Trustpilot Group plc

22nd March 2022

**RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021
("FY21")**

Bookings +27 per cent YoY, with further improvement in net dollar retention rate to 99 per cent; strong growth in lead KPIs with total cumulative reviews +39 per cent, active domains +34 per cent and review invitations +57 per cent YoY

Financial Highlights

- Revenue grew by 29 per cent to $131.4 million, an increase of 24 per cent at constant currency**
- Annual recurring revenue (ARR*) rose by 26 per cent at constant currency to $144.5 million
- Bookings*, a lead indicator of future revenues, increased to $149.6 million, up by 27 per cent at constant currency, driven by strength in Europe & Rest of World (RoW) and the UK, and an acceleration in North America
- The group reported loss for the year of $25.9 million (FY20: $12.3 million), with adjusted EBITDA** of $3.9 million (FY20: $6.1 million)
- Net dollar retention rate* improved to 99 per cent, compared to 91 per cent in FY20, reflecting improved renewal rates as well as strong account expansion
- Balance sheet strengthened considerably post receipt of IPO proceeds, closing the year with net cash of $93.2 million

Strategic and Operational Highlights

- Strong growth in lead KPIs, demonstrating strong viral network effects
- Total cumulative reviews* rose by 39 per cent to 167 million
- Number of active domains* increased 34 per cent to 84 thousand
- Average monthly review invitations* rose by 57 per cent to 49 million (FY20: 31 million), with 7.8 billion monthly TrustBox impressions*, an increase of 29 per cent
- Streamlined business verification, launched consumer verification and stepped up legal enforcement to protect our platform from misuse
- Developed new integrations with e-commerce platforms, and deepened existing strategic tech partnerships
- Strengthened leadership team and opened new offices in Italy and the Netherlands

Outlook

We are encouraged by the significant progress we made during 2021 and the board remains confident in the strategy and outlook for the business. With the successful financial result and strong bookings performance we achieved in 2021, including a 26 per cent increase in ARR, we expect to deliver constant currency revenue growth in line with current management expectations in 2022.

Sales and marketing expenses declined as a proportion of revenue in each of the last two years, but, as previously guided, we intend to meaningfully re-accelerate investment in 2022 to capture the exciting growth opportunities we see for the business and accelerate bookings growth in 2023 and beyond.

Our ongoing planned investment in the business saw Tech & Content and G&A increase as a proportion of revenue during the second half of 2021. In addition to planned investment, we are seeing cost inflation and therefore we expect these expenses to remain at broadly similar percentages of revenue throughout the current year, with overhead leverage to come thereafter.

* Key performance indicator (KPI) - further detail available in operating metrics section below
** Alternative performance measures (APM) - further detail available in note 4

Trustpilot Group plc
Results for the year ended 31 December 2021

Financial summary

$ 000's	**FY21**	**FY20**	**(+/-) % actual**	**(+/-) % constant currency****
Bookings*	149,564	113,318	32	27
LTM Net Dollar Retention Rate*	99	91	9	9
ARR*	144,484	118,699	22	26
Revenue	131,443	101,985	29	24
EBITDA**	(15,920)	(3,345)	376	526
Adjusted EBITDA**	3,877	6,117	(37)	(42)
Loss for the year	(25,894)	(12,279)	111	165
Adjusted loss**	(8,250)	(3,927)	110	504
EPS (cents)	(6.5)	(3.3)	93	143
Adjusted EPS (cents)**	(2.1)	(1.1)	92	453

* Key performance indicator (KPI) - further detail available in operating metrics section below; LTM refers to last twelve months
** Alternative performance measures (APM) - further detail available in note 4; EPS refers to earnings per share

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

“These successful results for 2021 demonstrate that we are making great progress against our strategy. Our platform continues to get better, we have made further operational improvements, and this is being rewarded by the significant increase in business and consumer activity on Trustpilot. We are fast becoming a universal symbol of trust for the internet economy, and providing a real benefit to society.”

Enquiries

Trustpilot Investor Relations
Derek Brown
Tel: +44 20 4534 5222

Tulchan Communications
James Macey White
Matt Low
Jordan McCulla
Tel: +44 20 7353 4200

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 have to earn the trust of consumers, from all around the world.

Trustpilot had over 850 employees as of December 2021 and is headquartered in Copenhagen, with operations in London, Edinburgh, New York, Denver, Melbourne, Berlin, Vilnius, Milan and Amsterdam.

Chief Executive's Review

It has been an exciting year for Trustpilot. Our successful initial public offering (IPO) in March 2021 was a highlight as well as a significant milestone for us. Becoming a public company raised our profile as a leading global review platform and enhanced our ability to attract and retain the highest quality talent. We were also pleased to welcome new investors who are able to support the next stages of our development and expansion.

Our platform continues to get better and we have made further operational improvements. This progress is being rewarded by the significant increase in business and consumer activity on Trustpilot. Furthermore, we are pleased to have delivered a financial result ahead of our expectations with a 29 per cent increase in total revenue to $131 million, (24 per cent at constant currency). Bookings* – typically a good lead-indicator of future revenue – increased by 32 per cent, or 27 per cent at constant currency, to $150 million. We closed the year with $144 million in annual recurring revenue (ARR*), an increase of 22 per cent, or 26 per cent at constant currency.

We are investing for growth and, after including non-recurring IPO-related expenses, we reported an expected operating loss of $24 million, a loss before tax of $27 million. Post the receipt of IPO proceeds we closed the year with a significantly strengthened balance sheet with $93 million of net cash.

Our strategy is to be the most used and the most trusted global reviews platform. The more that consumers engage with Trustpilot, through reading and posting trusted reviews, the more that businesses understand their customers the better they become at engaging with them. As more businesses engage with their customers on the Trustpilot platform, the more useful it becomes to consumers and businesses, reinforcing the viral network effects. Hence, trust and transparency lie at the heart of what we do; consumers need to know they can use and rely on our reviews platform for reassurance that they are dealing with trustworthy businesses.

This virality between the consumer and business sides of our platform, where one drives and reinforces the other, lies at the heart of Trustpilot’s organic growth opportunity.

The most used global reviews platform

We track several strategic key performance indicators (KPIs) to assess the progress we are making against these two strategic objectives.

The usage of our platform can be assessed by the level of consumer and business activity and engagement with Trustpilot. Across a range of measures our business has continued to expand at pace over the past twelve months.

- At 31 December 2021, Trustpilot had exceeded 167 million total cumulative reviews*, an increase of 39 per cent over the prior year. We closed 2021 with over 84 thousand monthly active businesses* on the Trustpilot platform, up 34 per cent over the prior year; these businesses help promote the Trustpilot brand, actively collecting reviews and/or displaying their TrustBox. Of these businesses, 23 thousand are paying customers*, subscribing to our software tools to help them get, manage, and derive insights from reviews – an increase of 17 per cent over the prior year.

- During the year, our business customers sent 0.6 billion review invitations (2020: 0.4 billion), an average of 49 million per month (2020: 31 million). The Trustpilot brand continued to gain in strength, with 7.8 billion monthly Trustbox impressions*, up 29 per cent over the prior year.

* Key performance indicator (KPI) - further detail available in operating metrics section below

These strategic KPIs are a testament to the rapid expansion in consumer and business activity. Over time, this growth in usage among consumers and businesses leads to growth in paying customers, bookings, and ultimately revenue. In 2021, this dynamic helped us to significantly exceed the challenging financial targets we set at the start of the year.

– Against our original outlook of constant currency revenue growth in the 'high teens', which we set out at the time of our IPO, we ultimately achieved growth of 24 per cent year-over-year to revenue of $131 million (2020: $102 million), representing an acceleration on the 23 per cent constant currency increase we delivered in 2020.

– Bookings are typically an important lead-indicator of future revenue growth; hence it is encouraging to report that 2021 constant currency bookings grew by 27 per cent to $150 million (2020: $113 million), compared to 18 per cent growth in 2020. This re-acceleration, following the disruption caused by the pandemic, supports our long-term growth aspirations. We closed 2021 with annual recurring revenue (ARR) of $144 million, a constant currency increase of 26 per cent.

– As a subscription software business, we were encouraged to see an improvement in our net dollar retention rate*, which rose to 99 per cent in the period, compared to 91 per cent a year ago. This is a measure of our success at retaining existing customers and expanding their use of our modular software tools through cross-sell and upsell. It is also a reflection of the value we deliver to our business customers.

