

# Lightspeed Research Ltd.

## Strategic report For the year ended 31 December 2023

The directors present their strategic report on Lightspeed Research Ltd. (the "Company") for the year ended 31 December 2023.

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

### Business review and principal activity

The principal activity of the Company is the provision of online market research services in the UK and Europe.

The directors believe that the main key performance indicators are revenue growth, gross margin growth and profit before tax.

As shown in the Company's profit and loss account on page 12, the Company's turnover has increased to £99.1m (2022: £93.9m), growing by 5% during the year. Gross profit has increased to £67.7m (2022: £57.2m), growing by 18% during the year. Gross margin has increased by 7pts to 68% (2022: 61%) but Profit before tax has fallen to £13.9m (2022: £22.9m), mainly as a result of Profiles being part of Kantar Group Limited Transfer Pricing recharge policy effective January 1 2023.

The Company has grown organically and continues to benefit from improved efficiencies in managing costs during the year by using our own panels at a lower cost compared to using our panel partners. Several initiatives were also introduced to accelerate growth and unlock value across the region which has contributed to the improved revenue and gross margin metrics. The decline in PBT is reflective of Transfer pricing recharge policy effective for the entity from Jan 1 2023.

The balance sheet on page 13 shows that the Company's financial position at year end continues to improve on prior years.

The directors anticipate no significant changes to the nature of the Company's business in the coming year.

### Principal risks and uncertainties

As part of the wider Kantar Group, the Company has considered the principal risks and uncertainties affecting the business as at 31 December 2023 and up to the date of this report. These are described below.

#### *Clients*

The majority of the Company's revenue is with other entities in the Kantar Group. The Company also operates in a highly-competitive industry and manages this risk by maintaining a strong reputation in the industry that attracts and retains clients.

#### *Operational*

The Company operates in multiple countries across the world and therefore is exposed to the risks of doing business internationally. The Company continues to adhere to the policies and controls enforced by Kantar Group when managing this risk.

#### *Net working capital*

The Company have a Factoring arrangement in order to better manage net working capital. Invoices are sold to a third-party factor in exchange for a discounted upfront payment. Invoices cannot be transferred back and the third-party factor takes on the risk of delay or non-payment from a client.

#### *Employees*

A priority for the Company is still the safety of our people and the resilience of the business; operations in most of our locations have moved to a hybrid working model; this transition has gone remarkably well as our employees have shown tremendous focus and flexibility, partnering with our clients to continue to provide critical attitudinal and behavioral data that delivers real-time insight from any location.

#### *Loss of key personnel*

The performance of the Company is highly dependent on the talent, knowledge, and experience of our personnel as well as their close relationships with their clients. The Board monitors the levels and structure of remuneration for senior management and seek to attract and retain key personnel by providing support in career development and through remuneration.

# Lightspeed Research Ltd.

## Strategic report (continued) For the year ended 31 December 2023

### Future outlook

The current UK economic environment is tough and competitive, and the following year is expected to present challenging trading conditions. The directors continue to target a steady growth in operating margins.

### Network performance

The Kantar Group manages its operations on a network basis as part of the wider Kantar Group. For this reason, the directors believe that further key performance indicators of the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business. Revenue and Gross Profit Key performance indicators have improved by 5 and 18 ppts respectively, with Gross Margin up 7 ppts as a result of increased use of lower cost proprietary panels in line with the company's key strategies. The performance of the Kantar network of the Group, which includes the Company, is discussed in the Kantar Group's Annual Report which does not form part of this report.

### Section 172(1) Statement

The directors of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members.

The directors have carried out these duties and have made decisions and undertaken short and long-term strategies to maintain its financial performance and position. The directors continue to recognise the importance of the Company's partnership with all stakeholders, including employees, members, suppliers, customers, and the community, as well as maintaining its high standards of business conduct and reputation.

We have representatives who attend and communicate with industry bodies in the markets in which we operate who engaged on issues that affect our people, clients and competitors. We contributed during the year to indexes that provide meaningful data on governance and policy issues.

#### a) Long term consequences

The directors have met with senior management throughout the year and considered the purpose and strategy for the Company, supported by a budget for the following year and a medium-term financial plan. Agenda items for the following year are set based on the discussions held and decisions taken by the Board throughout the year. For example, business development and operational progresses are discussed to help maintain the long-term sustainability of the business model.

#### b) Interest of employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, briefings and through Group and company communications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

#### c) Interest of other stakeholders

The Company recognises the importance of its continued partnerships with its wider stakeholders including suppliers and customers, in delivering its business strategy and sustainability goals. The Company aims to have an open and transparent relationship which is based on honesty and respect. The Company engages in constant conversation with clients and suppliers on improving delivery of services and relationships.

#### d) Impact of community and environment

Corporate responsibility, including human rights, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management are monitored with quarterly reporting of these to help the group plan for future actions to be taken in order for the business to help the local community and the environment.

#### e) High standards of business conduct

The Company maintain the high standards of business conduct focusing on business ethics, antibribery and corruption. All employees are required to read and agree with all policies of the Group's code of conduct, right to speak and the antibribery. These are communicated on an annual basis by HR.

# **Lightspeed Research Ltd.**

## **Strategic report (continued) For the year ended 31 December 2023**

### **Section 172(1) Statement (continued)**

f) Act fairly between members

The directors aim to understand the views of its shareholders and always act in their best interests. In order to do this, the directors work closely with the shareholders on a daily basis to ensure operations, strategy and performance are aligned with the long-term objectives of the shareholders, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

Approved by the Board and signed on its behalf by:



Alison Elizabeth Metcalfe

Director

27 September 2024