

YouGov plc

Preliminary Full Year Results for the year ended 31 July 2020

- Strong performance in line with expectations
- Continued investment in key areas to support longer term growth
- Encouraging start to the next phase of YouGov's growth

Summary of Unaudited Results			
	Year to 31 July 2020 £m	Year to 31 July 2019 (restated) ³ £m	% Change
Revenue	152.4	136.5	12%
Adjusted Operating Profit ¹	21.8	18.5	18%
Adjusted Operating Profit Margin (%) ¹	14.3%	13.5%	80 bps
Statutory Operating Profit	15.2	20.0	(24%)
Adjusted Profit before Tax ¹	25.7	20.6	25%
Statutory Profit before Tax	15.2	19.4	(22%)
Adjusted Earnings per Share ¹	18.1p	15.0p	21%
Statutory Basic Earnings per Share	9.0p	14.1p	(36%)

Financial Highlights

- Revenue growth of 12% (2019: 17%) – Underlying business² growth of 13%
- Adjusted operating profit¹ up by 18% to £21.8m (2019: £18.5m) – 14% underlying business² growth
- Adjusted profit before tax¹ up by 25% to £25.7m (2019: £20.6m)
- Adjusted earnings per share¹ up by 21% to 18.1p (2019: 15.0p)
- Adjusted operating profit margin¹ rises to 14.3% (2019: 13.5%)
- Statutory operating profit down 24% to £15.2m (2019: £20.0m) due to separately reported items charge of £6.6m
- Strong operating cash generation of £38.7m, enabling us to continue investing in the business
- Net cash balances of £35.3m (31 July 2019: £37.9m)
- Proposed dividend increase of 25% to 5p per share (2019: 4p)

Operational Highlights

- Data Products & Services revenue up by 13% to £89.1m (13% from underlying business²); representing 56% of total (2019: 56%)
 - Data Products revenue increased by 24% (21% from underlying business²) to £51.3m
 - Data Services revenue increased by 2% (4% from underlying business²) to £37.8m
- Custom Research revenue increased by 8% to £64.6m;
 - Planned closure of a large-scale project in the Middle East resulted in a 4% decrease in operating profit to £12.6m
- Strong performance in the key markets, the US and UK, driving an increase in adjusted operating profit¹ of 18% to £21.8m
- Significant and increased investment of £8.0m (2019: £4.8m) in building the technology platform for future growth
- Number of registered panellists up 37% through broadening geographic footprint as panels established and further developed in 12 countries: Australia, Austria, Brazil, Canada, India, Italy, Mexico, Poland, Spain, Switzerland, Taiwan and Turkey
- Continued focus on the client-centric service provision whilst, ensuring full continuity of service during COVID-19 lockdowns in H2
- The Group's strategic and financial position remains strong and resilient and has not seen a material impact of COVID-19 on its financial performance to date. No employees have been furloughed during the pandemic with no other government support needed
- While some retail clients are delaying their projects or deferring renewal decisions due to the pandemic, YouGov has seen increased opportunity from its technology clients and government work, including on COVID-19 and health-related issues

- Launched YouGov America, a website focussed on the US Presidential Election and a hub for polls being run in conjunction with major US media outlets
- Continued progress in the development and rollout of YouGov Direct, a blockchain-based audience insights platform, with positive initial feedback from clients

Outlook

- Trading in the current year has started in line with the Board's expectations
- While we have not seen any material impact from the COVID-19 pandemic thus far, we recognise that marketing budgets may come under pressure if the current situation prolongs

1 Defined in the explanation of non-IFRS measures below.

2 Defined as growth in business excluding impact of current and prior period acquisitions and business closures, and movement in exchange rates.

3 Prior year comparatives have been restated on the adoption of IFRS 16.

Stephan Shakespeare, Chief Executive Officer, said:

"We have made good strategic progress in the year with the UK and US continuing to be our key revenue and profit drivers. Our strong performance against the backdrop of a highly challenging market in the second half of our financial year was down to the hard work of our people and trust of our clients who more than ever need actionable, accurate and timely data from which to make informed decisions as they navigate through the current situation. Our positive results together with sustained cash generation have enabled us to continue our progressive dividend policy with a proposed overall dividend increase of 25% to 5 pence a share.

Having demonstrated the resilience of our business model in the past year, we believe that YouGov is well positioned to continue the progress made on our strategic pillars and to evolve into a true activation platform with capabilities beyond market research. We are on track to deliver in line with our long-term strategic growth plan and trading since the end of the financial year has been in line with the Board's expectations."

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About YouGov

YouGov is an international research and data analytics group.

Our mission is to supply a continuous stream of accurate data into what the world thinks, so that organisations can better serve the communities that sustain them.

Each day, our proprietary global panel of over 11 million registered members provides us with thousands of data points on consumer opinions, attitudes and behaviour. We combine this continuous stream of data with our research expertise to provide insights that enable intelligent decision-making and informed conversations.

YouGov's integrated suite of products, services and tools operates as a systematic platform serving YouGov data and intelligence for all stages of the marketing workflow. Our ground-breaking syndicated Data Products include the daily brand perception tracker, YouGov BrandIndex, and the media planning and segmentation tool, YouGov Profiles. Data Services comprises our market-leading YouGov RealTime service which provides a fast and cost-effective solution for reaching nationally representative and specialist samples. YouGov's Custom Research division offers a wide range of quantitative and qualitative research, tailored by sector specialist teams to meet clients' specific requirements. Our YouGov Sport business specialises in sports media measurement and sponsorship evaluation.

With operations in the UK, Americas, Mainland Europe, Middle East, India and Asia Pacific, YouGov has one of the world's largest research networks.

YouGov

Best panel

Best data

Best tools

For further information visit yougov.com.

Chair's Statement

YouGov is an international data and analytics group. We provide our clients with the data and insights to help them plan, develop and evaluate the impact of their marketing and communication activities. We now employ over 1,100 people worldwide, operating from 37 offices across 24 countries and serving clients in more than 40 national markets. We operate a proprietary, high quality global panel of over 11 million registered members who share their data with us in ways that are fully compliant with data protection, privacy and security laws.

The scale and duration of the COVID-19 pandemic is presenting a huge social and economic challenge. Against this backdrop in the second half of our financial year, I am pleased to report to shareholders that YouGov was able to meet the Board's expectations and deliver strong financial performance in the year to 31 July 2020. We took rapid and agile action to ensure the safety and wellbeing of our employees. We have done extensive research on behalf of governments to understand people's reaction to COVID-19 and we have made much of this information available free of charge as a public service.

Results and dividend

Group revenues were up 12% in reported terms to £152.4m (13% up on underlying¹ business) while adjusted operating profit² increased by 18% on the prior financial year to £21.8m. These results reflect an encouraging start to the next phase of YouGov's growth. YouGov has a progressive dividend policy and in line with this the Board is pleased to recommend a dividend increase of 25% to 5.0 pence a share payable on 14 December 2020 to shareholders on the register as at 4 December 2020.

Outlook

The social and economic problems caused by the pandemic are far from over but in terms of our financial performance, YouGov has started the new financial year well and trading is in line with the Board's expectations. With a very strong balance sheet and evidence of growing demand for our products, we remain confident of meeting our long-term targets.

Strategic direction

The YouGov client base now spans a wide range of commercial and governmental clients in most of the world's major markets. We provide our clients with insights to enable them to carry out their work more effectively. We do this by delivering research and proprietary software tools which interpret and display the data gathered from our proprietary global panel of over 11 million registered members. Increasingly, our clients engage with us on a subscription basis which allows them to enjoy a highly flexible and tailored real-time service.

Our strategy is to seek long-term contractual relationships and to become a crucial part of our clients' business processes to enable them to plan their use of resources and to monitor the results of their activity.

