grow within markets, during the year we chose the Italian market to test the potential for marketing as a means of accelerating our growth and have seen promising early results. During October and November, we ran an integrated campaign nationwide designed to test the impact of increased brand awareness on the network effect that lies at the heart of our organic growth.

The campaign significantly increased Italian consumer's awareness of Trustpilot, rising from 18 per cent to 25 per cent at the end of November - and 28 per cent amongst the business audience. We also saw increased business momentum with traffic to our B2B website and more business customers chose to integrate Trustpilot into their marketing channels. We look forward to tracking the longer-term benefits to our brand in Italy.

North America

North America contributed 22 per cent of total Group bookings, with bookings of $37 million, up by 10 per cent YoY, or an increase of 10 per cent at constant currency. Bookings growth in North America continues to reflect an LTM net dollar retention rate that, whilst improving, is still below what we achieve in our more developed markets. Revenue in North America grew to $34.0 million (FY21: $30.5 million) an increase of 12 per cent at constant currency or 11 per cent reported YoY.

We are focused on efficient growth in all regions and implemented a new go-to-market strategy in the US, focused on high customer lifetime value (HCLV) vertical market segments. The initial results from this new approach have been encouraging, enabling us to deliver an acceleration in bookings growth in the second half of the year.

Having implemented our new US go-to-market strategy during the first half, we were encouraged to see that in the second half of the year we achieved greater sales effectiveness, shorter sales cycles, and an increase in productivity. Given this success, we will consider using the same market segmentation strategy in other geographies, particularly as we enter new markets.

Progress against our strategic goals

The more that consumers engage with Trustpilot, through reading and posting trusted reviews, the greater the reason for businesses to use Trustpilot. As more businesses engage with their customers on the Trustpilot platform, the more useful it becomes to consumers and businesses. This virality between the consumer and business sides of our platform, where one drives and reinforces the other, is the flywheel that lies at the heart of Trustpilot's organic growth opportunity.

Our mission is underpinned by two strategic goals:

1. To be the most trusted online review brand
2. To be the most used online review platform

Our strategy supports these ambitions, and we track several strategic key metrics to help us assess the progress we are making in driving adoption and ensuring trust and transparency. With respect to 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

Business and consumer adoption

We were pleased to see consumer and business adoption of the Trustpilot platform grow across all regions in 2022. By the end of the year, Trustpilot had exceeded 213 million total cumulative reviews*, an increase of 27 per cent YoY, with an average of 44 million monthly unique users, and close to 20 million consumers leaving their first review on Trustpilot in the period. We closed the year with 893 thousand reviewed business web domains and 100 thousand monthly active businesses* on the Trustpilot platform, up 25 per cent and 19 per cent YoY respectively; these active businesses help promote the Trustpilot brand, actively collecting reviews and/or displaying their TrustBox. Of these businesses, 25 thousand are paying customers*, subscribing to our software tools to help them get, manage, and derive insights from reviews – a net increase of 9 per cent YoY after churn.

During the year, our business customers sent 0.7 billion review invitations (2021: 0.6 billion), an average of 58 million per month (2021: 49 million). The Trustpilot brand continued to gain in strength, with 8.7 billion monthly TrustBox impressions*, up 11 per cent YoY to a total of 104 billion for the year.

Trust & transparency

We also look at a series of key metrics to help us assess our success at ensuring the integrity of the content that consumers encounter on Trustpilot. These include:

- Consumer and business verification
- Our speed and accuracy at detecting fake reviews
- How many fake reviews are accurately 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

During the year, we made further enhancements to the processes we utilise to ensure the integrity of the content on Trustpilot, through business and consumer verification, automated review collection methods, and the deployment of new automated fraud detection systems which employ data science techniques to improve the speed and accuracy with which we can identify suspicious activity and fake reviews.

These advances have resulted in improved automation, increased deterrence of recurring attempts to post fake reviews, and fewer reviews being removed from our platform.

During 2022, Trustpilot removed over 2.6 million fake or fraudulent reviews from its platform as compared to 2.7 million in 2021, approximately 68 per cent of which were removed automatically using Trustpilot's automated fraud detection capabilities. More than 65 per cent of the fake or fraudulent reviews that were removed in 2022 were either 5-star or 4-star reviews. In 2022, 644 thousand reviews were flagged by our community, an increase of just 1.5 per cent YoY, of which approximately 88% per cent were flagged by businesses.

We also launched a consumer verification tool as part of continued efforts to protect and promote trust online and maintain content integrity on the Trustpilot platform. The new function allows consumers to opt-in to verify their identity when posting reviews on the platform by uploading a copy of their government-issued photo ID, as well as a selfie. Crucially, consumers still retain the option to keep their identity, and any information used to verify themselves, anonymous to both businesses and the public. Those successfully verified receive a verified badge, reassuring other consumers and businesses that the review is written by a real person. By the end of the year, we had successfully verified over 198 thousand consumers globally, demonstrating the fact that consumers in Trustpilot's community see verification as a valuable additional step in promoting trust online.

During the year, we introduced a short delay of up to two hours between review submission and posting. This delay allows our fraud detection systems to analyse reviews before they are visible on the site. As a result, we have seen an improvement in the detection and removal of fake reviews before they are seen, and a reduction in attempts by bad actors to repeatedly post fake reviews.

We applied over three thousand consumer warnings to business profiles following repeated misuse, more than double the number we applied in the prior year and added over 15 thousand informative consumer alerts to business profiles to raise consumer awareness and help support better decision making. For example, we are able to highlight businesses that are under regulatory scrutiny and notify Russian businesses that Trustpilot will not allow them to operate in any capacity on our platform following Russia's invasion of Ukraine.

We continued to improve our automated enforcement actions by introducing specific automated processes against review seller accounts, and businesses detected as buying fake reviews from review sellers. These automations detect and issue cease and desist warnings and strengthen the deterrent effect towards businesses from engaging with review sellers.

We also made further progress in our ability to remove businesses, or not accept business customers, that we deem unsuitable for our platform. For example, this may be because a business promotes hatred or facilitates criminal activities. The steps we take may include displaying consumer warnings on profiles, removing profiles that offer illegal or harmful services, and ensuring that our sales teams do not communicate with these businesses.