The most trusted global reviews platform

Trust is in our name, is integral to our culture, and lies at the heart of all that we do as a business. With this guiding principle in mind, during 2021 our priorities were to strengthen trust within the review community, tackle fake reviews at source, and improve business validation and transparency.

In contrast to 'closed' review platforms, and in order to place trust and transparency at the centre of our offering, we prevent businesses from choosing which reviews are published on, or removed from, the Trustpilot platform, so that all reviews can be seen by consumers, and any business can use the platform to view and respond to consumer reviews at no cost.

In February 2021 we published our first 'Transparency Report', demonstrating the scale of the measures we deploy to safeguard the integrity of the content on the Trustpilot platform as usage continues to grow rapidly. The report offers an unobstructed view of the most crucial function of our business: ensuring the authenticity and credibility of Trustpilot reviews.

Today, most of the fake and misleading reviews which we encounter are detected and removed automatically using our sophisticated fraud detection software. We have enhanced our ability to detect and remove fake and misleading reviews from the platform, adding to the actions we take to help build consumer and business trust in the platform. Fake reviews are identified through several sources, including automated fraud detection software, flagging tools used by consumers and businesses, and our dedicated team of fraud analysts.

We use a sophisticated anomaly detection model which flags suspicious changes in patterns of activity, and cluster analysis to analyse large numbers of reviews on our platform to understand their typical characteristics. These tools help us to quickly identify existing and emerging trends that may suggest fake or misleading reviews.

* Key performance indicator (KPI) - further detail available in operating metrics section below

This ongoing investment in content integrity enabled us to detect and remove 2.7 million fake reviews in 2021 (compared to 2.2 million in 2020), representing 5.8 per cent of reviews posted in 2021. The majority of these fake reviews are detected and removed by our technology. In addition to this, we issued 121 thousand warnings to consumers and businesses during the year (compared to 39 thousand in 2020), and issued 1,425 cease and desist letters (compared to 1,030 in 2020).

During 2021, we deployed additional automation to ensure consistent enforcement actions are taken when fake reviews linked directly to a business are detected, as well as tools to help us identify and act against the sale of fake and misleading reviews. This latter investment enables us to automatically block user profiles linked to review sellers, remove their reviews, and take appropriate action against businesses that have purchased these reviews.

We also released 'business verification' on Trustpilot, highlighting the steps taken by businesses to verify themselves on Trustpilot, with this information displayed on their transparency pages on the platform. This release underpins our commitment to enhancing the integrity of business verification across the platform, and further increasing trust throughout the Trustpilot community.

Also, in the period, we further automated the identification and removal of bad-fit businesses from Trustpilot, for example by deploying technology to automatically block dark web domains, given the high risk they pose to consumers. Elsewhere, we are implementing automation to detect and assess other potentially harmful and illegal businesses as individuals add them to the platform.

As part of our strategy, we continue our efforts to change the conversation around trusted reviews online. In addition to the leadership we have shown in removing fake reviews from our platform, we have stepped up our legal enforcement actions against businesses who persistently seek to manipulate the Trustpilot platform through creating or soliciting fake or misleading reviews, and we are vigilant in protecting our brand integrity. We have also launched an industry-leading consumer verification tool as part of our efforts to promote trust and help consumers shop with confidence.

Regional growth trends

Typically, our markets are at different stages of development, but we see a well-established trajectory between the early stages of our growth in a new market, during which we are measuring success principally through strategic KPIs, and the point at which viral network effects take hold, our unit economics improve and financial KPIs become more meaningful.

As we reach this point in a regional market, we begin to invest into the network effect through consumer engagement, e-commerce integrations, and through building critical mass in targeted industry verticals. In our most advanced markets, we also invest in self-service and in growing our partner network.

- **United Kingdom:** The UK remained the largest contributor at 41 per cent of total bookings, with bookings growth of 27 per cent in the period at constant currency. This performance reflected strong prior-year bookings growth, the strength of our consumer brand, and further improvements in the efficiency of customer acquisition. Reflecting this continued strong bookings performance, UK revenue grew by 27 per cent during the period at constant currency.

  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. Despite our success in establishing a powerful UK consumer brand, we see significant room for further market penetration and expansion.

- **Europe & RoW:** Our bookings growth was notably strong in Europe & the Rest of World (RoW) segment with constant currency growth of 35 per cent; Europe & RoW represents 37 per cent of total bookings and is principally driven by territories in continental Europe. Revenue for the Europe & RoW region increased by 32 per cent during the period at constant currency.

We are particularly encouraged by the growth in Europe and the significant traction we are seeing in the Netherlands and Italy; we recently began to make domestic hires in these local markets for the first time. Some other European countries, whilst on the same trajectory from an activity and usage perspective, have yet to reach an inflection point; however, in a number of these we expect to make good progress over the next twelve months.

Since the year end, Russia has invaded Ukraine. Trustpilot has no material bookings from Russia, Belarus or Ukraine and, as a reaction to these events, as well as the imposed sanctions, we have terminated all customer contracts with Russian and Belarusian customers. Furthermore we are offering our services free of charge to our existing Ukrainian customers. In total, these actions would have amounted to less than $50k in lost revenue in 2021.

– **North America:** In North America, 22 per cent of total bookings, bookings growth was 15 per cent, a material acceleration on a broadly flat performance in 2020, with the region recovering from the effects of cost reduction measures implemented during the initial phases of the Covid-19 pandemic. These measures included a reduction in direct sales headcount in the region. The acceleration in bookings growth in North America is a lead indicator of an acceleration in future revenue growth. During 2021, revenue in North America grew by 9 per cent at constant currency, reflecting the lower bookings growth in FY20 which occurred as a result of Covid-19 and as we transitioned to a product-led go-to-market model and reduced direct sales headcount in the region.

We believe North America represents a significant market opportunity for the company, where we believe our verified, independent reviews are a significant differentiator in the market. In order to capitalize on this opportunity we are focused on optimizing our go-to-market and accelerating our growth in North America. To this end, we recently completed a detailed market segmentation exercise, identifying key verticals and subsegments that are currently at an early stage of development, where we have demonstrated a track record of early success in other geographies, and where we believe we can achieve the fastest, most efficient penetration over the near term, for example in online Financial, Consumer Services, Education, and Travel.

We have introduced several additional initiatives to support our growth in the region. For example, we recently introduced more flexible pricing, including free trials, via our e-commerce channels, to prioritize adoption among smaller, more digitally oriented customers. We are also raising our investment in customer education and targeting; optimizing incentives for our sales and retention teams; improving the customer self-service capabilities on our platform; and embarking upon new brand awareness campaigns.

Investing to drive adoption

During the year we continued to invest in innovation to scale our platform, maintain the integrity of its content, encourage consumers to leave more reviews, attract new business customers, expand further within our existing customer accounts, and leverage new distribution channels.

Efficiently scaling our distribution channels is central to our ability to capitalize on our market opportunity. As a result, during 2021 we were pleased to launch our UK & Europe e-commerce channel and announced integrations with Shopify, WooCommerce, and PrestaShop.

These integrations are expected to become increasingly important over time, as they empower merchants to deploy Trustpilot's automated review invitations and showcase their reviews without having to leave their chosen e-commerce platform. We also extended the use of our powerful data and insights capabilities into our marketing and sales activities, enabling improved efficiency in our cost of customer acquisition.

We streamlined the ability for business customers to automatically invite consumers for reviews and engage with the power of Trustpilot. We also added our first wave of personalized actionable insights to help business customers increase their return on investment from deploying Trustpilot. We have further improved the user experience for consumers, helping them to rapidly find relevant businesses on Trustpilot, using automatic categorization. We also introduced personalized insights for consumers, helping them gain more value from the interaction with Trustpilot.

Global market opportunity

Trustpilot is a leading global review platform that provides businesses with the opportunity to build trust, which we believe is a key factor for business success. Trustpilot is seeking to establish a 'trust layer' for the open commerce ecosystem, in addition to other 'layers' such as marketing, customer relationship management, payment and e-commerce infrastructure, across a diverse range of industries, as consumers look for ways to establish that businesses are trustworthy. The long-term total addressable global market opportunity, excluding China, has been estimated at $50 billion and growing (Q1 2021 study commissioned by Trustpilot), with a current serviceable addressable market of $6.3 billion.

Trustpilot provides an open platform, which creates a place where businesses and consumers can gain actionable insights and collaborate. Consumers can share feedback, at any time, about any business with a website, and review feedback left by other consumers.