Long-term growth plans and incentives

The financial year to 31 July 2020 was the first full year of our current long-term strategic growth plan ("FYP2"). The financial results for the year to 31 July 2019 set the base line for the Board approved targets for the FYP2 period (which runs from 1 August 2019 to 31 July 2023) to double Group revenue, double adjusted operating profit margin², and achieve compound annual adjusted earnings per share² ("EPS") growth in excess of 30%.

These stretching FYP2 targets underpin the current long-term incentive plan ("LTIP 2019"), which was approved by the Board in 2019 following a thorough design process supported by remuneration experts at Aon and in consultation with the Company's major shareholders. The Board believes the LTIP 2019 design produces close alignment between shareholder and management interests, with full vesting of the LTIP 2019 requiring compound annual adjusted EPS² growth of 35% by 2023. The Company's previous long-term growth plan, FYP1, delivered compound annual adjusted EPS² growth in excess of 25% over 2014-19, resulting in the full pay-out of the LTIP 2014 awards in November 2019.

Clearly the COVID-19 crisis creates considerable uncertainty but based on the experience of trading in the second half of the last financial year (1 February to 31 July 2020) the Board believes the YouGov business model is well placed to provide value to our clients and therefore that the targets of FYP2 remain reasonable and achievable.

Board composition

The Board consists of three Executive Directors and four independent Non-Executives. All appointments have been made following external advice. The Directors have a wide range of commercial expertise, and we believe the Board has the right balance of skills and experience to provide robust oversight and develop a well-informed strategy. While

there are no immediate plans to make changes to the Board composition, we have a detailed succession planning process in place.

20 years of growth

YouGov celebrates its 20th anniversary in 2020. It is two decades since Stephan Shakespeare and Nadhim Zahawi founded the Company as a pioneer of the then ground-breaking use of the internet to do market research. Since that time, many other players have come to use the internet for data collection, but we believe we have maintained our pioneering lead in terms of data analytics methodology and technology, and the curation of a proprietary global panel which is fully compliant with data privacy and security legislation.

YouGov has thrived by having the right products and through constant innovation. But the strategy only works because it is executed well by YouGov's management and wider workforce. This past year has been immensely challenging for our employees and on behalf of the Board I would like to thank the YouGov team for their flexibility, commitment and hard work.

Roger Parry CBE

Chair

6 October 2020

1 Defined as growth in business excluding impact of current and prior period acquisitions and business closures, and movement in exchange rates.

2 Defined in the explanation of non-IFRS measures below.

Chief Executive Officer's Review

We continue to grow strongly with 12% revenue growth and 18% increase in adjusted operating profit¹. This has been achieved despite undergoing an operational shift to a new client management model, as anticipated in our strategic plan, and the expected closing of our Kurdistan operations, as well as headwinds from the COVID-19 pandemic in the second half of our financial year. We were able to mitigate some of the early impacts of the pandemic by rapidly developing and delivering the global YouGov COVID-19 Tracker that engaged existing and new clients. The ability of our business model, to drive innovations quickly in response to market changes, gives us confidence that we will continue to outperform our competitors as demonstrated by our above market growth in 2019 (ESOMAR estimates that the market research industry grew 3.9% in 2019²).

Based on our performance, our confidence in the outlook for the business and our ability to fund growth without the need for government COVID-19 support funding, we are comfortable with continuing our progressive annual dividend policy and recommending a dividend of 5.0 pence per share for the year ended 31 July 2020.

The key factors driving our continued strong growth are:

- robust performance of our two main geographies, the US and the UK, where we continue to focus our efforts and investments;
- full integration of YouGov Sport, which is expanding our client coverage beyond traditional sports products and contributing to sales performance; and
- panel growth in line with client demand as global Cube-aligned trackers become an increasingly important part of our offering.

We are beginning to appeal to a wider market as innovations in technology, such as YouGov Chat, self-service and ethical activation through YouGov Direct, broaden our offering to an activation platform with capabilities beyond market research.

The dynamics within the data analytics and market research industry are constantly evolving as increasing digitalisation, the use of artificial intelligence to gather data and scrutiny on privacy and transparency are opening up opportunities beyond traditional use cases.

Furthermore, the COVID-19 pandemic presented a unique challenge for traditional research players, hampering their ability to conduct day-to-day operations and deliver on client projects. The qualities of YouGov's digital business model came to the fore during this crisis as we were able to quickly adapt and remain relevant to our clients with our suite of COVID-19 products.

Strategic direction - current long-term strategic growth plan ("FYP2")

Our ambition is to be seen as the world's leading provider and innovator in data-led marketing and research. The cornerstone of this ambition is having the world's largest and most engaged panel, allowing us to be the leading supplier of proprietary panel data, used by every public-facing organisation and by hundreds of millions of people as a public information resource. Over time, we would like to extend our offer to an end-to-end platform that goes beyond supplying research data and analytics, all the way through to ethical large-scale activation using that data.

The year to 31 July 2020 was the first year in our current long-term growth plan and execution has been in line with our expectations set out in the plan. As previously announced, the ambitious long-term incentive plan ("LTIP") performance targets to incentivise senior management through to 2023 are:

- double Group revenue;
- double Group adjusted operating profit margin¹; and
- achieve an adjusted earnings per share¹ compound annual growth rate in excess of 30%.

As previously disclosed, we have designated the first half of the long-term growth plan as the investment phase. In this phase we are continuing to invest in our panels, technologies, platforms, support functions and markets to enable us to scale further and make the most of the opportunities we see in our markets. To take this performance to the next level, we are continuing to focus on three strategic pillars: Data Integration, Ethical Activation and Public Data.

Execution against our strategy to drive future growth

Data Integration

Strategic focus: Fully integrating custom research and client service with our data products and tools to create new value from existing data and open up new revenue streams through customisation

- Progress made against this pillar during the year:
 - Productised YouGov Cube-aligned custom trackers (e.g. customer satisfaction, NPS® diagnostics, reputation, product usage and attitude) through collaboration between the Custom Research and Data Product divisions
 - Added new sector-specific data to the YouGov Cube to enable efficient connected-data custom trackers
 - Commenced restructuring of the client support function from separate teams for each division to a single client service flow
 - Further developed the YouGov Crunch dashboard tools to include added functionality
 - Launched self-service functions within YouGov Direct with a view to combining it with the YouGov Collaborate dashboard
 - Continued investment in integration of websites, apps, interfaces and dashboards

Ethical Activation

Strategic focus: Enabling marketing activation on our platform with a focus on personal data protection and self-service research

- Progress made against this pillar during the year:
 - Launched an early release version of YouGov Direct to a small number of clients, including blue-chip companies
 - Developed a fully functioning end-to-end self-service platform with dual capabilities, research and an advertising network
 - Launched the platform in the US, UK and Canada, with further planned launches in Singapore and Australia before the end of the year
 - Established a rapidly growing, engaged member base allowing clients to receive same-day survey results

Public Data

Strategic focus: Expanding YouGov Public Data as a public service, for brand reputation, panel engagement and showcasing our data

- Progress made against this pillar during the year:
 - Expanded YouGov Ratings into new categories, such as Influencers and Movies, and developed new categories of data, such as political and social topics, primarily intended for public value
 - Launched YouGov America, a website focussed on the US Presidential Election and a hub for polls being run in conjunction with major US media outlets
 - Developed and launched the YouGov COVID-19 Behaviour Tracker developed in partnership with Imperial College London to benefit public health and academic institutions globally
 - Released a beta version of the YouGov Screen publicly to allow visitors to view snippets of our data

Focus on operations

As a platform, both in the technological sense and the business-model sense, we aim to be more efficient, smarter, faster, and 24/7. During the year, we expanded the geographic coverage of our shared service centres (called Centres of Excellence or CenX) and transformed their role from traditional client support to an always-on help desk for our syndicated products and self-service platform, with the ability to launch custom surveys at any time. In addition to this we have kicked off our new global key account management programme in the US and UK to become more client-centric and expand our role in their marketing efforts.

We have continued to expand the geographic range of panels to Austria, Brazil, Switzerland and Turkey and to further develop our panels in other geographies in the year, driven in part by client demand.