We continued our enforcement action against businesses that continually solicit fake and misleading online reviews and issued six claims against ‘bad actor’ businesses seen to be repeatedly abusing online reviews to mislead consumers. These enforcement actions are proving to be a cost-effective deterrent and we were successful in the first two claims issued in the first quarter of the year, against Global Migrate and EuroResales, with the other claims still proceeding in the UK courts. These claims seek to block bad actor business from soliciting fake reviews and for recovery of damages. We are committed to donating any damages won in these legal disputes to organisations which work to support and promote consumer rights. For example, we intend to donate the damages, when awarded from our claims against Global Migrate, to the UK’s Citizen’s Advice Bureau, to contribute to the important work they do in support of consumers.

In addition to legal enforcement action against businesses using fake reviews to mislead, we also successfully pursued a claim in the High Court of England & Wales against a producer of counterfeit review widgets. We obtained summary judgment for trademark and copyright infringement against a Russian-based developer that had been illegally scraping and reproducing reviews taken from our platform for their own commercial gain.

Ensuring that the content consumers encounter on Trustpilot is trustworthy is crucial but, we are equally focused on ensuring that legitimate reviews can still be accessed. Hence the investments and initiatives noted above, as well as other developments, are enabling us to protect great businesses and showcase genuine consumer experiences.

Sustainability

Our purpose is to help people and businesses help each other — because when they do, people benefit, businesses benefit, and tomorrow's society benefits too. We know that this purpose is ambitious and challenging, but also that it is inherently worthwhile. Our sustainability strategy is intended to support this purpose over the long term.

When we published our first sustainability report in 2022, we shared the results of the detailed materiality assessment we had undertaken to understand the environmental, social & governance (ESG) issues that matter most to our stakeholders. Since then, we have been hard at work building upon this and developing an ESG strategy that will help us to have a measurable impact as we build a sustainable, purpose-driven organisation over the long term.

Specifically, when we think about ESG we are focusing on three strategic pillars which constitute a set of clear priorities for action and where we believe we can have a positive impact, which include the following:

1. **Promote trust online** - when we talk about promoting trust online, we mean that trust and transparency are at the heart of our purpose. We believe we can use our platform, resources and knowledge to help increase trust and transparency in the online world. Our priorities include strengthening the way in which we communicate the efforts we are putting into ensuring that the content on Trustpilot has integrity and how this is helping to promote trust online.

Across all the regions in which we operate as a business, there is a growing interest in online policy and regulation, competition and sustainability. Because of this, the online review industry is subject to ever increasing scrutiny and oversight from regulators and governments. In 2022, we continued our regulatory engagement, working with policymakers, regulators and other stakeholders in multiple markets to engage on policy matters affecting our industry. The regulatory focus on online harms and fake reviews is a primary focus for our work, but we also engage in wider digital policy areas like artificial intelligence (AI) and data. We seek to be a constructive partner in these discussions, bringing our expertise and insights to bear. We see this work as further underpinning our strategy to promote trust online.

2. **Empower everyone -** we believe that by making diversity, equity and inclusion a top priority for action at Trustpilot, we can create a sense of belonging in our business and in the wider community. When people feel they belong they can connect and contribute to society.

   We continue to prioritise the creation of an inclusive workplace environment at Trustpilot, ensuring that people of all backgrounds can be represented, with equal opportunities in recruitment, selection, training, development, and promotion. We want all our employees to feel valued and respected in a culture of belonging, where they can be themselves. In 2022, we launched our first Diversity, Equity and Inclusion strategy, which outlines our approach to achieving this vision, and this work further underpins our strategy of empowering everyone.

3. **Partner for the planet** - we also know that climate change is the most important issue facing humanity, hence we are providing more detail on our commitments by setting science-based, independently verified emissions reduction targets.

   We are committed to understanding climate change and the environmental impact we have as a business. In FY22, we undertook a review of our disclosures in respect of climate-related risks and opportunities set out in our 2021 Annual Report and established an action plan to enhance our reporting.

   We took a number of positive steps in our climate change disclosures during the year: strengthening governance and board oversight; improving our ability to report robust data; and incorporating climate-related risks into our strategy.

Furthermore, in our pursuit of high standards of compliance and ethics, we adhere to codes and regulations across our activities and countries, and we train our Trusties on relevant policies and procedures.

Current trading and outlook

As our business expands, we are expecting to move to adjusted EBITDA profitability and positive adjusted free cash flow in FY23. Our focus on sustainable growth, plus the impact of the investments we have made, give the Board the confidence that the business will deliver margin expansion in FY23, and it remains confident of the significant and growing long-term market opportunity.

We are continuing to take a disciplined approach to our investment into growth, which will result in customer acquisition costs expanding in line with revenue over the medium term. In the current year, we have felt the effects of the uncertain macro environment on new business and retention bookings in Q1, which will result in lower revenues from in-period bookings in FY23, and consequently we are more cautious in our outlook and expect a mid-teens percentage constant currency revenue growth rate in the current year.

Peter Holten Mühlmann, Founder and Chief Executive Officer, Trustpilot
20th March 2023

Finance Review

Overview

Our full-year results for 2022 demonstrate the continued strength of our business from both a financial and strategic perspective. The investments we continue to make in trust & transparency, and our culture of high performance, are helping us to maximise shareholder value whilst maintaining our strong sense of purpose.

We achieved revenue of $149 million in FY22, an increase of 23 per cent on a constant currency basis** , or 13 per cent as reported. The reported growth rate was negatively impacted from the strengthening of the US Dollar relative to sterling and the Euro. Bookings* grew by 20 per cent on a constant currency basis, resulting in Annual Recurring Revenue (ARR*) of $162 million at the period end. The loss for the year declined from $26 million to $15 million, principally due to the reduction in non-recurring IPO-related costs amounting to $10 million. Adjusted EBITDA** declined from $4 million to $(4) million; this reflected further investments in marketing and technology and was partially offset by continued revenue growth. In the second half of the year, we achieved a positive adjusted EBITDA result of $1 million, versus a loss of $5.4 million in the first half.

Annual Recurring Revenue & Bookings

ARR and bookings tend to serve as good leading indicators of future revenue. ARR is measured at the period end, while bookings reflect the annual contract value of deals signed within the period. On the 31 of December 2022, ARR was $162 million, an increase of 20 per cent at constant currency over the prior year, or an actual reported increase of 12 per cent after foreign exchange. In FY22, bookings of $165 million increased by 20% per cent at constant currency over the prior year.

Nominal differences between ARR at the 31 December 2022 and FY22 bookings are partly due to currency translation, as ARR utilises the spot rate on the date of measurement while bookings is calculated using monthly average rates over the period when the activity is recorded. Bookings growth was assisted by an improvement in the LTM net dollar retention rate, which increased from 99 per cent in FY21 to 100 per cent in FY22; this was encouraging given the uncertain macroeconomic environment.