The platform not only facilitates better purchasing decisions, but also gives consumers the opportunity to recommend businesses, products, services, and locations based on their experiences. Businesses can use Trustpilot to actively engage with consumers that are reviewing their products and services. Any business can use Trustpilot's basic services for free, where they can view and respond to consumer reviews.

In addition to this free service, Trustpilot also provides several software modules for businesses, providing increasing levels of functionality and offered on a SaaS basis. These tools enable Trustpilot's paying business customers to invite more reviews, manage those reviews, to derive high-value, actionable insights from them, and to showcase their TrustScores across their marketing channels. In this way, Trustpilot generates strong returns for businesses in raising their profiles, demonstrating their trust credentials, as well as increasing traffic, conversion, marketing efficiency, and ultimately revenues.

Sustainability and society

Trustpilot plays a key role in the world of online and offline commerce, helping businesses and consumers to engage with each other in an open and collaborative way, fostering trust. The significant growth in activity on our platform reflects the fact that consumers are increasingly reliant on Trustpilot reviews, and that businesses are more aware than ever that demonstrating they can be trusted is critical to their success.

We recognise our responsibility to engage with all stakeholders and we are committed to operating and promoting sustainable business practices. We believe that there is a correlation between corporate responsibility and our future business success.

During the year, we carried out a detailed materiality assessment across our business to understand the most important Environmental, Social & Governance (ESG) issues for our business, both in how they impact our ability to operate as well as how our activities impact societies, economies and the environment. We engaged with our stakeholders to understand how they prioritise ESG issues and we will use these inputs to inform our future ESG strategy. Among the most material issues identified, the integrity of the content on our platform, data privacy and security, ethical behaviour, diversity and inclusion, and inclusive growth were considered important to investors, customers, consumers, and our employees.

We are already engaged in a number of key initiatives related to these matters. For example, we prioritise investment in the technology and skills necessary to prevent and remove illegal or harmful content from our platform. In addition, we deploy sophisticated cybersecurity and data privacy solutions and processes to protect our digital ecosystem from other forms of misuse. We promote ethical behaviour via our corporate values across our organisation, and recently hired a new Head of Diversity, Equity and Inclusion to ensure that we are appropriately diverse in our recruitment and retention practices.

Our platform is freely available for consumers and businesses to use; this increases the amount of information and insight available to consumers when they make purchase decisions. Businesses that engage with consumers are rewarded. By displaying their trust credentials through the Trustpilot TrustScore, businesses typically see an uplift in productivity via increased revenue and lower marketing costs. Small businesses are given equal footing to larger ones. In this way, we believe our platform has a positive impact on society and economies through this shared prosperity.

Our culture and values

Trustpilot is a purpose-led business, and this is integral to our culture and values; our employees (or “Trusties”) are passionate about Trustpilot’s vision to become a universal symbol of trust. We continue to focus on enriching their experiences both professionally and personally. During 2021, we announced that we were permanently moving to a hybrid model of work, embracing the flexibility we are all now looking for, as well as the wonderful magic that happens when we have Trusties collaborating in shared office spaces together.

We also launched several initiatives aimed at improving the mental, physical, and social well-being of our Trusties and continued our investment into professional development. We are focused on building future leadership talent and in accelerating the development of our existing top talent. We also strengthened our team, building organizational capability and capacity in areas such as engineering, product development, user experience, data science and security.

During the year, we carried out a detailed materiality assessment across our business to understand how our stakeholders prioritize ESG issues and to inform our future ESG strategy. Among the most material issues identified, the integrity of the content on our platform, data privacy and security, ethical behaviour, diversity and inclusion, and inclusive growth were considered important to investors, customers, consumers, and our employees. The results of this materiality assessment, once finalized along with our detailed ESG strategy and roadmap, will form the basis of our forthcoming sustainability report.

Outlook

We are encouraged by the significant progress we made during 2021 and the board remains confident in the strategy and outlook for the business. With the successful financial result and strong bookings performance we achieved in 2021, including a 26 per cent increase in ARR, we expect to deliver constant currency revenue growth in line with current management expectations in 2022.

Sales and marketing expenses declined as a proportion of revenue in each of the last two years, but, as previously guided, we intend to meaningfully re-accelerate investment in 2022 to capture the exciting growth opportunities we see for the business and accelerate bookings growth in 2023 and beyond.

Our ongoing planned investment in the business saw Tech & Content and G&A increase as a proportion of revenue during the second half of 2021. In addition to planned investment, we are seeing cost inflation and therefore we expect these expenses to remain at broadly similar percentages of revenue throughout the current year, with overhead leverage to come thereafter.

Peter Holten Mühlmann, Founder and Chief Executive Officer, Trustpilot
22nd March 2022

Finance Review

Overview

2021 was an exciting year for Trustpilot, listing via a successful initial public offering (IPO) on the London Stock Exchange in March and achieving a re-acceleration of both revenue and bookings* growth. FY21 saw revenue growth of 29 per cent to $131 million, or 24 per cent on a constant currency basis**. Bookings growth lifted from 18 per cent in FY20 to 27 per cent on a constant currency basis, resulting in Annual Recurring Revenue (ARR*) of $144 million at the period end. The loss for the year grew from $12 million (-12 per cent of revenue) to $26 million (-20 per cent of revenue), principally due to $10 million non-recurring IPO-related costs. Adjusted EBITDA** fell from $6 million (6 per cent of revenue) to $4 million (3 per cent of revenue), driven by investments across the organisation, largely offset by strong revenue growth.

While FY21 was the first set of accounts prepared as Trustpilot Group plc, the IPO restructuring resulted in the same operating group meaning FY20 figures are still like for like comparatives. Comparative figures were not audited by PwC UK.

Revenue

Revenue grew to $131 million, an increase of 29 per cent over the prior year, or 24 per cent at constant currency. The actual growth rate benefited from a weakening US Dollar relative to sterling and the Euro. Revenue continues to consist of over 99 per cent recurring revenue from software subscriptions, amortised over the subscription term.

ARR and Bookings

ARR and bookings serve as leading indicators of revenue in subsequent periods. ARR is measured at a point in time, while bookings reflect the annual contract value of deals signed within that period. At the 31 of December 2021, ARR was $144 million, an increase of 26 per cent at constant currency over the prior year ARR of $119 million. In FY21, bookings of $150 million increased by 27 per cent at constant currency over prior year bookings of $113 million. Nominal differences between ARR at the 31 December 2021 and FY21 bookings are partly due to currency translation, as ARR utilises the spot rate on the date of measurement while bookings utilises the monthly average rates over the period when the activity is recorded. The strengthening US Dollar at the end of FY21 contributed to lower translated values of sterling and the Euro contracts, when compared to bookings recorded over the course of FY21. Bookings growth was assisted by improvement in LTM Net Dollar Retention Rate, which increased from 91 per cent in FY20 to 99 per cent in FY21. We are encouraged to see customer retention and expansion grow as it is a testament to the value created by the product and it reflects the increased flexibility that has resulted from the new pricing framework we implemented in FY20.

Regional growth trends

As described above, bookings growth serves as a leading indicator of future revenue growth. For this reason, FY21 regional revenue growth is partly dependent upon the prior year bookings growth. In the UK and Europe & RoW, constant currency revenue growth remained strong with 27 per cent and 32 per cent growth respectively. This was achieved following constant currency bookings growth of 23 per cent in the UK and 24 per cent in Europe & RoW in FY20. In the same way, the 9 per cent revenue growth reported for North America reflects bookings growth of 3 per cent in FY20.

* Key performance indicator (KPI) - further detail available in operating metrics section below
** Alternative performance measures (APM) - further detail available in note 4

At constant currency, bookings growth accelerated in all regions in FY21, compared with the prior year period. The acceleration in growth was notable in Europe & RoW and North America. Europe & RoW bookings increased by 35 per cent in FY21 (up from 24 per cent in FY20). North America bookings increased by 15 per cent in FY21 (up from 3 per cent in FY20). UK bookings rose by 27 per cent in FY21 (up from 23 per cent in FY20). Our more developed European markets, for example Denmark, are more efficient as we benefit from a strong network effect and a powerful consumer brand. In Italy, Germany and the Netherlands we believe we are approaching a similar critical mass, and we see promising early signs of momentum in Spain.