COVID-19 response

The COVID-19 pandemic has caused severe disruption globally and impacted all our stakeholder groups to varying degrees. We took widespread measures to support these stakeholders while minimising the impact on our business.

We evaluated payment delay and cancellation requests from clients on a case-by-case basis and supported them where possible.

We moved our entire global workforce to working remotely at the start of the global lockdown in March 2020 and did not furlough any employees. As offices have reopened in some cities, we have taken extensive measures to ensure the safety of our employees and phased our return-to-office plans to ensure a smooth and safe transition. The majority of our staff continue to operate seamlessly from home and we are continuing to support individual circumstances as the situation evolves in our various markets.

The YouGov management team would like to thank all our employees for supporting our clients and the business through these uncertain times and we look forward to celebrating our 20th anniversary with everyone in the coming year.

Environmental social and governance (ESG)

Our commitment to ESG is core to what we do. We operate lawfully and ethically in all areas of ESG relevant to our business, from how we collect data from panellists, and how we engage and develop our workforce, to the design of our research and how we service our clients.

Our environmental footprint is minimal given our digital business model, and we generally have limited business travel. However, we are keen on conducting accurate reporting and finding ways to reduce our environmental impact where we can.

We are also committed to having a positive impact on society, by keeping our employees engaged and giving them opportunities to grow with the business. An example of this has been supporting our employees with the setting up of an internal Diversity, Equity & Inclusion Task Force, as a way to give a voice to our workforce around how to make YouGov more diverse and inclusive, across everything that we do. This Task Force has conducted a Company-wide survey and run a set of focus groups with employees to canvas the opinions of our staff in order to identify a set of actions that will help us make YouGov even more diverse and inclusive for all our stakeholders.

Governance also has a key role in our strategic plan. It allows us to safeguard all the valuable data that we collect from panellists daily, through the governance frameworks that we have in place. We take our position as custodian of our panellists' data very seriously. We believe YouGov Direct is an example of good governance in the field of ethical activation, fully in line with the EU General Data Protection Regulation ("GDPR") and other data privacy and national security laws. We are fully dedicated to adopting appropriate social ethics and the way to achieve that is to ensure governance frameworks and processes are in place and are regularly reviewed and updated to remain relevant.

Current trading and outlook

Trading continues to be in line with the Board's expectations for the current financial year. Despite economic uncertainty over the past six months, performance across the Group continues to be resilient, delivering growth in both revenue and profit for the full year. While we have not seen any material impact from the COVID-19 pandemic thus far, we recognise that marketing budgets may come under pressure if the current situation prolongs. As such, we are closely monitoring the situation and ensuring that we remain relevant to our clients through our advanced data, analytics and technological capabilities. We have maintained our strong balance sheet position which will allow us to continue to fund our FYP2 strategic growth plan through sufficient cash reserves.

We thank all our panellists, partners and clients, and employees, for their ongoing contribution and commitment to YouGov's ongoing success in these challenging times.

Stephan Shakespeare
Chief Executive Officer
6 October 2020

1 Defined in the explanation of non-IFRS measures below.

2 According to the ESOMAR Global Market Research Report published in September 2020, global research market turnover grew by 3.9% in 2019 (adjusted for inflation).

Chief Financial Officer's Review

The Group achieved continued growth in the 12 months to 31 July 2020 whilst executing towards its current long-term strategic growth plan which ends 31 July 2023. The financial year continued to be a year of investment in key areas to support longer term growth.

Total Group revenue in the period rose to £152.4m, compared to £136.5m in the 12 months to 31 July 2020. Growth was 13% on an underlying¹ basis since the prior period (but 12% in reported terms due to the planned closure of a large project in the Middle East offset by the depreciation of UK Sterling against the US Dollar and additional revenue generated by acquisitions in the period and prior period).

Adjusted operating margins and organic growth

In line with our stated strategy of a higher proportion of sales coming from higher margin products and services, gross margins increased by 3% points. Adjusted operating margins² increased to 14.3% despite increased investment in staff costs and increased amortisation from technology and panel investments.

Group operating costs (excluding separately reported items) of £107.2m (2019: £93.8m) increased by 14% in reported terms, and 14% in constant currency terms. Group adjusted operating profit² (before separately reported items) increased to £21.8m (18% growth in the period) with strong continued growth in Data Products. The statutory operating profit, after charging other separately reported items amounting to £6.6m (2019: £1.5m credit) relating to acquisition costs £4.5m and an impairment charge relating to our Nordic business of £2.1m, decreased to £15.2m (2019: £20.0m).

Performance by division

YouGov's lines of business fall into three divisions: Data Products, Data Services and Custom Research.

Data Products

Our syndicated data products include YouGov BrandIndex, YouGov Profiles and YouGov SportsIndex. YouGov Plan & Track (the combined BrandIndex and Profiles proposition) is available in 24 countries (2019: 21). BrandIndex alone is available in 42 countries, while SportsIndex is available in 38 countries.

The performance of our Data Products division has contributed significantly to our Group revenue and adjusted operating profit². Revenue from Data Products increased by 24% (21% growth in underlying business²) in the period. The adjusted operating profit² from Data Products increased by 26% to £18.0m and the operating margin increased by 70 basis points to 35.0%. The improving margin reflects the operational leverage of Data Products which benefit from technology for data collection and product delivery as well as our proprietary data.

Geographically, the US remains the largest Data Products market and grew by 26% in the period (23% from the underlying business²). The UK, Mainland Europe and Asia Pacific also contributed strong revenue growth of 21%, 16% and 22% respectively.

Data Services

Our Data Services division consists of our fast-turnaround research services, including our market-leading YouGov Omnibus (now known as YouGov RealTime in the UK and US).

In the year, revenue from Data Services increased by 2% (4% in underlying terms after adjusting for acquisitions, foreign exchange and reallocated revenue from the Custom Research division) to £37.8m. The focus on the US market and further territorial expansion has helped the division expand the revenue base beyond the core UK market. This revenue growth was offset by an increase in allocations of central costs which contributed to a decrease of 6% in the Data Services operating profit to £7.0m and the operating margin declined from 20.0% to 18.4%. The division's operating margin was also impacted by the full-year effect of the planned transferring of lower margin project work from the Custom Research division in the Nordics in FY19.

Overall Data Services revenue growth included an 8% increase in reported revenue in the US (5% increase in underlying terms²), and a 9% decrease in Asia Pacific due to non-recurring election work (4% decrease in underlying terms²). Mainland Europe also grew by 3%. In the UK, where YouGov Omnibus is the market leader, revenue grew by 7%.

Custom Research

Our Custom Research division includes tailored research projects and tracking studies.

The performance of the Custom Research was impacted by the expected closure of operations in Kurdistan resulting in a £2.1m (30%) reduction in revenue in the Middle East. In the UK, revenue increased by 15% to £22.2m and revenue in the US also increased by 11% (9% increase in underlying terms²) to £33.0m.

During the period, the business revenue grew by 8% in reported terms and by 12% in underlying² terms to £64.6m. However, the adjusted operating profit² decreased by 4% to £12.6m and the operating margin declined by 240 basis points to 19.5%. This was largely due to the closure of the Kurdistan business and the increase in central cost allocations.

Revenue	Year to 31 July 2020 £m	Year to 31 July 2019 £m	Revenue growth %	Underlying business ² revenue change %
Data Products	51.3	41.5	24%	21%
Data Services	37.8	37.2	2%	4%
Total Data Products & Services	89.1	78.7	13%	13%
Custom Research	64.6	60.0	8%	12%
Intra-Group Revenues	(1.3)	(2.2)	-	-
Group	152.4	136.5	12%	13%

Adjusted Operating Profit ²	Year to 31 July 2020 £m	Year to 31 July 2019 (restated) ³ £m	Operating Profit growth %	Operating Margin %	
				Year to 31 July 2020	Year to 31 July 2019
Data Products	18.0	14.2	26%	35.0%	34.3%
Data Services	7.0	7.5	(6%)	18.4%	20.0%
Total Data Products & Services	25.0	21.7	15%	28.0%	27.6%
Custom Research	12.6	13.1	(4%)	19.5%	21.9%
Central Costs	(15.8)	(16.3)	(3%)	-	-
Group	21.8	18.5	18%	14.3%	13.5%

Performance by geography

YouGov's geographic footprint spans the UK, Mainland Europe, the Americas, Asia Pacific and the Middle East.