Regional growth trends

We invest upfront to drive bookings which, in turn, lead to future revenues, hence FY22 regional revenue growth was largely dependent upon bookings growth achieved in the prior year. In the UK and Europe & RoW regions, constant currency revenue growth remained strong with 26 per cent and 30 per cent growth (or up by 13 per cent and 15 per cent reported) respectively, and constant currency revenue growth in the North America region was 12 per cent (11 per cent reported).

We were encouraged to see good constant currency bookings growth in all regions. At constant currency, when compared to the prior year, Europe & RoW bookings increased by 28 per cent (13 per cent reported); UK bookings by 20 per cent (8 per cent reported); and North America bookings by 10 per cent (10 per cent reported).

In our more developed European markets, for example the UK and Denmark, we are more efficient as we benefit from a stronger brand presence and associated network effects. In the Netherlands, France, Italy, Germany, and Sweden, we believe our brand presence is approaching a similar critical mass to that which we see in the UK. We continue to be excited about the opportunity in North America given the market's size and the encouraging early results we have seen from the highly segmented go-to-market strategy we launched in 2022.

* Key performance indicator (KPI) - further detail available on page 17
** Alternative performance measures (APM) - further detail available in note 3

$ 000's	FY22	FY21	(+/-) % actual	(+/-) % constant currency
Bookings:				
UK	66,031	61,064	8	20
North America	36,518	33,200	10	10
Europe & Rest of World	62,735	55,300	13	28
Total bookings	**165,284**	**149,564**	**11**	**20**
Revenue:				
UK	59,803	53,136	13	26
North America	34,003	30,503	11	12
Europe & Rest of World	55,126	47,804	15	30
Total revenue	**148,932**	**131,443**	**13**	**23**

Cost of sales

Cost of sales, which includes network operating costs and the costs incurred to onboard, support, retain and upsell customers, rose to $27 million (FY21: $25 million). The increase is a result of investments we made throughout the year to support customer retention and expansion before future revenue recognition. These investments were principally related to growing headcount in our customer success team to 207 (FY21: 178), and this helped us to improve our LTM net dollar retention rate from 99 per cent in FY21 to 100 per cent in FY22. As a proportion of revenue, the cost of sales declined from 19 per cent in FY21 to 18 per cent in FY22.

Sales and marketing

Sales and marketing costs were $58 million in the year (FY21: $46 million). This partly reflected additional marketing expenses related to our Italian brand campaign, as well as an increase in B2B marketing in the US, and Europe & RoW. Sales and marketing headcount grew 12%, efficiently scaling in comparison to overall sales and marketing expenses. We believe we can achieve further efficiencies and so deliver additional operating leverage as our business continues to expand. Average headcount in sales and marketing increased to 313 (FY21: 279). As a proportion of revenue, the sales and marketing expense increased to 39 per cent in FY22 (FY21: 35 per cent).

Technology and content

Technology and content costs were $41 million in the period (FY21: $34 million). Average technology and content headcount grew to 255 in FY22 (FY21: 220). These costs are primarily related to the investments we make in product and engineering, with the clear objectives of driving greater consumer engagement and growing our active user base, and we continued to invest into ensuring content integrity. Total technology and content costs were 28 per cent of revenue in FY22 (FY21: 26 per cent).

General and administrative

General and administrative costs reduced to $39 million in the year (FY21: $52 million). This principally reflected the inclusion of $10 million non-recurring IPO-related costs a year ago, and a reduction of $6 million relating to share-based payments including the related social security charge. During 2022 we also saw the impact of the first full year of the annual expenses taken on as we became a public company, which include additional headcount, legal, accounting, and other costs associated with our operations as a public company.

Average headcount in our general and administrative function grew to 145 in FY22 (FY21: 109). As a proportion of revenue, general and administrative expenses declined to 26 per cent in FY22 (FY21: 39 per cent).

Cash Flow

We saw a net cash outflow from operating activities of $3 million in FY22, compared to a net cash outflow of $5 million in FY21. The improvement in cash flow from operating activities in FY22 was largely driven by the absence of the non-recurring IPO-related costs which were incurred in FY21; this was partially offset by a lower net working capital as a result of lower accrued social contributions.

Net cash outflow from investing activities increased to $7 million (FY21: $4 million), relating to non-recurring office fit-out costs in New York, Edinburgh, and Copenhagen.

Net cash used in financing activities was an outflow of $2 million (FY21: $56 million inflow), reflecting $3 million of principal elements of lease payments, and $1 million in equity inflows from share issues.

Balance Sheet

Meaningful movements in the Group balance sheet, when compared to 31 December 2021, consisted primarily of right-of-use assets and corresponding lease liabilities which increased $11 million as a result of new long-term leases signed in New York, Melbourne, and Edinburgh. Our net cash balance decreased by $20 million, reflecting an operating cash outflow of $3 million, an investing cash outflow of $7 million, a financing cash outflow of $2 million, and an $8 million negative foreign exchange impact on cash and cash equivalents. The decrease in equity of $14 million was principally driven by the loss for the year. Current liabilities decreased from $57 million to $54 million, largely due to lower social contributions which were offset by growth in contract liabilities which increased by $5 million in the period, reflecting bookings growth.

Post Balance Sheet event

On 10 March 2023, Silicon Valley Bank (SVB) in the United States was closed by the California Department of Financial Protection and Innovation and the subsequent entry into receivership of its UK arm (SVB UK). SVB UK is the Group's principal banking partner, which was subsequently acquired by HSBC.

The Group has not experienced liquidity concerns because of this event. We have full access to our cash on deposit, and our revolving credit facility remains available, expiring in March 2024, and in the meantime we intend to review and diversify our banking arrangements to mitigate future risks. We benefit from having a diversified customer base with little concentration, and this limits our exposure to the events surrounding the bank's failure. We have not experienced any operational impact on our business and customer cash collections remain unaffected.

Foreign exchange

The Group does not hedge foreign currency profit and loss translation exposures and the statutory results are therefore impacted by movements in exchange rates. The use of constant currency translation illustrates underlying activity by neutralising the impact of currency fluctuations. Constant currency translation is applied by utilising the monthly average rate from the most recent period applied to all historical periods being compared.

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 subscribing customers and number of reviews 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 FY22 and FY21.