$ 000's	FY21	FY20	(+/-) % actual	(+/-) % constant currency
Bookings:				
UK	61,064	44,884	36	27
North America	33,200	28,826	15	15
Europe & Rest of World	55,300	39,608	40	35
Total bookings	**149,564**	**113,318**	**32**	**27**
Revenue:				
UK	53,136	39,159	36	27
North America	30,503	27,872	9	9
Europe & Rest of World	47,804	34,954	37	32
Total revenue	**131,443**	**101,985**	**29**	**24**

Cost of sales

Cost of sales, which includes network operating costs and the costs incurred to onboard, support, retain and upsell customers, rose to $25 million (FY20: $18 million), an increase of 32 per cent at constant currency. The increase reflects investments we made during the year into the retention and expansion of existing customers ahead of future revenue recognition. These investments, primarily into additional headcount, have helped us to significantly improve our LTM Net Dollar Retention Rate from 91 per cent in FY20 to 99 per cent in FY21. As a proportion of revenue, the cost of sales grew from 18 per cent in FY20 to 19 per cent in FY21.

Sales and marketing costs

Sales and marketing costs increased to $46 million (FY20: $40 million), an increase of 10 per cent on a constant currency basis compared with the prior year. The increase in the sales and marketing expense was due to additional marketing expenditures, partially offset by a reduction in average headcount which declined to 279 (FY20: 304). As a proportion of revenue, the sales and marketing expense reduced to 35 per cent in FY21 (FY20: 40 per cent).

Technology and content costs

Technology and content costs were $34 million (FY20: $25 million), an increase of 30 per cent at constant currency over the prior year. Technology and content investment continues as we add headcount and purchase software and professional assistance. The average technology and content headcount grew to 220 in FY21 (FY20: 187). Our technology and content investment is focused primarily on product and engineering, as well as securing the integrity of our content and includes the amortisation of capitalised software development. Technology and content costs were 26 per cent as a proportion of revenue in FY21 (FY20: 25 per cent).

General and administrative costs

General and administrative costs grew to $52 million (FY20: $28 million), an increase of 81 per cent at constant currency over the prior year period. The growth in general and administrative costs was driven primarily by non-recurring IPO-related costs of $10 million, and share-based compensation of $10 million (FY20: $4 million). IPO costs consisted primarily of accounting, legal and advisory services which were required to enable a listing on the London Stock Exchange in March 2021. The growth in general and administrative expenses also reflects the partial re-opening of many of our offices in 2021, and associated personnel costs. Additionally, 2021 saw the introduction of the annual costs associated with operating as a public company, reflected in additional headcount and professional fees. As a result of these factors, as a proportion of revenue, general and administrative rose to 39 per cent in FY21 (FY20: 27 per cent).

Cash Flow

We saw a cash outflow from operations of $5 million in FY21, compared with a cash inflow from operations of $7 million in the prior year. The shift to a cash outflow from operations was driven in large part by non-recurring IPO costs amounting to $12.4 million, and the annual company bonus payout that moved from a quarterly to an annual frequency in FY20, resulting in the first such annual payout occurring in early 2021.

One-off operating cash items in FY21 included a negative working capital movement relating to the payout of payroll tax deferral of $3 million for Covid-19 relief. One-off operating cash items in FY20 included positive working capital contribution related to a payroll tax deferral of $3 million for Covid-19 relief as well as a negative working capital movement of $2 million relating to a new office lease in London.

The net cash outflow from investing activities continues to consist primarily of capitalised development costs, which in FY21 increased to $4 million (FY20: $3 million).

The cash inflow from financing activities of $56 million principally comprised inflows from the IPO proceeds following the sale of new shares, and the proceeds from employee warrants exercised at IPO. This inflow was partially offset by a portion of IPO costs recorded against equity and not reflected in operating cash flow, cash outflows from repayment of term debt, and from the principal elements of lease payments.

Balance Sheet

Meaningful movements in the Group balance sheet in the year consisted primarily of the equity capital raise resulting in $93 million of cash and an increase in net equity to $59 million as of 31 December 2021. Non-current liabilities fell to $13 million as of 31 December 2021, following the repayment of outstanding term debt. Current liabilities rose to $57 million as of 31 December 2021, largely due to growth in contract liabilities amounting to $5 million in the period, driven by the growth in bookings.

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 FY21 and FY20.

$ 000's except per cent and millions	**FY21**	**FY20**	**(+/-) % actual**	**(+/-) % constant currency**
Bookings:				
UK	61,064	44,884	36	27
North America	33,200	28,826	15	15
Europe & Rest of World	55,300	39,608	40	35
Total bookings[1]	**149,564**	**113,318**	**32**	**27**
LTM Net Dollar Retention Rate (per cent)[2]	99	91	9	9
KPIs at period end				
Annual Recurring Revenue[3]	144,484	118,699	22	26
Number of reviewed domains[4]	714	529	35	—
Number of claimed domains[5]	549	407	35	—
Number of active domains[6]	84	63	34	—
Number of subscribing customers[7]	23	20	17	—
Number of reviews[8] (millions)	167	121	39	—

[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 winback. 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	FY21	FY20
			(unaudited)
		$ '000	$ '000
Revenue	5	**131,443**	**101,985**
Cost of sales		(24,654)	(18,067)
Gross profit		**106,789**	**83,918**
Sales and marketing		(46,167)	(40,442)
Technology and content		(33,806)	(25,161)
General and administrative		(51,552)	(27,750)
Other operating income		584	352
Operating loss		**(24,152)**	**(9,083)**
Finance income	7	8,972	6,611
Finance expenses	8	(11,430)	(10,470)
Loss before tax		**(26,610)**	**(12,942)**
Income tax credit for the year	9	716	663
Loss for the year		**(25,894)**	**(12,279)**
Earnings per share (cents)			
Basic earnings per share	10	(6.5)	(3.3)
Diluted earnings per share	10	(6.5)	(3.3)
Adjusted earnings per share*	10	(2.1)	(1.1)
Adjusted Diluted earnings per share*	10	(2.1)	(1.1)

*Alternative performance measures (APM) - further detail available in note 4

Consolidated statement of comprehensive income

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Loss for the year	**(25,894)**	**(12,279)**
Other comprehensive (expense)/income		
Items that may be subsequently reclassified to profit or loss		
Exchange rate differences on translation of foreign operations	(1,694)	1,772
Other comprehensive (expense)/income for the period, net of tax	**(1,694)**	**1,772**
Total comprehensive expense for the period	**(27,588)**	**(10,507)**

Consolidated balance sheet

	Note	As at 31 December 2021 $ '000	31 December 2020 (unaudited) $ '000
Intangible assets	12	6,338	5,478
Property, plant and equipment		1,484	2,021
Right-of-use assets		12,312	14,980
Deferred tax assets		311	11
Deposits and other receivables		2,383	2,970
Total non-current assets		**22,828**	**25,460**
Trade receivables	12	6,176	5,227
Income tax receivables		856	926
Prepayments		3,134	2,099
Deposits and other receivables		2,870	1,130
Cash and cash equivalents		93,177	50,387
Total current assets		**106,213**	**59,769**
Total assets		**129,041**	**85,229**
Equity and liabilities			
Share capital	11	5,576	773
Share premium	11	70,994	177,842
Foreign currency translation reserve		4,648	(20,304)
Merger reserve	11	148,854	—
Accumulated losses		(170,618)	(151,312)
Total equity		**59,454**	**6,999**
Borrowings	13	—	11,323
Lease liabilities		9,552	12,172
Provisions	14	517	—
Other payables		2,962	3,171
Total non-current liabilities		**13,031**	**26,666**
Borrowings	13	—	1,618
Lease liabilities		3,504	4,432
Provisions	14	670	—
Income tax payables		69	90
Contract liabilities		27,616	22,849
Other payables		22,861	21,298
Trade payables		1,836	1,277
Total current liabilities		**56,556**	**51,564**
Total liabilities		**69,587**	**78,230**
Total equity and liabilities		**129,041**	**85,229**

Approved by the Board of Trustpilot Group plc on 22 March 2022

Consolidated statement of changes in equity

	Note	Share capital $ '000	Share premium $ '000	Foreign currency translation reserve $ '000	Merger Reserve $ '000	Accumulated Losses $ '000	Total $ '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 period		**—**	**—**	**(1,694)**	**—**	**(25,894)**	**(27,588)**
Transactions with owners							
Warrants (exercised) pre group reconstruction	11	10	596	—	—	—	606
Exchange difference on share capital and premium pre group reconstruction [1]	11	(23)	(6,977)	7,000	—	—	—
Impact of group reconstruction	11	4,345	(171,461)	18,262	148,854	—	—
Warrants financing facility [2]		—	—	—	—	61	61
Exercise of share based payments	11	353	9,424	—	—	—	9,777
Issue of shares	11	244	64,102	—	—	—	64,346
Contribution of equity – Transaction Cost [3]	11	—	(1,274)	—	—	—	(1,274)
Share-based payments	6	—	—	—	—	6,527	6,527
Exchange difference on items recognized directly in equity post group reconstruction	11	(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] We have finalised the presentation of the merger reserve following the group reconstruction which has led to change to the share premium, foreign currency translation reserve and merger reserve. There are no differences to overall equity.