Revenue	Year to 31 July 2020 £m	Year to 31 July 2019 £m	Revenue growth %	Underlying business ² revenue change %
UK	47.2	41.2	15%	15%
Americas	64.8	56.4	17%	13%
Mainland Europe	24.3	23.9	2%	3%
Middle East	8.8	10.5	(17%)	20%
Asia Pacific	12.5	11.3	10%	11%
Intra-Group Revenues	(5.2)	(6.8)	-	-
Group	152.4	136.5	12%	13%

Adjusted Operating Profit ²	Year to 31 July 2020 £m	Year to 31 Jul 2019 (restated) ³ £m	Operating Profit growth %	Operating Margin %	
				Year to 31 July 2020	Year to 31 July 2019
UK	15.4	11.7	32%	32.6%	28.5%
Americas	19.0	16.8	13%	29.3%	29.8%
Mainland Europe	2.2	2.9	(24%)	9.1%	12.3%
Middle East	1.9	3.3	(42%)	21.9%	30.9%
Asia Pacific	0.3	0.2	50%	2.2%	1.6%
Central Costs	(17.0)	(16.4)	4%	-	-
Group	21.8	18.5	18%	14.3%	13.5%

Panel development by geography

We continue to invest in our consumer panel to increase our research capabilities, both in new geographies and specialist panels. At 31 July 2020, the total number of registered panellists had increased to 11.5 million, compared to 8.4 million at 31 July 2019, as set out in the table below. During the year, the Group invested in expanding our geographic capability to Austria, Brazil, Switzerland and Turkey.

Region	Panel size at 31 July 2020 millions	Panel size at 31 July 2019 millions	Change %
UK	1.83	1.63	12%
Americas	4.21	3.17	33%
Mainland Europe	1.92	1.21	59%
Middle East	1.58	1.06	48%
Asia Pacific	1.92	1.30	48%
Total	11.46	8.37	37%

Group financial performance

Amortisation of intangible assets

In the 12 months to 31 July 2020 amortisation charges for intangible assets of £10.8m were £2.0m higher than the previous year. Amortisation of the consumer panel increased by £1.0m to £4.2m reflecting the additional investment made to grow the panel in the past three years. Amortisation of software increased by £1.0m to £6.0m. £4.9m (2019: £4.6m) of the total software development charge related to assets created through the Group's own internal development activities, £0.3m (2019: £0.3m) related to separately acquired assets and £0.9m (2019: £0.1m) was for amortisation on assets acquired through business combinations.

Separately reported items

	Year to 31 July 2020 £m	Year to 31 July 2019 £m
Goodwill Impairment	2.1	-
Restructuring Costs	-	0.2
Acquisition-Related Costs	4.5	0.4
Fair-Value Movements	-	(2.1)
Total Separately Reported Items	6.6	(1.5)

Goodwill impairment in the year is in respect of the Nordic business.

Acquisition related costs in the year comprise: £3.6m of contingent consideration treated as staff costs in respect of the acquisitions of Galaxy Research Pty Ltd, SMG Insights Limited, InConversation Media Limited and Portent.io Limited, a £0.2m increase in contingent consideration payable in respect of the acquisitions of SMG Insight Limited and Portent.io Limited and a £0.7m reduction in the fair value of the acquired SMG Insight Limited net assets.

Restructuring costs in the prior year are residual cost incurred in respect of the restructuring of the Custom Research business in Mainland Europe and the Middle East and the closure of the Reports business.

Acquisition related costs in the prior year comprise: £2.8m of contingent consideration treated as staff costs in respect of the acquisitions of Galaxy Research Pty Ltd, InConversation Media Limited and Portent.io Limited and £0.8m of transaction costs in respect of the acquisitions made in the year, £0.2m of which is contingent less a reduction in expected SMG contingent consideration of £3.2m.

Fair value gains in the prior year comprise: a £1.9m increase in the fair value assessment of the Group's 20% shareholding in SMG Insight Limited prior to acquisition and a bargain purchase gain, net of a fair value loss, in respect of the acquisition of Portent.io Limited of £0.2m.

Analysis of operating profit and earnings per share

Adjusted profit before tax² of £25.7m was an increase of £5.1m (25%) on the comparable result of £20.6m for the 12 months to 31 July 2019. The adjusted tax rate² reduced to 24% from 26% in the prior year. Statutory profit before tax of £15.2m was reported compared to £19.4m in the year ended 31 Jul 2019, a decrease of 22%.

During the period adjusted earnings per share² grew by 21% from 15.0p to 18.1p and statutory earnings per share decreased by 36% from 14.1p to 9.0p.

	31 July 2020	31 July 2019 (restated) ³
	£m	£m
Adjusted operating profit ²	21.8	18.5
Share-based payments	2.8	2.4
Social taxes payable on share-based payments	0.9	0.2
Imputed interest	0.1	0.2
Net finance expense	-	(0.6)
Share of post-tax profit in associates	-	(0.1)
Adjusted profit before tax ²	25.7	20.6
Adjusted taxation ²	(6.5)	(5.4)
Adjusted profit after tax ²	19.1	15.2
Adjusted earnings per share (pence) ²	18.1p	15.0p

Cash flow, capital expenditure and technology investment

The Group generated £38.7m (2019: £38.4m) in cash from operations (before paying interest and tax) including a £0.2m (2019: £6.0m) net working capital inflow; the cash conversion rate (percentage of adjusted EBITDA² converted to cash) decreased from 121% to 104% of adjusted EBITDA².

The Group invested £8.0m (2019: £4.8m) in the continuing development of our technology platform and increased the investment in panel recruitment to £8.9m (2019: £4.0m) for the year to support continued global expansion. The geographic footprint of our panel was broadened as new panels were established in Austria, Brazil, Switzerland and Turkey and investments were made to further strengthen our panels in Australia, Canada, India, Italy, Mexico, Poland, Spain and Taiwan. Our investment in technology continued across three main areas: websites and mobile applications £1.1m, survey systems £3.8m, and £3.1m on our Crunch data analytics tool. £0.7m (2019: £0.7m) was also invested on separately-acquired software tools. In addition £1.1m (2019: £2.7m) was spent on the purchase of property, plant and equipment, resulting in a total investment in fixed assets of £18.7m (2019: £12.2m).

Total expenditure on intangible assets and property, plant and equipment is shown below:

	31 July 2020	31 July 2019
	£m	£m
Internally generated software	8.0	4.8
Panel recruitment	8.9	4.0
Other intangible assets	0.7	0.7
Total expenditure on intangible assets	17.6	9.5
Purchase of property, plant and equipment	1.1	2.7
Total capital expenditure	18.7	12.2

Other cash outflows included £7.5m (2019: £4.5m) in settlement of deferred consideration amounts due in respect of the acquisitions of SMG Insight and Galaxy Research and taxation payments of £3.1m (2019: £4.5m).

Net expenditure on financing activities of £9.7m (2019: 9.7m) included the dividend payment of £4.3m (2019: £3.2m), the purchase of treasury shares for £2.4m (2019: £3.7m) and lease payments of £3.1m (2019: £2.8m).

Net cash balances at the year-end decreased by £2.6m to £35.3m. Net cash outflow in the year was £0.3m (2019: £5.2m inflow) and currency fluctuations in the year resulted in an exchange loss of £2.4m (2019: £2.1m gain).