$ 000's except per cent	**FY22**	**FY21**	**(+/-) % actual**	**(+/-) % constant currency**
Bookings:				
UK	66,031	61,064	8	20
North America	36,518	33,200	10	10
Europe & Rest of World	62,735	55,300	13	28
Total bookings[1]	**165,284**	**149,564**	**11**	**20**
LTM Net Dollar Retention Rate (per cent)[2]	100	99	1	1
000's except $ 000's and millions				
KPIs at period end				
Annual Recurring Revenue ($) [3]	162,237	144,484	12	20
Number of reviewed domains[4]	893	714	25	—
Number of claimed domains[5]	684	549	25	—
Number of active domains[6]	100	84	19	—
Number of subscribing customers[7]	25	23	9	—
Number of reviews[8] (millions)	213	167	27	—

[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 12 months the value is adjusted to the 12-month equivalent for the purpose of calculating bookings. Bookings are a leading indicator of future revenue.

[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 reviewed 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] Number of customers with a paid subscription for services on Trustpilot's platform as at 31 December.

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

Consolidated statement of profit or loss

	Note	FY22	FY21
		$ '000	$ '000
Revenue	4	**148,932**	**131,443**
Cost of sales		(26,937)	(24,654)
Gross profit		**121,995**	**106,789**
Sales and marketing		(58,462)	(46,167)
Technology and content		(41,149)	(33,806)
General and administrative		(39,194)	(51,552)
Other operating income		820	584
Operating loss		**(15,990)**	**(24,152)**
Finance income *	6	2,459	10
Finance expenses *	6	(1,514)	(2,468)
Loss before tax		**(15,045)**	**(26,610)**
Income tax credit for the year	7	401	716
Loss for the year		**(14,644)**	**(25,894)**
Loss per share (cents)			
Basic loss per share	8	(3.5)	(6.5)
Diluted loss per share	8	(3.5)	(6.5)

* See note 1 for details regarding the representation.

Consolidated statement of comprehensive income

	FY22	FY21
	$ '000	$ '000
Loss for the year	**(14,644)**	**(25,894)**
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange rate differences on translation of foreign operations	(6,362)	(1,694)
Other comprehensive income/(expense) for the year, net of tax	**(6,362)**	**(1,694)**
Total comprehensive income/(expense) for the year	**(21,006)**	**(27,588)**

Consolidated balance sheet

	Note	As at 31 December 2022	As at 31 December 2021
		$ '000	$ '000
Intangible assets	10	7,055	6,338
Property, plant and equipment		3,938	1,484
Right-of-use assets		23,569	12,312
Deferred tax assets		79	311
Deposits and other receivables		2,158	2,383
Total non-current assets		**36,799**	**22,828**
Trade receivables	10	8,275	6,176
Income tax receivables		962	856
Prepayments		3,472	3,134
Deposits and other receivables		1,816	2,870
Cash and cash equivalents		73,459	93,177
Total current assets		**87,984**	**106,213**
Total assets		**124,783**	**129,041**
Equity and liabilities			
Share capital	9	5,006	5,576
Share premium	9	64,537	70,994
Foreign currency translation reserve		6,602	4,648
Merger reserve		148,854	148,854
Accumulated losses		(179,163)	(170,618)
Total equity		**45,836**	**59,454**
Lease liabilities		21,243	9,552
Provisions	11	628	517
Other payables		2,858	2,962
Total non-current liabilities		**24,729**	**13,031**
Lease liabilities		3,442	3,504
Provisions	11	453	670
Income tax payables		44	69
Contract liabilities		32,210	27,616
Other payables		15,305	22,861
Trade payables		2,764	1,836
Total current liabilities		**54,218**	**56,556**
Total liabilities		**78,947**	**69,587**
Total equity and liabilities		**124,783**	**129,041**

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Peter Holten Mühlmann
Chief Executive Officer
20 March 2023

Hanno Damm
Chief Financial Officer
20 March 2023

Consolidated statement of changes in equity

$ '000	Note	Share capital	Share premium	Foreign currency translation reserve	Merger reserve	Accumulated losses	Total
Equity 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	9	31	1,312	—	—	—	1,343
Contribution of equity - Transaction Cost	9	—	(54)	—	—	—	(54)
Share-based payments	5	—	—	—	—	5,853	5,853
Related tax	7	—	—	—	—	246	246
Exchange difference on share capital and premium	9	(601)	(7,715)	8,316	—	—	—
Total transactions with owners		**(570)**	**(6,457)**	**8,316**	**—**	**6,099**	**7,388**
Equity at 31 December 2022		**5,006**	**64,537**	**6,602**	**148,854**	**(179,163)**	**45,836**

	Note	Share capital	Share premium	Foreign currency translation reserve	Merger Reserve	Accumulated Losses	Total
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Equity at 1 January 2021		**773**	**177,842**	**(20,304)**	**—**	**(151,312)**	**6,999**
Loss for the year		—	—	—	—	(25,894)	(25,894)
Other comprehensive expense		—	—	(1,694)	—	—	(1,694)
Total comprehensive income/(expense) for the year		**—**	**—**	**(1,694)**	**—**	**(25,894)**	**(27,588)**
Transactions with owners							

Warrants (exercised) pre group reconstruction	9	10	596	—	—	—	606
Exchange difference on share capital and premium pre group reconstruction	9	(23)	(6,977)	7,000	—	—	—
Impact of group reconstruction	9	4,345	(171,461)	18,262	148,854	—	—
Warrants financing facility[1]		—	—	—	—	61	61
Exercise of share based payments	9	353	9,424	—	—	—	9,777
Issue of shares	9	244	64,102	—	—	—	64,346
Contribution of equity - Transaction Cost [2]		—	(1,274)	—	—	—	(1,274)
Share-based payments	5	—	—	—	—	6,527	6,527
Exchange difference on items recognised directly in equity post group reconstruction	9	(126)	(1,258)	1,384	—	—	—
Total transactions with owners		**4,803**	**(106,848)**	**26,646**	**148,854**	**6,588**	**80,043**
Equity at 31 December 2021		**5,576**	**70,994**	**4,648**	**148,854**	**(170,618)**	**59,454**

[1] Warrants in Trustpilot A/S which are fully vested, have been granted to the lenders for the credit and term debt facility and the value of which is considered to be part of the effective interest rate for that facility.

[2] Share premium charges relate to the expenses and commission on the issue of shares on which a sufficient premium arose.