[2] 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.

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

Consolidated statement of changes in equity (continued)

	Note	Share capital (unaudited) $ '000	Share premium (unaudited) $ '000	Foreign currency translation reserve (unaudited) $ '000	Accumulated Losses (unaudited) $ '000	Total (unaudited) $ '000
Equity at 1 January 2020		**709**	**162,109**	**(6,315)**	**(141,975)**	**14,528**
Loss for the year		—	—	—	(12,279)	(12,279)
Other comprehensive income/(expense)		—	—	(1,772)	—	(1,772)
Total comprehensive income/(expenses) for the period		**—**	**—**	**(1,772)**	**(12,279)**	**(10,507)**
Exchange difference on share capital and premium		68	15,693	(15,761)	—	—
Transaction with owners						
Warrants financing facility[1]		—	—	—	241	241
Warrant exercise		1	40	—	—	41
Reduction of share capital[2]		(5)	—	—	5	—
Share-based payments	8	—	—	—	2,696	2,696
Total transactions with owners		**64**	**15,733**	**(15,761)**	**2,942**	**2,978**
Equity at 31 December 2020		**773**	**177,842**	**(20,304)**	**(151,312)**	**6,999**

[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]The reduction of share capital, $5 thousand is due to cancellation of treasury shares.

Consolidated cash flow statement

	Note	FY21	FY20
			(unaudited)
		$ '000	$ '000
Loss for the year		**(25,894)**	**(12,279)**
Adjustments to operating cash flows	15	16,435	9,826
Changes in net working capital	15	6,025	11,402
Interest received		10	21
Interest paid		(2,402)	(1,788)
Income tax received		382	—
Net cash (outflow)/inflow from operating activities		**(5,444)**	**7,182**
Purchase of property, plant and equipment		(431)	(1,793)
Proceeds from lease sublet		—	70
Payments for intangible asset development		(3,790)	(3,261)
Net cash (outflow) from investing activities		**(4,221)**	**(4,984)**
Principal elements of lease payments		(4,522)	(3,047)
Proceeds from borrowings	13	—	12,144
Repayment of borrowings	13	(13,000)	—
Proceeds from share issue		73,916	41
Net cash inflow from financing activities		**56,394**	**9,138**
Net cash flow for the year		**46,729**	**11,336**
Cash and cash equivalents, beginning of the year		50,387	35,016
Effects of exchange rate changes on cash and cash equivalents		(3,939)	4,035
Cash and cash equivalents at end of the year		**93,177**	**50,387**

1. General Information and basis of the preparation

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 2021 or 2020 but is based on, and consistent with, that in the audited financial statements for the year ended 31 December 2021, 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.

On 26 March 2021, in connection with the initial public offering of the Company's shares (the "IPO"), a restructuring of the corporate structure of the Group was completed immediately prior to Admission (the "IPO Restructuring"). The IPO Restructuring included: (i) a horizontal merger of Trustpilot A/S and Trustpilot Galaxy A/S (with Trustpilot A/S as the continuing company), (ii) a share for share exchange whereby each shareholder in Trustpilot A/S exchanged their shares for newly issued ordinary shares in the Company (resulting in Trustpilot A/S becoming wholly owned by the Company, and the Company becoming the parent company of the Group); and (iii) the replacement of warrants in Trustpilot A/S by warrants in the Company (and consequent cancellation of warrants in Trustpilot A/S).
The IPO Restructuring is accounted for as a group restructuring, where the assets and liabilities of Trustpilot A/S and its subsidiaries are accounted for using predecessor accounting at their carrying values and not revalued to fair value at the transaction date. The results of the Group are shown as a continuation of the former corporate group structure (under Trustpilot A/S as the former parent company), and the consolidated financial statements for the Group are presented in the name of the Company.
The consolidated financial statements for FY20 were presented in the name of Trustpilot A/S as it was formerly the parent company of the corporate group. The comparative figures in FY20 relate to the corporate group which existed before the IPO Restructuring.

The preliminary financial report for the year ended 31 December 2021 follows the same accounting policies as the annual report for 2020. 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 A/S annual report for the year 31 December 2020 that can be accessed via the Danish Business Authority.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The annual financial information presented in this preliminary announcement 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.

Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 this announcement does not itself contain sufficient information to comply with IFRS.

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 12 months following the date of approval of the financial statement, which they believe are based on prudent interpretations of market data and past experience.

As at 31 December 2021, the Group has a cash balance of $93 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 12 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.

Presentation of profit or loss

In accordance with IAS 1.99, management believes the presentation of the statement of profit or loss best represents the activities of the Group and is best aligned with similar firms in our sector. Below is a further description of the activities within the functions disclosed:

- **Cost of sales** Cost of sales consists of the cost to deliver the Group's software service. Cost of sales includes the hosting and related technologies to deliver the software service as well as the ongoing customer success and customer support efforts that continue to be aligned with customers over the term of their subscription. Cost of sales primarily consists of the labour costs associated with customer success and customer support efforts. Cost of sales are recognised when incurred.

- **Sales and marketing** Sales and marketing costs consists of the efforts primarily directed at new customer acquisition. Sales costs include direct sales support functions such as sales operations and partnerships while marketing costs consist of both marketing staff labour costs as well as marketing program expenditures.

- **Technology and content** Technology and content include research and development costs incurred by the work of the product and engineering teams directly on the platform. Also included are the content costs critical to securing the integrity and trust in our product. Amortisation of development costs is included in technology and content due to the nature of the asset on which the amortisation is charged. The period where there is consumption of the benefits of the asset is not impacted by the period over which revenue is recognised or the level of revenue that is generated by the asset. Therefore this is considered a more appropriate presentation than to show within cost of sales.

- **General and administrative** General and administrative expenses comprise costs incurred by the back-office functions such as finance, legal and human resources, including wages, costs under share-based programmes and other office costs. General and administrative expenses include a proportion of depreciation, primarily consisting of right-of-use asset depreciation.

Share-based payments

Share-based compensation benefits are provided to employees and board members under two separate warrant programs and two restricted share schemes.

The warrant programs and restricted share schemes are classified as equity arrangements. As such, the fair value of the warrants and restricted shares granted under the programs are recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants and restricted shares granted including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options or restricted shares that are expected to vest based on the respective market vesting, non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Further information about the warrant and restricted share programs, including models used to calculate the fair value are disclosed in note 6.

Earnings per share

Earnings per share ("EPS") for the Group are calculated in accordance with IAS 33. The following types of EPS are reported:

(i) - Basic earnings per share

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

(ii) - Diluted earnings per share

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

3. 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.

3.1 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 6.

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.

A number of significant awards were issued whilst the Group was not a public listed company, and therefore there was a greater level of estimation required over key inputs such as the business valuation and associated equity value. Therefore the charge associated with these private company awards would be directly impacted by any sensitivity to increase or decrease the estimate of business valuation.

3.2 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 2021, the Group has unrecognised tax assets of $151 million (tax value of $32 million), that relates to tax loss carry-forward amounts primarily to Trustpilot A/S and its immediate subsidiary Trustpilot, Inc. Trustpilot A/S and the US subsidiary have incurred the losses over the previous years as a consequence of expanding the Group and its operations. $110 million of the unrecognised tax assets can be carried forward indefinitely with no expiration date while $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. A judgement is taken to account for the lease in Denmark considered at 12 months, although there exists a right to terminate the lease at 6 months. If the judgement was taken to terminate the lease, the current lease liability would be lower by USD 439 thousands.

4. 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, Adjusted EBITDA Margin, Adjusted profit, Adjusted EPS and constant currency basis to be APMs that provide meaningful, additional measures of Group performance.

The Group believes these APMs 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 APMs used in this Financial Statements should not be considered superior to, or a substitute for, measures calculated in accordance with IFRS.

EBITDA

EBITDA is defined as earnings before interest, tax, depreciation, amortisation. 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.