Currency

The Group's results were affected by the net depreciation of UK Sterling as its average exchange rate was 2% lower against the US Dollar in this period than in the 12 months to 31 July 2019. Movement against the Euro was effectively flat for the period. The net impact of foreign exchange on the Group's adjusted operating profit growth² was an increase of £0.3m compared to calculation in constant currency terms.

Balance sheet

As at 31 July 2020, total shareholder's funds increased from £108.0m to £110.0m. Net assets increased from £107.4m to £109.3m, with a minority interest of £0.7m accounting for the difference. Net current assets decreased from £21.2m to £17.4m. Current assets decreased by £2.3m to £70.3m, mainly due to a £2.6m reduction in cash balances, with debtor days increasing from 47 to 48. Current liabilities increased by £1.4m to £52.8m, mainly due to an increase in provisions by £1.8m and tax liabilities by £0.9m offset by a £1.6m reduction in trade and other payables, with creditor days decreasing from 24 days to 19 days at 31 July 2020. Non-current liabilities decreased by £6.1m to £16.2m with a reduction of £4.3m of contingent consideration payable in respect of acquisitions.

Proposed dividend

The Board is recommending the payment of a final dividend of 5.0 pence per share for the year ended 31 July 2020. If shareholders approve this dividend at the AGM (scheduled for 10 December 2020), it will be paid on Monday 14 December 2020 to all shareholders who were on the Register of Members at close of business on Friday 4 December 2020.

Alex McIntosh
Chief Financial Officer
6 October 2020

¹ Defined as growth in business excluding impact of current and prior period acquisitions and business closures, and movement in exchange rates.

² Defined in the explanation of non-IFRS measures below.

³ Prior year comparatives have been restated on the adoption of IFRS 16.

Explanation of non-IFRS measures

Financial measure	How we define it	Why we use it
Separately reported items	Items that in the Directors' judgement are one-off or need to be disclosed separately by virtue of their size or incidence	Provides a more comparable basis to assess the year-to-year operational business performance
Adjusted operating profit	Operating profit excluding separately reported items	
Adjusted operating profit margin	Adjusted operating profit expressed as a percentage of revenue	
Adjusted EBITDA	Adjusted operating profit before depreciation and amortisation	
Adjusted profit before tax	Profit before tax before share based payment charges, social taxes on share based payments, imputed interest and separately reported items	
Adjusted taxation	Taxation due on the adjusted profit before tax, thus excluding the tax effect of amortisation and exceptional items	Provides a more comparable basis to assess the underlying tax rate
Adjusted tax rate	Adjusted taxation expressed as a percentage of adjusted profit before tax	
Adjusted profit after tax	Adjusted profit before tax less adjusted taxation	Facilitates performance evaluation, individually and relative to other companies
Adjusted profit after tax attributable to owners of the parent	Adjusted profit after tax less profit attributable to non-controlling interests	
Adjusted earnings per share	Adjusted profit after tax attributable to owners of the parent divided by the weighted average number of shares. Adjusted diluted earnings per share includes the impact of share options	
Constant currency revenue change	Current year revenue change compared to prior year revenue in local currency translated at the current year average exchange rates	Shows the underlying revenue change by eliminating the impact of foreign exchange rate movements
Cash conversion	The ratio of cash generated from operations to adjusted operating profit	Indicates the extent to which the business generates cash from adjusted operating profits

Reconciliation of non-IFRS measures

Adjusted Operating Profit¹ reconciliation	Year to 31 July 2020 £m	Year to 31 July 2019 £m	Change %
Statutory Operating Profit	15.2	20.0	(24%)
Separately Reported Items	6.6	(1.5)	N/A
Adjusted Operating Profit	21.8	18.5	18%

Adjusted EBITDA¹ reconciliation	Year to 31 July 2020 £m	Year to 31 July 2019 £m	Change %Change
Adjusted Operating Profit	21.8	18.5	18%
Depreciation	4.5	4.4	2%
Amortisation	10.8	8.8	22%
Adjusted EBITDA	37.1	31.7	17%

¹ Defined in the explanation of non-IFRS measures above.

Publication of Non-Statutory Accounts

The unaudited financial information relating to the year ended 31 July 2020 set out below does not constitute the Group's statutory accounts for that year but has been extracted from the statutory accounts, which have not yet been filed with the Registrar.

YUGOV PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 £'000	2019 (Restated ¹) £'000
Revenue	1	152,441	136,487
Cost of sales		(23,374)	(24,206)
Gross profit		129,067	112,281
Administrative expenses		(113,867)	(92,260)
Operating profit	1	15,200	20,021
Separately reported items	2	6,630	(1,529)
Adjusted operating profit	1	21,830	18,492
Finance income		433	255
Finance costs		(426)	(869)
Share of post-tax result/(loss) of associates		-	(52)
Profit before taxation	1	15,207	19,355
Taxation	3	(5,812)	(5,085)
Profit after taxation	1	9,395	14,270
Attributable to:			
– Owners of the parent		9,558	14,869
– Non-controlling interests		(163)	(599)
		9,395	14,270
Earnings per share			
Basic earnings per share attributable to owners of the parent	5	9.0p	14.1p
Diluted earnings per share attributable to owners of the parent	5	8.5p	13.1p

1. The prior period results have been restated for IFRS 16 "Leases".

All operations are continuing.

YOUNGOV PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£'000	(restated ¹) £'000
Profit for the year	9,395	14,270
Other comprehensive (expense)/income:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(4,776)	4,892
Other comprehensive (expense)/income for the year	(4,776)	4,892
Total comprehensive income for the year	4,619	19,162
Attributable to:		
– Owners of the parent	4,780	19,761
– Non-controlling interests	(161)	(599)
Total comprehensive income for the year	4,619	19,162

1. The prior period results have been restated for IFRS 16 "Leases".

Items in the statement above are disclosed net of tax.

YOUNGOV PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 £'000	2019 (restated ¹) £'000	2018 (restated ¹) £'000
Assets				
Non-current assets				
Goodwill	6	61,455	65,637	52,060
Other intangible assets	7	23,156	16,737	13,297
Property, plant and equipment		3,631	4,424	3,037
Right of use assets	8	8,891	10,529	5,420
Investments in associates		-	-	191
Deferred tax assets		10,959	11,208	9,620
Total non-current assets		108,092	108,535	83,625
Current assets				
Trade and other receivables	9	34,239	33,726	33,586
Current tax assets		707	930	1,442
Cash and cash equivalents		35,309	37,925	30,621
Total current assets		70,255	72,581	65,649
Total assets		178,347	181,116	149,274
Liabilities				
Current liabilities				
Trade and other payables	10	38,482	40,041	34,839
Current tax liabilities		1,673	740	1,247
Contingent consideration		3,428	2,791	1,409
Provisions		6,739	4,931	3,791
Lease liabilities		2,491	2,891	2,151
Total current liabilities		52,813	51,394	43,437
Net current assets		17,442	21,187	22,212
Non-current liabilities				
Contingent consideration		3,020	7,279	5,110
Provisions		4,606	4,623	4,000
Lease liabilities		6,854	8,217	3,652
Deferred tax liabilities		1,716	2,158	2,128
Total non-current liabilities		16,196	22,277	14,890
Total liabilities		69,039	73,671	58,327
Net assets		109,338	107,445	90,947
Equity				
Issued share capital		217	211	211
Share premium		31,380	31,345	31,300
Treasury reserve		(1,700)	(3,738)	-
Merger reserve		9,239	9,239	9,239
Foreign exchange reserve		15,145	19,923	15,031
Retained earnings		55,776	51,023	35,166
Total equity attributable to owners of the parent		110,057	108,003	90,947
Non-controlling interests in equity		(719)	(558)	-
Total equity		109,338	107,445	90,947