Consolidated cash flow statement

	Note	FY22	FY21
		$ '000	$ '000
Loss for the year		**(14,644)**	**(25,894)**
Adjustments to operating cash flows	14	11,865	16,435
Changes in net working capital	14	902	6,025
Interest received		14	10
Interest paid		(1,514)	(2,402)
Income tax received		679	382
Net cash outflow from operating activities		**(2,698)**	**(5,444)**
Purchase of property, plant and equipment		(3,703)	(431)
Payments for intangible asset development		(3,696)	(3,790)
Net cash outflow from investing activities		**(7,399)**	**(4,221)**
Principal elements of lease payments		(3,187)	(4,522)
Repayment of borrowings	12	—	(13,000)
Proceeds from share issue		1,289	73,916
Net cash (outflow)/inflow from financing activities		**(1,898)**	**56,394**
Net cash flow for the year		**(11,995)**	**46,729**
Cash and cash equivalents, beginning of the year		93,177	50,387
Effects of exchange rate changes on cash and cash equivalents		(7,723)	(3,939)
Cash and cash equivalents at end of the year		**73,459**	**93,177**

1. General Information and basis of the preparation (For prelims)

Trustpilot Group plc is a public company limited by shares, incorporated on 8 February 2021, domiciled 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 "**Company**").

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 2022 or 2021 but is based on, and consistent with, that in the audited financial statements for the year ended 31 December 2022, 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 2022 follows the same accounting policies as the 2021 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 2021 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.

The consolidated financial statements are presented in US Dollars ("USD").

The consolidated financial statements have been rounded to the nearest thousand

Going Concern

The directors of the Company (the "Directors"), in their detailed consideration of going concern, have reviewed the Group's revenue projections and cash requirements for the 18 months following the date of approval of the financial statements, which they believe are based on prudent interpretations of market data and past experience.

As at 31 December 2022, the Group has a cash balance of $73 million 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 million, available in multiple currencies. The revolving credit facility is subject to both balance sheet and revenue to plan covenants, both of which are considered in the course of scenario planning.

The Directors have carried out a robust assessment of multiple scenarios involving severe but plausible downside implications tied to specific risks identified. Additionally, the Directors have evaluated the impact of a reverse stress test meant to illustrate what would need to happen commercially for the Group to exhaust its liquidity.

Having considered the downside scenarios and reverse stress test, 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 Company and the Group. 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.

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.

Representation of finance income and expenses on a net basis

The group has reassessed the presentation of financial income and expenses to present foreign exchange rate gains and losses on a net basis. There is no difference to overall loss for the year ended 31 December 2021.

	FY21 As reported $ '000	**FY21** Reclassification $ '000	**FY21** Represented $ '000
Foreign exchange rate gains	8,962	(8,962)	—
Interest income	10	—	10
Finance income	**8,972**	**(8,962)**	**10**

	FY21 As reported $ '000	**FY21** Reclassification $ '000	**FY21** Represented $ '000
Foreign exchange rate losses	(9,028)	8,962	(66)
Financing costs	(61)	—	(61)
Interest expenses	(1,347)	—	(1,347)

Lease interest expense	(994)	—	(994)
Finance expenses	**(11,430)**	**8,962**	**(2,468)**

New standards and interpretations

(a) New standards and amendments – applicable 1 January 2022

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

- **Property, plant and equipment: proceeds before intended use – Amendments to IAS 16 (effective date 1 January 2022) -** The amendment to IAS 16 Property, plant and equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- **Onerous contracts – cost of fulfilling a contract Amendments to IAS 37 (effective date 1 January 2022) -** The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

- **Annual improvements to IFRS Standards 2018–2020 (effective date 1 January 2022) -** The following improvements were finalised in May 2020:

  • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

  • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

  • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The Group did not have to change its accounting policies or make retrospective adjustments as a result 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 2023, though not mandatory for annual reporting periods ending on 31 December 2022. Earlier application is permitted, however, the new or amended standards have not been early adopted by the Group. The amended standards are as follows:

- **Classification of Liabilities as Current or Non-current –Amendments to IAS 1 (effective from 1 January 2023 - deferred from 1 January 2022) –** The narrow-scope amendments to IAS 1 presentation of financial statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of waver of breach of covenants). The amendments also clarify what IAS1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (to be effective for the annual period beginning on or after 1 January 2023) –** The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- **Definition of Accounting Estimates – Amendments to IAS 8 (to be effective for the annual period beginning on or after 1 January 2023) –** Accounting policies, changes in accounting estimates and error clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective from 1 January 2023) –** The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

    – right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The other amended standards and improvements are not mandatory for 31 December 2022 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.

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.

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.

Unrecognised deferred tax asset

As of 31 December 2022, the Group has unrecognised tax assets of $177 million with a tax value of $38 million (FY21: $151 million - tax value over $32 million), that relates to tax loss carry-forward amounts primarily to Trustpilot A/S and its immediate subsidiary 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. $136 million (FY21: $ 110 million) of the unrecognised tax assets can be carried forward indefinitely with no expiration date while $41 million (FY21: $ 41 million) is subject to a finite utilisation period with expirations beginning as soon as 2033.

Recognition of deferred tax assets requires that it is probable that future taxable profits are available against which the unused tax losses can be utilised. 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. Even though the Group's approved budgets shows that Trustpilot 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 deferred tax assets have been recognised for the Group's tax loss carry-forwards.

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.

	FY22	FY21
	$ '000	$ '000
Operating loss	**(15,990)**	**(24,152)**
Depreciation, amortisation and impairment	**7,358**	8,232
EBITDA	**(8,632)**	**(15,920)**

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-recurring or non-cash items with associated taxes. 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, non-recurring transaction costs such as those related to IPO preparation and restructuring costs, which relate to one-time costs associated with a material organisational change such as severance payments.

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

Adjusted EBITDA

$ '000 other than per cent	FY22	FY21
Operating loss	**(15,990)**	**(24,152)**
Depreciation, amortisation and impairment	7,358	8,232
EBITDA	**(8,632)**	**(15,920)**
Non-recurring transaction costs	—	9,785
Restructuring costs	—	—
Share-based compensation, including associated social security costs	4,211	10,012
Adjusted EBITDA	**(4,421)**	**3,877**
Adjusted EBITDA margin (per cent)	**(3)**	**3**

Adjusted EBITDA decreased from $3,877 thousand in FY21 to $(4,421) thousand in FY22. Adjusted EBITDA margin decreased from 3 per cent in FY21 to (3)% per cent FY22. The decline in Adjusted EBITDA and Adjusted EBITDA margin were driven by investments across the Group partially offset by revenue growth. Included in the FY22 share-based payments is a non-cash charge of $5,853 thousand (FY21 of $6,527 thousand) and associated social security costs of $(1,642) thousand (FY21 of $3,485 thousand).

Non-recurring transaction costs relate to professional and legal fees associated with corporate financing activities, in FY21 this consisted exclusively of IPO related costs.