	FY21	**FY20**
		(unaudited)
	$ '000	$ '000
Operating loss	**(24,152)**	**(9,083)**
Depreciation and amortisation	8,232	5,738
EBITDA	**(15,920)**	**(3,345)**

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

$ '000 other than per cent	FY21	FY20 (unaudited)
Operating loss	**(24,152)**	**(9,083)**
Depreciation and amortisation	8,232	5,738
EBITDA	**(15,920)**	**(3,345)**
Non-recurring transaction costs	9,785	4,263
Restructuring costs	—	1,580
Share-based compensation, including associated social security costs	10,012	3,619
Adjusted EBITDA	**3,877**	**6,117**
Adjusted EBITDA margin (per cent)	**3**	**6**

Adjusted EBITDA fell from $6,117 thousand in FY20 to $3,877 thousand in FY21. Adjusted EBITDA margin fell from 6 per cent in FY20 to 3 per cent in FY21. The decline in Adjusted EBITDA and Adjusted EBITDA margin were driven by investments across the Group partially offset by revenue growth. Included in the FY21 share-based payments is a non-cash charge of $6,527 thousand (FY20 of $2,696 thousand) and associated social security costs of $3,485 thousand (FY20 of $923 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. IPO costs consisted primarily of accounting, legal and advisory services that were expensed as the services were provided, largely between the fourth quarter of 2020 and the first quarter of 2021. FY20 non-recurring transaction costs consisted of early preparation costs for the IPO before the efforts accelerated in the fourth quarter of 2020. Restructuring costs relate to redundancies and cost reduction measures undertaken in FY20 as a response to the uncertainty caused by the Covid-19 pandemic.

Functional distribution of adjustments

FY21

$ '000	Group	Sales and marketing	Technology and content	General and administrative
Operating loss	**(24,152)**			
Depreciation and amortisation	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**			

FY20

$ '000	Group (unaudited)	Sales and marketing (unaudited)	Technology and content (unaudited)	General and administrative (unaudited)
Operating loss	**(9,083)**			
Depreciation and amortisation	5,738	—	1,100	4,638
Non-recurring transaction costs	4,263	—	—	4,263
Restructuring costs	1,580	1,219	132	229
Share-based compensation, including associated social security costs	3,619	—	—	3,619
Adjusted EBITDA	**6,117**			

Adjusted profit/(loss)

Trustpilot introduced a new APM for adjusted profit/(loss) since filing the IPO prospectus. Adjusted profit/(loss) was introduced to enable an adjusted earnings per share (adjusted EPS) figure to be reported. Adjusted profit/(loss) and adjusted EPS serve to illustrate performance without the impact of certain non-recurring or non-cash items with associated taxes. Additional detail for adjusted EPS can be found in note 10.

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Loss for the year	**(25,894)**	**(12,279)**
Non-recurring transaction costs	9,785	4,263
Restructuring costs	—	1,580
Share-based compensation	10,012	3,619
Tax impact of above adjustments[1]	(2,153)	(1,110)
Adjusted loss	**(8,250)**	**(3,927)**

[1]Tax impact doesn't factor share-based compensation, reflects 22 per cent tax rate assumption in FY21 and 19 per cent in FY20.

Adjusted EPS

Adjusted earnings per share (adjusted EPS) was introduced to illustrate earnings per share adjusted for certain non-recurring or non-cash items with associated taxes.

Adjusted basic earnings per share is defined as earnings or losses after taxes adjusted to exclude share-based compensation, including associated social security costs, non-recurring transaction costs related to the one- time IPO preparation costs and restructuring costs, divided by the weighted average number of ordinary shares outstanding for the period.

Adjusted diluted earnings per share is defined as earnings or losses after taxes adjusted to exclude share-based compensation, including associated social security costs, non-recurring transaction costs related to the one- time IPO preparation costs and restructuring costs, divided by the weighted average number of ordinary shares outstanding for the period as well as all potentially convertible securities. The impact of potentially dilutive ordinary shares is excluded when they would be anti-dilutive.

$ '000, except per share	FY21	FY20
		(unaudited)
Weighted average number of ordinary shares	401,445	367,727
Adjusted loss	(8,250)	(3,927)
Adjusted loss per share (cents)[1]		
Basic	(2.1)	(1.1)
Diluted	(2.1)	(1.1)

[1]Given the Group incurred losses in FY21 and FY20, the impact of potentially dilutive ordinary shares have been excluded as they would otherwise be anti-dilutive in accordance with IAS 33.

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, which provides a like-for-like comparison excluding the effect of exchange rate fluctuations. Figures shown in these alternative performance measures notes are shown at reported rates.

5. 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.

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 per cent and 23 per cent (FY20: UK: approx. 38 per cent and North America: approx. 27 per cent), 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 FY21 (FY20: 7 per cent).

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:

	FY21 $ '000	**FY20** (unaudited) $ '000
Revenue		
UK	53,136	39,159
North America	30,503	27,872
Europe and Rest of World	47,804	34,954
Total revenue	**131,443**	**101,985**
Non-current operating assets		
UK	13,112	14,952
North America	1,526	3,308
Europe and Rest of World	7,880	7,189
Total	**22,518**	**25,449**

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

6. Share-based payment plans

Prior to 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. The vesting and exercise conditions for each category are summarised below:

- "Employee" category: Vesting was time-based, dependent on continued service, and typically in 4 tranches vesting annually. Unvested warrants were capable of being forfeited if the individual's employment ended. Both vested and unvested warrants were capable of being forfeited if the individual's employment was terminated by the employer for cause. Vested warrants could only be exercised in the event of an exit (including a sale or initial public offering of Trustpilot A/S's shares) during the exercise period. Upon an exit event, the board of Trustpilot A/S could decide to continue or replace the unvested warrants (or accelerate vesting). Any vested warrants not exercised at the exit event would lapse, unless otherwise decided by the board. The exercise price for the warrants was equal to the market value at the time of grant, as determined by an independent valuation. The exercise period would typically expire 7 years after the grant date.

- “Selected employees and board members” category: Vesting was time-based, dependent on continued service, and typically in 16 tranches vesting quarterly. Unvested warrants were capable of being forfeited if the individual's employment ended. Both vested and unvested warrants were capable of being forfeited if the individual's employment was terminated by the employer for cause. Vested warrants could be exercised at any time during the exercise period. Unless otherwise decided by the board, any vested warrants that are not exercised at an exit event would lapse. On an IPO of Trustpilot A/S, vested warrants would not lapse (unless a replacement award had been issued to replace the vested warrants). Any unvested warrants which had not been accelerated or replaced at an exit, would continue to vest as normal. The exercise price for the warrants was equal to the market value at the time of grant, as determined by an independent valuation. The exercise period would typically expire 10 years after the grant date.

In connection with the IPO, Trustpilot A/S restructured its warrant program:

A. 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. The terms of the warrants granted in the Company preserve the same substantive elements and economic drivers as the replaced warrants in Trustpilot A/S, including vesting dates, and are intended to operate as the previous warrants in Trustpilot A/S would have done if an initial public offering of Trustpilot A/S's shares had occurred.

   As permitted under the previous warrant terms, the warrant holders under the 'employee' category (or 'selected employees and board members' category) were not required to exercise their vested warrants upon the Company's IPO, but could retain their vested warrants and exercise them (and any unvested warrants that subsequently vest) at any time until the expiry of the exercise period.

   The increase in fair value of warrants under the 'employee' category right after the modification compared to the fair value just before the modification has been accounted for as follows:

   - For vested warrants, the increase in the fair value is recognised as an expense immediately as a one-off adjustment, when the modification has been agreed.

- For unvested warrants, the increase in the fair value is expensed over the remaining vesting period together with the remaining unrecognised original fair value of the outstanding warrants prior to the adjustment.

The impact of the fair value adjustment on 26 March 2021 is summarised below:

	Total $ '000
Total fair value adjustment	**1,750**
Of which immediately expensed	126
Of which will be expensed over remaining vesting period	1,624

Total movement in employee warrants

	FY21		**FY20**	
	Number of warrants	Weighted avg exercise price	Number of warrants	Weighted avg exercise price
			(unaudited)	(unaudited)
	# '000	$ '000	# '000	$ '000
Opening Balance	60,013	0.49	47,716	0.36
Granted	6,603	1.81	17,793	0.81
Exercised / Released	(27,817)	0.37	(287)	0.13
Forfeited	(3,758)	1.03	(5,209)	0.51
Closing Balance	**35,041**	**0.78**	**60,013**	**0.49**

As at 31 December 2021, employee warrants had exercise 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 2021 was 7.05 years. As at 31 December 2021, 13,319 thousand warrants were exercisable.