1. The prior period results have been restated for IFRS 16 "Leases".

YOUNGOV PLC
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020

	Attributable to equity holders of the company								Total £'000
	Issued share capital	Share premium	Treasury reserve	Merger reserve	Foreign exchange reserve	Retained earnings	Equity attributable to owners of the interests in parent	Non controlling interests in equity	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 August 2018 as reported	211	31,300	-	9,239	15,031	35,549	91,330	-	91,330
Change in accounting policy ¹	-	-	-	-	-	(383)	(383)	-	(383)
Restated total equity at 1 August 2018	211	31,300	-	9,239	15,031	35,166	90,947	-	90,947
Exchange differences on translation (restated ¹)	-	-	-	-	4,892	-	4,892	-	4,892
Net gain recognised directly in equity (restated ¹)	-	-	-	-	4,892	-	4,892	-	4,892
Profit for the year (restated ¹)	-	-	-	-	-	14,869	14,869	(599)	14,270
Total comprehensive income for the year (restated ¹)	-	-	-	-	4,892	14,869	19,761	(599)	19,162
Issue of shares	-	45	-	-	-	-	45	41	86
Acquisition of treasury shares	-	-	(3,738)	-	-	-	(3,738)	-	(3,738)
Dividends paid	-	-	-	-	-	(3,167)	(3,167)	-	(3,167)
Share-based payments	-	-	-	-	-	2,401	2,401	-	2,401
Tax in relation to share-based payments	-	-	-	-	-	1,754	1,754	-	1,754
Total transactions with owners recognised directly in equity	-	45	(3,738)	-	-	988	(2,705)	41	(2,664)
Balance at 31 July 2019 (restated)	211	31,345	(3,738)	9,239	19,923	51,023	108,003	(558)	107,445
Exchange differences on translation	-	-	-	-	(4,778)	-	(4,778)	2	(4,776)
Net (loss)/gain recognised directly in equity	-	-	-	-	(4,778)	-	(4,778)	2	(4,776)
Profit/(Loss) for the year	-	-	-	-	-	9,558	9,558	(163)	9,395
Total comprehensive income/(expense) for the year	-	-	-	-	(4,778)	9,558	4,780	(161)	4,619
Issue of shares	6	35	(5)	-	-	(1)	35	-	35
Acquisition of treasury shares	-	-	(2,414)	-	-	-	(2,414)	-	(2,414)
Treasury shares used to settle share option exercises	-	-	4,457	-	-	(4,457)	-	-	-
Dividends paid	-	-	-	-	-	(4,298)	(4,298)	-	(4,298)
Share-based payments	-	-	-	-	-	2,781	2,781	-	2,781
Tax in relation to share-based payments	-	-	-	-	-	1,170	1,170	-	1,170
Total transactions with owners recognised directly in equity	6	35	2,038	-	-	(4,805)	(2,726)	-	(2,726)
Balance at 31 July 2020	217	31,380	(1,700)	9,239	15,145	55,776	110,057	(719)	109,338

1. The prior period results have been restated for IFRS 16 "Leases".

YOUNGOV PLC
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	2020 £'000	2019 (restated ¹) £'000
Cash flows from operating activities		
Profit before taxation	15,207	19,355
Adjustments for:		
Finance income	(433)	(255)
Finance costs	426	869
Share of post-tax result/loss of associates	-	52
Amortisation of intangibles	10,782	8,809
Depreciation	4,491	4,396
(Profit)/Loss on disposal of property, plant and equipment and other intangible assets	(16)	6
Share-based payments	2,781	2,401
Other non-cash items ²	5,293	(3,245)
(Increase)/Decrease in trade and other receivables	(1,621)	714
(Decrease)/Increase in trade and other payables	(220)	3,969
Increase in provisions	2,015	1,348
Cash generated from operations	38,705	38,419
Interest paid	(294)	(304)
Income taxes paid	(3,184)	(4,521)
Net cash generated from operating activities	35,227	33,594
Cash flow from investing activities		
Acquisition of subsidiaries (net of cash acquired)	-	(228)
Settlement of deferred consideration	(7,451)	(4,520)
Purchase of business	-	(2,063)
Purchase of property, plant and equipment	(1,067)	(2,713)
Purchase of intangible assets	(17,575)	(9,453)
Proceeds from sale of plant, property and equipment	83	-
Interest received	175	211
Net cash used in investing activities	(25,835)	(18,766)
Cash flows from financing activities		
Proceeds from the issue of share capital	35	86
Principal element of lease payments	(2,971)	(2,843)
Dividends paid to Shareholders	(4,298)	(3,167)
Purchase of treasury shares	(2,414)	(3,738)
Net cash used in financing activities	(9,648)	(9,662)
Net (decrease)/increase in cash and cash equivalents	(256)	5,166
Cash and cash equivalents at beginning of year	37,925	30,621
Exchange (loss)/gain on cash and cash equivalents	(2,360)	2,138
Cash and cash equivalents at end of year	35,309	37,925

1. The prior period results have been restated for IFRS 16 "Leases".

2. Includes £3,663,000 of contingent consideration in respect of acquisitions treated as staff costs, a £159,000 increase in acquisition consideration recognised in the income statement and a £2,103,000 impairment of goodwill.

YOUNGOV PLC
UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

Nature of operations

The principal activity of YouGov plc and subsidiaries (“the Group”) is the provision of market research.

YouGov plc is the Group’s ultimate parent company. It is incorporated and domiciled in Great Britain. The address of YouGov plc’s registered office is 50 Featherstone Street, London EC1Y 8RT United Kingdom. YouGov plc’s shares are listed on the Alternative Investment Market of the London Stock Exchange.

YouGov plc’s annual consolidated financial statements are presented in £ Sterling, which is also the functional currency of the parent company.

Basis of preparation

The following unaudited financial information does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The unaudited financial information has been extracted from the Group’s Annual Report and Financial Statements for the year ended 31 July 2020.

The consolidated financial statements of YouGov plc have been prepared under the historical cost convention modified for fair values under International Financial Reporting Standards as adopted by the European Union (IFRS). These consolidated financial statements have been prepared in accordance with IFRS, IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

Financial statements for the year ended 31 July 2019 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. Copies of the 2020 Annual Report and Financial Statements will be posted to shareholders shortly and will be available from the Company’s registered office at 50 Featherstone Street, London, EC1Y 8RT.

Going concern

The Group meets its day-to-day working capital requirements through its strong cash reserves. The Group has not seen any significant slowdown in sales and has not furloughed any staff or sought extended payment terms for its obligations. However, given the unprecedented nature of the pandemic a severe but plausible scenario has been modelled where revenue targets are missed by 30% due to reduced revenue from clients’ delays and a slowdown in securing new business. Even in this scenario the Group has strong liquidity and would meet financial liabilities as they fall due. Mitigating actions, should they be required, are all within management’s control. These could include reducing new recruitment, lowering commission or bonus payments, and reduced capital expenditure.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

YOUNGOV PLC
UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

Impact of new accounting standards

IFRS 16 replaces IAS 17 and is applicable to all reporting periods beginning on or after 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise right of use assets and liabilities for all leases, with some exemptions for short-term leases and leases considered low value. IFRS 16 applies only to tangible assets. We have elected to take the full retrospective approach for IFRS 16 adoption.

The adoption of IFRS 16 from 1 August 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The impact of the change in lease accounting on the Group's Consolidated Income Statement and Consolidated Statement of Financial Position for the comparative financial year is disclosed in the tables below. Line items that were not affected by the changes have not been included. The impact on deferred taxation has not been calculated as it is not considered material.