Functional distribution of adjustments

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
Non-recurring transaction costs	—	—	—	—
Restructuring costs	—	—	—	—
Share-based compensation, including associated social security costs	4,211	—	—	4,211
Adjusted EBITDA	**(4,421)**			

FY21

$ '000	Group	Sales and marketing	Technology and content	General and administrative
Operating loss	**(24,152)**			
Depreciation, amortisation and impairment	8,232	—	2,655	5,577
Non-recurring transaction costs	9,785	—	—	9,785
Restructuring costs	—	—	—	—
Share-based compensation, including associated social security costs	10,012	—	—	10,012
Adjusted EBITDA	**3,877**			

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 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 23% (FY21: 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% per cent of the consolidated revenue in FY22 (FY21: 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 measurement of liabilities by geographic location is not included in this disclosure as this information is not regularly reviewed by the CODM for decision making purposes.

The following table displays external revenue and non-current operating assets by geographic area:

	FY22	**FY21**
	$ '000	$ '000
Revenue		
UK[1]	59,803	53,136
North America	34,003	30,503
Europe and Rest of World	55,126	47,804
Total revenue	**148,932**	**131,443**
Non-current operating assets		
UK	13,867	13,112
North America	13,453	1,526
Europe and Rest of World	9,400	7,880
Total	**36,720**	**22,518**

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

Non-current 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 2022, the Group has recognised the following share-based payment expense in the condensed consolidated statement of profit or loss.

	FY22	**FY21**
	$ '000	$ '000
Warrants	2,250	5,537
Restricted Share Plan	2,927	567
Long Term Incentive Plan	676	423
	5,853	**6,527**

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).

Prior to the admission of the Company's entire issued ordinary share capital to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities on 26 March 2021 (**"Admission"**), Trustpilot A/S (the former parent company of the corporate group) operated a long-term incentive warrant program under which warrants in Trustpilot A/S were granted at market value, free of charge. Each warrant conferred a right to subscribe for 1 common share in Trustpilot A/S. The warrants were granted to two categories of recipients: (i) to employees of varying seniority throughout the Group; and (ii) to selected senior employees of the Group and certain board members of Trustpilot A/S.

In connection with the IPO, Trustpilot A/S restructured its warrant program. On 26 March 2021, all outstanding warrants in Trustpilot A/S (as of 26 March 2021: 818,784) were cancelled and replaced by new warrants in the Company in the proportion 1 to 78.

Movements in the number of share options outstanding and their related weighted average exercise prices in the financial year ended 31 December 2022 are as follow:

Total movement in employee warrants

	FY22		FY21	
	Number of warrants	Weighted avg exercise price	Number of warrants	Weighted avg exercise price
	No. '000	$ '000	No. '000	$ '000
Opening Balance	35,041	0.78	60,013	0.49
Granted	—	—	6,603	1.81
Exercised	(2,202)	0.48	(27,817)	0.37
Forfeited	(2,249)	0.88	(3,758)	1.03
Closing Balance	**30,590**	**0.68**	**35,041**	**0.78**
Number of warrants exercisable at 31 December	**17,264**	**—**	**13,319**	**—**

As at 31 December 2022, employee warrants contributed $2,250 thousand to the share-based compensation expense (FY21 $5,537 thousand). Employee warrants had exercise prices ranging from $0.09 to $1.34 with a weighted average of $0.57 (2021: prices ranging from $0.13 to $1.81 with a weighted average of $0.78). The weighted average remaining contractual life of warrants outstanding as at 31 December 2022 was 6.01 years (2021: 7.05 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 FY22, conditional awards over 2,366,146 (FY21 1,215,246) 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 FY22 will ordinarily vest on 5 April 2025 (except from one grant which will vest on 20 June 2025), 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 55% (the "**TSR Part**") of the LTIP awards granted in FY22 is subject to the Group's TSR performance over a three year period that commenced on 5 April 2022 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 5 April 2022. 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.

Annual recurring revenue ("ARR") performance measure
The vesting of 25% (the "**ARR Part**") of the LTIP awards granted in FY22 is subject to the compound annual growth rate ("**CAGR**") in the Group's ARR over the period 1 January 2022 to 31 December 2024. 25% of the ARR Part will vest for CAGR in ARR over the measurement period of 20%, rising on a straight-line basis up to 100% vesting of the ARR Part for CAGR in ARR over the measurement period of 30% (or better).

Trust performance measure
The vesting of 20% (the "**Trust Measure Part**") of the LTIP awards granted in H1 FY22 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 2022, 2023 and 2024 respectively. The TrustScore Part target will be stepped between an average TrustScore of 3.5 and 3.75 (at which point 50% of the TrustScore Part will vest), rising on a straight-line basis up to 100% vesting for an average TrustScore of 4.2 (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 $676 thousand to the share-based compensation expense in the FY22 financials (FY21 $ 423 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	0.98	Equal to Median	Upper Quartile or Greater
ARR	Black-Scholes	1.65	CAGR of 20%	CAGR of 30% or Greater
Trust	Black-Scholes	1.68	Average Trust Measure of 3.5	Average Trust Measure of 4.2 or Greater

Fair Value Factors	Input April 22 grant	Additional Chaffe April 22 Input (Executive Director)	Input June 22 grant
Closing share price on date of grant (pence)	148.30	N/A	99.40
Price (pence)	1.00	148.30	1.00
Expected term	3.00 yrs	+2.00 yrs holding period	3.00 yrs
Risk-free interest rate	1.56 %	1.54 %	2.45 %
Expected dividend yield	— %	— %	— %
Expected volatility	34.53 %	35.43 %	35.09 %

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

Total movement in LTIP

	FY22	FY21
	No. '000	No. '000
Opening Balance	1,101	—
Granted	2,366	1,215
Exercised	—	—
Forfeited	(129)	(114)
Closing Balance	**3,338**	**1,101**
Number of LTIPs exercisable at 31 December	**0**	**0**

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 FY22, conditional awards over 5,764,926 (FY21 829,753) 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.

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 $2,927 thousand to the share-based compensation expense in the FY22 financials (FY21 $567 thousand).