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).

Black-Scholes model	**Input**
Employee program - interest	(0.46)%
Selected employees and board members - interest	(0.31)%
Volatility	55.00 %

The fair value of the share price at grant date is based on an external valuation report of the Group, which takes illiquidity discount into account for warrants granted pre-IPO. The expected price volatility is estimated by an external expert and is based upon an analysis of the historical volatility of peer-group public companies and factors specific to Trustpilot A/S. For selected employees and board members, the expected maturity is measured as a weighted average, considering the probability of the occurrence/non- occurrence of certain exit events. For employees, the expected maturity corresponds to the expected number of years until the occurrence of an exit event. The expected likelihood of the occurrence of an exit event is taking into account in determining the fair values of the grants. No additional features of the warrant grant are incorporated into the fair value assessment.

For the purpose of illustrating sensitivity to these assumptions, in FY21 if the actual forfeiture rate is 10 per cent lower than anticipated, it would result in 0.8 per cent or $45 thousand higher expense. Conversely, if the non-market performance criteria attainment is 10 per cent lower than anticipated, the expense in FY21 would be 0.4 per cent or $23 thousand lower.

The Company implemented two new restricted share schemes in connection with the IPO, a Long Term Incentive Plan and Restricted Share Plan:

Long Term Incentive Plan
A Long Term Incentive Plan (“LTIP”) was established in connection with the IPO to ensure 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. The Board of Directors of the Company (the "Board") resolved to adopt the LTIP on 5 March 2021.

In FY21, conditional awards over 1,215,246 ordinary shares in the Company were granted to management under the LTIP. The market value of the ordinary shares over which the awards were granted was deemed to be £2.65 per ordinary share (the price at which ordinary shares were offered in respect of Admission). The cost of acquisition of the awards when vested is 1 pence per each share, equal to the nominal share value. 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. These LTIP awards will ordinarily vest on 1 April 2024, subject 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 per cent vesting. Performance between the lower and upper bounds will result in vesting between 25 per cent and 100 per cent on a straight-line basis, as further detailed below.

Total shareholder return ("TSR") performance measure
The vesting of 55 per cent of such LTIP awards (the "TSR Part") is subject to the Company's TSR performance over a three year period that commenced on 26 March 2021 (the date of Admission) relative to the TSR performance over the same period of the constituents of the FTSE 250 Index (excluding investment trusts and the Company) as at 26 March 2021. 25 per cent of the TSR Part will vest for median ranking performance, rising on a straight-line basis up to 100 per cent vesting of the TSR Part for upper quartile ranking (or better) relative TSR performance.

Annual recurring revenue ("ARR") performance measure
The vesting of 25 per cent of such LTIP awards (the "ARR Part") is subject to the compound annual growth rate ("CAGR") in the Group's ARR over the period 1 January 2021 to 31 December 2023. 25 per cent of the ARR Part will vest for CAGR in ARR over the measurement period of 20 per cent, rising on a straight-line basis up to 100 per cent vesting of the ARR Part for CAGR in ARR over the measurement period of 30 per cent (or better).

Trust performance measure

The vesting of 20 per cent of such LTIP awards (the "Trust Measure Part") is subject to targets set for the average of the trust performance measures taken at the end of 2021, 2022 and 2023 respectively. The trust performance measure takes into account the average star rating of reviews gathered in the respective periods for Trustpilot on the Trustpilot platform. 25 per cent of the Trust Measure Part shall vest for threshold performance, rising on a straight-line basis up to 100 per cent vesting for stretch performance or better. As an additional condition, no part of such LTIP awards will vest unless the Remuneration Committee is satisfied as to overall Company 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 Company. LTIP awards contributed $423 thousand to the share-based compensation expense in the FY21 financials. Targets and fair value treatment are summarised as follows:

Measure	Fair Value Method	Weighted Avg Fair Value	Lower Bound	Upper Bound
TSR	Stochastic Model	1.57	Equal to Median	Upper Quartile or Greater
ARR	Black-Scholes	2.53	CAGR of 20%	CAGR of 30% or Greater
Trust	Black-Scholes	2.53	Average Trust Measure of 3.5	Average Trust Measure of 4.2 or Greater

Fair Value Factors	Input	Additional Chaffe Input (Executive Director)
Closing share price on date of grant (pence)	265.00	N/A
Price (pence)	1.00	265.00
Expected term	3.01 yrs	+2.00 yrs holding period
Risk-free interest rate	0.21 %	0.40 %
Expected dividend yield	— %	— %
Expected volatility	34.34 %	34.93 %

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

Total movement in LTIP

	FY21	FY20
		(unaudited)
	# '000	# '000
Opening Balance	0	0
Granted	1,215	0
Exercised / Released	0	0
Forfeited	(114)	0
Closing Balance	**1,101**	**0**

Restricted Share Plan
In addition to the LTIP established for management, a Restricted Share Plan ("RSP") was established in connection with the IPO for selected employees. Though vesting is subject to the condition of continued service only rather than performance measures, the RSP aligns the interest of award recipients with shareholders and serves to help retain employees over the vesting periods. The Board resolved to adopt the RSP on 5 March 2021.

In FY21, conditional awards over 829,753 ordinary shares in the Company were issued to employees under the RSP. Vesting typically takes place over a four 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 $567 thousand to the share-based compensation expense in the FY21 financials.

Fair Value Factors	**April 2021 Grant**	**October 2021 Grant**
Closing share price on date of grant (pence)	322.60	353.00
Price (pence)	1.00	1.00
Weighted average contractual life	3.92 years	3.47 years
Risk-free interest rate	0.21 %	0.15 %
Expected dividend yield	— %	— %
Expected volatility	34.34 %	35.24 %

Total movement in RSP

	FY21	**FY20**
		(unaudited)
	# '000	# '000
Opening Balance	0	0
Granted	830	0
Exercised / Released	(1)	0
Forfeited	(15)	0
Closing Balance	**814**	**0**

Expense by equity plan type

	FY21	**FY20**
		(unaudited)
	$ '000	$ '000
Warrants	5,537	2,696
Restricted Share Plan	567	0
Long Term Incentive Plan	423	0
	6,527	**2,696**

7. Finance income

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Foreign exchange rate gains	8,962	6,590
Interest income	10	21
	8,972	**6,611**

8. Finance expenses

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Foreign exchange rate losses	(9,028)	(8,439)
Financing costs	(61)	(243)
Interest expenses	(1,347)	(1,179)
Lease interest expense[1]	(994)	(609)
	(11,430)	**(10,470)**

[1] The comparative information has been expanded to separately present the lease interest expense.

9. Income tax

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Current tax		
Current tax on UK profit for the year	(26)	(52)
Current tax credit on overseas profits for the year	814	786
Adjustments in respect of prior periods	(365)	(78)
Total current tax credit	**423**	**656**
Deferred tax		
Origination and reversal of temporary differences	259	7
Derecognition of deductible temporary differences	52	—
Change in tax rate	(18)	—
Total deferred tax credit	**293**	**7**
Total tax credit in the statement of profit or loss	**716**	**663**

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Reconciliation of effective tax rate		
Factors affecting the tax credit for the year:		
Loss before tax	(26,610)	(12,942)
Current tax credit using the Danish corporation tax rate of 22% (2020: 22%)	5,853	2,847
Effects of:		
Items not deductible	(747)	(1,596)
IPO expenses	(2,197)	(705)
Share options	(1,897)	—
Research and development tax credit	1,201	653
Adjustment to tax charge in respect of prior periods	(418)	(78)
Differences between overseas tax rates	(101)	(74)
Movements in temporary differences not recognised	(960)	(384)
Effect of deferred tax rate changes	(18)	—
Total tax credit	**716**	**663**

The Danish corporate income tax rate of 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.

Certain losses arising in the year have been sold to the Danish tax authorities allowing a realisation of an associated tax credit of $875,268 (FY20:$842,000).

10. Earnings per share

	FY21	FY20[1] (unaudited)
Weighted average number of shares (000s):		
Ordinary shares	**401,445**	**367,727**

[1] As part of the IPO Restructuring, all outstanding common and preference shares in Trustpilot A/S were exchanged in the proportion 1 to 78 for ordinary shares in the Company. Accordingly, in accordance with IAS 33, the pre-IPO share count has been recalculated using a multiplier of 78 illustrate a comparable total share count.