	Year to 31 July 2019 as reported £'000	Restatement for IFRS 16 £'000	Year to 31 July 2019 restated £'000	Year to 31 July 2020 £'000
Operating profit items				
Depreciation expense	1,481	2,915	4,396	4,192
Other administrative expenses	90,983	(3,119)	87,864	110,455
Total administrative expenses	92,464	(204)	92,260	114,647
Other income statement items				
Finance costs	564	304	868	426
	31 July 2019 as reported £'000	Restatement for IFRS 16 £'000	31 July 2019 restated £'000	31 July 2020 £'000
Balance sheet items				
Right of use assets	-	10,529	10,529	8,891
Lease liabilities due within one year	-	(2,891)	(2,891)	(2,491)
Lease liabilities due after one year	-	(8,217)	(8,217)	(6,854)
Foreign exchange reserve	20,018	(95)	19,923	14,435
Retained earnings	51,507	(485)	51,022	57,622

YOUNGOV PLC
UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 JULY 2020

1 Segmental analysis

The Board of Directors (which is the “chief operating decision-maker”) primarily reviews information based on product lines: Custom Research, Data Products and Data Services; with supplemental geographical information.

2020	Custom Research £'000	Data Products £'000	Data Services £'000	Eliminations and unallocated costs £'000	Group £'000
Revenue					
Recognised over time	25,749	50,485	1,109	1,099	78,442
Recognised at a point in time	38,897	826	36,710	(2,434)	73,999
Total revenue	64,646	51,311	37,819	(1,335)	152,441
Cost of sales	(12,953)	(4,234)	(6,143)	(44)	(23,374)
Gross profit	51,693	47,077	31,676	(1,379)	129,067
Administrative expenses	(39,094)	(29,095)	(24,700)	(14,348)	(107,237)
Adjusted operating profit	12,599	17,982	6,976	(15,727)	21,830
Separately reported items	-	-	-	(6,630)	(6,630)
Operating profit	12,599	17,982	6,976	(22,357)	15,200
Finance income					433
Finance costs					(426)
Profit before taxation					15,207
Taxation					(5,812)
Profit after taxation					9,395
Other segment information					
Depreciation	670	1	-	3,820	4,491
Amortisation	19	521	-	10,242	10,782
2019 (restated)	Custom Research £'000	Data Products £'000	Data Services £'000	Eliminations and unallocated costs £'000	Group £'000
Revenue					
Recognised over time	19,634	40,878	660	(44)	61,128
Recognised at a point in time	40,366	585	36,496	(2,088)	75,359
Total revenue	60,000	41,463	37,156	(2,132)	136,487
Cost of sales	(13,569)	(4,170)	(6,789)	322	(24,206)
Gross profit	46,431	37,293	30,367	(1,810)	112,281
Administrative expenses	(33,315)	(23,069)	(22,924)	(14,481)	(93,789)
Adjusted operating profit	13,116	14,224	7,443	(16,291)	18,492
Separately reported items	-	-	-	1,529	1,529
Operating profit	13,116	14,224	7,443	(14,762)	20,021
Finance income					255
Finance costs					(869)
Share of post-tax loss in joint ventures and associates					(52)
Profit before taxation					19,355
Taxation					(5,085)
Profit after taxation					14,270
Other segment information					
Depreciation	1,276	378	526	2,217	4,396
Amortisation	80	263	-	8,466	8,809

YOUNGOV PLC
UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 JULY 2020

1 Segmental analysis continued

Supplementary analysis by geography

Revenue and adjusted operating profit/(loss) by geography based on the origin of the sale.

	2020		2019 (restated)	
	Revenue £'000	Adjusted operating profit/ (loss) £'000	Revenue £'000	Adjusted operating profit/(loss) £'000
UK	47,233	15,399	41,151	11,736
USA	64,805	19,009	56,410	16,805
Mainland Europe	24,339	2,225	23,855	2,935
Middle East	8,787	1,923	10,548	3,258
Asia Pacific	12,490	279	11,325	176
Intra-Group revenues/unallocated costs	(5,213)	(17,005)	(6,802)	(16,418)
Group	152,441	21,830	136,487	18,492

2 Separately reported items

	2020 £'000	2019 £'000
Impairment of goodwill	2,103	-
Restructuring costs	-	146
Acquisition-related costs	4,527	382
Fair value gains	-	(2,057)
	6,630	(1,529)

Impairment of goodwill in the year is in respect of the Nordic Business, further details are provided in Note 6.

Restructuring costs in the prior year are residual costs incurred in respect of the restructuring of the Custom business in Mainland Europe and the Middle East and the closure of the Reports business.

Acquisition related costs in the year comprise £3,663,000 of contingent consideration treated as staff costs in respect of the acquisitions of Galaxy Research Pty Ltd, SMG Insight Limited, InConversation Media Limited and Portent.io Limited, a decrease of £84,000 in contingent transaction costs in respect of the Portent.io Limited, a £243,000 increase in SMG consideration and a £705,000 reduction in the fair value of the acquired SMG Insight Limited net assets.

Acquisition related costs in the prior year comprise £2,834,000 of contingent consideration treated as staff costs in respect of the acquisitions of Galaxy Research Pty Ltd, InConversation Media Limited and Portent.io Limited and £740,000 of transaction costs in respect of the acquisitions made in the year, £201,000 of which is contingent less a reduction in expected SMG contingent consideration of £3,192,000.

Fair value gains in the prior year comprise, £1,878,000 increase in the fair value assessment of the Group's 20% shareholding in SMG Insight Limited prior to acquisition and a bargain purchase gain of £232,000 less a fair value loss of £53,000 in respect of the acquisition of Portent.io Limited.

YOUNGOV PLC
UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 JULY 2020

3 Taxation

	2020 £'000	2019 £'000
The taxation charge represents:		
Current tax on profits for the year	3,450	4,965
Adjustments in respect of prior years	947	(337)
Total current tax charge	4,397	4,628
Deferred tax:		
Origination and reversal of temporary differences	2,053	16
Adjustments in respect of prior years	(240)	265
Impact of changes in tax rates	(398)	176
Total deferred tax charge	1,415	457
Total income statement tax charge	5,812	5,085

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	15,207	19,456
Tax charge calculated at Group's standard rate of 19% (2019: 19%)	2,889	3,697
Variance in overseas tax rates	1,294	1,439
Impact of changes in tax rates	(398)	176
Gains not subject to tax	(39)	(1,007)
Expenses not deductible for tax purposes	832	743
Tax losses for which no deferred income tax asset was recognised	527	99
Adjustments in respect of prior years	707	(72)
Associates results reported net of tax	-	10
Total income statement tax charge for the year	5,812	5,085

On 8 July 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

On 15 September 2016, further changes to the UK corporation tax rates were made reducing the main rate to 17% from 1 April 2020. On 11 March 2020 it was announced that the corporation tax rate would remain at 19% for the years starting on 1 April 2020 and 2021. These changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Deferred taxes at the balance sheet date have been measured using the enacted tax rates reflected in these financial statements.

4 Dividend

On 16 December 2019, a final dividend in respect of the year ended 31 July 2019 of £4,298,000 (4.0p per share) (2018: £3,167,000 (3.0p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2020 of 5.0p per share, amounting to a total dividend of £5,424,000 is to be proposed at the Annual General Meeting on 10 December 2020. These financial statements do not reflect this proposed dividend payable.

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5 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to Ordinary Shareholders divided by the weighted average number of shares in issue during the year. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other potentially dilutive Ordinary Shares.

The adjusted earnings per share has been calculated to reflect the underlying profitability of the business by excluding share-based payments and related employer's social costs, imputed interest, impairment charges, other separately reported items and any related tax effects as well as the derecognition of tax losses.

	2020	2019
	£'000	(restated) £'000
Profit after taxation attributable to equity holders of the parent company	9,558	14,869
Add: share-based payments	2,781	2,401
Add: social taxes on share-based payments	926	183
Add: imputed interest	132	219
Add: separately reported items (Note 2)	6,630	(1,529)
Tax effect of the above adjustments and adjusting tax items*	(725)	(357)
Adjusted profit after taxation attributable to equity holders of the parent company	19,302	15,786

* Adjusting tax items in the year included a one-off charge of £410,000 as a result of providing against Nordic tax losses.