Fair Value Factors	**April 2022 Grant**	**June 2022 Grant**	**October 2022 Grant**
Closing share price on date of grant (pence)	110.60	99.40	75.15
Price (pence)	1.00	1.00	1.00
Weighted average contractual life	2.93	2.78	2.99
Risk-free interest rate	1.56 %	2.45 %	3.74 %
Expected dividend yield	— %	— %	— %
Expected volatility	34.53 %	35.09 %	35.09 %

Total movement in RSP

	FY22	**FY21**
	No '000	No '000
Opening Balance	814	0
Granted	5,765	830
Exercised	(292)	(1)
Forfeited	(479)	(15)
Closing Balance	**5,808**	**814**
Number of RSPs exercisable at 31 December	—	—

6. Finance income and expenses

	FY22 $ '000	FY21 $ '000
Foreign exchange rate gains	2,445	—
Interest income	14	10
Finance income*	**2,459**	**10**

	FY22 $ '000	FY21 $ '000
Foreign exchange rate losses	—	(66)
Financing costs	(19)	(61)
Interest expenses	(485)	(1,347)
Lease interest expense	(1,010)	(994)
Finance expenses*	**(1,514)**	**(2,468)**

* See note 1.8 for details regarding the representation.

7. Income tax

	FY22 $ '000	FY21 $ '000
Current tax		
Current tax on UK profit for the year	(265)	(26)
Current tax credit on overseas profits for the year	690	814
Adjustments in respect of prior periods	194	(365)
Total current tax credit	**619**	**423**
Deferred tax		
Origination and reversal of temporary differences	29	259
Derecognition of deductible temporary differences	—	52
Adjustments in respect of prior periods	(245)	—
Change in tax rate	(2)	(18)
Total deferred tax (expense)/income	**(218)**	**293**
Total tax credit in the statement of profit or loss	**401**	**716**

	FY22	FY21
	$ '000	$ '000
Reconciliation of effective tax rate		
Factors affecting the tax credit for the year:		
Loss before tax	(15,045)	(26,610)
Current tax credit using the Danish corporation tax rate of 22% (2021: 22%)	3,310	5,853
Effects of:		
Items not deductible	(884)	(747)
IPO expenses	—	(2,197)
Share options	(701)	(1,897)
Research and development tax credit	1,238	1,201
Adjustments in respect of prior periods	(51)	(418)
Differences between overseas tax rates	11	(101)
Movements in temporary differences not recognised	(2,704)	(960)
Tax effect of utilisation of tax losses not recognised	182	—
Effect of deferred tax rate changes	—	(18)
Total tax credit	**401**	**716**

The Danish corporate income tax rate of 22 per cent (FY21: 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. The main rate of UK corporation tax is currently 19% and will increase to 25% from 1 April 2023. There are no future changes announced to the Danish and US tax rates. Deferred taxes at the balance sheet date, including UK, DK and USA, have been measured using these enacted tax rates and reflected in these financial statements.

Certain losses arising in the year have been sold to the Danish tax authorities allowing a realisation of an associated tax credit of $779 thousand (FY21: $875 thousand).

Recognised directly in equity	**FY22**	**FY21**
	$ '000	$ '000
Current tax income		
Excess tax deductions related to share-based payments	261	—
Total current tax income	**261**	**—**
Deferred tax		
Change in estimated excess tax deductions related to share-based payments	—	15
Adjustments in respect of prior periods	(15)	—
Total deferred tax (expense)/income	**(15)**	**15**
Total tax income in equity	**246**	**15**

No amounts of current or deferred tax (2021: nil) are recognised in other comprehensive income.

8. Loss per share

	FY22	FY21
Weighted average number of shares (000s):		
Ordinary shares	**415,086**	401,445

In addition to the ordinary shares above, Trustpilot Group plc had potential shares outstanding that would be dilutive if the Group generated net income for the period. As of 31 December 2022, total potential shares was 18,625 thousand (2021: 29,719 thousand), of which 10,614 thousand (2021: 27,804 thousand) relate to employee warrants and 8,011 thousand (2021: 1,915 thousand) relate to restricted shares. As of 31 December 2022 vested potential shares amounted to 9,341 thousand (2021: 11,981 thousand) employee warrants.

	FY22 $ '000	FY21 $ '000
Loss for the year	(14,644)	(25,894)
Loss per share (cents)[1]		
Basic	(3.5)	(6.5)
Diluted	(3.5)	(6.5)

[1] Given the Group incurred losses in FY22 and FY21, the impact of potentially dilutive ordinary shares have been excluded as they would otherwise be anti-dilutive in accordance with IAS 33.

9. Share capital

Shares issued and fully paid:	31 December 2022 Number of shares	31 December 2022 Amount ($ '000)	31 December 2021 Number of shares	31 December 2021 Amount ($ '000)
Ordinary shares	416,241,641	5,006	413,747,356	5,576
Total shares issued	**416,241,641**	**5,006**	**413,747,356**	**5,576**

The share capital of the Company as of 31 December 2022 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	Share Premium

	Amount	($ Amount '000)	($ '000)
Changes in share capital			
Opening balance at 01 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 01 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.

As further detailed below, completion of the IPO Restructuring on 26 March 2021 resulted in common and preference shares in Trustpilot A/S (each having a nominal value of DKK 1) being exchanged for ordinary shares in the Company (each having a nominal value of GBP 0.01). A multiplier was applied resulting in 78 ordinary shares in the Company being issued for each share held by existing shareholders in Trustpilot A/S (minus the 1 ordinary share already held by the incorporating shareholder of the Company).

The share capital of the Company as of 31 December 2022 and 31 December 2021 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	Amount ($ '000)	Amount
Changes in share capital			
Opening balance at 01 January 2021	4,684,374	773	177,842
Employee share scheme issues[1]	27,623	4	238

Lender warrants exercised[2]	37,525	6	358
Exchange difference on items recognised directly in equity prior to group reconstruction	–	(23)	(6,977)
Share Capital pre-public offering	4,749,522	760	171,461
Share Capital post public offering			
Conversion of basic share[3]	370,462,716	5,105	–
Issue of share[4]	17,620,906	244	64,102
Exercise of share based payments[5]	25,663,734	353	9,424
Contribution of equity – Transaction	–	–	(1,274)
Exchange difference on items recognised directly in equity post group reconstruction	—	(126)	(1,258)
Ending Balance 31 December 2021	**413,747,356**	**5,576**	**70,994**

[1] On 3 March 2021, 20,780 warrants were exercised into 20,780 common shares in Trustpilot A/S, followed on 12 March 2021 by a further 6,843 warrants exercised into 6,843 common shares in Trustpilot A/S. The total of 27,623 new common shares with a nominal value of $4 thousand resulted in share capital increasing by $4 thousand and share premium by $238 thousand.

[2] Shortly prior to Admission on 26th March 2021, three lender-related entities exercised a total of 37,525 warrants into 37,525 common shares, with a nominal value of $6 thousand resulting in share capital increasing by $6 thousand and share premium by $358 thousand.