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 2021, total potential shares was 29,719 thousand, of which 27,804 thousand relate to employee warrants and 1,915 thousand relate to restricted shares. As of 31 December 2021 vested potential shares amounted to 11,981 thousand employee warrants.

	FY21	FY20 (unaudited)
	$ '000	$ '000
Loss for the year	(25,894)	(12,279)
Adjusted loss[1]	(8,250)	(3,927)
Loss per share (cents)[2]		
Basic	(6.5)	(3.3)
Diluted	(6.5)	(3.3)
Adjusted loss per share (cents)[1 2]		
Basic	(2.1)	(1.1)
Diluted	(2.1)	(1.1)

[1] Alternative performance measures (APM) - further detail available in note 4.

[2] Given the Group incurred losses in FY21 and FY20, the impact of potentially dilutive ordinary shares have been excluded as they would otherwise be anti-dilutive in accordance with IAS 33.

11. Share capital

	31 December 2021		31 December 2020	
Shares issued and fully paid:	**Number of shares**	**Nominal value ($ '000)**	**Number of shares**	**Nominal value ($ '000)**
			(unaudited)	(unaudited)
Ordinary shares	413,747,356	5,576	802,605	132
A Preference shares	—	—	1,109,129	183
B Preference shares	—	—	670,752	111
C Preference shares	—	—	514,561	85
D Preference shares	—	—	1,052,307	174
E Preference shares	—	—	535,020	88
Total shares issued (authorised and fully paid)	**413,747,356**	**5,576**	**4,684,374**	**773**

The opening nominal value of Trustpilot A/S at 1 January 2021 was DKK 1 per share.

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).

All classes of preference share in Trustpilot A/S were converted to common shares on 26 March 2021 on a one-for-one basis. Accordingly, the share capital of Trustpilot A/S as of 31 December 2021 consists of a single class of common shares.

The share capital of the Company as of 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.

There are no special rights attached to the common shares in Trustpilot A/S.

	Number of shares	Share capital ($ '000)	Share premium ($ '000)
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 shares[3]	370,462,716	5,105	—
Issue of shares[4]	17,620,906	244	64,102
Exercise of share based payments[5]	25,663,734	353	9,424
Contribution of equity - Transaction cost	—	—	(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 6, share-based payment plans.

Specification of merger reserve

	Share capital	Share premium	Foreign currency translation reserve	Merger reserve
	$ '000	$ '000	$ '000	$ '000
Balances at 1 January 2021	**773**	**177,842**	**(20,304)**	**—**
Exchange difference on share capital and premium	(23)	(6,977)	—	—
Warrants (Exercised)[1]	10	596	—	—
Balance pre group reconstruction	**760**	**171,461**	**(20,304)**	**—**
Elimination of ordinary shares as part of:				
Group restructure[2]	(760)	—	—	760
Conversion of basic shares[2]	5,105	(171,461)	18,262	148,094
Reclass to merger reserve FY21	**4,345**	**(171,461)**	**18,262**	**148,854**
Merger balance as at 31 December 2021	**—**	**—**		**148,854**

[1] In March 2021, 65,148 warrants were exercised into common shares in Trustpilot A/S with a nominal value of $10 thousand resulted in a share capital increasing by $10 thousand in Trustpilot A/S.

[2] As part of the IPO Restructuring, all 4,749,522 outstanding common and preference shares in Trustpilot A/S (nominal value $760 thousand) were exchanged in the proportion 1 to 78 for 370,462,715 ordinary shares in the Company (nominal value $5,105 thousand) (the incorporating shareholder of the Company already held 1 ordinary share prior to the exchange), which together with share premium of $171,461 thousand and $18,262 thousand of foreign currency translation reserves in Trustpilot A/S was converted into net $148,854 thousand merger reserve in the Group.

12. Commitment and contingent liabilities

Pledges and security

	31 December 2021	31 December 2020 (unaudited)
	$ '000	$ '000
The carrying amounts of the secured assets are as follows		
Intangible assets	6,338	5,478
Trade receivables	6,176	5,227
	12,514	**10,705**

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 property and undertaking, including bank accounts, trademarks and shares (excluding the Company).

No security has been provided for the Group's leaseholds in 2021.

Capital commitments

As at 31 December 2021, the Group had capital commitments of $494 thousand (FY20: $6 thousand) in relation to property, plant and equipment.

Contingent liabilities

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

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 allege 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 has been transmitted to the Second Circuit Court of Appeals. The case has been placed on the expedited appeals calendar and we anticipate an outcome mid- way through 2022. On 4 January 2022, Trustpilot received the Plaintiffs' appeal brief, and Trustpilot submitted its reply on 8 February 2022. The Plaintiffs reply brief was submitted on 22 February 2022. The court will now schedule oral arguments.

Based on the facts and circumstances known at this time, the fact the claim was dismissed in its entirety, and the Plaintiffs' ‘motion to reconsider’ was also denied by the court, group management has no reason to consider that it is probable there will be an unfavourable outcome in respect of the litigation at this stage and therefore no provision has been recognised. Should developments cause a change in Trustpilot's determination as to an unfavourable outcome, or result in a final adverse judgement or settlement, there could be a material adverse effect on Trustpilot's results of operations and cash flows. The material adverse financial effect of the contingent liability can not be quantified reliably.

13. 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 2021 $ '000	Cash Flows $ '000	Foreign exchange movement $ '000	New leases* $ '000	31 December 2021 $ '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**

	1 January 2020 (unaudited) $ '000	Cash Flows (unaudited) $ '000	Foreign exchange movement (unaudited) $ '000	New leases* (unaudited) $ '000	31 December 2020 (unaudited) $ '000
Borrowings	—	12,144	797	—	12,941
Lease liabilities	4,582	(3,047)	764	14,305	16,604
Total liabilities from financing activities	**4,582**	**9,097**	**1,561**	**14,305**	**29,545**

*Including lease modifications

The Group accessed the credit facility in FY20 to strengthen the cash position through the uncertainty of the Covid-19 pandemic. As of 31 December 2020, a combination of £6.6 million and $4.0 million term debt was outstanding, reported as a non-current borrowing on the balance sheet. In FY21 the credit facility was repaid and refinanced shortly following the IPO.

14. Provisions

	FY21	FY20
		(unaudited)
	$ '000	$ '000
Non-current		
At 1 January	—	—
Utilised in the year	—	—
Charged in the year	517	—
At 31 December 2021	**517**	**—**
Current		
At 1 January	—	—
Utilised in the year	—	—
Charged in the year	670	—
At 31 December 2021	**670**	**—**

The Group established dilapidation provisions during 2021 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 $670 thousand is due within 12 months from balance sheet date and $517 thousand is due after more than 5 years.

15. Reconciliation to operating cash flows

	FY21 $ '000	FY20 (unaudited) $ '000
Changes to net working capital		
(Increase) in trade receivables	(1,325)	(989)
(Increase) in other assets	(1,260)	(1,227)
(Increase)/decrease in prepayments	(1,191)	158
Increase/(decrease) in trade payables	595	(295)
Increase in other liabilities	2,805	11,931
Increase in contract liabilities	6,401	1,824
	6,025	**11,402**

	FY21 $ '000	FY20 (unaudited) $ '000
Adjustments to operating cash flows		
Income tax	(716)	(663)
Amortisation and impairment of intangible assets	2,441	947
Depreciation and impairment of tangible assets and right-of-use assets	5,791	4,791
Finance income	(10)	(21)
Finance expenses	2,402	2,076
Share-based compensation	6,527	2,696
	16,435	**9,826**

Trustpilot

16. List of group companies

	Legal entity registered office	Status	Type	Place of incorporation	Ownership of interest
Trustpilot A/S	Pilestræde 58, 5, 1112 København K	Trading	Subsidiary	Denmark	100%
Trustpilot Galaxy A/S[1]		Dissolved	Subsidiary	Denmark	100%
Trustpilot, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	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%

[1]Trustpilot Galaxy A/S was a wholly owned subsidiary of Trustpilot Group plc, incorporated on 18 February 2021. It was dissolved on 26 March 2021 by reason of a merger with Trustpilot A/S, in which Trustpilot A/S was the surviving company.

Following the IPO restructuring (including the merger of Trustpilot A/S and Trustpilot Galaxy A/S) on 26 March 2021, Trustpilot A/S is a wholly owned subsidiary of Trustpilot Group plc. All other group companies are wholly owned subsidiaries of Trustpilot A/S.