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Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2020	2019 (restated)
Number of shares		
Weighted average number of shares during the year: ('000 shares)		
– Basic	106,687	105,400
– Dilutive effect of share options	5,792	7,865
– Diluted	112,479	113,265
The adjustments have the following effect:		
Basic earnings per share	9.0p	14.1p
Share-based payments	2.6p	2.3p
Social taxes on share-based payments	0.9p	0.2p
Imputed interest	0.1p	0.2p
Separately reported items	6.2p	(1.5p)
Tax effect of the above adjustments and adjusting tax items	(0.7p)	(0.3p)
Adjusted earnings per share	18.1p	15.0p
Diluted earnings per share	8.5p	13.1p
Share-based payments	2.5p	2.1p
Social taxes on share-based payments	0.8p	0.2p
Imputed interest	0.1p	0.2p
Separately reported items	5.9p	(1.4p)
Tax effect of the above adjustments and adjusting tax items	(0.6p)	(0.3p)
Adjusted diluted earnings per share	17.2p	13.9p

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6 Goodwill

	USA £'000	Nordic £'000	Germany £'000	Middle East £'000	Asia Pacific £'000	SMG £'000	UK £'000	Total £'000
Carrying amount at 1 August 2018	20,385	8,879	11,571	1,675	1,284	8,026	240	52,060
Additions through business combinations	387	-	-	-	-	9,831	970	11,188
Exchange differences	1,634	225	324	136	70	-	-	2,389
Carrying amount at 31 July 2019	22,406	9,104	11,895	1,811	1,354	17,857	1,210	65,637
Impairment	-	(2,103)	-	-	-	-	-	(2,103)
Exchange differences	(1,600)	(101)	(173)	(132)	(73)	-	-	(2,079)
Carrying amount at 31 July 2020	20,806	6,900	11,722	1,679	1,281	17,857	1,210	61,455
At 31 July 2020								
Cost	20,806	9,000	14,176	1,679	1,281	17,857	1,210	66,009
Accumulated impairment	-	(2,100)	(2,454)	-	-	-	-	(4,554)
Net book amount	20,806	6,900	11,722	1,679	1,281	17,857	1,210	61,455

In accordance with IAS 36, the carrying values of goodwill and other intangible assets are reviewed annually for impairment. The 2020 impairment review was undertaken as at 31 July 2020. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of three years for each CGU based on the budget numbers for the year ending 31 July 2021.

The sources of the assumptions used in making the assessment are as follows:

- CGU Revenue annual growth rates of 4% to 20%. Growth rates are forecasts based on both internal and external market information;
- margins are based upon past performance;
- terminal growth rates based on management's estimate of future long-term average growth rates (2.25%); and
- post-tax discount rate of 10% is calculated by adding a small premium to the Group WACC to recognise a single CGU will have riskier cashflows than the overall Group.

Annual EBITDA growth rates of 2.25% have been assumed in perpetuity beyond year three. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are Middle East 10% (2019: 10%), USA 13% (2019: 14%), Nordic 13% (2019: 13%), Germany 13% (2019: 15%) and Asia Pacific 12% (2019: 12%), SMG 12% (2019: 12%); UK 12% (2019: 12%).

Management has considered reasonable possible changes in the above key assumptions and performed sensitivity analyses under these scenarios. As a result of low year-on-year growth, and reduced future expectations in light of the COVID 19 Pandemic, it was determined that the existing valuation of the Nordic CGU could no longer be supported. As such an impairment of £2,103,000 has been recognised against goodwill. A corresponding income statement charge has been recognised in administrative expenses and disclosed as a separately reported item. After applying this impairment the remaining goodwill in the Nordic CGU is valued at £6,900,000.

Sufficient headroom exists in the other CGUs to support the valuation of goodwill.

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7 Other intangible assets

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Product development costs £'000	Total £'000
At 1 August 2018						
Cost	22,566	27,355	7,339	3,603	911	61,774
Accumulated amortisation	(18,092)	(21,323)	(4,868)	(3,331)	(863)	(48,477)
Net book amount	4,474	6,032	2,471	272	48	13,297
Year ended 31 July 2019						
Opening net book amount	4,474	6,032	2,471	272	48	13,297
Additions:						
Separately acquired	3,952	667	-	28	-	4,647
Internally developed	-	4,806	-	-	-	4,806
Through business combinations	10	2,487	-	-	-	2,497
Amortisation charge:						
Separately acquired	(3,226)	(310)	-	(11)	-	(3,547)
Internally developed	-	(4,589)	-	-	-	(4,589)
Business combinations	(3)	(87)	(583)	-	-	(673)
Reclassifications	-	48	-	-	(48)	-
Exchange differences	245	13	37	4	-	299
Closing net book amount	5,452	9,067	1,925	293	-	16,737
At 31 July 2019						
Cost	17,184	32,872	5,232	1,389	873	57,550
Accumulated amortisation	(11,732)	(23,805)	(3,307)	(1,096)	(873)	(40,813)
Net book amount	5,452	9,067	1,925	293	-	16,737
Year ended 31 July 2020						
Opening net book amount	5,452	9,067	1,925	293	-	16,737
Additions:						
Separately acquired	8,914	685	-	35	-	9,634
Internally developed	-	7,941	-	-	-	7,941
Amortisation charge:						
Separately acquired	(4,233)	(275)	-	(3)	-	(4,511)
Internally developed	-	(4,858)	-	-	-	(4,858)
Business combinations	-	(864)	(549)	-	-	(1,413)
Exchange differences	(310)	(31)	(30)	(3)	-	(374)
Closing net book amount	9,823	11,665	1,346	322	-	23,156
At 31 July 2020						
Cost	24,420	41,931	4,966	1,340	385	73,042
Accumulated amortisation	(14,597)	(30,266)	(3,620)	(1,018)	(385)	(49,886)
Net book amount	9,823	11,665	1,346	322	-	23,156

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8 Right of use assets

	Premises £'000	Computer equipment £'000	Office Equipment £'000	Motor vehicles £'000	Total £'000
At 1 August 2018					
Cost	11,144	851	12	62	12,069
Accumulated depreciation	(6,025)	(592)	(6)	(26)	(6,649)
Net book amount	5,119	259	6	36	5,420
Year ended 31 July 2019					
Opening net book amount	5,119	259	6	36	5,420
Additions	7,589	75	149	13	7,826
Depreciation	(2,710)	(143)	(39)	(23)	(2,915)
Exchange differences	192	6	-	-	198
Closing net book amount	10,190	196	117	26	10,529
At 31 July 2019					
Cost	16,515	934	161	77	17,687
Accumulated depreciation	(6,325)	(738)	(44)	(51)	(7,158)
Net book amount	10,190	196	117	26	10,529
Year ended 31 July 2020					
Opening net book amount	10,190	196	117	26	10,529
Additions	1,391	253	-	26	1,670
Disposals	(75)	-	-	-	(75)
Depreciation	(2,630)	(153)	(52)	(23)	(2,858)
Exchange differences	(371)	(4)	-	-	(375)
Closing net book amount	8,505	292	65	29	8,891
At 31 July 2020					
Cost	16,181	1,122	161	71	17,535
Accumulated depreciation	(7,676)	(830)	(96)	(42)	(8,644)
Net book amount	8,505	292	65	29	8,891

The total expense relating to assets leased on a short-term basis was £597,000 (2019: £654,000). The total expense relating to leases of low-value assets was £80,000 (2019: £39,000).

9 Trade and other receivables

	31 July 2020 £'000	31 July 2019 £'000
Trade receivables	22,020	19,235
Expected credit loss	(3,493)	(2,071)
Net trade receivables	18,527	17,164
Other receivables	3,023	4,357
Prepayments	3,977	3,482
Accrued income	8,712	8,723
	34,239	33,726

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10 Trade and other payables

	31 July 2020	31 July 2019
	£'000	£'000
Trade payables	3,130	2,355
Accruals	16,268	17,050
Deferred income	13,179	14,469
Other payables	5,905	6,167
	38,482	40,041

Included within other payables are £272,000 (2019: £263,000) of contributions due in respect of defined contribution pension schemes.