[3] As part of the IPO Restructuring, on 26 March 2021 all 4,749,522 outstanding common and preference shares in Trustpilot A/S were exchanged in the proportion 1 to 78 for 370,462,715 ordinary shares in the Company (the incorporating shareholder of the Company already held 1 ordinary share prior to the exchange). The result was 370,462,716 ordinary shares being held in the Company and increase of share capital by $5,105 thousand. Further as part of the IPO Restructuring and basic share exchange, the difference between the share capital and share premium recognised in Trustpilot A/S and the new Trustpilot Group plc was taken to a merger reserve on consolidation.

[4] On 26 March 2021, 17,620,906 ordinary shares in the Company were issued as a result of the Company's primary offering for a net consideration of $64,346 thousand, resulting in a share capital increase by $244 thousand and share premium increase by $64,102 thousand.

[5] From 26 March 2021 to 31 December 2021 (inclusive), 25,663,734 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 $353 thousand and share premium increase of $9,424 thousand. Further detail related to these schemes is disclosed in note 5, share-based payment plans.

10. Commitments and contingent liabilities

Pledges and security

	31 December 2022	31 December 2021
	$ '000	$ '000
The carrying amounts of the secured assets are as follows		
Intangible assets	7,055	6,338
Trade receivables	8,275	6,176
	15,330	**12,514**

In connection with a revolving credit facility of $30 million, 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 in 2022.

Capital commitments

As at 31 December 2022, the Group had contractual capital commitments of $13 thousand (FY21: $494 thousand) in relation to the acquisition of property, plant and equipment. The capital commitments relating to intangible assets are immaterial during FY22 (FY21: 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. In the year ended 31 December 2021, two of the Group's subsidiaries were parties to a litigation claim in New York. However, the claim was successfully defended and the proceedings have now concluded. A summary of the history of the claim is set out below.

In January 2021, a complaint was filed in the United States District Court for the Southern District of New York against Trustpilot Inc. and Trustpilot A/S (the plaintiffs later dropped the claim against Trustpilot A/S). The plaintiffs alleged that Trustpilot designed its email systems so that a reminder email about renewal of Trustpilot subscriptions would be sent from a trustpilot.net email address and go directly to the recipient's junk email folder and that, as a result, Trustpilot customers paid for Trustpilot subscriptions that they would not have renewed had they received the reminder email.

The claim was dismissed in its entirety by the court on 29 June 2021. On 14 July, the plaintiffs filed a ‘motion to reconsider’ the dismissal of the case. Trustpilot filed its opposition to this ‘motion to reconsider’ on 28 July 2021. On 14 October 2021, the plaintiffs’ ‘motion to reconsider’ was denied. The plaintiffs filed a notice of appeal on 15 November 2021 and the case was transmitted to the Second Circuit Court of Appeals. The appeal was heard in New York on 16 May 2022 and, on 13 June 2022, the court dismissed the appeal and released its ruling. The plaintiffs had 14 days to request an en banc review of the ruling, but declined to do so. Therefore, the proceedings have now concluded without any material adverse effect on Trustpilot's results of operations and cash flows.

11. Provisions

	FY22 Dilapidation provision $ '000	FY21 Dilapidation provision $ '000
Non-current		
At 1 January	517	—
Utilised in the year	—	—
Charged in the year	206	517
Exchange differences	(95)	—
At 31 December	**628**	**517**
Current		
At 1 January	670	—
Utilised in the year	(208)	—
Charged in the year	(12)	670
Exchange differences	3	—
At 31 December	**453**	**670**

The Group recognises dilapidation provisions for leases where Trustpilot will have an obligation to restore the leases according to the contractual requirements when the leases come to an end. The provisions are based on internal assessments, estimates from the landlords and on the lifetime of each lease. There will be uncertainty to the actual outflow for dilapidation until leases in question have concluded and the space is formally assessed. The group has dilapidation obligations in the UK entity and the Danish Entity where $453 thousand is due within 12 months (FY21: $670 thousand) from balance sheet date and $628 thousand is due after more than 5 years (FY21: $517 thousand).

12. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from borrowings and the movements in each of the periods presented.

	1 January 2022 $ '000	Cash flows $ '000	Foreign exchange movement $ '000	New leases* $ '000	31 December 2022 $ '000
Borrowings	—	—	—	—	—
Lease liabilities	13,056	(4,197)	1,517	14,309	24,685
Total liabilities from financing activities	**13,056**	**(4,197)**	**1,517**	**14,309**	**24,685**

	1 January 2021	Cash flows	Foreign exchange movement	New leases*	31 December 2021

	$ '000	$ '000	$ '000	$ '000	$ '000
Borrowings	12,941	(13,000)	59	—	—
Lease liabilities	16,604	(5,516)	(192)	2,160	13,056
Total liabilities from financing activities	**29,545**	**(18,516)**	**(133)**	**2,160**	**13,056**

*Including lease modifications

14. Reconciliation to operating cash flows

	FY22	**FY21**
	$ '000	$ '000
Changes to net working capital		
Increase in trade receivables	(2,412)	(1,325)
Decrease/(Increase) in other assets	899	(1,260)
Increase in prepayments	(711)	(1,191)
Increase in trade payables	930	595
Decrease in provisions	(14)	—
(Decrease)/Increase in other liabilities	(3,810)	2,805
Increase in contract liabilities	6,020	6,401
	902	**6,025**

	FY22	**FY21**
	$ '000	$ '000
Adjustments to operating cash flows		
Income tax	(401)	(716)
Amortisation and impairment of intangible assets	2,617	2,441
Depreciation of tangible assets and right-of-use assets	4,741	5,791
Finance (income)/expense	(945)	2,392
Share-based compensation	5,853	6,527
	11,865	**16,435**

15. List of group companies

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

16. Post balance sheet events

On 10 March 2023, Silicon Valley Bank (SVB) in the United States was closed by the California Department of Financial Protection and Innovation and the subsequent entry into receivership of its UK arm (SVB UK). SVB UK is the Group's principal banking partner, which was subsequently acquired by HSBC.

The Group has not experienced liquidity concerns as a result of this event. We have full access to our cash on deposit, and our revolving credit facility remains available, expiring in April 2024, and in the meantime we intend to review and diversify our banking arrangements to mitigate future risks. We benefit from having a diversified customer base with little concentration, and this limits our exposure to the events surrounding the bank's failure. We have not experienced any operational impact on our business and customer cash collections remain unaffected.